TINEXT
Managed Cloud Services

vmware

Pathways of digital transformation at Swiss companies

In collaboration with The Innovation Group
Innovating business and organizations through ICT

Introduction

At a time of uncertainty, slowing global growth and the need to work more closely together, digital is showing its full potential in strengthening interconnections, ensuring business resilience and competitiveness. In this context, the survey “Pathways of Digital Transformation at Swiss Companies 2023”, carried out by Tinext in collaboration with The Innovation Group and VMware, set out to investigate:

- the current status of the digital transformation pathways of Swiss companies
- the areas of digital initiatives
- the choices for cloud computing and the challenges encountered

Index

Executive summary

Digital transformation scenario in Switzerland

The last few years have seen an acceleration of companies' digital transformation plans, so much so that today it can be said that no one is excluded from this great change. However, at this stage in history, as the survey of a sample of 104 Swiss companies, most companies today are still in the **implementation phase (48%).**

Only 19% say they have already completed the journey, and some have stopped (9%). The remainder expect to start this journey within one year (17%) or at most within the next few years (7%).

While large organisations have already achieved many goals and are setting new ones, small organisations appear to be further behind, still in the middle of the digital transformation journey.

Investigating further, only 16% of Swiss companies claim to have fully integrated digital into the business. The majority (39%) have completed some projects and are ready for new ones. 28% say they are in the middle of the journey, 12% only at the beginning, and 4% have few initiatives.

In 2023, the priorities of Swiss companies with regard to digital transformation will be: **optimising the supply chain** (a very topical issue and the need to catch up with the past); **accelerating agility** with a view to resilience; automating and applying **AI**, according to efficiency and competitiveness objectives.

Unbudgeted rising costs, difficulties in finding suitable suppliers and lack of clarity on the way forward will be the factors holding back digital transformation in Switzerland in 2023.

Tech trends in digital transformation

Digital sites based on innovative technologies show high growth rates. More than 1 in 2 companies invested in cloud in 2022, which, as an enabling infrastructure, is among the strongest trends. This is followed by Big Data with Analytics and Business Intelligence, Cybersecurity, Data Protection. The high uptake of CX and DEX technologies shows the interest in increasingly putting people (customers or users) at the centre of digital transformation.

Looking at the forecast for 2023, the ranking sees the **Cloud** (SaaS and IaaS/PaaS) in first place again, followed by CX, IoT, Cybersecurity, Software Development Innovation, AI/ML, DEX, Process Automation, Compliance-as-a-service.

The adoption of innovative technologies, however, is held back not only by costs, but also by the problem of **data security**; the presence of legacy technologies; the lack of appropriate skills and culture; and the difficulty in driving change.

So how will IT's role change in the coming years? Increasingly, it will have to drive business innovation. If the first answer today is 'Implementing IT systems', in the future this will be joined by the role of 'Aligning IT and Business'. There is also a growing number of those who think that IT's role is actually to 'Drive Innovation'.

Pathways of Cloud transformation

With regard to the cloud computing model chosen by Swiss companies, a selective use prevails: most (62%) use the **cloud in specific individual areas.** 28%, however, already make extensive use of it (moving a large number of applications, resources, data to the cloud),

but only 3% have a Cloud First approach (i.e., send everything to the cloud and do all new development in the cloud). Finally, 7 per cent of companies still use the cloud as little as possible.

It is interesting to note that on average, **IT spending on cloud infrastructure and applications has exceeded that on traditional on-premises environments**. Moreover, cloud spending growth is steady year-on-year. Comparing the growth in cloud spending for infrastructure and applications respectively, we see that both are growing at double-digit rates (both cloud infrastructure spending, IaaS / PaaS, and SaaS spending).

What Cloud Transformation initiatives are underway? Overall, there are many activities. At least 1 in 2 companies are interested in optimising cloud usage to save money and migrate more workloads to the cloud. Big growth among those who aim to **automate procedures** (39% in 2022, 60% in 2023). Better reporting on cloud costs is also needed. Innovation in the cloud is continuing and many are aiming to use containers, or increasingly move to SaaS as an alternative to on-prem environments.

64 per cent of Swiss companies are satisfied with their cloud transformation programme and results to date. Monitoring project costs and preserving security are considered very or extremely critical aspects for a significant number of companies. On the other hand, guaranteeing service continuity and monitoring the project timeline are critical on average.

With regard to the use of different environments (on-prem, cloud, SaaS), a multiplicity of solutions is observed. The local cloud provider is preferred over the global one, but the SaaS alternative is increasingly present, especially for productivity/collaboration software, and less so for ERP/management. The on prem data centre is still present for all application/data environments.

Investment in digital projects

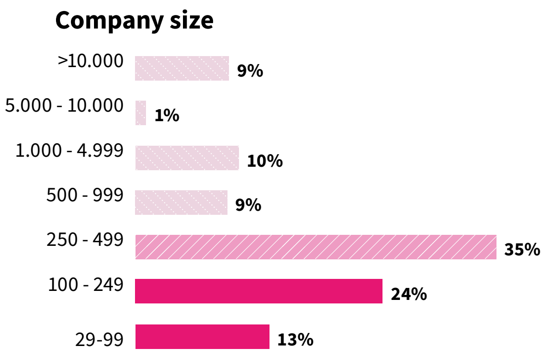
The **ICT expenditure** of Swiss companies on average is growing, although for the majority (41%) it remains more or less **stable**. It is mainly large organisations that have halted the increase in IT expenditure in 2023, which on large amounts, needs to be more closely monitored: medium-sized and small instead see an increase in expenditure on average.

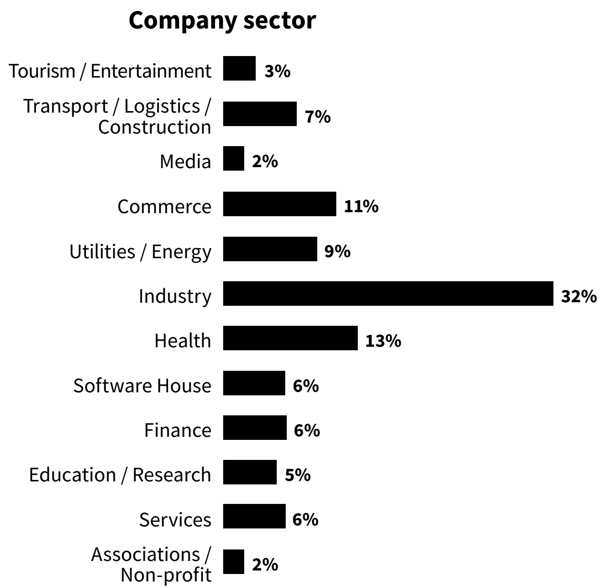
In order to facilitate the start-up of digital projects, what is needed above all, according to Swiss companies, is to equip oneself in advance with all the essential components: from competences, the acquisition of resources with skills, support from the other areas of the business most involved, to the ability to finance the project internally.

Methodological Note

The survey was carried out in March 2023 using CATI methodology (one-to-one telephone interviews) on a sample of 104 Swiss companies of different size classes and sectors (with a predominance of industrial companies, 31% of responses).

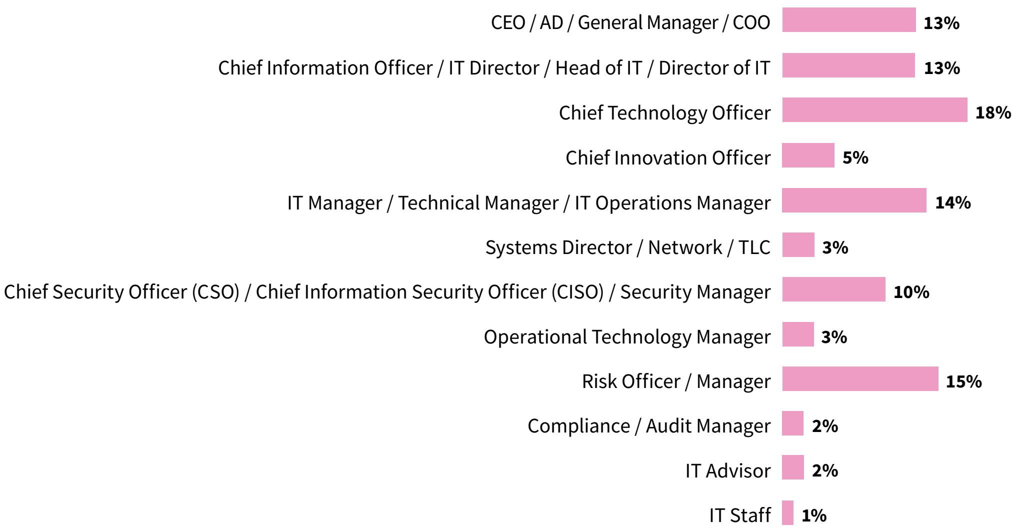
For better representativeness, companies were chosen in the German-speaking cantons (40), French-speaking (32) and Italian language (32).





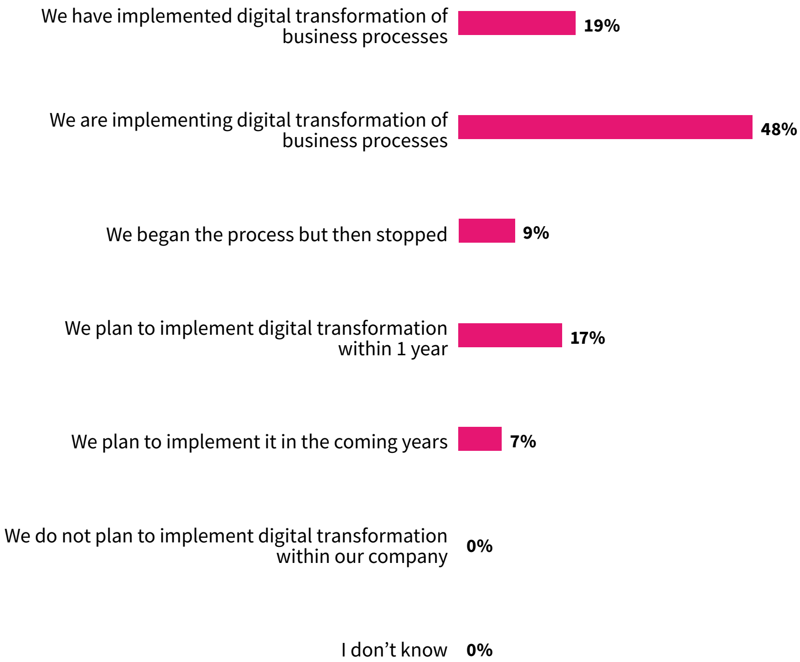
The **professional figures** interviewed were those typically involved in enterprise digital transformation pathways, i.e.: Chief Information Officer/IT Director (13%); Chief Technology Officer (18%); Chief Innovation Officer (5%); IT Manager (14%); Systems/ Network/TLC Director (3%); CSO/ CISO (10%). Business figures who lead or participate in these projects were also involved, such as the CEO/General Manager (13%) and the Risk Officer (15%).

Given the high representativeness of the 3 size classes (25 - 249 employees: 37%; 250 - 499 employees: 34%; > 500 employees: 29%), it was possible to process the survey results for the 3 classes. On the other hand, the same processing was not carried out per spoken language (German, French and Italian) because the 3 groups have different size characteristics, which make the results difficult to compare.



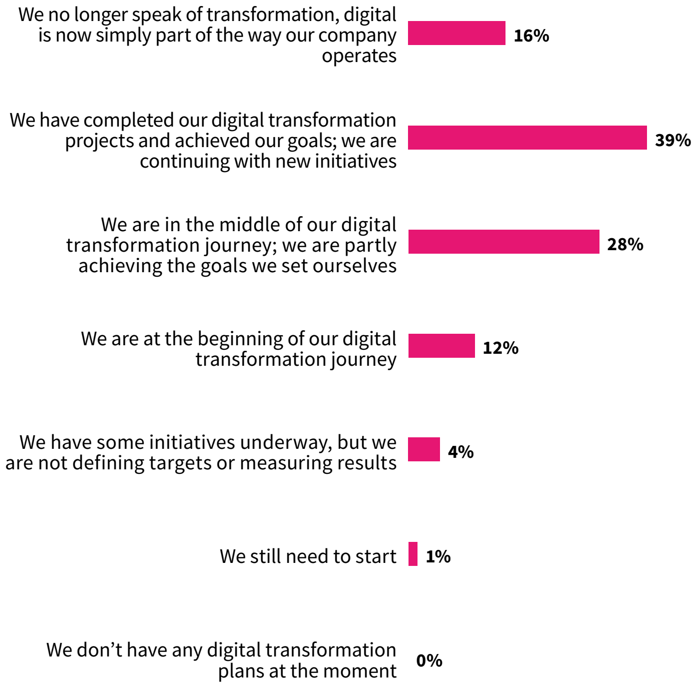
Digital Transformation Scenario in Switzerland

State of digital transformation

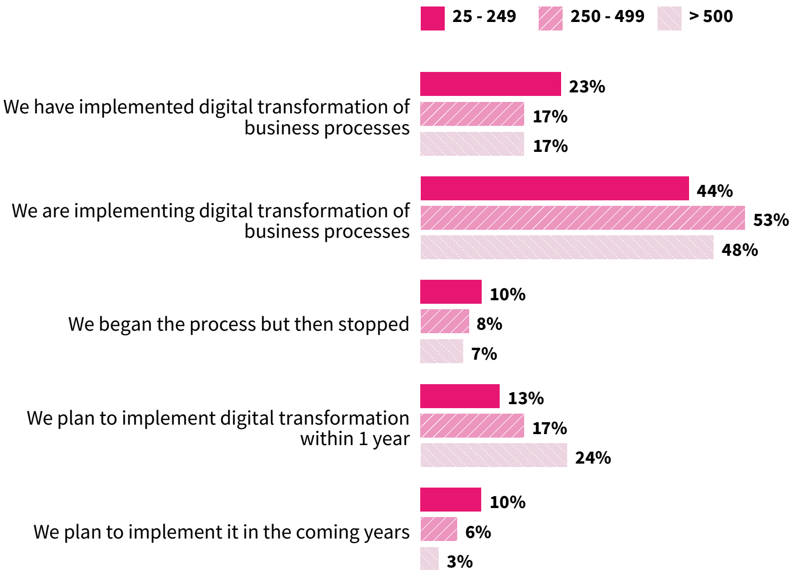


Digital transformation is a pathway where most companies today are still in the implementation phase (48%). 19% claim to have already completed the journey, while some have stopped (9%). The remainder plan to start this journey within 1 year (17%) or at most within the next few years (7%).

What stage are companies at?

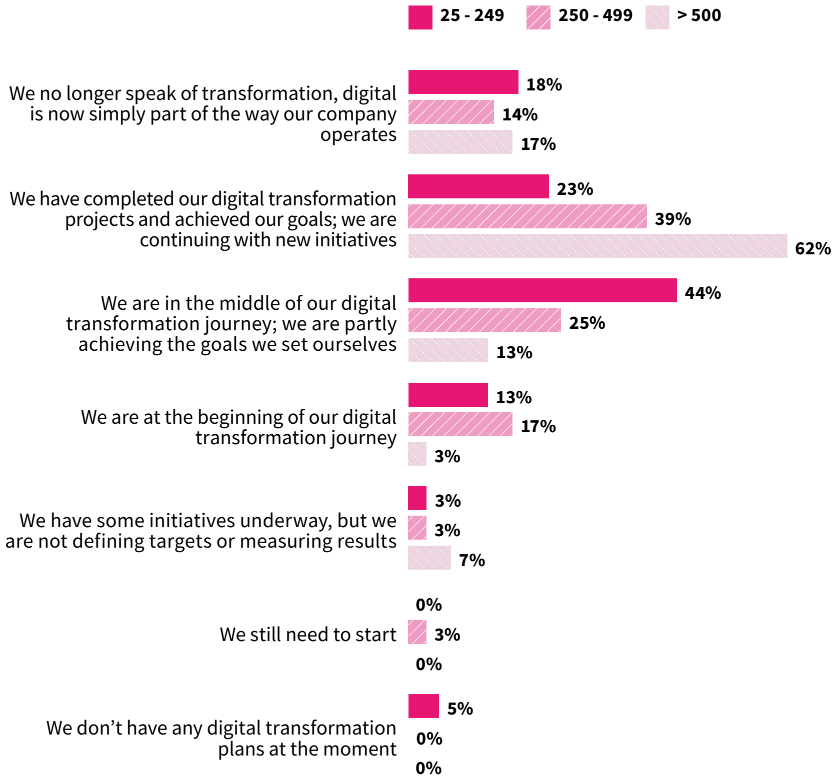


State of digital transformation (by company size)



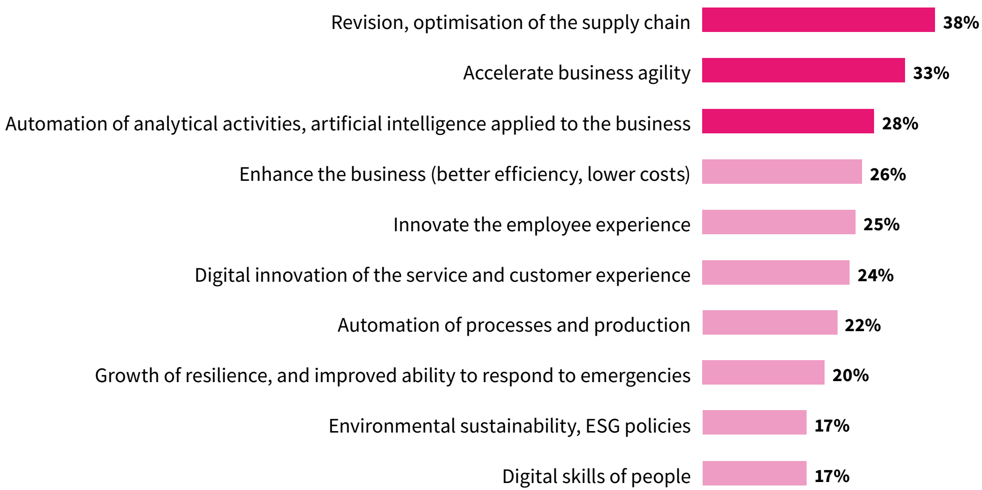
Large organizations say they have already achieved many goals and are setting new ones, small ones appear to be further behind, still in the middle of the digital transformation journey.

What stage are companies at? (by company size)



What will be the priorities in 2023 with regard to digital transformative initiatives?

In 2023, the priorities of Swiss companies with regard to digital transformation will be: optimising the supply chain (a very topical theme that is linked to the need to catch up with the past); accelerating agility with a view to resilience; automating and applying AI, according to efficiency and competitiveness objectives.



What are the critical issues in the digital transformation journey?

Unbudgeted rising costs, difficulties in finding suitable suppliers and lack of clarity on the way forward will be the factors holding back the digital transformation in Switzerland in 2023.

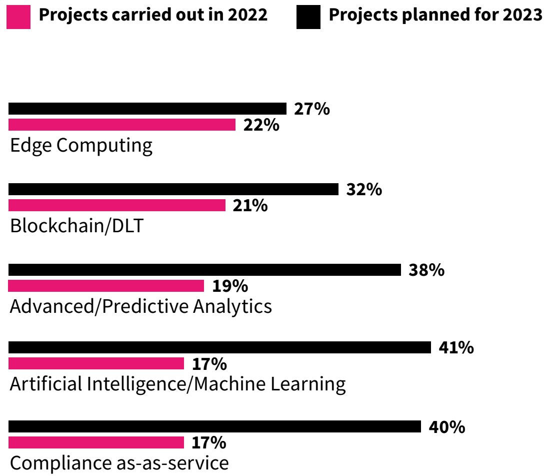
47%

stated that growing costs are slowing down digital transformation

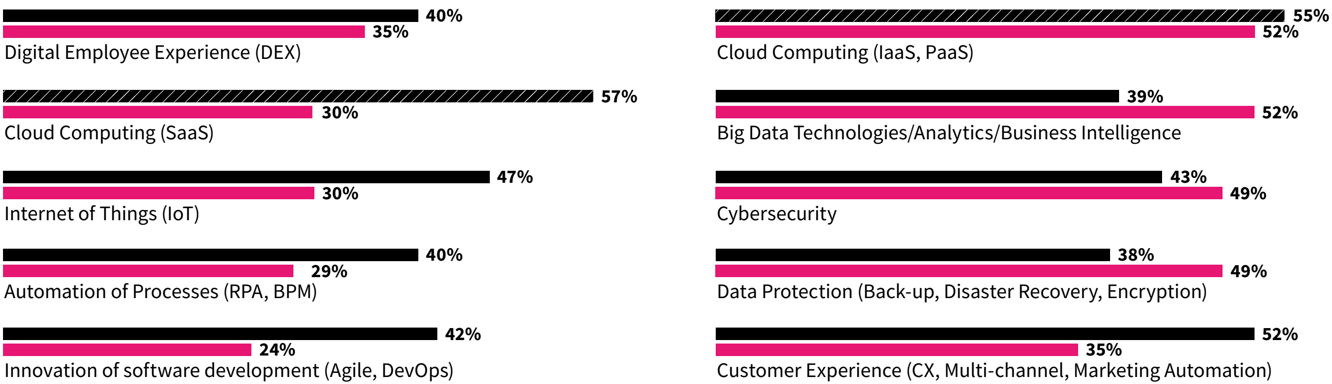
Tech trends of digital transformation

Innovative digital projects in which companies invested in 2022 and those in which they will invest in 2023

2022 vs 2023

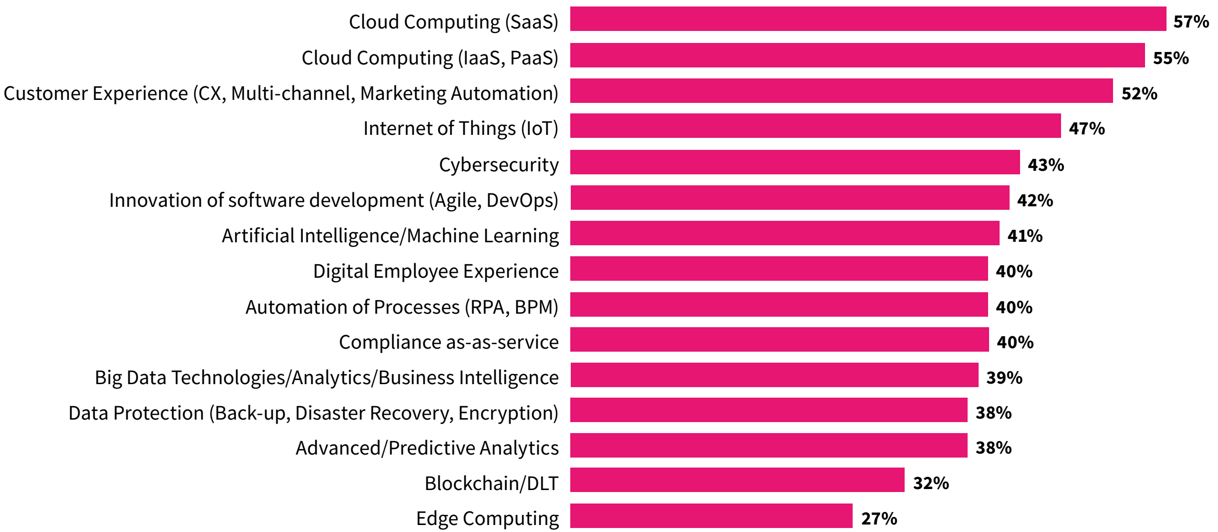


Digital sites based on innovative technologies show high growth rates: cloud, the enabling infrastructure, is among the strongest trends. This is followed by Big Data with Analytics and Business Intelligence, Cybersecurity, Data Protection, CX and DEX.



Innovative digital projects in which companies will invest in 2023

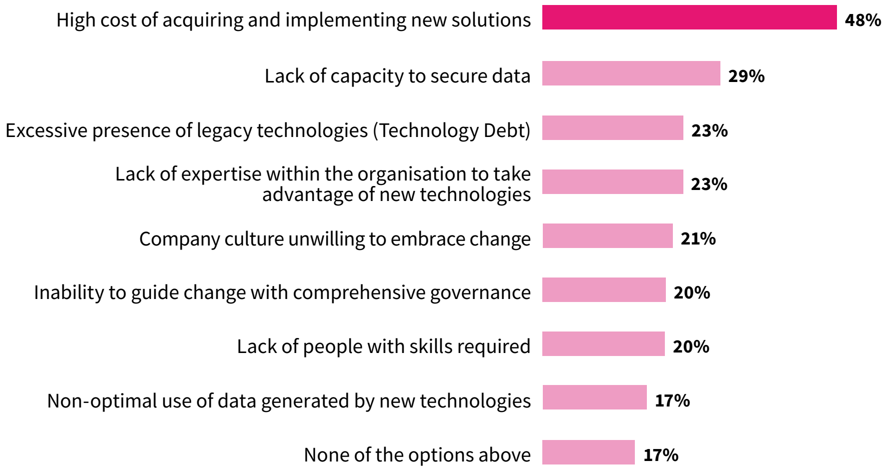
Looking ahead to 2023, the ranking sees Cloud (SaaS and IaaS/PaaS) in first place, followed by CX, IoT, Cybersecurity, Software Development Innovation, AI/ML, DEX, Process Automation, Compliance-as-a-service.



The main difficulties

The adoption of innovative technologies, however, is held back not only by costs, but also by the problem of data security; the presence of legacy technologies; the lack of appropriate skills and culture; and the difficulty in driving change.

What are the main difficulties your company encounters in adopting new technologies?

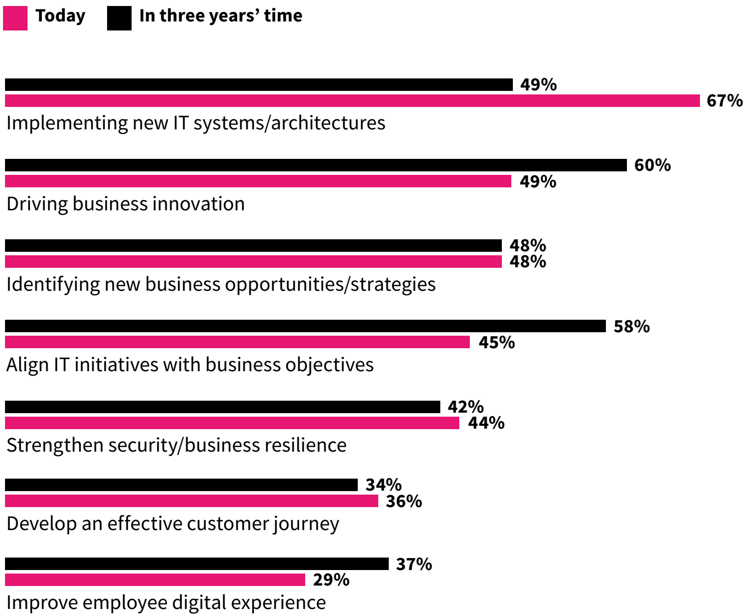


The role of the IT function today and three years from now

How will IT's role change in the coming years? Not just implementing new systems but aligning IT initiatives with business objectives, and in the future, increasingly driving business innovation.

60%

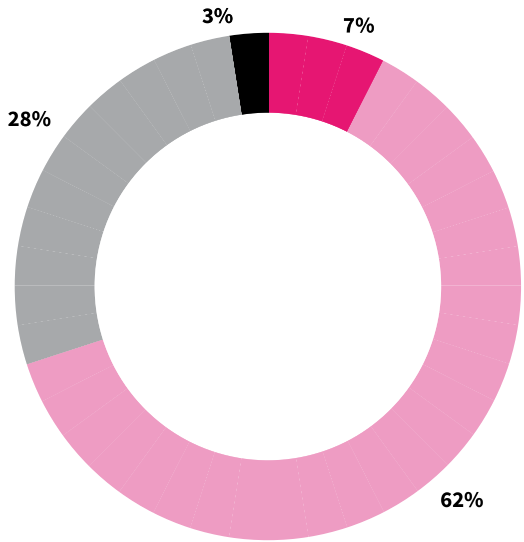
states that the role of IT in the next 3 years will be to drive the Business




ON
ON
LOREM IPSUM
00:04:12
FIX
EXE
CLOUD

Pathways of Cloud transformation

Where does your company stand in terms of cloud computing adoption for software, infrastructure, platform services?



MINIMUM. For regulatory and management philosophy reasons, our use of the cloud is kept to a minimum

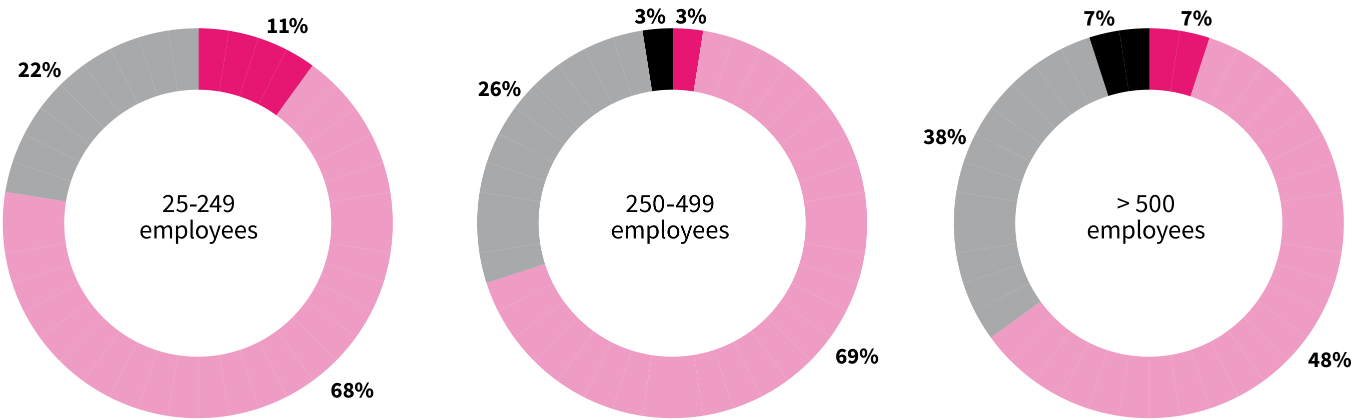
SELECTIVE. We are adopting cloud services in very specific areas, to support individual projects

BROAD. We are moving a large number of applications, development environments, databases, infrastructure, to the cloud

CLOUD FIRST. Everything that can be moved to the cloud follows this path, every new development is in the cloud

Data by company size

Considering large organisations, the number of those making extensive use of the cloud is growing, as well as those adopting a Cloud First approach (although still a minority).



MINIMUM. For regulatory and management philosophy reasons, our use of the cloud is kept to a minimum

SELECTIVE. We are adopting cloud services in very specific areas, to support individual projects

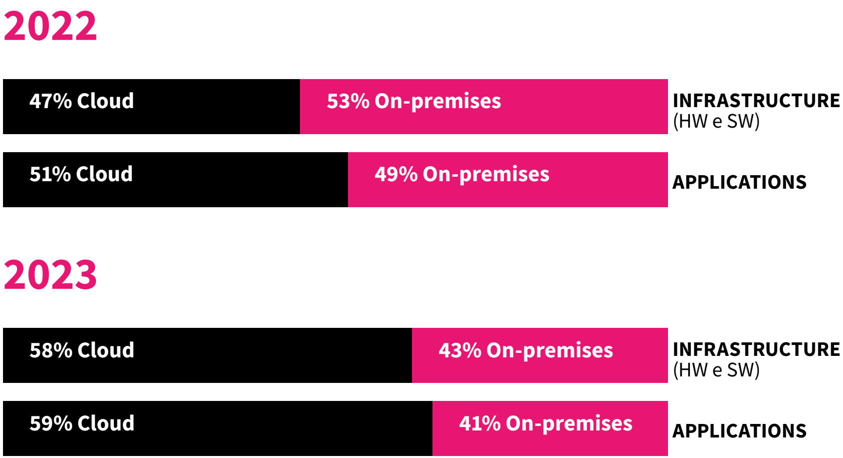
BROAD. We are moving a large number of applications, development environments, databases, infrastructure, to the cloud

CLOUD FIRST. Everything that can be moved to the cloud follows this path, every new development is in the cloud

On-premises vs Cloud

It is interesting to note that on average, IT spending on cloud infrastructure and applications has exceeded spending on traditional on-premises environments. Moreover, the growth of cloud spending is constant year-on-year.

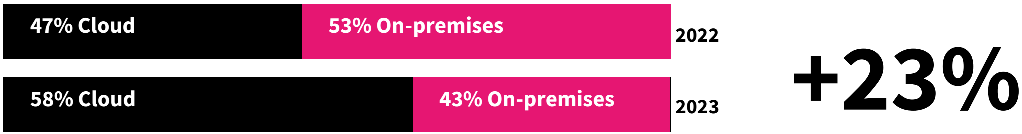
How was your company's IT spending on infrastructure and applications divided in 2022 (as it will be in 2023) between cloud and on-premises solutions?



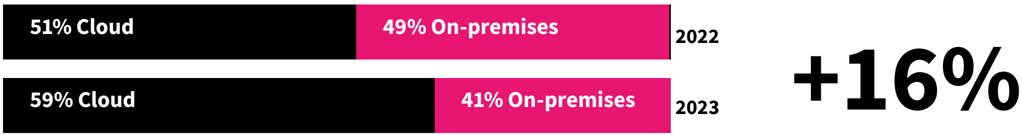
Infrastructure vs Applications

Comparing the growth of cloud spending on infrastructure and applications respectively, one observes that both are growing at double-digit rates (both cloud infrastructure spending, IaaS / PaaS, and SaaS spending).

INFRASTRUCTURE (HW E SW)



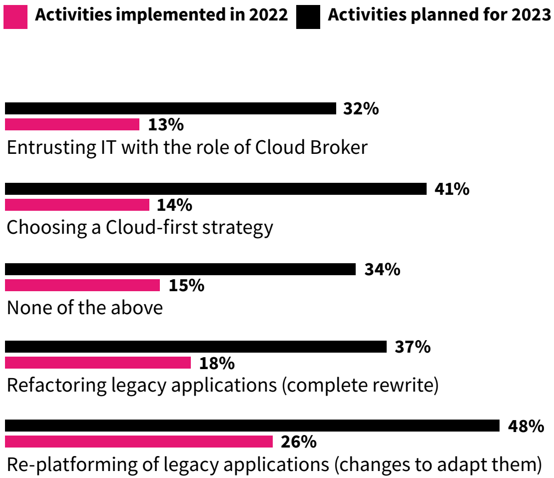
APPLICATIONS



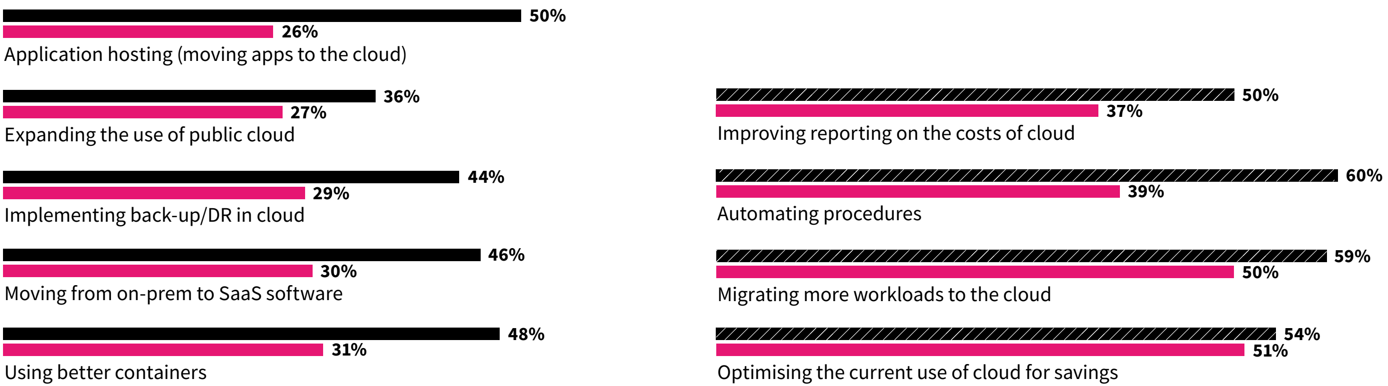
2022 vs 2023

What Cloud Transformation initiatives are underway? Overall, there are many activities.

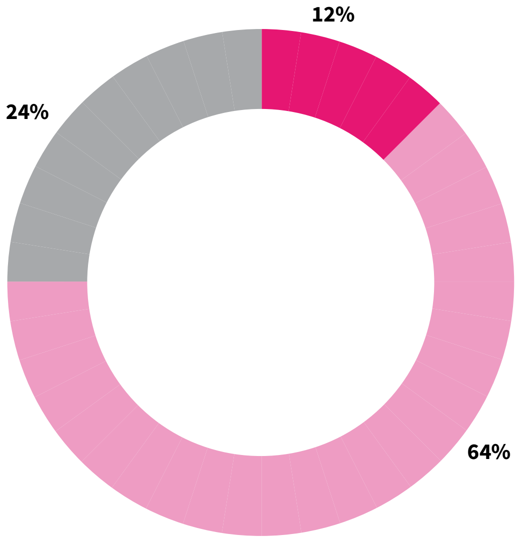
Initiatives implemented and planned for cloud transformation



The answers show that Swiss companies are mainly interested in optimising the use of the cloud to save money, migrate workloads to the cloud, automate procedures, improve reporting, and make wider and more diverse use of the cloud.



How satisfied are you with your Cloud Transformation programme?



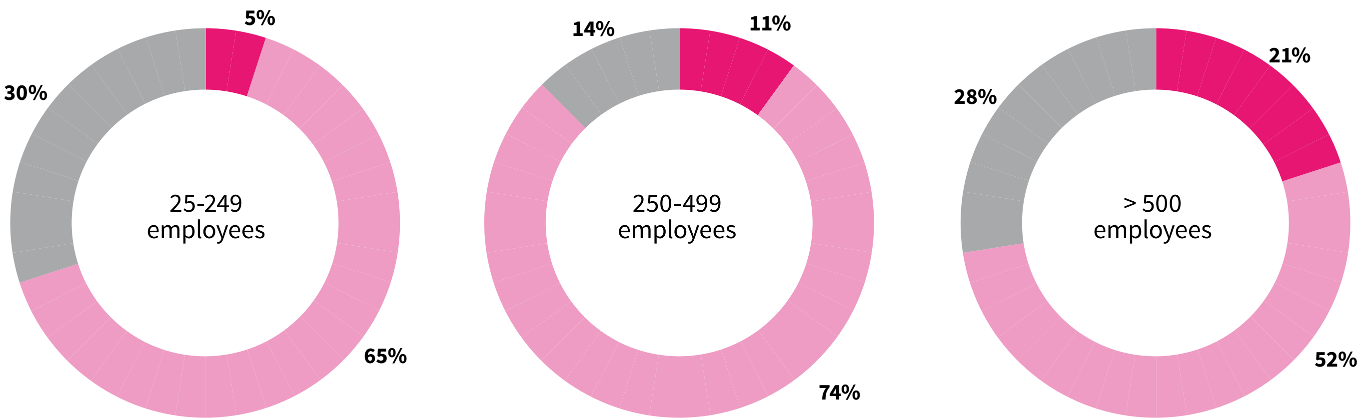
VERY SATISFIED. The programme was excellent, the benefits numerous

SATISFIED. We achieved most of the objectives with good results

NEUTRAL. No particular benefits for the company were achieved, the return on investment was modest

UNSATISFIED. The benefits and return realised were lower than expected

High satisfaction with cloud computing is more common in large organisations than in small ones.



VERY SATISFIED. The programme was excellent, the benefits numerous

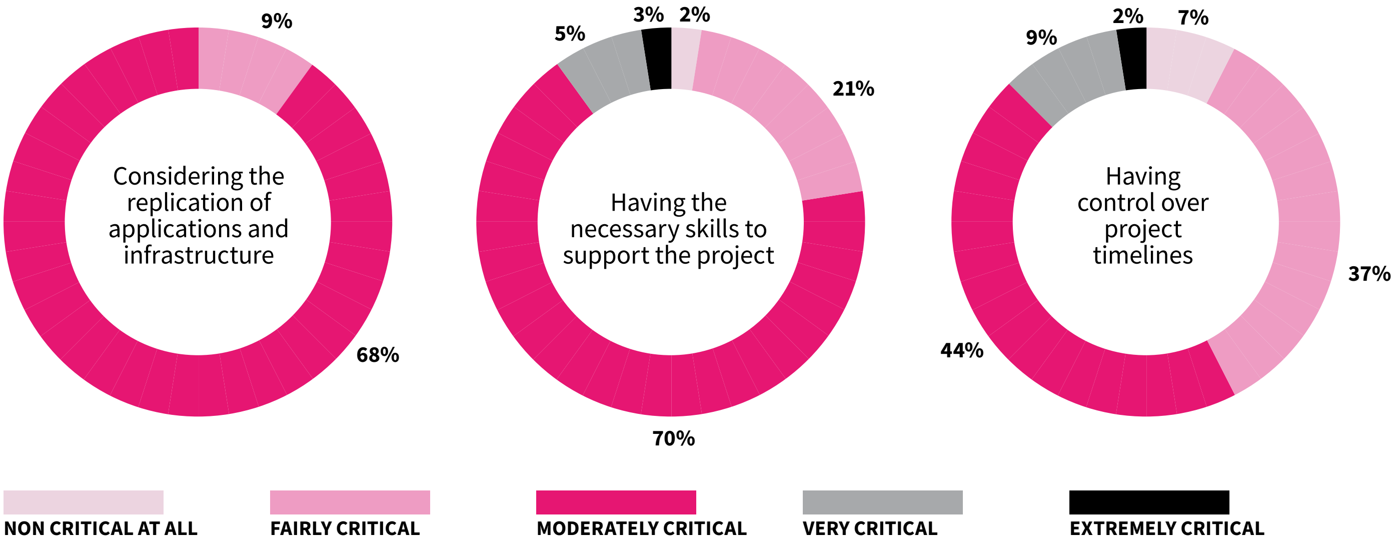
SATISFIED. We achieved most of the objectives with good results

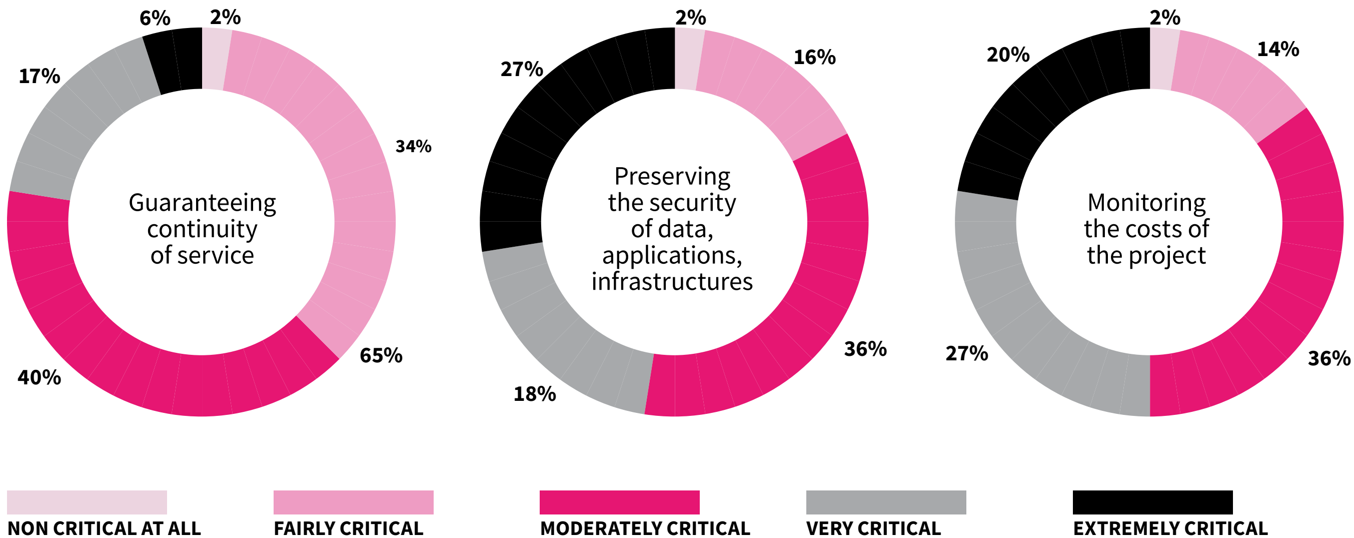
NEUTRAL. No particular benefits for the company were achieved, the return on investment was modest

UNSATISFIED. The benefits and return realised were lower than expected

How critical are the following aspects to consider when moving to the cloud?

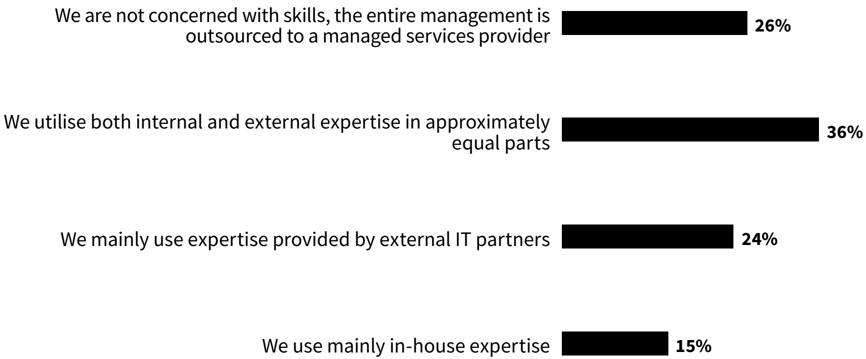
Monitoring project costs and preserving security are considered very or extremely critical aspects for a significant number of companies. On the other hand, guaranteeing continuity of service and monitoring project schedules are on average critical.




6%
2%
17%
34%
Guaranteeing continuity of service
65%
40%
2%
27%
16%
Preserving the security of data, applications, infrastructures
36%
18%
2%
20%
14%
Monitoring the costs of the project
27%
36%
NON CRITICAL AT ALL
FAIRLY CRITICAL
MODERATELY CRITICAL
VERY CRITICAL
EXTREMELY CRITICAL

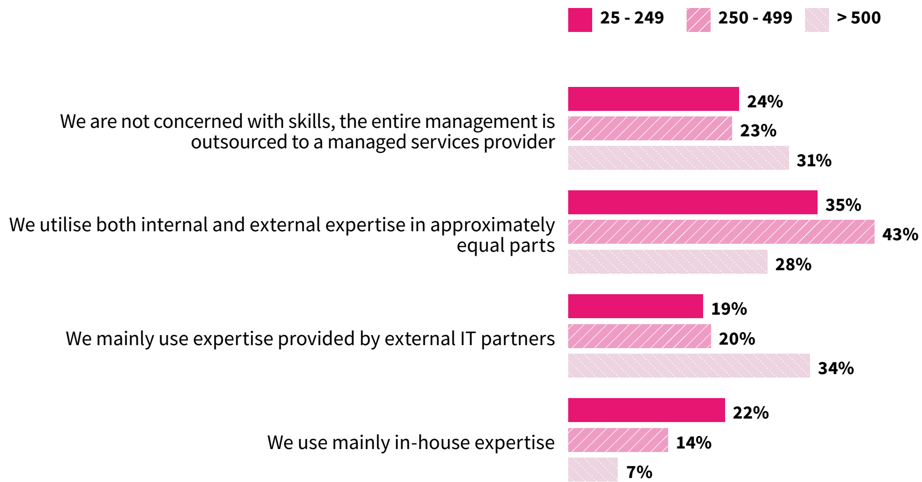
Cloud expertise: internal or external?

In terms of skills used, there are alternatives: predominantly, both internal and external skills are used (35% of responses). The choice of using managed services is also widespread (26% of responses).



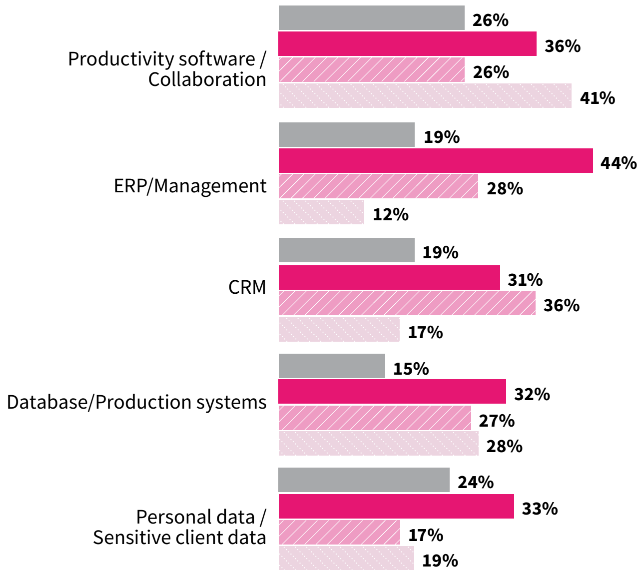
Large organisations favour the use of external expertise and managed services, while in medium-sized and small organisations the internal management component increases.

Cloud skills: internal or external? (by company size)



Where do you place data/applications?

With regard to the use of different environments (on-prem, cloud, SaaS), a multiplicity of solutions is observed. The local cloud provider is preferred over the global one, but the SaaS alternative is increasingly present, especially for productivity/collaboration software, but not so much for ERP/ management. The on prem data centre is still present for all application/data environments.

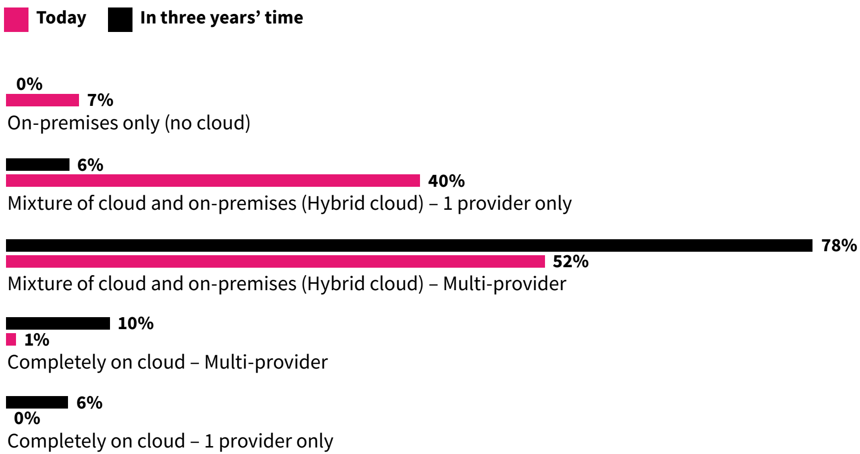


Cloud usage today and three years from now

On-prem will not be abandoned in the short term and the situation will therefore be increasingly hybrid and multi-cloud.

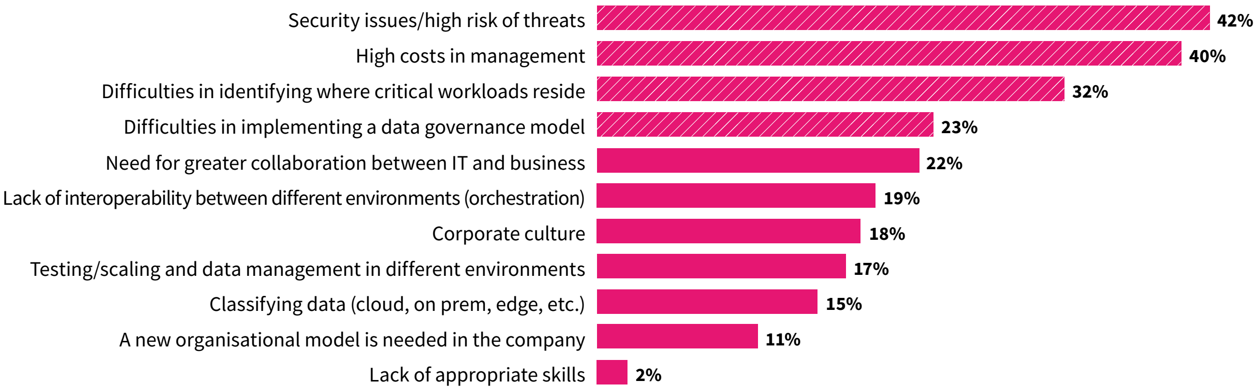
78%

of companies entrust their Hybrid Cloud to more than one provider



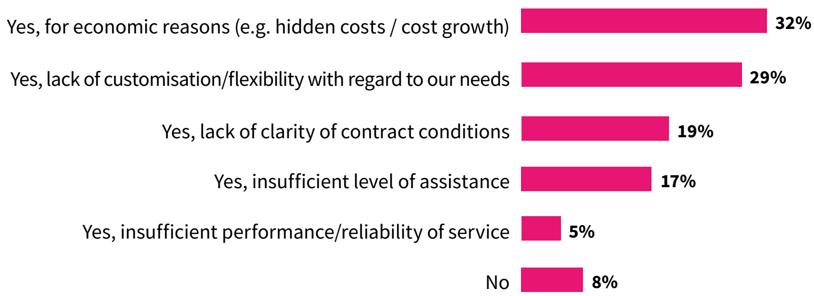
Main challenges in adopting multi-cloud strategies

Multi-cloud choices also entail many challenges, in particular, again, security issues, costs related to the management of heterogeneous environments, management-related difficulties (where to place critical workloads, which data governance model to implement).



Have you so far experienced any difficulties in contract management with your cloud provider(s)?

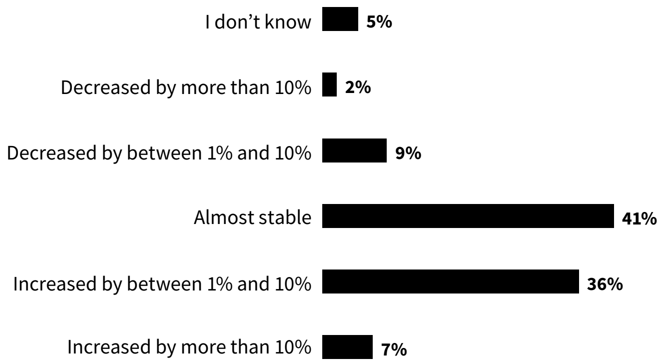
Swiss companies complain about financial problems with cloud contracts (one in three), lack of customisation and flexibility (29% of respondents), lack of contractual clarity (19%) or poor support (17%). Only 8% of respondents answered that they did not encounter any problems.



Investment in digital projects

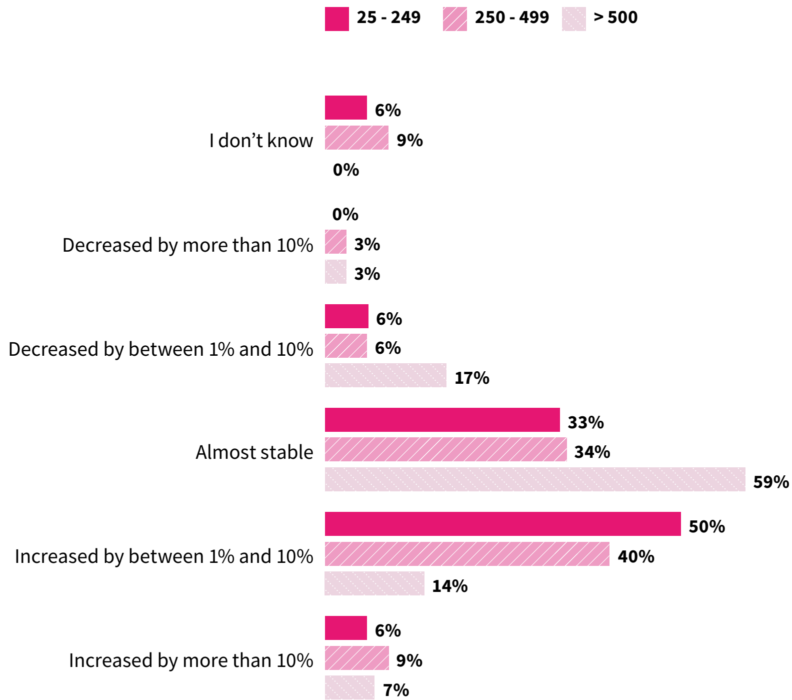
ICT expenditure in 2023 compared to 2022

The ICT expenditure of Swiss companies on average is growing, although for the majority (41%) of Swiss companies it remains more or less stable.



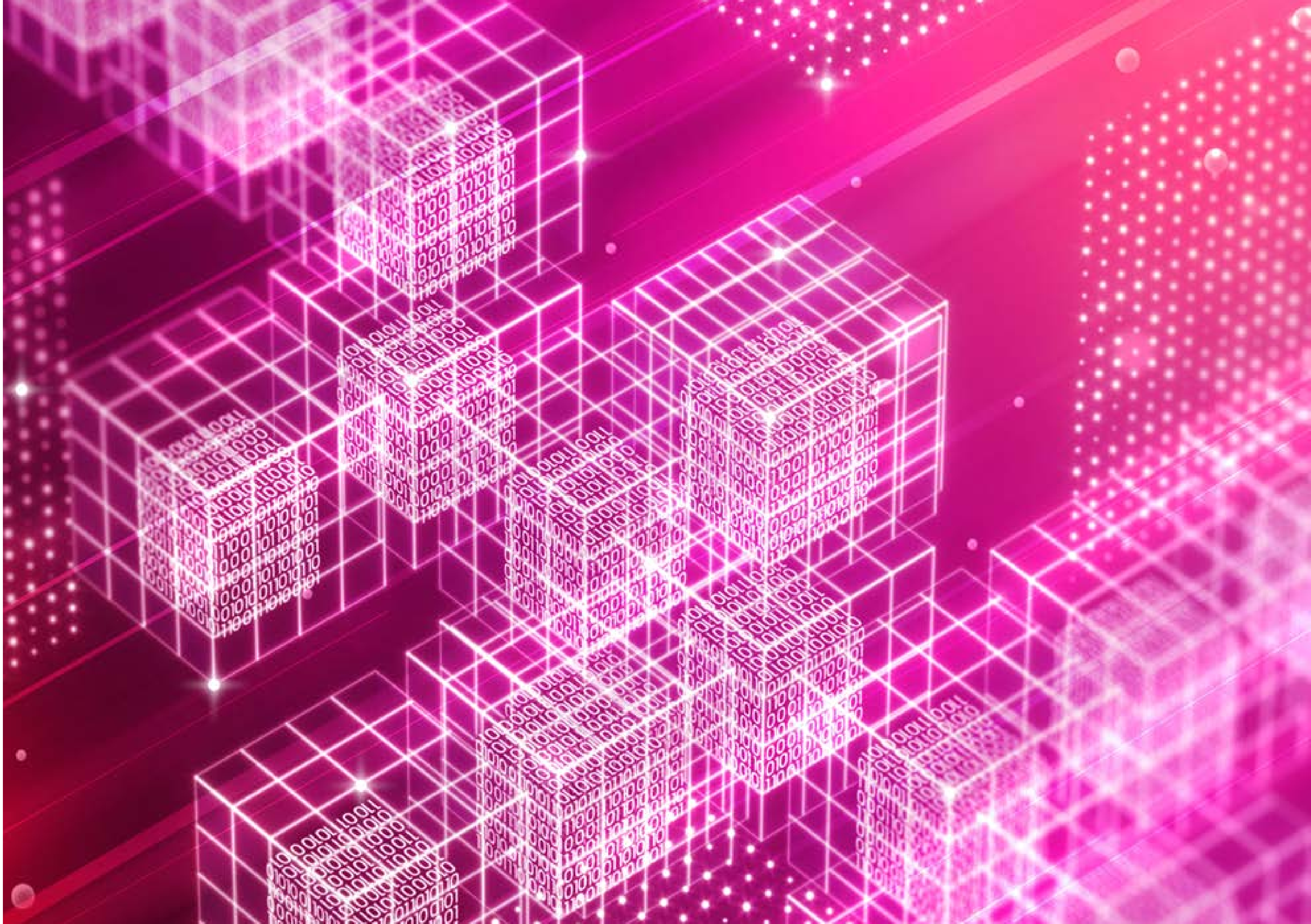
It is mainly large organisations that have halted the increase in IT expenditure in 2023, which on large amounts, needs more control over inflationary pressure: medium-sized and small organisations, on the other hand, see an average increase in expenditure.

ICT expenditure in 2023 compared to 2022 by company size



Initiatives that facilitate the start-up of digital transformation projects

In order to facilitate the start-up of digital projects what is needed above all, according to Swiss companies, is to equip oneself in advance with all the essential components: from expertise, the acquisition of resources with skills, support from the other areas of the business most involved, to the ability to finance the project internally.



Research Partners

The Innovation Group

Founded in 2009, The Innovation Group (TIG) is an independent market research and consulting services company specialising in the study of digital market developments and innovation processes enabled by technology and knowledge.

The company addresses companies and organisations in the Digital Economy that wish to develop growth strategies through go-to-market programmes and initiatives, based on the integrated production and management of knowledge inside and outside the company. Analyses, research and in-depth studies designed for the Italian market are carried out to spread knowledge and understanding of the digital market and the most innovative sectors. TIG provides integrated platforms of services and content to facilitate exchanges and relations with the market, influencers, stakeholders and ecosystems.

For more information:
The Innovation Group Srl
Tel. +39-02-87285500
www.theinnovationgroup.it
info@theinnovationgroup.it

Tinext MCS

Tinext Managed Cloud Services (MCS), part of the Tinext Group, supports companies in the process of migrating and running their IT systems on the Cloud, in favour of accessibility, data protection and security. Thanks to its two Data Centres in Ticino and Zurich, Tinext MCS provides technology and consultancy to support customers and partners in their digital transition.

For more information:
Massimo Baioni – Head of Sales
Massimo.Baioni@tinext.com
cloud.tinext.com

VMWare

VMware helps organisations transform into digital businesses that deliver better customer experiences and an optimal work environment for employees. The company's cloud, app modernisation, networking, security and digital workspace offerings help customers deliver any application on any cloud through any device. Since its founding in 1998, VMware, together with its ecosystem of approximately 75,000 partners, has developed technology innovations that have transformed entire industries, such as banking, healthcare, government, retail, telecommunications, manufacturing and transportation. Its commitment to solving the most complex IT problems is one of the main reasons why more than 500,000 customers worldwide have chosen VMware. Headquartered in Palo Alto, California, VMware is committed to being a 'force for good', from its technology innovations to its global impact.

TINEXT
Managed Cloud Services

vmware®

Notes

cloud.tinext.com

Follow us on