

# European Private Business Survey

June 2019



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About the survey

# About the survey



**2,443**

Structured interviews conducted with key decision makers in family businesses and entrepreneurial businesses with a sales turnover of €10m+.



Interviews conducted between February and April 2019.



Across **53** countries.



Interviews conducted by telephone in local language.



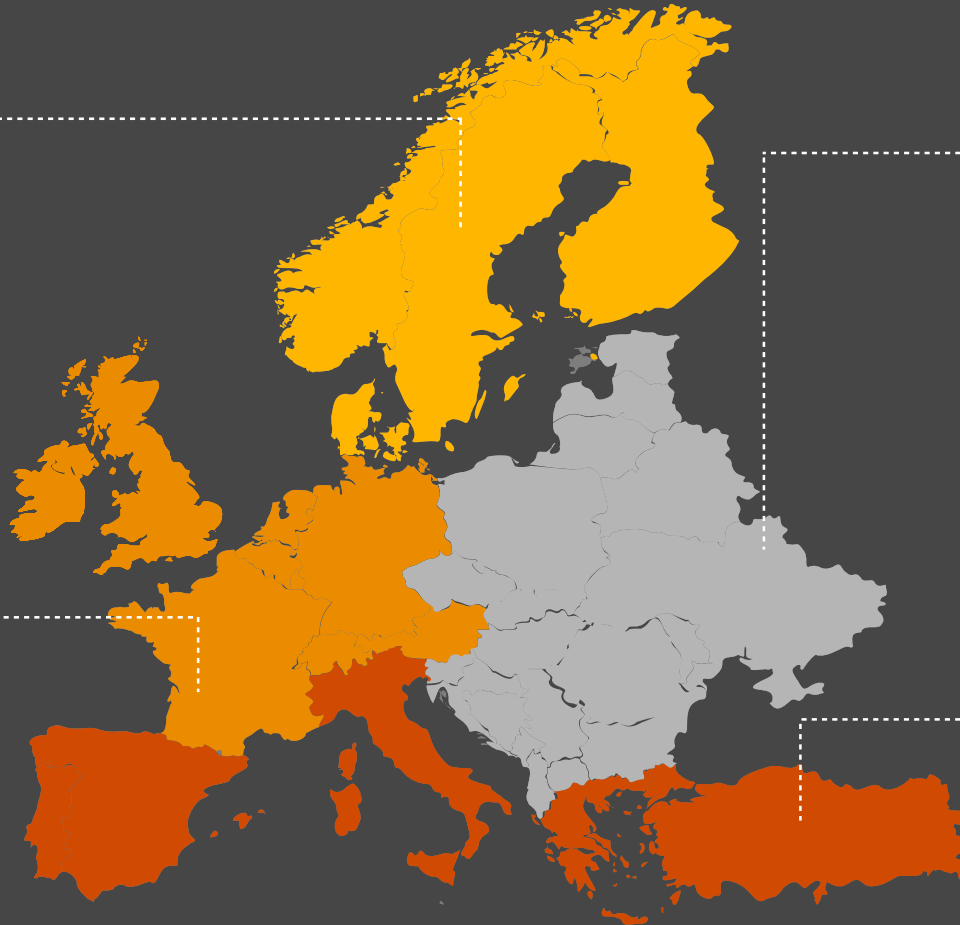
# Survey sample EU 31 – Survey among 2,443 companies

## Scandinavia = 200

Denmark = 50  
Finland = 50  
Norway = 50  
Sweden = 50

## Central Europe = 1210

Austria = 90  
Belgium = 90  
France = 140  
Germany = 400  
Ireland = 50  
Luxembourg = 30  
Netherlands = 100  
Switzerland = 90  
UK = 220



## Central and Eastern Europe = 450

Baltics = 60  
Central South-East Europe = 200

- Bulgaria = 50
- Croatia = 30
- Romania = 50
- Slovenia = 40
- Slovakia = 30

Czech Republic = 50  
Hungary = 50  
Poland = 90

## Southern Mediterranean = 583

Cyprus = 30  
Greece = 60  
Italy = 180  
Malta = 30  
Portugal = 60  
Spain = 123  
Turkey = 100

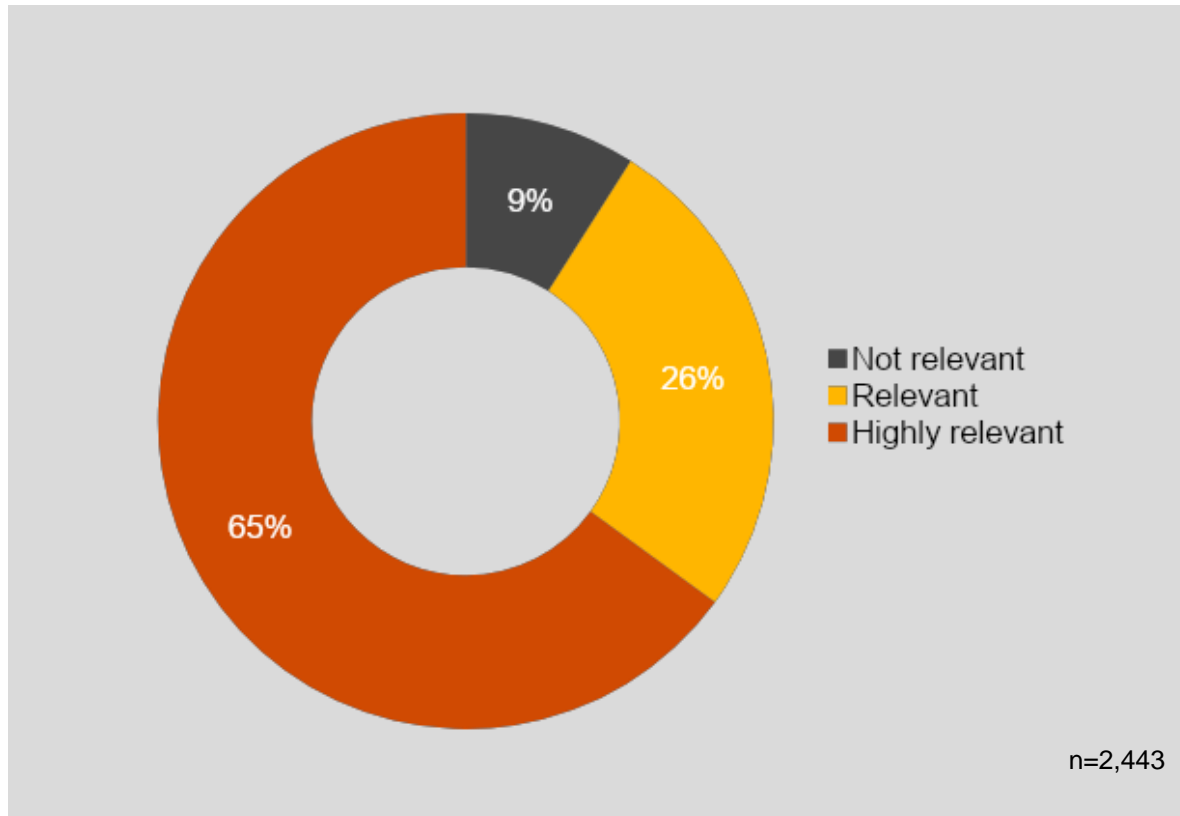
2

Digitalisation

# Long-term relevance of digitalisation

Companies in Europe finally recognize the importance of digitalisation for the viability of their business.

And how relevant is digitalisation for the long-term viability of your business?



Proportion of “highly relevant”

Area	Percentage
Central and Eastern Europe	63.5
Africa	81.0
Middle East	78.0
<b>Total EMEA</b>	<b>66.9</b>

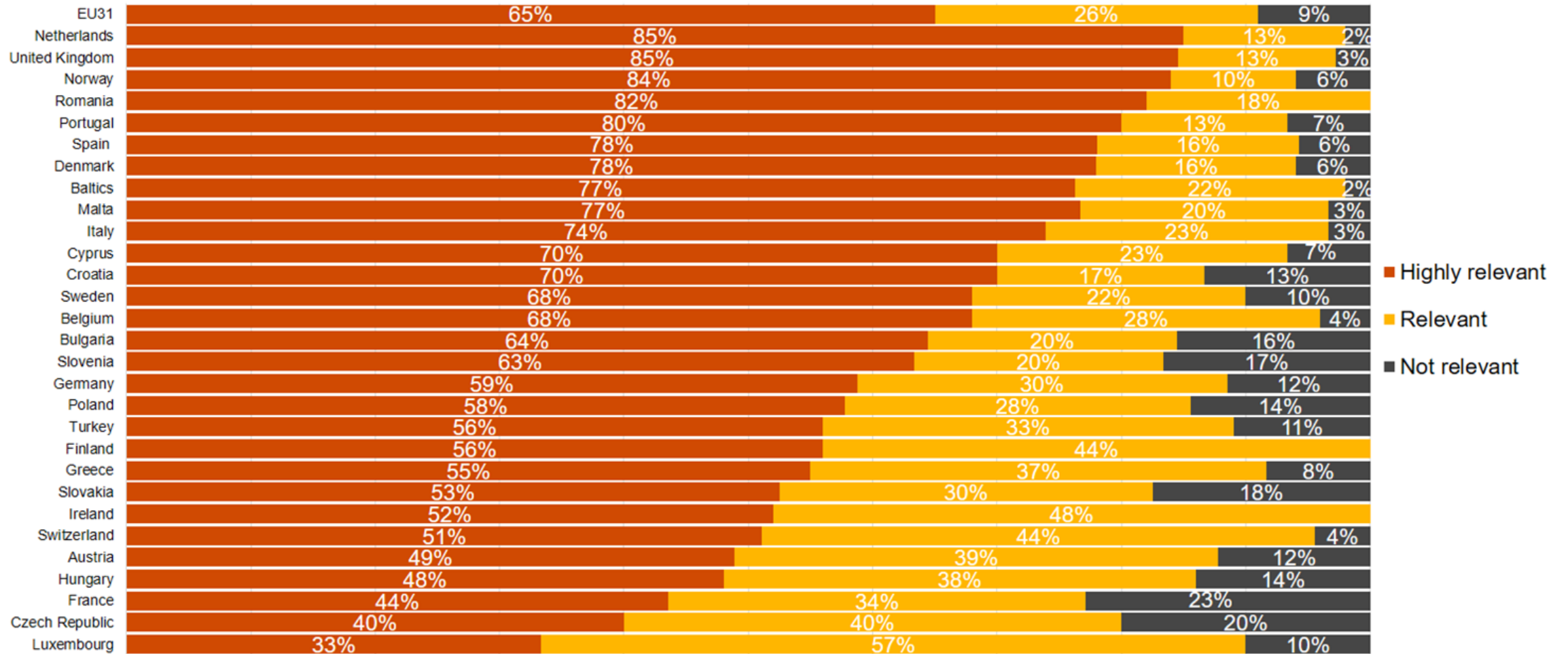
  

Industry	Percentage
Industry and manufacturing	62.9
Retail	65.7
Services	65.1
Building and Construction	57.0
Transportation	68.6
Energy	76.6
Financial services	84.6
Real estate	52.9
Healthcare and pharma	71.4

n=2,993

# Long-term relevance of digitalisation by country

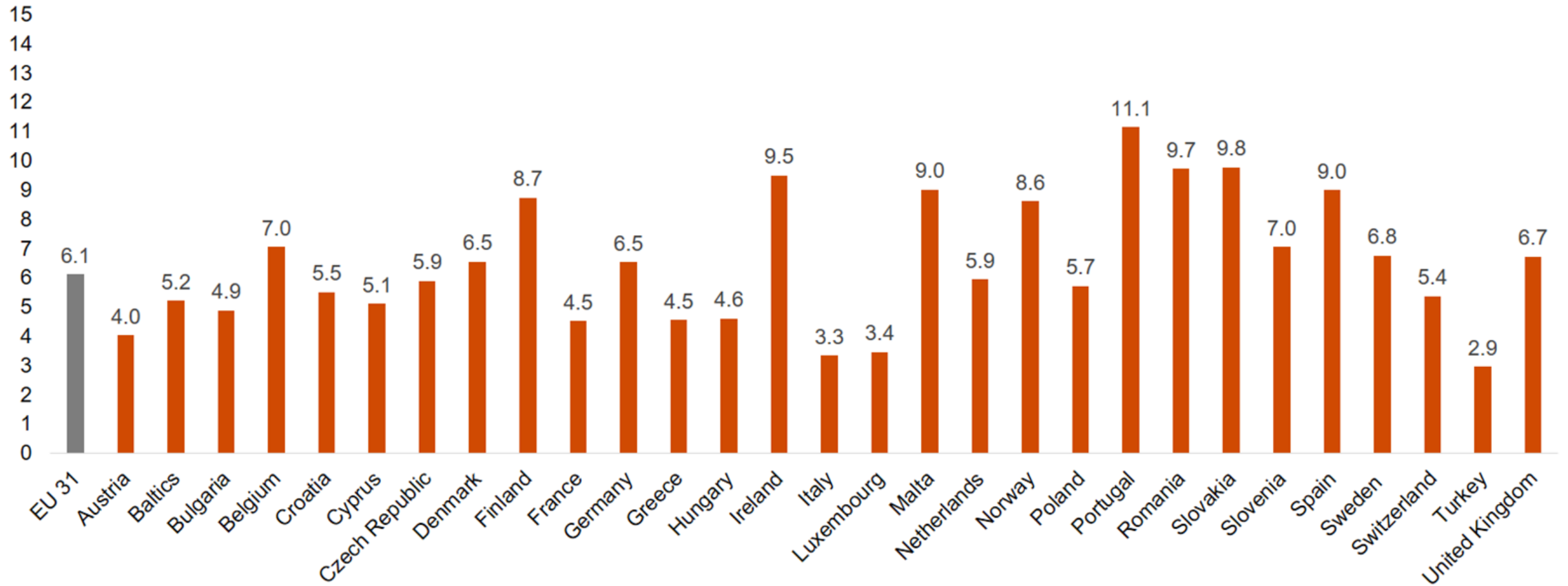
Entrepreneurs from Romania, Ireland, and Finland in particular see digitalisation as very relevant for the viability of their business.



n=2,443

# Digital understanding score

The index ranges from 0-15. Portuguese companies score highest, Turkish companies lowest.

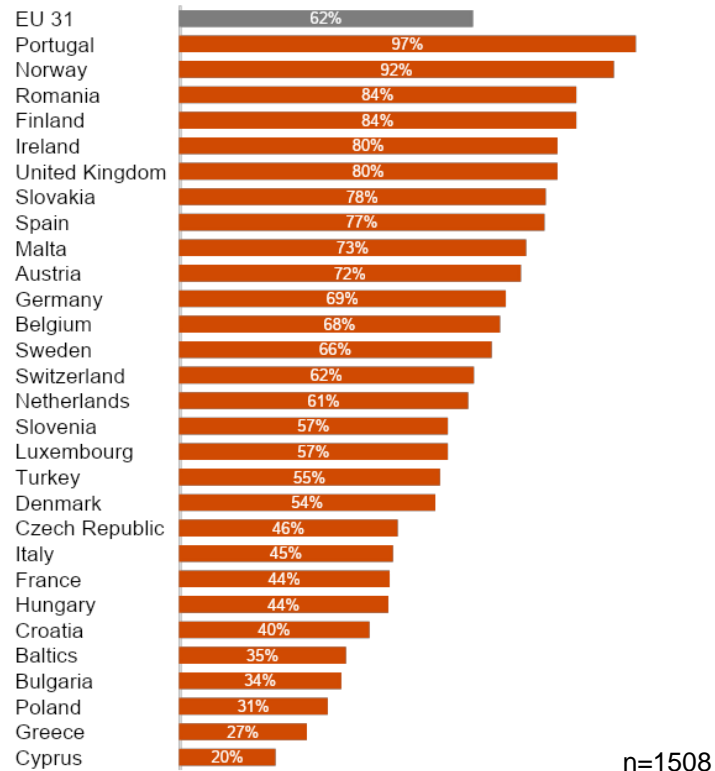




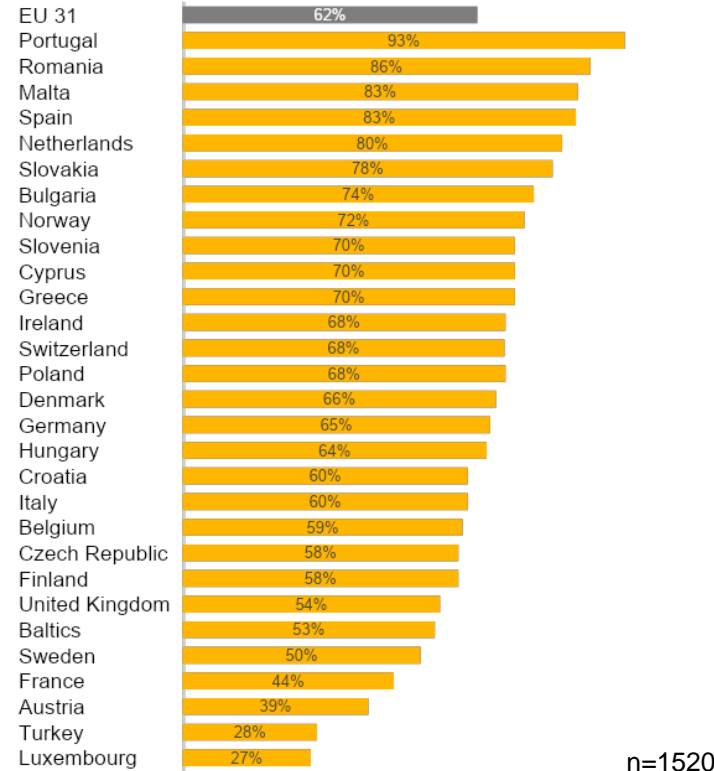
# Significance of digitalisation by country (1/2)

Entrepreneurs in Portugal, Romania and Norway have the best understanding of digitalisation.

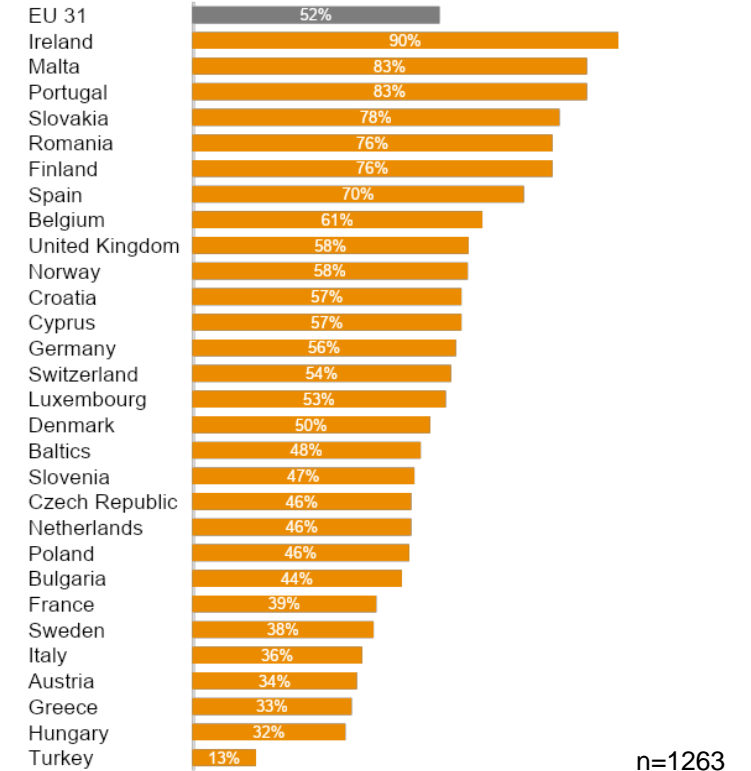
## Digital product enhancement/use of digital technologies



## Process automation/Internet of things/IoT



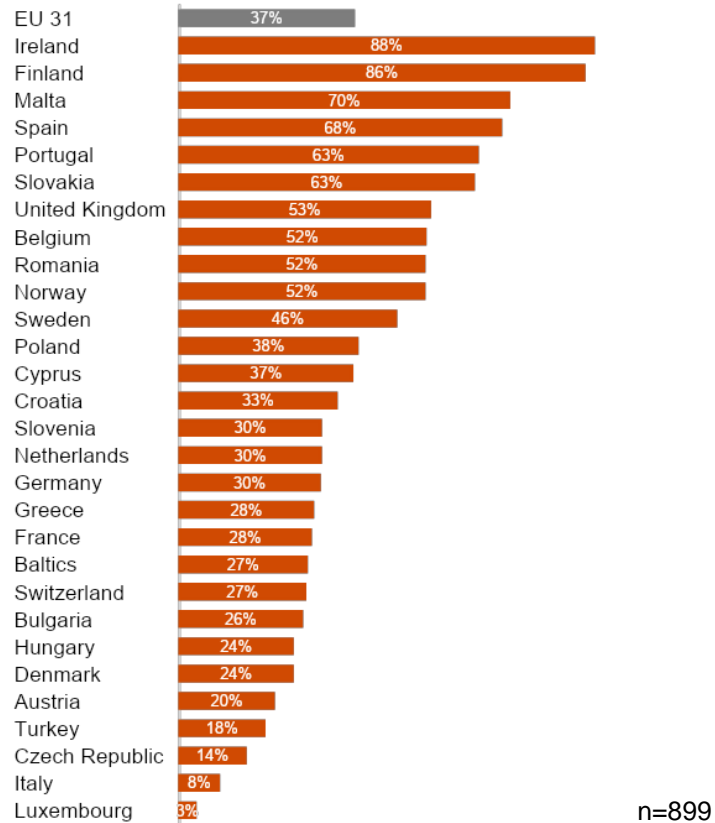
## Data analytics for tailored products/services



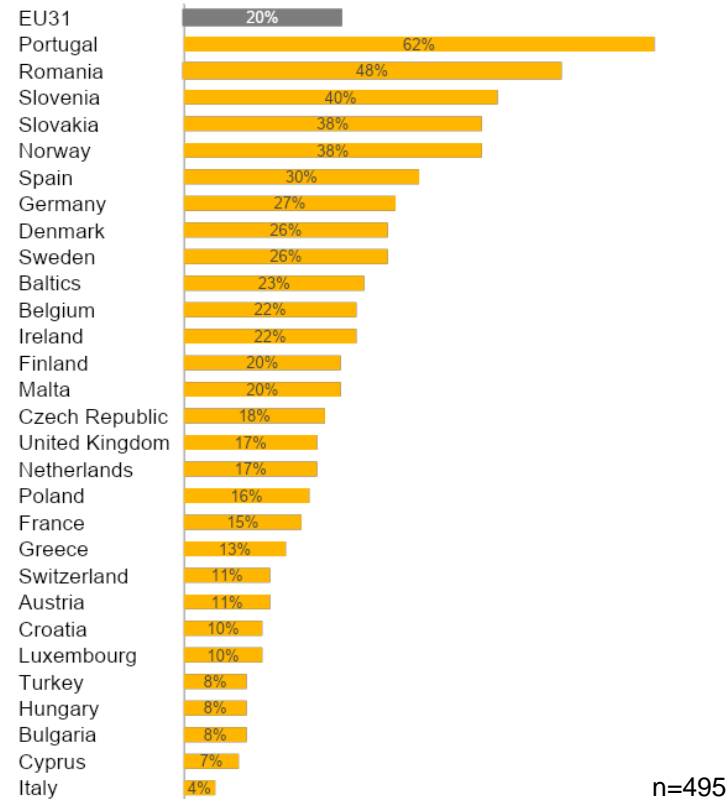
# Significance of digitalisation by country (2/2)

The significance of end-to-end solutions is best recognized by companies in Ireland and Finland.

## End-to-end solutions



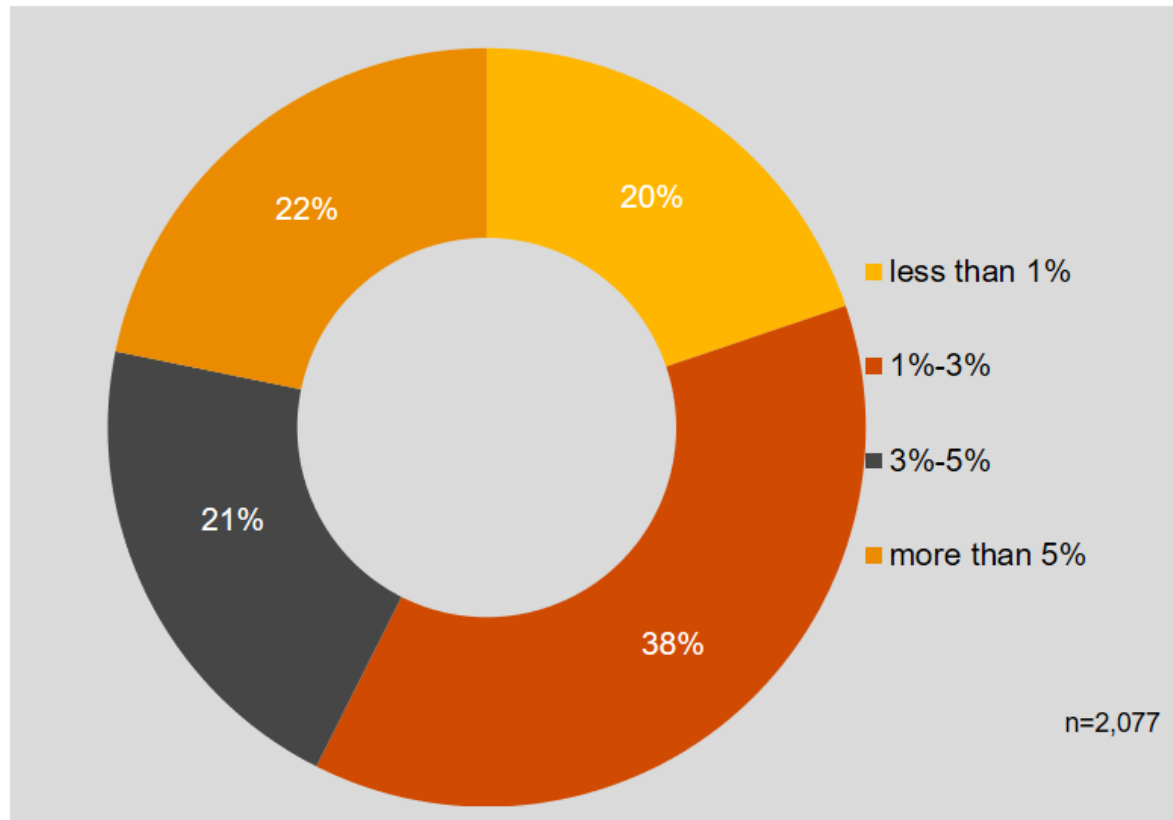
## Ecosystem for many partners



# Overall investments in digitalisation

The majority of EU companies want to invest 1-3% of their overall investments in digitalisation over the next 5 years.

Please indicate the approximate average percentage of your overall investments which will be allocated to digitalisation in the next 5 years.



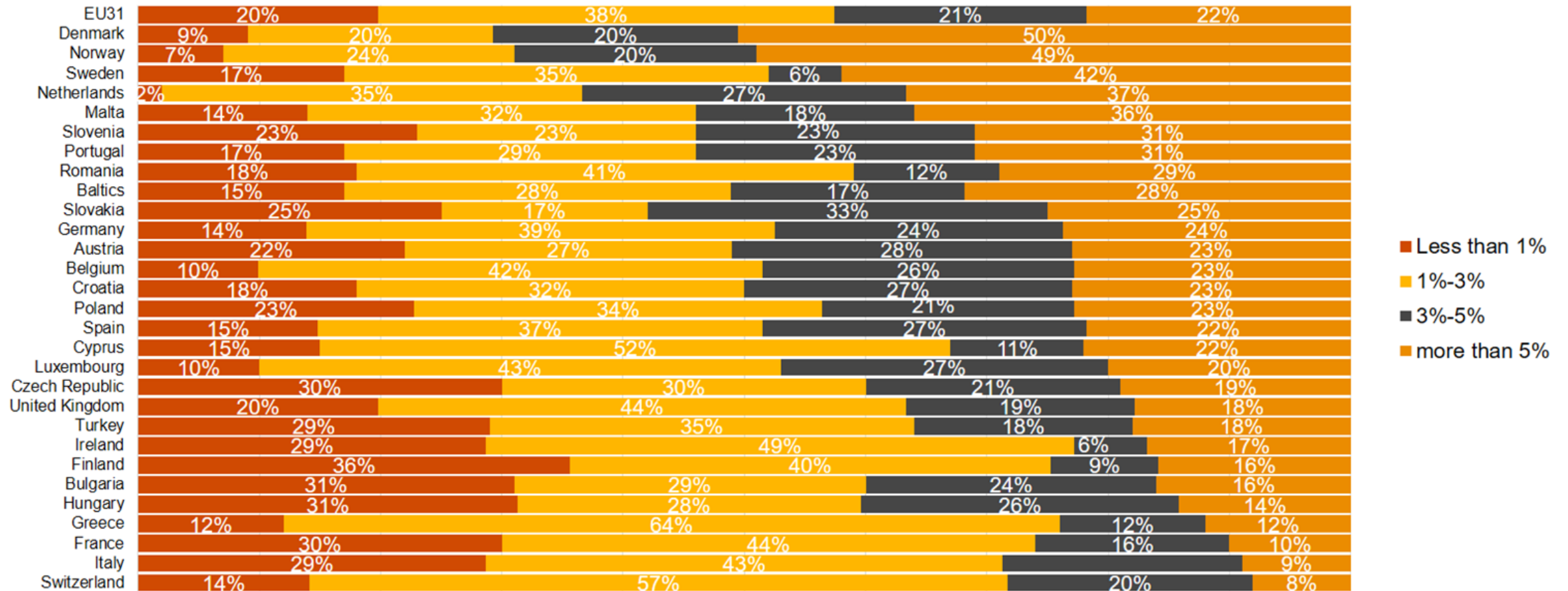
Proportion of “more than 5%”

Area	Percentage
Central and Eastern Europe	23.1
Africa	25.4
Middle East	17.4
<b>Total EMEA</b>	<b>21.5</b>

Industry	Percentage	n=2,993
Industry and manufacturing	18.7	
Retail	20.7	
Services	27.2	
Building and Construction	14.5	
Transportation	23.2	
Energy	29.1	
Financial services	26.9	
Real estate	5.9	
Healthcare and pharma	20.7	

# Overall investments in digitalisation by country

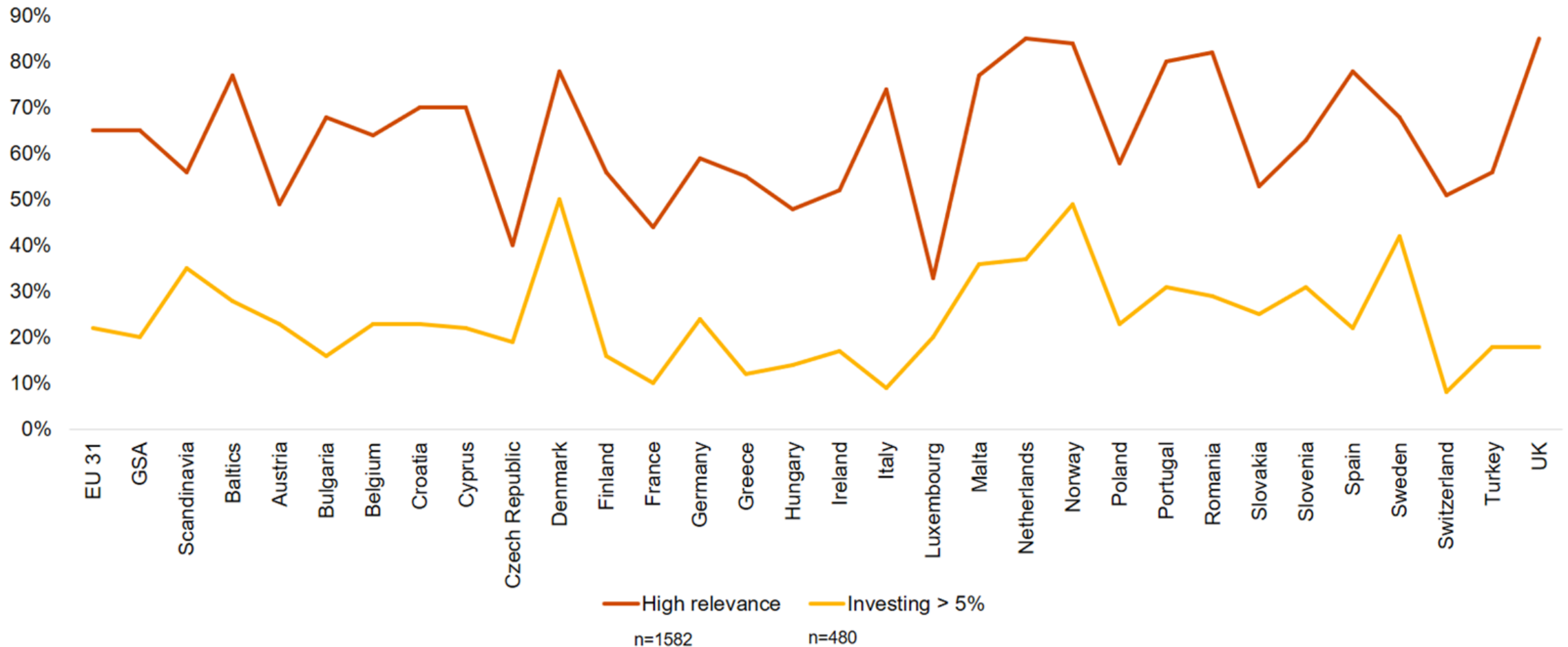
Entrepreneurs from Denmark, Norway and the Netherlands plan to invest more than 5% of their overall investments in digitalization.



n=2,077

# Digital – Correlation of high relevance and investments

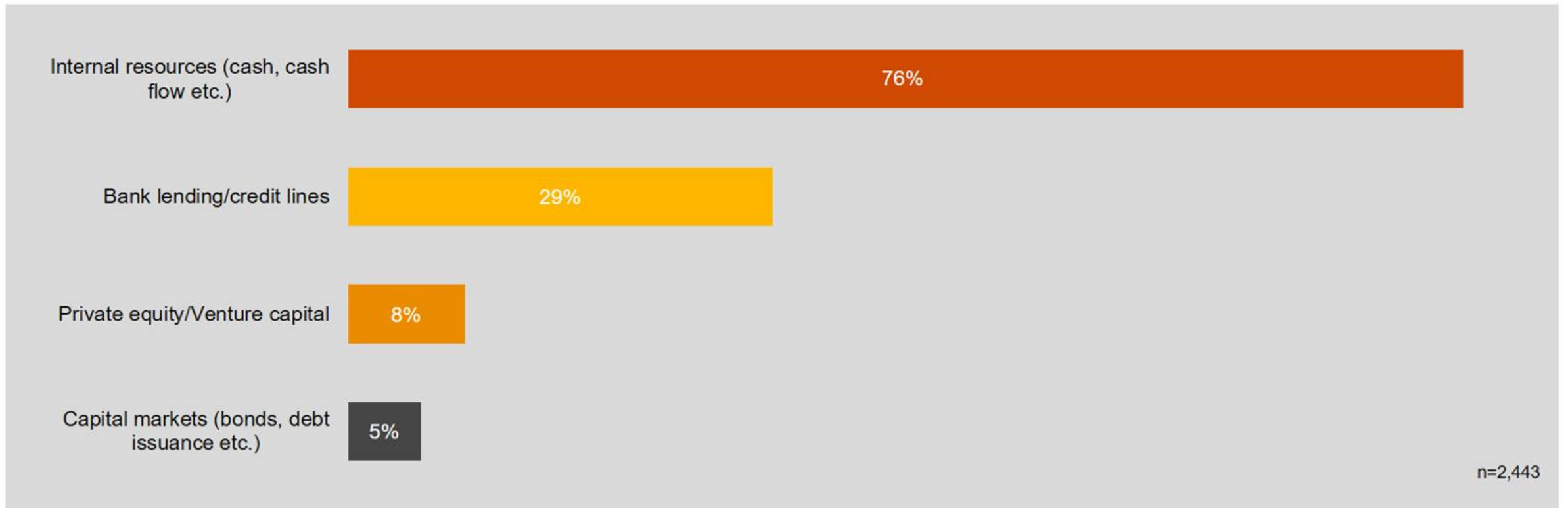
There is a clear link between the assessed importance of digitalization for the viability of the business and the investments for digital technologies. High relevance is accompanied with higher investments spent. Not everywhere though.



# Sources to fund digitalisation

Private businesses rely on internal cash flow for financing digitalisation.

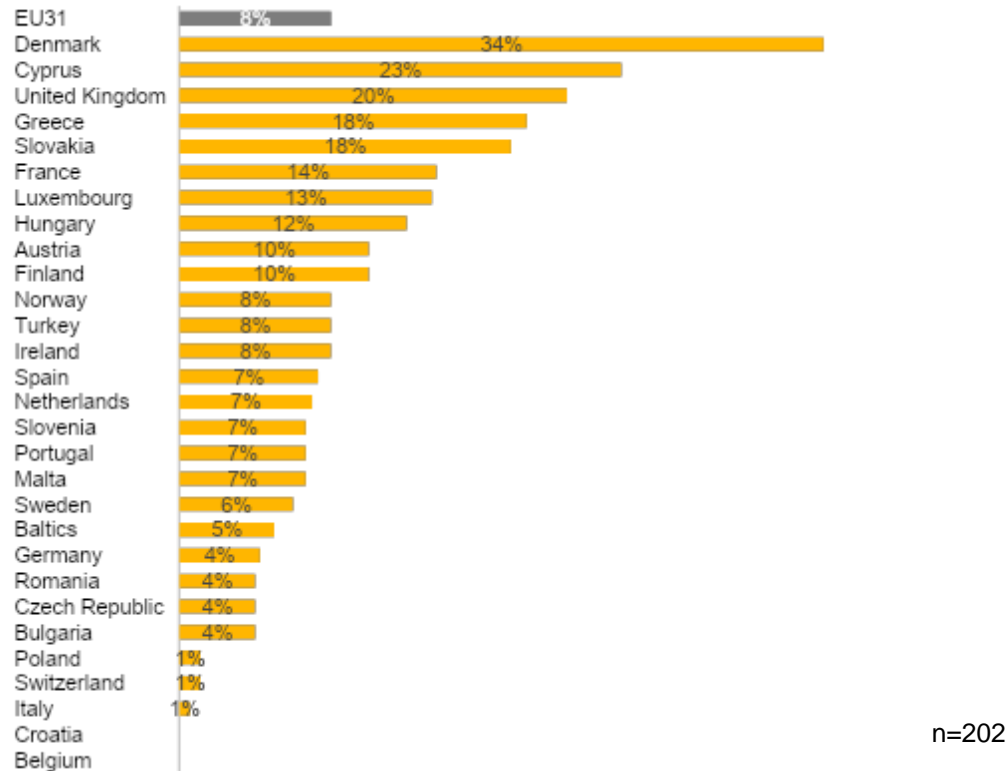
And which of the following sources, if any, do you think you will use to help fund digitalisation? (Multiple Answers)



# Use of private equity to fund digitalisation

Entrepreneurs in Denmark, Cyprus, and United Kingdom are more open towards private equity/venture capital for funding digitalisation.

## Private equity/Venture capital



## Proportion of "Private Equity"

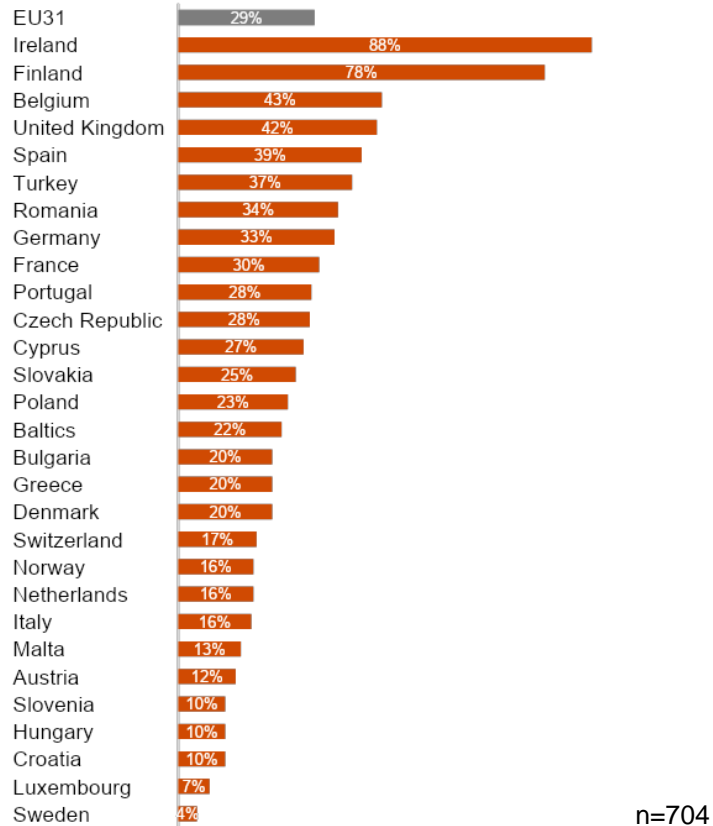
Area	Percentage
Central and Eastern Europe	6.8
Africa	23.5
Middle East	15.0
<b>Total EMEA</b>	<b>9.9</b>
Industry	Percentage
Industry and manufacturing	6.3
Retail	12.5
Services	7.6
Building and Construction	8.9
Transportation	8.7
Energy	6.3
Financial services	15.4
Real estate	11.8
Healthcare and pharma	8.6

n=2,993

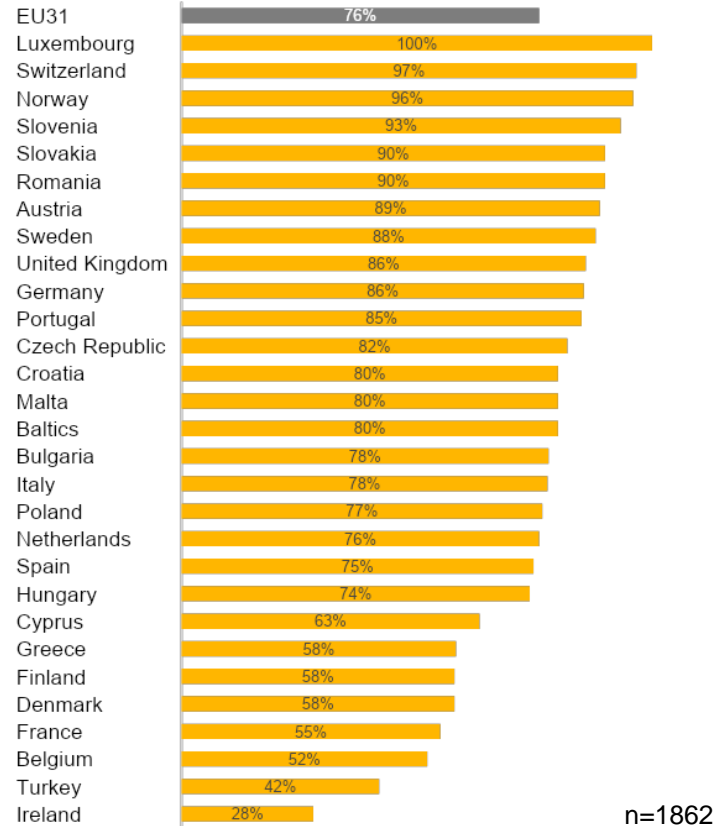
# Sources to fund digitalisation by country

Most entrepreneurs want to finance digitalization with internal resources.

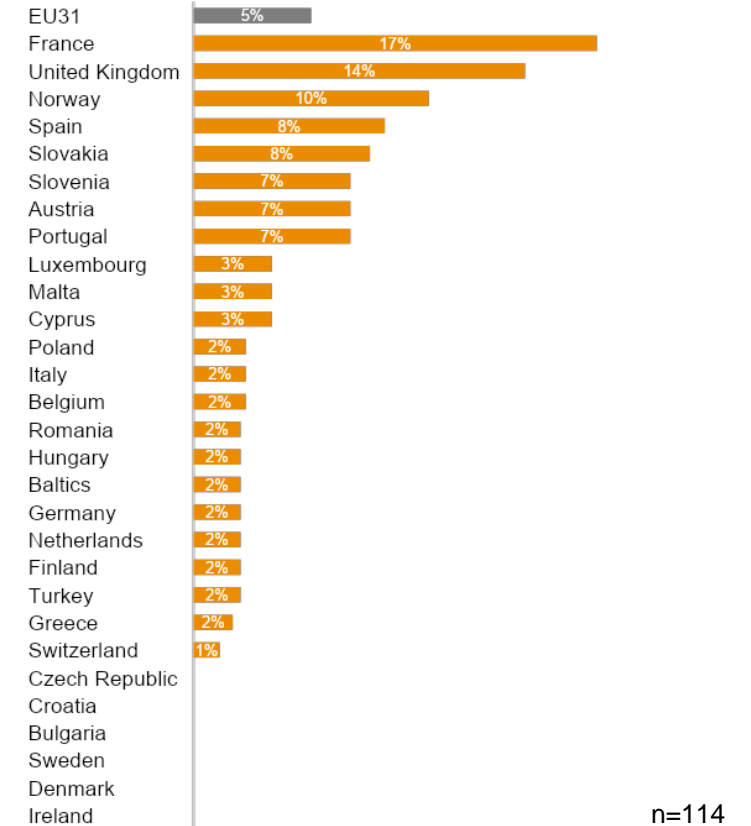
## Bank lending/credit lines



## Internal resources (cash, cash flow etc.)



## Capital markets (bonds, debt issuance etc.)

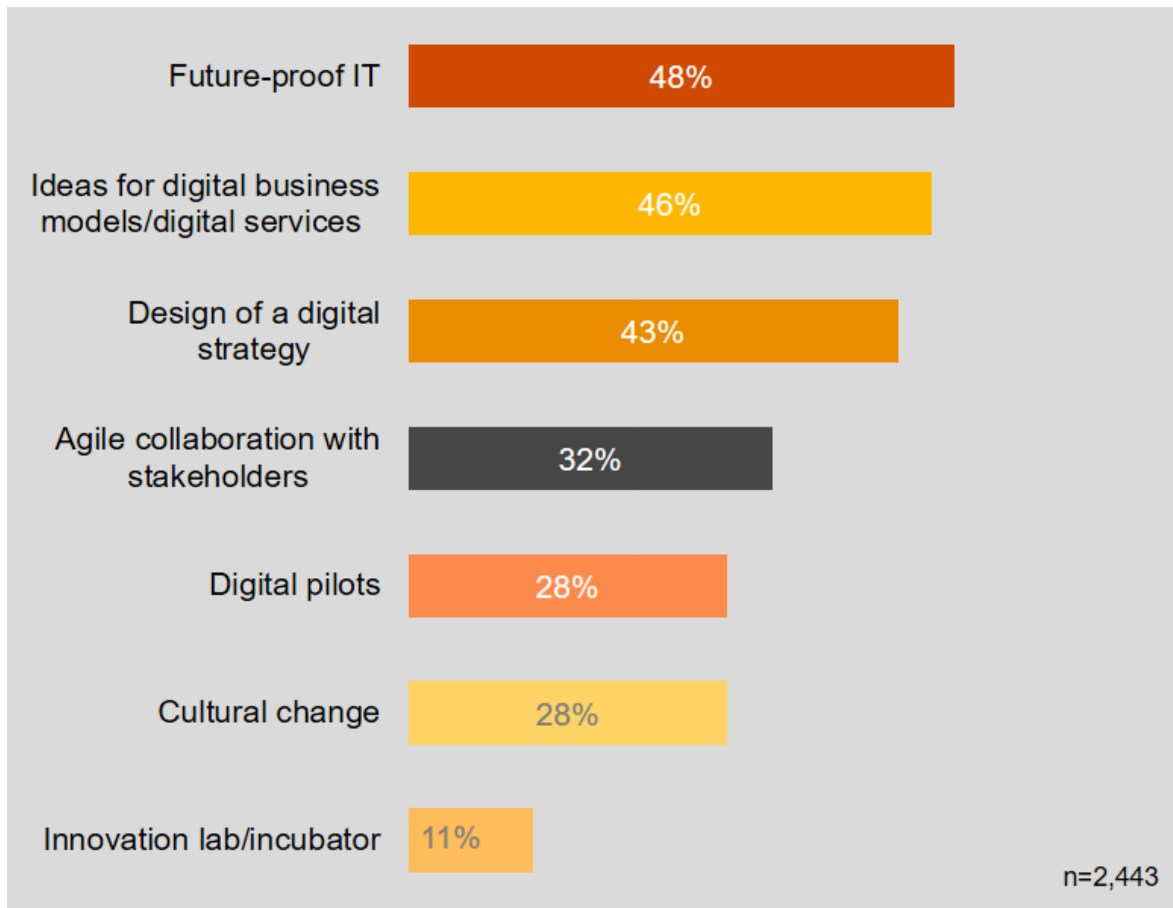




# Measures taken for digitalisation

Entrepreneurs in the EU have already taken steps to transform their business. Most important are digital business models and implementing a future-proof IT.

What kind of (potential) employees are you looking for in particular?  
(Multiple Answers)



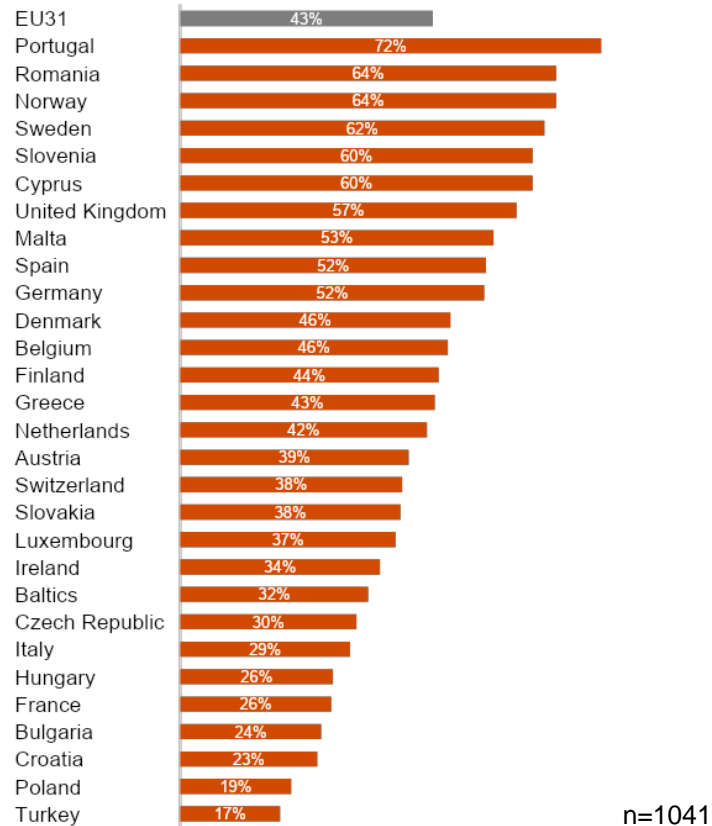
Most frequently stated

Area	Step
Central and Eastern Europe	Future-proof IT (38%)
Africa	Design of a digital strategy (55%)
Middle East	Ideas for digital business models (46%)
<b>Total EMEA</b>	<b>Ideas for digital business models (45%)</b>
Industry	Step
n=2,993	
Industry and manufacturing	Future-proof IT (46%)
Retail	Future-proof IT (45%)
Services	Ideas for digital business models (56%)
Building and Construction	Future-proof IT (51%)
Transportation	Future-proof IT (50%)
Energy	Design of a digital strategy (50%)
Financial services	Future-proof IT (67%)
Real estate	Future-proof IT (59%)
Healthcare and pharma	Design of a digital strategy (51%)

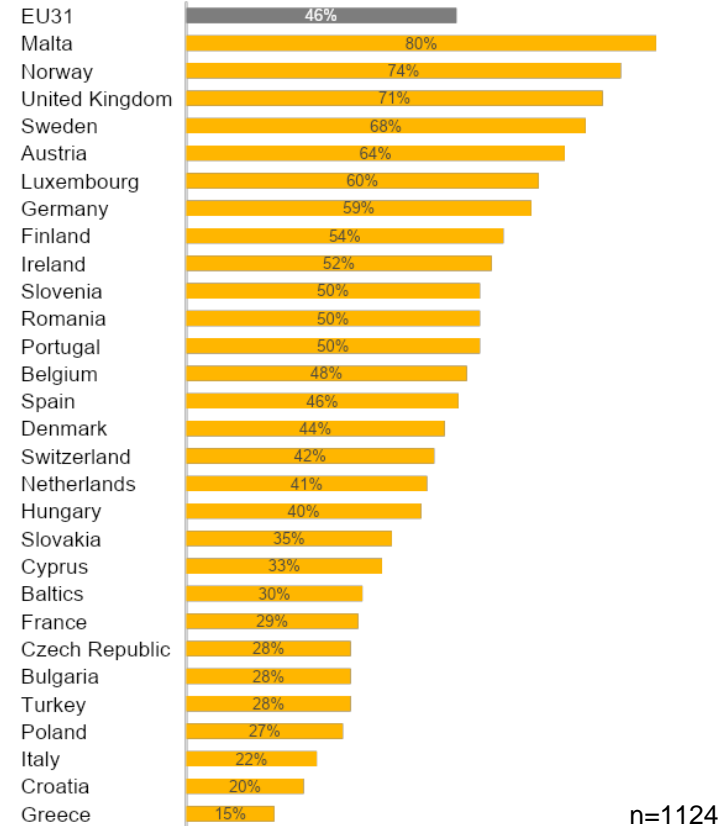
# Measures taken for digitalisation by country (1/3)

The throughout understanding of digitalisation in Portugal and Romania is also reflected in their approach towards transformation.

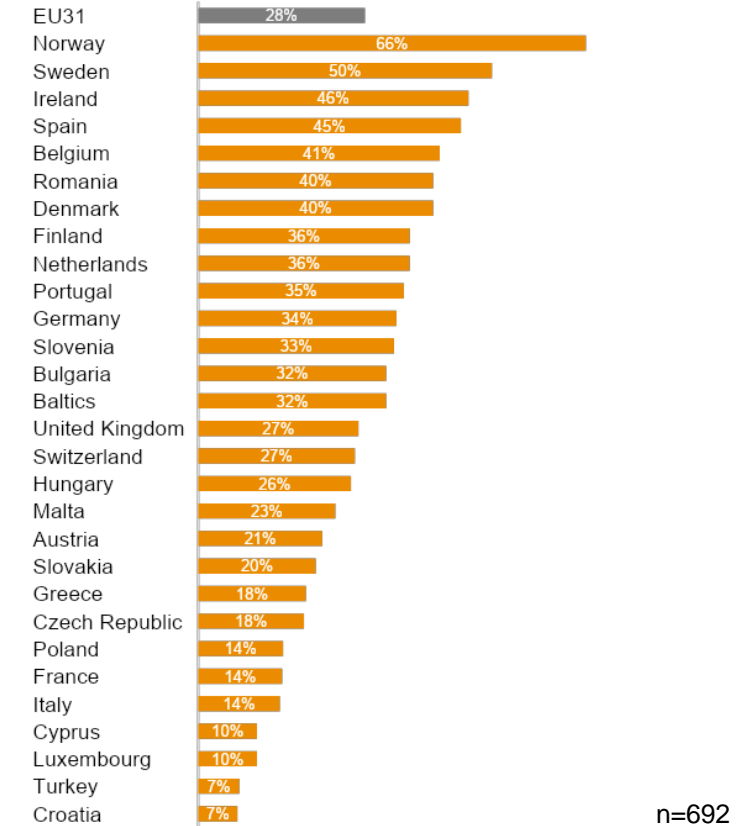
## Design of a digital strategy



## Ideas for digital business models/digital services



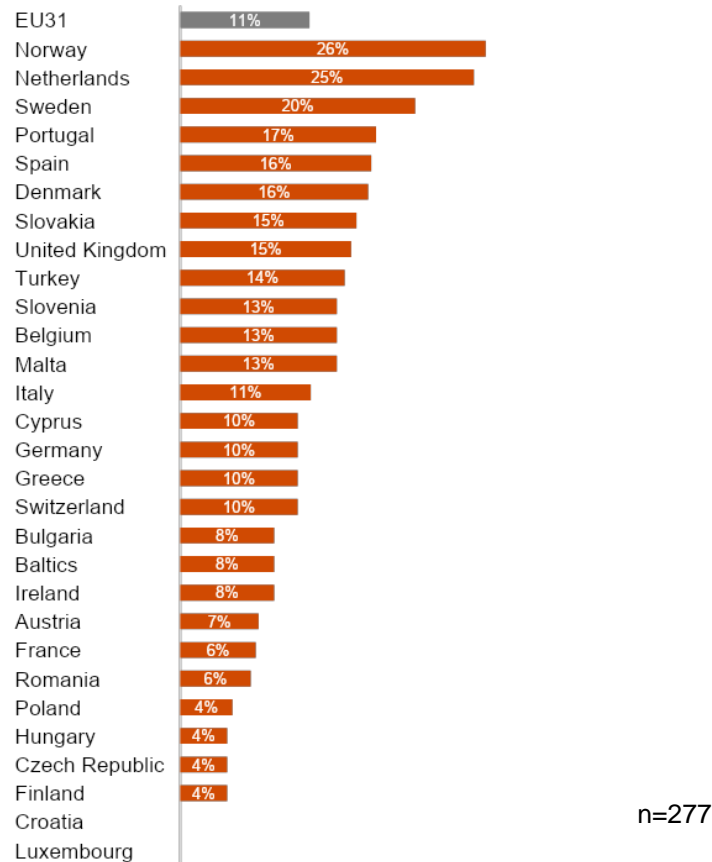
## Digital pilots



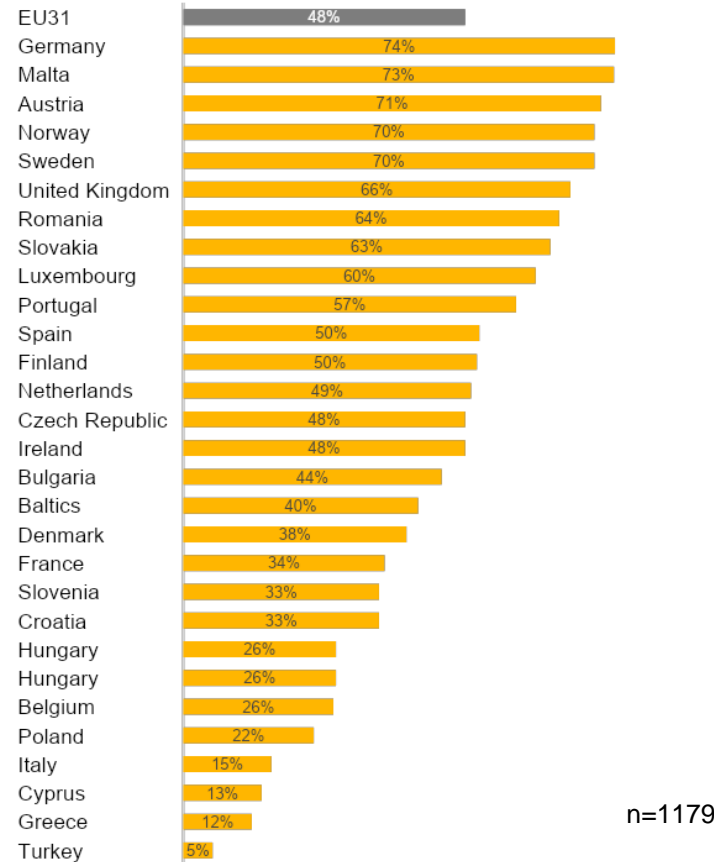
# Measures taken for digitalisation by country (2/3)

German entrepreneurs feel the most need to get the IT right.

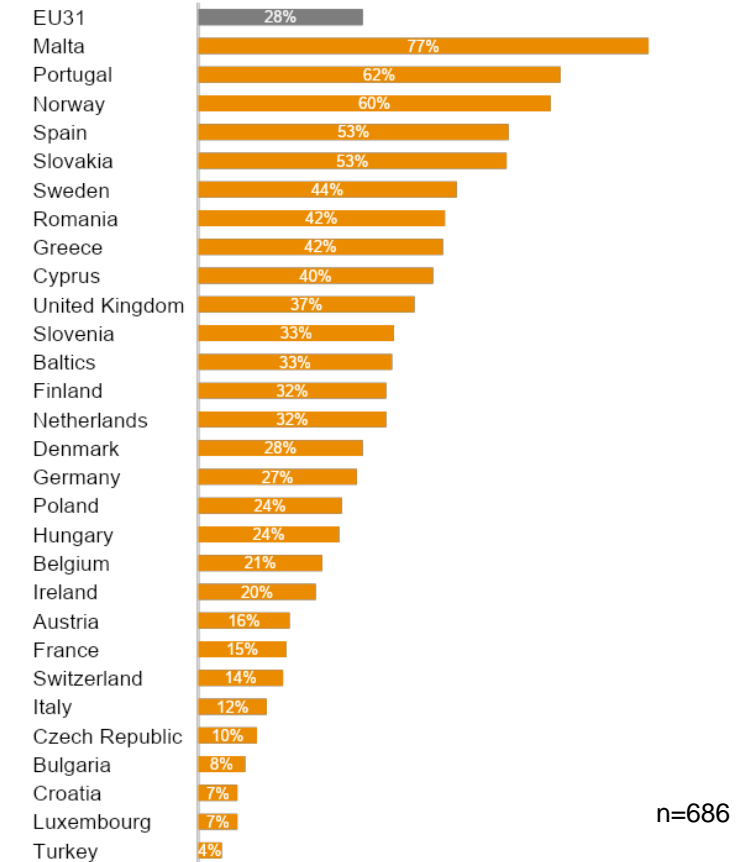
## Innovation lab/incubator



## Future-proof IT



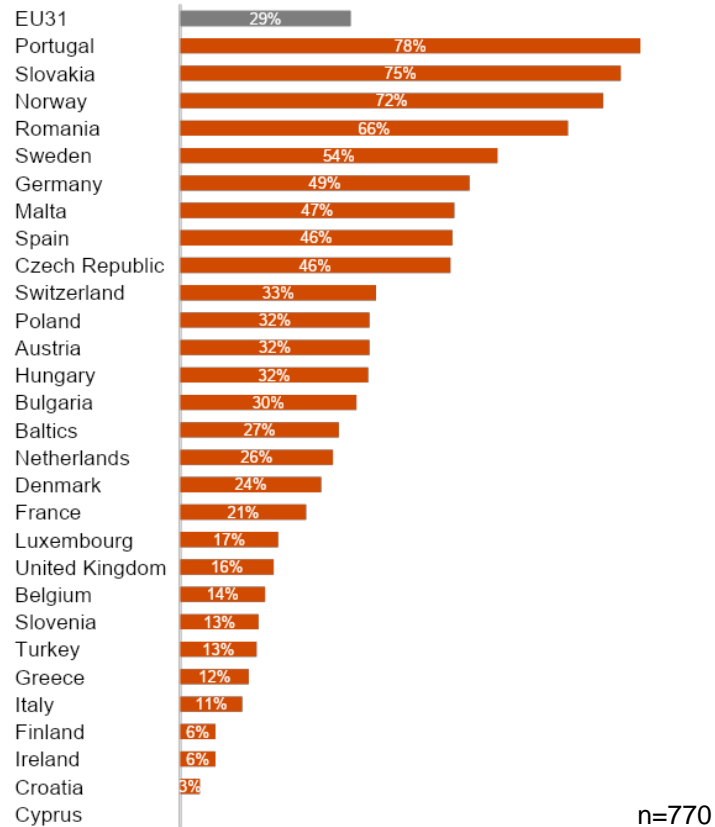
## Cultural change



# Measures taken for digitalisation by country (3/3)

Entrepreneurs in Portugal and Slovakia frequently collaborate with with stakeholders.

## Agile collaboration with stakeholders

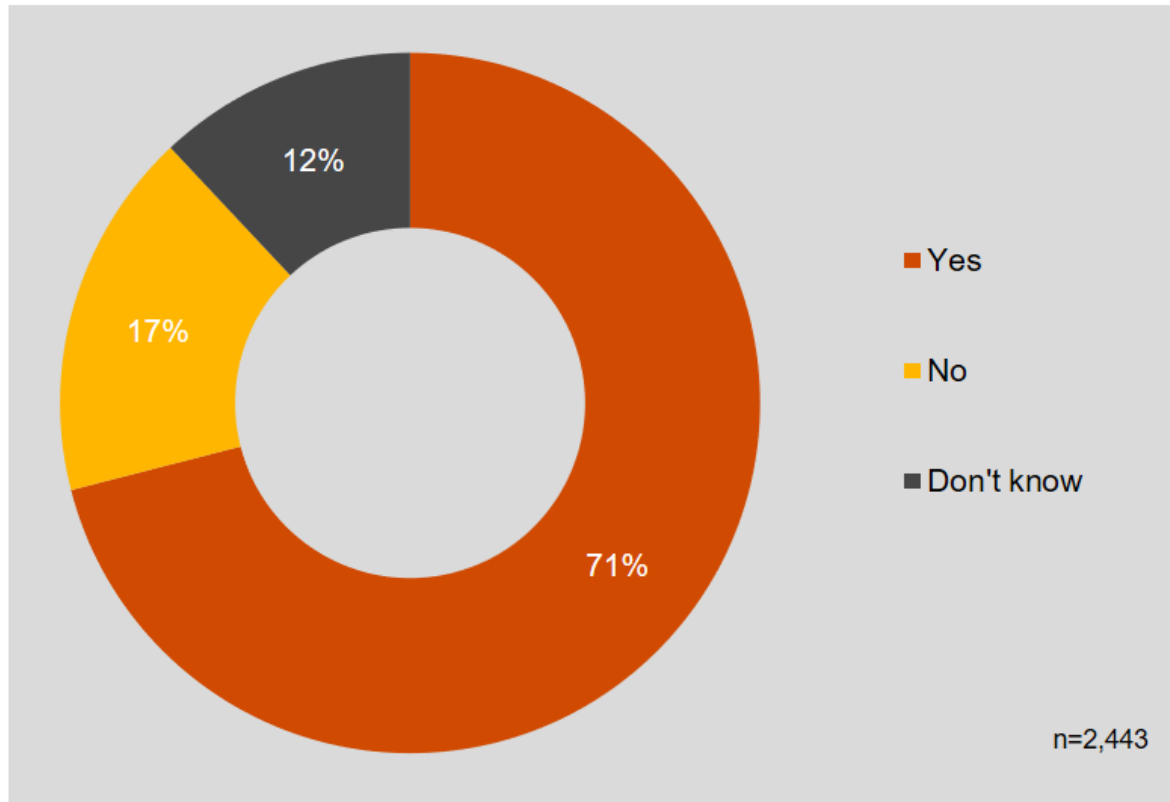


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# Board composition

The vast majority of the surveyed entrepreneurs are convinced that their board is suitably composed to support their digital journey

Is your advisory/supervisory board composition suitably composed to support your digital strategy?



Proportion of “yes”

Area	Percentage
Central and Eastern Europe	64.0
Africa	80.5
Middle East	79.5
<b>Total EMEA</b>	<b>71.7</b>

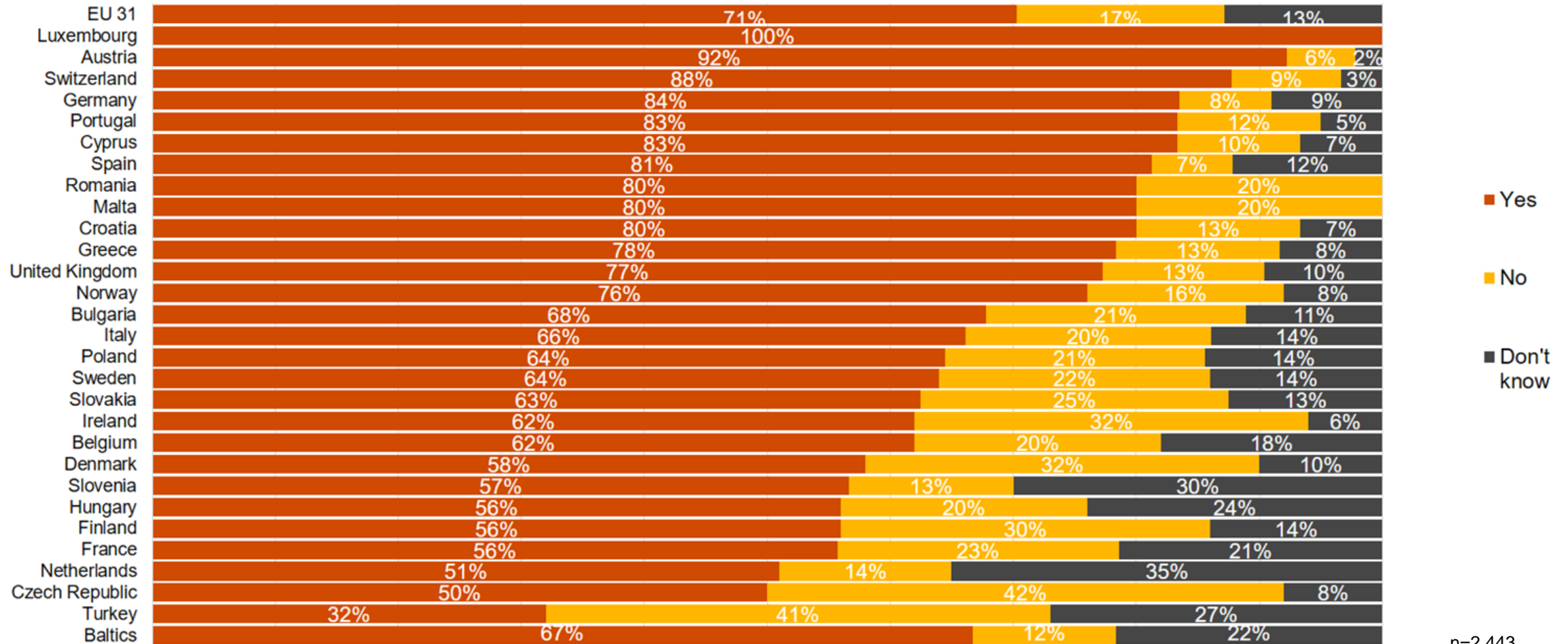
  

Industry	Percentage
Industry and manufacturing	70.6
Retail	71.3
Services	71.9
Building and Construction	67.8
Transportation	72.1
Energy	71.9
Financial services	76.9
Real estate	82.4
Healthcare and pharma	74.3

n=2,993

# Support for the digital strategy by country

Entrepreneurs receive approval from the advisory board throughout the EU.

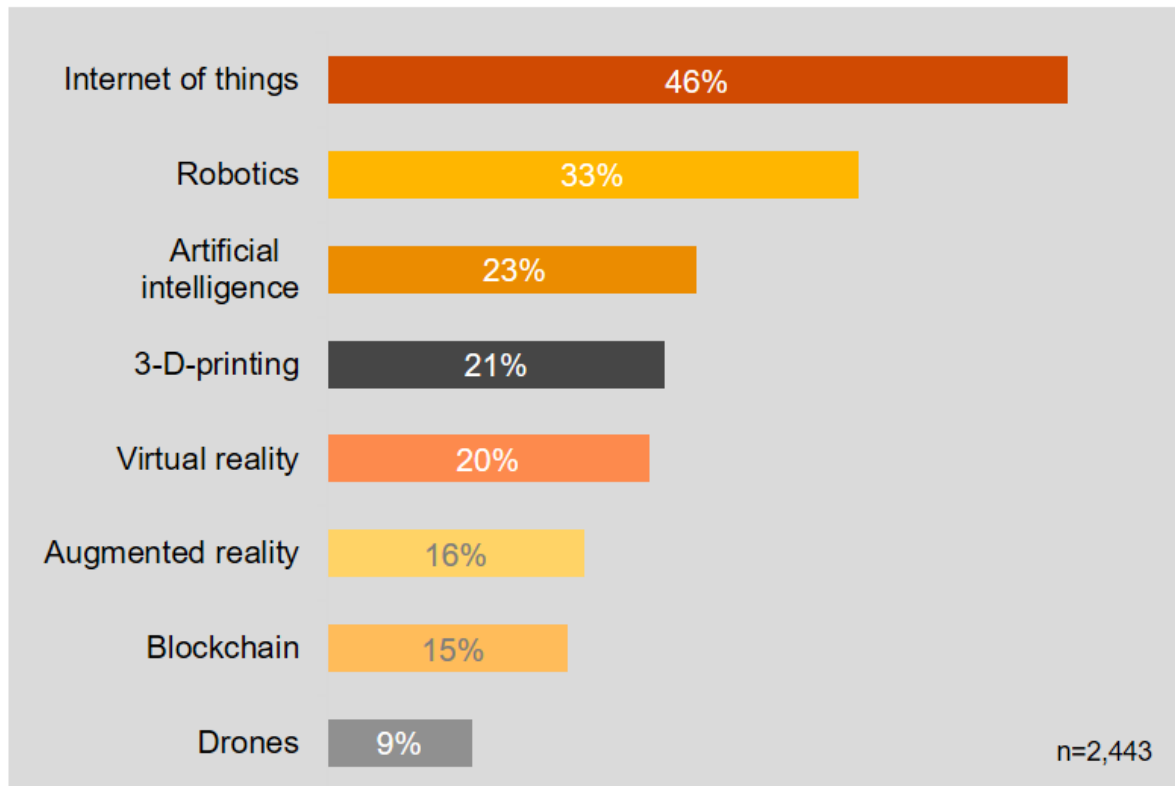


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# Relevance of Essential Eight technologies

Internet of Things is the most relevant digital solution for EU companies.

How relevant are the following digital solutions/technologies for your business?  
(Multiple Answers)



Most relevant

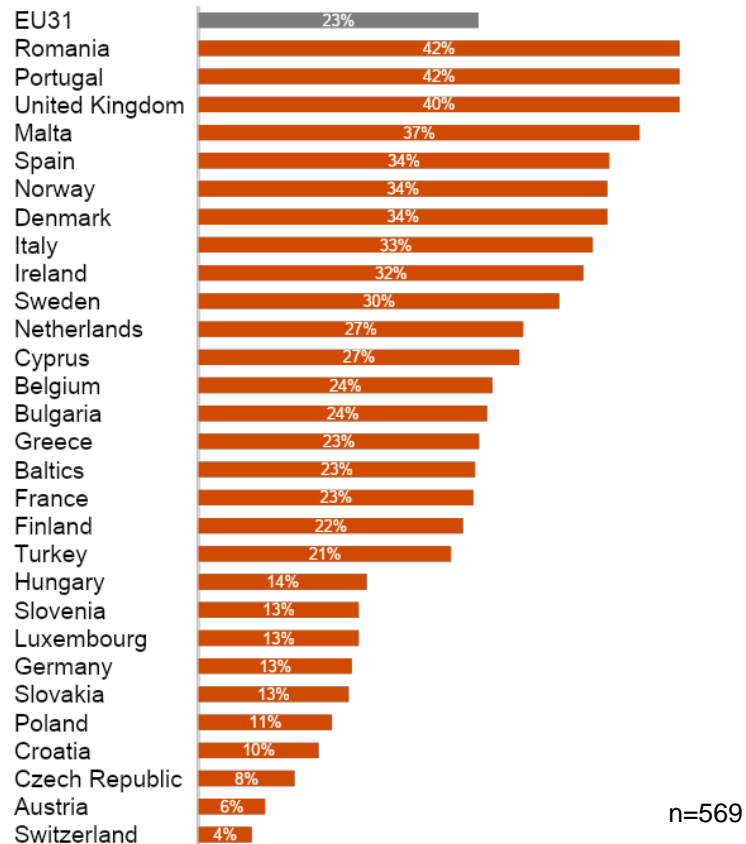
Area	Digital Solution
Central and Eastern Europe	Internet of Things (40%)
Africa	Internet of Things (73%)
Middle East	Internet of Things (72%)
<b>Total EMEA</b>	<b>Internet of Things (49%)</b>

Industry	Digital Solution
Industry and manufacturing	Robotics (49%)
Retail	Internet of Things (49%)
Services	Internet of Things (50%)
Building and Construction	Internet of Things (41%)
Transportation	Internet of Things (45%)
Energy	Internet of Things (55%)
Financial services	Internet of Things (51%)
Real estate	Internet of Things (47%)
Healthcare and pharma	Robotics (49%)

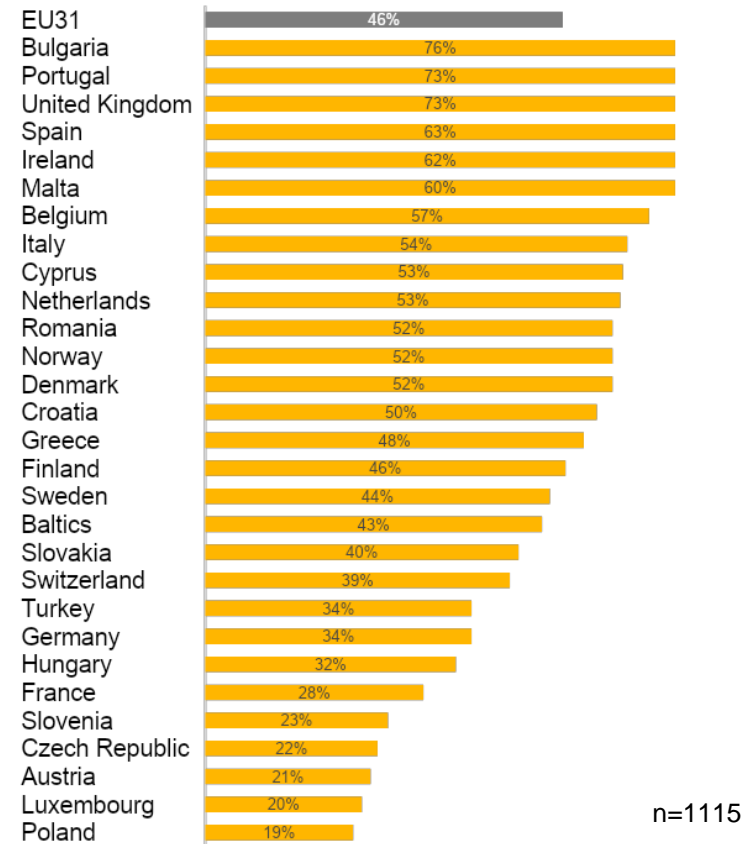
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# Relevance of Essential Eight technologies by country (1/3)

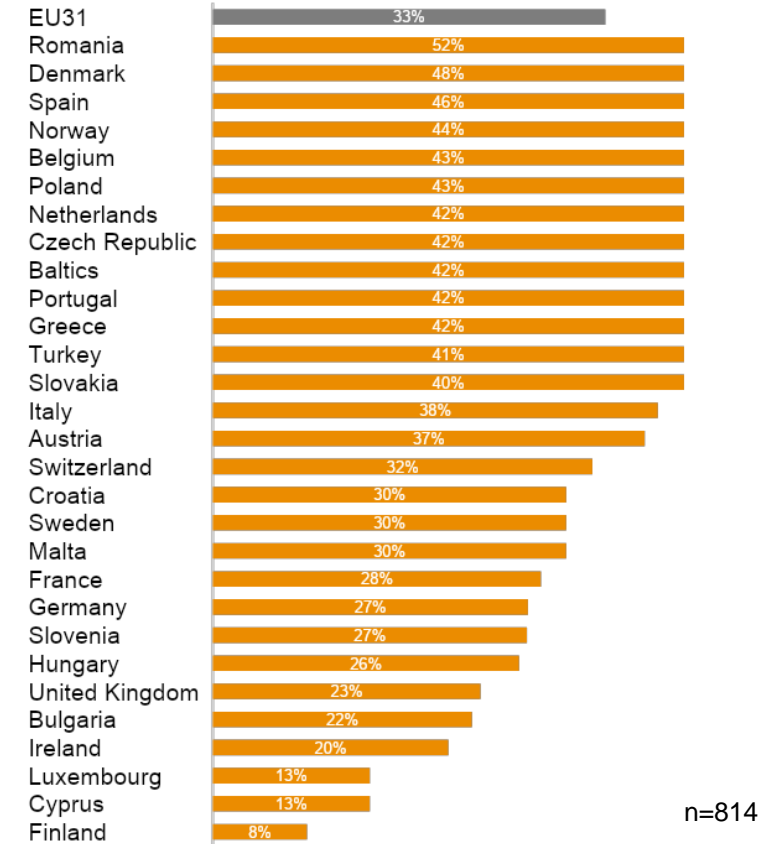
## Artificial Intelligence



## Internet of Things



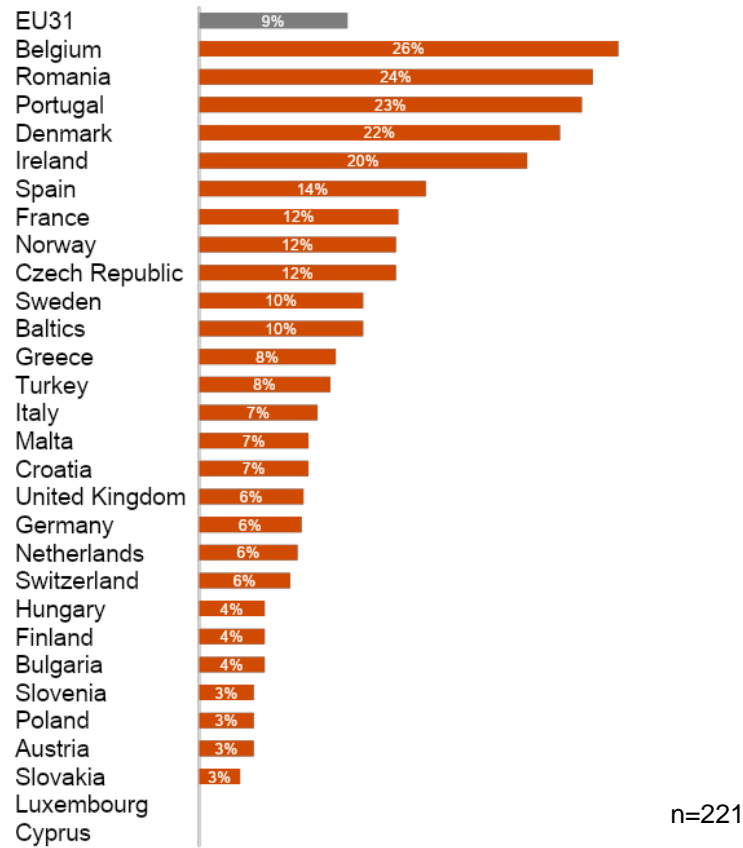
## Robotics



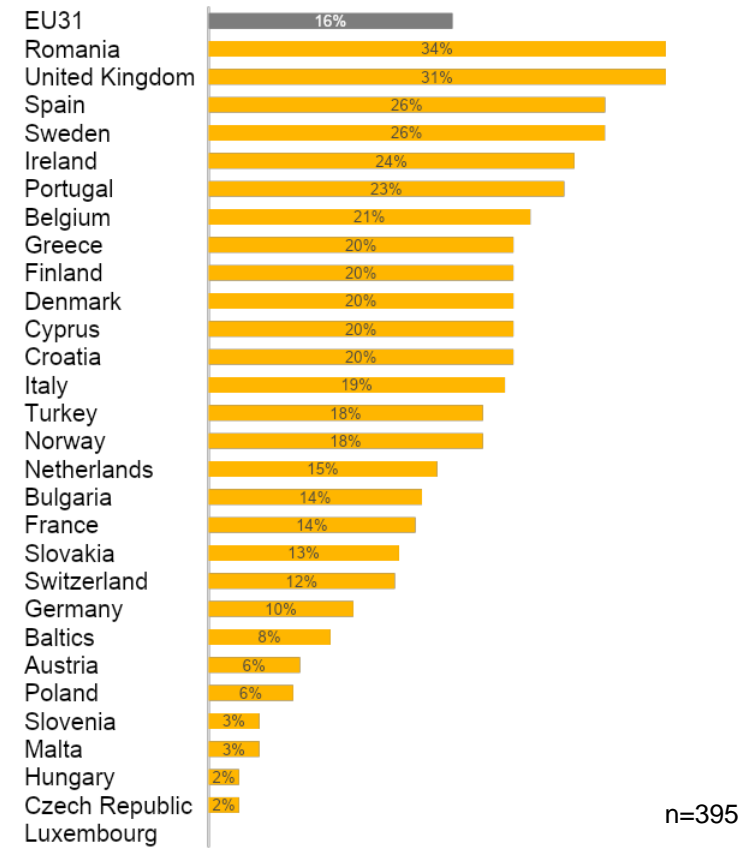


# Relevance of Essential Eight technologies by country (2/3)

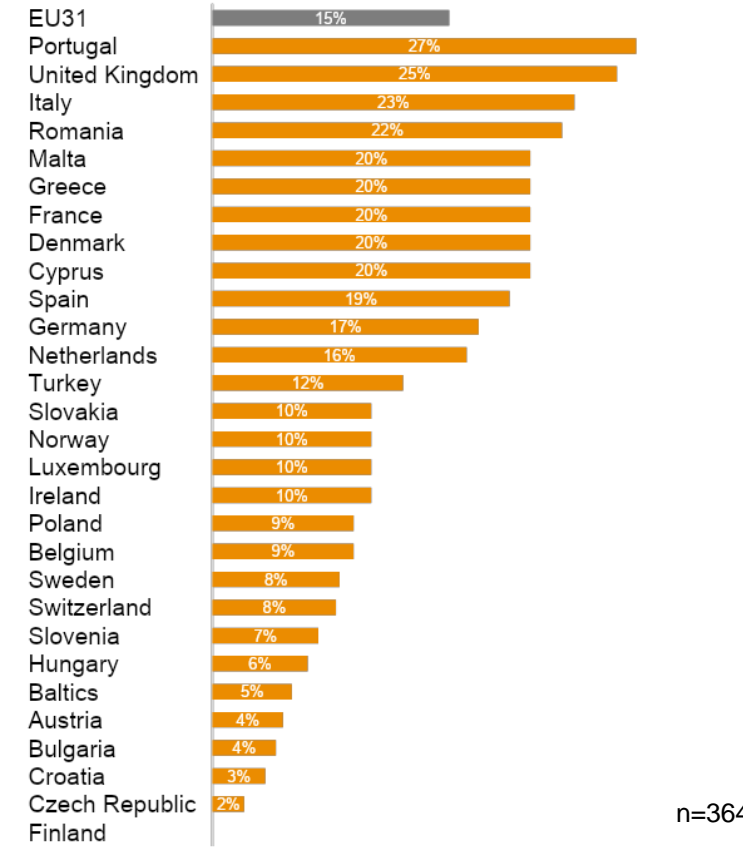
## Drones



## Augmented Reality

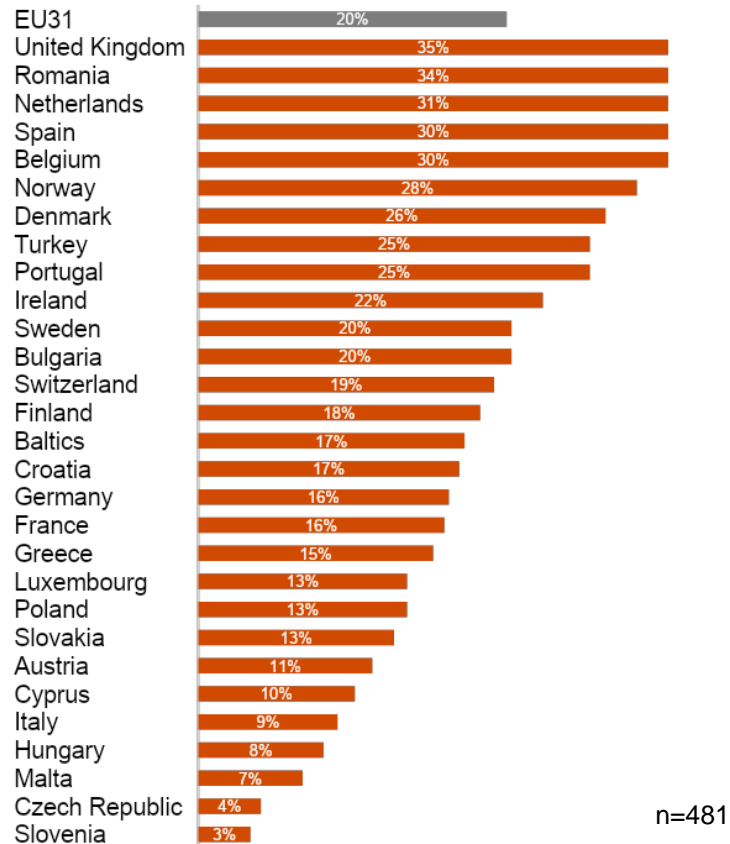


## Blockchain

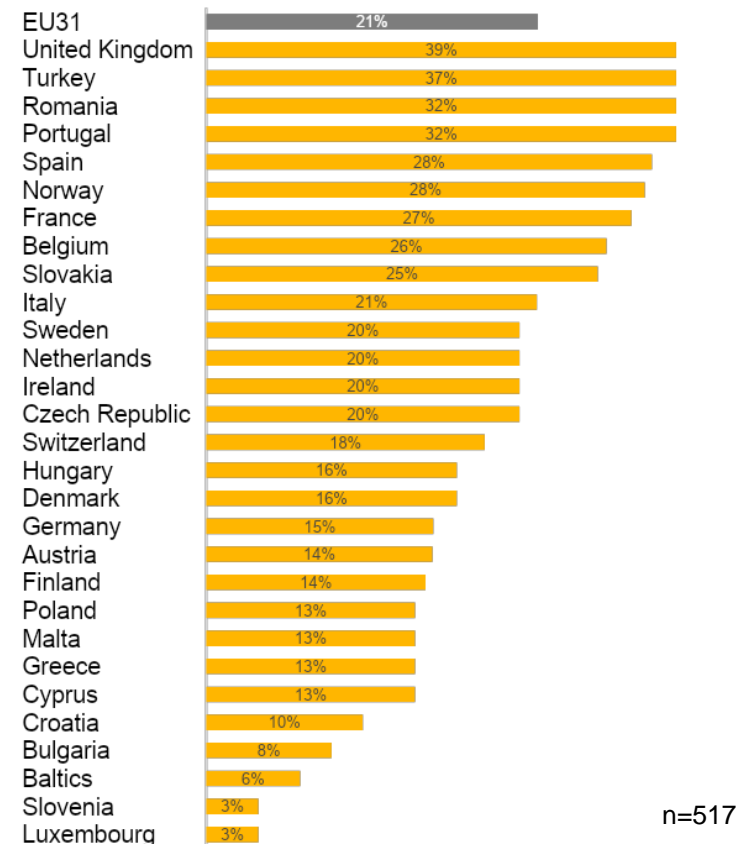


# Relevance of Essential Eight technologies by country (3/3)

## Virtual Reality



## 3D printing



# Top 5 countries using Essential Eight technologies

## Artificial Intelligence

Country	Usage in %
United Kingdom	45%
Norway	38%
Spain	35%
Italy	35%
Portugal	33%

## Augmented Reality

Country	Usage in %
United Kingdom	33%
Spain	31%
Portugal	30%
Sweden	30%
Norway	26%

## Blockchain

Country	Usage in %
Portugal	32%
Cyprus	30%
United Kingdom	28%
Greece	27%
France	26%

## Drones

Country	Usage in %
Denmark	20%
Portugal	20%
Belgium	18%
Norway	16%
Turkey	16%

## Internet of Things

Country	Usage in %
United Kingdom	81%
Portugal	80%
Bulgaria	76%
Malta	70%
Spain	68%

## Robotics

Country	Usage in %
Denmark	50%
Romania	48%
Turkey	46%
Portugal	45%
Spain	43%

## Virtual Reality

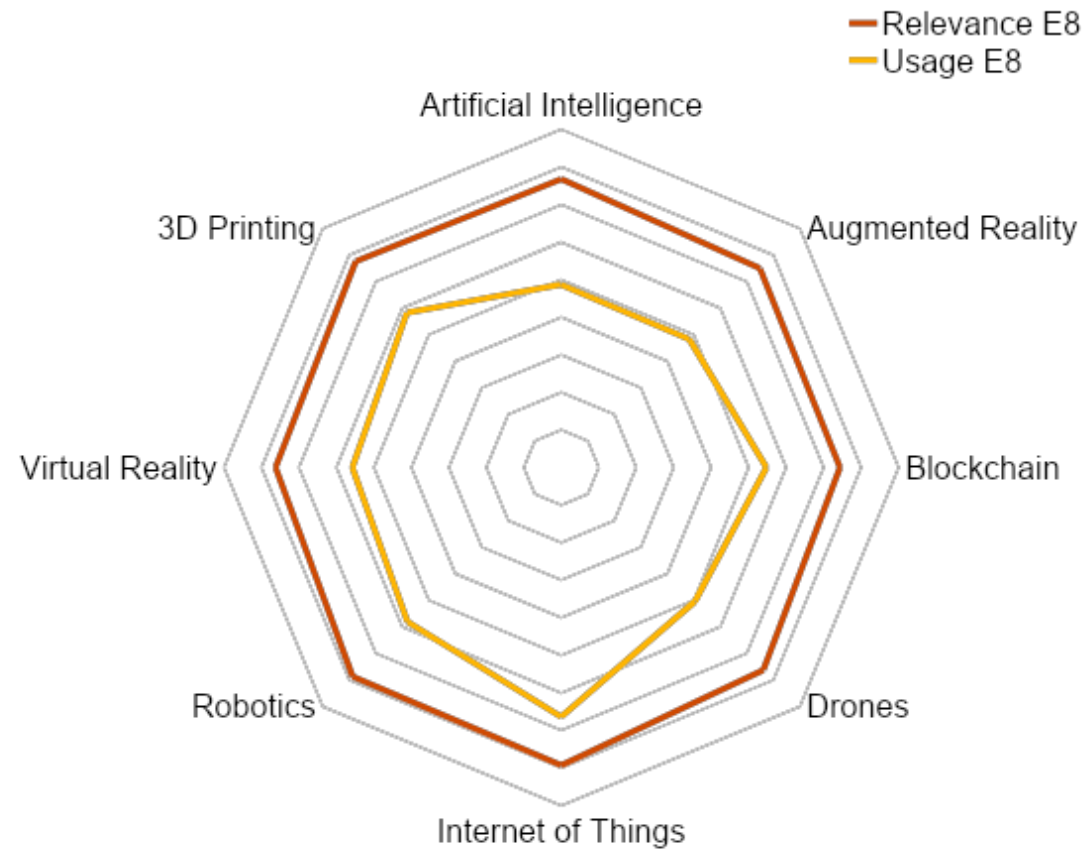
Country	Usage in %
United Kingdom	40%
Norway	38%
Spain	32%
Netherlands	31%
Portugal	30%

## 3-D-Printing

Country	Usage in %
United Kingdom	45%
Turkey	45%
Spain	32%
Portugal	32%
France	29%

\*Countries making use of Essential Eight technologies relative to sample size

# Usage and Relevance of Essential Eight



# Access to the right talents

More than half of the entrepreneurs in the EU have the right access to digital talents inhouse.

Does your company have access to the right talent to realise the full benefits of these digital technologies? (Multiple Answers)

Yes, through external advice

55%

Yes, inhouse

54%

No (exclusive)

15%

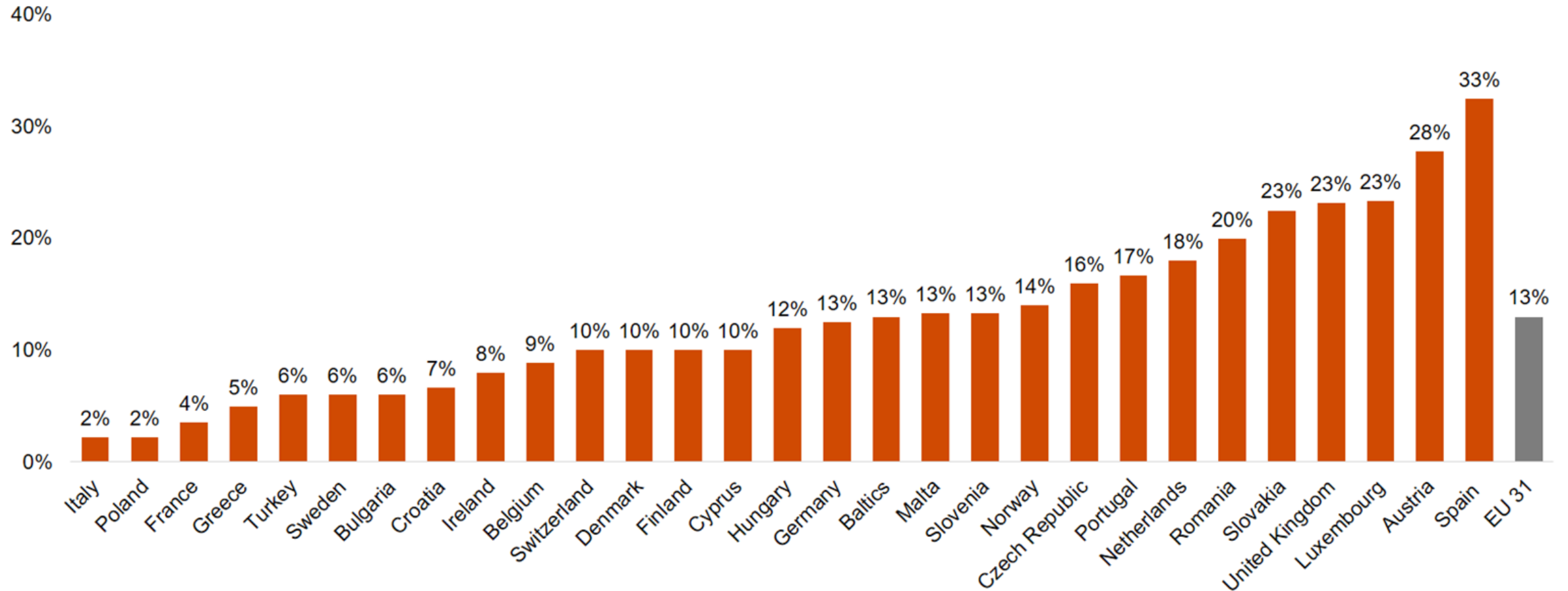
Yes, through collaboration  
with start-ups

13%

n=2,443

# Proportion of collaboration with startups by country

Companies in Spain, Austria and Luxembourg consider collaborations with startups the most.



# Measures to get access to skills

The most important measure for companies in Europe is targeted knowledge enhancement through internal training.

How important are each of the following measures for your company to build up or get access to skills to advance digitalisation/implement and apply digital technologies? (Multiple Answers)



Proportion of “upskilling of workforce through collaboration with startups”

Area	Percentage
Central and Eastern Europe	26.3
Africa	47.5
Middle East	59.0
<b>Total EMEA</b>	<b>32.4</b>

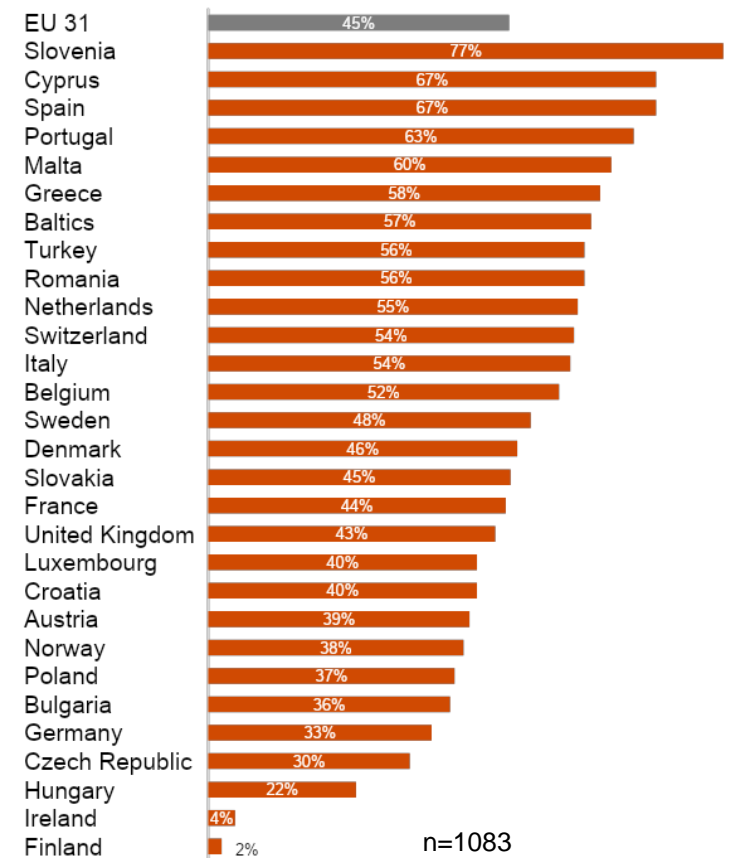
Industry	Percentage
Industry and manufacturing	28.2
Retail	31.7
Services	28.1
Building and Construction	33.6
Transportation	27.9
Energy	28.1
Financial services	38.5
Real estate	35.3
Healthcare and pharma	40.0

n=2,993

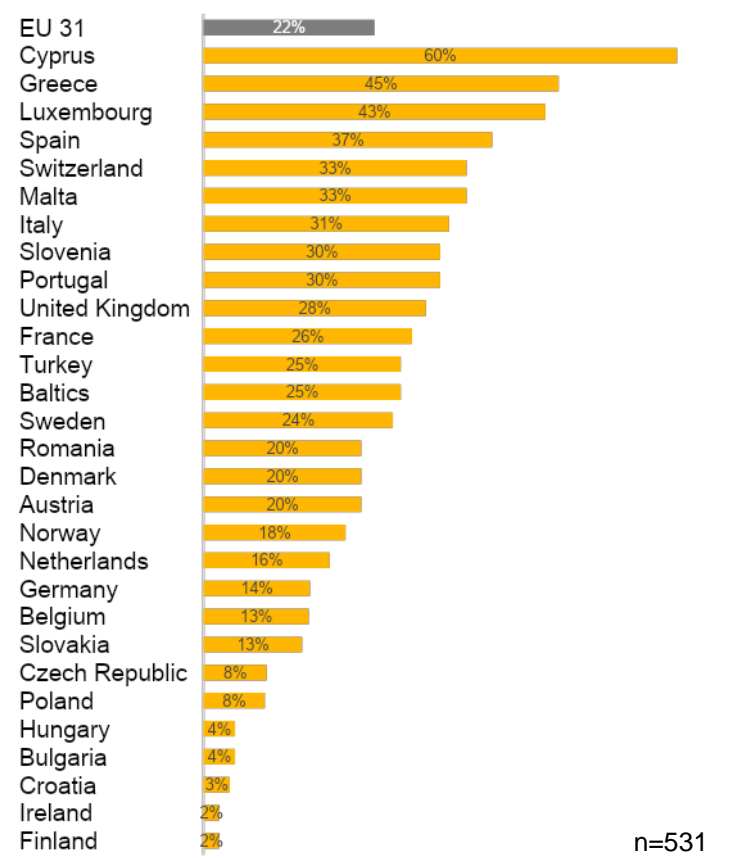
# Measures to get access to skills by country (1/3)

Spanish, Portuguese and British companies collaborate with startups to upskill their workforce.

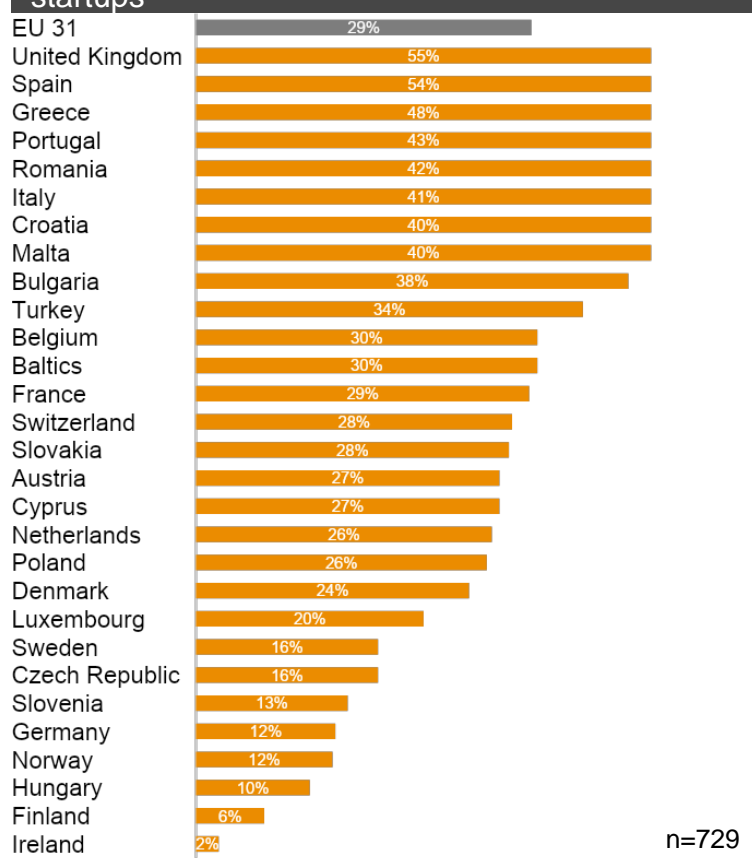
## Recruiting of national graduates



## Recruiting of international graduates



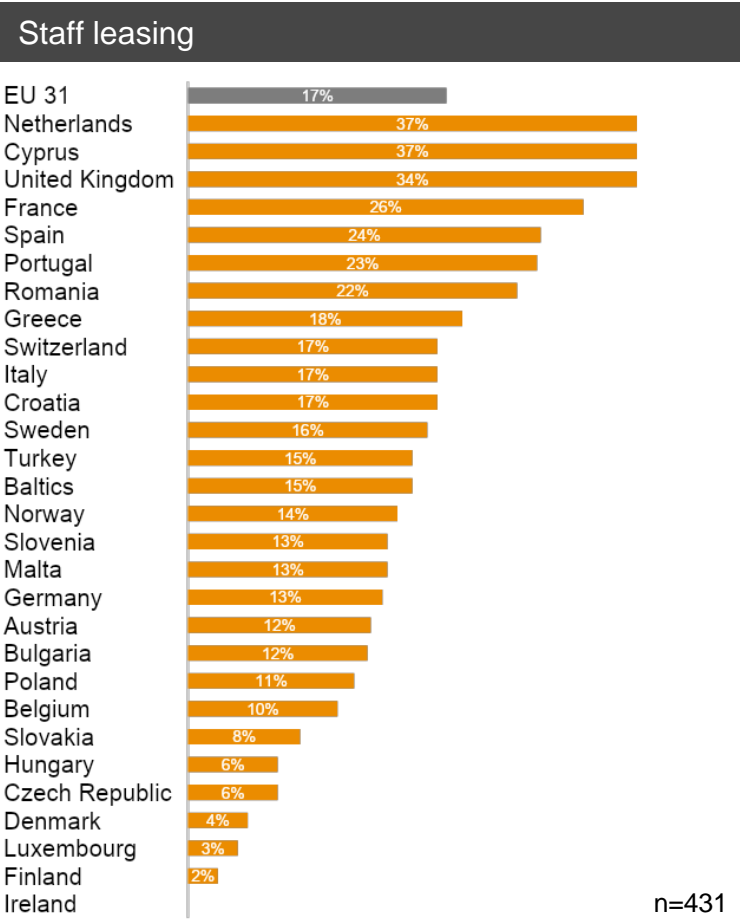
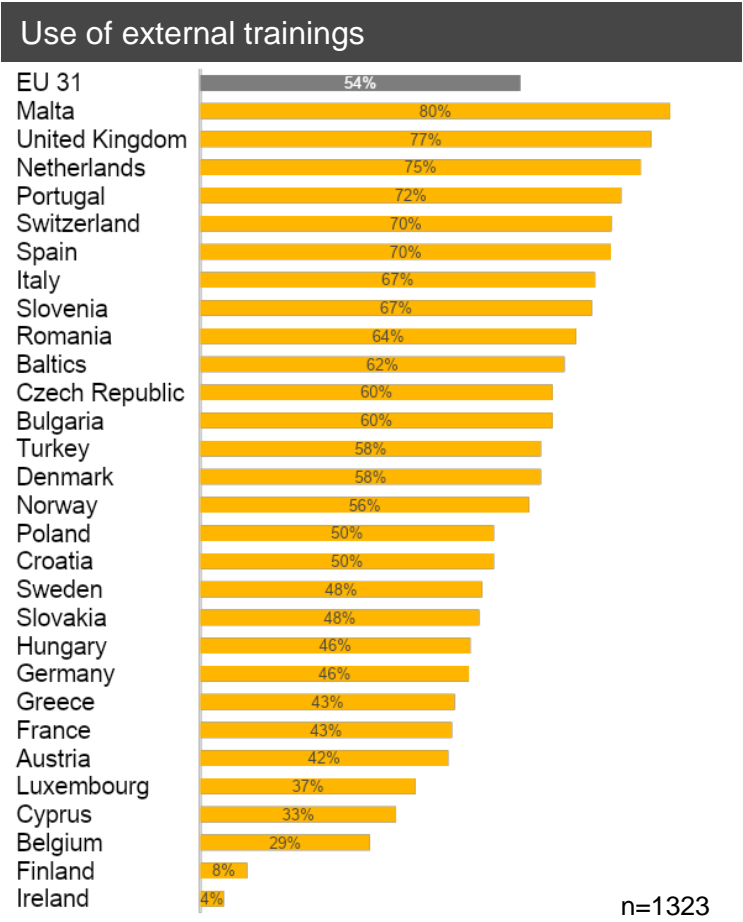
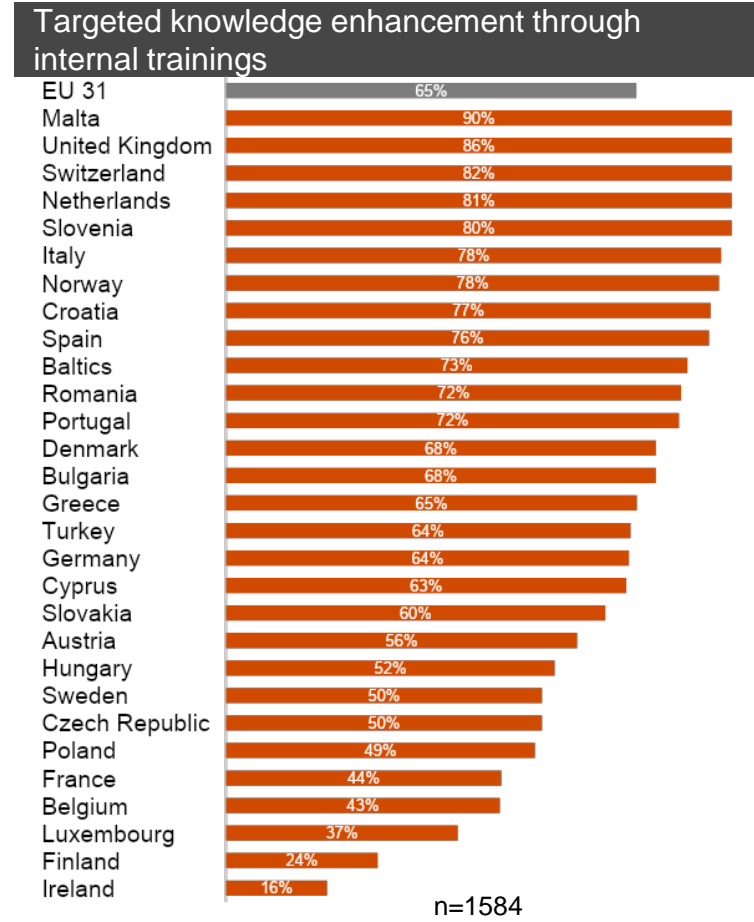
## Upskilling of workforce through collaboration with startups





# Measures to get access to skills by country (2/3)

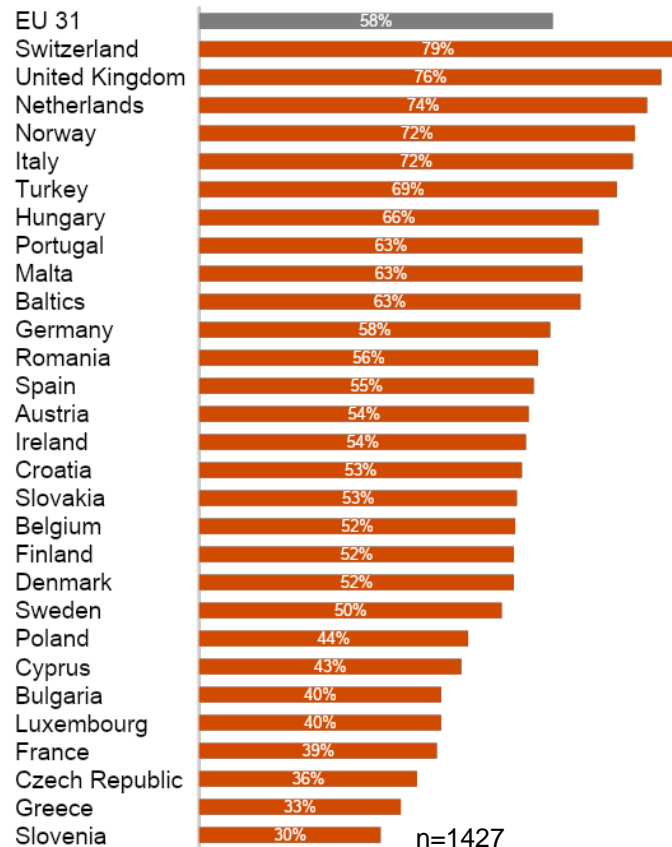
Targeted knowledge enhancement through internal trainings is highest in Switzerland while Cyprus frequently rely on staff leasing.



# Measures to get access to skills by country (2/3)

Targeted recruiting of skilled experts is especially high in Switzerland and Norway.

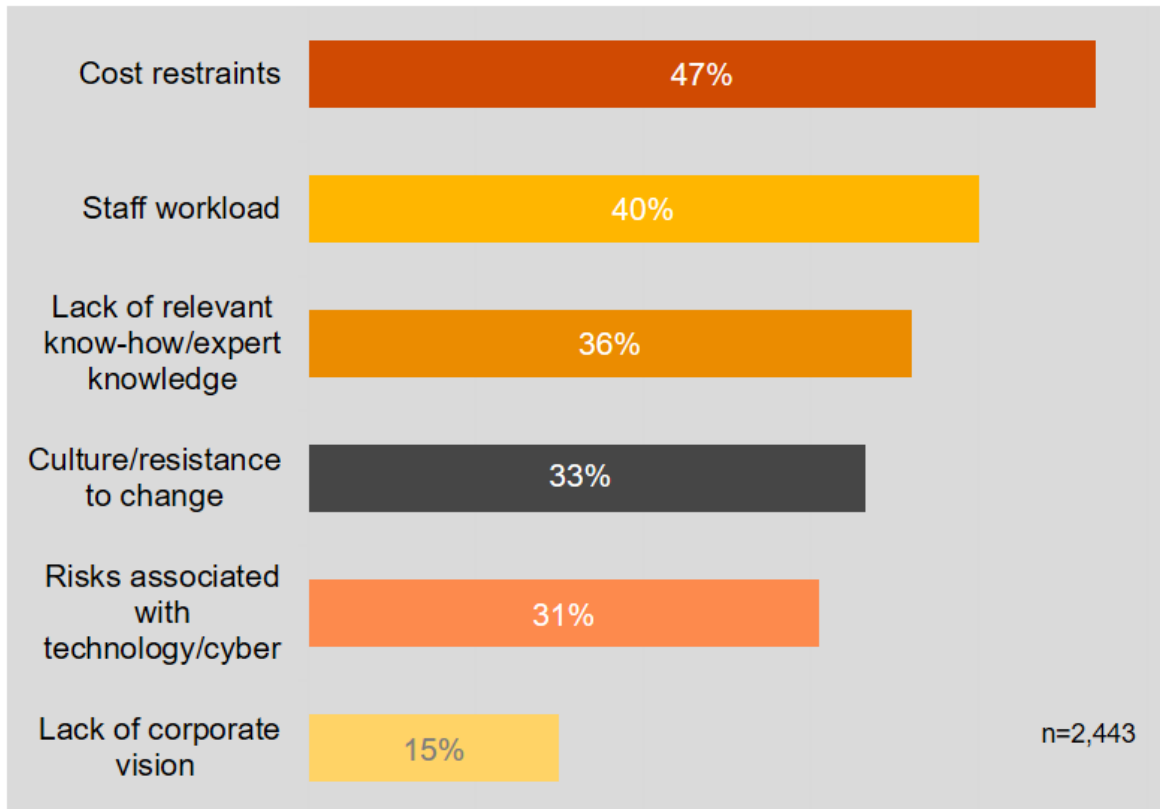
## Targeted recruiting of skilled experts



# Internal concerns

The biggest internal concern of companies in EU impacting the implementation of new technologies are cost restraints.

What are your main internal concerns impacting the implementation of new technologies? (Multiple Answers)



Most relevant

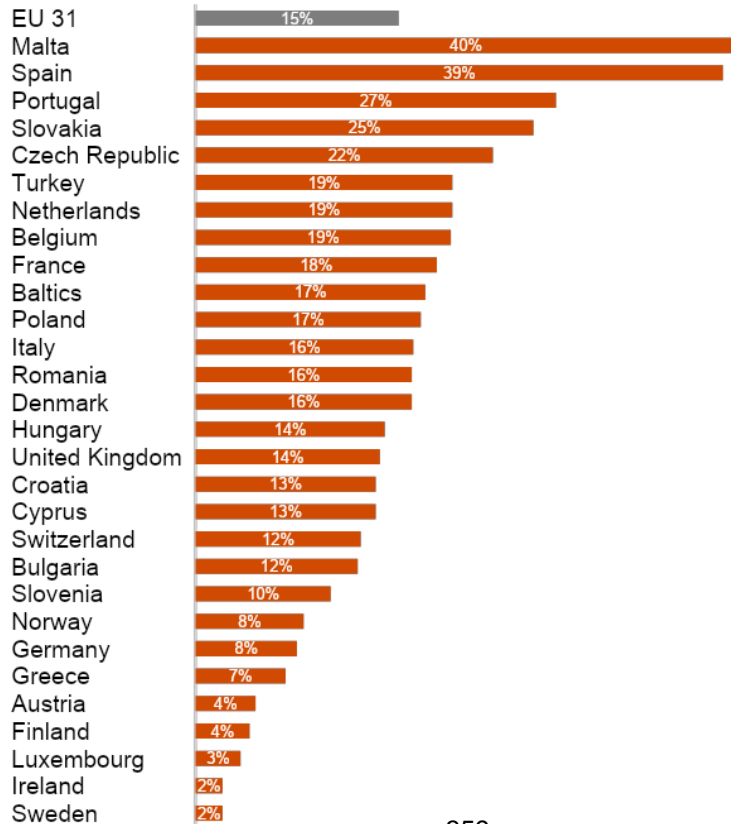
Area	Measure
Central and Eastern Europe	Cost restraints (51%)
Africa	Culture/resistance to change (43%)
Middle East	Cost restraints (42%)
<b>Total EMEA</b>	<b>Cost restraints (46%)</b>
Industry	Measure
Industry and manufacturing	Cost restraints (47%)
Retail	Cost restraints (54%)
Services	Cost restraints (49%)
Building and Construction	Cost restraints (43%)
Transportation	Cost restraints (44%)
Energy	Cost restraints (34%)
Financial services	Risks associated with technology/cyber (51%)
Real estate	Risks associated with technology/cyber (65%)
Healthcare and pharma	Cost restraints (54%)

n=2.993

# Internal concerns by country (1/2)

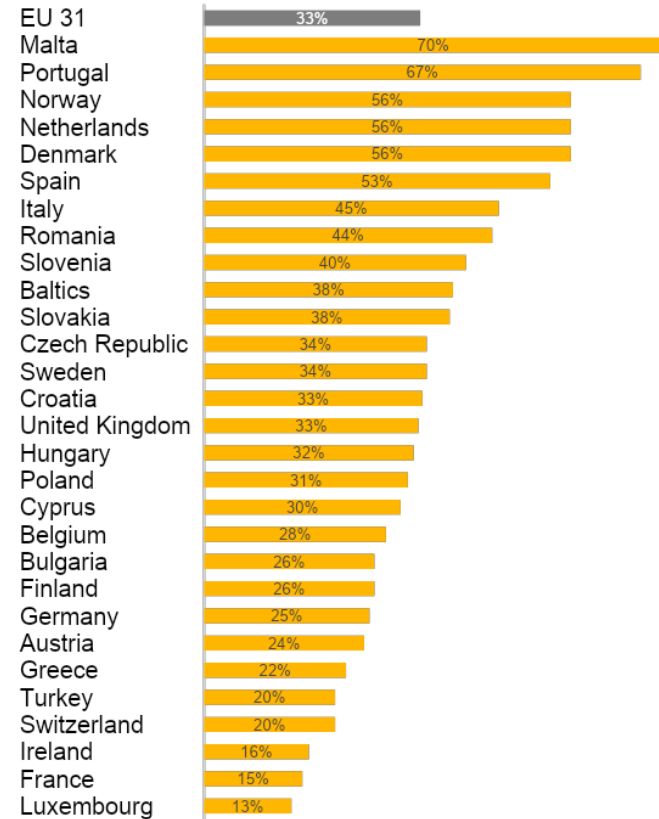
Staff workload is one of the biggest internal concerns for companies in Malta, Slovakia, Portugal and the Czech Republic.

## Lack of corporate vision



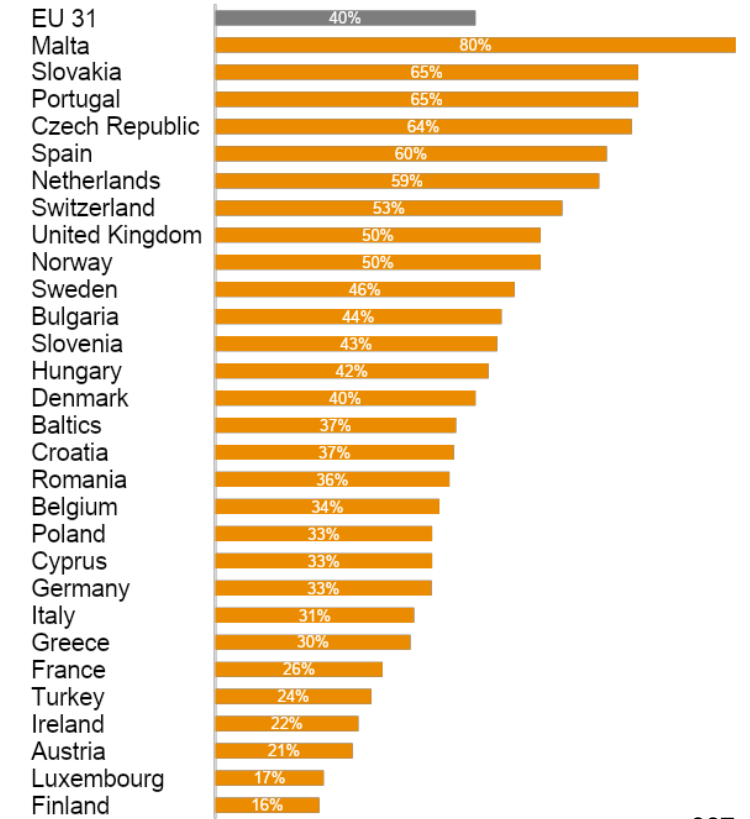
n=359

## Culture/resistance to change



n=818

## Staff workload

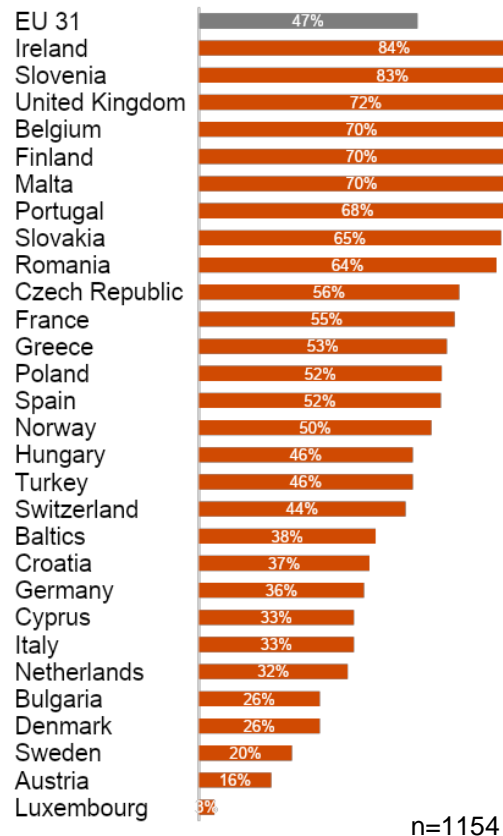


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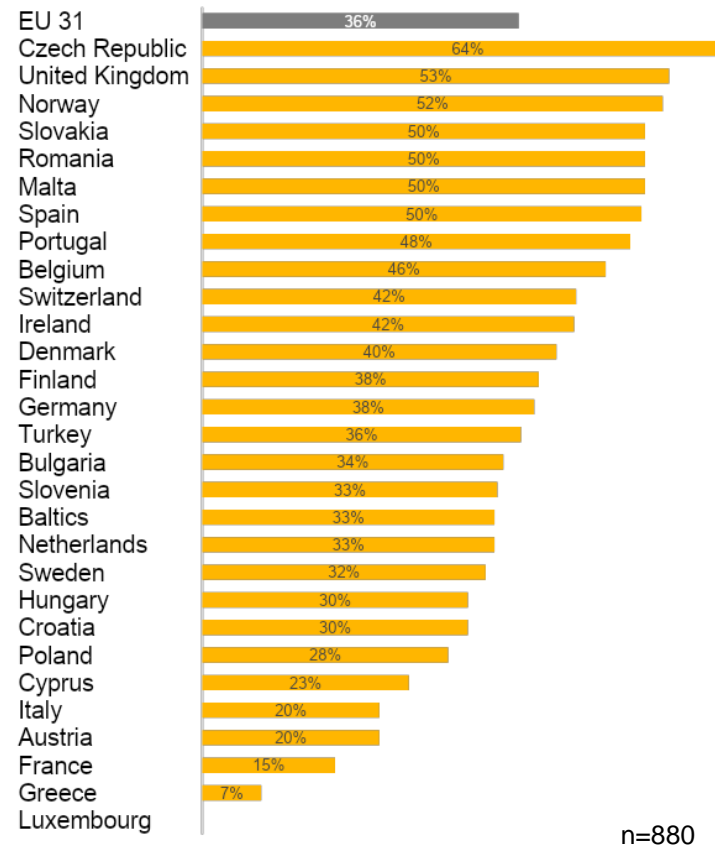
# Internal concerns by country (2/2)

Companies in Ireland, Slovenia, and the United Kingdom are mostly concerned about cost restraints.

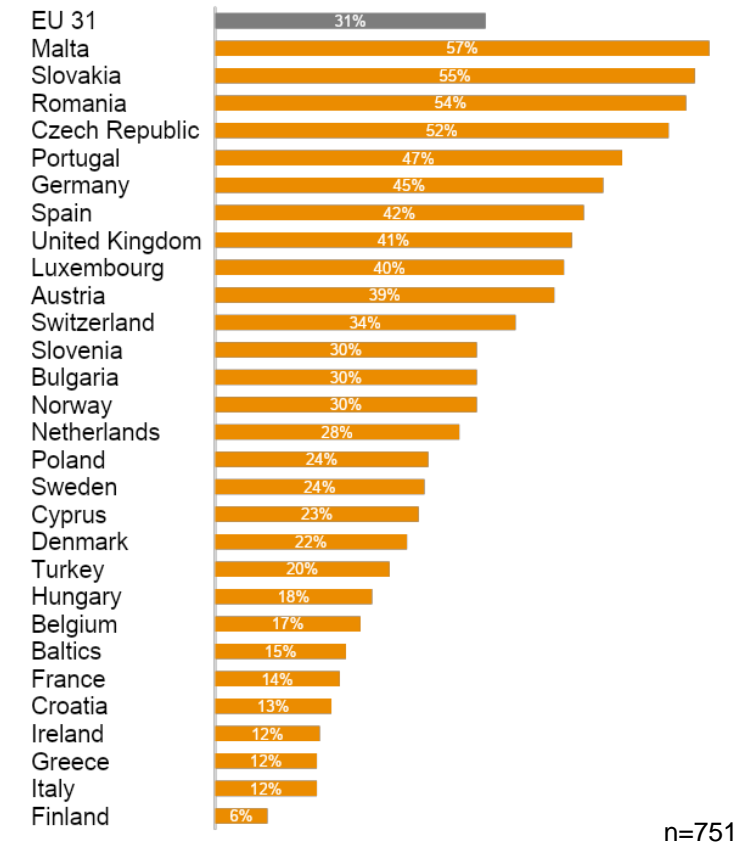
## Cost restraints



## Lack of relevant know-how/expert knowledge



## Risks associated with technology/cyber



[pwc.com](http://pwc.com)

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