

# Digital Transformation of SMEs in Switzerland

In times of digitalization, companies are faced with new challenges. Small and medium-sized enterprises (SMEs) in Switzerland in particular face a special need for support in this regard. This is because digital transformation affects not only technology, but also the [business model](#) and corporate culture. The University of Applied Sciences Northwestern Switzerland (FHNW) supports Swiss SMEs in the [digital transformation of their business models](#) and processes. The FHNW is our [reference model](#) at 23.investments for implementing the digital transformation at SMEs.

## What is meant by “digital transformation?”

### Definition

[Digital transformation](#) refers to the processual change of business models, structures, processes and products – and thus the entire organization of a company – through the application of digital technologies. It affects all levels of the company and impacts customer relationships, the workplace, and [business processes](#).

### Why is it important for SMEs?

The digital transformation ensures an increase in efficiency, process optimization and competitiveness. In an increasingly digitalized world, it is essential for SMEs to face the new challenges in order to remain competitive.

## Examples of digital technologies

Digital technologies that play a central role in digital transformation include [cloud computing](#), IT security and automation. By using these technologies, SMEs can optimize their business processes and increase their competitiveness.

## Transformation in retail

The retail sector is undergoing change. [Digital technologies are increasingly conquering stationary retail](#) and changing consumer behavior. Online shopping is becoming increasingly popular and many purchases are now made over the Internet. Retailers must therefore adapt to these changes and transform themselves. One example of retail transformation is the introduction of click-and-collect services. Customers order their goods online and can then pick them up in the store. The use of augmented reality applications, such as trying on clothes using virtual reality glasses, is also becoming increasingly popular. Retailers must adapt to these developments in order not to lose out. Companies that react flexibly and quickly can benefit from the changes and hold their own in the market.

We have also looked into this in more detail. [Read more here.](#)

## Why is digital transformation important for Swiss SMEs?

### Current situation of Swiss SMEs

The fact that digitization is of great importance for companies of all sizes, including Swiss SMEs, is shown by a study conducted by the Olten School of Business. The majority of SMEs in Switzerland see digitization and automation as both an opportunity and a challenge. It is predicted that by 2023, an estimated 2,590 jobs in SMEs will be lost due to the lack

of digitization. To counteract this, SMEs in Switzerland must address the challenges of digital transformation.

## **Benefits of digital transformation for SMEs**

Through digital transformation, SMEs can increase the [efficiency of their business processes](#) and make their offerings more innovative. A stronger customer focus and a better customer experience can be achieved. At the same time, employee satisfaction and productivity can be increased through the use of digital technologies. Digital transformation thus offers Swiss SMEs numerous advantages that should not be ignored in this day and age.

## **Fields of action for Swiss SMEs**

The FHNW offers SMEs in Switzerland practical guides and checklists for implementing the digital transformation. In addition, it is important to address questions of innovation culture and new working models.

## **How can the FHNW help us with the digital transformation of SMEs in Switzerland?**

## **The Competence Center for SME Management & Entrepreneurship**

The Competence Center for SME Management & Entrepreneurship at FHNW, headed by [Marc K Peter](#), supports SMEs in Switzerland in establishing a holistic and sustainable approach to implementing digital transformation. The CC SME works closely with Swiss SMEs to jointly shape a digital future.

## **FHNW offers for Swiss SMEs – implemented by 23.investments**

The FHNW offers various services to support Swiss SMEs in their digital transformation. These include seminars, workshops and training courses, as well as consulting sessions. The FHNW is a professional and practical [partner](#) that supports Swiss SMEs in their digital transformation.

### **Practical examples**

Successful implementation of the [digital transformation](#) will be explained using practical examples. The aim is to show how Swiss SMEs are responding to the digital transformation and what successes can be achieved as a result.

## **Which technologies are relevant for the digital transformation of SMEs?**

### **Cloud Computing**

The cloud offers SMEs the opportunity to use their data and applications more flexibly and cost-effectively. Cloud computing supports digital transformation by improving the meaningfulness of data analysis and access to business processes and applications.

### **IT Security**

If business processes are digitized, the number of digital attack possibilities also increases. It is therefore important to address the issue of IT security in the company. SMEs should address data security issues in particular.

## **Automation**

[Automation can make processes](#) in companies more efficient and cost-effective. It is [important to use the potential](#) of automation to create efficient processes and workflows. By automating business processes, Swiss SMEs can increase their efficiency and thus successfully launch into the digital future.

## **How can Swiss SMEs prepare their employees for the digital transformation?**

### **Raising employee awareness of the topic of “digital transformation**

It is important that employees are involved in the digitization processes in the company. The teaching of digital skills plays a crucial role here.

### **Advanced training and education**

Employees must be familiar with digital technologies in order to use them effectively. To this end, the FHNW offers training and continuing education for Swiss SMEs.

### **Culture of innovation and new working models**

In order to respond successfully to the digital transformation, it is also necessary to adapt the corporate culture. New working models and innovation culture should play a central role here. By promoting the ability to innovate, [Swiss SMEs can further optimize their business](#) processes and benefit from the transformation.

The FHNW offers Swiss SMEs practical support in implementing the digital transformation. There are currently numerous offers that SMEs in Switzerland can take advantage of to reap the benefits of digitization and digital transformation. A holistic [approach](#) is particularly important in order to implement the digital transformation sustainably.

## Frequently asked questions

### What is SME Digital Transformation?

SME Digital Transformation refers to the use of new technologies and innovations to digitize and transform Swiss SMEs. The goal is to optimize companies in the digital age and keep them competitive.

### What are the fields of action for SME transformation?

The fields of action for SME transformation relate to various aspects that need to be taken into account in the digital transformation. These include IT security, the introduction of new technologies and employee training.

### What is the state of SME transformation at Swiss companies?

According to research results and the practical [guide from the FHNW School of Business](#), SMEs in Switzerland are still at the beginning of the digital transformation. However, there is potential and know-how to successfully implement the digital transformation.

## **What does digitization offer SMEs?**

Digitization offers SMEs many opportunities and possibilities. [Companies can optimize their business processes](#), improve their products and open up new markets by introducing new technologies and digital innovations.

## **What is the FHNW's model for SME transformation?**

The FHNW model for SME transformation is a practical guide for planning and implementing the digital transformation of Swiss SMEs. It takes into account the drivers of digital transformation, the fields of action and provides practice-oriented recommendations.

## **What are the barriers to the digital transformation of SMEs?**

Respondents in the research studies primarily cited costs and a lack of expertise as barriers to successful digital transformation. The lack of planning and implementation of digitization and the fear of change are also frequently cited hurdles.

## **Are there already successful practical examples for the digital transformation of SMEs?**

Yes, there are already some successful practical examples of SMEs that have successfully digitized their [business processes](#). One example is PostFinance, which was able to improve its service quality by introducing new technologies.

## **How important is digitization for SMEs in 2023?**

Digitization and digital transformation are more important than ever for SMEs in 2023. The effects of the corona pandemic have shown that companies that were already digitized were able to respond more quickly to the changed conditions and were more flexible. In addition, digital innovations and technologies are an important competitive factor.

## **How is SME transformation different from large enterprises?**

SME transformation differs from the transformation of large companies primarily in terms of size and complexity. SMEs often have fewer resources and know-how at their disposal and therefore have to plan and implement particularly carefully. In addition, SMEs often have higher flexibility requirements.

## **What is a subscription in the context of SME transformation?**

A subscription in the context of SME transformation often refers to newsletters or information materials that keep companies up to date on the latest trends and developments in the field of digital transformation. These subscription models can also serve as support for planning and implementing digital transformation.

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# How AI is Revolutionizing the Retail Industry

The retail industry is no stranger to disruption, with e-commerce, mobile commerce, and social commerce all driving significant changes in recent years. However, the latest technological innovation to hit the industry – [artificial intelligence](#) (AI) – is set to be even more transformative. By leveraging AI, retailers can improve customer experiences, optimize inventory management, and drive profitability.

## Personalized Customer Experiences

One of the most significant ways that AI is transforming the retail [industry is through personalized customer](#) experiences. With the help of AI-powered tools, retailers can analyze vast amounts of customer data to provide tailored recommendations, promotions, and experiences. By using [machine learning](#) algorithms, retailers can predict what products customers are likely to be interested in and make personalized recommendations that increase the likelihood of a sale.

AI can also be used to personalize the shopping experience itself. For example, some retailers are using AI-powered chatbots to provide customer service and assistance. These chatbots can use natural language [processing](#) (NLP) algorithms to understand and respond to customer queries, helping to improve customer satisfaction and reduce the workload on customer service staff.

## Inventory Management

Another significant area where AI is transforming the retail industry is in inventory management. By analyzing vast amounts of sales data, customer behavior, and other factors, AI

algorithms can predict demand for different products and optimize inventory levels accordingly. This can help retailers to avoid stockouts or overstocking, which can lead to lost sales or increased costs.

AI can also optimize replenishment and reordering processes, ensuring that retailers always have enough stock to meet demand without carrying excess inventory. Additionally, AI can analyze historical data to identify seasonal trends and other patterns in customer demand, helping [retailers to plan](#) their inventory levels and promotions more effectively.

## **Pricing and Promotion Optimization**

AI can also assist retailers with pricing and promotion optimization. By analyzing sales data, competitor prices, and other factors, AI algorithms can help retailers to optimize their pricing and promotion strategies for maximum profitability. For example, AI-powered dynamic pricing tools can adjust prices in real-time based on inventory levels and demand, helping to increase profitability and reduce waste.

AI can also be used to optimize promotional strategies. By analyzing customer behavior and preferences, AI algorithms can identify the best times and channels to promote products, helping retailers to maximize the effectiveness of their promotions and increase sales.

## **Fraud Detection and Prevention**

In addition to the above, AI can also assist with fraud detection and prevention. By analyzing transaction data and customer behavior, AI algorithms can identify potential instances of fraud and take action to prevent financial losses. For example, AI can flag transactions that appear to be outside of a customer's typical behavior or that match known fraud patterns.

# Product Descriptions and Catalog Management

AI can also be used to improve product descriptions and catalog management. With the help of NLP algorithms, AI can analyze vast amounts of data to generate high-quality product descriptions that are engaging, informative, and persuasive. Additionally, AI can assist with product categorization, attribute extraction, and semantic analysis, helping retailers to manage their product catalogs more efficiently and effectively.

Overall, AI is transforming the retail industry by improving customer experiences, increasing efficiency, and driving profitability. By leveraging AI-powered tools and algorithms, retailers can [automate processes](#), make data-driven decisions, and enhance the customer experience. As AI continues to evolve and become more sophisticated, its impact on the retail industry is only set to increase.

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## The Retail Landscape: Traditional vs. Digital

### Introduction

The retail industry is constantly evolving, with businesses needing to adapt to stay competitive. With the rise of e-commerce and the increasing importance of digital channels, the retail landscape has undergone a significant transformation in recent years. In this blog post, we'll

explore the differences between traditional and digital retail, the advantages and disadvantages of each [approach](#), and the challenges facing traditional retailers in the digital age.

## **Traditional Retail**

Traditional retail refers to brick-and-mortar stores that have been around for centuries. In this section, we'll explore the advantages and limitations of traditional retail.

### **Advantages of Traditional Retail**

- **Unique in-store experience:** Traditional retail offers a physical presence that allows customers to see, touch, and try products before making a purchase. Retailers can use store design, music, lighting, and other factors to create an environment that is engaging, comfortable, and memorable. In-store events can also help build a sense of community and excitement around the brand.
- **Personal connection with customers:** Friendly and knowledgeable staff can provide a high level of customer service, answer questions, and make personalized recommendations based on the customer's needs and preferences. In addition, customers can provide feedback and make suggestions in person, which can help the brand improve and grow.
- **Immediate gratification:** When customers make a purchase in-store, they can take the product home with them immediately, rather than having to wait for shipping. This can be especially appealing for customers who need the product right away.

### **Limitations of Traditional Retail**

**Geographic limitations:** Physical stores are limited by their geographic location, which can make it difficult to reach

customers outside of a certain area.

Difficulty keeping up with changing demands: Traditional retailers often struggle to keep up with the rapidly changing demands of customers, who now expect a seamless and personalized shopping experience across multiple channels.

## Digital Retail

Digital [retail refers to the online](#) stores and e-commerce platforms that have become increasingly popular in recent years. In this section, we'll explore the advantages and challenges of digital retail.

### Advantages of Digital Retail

- Reach a global audience: Online stores can be accessed from anywhere in the world, which means that [businesses can sell](#) their products to customers in multiple countries.
- Personalized shopping experience: Online stores can use customer data to provide personalized product recommendations, targeted promotions, and tailored content. This can help [businesses build](#) a strong relationship with their customers and increase customer loyalty.
- Open 24/7: Customers can shop at any time of day or night, which means that [businesses can generate sales](#) even when their physical stores are closed.
- Data collection: Online stores can track customer activity, which can be used to improve the shopping experience, optimize marketing campaigns, and make more informed business decisions.

### Challenges of Digital Retail

- Highly competitive: The online marketplace is highly competitive, and [businesses must constantly innovate to keep up with changing customer demands](#).
- Lack of physical presence: Online stores lack the physical presence that traditional stores offer, which can make it more difficult to build a personal connection with customers.

## **The Challenges Facing Traditional Retailers**

As the retail landscape has shifted towards digital channels, traditional retailers have faced a number of challenges. In this section, we'll explore some of the challenges facing traditional retailers and how they can adapt.

### **The need for a seamless omni-channel experience**

Customers now expect to be able to shop online, in-store, and on mobile devices, and they expect the experience to be consistent across all channels.

Traditional retailers that fail to offer a truly omni-channel experience risk losing customers to competitors who do.

### **The need to keep up with rapidly changing technology**

- Digital channels are constantly evolving, and businesses must be able to adapt quickly in order to stay competitive.
- This can be difficult for traditional retailers who may not have the same level of technological expertise as digital-first businesses.

## **The need for personalized shopping experiences**

Customers now expect personalized shopping experiences, and businesses that fail to provide them risk losing customers to competitors who do.

Traditional retailers can use data from customer interactions in-store and online to provide personalized experiences that meet their customers' needs.

### Section 4: The Future of Retail

As the [retail industry](#) continues to evolve, it's clear that the future of retail will be digital. In this section, we'll explore some of the trends that are shaping the future of retail.

## **Omni-channel experiences**

Businesses that are able to create a truly omni-channel experience, with a seamless integration of physical and digital channels, will be the most successful.

This requires businesses to invest in technology that allows them to collect and share data across channels, as well as staff that are trained to provide a consistent experience.

## **Personalization**

Businesses that use customer data to provide personalized shopping experiences will be more successful than those that

do not.

This requires businesses to invest in data collection and analysis tools, as well as staff that are trained to use them.

Technology

**Augmented reality, virtual reality, and [artificial intelligence](#)** are just a few of the technologies that are already being used to enhance the shopping experience.

Businesses that are able to incorporate new technologies into their [strategies](#) will be better positioned to meet the changing demands of customers.

## Conclusion

The retail industry is undergoing a significant transformation, as digital channels become increasingly important and traditional retailers struggle to keep up. To succeed in today's retail landscape, businesses must be agile, innovative, and customer-focused. They must be able to create a seamless and personalized shopping experience across multiple channels, and they must be able to adapt quickly to changing technology and customer demands. The future of retail is [digital](#), but businesses that are able to integrate physical and digital channels and provide a truly omni-channel experience will be the most successful.