PwC Cloud Business Survey 2023

Behind the curve: An analysis of cloud technology adoption in Switzerland

pwc

Agenda

Introduction

Cloud technology promises a multitude of benefits such as increased efficiency, new avenues for digital revenue, accelerated business synergies, enhanced customer experiences, and more agile operations. Companies that have fully embraced the cloud find it easier to innovate and deliver value. The cloud can be a booster for companies to automate, innovate, and digitise their business. But while many organisations are making the move to the cloud, few are positioned to fully leverage its potential.

Why is this the case? Conventional wisdom reveals two significant barriers: data security and compliance concerns, as well as the technical and organisational hurdles involved in migrating from legacy systems to cloud-based platforms. But is this the full story? To get to the bottom of the matter and explore trends, PwC conducted a comprehensive study across the EMEA (Europe, Middle East, and Africa) region, with a focus on Western Europe. This paper zooms in on the findings specific to Switzerland, offering both interesting and, at times, unexpected insights.

We hope that the results of our research will inspire you to think further about your own cloud transformation and we look forward to interesting discussions with you.

Claudius Meyer
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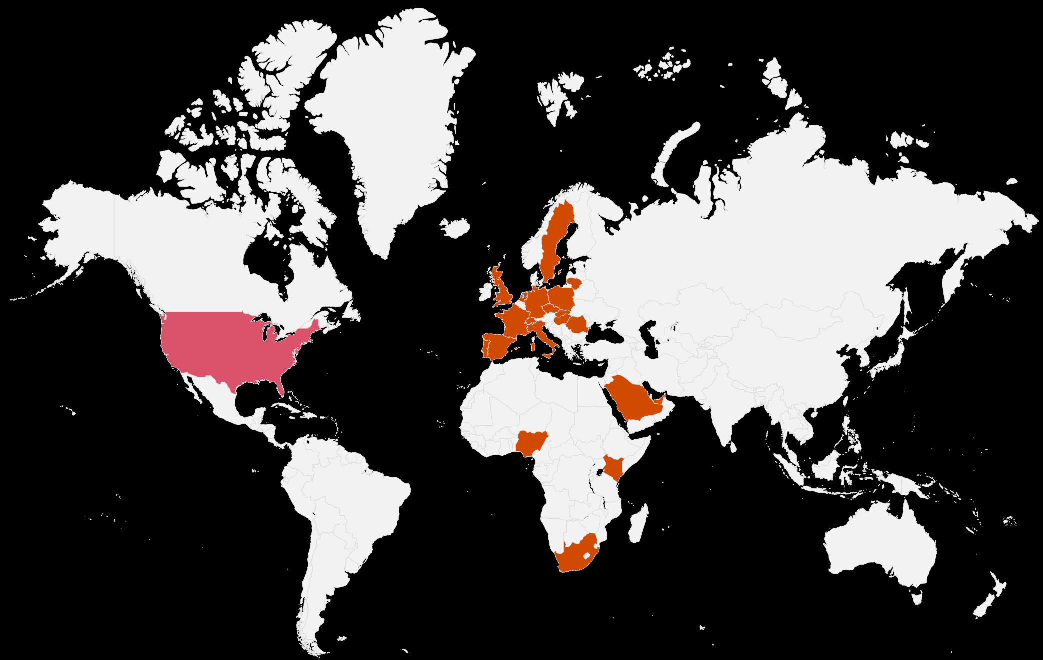

About this study

In a quantitative survey conducted across the EMEA region, including countries such as Germany, the UK, and France, a total of 2,209 responses were collected between April and May 2023. With 156 responses, Switzerland ranks 7th out of 20 participating countries. Most responses come from companies with an annual turnover of at least CHF 100 million, and almost three quarters have a turnover of more than CHF 500 million. The distribution of responses is balanced between business and technology roles, with a focus on C-level positions. The survey covers a range of industries, from industrial products to financial services, technology, media and telecommunications, retail and consumer, health, energy, utilities and mining, as well as government and public services. The US version of the "PwC 2023 Cloud Business Survey", conducted among 1,010 business executives in the United States, allows respective comparisons with that data.

Stuck between Swiss skies and cloud nine: where are you?

Picture this: the US is soaring in cloud nine, EMEA is floating comfortably - and Switzerland? Still grounded.

The cloud isn't just a line item—it's an investment strategy.

Wallets out, Switzerland! Every franc counts when you're leveraging the cloud as your transformation catalyst.

Talk is cheap, cloud isn't.

The cloud can trim your bills, but don't expect it to be your magic wand.

Your cloud, your rules: multi-cloud or single provider?

It's not just about moving up; it's about choosing the right elevator.

Mind the gap: cloud expectations vs. cloud reality.

Saying you're "looking at cloud computing" won't cut it anymore. Dive in or stay dry.

Skill up or get left in the dust.

Talent isn't optional; it's the engine of your cloud journey, and interdisciplinary skills are the essential fuel.

Switzerland, don't lag, lead!

In a cloud-driven world, to invest means to stay in business.

How many clouds are in your sky?

The trend is clear, companies are zeroing in on a primary cloud service provider.

Switzerland is currently behind in cloud adoption compared to other countries. However, survey data shows that 13% of Swiss companies expect revenue to remain stable and 57% anticipate an increase in revenue. This projected capital influx provides opportunities for greater investment in cloud technologies, and around 60% of companies plan to allocate a larger budget for cloud initiatives. Despite this, the primary focus for many companies remains on reducing operational costs and simplifying business processes. Here are the five topics at the forefront of cloud development in Switzerland.

The 5 topics

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Topic 1: Swiss cloud gap
Our comprehensive survey on cloud adoption in Switzerland reveals a landscape shaped by five pivotal topics: maturity, ambition, value generation, necessary expertise, and industry-specific solutions.

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Topic 2: Elevating Swiss cloud maturity
Swiss companies, particularly smaller firms, lag behind their EMEA and US counterparts in cloud maturity, with only 7% fully using cloud solutions. This gap has ignited a sense of urgency and ambition among Swiss businesses, as an overwhelming 84% plan to advance their cloud adoption within the next year, focusing primarily on modernisation and cloud-native development – and on industry cloud solutions.

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Topic 3: Cloud's promise and performance
Already, one-third of Swiss businesses reap tangible benefits from their cloud investments, particularly in cost-saving, productivity, and increased agility. However, barriers such as budget constraints and talent scarcity still pose major challenges. For a successful journey to the cloud, Swiss firms are prioritising growing skills in cybersecurity, cloud strategy, and native development. Most aim to develop these skills in-house and are using automation to support infrastructure and data management.

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Topic 4: Keys to cloud success
Interestingly, Swiss firms are catching up in the field of industry-specific cloud solutions. While lagging behind the EMEA average currently, a significant boost is planned to make up for this shortfall in the next two years. Those having adopted industry-specific solutions highlight substantial benefits, including cost reduction and efficiency gains. On the other hand, companies also identify a lack of internal support and specialised expertise as roadblocks to further adoption.

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Topic 5: The Swiss way: industry-specific clouds
Two things became clear: Swiss companies are at a critical juncture in their cloud adoption journey, and smaller companies are in particular need to become data-driven and adopt cloud technologies, or risk losing their competitive edge. But many companies recognise the urgency of the situation and are proactively moving towards the cloud.

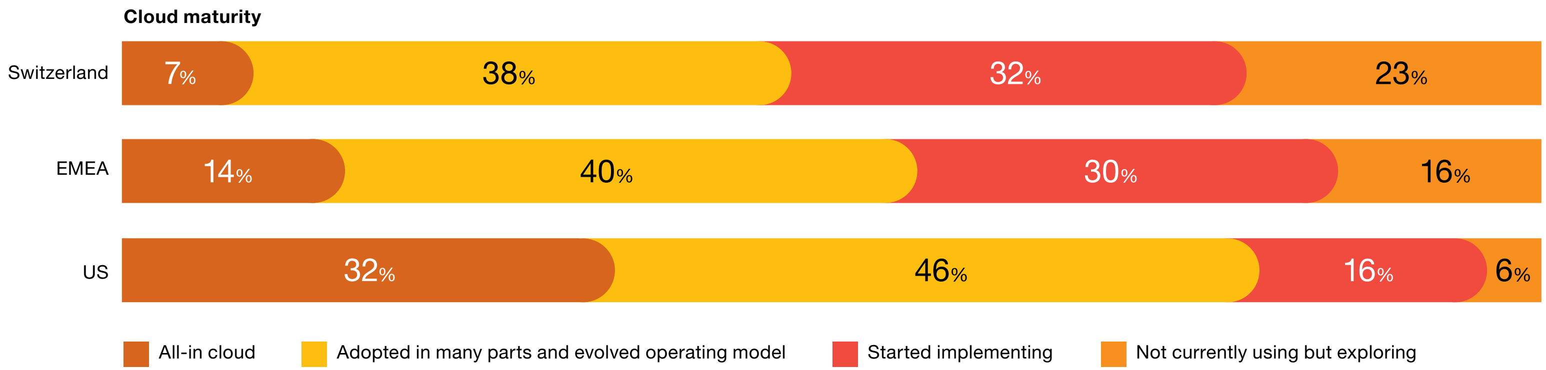
Topic 1: Swiss cloud gap

Swiss companies trail significantly behind the US and EMEA in cloud adoption, as only 7% have fully implemented their cloud transformation. Larger firms are generally more advanced in adoption than smaller ones. With 32% being only at the beginning of the implementation phase and 23% still exploring possible strategies, there's an urgent need for Swiss firms, especially smaller ones, to accelerate their cloud adoption to stay competitive.

Swiss companies struggle to keep pace in cloud adoption

When it comes to cloud maturity, our survey reveals that organisations in EMEA are at a turning point. Those that have already started their cloud journey need to increase velocity and refine their approach. Companies that have yet to get underway must commit and take action soon.

All surveyed Swiss companies are engaging with the topic of cloud computing, but the depth of their involvement varies considerably. 7% have gone "all-in", 38% have adopted cloud in many parts, 32% are in the implementation stage, and another 23% are in an initial, exploratory phase. Compared to the EMEA region (14% with full cloud adoption), Switzerland is clearly lagging behind; the gap is even higher when compared to the United States, where nearly one-third of companies have fully implemented an all-in-cloud strategy. However, the fact that a third of Swiss companies have started their cloud implementation – in addition to the 45% with full or partial adoption – is signalling a promising shift towards digital transformation.

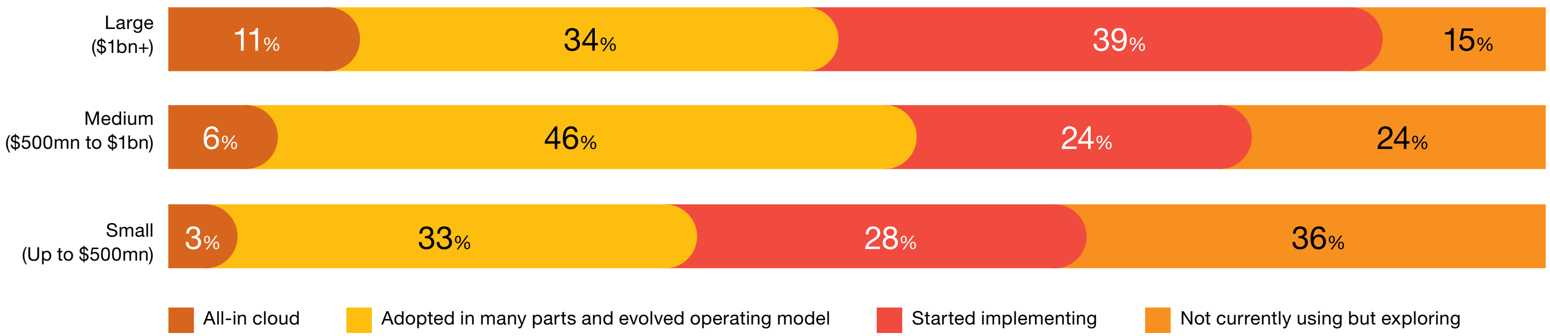


The bigger, the cloudier

The maturity of cloud adoption among Swiss companies varies significantly by company size and revenue. Larger companies with higher revenues tend to have higher cloud maturity. For example, 11% of companies with global revenues of $1 billion or more in the last financial year have fully adopted cloud technology. This percentage drops to 6% for companies with revenues between $500 million and $1 billion, and to 3% for smaller companies with global revenues of up to $500 million. Interestingly, while 45% of the largest companies claim to have either fully (11%) or partially (34%) adopted the cloud, 52% of mid-sized companies (with 6% full and 46% partial adoption) say the same.

It's high time for smaller companies to jump on the cloud bandwagon or risk being left behind, as larger companies have traditionally had more budget and opportunity to explore the technology. Contrary to some expectations, the level of cloud adoption does not differ much between regulated industries where a lot of sensitive personal data is generated and non-regulated industries.

Cloud maturity compared to company size



Topic 2: Elevating Swiss cloud maturity

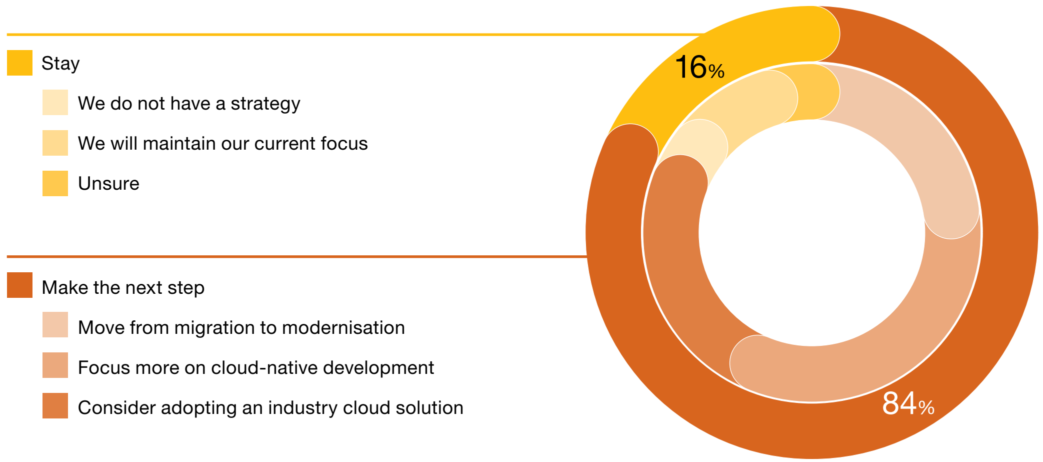
An overwhelming 84% of Swiss companies plan to advance their cloud adoption within the next year, focusing on modernisation, cloud-native development, and considering industry-specific cloud solutions. On the data front, 75% of firms fully committed to the cloud have an enterprise-wide data strategy, compared to just 40% of firms that are only partially committed to the cloud. Nearly 70% are adopting a multi-cloud approach, with 85% of those relying on one primary provider for most workloads. Overall, Swiss firms are making targeted efforts to catch up in cloud maturity.

The right strategy is key

The survey shows that a large majority of Swiss companies are aiming for a higher level of cloud maturity. What strategic considerations are key to achieve this goal? A company must define both the cloud strategy and the data strategy as well as the type of cloud environment to be pursued.

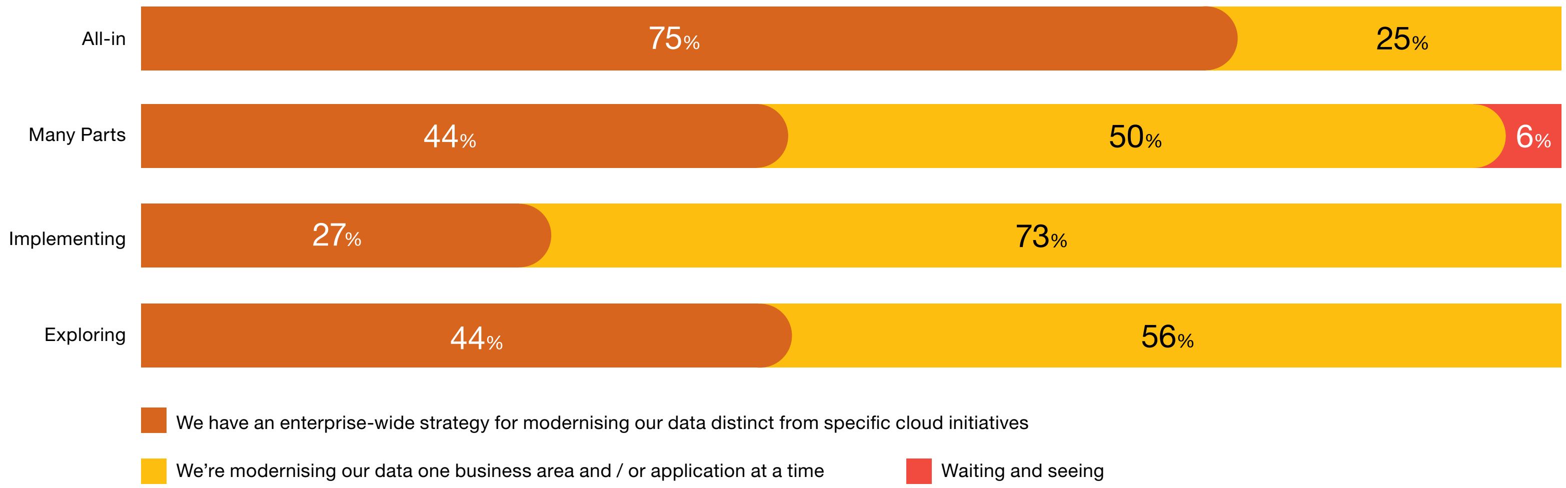
84% of Swiss companies are planning to take the next step in their cloud strategy within the coming year. These companies are focusing on modernisation, cloud-native development, and considering industry-specific cloud solutions. On the other hand, 16% of firms lack a clear strategy, are unsure, or plan to maintain their current focus.

How do you think your organisation's cloud technology strategy will primarily change over the next 12 months?



When it comes to data strategy, 75% of companies with an all-in cloud approach have a distinct, enterprise-wide strategy for modernising data handling based on specific cloud initiatives. In contrast, only one third of low-maturity firms follow a holistic approach, with the rest focusing on specific business sectors or applications.

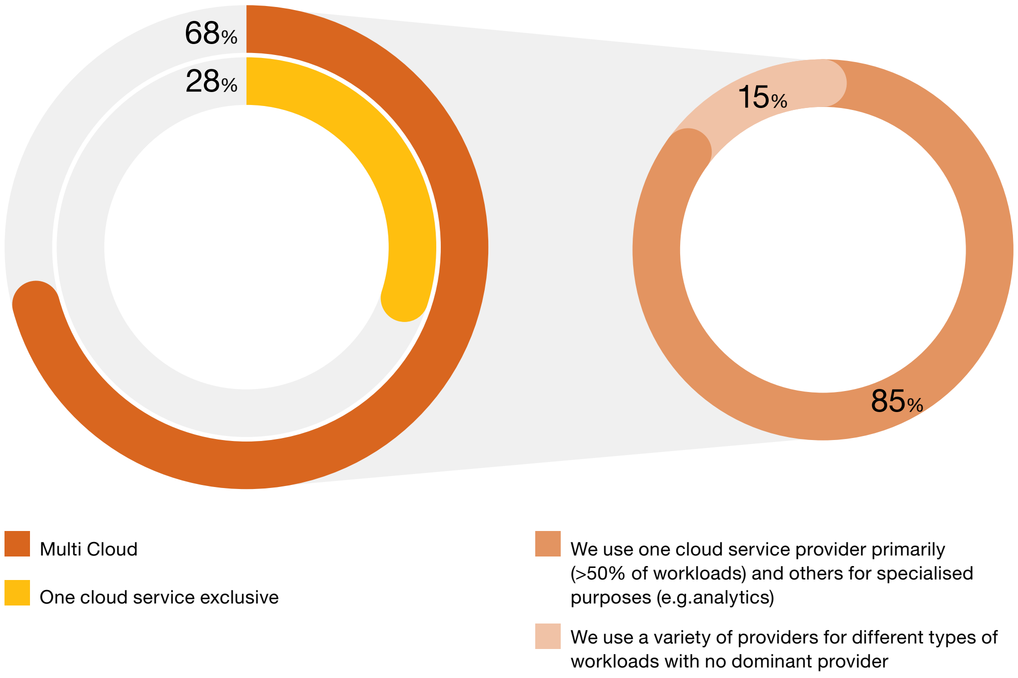
As you embrace the cloud, which of the following best describes your organisation's data strategy?



The cloud environment matters too

In terms of cloud environment strategy, 68% of surveyed companies are opting for a multi-cloud approach, a trend that has been consistently confirmed over the past few years. Among these, nearly 85% use one primary cloud service provider for their main workloads while using secondary providers for specialised purposes such as data analytics, e.g., in the form of third-party SaaS services or hyperscaler native tooling. Very few companies have a fully integrated multi-cloud strategy.

Which of the following best describes your cloud architecture?



Embracing the cloud isn't just a tech upgrade; it's a strategic move that also impacts sustainability and environmental, social, and corporate governance (ESG) goals. While cloud providers manage data, companies are still responsible for its use, governance, and third-party risks.

Key considerations include adequate security controls, governance features, and a robust risk management programme. Ultimately, the cloud offers a path to simplify operations, reduce the carbon footprint, and align with ESG objectives, making the choice of the provider crucial.

Topic 3: Cloud's promise and performance

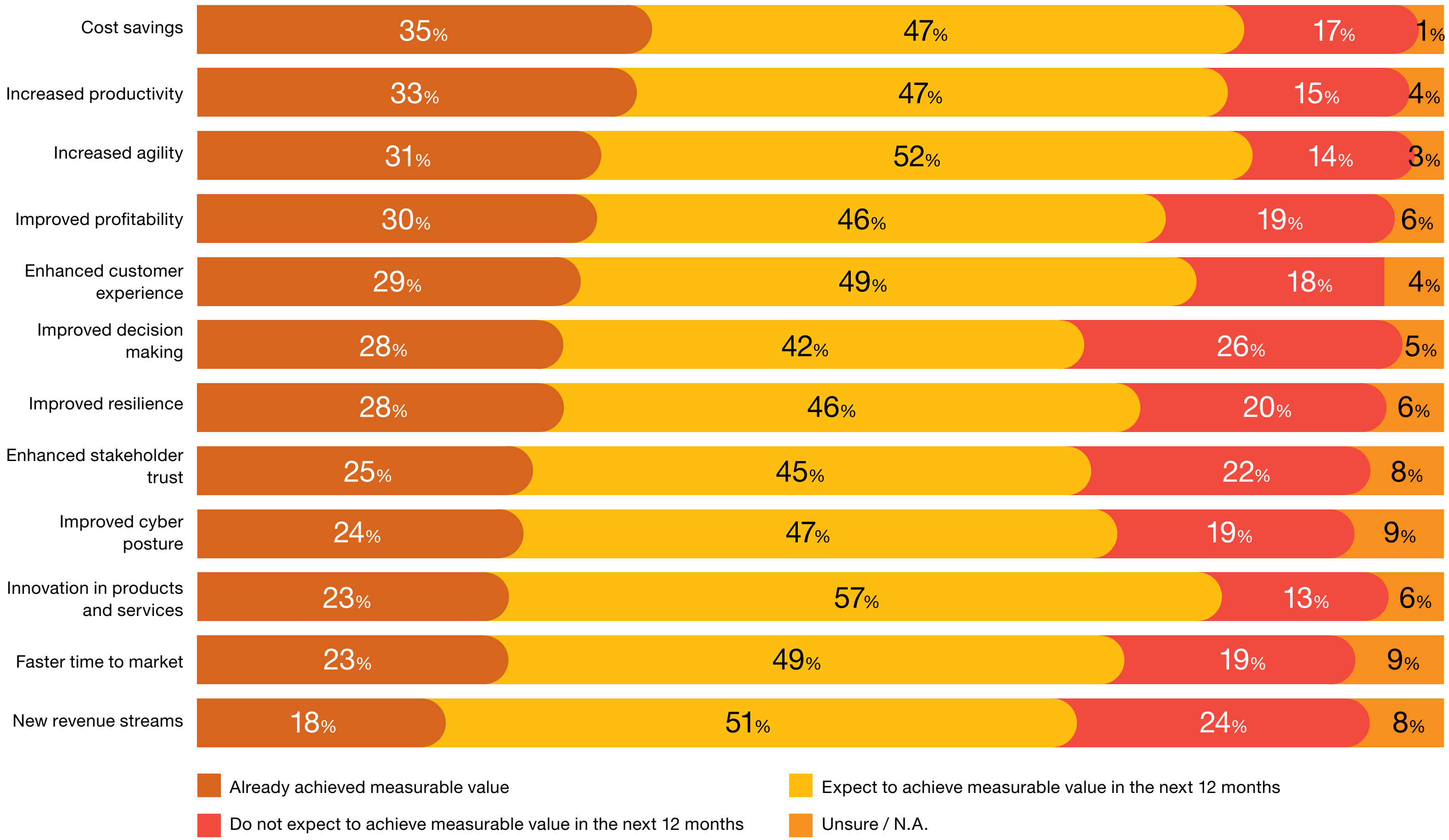
Cloud computing is key for Swiss businesses, with one-third already benefitting and another 50% expecting gains within a year. Budget limits, tech constraints, and talent scarcity are the main barriers. The focus for the next year is on cost-saving, productivity, and customer experience. Further, cloud investment decisions often involve top executives, reflecting the high stakes and complexity.

Gap between expectations and performance

It's well-recognised that the cloud can boost productivity and greatly enhance decision-making by making data available when and where it's needed. Cloud computing is already delivering tangible benefits to one-third of Swiss businesses, with another 50% anticipating returns within the next year. The advantages span from cost savings to enhanced customer experiences, greater agility, and even new revenue streams.

Among these, the pay-as-you-go model of cloud services is particularly highlighted for its role in measurable cost savings. However, the value generated in areas like innovation and time-to-market is markedly lower.

Which of the following best describes how cloud technology is, or is not, delivering measurable value in your organisation?

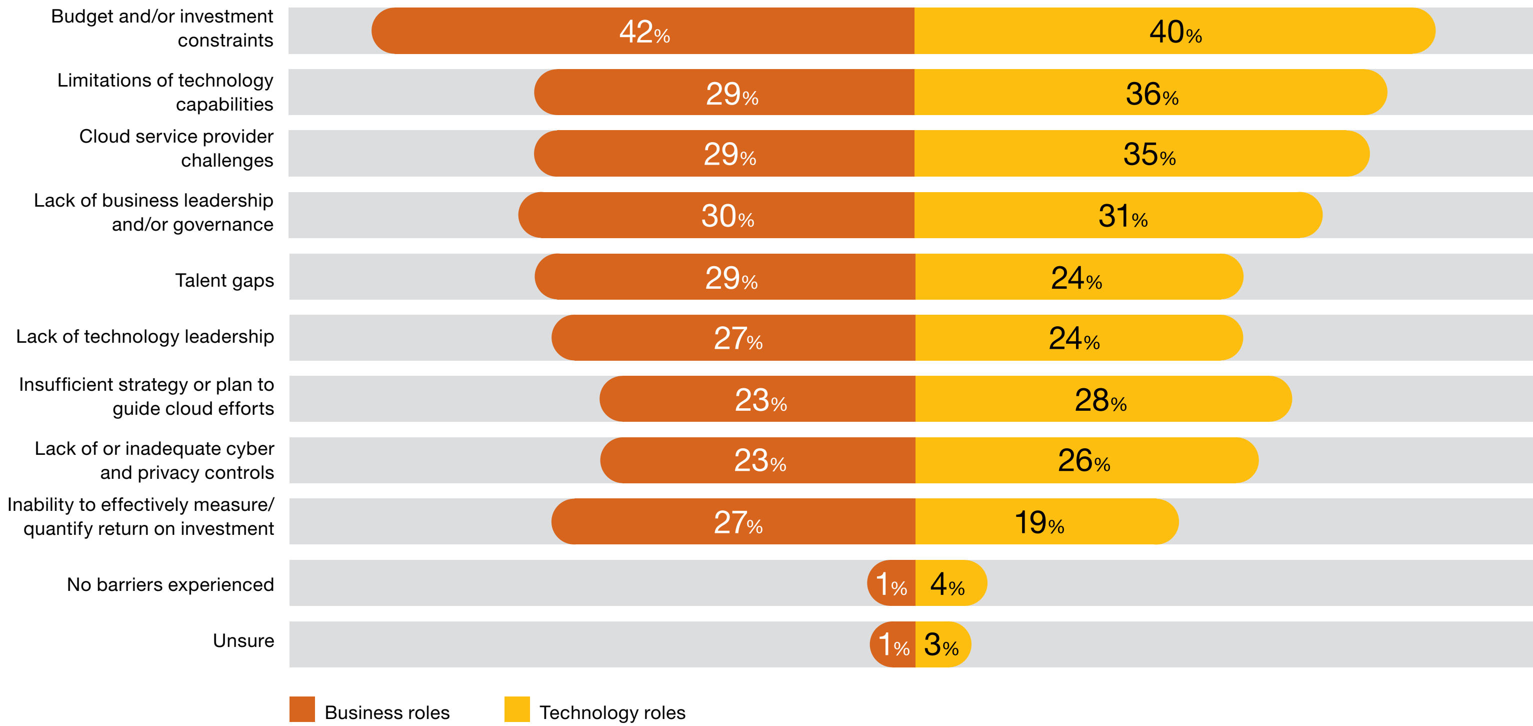


Companies at the beginning of their cloud journey have high expectations for measurable value across various domains. Those further along have indeed achieved such value, but the gap between expectations and reality suggests that achieving full value is not a quick process, requiring long-term plans and cloud controls.

Stumbling blocks on the path to full cloud value

Despite the overall optimism, companies face barriers to achieving full cloud value, with budget constraints being the foremost concern. This is mitigated by the fact that many intend to increase their cloud investment in 2023, recognising the long-term pay-off. Other significant challenges include limitations in technology capabilities and issues with cloud service providers. The scarcity of cloud talent is another pressing issue, as companies find themselves in intense competition for the most qualified individuals. The challenges to cloud adoption extend beyond the technical realm, equally manifesting as business obstacles. Both business and technology roles within companies highlight similar challenges, underscoring the need for a unified organisational approach to overcome these barriers.

Which of the following have been the biggest barriers to achieving measuable value from cloud technologies?



Top priorities and focus areas for the next 12 months

Over the next 12 months, the top three priorities for businesses across Switzerland are saving costs, boosting productivity, and enhancing customer experience. While goals like increased productivity and profitability are hardly surprising, there is also a notable focus on customer experience and cybersecurity: companies are keen on offering a seamless customer journey while ensuring robust data protection.

To achieve these aims, businesses are proactively investing in key focus areas. Investment in customer-facing solutions is on the rise, particularly in CRM and CDP systems that provide a 360-degree view of the customer. This comprehensive view is essential for delivering personalised messages through customers' preferred channels. Furthermore, there is a growing need for portal solutions to serve and interact with digital customers. Automation is highly valued in this area, especially as companies are also striving for cost savings.

Lastly, significant investments are being made in digitising supply chains and manufacturing processes, along with focusing on cloud controls encompassing financial operations, compliance, and security.

47%
Cost savings

43%
Increased productivity

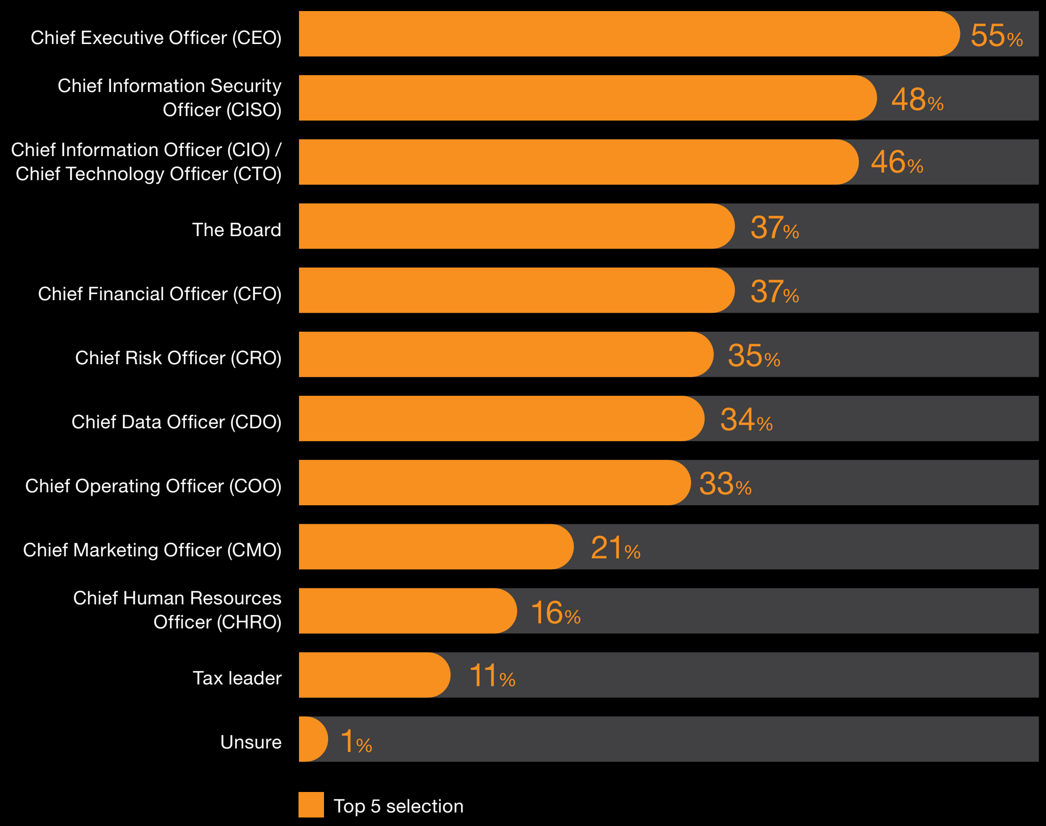
34%
Enhanced customer experience

Who holds the reins: cloud spending decision-makers

Decisions about cloud investments within companies are typically made by multiple key individuals or committees. High on the ranking of roles involved in these decisions are the CEO, CISO, and CIO/CTO. The prominence of the CISO in the decision-making process indicates that companies are increasingly grappling with compliance issues. While low maturity signals a current lack of experience and understanding of cloud adoption, the high urgency of the topic underscores the need to elevate it to a C-level priority.

Overall, cloud investment decisions are a collaborative endeavour involving top executives, particularly those responsible for technology and security, reflecting the high stakes and complexity of these investments.

Based on what you know about your organisation's plans, who do you believe will be / currently is actively involved in decision-making relating to your cloud investment?



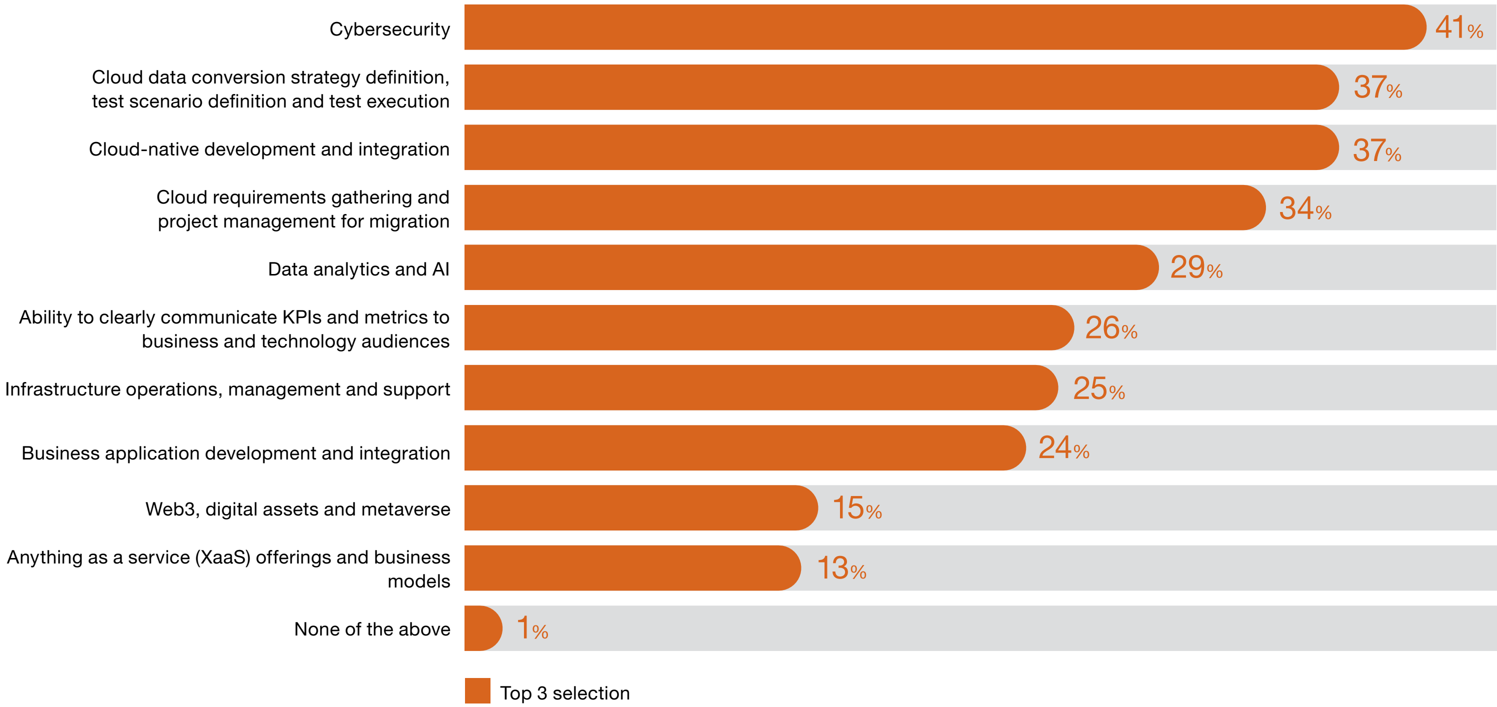
Topic 4: Keys to cloud success

Swiss companies believe that cloud transformation is requiring a mix of specialised skills, with cybersecurity leading the priority list for 41% of surveyed firms. Other vital skills include cloud strategy, testing, and native development. Most companies plan to cultivate these skills in-house, building on existing know-how. Automation is also helping, notably in infrastructure management, cloud-native development, and data analytics.

A successful cloud journey requires expertise in cybersecurity, planning and implementation

In Switzerland, cloud transformations are viewed as interdisciplinary endeavours requiring a blend of specialised skills. 41% of our surveyed companies identify cybersecurity skills as among the top three essential abilities for cloud projects. Closely following cybersecurity, the crafting of cloud strategies, testing, cloud-native development, and integration are prioritised by 37% of respondents. Gathering cloud requirements and project management skills for migration are also highlighted by 34% of companies. These focuses align with the broader issues of security, data management, and advancing to the next stage of cloud maturity.

Which technology skills are most important to build over the next 12 months in order to achieve your cloud transformation goals?



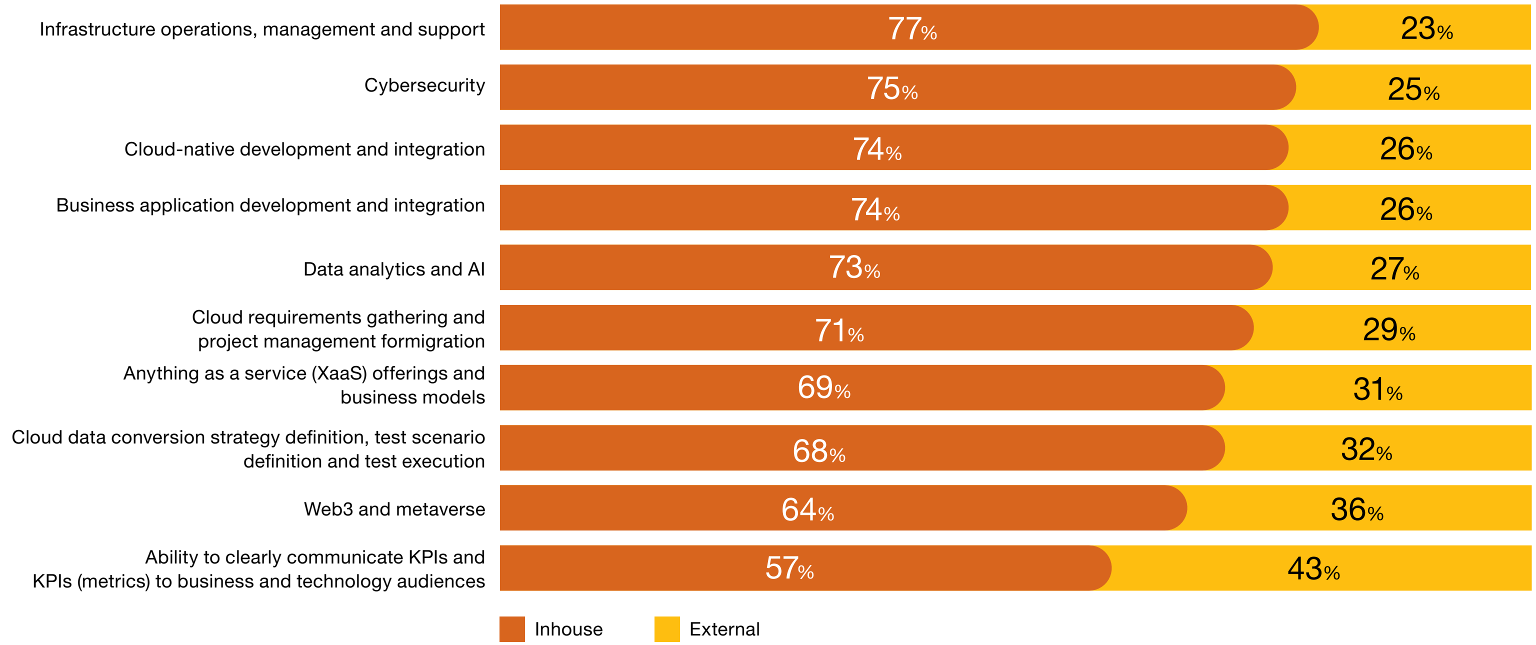
How to acquire the necessary skills?

As for sourcing these skills, it is noticeable that a significant portion of companies intend to develop them in-house. This tendency could be driven by the perception that the skill gap is not too large and that the companies' existing capabilities, acquired during their ongoing cloud journeys, are a good foundation.

However, the main reason for developing key skills in-house is that specific knowledge related to individual cloud solutions is not readily available in the market. Any remaining skill gaps, typically in areas of strategic and tactical nature – as well as in the clear communication of KPIs – can be filled by bringing in external expertise, such as from consulting firms.

Automation is another crucial aspect that businesses are leveraging to ease various challenges. The survey indicates that automation significantly facilitates areas such as infrastructure operations, management, and support (25%), cloud-native development and integration (22%), and data analytics and AI (22%).

How do you plan to acquire the following skill?



Topic 5: The Swiss way: industry-specific clouds

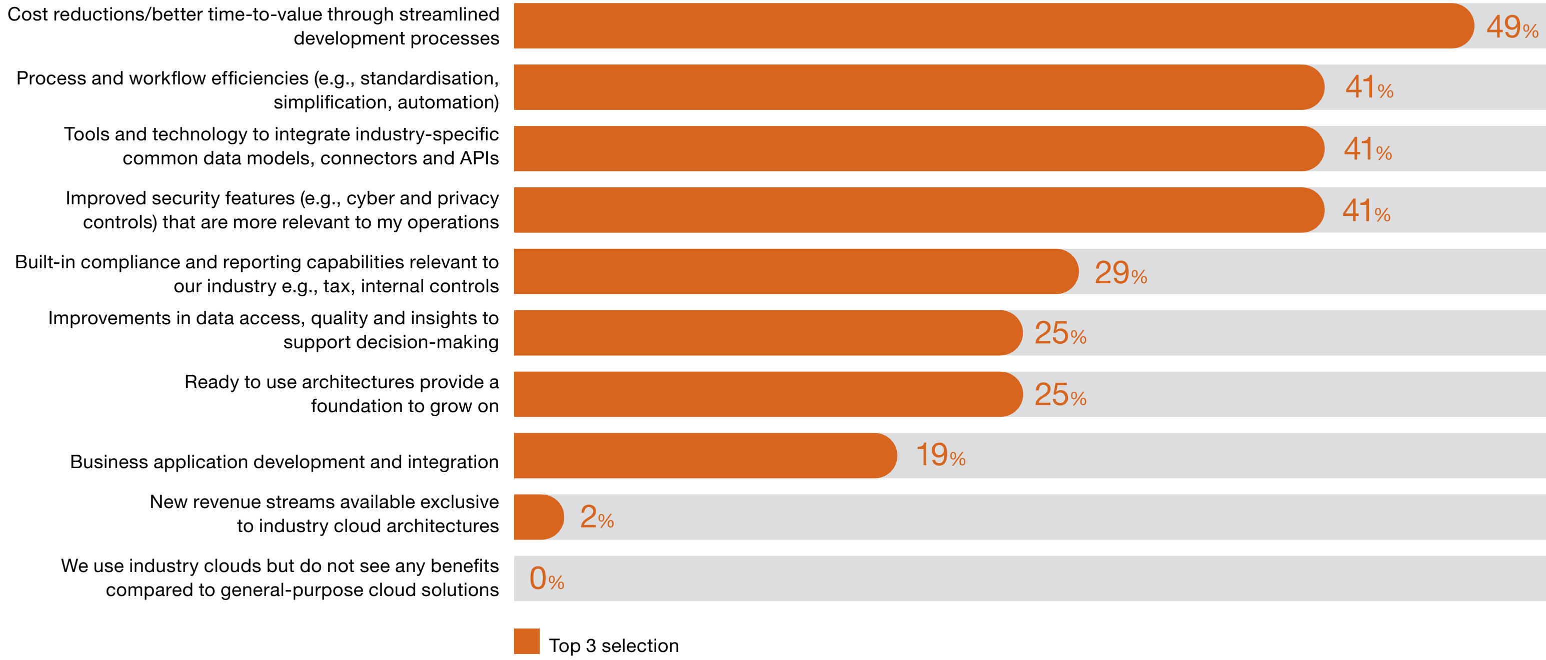
Swiss companies lag behind EMEA in the adoption of industry-specific cloud solutions but aim to catch up over the coming two years. Those using such solutions report benefits like cost reduction and better time-to-value, improved workflow efficiency, and stronger security features. Internal lack of support and expertise are seen as major challenges to specialised cloud solutions.

Catching up: Swiss companies opt for industry-specific cloud solutions

Swiss companies lag 15 percentage points behind the EMEA region in adopting industry-specific cloud solutions. However, the ambition to move to industry-specific cloud solutions over the next two years is notable, and Switzerland will make up a lot of ground in the EMEA comparison.

When asked about the top three benefits resulting from the implementation of industry-specific cloud solutions, cost reduction ranks the highest. Approximately half of the respondents report having achieved cost reduction and improved time-to-value through streamlined development processes. Additionally, 41% of companies cite the following as significant advantages: improved efficiency in processes and workflows, enhanced security features, and specialised tools for integrating industry-specific data models.

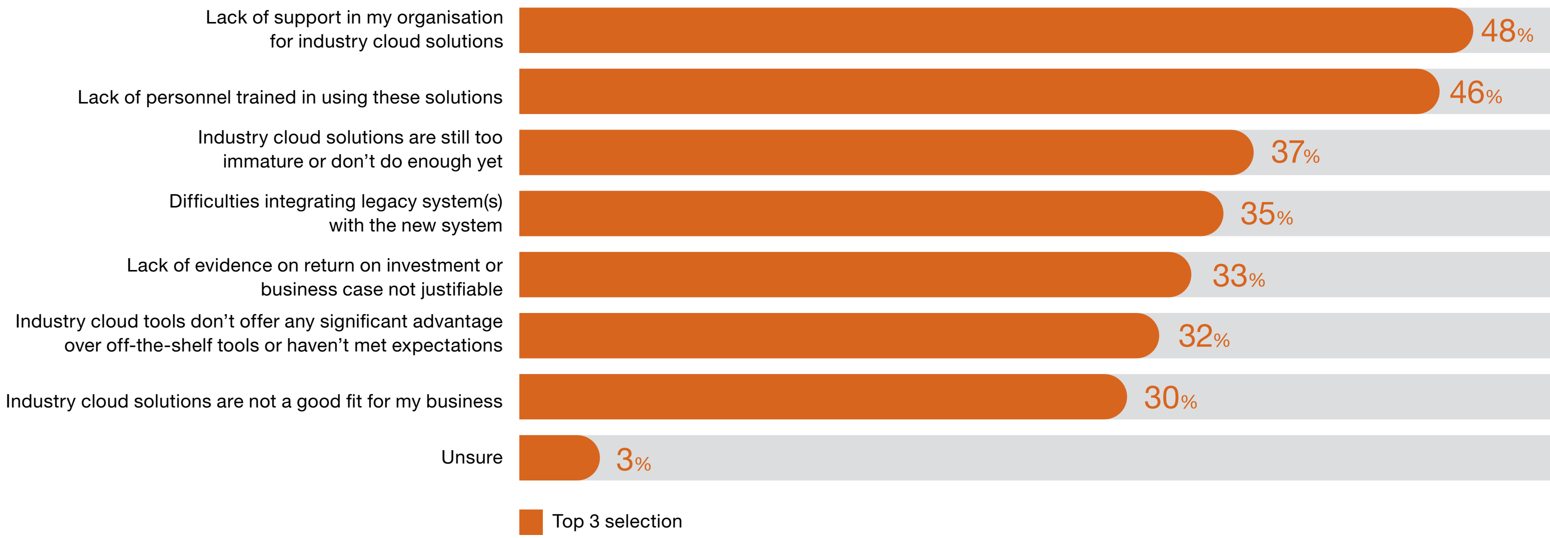
Which of the following benefits has your organisation achieved as a result of using industry clouds compared to general-purpose cloud solutions?



Yet, firms planning to adopt such industry-specific solutions in the next two years expect to face challenges. Lack of internal support ranks among the top concerns for nearly half, while 46% cite a lack of expertise in these specialised solutions as a barrier. About 37% also point out the immature state of available industry solutions as a significant hurdle.

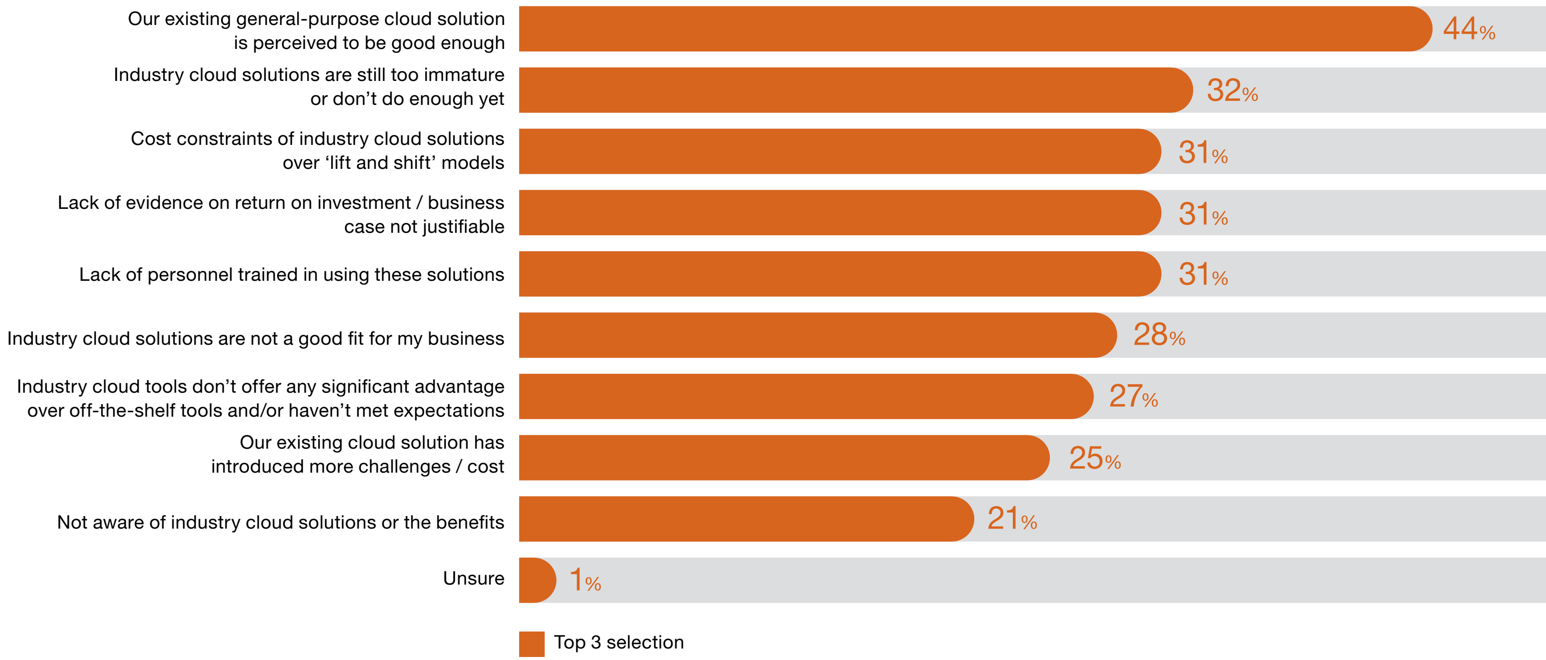
> The time to act is now - and it has to be done with a keen eye on making the cloud a contributor to your company's bottom line."
>
> Claudius Meyer, Partner Technology & Data, PwC Switzerland

Which of the following challenges, if any, have you experienced using industry cloud solutions, compared with general-purpose cloud solutions?



For those companies not planning to adopt industry-specific solutions, the reasons are clear. 44% see no need for an industry-specific solution as their current setup meets their requirements. Immaturity of available industry solutions is cited by 32%, and cost constraints discourage 31% from taking this route.

What are the main reasons your organisation is not using industry-cloud solutions?



What it boils down to

While Switzerland lags behind the EMEA region and the US in terms of cloud adoption, the direction is clear: more and more companies are moving towards reaping the benefits of cloud-based solutions and have firm plans to develop their cloud maturity in the near future. The barriers to this journey are manageable over time. The notion that "Talk is cheap, cloud isn't" underlines the urgency of the situation, and Swiss companies need to view cloud adoption as an investment strategy. "Skill up or get left in the dust" also rings true; interdisciplinary skills aren't merely optional - they are the engine of any successful cloud journey. External assistance is often essential for navigating these complex processes. This is especially true when developing a cloud and data strategy, selecting a cloud solution provider, or closing skills gaps in strategic and tactical fields.

So how many clouds are in the Swiss sky? In Switzerland, we must take cloud adoption seriously to remain competitive. If you are keen to navigate these challenges and capitalise on the opportunities that cloud technologies offer, PwC stands ready to provide the necessary expertise, skills, and guidance.

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