

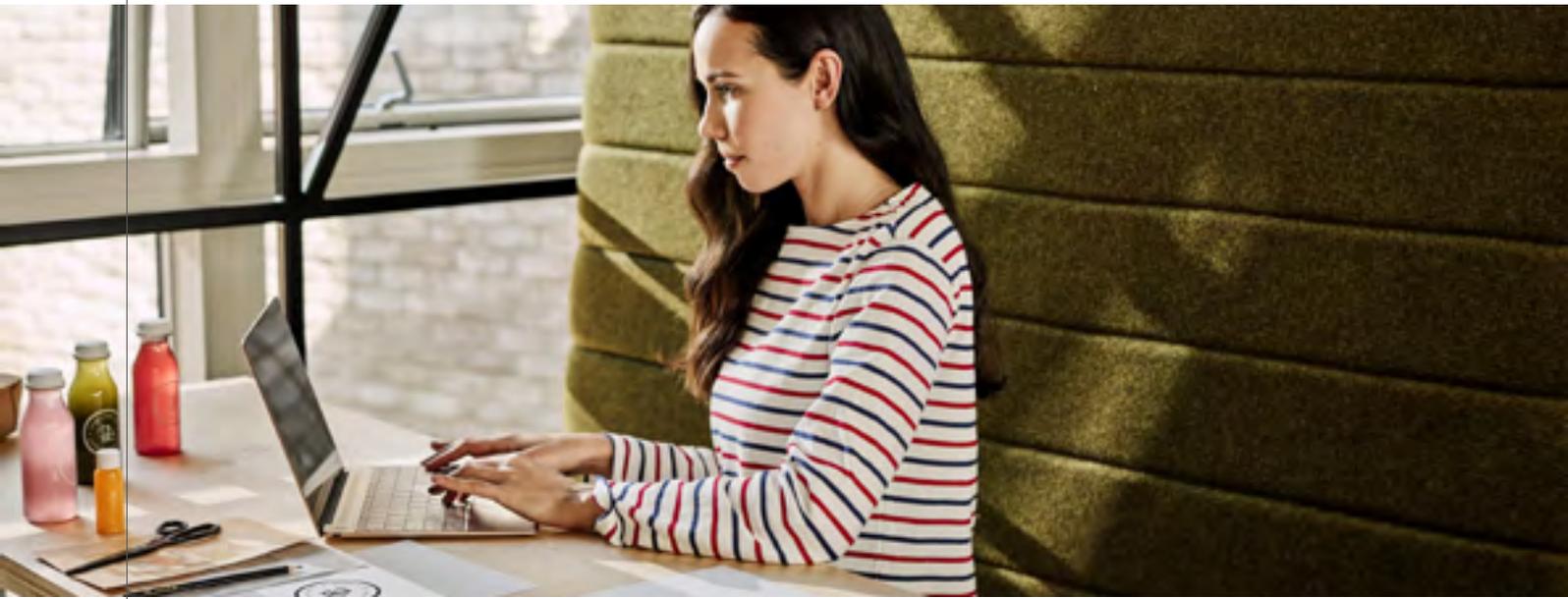


The Future of the  
Medium-Sized Business

# 7 Trends Driving SMEs' Digital Transformation

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# Introduction

Small and medium enterprises (SMEs) are the backbone of the economy and the most innovative parts of any industry. Most of these companies recognize the urgency of digital adoption. They are looking to remain competitive and propel growth with technology, but they often don't know where to start.

“71% of CEOs are personally ready to lead a radical organizational transformation.”



Srdjan Stosic,  
Consulting Manager, KPMG

To facilitate the digital transition for owners and executives, at Microsoft we have collected insights and advice from successful business owners and leaders in Central and Eastern Europe (CEE). These entrepreneurs lead by example, taking advantage of technology to improve decision-making, gain a competitive edge, and enhance operations to tap an international customer base and grow their businesses. We are sharing their insights together with seven technology trends of the future to help SMEs align their business strategy with digital transformation opportunities in the market.

Maria Lehnard  
Senior Marketing Manager, Modern Workplace Solutions,  
Microsoft Central Eastern Europe



## This Was Made For:

- 1 Owners and managers of small or medium-sized enterprises in the CEE region.
- 2 Entrepreneurs investigating insights into digital transformation opportunities.
- 3 Executives seeking to innovate their products and services with digital technologies.

## What's Inside:

- **Tips and insights on implementing digital transformation** from leading business owners and experts in CEE.
- **Paradoxes of a digitally transforming world** from **Michael Gale**, the world-acclaimed co-author of [The Digital Helix](#), an Amazon and Wall Street Journal bestseller on digital transformation
- **Top technology trends and business statistics** showing the impact of digital disruption on SMEs from KPMG expert, **Srdjan Stosic**.
- **Microsoft Customer stories** showing real-life challenges and benefits of digital transformation.

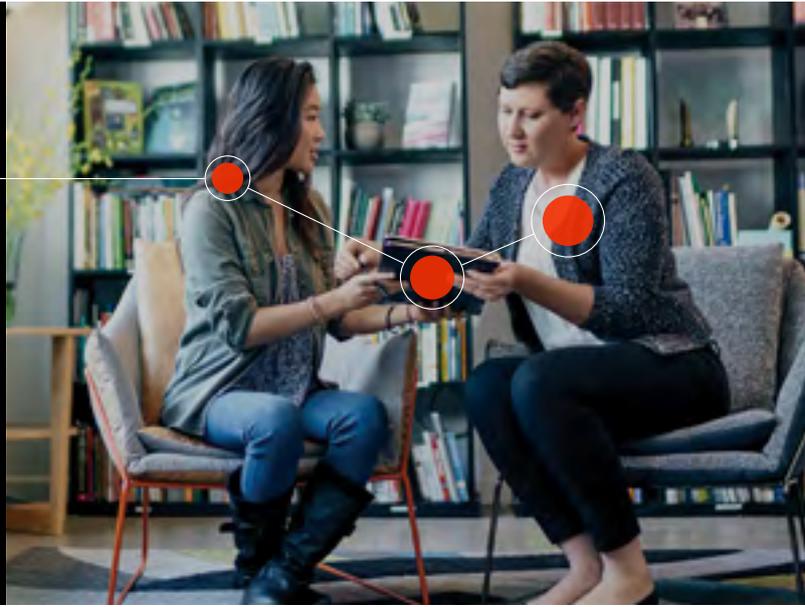
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1

Flexible Working

Save more, innovate faster, and empower your teams



Flexible working is changing how modern businesses operate. For small and medium companies willing to expand their reach, remote work has become one of the biggest transformation drivers.

**This is especially true with millennials beginning to dominate the job market.** They're known to be independent, value their private time, and seek challenges at work. To appeal to that workforce, companies have to modernize and adopt a more dynamic approach.

\$20K

Annual SMB savings with full-time telework

22%

Increase in employee productivity

50%

Reduction in employee turnover

Business Owner Insight

Julian Padurariu

Pony Car Sharing leverages technology to build a global team of innovators

Pony Car Sharing has grown from local startup to international business. Its progress has been fueled by technology, which made it possible to quickly assemble a team of specialists keen to come on board and innovate the company's offering from day one.

"It will be a joy for your employees to work remotely if they understand the WHY behind the whole business."



Julian Padurariu  
Co-founder & CEO  
Pony Car Sharing, Romania

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## Flexible Working



Flexible working gives businesses access to a diverse talent pool, delivers greater coverage and flexibility, and minimizes labor costs across all departments. Digital technology helps small and medium enterprise owners grasp these opportunities. It brings employees together by facilitating communication while keeping teams connected and involved.

**“The idea of the office is changing. You may not need real estate at the level you thought you had in order to achieve successful digital transformation. In fact the lack of offices is now an advantage for you,” says Michael Gale, co-author of The Digital Helix.**

By adopting technology that facilitates distributed collaboration, you can **give your employees the freedom** they crave, and reap all the benefits of remote work.

### Customer Story

ComAp, Czech Republic

## Driving the Digital Highway with ComAp

[Read more](#)

ComAp makes control units for diesel, gas, dual fuel and other kinds of power generators for clients all over the world. Its devices can be found in hospitals, banks and data centers. Since its foundation in 1991, ComAp has emphasized readiness in providing services to its customers. This effort to always be there for customers is now one of the company’s guiding values.

**To enable its employees working across subsidiaries all over the world, ComAp relies on Microsoft 365.**

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2

Personalized Customer Experience

Deliver value-added products to forge strong customer relationships



Customers are now more informed than ever thanks to the internet. Digital technologies are reshaping how they engage with businesses and make purchase decisions. And traditional marketing doesn't always keep up with this shift.

Each stage of a buyer's engagement with a brand affects their perception of the business and future purchases. That is why focusing on customer experience may be the single most important objective for small and medium-sized enterprise growth.

8%

Buyers are content with customer experience

38%

CEOs say they need to serve millennials better

61%

Firms using digital tech see higher revenue than others

Business Owner Insight

Olga Zinovyeva

Smartee and Elementaree earn buyer trust with customization and personalization

The two companies led by Olga are leaders in Russia's meal kit and ready-to-eat food segments. Olga attributes the steady growth of her businesses to two factors: personalization and customization of products, and communication.

"People are looking for more and more personalized solutions in everything that they see around them."



Olga Zinovyeva  
Founder  
Smartee and Elementaree

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Personalized Customer Experience



To achieve sustainable growth, SMEs must put customers at the center of their products and services. Embracing digital technologies gives modern companies the advantage of developing a holistic customer experience program encompassing all consumer touchpoints.

By leveraging modern technology tools—data analytics, feedback collection, marketing automation—SMEs can collect and analyze critical customer information to continuously improve their offerings.

**“What used to be gut feel or pure passion can be supplemented and even substituted for powerful information at our fingertips about customers.” - Michael Gale**

Innovative digital solutions **allow businesses to identify buyers’ expectations** and deliver compelling value.

Customer Story

Gépész, Hungary

Boosting customer care efficiency in the cloud

*Read more*

Ép-Gépész Holding Kft. (Gépész) is a leading provider of consumer heating and plumbing equipment. Their priorities: deliver an exceptional customer experience, and develop personalized sales to increase client engagement.

**Gépész improved its sales tracking and aligned all customer-related activities across the entire business using Microsoft Dynamics 365.**

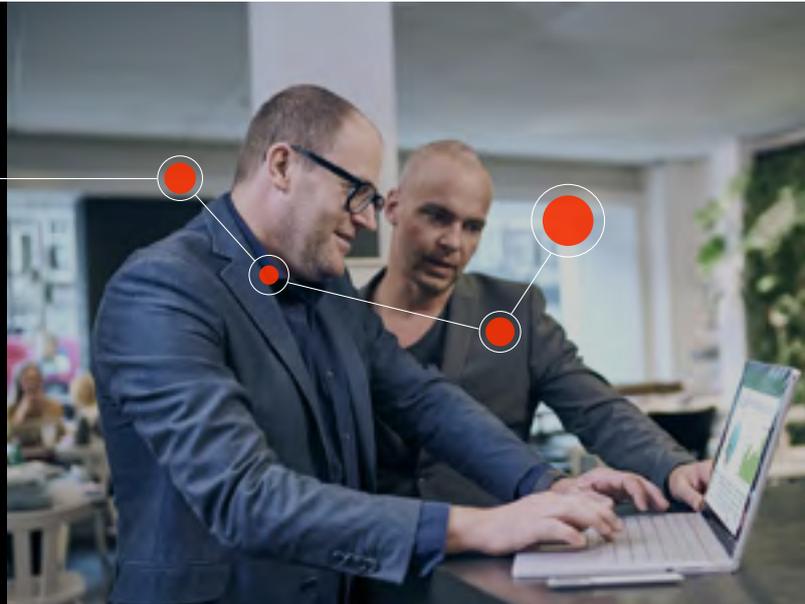
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3

Data-driven Decisions

Make informed business decisions based on actionable insights



Information is one of the most valuable assets in a rapidly changing business landscape. Skilled use of accumulated data allows organizations to improve strategic and business decision-making while positioning themselves for growth.

**Big data and business analytics (BDA) play a vital role in the collection of accurate market and customer intelligence.** By capitalizing on that technology, SMEs can examine existing customer insights and adjust offering accordingly.

53%

Companies are using big data analytics today

73%

Firms using big data see value from this technology

\$260b

The projected revenue for BDA solutions in 2022

Business Owner Insight

András Lányi

Customer data analytics are fundamental for UFS Group's future growth

UFS Group has been providing financial solutions on the Hungarian market since 2004. The group is planning to employ digital technologies such as AI, data analytics, and data mining to identify and anticipate the needs of their clients.

"It's not enough to assume the needs of your clients, but we need to actually know the needs of the clients."



András Lányi  
Founder & CEO  
UFS Group

3

**Data-driven Decisions**



Until recently, big data analytics primarily benefited global enterprises who could afford the investment in powerful IT infrastructure and an army of data analysts. As modern cloud has become commonplace and affordable, business intelligence solutions are now easily accessible to SMEs.

The main value that big data brings to the table is improved customer experience. Close analysis of consumer insights delivers a thorough understanding of buying behaviors. With that depth of real-time knowledge, SMEs can make better, more informed business decisions, and nimbly adjust their product offering.

**“The voluminous nature of data and the speed we get, significantly reduces risk in decisions for everybody, not just the large corporations where information meant power for decades.” - Michael Gale**

**Small business owners no longer** have to make decisions based on their gut feeling and assumptions alone.

Customer Story

Synerise, Poland

Taking cloud to new heights using AI-powered Big Data

*Read more*

Synerise helps retail, e-commerce, and financial businesses track billions of customer events across multiple channels. The company is on the right path to meeting its ambition of becoming “the next generation marketing cloud.”

**Synerise empowers its AI-driven, scalable service using Microsoft Azure.**

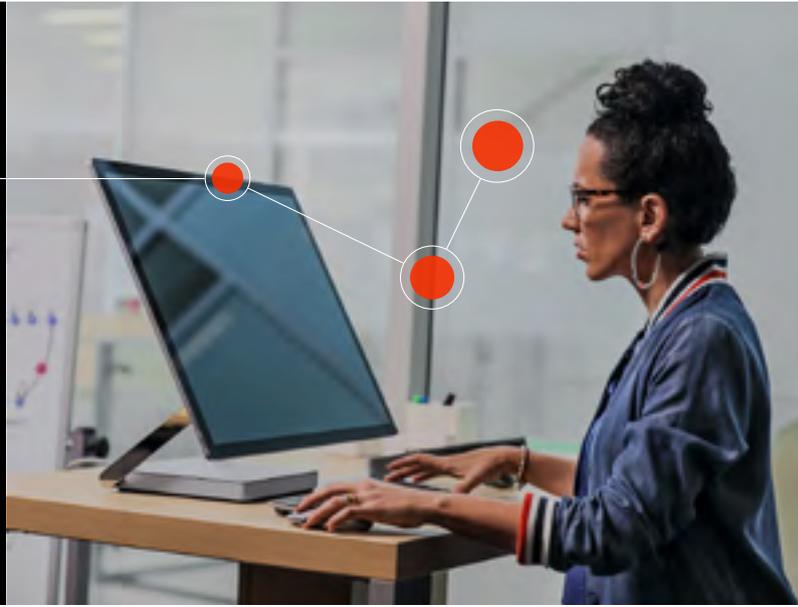
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Artificial Intelligence

Provide consistent services to unleash the value of customer experience



Artificial intelligence (AI) simplifies and automates routine processes for customer and tech support, product design, logistics, and many more, saving significant time and costs. It also helps companies understand customers and anticipate their behavior to deliver personalized services.

From chatbots, self-service, and customer relationship management, to lead scoring and sales forecasting, **AI enables SMEs to capture, manage, and measure customer interactions with their businesses.**

59%

SMEs have already started building an AI strategy

62%

CEOs expect AI will create more jobs than it destroys

72%

Of business leaders see AI as a business advantage

Business Owner Insight

Zuzanna Sielicka Kalczyńska

Adopting IoT and data analytics to help babies fall asleep

Whisbear started from a real user pain point—a young mother’s concern for her baby’s sleep. Initially, it was a fairly simple cuddly toy emitting pink noise to soothe babies; now, the product is incorporating IoT and connected nursery technologies.

“We at Whisbear, we want to be really close to our parents, that’s why technology is a natural thing for us.”



Zuzanna Sielicka Kalczyńska  
Co-founder  
Whisbear



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Artificial Intelligence

AI is so omnipresent that we hardly notice it anymore. It has unlimited business applications, reaching well beyond chatbots, personalized shopping, or virtual agents. The technology acts on data input to identify consumer behavior patterns, predict next steps, and refine future client interactions. Modern businesses leverage it to adequately respond to the needs of buyers in the omnichannel world.

AI also helps business owners by granting them the power to simplify and expedite task execution, from very basic flows to complex processes. As it helps eliminate labor costs and boost productivity, AI is one of the top SME enablers of dynamic growth.

**“The rise of applications that connect in real time and do it in incredibly simple ways will save your personal time that is better spent elsewhere.” - Michael Gale**

Integrating AI solutions allows SMEs to **organize and automate laborious workflows efficiently**, and deliver highly-personal customer experiences at no extra cost.

Customer Story

Sarafan Technology, Russia

Empowering customer experience with AI and computer vision

*Read more*

Computer vision expert Sarafan Technology helps online users find products similar to the ones they saw on another website. Powered by data and machine learning solutions, it’s delivering its unique services to 60 million active users monthly.

The award-winning company uses a catalog of Microsoft Azure services to provide customers with fast, accurate services on a large scale.

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Empowered Frontline Workers

Increase frontline staff efficiency to deliver exceptional service



When we think of digital solutions, we tend to think of office settings. However, in a typical small or medium company, office workers are as little as 10% of the overall staff. The rest are frontline workers.

Empowering frontline employees is key to success for SMEs as they are the first to engage your clients. Modern digital technologies keep employees involved and motivated, and allow them to deliver a consistent brand experience.

50%

Of all frontline workers work in SMEs

64%

Firms empowering frontline staff see lower turnover

90%

Of the global workforce are frontline workers

Expert Insight

Michael Gale

Frontline workers hold the key to delivering an improved customer experience

For frontline workers to deliver a consistent brand experience at every customer touchpoint, SMEs should:
1) Empower them with insights and information.
2) Invest in the right digital tools to facilitate their work.
3) Adjust the company mindset to let them thrive.

Empowering firstline employees digitally saw improvements for 82% of organizations.



Michael Gale, Co-author of 'The Digital Helix', Managing Partner, Inc. Digital

5

Empowered Frontline Workers



Frontline workers are chief representatives of any brand, well-versed in managing customer expectations. Their positive attitude towards your business may translate into improved customer outcomes. That’s why it’s vital to provide these employees with a sense of authority and responsibility.

The right digital solutions bring frontline workers closer to your organization. Improving their engagement and motivation will expedite their work and turn them into powerful advocates of your business.

**“If you are really committed to the idea of effective digital transformation change, then there is a 91.25% chance you are also one of the leading high growth corporations in your sector.” - Michael Gale**

Frontline workers speak for your business. There’s a **profusion of digital tools and technologies** that can help you bring the best in them to serve your customers better.

Customer Story

PAVELKA-VTP, Czech Republic

Digitally transforming the way of working with its clients

*Read more*

PAVELKA-VTP is a Czech water engineering services leader. Until recently, the company lacked a centralized database and digital records. By now, it has digitally transformed its operations, empowering frontline workers to deliver reliable services at speed.

Thanks to a suite of Microsoft solutions, PAVELKA-VTP frontline staff have all information at their fingertips and provide services much faster.

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Cloud Solutions

Compete with global enterprises by offering quality services at scale



In the past, there was a distinct divide between large enterprises and small companies. SMEs had to struggle with significant barriers to entry. They had insufficient funds, couldn't scale quickly enough, and lagged behind with technology.

**As cloud solutions emerged, it became possible to resolve most of these concerns.** Cloud is a catalyst for small and medium enterprises to achieve scalability and keep pace with growth.

\$11.5b

The value of the cloud market in the SME sector

59%

Of CEOs believe agility is the new currency

85%

Of all cloud-based app investments are by SMEs

Business Owner Insight

Antonis Rouseliotakis

Social Handlers have no fear of large corporations thanks to cloud

Social Handlers has evolved from a garage startup to one of Greece's top social media content providers. Thanks to the modern cloud and IT solutions, the firm can serve a global range of customers and still grasp all the benefits of what they call a "lean and mean" SME.

"With the help of cloud and technology, we have closed the gap with the big guys."



Antonis Rouseliotakis  
Managing Director  
Social Handlers



6

Cloud Solutions

Cloud has given SMEs the ability to look and act much bigger than they really are. They can run their business everywhere, and serve any market, capitalizing on the advantages of cloud computing.

**“Because of the cloud applications that are now available on a pay-as-you-go or pay-as-you-grow basis, ideas like AI and automation are available to any company at any size.” - Michael Gale**

“Thanks to **cloud-based solutions**, SMEs can successfully compete with large businesses while retaining the efficiency and flexibility of a startup.”

Customer Story

Helio Gaming, Malta

Going from local to global in a single day

*Read more*

Helio Gaming is digital startup in the iGaming sector. Although new on the market, the company has already tapped into an international base of customers, and become an enterprise-class supplier. All of this has been possible thanks to the cloud solutions Helio leverages to attain reliability, availability, and security at scale.

**Harnessing the power of Microsoft Azure gave the company global availability and reliability from day one.**

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7

Cybersecurity

Use secure, compliant solutions to deliver robust services



Cyberattacks on business are surging, and the methods employed by hackers are becoming more sophisticated each day. Despite these alarming signals, many SMEs continue to ignore security, which leaves them vulnerable.

Investing in reliable, compliant security solutions should be a top priority for SMEs. Every modern business needs a cybersecurity strategy to protect their assets and safeguard customer data and privacy.

59%

CEOs see customer data protection critical

61%

SMEs suffered a cyber attack in 2017

\$80K

Average annual loss for SMEs due to cybercrime

Expert Insight

Srdjan Stosic

As technology stack is getting more complex, the associated risks are growing

The push for digital transformation requires an investment in robust security solutions to protect companies and their clients against cyber threats. Technology now makes it possible for SMEs to use enterprise tools and be as resilient as global corporations.

“The top question for CEOs is: are we ready for the cybersecurity attack?”



Srdjan Stosic Consulting Manager KPMG

7

Cybersecurity



Almost half of all cyber attacks conducted globally affect small businesses. It is easy to overlook security among other priorities at the early stages of company growth. Unfortunately, tackling security issues becomes much harder as a business grows bigger.

The shift towards digitalization has created a wave of opportunities for businesses. However, it has also led to considerable risks, cybercrime being one of them. For successful digital adoption, SMEs must ensure data safety, and that their customer information is adequately protected.

**“[SMEs] will have levels of protection never available before because of the ability to use the same layers of the cloud used by major corporations to protect them.” - Michael Gale**

As SMEs digitally transform, they must seek robust solutions that will **protect their data and respond to threats immediately.**

Customer Story

Khlynov Bank, Russia

Adopting digital workflows to work more securely and effectively

*Read more*

Security is of utmost concern for modern financial institutions such as Khlynov Bank. To streamline workflows and securely share confidential information among multiple stakeholders, the bank opted for a secure, compliant paperless solution.

The bank found Microsoft’s EMS solution to be the most intuitive and reliable way to get secure and immediate access to critical bank data.

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## Final Tips & Advice

Are you considering digital transformation in your SME but don't know where to start? Here are some final pieces of advice from CEE small and medium-sized business owners:



"Digitalization and access to technology makes every company equal on the market, so startups should take advantage of this to have the same possibilities as big corporations to create new products and solutions."

– Zuzanna Sielicka Kalczyńska, Whisbear



"These pillars should be present in each SME in every country: social media, digital marketing, cloud, and mobility."

– Antonis Rouseliotakis, Social Handlers



"Data analysis and data mining are the key for success. The same goes for mobility and flexibility."

– András Lányi, UFS Group



"Even though your company is still in the small or medium segment, always look for the best solution on the market regarding security, as any security issue could be dangerous for your company, especially in a developing stage."

– Julian Padurariu, Pony Car Sharing



"The biggest challenge for all the small and medium businesses to succeed in innovation and technology is to drive the mindset change. Because technology is already there, but people are not really ready to buy it."

– Olga Zinovyeva, Smartee and Elementaree

# Conclusion

Digital technologies are radically transforming customer expectations and the way business is conducted across various industries. Enterprises looking to accommodate the shift to digital-specific initiatives must evolve their strategies and models to keep up.

**Technologically-empowered businesses seize the benefits of digital transformation for themselves instead of watching them happen for others.** The first step is to identify key trends and tools allowing companies to improve their digital engagement. With the right range of digital solutions, medium-sized businesses can refine customer insights, scale their services, and empower teams to build a more efficient, versatile, and prosperous SMEs of the future.



**Discussing the Future of the Medium-Sized Business**



**7 Trends for the Future of the Medium-Sized Business**



Learn how Office 365 can support your digital transformation.