



Business Reimagined: Competing More Effectively

Digitalization enables midsize businesses to effectively challenge competitors of all sizes

Even before the pandemic, digitally-determined midsize companies were able to compete against larger businesses either by retaining market share or capturing more of it. Midsize organizations have since discovered that having the right tools to manage the business and scale operations effectively is a key business imperative in the “new normal.”

30%

of midsize businesses cite **improving competitive positioning as a top five business priority.**

25%

plan to **deploy business applications with artificial intelligence to surface insights**, enabling faster decision making and greater competitiveness.

2020 saw nearly a million more new U.S. businesses launched, the largest number since 2006, with similar activity happening around the world.

Sources: IDC Worldwide Small and Medium Business Survey, October 2020; U.S. Census Bureau, March 2021

Why It Matters

In challenging economic conditions, companies large and small often seek new opportunities to make up for lost business, such as reaching out to customers beyond their traditional market segments. While this might mean entering a new geography, it also includes moving up or down a market to find new prospects. At the same time, businesses must keep every customer possible to maintain mindshare and therefore market share.

Midsize companies have historically held their own against larger competitors because they provided more personalized customer service. Technology now allows larger businesses to achieve personalization at scale, making them more competitive. While many customers love the personalized experience provided by midsize companies, when disruptions occur, some customers value consistency of service over loyalty to a supplier. Midsize businesses must also compete with a new crop of small-business disruptors, many of which will look to differentiate by providing a superior product or service, potentially even in an as-a-Service model to build the business revenue more predictably.

Midsize organizations face other challenges as well, including forecasting demand and pivoting supply options to mitigate shortages. They also must contend with suppliers tempted to favor bigger competitors due to quantity requirements and penalties, while pricing in currency fluctuations and tax differences when alternative suppliers must be used. Unless midsize companies can quickly capitalize on supply opportunities and meet expectations, buyers will go elsewhere for their needs.

To summarize, midsize businesses are being challenged by larger and smaller competitors and need effective tools to grow.

Recommendations

To enhance competitiveness, particularly when facing off against large enterprises, midsize businesses need to harness the power of their data in three key areas: every part of the customer journey, product innovation, and operational excellence. This approach requires teams to have access to accurate, integrated, and shared data to make “in-the-moment” decisions such as what parts of the business to scale up, where to direct critical supplies, how to manage customer expectations, and how to provide support at scale. An interconnected system built to manage all these business elements together can provide the information needed to make agile decisions that drive the best outcomes for customers and the business.

Bigger competitors are just part of the threat. The influx of new and nimble small disruptors that are emerging now in this “next normal” will be competing for market share sooner than what would have been true historically. Many of these new businesses will be digital natives that take a planned and purposeful approach to technology. They will be built with modern business models, processes, and supporting systems, without the burden of needing to rethink and reimplement operational practices. Midsize businesses today may have an advantage when it comes to customer experience, but they need to up their game by using the power of their technology investments and their data to keep existing customers satisfied, maximize the value of those relationships, and attract new customers in order to grow.



62%

of midsize organizations during the pandemic wanted to “**steadily grow the business organically,**” which means competing in new markets to grow.

Message from the Sponsor

Listen to a follow-up conversation on this topic with IDC Analyst, Shari Lava, and SAP Global Innovation Evangelist, Timo Elliott.

[Watch the video](#)

SAP has a track record of helping more than 250,000 midsize companies adapt, accelerate, and innovate. To see how you can benefit, please contact your SAP partner.

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