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SME Business Barometer 2021 Wallonia

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Introduction and Methodology

Introduction

The SME Barometer survey is a recurring study on the business challenges and digital solutions in small and medium-sized enterprises (SMEs).

The research for this sixth edition was conducted in the first quarter of 2021. In total, we had input from 1030 respondents from the Netherlands and Belgium, who answered by online form or email. All respondents work at SME's, with a company size between 5 and 250 FTE.

The SME Barometer survey was conducted by [independent ICT research firm Pb7](#), commissioned by Exact.

This is the report with the research results about the Walloon market. Click [here](#) for more information about the SME Barometer - such as reports about Flanders, Belgium, the Netherlands and the total survey.

Methodology

Web based panel survey

- N=1030
- Accountancies have been questioned using an email-based web survey
- Stratified sample and weighting; the results are weighted by sector and country in order to achieve representative results
- The sectors are in line with Exact's definitions

	Netherlands	Belgium (totaal)	Belgium (French)	Belgium (Dutch)	Total
Accountancy	80	80	25	55	160
Production	80	80	18	62	160
Trade	80	80	37	43	160
Construction	79	51	11	40	140
Professional services	81	80	34	46	161
Other	132	127	54	73	260
Total	532	498	179	319	1030

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Summary

Summary

- Most SMEs look ahead positively, beyond Corona
 - Despite the difficult financial circumstances, many companies are preparing to recruit new employees and are committed to improving products and services and boost online sales
 - A major challenge is the sharp increase in the number of invoices that are expected to remain unpaid
- SMEs are decreasingly fearing emerging digital competitors and increasingly the digitization of their competitors.
 - Inflexible IT is the main obstacle to change
- Data-based decision management is very important for most companies, but the information systems are often fragmented
 - Excel still plays a crucial role in the collection and integration of data

Summary

- The use of cloud solutions has increased rapidly in recent years, doubled compared to the last Barometer
 - Companies are increasingly consciously selecting the newest software solutions and are more likely to see the value of this.
- The satisfaction towards accountants is quite high, but is gradually decreasing
 - Accountants should invest in understanding the customer's market sector and in responsiveness
 - They often lack adequate software to collaborate online
 - Accountants themselves mainly try to distinguish themselves by personal attention and superior service

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Business challenges and digital solutions

Findings - Business challenges and digital solutions (1)

Corona year 2020

- Corona year 2020 led to revenue contractions for 40% of French-speaking Belgian SMEs.
 - On the other hand, 14% managed to achieve growth.
 - In 2020, only 13% of companies managed to achieve profit. Fortunately, the number of companies in the red was limited to 30%.
- Finding new customers is less prominent at the top of key business challenges.
 - But companies are also looking ahead in a positive way. improving products/services and customer satisfaction score high, and also recruitment.

Findings - Business challenges and digital solutions (2)

- Corona accelerates digitisation, also for SMEs.
 - Most of all, Corona drives SMEs to invest in working-from-home facilities. But also improving the online experience and the transition to the cloud are mentioned frequently.
 - On the contrary, the number of companies delaying investment in digitisation remains limited.

Growth

- On average, a company needs 5,4 new customers to replace a departing customer.
 - Building a new relationship takes a long time. Investing in customer retention becomes extra important.
- SMEs want to grow primarily with the help of new hires and temporary staff.
 - More direct sales is mentioned just as often as channel development.

Findings - Business challenges and digital solutions (3)

Digitization

- Emerging digital competition leads only limited to action.
 - If companies respond, they emphasize creating efficiency in the back-office or moving from products to services.
- Still, most SMEs are certainly aware of the impact of digitisation. They have placed it high on the agenda and are open to innovative applications.
 - They feel mainly limited by an IT environment that is not sufficiently flexible.
 - The digital threat comes just as much, perhaps even stronger, from well-known competitors who are digitizing as opposed to from digital newcomers.
- Finding the budget and developing a strategy are the biggest challenges for making digitization a success.
 - Concerns about IT security, changing processes and getting customers involved are also seen as major obstacles.

Findings - Business challenges and digital solutions (4)

Data-led business

- Data does not always play a major role in SMEs.
 - Surprisingly, many French-speaking SME's say data is always leading (26%), 42% say data is sometimes leading, sometimes supportive. In the end, only one in 7 companies says data only plays a limited role.
- One in four companies quickly have a simple and complete overview of the overall performance
 - At the largest group of companies, there are some automated reports, but they do not cover everything.
 - There is also a large group that collects data primarily in a spreadsheet.
 - Benchmark data is more of a nice-to-have for most companies.

Findings - Business challenges and digital solutions (5)

Enterprise applications and the cloud

- The time when SMEs mainly bought new business applications to replace outdated software is slowly passing. There is a shift from "substitution" to wanting the "latest of the latest".
 - This year's emphasis is understandably less on "new solutions to facilitate growth".
- The use of cloud solutions for business software has risen sharply in recent years: it has roughly doubled from the last Barometer.
 - Accounting and order processing are the most widely used cloud solutions

Findings - Business challenges and digital solutions (6)

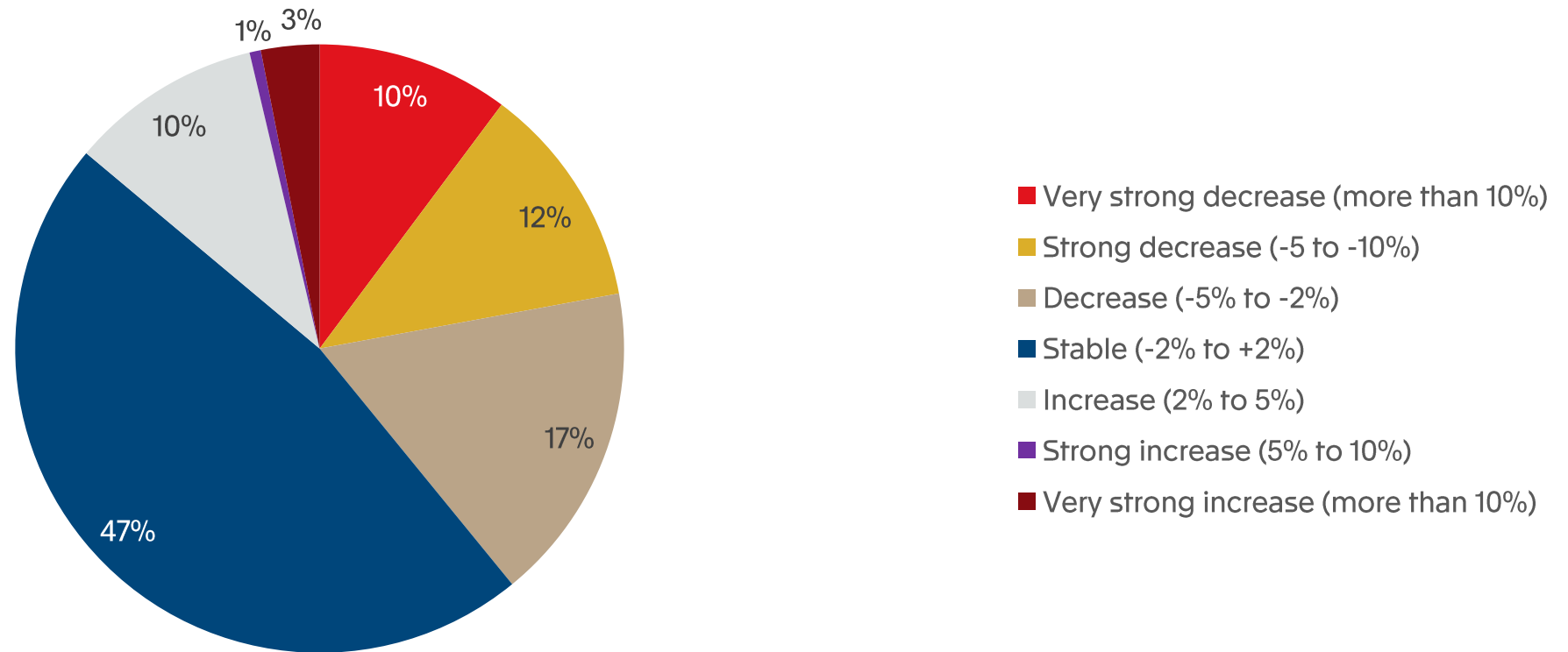
- SMEs mainly opt for cloud solutions for continuity, limited investments, and security.
 - The first, of course, has everything to do with Corona.
 - SMEs prefer on-site solutions due to security and privacy concerns.
- By using cloud solutions, SMEs experience find that they have better security and increased productivity.

HR software

- HR data is managed very differently by various companies.
 - Some SMEs often an external accountant or administration office, others use special software.

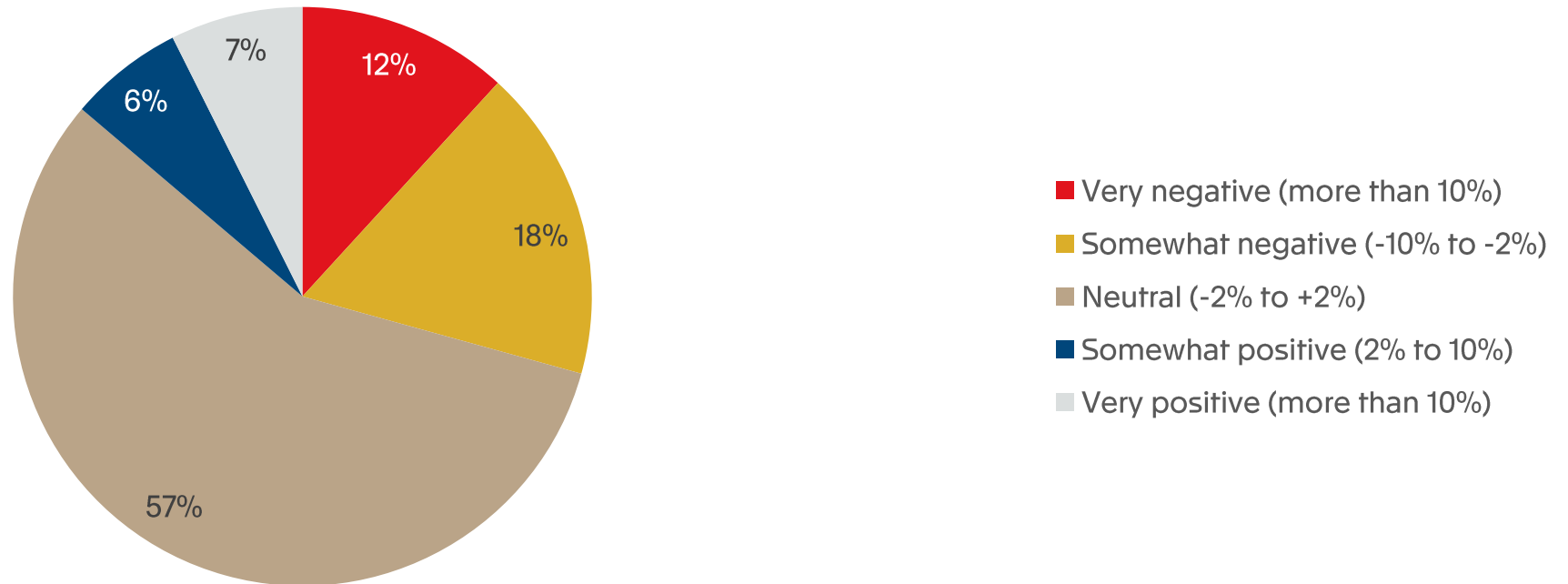
Corona year 2020 led to revenue contractions for 39% of French-speaking Belgian SMEs

Has your turnover increased or decreased in 2020?



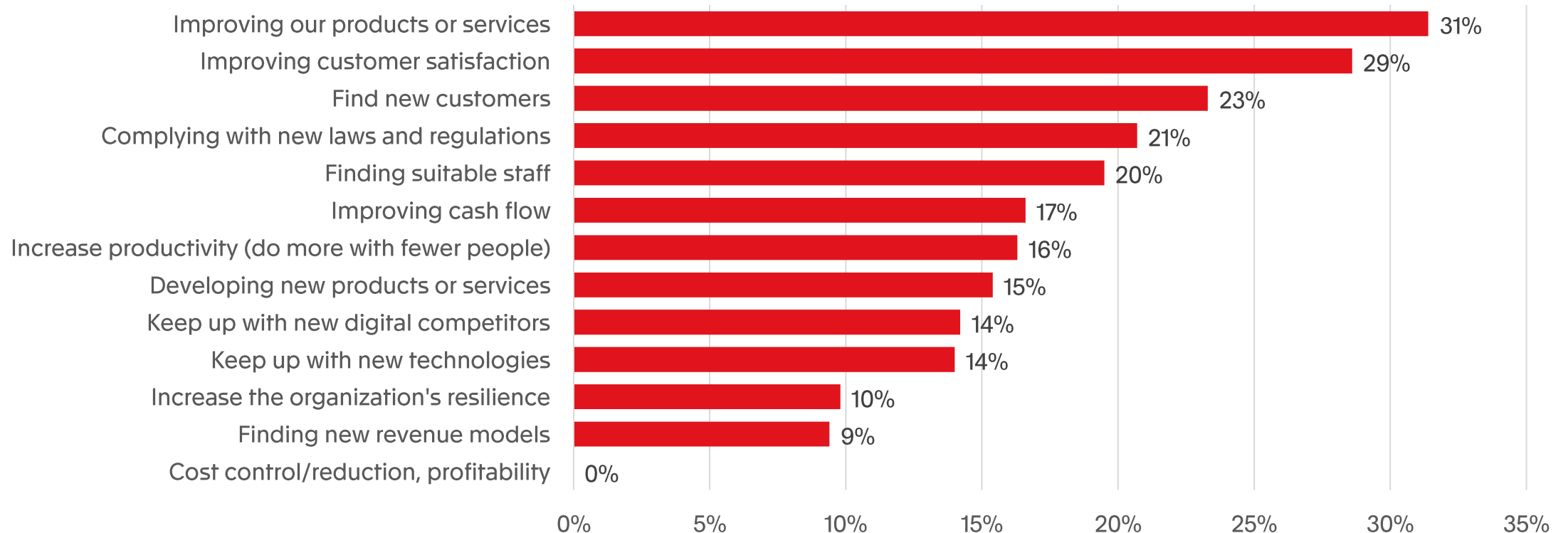
Corona year 2020: only 13% made a profit

To what extent was your company's net profit margin positive or negative in 2020?



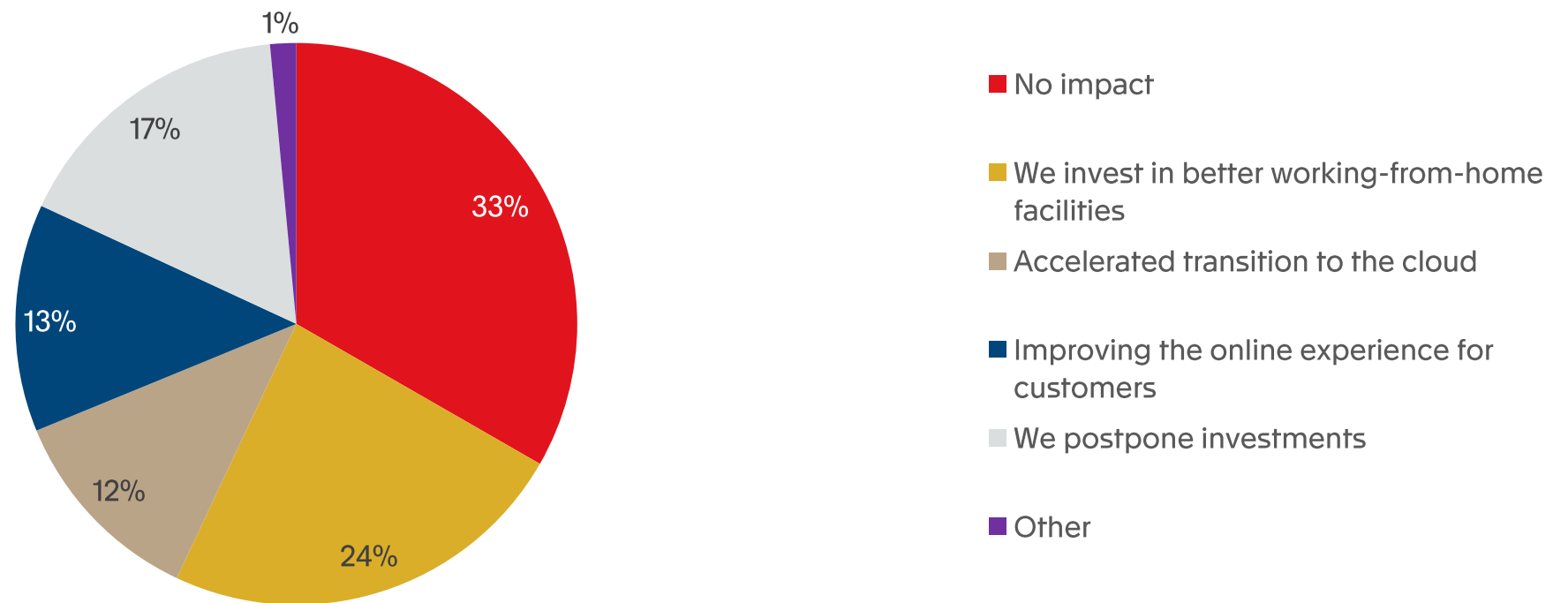
Finding new customers is less prominent at the top of business challenges: improving products/services and customer satisfaction score high.

What are the three most important business challenges for your organization?



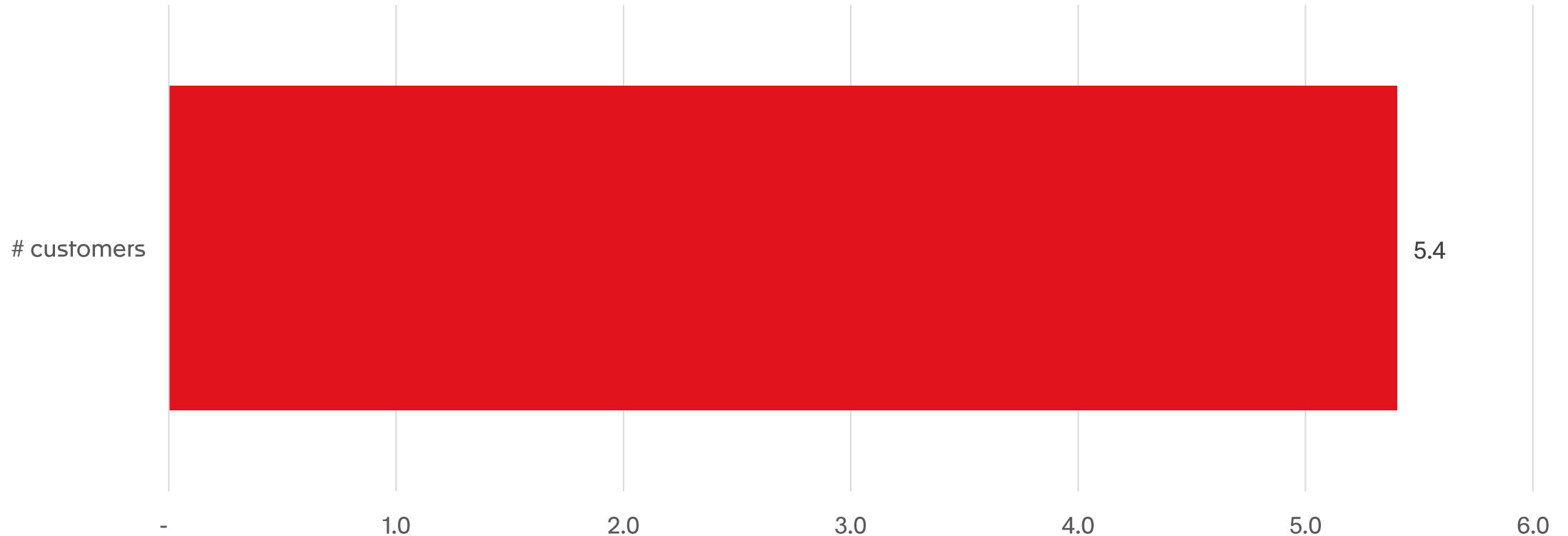
Corona accelerates digitisation, also for SMEs

What are the consequences of the Corona epidemic for how your company deals with digitization?



**Building a new relationship takes a very long time,
making customer retention a high priority.**

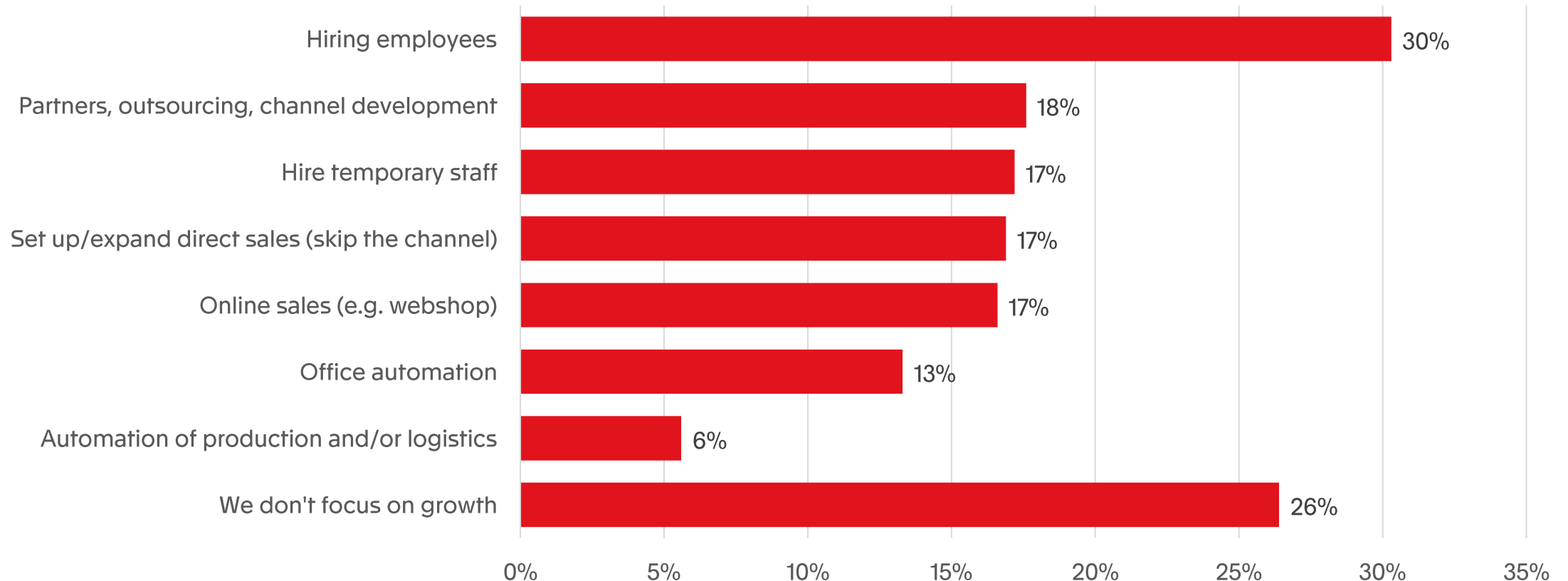
How many new customers does your business need on average to
compensate for the loss of one customer?



SMEs want to grow primarily with the help of new hires and temporary staff

More direct sales is mentioned just as often as channel development

What resources do you plan to use to grow?



Emerging digital competition leads only limited to action. If companies respond, they emphasize creating efficiency or moving from products to services

How does your company respond to new emerging "digital" competitors?



Statements regarding the impact of digitisation

Technological change will have a strong impact on the competitive landscape in our market over the next three years



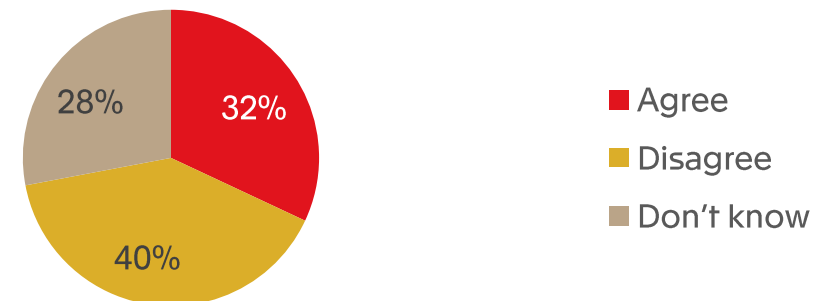
Digitization of our company is a high priority



I am actively exploring new revenue models

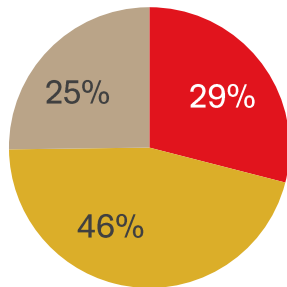


I am actively looking for new partnerships to develop my business



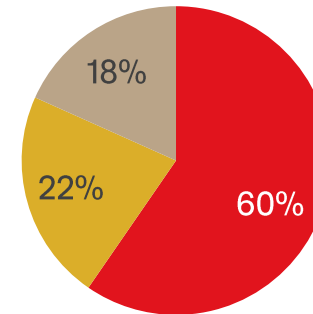
Statements regarding the impact of digitisation

We would like to digitize, but we do not yet know how



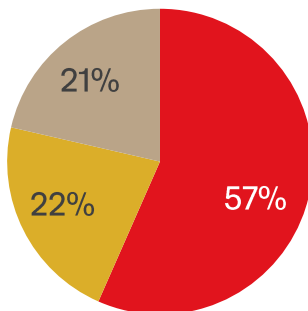
■ Agree
■ Disagree
■ Don't know

Our IT environment needs to become more flexible so we can implement changes faster



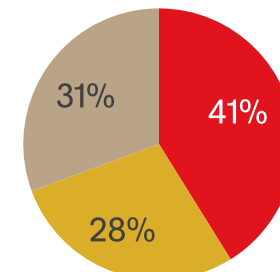
■ Agree
■ Disagree
■ Don't know

If I find a digital solution to my biggest business challenges, I won't hesitate to start using it



■ Agree
■ Disagree
■ Don't know

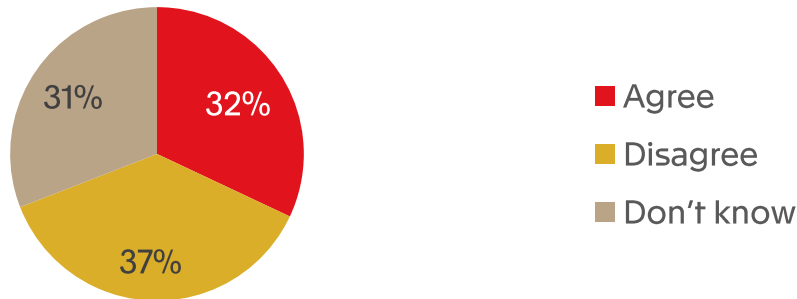
Digitale concurrenten vormen een grotere bedreiging voor ons bedrijf dan traditionele "analoge" concurrenten



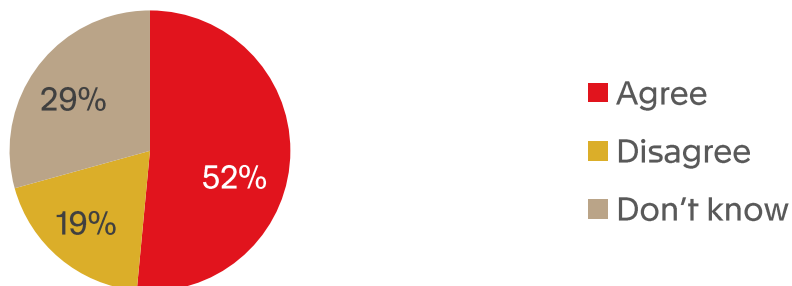
■ Agree
■ Disagree
■ Don't know

Statements regarding the impact of digitisation

We mainly use resources to compete with traditional competitors (as opposed to digital competitors)



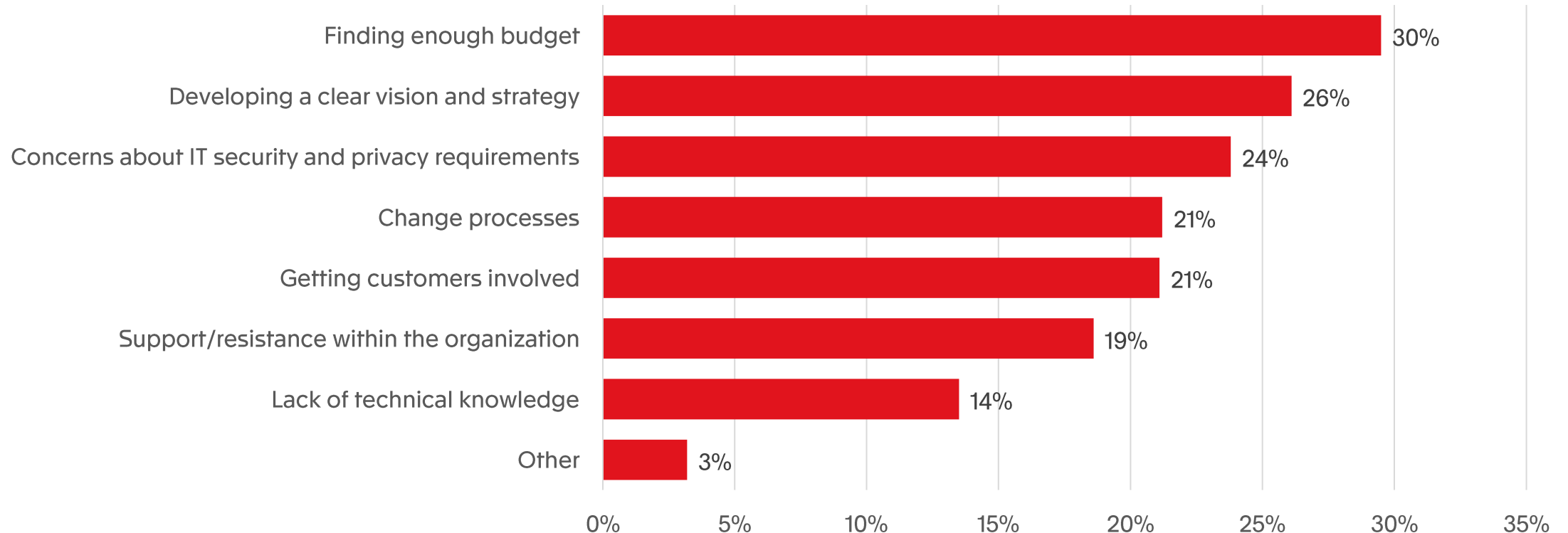
I believe data analytics lead to better business decisions



- Most SMEs are certainly aware of the impact of digitization, have it high on the agenda and are open to new applications.
- They feel mainly limited by an IT environment that is not sufficiently flexible.
- The digital threat comes just as well, perhaps stronger, from well-known competitors who are digitizing, compared to from digital newcomers.

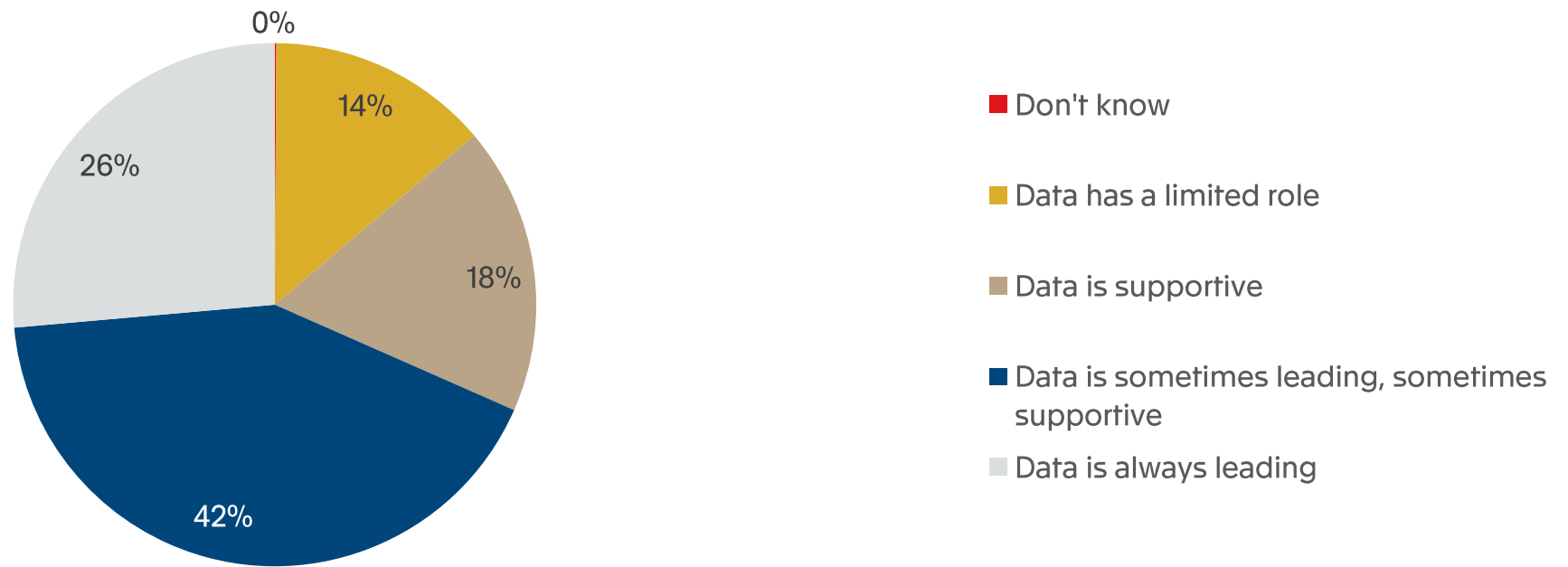
Finding the budget and developing a strategy are the biggest challenges for making digitization a success

What are the main challenges for you to make the digitization of your company successful?



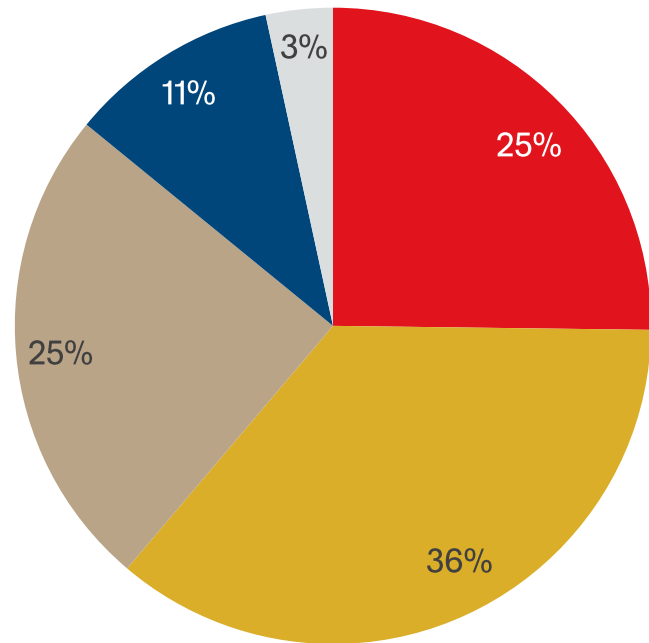
Data plays an important role

How important is the use of data (customer data, financial data) when making daily decisions (responding to a customer, planning, etc.) within your organization?



One in four quickly have a simple and complete overview of performance

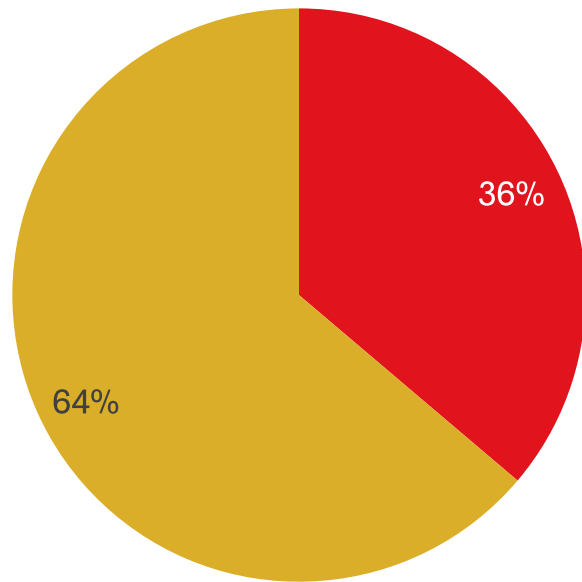
How easy is it to get an overview of your organization's overall performance (financial, operational, HR, commercial, etc.)?



- At any time I can get a complete real-time overview at the touch of a button
- We have some automated reports, but they don't cover everything
- We need to collect data from different systems and put it in a spreadsheet
- We need to ask IT or a database administrator to run a database query
- Other

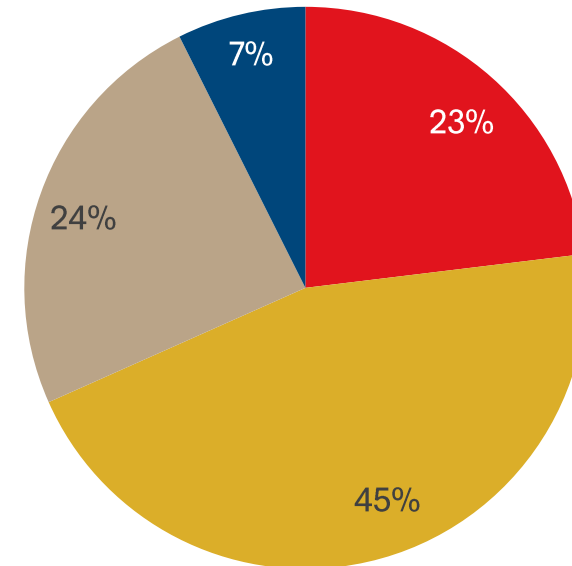
Benchmark data is typically a "nice-to-have"

Do you have data sources that allow you to compare your performance (data) in detail with that of your industry peers?



■ Yes ■ No

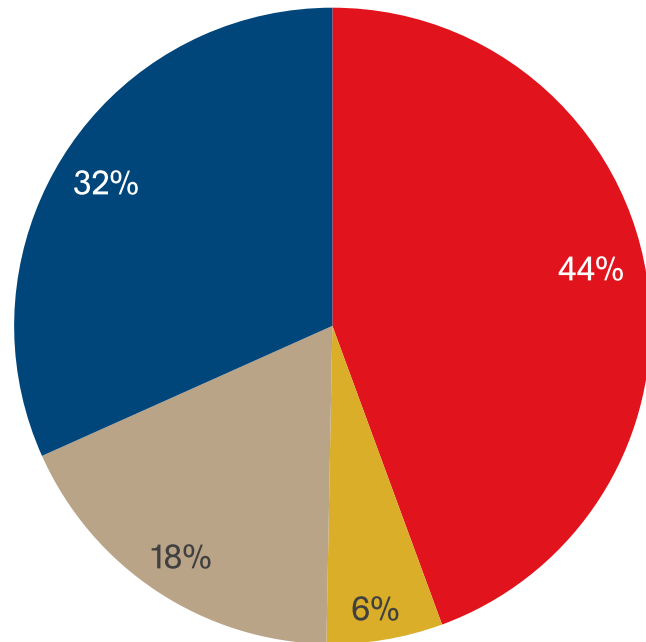
How valuable do you find it, or would you find it, to be able to compare your own performance with that of your industry peers?



■ No value whatsoever ■ Limited valuable
■ Valuable ■ Very valuable

Why buy business software: shift from "substitution" to "latest of the latest" continues, but there's also less emphasis on growth

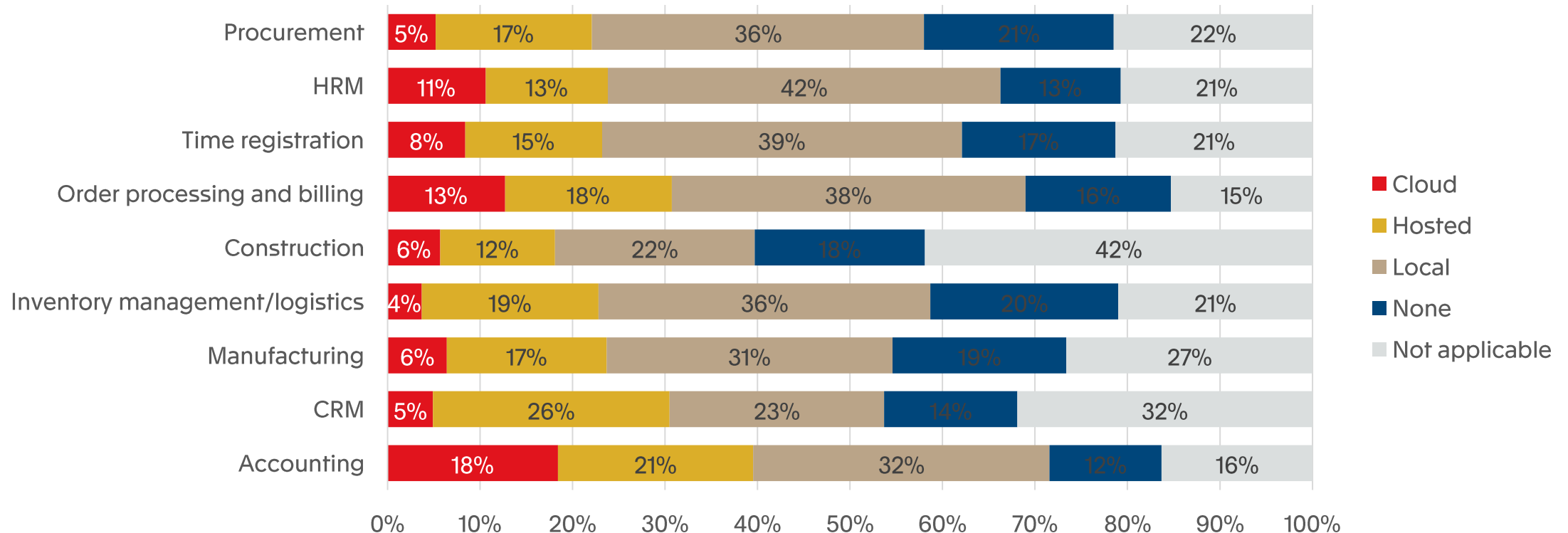
Which of the following statements best describes your company's attitude to business software?



- We always want the latest technology
- We are actively looking for new solutions that help us grow
- We are actively looking for new solutions that help us optimize our processes
- We look for new solutions when to replace outdated versions

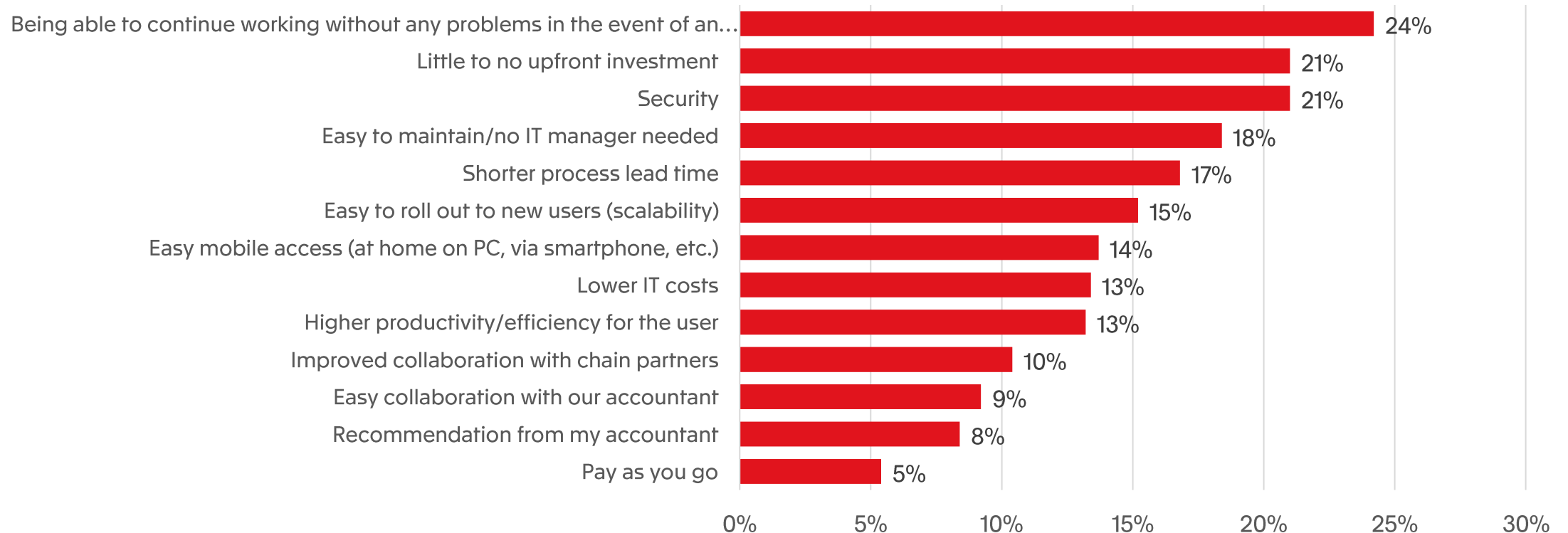
Cloud solution usage roughly doubles from latest Barometer

Does your company use a specific software package for one of the following processes? If so, how?



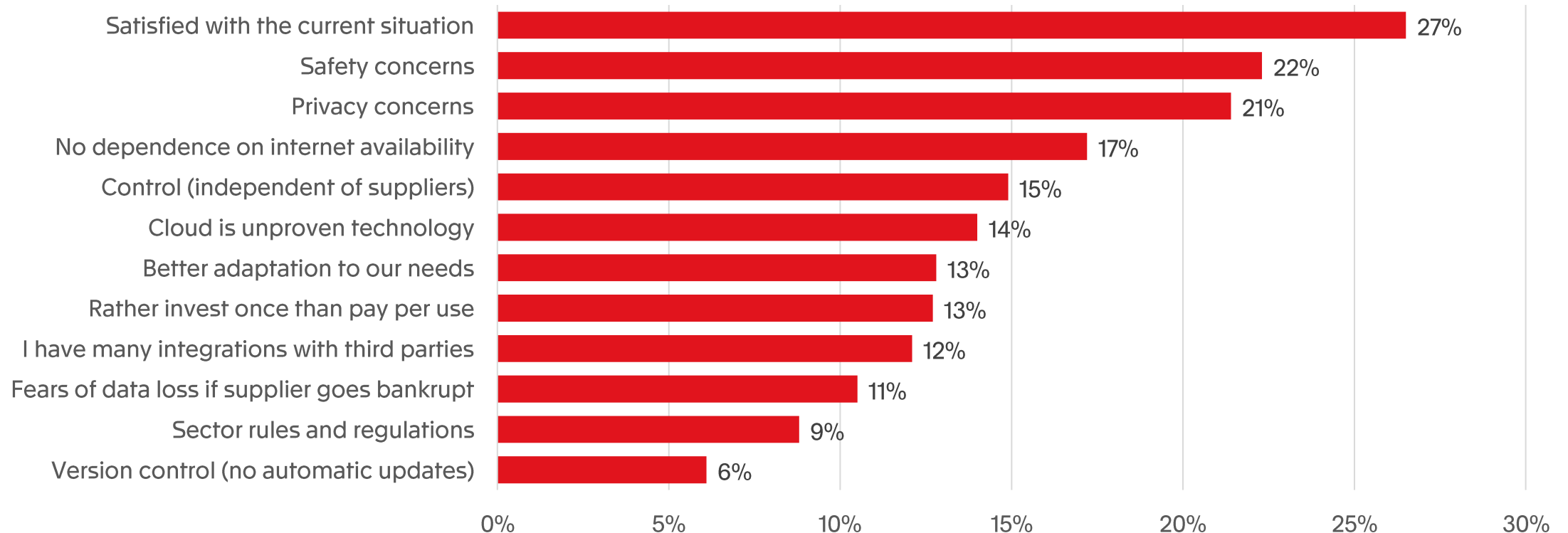
SMEs opt for cloud solutions for continuity, limited investments, and security

What are, or would be, important reasons to opt for cloud solutions for the processes just mentioned?



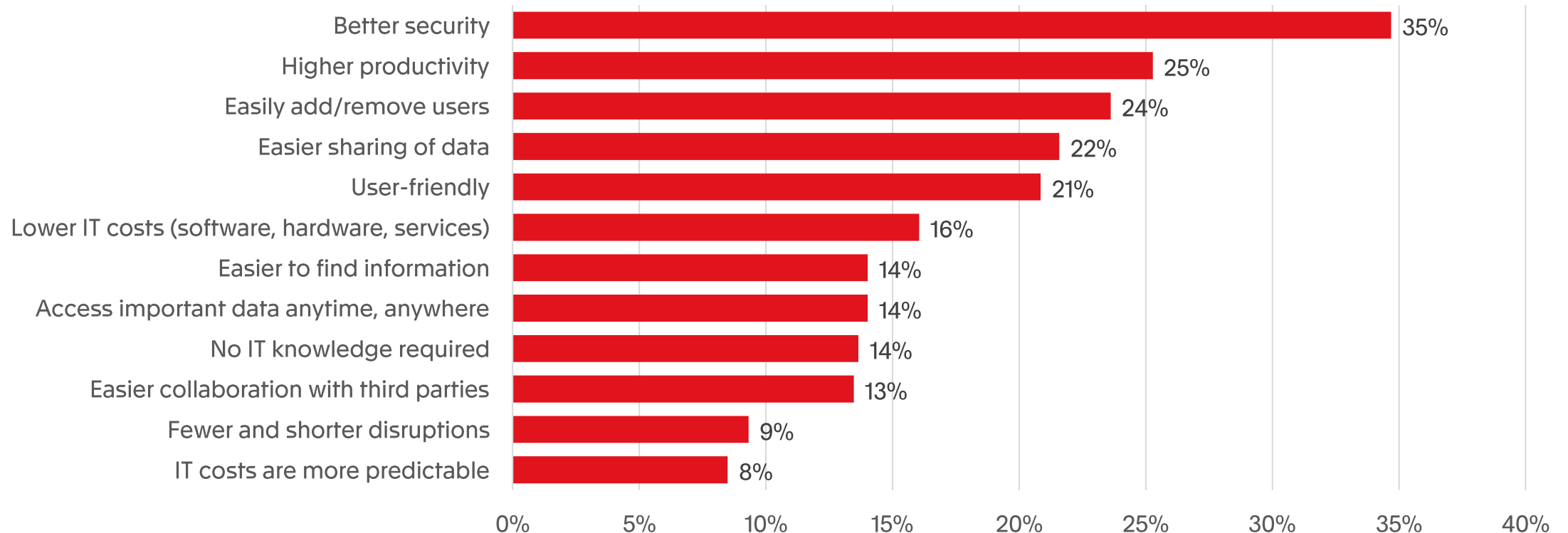
SMEs opt for on-site solutions mainly due to security and privacy concerns

What are, or would be, important reasons to opt for on-site solutions for the processes just mentioned?



Cloud mainly leads to better security and more productivity

What of the following benefits have you actually experienced thanks to the use of online or hosted software solutions?



HR data is managed very differently by various companies.

How do you currently manage your HR data (your HR administration)?

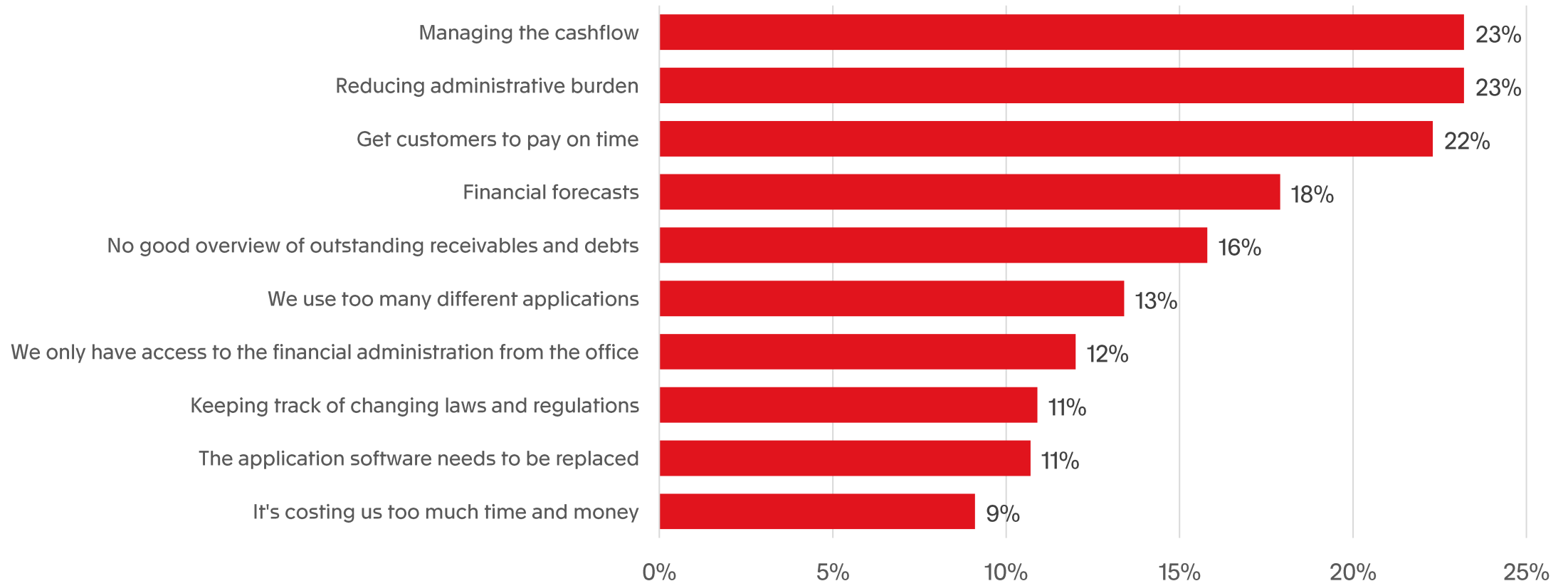


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Financial administration

Managing the cashflow, reducing administrative pressure and getting customers to pay in time (continue to be) the key challenges

What do you see as the biggest challenges in financial administration?



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Financial
administration
Companies with
5-50 employees

Findings - Financial administration (1)

Financial administration challenges.

- Managing the cashflow, reducing administrative pressure and getting customers to pay in time (continue to be) the key challenges.

5-50 employees

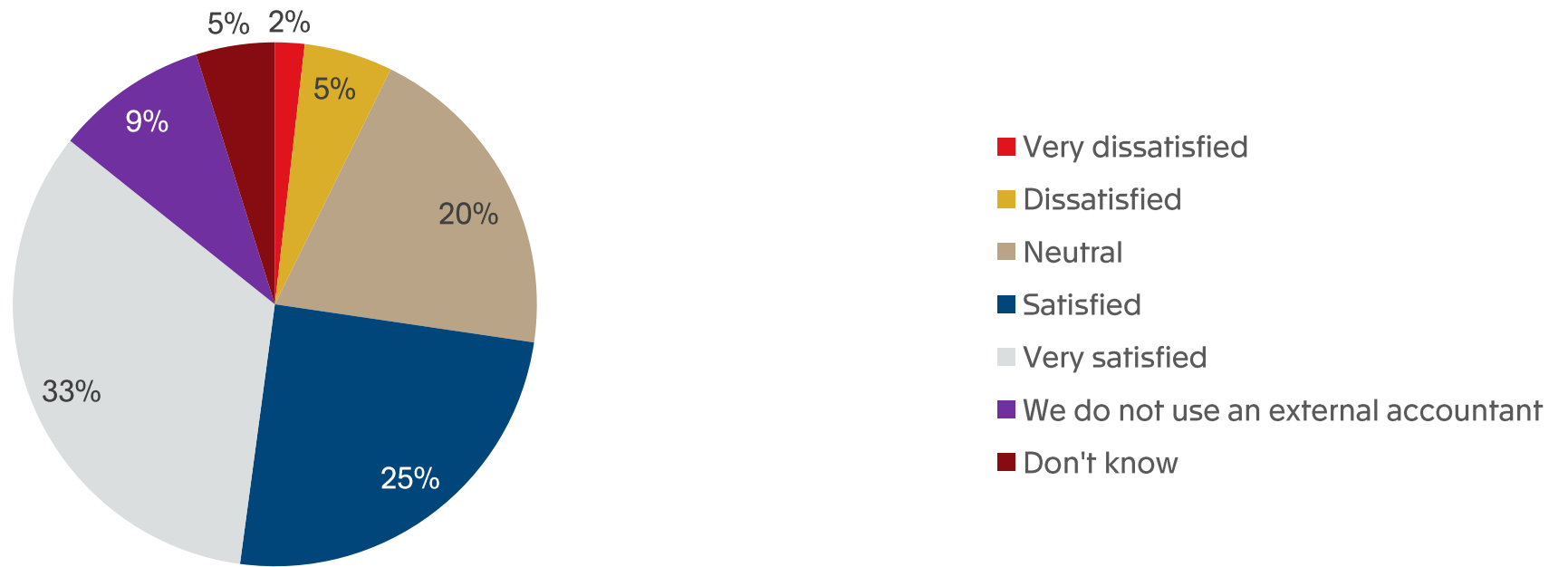
- Satisfaction with the external accountant is high, but lower than before.
 - Many SMEs now collaborate online with their accountant, and they think that is also very important.
 - SMEs in many cases lack the right software to collaborate online.
 - Accountants need to invest in data analysis skills and insight in their customers' markets.
- Support for robotic accounting has increased slightly in Belgium.
 - Cold feet remain clearly present in the market. Few companies are willing to take people out of the equation.

Findings - Financial administration (2)

- On average, an SME spends 7.9 hours on the financial administration per month.
 - In addition, he spends 5.0 hours collecting payments
- During Corona, the number of invoices that are unlikely to ever be paid increases very sharply.
 - Before Corona, the average was around 2%, now it is 10%.
 - Remarkably, there is significantly less real-time insight into outstanding invoices (real-time insight at 55%). This could be explained by the sharp increase in bad debt, which makes it more difficult for "the head" and "the spreadsheet" to keep track.
 - SMEs are therefore more likely than before to implement actions to manage debtors, in particular more automated reminders.
- SMEs mainly want better forecasts for the cashflow.
 - Forecasts with better insight into prices and costs are also often desired.

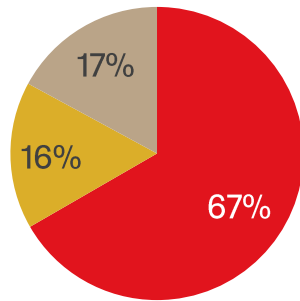
SMEs are reasonably satisfied with their accountancy firm. But satisfaction levels have declined.

How satisfied are you with the current collaboration with your accountant or accountancy firm?



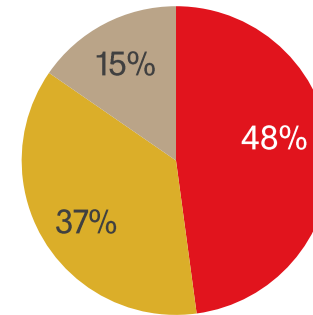
Statements relating to financial administration

I keep receipts and invoices in a folder/box and take them to my accountant



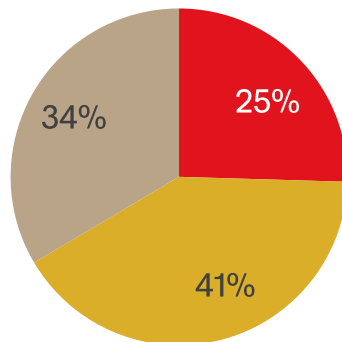
■ Agree
■ Disagree
■ Don't know

I enter my data online so that my accountant has direct access to my data



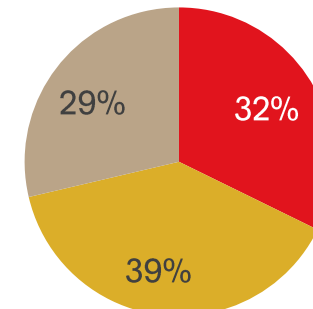
■ Agree
■ Disagree
■ Don't know

My accountant's hours are not transparent



■ Agree
■ Disagree
■ Don't know

I only have a good overview of the financial status if I am in contact with my accountant



■ Agree
■ Disagree
■ Don't know

Statements relating to financial administration

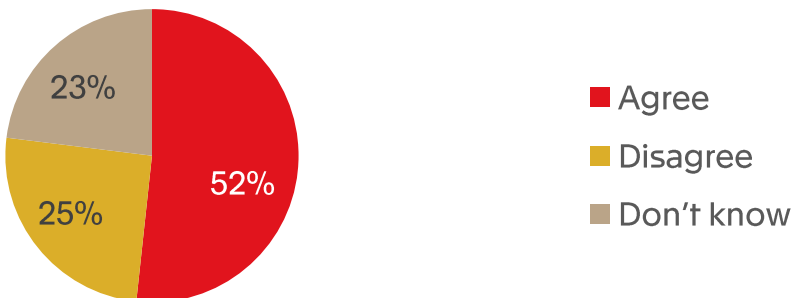
My accountant is not up to date with my latest financial status



We do not have suitable software to collaborate (other than email)



I have a real-time and accurate overview of payments due and arrears



It's hard to accurately predict our cash flow



Statements relating to financial administration

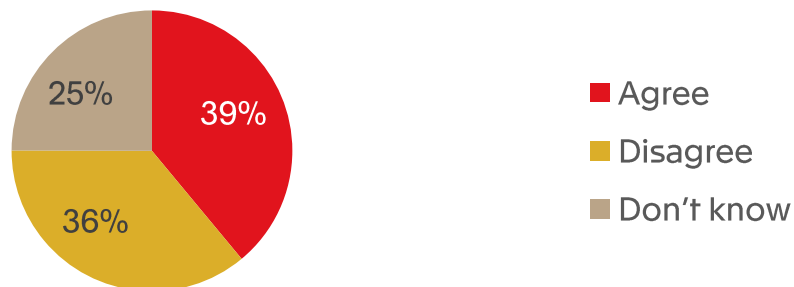
I expect my accountant to coach and advise me on running my business



Online collaboration with my accountant is very important



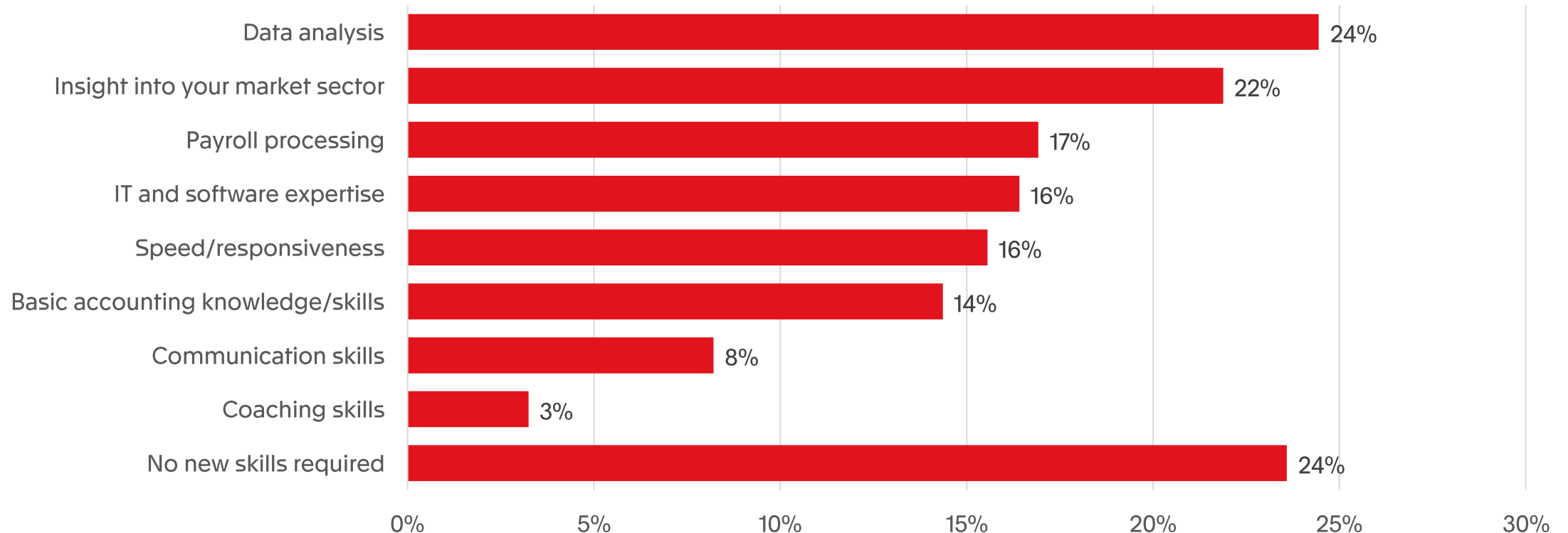
Online collaboration with my accountant doesn't seem necessary to me



- SMEs are increasingly working online with their accountant and think this is important.
- SMEs expect their accountant to help with coaching and business advice.

Accountants need to invest mainly in data analysis skills and insight in their customers' markets.

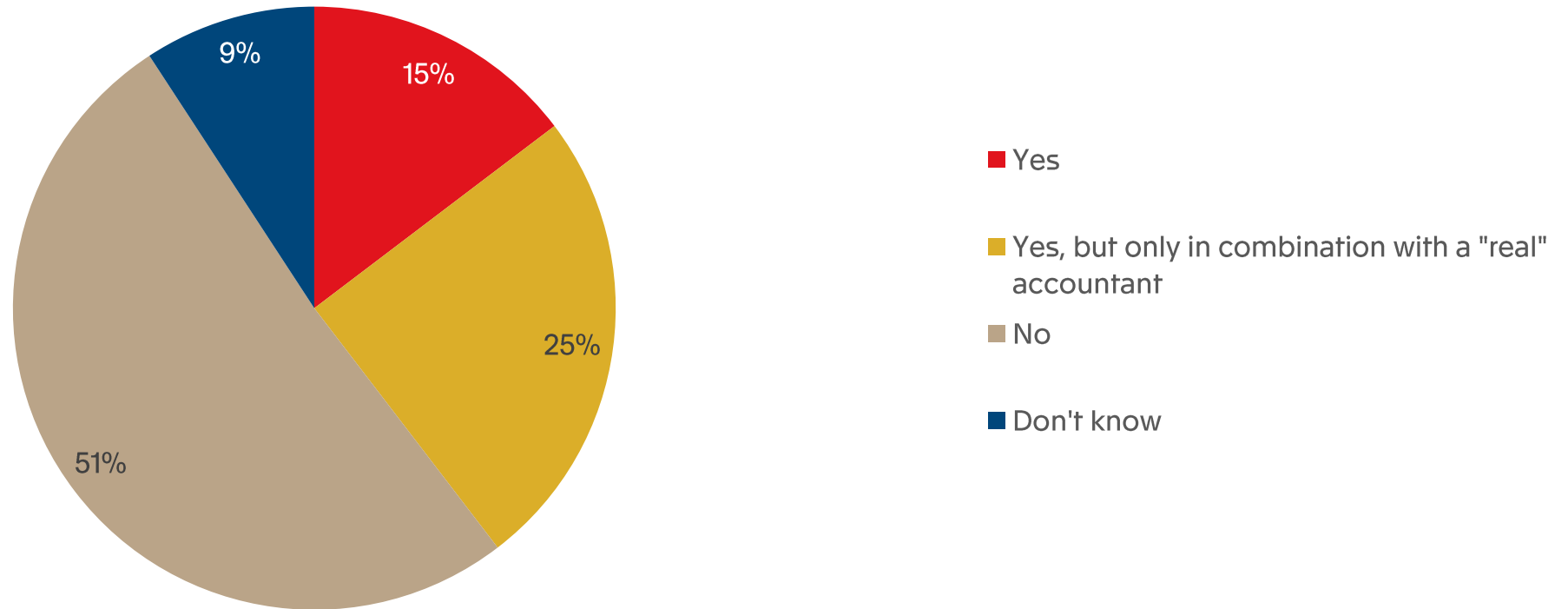
In which of the following skills should your accountant invest to better serve you?



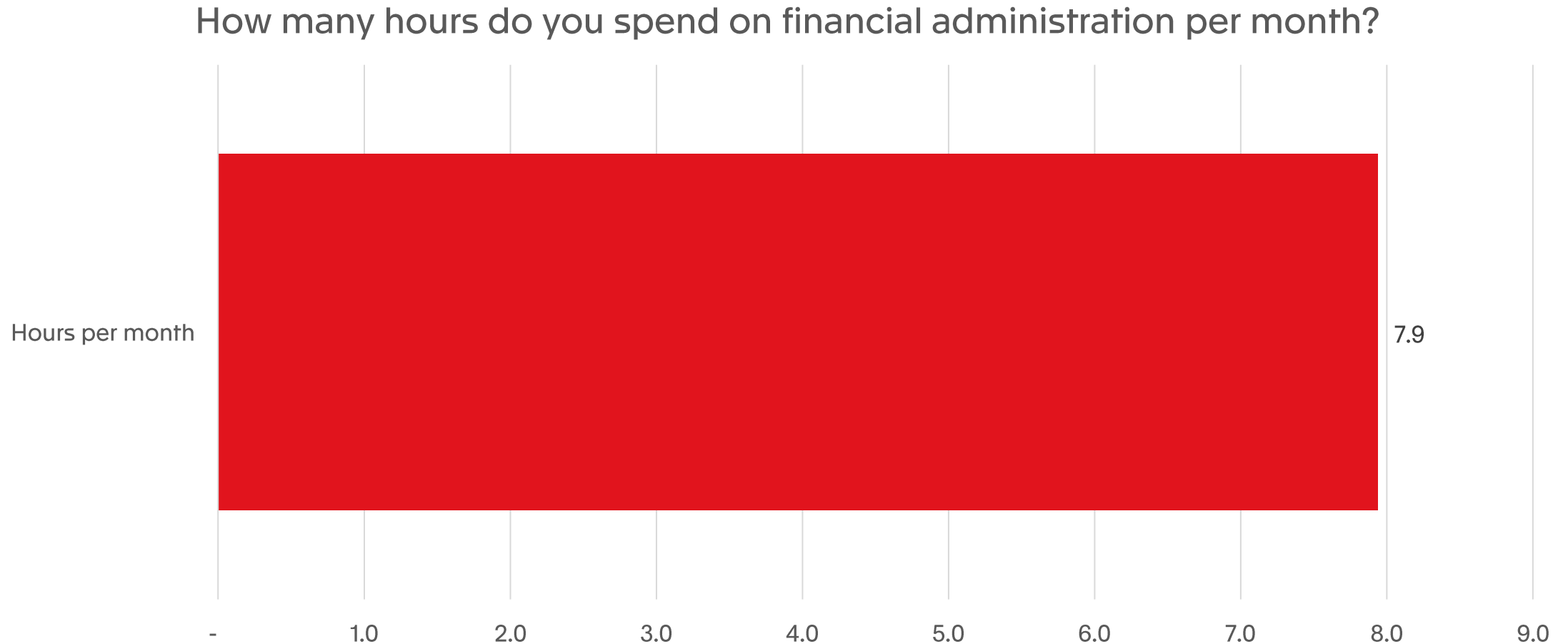
Support for robotic accounting has increased slightly in Belgium*.

Cold feet remain clearly present in the market

Would you trust an automated solution ("robot") with your accounting?



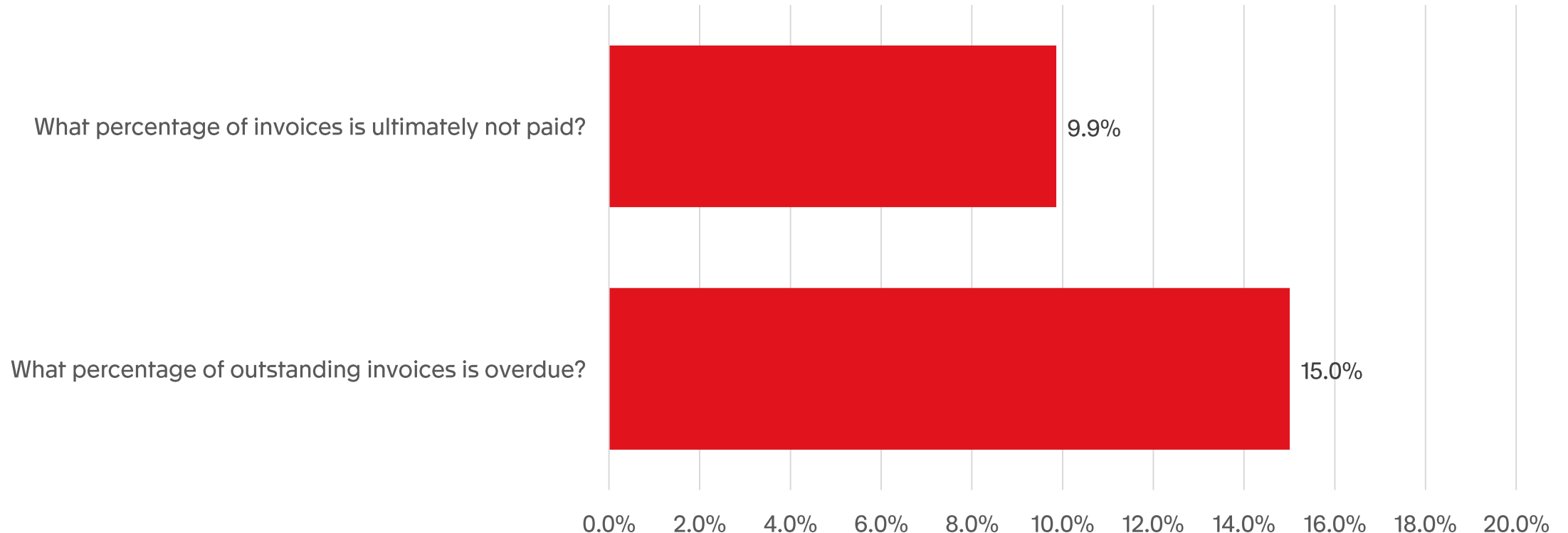
On average, an SME spends 7.9 hours on the financial administration per month



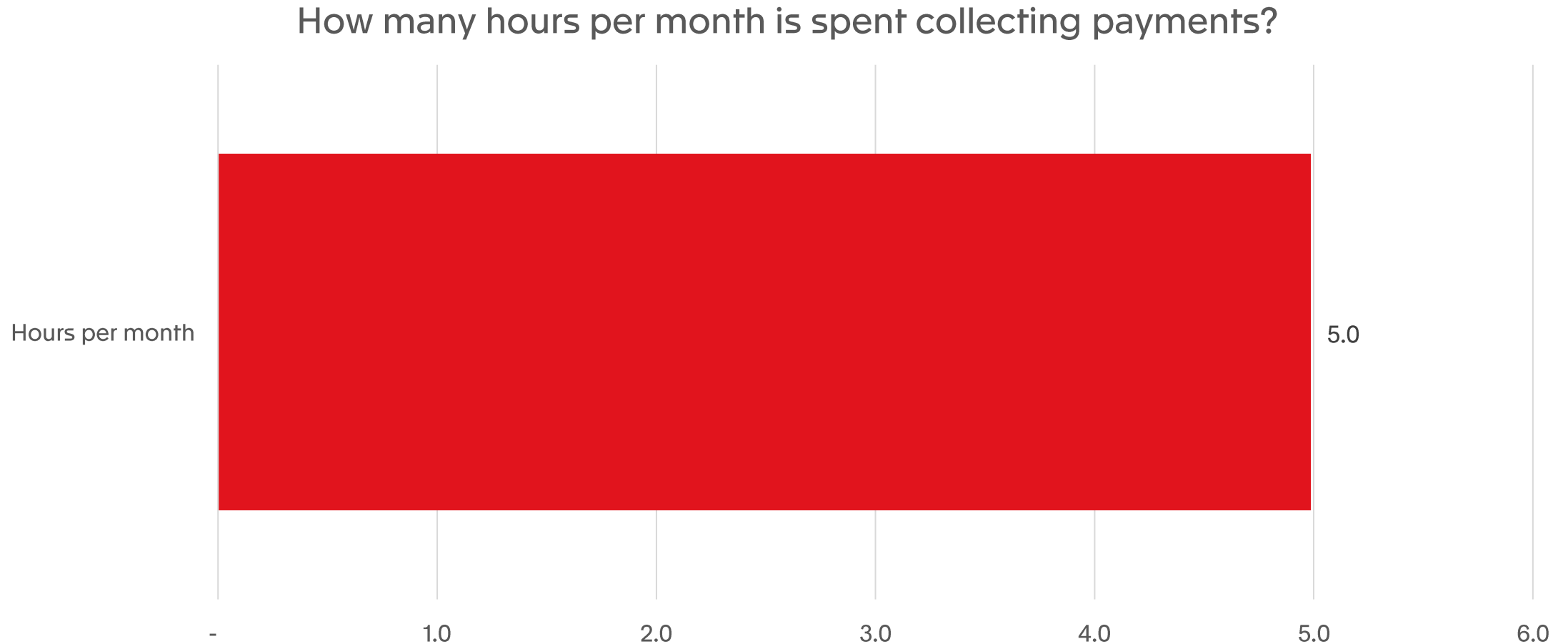
During Corona, the number of invoices that are unlikely to ever be paid increases sharply.

In 2018, the average was about 2%

What percentage of outstanding invoices is overdue?
What percentage of invoices is ultimately not paid?



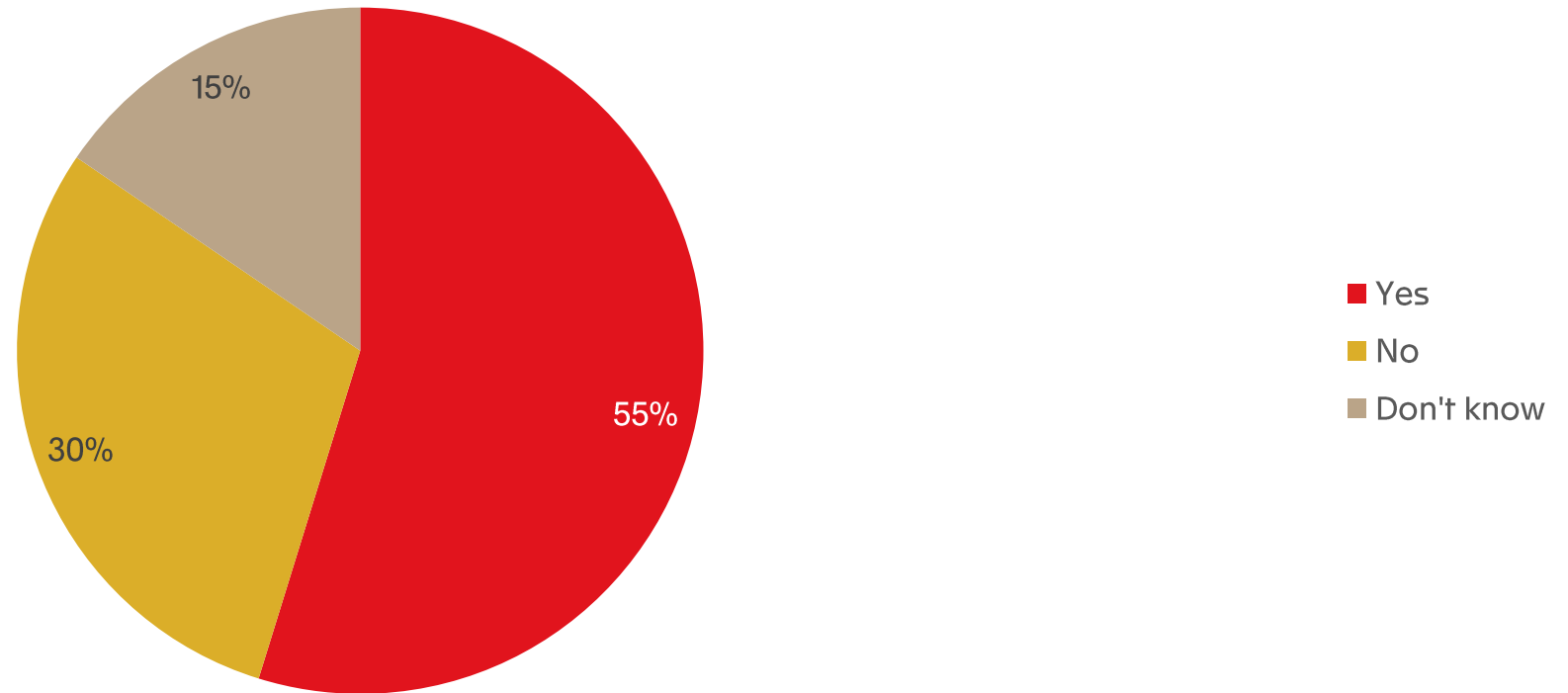
On average, AN SME spends 5.0 hours a month collecting payments



Remarkably, there is significantly less real-time insight into outstanding invoices*

This could be explained by the sharp increase in bad debt

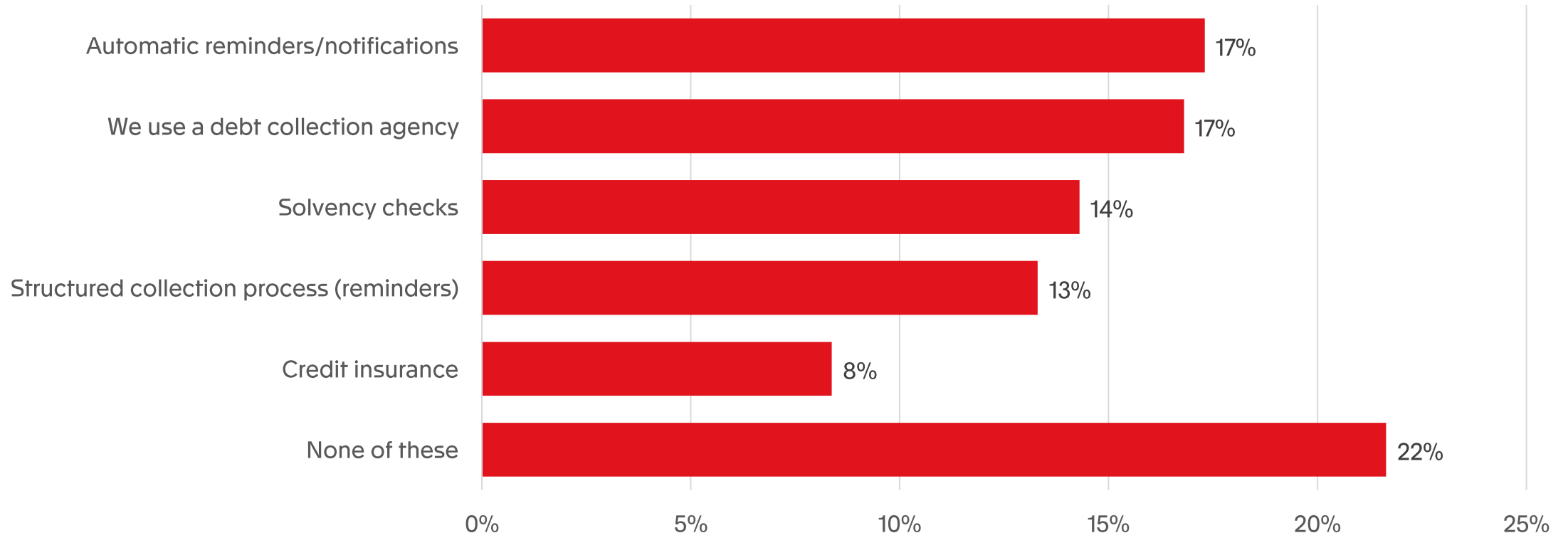
Do you have a real-time overview of outstanding/late payments?



SMEs are more likely to implement actions to manage debtors, in particular more automatic reminders

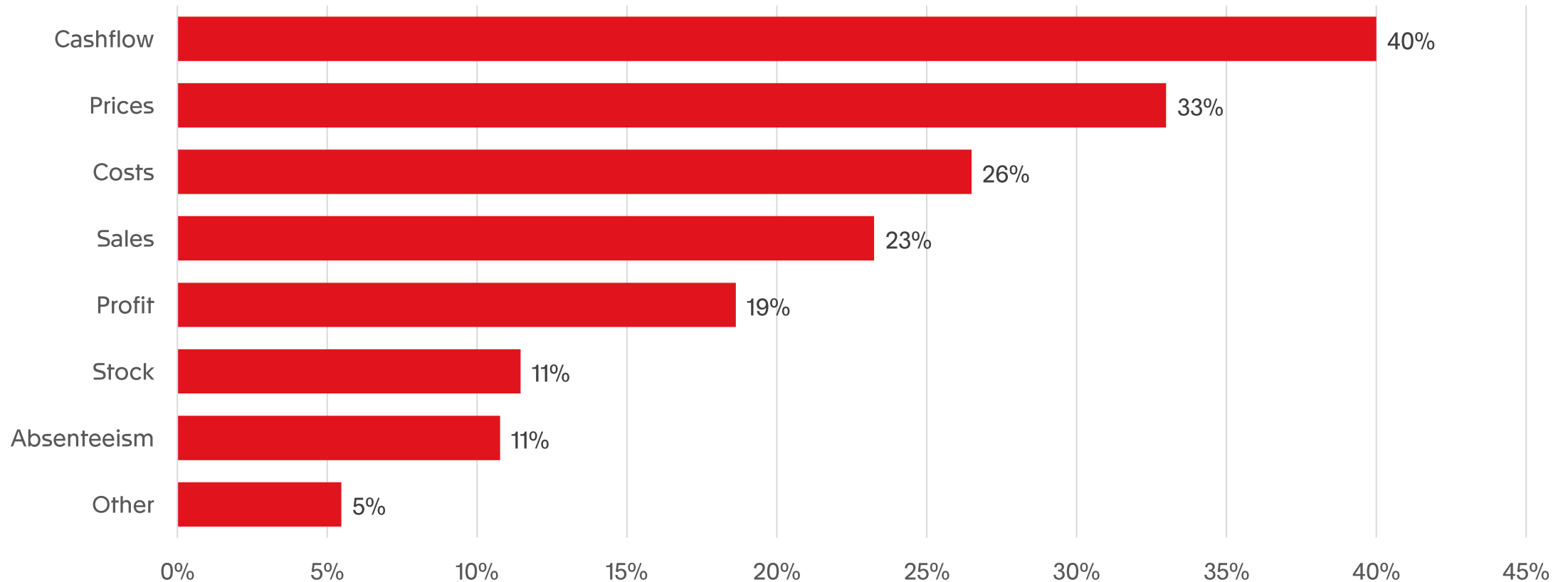
What is particularly striking is that far fewer companies do nothing at all

Which of the following situations have you implemented to manage your debtors?



SMEs mainly want better forecasts for the cashflow

Which of the following would you like to have better forecasts for?



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Boekhouding Bedrijven met 50-250 medewerkers

Findings – Financial administration (1)

50-250 employees

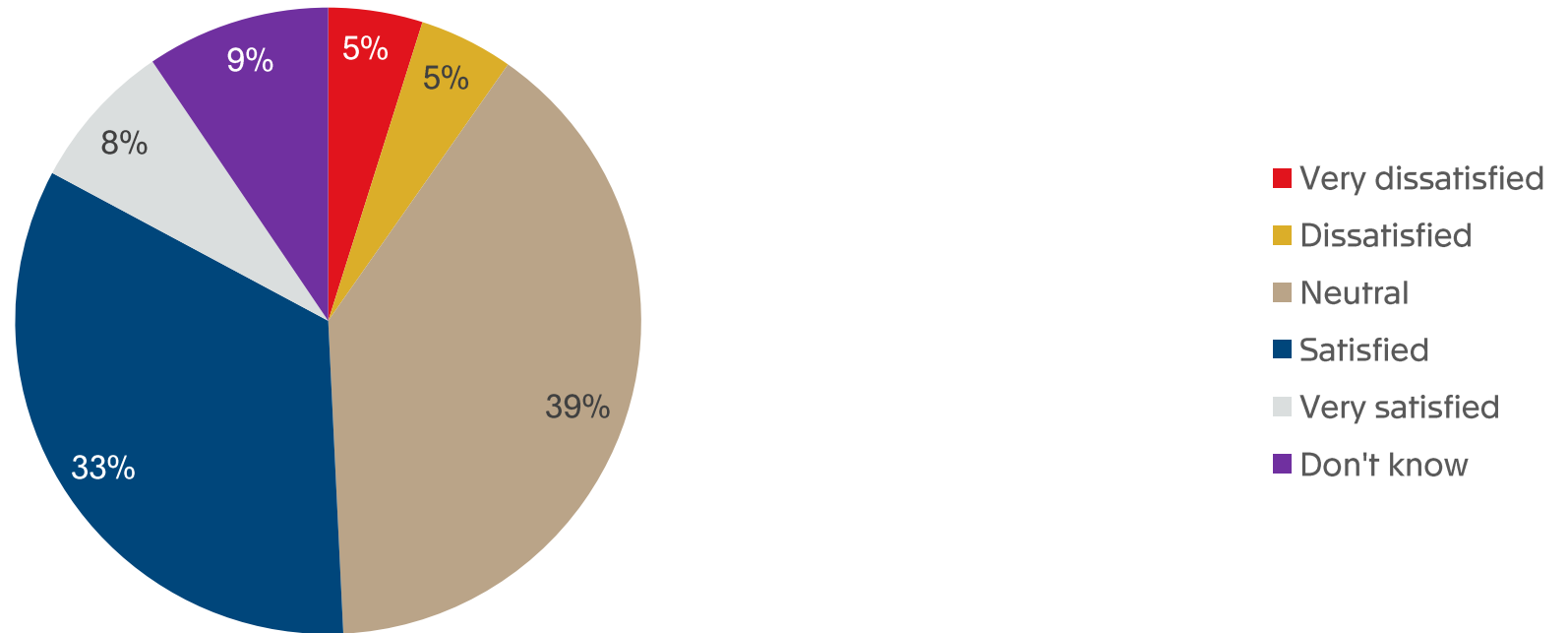
- SMEs are often reasonably satisfied with their ability to abstract strategic insights from financial data (45% are satisfied or very satisfied), but there is also a lot of room for improvement.
- Compliance, accounting and operational improvements are the activities that the financial director spends most of his time on.
 - Many companies find it difficult to properly predict the cash flow. They also find the level of detail in the existing reports insufficient. So, there is still a lot of room for improvement.

Findings – Financial administration (2)

- Spreadsheets continue to play an important role in managing financial processes.
 - More than half are dependent or highly dependent. Another 19% is somewhat dependent. Less than 10% are completely independent of Excel for managing financial processes.
- A slight majority of invoices (62%) is now sent digitally.
- Real-time financial dashboards are common in close to half of SMEs.
- If companies want to expand geographically, not every company is equally able to support this easily using the existing financial organization.
 - Only 33% of SMEs are well or very capable of doing so

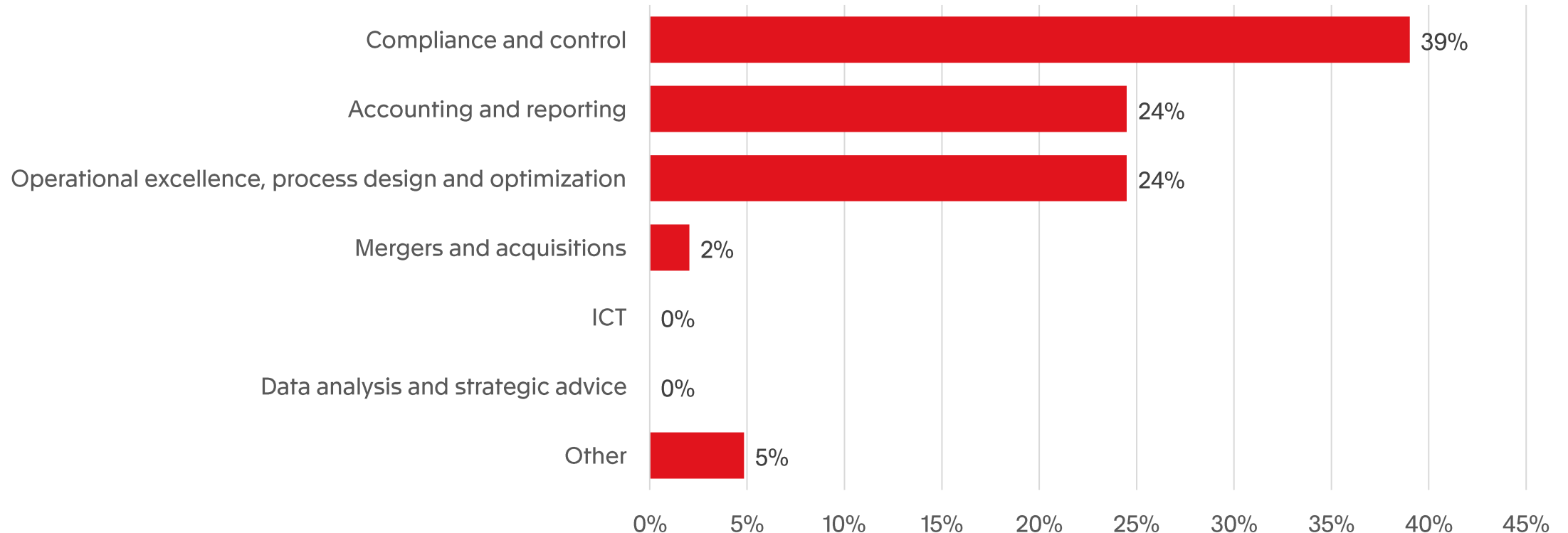
SMEs are often reasonably satisfied with their ability to abstract strategic insights from financial data, but there is a lot of room for improvement.

How satisfied are you with your ability to turn financial data into strategic insights?



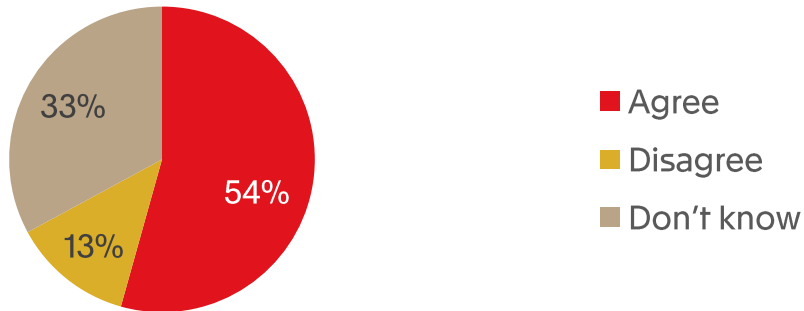
Compliance, accounting and operational improvements are the activities that the financial director spends most of his time on

Which tasks take up the most time of the senior financial professional in your company (CFO, Financial Director, etc.)?

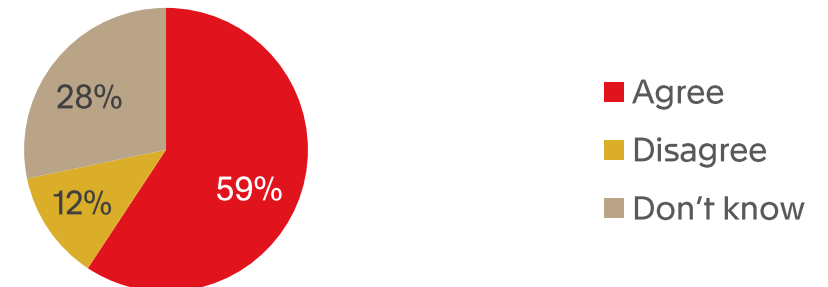


Statements relating to financial administration

The knowledge and expertise of our financial lead is the key to decision-making at board level



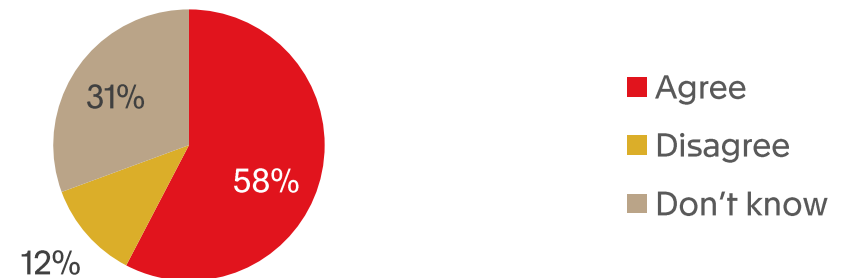
Our financial administration is efficient and effective



I can quickly get access to all the financial information I need



I trust that the financial data is correct and provide a good representation of the current status of the company



Statements relating to financial administration

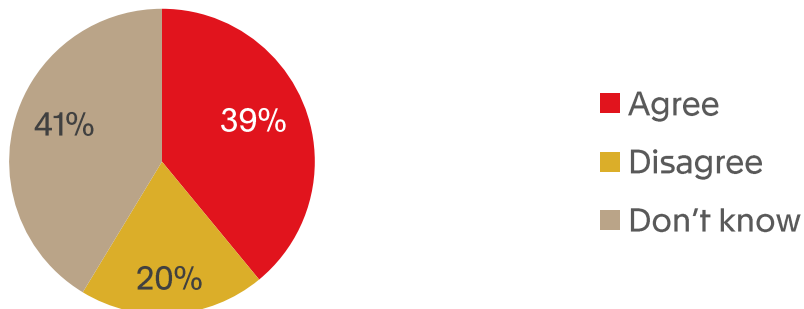
It's hard to accurately predict our cash flow



IT is (part of) the responsibility of the CFO/Financial Director



I need to be able to analyze data at a deeper level than is provided by traditional reports

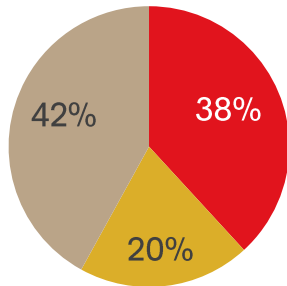


Our DSO (Days Sales Outstanding) is as low as can reasonably be expected



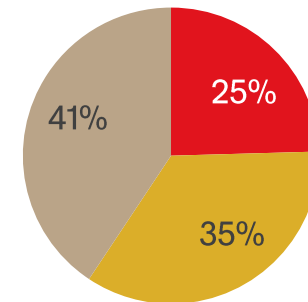
Statements relating to financial administration

Further automation of my financial processes is a priority



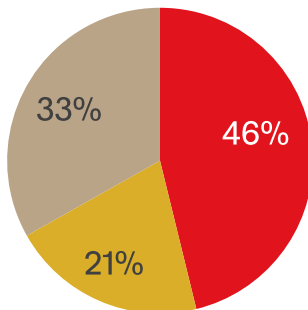
■ Agree
■ Disagree
■ Don't know

Robots will start replacing financial professionals within 3 years



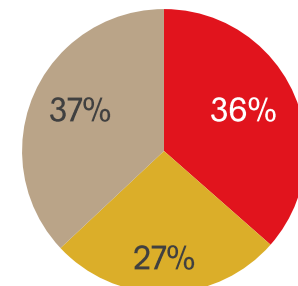
■ Agree
■ Disagree
■ Don't know

We have standardized as many of our financial processes as is realistically possible



■ Agree
■ Disagree
■ Don't know

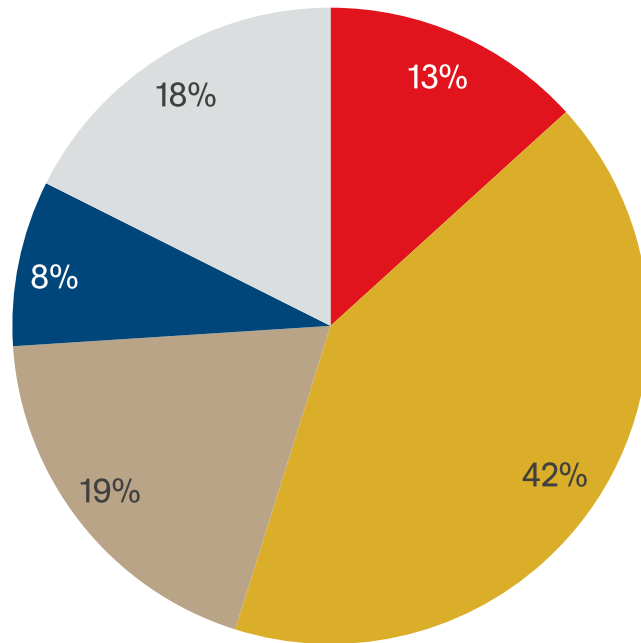
Consolidating financial results is time-consuming and prone to errors



■ Agree
■ Disagree
■ Don't know

Spreadsheets play an important role in managing financial processes

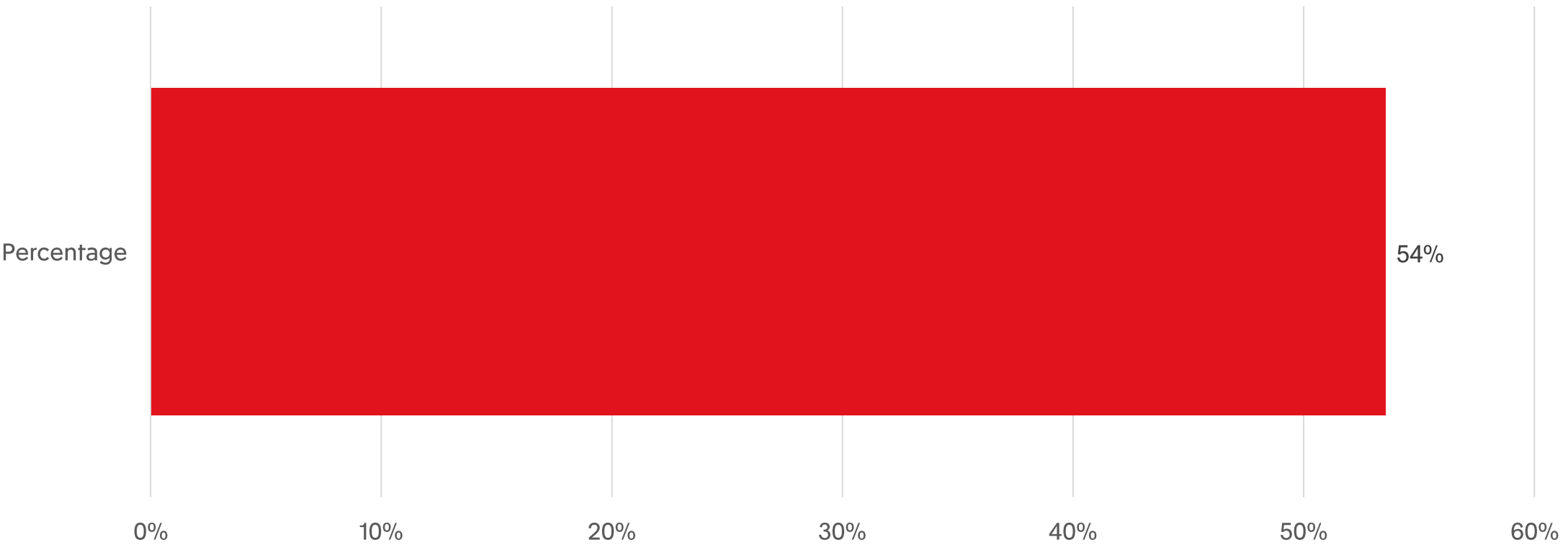
How strongly does your business depend on Excel or other spreadsheets to manage financial processes?



- Highly dependent: Excel is an essential tool for management
- Dependent: Excel is used to manage a significant number of processes
- Somewhat dependent: it is used, but limited
- Not dependent: we only use special financial tooling
- Don't know

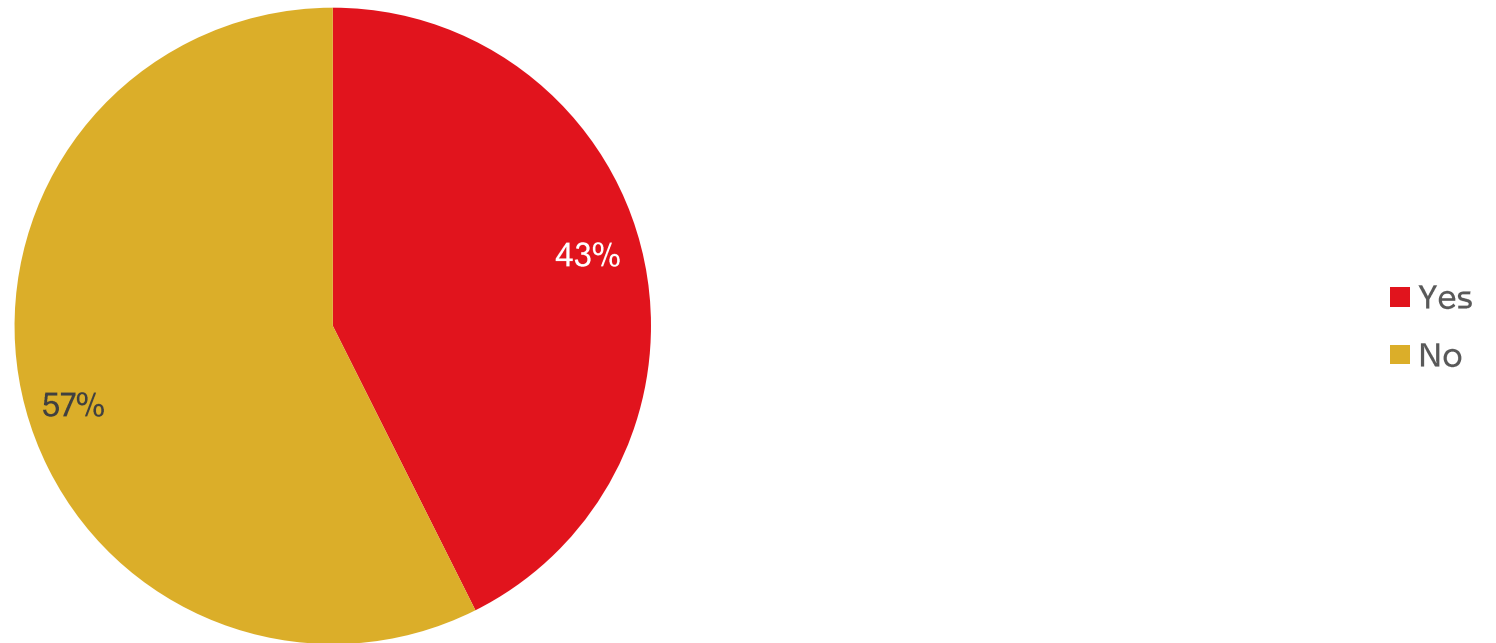
A slight majority of invoices are now sent digitally

How many percent of the invoices you process are sent digitally?



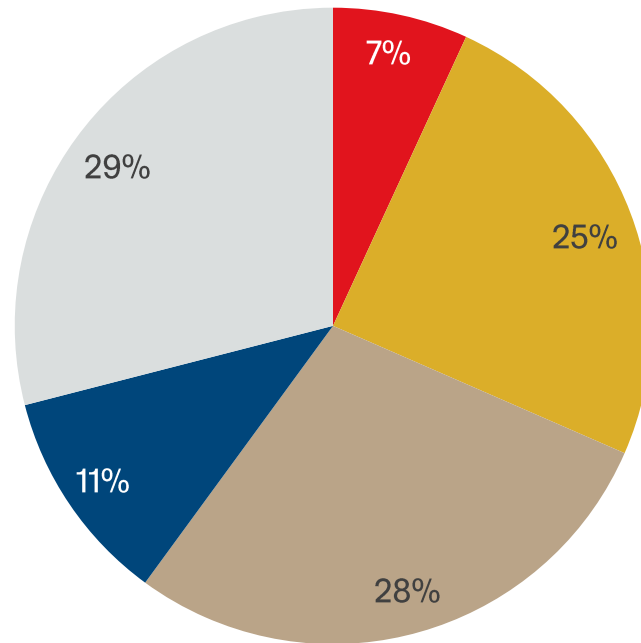
Real-time financial dashboards are common in close to half of SMEs

Does your management have access to dashboards with real-time financial KPIs?



Only one in three SMEs are (very) well able to facilitate geographical expansion using the current financial organization

How well would your current financial organization be able to facilitate the expansion of the company to a new country or geography?



- Very well: our people and systems are flexible and scalable
- Well: most processes can be scaled up and adjusted without too much effort
- Neutral: possible, but challenging
- Not well: supporting new processes and requirements would be difficult and expensive
- Don't know