

SME Future Forum 2009

Megatrends: Opportunities and Risks for SMEs

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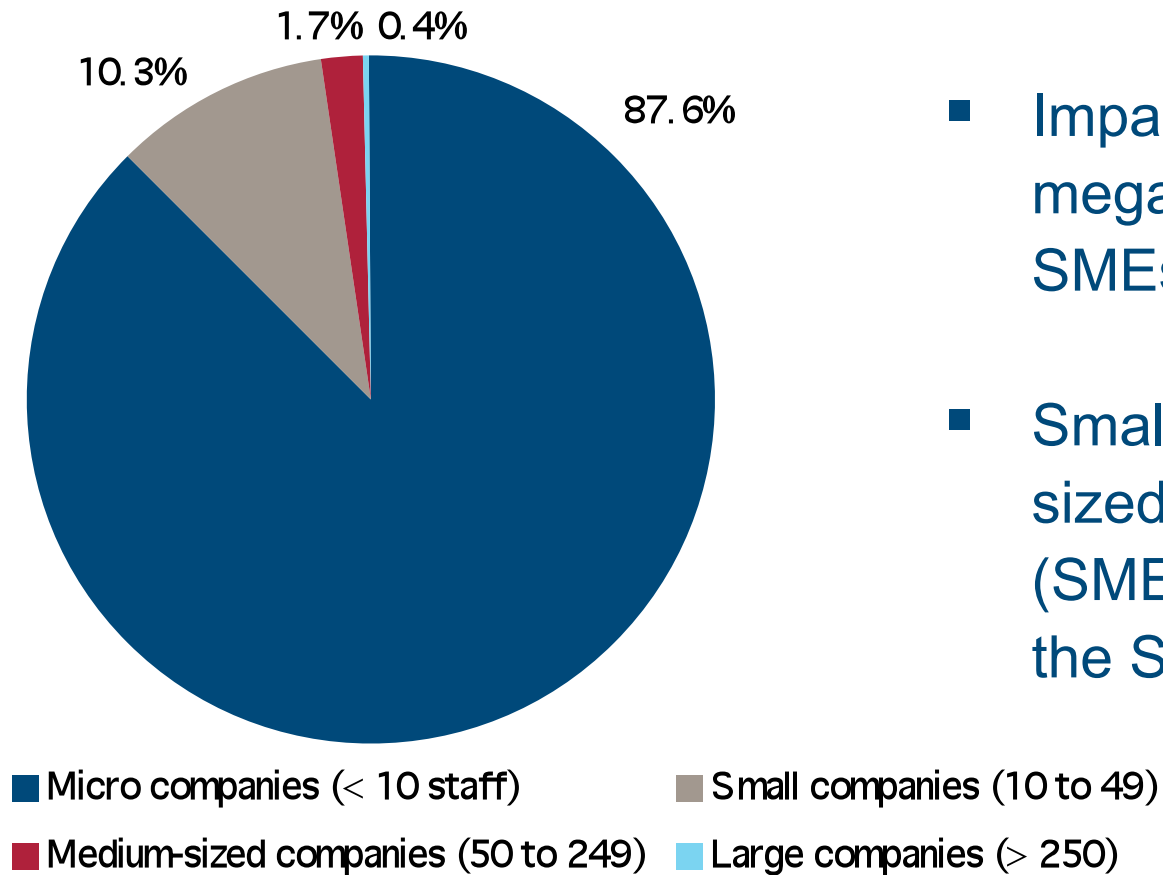
Credit Suisse Economic Research



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The Credit Suisse SME Future Forum

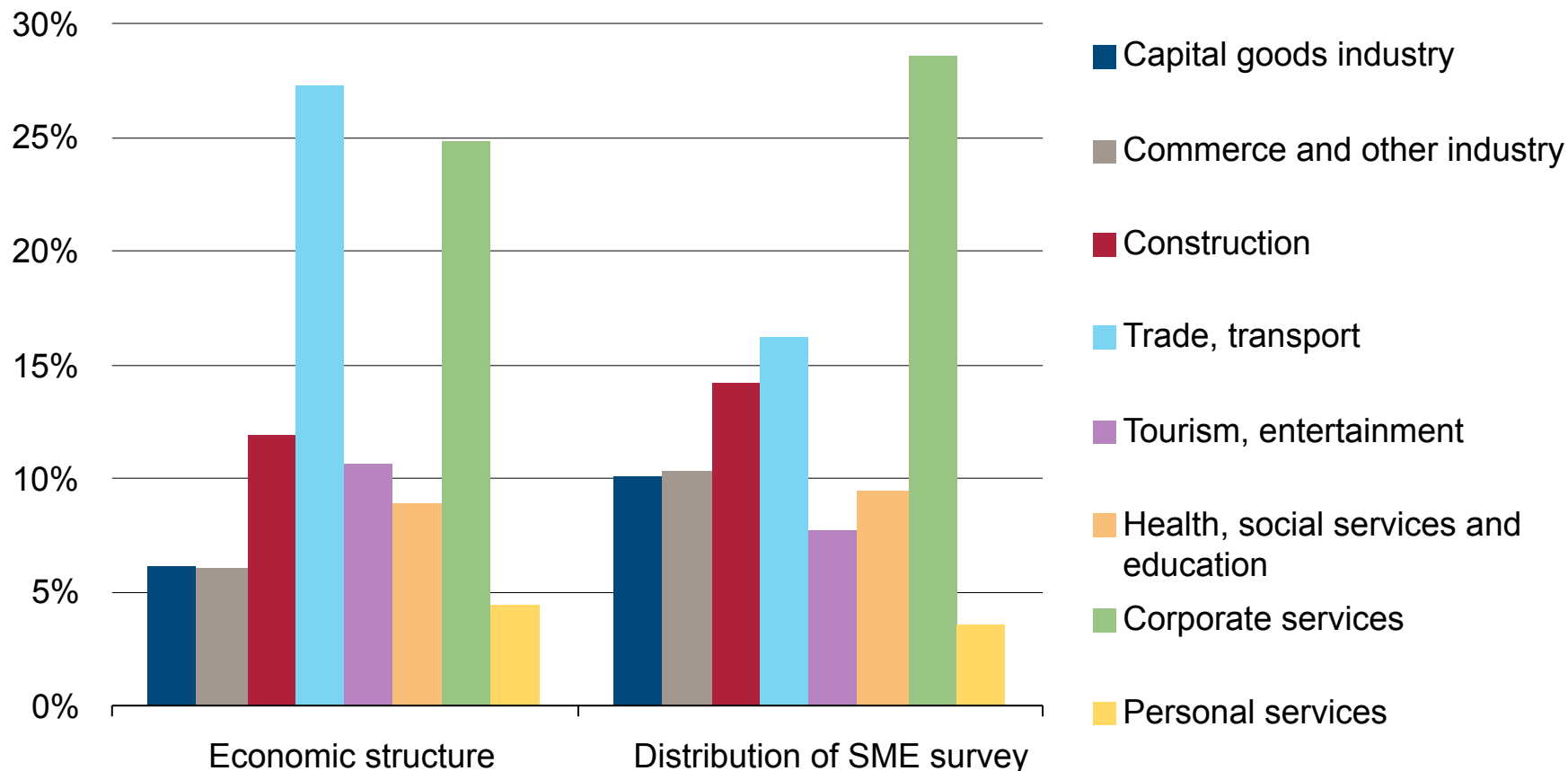


- Launched in 2007
- Impact of key megatrends on Swiss SMEs
- Small and medium-sized enterprises (SMEs): Backbone of the Swiss economy

Source: Swiss Federal Statistical Office, Business Census 2005

Details of the Survey

- Conducted among 1,800 SMEs
- Method: questionnaire sent out by market research institute
- Evaluated according to 8 sector aggregates and three language regions

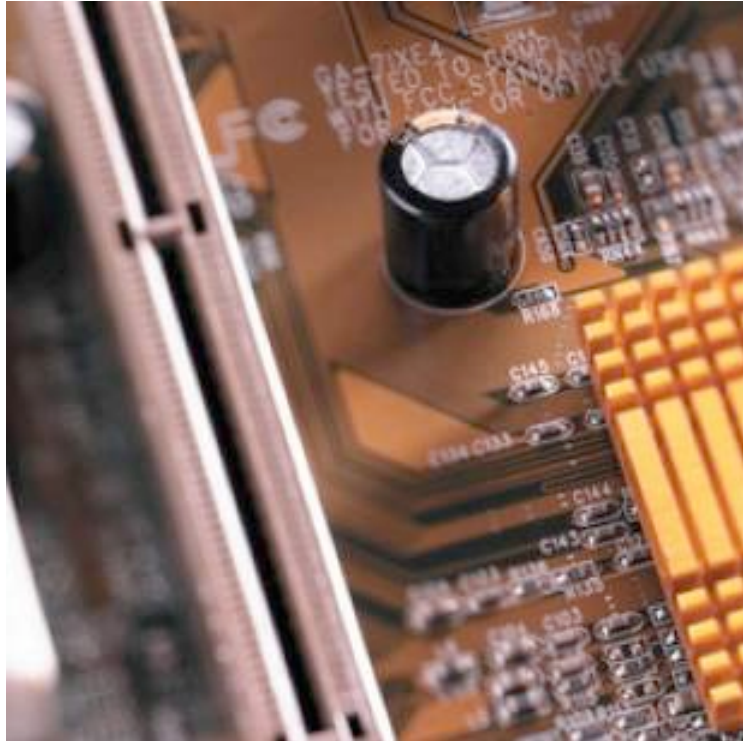


Source: Credit Suisse Economic Research SME Survey 2009



What Megatrends Affect
Swiss SMEs?

Technological Progress: A Swiss Hallmark



- Greater quantities or higher quality from constant or lower resource use
- **Switzerland** is one of the most innovative countries in the world
- 3% of GDP is invested in R&D, largely by the private sector
- **SMEs**: innovation means opportunity, but the pressure to innovate is growing

Survey: SMEs from all sectors and regions are very optimistic

- Balance (opportunities minus risks): +79% (prev. year: +75%)

Knowledge-based Society: Knowledge as a Factor of Production



- Acquisition and efficient exploitation of knowledge as a basis for a common social and economic life
- **Switzerland** has always specialized in knowledge-intensive sectors and products
- But services are rising as a proportion of industry too
- **SMEs**: expertise as a strategic success factor, life-long learning increasingly important

Survey: SMEs very optimistic about the knowledge-based society

- Balance (opportunities minus risks): +62% (prev. year: +61%)

Changing Values: Individualization Is Advancing



- Change in social and individual norms and ideals
- **Switzerland** shaped by increasingly individual lifestyles
- **SMEs**: challenged by higher turnover and demand for part-time working
- Sustainable corporate policies as a success factor

Survey: Changing values are judged positively

- Balance (opportunities minus risks): +25% (prev. year: +22%)

Globalization: Division of Labor Thanks to Containers and the Internet



- Growing internationalization of virtually all aspects of our existence
- **Switzerland** participates strongly in world trade as an exporting nation
- Foreign trade accounts for most of Switzerland's growth in the long term
- **SMEs**: potential demand offers opportunities, but also increasing competitive pressure

Survey: The opportunities of globalization outweigh the risks

- Balance (opportunities minus risks): +20% (prev. year: +16%)

Demographics: Age Pyramid Practically Inverted



- The proportion of older people in the population is rising
- **Switzerland:** in 30 years one in four will be over 65
- "Golden Agers" are healthier, more active and better-off
- **SMEs:** great potential demand in certain sectors, but possible labor shortages

Survey: Views on demographics are divided

- Balance (opportunities minus risks): +2% (prev. year: +3%)

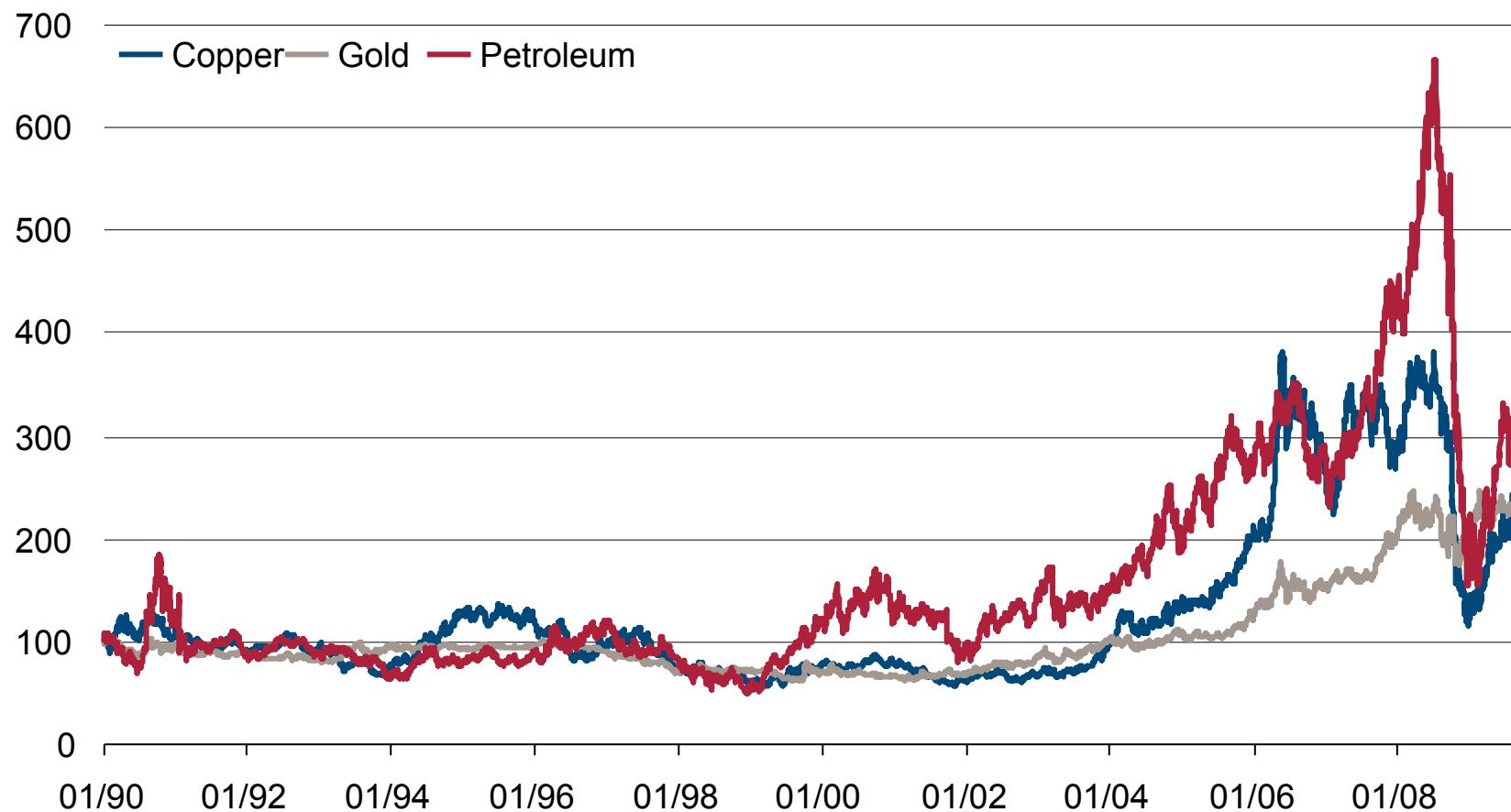


Special Focus
Scarcity of Resources

Scarcity of Resources: Hot, Flat & Crowded



Commodity Prices: Breather in the Super-Cycle?

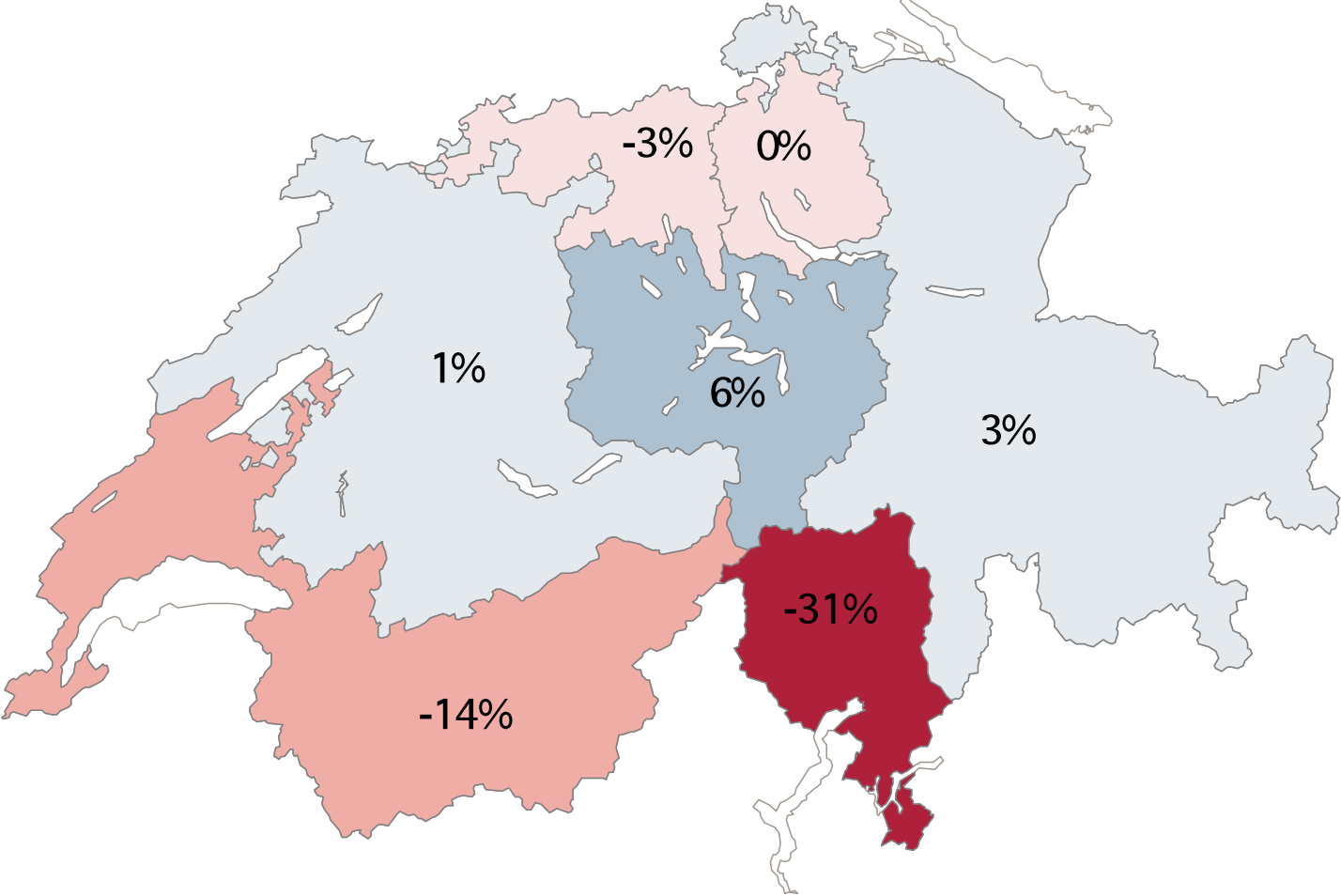


Last data point: 02.09.2009

Source: Bloomberg, Credit Suisse / IDC

Scarcity of Resources: Regional Differences of Opinion

Balance (opportunities minus risks); CH total: -3%



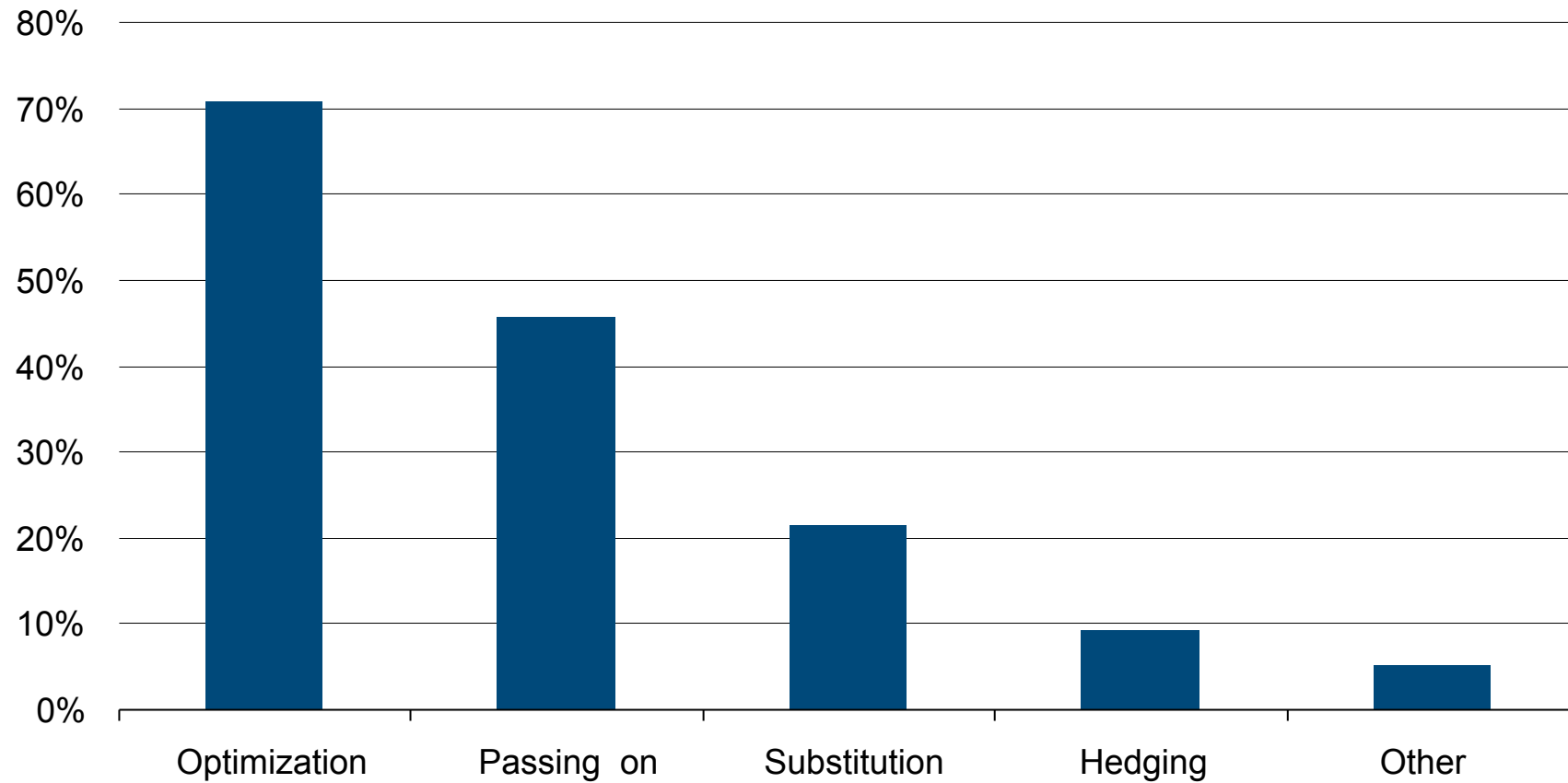
Source: Credit Suisse Economic Research SME Survey 2009

Scarcity of Resources: Consequences for SMEs

- For 58% of SMEs, fluctuating prices of inputs and resources impact heavily on investment decisions
- 40% of SMEs are unable to respond flexibly to fluctuating prices
- 9% of SMEs report difficulties obtaining raw materials
- 64% of SMEs have difficulty finding qualified workers

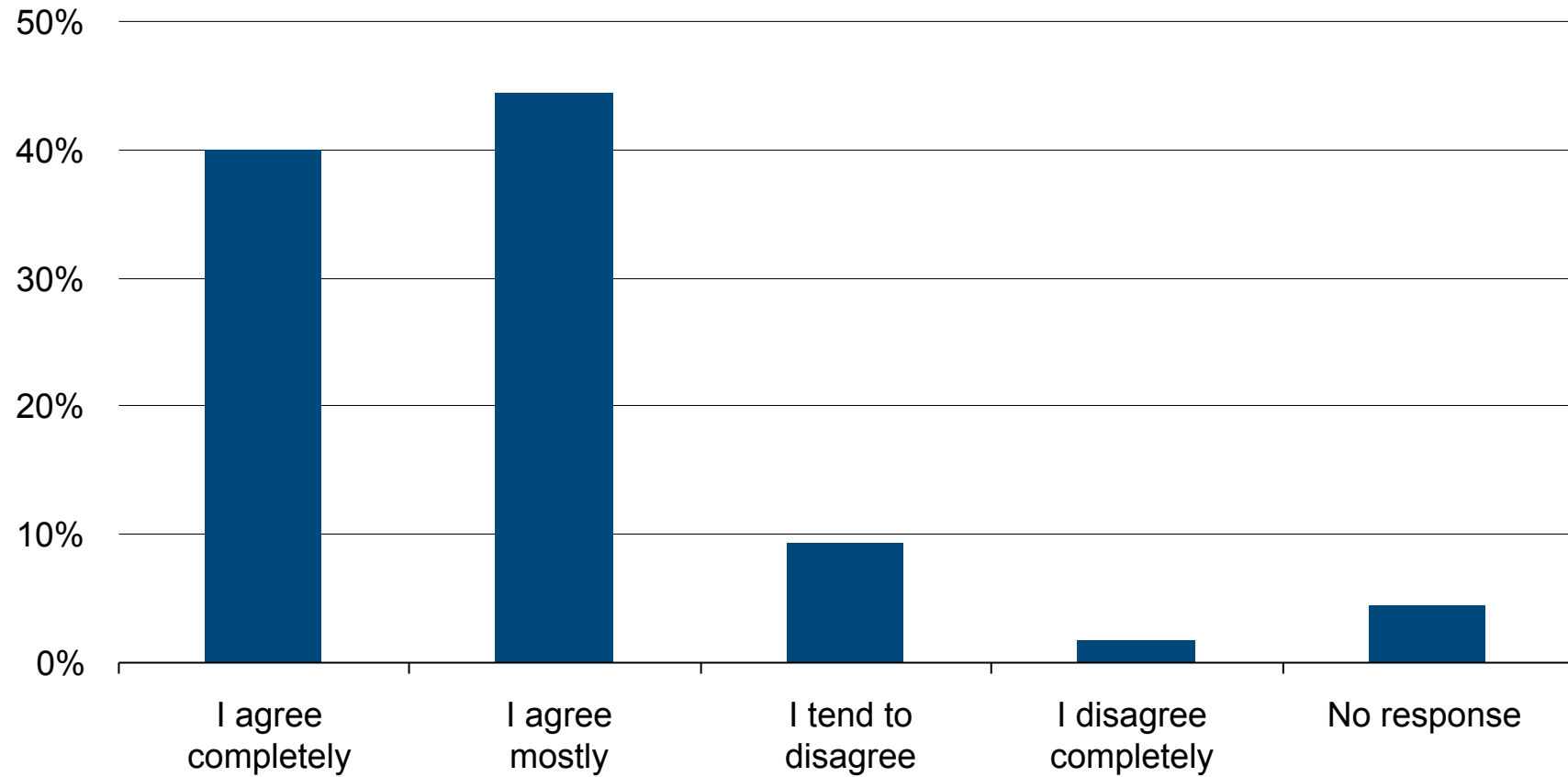
Source: Credit Suisse Economic Research SME Survey 2009

Scarcity of Resources: What Do SMEs Do?



Source: Credit Suisse Economic Research SME Survey 2009

Do Investments in Energy Efficiency Pay Off in the Medium-Term?



Source: Credit Suisse Economic Research SME Survey 2009

Conclusion

- Megatrends have a lasting impact on the economy and society
- Swiss SMEs must anticipate megatrends in order to be prepared for the future
- Despite the crisis, Swiss SMEs are optimistic about the future where most megatrends are concerned
- Most SMEs have already taken action to counter scarce resources
- SMEs must use the crisis to optimize the energy efficiency of their processes

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