

07.07.2020

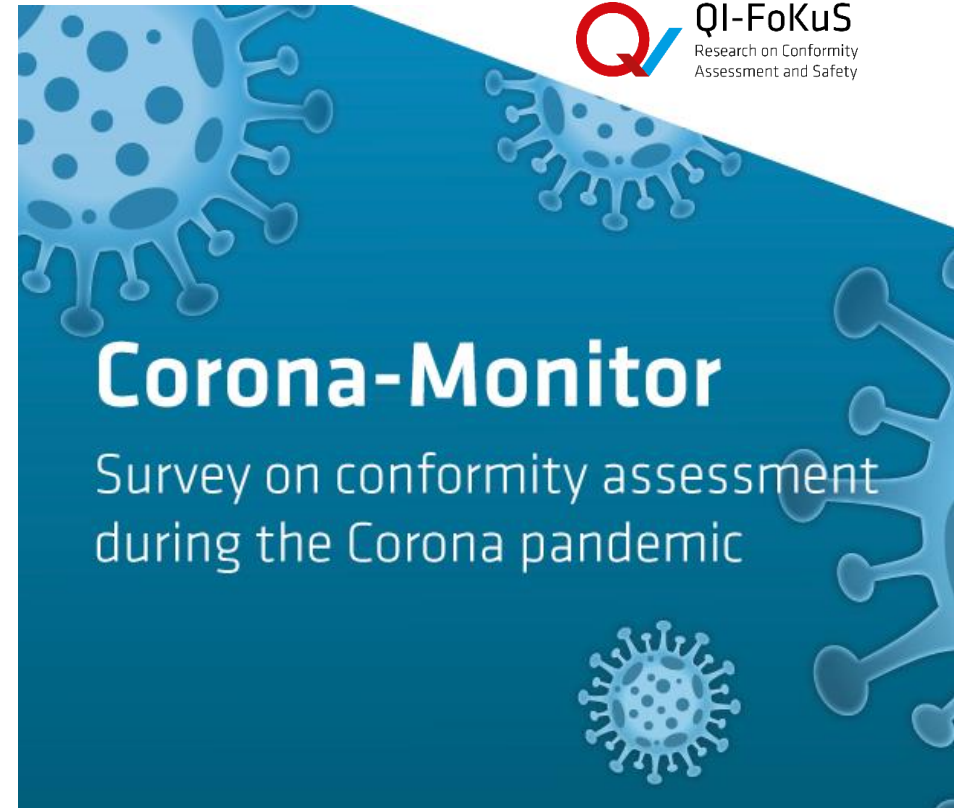
CORONA-MONITOR

Impact of the COVID-19 pandemic on conformity assessment and conformity assessment bodies in Germany

Results of the survey in June 2020

Survey within the framework of the QI-FoKuS initiative

Basis for the survey	3,204 accredited conformity assessment bodies in Germany
Survey method	Online survey
Survey period	04 -17 June 2020
Sample	555 fully completed questionnaires (= 17% response rate)



Background: The QI-FoKuS initiative

QI-FoKuS stands for „**Q**uality **I**nfrastructure - **R**esearch on **C**onformity Assessment and **S**afety“.

QI-FoKuS was launched in autumn 2019 as a joint initiative of BAM and TU Berlin* and is supported by the Federal Ministry for Economic Affairs and Energy (BMWi).

By means of recurring online surveys of companies and conformity assessment bodies, **data on topics of conformity assessment and accreditation are collected** and scientifically evaluated.

* Prof. Dr. Knut Blind / Department of Innovation Economics



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The sample

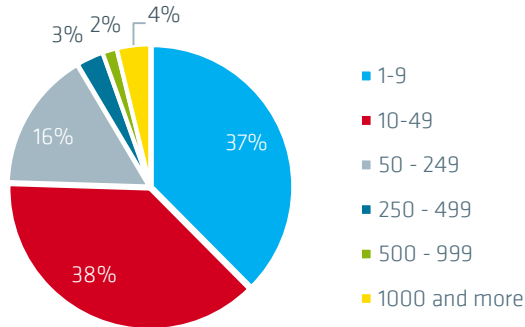
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555 conformity assessment bodies (CAB) participated in the survey

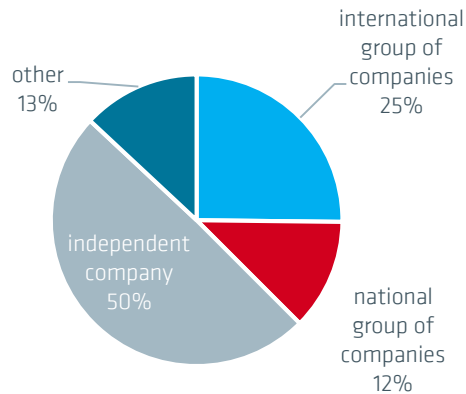
- 94% have their **headquarters in Germany**
- 75% are **small businesses** with less than 50 employees
- 50% are **independent companies**, 1/4 belongs to an international group
- for 39% CA is the main **focus of activity**

CA: conformity assessment
CAB: conformity assessment body

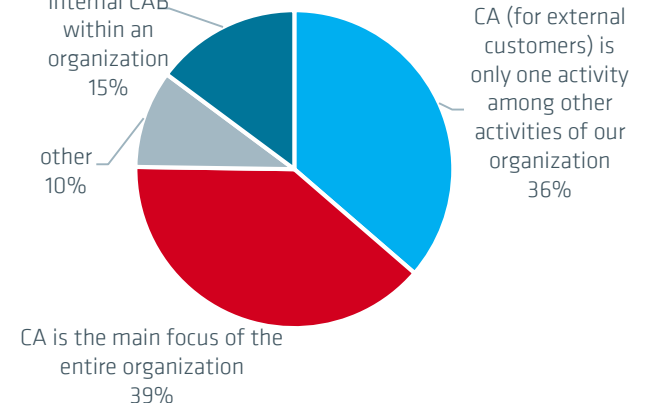
Number of employees



Type of company

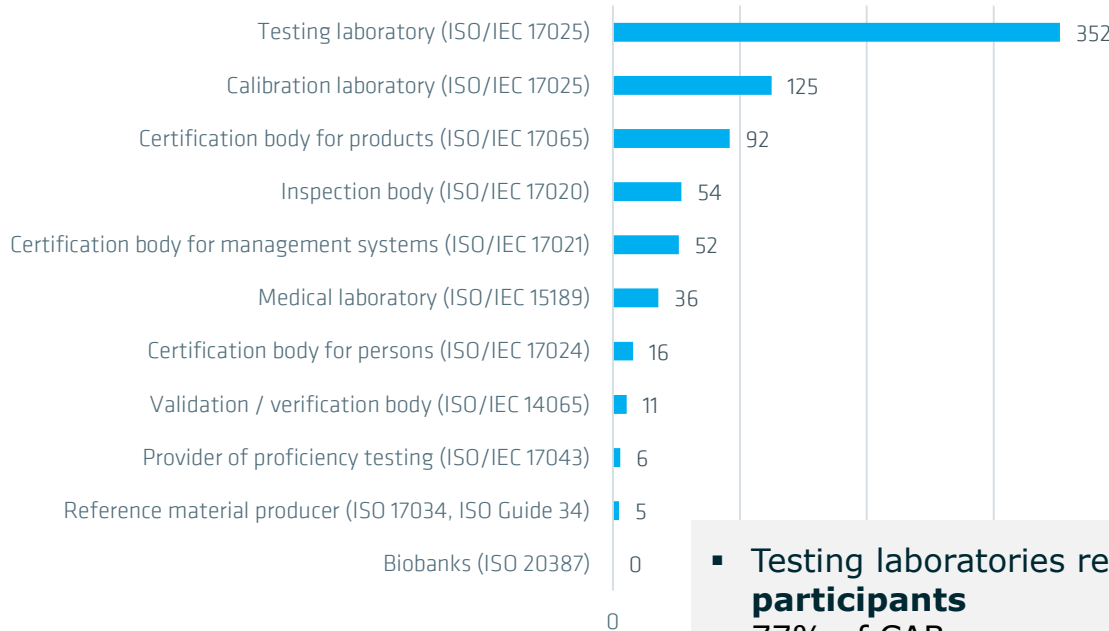


Role of CA for the company

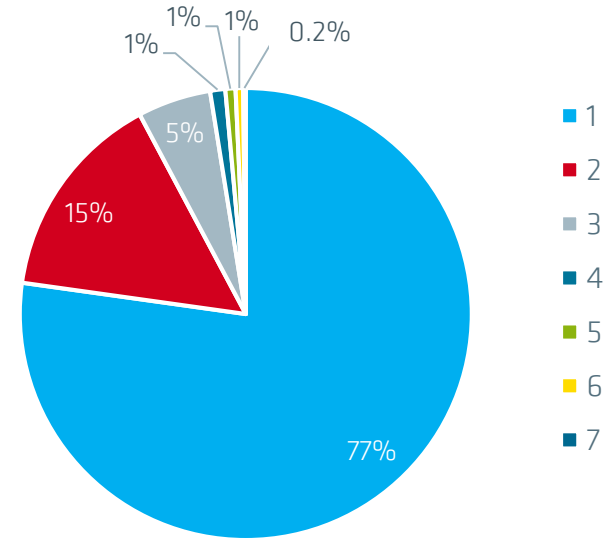


555 conformity assessment bodies (CAB) participated in the survey

Fields of activities



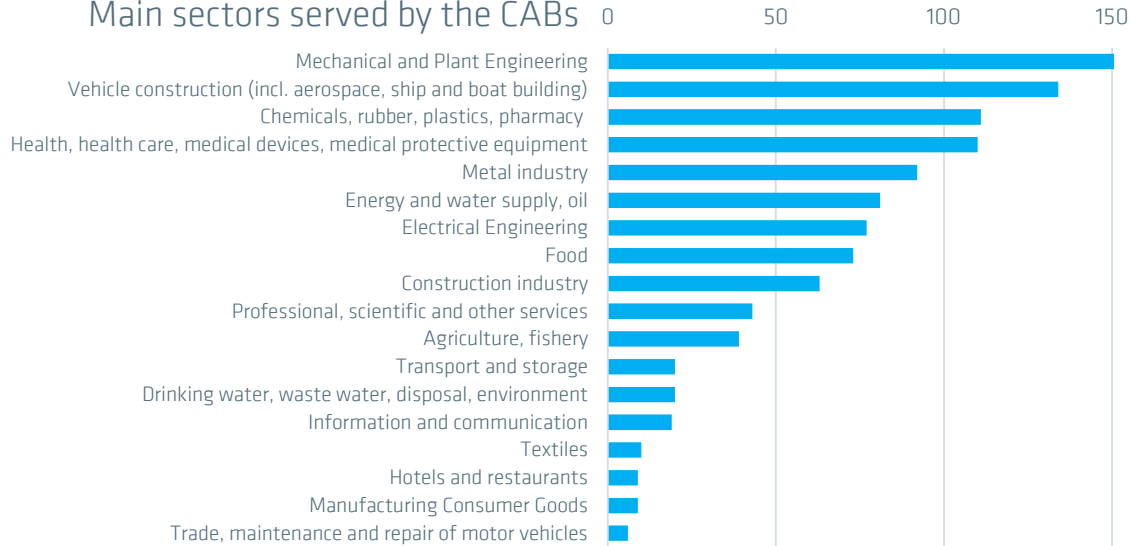
Number of fields of CA activities per CAB



- Testing laboratories represent the **largest group of participants**
- 77% of CABs are **specialized** in a single field of activity

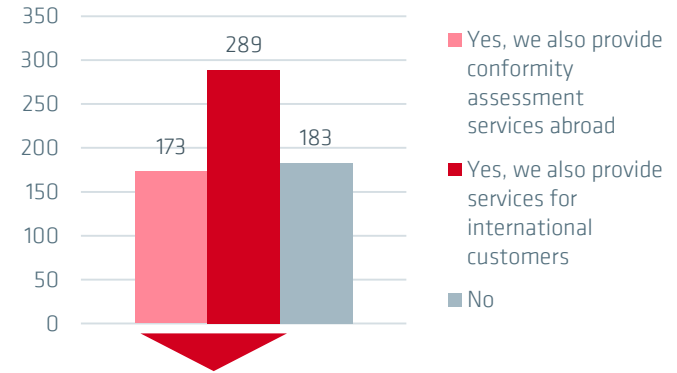
555 conformity assessment bodies (CAB) participated in the survey

Main sectors served by the CABs

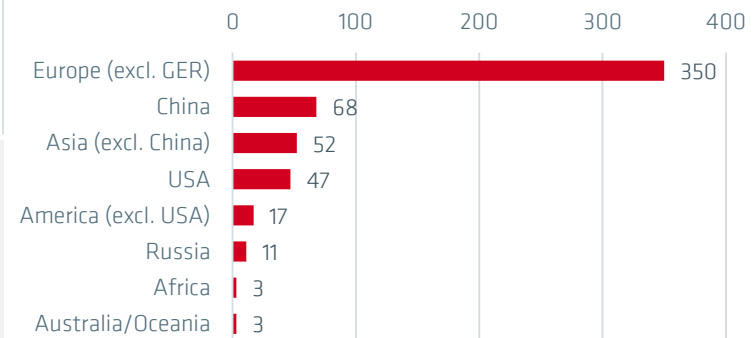


- The **most important industries** served by the CABs are mechanical and plant engineering and vehicle construction
- Over half of the CABs operates **internationally**
- The **most important sales markets** outside Germany are European countries, followed by China and the rest of Asia

International activities



Top-3 markets abroad

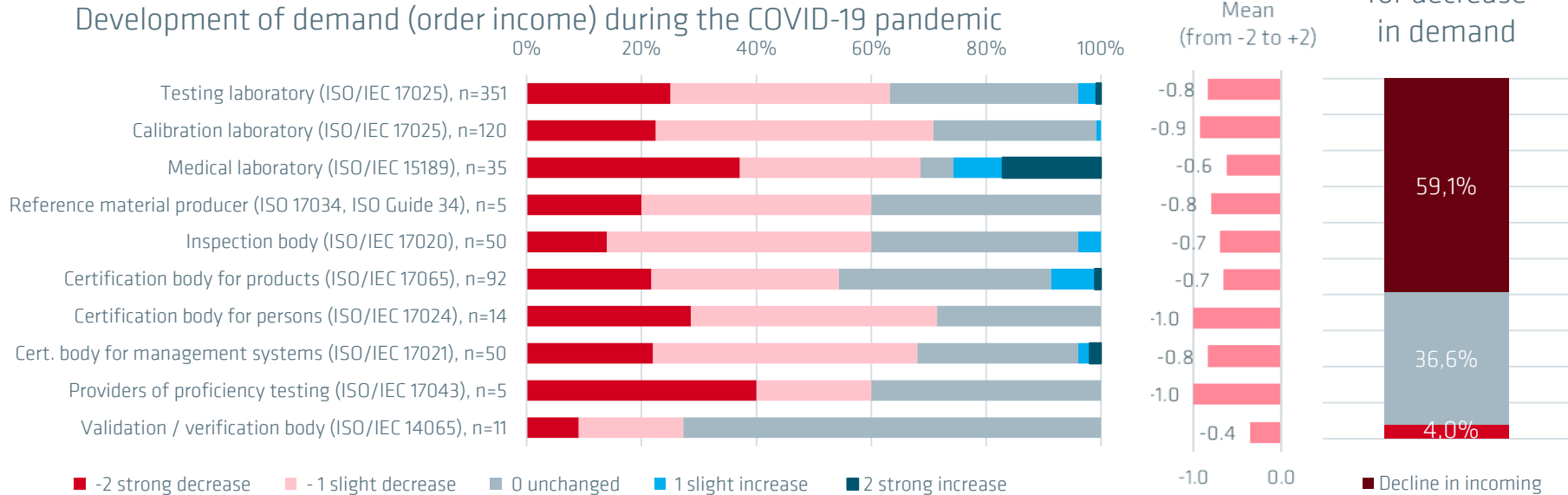


Impacts of the COVID-19 pandemic on the business operations of CABs

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Declines in orders in the COVID-19 pandemic for all types of CABs

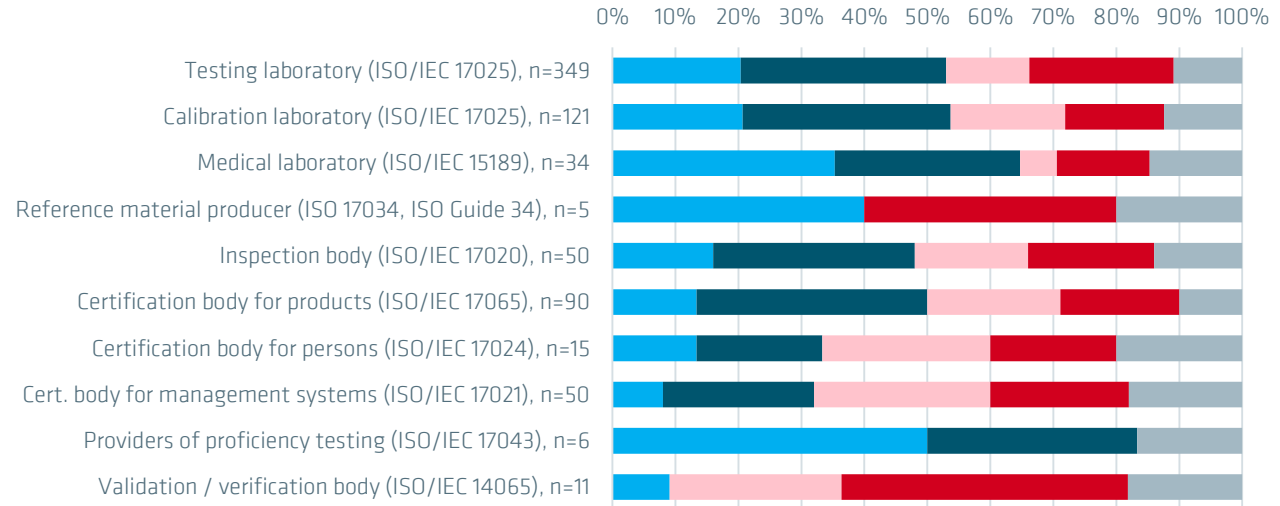
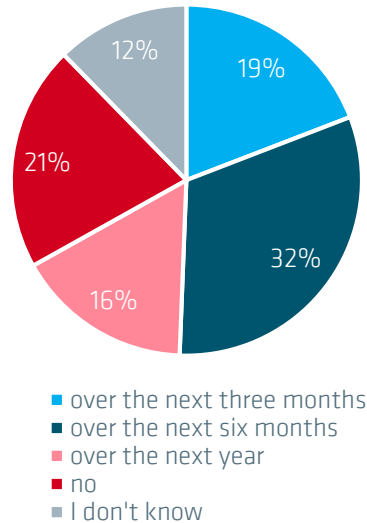
Main reason for decrease in demand



- 63% of all CA activity fields with a **strong or very strong decline in orders**
- This is mainly due to declining new orders, but also to postponements. 4% mainly report cancellations
- Only 5% profit from **increases**, almost exclusively medical labs (26% with growth)

Estimates on the recovery of the order situation vary widely

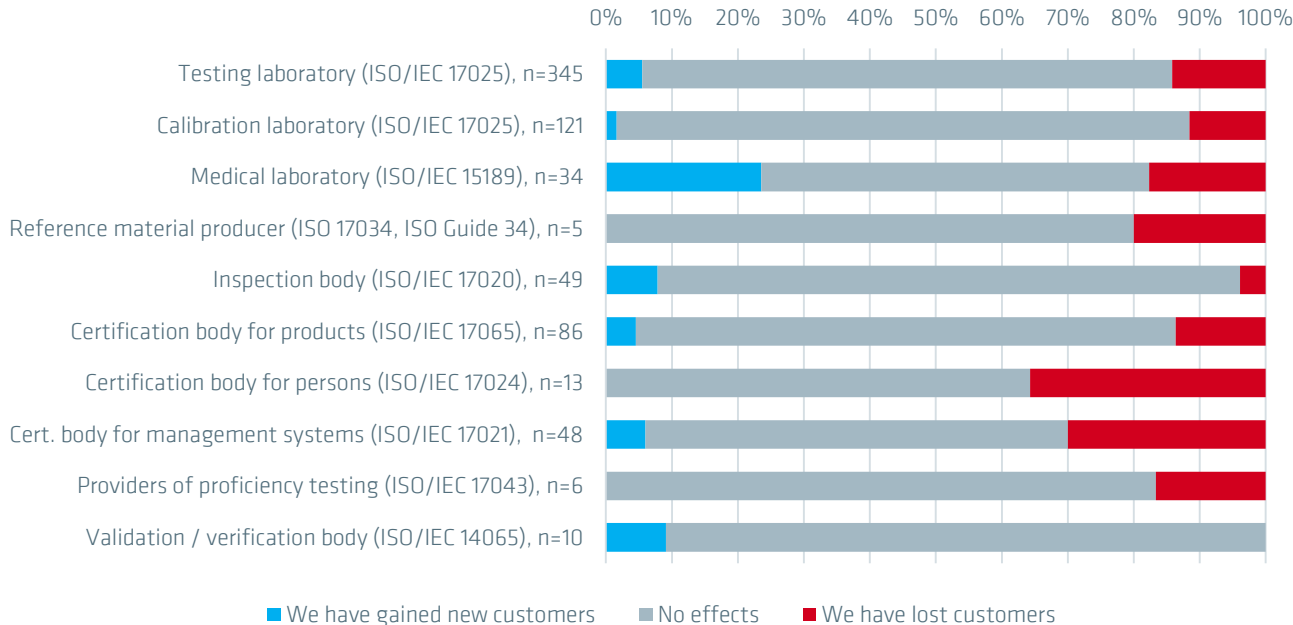
Do you expect an increase in demand for your services as the economy gradually re-opens?



- The CABs affected by declining orders have **very different expectations** for the coming months. There is great **uncertainty regarding the time horizon for recovery**.
- **Certification bodies** are generally **more pessimistic** about short-term recovery than other CABs.

Partial losses in customer base - but gains in particular for medical laboratories

Effects of the COVID-19 pandemic on the customer base

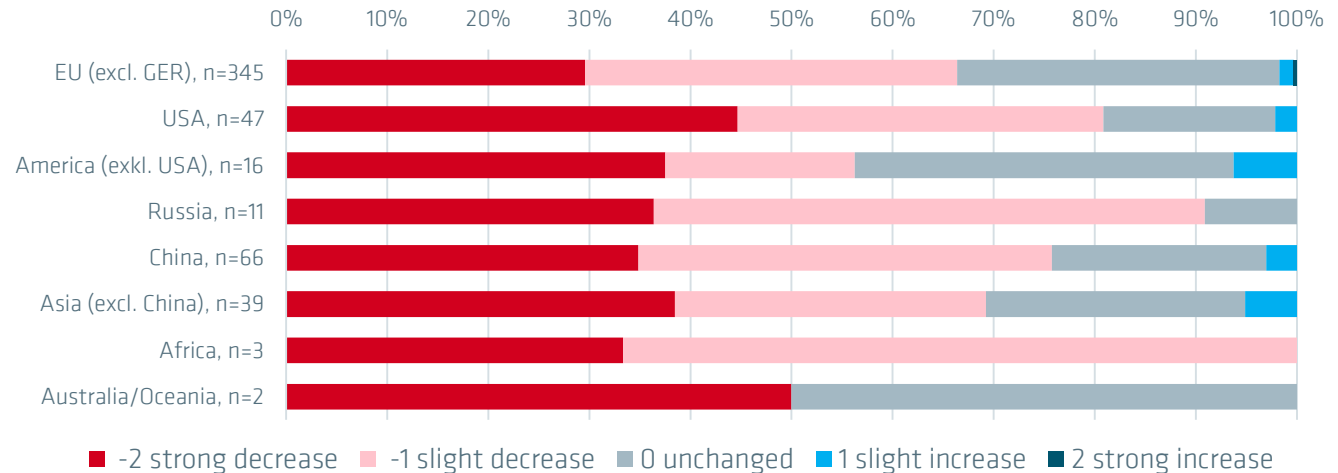
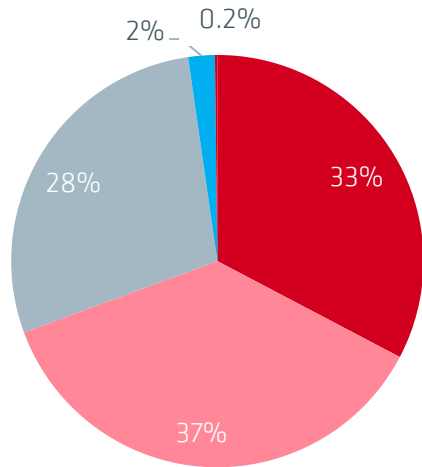


- The majority of CABs report **no changes in their customer base**
- However, certification bodies for persons and management systems are particularly affected by **losses**
- Divided picture for medical laboratories: while 18% report losses, 24% can also make **significant gains**

CABs' main sales markets abroad are also affected by sometimes sharp declines in orders

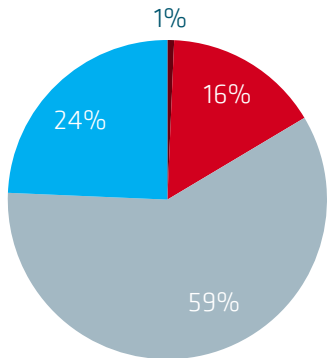
- 70% of CA fields of activity are affected by **strong or slight declines in orders**
- Europe, **the most important foreign sales market**, records slightly less decline (66%), the second most important sales market China slightly more (76%)
- **Only very few** fields of activity can record **growth**; even less than in the home market Germany

Development of demand (orders) in main markets abroad

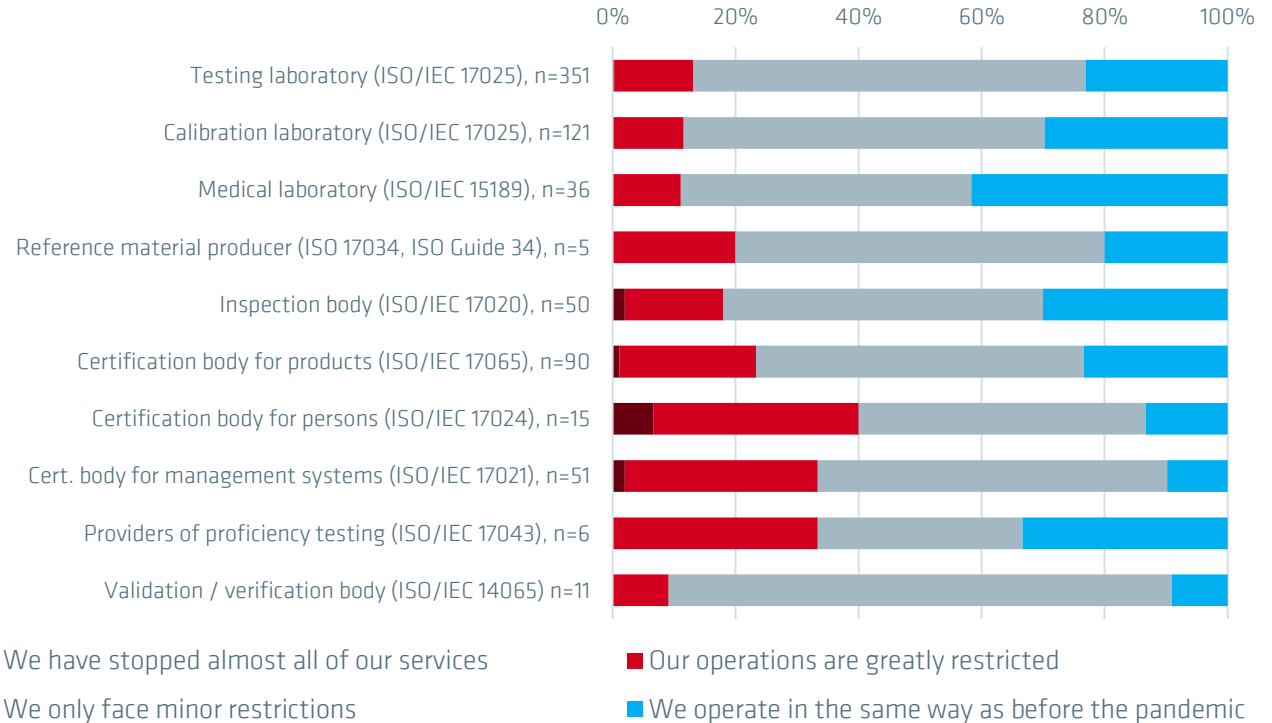


CABs are sometimes only capable of working under great restrictions

- The CABs surveyed are able to work **without restrictions in only 25% of their fields of activity**, in **16%** there are **very severe restrictions**
- Certifiers are most affected by restrictions

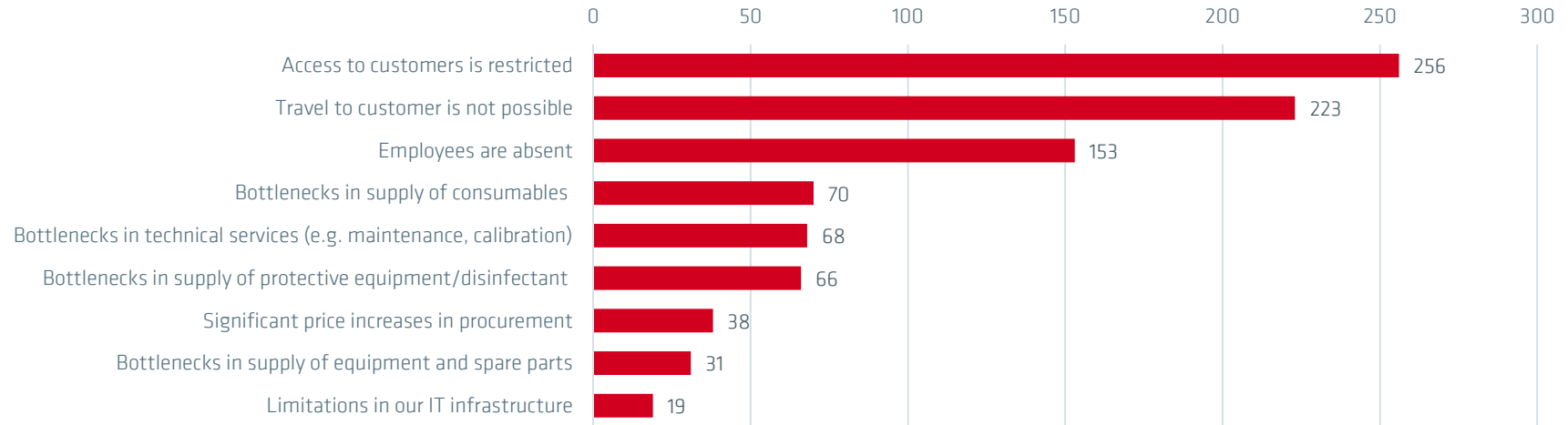


Ability to operate during the COVID-19 pandemic



Customer access and travel restrictions are the main restrictions for CABs

Most serious COVID-19-related restrictions
(absolute number, multiple answers possible)

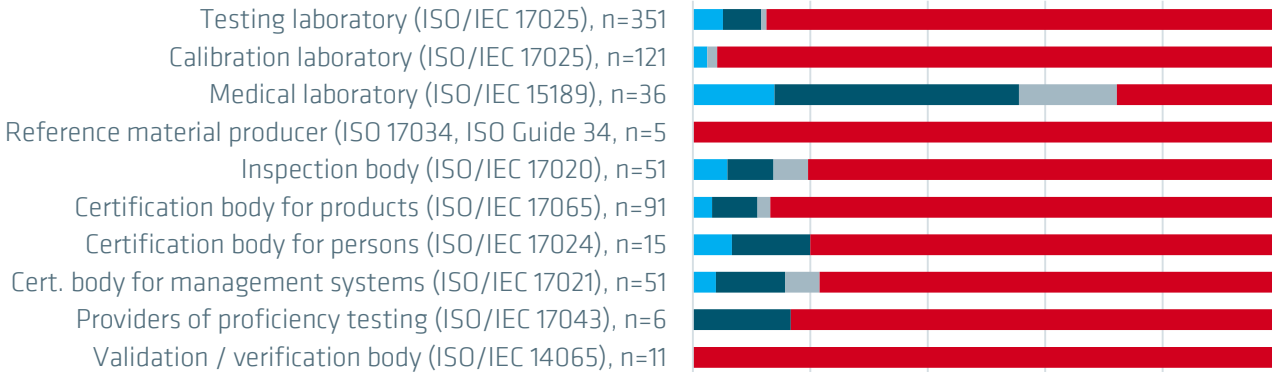


- In particular, limited access to customers and general travel restrictions make it difficult for the CABs **to operate**
- Bottlenecks in consumables and corona protection equipment are also important limitations

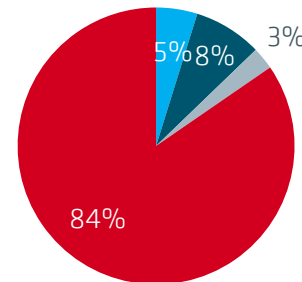
Medical laboratories in particular have responded with new or intensified activities

New or adapted activities and services due to the COVID-19 pandemic

0% 20% 40% 60% 80% 100%



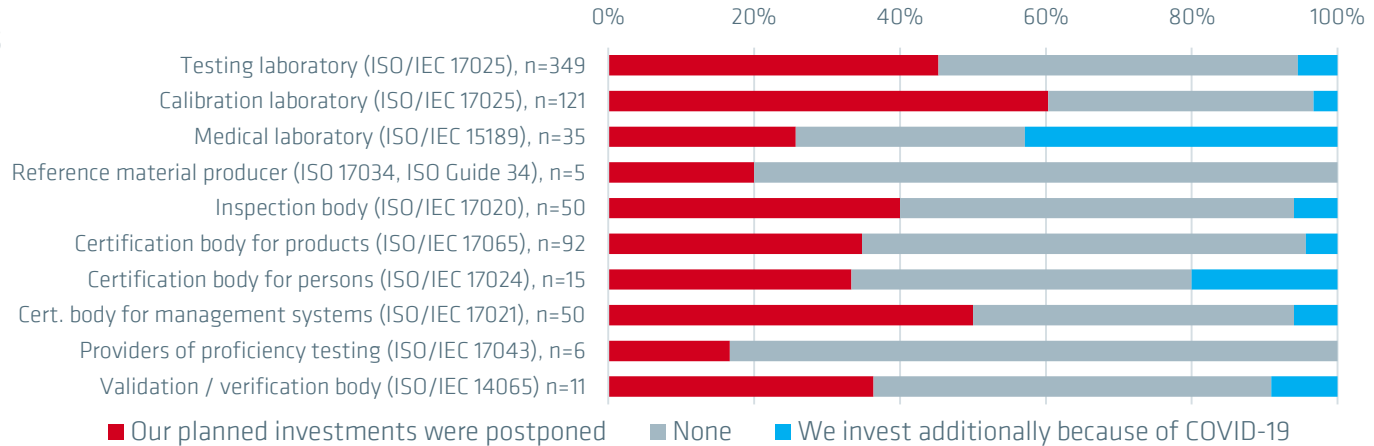
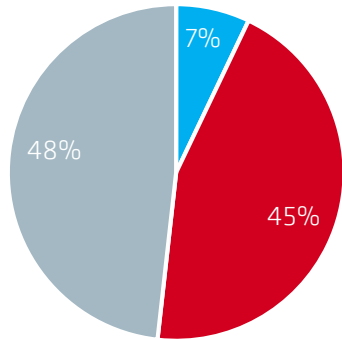
- Yes, we provide more of existing services
- Yes, we have started new activities or offer new services
- Yes, both (started new activities and provide more of existing services)
- No



- Within 16% of all CA fields of activity, **new activities** were started **and/or existing ones strengthened** during the pandemic
- Medical laboratories in particular stand out here (72%)
- New or increased activities as a whole concern **in particular**:
 - COVID-19 and corona antibody tests
 - Corona protection equipment
 - Remote activities (inspection, auditing)

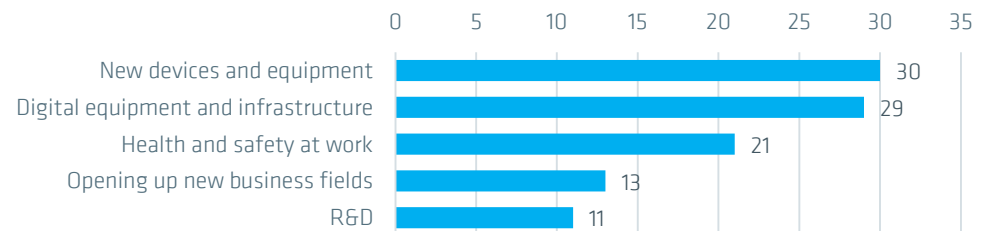
Investment activities of CABs have declined due to the COVID-19 pandemic

Impact on investments



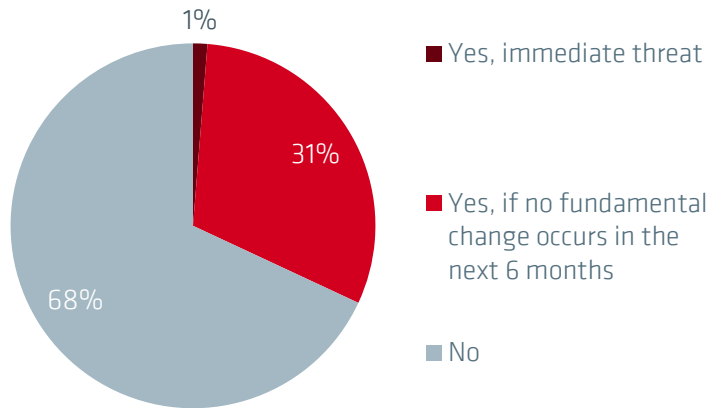
- **45% of the CABs postpone investments** due to the COVID-19 pandemic
- **Only 7% of all CABs invest additionally** – especially medical laboratories (43%)
- Investments are being made for equipment and digitalization, but also for occupational safety

Type of investments due to COVID-19

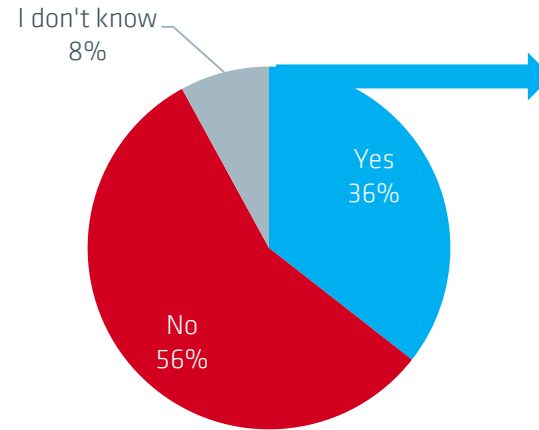


No immediate threat to economic viability

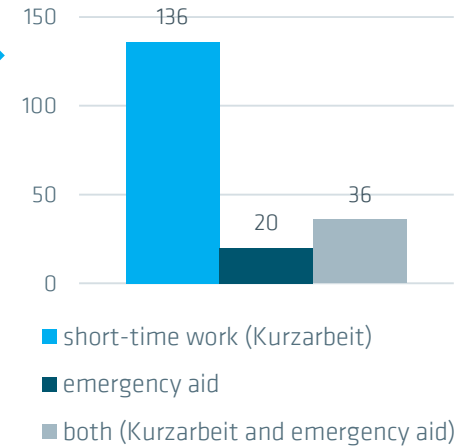
Threat for business viability due to the COVID-19 pandemic (n=551)



Application for government support (n=540)



type of governmental support applied for



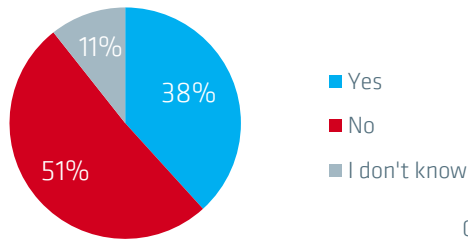
- $\frac{2}{3}$ of CABs **do not see their business viability threatened** by the COVID-19 pandemic at the moment, but 31% do if the situation does not change fundamentally within the next six months
- 36% take advantage of **government support measures** in the form of short-time work (Kurzarbeit) and/or emergency aid

Resilience of the conformity assessment industry

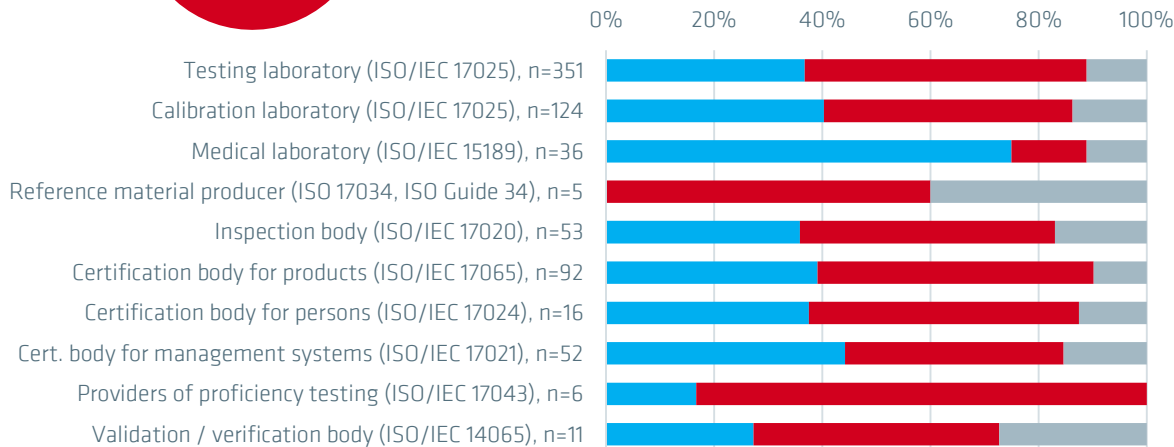
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Half of the CABs had no contingency plans – resources for coping with the pandemic usually available

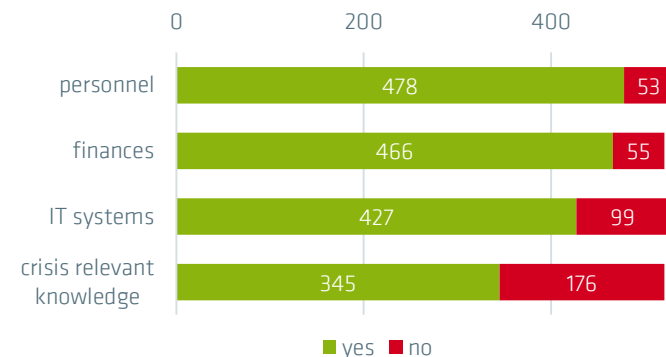
Availability of contingency plans before the pandemic



- **Only 38%** of all CABs had a **contingency plan** before the start of the COVID-19 pandemic. Medical laboratories were better prepared than other CABs: 75% had such a plan
- Accordingly, $\frac{1}{3}$ of the CABs surveyed stated that they did not have any **crisis-relevant knowledge** at the beginning of the pandemic
- At least 90% had the **necessary personnel and the financial resources** to cope with the crisis

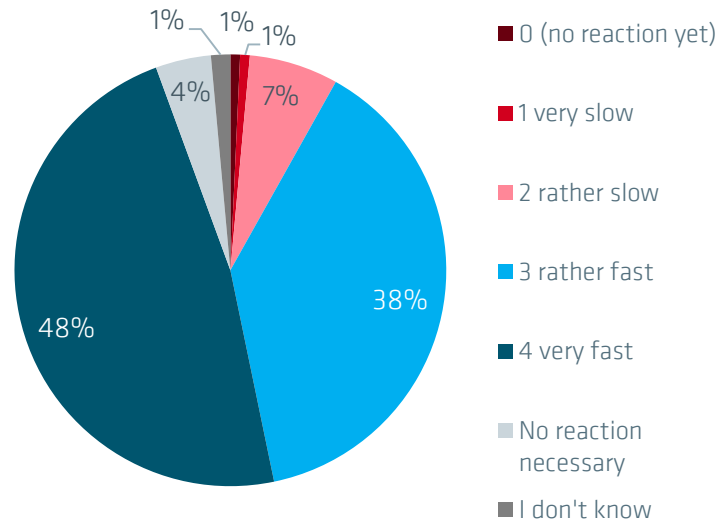


Availability of necessary resources at the beginning of the COVID-19 pandemic



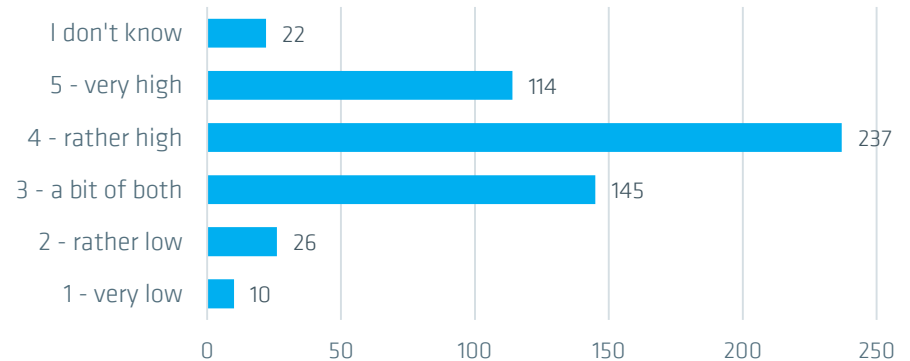
Rapid response to the pandemic // ability to learn from this crisis is highly rated

Speed of response to the challenges resulting from the COVID-19 pandemic



- 86% claim they **have responded very or rather quickly** to the challenges posed by the pandemic
- 63% of the CABs surveyed rate their **ability to learn** from the experience of the COVID-19 pandemic and to take any necessary adaptation measures as very or rather high

Assessment of the ability to learn from the pandemic (n=554)

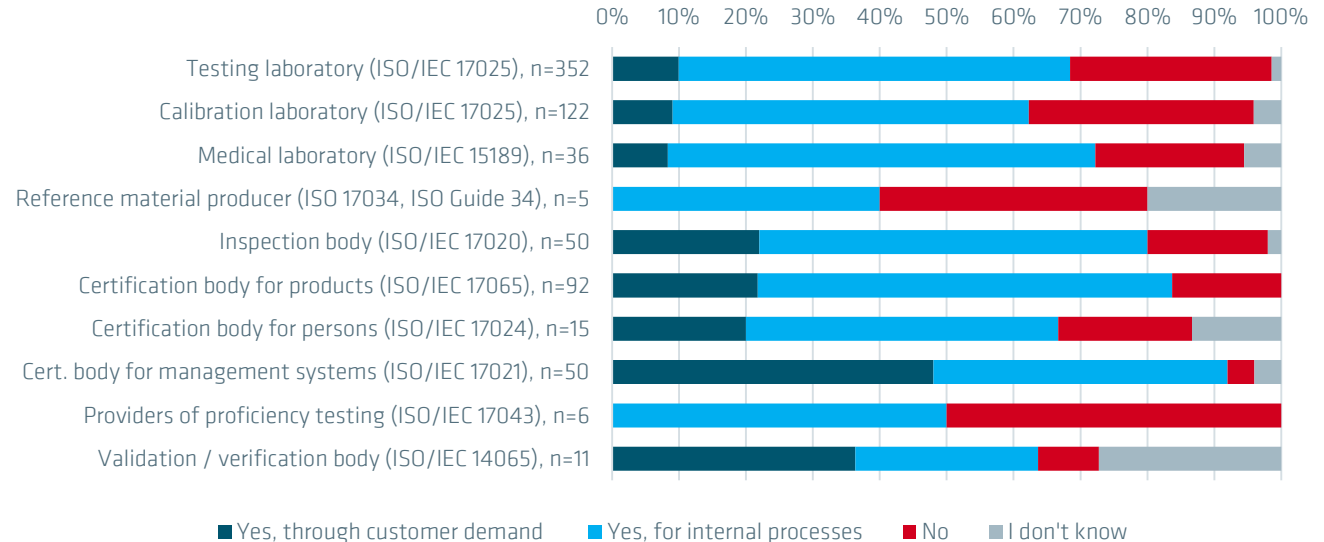
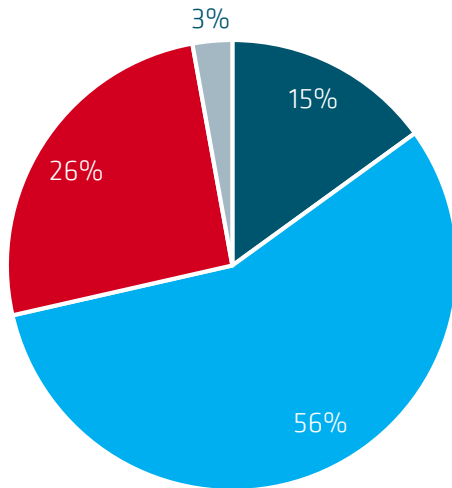


COVID-19 and digitalization

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Majority of the CABs sees increased need for digitalization due to the COVID-19 pandemic

Increased need for digitalization due to the COVID-19 pandemic?
(only 1 option to be chosen)

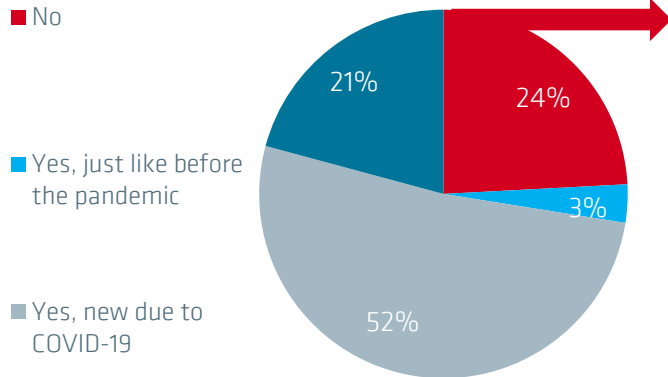


- Demand for digitalization **predominantly for internal processes**
- For certification bodies for management systems, **customer demand** is the biggest driver

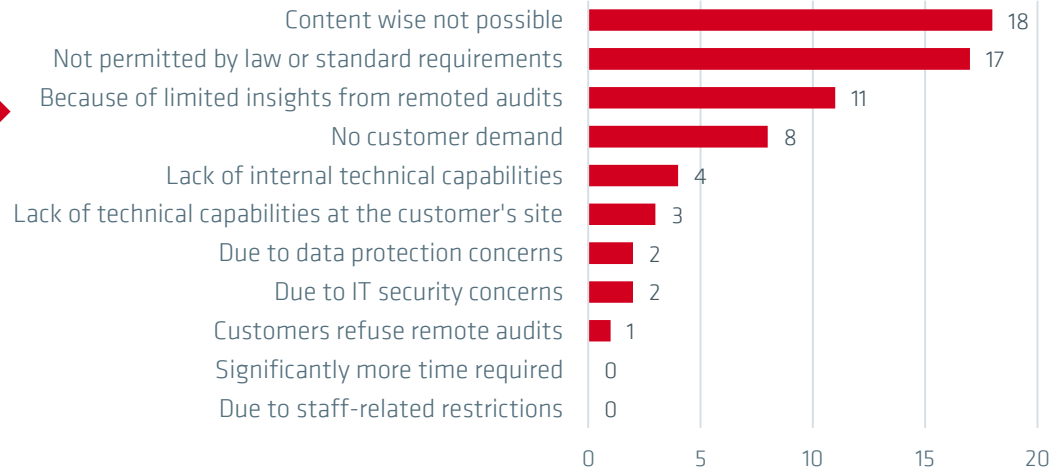
Remote procedure new or increasingly possible at 72% of certification & inspection bodies

*Questions only to certification and inspection bodies

remote audits/inspections possible?*



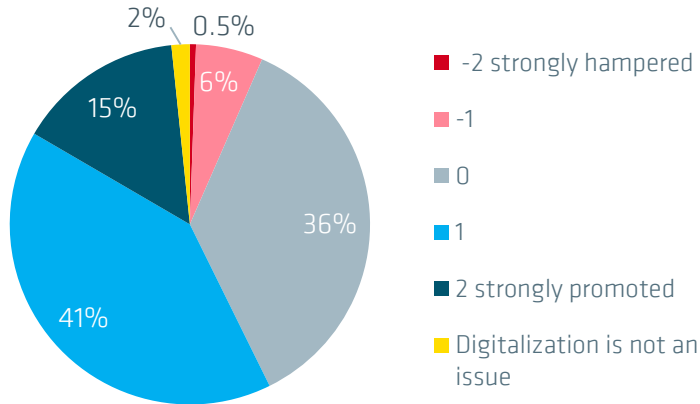
Why no remote audits/inspections?



- Since the COVID-19 pandemic began, 52% of the certification and inspection bodies surveyed started to offer **remote audits or inspections**, but just under 1/4 are not doing so even during the pandemic
- The main **reasons for not doing so** are restrictions due to content, laws or standard requirement. A lack of technical capabilities, IT security or data protection concerns are not obstacles

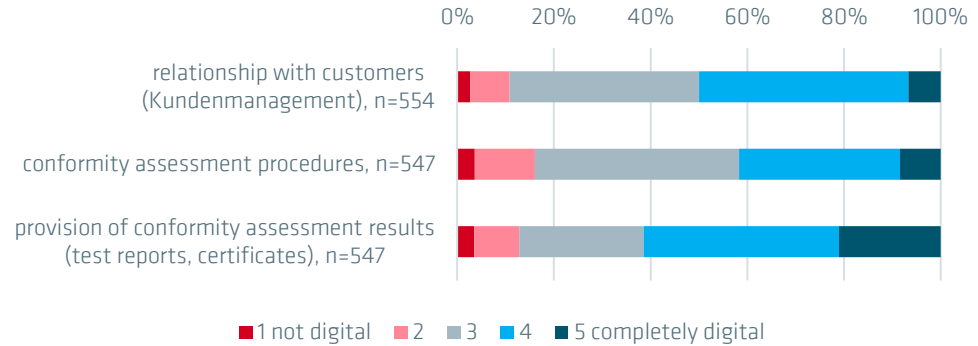
COVID-19 pandemic drives digitalization

Impact of COVID-19 on digitalization

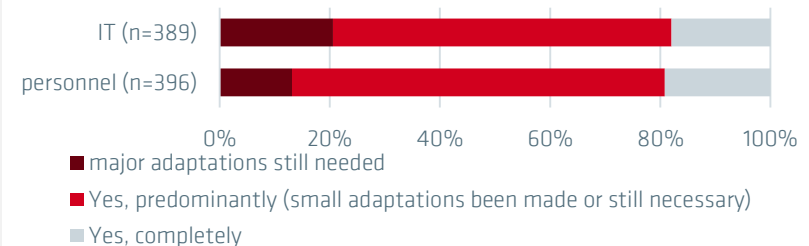


- For 56% of the CA fields of activity, the COVID-19 pandemic is promoting **digitalization** somewhat or strongly
- At the time of the survey (06/2020), on average only 13% of the **CA activities** are not or predominantly not **digital**, 36% at least partially
- Every 5th CAB indicates that major IT **adaptations** are still needed in the pandemic

Current state of digitalization in CABs (06/2020)



IT and personnel already aimed at increased need for digitalization?

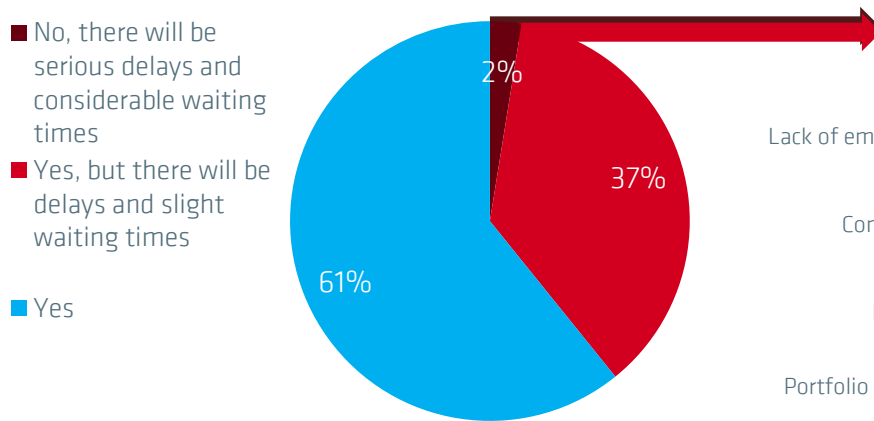


Economy and competition

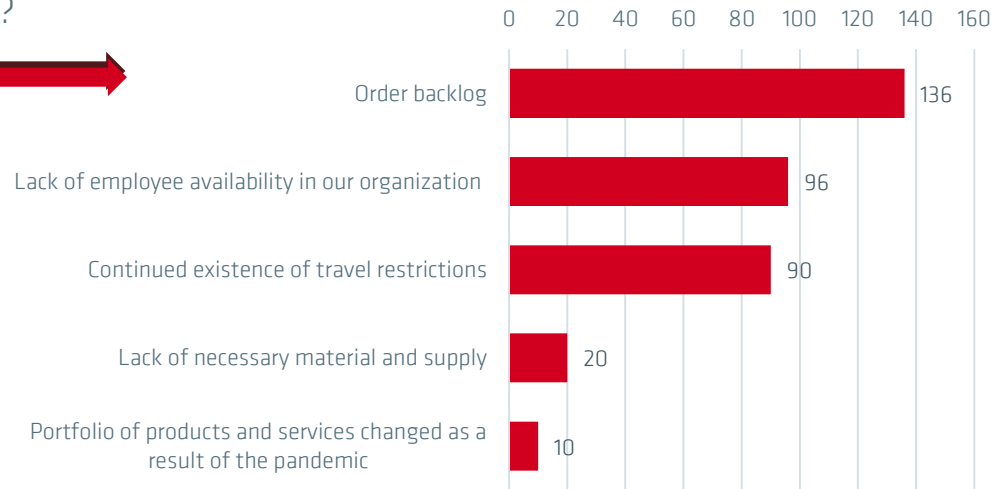
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Demand for CA in the course of the opening of the economy can be met – yet, partly with waiting times

Can short-time needs of customers be met when COVID-19 restrictions are loosened?



Reasons for delays



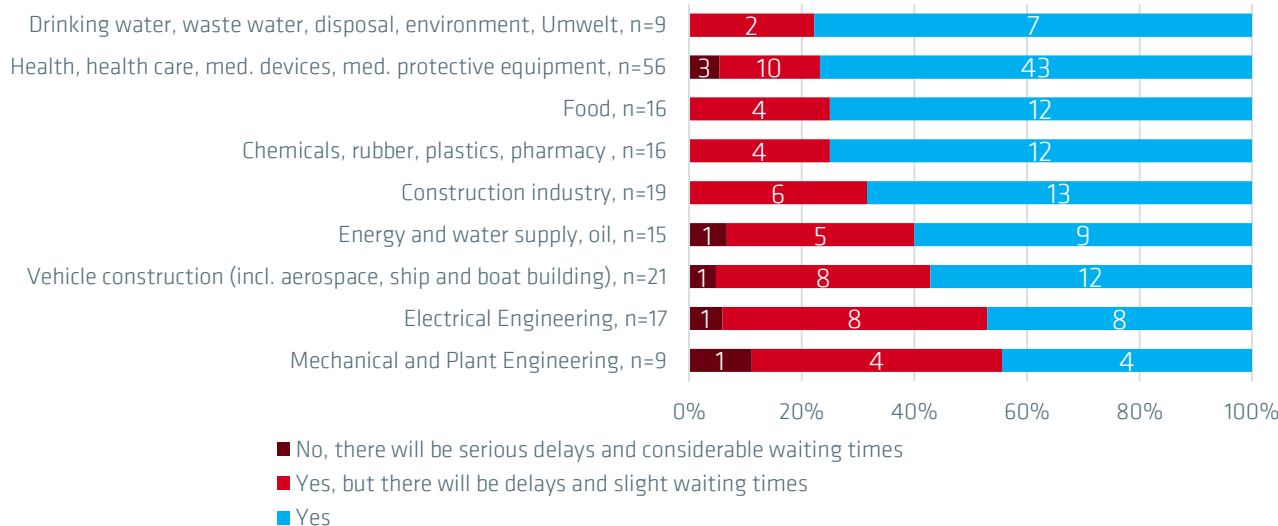
- 61% of the CABs are able to meet the CA needs from industry when the economy re-opens, but more than $\frac{1}{3}$ warn about **delays**
- The main reasons are the backlog of orders, a continuing lack of employee availability, and persisting travel restrictions

Demand for CA in the course of the opening of the economy can be met - partly with waiting times

Evaluation with regard to industries served by the CABs*

Can short-time demand from customers be met when COVID-19 restrictions are loosened?*

(only specialized CABs, served industries with n>8; N=178)

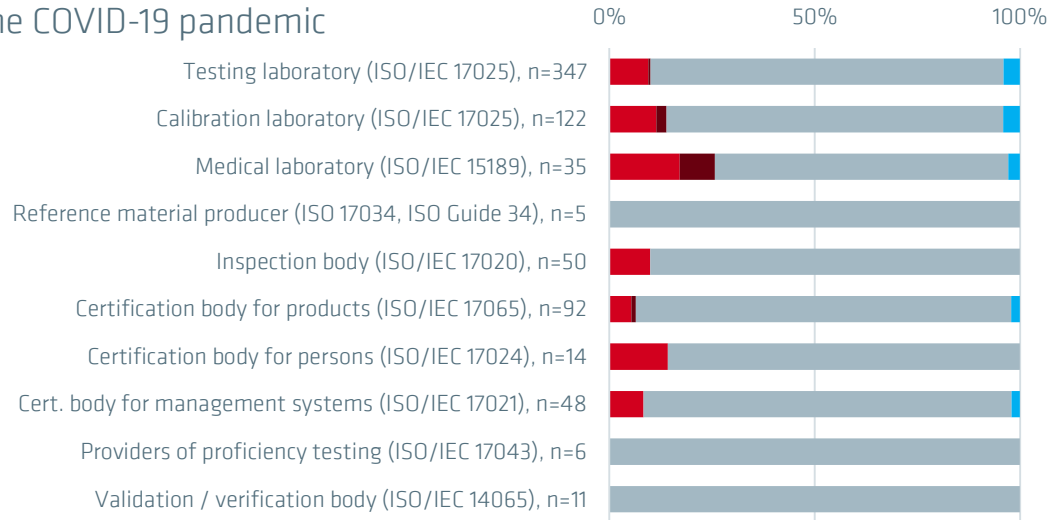
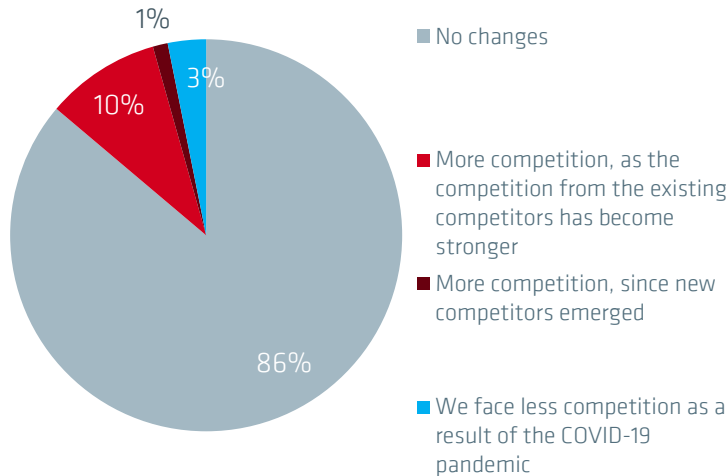


- **Restrictions and delays** in CA are expected in particular for the mechanical and plant engineering, electrical engineering, and vehicle construction sectors, less so for drinking water/environment, food, and health/medical protective equipment

*Included here are only those CABs that are specialized in 1 single industry (and n>8 in each case). For CABs that serve more sectors (up to 3 could be selected), it is not possible to clearly assign their assessment.

Hardly any changes in the competitive situation in the CA - with the exception of medical laboratories

Change in competition during the COVID-19 pandemic



- One in ten CABs experiences **more competition** in the wake of the COVID-19 pandemic, mainly from existing competitors. Only 1% reported new competitors
- This is particularly true for medical laboratories, which are comparatively most confronted with new and stronger competitors

Further comments of the participants on different aspects of conformity assessment in the COVID-19 pandemic

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Topics given priority by participants (n=78)

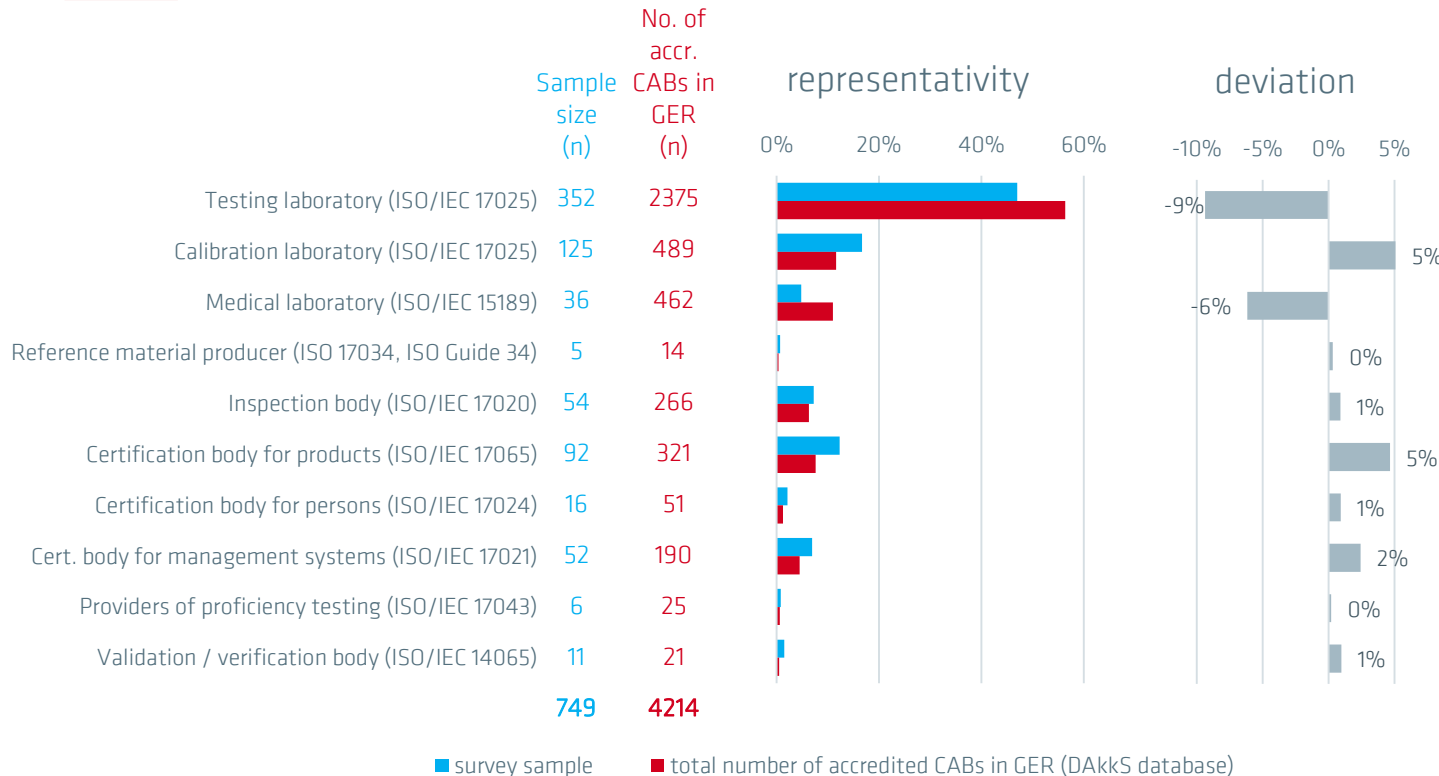
At the end of the survey, the participants had the opportunity to address issues important to them. The comments can be assigned to the following topic areas:

- **Economic situation (14%)**
 - Delayed economic impacts in the CA industry
 - Problems with activities across national borders
- **Accreditation (26%)**
 - High cost burden, especially in the pandemic
 - Extended waiting times
 - Transitional periods
 - Digitalization and remote audits desired
 - Better information flow necessary
- **Financial support (12%)**
 - Often not appropriate
- **Staff situation and availability (9%)**
 - Family relief and childcare
- **Systemic relevance (5%)**
 - Classification as critical infrastructure (CRITIS) not at all or too late
- **COVID-19 tests (4%)**
 - Intransparent coordination of the sample distribution
 - molecular genetic or veterinary laboratories not/insufficiently included
- **Bureaucracy and politics (35%)**
 - Better coordination of policy and (health) authorities
 - Better advice and information on preventive and protective measures
 - Border closures critical
 - Rules for laboratories too strict
 - More transparency of measures and restrictions
- **Others (27%)**

Annex

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Representativity of the sample examined



- The sample of the CABs participating in the survey reflects the distribution according to the population in the database of the German Accreditation Body (DAkkS) with small deviations
- Deviations range between -9% and +5% for the individual CA activities

Contact

Bundesanstalt für Materialforschung und –prüfung (BAM)

S.2 Accreditation and Conformity Assessment

www.qi-fokus.de

qi-fokus@bam.de

Dr. rer. oec. Claudia Koch

MSc. Mona Mirtsch

Tel.: +49 30 8104-3718

e-mail: claudia.koch@bam.de

Tel.: +49 30 8104-4485

e-mail: mona.mirtsch@bam.de

www.bam.de