



# Industry 4.0: Scaling up to success

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**Manufacturers are aware of the value that Industry 4.0 could deliver to their business. Unfortunately, few have a reliable roadmap for turning their pilots into performance.**

Few (if any) manufacturing CEOs doubt the importance of Industry 4.0. Not just because it's secured the headline of every conference, magazine and boardroom agenda for 2017. But more because of the promise of significant value and performance-improvement that could be secured by leveraging Industry 4.0 approaches 'at scale'.

The vision painted by promoters is alluring. With data and digits streaming across the production, operation and supply lines in real-time, friction within the supply chain and operations will finally be released. Automation will enable faster cycle times and changeovers, removing significant waste and downtime. Machine learning and predictive analytics will enable continuous improvement. Forecasting will be highly reliable; R&D will be highly collaborative; quality will be highly assured.

To manufacturing CEOs, this may sound like the panacea to many of their current ills. Everyone knows the manufacturing operating environment has changed. And manufacturing leaders are feeling the pressure of greater customer choice, the proliferation of sales channels and shorter product life cycles. They are seeing their sourcing networks become more complicated, demand for faster changeovers rising and fulfillment times shrinking. Operational stability is being challenged on a daily basis.

**Have you implemented Industry 4.0 technologies at enterprise scale? Or are you still playing with pilot projects and making siloed investments?**

Talk to any manufacturing CEO and they'll likely reel off a list of 'Industry 4.0' initiatives underway at their organization. But delve a little deeper and it quickly becomes clear that

most (if not all) represent little more than pilot projects aimed at solving a particular pain point or isolated performance issue. Few possess a clear roadmap for scaling up their Industry 4.0 activities and investments. Fewer still can boast alignment between their Industry 4.0 initiatives and their long-term strategic objectives at any significant scale.

At KPMG, we see the shift towards Industry 4.0 as an evolution in performance improvement — a set of capabilities, technologies, approaches and methodologies that, when combined and applied to a specific business challenge, can deliver unprecedented advantages to those that take a strategic approach. To be clear, Industry 4.0 is not about technology. And it's not about Big Data. It's about performance.

**How will you use Industry 4.0 to deliver game-changing performance improvement for your organization?**

The real question facing most CEOs, therefore, is how to use Industry 4.0 to deliver game-changing performance improvement for their organization, not only through operational improvements, but also by using their insights to restructure the industry operating model from end-to-end in ways that were unimaginable just a decade ago.

Recently, as part of a global benchmarking effort, a team of our Manufacturing professionals sat down with key decision makers from some of the world's largest, most innovative manufacturers to talk about their approach to Industry 4.0. We asked them about their strategic approach, their investment strategies and their long-term expectations. And we asked for an honest assessment of where they are today.

## Do you have strategic alignment between your business objectives and your Industry 4.0 investments?

What we found was a set of leaders that were increasingly focused on improving the strategic alignment between their business objectives and their Industry 4.0 investments. But

we also found that most continued to struggle to move from pilots to profits — to achieve the type of scale and integration that is required to deliver real and sustainable results.

This is a shame. Massive value awaits those with the right roadmap for scaling up their Industry 4.0 success. Those without a clear direction and strategy will risk being left behind.

Want to learn more about the adoption of Industry 4.0? Looking for more tips to help scale up your existing Industry 4.0 pilot projects? Stay tuned as we release our Industry 4.0 Benchmarking report in Spring 2017.

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