KPMG

POC-2-Cash: A profitable journey to 5G

KPMG Sweden

—

March, 2020

A new partnership

We teamed up with Ericsson, to take industrial manufacturers on a profitable journey to 5G.

Our methodology POC-2-Cash, jointly developed with Ericsson, can drive the realization of business value from 5G solutions. POC-2-Cash is a three-step process to explore, tailor and realize business impact together with industry players. The process is designed to prevent companies from getting stuck in "Proof of Concept loops", but instead tailoring 5G use cases and planning the implementation to enable customized value realization. Based on our calculations, a factory can achieve daily savings of 1 dollar per square meter thanks to 5G technology, which in a factory of 10 000 m2 would equal annual savings of approximately $4 million.

By partnering up with Ericsson, we combine competences within technology, business and operations relevant for the manufacturing industry.

Industry 4.0 will help make smart machines smarter, factories more efficient, processes less wasteful, production lines more flexible and productivity higher. LTE/5G technology is a key enabler for unlocking the potential.

Contact us for more information on how to achieve a profitable journey to 5G!

Eva Fyrberg
Head of Connected Enterprise
KPMG Sweden

Document Classification: KPMG Confidential

We take you on a
profitable journey to 5G

Improve sustainability footprint with higher efficiency and less waste e.g.:

- **Tracking & positioning** – Improved localization reduces scrap and need of having excessive inventory levels

····· Sustainability

Improve employee satisfaction by improving the conditions for thriving at work e.g.:

- **Digital workforce aid**– Enables higher degree of digital interaction, for example provides work instructions that are relevant for the activity being done

····· Employee satisfaction

Increase end-product quality through e.g.:

- **Connected tools** – Connected screwdrivers provide traceability of how and if a screw has been added to a product. It also reduces the need of control staff as the status of each product is known.

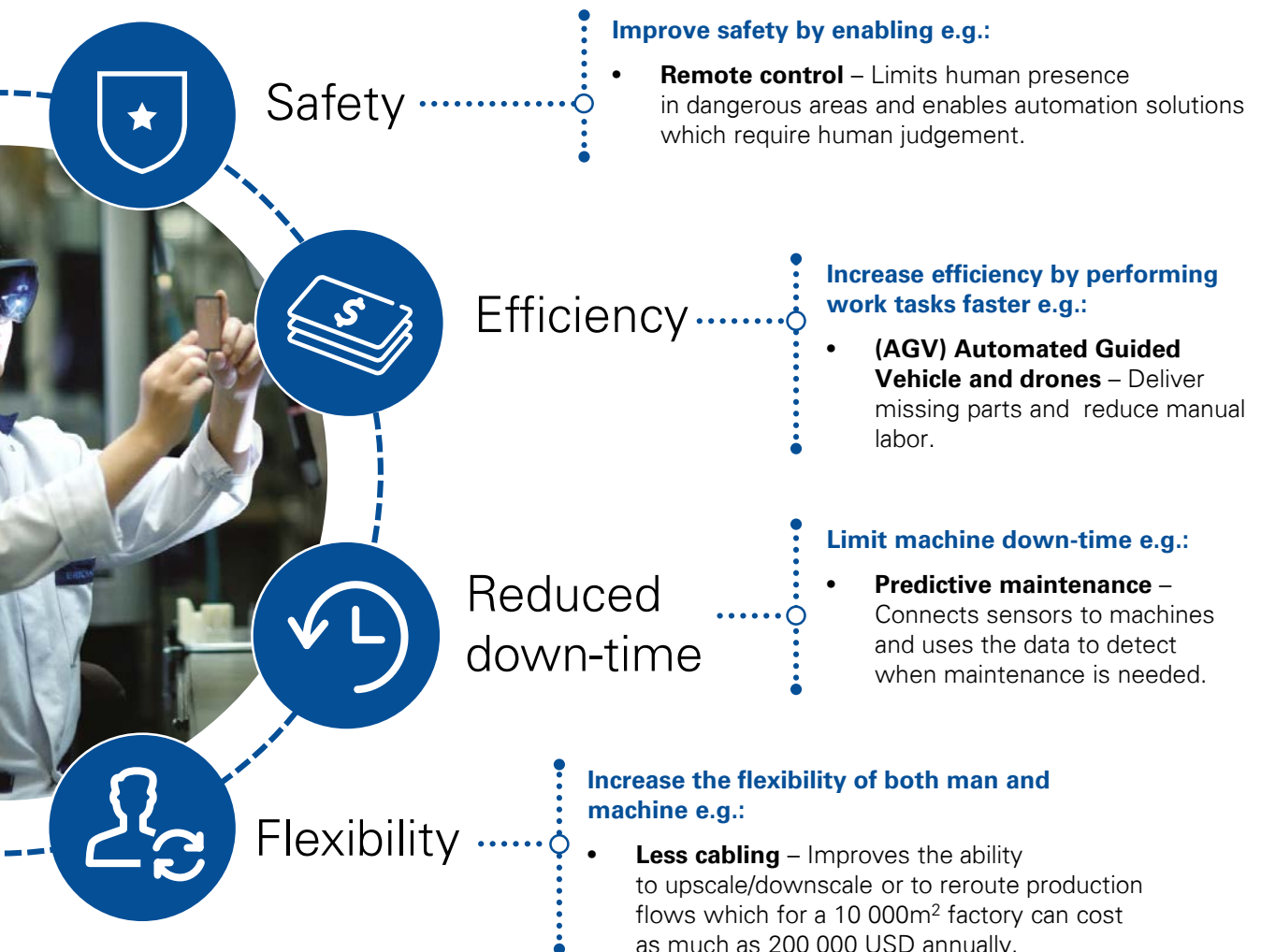····· Quality

Improve security by enabling e.g.:

- **IMSI encryption** – All traffic data sent over 5G radio network is encrypted, integrity protected and subject to mutual authentication e.g. device to network

····· Security

Document Classification: KPMG Confidential

We take you on a
profitable journey to 5G

Safety

Improve safety by enabling e.g.:

- **Remote control** – Limits human presence in dangerous areas and enables automation solutions which require human judgement.

Efficiency

Increase efficiency by performing work tasks faster e.g.:

- **(AGV) Automated Guided Vehicle and drones** – Deliver missing parts and reduce manual labor.

Reduced down-time

Limit machine down-time e.g.:

- **Predictive maintenance** – Connects sensors to machines and uses the data to detect when maintenance is needed.

Flexibility

Increase the flexibility of both man and machine e.g.:

- **Less cabling** – Improves the ability to upscale/downscale or to reroute production flows which for a 10 000m^2 factory can cost as much as 200 000 USD annually.

Document Classification: KPMG Confidential

We take you on a profitable **journey** to 5G

Step 1 Explore

Step 2 Tailor

Step 3 Realize

Technology

Business

Operations

ERICSSON

KPMG

KPMG

4
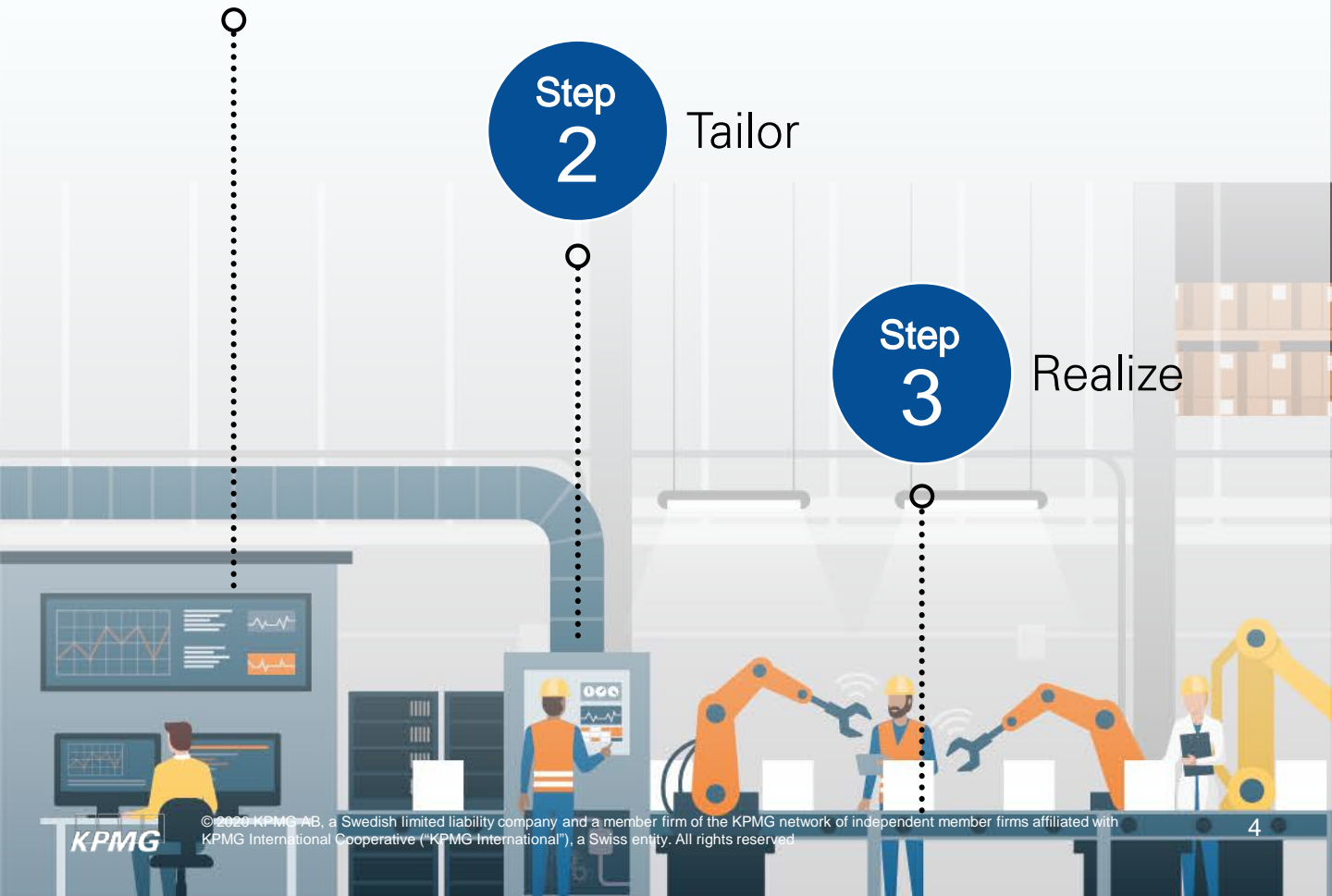
Our process

Step 1 — Explore

Explorative workshop @5G Insights Center

- Together with KPMG and Ericsson, you gather **at KPMG 5G center to learn about 5G connectivity and share ideas and inspiration** based on our experience, on how 5G can be applied in a factory setting and create specific value for you.

Factory visit

- You, KPMG and Ericsson visit your factory to **jointly identify potential tailored use cases** at the factory floor (Gemba walk). The group then prioritizes each use case in terms of complexity and relevance.

Step 2 — Tailor

Evaluate use cases

- Use cases are iteratively evaluated based on value and complexity; business, operations and technology.

Example of use cases

- **Predictive maintenance** – 1-2% Manufacturing operational cost savings.
- **Tracking & Positioning** – Up to 20% improved warehouse optimization.
- **Digital workforce aid** – 10-30% reduced repair costs due to decreased troubleshooting time from digital guidance.

Our process

Step 3

Realize

The POC-loop **tests and realizes the use cases** based on technology, business and operations, in order to generate cost savings or other benefits

Develop POC

Use cases are translated into proof-of-concepts (POC) considering factors such as:

- Maturity of technology to be implemented
- Factory readiness
- Value realization included in POC set-up

Design/testing

The selected **POC(s) are further detailed and set up** with e.g.:

- Process design
- Technology setup
- success criteria covering value, operations impacts and connectivity

Actual testing is then executed according to the test scripts

Scale up

POC is typically performed in a pilot plant or as a parallel system on the line. When scaling, POC (and potential pilot) result ensures viability. **A baseline is established and tracked to ensure business benefits.**

Value realization

Realize value from the up-scaling and collect insights to enhance future POC initiatives.

Continuous assessment of scalability opportunities and enhancing value proposition.
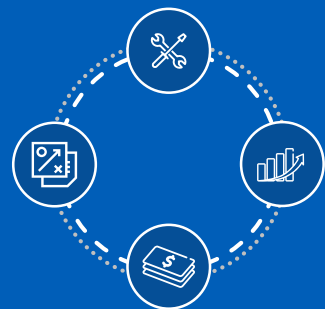
Contact us

Eva Fyrberg
Head of Connected Enterprise
KPMG Sweden – Management Consulting
T: +4673-558 14 08
E: Eva.fyrberg@kpmg.se

Andreas Halvarsson
Partner
KPMG Sweden – Management Consulting
T: +4670-318 94 55
E: Andreas.halvarsson@kpmg.se

kpmg.com/socialmedia