



Trends in the Industrial Products & Services (IP&S) sector
Discover our approach

Introduction

Around the world the industrial products & services sector is experiencing change and transformation as the digital and physical worlds converge. Globalisation, new technologies as well as regulations impact existing business models of companies within the industrial products & services industry.

In this fast changing eco system, the outlook for the industrial products & services industry – and especially the Swiss manufacturing industry – is positive. Studies¹ show that industrial products & services is driving global economies and that its strength creates a clear path towards economic prosperity.

The industrial products & services sector in Switzerland is an important and integral part of it. Deloitte has a dedicated team of resources serving this industry sector and invests in studies and research together with partners such as Swissmem and BAK Basel. Amongst other topics, we have identified four topics which seem to be recurring across our client base and that seem to be relevant to the industrial products & services industry in the current environment:

- Digital Manufacturing / Internet of Things (IoT)
- Growth
- Transformation
- Global Trade Management

These are detailed in this document. **What is your view in this regard?**



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IP&S Business Focus

Globalisation & digitisation are mega trends for IP&S companies – driving growth and transformation



DIGITAL MANUFACTURING

- Industry 4.0
- Digital Business Models
- Digital Supply Chain
- Data-to-Insight
- IT Systems (S4 HANA etc.)



GLOBAL TRADE MANAGEMENT

- Free Trade Agreements
- Trade Compliance (e.g. export controls)
- Customs & Global Trade Technology
- Global Tax Reset / BEPS



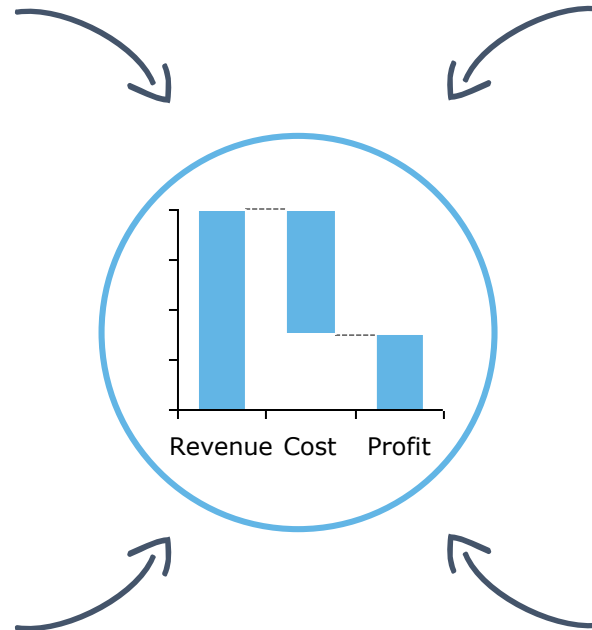
GROWTH

- Internationalisation
- M&A and Carve-Out
- Pricing Optimisation
- Customer, Sales and Marketing
- Services Innovation



TRANSFORMATION

- Operational Excellence
- Innovation
- Risk Management & Governance
- Readiness for the Future



Digital Manufacturing



What's going on?

- Evolving industrial IoT platforms linking the physical and digital world to form the connected enterprise
- Big data insights correlating machine and business data to support decision makers
- Digital supply chains enabling new business models
- Augmented reality, blockchain, Low-Power Wide-Area (LPWA) will propel the next phase of enterprise growth in IoT

Approach

- Understand the state of digital manufacturing in your organisation (Deloitte I4.0 maturity model and enterprise value map)
- Ensure traceability across the entire value chain and track your goods up- and downstream
- Build up your IT architecture as your operational backbone
- Define KPIs to realise digital manufacturing solutions before creating large data lakes

Physical to Digital: Capture signals and data from the physical world to create a digital record



Digital to Digital: Exchange and enrichment of information using advanced analytics, artificial intelligence and machine learning to drive meaningful insights

Digital to Physical: Deliver information in automated and more effective ways to generate actions and changes in the physical world

Your Opportunity

- Develop new data-driven services and business models to create incremental and new revenue streams
- Leverage digital manufacturing technology to improve productivity and reduce risks
- Start small, think big, scale fast...

Critical Success Factors

- Shift the focus from physical to digital value drivers
- Understand business value drivers based on big data insights
- Consider cybersecurity in the design phase of connected digital manufacturing solutions

Growth

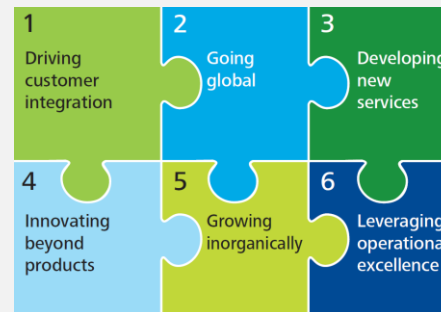


What's going on?

- Globalisation and digitisation create new growth opportunities and expose traditional growth strategies to risks at the same
- Amongst others they include economic volatility, exchange rates, geopolitical risks, global competition and new emerging market players
- To stay competitive and be successful, a clear **strategy for growth** is needed

Approach

- Swiss IP&S companies need to know how, where and when they target growth
- Following **6 strategies for growth** can be used and combined with each other:
 1. Driving customer integration
 2. Going global
 3. Developing new services
 4. Innovating beyond products
 5. Growing inorganically
 6. Leverage operational excellence
- Growth is essential if Swiss IP companies are to avoid a race to the bottom necessitating increasingly rapid and large reduction in cost



Your Opportunity

- Use customisation as competitive advantages
- Internationalise & localise
- Develop USPs with new service innovations
- Consider M&A to access new markets, widen product ranges and fill technology gaps
- Become a leader in operational excellence

Critical Success Factors

- Know your customer's needs and preferences
- Understand growth potentials of new markets
- Develop your service and acquisition strategy
- Innovate throughout the value chain
- Understand how operational excellence creates market advantages

Global Trade Management

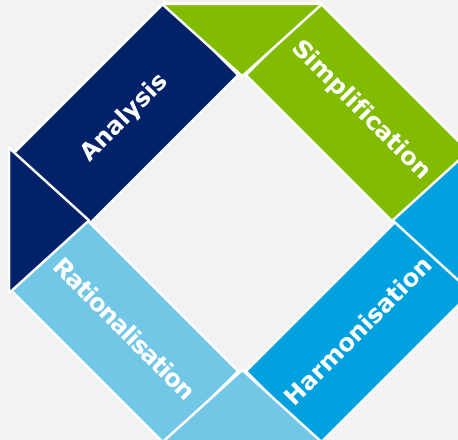


What's going on?

- Operational supply chains grow increasingly complex while the regulatory environment becomes more demanding (free trade agreements, sanctions, alignment of customs valuation and transfer price etc.)
- Authorities move towards mandatory electronic filing for import and export declarations supporting the increasingly sophisticated customs analytics tools. There is an increasing focus on extra-territorial US law e.g. US Re-exports.

Approach

- Analyse supply chain, processes, organisation and people
- Simplify processes through automation
- Harmonise with interface processes (tax, transfer pricing, procurement, demand planning)
- Ensure business readiness of your organisation
- Rationalise with global standards and design principles



Your Opportunity

- Reduce total landed cost through utilisation of free trade agreements
- Gain transparency and control over complex customs processes
- Improve governance and cooperation with service providers
- Improve compliance with customs regulations

Critical Success Factors

- Establish fit for purpose global trade management processes and software
- Drive quality of global trade related company data
- Use cost saving regimes
- Establish transparency of market entry decisions
- Ensure oversight and control of duty spent

Transformation



What's going on?

- Fierce competition, changing business models, innovation, disruptive technology, cost pressures, increased regulations and globalisation are creating the need for organisations to undertake more and more initiatives of unprecedented complexity and speed

Approach

- Take a holistic approach to designing, delivering transformation agendas and assuring transformation portfolios and programs in complex environments
- Design and deliver transformation programs to drive alignment to the organisations strategic objectives

STRATEGIC COST TRANSFORMATION

We help clients to finance growth by freeing-up capital that has been trapped in low value-add activities across the business. We aim to deliver up to 40% cost savings within 36 months.



TRANSFORMATION PROGRAM INTEGRATION

A transformation journey is like building a house: TPI practitioners are the "Master Builders" who confirm a client's strategic vision, design the blueprints to achieve it, coordinate and integrate all of the skills needed, and see it through implementation.

ENTERPRISE MODEL DESIGN

Enterprise model design is a structured approach to understand the implications of a change in strategy and determine what activities an organisation should do and how.

Your Opportunity

- Ensure profitable growth, value for customers and agility through sustainable operational efficiency and focus on value-creating activities

Critical Success Factors

- Deploy a holistic and individually tailored approach
- Base on a clear vision and measurement of achievement
- Align and coordinate activities to ensure the overall change and improvement effort

Thought Leadership



Industry 4.0 and manufacturing ecosystems

Exploring the world of connected enterprises



Industry 4.0

Challenges and solutions for the digital transformation and use of exponential technologies



Growth opportunities

Strategies for Swiss manufacturing companies



Digital future readiness

How do companies prepare for the opportunities and challenges of digitalisation?

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