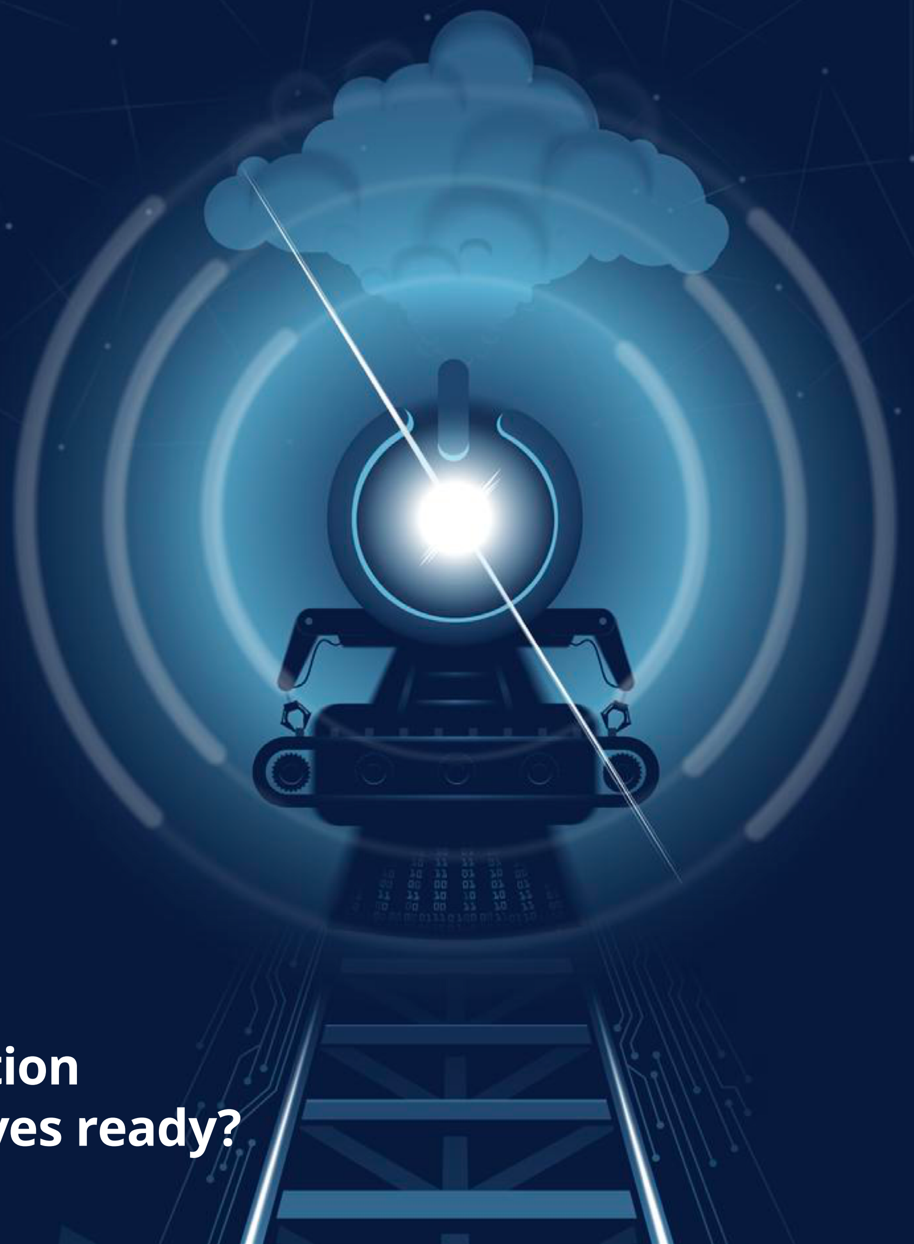


The Fourth Industrial Revolution is here – are German executives ready?

Intro

How do German executives' responses compare to those of their global counterparts when it comes to harnessing the full potential of Industry 4.0 to benefit their clients, their people, their organizations, their communities and society more broadly?

The survey polled more than 1,600 C-level executives across 19 countries – including 100 respondents from Germany. In general, the areas in which German executives stood out from their global counterparts were their high confidence in their organizations' influence over social issues; lower concern about the impact of new business models; divided views with respect to workforce issues such as composition trends and skills requirements; and their confidence in their readiness to benefit from Industry 4.0 technology applications.

Following are some specific examples of where German executives stood out compared with their global counterparts.

Social Impact

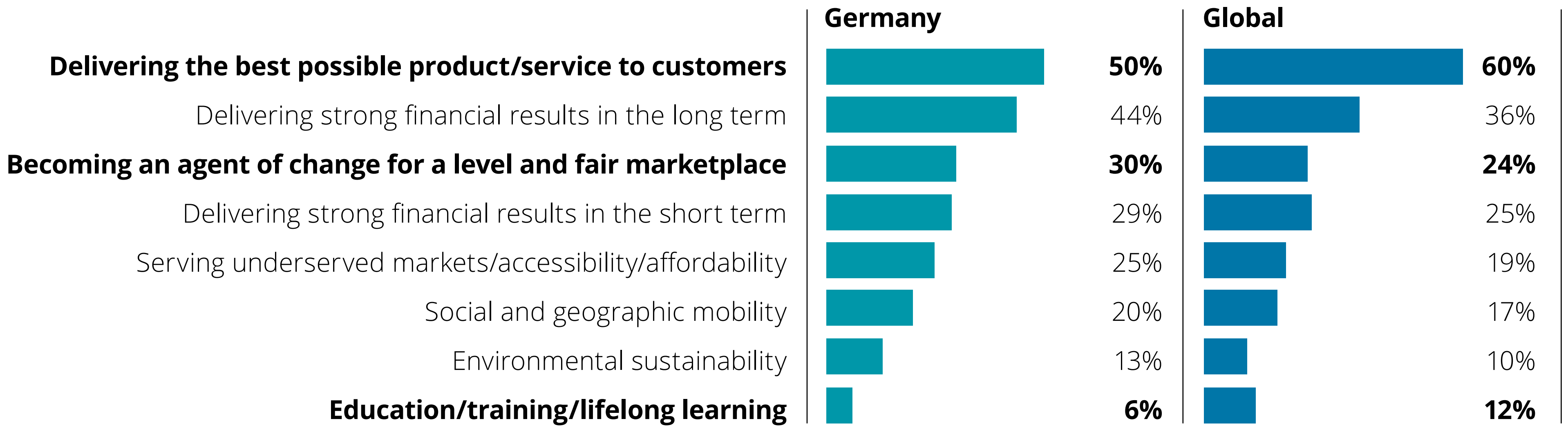
Hopeful that society will become more stable.
Like the majority of all global executives, German executives are optimistic about the society that will be created by the Fourth Industrial Revolution, but slightly less so than their counterparts in many parts of the world. Eighty-three percent of German executives believe that Industry 4.0 will lead to more equality and stability, compared with 87 percent of executives globally.

Larger role for intergovernmental cooperation.
When asked which types of organization will shape society, German executives agree with global execs that public or private organizations will have the most influence. However, Germans see a somewhat smaller role for public businesses (Germany 69 percent, Global 74 percent) and a larger role for intergovernmental cooperation and alliances (Germany 45 percent, Global 39 percent).

More influence over social issues, less over delivering products and services.
Overall, German executives, more so than global executives, were confident in their abilities to significantly influence a range of business and social issues, including becoming agents of change for a fair and level marketplace. The only social issue that German executives did not consider themselves as influential as their global counterparts was education/lifelong learning. Compared to their global counterparts, German executives said they had less influence on delivering the best possible products/services to customers (see chart 1).

Social Impact

Chart 1: To what degree does your organization consider itself able to influence the following issues?
(Respondents who answered “To a significant degree”)



Strategy

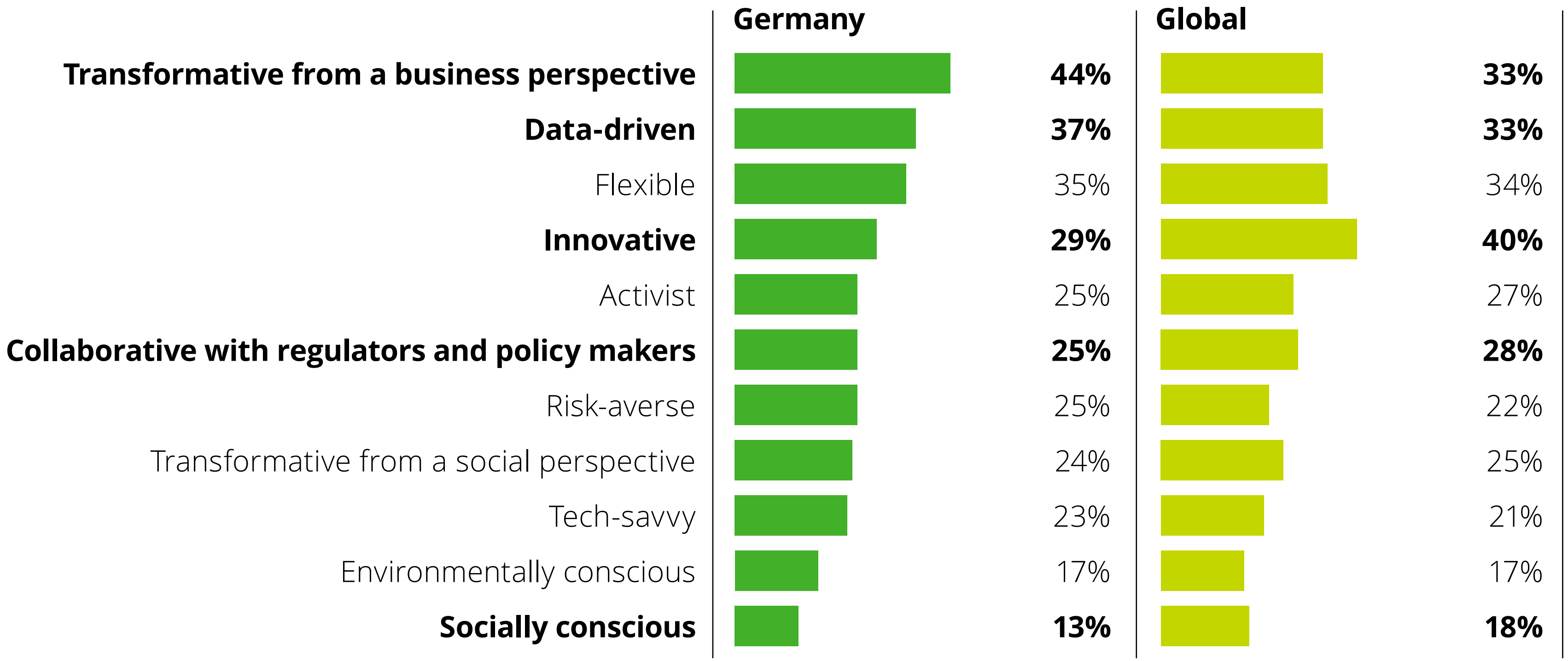
Confidence to face Industry 4.0 challenges.
German executives appear markedly more confident than many other executives in their ability to address some important challenges Industry 4.0 will bring. One such example is their ability to mobilize a larger and more diverse ecosystem to deliver value to their customers (Germany 42 percent, Global 33 percent). German execs also believe they possess the correct workforce composition and skills needed for the future (Germany 35 percent, Global 26 percent) and the ability to use advanced technologies to solve pressing organizational challenges (Germany 27 percent, Global 20 percent).

Less concerned with impact of new business models.
Looking out at areas that will affect their organizations most in the next five years, German executives are focused on the changing regulatory environment (German 43 percent, Global 41 percent) and the evolving economic and trade landscape (German 35 percent, Global 32 percent). However, they are significantly less concerned about the emergence of new businesses or delivery models than many other counterparts in the rest of the world (Germany 26 percent, Global 40 percent).

Need to be more transformative, not innovative.
German executives believe that if their organizations are to rise to the challenge of Industry 4.0, C-level executives need to become more transformative and data-driven. They see less need for senior executives to be more innovative, collaborative with regulators and policy makers, or socially conscious.

Strategy

Chart 2: CXOs need to become more...
(Select up to 3)



Talent and the Workforce

Split regarding workforce composition and skills.
German executives are less cohesive than their global counterparts regarding their views on workforce issues, such as whether the workforce will trend toward contractual, temporary and/or ad hoc employees or more toward sustained, full-time employment; and whether the skills required of employees will change rapidly or relatively similarly to those today (see chart 3).

Greater need to rethink social/labor contracts.
German executives, more so than executives globally, believe Industry 4.0 will require a new approach to social/labor contracts (see chart 3).

Talent and the Workforce

Chart 3: Which of the following statements about the Fourth Industrial Revolution's impact on the workforce is more true?

(Select one from each set)

	Germany	Global
We are doing everything we can to create a workforce for the Fourth Industrial Revolution	86%	86%
We are not focused enough on creating a workforce for the Fourth Industrial Revolution	14%	14%
We will need a complete rethinking of social/labor contracts	**66%**	**56%**
The current labor laws and contracts will generally continue to work	34%	44%
Our current education system will continue to work and prepare individuals for Industry 4.0	64%	65%
We will need a complete rethinking of the education system	36%	35%
Our organization's relationships with our workforce will trend toward contractual, temporary and/or ad hoc employees	**54%**	**61%**
Our organization's relationships with our workforce will trend more toward sustained, full-time employment	**46%**	**39%**
The skills that we require of our employees will evolve much more rapidly than how they do today	**52%**	**56%**
The skills that we require of our employees will evolve relatively similarly to those of today	**48%**	**44%**
The majority of our workforce can be trained to have the skills we will require	58%	61%
We will need to hire new/different people to have the skills we will require	42%	39%

Technology

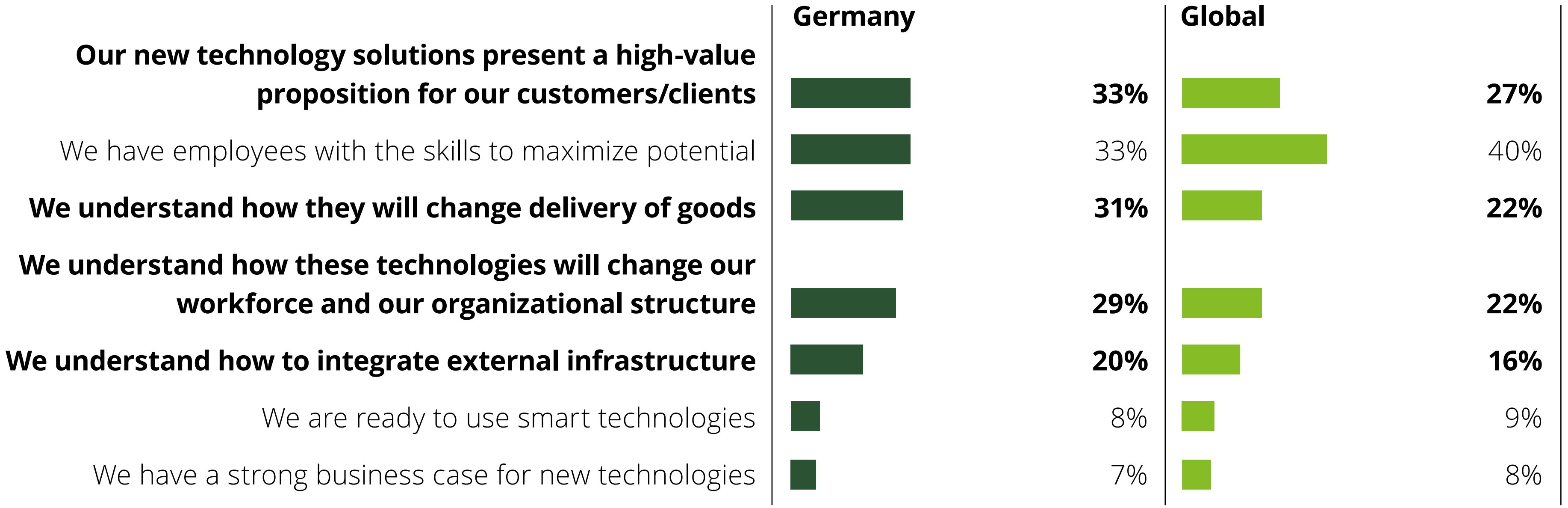
Making a business case for new technologies, such as IoT.
German executives regard technology as the competitive differentiator to a slightly higher extent than the global average (Germany 24 percent, Global 20 percent). This is a key statistic because executives' approach to technology appears to be a leading predictor of how well prepared they believe they are for Industry 4.0 and for making the business case for new technologies.

Ready to benefit from Industry 4.0 technologies.
To that point, there are several areas in which German executives say they are more ready than global execs to benefit from Industry 4.0 technologies. These include the high value clients/customers place on their technology; understanding the way these new technologies will change the delivery of goods; how they will change the workforce; and how to integrate these technologies with external infrastructure.

Technology

01
02
03
04
05

Chart 4: To what extent do you agree with the following statements about your organization's readiness to benefit from new smart and autonomous technologies?



Deloitte.

Methodology

This research is based on a survey of 1,603 global executives – 100 of whom are based in Germany – conducted by Forbes Insights in the second half of 2017. Survey respondents represented 19 countries from the Americas, Asia and Europe, and came from all major industry sectors. All survey respondents were C-level executives, including CEOs/presidents (16 percent), with the rest evenly divided among COOs, CFOs, CMOs, CIOs and CTOs. All executives represented companies with revenue of US$1 billion or more, with more than half (53 percent) coming from companies with more than US$5 billion in revenue.