Digital Transformation Survey

Creating Products and Services in a Digital World

France Report

EXCLUSIVE RESEARCH FROM

CorporateLeaders
BUSINESS TRANSFORMATION NETWORK

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Digital Transformation in France

The 2018 CorporateLeaders and PTC Digital Transformation Survey finds companies moving quickly to digitalize their processes. However, the move in France is comparatively hesitant. Despite the clear benefits of digital PLM, IoT (Internet of Things) and the cloud, some French companies could fail to compete globally if they don't keep up with digital trends.

PLM: Improving Operational Efficiency

Digital PLM offers less engineering hours per product, more efficiency, faster turnaround, reductions in cost, increased yield, drives down warranty costs, and allows engineers to spend less time chasing down quality issues. These benefits are well known amongst French companies. The top benefits cited by French survey respondents were: increase design re-use (67%), improve operational efficiency (67%), and meet changing customer expectations (50%). Interesting, while faster time to market was chosen in the global survey by 36% of all respondents, it is only chosen by 17% of French respondents. Operational efficiency and changing customer demands are driving the move to digital in French firms, more so than competitive drivers.

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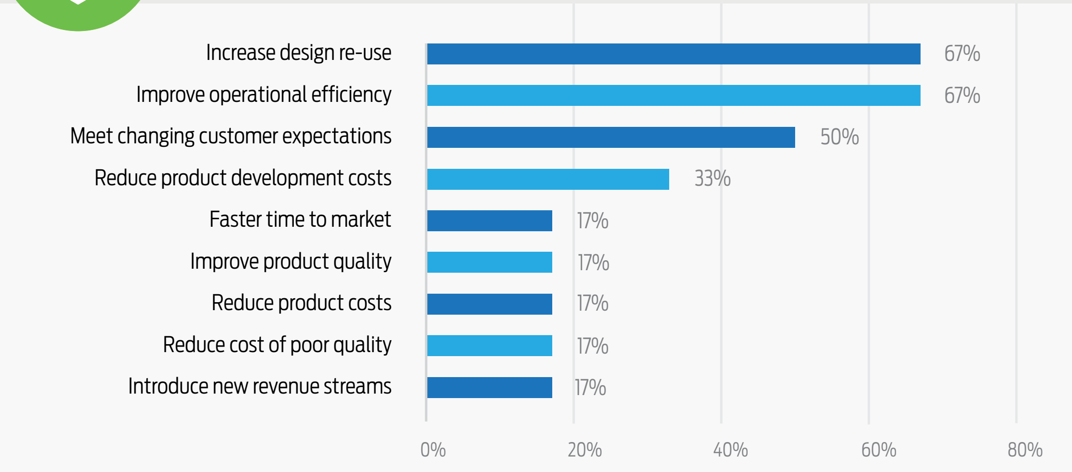
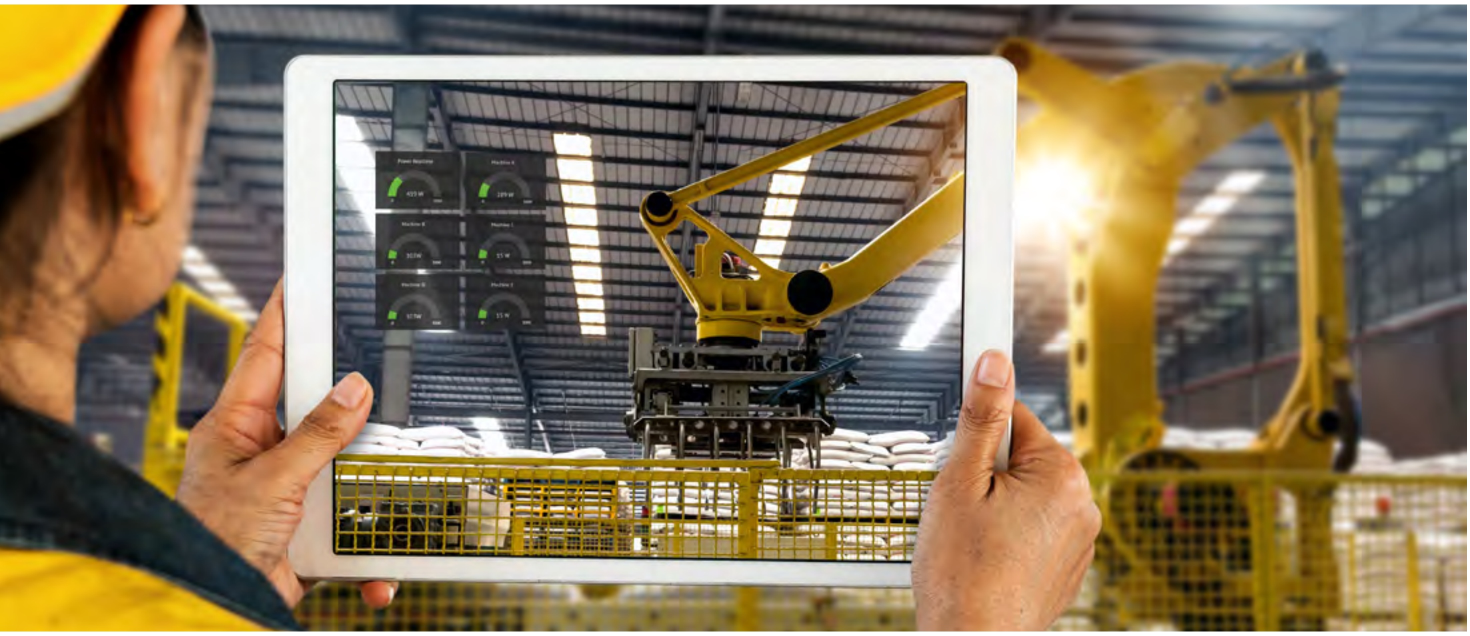
When asked to name the top three strategic digital trends impacting the way their organization creates products and services in the next three years, they were: digitalization, IoT Products Transforming Design Practices, and PLM in the Cloud.

However, when asked what stage their organization is at in adopting a digital PLM model, it is a more mixed picture. Some 33% have already done so, but half (50%) are looking further out, at 2-5 years. 17% have no plans at all, albeit fewer than the global survey average of 22%. The biggest challenges French organizations are facing in their digital transformation journey were named as disconnected processes/siloed departments (chosen by 67%), data quality (67%) and product complexity (50%).

Top benefits of adopting a digital model - France
Select top 3





IOT: The Customer Comes First

IoT offers both market-facing and internal benefits. The vast majority (83%) of French respondents view IoT as important to their organization's products and services, with only 17% saying it is not important. This tally's exactly with the 83% of respondents who have already integrated IoT in released products or are planning to do so within the next 2-3 years, and the 17% who have no plans to do so.

The reasons for adopting IoT again show a keen customer-facing interest. Half of all French respondents cited meeting customer expectations are the main benefit of IoT, compared to the 33% who believed it was to gain competitive advantage. Reducing costs came lower down, at just 17%, suggesting that the main interests of digital models are moving away from simple cost-based concerns towards innovation, quality and customer service.

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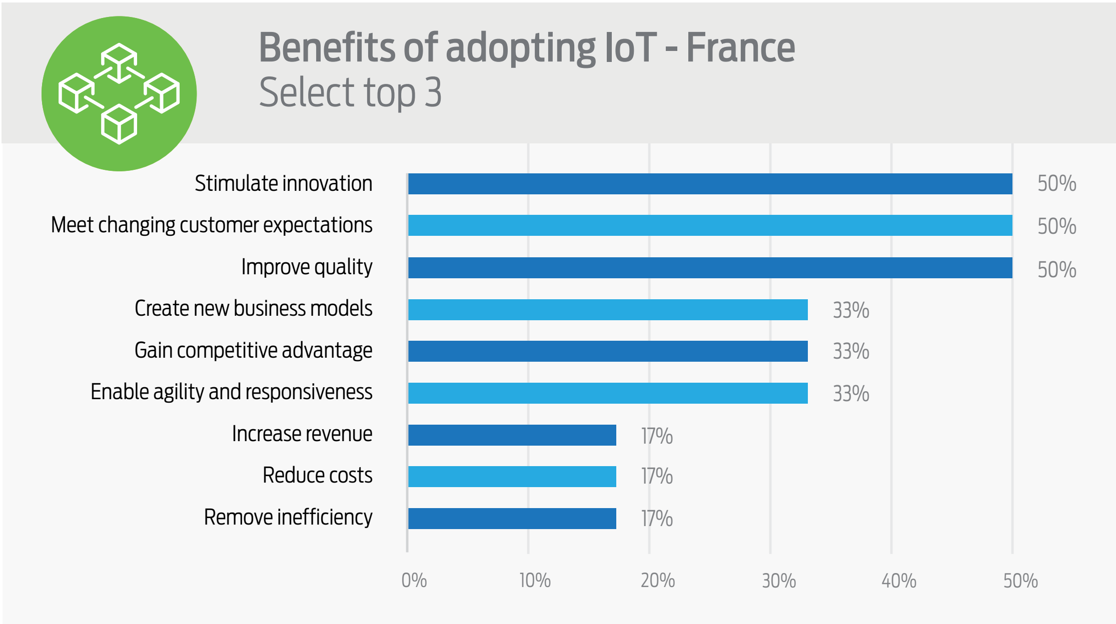
The biggest barriers to enabling IoT initiatives, however, are security concerns. Security and data privacy are the top two concerns, both chosen by 67% of French respondents. Unlike in neighbouring Germany, where 67% of firms cited a lack of internal knowledge and skills, only 33% of French firms chose this as their biggest barrier (the global survey average was 38%).



Cloud: Privacy Concerns

The benefits of moving to the cloud appear to be understood by most French manufacturers. Half of all French respondents have already moved applications or portion of infrastructure to the cloud, while 17% plan to do so within the next 3-5 years. Somewhat worryingly, 33% have no plans to do so, significantly higher than the global average of 27%. This despite the fact that 83% of all French respondents recognise that the automatic updates available through cloud services is a primary benefit, and half also recognised the benefits of company-wide data tracking and real-time visibility.

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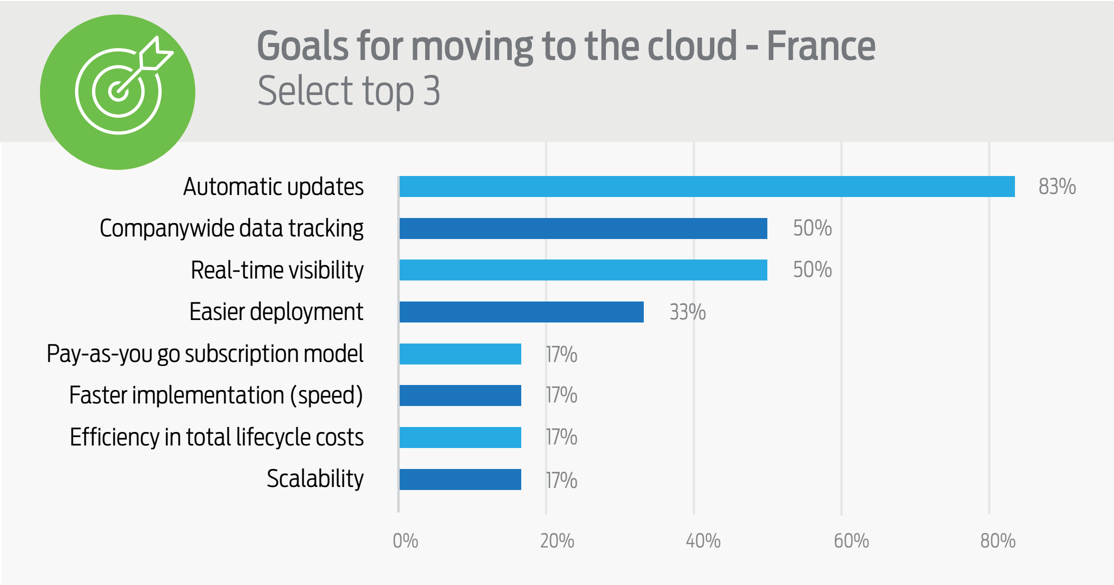
The reasons for this reticence, however, are the same as for IoT. The French are highly sensitive to data security concerns. When asked what are the biggest barriers for moving to the cloud?, the top two by far were data privacy (83%) and security (67%) – both far higher than the global average (at 46% and 59% respectively). It is up to outsourced providers to demonstrate to customers that cloud systems are in fact far more secure than internal processes.



Conclusion: France Needs to Upgrade Security

Despite an overarching theme of keeping up with changing customer expectations, French respondents are perhaps holding back on their move to digital PLM, IoT and the cloud, due to concerns over security. The benefits of outsourced digital platforms therefore need to be better understood as a security upgrade, not a risk. Security has to constantly keep ahead of the hackers with the latest firewall defenses, automatic updates, and software patches – all of which is very hard of organizations to do internally, especially where they lack the internal knowledge and skills.

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About the Survey

CorporateLeaders and PTC surveyed 128 executives in product development, engineering, production, corporate management, IT and marketing between April and May 2018.

The survey is international in scope, with respondents from Europe, North America, the Middle East and Asia. Most respondents come from industrial sectors, including manufacturing (23%), automotive (13%), healthcare and pharmaceuticals (9%), aerospace and defense (9%) and energy (8%). Over a third of companies (39%) surveyed are €1 billion-plus revenue businesses, 19% have revenues between €200m and €1b, 14% between €50m and €200m, and the second largest cohort of respondents, at 28%, are emerging businesses with revenues below €50m. The majority of respondent are senior within their organization, with 24% at director or C-suite level, 34% at manager level, and 11% are specialist industry consultants.

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CorporateLeaders
info@corporate-leaders.com +32 472 434 731
www.corporate-leaders.com