Digital Transformation Survey

Creating Products and Services in a Digital World

Northern Europe Report

EXCLUSIVE RESEARCH FROM

CorporateLeaders
BUSINESS TRANSFORMATION NETWORK

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Digital Transformation in Northern Europe

The 2018 CorporateLeaders and PTC Digital Transformation Survey finds Northern Europe broadly in-line with the global averages when it comes to the adoption of digital manufacturing models. For the purposes of the survey, Northern Europe contains Benelux, Scandinavia and UK (but not Germany and France, which are reported on separately). However, there are some clear – and some concerning – differences in responses amongst the individual countries.

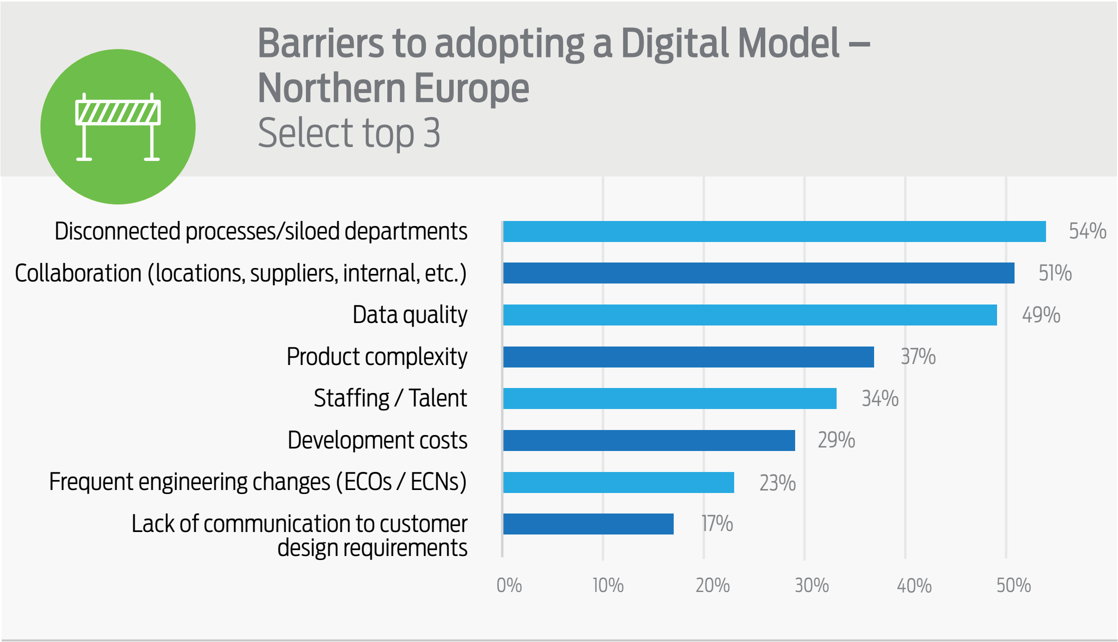
PLM: Keeping Pace Globally

The benefits of digital PLM are well known amongst Northern European respondents, with the ability to reduce product costs, faster time to market and improve operational efficiency all joint top, cited by 43% of the respondents.

When asked what stage their organization is at in adopting a digital PLM model, 46% have already done so or will do so within the next year (broadly in line with the global average) and 40% are planning to do so within the next 2-5 years. Just 14% have no plans to digitally transform. However, zoom in by country and some worrying contrasts appear. The Benelux countries are most likely to have no plans for digital PLM (25%), and the least likely to be in the process of adopting or have already completed their digital PLM model (8%). Amongst Scandinavian respondents, by contrast, 50% are in the process of adopting or already completed their digital PLM model, and not a single respondent had no plans to do so.

The need for speed, efficiency and cost reductions are the big emerging themes.

The top three biggest challenges Northern European organizations are facing in their digital transformation are disconnected processes/siloed departments (54%), collaboration: locations, suppliers, internal, etc (51%) and data quality (49%). These were also the top three in the global survey. Within the UK, data quality was actually the top challenge, at 53%. Benelux has a distinct staffing and talent problem, cited as the major barrier by 58% of firms (compared to 34% across Northern Europe as a whole).



IOT: Slow to Realize the Benefits

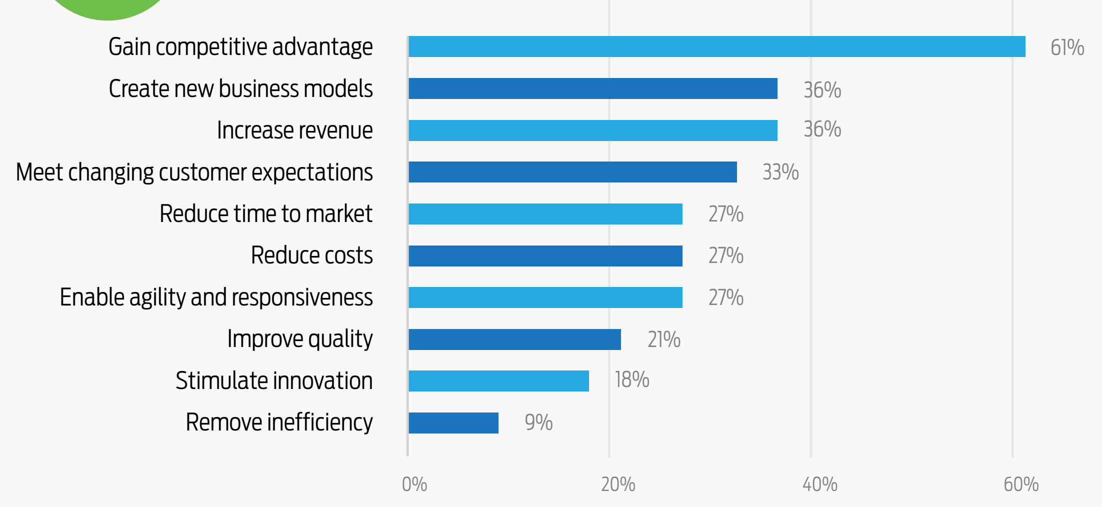
Not everyone in Northern Europe has woken up to the benefits of IoT. When asked how important is IoT for your organization's products and services?, 48% chose extremely or very important, but 17% chose not important at all (against a global average of 13%). Again, the digital laggards tilting that average was Benelux, where 25% of respondents see IoT as not important (although this time, 12% of Scandinavian firms agree with them).

Not everyone in Northern Europe has woken up to the benefits of IoT.

Surprisingly, the most common stage Northern European organizations are at in integrating IoT functionality into their products is 'no plans', cited by 26% of respondents. That is shortly followed by currently integrating IoT functionality (23%) and planning to in the next 12 months (17%).

The benefits of IoT are clearly visible amongst the survey responses too: some 61% recognise that the benefits of adopting an IoT framework include the ability to gain competitive advantage, 36% cite creating new business models, and 33% see the advantage of meeting changing customer expectations. Within the UK, half of respondents saw the main attraction of IoT as increasing revenue.

Benefits of adopting IoT – Northern Europe
Select top 3



Unlike the global survey, where skills shortage and security concerns were the biggest barriers to enabling IoT, in Northern Europe it is cost: the number one concern amongst 42% of respondents, compared to 36% globally. This is again led by the cost-conscious Brits, of whom 57% cite implementation costs as the biggest barrier, and just 29% say data privacy (compared to 50% of the privacy protective Scandinavians).

Cloud: A Split Opinion

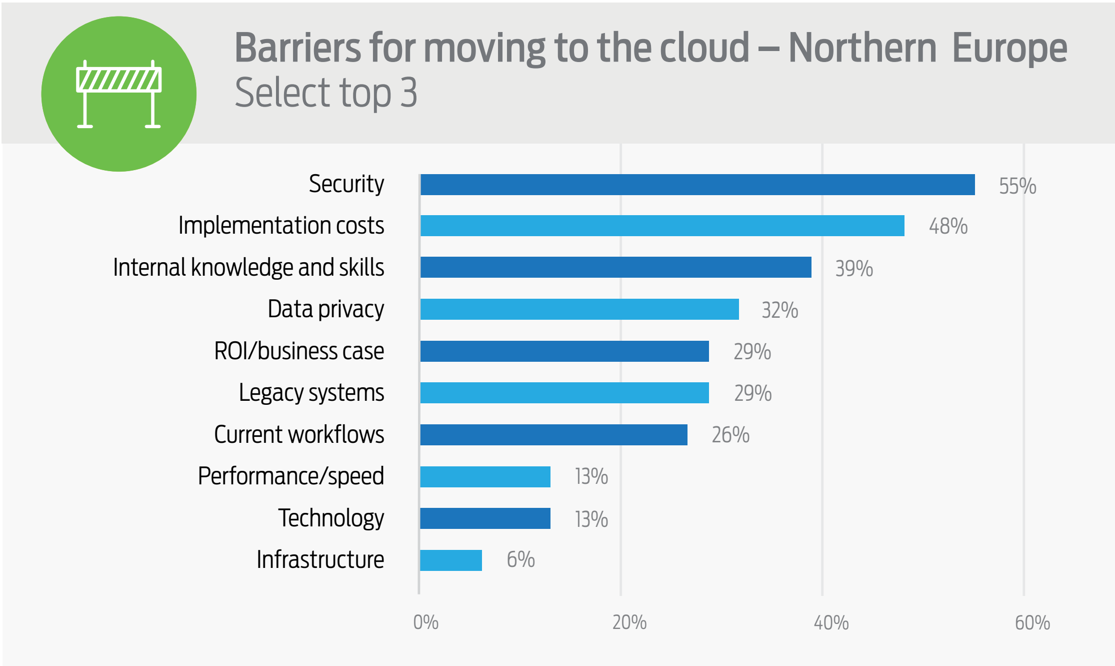
Over half of Northern European respondents (55%) see faster implementation speeds as the primary goal of moving to the cloud, followed by easier deployment (45%) and scalability (42%). In the UK, cost concerns again rise further to the top, with efficiency in total lifecycle costs cited by 42%. While in Benelux, the pay-as-you-go subscription model attracts 45% of respondents.

Almost half (47%) have already moved applications or infrastructure to the cloud or will do so within the coming year, and another 28% will do so within 2-3 years. Few have no plans to do so (16%), and – perhaps surprisingly, given their eagerness to digitalise PLM – many of these are Scandinavian, a quarter of whom don't plan to move to the cloud.

Over half of Northern European companies see faster implementation speeds as the primary goal of moving to the cloud but there are mixed opinions.

The most common engineering system to have already moved to the cloud is ERP (22%), but PLM looks set to usurp it in the top spot, with 25% planning to move it to the cloud in the next 12 months (compared to 16% planning to do so in the same timeframe for ERP) and 22% within the next 2-3 years (compared to 12% for ERP). Almost a third of UK respondents (31%) plan to move both PLM and supply chain management to the cloud within the next 12 months.

Again, the perceived barriers preventing moving to the cloud are dominated by security (55%), costs (48%) and lacking sufficient internal knowledge and skills (39%). As for PLM and IoT, the Nordics were most concerned about security (62%) while UK respondents were most worried about implementation costs (75%).



Conclusion: Northern Europe Should Consider Upgrading

The findings of the 2018 CorporateLeaders and PTC Digital Transformation Survey suggest that Northern Europe has yet to grasp the benefits of outsourced digital platforms as being safer and cheaper than alternative models. There is a real risk of losing out against increasingly competition global rivals.

Security has to constantly keep ahead of the hackers with the latest firewall defenses, automatic updates, and software patches. Working with partners makes digital PLM, IoT and Cloud the safer, and a more cost-effective options.

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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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