

**Deloitte.**

**Industry 4.0**

Are you ready?

Alexandru Reff, May 2018



# Industry 4.0

## Why Deloitte



### No.1 in Consultancy worldwide

- Deloitte recognized as a global leader in IT Operations Consulting by ALM Intelligence
- Deloitte ranked #1 by Gartner in Security Consulting for the 5th consecutive year
- Deloitte named a Leader in Gartner Magic Quadrant for Oracle Application Services, Worldwide



### Alliances with leading digital innovators

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- [SAP](#) – implementation services



### Center for the Edge soon in Romania

- Help executives make sense of and profit from emerging opportunities on the edge of business and technology.
- helps leaders understand the fundamental changes shaping the world, navigate the short-term challenges and identify long-term opportunities to mobilize for exceptional performance



### European Regional Delivery Center

- Present in Romania since 2016
- Employs over 300 technology consultants
- Offers technology services to European customers: Analytics and information management (AIM) ; Deloitte Digital; Deloitte + SAP

**The Fourth Industrial Revolution is here**

**Are *you* ready?**

# Industry 4.0

## About the study

The survey polled **1,600 C-level executives across 19 countries**, coupled with select interviews. What ultimately emerged was a picture of the opportunities and challenges these global leaders saw in creating new value in a changing world—a picture that conveys both hope and ambiguity.

Definitions for Industry 4.0 abound, but the change it portends at its core is

**“the marriage of physical and digital technologies such as analytics, artificial intelligence, cognitive technologies and the internet of things (IoT)”**

This marriage of the physical with the digital allows for the creation of a **digital enterprise** that is not only interconnected, but also capable of more holistic, informed decision making.

# **A mix of hope and ambiguity**

Are the leaders of businesses and government agencies ready to harness **the full potential of Industry 4.0** to benefit their clients, their people, their organizations, their communities and society more broadly?

# Industry 4.0

## Major areas of concern for C-level executives

To explore the question of “readiness” for Industry 4.0, Deloitte Global’s survey of C-level executives focused on four major areas:



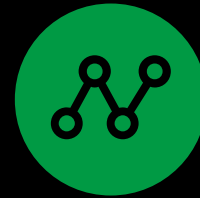
### **Social impact**

What do these executives see as their roles in making the world a better place in the age of Industry 4.0—not just for their organizations, but for society as a whole?



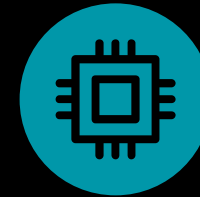
### **Strategy**

How are executives using Industry 4.0 technologies to shift their mindsets, revolutionize their decision making and inform their business strategies to create new value?



### **Talent and workforce**

How are executives readying their current talent strategies and workforces for the changes Industry 4.0 will bring, and where will new talent come from?



### **Technology**

Do executives see Industry 4.0 technologies as a toolset to improve business as usual, or are they harnessing the full potential of smart technologies to enable digital-physical integration, holistic decision making and new business models?

What we discovered is that while executives conceptually understand the changes Industry 4.0 will bring, they are **less certain how they can take action to benefit from those changes.**

In each of the four areas of impact, the survey uncovered some tension between hope and ambiguity.



# Industry 4.0

## Social impact

### Optimism vs. ownership

While executives see a more stable future with less inequality, they are less convinced about the role they or their organizations have to play in influencing society in an Industry 4.0 era.

Executives overwhelmingly (87%) believe **Industry 4.0 will lead to more social and economic equality and stability**, and two out of three say business will have much more influence than governments and other entities shaping this future.

However, less than a quarter believe **their own organizations hold significant influence over societal key factors** such as education, sustainability and social mobility.

# Industry 4.0 Strategy

## Static vs. dynamic

Executives acknowledge they may not be ready to harness the changes associated with Industry 4.0. However, this lack of readiness has not compelled them to alter their current strategies.

Only one-third of the executives surveyed are highly confident they are **capable of acting as stewards for their organization** during this time of change. Further, just 14% are highly confident that their organizations are ready to fully harness the changes associated with Industry 4.0.

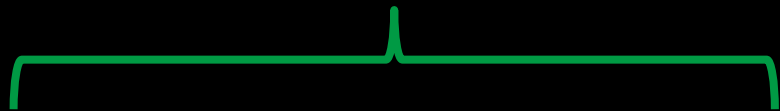
Yet many executives continue to focus on **traditional business operations**, as opposed to focusing on opportunities to create new value for their direct and indirect stakeholders.

# Industry 4.0

## Talent and the workforce

### Evolution vs. revolution

Executives lack confidence that they have the right talent in place to be successful in Industry 4.0. They say they are doing all they can to build the right workforce, but their responses show talent remains low on their list of priorities.



Only a quarter of executives are **highly confident they have the right workforce composition** and the skill sets needed for the future.

However, **talent and HR are a relatively low priority (17%)**, despite 86% of executives saying they are doing everything they can to create a better-prepared workforce for this new era.



# Industry 4.0

## Technology

### Challenged vs. prepared

Executives understand they need to invest in technology to drive new business models; however, they have a hard time making the business case for that investment because of a lack of internal strategic alignment and short-term focus.

Executives say their **current technology investments are strongly driven by technology** that can support new business models, which they say will have one of the greatest impacts on their organizations over the next five years.

However, **very few executives say they have a strong business case for investing in advanced technology**. When asked what the hindrances were, executives most often point to a lack of internal alignment (43%), a lack of collaboration with external partners (38 percent) and a focus on the short term (37%).

While the Fourth Industrial Revolution has the power to change many things across a broad spectrum—work, operations, society—one thing is certain:

**It's here, and executives need to be ready.**

It is clear that the old way of doing things isn't enough anymore, and those who make the most impact will be the ones who embrace all facets of Industry 4.0 and all the opportunities it will bring.



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