

DIGI TALI ZA TION 2024

BECOMING MORE EFFICIENT.

A study by Staufen AG and AppliediT S.L.

value**S**treamer

Applied**iT**

STAUFEN.



CONTENT



1. EDITORIAL

Dear Readers,

One sentence made by Prof. Marco Huber from the Fraunhofer Institute for Manufacturing Engineering and Automation at Staufen AG's recent C-Day was particularly memorable for the senior managers who had made the trip to Bad Teinach: "If your data isn't good, you might as well not bother with artificial intelligence." The room was so quiet for a moment that you thought you could hear one or two AI dreams bursting.

Yet, Marco Huber's presentation about cognitive production systems was certainly not an attempt to relativize AI. His message was much more: when it comes to data, do your homework! Plenty enough reason for Staufen AG and its partner AppliediT to take a close look at the industry in Germany, Austria and Switzerland to see exactly where it currently stands when it comes to digitalization and data analysis.



A survey of managers from more than 400 industrial companies has revealed that the specifications are well filled. Ranging from unstructured data and a lack of analytical skills to poor data quality, the list of issues to be addressed is long. Not to mention the lack of human resources in many places. The consequences: decisions based on questionable data and dashed expectations.

In fact, there is enormous potential in data for gaining important information, detecting patterns, and deciphering operational figures. So, a customized data analysis offers many opportunities to uncover efficiency deficits and identify new revenue opportunities.



You can use our study as an incentive to put your company to the digital test. If you need an experienced sparring partner, the experts from Staufen and AppliediT would be happy to engage in an in-depth dialog with you.



Dr. Michael Feldmeth
Principal
STAUFEN.AG



Ignacio Quiñonero Ferrer
Managing Director
AppliediT S.L.



2. ABOUT THE STUDY

For this study, a total of 417 industrial companies in Germany, Austria, and Switzerland were surveyed.

The survey was conducted in October/November 2023.



Digital transformation is a continual process within the corporation designed to adjust existing structures to the environment. Those who choose to ignore it will disappear from the market within two to three years.

**Detlef H. Hardt, Commercial Director / Business Manager,
Fischer Elektronik GmbH & Co. KG**



3. MANAGEMENT SUMMARY

There is consensus among the managers in the industrial sector surveyed in the German-speaking region for the "Digitalization 2024" study: a successful digital transformation is prerequisite for success among corporations in the future. Given the increased economic constraints in particular – two out of three companies surveyed have amplified their cost-cutting measures once again – it is now a matter of exploiting the full potential of digitalization in the direction of performance improvement.

The following study results show just how far companies already are on this path:

■ The digital shears are pulling further apart

Every second company has stepped up its digital activities despite – or especially because of – the current situation. Just about every fifth company is no longer able to maintain its previous rate of digitalization in the face of the current cost pressure and is in fact stepping on the brakes.

■ Dashed expectations

While digitalization has already substantially increased transparency in four out of ten companies, so far not even half as many companies have experienced really noticeable positive effects in the areas of quality and costs.

■ A flood of data

Most companies store their data in a variety of different formats at various locations. The consequence: six out of ten companies really have no way of understanding how this data is connected.

■ Strategy towards a leaner data basis

More than three quarters of the companies based their future corporate strategies on the data they've acquired. Yet, just how viable can a strategy be if a company cannot understand the connections behind the data?

■ Data analysis with huge potential

So, the participants of the study have come to conclusion that finally tackling the issue of data analysis is more than a worthwhile pursuit. For example, three out of four companies expect a professional analysis of their data to deliver a major boost in terms of organizational efficiency.

■ Leveraging the potential of data

Currently, a large number of companies do not have the human resources or the technical expertise to analyze their data first and then secondly make it suitable for operational use. Companies recognize that they will have to step up their game here – in part with the help of outside support.

■ Culture and artificial intelligence

However, simply applying more technology cannot be the solution. This is because a data-based corporate culture is needed in industrial companies for digital solutions to be fully effective. One positive side effect is that establishing a culture of this kind also sets the stage for the next level of digitalization – working with artificial intelligence.

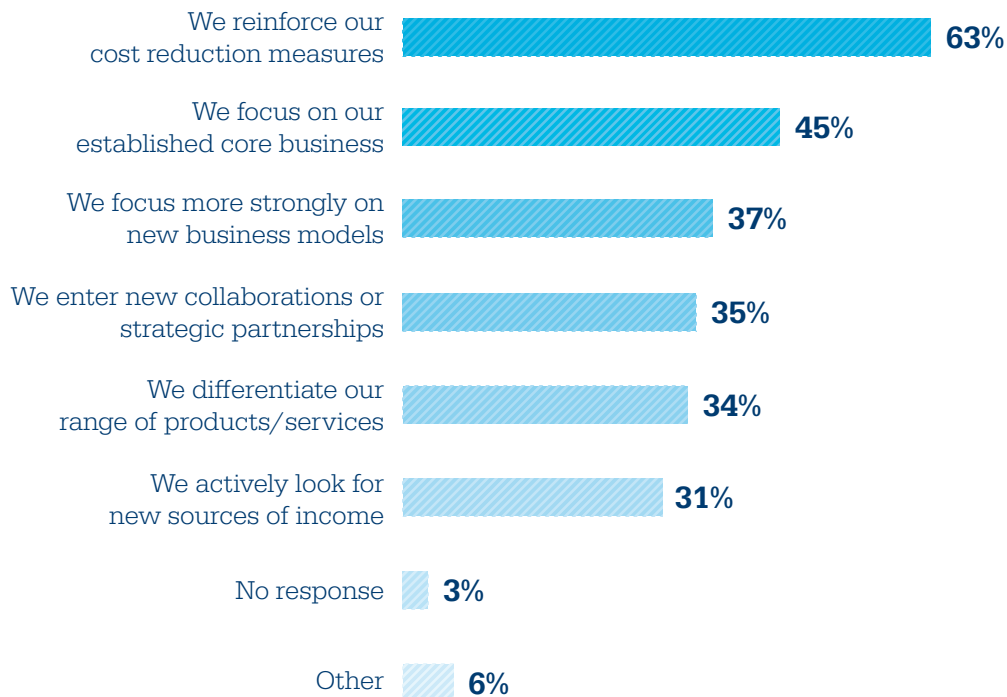


4. RESULTS



The global economic crisis is putting companies under pressure. How are you responding?

Multiple answers were possible.



Currently, cost pressures are overshadowing everything. Only around every third company is responding to the crisis with new product idea or business models.

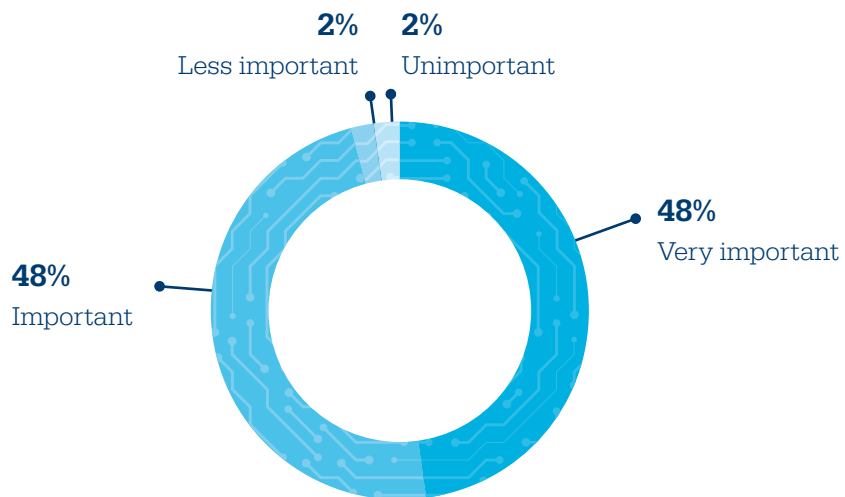


Digital transformation must not be an end in itself. Primarily, it is about increasing one's own competitive edge and not about merely becoming more digital. Along the path to operational excellence, we are profiting from the close interaction between Green, Lean, and Smart. What is important here is to focus and prioritize because even a paperless system can get confusing.

Dr. Christian Hinsel, Vice President / Head of Sustainability Management (ESG) and Production System (OpEx), Hirschvogel Holding GmbH

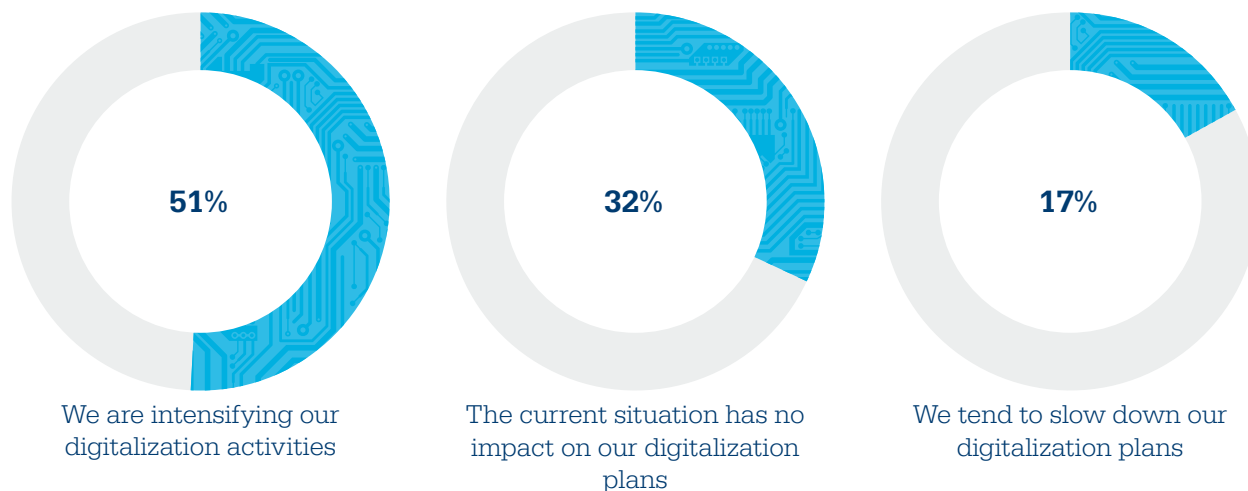


In your opinion, how important is digital transformation in economically tough times?



A beacon of hope instead of a dropout:
performance improvement without digitalization is simply unthinkable today.

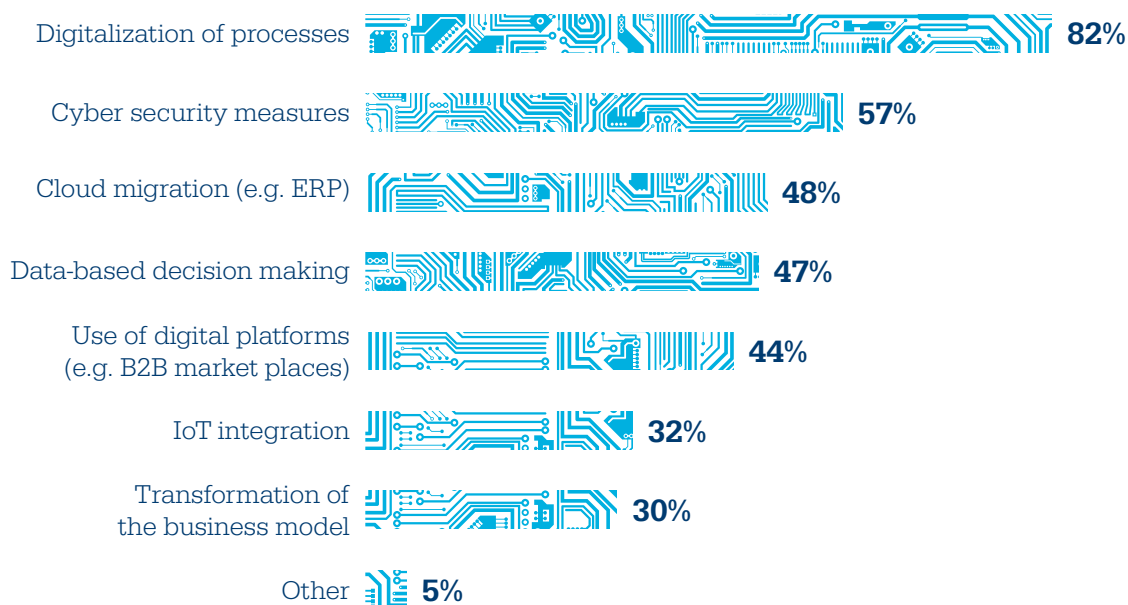
What impact does the current situation have on the digital transformation of your company?



So, no wonder that despite the crisis every second company has increased the speed of digitalization even more.

Which activities does your company ramp up?

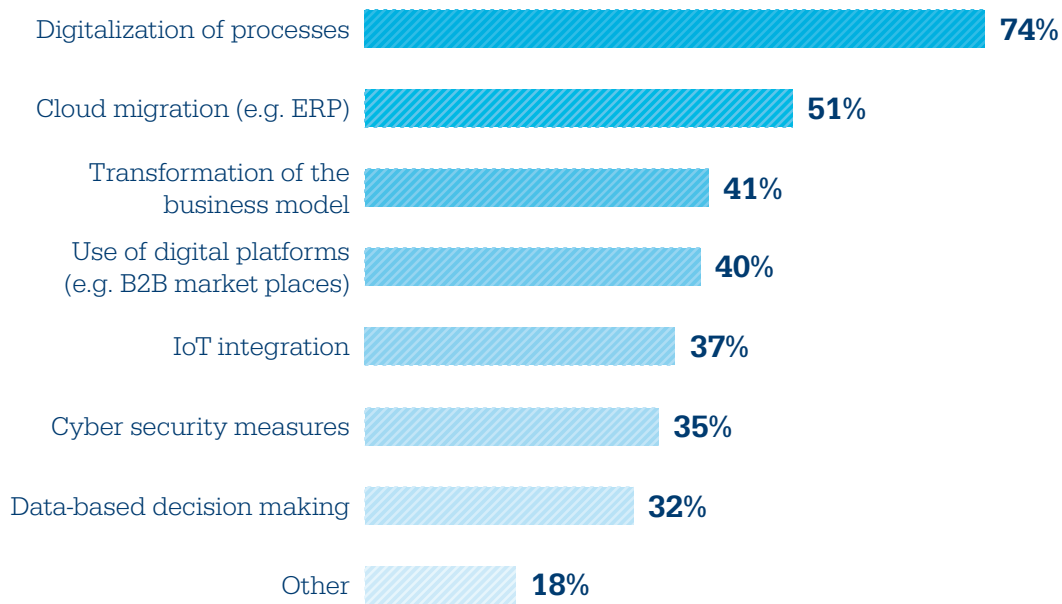
Only companies that have reported that they are intensifying their digitalization activities



Digitalization of the processes and measures for increased cyber security are currently at the top of the agenda.

Which activities does your company slow down?

Only those companies that have stated that they tend to slow down their digitalization plans.



The digital shears widen:
many companies attempt to save exactly where their competition steps up their investment.

What impacts have the digitalization measures in your company so far with respect to...?

Strongly favorable Slightly favorable No difference Slightly unfavorable Strongly unfavorable

👁 Transparency



🕒 Speed



↔ Flexibility



💡 Innovative ability



🏆 Quality



€ Costs



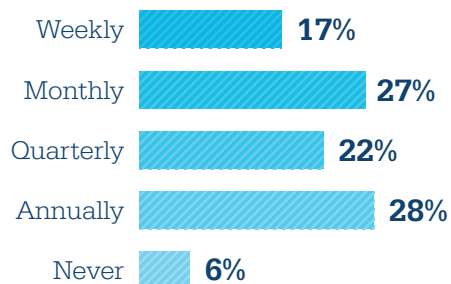
Expandable: so far, digitalization in many companies has only met the set expectations to a limited extent.

Let's take a look at the operational excellence of your company.
How well do you see you in that respect?



Also as concerns operational excellence there is still plenty of room for improvement.

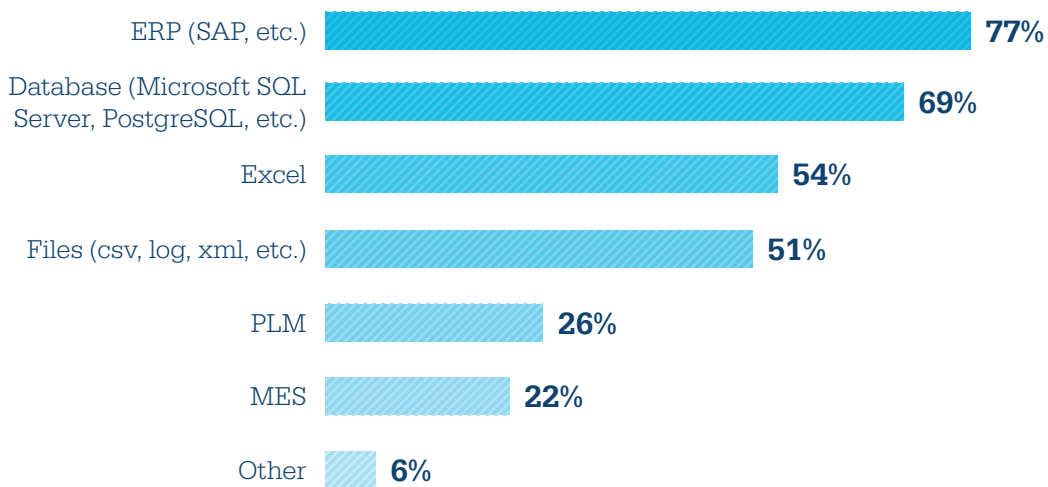
How often do you review processes within your company?



Almost every second company reviews its processes at least once a month.

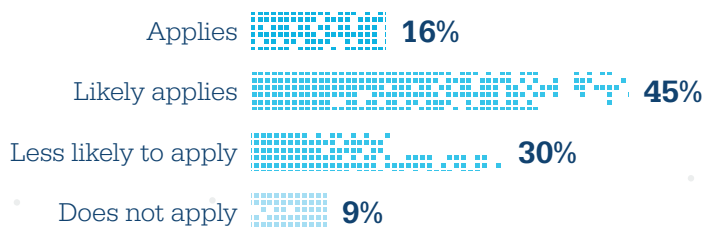
On the topic of data: which data archiving forms do you use?

Multiple answers were possible.



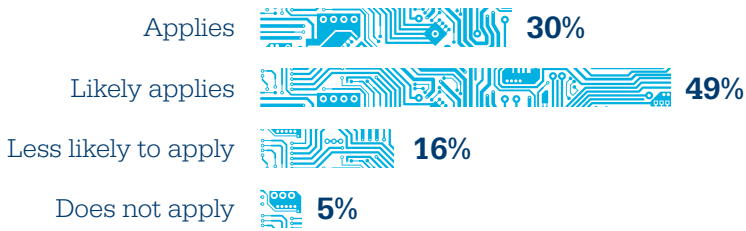
Dealing with a flood of data:
companies archive their data in many different formats and at different locations.

To what extent does the following statement apply to your company?
We see a range of isolated numbers from different areas, but do not have enough knowledge about the interrelationships.



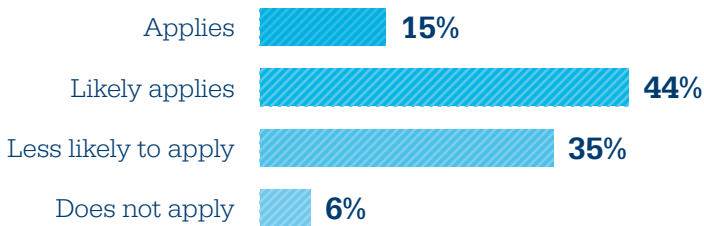
Consequence: six out of ten companies cannot see the KPI forest for all the many numbers.

In how far does the following statement apply to your company:
we use data to derive our future strategy as well.



Risky: even though many companies do not understand their data, in many cases, they derive their strategy from it.

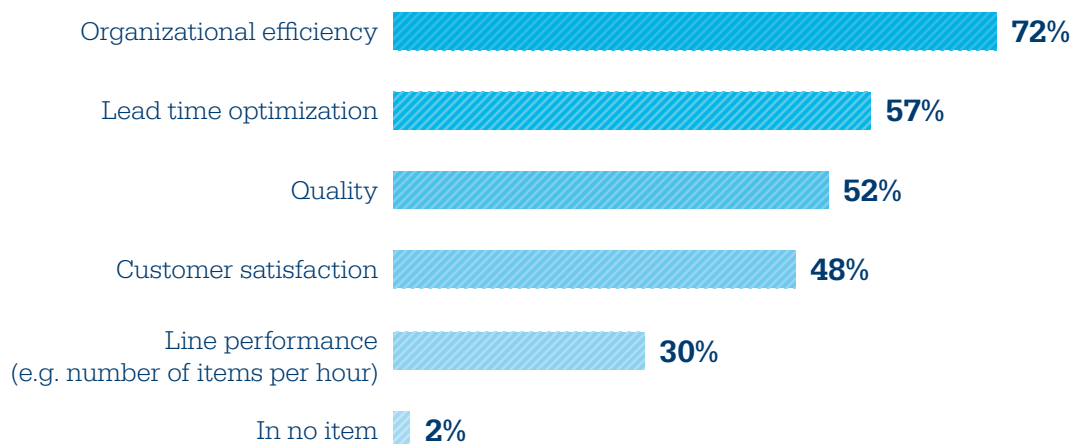
We find it hard to implement our findings from the data analysis into practice, so, realized as operational measures.



Transferring findings into operational practice is also still hard for many companies.

What aspects do you think a data analysis would improve the performance of your company?

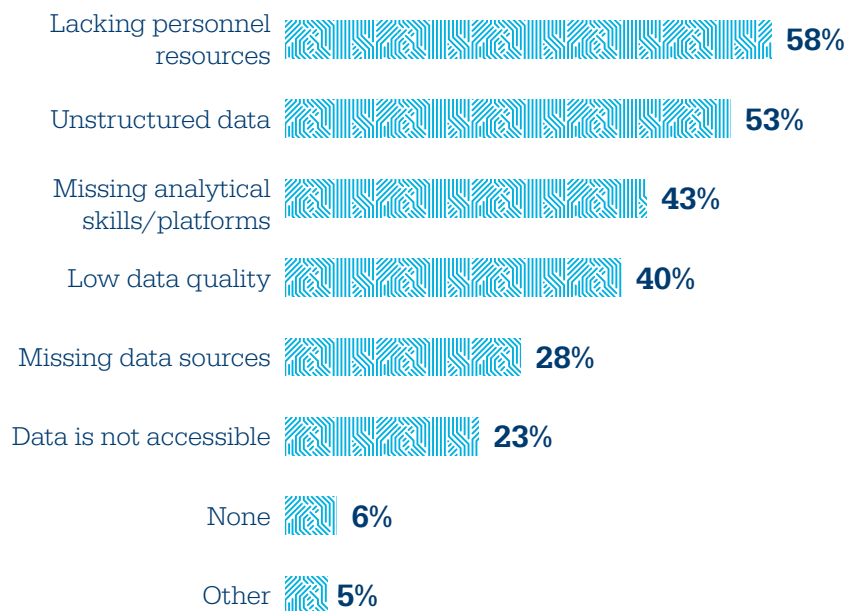
Multiple answers were possible.



Faster, better, more cost-effective – a professional data analysis can make your company fully fit for the future.

What are the challenges that your company faces when analyzing data?

Multiple answers were possible.



Yet, in many companies, there is a lack of knowledge and skills to make their data usable.



We take an active approach to digitalization and as a medium-sized company, we have already implemented central projects – especially in the Supply Chain area. For example, we are able to trace our entire supply chain from the manufacturer of each individual component to the finished assembly.

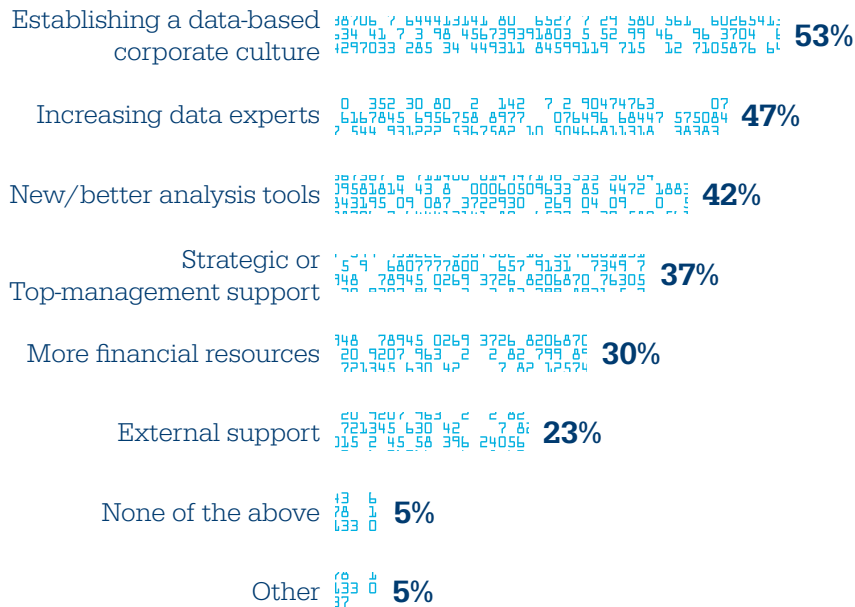
At the same time, we have also fully automated our standard incoming goods department – featuring automatic storage, a component counter that scans with X-rays, as well as directly posting to the ERP system and automatically triggering the payment run. With our "Vosch Supply Chain 4.0" project, we experienced less errors and failures and at the same time, we doubled our productivity!

**Uwe Frech, CEO,
Vosch Electronic AG**



What does your company need to improve their data analysis?

Multiple answers were possible.



Central reason:

every second company still does not have a data-based corporate culture.



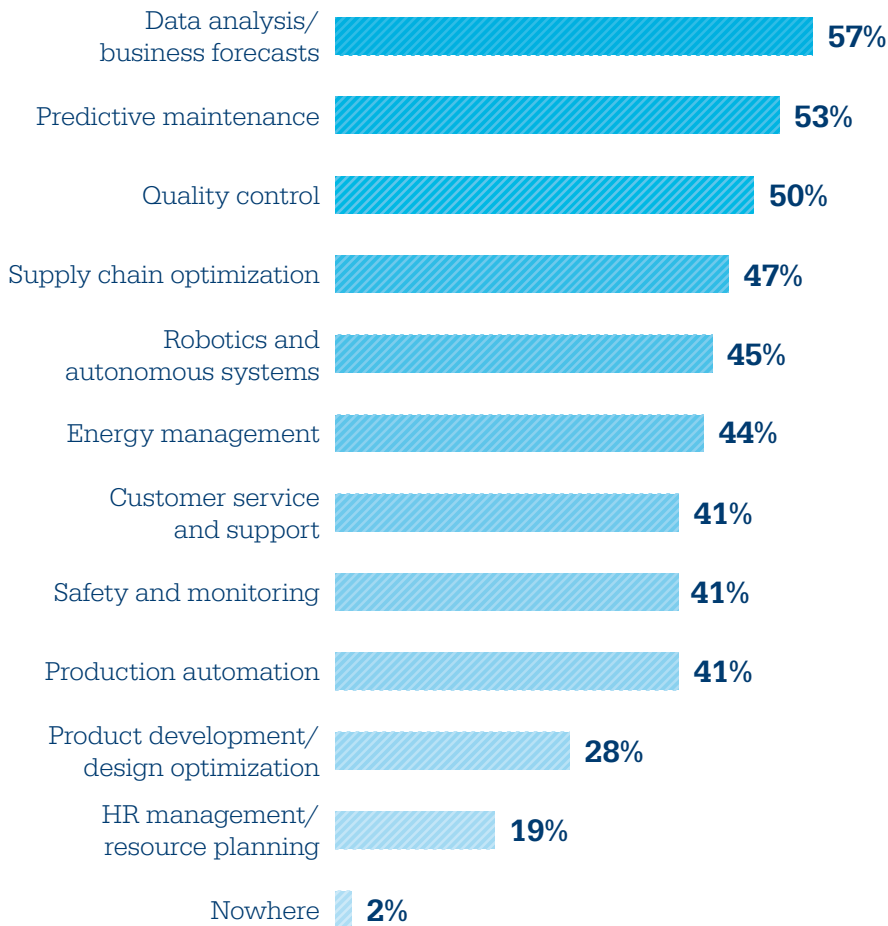
Digital transformation for the most part means a rethinking, so a change of mind.

Andreas Rauch, Head of Digital Business, GF Machining Solutions



Think about artificial intelligence in all of its variations.
Where does it make sense to use AI in the industrial sector?

Multiple answers were possible.



Future of AI:
the industrial sector sees a wide range of applications
for artificial intelligence for their company.



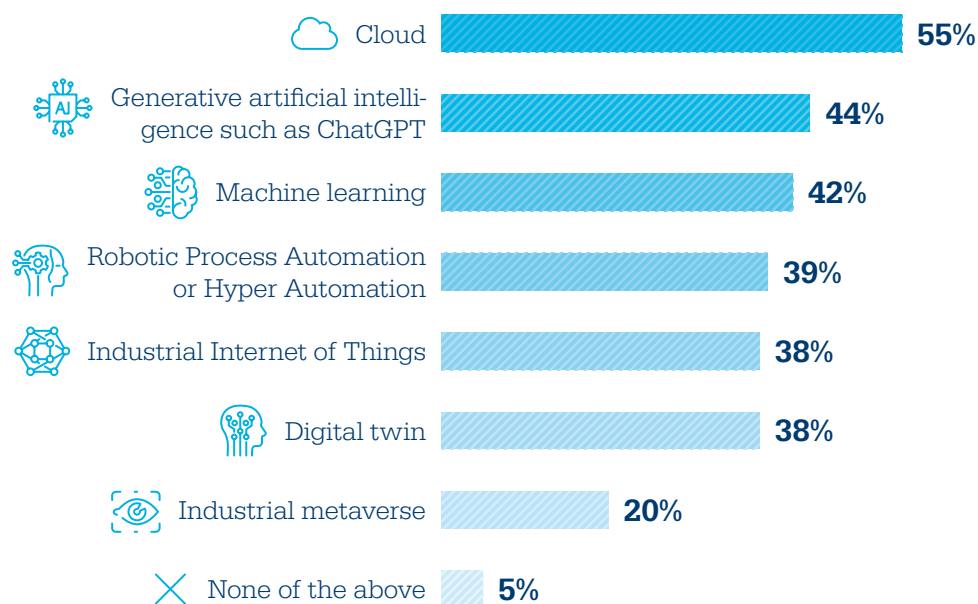
Digital transformation requires a new mindset and fundamentally changes existing processes. In many cases, the enormous opportunities are not being fully exhausted.

Jürgen Kromer, Vice President Production RKS,
RITTAL RKS Kleinschaltschränke GmbH



Which of the following technologies will play an important role for you over the next two years?

Multiple answers were possible.



Soon, there will be no way for the industrial sector to avoid the cloud, AI and the like.

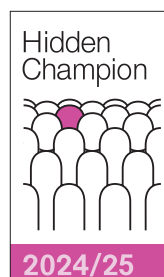
ABOUT US

STAUFEN.

Inside every company, there is an even better one. With this conviction, Staufen AG has been advising and qualifying companies and employees since 1994.

Staufen AG is the leading top management consulting firms for operational excellence.

Our goal is to improve results in all areas along the value chain. Our special approach focuses on quickly setting the right changes in motion and establishing a sustainable culture of change.



Figures. Data. Facts.

> 6,000

Seminar participants per year

> 65

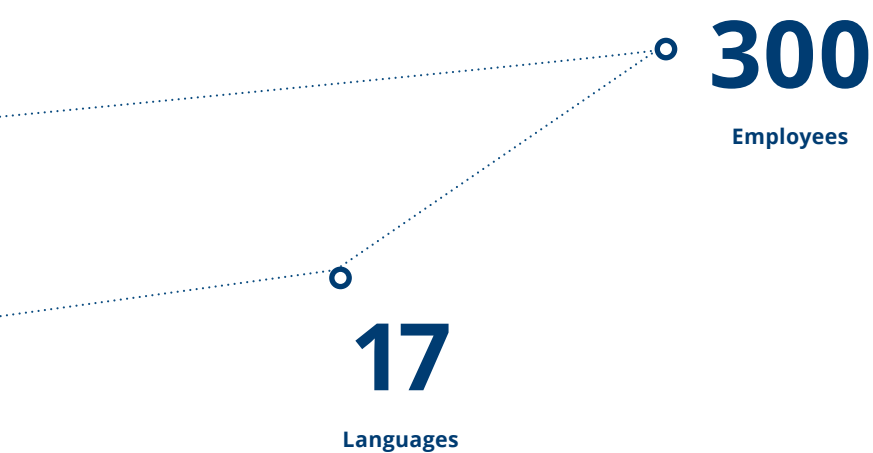
BestPractice Partners



AppliediT has more than 25 years of experience in the industry.

We offer advanced analysis solutions and data mining services, tailored to the needs of our clients.

We use data to generate knowledge and offer support in real time to facilitate the decision-making processes. Our objective is to use client data for continuous improvement, to reduce costs, and increase performance.



STUDIES AND WHITE PAPERS

All Staufen AG studies and white papers can be found online at www.staufen.ag/studies.





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THERE IS AN EVEN BETTER ONE.