

Munich, February 6, 2018

Siemens Finance Week

Digital Skills and Access to Finance highlighted as top two Industry 4.0 challenges

- **New research from Siemens Financial Services (SFS) identifies six key challenges facing manufacturers in the process of moving to an Industry 4.0 model**
- **Entitled *Practical Pathways to Industry 4.0*, the report finds that digital skills and access to finance for digital transformation are the top two challenges to a successful transition**
- **Without access to appropriate and sustainable third-party finance, manufacturers face a challenge to make the digital transformation needed to remain competitive**

Siemens Financial Services (SFS) has released a new research paper which investigates the key challenges facing manufacturers across the globe, as they move to implement Industry 4.0. A digitalized, automated, Industry 4.0 world offers the ability to digitally link people, machinery and systems. For manufacturers, this provides a number of benefits such as improved efficiency, pre-emptive maintenance to improve up-time and closer collaboration as a result of digital data flows.

Implementing an Industry 4.0 model, however, is likely to be achieved in a series of steps, rather than a wholesale and sudden change. SFS interviewed manufacturers and expert management consultants in order to understand the hurdles associated with the transition.

Of the six key challenges identified in the paper, manufacturers ranked the issue of developing Digital Skills and Access to Finance for the Scale of Investment as the two most important issues they face. The following four key challenges – in order of

importance – comprise: Creating a Culture of Collaboration; overcoming Data and Cyber Security Concerns; Gaining comprehensive access to a broad enough volume and range of Proof Points and specialized strategic management capabilities to create a Clear, Phased Plan to achieve Industry 4.0.

Building a practical plan for Industry 4.0 cannot be reduced to a single, simplistic formula; each company's circumstances are different. Nevertheless, respondents agreed that a robust methodology is essential for building a sustainable plan for digitalization and automation. The consensus methodology emerging from this study covers six key inter-related areas: assessing obstacles; evaluating opportunities; measuring efficiencies; recruiting and training talent; developing digital management; and integrating strategic finance.

Respondents repositioned finance as an early consideration in building a practical plan for Industry 4.0. Considering financing possibilities as a first step in plan-building serves to open the range of technology investment options available as part of strategy development in the quest for Industry 4.0.

Specialist financiers have developed a set of financing tools – 'Finance 4.0' - that enable the transition to new-generation digital technology in a way that is affordable, sustainable and is designed to alleviate the manufacturer's cash flow and working capital pressures. The paper explores these specialist financing methods, including pay-to-access/use equipment and technology finance, technology upgrade and update, software finance, pay for outcomes, transition finance and working capital solutions.

"Considering financing possibilities early on and in the very first stages of strategy and plan development will give manufacturers a wider range of options when managing the acquisition of new-generation digital technology," comments Kai-Otto Landwehr, Head of Commercial Finance at Siemens Financial Services in Germany. "But only specialist financiers have the understanding of Industry 4.0 technology, and how it is implemented, to enable investment while alleviating manufacturers' cash flow and working capital pressures."

The research has been launched as part of Siemens Finance Week. Siemens Finance Week 2018 provides a discussion platform and seeks to demonstrate how financing solutions can help businesses to meet current and future challenges.

Methodology

Over 60 manufacturers and expert management consultants were interviewed over the phone in October and November 2017. They were asked to identify their main challenges (ranked in order of importance) to digitalization and automation in practice and what the interrelationships between those challenges are. In addition, they were asked how a successful strategy is built, what skills are required and how it can be financed to produce the best return-on-investment. Interviewees came from the following countries: China, France, Germany, India, Poland, Russia, Spain, Sweden, Turkey, the UK and the US.

Siemens Finance Week 2018 provides a discussion platform and seeks to demonstrate how financing solutions can help businesses to meet current and future challenges.

Please use this link for further information on the whitepaper:

<https://www.siemens.com/global/en/home/products/financing/finance-week/challenges-digital-transformation.html>

For additional updates on Finance Week follow us on Twitter,

www.twitter.com/siemens_sfs, hashtag #FinanceWeek, as well as on www.siemens.com/financeweek

Contact for journalists

Hartmut Hübner

Phone: +49 89 636-34183; E-mail: hartmut.huebner@siemens.com

Siemens AG (Berlin and Munich) is a global technology powerhouse that has stood for engineering excellence, innovation, quality, reliability and internationality for 170 years. The company is active around the globe, focusing on the areas of electrification, automation and digitalization. One of the world's largest producers of energy-efficient, resource-saving technologies, Siemens is a leading supplier of efficient power generation and power transmission solutions and a pioneer in infrastructure solutions as well as automation, drive and software solutions for industry. The company is also a leading provider of medical imaging equipment – such as computed tomography and magnetic resonance imaging systems – and a leader in laboratory diagnostics as well as clinical IT. In fiscal 2017, which ended on September 30, 2017, Siemens generated revenue of €83.0 billion and net income of €6.2 billion. At the end of September 2017, the company had around 377,000 employees worldwide. Further information is available on the Internet at www.siemens.com