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EUEW 2017 in Cracow:

Electrical wholesale business goes digital

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How will digitalization change the business of electrical wholesalers?

What new business opportunities will it create for distributors?

Siemens offered initial answers to these questions at this year's General Convention of the European Union of Electrical Wholesalers (EUEW), which took place in Cracow, Poland, on June 1–3, 2017 under the motto "energy efficiency in buildings." Joern F. Sens and Florian Geyer discussed the digital transformation in the industrial sector and in building technology in a presentation to some 250 representatives of the industrial sector, the electrical wholesale business and trade associations.

Digitalization is changing everything. That's the consensus in the industrial sector. But does the same apply to the electrical wholesale business?

Customers have high expectations of digitalization

We live in a world that's constantly changing, developing and reinventing itself. Whether in the way we communicate with our surroundings or through products that can learn and make our day-to-day lives easier, the changes are coming faster and faster. Driven by the growing need for innovation, demands on the industrial sector are intensifying: the entire process chain from development to market launch has to become faster and more efficient. At the same time, the process chain in the industry sector – much as in the consumer sector – has to remain flexible while meeting the highest quality standards.

Security issues are also increasing considerably in importance. To meet all these demands – and even more – is precisely the aim of Industrie 4.0. Customers expect the digital transformation to deliver tremendous efficiency gains and cost-cutting potential – in maintenance and storage costs, for example. In the latter area in particular, there's a direct link to the electrical wholesale business. In the past, manufacturers and customers simply shifted their storage costs along the value chain to distributors. Now, the challenge is to use data intelligently and predict when specific products will be needed – by turning big data into smart data.



Buildings that can talk? Florian Geyer explains, how intelligent and communication-enabled products can help to realize considerable savings.

When it comes to buildings, manufacturers and installers are confronted with similar customer requirements: they both have to minimize costs and maximize efficiency. They also have to create living spaces that are as close to perfection as possible. After all, we spend an average of nearly 90 percent of our lives indoors. Products that communicate intelligently and enable buildings to speak by generating data that flows into a cloud make it possible to meet these requirements. Smart products enable customers and service providers to analyze a building's visualized data and use it to determine what actions should be taken – regardless of where a building is located. All of which generates considerable savings potential: "By investing about five percent of a building's initial costs in smart technology, you can influence 80% of the lifecycle cost of a building, creating substantial savings in energy and maintenance costs, at the same time increasing productivity and well-being of the people," explained Florian Geyer.

Digitalization enables new business models

In addition to cost-cutting potential and efficiency gains, most customers expect digitalization to primarily open up new business opportunities. At the field level, distributors can use their service and logistics expertise to retrofit systems with digital components and provide customers with the related consulting and service offerings.

Once we move beyond the world of products, software, apps and services are the crucial factors for differentiation – and this applies to the electrical wholesale business as well. With MindSphere – an open, cloud-based network for the Internet of Things (IoT) – Siemens enables partners to further process the data of digital products and use it for specially developed applications. The possibilities are manifold: from providing a reliable supply of visualized information for a company's customers and sales organization to analyzing data and deriving action recommendations for application users.

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Pictures: Marianna Zadrozna

Joern F. Sens in an animated discussion about the changes and challenges of Industrie 4.0 – i.a. with Ulrich Liedtke, recently elected President of the EUEW.

When it comes to business models in the area of buildings, for instance, smart data could be used for predictive and preventive maintenance – a service that can also be offered to final customers.

But to reap the benefits of digitalization and leverage it to create new business models, distributors must not only adapt structures and processes; they must also develop the corresponding know-how and make the required investments.

Digitalization is changing everything – But does the same apply to the electrical wholesale business?

Yes, it does. But not everything is changing at the same time. Industrie 4.0 also starts small. But then it quickly picks up speed and opens up new and unimagined possibilities. In the electrical wholesale business, digitalization has just begun, but it will have crucial impact on the future of distributors. At the conclusion of his presentation, Joern F. Sens summed up the situation as follows: "Electrical wholesalers who view digitalization as an opportunity will be even more successful. Others – those who don't make the required transformation quickly enough – will miss the new digital business opportunities that digitalization offers."

But the electrical wholesale business has a strong partner: Siemens is supporting the distribution channel as it makes its way into the digital age.

The next EUEW Convention will take place in Bonn, Germany, on June 21–23, 2018.

www.euew.org

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