

> Time for Australia to 'Rethink' and become globally competitive

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Australian manufacturers can succeed: Siemens launches \$100 million venture capital fund for young industrial start-ups

Speaking at the CEDA Economic and Political Overview in Melbourne today on the topic of 'doing business from Australia', Siemens Australia CEO Jeff Connolly says that Australia is a great place to do business but we need to rethink our approach to being competitive.

"In Australia we can punch above our weight in business as we do in sport but we need to rethink manufacturing, rethink where the growth comes from, rethink innovation and rethink geographically," says Mr Connolly.

According to Siemens, rethinking where the growth comes from and rethinking innovation means looking for our niche strengths which will often come from medium sized companies rather than big brands and then providing the right level of government and private incentives to commercialise leading technology.

"We can be world champions but not in everything," said Mr Connolly.

"It's important that we create fertile ground for young innovative companies and that's why Siemens globally has established a new USD\$100m venture capital fund, which I'd encourage suitable Australian start-ups to apply for.

"Despite current set-backs in manufacturing in Australia, we can and should have a successful and robust manufacturing sector, but don't expect it to look the same as it does today because the rest of the world is rapidly changing and we need to adapt and find our place."

In his speech Mr Connolly talks about western countries clawing back manufacturing and getting ready for the fourth industrial revolution which will change the face of manufacturing.

"With the digitisation of product development process steps, this means design, production planning, engineering, manufacturing and services are merging into one unit, instead of being sequential. Labour costs will be less important and you're more likely to see manufacturing workers using computer tablets than holding a monkey wrench," Mr Connolly said.

The high Australian dollar, cost of energy and cost of labour is only part of the equation and doesn't explain how countries like Germany who have the same issues can be so successful in manufacturing. People all over the world are returning to the values of manufacturing, which day after day makes real products, secures jobs, and serves as a driver for growth, prosperity, and social peace. In short, Western countries are bringing production capacities back home.

"Manufacturing in Australia has incredible opportunities to succeed and to get on the journey to Industry 4.0 just through what I call basic hygiene and fitness. We need to control the things we can today, such as investing in latest technology to halve the energy consumption of a plant which accounts for between 20 - 60 percent of the operating costs. We have opportunities for advanced automation to drive productivity gains and the companies that are doing this are succeeding."

To get a glimpse of what Industry 4.0 looks like you only need to look at NASA's incredible achievement of landing the Mars Curiosity Rover which used Siemens technology. The same technologies used for this are now also being used by the world's leading manufacturers to design, test and build everything in the virtual world - meaning more rapid product cycles and more flexible and nimble production processes.

About the US\$ 100 million venture capital fund

This week Siemens has launched a new US\$ 100 million venture capital fund. The 'Industry of the Future Fund' will invest in very young and dynamic companies. It complements Siemens' existing venture capital funds which typically invest in more mature start-ups.

The new fund will back start-up companies early in their lifecycle and aims to foster partnerships with companies which will transform industrial markets or even create completely new ones through pioneering technologies. As part of Financial Services, the Venture Capital Unit of Siemens will manage the Industry of the Future Fund alongside Siemens' existing venture capital activities.

"As digitisation and software are becoming increasingly important for manufacturers to compete in the global marketplace, the Industry of the Future Fund will support Siemens' "Industrie 4.0" strategy by providing capital to those companies whose innovative technologies and vision have the potential to change the landscape of manufacturing and industrial automation," said Siegfried Russwurm, CEO of the Siemens Industry Sector and Member of the Managing Board of Siemens AG.

The Industry of the Future Fund has recently made two investments: Lagoa (Montreal) provides cloud-based, high-performance 3D visualisation software, and Siemens AG.

One important factor in this is a technological development that can link productivity and efficiency more than ever before, reducing costs, shortening times to market, and increasing flexibility. I'm referring to the connection of the real and the virtual world of production using ultramodern industrial software combined with increasingly powerful hardware.

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