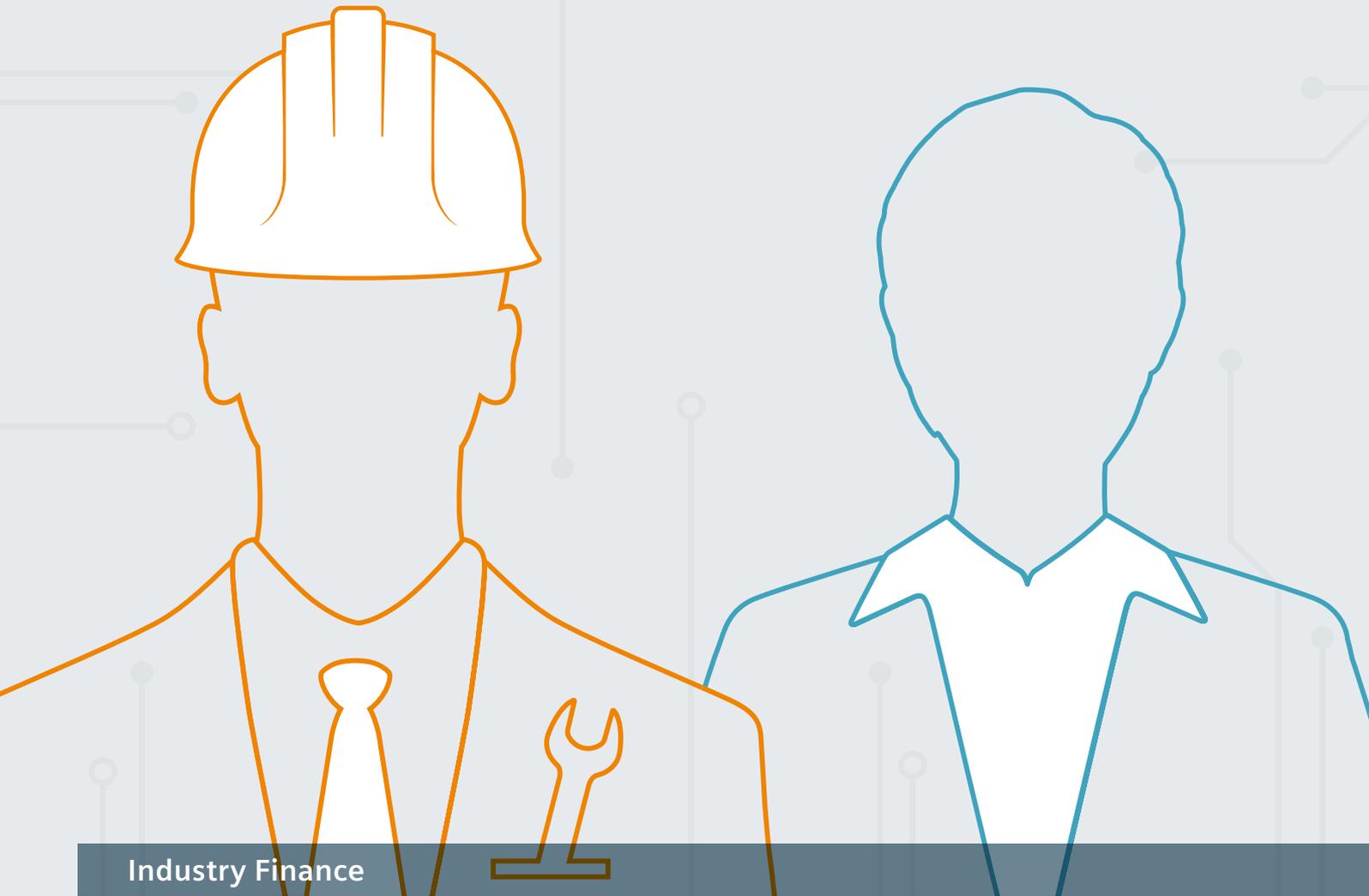


SIEMENS



Industry Finance

Driving Digitalization and Automation

Expert insights from pioneering finance managers into essential
manufacturing technology investment

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Management Summary

Manufacturers around the world are reporting the need to invest in new-generation technology in order to meet four key challenges:

- 1. Increase production capacity and flexibility to meet changing demand and drive sales.**
- 2. Improve client service quality levels while reducing production costs.**
- 3. Improve competitive positioning through improved product quality and broader product range.**
- 4. Optimize efficiency, cost control and manufacturing agility through automation and digitalization.**

In this 13-country study, pioneering finance managers in the manufacturing sector reported that they are diversifying their sources of finance to access sufficient capital funding so that they can invest in innovative digitalized technology.

The range of financing sources and techniques, including asset finance, allows manufacturers to accommodate the total cost of ownership approach to key technology. This, enables reliable financial planning, underpinning improved calculation of production cost-per-unit and creating the foundation for organizational reputation building – for product quality and service reliability to attract more customers.

Affordable access to new-generation technology also helps improve product excellence, extend product range and reduce production costs, while effectively managing cash flow.

Pioneering finance managers reported that flexible financing allows manufacturers to sustainably adapt to the unexpected – whether it is technology step change or evolving market dynamics.

Moreover, respondents also noted that working with specialist financiers who understand the manufacturing sector and its practical realities makes it possible to obtain financing arrangements that reflect and meet their specific needs.

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Portrait of a Pioneer – The Manufacturing Finance Manager

Challenges

»Without the right financing approach, technology step change can create pressures on our financial planning.«

»We need to increase our production capacity so that we can meet increased demand and realize additional revenues.«

»To increase share of customer wallet and reach new markets, we need the new-generation, digitalized technology to produce a broader range of products.«

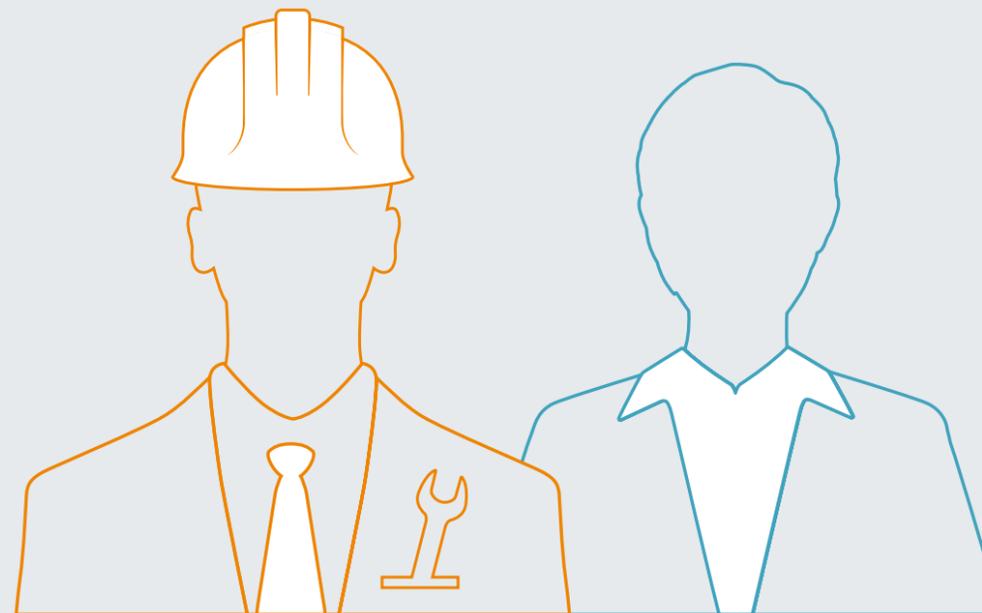
»My capital budgets are inadequate to access the technology we need to meet increasing customer demands.«

»Generalist financiers don't understand our sector, so the packages they offer don't fit our needs, procedures are complicated and burdensome and it's difficult to negotiate a deal that makes sense for us.«

»We need to improve customer-service levels while also reducing unit production costs, but our reliance on out-of-date technology is undermining client service quality.«

»Without innovative technology, we can't cope with market changes in an affordable and sustainable way.«

»We're losing customers to competitors because we haven't invested in the technology and automation to help us improve product quality while reducing cost-per-unit.«



Solutions

»By working with specialist financiers who understand our sector and its practical realities, we can get financing packages that meet our needs.«

»Using a range of asset financing techniques, we can cover the total cost of ownership on key technology, enabling reliable financial planning.«

»By using a broader range of smart financing tools, we can invest in the technology required to improve product quality, extend product range, and reduce production costs, while matching our cash flow dynamic.«

»Smart finance – asset finance in particular – allows us to finance the total operating costs of technology, so that we can accurately calculate the production cost-per-unit.«

»Flexible financing allows us to sustainably adapt to the unexpected – whether it's technology step change or new market trends.«

»With smart financing, we can get the technology we need build our reputation for product quality excellence and attract more customers.«

»By diversifying our sources of finance, we can now access sufficient capital funding to invest in innovative digitalized technology.«

Introduction

The manufacturing industries are at a crossroads. According to one major analyst¹, increasingly rapid technology deployment, enabled by cloud applications and the Internet of Things, can be both a blessing and a challenge. It allows agile reaction to markets, opportunities and inventions but it also sets a new pace for competitive activity in a world increasingly without boundaries – even for smaller players.

Manufacturing technology is becoming digitalized, with sensors enabling reams of performance data to be captured, analyzed and used to control and improve production processes. Automation is making the historic advantage of low-cost labor increasingly less significant in the total cost of manufacturing. E-business has made it possible for even small manufacturers to win customers in global supply chains, as well as serve partners in distant geographies. Overall, the increasing adoption of digitalized technology and automation has produced a more level playing field among manufacturing players around the globe, where lack of access to the latest technology is a threat to lasting competitive advantage. This has been recognized by governments around the world who are lending official support to the digitalization of the manufacturing industry.²

With technology adoption increasingly rebalancing the costs for manufacturing operations, manufacturers of all sizes are noting the competitive pressure to invest in new technology platforms, with digital capabilities accessible to the small machining companies right up to the advanced production lines. So what, more specifically, might those investments be in practice? A few concrete examples reported by manufacturers from around the globe help to bring these manufacturing technology advances to life:

- Integrating machine tools and robot technology for faster product development from conception, through the design phase to production.³
- Reducing energy consumption through movement optimization of industrial robots.⁴
- Reducing defects through digital production monitoring.⁵
- Sensor-based automation and analysis enabling equipment to self-diagnose for performance and maintenance triggers.

- Optimizing product quality⁶ through process refinement in electronics.
- Improving power utilization with automated power-consumption monitoring and management.⁷
- Product-development optimization with product life-cycle management software that enables faster time to market.⁸
- Mobile, flexible factory control and management⁹ through controller-based, sensor-based Wi-Fi networks.
- Swift and accurate testing of the impact of production-line improvements¹⁰ via manufacturing simulation systems that link real production processes and virtual adaptations.
- Product tailoring in short runs to mass manufacturing efficiency and cost¹¹ through manufacturing digitalization.
- Energy efficiency through utilization of smart industrial drives capable of saving up to 70% in energy usage by running processes at variable speed according to requirements at the time.
- Reduction of raw materials usage and waste¹² via manufacturing process refinement.
- Additive manufacturing that helps rapid production of precision components on site.
- Increased product output per hour¹³ through production-line automation.
- Reduced energy costs and energy consumption enabled by smart buildings technologies – including factories, R&D centers, data centers and other premises.

The step change in manufacturing capabilities enabled by digitalized technology is very exciting, ushering in a new era of automation, customization, scalability and cost efficiency. Nevertheless, competitive pressure to invest in technology also puts pressure on financial managers to extend their use of smart financing techniques, in order to ensure that the cost of investment is properly aligned with the revenues and efficiencies that newly acquired technology delivers.

Manufacturing is a capital-intensive industry. While the need for investment in new-generation technology may have a strong business case, with a clear return on investment over a period of years, participants in this research paper noted that they still have to gain access to capital to make those acquisitions in a sustainable and affordable fashion. This is in a climate where businesses across the globe are finding that access to sufficient capital continues to be challenging, and the demand for flexible financing plans – in addition to traditional loan finance – is rising, particularly for small and medium-sized manufacturers. As a result, the skills and knowledge of the finance manager in manufacturing firms have become more critical to the acquisition of new-generation digitalized technology, using a more diverse range of flexible financing techniques that accurately match the individual working-capital and cash-flow needs of the company. He or she is increasingly acting as a key facilitator for the technology investments manufacturing firms need to remain competitive and to win new business.

In order to find out how the most pioneering finance managers in the manufacturing industry are exploring alternative financing techniques to enable essential technology investment, Siemens Financial Services commissioned qualitative research among such pioneers in 13 countries around the world. The research identified the key challenges faced by manufacturing companies today and how leading finance managers are using

a broader, diversified range of financing techniques to make sure those investments happen in a way that their businesses can afford and sustain. Respondents also gave their views on the specific benefits of asset finance, as well as the perceived advantages of dealing with financiers who bring the added value of specialist manufacturing-sector knowledge.

Pioneering finance managers agreed that they are using a diversified range of financing sources to acquire technology that helps them address their main business challenges.

Four main business challenges were identified by research respondents:

- 1. Increase production capacity and flexibility to meet changing demand and drive sales**
- 2. Improve client service quality while reducing production costs**
- 3. Improve competitive positioning through improved product quality and broader product range**
- 4. Optimize efficiency, cost control and manufacturing agility through automation and digitalization**

The following pages illustrate how respondents to this study have been using smart financing strategies outside of traditional loan finance to acquire the new-generation technology that helps them compete more effectively in globalized supply chains, wherever they are in the world.

¹ Gartner, quoted in Global Manufacturing, Top 5 trends and challenges facing manufacturing CIOs in 2015, 14 March 2015.

² For instance: Premier Li Keqiang, China, Annual National People's Congress 2015, Smart Manufacturing, "Made in China 2025"; Germany Trade and Invest, Industrie 4.0, Strategy 2020 Action Plan, July 2014.

³ Siemens, "Robots and Machine Tools: Merging of the Minds," Pictures of the Future Spring 2014.

⁴ Siemens, "Movement Optimization," Pictures of the Future Spring 2014.

⁵ Siemens, "Winemaking in Chile," Pictures of the Future Spring 2014.

⁶ Siemens, "Digital Transformation: Trends," Pictures of the Future Spring 2014.

⁷ Siemens, "Industrial Strategy: The Energy Efficiency Bonus," Pictures of the Future Spring 2014.

⁸ Siemens PLM Software, "About Us."

⁹ Control Engineering Europe, "Industrial WLAN enables mobile monitoring," 23 June 2015.

¹⁰ Siemens, "Electric Mobility," Pictures of the Future Fall 2013.

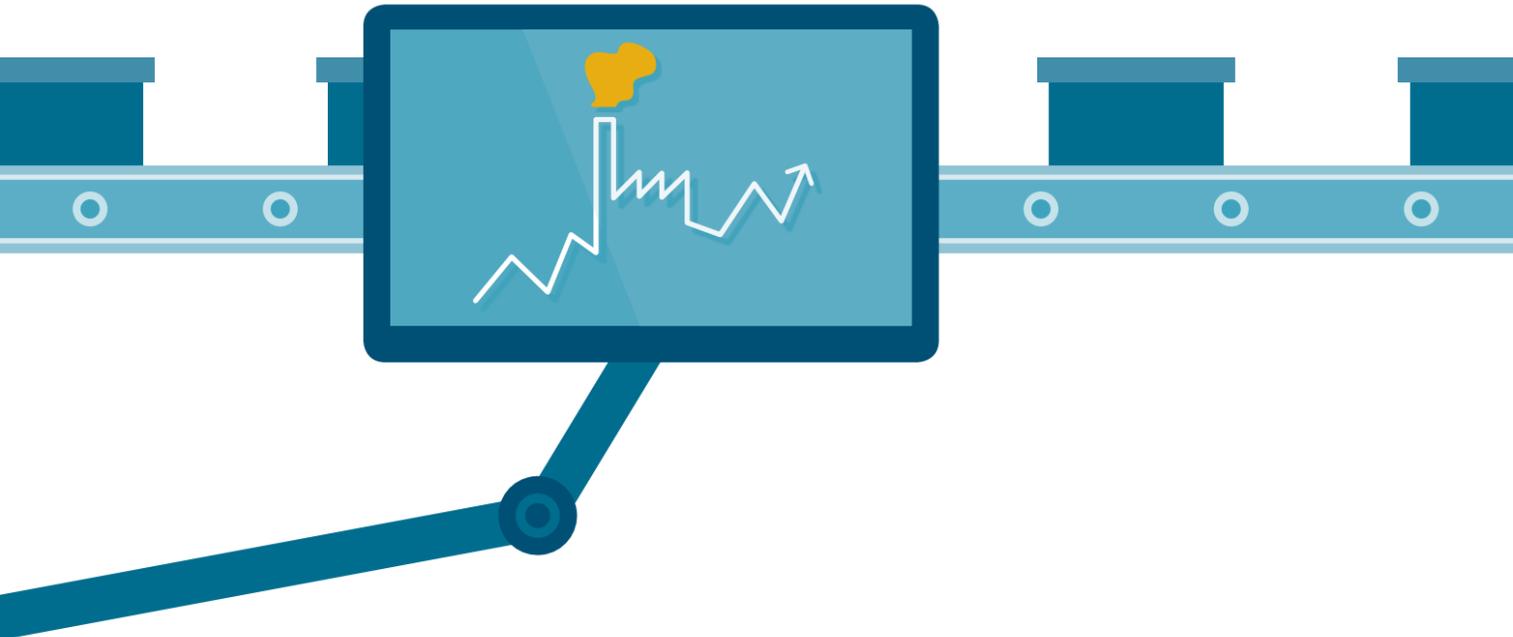
¹¹ Siemens, "Personalized Prosthetics," Pictures of the Future Fall 2013.

¹² Siemens, "Materials Utilization," Pictures of the Future Spring 2013.

¹³ Siemens, "Automation in China," Pictures of the Future Fall 2012.

Challenge

1. Increase production capacity and flexibility to meet changing demand and drive sales.



The manufacturing industry is actively looking to increase production scale and productivity to meet demand and seize market opportunities. However, market demand tends not to develop evenly, but often moves in sudden surges.

Leading players agree that new technology acquisition is essential to increase production capacity and flexibility.

Asset finance is seen by pioneering manufacturers as a key tool to acquire the technology necessary to implement production flexibility that caters to sales growth.

Asset finance is viewed as enabling companies to manage the cost of new technology acquisition and therefore benefit from untapped potential increases in sales and profits.

Pioneering finance managers in the manufacturing sector say they favor asset finance because it extends the available volume of financing and is simpler and quicker to arrange than traditional loan finance, meaning they can act fast to take advantage of market opportunities.

Solutions through financing

»Financing has helped our company grow because it has significantly increased our production process.«

Poland, laboratory devices and furniture

»Banks aren't interested in low-volume credits so it is often beneficial to look at asset finance as an alternative and widen the latitude of our financial sources.«

Germany, plastics

»The biggest benefit of asset finance is the quality and the speed of the acquisition.«

Russia, switchboard equipment, automation systems

»We're expecting production to increase as a result of the acquisition [of new technology] equating to 30-40% in time savings.«

UK, prototype molds

»Our use of smart financing increased yield but also resulted in a larger volume of orders made possible by the acquisition of new equipment.«

France, precision-machined components

»When our demand surged suddenly, the acquisition of new equipment using financing allowed us to seamlessly deal with increased production levels.«

Turkey, metal processing

»Any manufacturing equipment that can enhance production always benefits companies... [that] will be more confident in accomplishing their goals and can enhance their competitiveness within the marketplace as a result.«

China, wood processing

»The development of our organization is actually determined by the financing volume we get, and asset finance plays a decisive role in broadening that volume.«

France, specialized mechanical engineering

»Asset finance helped us acquire new technology and increase sales by 15 to 20%.«

India, printing

»What really makes a difference when choosing a financing option is speed, and it is much faster to lease equipment.«

France, precision and general engineering

»The simple difference between banking and nonbanking finance is the approval process. With banks there are a lot of formalities and procedures to go through to get a loan, but with asset finance the process is simple and easy.«

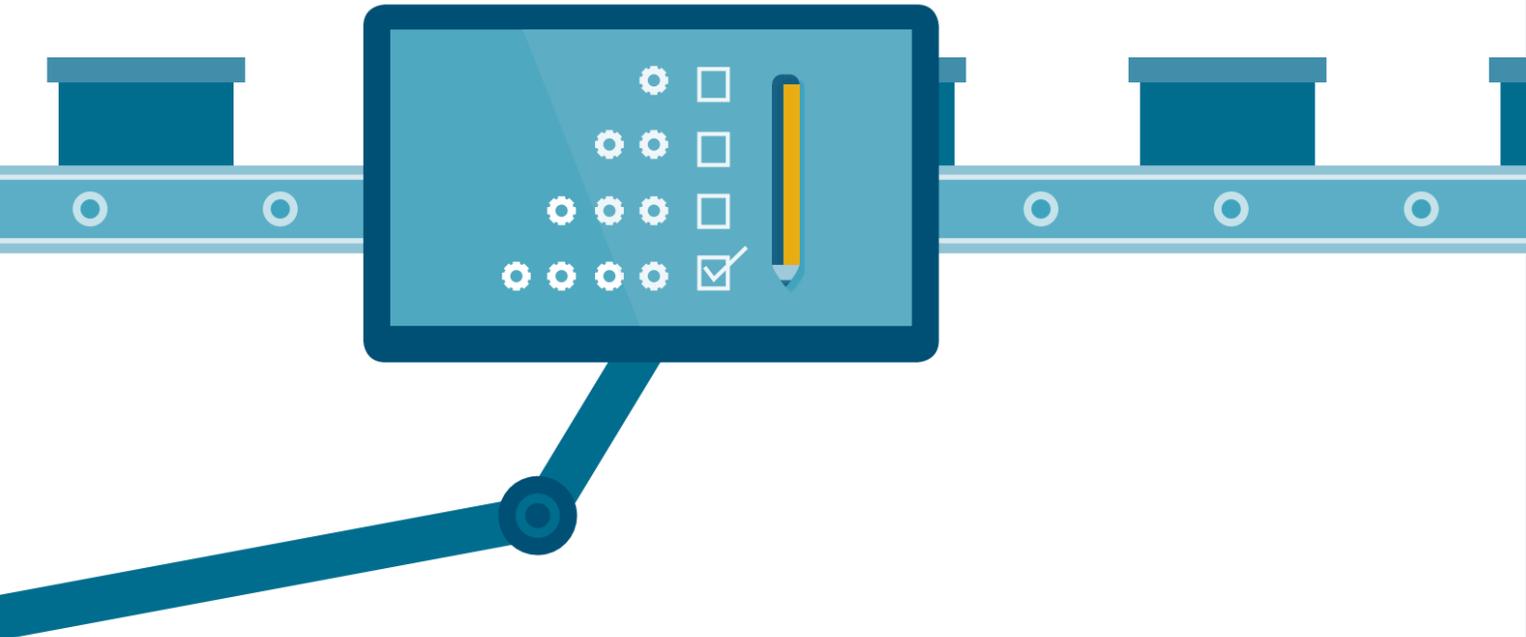
India, printing

»By increasing our volume of finance, asset finance helps us increase our volume of business.«

India, machined components

Challenge

2. Improve client service quality while reducing production costs.



In increasingly competitive markets, the manufacturing community is looking for ways to extend LEAN initiatives in order to improve client service, eliminate waste and reduce production costs-per-unit.

In many cases, access to innovative technology is proving critical to achieving these objectives.

Improved client service is said by respondents to embrace faster production cycles, reduce defect rates, and match production more flexibly to each client's consumption patterns and/or logistics requirements.

Smart financing plays a key role in enabling tech investment that facilitates reduced production costs as well as improved production speed and quality – all of which ultimately delivers improved client quality and service levels. This underpins repeat business and increased customer retention.

Moreover, manufacturers note that smart finance offers them the flexibility to stay abreast of rapidly evolving technology and provide a scalable platform for rapid/unpredictable growth.

Solutions through financing

»Financing techniques allow technology upgrades and consequently allow us to keep up with the technological developments. Things are happening really quickly in terms of automation, etc., and it's crucial to keep up with that.«

Sweden, SME, steel and metal products

»New equipment has the ability to decrease the cost of manufacturing while increasing the speed of production.«

Russia, waste recycling

»We have an obligation toward our customers to invest in state-of-the-art equipment. Either we invest and we remain competitive or we don't invest and we can't meet our customers' [consumption] requirements or at least not for a price they are willing to pay.«

France, aviation parts

»Financing ultimately helps us win new clients and develop, because newer technologies and facility affordability help us improve our services substantially.«

Poland, SME, injection mold product

»With advanced digital technology machines, we can increase production at lower operation costs and generate more sales revenues.«

China, pharmaceutical equipment

»If we have more machines, our operational costs can be reduced, which helps us be more competitive. Another thing is that through the use of new machines, we can improve our productivity. So finance helps us acquire equipment that brings down costs, costs of defects for example, to a minimum level.«

India, precision machining

»As an equipment provider, offering asset finance packages helps facilitate sales and helps clients to protect their cash flow liquidity.«

China, pharmaceutical equipment

»By using smart financing we are able to build customer loyalty, develop a good understanding of how a client develops and provide better, more tailored services as a result.«

Germany, extrusion industries

Challenge

3. Improve competitive positioning through improved product quality and wider product range.



Manufacturers note the importance of access to new-generation technology not only to increase productivity but also to improve the quality and extend product range capabilities – a key competitive differentiator.

The enabling role of asset finance is seen as crucial to technology-enabled product-quality improvement and product line extensions or diversifications that enhance competitive position.

Respondents report that new technology acquisitions have enabled them not only to retain customers, but also to increase the share of customer versus the competition, to win new customers, or to compete in new markets.

There is a widespread belief among respondents that without access to asset finance, over and above traditional loan finance, they would not have been able to achieve product quality and diversification goals to compete effectively.

SME manufacturers see smart financing in general (and asset finance in particular) as enabling them to compete with larger global competitors.

Not only is asset finance seen as essential for a company's own technology acquisition, but also to support the sales of technical products to the ultimate users of those products. Smart finance for manufacturers' customers can be a key part of the value proposition and therefore offer a competitive service advantage.

Solutions through financing

»In order to compete with large companies, you have to invest in machines and equipment – financing plays a pivotal role in enabling those investments.«

Sweden, SME, metal processing

»Financing is crucial to our competitive positioning. If we couldn't provide sales financing, our clients would probably choose another supplier.«

Germany, plastics

»Financing enables us to compete with bigger players in the market.«

USA, computers/communications subsystems

»[New technology] has helped us not only increase production volume but, crucially, it has also greatly improved the quality of the components manufactured.«

India, precision machining, automotive

»It's really quite simple: If we have new machines, we are more efficient and ultimately more competitive – asset finance enables this.«

France, SME, specialized precision & general engineering

»The whole reason we use asset finance is to improve our competitive positioning. The more up-to-date our machines are, the more competitive we are – it's as simple as that. They help us be on top.«

France, mechanical engineering

»Remaining competitive is the main reason we use asset finance. We need it to secure software and state-of-the-art technology.«

Spain, machining

»We've already captured new markets as a result of this acquisition. We gained new customers, but we also managed to sell new components to existing customers.«

France, complex turned parts

»Without asset finance there'd be no way to access new technology – it's crucial to our competitive strategy.«

India, automotive parts

»Acquiring the new machine will enable us to manufacture new components, which in turn will enable us to reach new customers and new markets – this wouldn't have been possible without asset finance.«

France, precision engineering/machining

»Asset finance helps us secure the best equipment and as a result we can produce high-quality components at a faster pace – this makes our business much more competitive.«

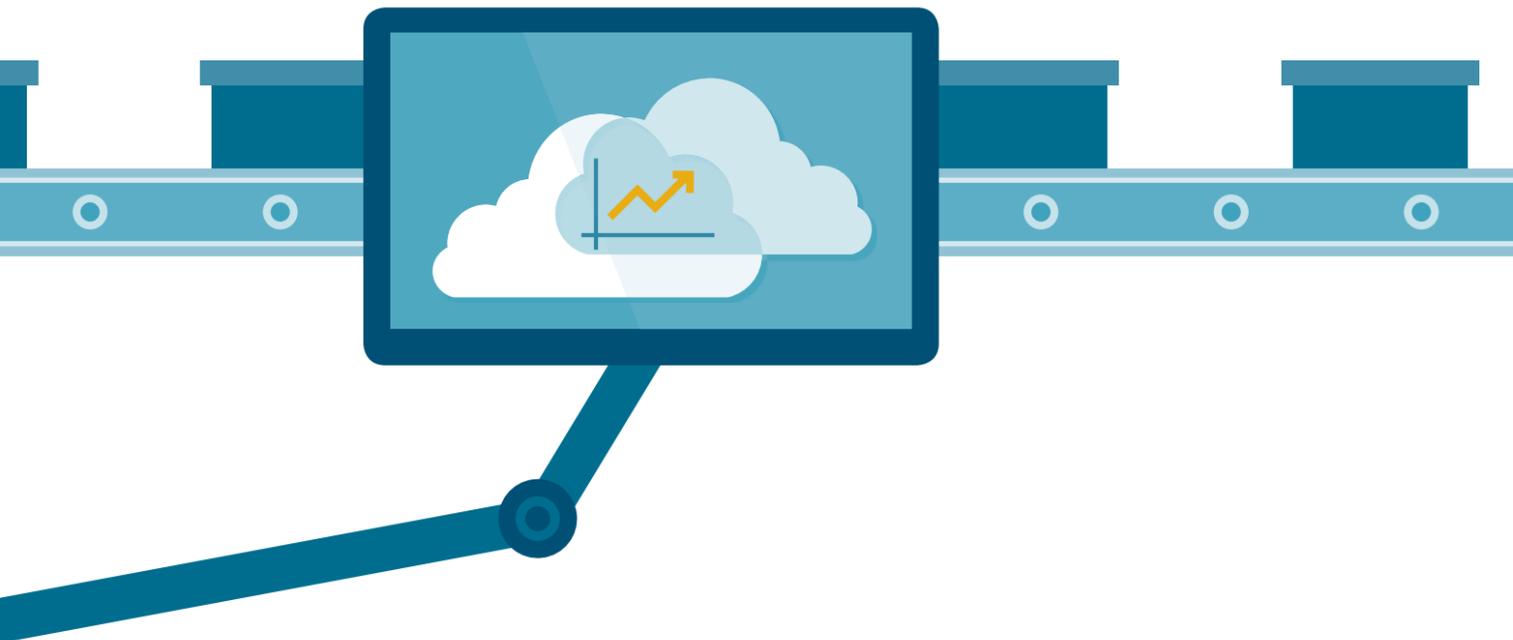
India, printing

»Financing in this instance helped us improve the quality of products and increase the product demand.«

Russia, confectionery

Challenge

4. Optimize efficiency, cost-control and manufacturing agility through automation and digitalization.



Respondents note that automation and digitalization deliver a number of key benefits:

- Digital overview and control of production performance and associated costs.
- Detection and management of defects to reduce error rates and eliminate cost of waste.
- Efficient adaptation to cope with fluctuations in demand, and the ability to deliver short customized runs at full production efficiency.
- Reduced design-to-production cycles through virtualization and big data analytics.
- Reduced production costs-per-unit and reduced reliance on human labor.

Using smart finance to acquire innovative automation not only offers the means to take advantage of automation and digitalization in a financially sustainable fashion, where payments are adjusted to match the cost savings or efficiency gains delivered by the newly acquired technology...

... it also helps manufacturers manage upstream and downstream costs in often long and complex supply chains.

Solutions through financing

»[With automation] we radically increase speed. We cut the total cycle time from months to weeks and ensure a consistently high-quality product. We have mass customization, and thus meet all the specific needs of individual customers.«

Poland, electronics

»Often our new automation technology will incorporate in-process testing to verify that the product is correct before sending it to the next operation. And our industrial automation is also improving response time by handling "surge" orders.«

US, precision engineered products

»We thought that it was time to invest in making our production wireless so that our operators could move around with tablets and smartphones instead of being bound to expensive, fixed operator stations.«

Denmark, food manufacturing

»Using financing to purchase new automation technology reduced our costs of production. We have the same number of employees as before, but any machine is as efficient and productive as two people so we can produce more in a shorter period of time.«

Poland, plastics

»Financing of new technology has enabled us to be totally independent [in the supply chain]... we save money because we don't have to hire external contractors.«

Poland, furniture precision parts

»The machines help keep the costs down. There is always a percentage of human errors, and the new machines helped cut this number down, so we now always get 99.95% of efficiency in what we do. In the past, we had a least 1% human error, so that's definitely something to take into consideration.«

India, automotive parts

»Asset finance is the best tool to facilitate investments in automation.«

Turkey, die casting

Focus on Asset Finance

Pioneering finance managers in the manufacturing sector report that they have diversified their range of financing techniques in order to access sufficient capital and sufficiently flexible/skillfully constructed financing plans to meet their particular requirements:

Four in every five respondents regarded having a diverse range of financing techniques as "important," "very important" or "critical" to developing their business. In addition, more than one third of respondents expect to further diversify their financing techniques and funding sources in the next two years, over and above their achievements to date.

Of these techniques, asset finance – in its many and varied forms – was the most frequently cited financing tool for technology acquisition, over and above traditional loans, with seven in every 10 respondents having used asset finance to acquire essential new technology in the last two years. Respondents in this study use asset finance for up to 80% of their technology acquisitions.

The manufacturing finance managers interviewed in this research study also articulated their opinions on the various financial advantages they were gaining from using asset financing techniques to acquire new technology. These are summarized below.

1. Speed and ease of financing decision/provision is seen as a key benefit of asset finance over traditional loan finance. Finance applications are seen as straightforward and nonbureaucratic.

»The biggest benefit of asset finance is the quality and the speed of the acquisition.«

Russia, switchboard equipment & automation systems

»What really makes a difference when choosing a financing option is speed, and it is much faster to lease equipment.«

France, precision engineering and machining

»The simple difference between banking and nonbanking finance is the approval process. With banks there are a lot of formalities and procedures to go through to get a loan but with asset finance the process is simple and easy.«

India, SME, printing services

»Leasing ... is part of our group policy.

80% of our technology investments are financed through leasing.«

France, aviation parts

30% of our financial toolkit is asset finance.«

Turkey, die casting

2. Asset finance offers the flexibility to adjust the terms, the payment periods, the mix of technology and services, and ability to embrace future needs, so as to fit each individual customer's needs.

»The best thing about leasing is flexibility: That means not having to own machinery, along with the ease of replacing it as well as short-term fixed contracts with adaptable terms.«

USA, automotive modules and systems

»Leasing is a preferred option in our company because it allows us to spread payments over individually negotiated terms and periods that make sense for our cash flow.«

Turkey, metal injection molding

3. Unlike traditional loan finance, asset finance provides dependable rates across an agreement period and does not necessarily require additional security, a deposit, or personal guarantees.

»Banks need security, and as a result, requirements and specifications have gone up. As a smaller business, we have no security to give them right now, but leasing doesn't require this sort of thing ... it's much more accessible.«

India, machined components (such as gear assemblies)

»Traditionally, we used traditional loan finance for equipment purchase, but more recently we decided to try new solutions and strategies instead, such as leasing. Our view is that financing packages from banks change so drastically that you would have to change bank constantly to get a good deal, whereas leasing provides a much more versatile solution.«

Sweden, thin plate products





4. Asset finance provides additional sources of funding that are incremental to traditional loan finance, extending the user's total pool of capital.

»One of the advantages we value most from using asset finance is that it allows you to count on liquidity that otherwise could be compromised.«
Spain, machine tools

»Leasing makes an excellent addition to bank financing and keeps our sources of funding diverse.«
Spain, molded products

»While larger acquisitions – such as buildings – are typically acquired through traditional credit, tools and machines are needed through asset finance. ... In the past we were forced to use credit. Now we are focusing on increasing working capital, and we try not to use bank products like credit and loans as the situation in the market is unstable and you never know what to expect.«
Poland, furniture parts

5. Asset finance enables transparent business cases and financial planning – make it easy to align technology costs with the return on investment produced by the technology.

»Finance is very important to the development of our company because the process of return on investment is typically very long but this way the costs are offset.«
Poland, ventilation and air-conditioning

»We tend to prioritize ROI, and asset finance aligns payments with returns, so it's ideal.«
USA, powertrain components

»Managing financial resources is much simpler with asset finance. A company can really plan and stretch its expenses and funds by spreading costs over time instead of putting strain on its own limited financial resources.«
France, precision and general engineering

6. Asset finance helps release capital for other important business activities.

»Not only does financing facilitate positive cash flow, it also enables us to invest in other projects with the additional funds.«
China, pharmaceutical equipment

»Financing helps us free up funds and prioritize cash flow – this leaves room to pursue other business activities.«
UK, vans and minibuses

7. Specialist asset finance providers offer more flexible, individualized and appropriate financing based on their in-depth knowledge of manufacturing sectors, technologies and their practical applications.

»It requires a specialist financier's more in-depth understanding of specific market needs and trends of particular industries ... to provide more appropriate finance services.«
China, wood processing

»Specialist financiers are intimately connected with pioneers in engineering technologies, hence the fact that they tend to understand and fully support projects that are related to producing advanced technologies.«
China, process industry



»Generally, with banks it takes much more time, so that's why we go for other sources of funding – financiers with expertise in our industry – because it's faster.«
India, industrial valves

»We rely on our collaboration with an industry-expert finance provider – especially since they have a broad international network.«
Germany, plastics

»Expert financiers help technology providers proactively offer financing solutions as a USP; they have a good track record of enabling large-scale financing solutions.«
Germany, extrusion industries

»The technology know-how of expert leasing partners – which banks don't have – is an advantage with many technology acquisitions.«
Germany, industrial valves

Smart Finance in Action

1. Financing total cost of ownership (TCO)

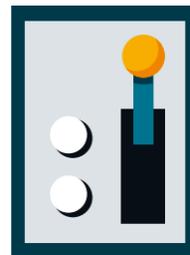
TCO is a well-recognized discipline in the manufacturing sector, designed to embrace the full costs of using technology, not just the cost of acquisition. Manufacturers are increasingly demanding financial agreements that encompass service, software, maintenance and consumables, as well as the simple technology acquisition.

In the age of digitalization, this kind of arrangement provides organizations with a financially reliable package that – by including the digital production line reporting and analytical elements – ensures running costs will not escalate unpredictably over the technology's lifetime. Indeed, this approach – providing a very clear and transparent "cost to use" – will often highlight when it makes more financial sense to upgrade technology rather than continue to "sweat" an outdated system.



2. Financing aligned to operational use

Sometimes, a manufacturer needs to acquire innovative technology that either takes some time to install, delivers accelerating revenue or cost-saving benefits over time, or only produces commercial advantages on a seasonal basis. In each case, working with an expert financier means financing arrangements are constructed where the flow of payments is matched to the expected patterns of use, even if that is uneven or requires a delayed start.



3. Performance-based financing

Investment in new or upgraded technology and equipment is made on the basis that it will deliver defined and measurable business benefits: improved profit and productivity, energy savings, efficiency improvements, etc.

Performance-based financing – an emerging technique being used by forward-thinking finance managers – allows an organization to align its payments according to a defined set of business outcomes, rather than simply paying to use technology regardless of the outcomes it delivers. Technically knowledgeable specialist financiers have the confidence to work with customers and technology suppliers to understand the level of benefit that an organization will gain from more up-to-date technology. They are financing "performance contracts" where payments are predicated on the expected level of business benefit delivered.



4. Financing energy efficiency

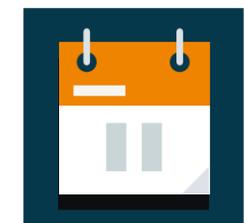
One of the key areas where manufacturers are eliminating waste – through their enhanced LEAN initiatives – is in seeking greater energy efficiency. There are many ways in which the manufacturing industry is reducing energy consumption. These include, for example: building energy management control systems; waste/biomass heat generation; variable speed drives; and heat recovery technologies. However, affordable access to the capital required to invest in energy-efficiency initiatives is not always easily available from generalist lenders, especially for SMEs.

Innovative financing schemes are now becoming available that match the financing period and the level of monthly payments to the projected energy savings. This makes the investment effectively zero cost for an organization.

5. Financing for future needs

The pace of technological change, as respondents to this project have noted, has accelerated, especially in light of developments such as the Internet of Things, big data analytics, predictive modeling, automation and a range of other digitalization innovations that are helping refine process, resource and supply chain management.

In cases where there is almost an expectation of new upgrades coming out every few years, specialist financiers are offering financing arrangements with built-in points of refreshment – where the customer can elect for this option if a significant upgrade is deemed required. Financiers' specialist market knowledge is fundamental to managing such options and accommodating changing needs over time.



Driving Digitalization and Automation

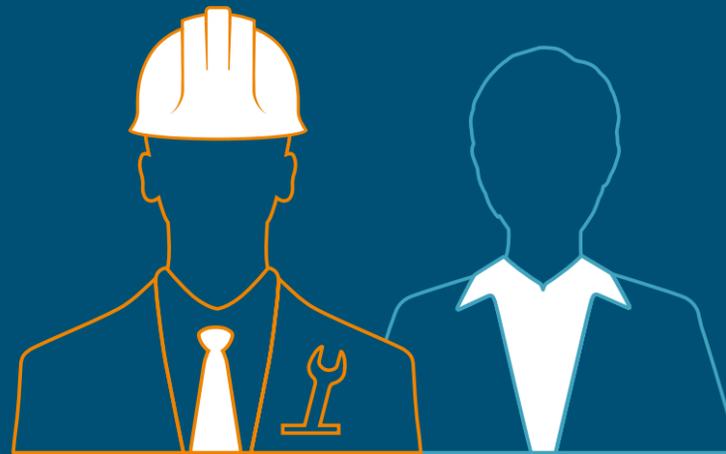
Pioneering finance managers use asset finance to acquire new-generation technology and address key challenges in the manufacturing sector.

Challenge

Increase production capacity and flexibility

Smart Finance Solution

Asset finance allows manufacturers to acquire essential technology to meet changing demands and drive sales.



Challenge

Improve competitive positioning

Smart Finance Solution

Asset finance facilitates technology-enabled production improvements to enhance competitiveness.



Challenge

Optimize efficiency and cost-control

Smart Finance Solution

Payments can be adjusted to match cost savings or efficiency gains, helping to manage costs in complex supply chains.



Challenge

Improve client service

Smart Finance Solution

Smart financing enables technology investments that will increase speed and quality levels.



To read more on how pioneering manufacturing finance managers are driving digitalization and automation, visit www.siemens.com/driving-digitalization-and-automation

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