



News Release

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Digitisation in Industrial sector in India to grow to 65% in next five years

- 53% of the industrial companies in India are using data analytics and more than 90% expect data to have a significant impact on their decision-making in five years
- Only 17% of the respondents in India rated their maturity in data analytics as advanced while the majority (62%) rated it as medium
- 39% of the companies plan to invest more than 8% of their annual revenues in digital programmes in the next five years

Mumbai: Digital is now a priority for most CEOs of industrial companies in India. Industrial leaders are digitising essential functions within their internal vertical operations processes and are focused on driving both revenue growth and operational efficiencies.

According to PwC's **Industry 4.0: Building the Digital Enterprise report**, more than a quarter (27%) of the industrial companies in this survey have rated their level of digitisation as high, and this value is expected to rise to 65% within the next five years in India. Globally this number is expected to grow from 33% to 72% during this period.

Industrial companies in India and Asia-Pacific have the **advantage to leapfrog** ahead of those in the developed economies given their greenfield starting positions. As a result, they have fewer legacy issues pertaining to outdated systems, processes, technological capabilities, etc., which need to be addressed.

In order for industrial companies to leverage the full value of Industry 4.0, they need to overcome **key challenges**. These include lack of a clear digital operations vision from the leadership (45%), lack of skills in data analytics capabilities (53%) and fostering a strong digital culture (41%). Operational disruption from cyber security breaches is another top concern for Indian industrial companies. Overcoming these challenges will enable them to reach their potential and objectives of digitisation by 2020.

Sudipta Ghosh, Leader – Data and Analytics, PwC India said, "For an emerging economy like ours with a very strong focus on the growth agenda, it is only natural that Industrial Products sector will leverage the technological breakthroughs for building its digital ecosystem. This will enable them to add significant value to their customers by knowing how the product is being used and will also drive efficiency improvements across the value chain."



Bimal Tanna, Leader – Industrial Products, PwC India said, “The manufacturing industry today accepts that digitisation is no longer a luxury for organisations, but a necessity to drive revenues, efficiency and profitability in the future. Progressive Indian industrial companies are willing to invest heavily in digitisation technologies such as sensors or connectivity devices as well as software and applications such as manufacturing excellence systems. Investing sooner and spreading out investments over time will enable companies to avoid huge capital investments later on.”

As per the report, at the end of this transformation process, successful industrial companies will become true digital enterprises, with physical products at the core, augmented by digital interfaces and data-based, innovative services. These digital enterprises will subsequently work together with customers and suppliers in industrial digital ecosystems. Furthermore, these developments will fundamentally change individual companies as well as transform market dynamics across a whole range of industries.

Notes to the Editors:

- In this report ‘**Industry 4.0**’ stands for the fourth industrial revolution. Industry 4.0 concentrates on the end-to-end digitisation of all physical assets and their integration into digital ecosystems with value chain partners. It has been used to describe the journey industrial companies are taking towards a complete value chain transformation.
- The PwC Global Industry 4.0 Survey is based on research conducted between November 2015 and January 2016 with almost 2,100 senior executives from industrial products companies in 26 countries across Europe, the Americas, Asia-Pacific, the Middle East and Africa. The majority of participants were chief digital officers (CDOs) or other senior executives with top-level responsibility in their company for Industry 4.0 strategy and activity.
- This territory findings report is based on interviews with 50 plus executives in India.
- **Industry 4.0 is driven** by the following:

Digitisation and integration of vertical and horizontal value chains

Industry 4.0 digitises and integrates processes vertically across the entire organisation—from product development and purchasing to manufacturing, logistics and service. All data about operations, processes, process efficiency and quality management, as well as operations planning, are available in real time, supported by augmented reality and optimised in an integrated network. Horizontal integration stretches beyond the internal operations from suppliers to customers and all key value chain partners. It includes technologies from track and trace devices to real-time integrated planning.

Digitisation of product and service offerings

Digitisation of products includes the expansion of existing products, for example, by smart sensors or communication devices combined with data analytics, as well as the creation of new digitised products which focus on complete integrated solutions. By integrating new methods of data collection and analysis, industrial companies are able to generate data on product use and refine products to meet the increasing needs of end customers.



Digital business models and customer access

Beyond providing digitally enhanced products, leading industrial companies expand their offering by providing disruptive digital solutions such as complete, data-driven services and integrated platform solutions. Disruptive digital business models are often focussed on generating additional digital revenues and optimising customer interaction and access. Digital products and services are often part of serving customers with a complete solution in a distinct digital ecosystem.

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