

MANUFACTURING TRANSFORMATION

by the numbers



As an industry, manufacturing is sometimes seen as risk averse and slow to change. When it comes to digital transformation, however, manufacturers are anything but. An increasing number of manufacturers are launching digital initiatives to cut costs and drive revenue.

Here's a look at how today's manufacturers are using digital initiatives to drive new business strategies and succeed.

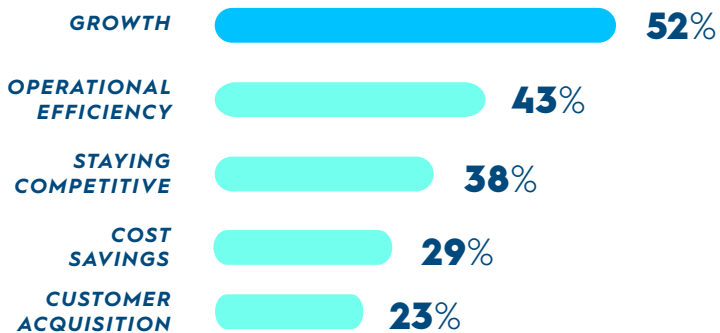
Most Manufacturers Have Digital Transformation Initiatives

Before launching a platform, a company must undergo digital transformation to modernize its internal systems and processes. This is a top priority for over **seven in 10 manufacturers**.

77%

of manufacturing executives say that digital transformation is "very important" to their overall business strategy.

WHY DO MANUFACTURERS PURSUE DIGITAL TRANSFORMATION?



Driving Growth with a Digital Strategy

Why do manufacturers digitally transform? **Growth is the number one reason**, followed by operational efficiency and competitive differentiation. Gaining operational efficiency is important for manufacturing, with **43 percent** of executives saying it's a key digital transformation driver.

Manufacturing Transformation by the numbers

Digital Platforms Are the Key Differentiator for Success

Large or small, consumer or business, local or international—today's customers are digital customers. **71 percent** of manufacturers say customers are demanding more digital products and services. To meet these demands, manufacturing companies are launching platforms.

71%

of manufacturers say customers are demanding more digital products and services.



of manufacturers say platforms are the key differentiator for success.

Digital Platforms Are the Key Differentiator for Success

Platforms can streamline every aspect of digital commerce, from the front-end store experience, to back-end functions like billing, provisioning, and management.

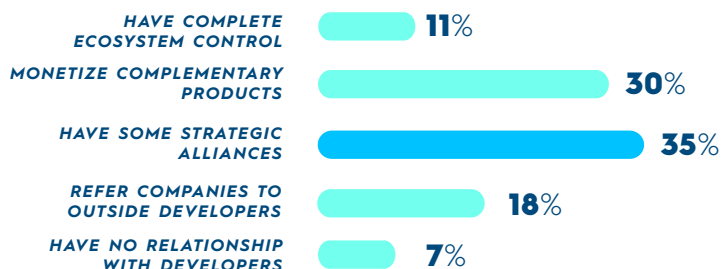
Boosting Platforms with Third-Party Products and Ecosystems

In the digital economy, manufacturers that create ecosystems around their platforms can innovate faster and deliver more value to customers than those that don't. To support ecosystems, most manufacturers have partnerships with developers or other providers. However, the majority—**60 percent**—are not maximizing partnership opportunities.

59%

percent of manufacturers say ecosystems are the only way to innovate quickly to meet customer demands.

Maturity of Manufacturing Ecosystems

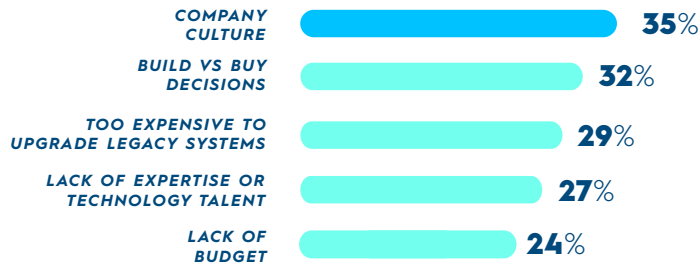


Massive Ecosystem Opportunities Remain

Only **11 percent** of manufacturers have complete control over their ecosystems, while **30 percent** monetize third-party products. The rest are lagging behind and leaving revenue and competitive differentiation on the table. In fact, **7 percent** have no relationships with developers at all. The good news? There are still massive opportunities for manufacturers to launch and grow ecosystems.

Manufacturing Transformation by the numbers

THE TOP FIVE CHALLENGES IMPACTING DIGITAL PROJECTS IN MANUFACTURING



Company Culture the Biggest Challenge

A company culture that resists change is the most common obstacle to digital transformation, cited by **35 percent** of manufacturers. Deciding whether to build technology or work with an outside vendor is a close second.

The Bottom Line: Digital Is a Matter of Survival



65%

percent of manufacturing executives believe that, in five years, only businesses that have digitally transformed will survive

More Information

AppDirect helps manufacturers enter, grow, and thrive in the digital economy. We provide the technology and expertise to power platforms, ecosystems, and digital transformation.

For more information, visit www.appdirect.com/solutions/manufacturing.



Source

[The AppDirect Digital Economy Report, 2019](#)



AppDirect is headquartered in San Francisco, California with offices around the globe and works across vertical industries, including software, manufacturing, value-added resellers, and financial services. J.P. Morgan, Foundry Group, iNovia Capital, StarVest Partners, Stingray Digital, and Mithril Capital Management have invested in AppDirect.

APPDIRECT.COM

