

Top 10 Worldwide Manufacturing Predictions 2014: No. 5 & 6

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IDC Manufacturing Insights hosted a web conference “IDC Manufacturing Insights Predictions 2014: Worldwide Manufacturing” highlighting the Top 10 predictions for the year ahead. Featuring analysts Robert Parker, Heather Ashton, Sheila Brennan, Simon Ellis, Kimberly Knickle, Pierfrancesco Manenti, and Amy Rowell, the session provided organizations with insight and perspective on long-term industry trends along with new themes that may be on the horizon. The Predictions web conference series is designed to help company leaders capitalize on emerging market opportunities and plan for future growth.

“The manufacturing industry has an established track record of continuously improving productivity and is at the cusp of a new wave of gains that will dramatically restructure value chains to be closer to demand regardless of direct labor costs,” says Robert Parker, group vice president and general manager of IDC Manufacturing Insights. “This is being driven by an intelligent economy where customers are more informed, talent is at a premium and the time to react to changes is compressed.

“In 2014, companies should put together a set of business initiatives across critical line of business areas such as supply chain, factory operations, product management, and customer experience/aftermarket services, and follow a progression toward the principles of the 3D value chain, the theme for our 2014 predictions.”

Join us daily this week as we reveal all Top 10 predictions for the year ahead, by category. Check the links below for previous predictions.



5. *Implications on B2B Commerce Networks*

The modernization of the underlying B2B commerce backbone becomes an investment priority for companies. Modernization will require the following:

- Elasticity and flexibility are critical design elements in B2b commerce, supporting many-to-many connections and collaborations.
- Cloud and managed services support faster deployment, flexible cost structure and broader reach to supplier/partner base.
- Additionally, tools that facilitate partner/supplier on-boarding and social/community management are sought after.
- IT investments in B2B integration offerings that provide a connectivity layer to systems of record, silos of data, supporting end-to-end visibility of entire business transactions.

Heather Ashton, research manager with IDC says, “We’ve learned recently of several leading manufacturers that are upgrading their B2B commerce infrastructure, and then using the cloud to extend it into emerging markets because of the cost savings and the ease of implementation.”

6. **Smart Services**



“Servitization Optimization” will be core to future profitable revenue growth and leading manufacturers will make the necessary investments to enable these strategies. In 2014, IDC predicts that:

- Most manufacturers will have aggressive service revenue goals
- Investments in “smart” after sales service will create enduring, profitable revenue streams; e.g. “products-as-service platforms”.
- Leaders will integrate service, engineering and IT teams to modernize service supply chains with a focus on design-for-serviceability and customer experience.
- Others may not get necessary executive support/investment for transformation to “service-centric,” and will miss service revenue goals.

“Most manufacturers have very aggressive service revenue goals, in the order of 1/3 to 1/2 of overall service revenues, and growing them over the next three years,” explains Sheila Brennan, program manager with IDC. “And we all know that these

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tend to be significantly more profitable compared to product revenues.”

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