The resurgence of manufacturing

Reindustrialization strategies in Europe and the US

Organizations recognize the imperative of reindustrialization

developing one

Most organizations have a reindustrialization strategy or are

69% **72**% **62**% identify supply chain are currently developing a began developing their strategies resilience as a leading driver of strategy for reindustrialization or within the past two years reindustrialization already have one in place The rise of domestic manufacturing

Total investment in reindustrialization in Europe and the US over the next three years is projected to be \$3.4 trillion

and onshoring

Nearly half of all organizations have made investments in reshoring initiatives

% of organizations who have invested in reshoring or nearshoring the majority of their manufacturing/production

> No plans to invest in either reshoring or nearshoring

/ in reshoring 16% Plan to invest in either reshoring or nearshoring 47% have 29% in the next invested in 12 months reshoring Invested in a combination of reshoring and nearshoring 19% Invested in a combination of reshoring and nearshoring

Invested

the coming three years

Domestic manufacturing facilities to increase to nearly 50% in

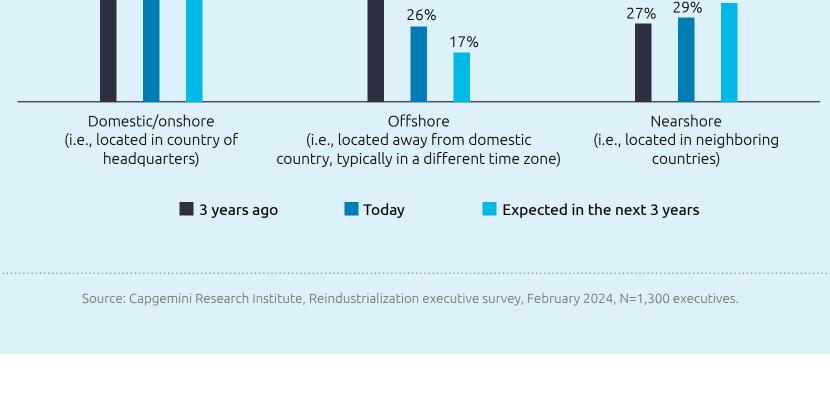
Source: Capgemini Research Institute, Reindustrialization executive survey, February 2024, N=1,300 executives.

Distribution of manufacturing facilities by location as a % of total production capacity

38% 35%

49%

45%



Reindustrialization supports climate goals and decarbonization drives reindustrialization

Optimism is strong that reindustrialization will help organizations achieve climate ambitions

projected reduction in believe reindustrializatioon believe reindustrializatioon will drive a shift toward will help their organization carbon emissions in the next sustainable meet it's climate ambitions three years from reindustrialization manufacturing practices in the next three years

Source: Capgemini Research Institute, Reindustrialization executive survey, February 2024, N=1,300 executives. The establishment of gigafactories plays a role in the journey towards sustainability

34%

Digital technologies are a critical enabler of

54% of automotive, battery manufacturing, and energy organizations plan to

build one or more gigafactories within the next five years

reindustrialization

There is a commitment to increasing investments in digital technologies to support reindustrialization

Organizations focus on upgrading manufacturing facilities as

part of their reindustrialization efforts

% of organizations specifying their strategy for smart and advanced manufacturing facilities

a more highly skilled industrial

workforce than traditional manufacturing labour

12%

60%

are optimistic about the prospects of

technical advancement

reindustrialization driving innovation and

Greenfield - setting up advanced manufacturing facilities from scratch Brownfield - upgrading existing manufacturing facilities

their current workforce to support

53%

31%

e.g., AI, digital twins, robotics)

reindustrialization

Both greenfield and brownfield

Yet to be decided

will increase investments in digital

boost productivity due to

reindustrialization

technologies (e.g., data, cloud, AI) to

Source: Capgemini Research Institute, Reindustrialization executive survey, February 2024, N=1,300 executives.

Reindustrialization requires a highly

skilled workforce

A majority of organizations believe reindustrialization will drive wages up and require advanced skillsets believe the shift towards agree they have to increase wages to say they must undertake a reindustrialization will necessitate substantial upskilling initiative of retain their domestic manufacturing

Average share of digital skills in manufacturing workforce, current vs three years' time 69%

The manufacturing workforce's skill mix is anticipated to shift

towards advanced digital skills over the next three years

workforce

47%

like a computer/ tablet/mobile for work tasks)

Current Next three years

Source: Capgemini Research Institute, Reindustrialization executive survey, February 2024, N=1,300 executives.

How to accelerate reindustrialization

Essential digital skills (e.g., use of digital devices Advanced digital skills



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