Capgemini RESEARCH INSTITUTE

How automotive organizations can maximize the smart factory potential

Automotive firms have hit the accelerator on their smart factory plans

One in two organizations have made good progress on their smart factory journey

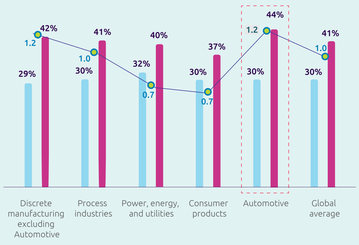
Source: Capgemini Research Institute, Smart factory survey, April–May 2019, N=100 automotive manufacturers; Smart factory survey 2017–18.

The industry has aggressive plans for smart factory adoption

3 out of 10 automotive factories have been made smart in the past 18–24 months

The industry plans to convert **44%** of its factories into smart factories in the next five years

Smart factory adoption in the past two years (2017–18) vs new factory adoption in next five years (2019–23), grouped by industries

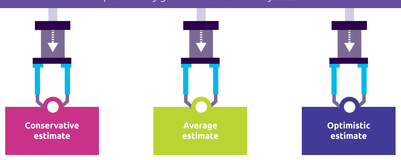


*The smart factory adoption index shows the future expansion plans. An index greater than one means that the sector has a more aggressive expansion plan in the future compared to the average and vice-versa.

Source: Capgemini Research Institute, Smart factory survey, April–May 2019, N=912 manufacturers that have existing smart factory initiatives globally; N=98 automotive organizations with smart factory initiatives.

How the automotive industry can benefit from smart factories

Expected additional value added by automotive industry due to productivity gain in smart factories by 2023



USD104 billion

USD135 billion

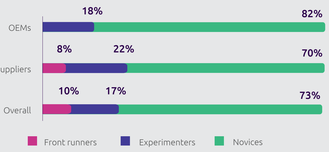
USD167 billion

Source: Capgemini Research Institute, Smart factory survey, April–May 2019, N=100 automotive manufacturers, United nations' database for national accounts, accessed June 2019.

However, automotive firms have a long road ahead before they can fully realize the potential of smart factories

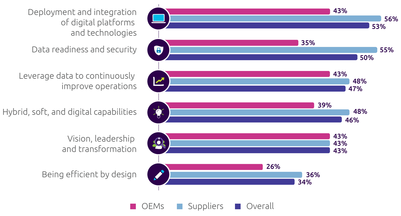
Only one in 10 auto firms are able to reap significant benefits from smart factories

Readiness of automotive industry for scaling smart factory initiatives



Source: Capgemini Research Institute, Smart factory survey, April–May 2019, N=22 OEMs, 76 suppliers and 98 automotive manufacturers with existing smart factory initiatives.

Top challenges faced by automotive firms in realizing smart factory potential



Source: Capgemini Research Institute, Smart factory survey, April–May 2019, N=23 OEMs, 77 suppliers and 100 automotive manufacturers.

The way forward for automotive OEMs and suppliers

Strategize

- Set a smart factory vision and commit to it

Plan

- Smart factory needs integrated IT solutions
- Focus on strengthening IT-OT convergence to realize full potential of smart factory

Enable

- Build a talent base for future
- Foster a data-driven culture

Source: Capgemini Research Institute analysis.

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