

DIGITALIZATION

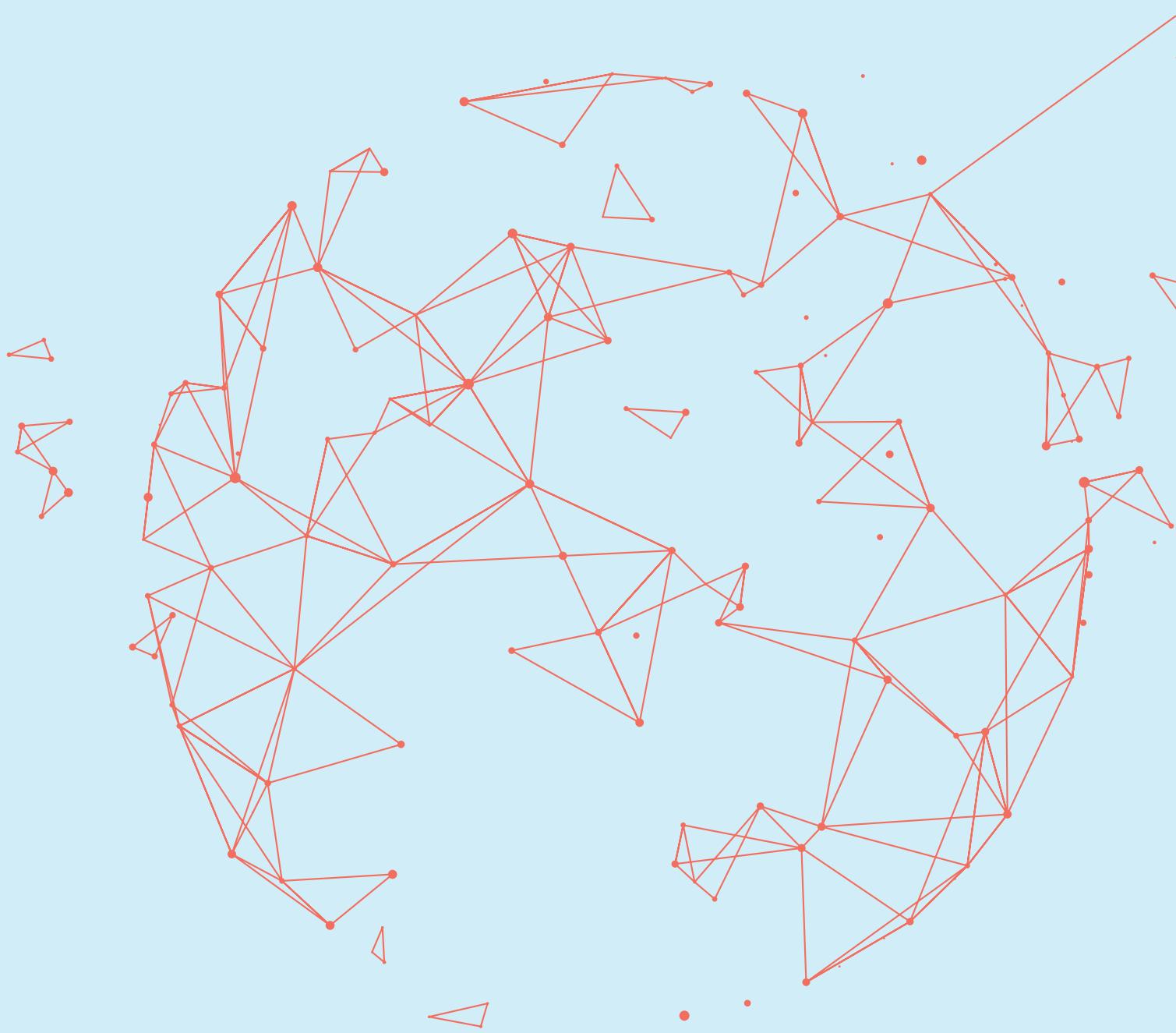
2020

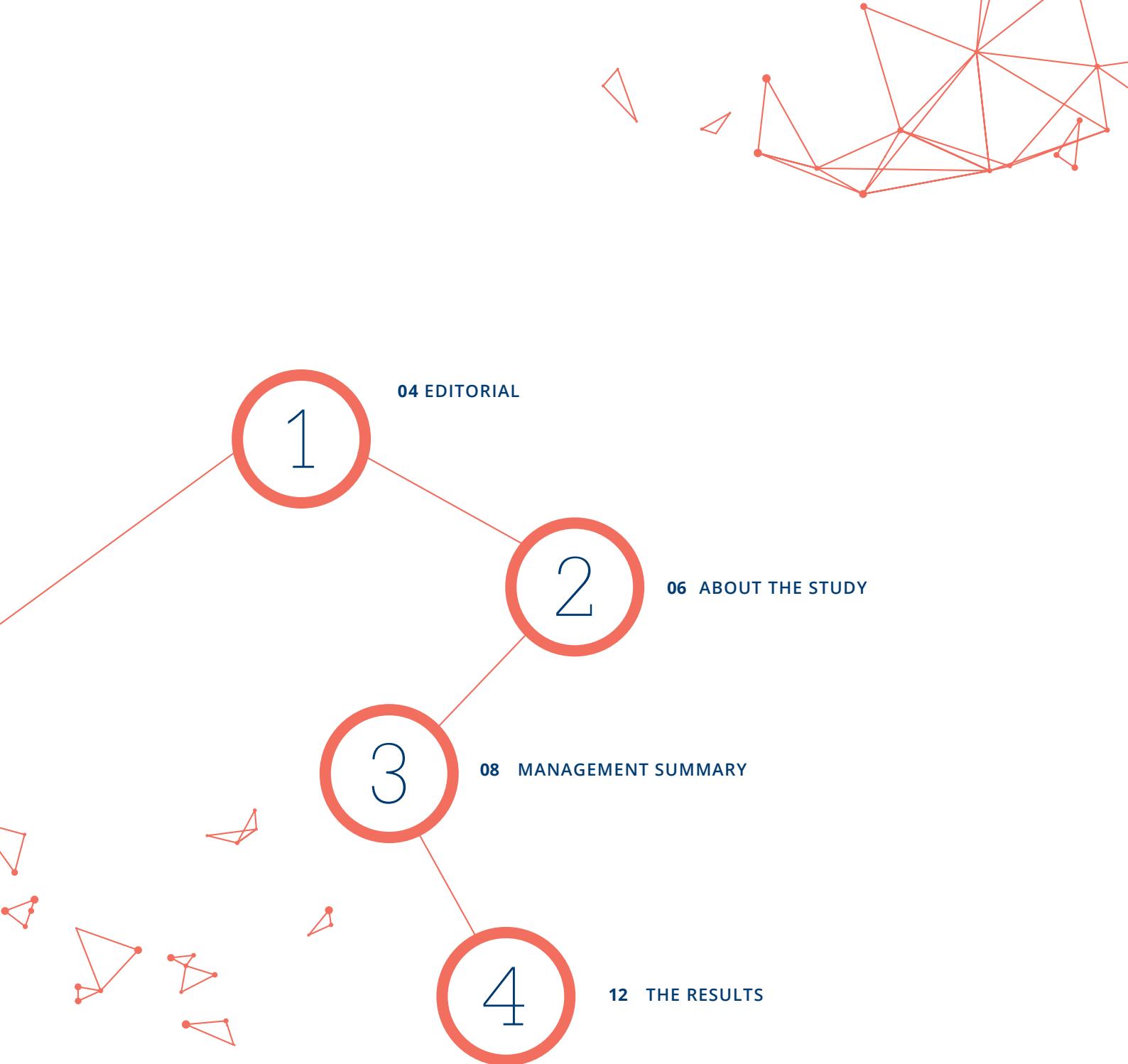
STAUFEN. Digitalization 2020

A study from Staufen AG and Staufen Digital Neonex GmbH •

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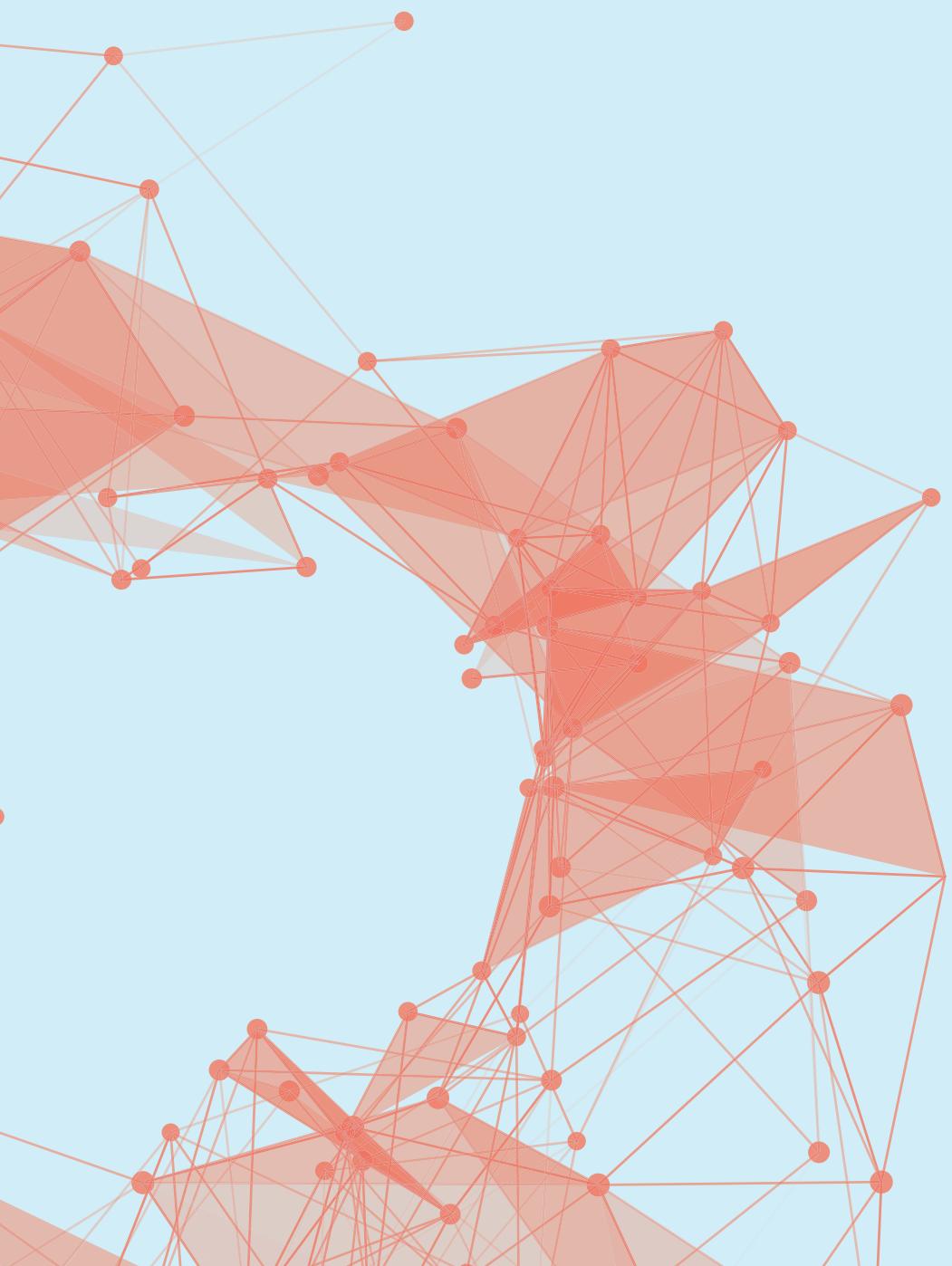
CONTENT





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EDITORIAL



DEAR READERS,

For more than two decades, digitalization has been influencing our society, making everyday life much easier, speeding up our economy, and enabling new business models and sources of profit. Nevertheless, the power of persistence was previously much greater than the need to introduce long-overdue change – precisely in processing industry.

In 2020, we all bore witness to a strange period of history. We all experienced cultural change "at the touch of a button," which in just a few months made possible what before that seemed the task of a generation. In a very short time, not only were the technical prerequisites provided for sending companies' entire teams into their home offices, but it was socially accepted that working for a company did not necessarily involve presence on company premises. According to the motto "if it doesn't exist it won't work," the current crisis has shown us that digital change

– that is, the simplification and slimming down of company processes using digital tools – is possible without further ado if it has to happen. In addition, however, there was an impression that has now been substantiated again by our study: those companies that had previously advanced the digitalization of their administrative processes and all of their value creation were in the best position to survive the crisis.

Let's take this insight as motivation, even without current events, to set the signs for the future success of our companies, actively and with a vision.

Take the results of our study as inspiration for driving forward change at your company with gusto.

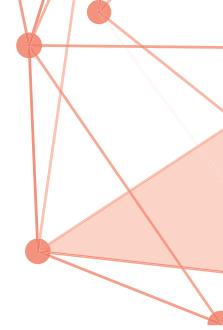
The time of quarreling is past, the breakthrough has been made!



A handwritten signature in blue ink that reads "Jochen Schlick".

Dr. Jochen Schlick,
Senior Partner and Co-Founder,
STAUFEN.DIGITAL NEONEX GmbH

ABOUT THE STUDY

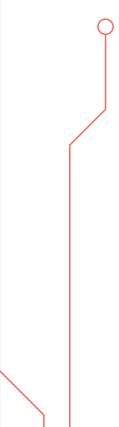


BACKGROUND AND

FRAMEWORK OF THE STUDY

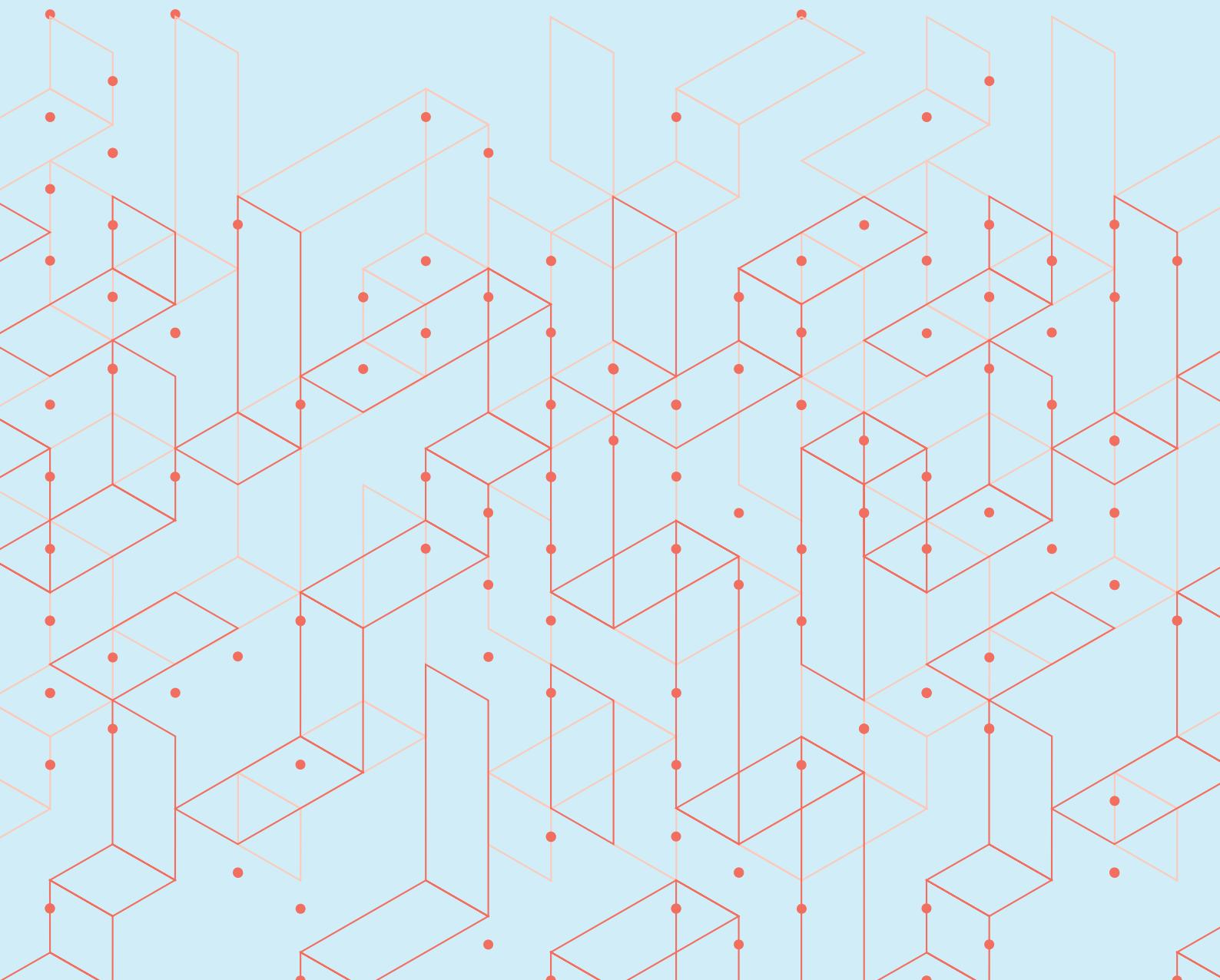
For the "Digitalization 2020" study, the consulting company Staufen AG and Staufen Digital Neonex GmbH surveyed a total of 1,119 companies in Germany, the USA, China, Brazil, Mexico, Switzerland, Italy, Poland, Hungary, the Czech Republic, and Romania. The survey was conducted in August 2020.

The companies are drawn especially from the plant and systems engineering, automotive, and electrical industry sectors.



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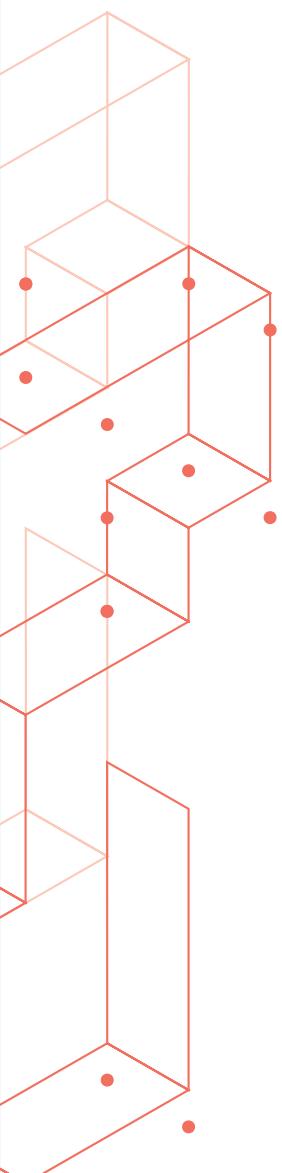
MANAGE- MENT SUMMARY



Digitalization remains a central topic in business around the world. Here it is clear: successful digitalizers have managed the effects of the Corona pandemic better. Read the central insights of the international Staufen study "Digitalization 2020" here.

ONLY EVERY TENTH COMPANY HAS A SUCCESSFUL DIGITALIZATION STRATEGY

Without a digitalization strategy, there can't be any digitalization – this basic rule should be self-evident. Nevertheless, only about every tenth company (11%) has a successful digitalization strategy. Almost every other company (46%) is currently focusing on the implementation of such a strategy.



INSIGHT FROM THE CRISIS: KNOWLEDGE EQUALS SUCCESS

Nearly two-thirds (63%) of companies have recognized that in the future, they will have to advance the digitalization of their companies more quickly. A big hurdle on the road is lacking digitalization expertise among the leaders. About every fifth company (21%) has clear deficits here; another 44% admit that they have room to improve.

DIGITAL TRAILBLAZERS COME THROUGH THE CORONA CRISIS BETTER

2020 was and is a year marked by the Corona pandemic. It shut down large parts of the economy worldwide, at least for a few months, and had and will have deep-reaching consequences. That's why we were especially interested in the current situation in this study.

Thus, we determined that about every fifth digitalization project was stopped or restructured due to the Corona pandemic. Nevertheless, almost half (44%) of companies were in a position to continue digitalization projects as planned.

A precise look shows that the digital trailblazers were much more consistent than other companies. Nearly two-thirds (63%) of companies with a successful digitalization strategy kept to their previous plans.

Even during crisis management, it is clear time and time again that the digital trailblazers have come through the crisis better and managed the shutdown more easily. More than three-quarters (78%) of successful digitalizers said that digitalization helped them maintain their ability to make decisions in this phase. For comparison: with regard to all companies, only every other organization was able to make decisions.

Answers to questions about flexibility to act resulted in similarly high values (73% to 55%) and the continuation of work (84% to 68%). Only the supply chain created problems for all companies, although the digital trailblazers were also more successful here. 30% (as compared to 17%) were able to manage supply chain problems better in lockdown thanks to digitalization.

TECHNOLOGY'S THE TREND

For this study, we presented those surveyed with a list of twelve frequently discussed technologies and asked the study participants to assess the importance of individual topics and their respective implementation at their companies.

DIGITALIZATION IS WHAT COMPANIES ARE PINNING THEIR HOPES ON

Most companies surveyed for the study have clear digitalization goals and the majority are striving for an increase in efficiency (81%), cost reductions (60%), and more transparency in the flows in processes (57%). Nevertheless, about every other company (53%) wants to strengthen customer relations and achieve greater successes with new work and remote work.

The data clearly shows that sales increases due to new business models (36%) and shortening of development times (25%) are currently not at the very top of the agenda for all companies.

Nevertheless, digitalization is what they're pinning their hopes on. There are only a few skeptics who do not believe in the future capabilities of digitalized companies. Companies attributed the greatest potential to cost reduction through data analyses: nearly three-quarters of companies (71%) regard this as an important goal.

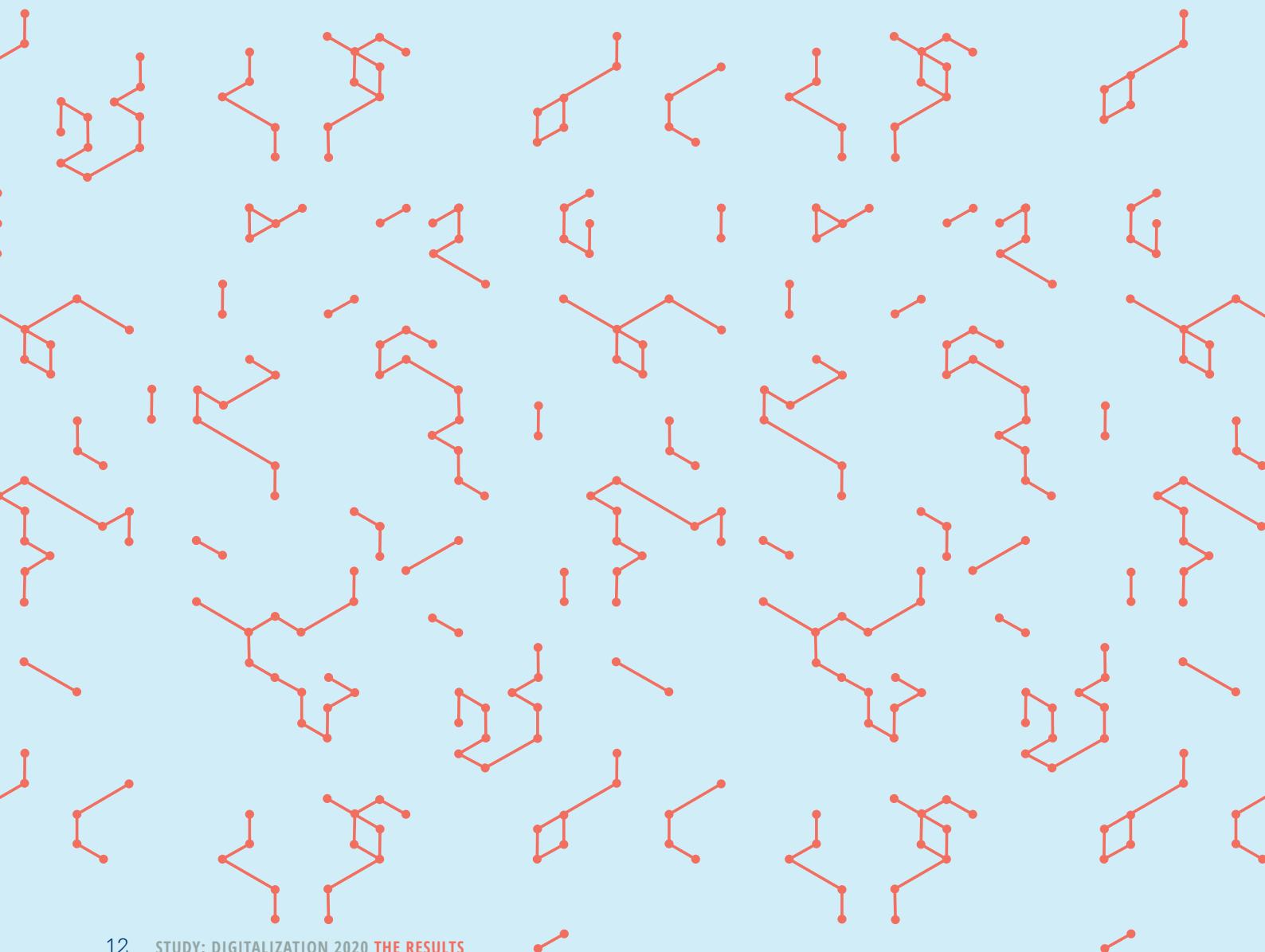
A crisis symptom visible in many industries was resupply problems for production. In public, this resulted in a discussion about whether increasing regional production should be on the agenda. However, the companies answered this question unambiguously: three-quarters (74%) do not believe that globalization will be scaled back.

The top technologies are artificial intelligence (AI) and machine learning: 56% of those surveyed ranked this technology very highly and 27% have already undertaken specific projects in these areas. The picture looks similar with regard to the related topics of smart data and predictive maintenance: approximately every other company believes these technologies are crucial and a little more than one-third have already invested in this direction.

Once again, the significant advantage of successful digitalizers is evident here: they are a nose ahead when it comes to key technologies. Thus, every second digital trailblazer is already using AI and data analyses.

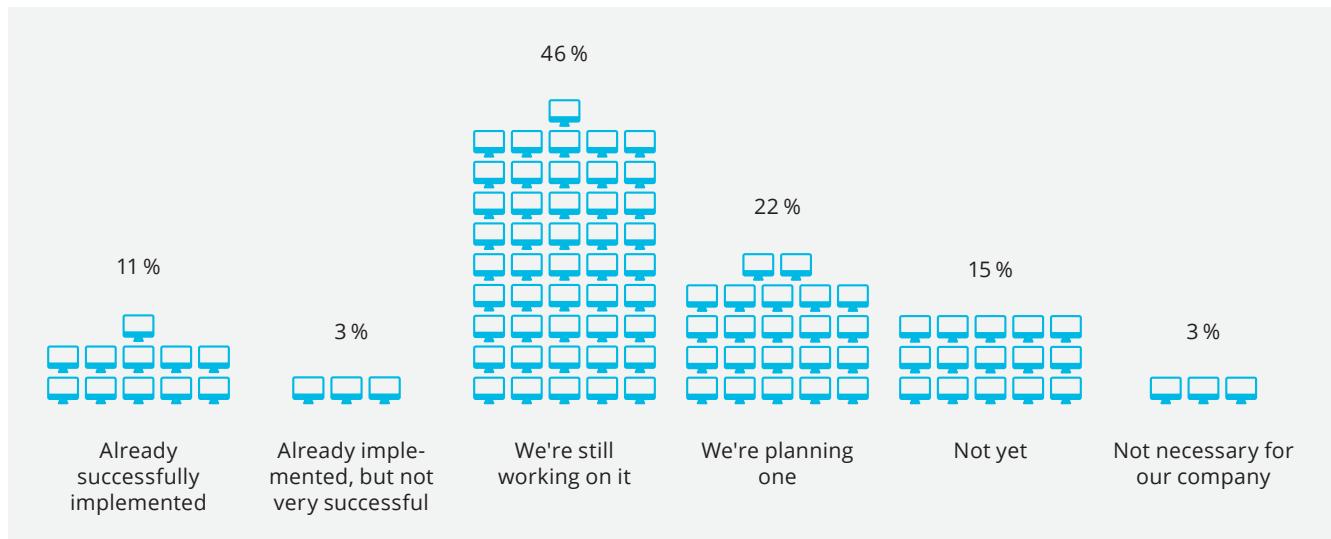
THE RESULTS

Note: the results are rounded up to whole numbers.



Only about every tenth company already has a successful digitalization strategy

Is your company pursuing a company-wide **digitalization strategy**?

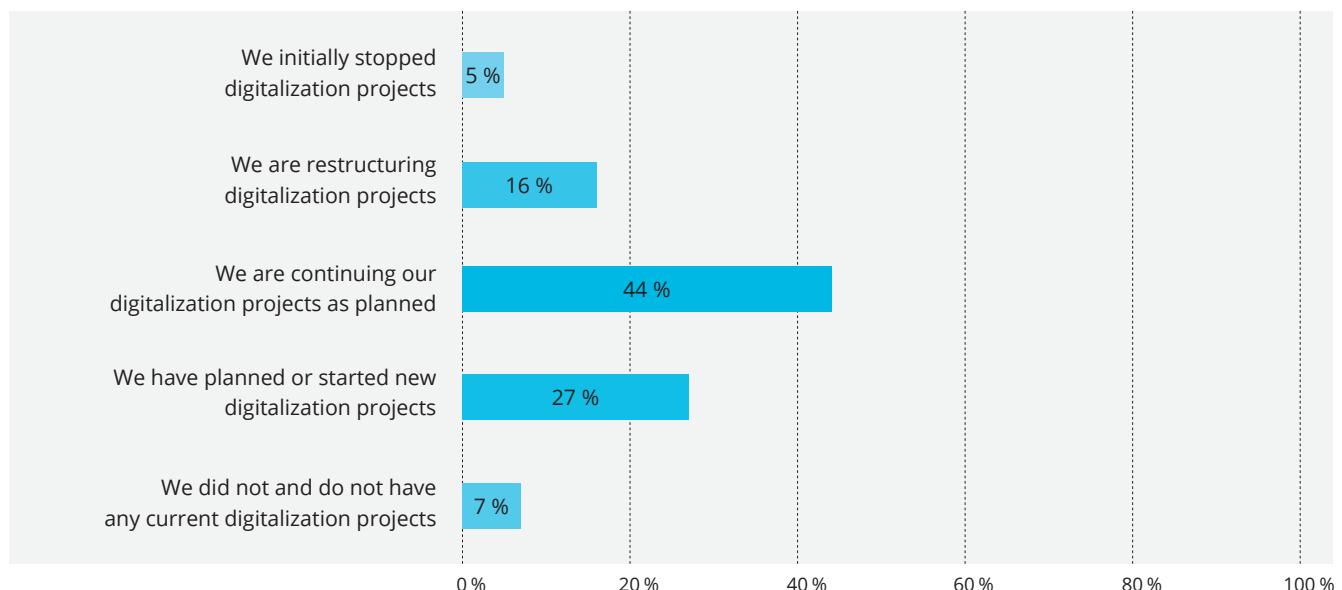


With regard to the question of the dissemination of digitalization strategies, it becomes clear that this topic still has companies holding their breath. This is a marathon, not a sprint. However, the numerous companies that are still in the planning phase or haven't even started discussing strategy have a long road ahead of them. Therefore, they would be well-advised to define and implement their strategy quickly.

Every fifth digitalization project was stopped or restructured due to the Corona pandemic

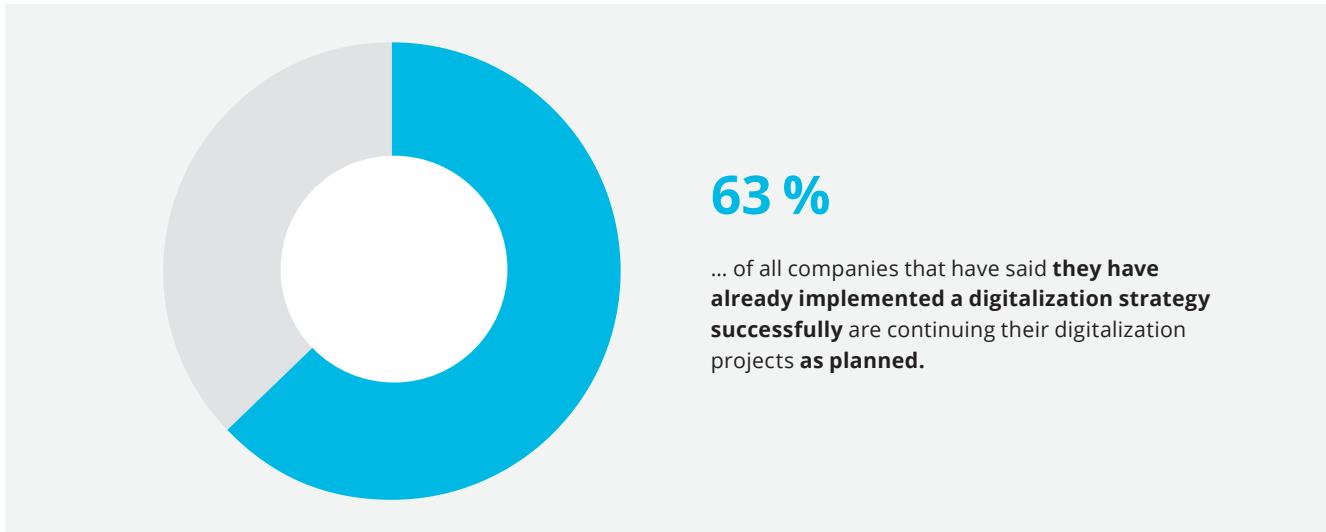
The Corona pandemic has shut down large parts of the global economy for months.

What consequences did this have for digitalization projects at your company?



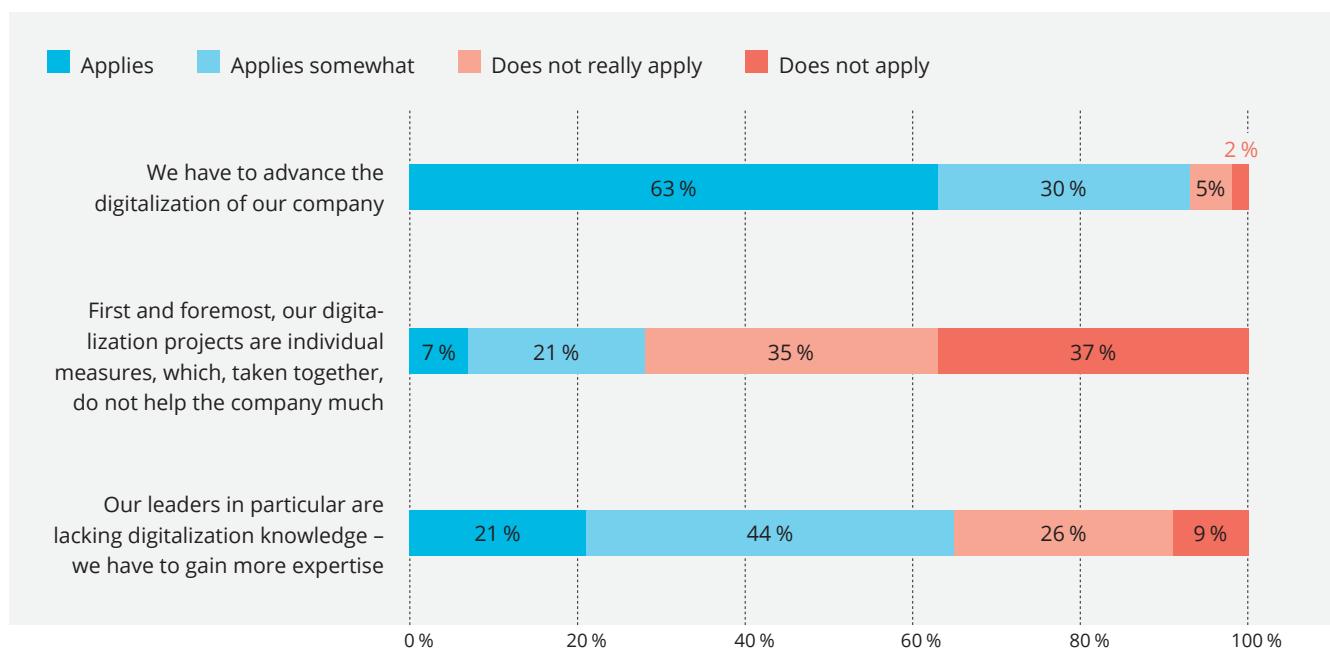
The traces of the Corona pandemic on the realization of digitalization projects are clear. In the end, the crisis put all digitalization strategies to the test, with a positive result for the majority: almost three-quarters of all companies were able to continue their existing digitalization projects or even start new ones. However, 16% of companies had to readjust their projects – clearly the crisis revealed strategic or financial gaps here.

Digital trailblazers pursue their course more consistently than other companies



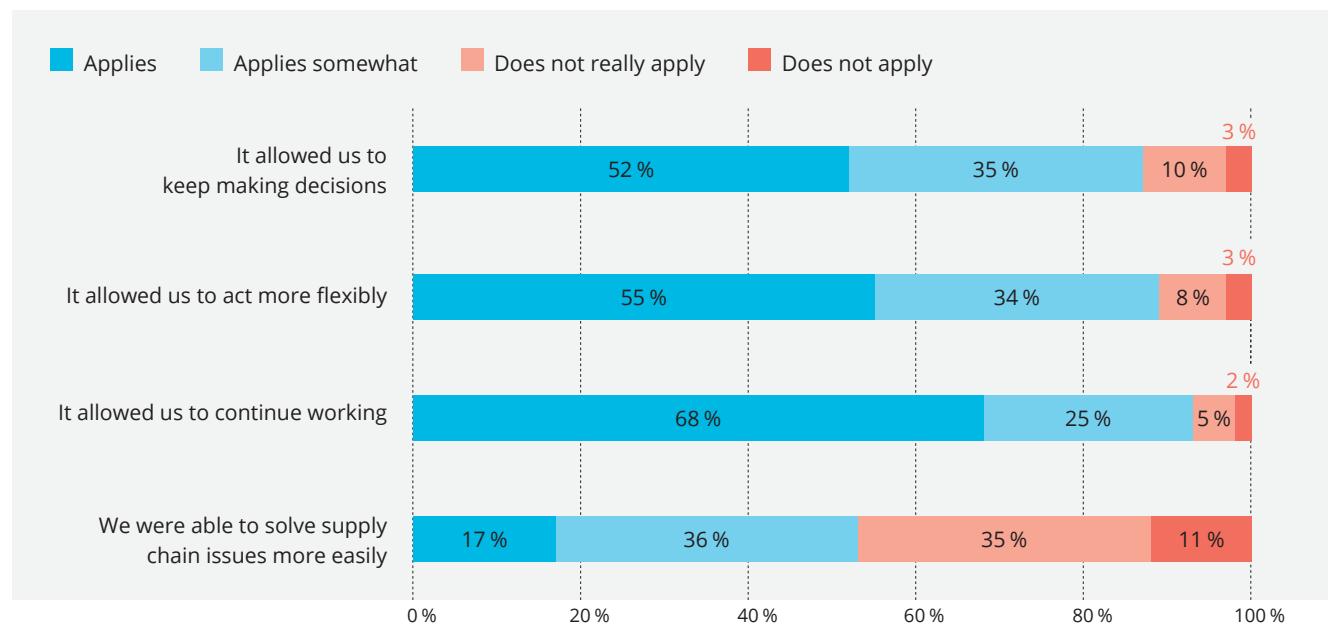
Purposeful establishment of digitalization knowledge among the leaders is the key to success

What **new insights** have you gained in the crisis with regard to the **digitalization** of your company?



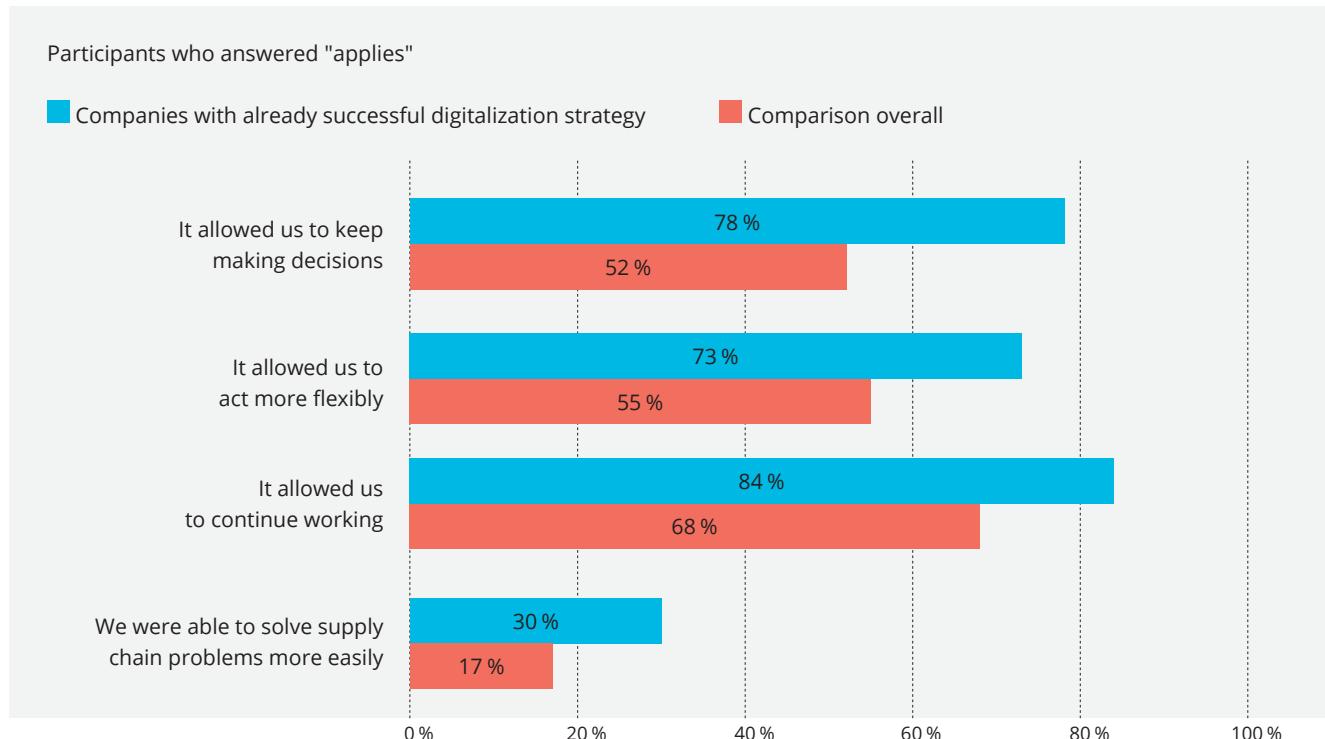
Digitalization made companies able to make decisions, act, and work during the shutdown

To what extent has **digitalization** helped you in the **shutdown**?



Companies with a successful digitalization strategy had a clear advantage in the shutdown

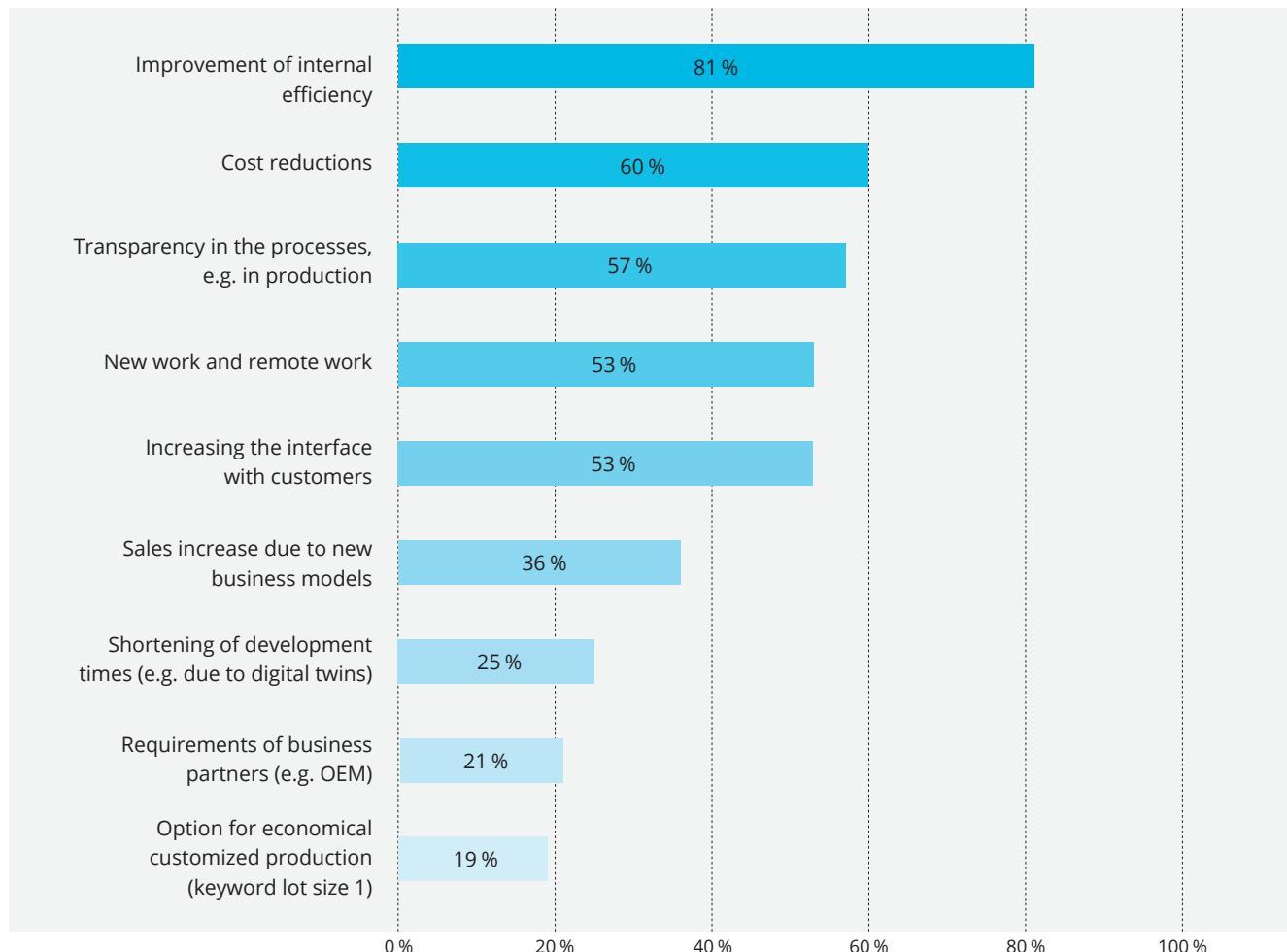
To what extent has **digitalization helped you in the shutdown?**



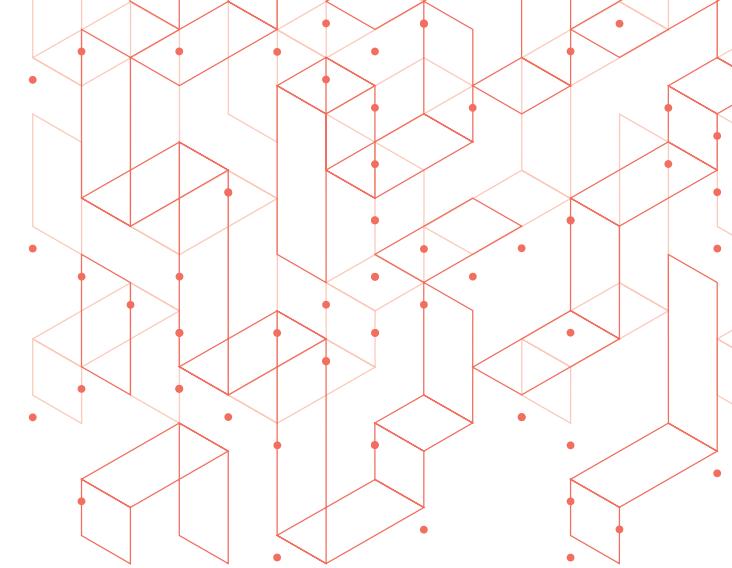
Another lesson can be drawn from the Corona crisis: people who are successful in digitalization will remain successful in the crisis as well. An effective digitalization strategy keeps companies able to work and make decisions; in addition, they can react flexibly to changed requirements. However, the crisis also demonstrated companies' dependency on the supply chain: even most digital trailblazers had problems here. For companies, this is a clear sign that they need to take a closer look at this field, not just with regard to digitalization.

Clear digitalization goals increase efficiency, reduce costs, and provide greater transparency

What are currently **the motives** for digitalization measures at your company?

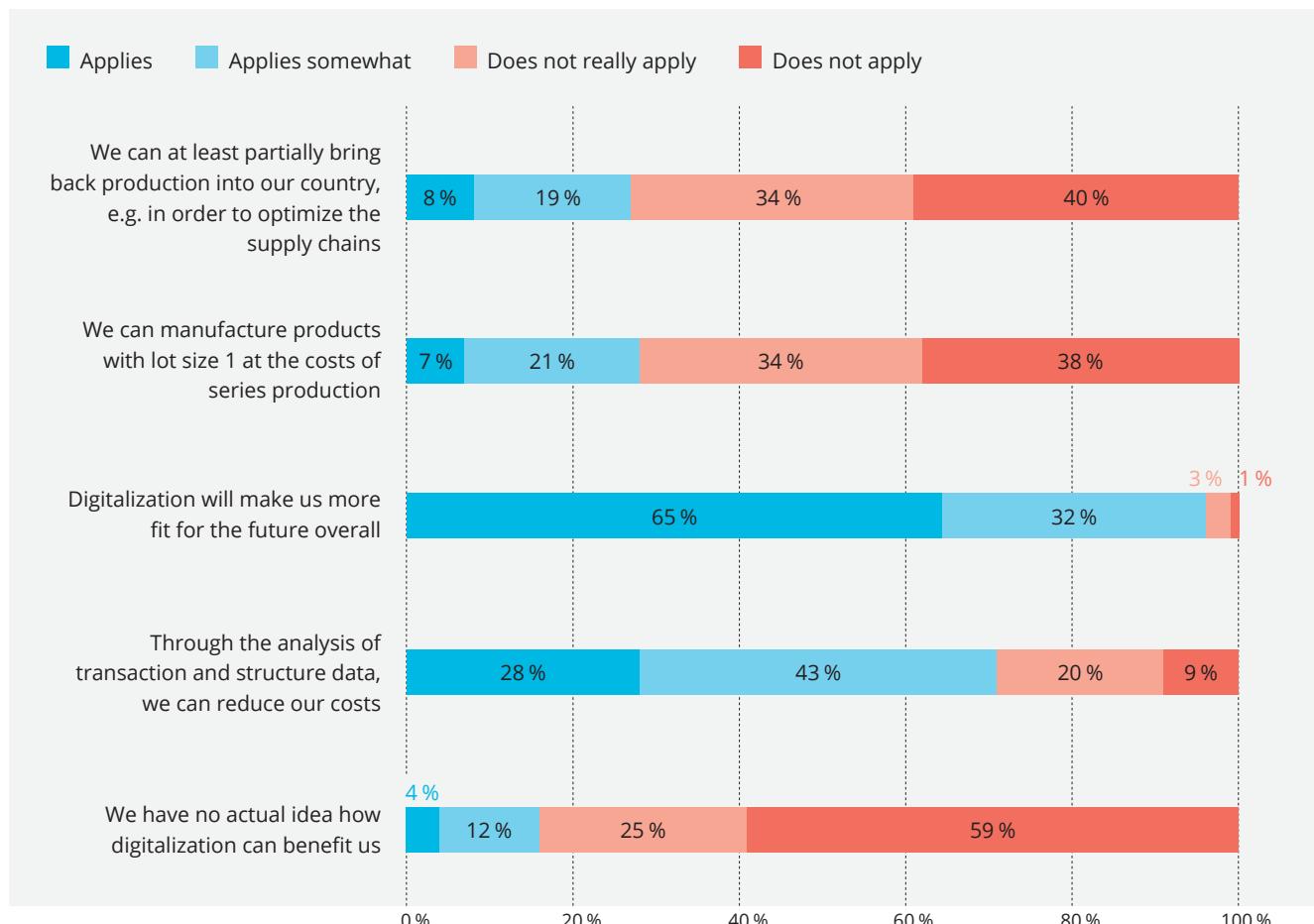


Precisely in a time of crisis, self-improvement is the dominant motive for digitalization measures. The concerns are frequently efficiency, transparency, and cost reduction. Reinventing yourself through innovative business models, by contrast, is only currently important to one-third of the companies surveyed. However, this topic belongs on all companies' agendas, for new business models are the sales drivers of the future.



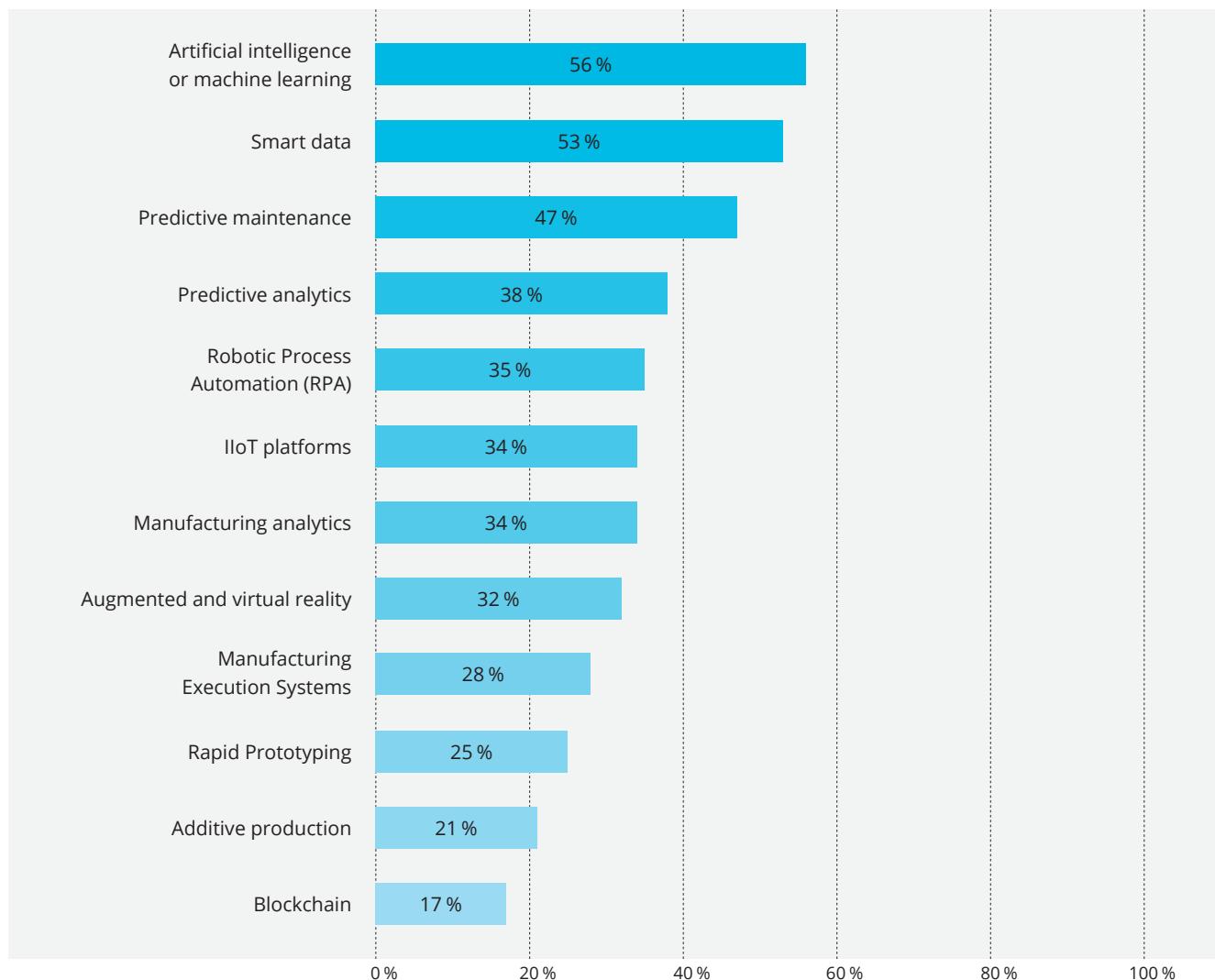
Digitalization remains the no. 1 strategy that companies are pinning their hopes on

What do you think, will your company **change due to digitalization?**



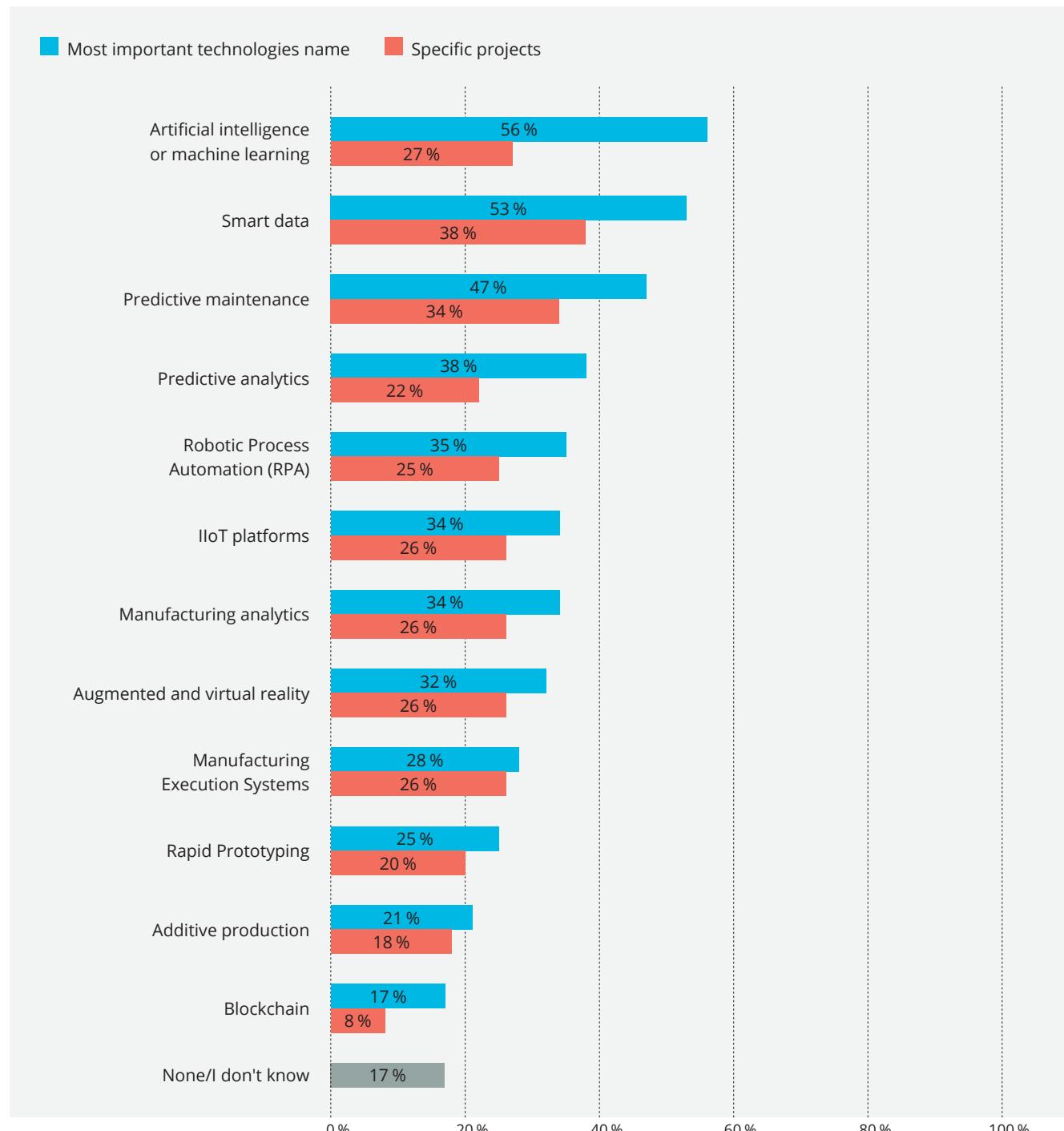
Technology trends: AI, smart data, and predictive maintenance are the clear front runners

The following **technologies** are much discussed. **Please name those most important to you from your point of view.**
Multiple answers are possible.



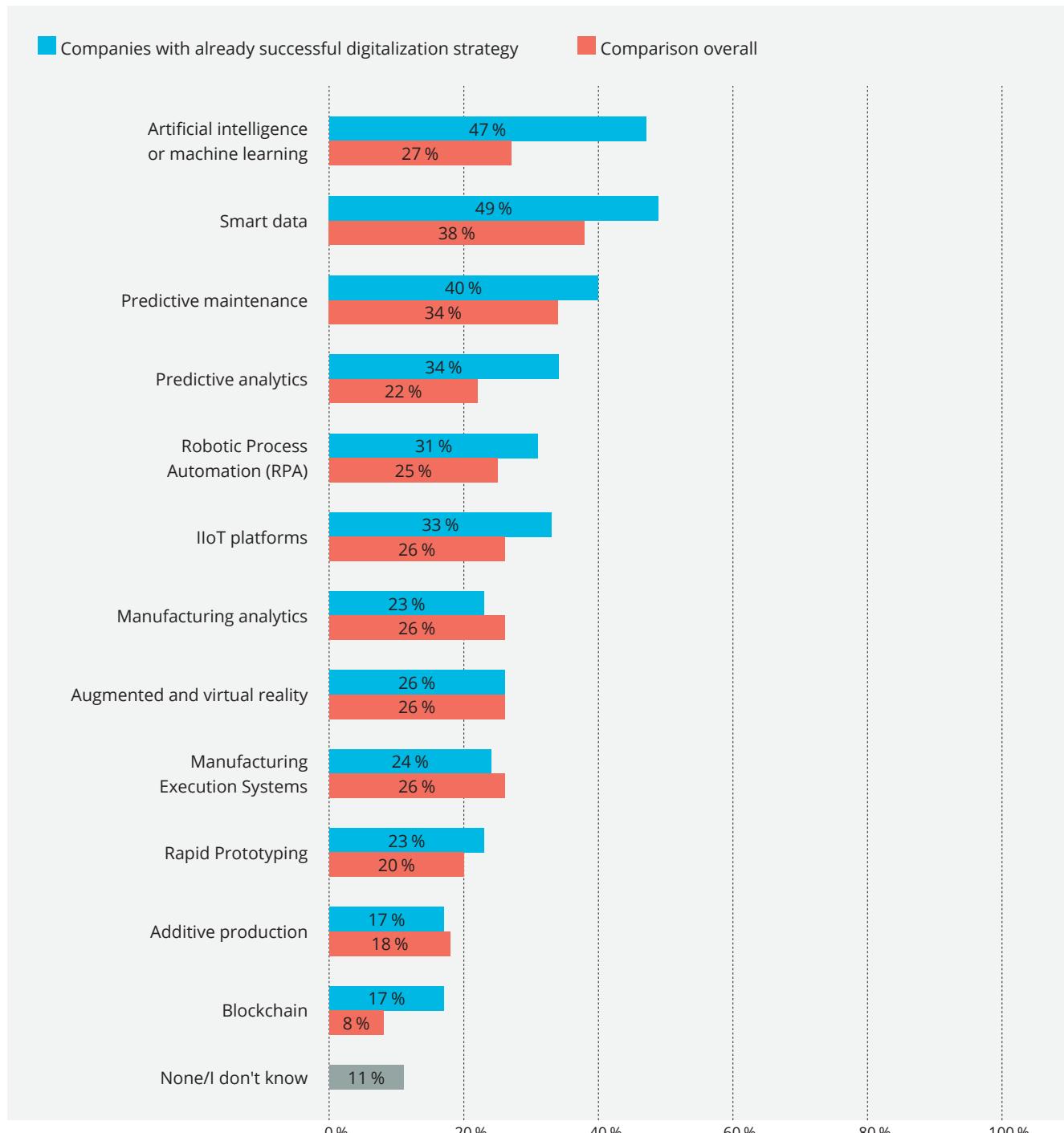
Wishing and reality: Even with respect to the huge topics, many companies are just spectators

For which of these **technologies** are there already **specific projects** at your company? Multiple answers are possible.



A clear digitalization strategy ensures more specific projects

For which of these **technologies** are there already **specific projects** at your company? Multiple answers are possible.



Knowledge is silver, implementation gold: for while many companies are focusing on AI, smart data and the like, the companies with a successful digitalization strategy are already implementing numerous practical projects.



ABOUT US

We believe
that inside every company
there is an even better one.

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Staufen AG is a Lean Management consulting firm and academy. We have been advising and qualifying companies and employees for over 25 years worldwide for over 25 years. Our goal is to make every company better and to advance our customers. Our special approach focuses on quickly setting the right changes in motion and establishing a sustainable culture of change.

STAUFEN.DIGITAL
NEONEX

Staufen Digital Neonex GmbH is the subsidiary of Staufen AG for the digital transformation of industrial value creation. Our focus: smart factory. Together, we will improve companies' competitive ability thanks to the possibilities of the smart factory. As partners. Pragmatically. Professionally.



FIGURES. DATA. FACTS.



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FOCUS ON THE WORK PLACE

A survey from Staufen AG of
more than 1,500 employees

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VARIANT AND COM- PLEXITY MANAGE- MENT

UNDERSTANDING AND MASTERING
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LEADERSHIP EXCELLENCE

EFFECTIVE LEADERSHIP
IN TIMES OF CHANGE

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IN DUS- TRY 4.0 IND- EX >

GERMAN INDUSTRY 4.0 INDEX 2019
A study by Staufen AG and Staufen Digital Neonex GmbH

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SUCCESS IN CHANGE

GERMAN CHANGE READINESS INDEX 2019
A study by Staufen AG and Staufen Digital Neonex GmbH

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PREDICTIVE RESTRUCTURING

RESTRUCTURING
BEFORE THE EMERGENCY HAPPENS
IS THE NEW KEY TO SUCCESS

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AERO- SPACE 2019

LEADERSHIP
IN TIMES OF CHANGE

A study by Staufen AG
and the Federal Association of the German Aerospace Industry (BDL)

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BEST STRATEGY 2018

WHAT GLOBAL MARKET LEADERS
IN GERMANY DO BETTER

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ORDER FULFILL- MENT

PROFITABILITY AND COMPETITIVE ADVANTAGES THROUGH
LEAN ORDER FULFILLMENT
A White Paper from Staufen AG

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INSIDE EVERY COMPANY
THERE IS AN EVEN BETTER ONE.