



Value Creation through Digitization

SAP's Strategy for Manufacturing Industry

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How many things are connected to the Internet?

Today: ~25bn (3.5 per every person on earth)

2020: ~50bn (6.5 per every person on earth)

2006: More things connected than humans

2012: More traffic generated by non-humans than by humans

source: CISCO

What is the size of the M2M business?

Today: ~\$121bn

2020: ~\$948bn

source: CISCO

How well is Industry 4.0 known and understood?

40% of all decision makers in the german industry do not know the term

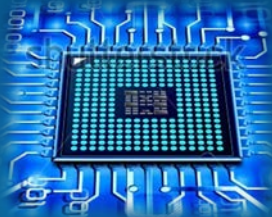
84% feel that they don't fully understand the chances and opportunities

source: FAZ

Digitization– does it matter?



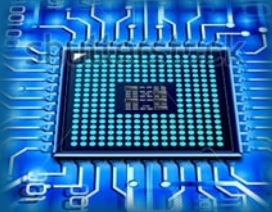
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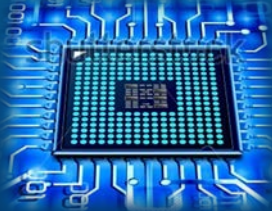
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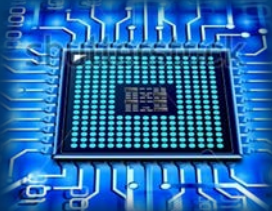
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Digitization– does it matter?



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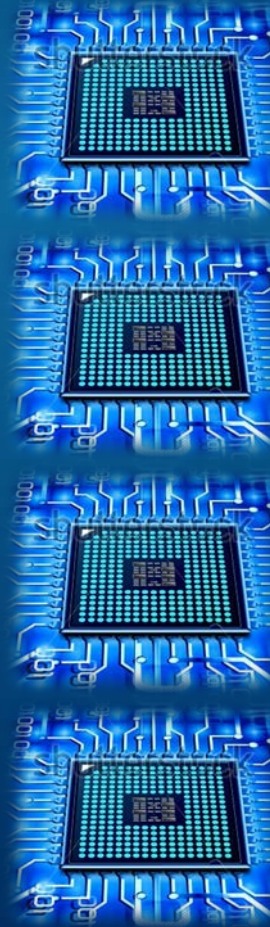
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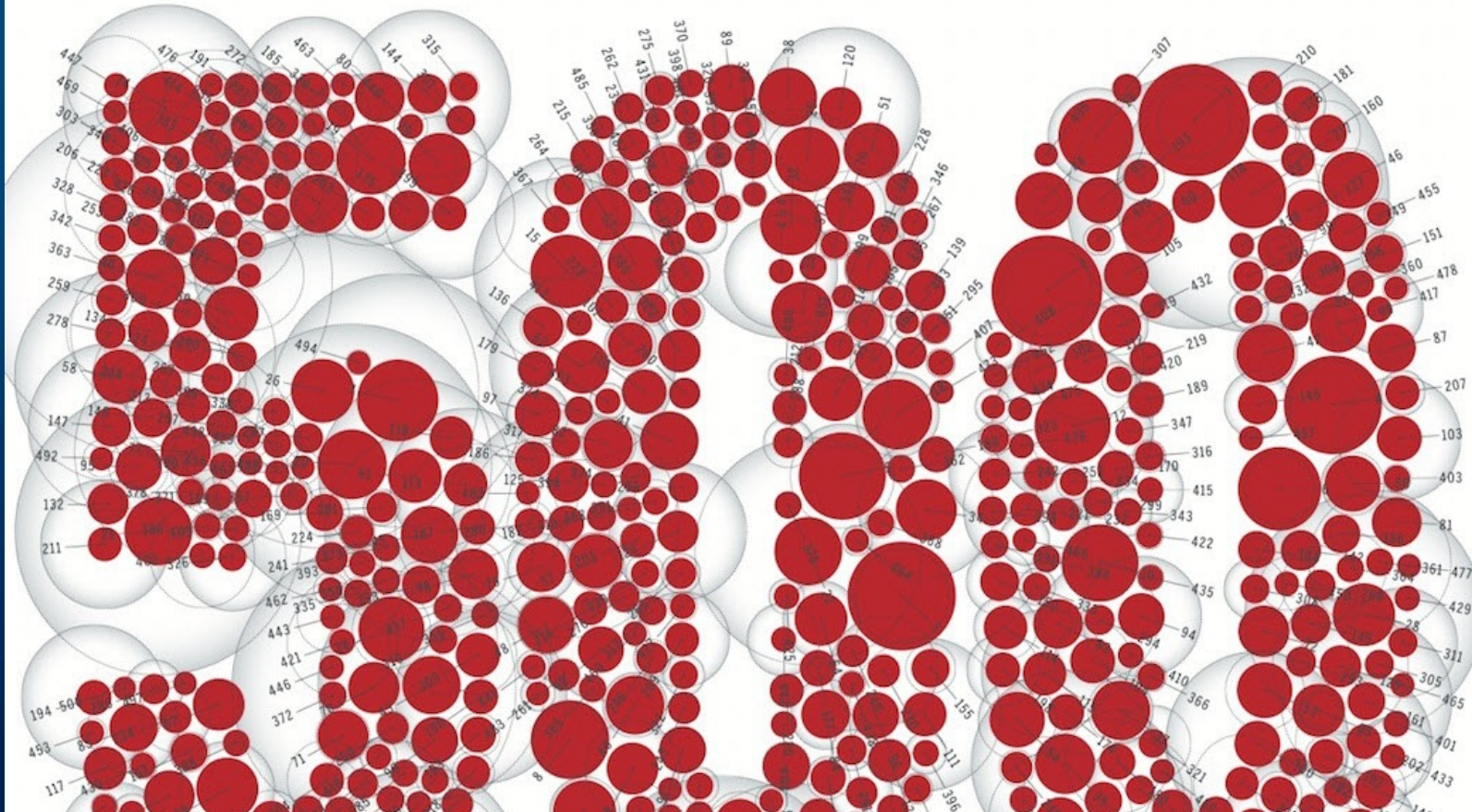
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Missed the IoT trend: German Company lays off 1600 employees

Source: <http://www.maschinenmarkt.vogel.de/themenkanaele/konstruktion/antriebstechnik/articles/474171/?cmp=nl-97>

FORTUNE



87%

of the **FORTUNE 500**
companies have
DROPPED from the
index between 1955
and 2011



Requirements in a Digitized World

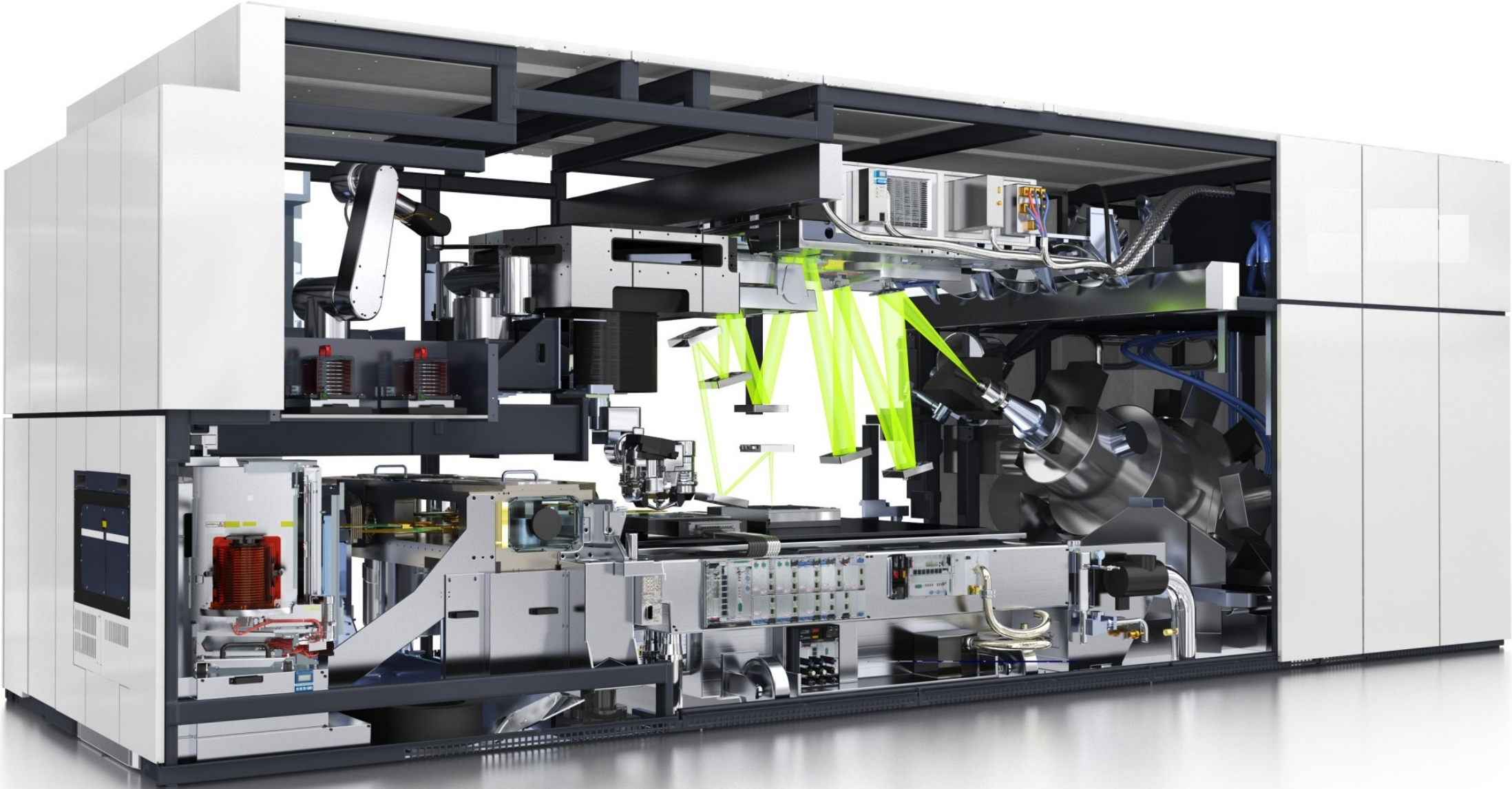
YOUR CUSTOM IS CALLING

Exclusively offered on the Harley-Davidson®

Street Bob® and 1200 Custom, H-D1™
Factory Customization personalizes
your bike right at our factory.
You get it exactly the way you
want it and we'll save you
time and money.



[BUILD YOUR BIKE >](#)







KAESER

BSD 75

SIGMA



SFC

Control panel area of the compressor, featuring a digital display, a red emergency stop button, and a large ventilation grille at the bottom.



Requirements in a digitized world



SOLUTION INDIVIDUALIZATION

The Market of One

Customized offerings to meet the unique customer needs. Increase variants and reduce costs



SOLUTION COMPLEXITY

Extreme Variability

Multi-faceted configuration and highly variable demand with regional and localized requirements



DIGITIZATION & CONNECTEDNESS

Mechatronic

Design and Produce cross domain components into one solution (design, electronic, software,...).



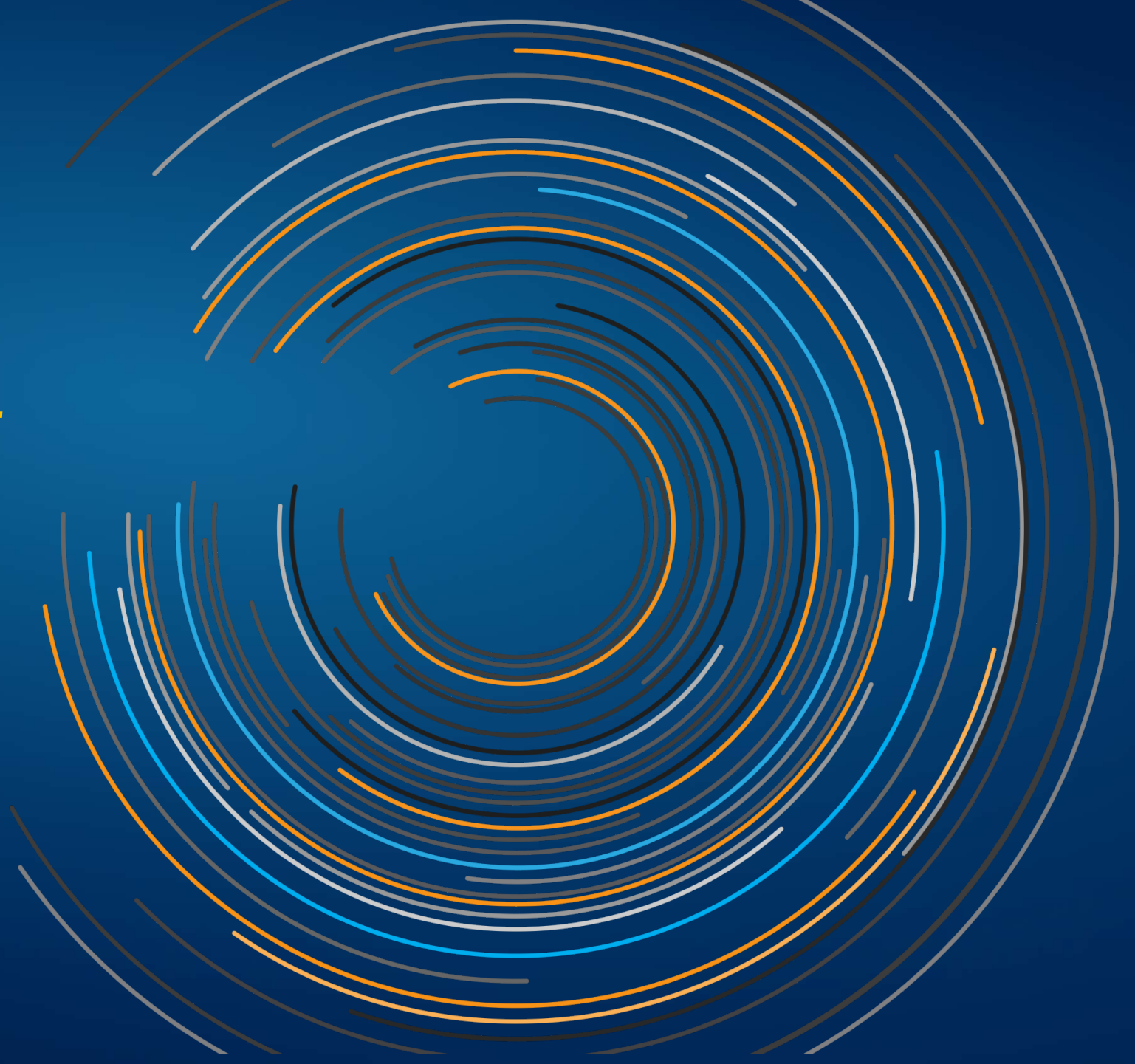
PAY PER USE BUSINESSMODELS

Sharing Economy

Build solutions in a way that they create a clearly measurable output.

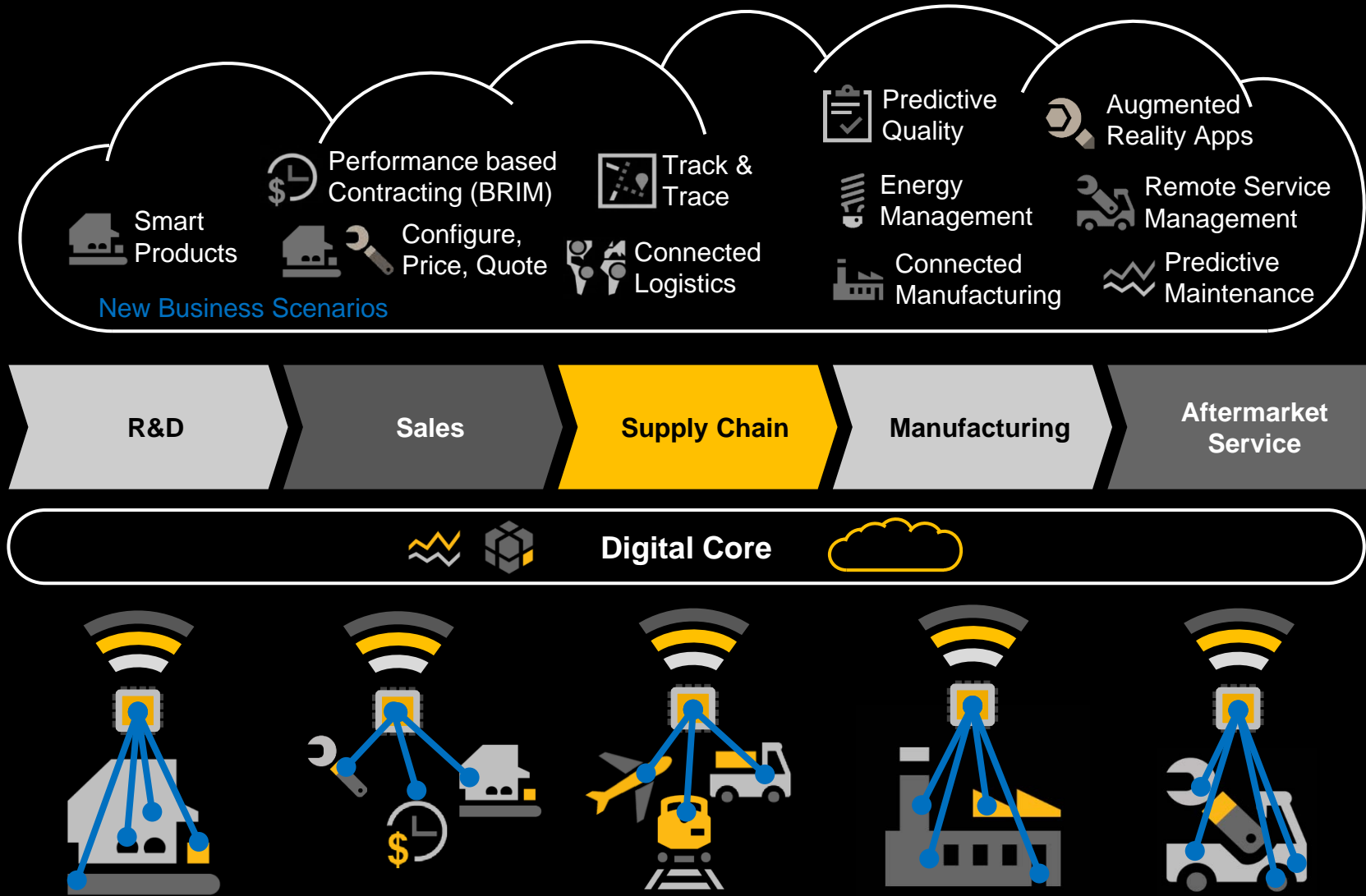
Add the need for **speed** and **compliance**

The Digital Manufacturer



Digitization along the Value Chain

Value creation through deep process and data integration



Value Creation through:

1. Product Innovation



- I4.0 enabled products and solutions.
- Extended product and solution portfolio.

2. Process Innovation



- Adaptive logistics
- Resilient production
- Energy management
- Predictive maintenance and Service

3. Business Model Innovation



- Serving the “Segment of One”.
- Performance and usage based contracting and billing.

Cloud for Industry:



Company

Siemens AG (industry sector), the leading global producer of Industry Automation and Drive Technologies

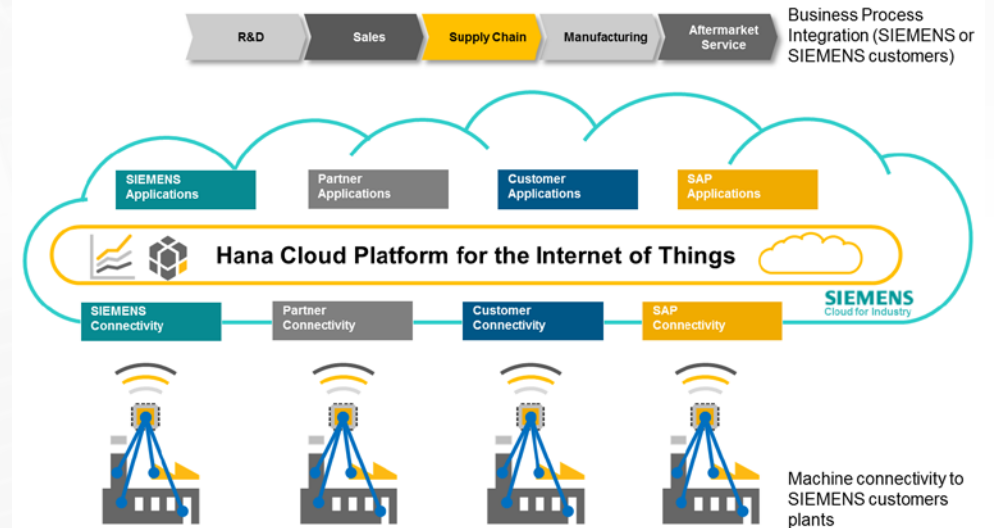


Situation: Siemens wants to offer an open cloud-based platform as a basis for an industrial ecosystem. This will enable OEMs, application developers and customers to integrate devices and to offer data based services.

Solution

- Siemens Industrial Service Backbone (ISB)
- HANA Cloud Platform for the Internet of Things
- SAP analytical tools and apps
- IoT apps from Siemens and partners
- Business model: OEM PaaS

Technology and Business Innovation



Benefits

- Combine the best of both worlds
- A unique, end-to-end and global IoT offering for OEMs, app developers and industrial customers
- Set a new industrial standard to access and make sense of machine data

SAP Predictive Maintenance and Service:



Company

GEA, the leading manufacturer of separators and decanters for industrial usage.



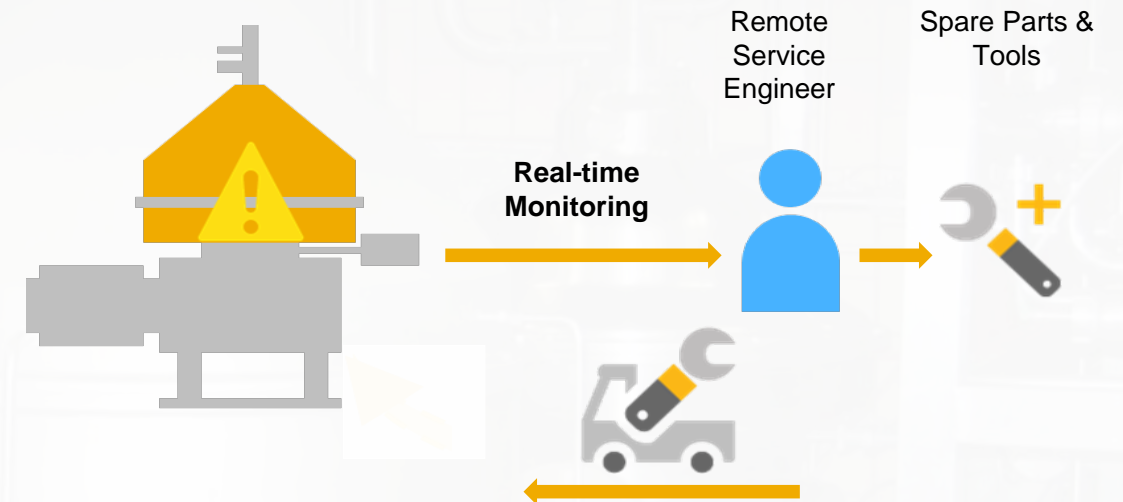
Situation: lacking service contract compliance

Solution

- SAP HANA Cloud Platform
- SAP Predictive Maintenance & Service – Cloud Edition
- ifm adaptor
- SAP IoT connector
- SAP CRM Service



Process Innovation



Benefits

- Service execution based on real-time machine data
- Increased machine uptime
- Improved service contract compliance
- Higher service productivity

Re-Imagine Business with IoT and Big Data: Tennant



Company

Tennant Company provides cleaning machines and solutions.



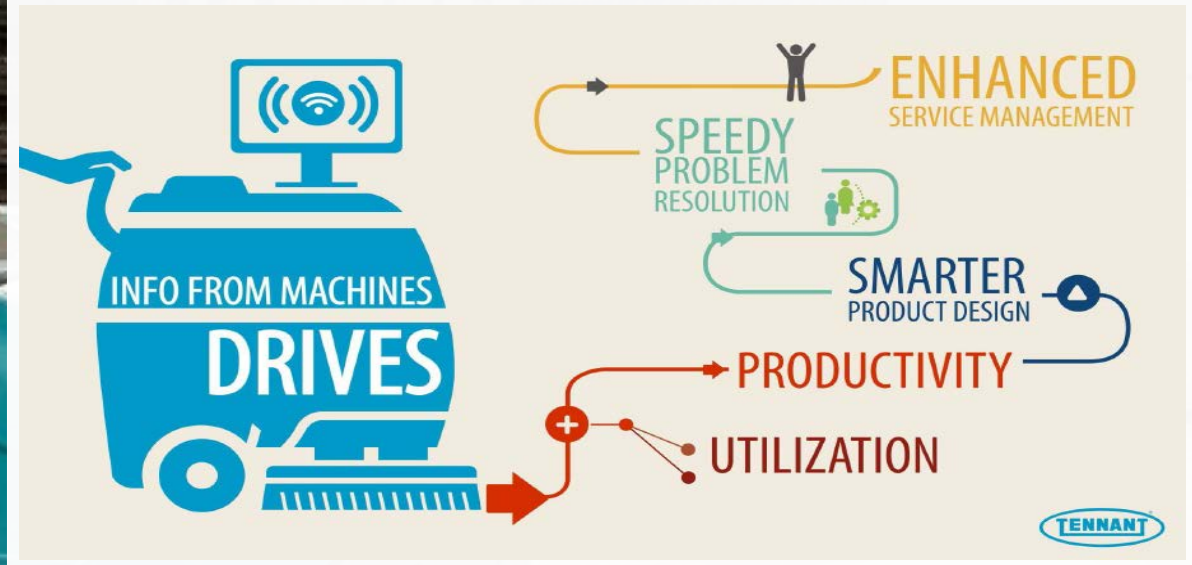
Situation: Need to differentiate from competition to realize future growth plans.

Solution

- ILS Technology: sensors and device management
- SAP HANA Platform
- Asset management portal on SAP HANA, combining machine and ERP data
- SAP BusinessObjects dashboards



Process Innovation



Benefits

- Competitive advantage through IoT-based offering
- Customer satisfaction and retention
- Higher asset availability and transparency
- Cost reduction

The competition is not always where you think it is



thank you

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