

Innovation

Becoming future-proof: The business case that truly matters

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Singapore @ Hannover Messe 2018



Leaders across industries are making a strong business case for Industry 4.0 transformation. Find out why Singapore is ahead of the curve.

Technology today is no longer just an enabler, but a differentiator. Effective digital transformation determines business resilience, says Mr Pras Kale, Head of Manufacturing and Distribution Industry and Internet of Things Sales Asia Pacific, Hewlett Packard Enterprise. “When the tide goes down, you will know who is swimming without clothes,” he quoted finance mogul Warren Buffet, drawing laughter.

Mr Kale was speaking at the region’s first Industrial Transformation Asia-Pacific (ITAP) tradeshow held at Singapore Expo in October 2018, where over 10,000 international and local participants gathered to exchange expertise, showcase solutions, and gear up for the march into the Fourth Industrial Revolution. With over 260 exhibiting companies from 22 countries, the tradeshow showcased robots and technologies that are ready to welcome the future of industrial transformation.

Survival instincts: disrupt or be disrupted.

The energy at ITAP belies a sober takeaway: effective digital transformation is no longer a matter of luxury, but of survival. “The fundamental challenge for each company, large or small, incumbent, traditional or new, is this — disrupt, or be disrupted,” says Mr David Orgaz D’Hollander, Sr Vice President Asia Pacific at Schneider Electric.

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Mr David Orgaz D'Hollander, Senior Vice President Asia Pacific at Schneider Electric.
Credit: Think Tank Studio

Indeed, it is already a given that digital solutions enable tremendous cost savings and increased revenues. Through technologies such as advanced collaborative robotics, cyber-physical systems and cloud computing, Industry 4.0 is forecast to add [S\\$19.5 trillion \(US\\$14.2 trillion\)](#) to the global economy by 2030, with digital products and services contributing [60 per cent of Asia Pacific's GDP by 2021](#). However, an existential threat is what truly drives the reinvention imperative.

"We are at the threshold of something even more significant and profound," says Dr Hamid Mughal, Director of Global Manufacturing at Rolls Royce. "[Industry 4.0] can transform countries, regions, society, technology, industries — it's just all-encompassing," he says.

Disruption is redefining competition. Digital entrants challenge incumbent players, intensify price pressures, alter customer behaviour, and transform value distribution. With 50 per cent of companies on the S&P 500 projected to be replaced in the next decade by [Innosight's 2018 Corporate Longevity Forecast](#), disruption dramatically shortens lifespans of companies that fall behind the digital curve.



Dr Hamid Mughal, Director of Global Manufacturing at Rolls Royce
Credit: Think Tank Studio



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wise pivot: incremental or exponential change



Accenture's survey of over 900 multi-billion-dollar enterprises, only [13 per cent](#) of executives believe that their firm's digital investments yield effective top-line and bottom-line growth. Combining rapidly evolving technologies and creating value from them are two key challenges in optimising digital dividends.

In fact, technological access in the age of information is easy, reveals Mr Vacirca, an innovation veteran responsible for developing Accenture's global Customer Innovation Network. "The real challenge is the quality of people needed to make the pivot towards the new," says Mr Vacirca.

Accenture is walking the talk in its push for future-readiness, having already reskilled 250,000 technology-focused employees over the last three years, investing over S\$1.24 billion (US\$900 million) to train in emerging technologies, such as AI and robotics.

Accenture is making excellent progress with Accenture Industry X.0, helping clients reinvent manufacturing with advanced technologies like the Internet of Things, connected devices and digital platforms, Vacirca added.

"When you change the manufacturing footprint, in reality, you are affecting everything, from marketing to product development, down to supply chain and customer service," says Mr Vacirca. Beyond just discrete technologies for automation, a comprehensive digital enablement approach Industry X.0 creates exponential value, telling the fuller story of the potential of transformation, he explains.



Mr Fabio Vacirca, Senior Managing Director and Lead for the Products Operating Group for Asia Pacific, Africa, Middle East, and Turkey at global consulting firm Accenture
Credit: Think Tank Studio

Future-proofing: the battle has just begun

Becoming future-proof is what players are gunning for. With the factories of the world already in Asia Pacific, digital transformation promises a qualitative edge in global trade. "The world's manufacturing is already here, and will be here. The present is Asia, and in the future, it will be even more so," predicts Mr Vacirca.

The way forward in industrial transformation requires resolute effort and vision. The inaugural ITAP in Singapore was one such feat, featuring strong support by government agencies, trade associations, industry leaders, research, and academia.

And, this vision of the future is necessarily a shared one. "The key is collaboration," affirms Mr Tharman Shanmugaratnam, Deputy Prime Minister of Singapore at his ITAP opening address. "This is really about the whole region transforming itself together," he says.

With manufacturing at the core of its DNA, there is a clear design in Singapore's industrial transformation ambitions. Its purpose-built Industry transformation [Smart Industry Readiness Index](#) diagnostic tool, S\$19 billion (US\$13.7 billion) [Research, Innovation and Enterprise 2020](#) plan, S\$4.5 billion (US\$3.2 billion) [Industry Transformation Programme](#), as well as S\$70 million (US\$50 million) [SkillsFuture Series](#) are just some of the country's efforts to catapult itself into the future.

While Singapore has embarked on digital transformation for itself and for the region, this journey is one that is still in the making. "This is not a one-time thing. This is starting now," says Mr Vacirca.

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logistics, culture of precision and quality compliance, as well as capacity for talent development and attraction as some of Singapore’s strengths drive towards digital and industrial transformation.

Ultimately, people – and countries – with a history of embracing new ideas, methods, and strategies may be better equipped at dealing with the demands of the future economy. Mr Vacirca is optimistic about Singapore’s propositions: “You have a history of embracing the new, which is quite unique. Even when the new may cause tensions and problems, Singapore has never slowed down progress. This is one of the reasons why I believe that Singapore’s attempt has a very good chance at succeeding.”

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