Key Insights

In a climate of digital disruption and global market pressures, many manufacturers want to **differentiate with new service-oriented revenue models**, especially those that rely on connected machines and machine-as-a-service. In a Cisco survey of more than 600 senior executives in 13 countries—

Resolving the Service Dilemma

Introduction

A Climate of Disruption

In many industries today, simply creating a good product is no longer enough. An increasingly critical question for both producers and users is, what happens t, the product is sold?

As a result, more and more companies are being challenged to move from once-successful product-centric strategies to approaches that are more

Resolving the Service Dilemma

If manufacturers need to become digital, they must become software and service businesses as well—that is, if they want to ensure they are not among the ranks of the disrupted. The choice for

The road to the series and reconstitute, who despites that depend upon consumbation destinated to be the constitute and compared to 8. We paper, we all earlies for transfer consume through the constitute of approximate another too, an approximate to the proper another for the constitute of a factoring because the consumer to the fortune constitute at a factoring because the consumer constitute or for the constitute at a factoring because the consumer constitute.

While translationary integrated as sealer apparatual symbol stratum and they coloring to the original profession of an integration as execution and a sealer symbol sealer than the sealer application of the sealer for the original sealers and the sealers and the sealers for the sealers should be a sealer to the sealers and the sealers of the sealers and the sealers and the sealers and the sealers of the sealers and the sealers and the sealers and the sealers of the sealers and the sealers and the sealers and the sealers of the sealers and the sealers and the sealers and the sealers of the sealers and the sealers and the sealers and the sealers of the sealers and the sealers and the sealers and the sealers of the sealers and the sealers and the sealers of the sealers and the sealers and the sealers of the se

administration was productioned august a common represent

Resolving the Service Dilemma

Moreover, as Figure 4 reveals, many manufacturers consider

Figure 5

Our survey confirmed that the transition to a service-oriented revenue model is top-of-mind for industrial machine builder and enduser manufacturing executives.

As Figure 5 illustrates, 86 percent said the transition from products to a service-oriented revenue model is already part of their growth strategies; 48 percent indicated it was part of their strategies "to a large or very large degree."

Digital Capabilities Are Core to Success

When we asked manufacturers about which technologies will have the greatest impact on production over the next three years, they cited digital technologies such as cloud (37 percent), Internet of Thingsrelated machine-to-machine (M2M) communications (33 percent), and analytics (32 percent) (see Figure 6). This is notable in part because of what respondents did not emphasize: "manufacturing" technologies such as robotics, 3D printing, and so forth. It underscores the pivotal role of digitization in manufacturing's evolution, especially as connecting across an entire ecosystem becomes critical.



Source: Cisco, 2015

In our survey, we found that the "connected production machines" use case is a highly mature opportunity for machine builders, with 33 percent already receiving telemetry from customers' plant environments, and another 56 percent planning to do so. Only 6 percent of machine builders have no such plans. Of those already receiving telemetry from their customers' plant-floor machines, 54 percent strongly agree with the statement "Our company gets a lot of value from the data we receive from the machines we sell to customers" (another 36 percent somewhat agree).

The machine-as-a-service model for connected plant-floor equipment was also seen in a highly positive light for machine builders, with 48 percent considering themselves "very interested" in such an arrangement, and another 36 percent "fairly interested," with 4 percent indicating they are already

Resolving the Service Dilemma

In the digital age, no one goes it alone. Data insights will need to be shared , , , $\dot{\ }$

Cisco has more than 200 o	ces worldwide. Addresses, pho	one numbers, and fax numbe	ers are listed on the Cisco V	Website at	

Resolving the Service Dilemma