



# 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—

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### 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

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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

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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 end-user 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 Things-related 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











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In the digital age, no one goes it alone. Data insights will need to be shared / / -



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