



# TECHbrief

## 4 THINGS YOU NEED TO KNOW ABOUT INDUSTRY 4.0

Industry 4.0, the fourth industrial revolution, introduces the concept of smart manufacturing, in which cyber-physical systems monitor the physical processes of the factory and make decentralized decisions. These systems are part of the Internet of Things and communicate with each other and with people via the Internet.

Smart devices and the concept of smart manufacturing is causing a massive shift in industry, but we are just scratching the surface. Currently, only 1 percent of the data being generated by sensors and machinery is being used in any way.<sup>1</sup>

There are a few key reasons companies are adopting Industry 4.0:

- To keep up with demands of globalization—the globalization of industry demands the need for speed to gain access to new customers.
- To achieve optimal operational efficiency—the digital integration of organizations increases organizational operating efficiencies.
- To see a quick return on digital investments—the payback on digital investments for Industry 4.0 is less than two years with a high level of operational cost improvement, which equals higher customer retention rates as well as new customer acquisition.

### 1. Integration

Industry 4.0 requires interoperability between machines, devices and people. In order for interoperability to be achieved, there must be vertical data integration between all aspects of the business—manufacturing, procurement, supply chain, design, product life cycle management, logistics, operations and quality—as well as horizontal integration with suppliers, customers and key partners.

Horizontal and vertical integration often requires updating and upgrading existing legacy equipment, networks and processes, while also being able to incorporate new equipment, networks and processes into one seamless integrated digital ecosystem.

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### 2. Analytics

Data integration, integrity and analytics are the driving force behind Industry 4.0. Having solid data services with powerful analytic capabilities is at the core of successful adaptation to Industry 4.0. Improvements in communication technologies, processing power and the field of data science will allow industries to reach unprecedented levels of efficiency, uptime, productivity and safety.

### 3. Cybersecurity

Factory-wide connectivity is also leading to increased cybersecurity risks from internal and external actors. This can jeopardize intellectual property, proprietary manufacturing techniques, plant uptime and worker safety. Continuous cybersecurity improvement is a cycle that leaders of strong organizations are embracing.

### 4. Transformation

Adopting Industry 4.0 requires significant investment in technology and cultural shifts within organizations. Companies need strong leadership and commitment to change management.

Source

1. McKinsey Global Institute, The Internet of Things: Mapping the Value Beyond the Hype, June 2015



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