Manufacturing companies are less likely to maintain a clear digital business strategy than others, either enterprise-wide (26% vs. 32% for all industries), or within business units (21% vs. 27%). Overall, 47% have a clear digital strategy, much less than the cross-industry average of 59%.

Which are the most important goals when prioritizing digital technology initiatives in your organization?

45% of Manufacturing companies have a CDO or equivalent, with 11% having a dedicated CDO, and an additional 34% having the CIO or someone else acting in that role. Overall, Manufacturing is less likely than other industries to have a single executive lead their digital strategy.

How effective has your organization been in using digital technologies to advance the following goals? (Very/Extremely Effective)

While Manufacturing companies nearly match cross-industry peers in their effectiveness in using digital to improve business process efficiency (26% vs. 28% for all industries), they heavily trail other industries in achieving all other goals.

Overall, how effective has your organization been in using digital technologies to advance its business strategy?

Likewise, Manufacturing companies report extremely low overall effectiveness levels in their digital strategies, with just 10% describing their digital strategy as very effective or better, and more than half describing it as slightly effective or worse.
Manufacturing companies are slightly less optimistic about their IT budgets for next year than companies in other industries, with 45% expecting an increase in their IT budgets, compared to an all-industries average of 48%.

Compared to IT priorities in other industries, Manufacturing management Boards more heavily emphasize cost-oriented goals such as improving business processes (77% vs. 62% for all industries), and increasing operational efficiencies (68% vs. 61%).

Of next-generation technologies, Manufacturing companies are most likely to have invested in the Internet of Things (33% vs. 21% for all industries) and robotic process automation (33% vs. 18%).

While digital labor remains in its relative infancy both in Manufacturing and elsewhere, Manufacturing has most focused its digital labor efforts within IT (27% vs. 28% for all industries) and in Supply Chain (22% vs. 14%).

Compared to other industries, industrial manufacturing (IM) and automotive companies have been slow to adopt an advanced digital strategy. This comes as no surprise, as these industries have traditionally focused on optimizing their supply chain and manufacturing operations through robotic automation. As IM/automotive companies look to continue to transform their operations, earlier adopters of these new digital technologies will likely have a competitive advantage. This is especially true for companies that look to take advantage of all the sensor technologies that are now available for products and production facilities. Several of KPMG member firms’ clients are earlier adopters of these new digital technologies and will likely have a competitive advantage. This is especially true for companies that look to take advantage of all the sensor technologies that are now available for products and production facilities. Several of KPMG member firms’ clients are earlier adopters of these new digital technologies and will likely have a competitive advantage.

As with companies in other industries, Manufacturing companies view having an innovative, experimental culture as a critical component to the success of their digital strategies, with 91% viewing it as very or quite important.