

The 4th Industrial Revolution

5th March 2015

CONFIDENTIAL AND PROPRIETARY
Any use of this material without specific permission of McKinsey & Company is strictly prohibited





The world is
changing fast

Disruptive
tech

By 2025,
~2B new
entrants in
the
consuming
class

Demand
fragment-
ation

New
entrants

Zero
tolerance for
lead time

Ever
tougher
competition
on cost

Shift to
emerging
markets

4th industrial revolution is here

2025

Current times
Toyota model

Industrial revolution
Assembly line

Pre-industrial area
Craft guilds

???



New plant
models, new
locations

Smart automated
plants

+

Network of
customer-centric
plants

+

E-plant in a box in
niche and remote
markets

SOURCE: McKinsey



Talent a critical battleground

% of respondents who “agreed” or “strongly agreed”

We have sufficient resources for digital efforts

18

We have sufficient skilled resources

30

We have sufficient in-house IT/technical skills

24

We have sufficient functional skills (design & manuf.)

24

We leverage outside agencies effectively

26

SOURCE: McKinsey

Topic is top
of mind
across
markets

See 4.0 as an
opportunity?

91%

91%

80%

Feel prepared?

83%

57%

34%

% equipment
replaced?

52%

41%

45%

Willing to
outsource IT?

83%

68%

57%

..outside of
home market?

23%

38%

23%

SOURCE: McKinsey

Is Britain
ready?

22%

Productivity opportunity from automating in line with Germany or Japan

€200m

Being invested by Germany in “Industry 4.0”

£100m

Funding in Tech Centres in the UK since 2011

£1.1bn

More invested by Fraunhofer Institute in Germany than Technology Strategy board in UK last year

SOURCE: Press articles, The Times



Andrew Peters
Digital Factory MD
Siemens



Nigel Rowe,
SVP Global
Customer Solutions
Prologis



Ian Campbell,
Group Property
Director
Rolls-Royce



Louise Herring
Partner
McKinsey & Company

Our Panel