

The Voice of Digital Leaders in Manufacturing 2023

SURVEY REPORT

COPPERBERG | Valtech ✱

Content

	Introduction to The Voice of Digital Leaders in Manufacturing Report 2023	3
Chapter 1	How B2B Companies Are Transforming to Become Future-Fit	7
	Key Takeaways	17
Chapter 2	Business Strategies for Future Change	23
	Key Takeaways	37
Chapter 3	Maximizing Digital Investments	43
	Key Takeaways	53



Chapter 4	The Voice of Digital Leaders in Manufacturing – Expert Insights	57
------------------	--	-----------

	Executive Summary	65
--	--------------------------	-----------

	About	69
--	--------------	-----------

COPPERBERG | VALTECH

Introduction



Welcome to the second issue of our annual report, The Voice of Digital Leaders in Manufacturing, from Copperberg and Valtech. Together, we asked forward-thinking leaders from across the world to share their insights into the current state of digital transformation in B2B, and to uncover how digital innovation is changing the future of the industry.

Digital transformation in manufacturing has evolved at a fast pace in recent years. The challenging market situation has increased the need for resilience and flexibility. This has led many companies to accelerate their transformation initiatives, implement digital solutions, and increase their investments in advanced technology.

Today, manufacturers and B2B organizations are focusing more and more on **maximizing the ROI on existing digital investments**. Many are driven by the shift toward a composable/headless approach, software-as-a-service (SaaS) platforms and industrial servitization. They continue

to adopt new technology and devise innovative business models to facilitate smoother **cross-functional collaboration, increased organizational flexibility, operational efficiency, and superior customer experiences**.

To make this report possible, Valtech and Copperberg teamed up to survey over 60 handpicked B2B digital leaders and decision makers from large industrial manufacturers around the world. The respondents were asked to share their transformation goals, business strategies, and challenges on their journey. Many shared their personal experiences in hashtags and inspiring open answers.

We are very grateful to these digital leaders for their effort in sharing their journey in digital transformation; Providing tips and tricks of what worked well, but also being open about the challenges. All too familiar when you are involved in digital in a large B2B organization.



The results in this report—the recommendations and practical advice—will help you navigate this year's challenges. It will empower you to make more informed decisions on your transformation journey as you bring your digital ambitions to life. —

*This report will be complemented by various webinars and small-group sessions to further elaborate on topics and help each other advance to the next level.

Survey respondents:

- B2B manufacturers
- International operations
- 250 MEUR+ annual turnover
- Leaders in digital and commerce
- Decision making power within digital initiatives and projects



Lisa Hellqvist,
Managing Director,
Copperberg



Herbert Pesch,
Managing Director
B2B Commerce,
Valtech



Mascha Tamarinof,
Vertical lead B2B,
Valtech

Join **Let's talk B2B**
LinkedIn group

**Let's talk
B2B**

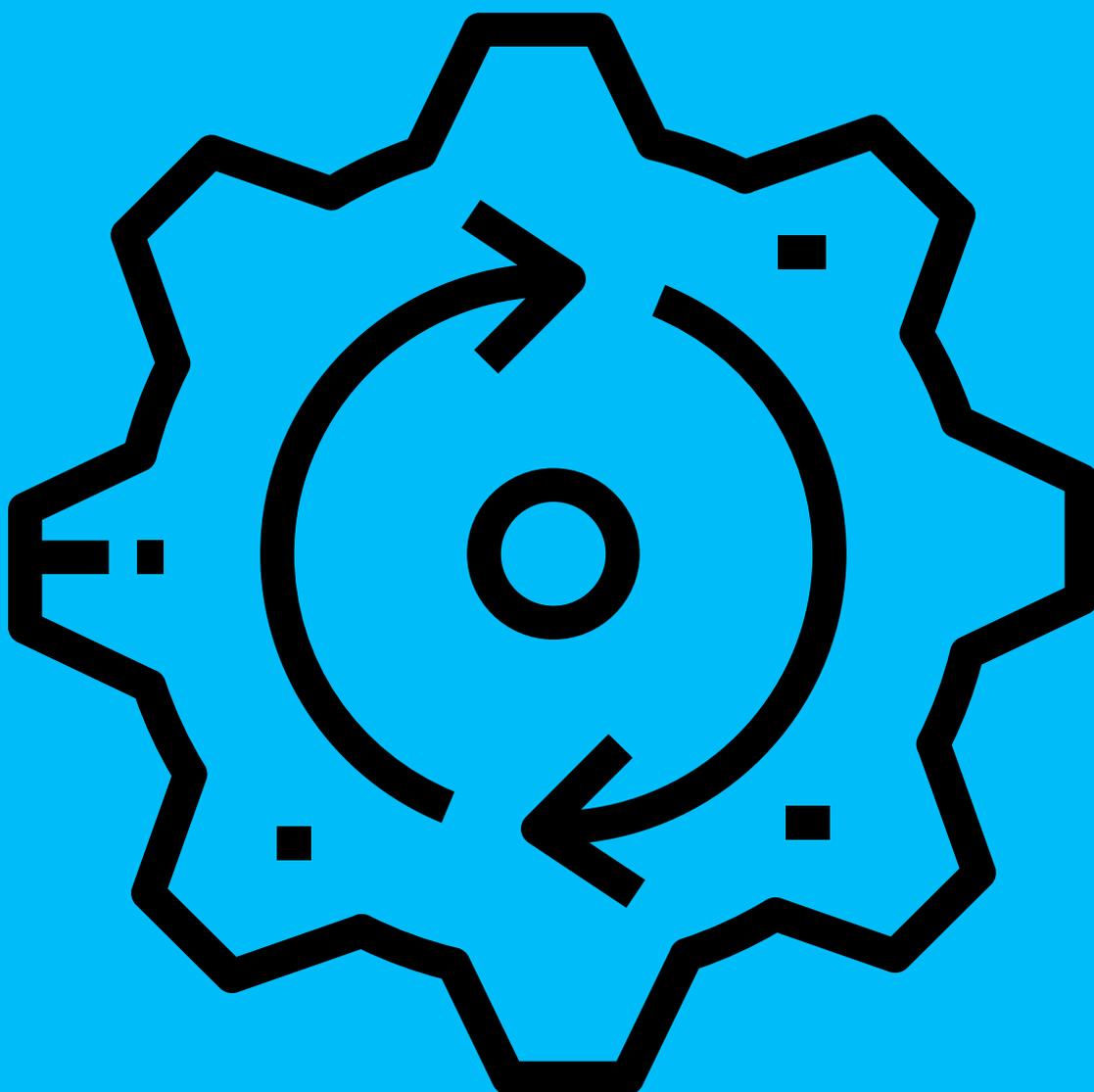
The survey is built with a hybrid research approach; a combination of two market research techniques, qualitative and quantitative through an online survey tool. The quantitative elements were designed as multiple checkbox questions to collect numerical data that can be used to measure variables. The results are used to support general conclusions from the research and should be considered as indications. The qualitative elements were designed as open ended questions in the same online survey tool. Qualitative research seeks to delve deep into the topic at hand to gain information about people's motivations, thinking, and attitudes. The open-ended questions in this case, are there to put a human voice to the objective numbers and trends in the results. The data selection approach is a two-stage cluster sampling.

The cluster is defined by the following screening criterias; Selection on size of organization, industry vertical, job function and influence over decisions within the surveyed topic area. From this selection a randomized convenience sampling approach was used for collection of data. The screening was included in the online survey and respondents not matching the population's criteria were disqualified before entering the survey. Only qualified respondents answers are included in the total data analysis. This report aims to describe a general state, with comparable results to last year's report. The answers to it should not be considered as statistically significant (64 valid responses), but mainly thanks to its qualitative approach, reflecting the underlying attitudes and trends forming the respondents' answers.



01.

**How B2B
Companies Are
Transforming to
Become Future-Fit**



In recent years, digital transformation has been at the top of the priority list for many manufacturers. While initiatives have taken off and implementation projects have been accelerated, industry players still have to bring their journey to maturity and fully leverage the potential of their investments.

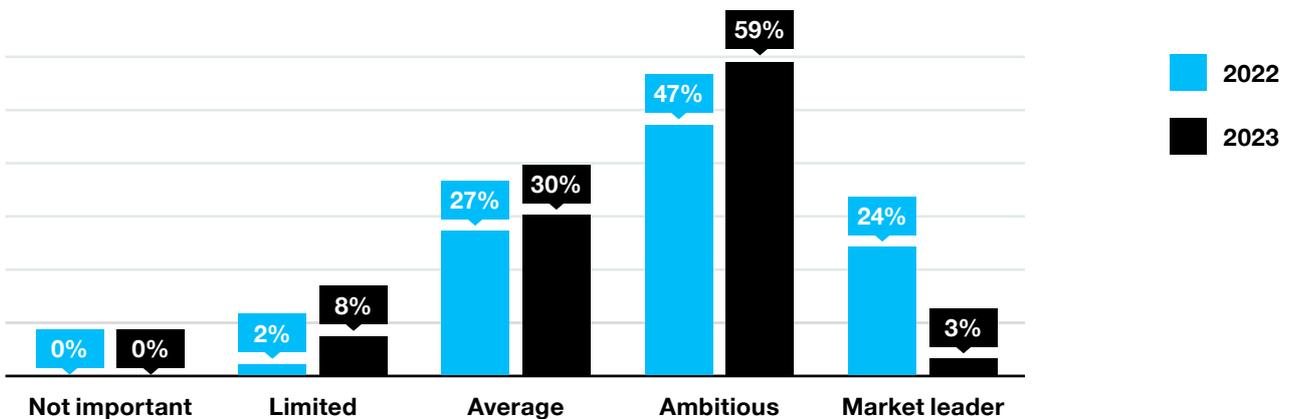
Despite the challenges and macro-environmental changes that have disrupted the status quo over the past three years, **2023 promises to be a year of advancement and consolidation.**

Processes and operations have been widely elevated by digital. Manufacturers are now quickly shifting gear and pivoting toward new business models that

streamline innovation, resilience, product development, and time to market, with a growing focus on customer satisfaction.

With advancement and consolidation in mind, survey respondents have tempered their **ambitions regarding digital**. The majority of participants, up to **59%**, describe themselves as ambitious. Just **3%** give themselves the status of market leader. Last year we saw **47%** respondents listing themselves as ambitious and **24%** claiming to be digital market leaders. On the whole, the ambition level has dropped. This might have been caused by the fact that respondents have become more realistic about what being a digital leader really means.

The digital ambition of the entire organization is:





63% of manufacturers state their digital maturity is comparable to their competitors



Reality is kicking in – showing an overall progression in the industry

Comparing both the ambition level and maturity level with last year’s results, the respondents indicate an overall shift towards the middle of the curve.

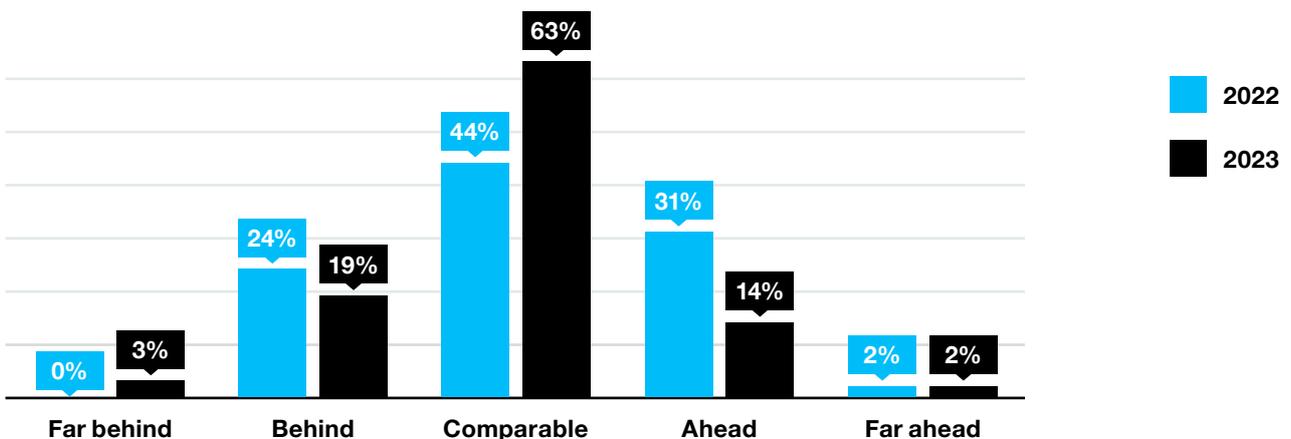
This shift is indicated by the decrease in the numbers of manufacturers who stated they were ahead of the maturity curve last year, from **31%** to **14%** this year.

This year, those who claimed to be ahead, have shifted down the ladder to the group



47% of manufacturers have increased their digital related budgets by up to 20% for 2023

The digital maturity compared to competitors is:



that claims to be comparable to their competitors. This shift results in a total of **63%** of manufacturers claiming that their digital maturity level is comparable to their competitors.

Maximizing digital investments

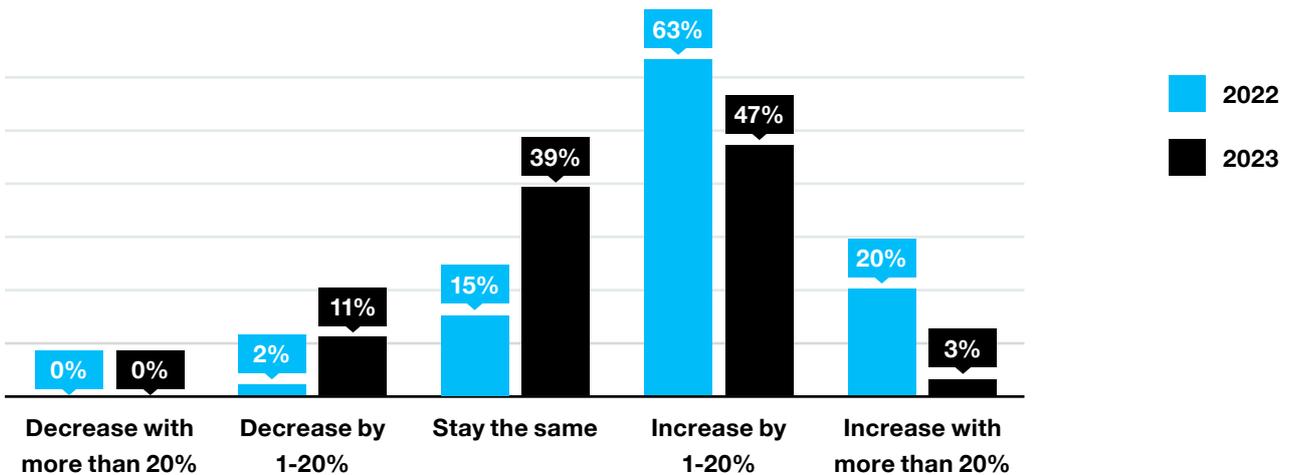
2022 was a year of investment for manufacturers. Our findings this year indicate that they are now looking to maximize these digital investments. The years of continuous growth of investment in digital for the vast majority seem to be over. For **11%** of survey participants, the budget has decreased by as much as **20%** while

for **39%**, the budget has stayed the same. Those who are looking to catch up to their competitors, or get ahead of the curve, continue to increase their budgets. **47%** of our respondents have increased their 2023 digital investment budget by up to **20%**, compared to **63%** in 2022.

The number of respondents who increased their budgets by more than **20%** has dropped from **20%** last year to **3%** now.

For **44%** of our survey respondents, IT has the biggest say in how this budget is spent, closely followed by marketing (**31%**) and the sales department (**27%**). For **17%**, finance and after sales/service departments are getting more involved in the process,

The budget for digital investments next year is going to:

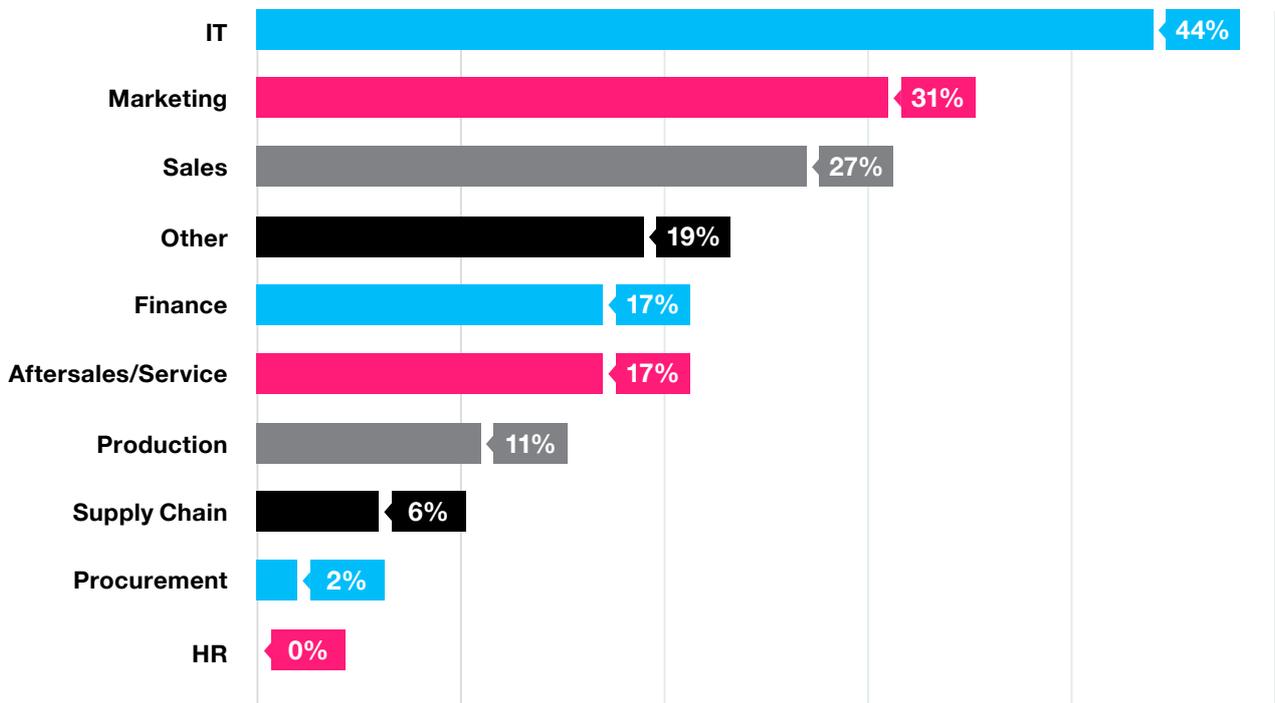


while the rest are split between production, supply chain, and procurement.

For **19%**, the budget is determined by a dedicated digital team or a cross-departmental team with representatives from sales, marketing, industrial operations, and strategic development. —



The divisions/departments with the most influence in decision making on this budget is:





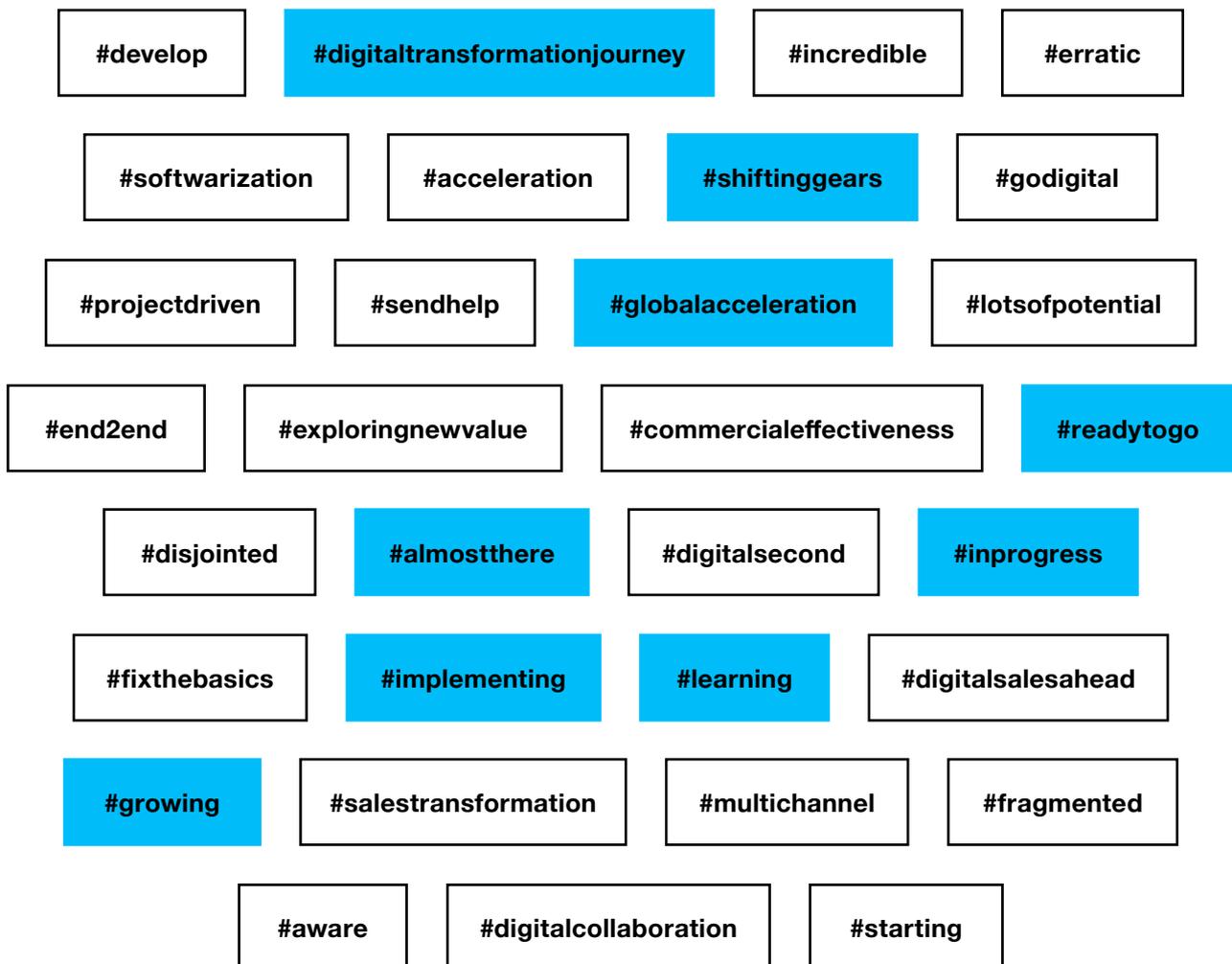
Uncertain market conditions lead to an increased focus on short-term business value



The Voice of Digital Leaders: Digital Strategy

We asked the surveyed leaders for the #hashtag they would use to best describe their organization's digital strategy and later on to elaborate on that hashtag.

This is what they told us:





Manufacturers are now pivoting towards new business models that streamline innovation, resilience, product development, and time to market, with a growing focus on customer satisfaction.



Key Takeaways

Manufacturers are consolidating their new digital infrastructure and maximizing their investments. Although the growth of digital budgets has decreased, digital remains a focal point within the strategy. It is now a matter of infusing digital within every level of the organization, breaking down silos, and learning how to fully harness its power.

1

The **#digitaltransformationjourney** is **#inprogress** for some, while others are **#readytogo**

The majority of manufacturers are still ambitious regarding digital initiatives, but many have reached a level of digital maturity that is comparable to their peers. Even those who have just begun their journey are optimistic about the future, acknowledging that going digital is the best option for their business and customers.

2

Many who are **#almostthere** are now **#shiftinggears** to keep up with **#globalacceleration**

If last year was one of digital investment, this year is one of consolidation. Manufacturers want to make the most of the digital solutions available to them now. With the guidance of their IT, marketing, sales, and after sales departments, they are better managing their budgets. To get ahead of the curve, they are looking for ways to expand their value-added and digital offerings.

3

It is the ideal time for **#implementing**, **#learning**, and **#growing** on the journey

Manufacturers know where they need to be. Forward-thinking leaders have a vision and a roadmap for their journey. This is a journey that must be taken step by step, and many are learning as they go. The challenge is in how to align services on a global digital level whilst simultaneously improving IT and data infrastructure to fit that bigger picture.



The Leading Voices



#shiftinggears

On the business side, we are moving to more e-commerce and a more direct relationship with customers and on the product side, we offer increasingly connected products.



#erratic

A lot of initiatives, low coordination, still lack of the fundamentals on data.



#disjointed

No central drive for process alignment, resulting in many local, disjointed, initiatives.



#fixthebasics

Main focus is to 'fix the basics' in terms of our manufacturing footprint, supply chain set-up, resilience and security of our IT backbone and data availability.



#sendhelp

We have goals but limited budget, resources, and knowledge to pull it off!





Never lose focus on your business benefit and get your data ready from start.



Karin Örnsten,
Smart Portal Program
Manager, Atlas Copco



The last two years were for digital transformation.

There was a huge acceleration ... but at the end of the day, this growth is not sustainable. We have to slow down because people can not cope with the changes so fast.



Peter Simon,
Head of Applications, Sika
Informationssysteme



The Leading Voices



#readytogo

We have great awareness to progress new initiatives on digitalization, but concepts or business models, even customer readiness to accept, is missing or hard to sell.



#lackofresources&knowledge

Steps are taken to improve, however lack of resources and knowledge is hampering this.



#confused

Strong willingness, high ambitions, but not coordinated and resourcing not in alignment with the power points.



#whantmorethancapableof

Seems central decisions makers are more focused on what they can use for self-promotion rather than finding solutions that drive the business forward.



#aware

We finally realized that Digital Transformation is a matter of change management, with cross functional impact: data must represent a backbone.





Transformation is not a destination, it is a journey. We will continue to aim for growth and acceleration as long as we have customer needs to meet in an ever evolving world.

I believe this is the reason behind the continuous investments the industrial manufacturing sector has put towards rapid adoption of digital technology. The digital transformation of this sector has been fueled by the development of new technologies such as the Internet of Things (IoT), artificial intelligence, and cloud computing.

In conclusion, digital transformation has revolutionized the manufacturing sector by enabling manufacturers to improve their operational efficiency, reduce costs, and create new business models. The benefits of digital transformation are clear, and manufacturers that embrace this technology are poised for growth and success in the years to come.

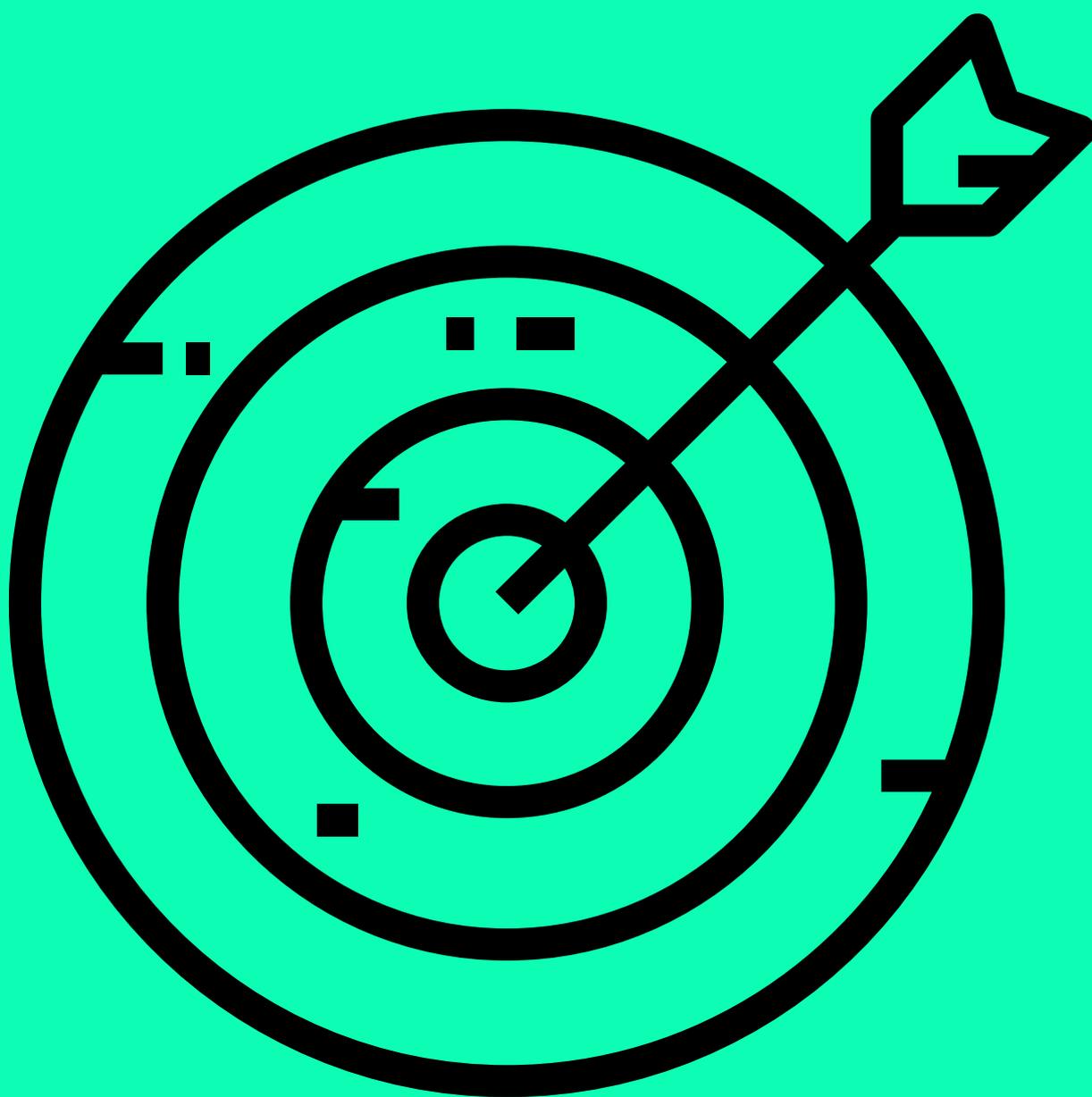


Lisa Hellqvist,
Managing Director,
Copperberg



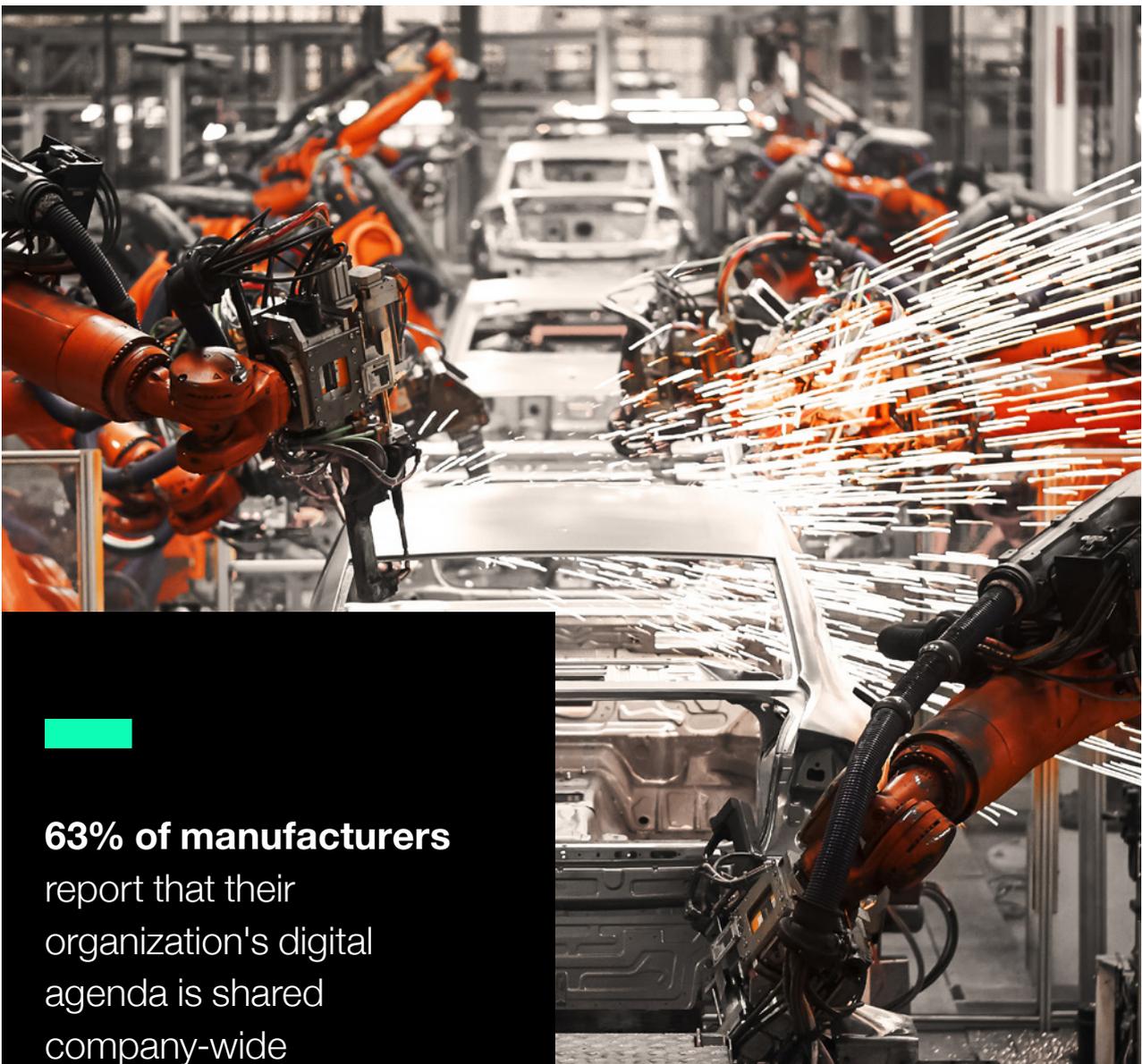
02.

**Business Strategies
for Future Change**



Recent events have taught manufacturers that building resilience is key to future-proofing their business. Constant supply chain disruptions, global crises, and perpetual cycles of inflation and recession have prompted many to devise contingency plans and **adopt flexible solutions that can adapt to change.**

Digital solutions powered by artificial intelligence (AI) and connected by the internet of things (IoT) to enable remote diagnosis, virtual assistance, predictive maintenance, and others, are all ways to keep the organization moving forward in the digital-first world. A world where business continuity is less compromised



63% of manufacturers report that their organization's digital agenda is shared company-wide

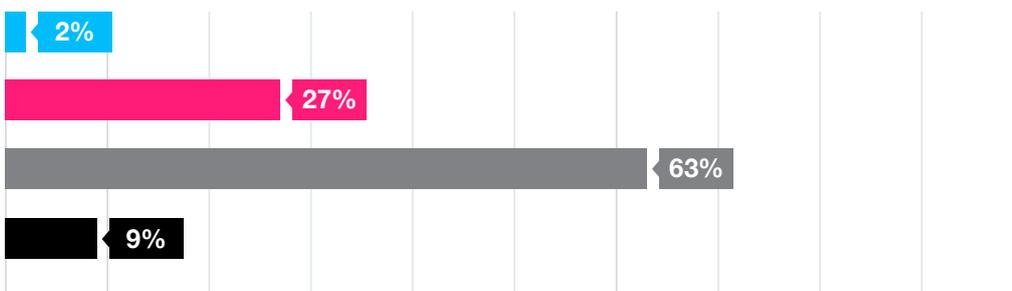
by unforeseen disruptions. Improving and optimizing foundational services, like transactions (e-commerce) and digital services (customer portals) are considered important elements to become more flexible and cost efficient.

Many manufacturers have worked to align, expand, and consolidate their digital agenda across the organization. By establishing a digital foundation within their infrastructure, they have created the opportunity to **scale up and maximize their digital investments.**

Digital on the organizational agenda

When asked what statement best describes the structure of their organization's digital strategies and initiatives, **63%** revealed that they are **operating with a company-wide digital agenda. However, it has not been implemented throughout the organization and does not yet cover cross-regional or cross-departmental alignment; the organization has varying levels of digital maturity.** Facing this

The structure of the digital strategies and initiatives



We only have ad hoc employee initiated initiatives with little to no leadership or overall strategy

No clear company-wide strategy – We are operating with departmentally driven initiatives and local/project-based execution

We are operating with a company-wide digital agenda but no cross regional/cross departmental alignment and varying digital maturity

We are fully digital (to the core): central and regional leadership are fully aligned and overall execution is harmonized



organizational transformation challenge is high on the agenda this year.

Having a company-wide strategy is important to transform the organization, but **27%** of our survey participants lack a clear plan because their departmentally-driven initiatives and operations are executed in isolation, based on region, business unit or project.

For the **9%** of manufacturers who have gone fully digital, central and regional leadership is now fully aligned, and overall execution is harmonized. But for all its benefits, **2%** of manufacturers have yet to commit to the journey. They lack a company-wide strategy, and their digital transformation goals are initiated by employees who have little to no support from the board.

Digital to boost cost-efficiency, customer satisfaction, and revenue

This year, **29%** of manufacturers **plan to use digital to increase revenue by developing or expanding new services and products, and upselling to their existing customer pool.** From value-added services, to predictive maintenance and other add-ons, digital offers a myriad



29% of manufacturers want to increase revenue by expanding their offering and upselling to their existing customer pool in 2023

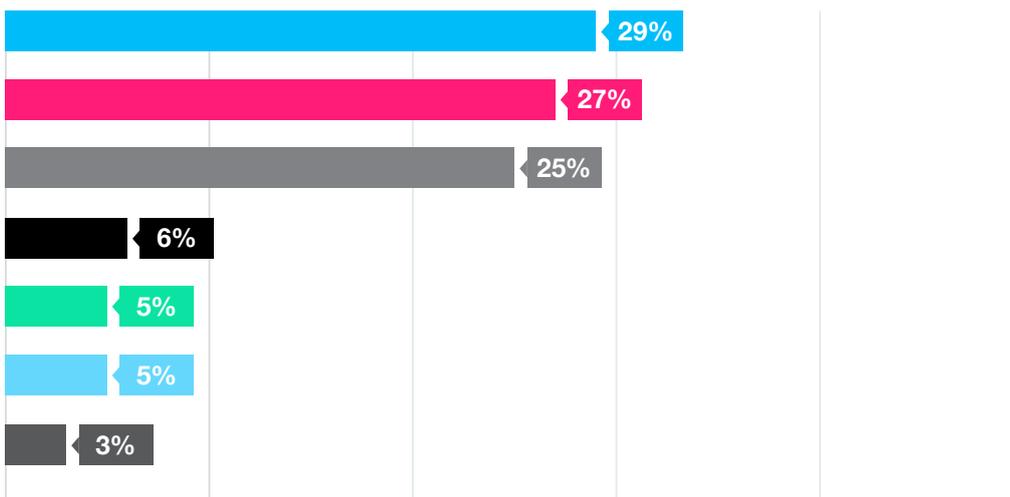
of opportunities to increase the margins of the company.

For **27%**, it is more important to harness the power of digital to become more cost-efficient by optimizing current processes and resources. For **25%** it is important to

secure customer loyalty and satisfaction through better experiences and delivery of services and products.

Meeting these goals is certainly possible, as these respondents already have the minimal digital capabilities necessary to

The most important business goals of digital transformation



- To increase revenue through expanding NEW services/products by upselling to existing customer pool (value added services, maintenance, add-ons, etc.)
- To be more cost efficient by optimizing current processes and resources
- To secure customer loyalty and satisfaction through better experience and delivery of service and products

- To increase revenue through expanding our current service/product offering to NEW customer/markets
- To introduce completely NEW digitally driven business models and revenue streams
- Other
- We are currently not digitally transforming



60% of manufacturers recognize inflation and rising costs of operations as the biggest external threat to their organization's success in 2023

pursue their objectives. The same can be said about the **6%** who are looking to increase their revenue by expanding their current service and product offerings to new customers and markets, as well as the rest who are looking toward new digitally-driven business models and revenue streams or a combination of both.



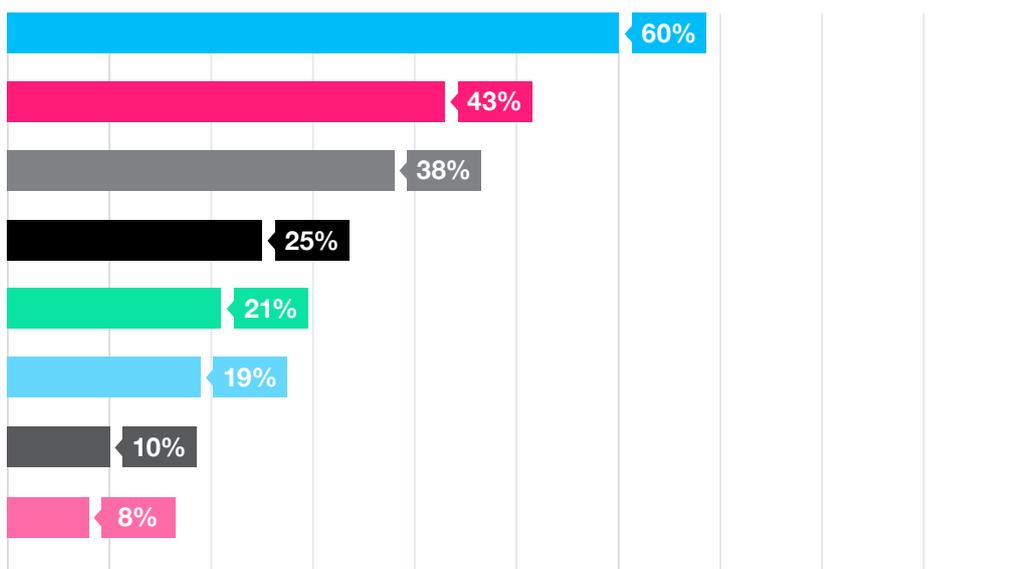
Rising costs threaten organizational success

Although many are optimistic about meeting their objectives in 2023, manufacturers recognize the challenges that may hamper their success this

year. According to our findings, **the biggest external threat for 60% of our respondents are inflation, rising operational costs, and increasing raw material prices.**

The 2022 inflation that persists across the globe, is the result of pressures put on

The main external threats to organizational success next year



- Rising costs of operations (inflation, raw material prices, lack of components)
- Supply chain disruptions
- Shortage of workforce (finding, training, and retaining people)
- Complexity of market structure (distribution/channel conflicts)
- Competitive landscape (outcompeted on digital adoption)
- Rising customer expectations
- New entrants into the market, disruptors of business models
- Other

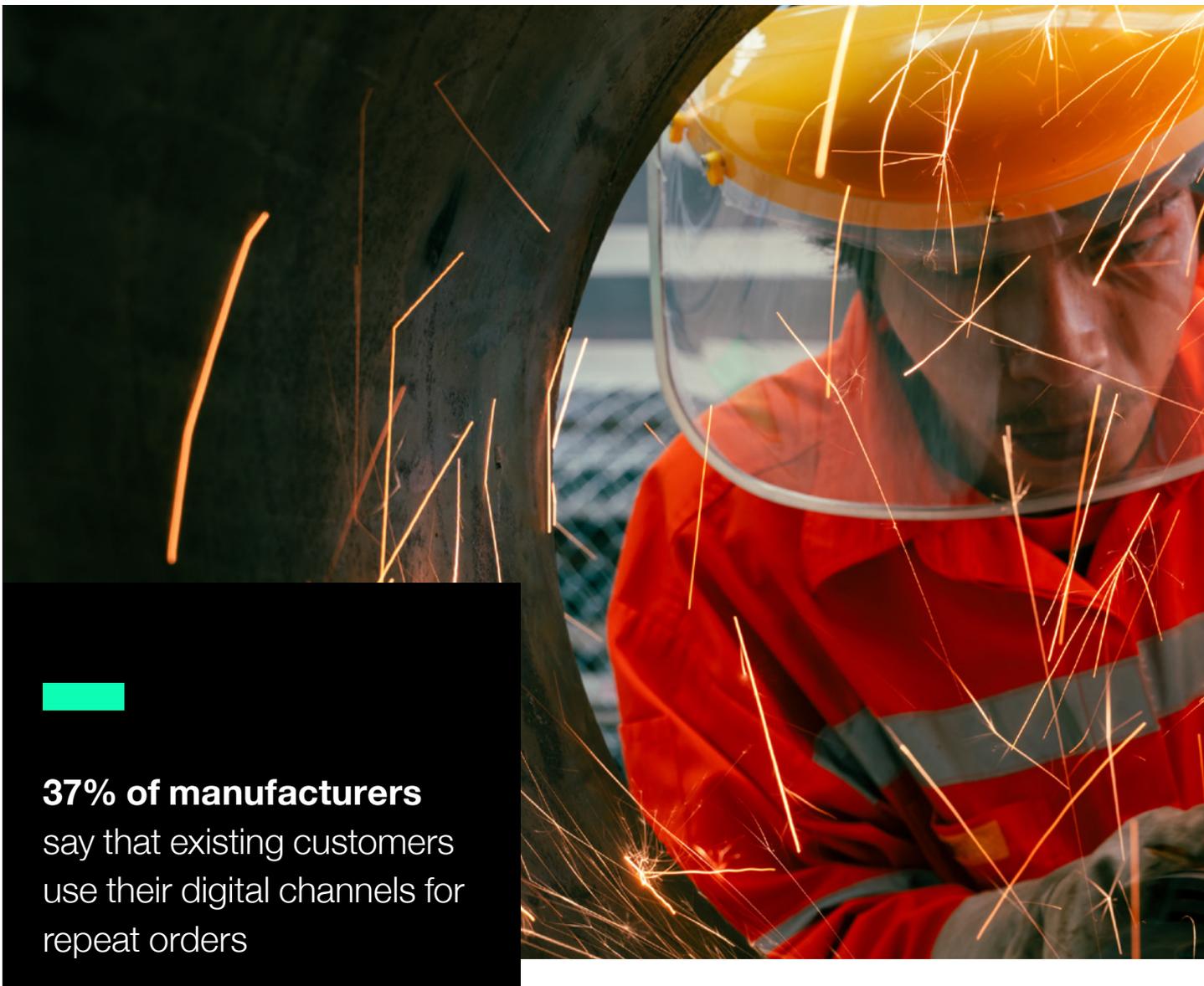


governments and businesses by the global crises of the past three years. As inflation continues to soar, consumer confidence is falling and the global economy faces the prospect of a downturn.

Stemming from the same root issues, supply chain disruption is the main concern for **43%** of our survey participants, owing

to the disruption caused by the global pandemic, Brexit, the Suez situation, and the geopolitical conflicts in Eastern Europe.

Such macro-environmental changes are not always predictable and there is often no telling how they will impact the business landscape. Many are cautious and turning to digital for solutions. For **38%** of manu-



37% of manufacturers say that existing customers use their digital channels for repeat orders

facturers, leveraging digital can be complex in itself. **Hybrid or digital workplaces require a skilled workforce that is not readily available.** Acquiring, training, and retaining the right talent continues to be a challenge. Leveraging digital can help manufacturers to become more efficient by reducing manual work and “increasing productivity without adding headcount”

as one of the respondents mentioned. Another external threat identified by **25%** of the respondents is the **complexity of the market structure with its distribution and channel conflicts.** To overcome this challenge requires a higher level of digital maturity and a skilled workforce that can easily navigate the complexity of a new hybrid market approach.



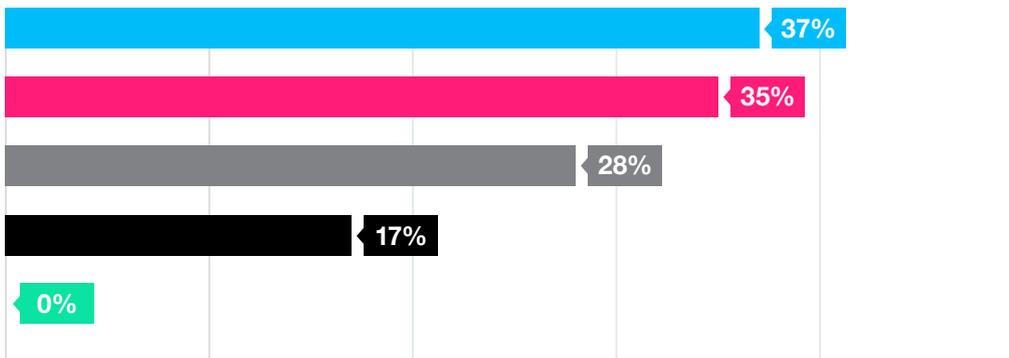
Increased earnings from digital channels as B2B customers migrate online

Changing customer behaviors are increasing market complexity. Though not all B2B customers are ready for digital services, many have shifted their buying behavior to digital channels. **37% of our respondents note that their existing customers are moving towards digital channels for repeat orders.**

Another **28%** have noticed that their customers are shifting to digital channels to get price quotes and offers, while **17%** use these channels for research, documentation, or testing. For **35%** of manufacturers, traditional transactions continue to be the primary way of doing business with their customers, who continue to make offline purchases via phone calls or meetings.

The shift toward digital sales channels is still at an early stage in Industrial manufacturing. This is reflected in how

Customers have shifted their buying behavior towards digital channels in the past 2-3 years



- Yes, for recurring orders/existing customers
- No, they still buy mainly offline (phone, meetings)
- Yes, for price quotes and offers

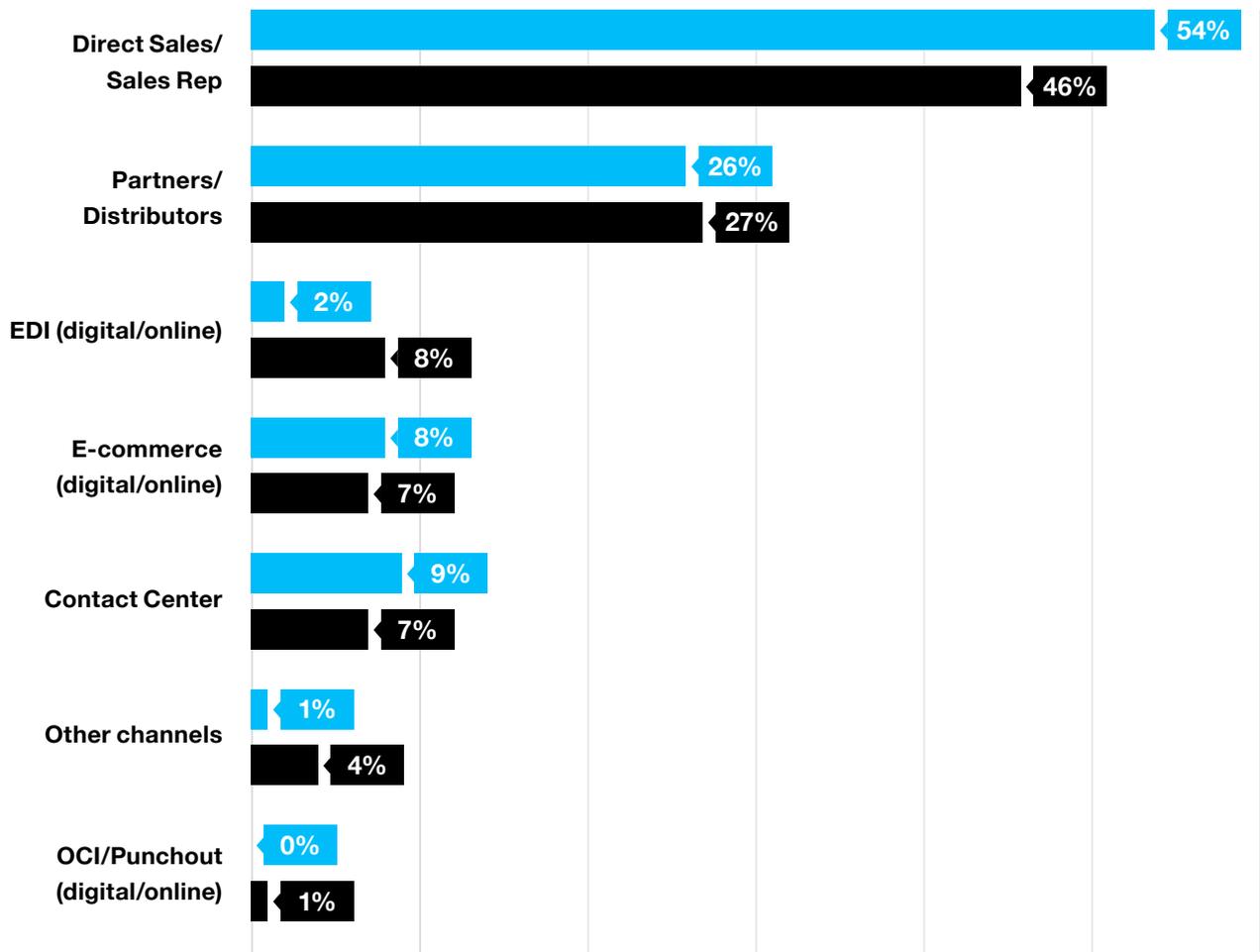
- Yes, for research/orientation/documentation or in testing mode
- Yes, for 1st orders/new customers

companies are splitting their revenue between sales channels. Although digital is increasingly important in the whole buying process, most of the actual sales transactions are still done through traditional channels such as direct sales/ sales reps and distributors. **The revenue**

share from direct sales has dropped from 54% last year to 46% this year while the revenue from partners and distributors has only increased by 1%. This suggests that some of the direct sales is shifting towards digital channels such as Electronic Data Interchange (+6%), and punchout (+1%). —

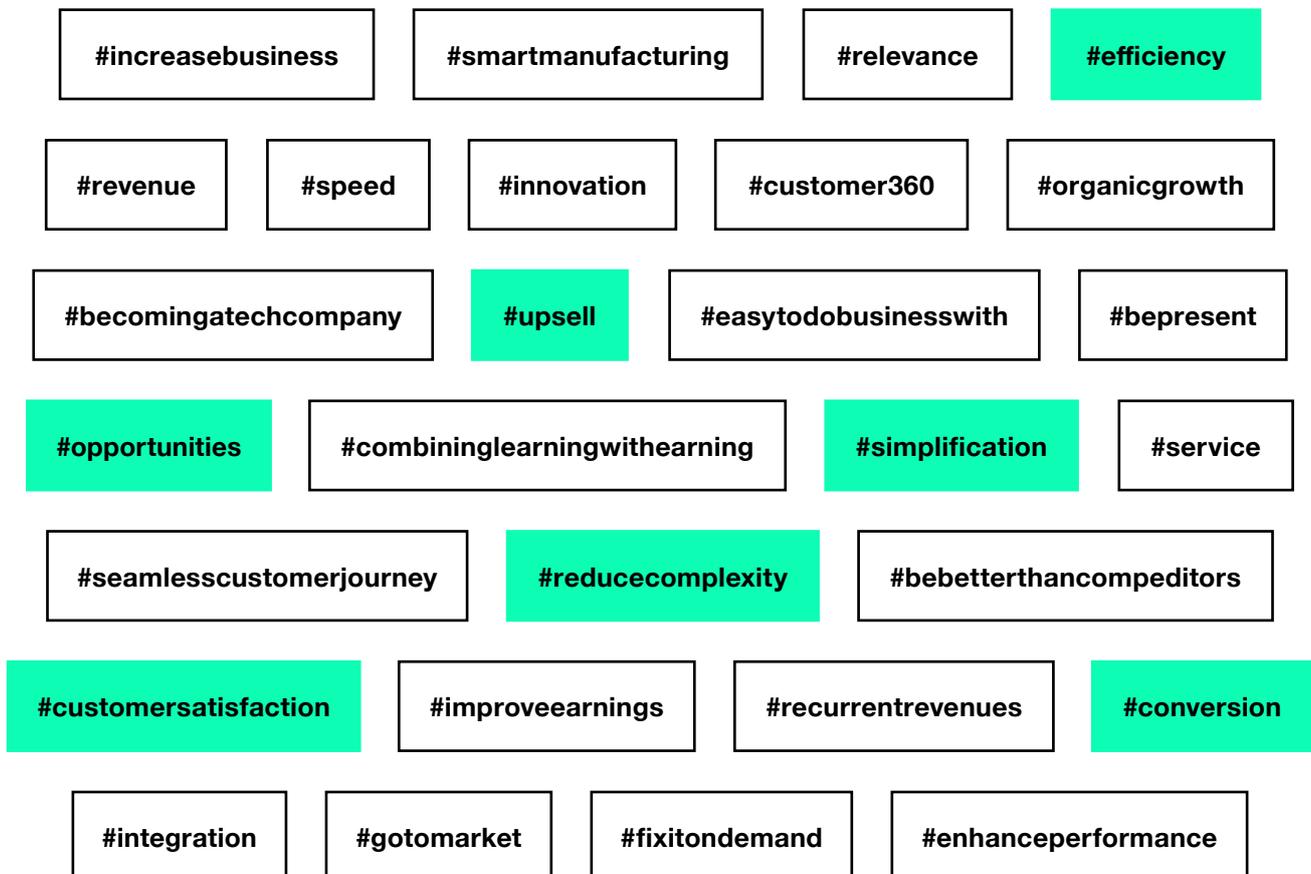
The revenue split over sales channels

2022 2023



The Voice of Digital Leaders: Transformation Goals

We asked the surveyed leaders for the #hashtag they would use to best describe their main goal of digital transformation within their organization and later on to elaborate on that hashtag. This is what they told us:





Leveraging digital can help manufacturers to become more efficient, by reducing manual work and “increasing productivity without adding headcount” as one of the respondents mentioned.



Key Takeaways

Manufacturers acknowledge digital as a core part of their strategy for the future. Digital solutions are flexible and adaptable to change. They provide options to navigate external threats such as inflation, the rising cost of operations and internal threats such as the lack of organizational alignment. Many have a company-wide digital agenda to help them meet their objectives in 2023. Still, very few have gone fully digital, with central and regional leaderships aligned, and overall execution harmonized.

1

Creating **#opportunities** to **#upsell** by boosting **#efficiency**

Manufacturers want to increase their revenue, become more cost-efficient, and secure customer loyalty, especially at a time when customer confidence is dropping. The way to achieve these goals is to infuse digital at every level of product and service development, sales, and resource optimization and thus boost overall efficiency for the company and its customers.

2

There is a need for **#simplification** and to **#reducecomplexity** for the customer

The many threats and challenges affecting manufacturers today make the industry a tricky environment to navigate. Distribution and channel conflicts affect the customer too, so manufacturers are relying on digital tools to make complex business processes easier and facilitate aftermarket transactions with their customers.

3

Customer **#conversion** to digital is the key to boost **#customersatisfaction**

The preference of B2B customers to use digital channels for their transactions and product research is growing, although some are still resistant to change. This has caused an increase in revenue from EDI and OCI punchout solutions, but direct sales overall continues to be the main source of revenue for manufacturers. With online sales coming to the forefront, manufacturers want to provide their customers with easy and frictionless user experiences.



The Leading Voices

— “ #stayingrelevant

Staying relevant in an increasingly changing and digitalized market.



— “ #fixitondemand

There will only be action when there are pull factors.



— “ #recurrentrevenues

Our company understood the importance of service and recurrent revenues offered by digital services.



— “ #customersuccess

Putting customer success at the center of our focus will drive long term recurring revenues in addition to onboarding new business.



— “ #smartmanufacturing

Be a leader in manufacturing through digitalization.





**Take your time for the strategy.
You need a holistic strategy from
start to end.**



Alina Reinhold,
Manager E-Commerce,
Kalmar



**Two years ago, we became more
focused on the development of our
digital services to strengthen our
lifecycle propositions. Strong lifecycle
offerings have become a prerequisite
for future growth.**



Frank Velthuis,
Director Digital Service
Development, Vanderlande



The Leading Voices



#opportunities

The first mover will benefit greatly.



#easytodobusinesswith

Our main goal is to reduce friction and increase reliability/accountability/consistency of delivery to our customers with the help of technology and smarter processes/use of our data.



#bepresent

We need to be present online to reach out to buyers. Our industry is still very much offline when it comes to purchasing, but the decision is given (or at least affected by presence) online.





Short term business value contribution and integrated services are the two concepts that will play a central role in the strategy of large industrial manufacturers in the coming years.

The times of **casual digital experimentation** and innovation with a slow or **uncertain time to market** are over. Boardrooms and CDO's will prioritize digital initiatives based on their expected **business value contribution** and the speed at which this can be unlocked. Starting with the potential of generating more revenue through digital channels, followed by their contribution to cost reduction and increased customer satisfaction. This trend of going back to the core is of course fueled by the current uncertainty and negative market conditions.

The second, and even more exciting trend, will be the **integration** of many different **digital services** in order to create a unified, seamless customer experience. More and more, large manufacturers understand that customers don't want to be confronted with multiple separate digital channels and siloed information and services. High on the priority list are **Customer Portals** that combine and integrate digital services. To be able to do so, different departments must start working together, multiple IT systems must be connected, and people must truly start adopting digital transformation throughout the organization. We are really looking forward to helping Industrial Manufacturers with this challenging but promising adventure.

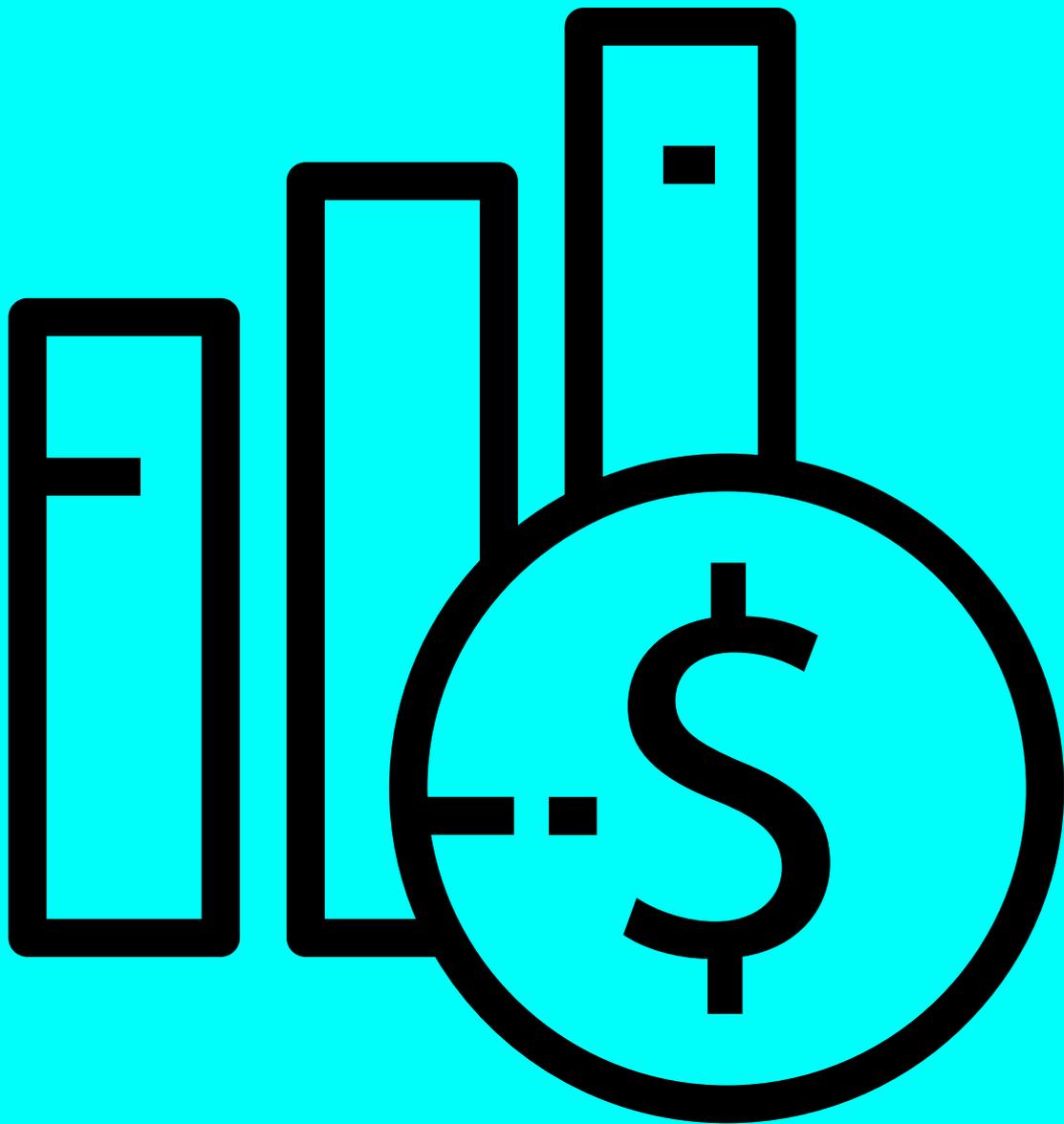


Herbert Pesch,
Managing Director Valtech B2B
and Vertical Lead B2B, Valtech



03.

**Maximizing Digital
Investments**



Last year, digital investment was at an all-time high within the industry, and this year, manufacturers are looking to utilize their digital resources in the most cost-efficient ways possible. They are focusing on areas such as **e-commerce and data analytics** to leverage the full potential of digital tools.

By engaging with customers online, understanding their behavior and learning about them via their transactions and equipment, manufacturers can create additional value for their installed base. Whether it's from order history or machine sensors, they can acquire information that tells them about the needs of customers before the customers themselves become aware of them.

There are still challenges standing in the way of achieving these goals. The lack of organizational alignment or a single source of data makes it difficult to promote well-informed and accurate service development and pricing decisions. Further **investments in digital tools and change management** can bring the organization together.

The year of digital services and e-commerce

This year, **50% to 52%** of manufacturers will be focusing on transforming their **e-commerce platforms, customer**

portals, and digital services. With customers willing to make bigger B2B transactions online, these focus areas are important for accelerating business and boosting customer satisfaction.

To make digital commerce work, before, during and after the transaction, collaboration between sales, marketing, IT, aftermarket services and other departments is mandatory. It is also mandatory to have access to data and actionable insights to inform the online offering and derive information about the customers.



52% of manufacturers are focusing on transforming their digital services in the year ahead

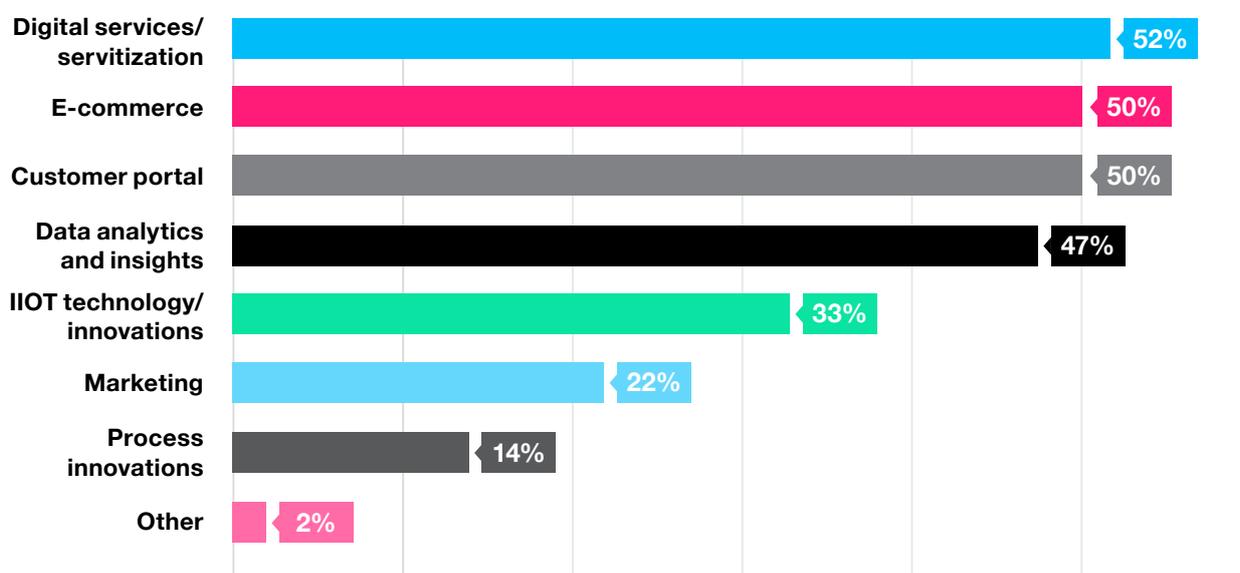
47% of manufacturers consider **data analytics and insights** to be an important focus area in 2023.

33% are looking to **IoT technology and innovations, including AI, machine learning, and virtual reality** to expand their aftersales and pivot toward servitization.* 22% believe that marketing is in need of transformation and 14% consider process innovations as important focus areas.

Lack of alignment is standing in the way of business value

The focus areas of manufacturers for 2023 are meant to create additional business value, whether by facilitating sales online or creating digital services. For many, the IT infrastructure is poised for transformation, but the biggest hurdle is organizational

The target areas for digital transformation in the coming year



***Servitization** is generally defined as adding services to your product-focused business and often in B2B refers to the shift of a product-based business model to a service-based one. The first step is for manufacturers to offer services, such as maintenance, repair, and consulting, along with their traditional products in order to create new sources of revenue and secure customer loyalty. The long-term ambition is to deliver a desired outcome to the customers on an ongoing basis. This often leads to a point where the business becomes primarily solution-focused, and set in a financial subscription model with recurring revenues.



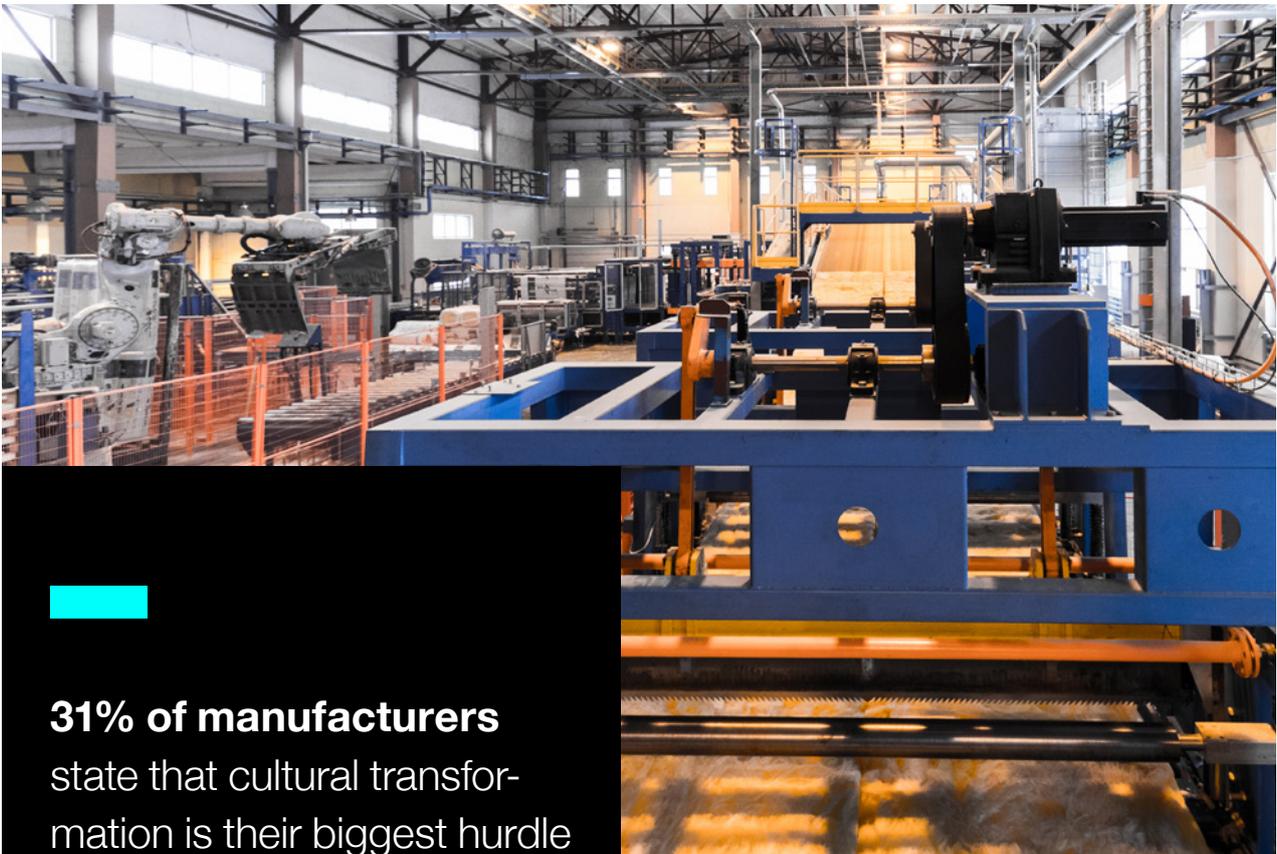
change or cultural transformation, as expressed by **31%** of our survey respondents. As such, change management is an important means to come to a successful digital transformation.

26% of manufacturers revealed that their biggest hurdle is a **siloed departmental structure of information**. Not having access to a single source of truth or centralized data makes it difficult to scale up and can slow down decision making.

19% of manufacturers are struggling to integrate new technologies into their

legacy IT infrastructure, 9% are not getting the C-level support they need to execute their transformation projects, and another **10%** are split between lacking the right talent and designing new service business models. Only **2%** are now in a place where they have achieved a mature level of integration and servitization, only to struggle with communicating new value-added offerings and onboarding customers.

Many have begun their transformation journey towards servitization with the customer in mind, bringing them along for the ride and adapting together. Some

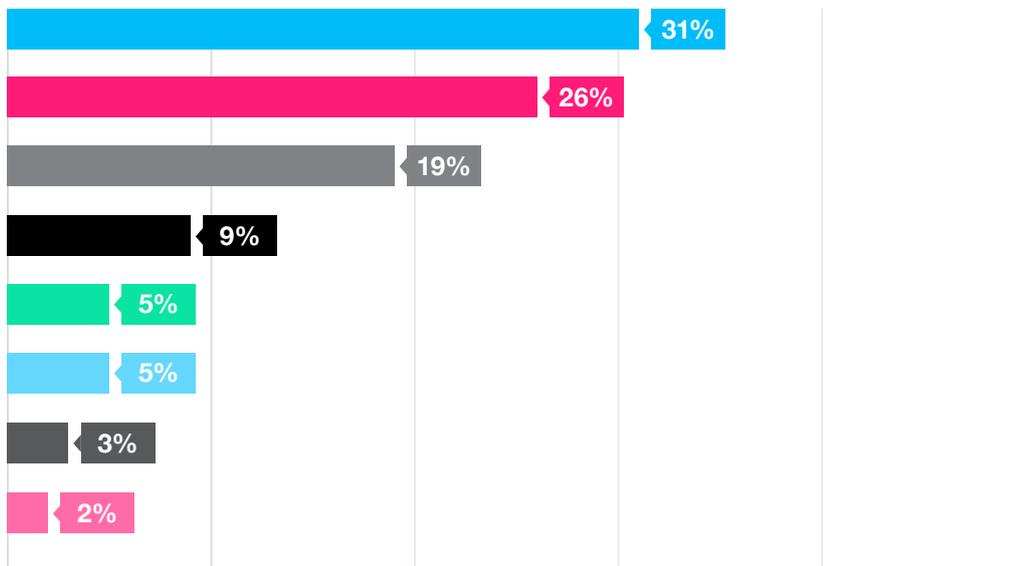


31% of manufacturers state that cultural transformation is their biggest hurdle

customers have security concerns and difficulty understanding the benefits of new subscription or outcome-based propositions. This makes it difficult for manufacturers to focus on their servitization journey and

convince their customers that going digital and embracing these new propositions will positively affect their bottom line. Including the Voice of the Customer (VoC) is important when new digital services and business

The biggest hurdle to get business value from IT investments



- Cultural transformation (organizational change)
- Siloed departmental structure of information
- Integration of new technologies in current (and legacy) IT infrastructure
- Getting C-level support
- Lack of skills/competence/capacity from current workforce
- Designing new service business models (servitization, x as a service, marketplace, etc.)
- Other
- Communicating new value added offering to customers (onboarding and selling to customers)



models are created. The need to always stay focused on VoC is often mentioned by the respondents.

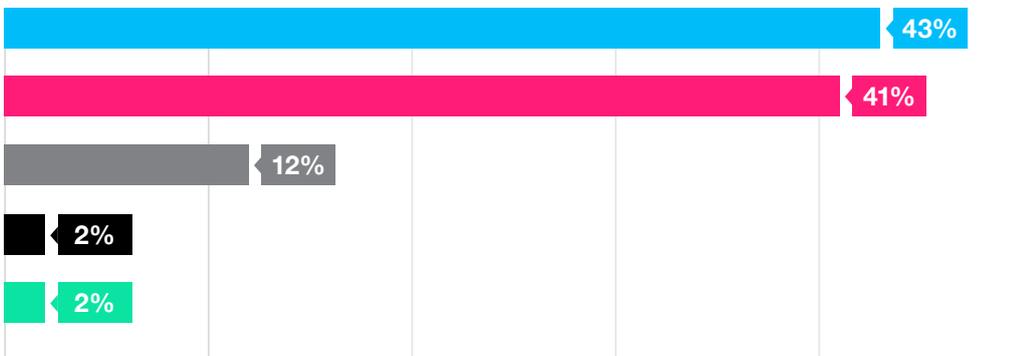
The most important digital investments of 2023

Manufacturers are planning to overcome their challenges by basing their digital strategy on advanced technology. **43% of survey respondents prefer composable, best-of-breed solutions supported by**

custom-built microservices. A composable approach and technology allows them to create their own flexible e-commerce ecosystems and juggle multiple tools whilst avoiding vendor lock-in.

Platform solutions are preferred by **41% of respondents, who use feature-rich platforms with minimal customization for their digital strategy.** Only **12%** use bespoke or fully customized solutions, and even fewer use low-code technology. —

The technology foundation for digital strategy



- Composable (best of breed solutions supported by custom build micro services)
- Platform solutions (feature rich platforms with minimal customization)
- Bespoke (fully custom made solutions)
- Low code
- Other

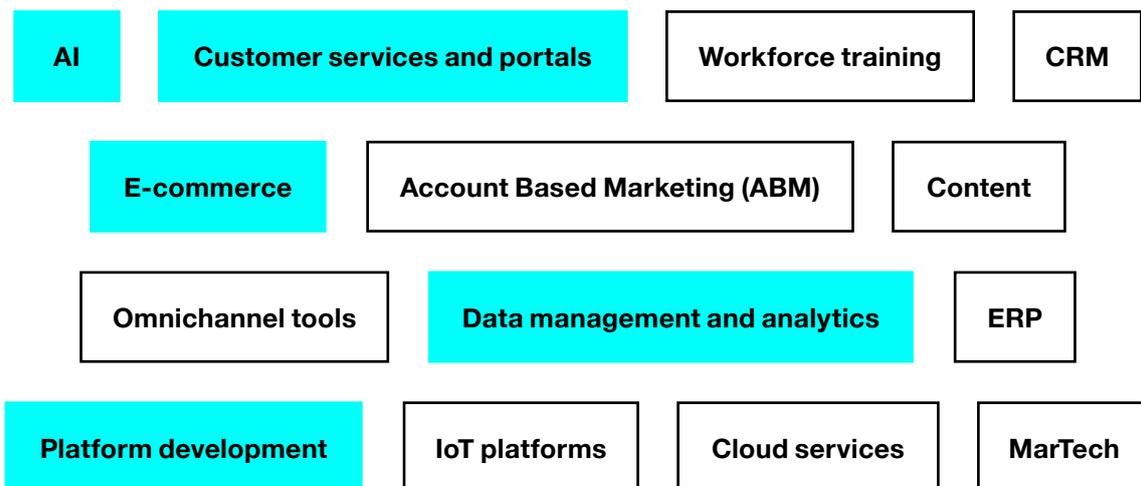


43% of manufacturers choose composable solutions while 41% prefer feature-rich classic platforms for their digital strategies



The Voice of Digital Leaders: Digital Investments

Although the growth of digital investments has slowed down, manufacturers are still planning investments to enrich their digital strategies and get a stronger competitive edge. We asked the surveyed leaders for the most important area of investments:





A composable approach and technology allows manufacturers to create their own flexible e-commerce ecosystems and juggle multiple tools whilst avoiding vendor lock-in.



Key Takeaways



Manufacturers are making the most out of their digital investments this year, focusing on their e-commerce platforms, customer portals, servitization, and data analysis. The biggest hurdles stem from a lack of cultural transformation and a siloed landscape that can be handled with change management and further investments in the right tools.

1

E-commerce and servitization continue to be a focus

Half of our survey respondents continue to put a strong emphasis on e-commerce and digital services and the benefits they can derive from integrating them. With online sales continuously increasing, they are making efforts to ensure their customers can access their services and product information in the digital space via seamless experiences, often via a Customer Portal.

2

Lack of organizational alignment is an inside threat

Working in silos affects a company's culture and operations by slowing down decision-making and business growth. Through cross-departmental collaboration, companies can make better use of their data, infrastructure, and services, and work toward the same successful outcome.

3

Getting ahead of the curve **with digital**

Manufacturers are now more aware of their vulnerabilities in the digital space and have realized what tools they're missing to reach the next level. In the year ahead, many are looking to invest in AI-powered solutions, customer portals, data management, and even workforce training to ensure that their efforts so far pay off in the most profitable ways.





In B2B commerce, success is not only measured by the transactions made, but by the relationships built and the value delivered to the customers.

The key really lies in **making your customer's life easier.**

Creating a frictionless interaction with your organization and adding so much value that they don't want to go elsewhere. So, **talk to your customers** and listen to what they need. Stop thinking in product lines, **embark on your customer's journey!** Understand what their day-to-day looks like and find out what your organization can do to make that easier. Fun fact: Once you start doing that, you will start working cross departments and **break the silos.** Your customer sees your organization as one, why don't you?



Mascha Tamarinof,
Global Vertical Lead B2B,
Valtech



Move slowly, move agile, involve local people, and educate, educate, educate.



Gertjan Kleinhout,
Group Manager Client Support –
Digital Commerce, Rijk Zwaan



04.

**The Voice of
Digital Leaders
in Manufacturing**
Expert Insights



Manufacturers have come a long way since last year. The majority have leveled up with their competitors in the digital space, but the journey is far from over. Even the most forward-thinking industry players are still facing challenges on the way to digital success.

Even as they are consolidating their digital investments and onboarding customers on the journey, today's inflationary environment is threatening the outcome of their business. External threats ranging from rising costs to supply chain disruptions and workforce shortages are one thing, but the internal threats stemming from a lack of organizational alignment and siloed data are another.

So how are they navigating these issues? What are the key considerations for digital transformation in 2023? What opportunities and pitfalls should you be aware of? Our digital leaders have answered these key questions to inspire you on your transformation journey and provide fresh perspectives for your digital strategy.

Consider this as you continue your digital transformation journey

According to the digital leaders, **internal communication and diplomacy are key.**

That is a surefire way to get support across the organization and bring your customers along for the journey. It is important to **align your digital strategy with the top management** and take the time to convince them of the benefits.





Listen and learn from your customers in order to create a digital channel—don't assume you know their needs about what they want and expect digitally.



Tanja Tschech,
Digital Manager,
Röhm

Recommendations by Digital Leaders

Customer-centric perspective

Ensure that what you are doing is solving your customers' problems. Make them the center of attention and always listen to the Voice of the Customer (VoC).

Technology

It is not only about technology, it should come last.

Vision

Define your vision and break it down into attainable goals.

Scaling

Start small and scale fast. First experiment with small and agile tools before investing in infrastructure and big IT solutions.

Perception

Digital solutions are a means to an end for being supportive of any kind of strategic direction appropriate to your organization.

Data

Clean your data, and review your processes and workflows.

Risk management

Understand that in digital, a risk is an opportunity you saw too late.



We have seen how a lack of alignment can deeply affect core processes, so it is best if the head knows what the hand is doing. A word of advice from one of the respondents: **do not resist—it is mandatory so do your best to accompany the change.**

For this transition to be successful, **the biggest element is a mindset change.** The respondents state that transformation is not possible if the company does not make a unified cross-organizational commitment. This type of company-wide effort is improbable without **change management.**

How does digital help build resilience during a global recession or other macro-environmental threats?

As our experts have stated, **digital encourages the organization to be agile, flexible, and react quickly to change. That is a core competency needed in today's world** and indeed in today's disruptive and inflationary environment. Flexibility and adaptability are common descriptors of how digital helps build resilience during times of crisis.

Digital enables manufacturers to make savings and productivity gains with the help of remote access, machines, and tools that offer better visibility, transparency, and data

insights. The same solutions enable better decision-making which allows companies to react faster to market volatility.

And at a time when customer confidence has dropped, digitalization is being leveraged as **an asset of customer modernization,** which creates a competitive advantage for manufacturers. As one respondent explained, with digital it is easier **to promote business, and it makes it easier to work with customers, to find deals that were not possible before.**

Other respondents echo the same thought, explaining that the role of digital **definitely should be in creating a sustainable competitive advantage that is recognizable to customers, creating trust to remain business partners and withstand the incoming threats.**

Perhaps the most promising role digital plays today is in increasing service revenue. Because **service is one of the few growth drivers in a mature market, it needs to be largely digital because customers have less time and expect faster responses.**

Finally, **digital should be considered as a support function and not something disconnected from the rest of the business. Digital must support all types of communication and business processes in order for it to generate value.**



The main goal is to make the customer satisfied. The revenue, the cost efficiency and other benefits will follow automatically.



Uwe Zurth,
Head of Customer Benefits,
SEW-EURODRIVE

How digital saves the day according to the digital leaders

Increases productivity without adding headcount.

Drives efficiency and remodeling of supply chains.

Reduces costs, creates operational insights, and gets you closer to customers.

It helps you go online to enter new territories when your market is decreasing.

Enables communication with customers and internal departments, creating transparency and forecasts with AI.

Supports a growing service demand for solution-driven offerings for extending customer life cycle and addressing sustainability.

Streamlines operations and decreases business costs, which result in a stronger organization.

It connects us and keeps the business going even if we cannot meet face-to-face or travel.

Optimizes services related to sustainability, circular economy, and life extension.

Digitalization can improve productivity as well as be there for customers 24/7.



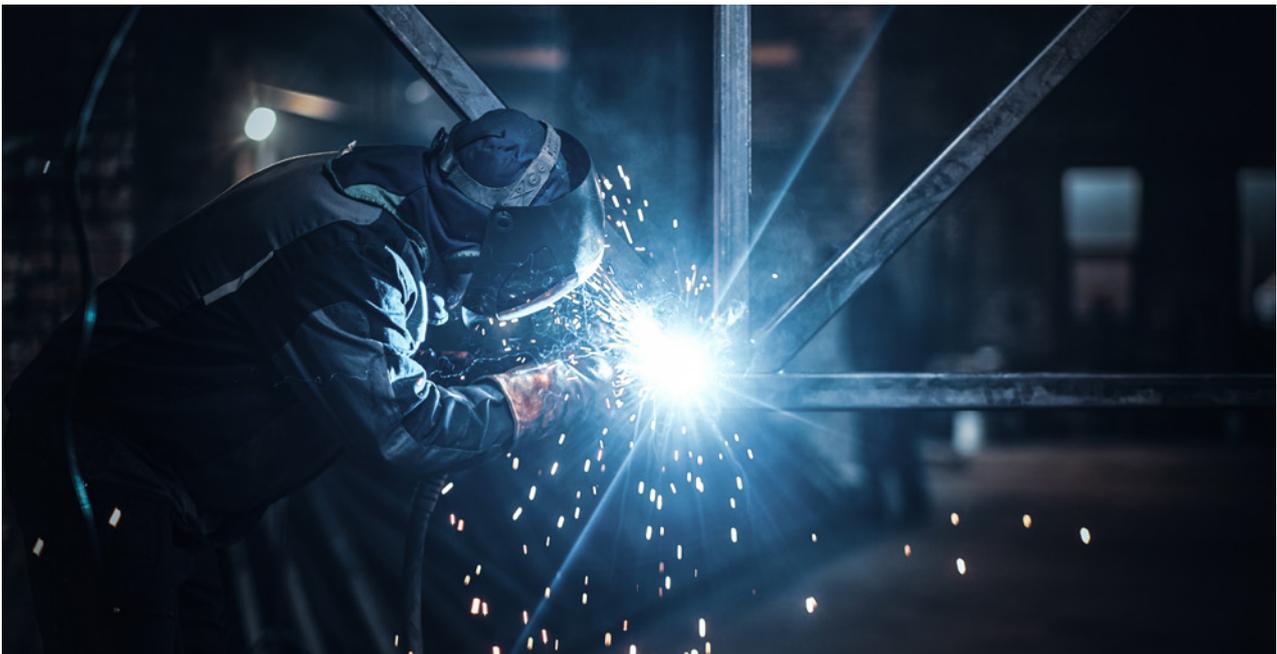
How digital enables manufacturers to meet and keep up with changing customer demands

Digital transformation makes it possible for manufacturers to expand their offerings with value-added services. One of our experts explained that they now **offer a broader range of digital services that cover most customers' needs** and this was possible due to digital transformation within the organization.

For some this may mean that they have implemented solutions powered by Artificial Intelligence or Machine Learning such as remote diagnosis, virtual assistance,

predictive maintenance, and others. But for others, this means collecting customer data and feedback across different channels for more informed decision-making in terms of pricing and service design. For most, it means digitizing more basic services like CPQ, installed base, technical product info, ticketing services etc. and offering them in an integrated customer focused way through customer portals or digital services platforms.

A keyword the respondents use to explain how digital enables them to meet customer expectations is **agility**. The ability to react fast and ensure that the customer's issues are solved or deal with external challenges before they become costly problems is the key to a reliable business. —



What are experts doing to increase customer satisfaction?



Being close to our customers at any time to act and not react.



We always try to find the most up-to-date solutions and stay one step ahead of the competition.



We keep the conversation flowing. Customers who feel heard and understood will tolerate some delays or setbacks.



Lots of Voice of Customer and product management debate to set the best requirements, then act fast. We don't worry about perfection because there will always be changes.



We keep on "walking the extra mile" for customers, listening to them, and translating their expectations by deploying the right elements of our service concept.

Join [Let's talk B2B](#) LinkedIn group

Let's talk
B2B

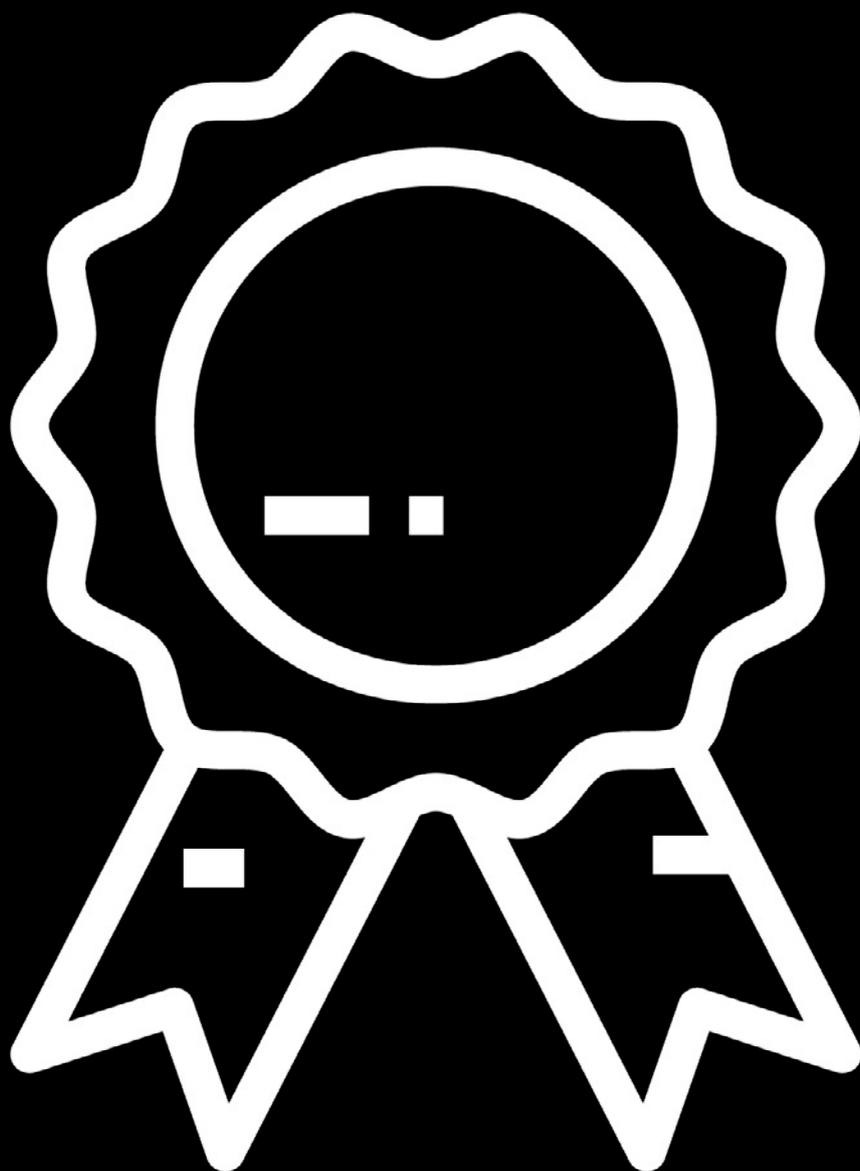
A network group for peers that are interested in the developments in digital transformation in B2B. With relevant articles, interviews, events and videos. Focusing on Manufacturers and Distributors.

[Join the conversation!](#)



COPPERBERG | VALTECH

Executive Summary



In 2023, manufacturing will continue to grow digitally and become one of the most transformed industries today. As our findings indicate, the vast majority of B2B leaders have poised their infrastructure for further digital transformation and are reaching the appropriate maturity level to scale up.

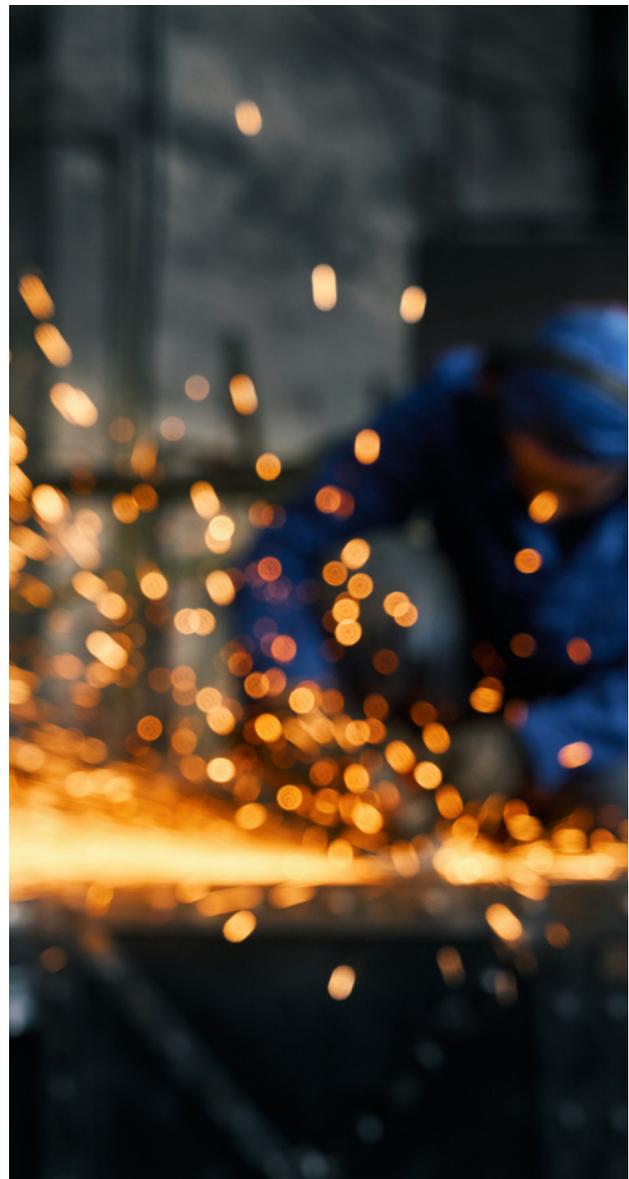
Creating business value

The manufacturing industry has been late to the digitalization game and the recent years global crises, like COVID, inflation, geopolitical instability, have shaken many businesses to their core. However, many were already heading steadily towards a digital transformation journey that was supercharged during the aforementioned period. After accelerating their initiatives over the past three years, manufacturers are now balancing their investment budgets and focusing on enhancing their digital sales and customer portals.

Manufacturers have come a long way since last year when implementation and deployment took all the focus. They are now entering a new phase on their transformation journey that will be just as challenging. Plenty are looking to further digital initiatives to increase their revenue streams and become more cost efficient; using digital to impact their bottom line.

Organizational challenges

Even though manufacturers have boosted their digital capacities over the last couple of years, the new territory comes with familiar hurdles in unique circumstances. The impact of the global pandemic, supply chain disruptions caused by macro-environmental challenges, shortage of



workforce and inflation are all threatening companies from the outside. From the inside, there lies a huge opportunity to minimize human errors like miscalculations and misinformation by applying more digital processes and preventing the organization from being siloed.

Composable approach

In response, digital leaders are facing these challenges head-on, recognizing the opportunities and turning to digital for solutions. Regarding tech stack, we see a split between manufacturers that choose platform solutions vs a Composable, more flexible architecture with a best-of-breed approach. With the right tools, they will bring their departments together in 2023, and organize their data into a single

source of truth that is readily available to decision-makers.

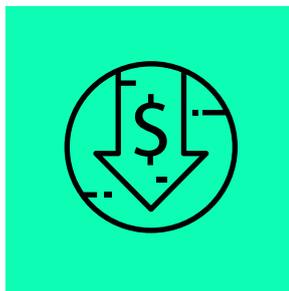
Customer portal

The customer is becoming the center of attention in manufacturing. And that's about time ... manufacturers are increasingly bringing customers along on the journey, and creating new value for them by expanding offerings, designing for service, and innovating business models. The Customer Portal often being the environment that brings together all of these value adding elements. Many manufacturers are now treading on a more solid digital ground than last year with ambitions to outcompete their peers and satisfy their customers, they are ready to innovate. —

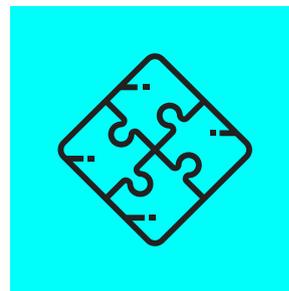
Top Trends in Digital



**Enabling
growth and new
revenue streams**



**Building
resilience and
lower costs**



Agility is key



**Increasing
customer focus**



About Valtech

Valtech ✱

[Visit our website](#)

Valtech is the experience innovation company.

Our client portfolio includes some of the world's best known brands including L'Oreal, MAC Cosmetics, Levi's, Aerolineas Argentinas, Lufthansa, Volkswagen, Toyota, AUDI, and BMW.

Whether it's one of our B2B solutions for Henkel, Grundfos, Vanderlande, Wavin, Sulzer, or Atlas Copco, or a new customer experience for Dolby, D'Addario, or Profoto, we design, build, and deliver transformative digital solutions that improve human lives and make our clients' businesses grow.

Let's talk B2B!

Let's talk B2B is a network for everyone involved in digital in B2B. Sharing knowledge, events, videos, exchanging experience and focusing on manufacturing and wholesale.

Join our LinkedIn group [Let's talk B2B!](#)

or watch the B2B interviews on [YouTube: Let's talk B2B!](#)



Herbert Pesch,
herbert.pesch@valtech.com



Mascha Tamarinof,
mascha.tamarinof@valtech.com

About Copperberg

COPPERBERG[Visit our website](#)

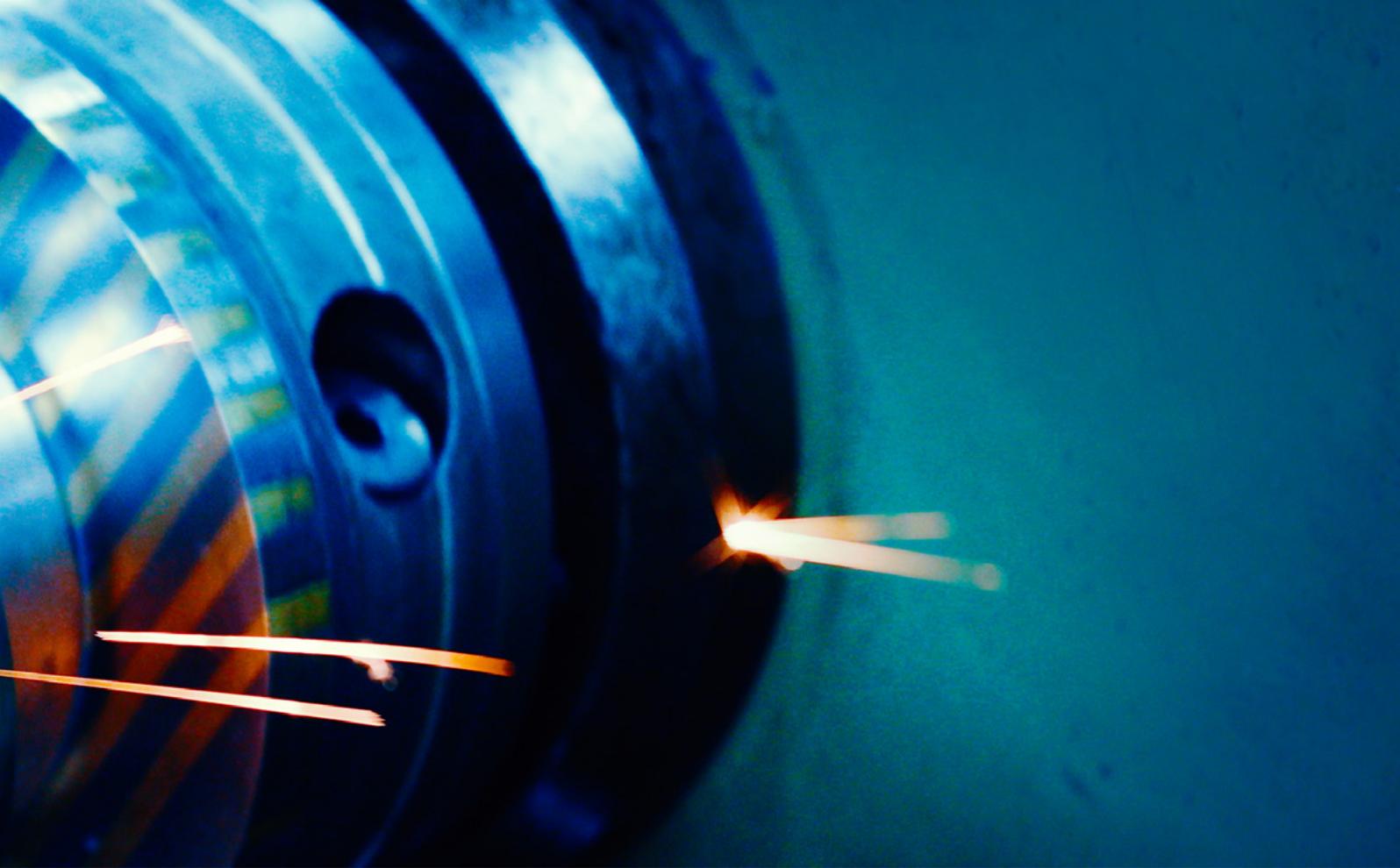
“The great aim of education is not knowledge, but action.”

Copperberg creates original content, on physical and digital platforms, bringing together the manufacturing community in order to grow and build relationships globally. Copperberg was founded in 2012 with the dream of becoming the leading community for aftermarket, service & manufacturing professionals across Europe.

On a daily basis, we work hard to improve, develop and innovate our concepts and original content in order to ensure the best hands-on, real-life strategies for all our community members. Our ambition is to provide ideas, networking, and industry exchange between industry peers that inspires and leads to action.



Lisa Hellqvist,
lisa.hellqvist
[@copperberg.com](mailto:lisa.hellqvist@copperberg.com)



COPPERBERG | Valtech ✱