

Business Services Enabling Differentiated Growth for Industrial Players

October 2024

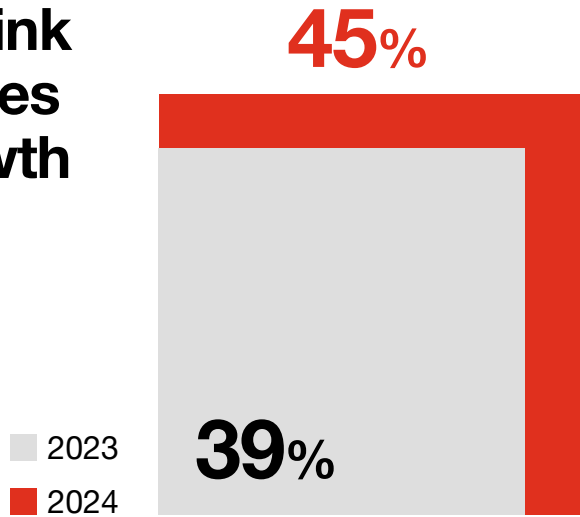


Industrial companies need to look beyond traditional approaches to redefine their value and achieve differentiated growth

Global businesses need to think beyond conventional strategies to achieve differentiated growth

Percentage of global CEOs who think that their current business model will not be viable in 10 years.





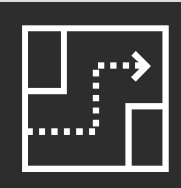

Source: PwC 27th Annual Global CEO Survey



With increasing complexity of doing business, coupled with the impact of disruptive Megatrends, leaders in industrial companies have an urgent need to explore opportunities to reinvent their businesses, across multiple dimensions, such as:

- **Diversifying** revenue streams and reducing dependency on traditional product sales
- Enhancing **customer satisfaction and loyalty** by addressing specific needs beyond the product itself
- **Leveraging valuable data** to offer predictive maintenance and personalised solutions
- **Driving innovation** in both products and processes, keeping the company competitive
- Exploring recurring revenue models that are more predictable compared to one-time product sales, **improving financial stability**

Six ways enterprises are rethinking their business models and seeking to drive differentiated and transformative growth:

 <p>Anything as a Service (XaaS) 1</p>	 <p>Connected products 2</p>	 <p>Digital products and solutions 3</p>
<p>Transforming from a product-led business model to a service-led model.</p> <p>Building intimate customer relations by offering pay-as-you-consume solutions.</p> <p>Providing on-demand recurring revenue-based offerings.</p>	<p>Transitioning analogue or digital products into connected physical products to create additional value to customers.</p> <p>Using Internet of Things (IoT) to enable data insights, while generating new revenue streams.</p>	<p>Offering software-enabled assets that users can interact and transact with, without requiring a physical form.</p> <p>Scaling of digital offerings to build better customer experiences and increase customer loyalty.</p>
 <p>Alternative channels and disintermediation 4</p>	 <p>Value chain shifts 5</p>	 <p>Interactive ecosystems 6</p>
<p>Exploring new channels to effectively engage new and existing customers.</p> <p>Providing direct access to customers to increase control over distribution.</p>	<p>Moving beyond a specific segment of the value chain.</p> <p>Offering wide-ranging solutions for an end-to-end customer journey.</p>	<p>Establishing a platform for engagements and transactions between multiple stakeholders.</p> <p>Collectively creating and sharing value to expedite transformations.</p>

As industrial players drive growth, business services can help accelerate the journey through specialised value-added offerings

Business services can play a crucial role in supporting industrial companies aiming for differentiated growth by offering solutions that help streamline operations, optimise resource management, and enhance strategic planning.

By collaborating with business service providers, companies can focus more on core activities and innovation, as well as access advanced technologies and leading practices that drive efficiency and competitiveness. This collaboration could also enable them to respond more swiftly to market changes and customer needs, fostering a more agile and growth-oriented business model.

Illustrative examples showcasing the potential role of business services in the strategic growth of industrial products companies



Anything as a Service (XaaS)

1

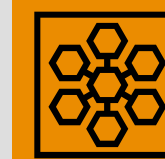
Industrial companies could transition towards offering solutions-as-a-service, allowing businesses to differentiate their value proposition and generate additional recurring revenue streams.

Illustrative business services value offerings

- Technology advisory and related services to help with **software development and implementation, and data integration**
- **Digital twins** to allow for more precise manufacturing, **predictive analytics and maintenance**, which can optimise the performance and lifecycle of physical products

Potential benefits

Real-time monitoring and analytics to engineer products with long lifecycles reduce unnecessary overhauls and costs and generate recurring revenue from long-term customer relationships.



Connected products

2

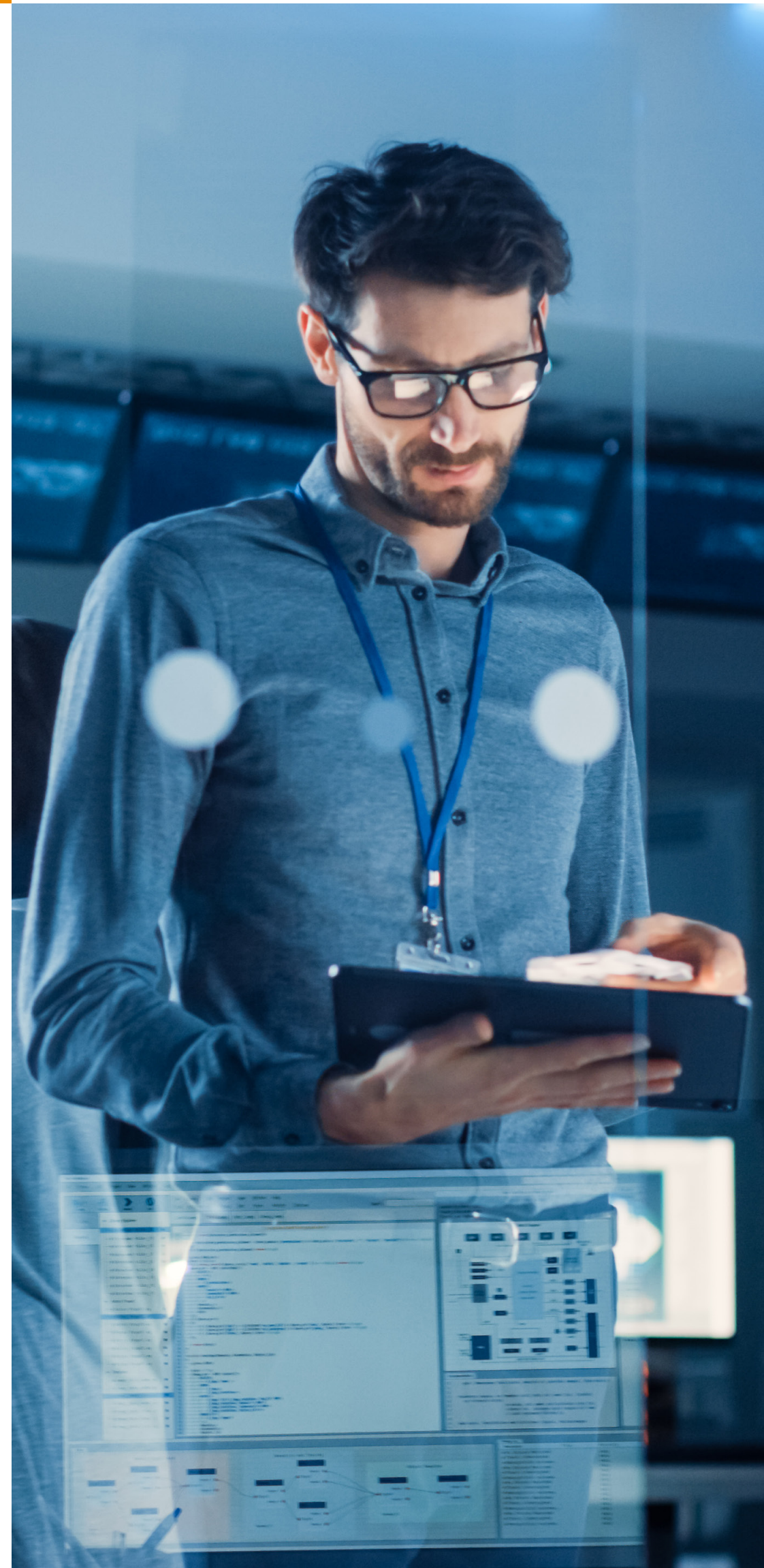
Manufacturers can leverage IoT to connect their products using real-time monitoring and tracking, thereby offering analytics and after-sales services such as digital inspection and remote troubleshooting.

Illustrative business services value offerings

- **Cloud integration or IoT-enabled platforms** for easy data collection, management and analysis at scale; these platforms can also support more **sophisticated and advanced data insights**
- **Smart solutions** from buildings to warehousing to enable streamlined operations and lower costs

Potential benefits

Integrated data and software solutions reduce the need for software updates and downtime, and improve overall customer satisfaction and revenues.



Illustrative examples showcasing the potential role of business services in the strategic growth of industrial products companies



Digital products and solutions

3

Industrial products players can offer sophisticated digital solutions, complementing their physical offerings. For instance, leveraging cloud infrastructure, artificial intelligence (AI) and data interpretation tools to optimise their portfolio usage.

Illustrative business services value offerings

- **AI-empowered sustainability solutions** to provide visibility and control over energy use
- **Cybersecurity solutions** to establish thorough data privacy and protection
- **Talent sourcing and educational services** to help companies recruit the right talent for product management and development

Potential benefits

Enhanced and data-driven decision-making improve overall cost efficiency and sustainability performance.



Alternative channels and disintermediation

4

Industrial players can venture into alternative channels to offer add-on services directly to their customers, for instance, insurance plans personalised based on customers' behaviours and adapted using data analytics.

Illustrative business services value offerings

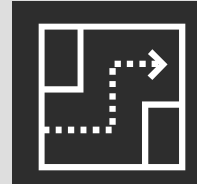
- **Product certification, advisory, tax and regulatory advice** to support product development, vertical or horizontal integration, and navigating complex tax and legal environments
- **Data analytics** to help companies identify and predict consumer behaviour to offer tailored, tier-based pricing models

Potential benefits

Complementary portfolio and data-driven customer approaches; fuel growth, improve operational efficiency, enhance customer relationships, and strengthen the competitive position of businesses.



Illustrative examples showcasing the potential role of business services in the strategic growth of industrial products companies



Value chain shifts

5

Manufacturers can look beyond their existing value chains by offering both upstream and downstream solutions along with supplementary services such as maintenance and analytics.

Illustrative business services value offerings

- **Smart building solutions, automation, robotics** to enable cost-efficient real-estate utilisation
- **Materials testing, inspection and certification** to support innovation, product development and compliance with industry standards
- **Supply chain management solutions** to help optimise planning, execution and inventory

Potential benefits

Innovation in product development and technology integration support portfolio diversification, and facilitate better control over customer engagements, leading to long-term contracts.



Integrated ecosystems

6

Industrial companies can build their own or leverage existing ecosystems to collaborate with start-ups, technology providers and other businesses for employing niche solutions in their processes or portfolios.

Illustrative business services value offerings

- **Network and systems integration** for dynamic website hosting and A/B testing to improve web traffic
- **AI and machine learning tools** to customise data feeds, implement automated screening criteria, and suggest potential ecosystem partners
- **Cybersecurity solutions** to facilitate data privacy

Potential benefits

Seamless collaboration across the network support businesses to innovate through partnerships, amplify their value proposition by addressing broader customer needs, and improve organisational agility so they can respond swiftly and effectively to market shifts.



In conclusion...

Business service providers are playing a critical role in driving differentiated growth for industrial players by delivering strategic solutions that improve operational excellence and foster innovation

Business services are supporting companies refine their processes, adopt advanced technologies, and strategically position themselves in the market. By integrating these services, industrial firms are optimising resource utilisation and enhancing their competitive edge. Looking ahead, these services will continue to unlock new growth opportunities and enable companies to achieve a distinct and sustainable advantage, positioning them for long-term success in an evolving business landscape.

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