

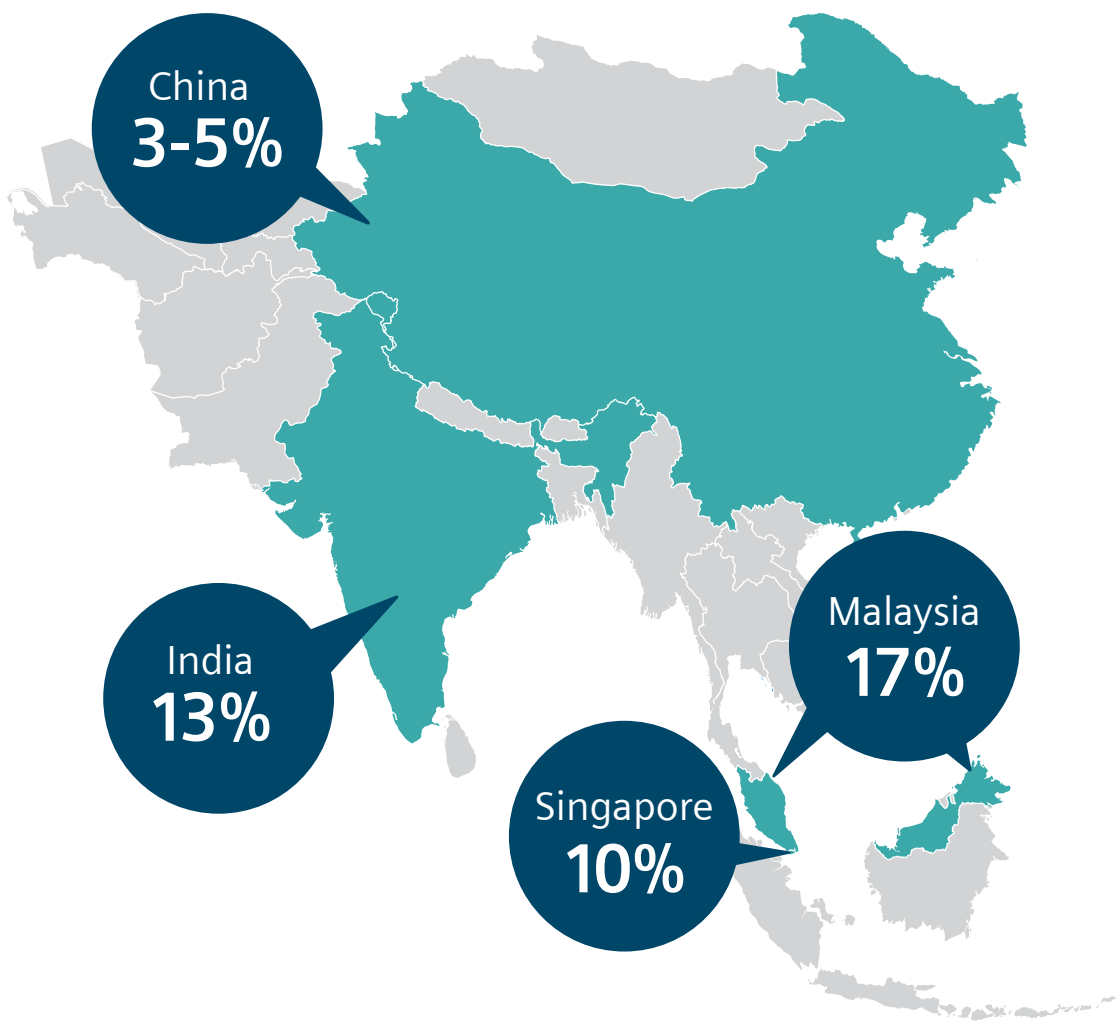
# Competing with low-cost industrial machine builders

How industrial IoT can help OEMs lower costs and drive customer satisfaction

Compared to the United States, worldwide manufacturing costs are lower.<sup>1</sup>

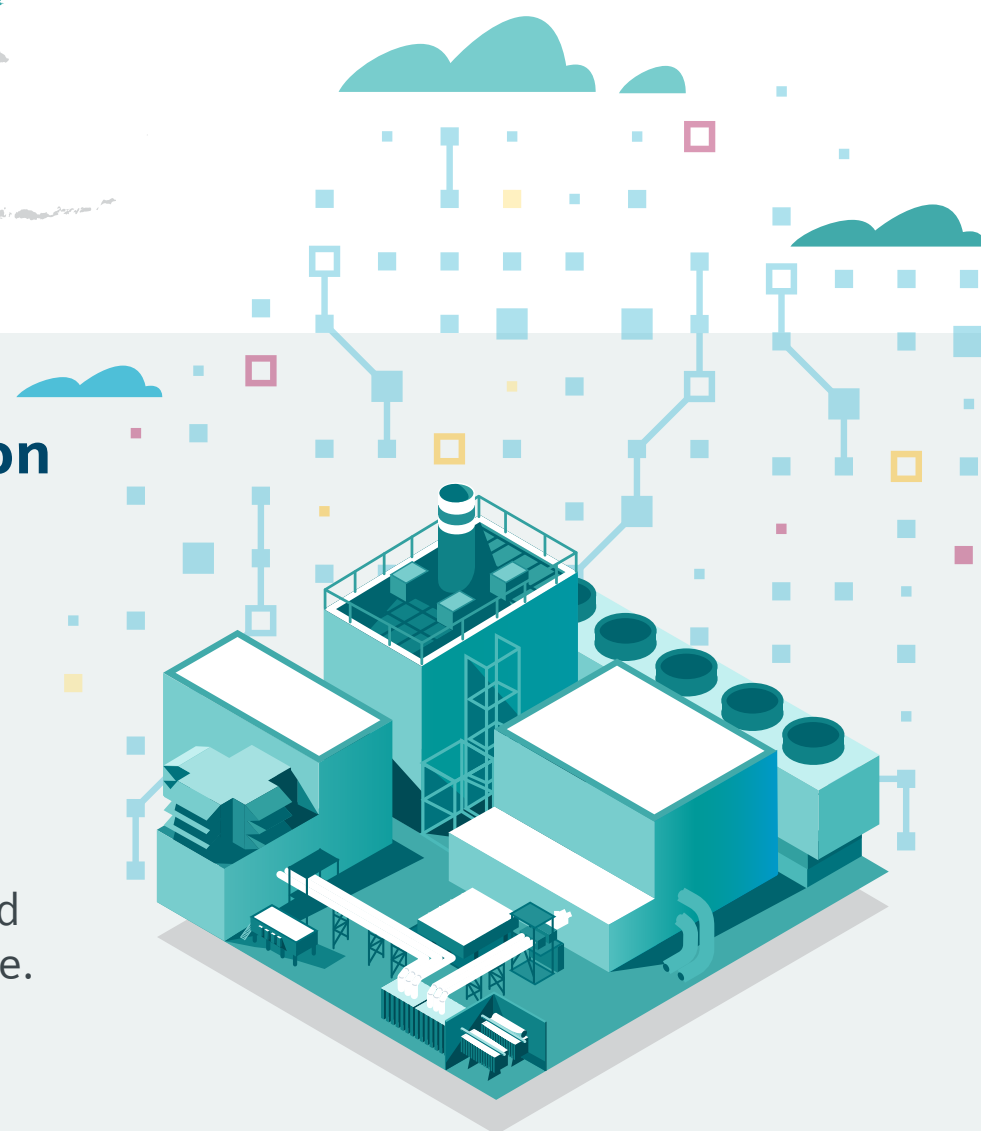
## Low-cost vendors make it difficult for OEMs to compete

Machine builders are facing low-cost competition, particularly from international companies, which threatens their ability to stay competitive. This issue is compounded by the fact that OEMs operate in a market where customer loyalty is limited, and sales are often driven by price and features.



## Overcoming low-cost competition with IIoT-driven digitalization

OEMs must transform their operations in a way that allows them to reduce costs while maintaining and improving quality. Pursuing digitalization through the adoption of the industrial Internet of Things (IIoT) empowers providers to improve operational efficiency and add features that appeal to their customer base.



**86%**

of manufacturers believe digitalization will drive competitiveness.<sup>2</sup>

**83%**

of manufacturers believe digitalization will transform the way products are made.<sup>2</sup>

**40%**

of organizations plan to increase IoT spending in the next fiscal year.<sup>3</sup>

## How industrial IoT gives OEMs an advantage in the market

### Remote monitoring enables OEMs to differentiate with new, value-added services

By collecting and analyzing data from machines in customer environments, OEMs can reduce costs for machine shops, guarantee better productivity, improve OEE and implement new business models, like maintenance and optimization as a service.

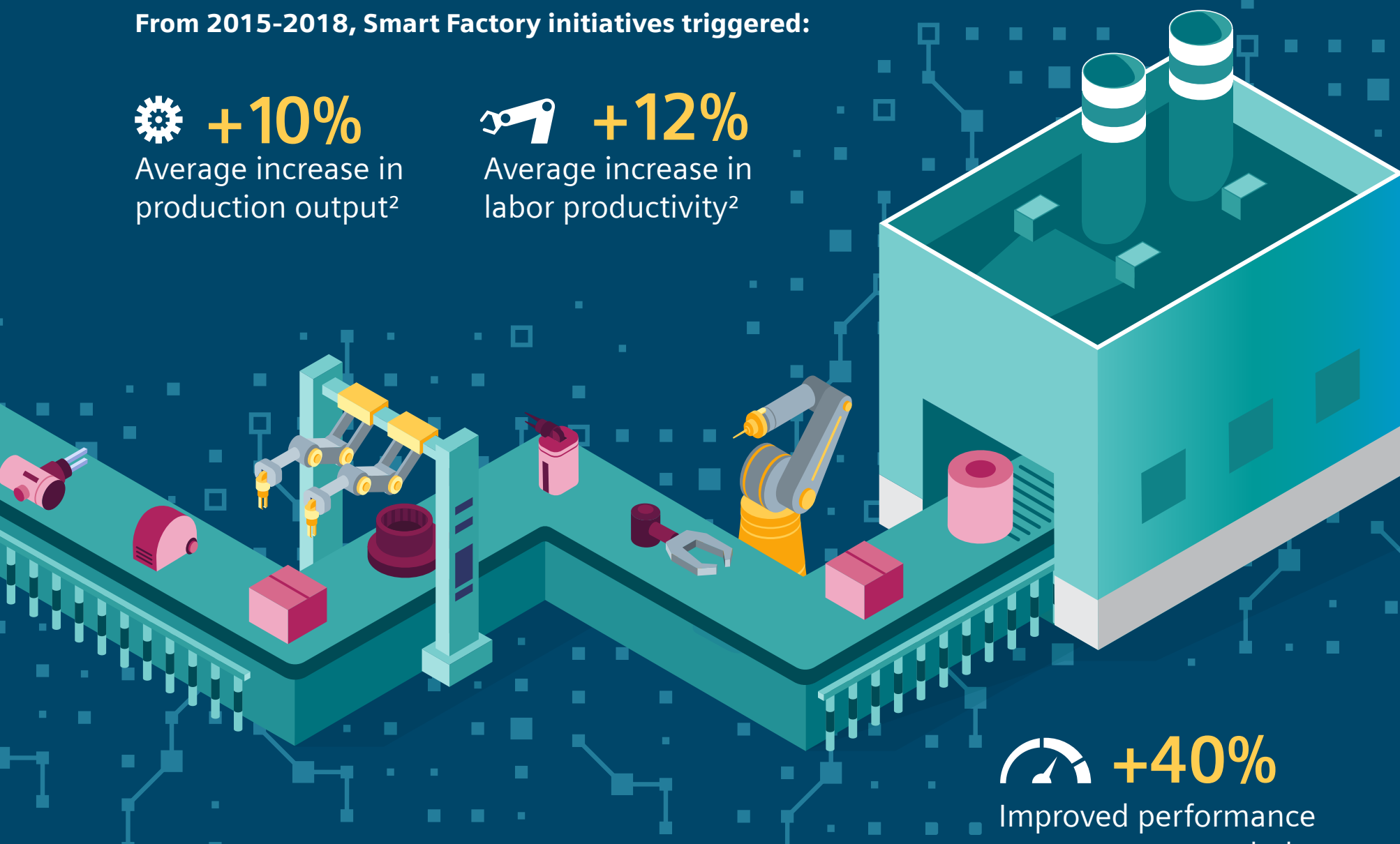
**40%**

Remote assistance and maintenance tools can yield up to 40% reduction in field-service costs.<sup>4</sup>

From 2015-2018, Smart Factory initiatives triggered:

**+10%**  
Average increase in production output<sup>2</sup>

**+12%**  
Average increase in labor productivity<sup>2</sup>



### IIoT-driven processes help OEMs increase efficiency and product quality

By implementing IIoT within their own plants, OEMs can drive efficiencies that help reduce operating costs and increase production outputs. Furthermore, they can gather performance data from customer machines to improve future design iterations.

**+40%**  
Improved performance management can help companies boost labor productivity up to 40 percent.<sup>4</sup>

**10-15%**  
Typical reduction in maintenance costs from improved condition monitoring.<sup>4</sup>

**Build your competitive advantage with IIoT**  
Learn how at [www.siemens.com/mindsphere](http://www.siemens.com/mindsphere)

Sources: 1. 2019 BCG Global Manufacturing Cost Competitiveness Index. 2. Deloitte analysis of the 2019 Deloitte and MAPISmart Factory Study data. 3. Eclipse Foundation: IIoT Commercial Adoption survey. 4. McKinsey, 2020.