



**SIEMENS**

*Ingenuity for life*



# Closed-loop manufacturing

Using manufacturing operations management  
to power smart manufacturing

This white paper explains the challenges manufacturers will face on their digital transformation journey, and what they can do to take advantage of the promise of this new industrial era. We will discuss how to create a technology infrastructure capable of harnessing the power of massive data and converting that data into greater efficiency and quality.

# Contents

Executive summary.....	3
Evolving toward Industry 4.0 .....	4
Growth in innovation requires a new manufacturing paradigm .....	5
Manufacturing challenges are growing .....	6
Defining closed-loop manufacturing.....	7
Underpinning closed-loop manufacturing .....	8
Architecting the Digital Enterprise.....	9
Building closed-loop manufacturing .....	10
Taking a platform approach .....	11
Requiring unified data models across domains.....	12
CLM-ready manufacturing operations management .....	13
Conclusion .....	14

# Executive summary

As a manufacturing leader, whether you have embarked on your digitalization journey, are laying the plans or just determining your course, one fact is clear: The journey must be taken if you want to continue to be a manufacturing leader in the next decade.

The manufacturing industry is entering a new industrial revolution; it is called Industry 4.0., the Internet of Things (IoT) or Industrial Internet of Things (IIoT), digital transformation or simply smart manufacturing. Whatever you call it, it is complex, and represents more of an evolution than a revolution. The journey requires careful planning even before all of the components of the new infrastructure have been developed. Every company will need to define goals and build an operational architecture that includes existing and new solutions. That infrastructure will need to be built to anticipate new equipment, systems, information, connections and participants that are not yet available or identified.

This white paper explains the complexity of what manufacturers should be anticipating on their digital transformation journey, and what they should do now to capture the advantages this new era promises. How can they create a technology infrastructure capable of harnessing the power of massive data, and then convert that data into greater efficiency and quality?

There are many disciplines involved, but at the heart of manufacturing is where our envisioned products becomes real – production. The center of the digital infrastructure is manufacturing operations management (MOM). We look at MOM within the overall architecture, and detail the required characteristics that close the loop in the Digital Enterprise.

Just like the products we manufacture, the quality of the Digital Enterprise foundation will determine market success. What does your company need to do today to be a Digital Enterprise leader of tomorrow? Read on.

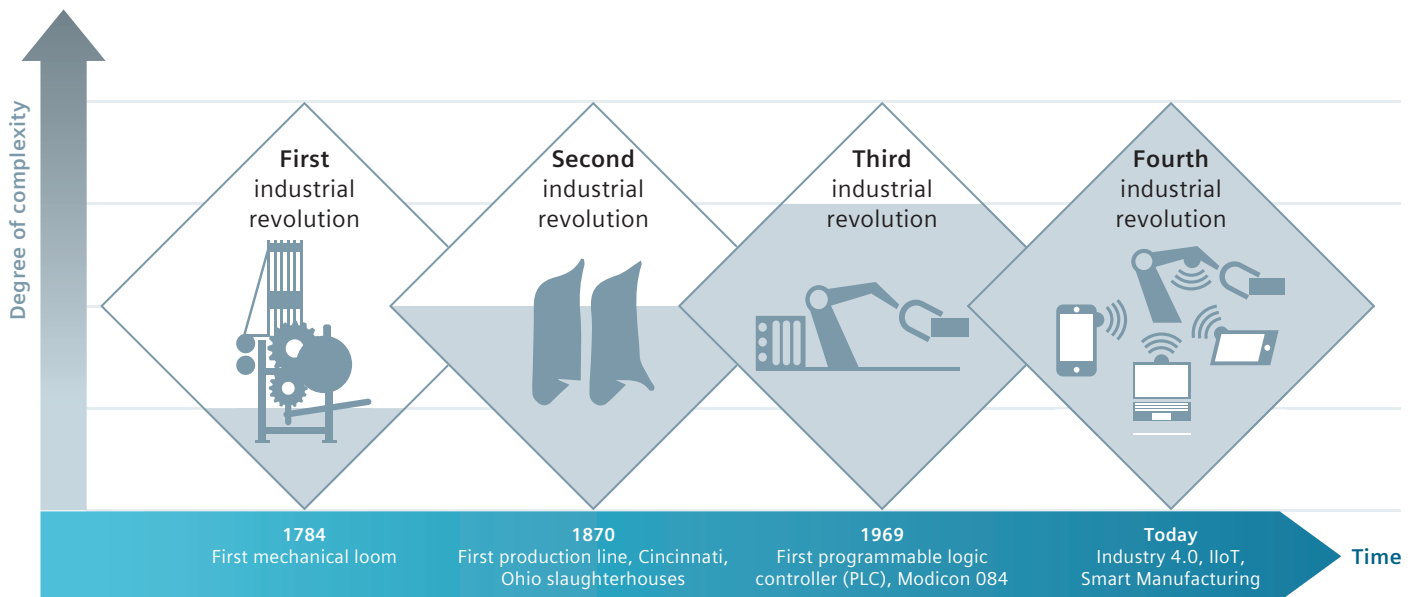
# Evolving toward Industry 4.0

The need for digital transformation in manufacturing is reflected in a range of initiatives worldwide. Let's take the German Industry 4.0 as an example.

Industry 4.0 is the next step after the previous three industrial revolution stages: from water, steam power and mass production to electronics and automation.

Industry 4.0 is a public-private partnership for future manufacturing, a project that is part of the German Federal Government's high tech strategy, focusing on information and communication technology (informatics). The vision is to create decentralized, autonomous real-time production.

## From Industry 1.0 to Industry 4.0



# Growing innovation requires a new manufacturing paradigm






With product innovation comes increasing manufacturing complexity – not only for products, but for the processes required to manufacture them, and the types and volume of data the products and processes produce. It is daunting for humans to attempt to work efficiently with manual processes amidst this complexity.

At the same time, innovation in the manufacturing space offers significant opportunity for advancing efficiency, quality and intelligence.

Overcoming the challenges of innovation while leveraging the advantages new technology offers requires a new manufacturing paradigm.

This new manufacturing paradigm will require new sources of data to operate in concert, to be connected, integrated and understood in context across the entire value chain – a value chain of products and production processes. We call this state closed-loop manufacturing (CLM).

## Innovation increases complexity, while offering opportunity

Transformational force	Rate of improvement	2025 economic impact
Internet of Things 	<b>300%</b> increase in connected devices over past 5 years	<b>\$36 trillion</b> – Operating costs of key affected industries
Cloud technology 	<b>Tens of billions</b> SMAC users by 2025	<b>\$1.7 trillion</b> – GDP related to the Internet
3D printing technology 	<b>4x</b> revenue increase for additive manufacturing in past decade	<b>\$11 trillion</b> – Global manufacturing GDP
Knowledge automation 	<b>400+ million</b> increase in users of intelligent digital assistants	<b>\$9+ trillion</b> – Knowledge worker employment costs
Advanced robotics 	<b>8%</b> CAGR, growth in sales of industrial robots, 2010-16	<b>\$6 trillion</b> – Manufacturing worker employment costs

# Manufacturing challenges are growing

In the midst of growing complexity of products, processes and data, the competitive global environment is also changing. Manufacturers are struggling to overcome key challenges to fulfill consumer demand ahead of their peers.

## 1. Reducing time-to-market

Due to rapidly changing consumer demands, manufacturers have to launch products faster in spite of rising product complexity. Traditionally, the big competitor has beaten the small one, but now the fast one is beating the slow one.

## 2. Enhancing flexibility

Consumers want individualized products, but at the prices they would pay for mass-produced goods. As a consequence, production has to be more flexible than ever before.

## 3. Increasing quality

Consumers reward high quality by recommending products on the internet, and they punish poor quality the same way. Not only does the manufacturer need to answer to legal and regulatory bodies, they have to answer to the market.

## 4. Increasing efficiency

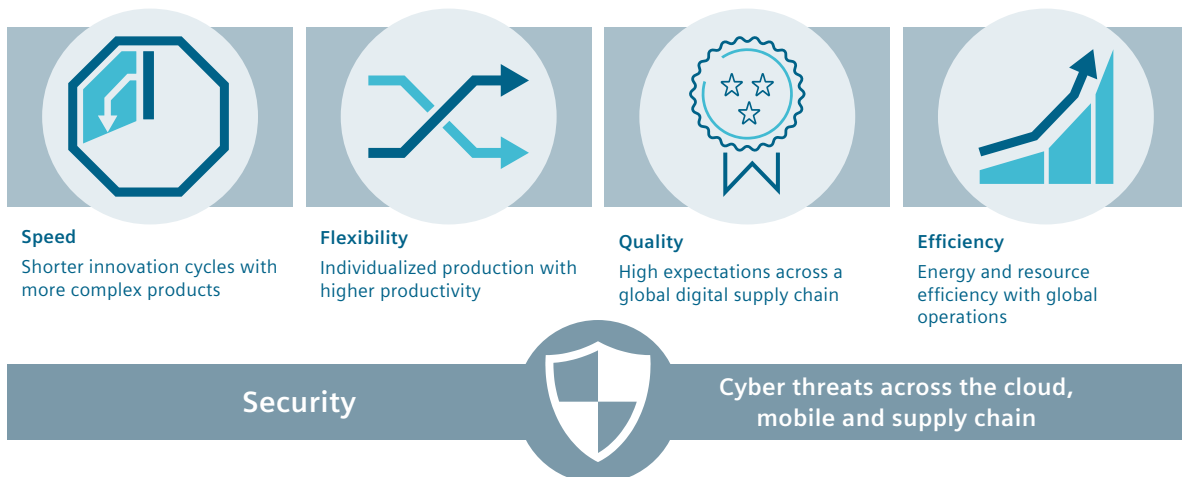
Today, it is not only the product that needs to be sustainable and environmentally friendly; energy efficiency in manufacturing and production has become a competitive advantage.

## 5. Tightening security

Digitalization increases manufacturers' vulnerability to cyber-attacks. As data and the exchange of that data widens, traversing the cloud and mobile devices and crossing a complex supply chain, enhanced security measures are required.

CLM must meet these challenges.

## Global pressure is challenging manufacturing



# Defining closed-loop manufacturing

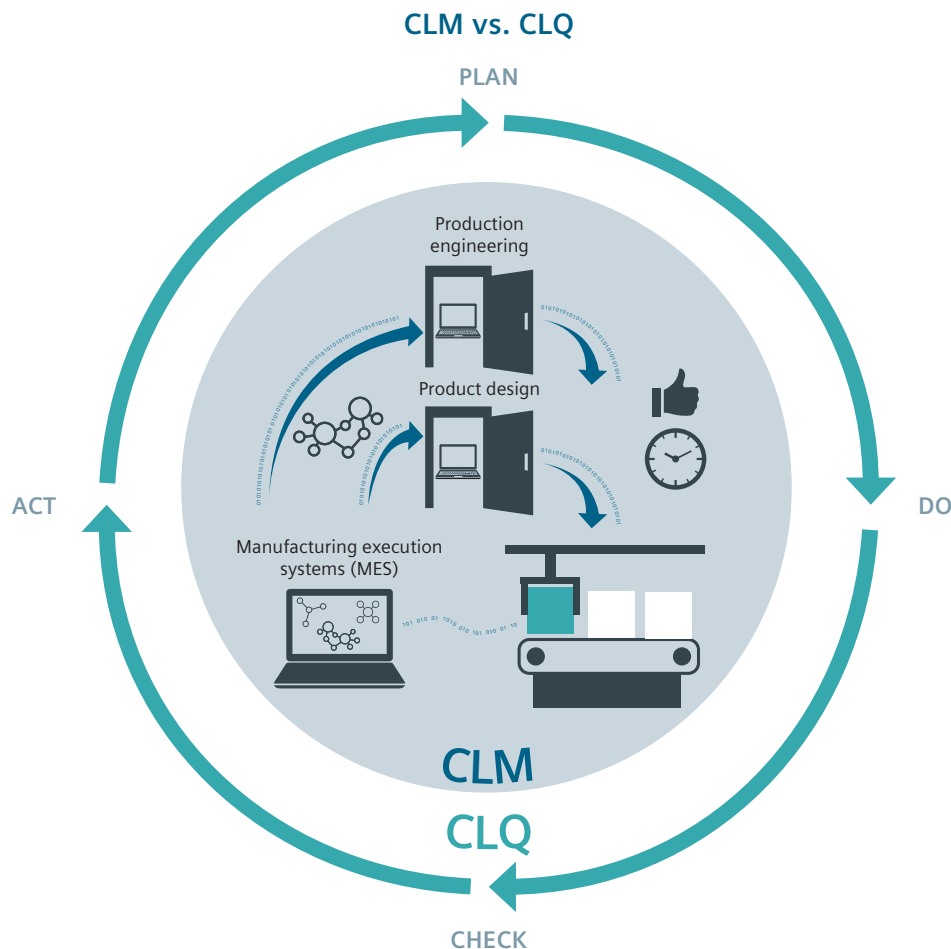
The cornerstone of the digitalization journey is closed-loop manufacturing, so let's define the concept of CLM.

CLM enables firms to synchronize and optimize production across product design, production planning, manufacturing execution, automation and intelligence from consumer use in the field. Creating a collaborative, connected information loop, CLM continuously improves the cost, time and quality of the manufacturing process to accelerate the delivery of products at the optimal level of quality and cost. Using CLM tightens the alignment of the as-planned product with the as-built and as-used product in a continuous, iterative process.

Closely coupled with CLM is closed-loop quality (CLQ). While the focus of CLM is on synchronizing highly efficient production of the current product, the focus of CLQ is on improving the quality of the product across the entire product lifecycle.

CLQ is a continuous process of plan-do-check-act, evaluating the quality of the product at each stage of the product's ideation, realization and utilization, and feeding quality information back into the production and design processes. Its purpose is to ensure the quality of the current product, and feed intelligence back into design to improve the quality of the next-generation product.

This white paper focuses on how closed-loop manufacturing is essential for a manufacturing enterprise to thrive in this new era of smart manufacturing, and why it is a cornerstone of your digitalization journey. It also touches on how CLM supports CLQ. The two cannot exist in isolation.



# Underpinning closed-loop manufacturing

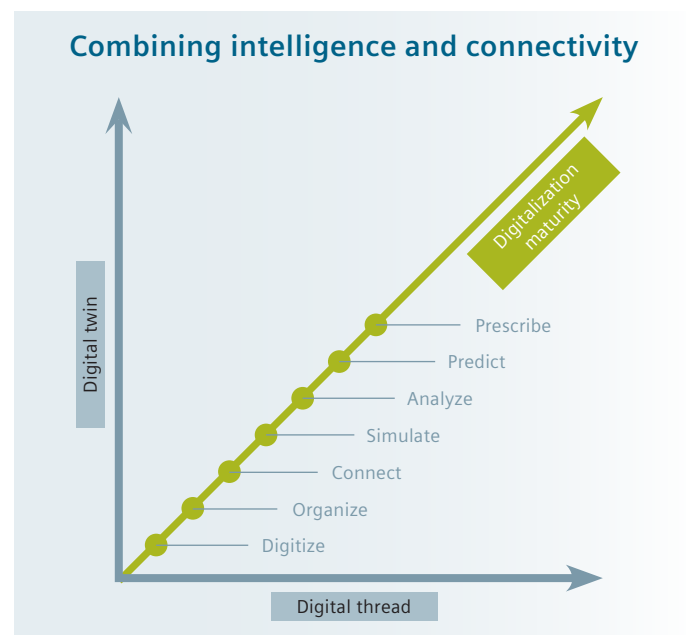
There are two important vectors in digital transformation. These vectors are the underpinning of CLM as well as CLQ. The first is the digital thread. The digital thread is the chain of information connecting all participants with the applications and information they need to design, build and support innovative, smart products. The digital thread extends through the IoT connecting to devices, sensors and controllers, providing performance data for analysis.

The digital twin is an accurate virtual representation of the product, its manufacturing processes and intended use. It predicts and optimizes the product's performance in the physical world. The greater the accuracy of the digital twin, the greater the value in predicting performance.

The digital twin allows you to predict in the virtual world how something would look, act or perform in the physical world. It is fed by information from the digital thread. The strategy of bringing together the digital thread and the digital twin requires that tools and systems be able to communicate with each other. Communication means the various systems and tools need to have access to, and understand the language of the others.

The real value of digitalization and business transformation occurs as a company's digital thread and digital twin capabilities mature, transforming business processes and enabling CLM.

As systems engineering provides the digital twin of the product, and manufacturing engineering provides the digital twin of production, the big data produced is synthesized and interpreted with the appropriate analytics. We are then able to create a high-quality, agile and efficient manufacturing enterprise. That enterprise transforms from simply a more efficient operation to one that is focused on delivering innovation with speed and quality.





# Architecting the Digital Enterprise

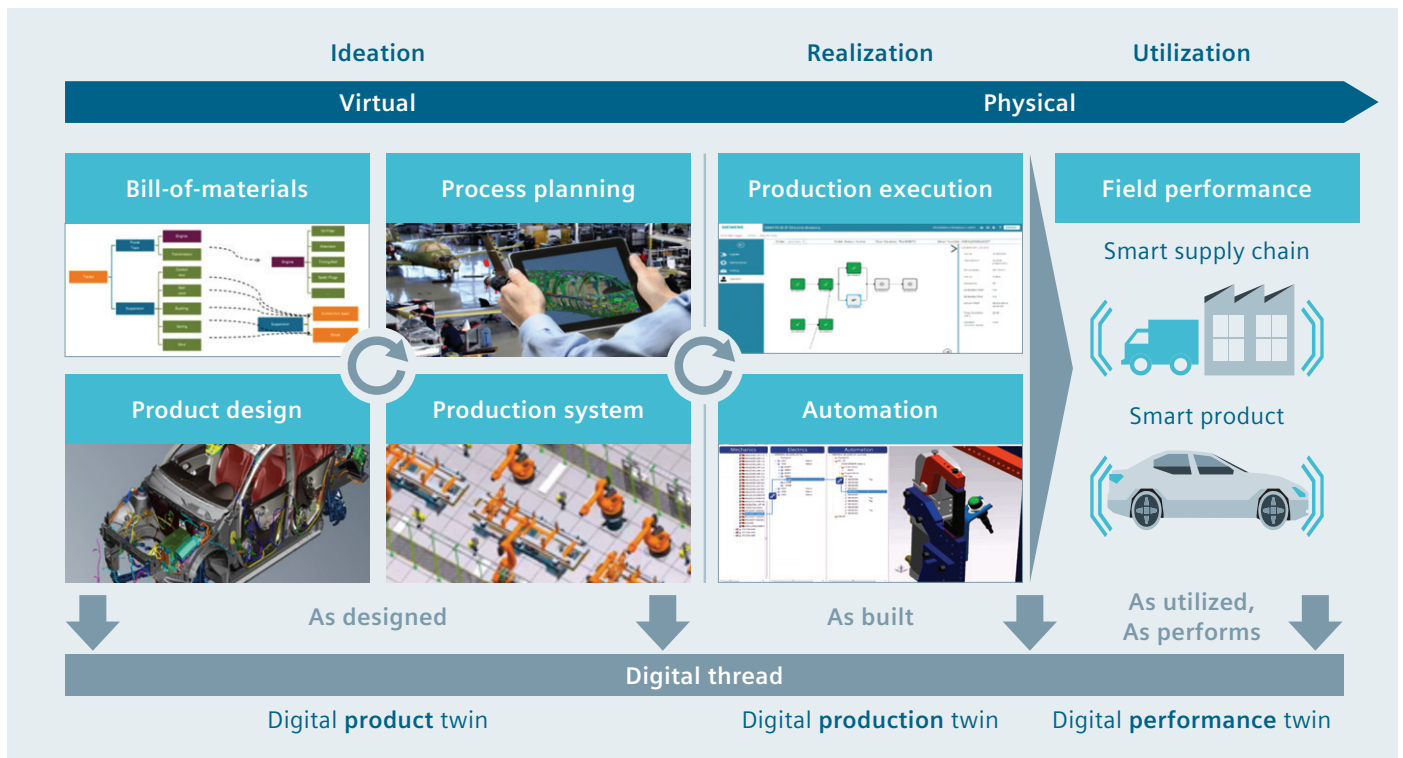
So how does the digital twin and digital thread relate to the entire architecture? We look at the three phases of manufacturing: ideation, realization and utilization.

In the ideation phase, we envision and design the product, and the process by which it will be realized. Here both the product twin and the production twin are created, leveraging intelligence brought through the digital thread from across the product value chain.

The product twin strengthens product development through systems engineering and simulation. The production twin integrates product and production, allowing better manufacturing processes to be developed by anticipating the impact on efficiency, cost and quality.

The performance twin aggregates analytics across the entire lifecycle, leveraging the IoT. That intelligence is fed back through the digital thread to improve design and production.

All of the above is to make the realization phase as efficient as possible at producing high-quality products. MOM closes the loop around the virtual and physical realms. Thus, we call it the heart of closed-loop manufacturing.



# Building closed-loop manufacturing

Systems required to build CLM must be architected with a digital strategy in mind.

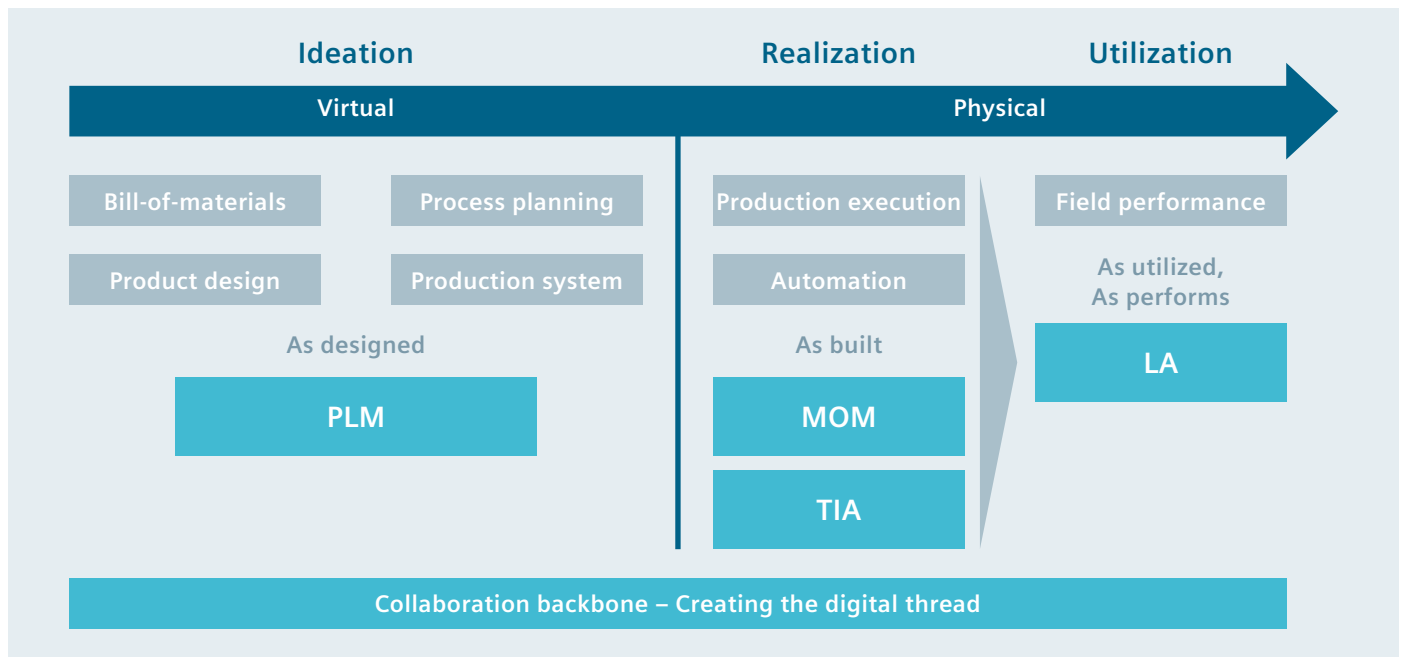
**The collaboration backbone** carries the digital thread to seamlessly integrate all other solutions.

**Product lifecycle management (PLM)** is the key to converting new ideas to marketable products faster. PLM solutions weave the necessary digital thread along all phases of development and manufacturing.

**MOM** is the real-time software layer that links PLM to automation, connecting the virtual world of product development with the real world of production.

**Lifecycle analytics (LA)** is the aggregation of intelligence across the entire product lifecycle, serving it up in contextually relevant functions to improve quality and performance.

**Totally integrated automation (TIA)** enables seamless horizontal interoperability between automation technologies, and vertical data integration from the field to the enterprise level.



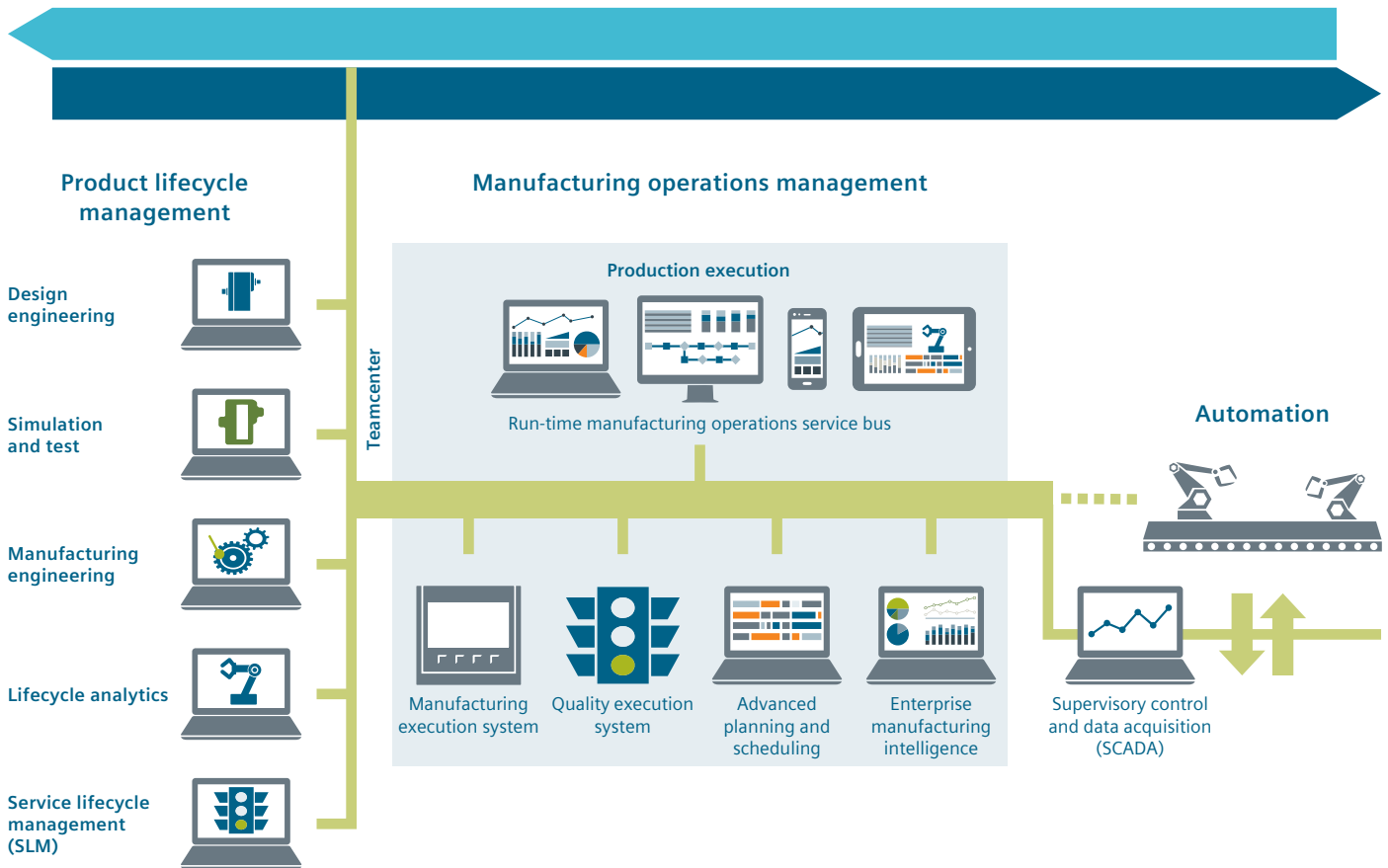
# Taking a platform approach

Manufacturing execution systems (MES) have been adopted at a consistent rate over the years, although there remains a high percentage of companies that linger in the planning stages of adoption. This is because the industry still takes a big-bang, project-based approach. As new solutions are deployed on the journey to Industry 4.0, they must live and grow alongside existing systems or replace them.

By taking a platform and application approach, manufacturing companies can implement a measured, incremental and layered process for moving from legacy systems that likely include both homegrown and existing packaged software to a next-generation platform solution.

Enterprise platforms today are used to manage the supply chain and product lifecycle processes without a consistent interaction with the manufacturing base. A platform built for Industry 4.0 must support all aspects of manufacturing operations, including enterprise resource planning (ERP), PLM and industrial automation, for a single coordinated enterprise. The platform must have the capability to completely digitalize and seamlessly integrate product and production lifecycles for flexible, scalable production processes that maximize your responsiveness to real-time manufacturing events.

## Collaboration backbone



# Requiring unified data models across domains

In order for the digital twins to understand information communicated via the digital thread, data must be consistently defined and translated from one domain to the other. The virtual and real worlds are linked automatically by the manufacturing master data model (MDM) and the common plant model (CPM).

The technical domain will lead the development of the bill-of-materials (BOM) and the bill-of-process (BOP), the virtual twin of the product and virtual twin of the process, respectively, which will be maintained in one shared manufacturing master data model and authored in one environment for production planning and production execution. The physical domain will be represented with one common plant model virtually representing the physical assets and manufacturing capabilities (digital twin of the equipment). The digital twin then hosts the engineering configuration of the entire manufacturing space and represents its runtime model.

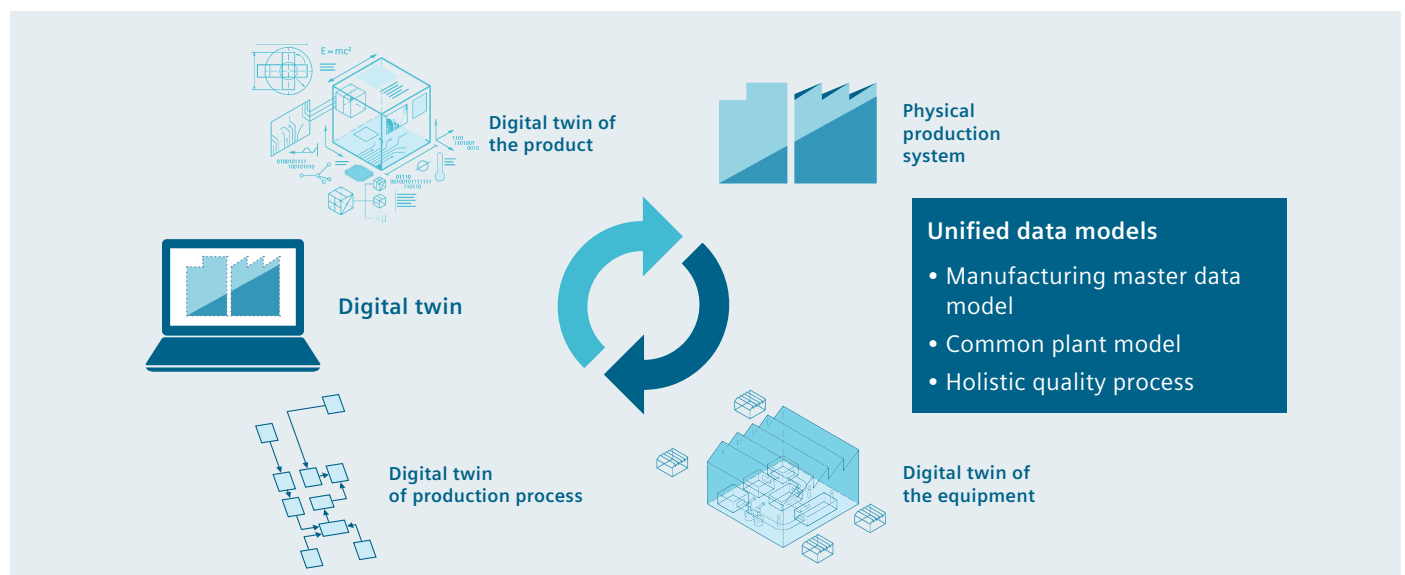
In addition, components of a holistic quality process must be seamlessly integrated, including critical characteristic definitions, control/inspection plans, corrective actions and complaints.

Manufacturing is executed in the physical world. The rise of MES on the factory floor means a manufacturer can collect and maintain a wealth of data on the production and form of physical products. In addition, this collection has progressed from being manually collected and paper based to being digital, collected by a wide variety of physical sensing technologies, including programmable logic controllers (PLCs), sensors and gauges, IoT devices, etc.

Real-time data that have been collected are then used to continuously update the virtual world. For instance:

- When an original equipment manufacturer (OEM) changes a line configuration during commissioning and/or production ramp up to update the common plant model
- When identifying issues in assembly production that impose a work instruction change during volume production to optimize process planning
- When as-built information with a quality evaluation of supplier parts is used to update the product structure

Updating the virtual world provides a more accurate representation of reality. This is the basis for finally improving the real-world version via simulation of the digital model, thus closing the loop.



# CLM-ready manufacturing operations management

At the heart of CLM is MOM, a holistic solution that provides full visibility into manufacturing processes so you can steadily improve performance. A MOM system represents an evolutionary upgrade over MES, encompassing quality management, advanced planning and scheduling, manufacturing execution systems, enterprise manufacturing intelligence and more.

MOM is the center of CLM, where the virtual plan becomes the physical reality. It is also where decentralized production can be globally orchestrated. How do these functions need to work in concert to achieve CLM, and support the journey to Industry 4.0?

## Manufacturing operations management – The foundation of CLM

### Quality



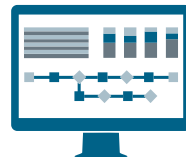
- Advanced product quality planning
- Supplier quality
- Production Quality
- Laboratory quality
- Complaint management
- Audit management

### Advanced planning and scheduling (APS)



- Long and mid-term planning
- Resource capacity
- Order prioritization
- Sequencing and synchronization
- Production change

### MES



- Order management
- Inventory and internal logistics
- Tracking and Tracing
- Task management
- Performance monitoring
- Interoperability

### Electronic manufacturing intelligence (EMI)



- Enterprise and multi-plant visibility
- Self-service data discovery and dashboards
- KPI calculation, root cause and advanced analytics

### HMI-SW/SCADA



- Process control
- Alarm management
- Archiving and reporting
- Line coordination
- Real time interoperability with automation

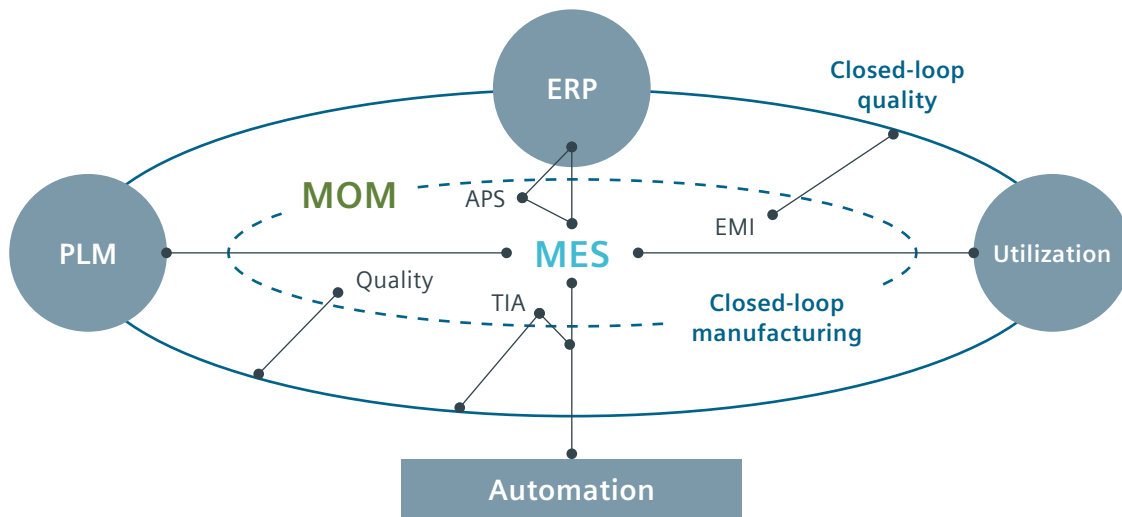
# Conclusion

Finally, we take a look at the heart of closed-loop manufacturing. The MOM portfolio is used to orchestrate all the other pieces of the technology infrastructure to create the intended product for the user.

MES is used to orchestrate and control all parts of the production process. It also ties to all the other parts of the value chain and the innovation chain.

Quality is a big part of MOM, and ensures the quality of the product being manufactured. It also ties into the larger cross-lifecycle quality process of CLQ. Advanced planning and scheduling (APS) translates demand into production planning. Electronic manufacturing intelligence (EMI) is the source of the as-built data for the larger performance and quality management. TIA is the interface to the smart machines.

All of these functions need to operate in concert for digital transformation to occur. They need to be architected for connected, collaborative communication, and be ready for the evolving needs as all the components in the manufacturing ecosystem become smarter in Industry 4.0.



## Siemens PLM Software

### Headquarters

Granite Park One  
5800 Granite Parkway  
Suite 600  
Plano, TX 75024  
USA  
+1 972 987 3000

### Americas

Granite Park One  
5800 Granite Parkway  
Suite 600  
Plano, TX 75024  
USA  
+1 314 264 8499

### Europe

Stephenson House  
Sir William Siemens Square  
Frimley, Camberley  
Surrey, GU16 8QD  
+44 (0) 1276 413200

### Asia-Pacific

Suites 4301-4302, 43/F  
AIA Kowloon Tower,  
Landmark East  
100 How Ming Street  
Kwun Tong, Kowloon  
Hong Kong  
+852 2230 3308

## About Siemens PLM Software

Siemens PLM Software, a business unit of the Siemens Digital Factory Division, is a leading global provider of software solutions to drive the digital transformation of industry, creating new opportunities for manufacturers to realize innovation. With headquarters in Plano, Texas, and over 140,000 customers worldwide, Siemens PLM Software works with companies of all sizes to transform the way ideas come to life, the way products are realized, and the way products and assets in operation are used and understood. For more information on Siemens PLM Software products and services, visit [www.siemens.com/plm](http://www.siemens.com/plm).

## [www.siemens.com/plm](http://www.siemens.com/plm)

© 2018 Siemens Product Lifecycle Management Software Inc. Siemens, the Siemens logo and SIMATIC IT are registered trademarks of Siemens AG. Camstar, D-Cubed, Femap, Fibersim, Geolus, GO PLM, I-deas, JT, NX, Parasolid, Solid Edge, Syncrofit, Teamcenter and Tecnomatix are trademarks or registered trademarks of Siemens Product Lifecycle Management Software Inc. or its subsidiaries in the United States and in other countries. All other trademarks, registered trademarks or service marks belong to their respective holders.

70605-A6 6/18 H