

# The Importance of Adopting Cloud-Based Platforms in Manufacturing

Outdated legacy systems have been holding manufacturers back. Competing in the digital economy requires a platform approach.

## Impact of COVID-19 on the Industry

Disruption Has Highlighted the Need for Change:

**\$1.3 Trillion lost**  
because of COVID-19, with manufacturing bearing the greatest portion of this loss

**48%**  
of manufacturers have made business operations resiliency programs their top priority

Source: IDC Worldwide ICT Spending Guide and COVID-19 IT Spending Impact Survey Wave 13, October 2020

## The Digital Divide

Different Responses to Disruption:

**84%** of manufacturers have had to adjust their 2020 technology roadmaps

**Digitally enabled manufacturers** are feeling less of an impact

**Non-digital manufacturers** are less responsive



– focusing on innovation & capturing market share



– focusing on cost cutting & selling off high-risk projects

Source: IDC COVID-19 IT Spending Impact Survey Wave 4, April 2020

## The Growing Importance of Cloud

Cloud Adoption/Interest Only Increased in 2020:

**52%** of manufacturers plan on moving more apps to public/private cloud

**32%** of manufacturers will accelerate their use of cloud as the underlying platform for IT and business automation initiatives

Source: IDC COVID-19 Impact on IT Spending Survey Wave 13, October 2020

## Goals for Cloud Investments

What Manufacturers Are Using Cloud For:

**Rank 1**

**Optimize operations to create business resiliency**  
(no downtime, availability, etc.)

**Rank 2**

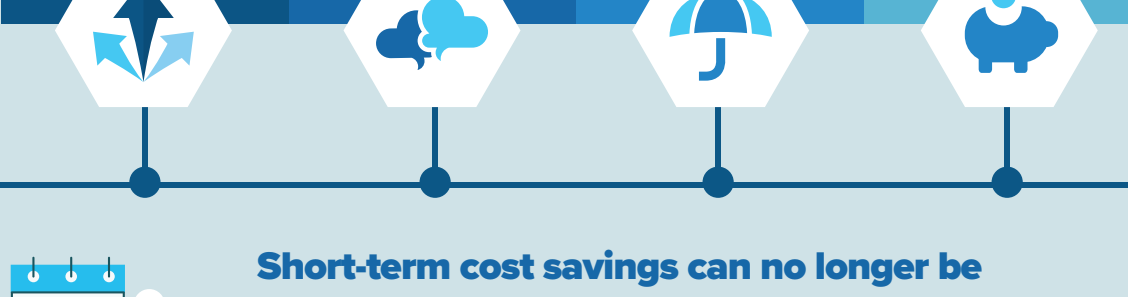
**Innovation**  
(new apps for external facing interactions and customer experience, etc.)

**Rank 3**

**Crisis management**  
(business continuity, increasing security)

**Rank 4**

**Cost reductions**  
(datacenter exits, lift and shift migration)



**Short-term cost savings can no longer be the priority behind cloud investments – creating new business value is the greatest opportunity**

Source: IDC COVID-19 IT Spending Impact Survey Wave 5, May 2020

## Modernization Efforts Impact the Top and Bottom Line

Digital Technology Like Cloud Cannot be Overlooked:

Over a 5-year period,

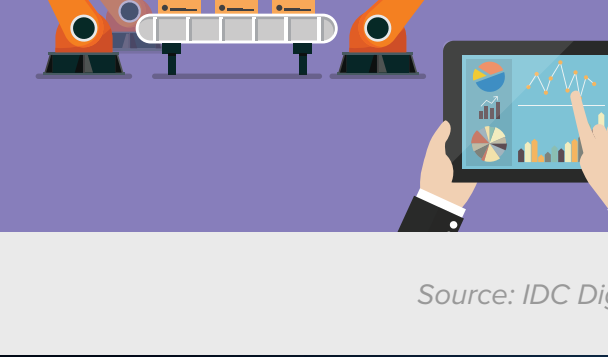
**Digitally enabled manufacturers** saw increases

**26%** Revenue performance index (RPI)

**27%** Profit performance index (PPI)

Revenue performance index (RPI)

Profit performance index (PPI)



**Non-digital manufacturers** experienced decreases

**9%** RPI

**2%** PPI

RPI

PPI



Source: IDC Digital Manufacturing Study, 2020

## Bottom Line

Embracing resiliency has become the new imperative in manufacturing. For this to occur, companies must view cloud as a platform to drive tangible business outcomes.

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## Message from Sponsor

The benefits of cloud-based modernization can only be realized by seeing cloud services as a core part of both business and technology operations. The key drivers of these benefits are:

- Focus on tangible business benefits, going beyond short-term technology costs.
- Modernize applications as part of cloud migration to reduce time, risk, and value erosion.
- Integrate cloud services into end-to-end orchestration, automation, management, and optimization of services.
- Leverage cloud-native best-of-breed services to enhance business capabilities of core applications.

Find out more at [www.nttdataservices.com/go-digital](http://www.nttdataservices.com/go-digital)