

Industrie 4.0 Is Asia Ready?

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According to Stanton Chase (2016), the amount of information stored worldwide exceeded 5 ZetaBytes and is expected to increase 50x by 2020. That is around 2 years and a half from now. Industrie 4.0 is not an ideal and it is approaching real fast. But, catching up to it is not an easy task. Several requirements are needed for successful application of it including quality internet infrastructure, advanced IT and data security, surplus of skilled labours as well as motivation and awareness from industry leaders.

Several countries have already step up their game and embrace Industrie 4.0 pioneered by Germany. The countries include Finland, Switzerland, Sweden, Israel, Singapore, the Netherlands and the United States. Though several Asian countries have made significant effort to step up the ladder, many struggles to keep up with the changes. The big question remains in most Asian business leaders; "How ready are we to breath the air of digitisation?". This article attempted to answer that question by laying out the facts of the current situation in Asia.



Source : <https://www.weforum.org/agenda/2016/01/9-quotes-that-sum-up-the-fourth-industrial-revolution/>

Quality Internet Infrastructure

The statistics by the World Economic Forum (2016) shown that Internet penetration in ASEAN countries is still less than 50 percent which is worrying since internet infrastructure is the first important thing to go digital while Internet security or data security is the second important thing to consider.



But, with the recent survey by PwC in 2016, going digital proved to be a challenge, since only 40 percent of industrial companies in Asia Pacific rate their digitisation as high and only 19 percent believed that their data analytics is of advanced technology and secure.

Motivation and Awareness of Industry Leaders

To make any changes a successful one, commitment from all are needed whether they are the industry leaders or the or the government themselves. Many countries have allotted billions of dollars to accelerate towards 4.0.

Taiwan allotted \$1.12 Billion for industry 4.0, announced in mid-2015, to boost production values through high-quality manufacturing. China allotted \$6.3 Billion.

South Korea expected to invest a sum of \$172 Million to facilitate 1500 smart factories by 2020 in Manufacturing 3.0 (Tzern Tzuin Toh, 2017). India will fund 100 smart cities over 4-years programme amounting to \$15 Billion (World Economic Forum, 2016) and Japan invest 15 percent of its total expenses on R&D and 11 percent of its revenue to Industrie 4.0 (McKinsey Digital, 2015).

Not only the government are investing on Industrie 4.0, several industry leaders have started to take the initiative based on a survey by PwC (2016) that shown more than half of industrial companies in APAC plan to invest 6 percent of their annual revenue or more in digital operations solutions while 39 percent of companies in India plan to invest more than 8 percent of their annual revenue for Industrie 4.0.

Still, the awareness and motivation to embrace this new transition is not shared by many. Based on a research by MIT Sloan Management and Deloitte Digital in 2016, 90 percent of 3,700 executives from 131 countries across 27 industries were aware that digital will disrupt their industries but only 44 percent of them were prepared for it.

Another report by McKinsey in 2015 on 300 experts from different industries across US, Japan and Germany shown only 48 percent of manufacturers compared to 76 percent of technology suppliers are ready for Industrie 4.0.

Yet, another report based on Microsoft Study indicated that 80 percent of business leader in Asia Pacific aware on the needs to go digital but only 29 percent have a digital strategy in place, 49 percent utilising digital solution in some part of the business while the rest has limited or no strategy at all (Anuradha Shukla, 2017).



These facts are telling us something. We are not fully ready to embrace 4.0 but still we need to walk towards it. It will take some time before Asia can embark on the journey towards 4.0. In the meantime, a solution to ensure sustainability of business in the current situation is critical.