



PRESS RELEASE

Pay-per-Use in Machine Engineering and Plant Construction? Business Models for Industry 4.0

[March 6, 2015] How can manufacturers boost production and increase efficiency, open up new fields of application for their products, and address customer requests comprehensively? These are only some of the opportunities that Industry 4.0 can offer *if* business models are adapted to meet these new requirements. In cooperation with Fraunhofer IPA (*Fraunhofer-Institut für Produktionstechnik und Automatisierung*), consultancy Dr. Wieselhuber & Partner (W&P) has developed approaches for companies to prepare their business models for Industry 4.0. These approaches are available in a brand-new study entitled *Innovations in Machine Engineering and Plant Construction Business Models with Industry 4.0 (Geschäftsmodellinnovationen durch Industrie 4.0 im Maschinen- und Anlagenbau)* published this month.

“Industry 4.0 impacts not only the product and its manufacturing, but especially the company’s business models,” emphasized Prof. Dr.-Ing. Thomas Bauernhansl, director of Fraunhofer IPA and the editor of the study. *“In the future, products will often be personalized and will even be offered in brand new ways,”* said the IPA director. This study analyzes the impact of Industry 4.0, exploring how the increasing reach of IT will affect machine engineering and what the resulting requirements for business models will be. It also offers two scenarios as to how business models could develop—ranging between evolutionary and disruptive models. In the study, scientists and consultants also sketch out several solutions. As such, companies adapting their business models to Industry 4.0 will actually be able to blaze new trails. Noted co-editor, Dr. Volkhard Emmrich, who is also a managing partner at Dr. Wieselhuber & Partner: *“In the arena of machine engineering and plant construction, Industry 4.0 business models will follow a new logic of success, with service orientation clearly being a priority.”*



Study Surveys 30 Companies from Machine Engineering / Plant Construction and IT

Since IT delivers the technology that companies in machine engineering and plant construction need, the surveyors interviewed experts from all three industries.

“We want to find out to what extent companies take note of Industry 4.0. Yet we also want to provide guidelines as to how they can acquire an Industry 4.0 business model that will fit their needs,” remarked the IPA director, describing the intention of this effort.

From a machine engineering and plant construction perspective, we are just beginning to develop new business models based on life cycles and service orientation. In machine engineering we are focusing on comprehensive networking of entire production systems as well as digitalizing respective niche markets to add value,” said Anja Schatz, acting industry manager for machine engineering and plant construction at Fraunhofer IPA, summarizing the key results of the study. Unfortunately, people often underestimate that innovating business models often disrupts the process.

On the other hand, IT in manufacturing industries often views itself as the linchpin of business model development, while miscalculating the myriad manufacturing technologies to be addressed. This leads to large, independent software platforms with small special solutions. In this new marketplace vendor independent control and optimization software will have to compete with proprietary machine engineering software.

If industry specialists are correct in their assessment, all of this will impact machine engineering and plant construction. Evaluating the interview, Dr. Mathias Döbele, industry specialist at W&P, noted: *“IT is expanding into other industries, making it easier for third parties to enter the market. To be sure, players in the machine engineering and plant construction industry are taking these challenges into account,*



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but they often remain focused on their own industries, not recognizing the potential for new possibilities beyond their traditional markets.”

Keeping an Eye on the End Customer

Based on the results from interviews, workshops, and industry literature, Fraunhofer IPA and W&P offer differing scenarios for further development of business models in machine engineering and plant construction. *“For instance, we distinguish between evolutionary and disruptive forms of business model innovation. Besides taking familiar sales channels to the next level, we will also experience completely new business processes,”* said Mr. Bauernhansl. This study provides concrete aids for companies to develop and implement new business models. *“We typically recommend that companies address the requirements of their direct clientele, but they need to listen to the end consumer as well if they wish to gain new insights into the usefulness and value of their products,”* noted Mr. Bauernhansl. IPA also recommends that companies respond to customer requests more flexibly—for instance with oriented usage models such as pay-per-use or by networking with other systems on platforms.

This 60-page study is available upon request, free of charge.

About Dr. Wieselhuber & Partner

Dr. Wieselhuber & Partner (W&P) is an independent, cross-sector top management consultancy for family-owned businesses, as well as public institutions. This consistent orientation to particular target groups and the expertise resulting from it has led W&P in the past 25 years to become the leading management consultancy firm for family-owned businesses in Germany. With its head office in Munich, Dr. Wieselhuber & Partner affords its clients comprehensive expertise in business sectors and methods and stands out above all due to its competency in the area of conflicting priorities of family, management and business.

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