Industry Trends 2015
Customer Survey Results and Recommendations from Vector Consulting Services
Industry Trends 2015 Highlights

Questions and Scope

Survey questions
1) What key trends do you see in 2015 for your industry?
2) Which are the biggest challenges 2015 in your specific responsibility?

- **Target audience:** 1,600 industry managers and decision makers
- **Industries:** Automotive, Transport, Aerospace and Defense, Energy and Environment, IT, Medical and Health
- **Timeframe:** January 2015
- **Method:** Max. 3 answers per question including optional free field entry
- **Confidentiality:** Reply to survey was feasible without any personal identification and traceability.
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Survey Feedback

- **High response rate:** 5% of all invitees participated
- **Representative opinions:** Functions which replied to the survey represent decision makers up to the CEO-Level
- **Strong validity:** 3 answers were provided in average per question
- **Broad industry range:** All industries are represented (see figure below)

![Industries Pie Chart]

**Industries**
- Automotive
- Railway and Transport
- Energy and Environment
- IT
- Aerospace and Defense
- Medical and Health
- Other
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Results

Evolution since 2014: Complexity management and connectivity play a dominant role, while in 2014 the major focus was on cost reduction.
Complexity Management

- Assess complexity from different dimensions, such as product variants, delivery process, cost of non-quality, or collaboration overheads.
- Control and reduce product variation and complexity. Challenge all new features. Typically half of the new features will not create value.
- Evaluate life-cycle cost and focus on processes and tools with big effects.
- Ask your suppliers and customers where they face complexity in working with you. They bring stimulus because they know you quite well.

Observations from client projects:

We often face clients who are not really aware how to effectively control complexity. They trap themselves with slogans, such as “we are too expensive”, rather than nailing it down to concrete levers which they can directly address. Our Vector RACE method effectively reduces complexity: Reduce accidents, control essence.

Two recommendations from our projects in managing complexity:

- Challenge complexity in each single project. RACE translates to work and culture.
- Have a close look on organization structures and interfaces, be it in projects or in line organization, be it in centralized or distributed development. Unclear responsibilities and organically grown silos primarily drive complexity.
Vector Recommendations

Innovative Products

- Accelerate decision-making. Decide on features and product concepts, build and evaluate prototypes, decide on series development. Get the proposals fast to your regular portfolio management process.

- Stimulate customers, suppliers and employees with creativity methods to elaborate the few but important features that make your product or solution successful.

- Decentralize innovation. Challenge teams to propose innovative solutions and products which are then evaluated and refined in workshops.

- Treat innovations as projects – with leadership and clear responsibility, resources, budget.

Observations from client projects:

Inadequate roadmapping and lack of portfolio management often cause too narrow focus. Our benchmarks show that approx. 40% of the overall R&D budget was intended to innovate and was finally wasted on incremental changes.

Two recommendations from our innovation projects:

- Document and commit product targets by means of concrete and agreed roadmaps.
- Allow thinking out of the box as basis for an innovation culture. Doing things as “they have always been done” prohibits innovation.
Vector Recommendations

Connectivity (e.g., Collaboration, ALM/PLM, Infrastructure)

- Identify where in your business processes, connectivity would have the biggest yield. Set a strong vision for connected workflows and infrastructure. Then break it to incremental changes with clear owners.
- Streamline collaborative workflows and related tools stepwise, with an overarching strategy and a future-proof architecture.
- Have a close look to security, performance and usability. These are the big three which make or break each connectivity project.
- Use professional change management, as it is not your own competence.

Observations from client projects:
About 70 percent of our current clients want to improve connectivity, but only 20 percent are satisfied with the results achieved so far. Major reasons are unclear concepts, insufficient connect of IT and engineering, and meager change management driven by internal teams which are already overloaded.

Two recommendations from our connectivity projects:
- Stimulate efficient collaboration in projects, teams and along the supply chain.
- First benchmark and then map proposals to your business, from products and services. Then implement with measurable targets.
Thank you for your attention
For more information please contact us

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