

# The State of Digital Manufacturing 2023



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# Introduction

For the third year in a row, Tacton has surveyed top global manufacturers to get insight into their digital strategies, priorities and more for the upcoming year. Manufacturing companies are taking a close look at the latest trends to determine how to incorporate and maximize their results and profits in 2023.

The previous two surveys were conducted during the ongoing COVID pandemic which caused frequent disruptions felt across every business function. Manufacturers also have started to brace for the impact of climate legislation and new buying behavior that has challenged the status quo of selling.

But manufacturers cannot become complacent, a new disruption is on the horizon. A likely recession is forecasted globally, causing businesses to tighten up on spending and profits to shrink.

In order to help manufacturers, stay at the forefront of these developments, we've released this report, focusing on how manufacturers are building resiliency to ensure smooth end-to-end operations.

## Key Findings:

### Supply chain optimization tops investment areas:



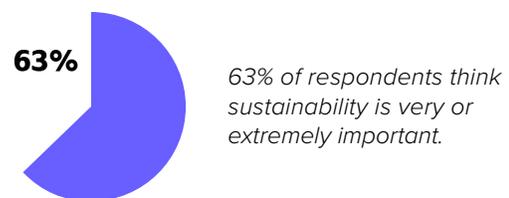
### Digital transformation is central to manufacturers success in 2023:



### Uncertain economic times are driving investments:



### Regulations and customer demand are driving manufacturers sustainability agendas:



# We surveyed manufacturers on 3 key areas:



## Digital Transformation

Manufacturers are still embracing digital transformation goals to deal with the challenges brought on by the COVID-19 Pandemic and the need for a new, and exciting customer experience.



## 2023 Priorities

Uncertain economic forecasts have led manufacturers to begin investing in strategic areas to withstand an potentially challenging 2023. In all areas of manufacturing companies are trying to optimize and automate processes from sales to supply chain.



## Sustainability Planning

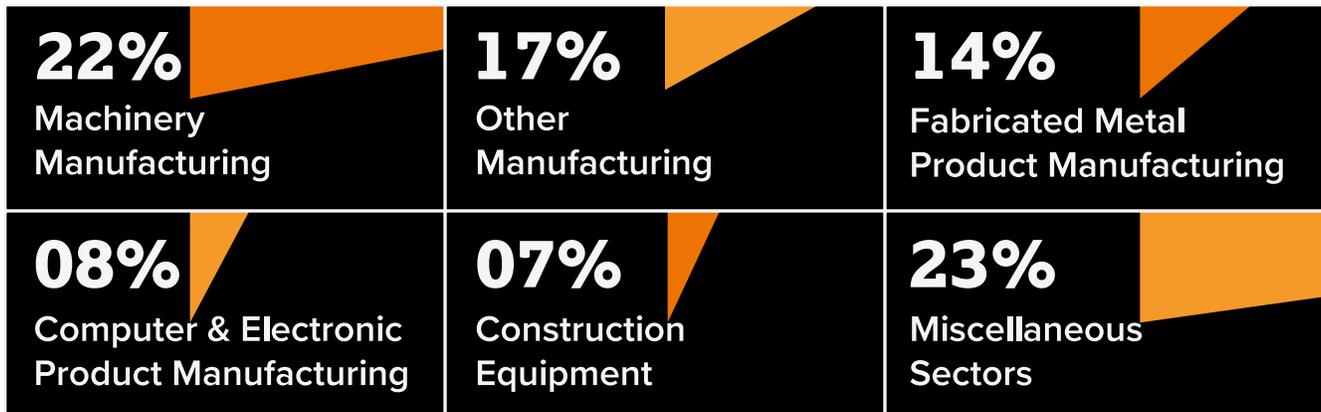
Sustainability is emerging as a top priority in 2023 for manufacturers across industries. The rising demand for sustainable products from customers and regulations are driving manufacturers to find ways to sell sustainably.

## Methodology:

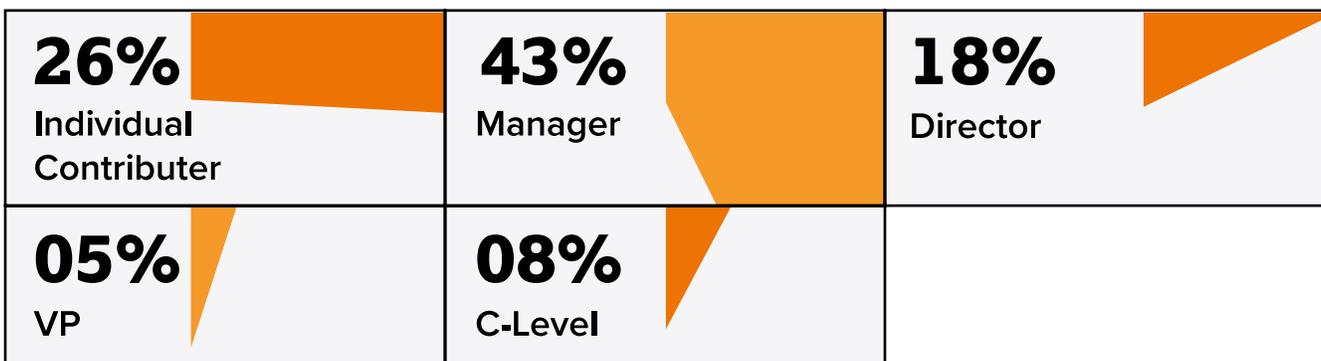
The results in this report are from an online survey conducted in November 2022. There were 200 survey respondents from North America and

Europe. 74% of respondents were at the managerial or executive level. The responses were not weighted.<sup>1</sup>

### Which best describes your manufacturing sector?



### Which of the following best describes your level at your company?



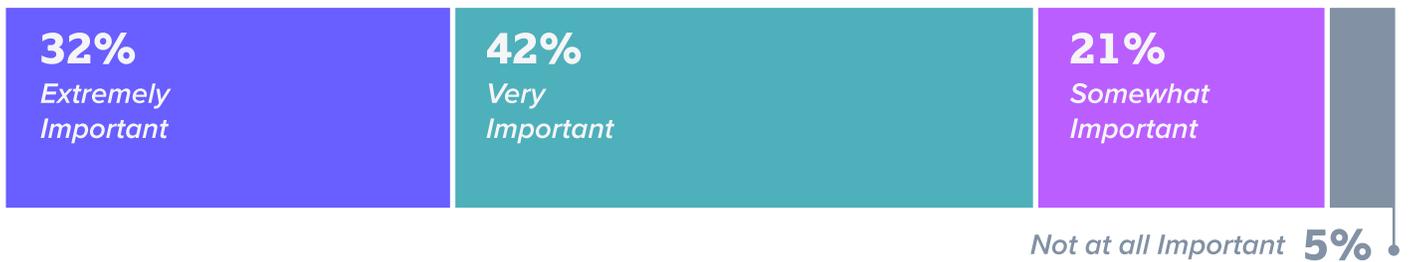


# Digital Transformation

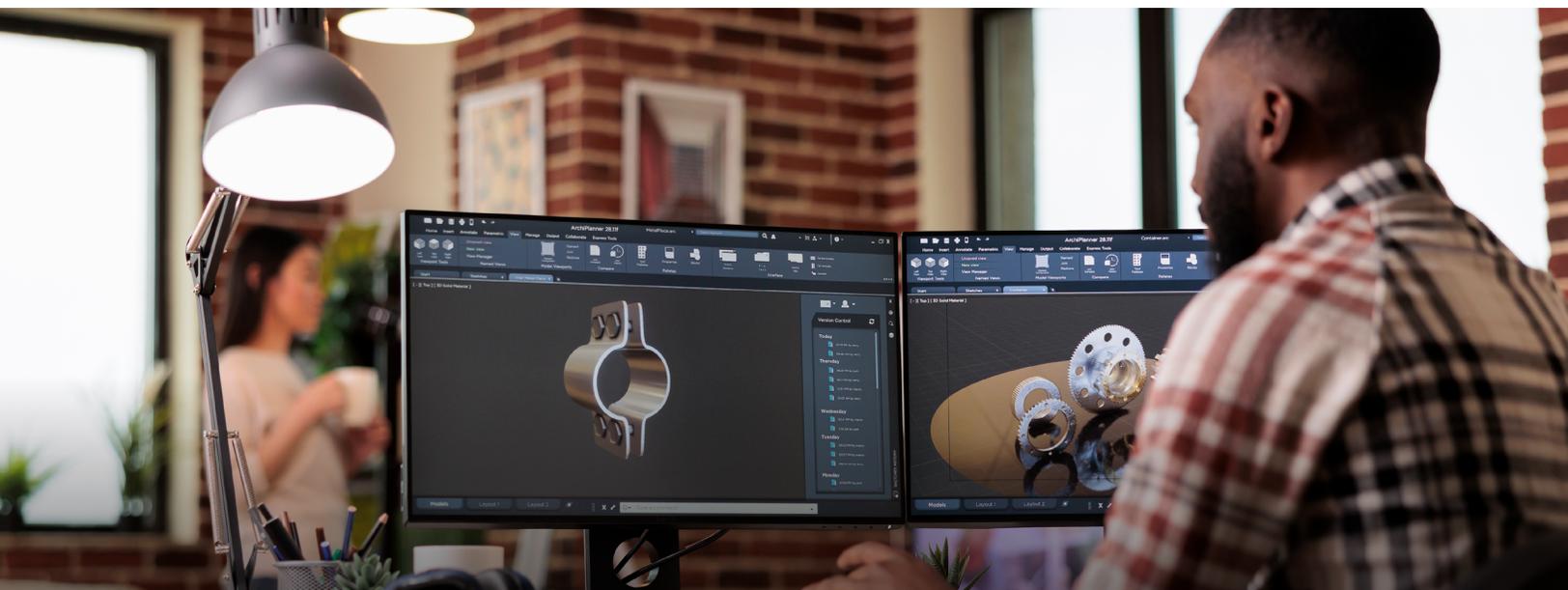
With so many challenges in the past three years, and a looming recession, manufacturers are still valuing digital transformation to achieve their goals in 2023. The COVID-19 Pandemic accelerated many digital transformations, and that trend is continuing.

**74% of the respondents noted the importance of digital transformation to achieve their business goals in the coming year.**

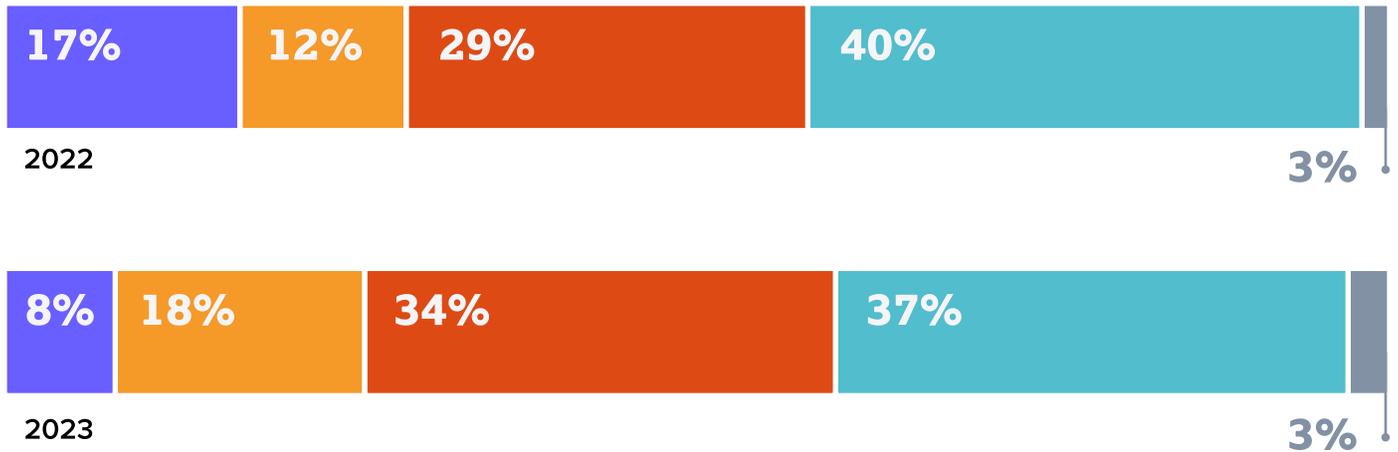
**How important is digital transformation to achieving your business goals in the coming year?**



Manufacturers are investing in software and digital technologies to keep up in a quickly changing and very competitive market. 40% of respondents are happy about where their digital transformation is heading into the upcoming year.



## How far along are your digital transformation efforts?



- *We have not yet begun*
- *We planned our digital transformation strategy but have yet begun implementation*
- *We are in the early stages of implementation*

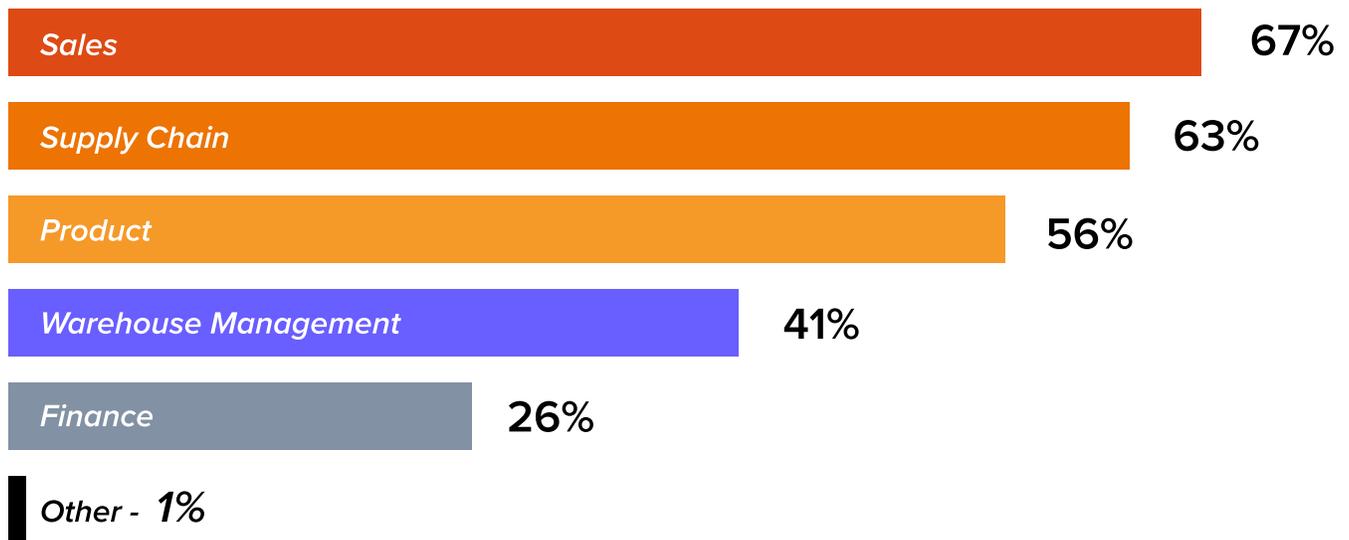
- *We are well into the implementation process and plan to continue into next year*
- *We are happy with where we are now and have no plans to continue into next year*

Digital transformations aren't easy, they require time, effort, trial and error. But with big challenges come big risks of lagging behind the competition. Those that are well into implementation may find it easier to handle the upcoming economic challenges by having new processes in place.

The number of companies who are in the early stages of implementation has **increased 5%** from 2022 to 2023. Planning implementation has also seen an **increase from 12% in 2022 to 18% in 2023**.

Companies who are still in the early stages, or who haven't started at all may uncover challenges by keeping their old processes in place.

## What areas are your company's digital transformation initiatives focused on?



Transforming digital tools for the sales function is seen as the highest priority by manufacturers. With an uncertain economic outlook, manufacturers' focus on sales should come as no surprise. Optimizing how products are sold can help meet new customers where they are, online with multiple options. Efficient sales require insight into which products are possible to produce given the recent disruptions in supply chains.

Investment aimed at products is also a key area for manufacturers. Creating innovative products and features to appeal to buyers is critical according to one respondent, "Products are becoming more innovative, so manufacturing has to add features along with value to sell more." Increasing sales and product value will be especially important as manufacturers face a looming recession.

## Additional survey findings on digital transformation:

Do you believe your digital transformation efforts have given you a competitive advantage relative to other companies in your space?



- We are at par with our competitors in our digital transformation journey
- We are ahead of our competitors in our digital transformation journey
- We are behind our competitors in our digital transformation journey

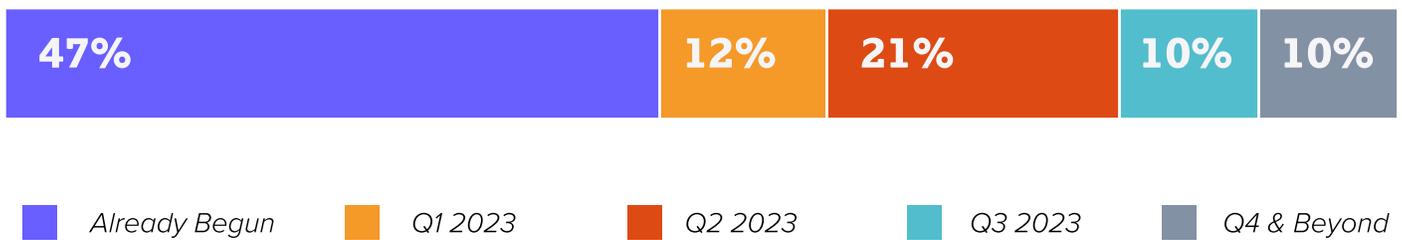


# 2023 Priorities

We asked manufacturers when they anticipate the next U.S. recession will begin. 47% believe it has already begun and a large majority believe it will start some time in 2023.

supply chains. This outlook has driven 32% of respondents to accelerate their digital transformation, while 44% efforts remain the same. 14% of them have reduced their company's digital transformation efforts.

Many manufacturers are bracing for a recession in the upcoming year. This could lead to higher production costs, slowing production time and uncertain



## How have recent uncertain economic times impacted your digital transformation efforts?



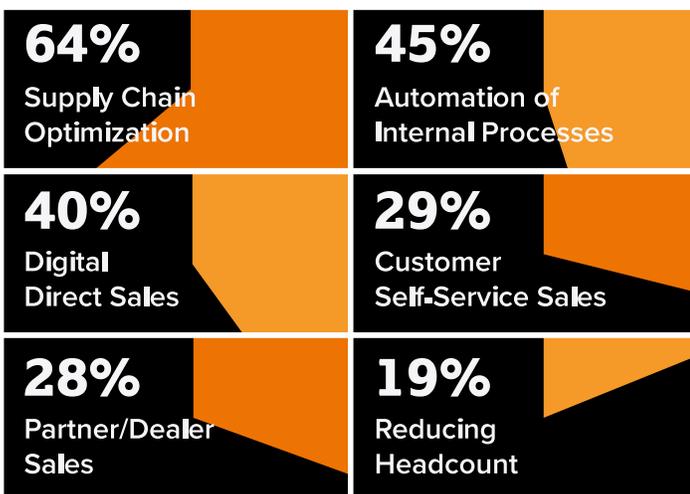
- We have accelerated our digital transformation efforts
- We have made no changes; our efforts remain steady
- We have slowed our digital transformation efforts
- We have shifted our focus, but our efforts remain

These upcoming forecasts have led manufacturers to begin investing in strategic areas to withstand an uncertain 2023. In all areas of manufacturing companies are trying to optimize and automate processes from sales to supply chain. Most respondents also believe increasing product quality and driving sales through specific initiatives can help bolster growth now, while building up to future success.

As one respondent noted, “It is more cost driven, though with concerns over having operations in politically risky regions. Supply chain concerns have been a larger issue over the past 3 years”.

### Which key investment initiatives do you consider most important during current economic uncertainty?

### Which strategic areas do you consider most important to remain competitive and bolster growth in the coming year?



Reducing costs has become the most important growth metric, going from 46% in 2022 to 59% in 2023. This can be attributed to companies trying to maximize profit and reduce risk with a looming recession on the horizon.

to 49% in 2023. Finally, improving customer experience remains an important investment for manufacturers, staying at 45% in both 2022 and 2023.

Increasing product quality has also grown in importance for manufacturers, going from 35% in 2022

While many of these are common areas to look for improvement including driving sales, and reducing costs, new areas have become important, including a focus on sustainability.

## Optimizing Supply Chains is Critical to Manufacturers

COVID-19 highlighted the fragile supply chains all manufacturers source their materials from. Supply chain predictability, resource scarcity and staff availability have all created challenges that add to lead time. One respondent noted:

“Finding ways to navigate supply chain uncertainty can help manufacturers reduce their risk by creating predictable lead time for prospects.”



# Sustainability Planning

Sustainability and Environmental, Social, and Governance (ESG) goals have become a top-of-mind topic for manufacturers across the globe. With increasing demands from customers, investors and regulators, manufacturers must consider sustainability in their day-to-day operations.

The world is dealing with an uncertain future when it comes to climate change. Many countries are beginning to create laws and regulations that require

manufacturers to adhere to certain sustainability standards. [The EU Green New Deal](#) and [SEC climate disclosure Rule](#) in the United States are a few examples of initiatives countries are putting into place to better achieve goals of carbon neutrality. These can include items like carbon emissions impact, waste management and energy efficiency. 57% of respondents are aware of the upcoming regulations.

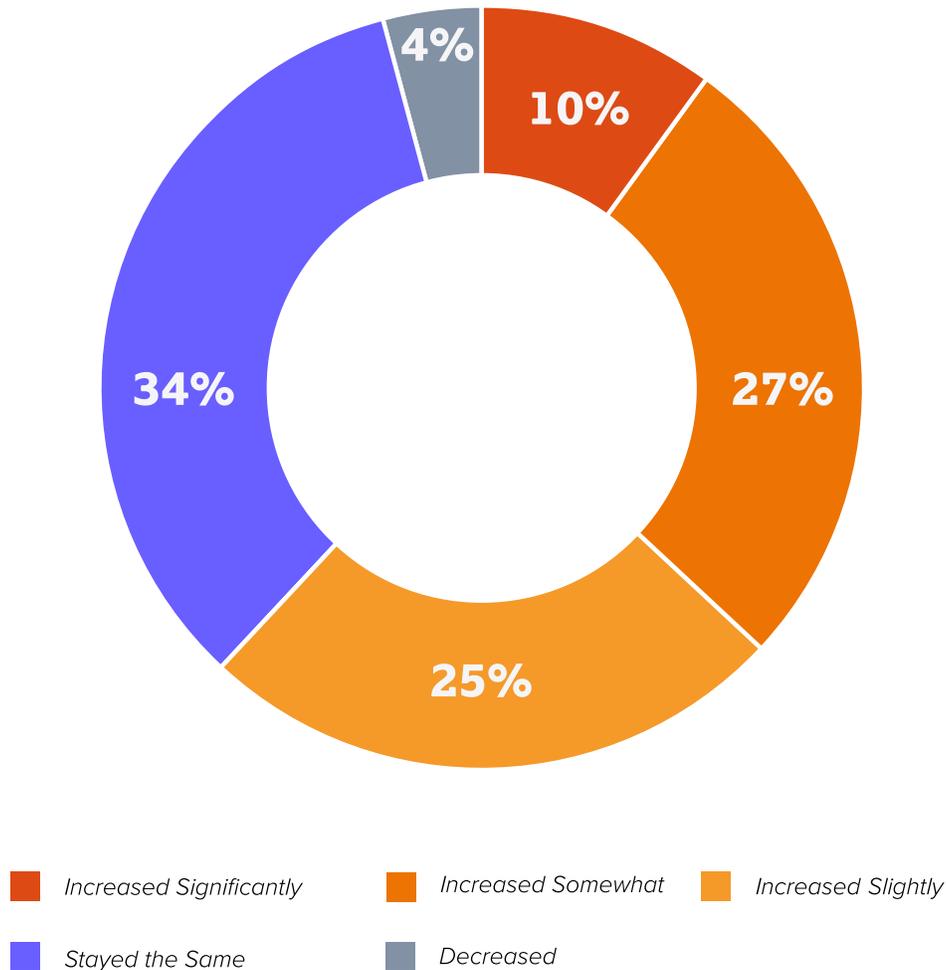
## Are you personally aware of upcoming regulations that require environmental or other sustainability-related information to be delivered with the products you sell?



These regulations will require manufacturers to find sustainable business models at a global level. In addition to meeting the standards, companies will also need to report these numbers to government agencies,

investors, and customers to show they are meeting the goals. Manufacturers have also seen a 62% increase in the number of requests for the impact their products have on the environment.

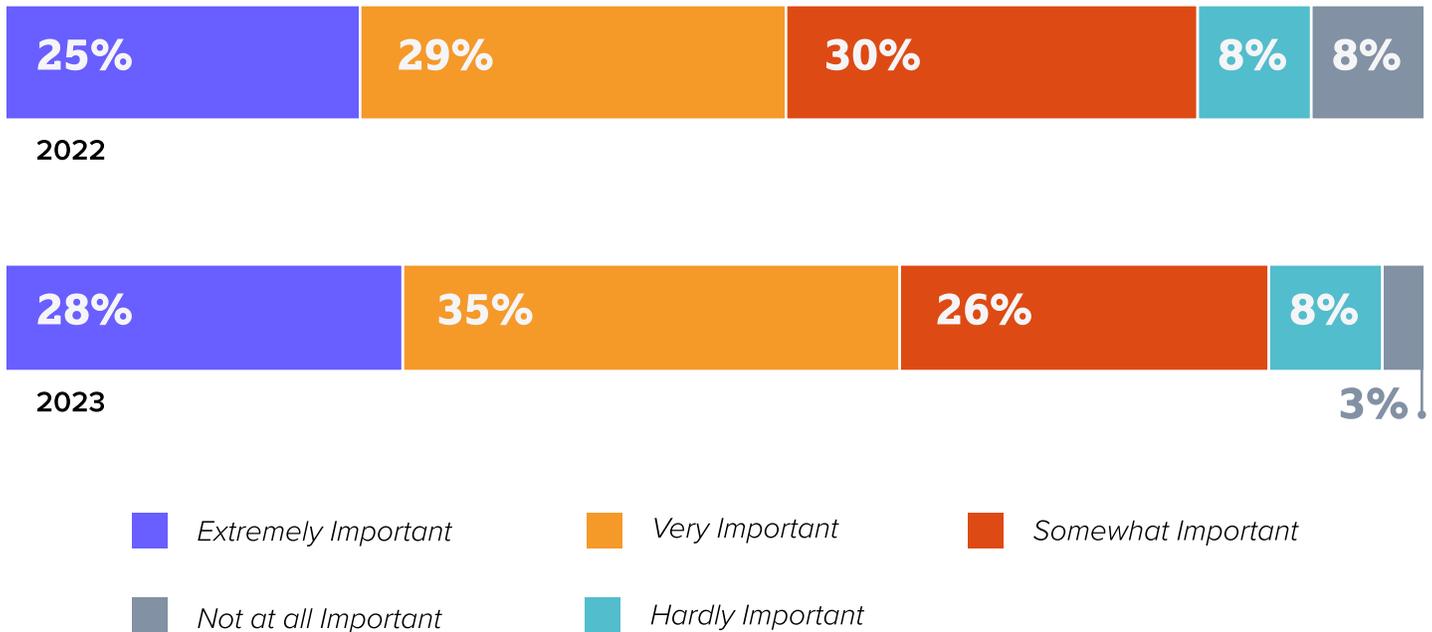
## How have requests to provide information about the environmental or climate impact of your products changed in the past year?



Customers and regulations are demanding more transparency from manufacturers. With buying power shifting to a younger generation, it's important to deliver on their demands for more sustainable products. This provides an excellent opportunity for manufacturers who find ways to create sustainable products that can drive higher sales and profits.

These goals are creating an increase in sustainability initiatives across manufacturing industries. Let's look at the importance:

## How important are sustainability initiatives for you this year?

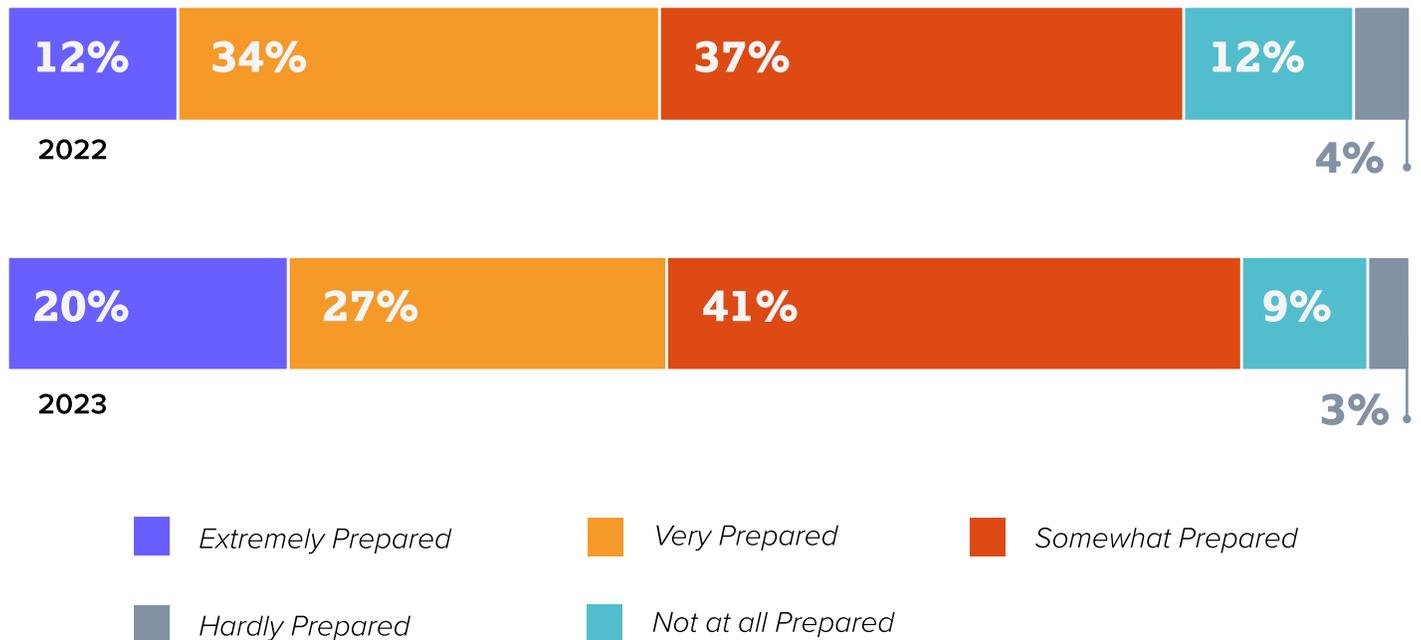


It's clear that sustainability is here to stay for manufacturers. Manufacturing will get requirements to support the environment by policy recommendations and tighter regulations and customer demands.

These new requirements add even more complexity to an already challenging manufacturing sales process. This is why 63% of respondents think sustainability is very or extremely important to their

2023 goals. **This is up from 55% of respondents who believed sustainability initiatives were important in 2022.** Manufacturers who embrace sustainability goals will create value, grasp opportunities and mitigate risks for their business.

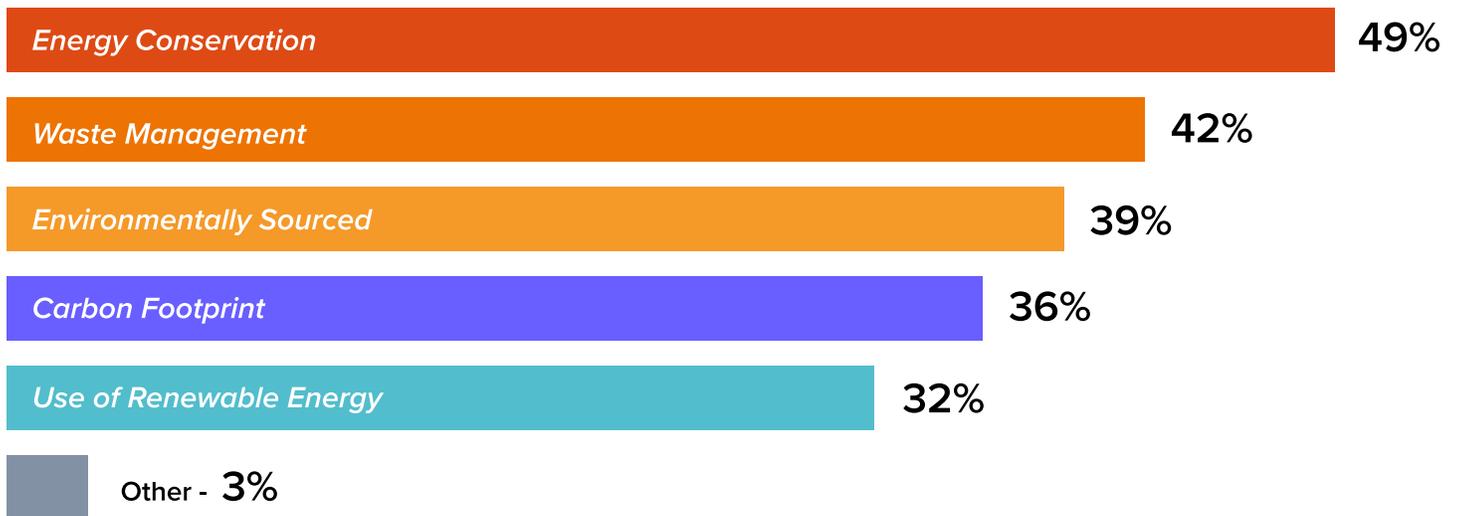
## How prepared are you to improve sustainability?



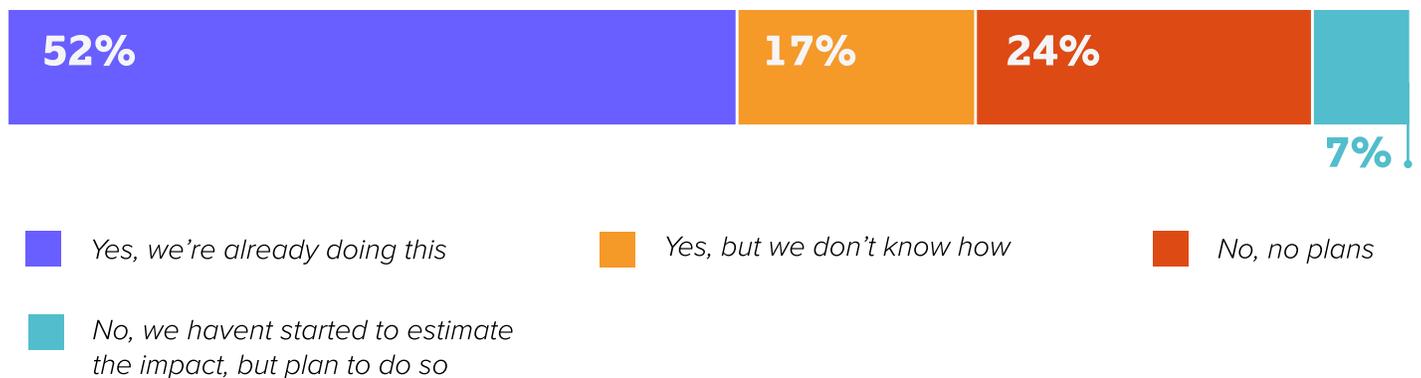
Preparing for upcoming regulations and laws is an important topic for manufacturers in 2023. 20% of the respondents we polled noted that they are extremely prepared to improve, that's up 8% from 2022. Even the manufacturers who were hardly prepared decreased 3% from last year. This increase in preparation isn't only because of regulations, but also because of customer demands.

Understanding what customers are interested in is also shaping how manufacturers report their sustainability agenda.

## What aspects of sustainability are your customers most interested in?



## Is your company planning to share the environmental impact of your products with your customers?



As customers ask more about sustainability, companies need to be able to quickly answer questions about where products come from, the carbon footprint and how much energy they use.

Being able to showcase the different environmental features of a product will help customers purchase the most environmentally sound option.

These questions show that consumers are willing to give their business to companies who can provide data on how they are impacting the environment.

# Looking Ahead

Disruptions have shaped how manufacturers have operated in the past three years. These challenges will continue to shape investment areas as an uncertain economic situation dictates 2023.

As the data suggests, manufacturers are in the process of transforming their digital efforts. Looking into how the sales process works from end-to-end will help manufacturers quickly realize buyers are demanding more custom products, and sustainable options. The manufacturers who offer these solutions will win new business, while other companies struggle to grab market share.

Finding a solution that helps manufacturers deal with high-variance products and high demands from customers will be integral to their success in 2023. That's why manufacturers are turning to Tacton Configure, Price, Quote (CPQ).

Tacton CPQ is an industry leading configuration solution that enables your entire organization to define a company shared product definition, capable of generating millions of valid and profitable product variants all with an easy user interface for your sales team.

We go beyond the typical CPQ solution and offer options such as high-fidelity 3D and AR product visualization, powerful integrations and CAD automation to make a seamless and exciting customer experience for your team.

[Learn more today by visiting www.tacton.com](http://www.tacton.com) or [scheduling your personalized demo](#)

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