



SURVEY RESULTS & ANALYSIS

2022 Manufacturing Trends

Navigating Change Through Technology





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The background of the page is a blurred industrial setting featuring several orange robotic arms in various positions, suggesting a manufacturing or automation environment. The text is overlaid on a semi-transparent white rectangular area.

Welcome

2022 Manufacturing Trends: Navigating Change Through Technology

Manufacturers continue to face market uncertainties well into 2022. Top manufacturing executives reported that their organizations faced many hardships, and it was a dedication to innovation, data collection/analysis, and a commitment to customer excellence that propelled them through this period.

Our third annual trends report seeks to illuminate and understand the challenges facing the sector, the shifting priorities of organizations, and the opportunities for sustained growth and profitability. As always, we hope to reveal insights that serve manufacturing companies and reliably prepare them for the future.

As the world enters 2022, the industry is still reeling from extensive disruption throughout the industry, and organizations are responding accordingly. They are making their supply chains more resilient, doubling-down on cybersecurity and technology usage, and empowering their workforce with more training and opportunity.

Many companies are also prioritizing the role of technologies like CRM software and cloud-based solutions to improve their data collection and operational ability. Data has become the heartbeat of the industry and manufacturers are embracing new ways to generate more data to improve their employee and customer experience.

In addition, technology usage and advancements continue to play pivotal roles in the success of manufacturing organizations. This continued focus on the forefront of technological advancements will ensure that manufacturing companies are more profitable, more flexible, and more prepared to navigate an ever-changing world than ever before.

Summary of Key Findings

- Most responders expect to **meet or exceed the industry growth** of 2% in 2022. However, the impacts of market uncertainties continue to reverberate throughout the sector in a variety of ways.
- A third of respondents stated that they will **focus on both profit margin and growth**, with many exploring broader opportunities in the domestic space.
- **Speed to market and meeting changing customer demands** were named as the most important priorities concerning product innovation. This is part of a larger trend of a re-commitment to customer excellence that we're seeing across the industry.
- Manufacturers are leveraging **new technologies and data** to be more responsive, deliver orders timelier, and anticipate changing employee needs.

However, there are still areas of concern.

- Rising material costs, supply chain disruptions, and a changing labor market have a significant impact in industry revenue and operational costs. This, combined with lingering market uncertainty, has made respondents wary.
- Over half of survey respondents anticipate a negative downturn in the space that will impact their business.

The role of technology continues to play a vital and evolving role.

- Respondents will continue to invest in new technologies - specifically CRM, Enterprise Resource Planning, and Business Intelligence/Analytics as the data and digital transformation that began in 2020 accelerates into the new year.
- In fact, more than 84% of respondents stated that they collect customer information intermittently or as part of a consistent effort.



Methodology

We conducted a 15-question survey to gain insight into the manufacturing industry's most pressing business challenges and opportunities. More than 193 professionals across various sectors participated in the study.

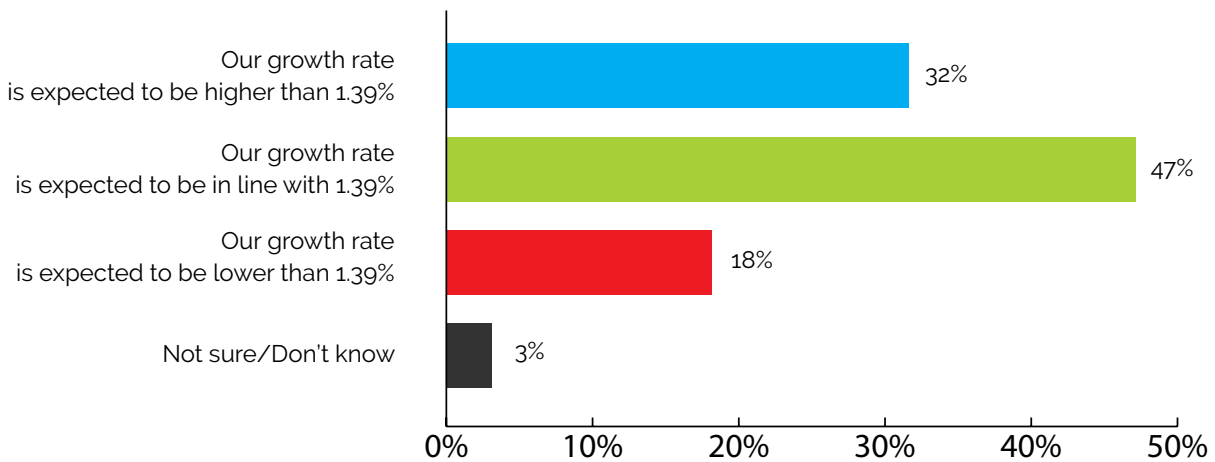
We have collected, tabulated, and summarized their responses into a robust report of key findings and takeaways. Our goal is to help those in manufacturing gain better insight into the forces shaping their industry to better plan for 2022 and beyond.



Survey Questions, Responses, & Analytics

Question 1

How does your organization's expected growth rate for this calendar year compare to the previous average of 1.39% annually?



Key Observations:

After a difficult 2020, survey respondents are more optimistic with the vast majority anticipating growth at or exceeding the expected average. Of those anticipating growth, ~32% anticipate growth to be at a rate higher than 1.39%. Another positive sign is that only 3.11% of respondents were unable to anticipate growth, indicating that most respondents had the intelligence and forecasting information necessary to answer this question.

Amidst the market uncertainties in 2020, 71% of respondents said that their growth was in line with or greater than the projected annual industry rate of 1.39%. This number was even lower in 2019, at 62%, but the projected growth rate was also higher, at 3.9%.

Question 1 (cont.)

How does your organization's expected growth rate for this calendar year compare to the previous average of 1.39% annually?



Takeaways:

The difficulties experienced over the past couple of years are likely to continue throughout 2022. One of the main issues facing firms is filling open manufacturing positions, which will be critical to meeting growth goals in 2022.

Unfortunately, record numbers of unfilled jobs are likely to limit higher productivity and growth in 2022. Last year, [Deloitte](#) estimated a shortfall of 2.1 million skilled jobs by 2030.

This trend [hasn't gone unnoticed by leadership](#), however, with 38% of executives reporting that attracting new workers is their top priority for the production workforce in 2022, followed by retention (31%) and reskilling (13%).

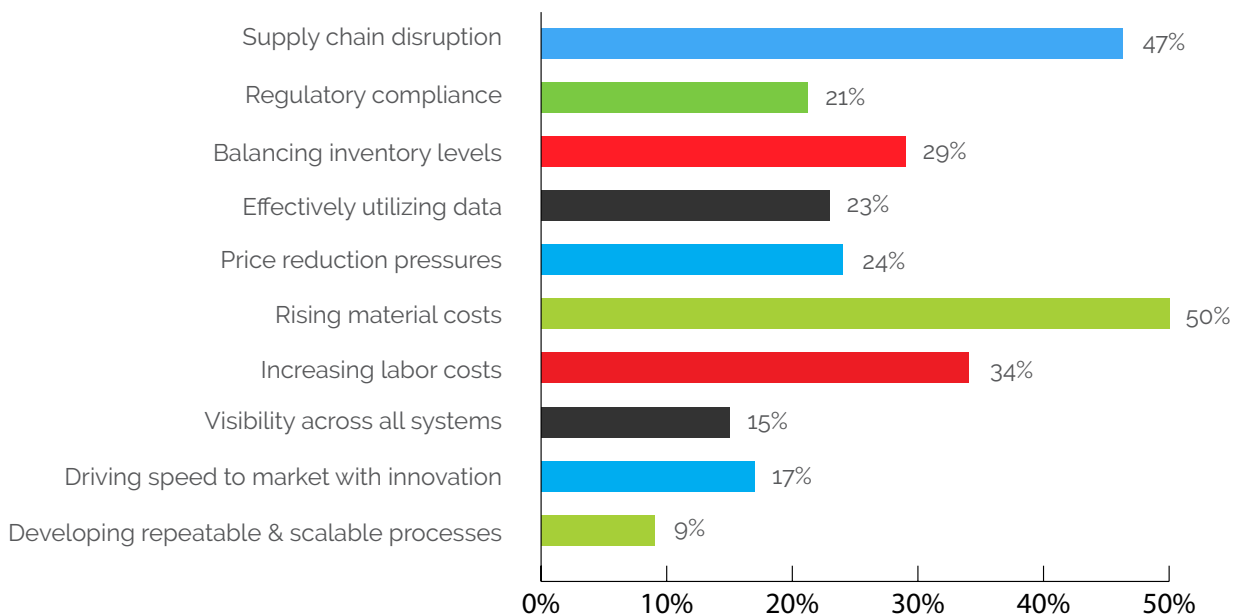
To achieve these goals of hiring and retention, organizations may also have more incentive to "pull forward" future-of-work strategies by re-architecting work, rethinking the composition and capabilities of the workforce, and adopting flexible and innovative workplace strategies.

Companies are also looking for new ways to collect and leverage data to enhance the employee experience and improve their turnover rate.

One of the main issues facing firms is filling open manufacturing positions, which will be critical to meeting growth goals in 2022.

Question 2

In light of recent market uncertainties, which of the following challenges most impact your business? (Select all that apply.)



Key Observations:

Supply Chain Distribution has been a consistent challenge year over year, with 50% of last year's survey respondents citing it as a major challenge. Market Volatility (37%) was another major challenge that most impacted organizations in 2021.

The two main challenges that are impacting manufacturing firms this year are rising material costs and supply chain disruption, with over half of respondents citing these issues. Other major challenges are balancing inventory levels and increasing labor costs. Only 9% of respondents indicated that developing repeatable and scalable processes would impact their organization. As a note, these market factors were also ranked low in previous years.

Question 2 (cont.)

In light of recent market uncertainties, which of the following challenges most impact your business? (Select all that apply.)



Takeaways:

The challenges of the COVID-19 pandemic are manifesting themselves in consistent year over year supply chain disruption and rising costs. The continuing issues of year-over-year supply chain disruption and rising material costs issues are interrelated since a critical factor in supply chain disruption is a lack of available labor.

Driver shortages in trucking and US container ports are causing delays and congestion, and these issues aren't going away any time soon.

"Manufacturers expect to see continued increase in material and labor costs," [said IPC Chief Economist and report author Shawn DuBravac](#). "Escalating costs are in turn compressing profit margins. Ease of recruiting and finding skilled talent is expected to remain challenging and inventory levels are expected to remain tight for at least the next six months."

The rising material costs are a particular challenge for US manufacturing firms since they are rising at a [higher rate in North America than APAC](#): 96% of North American manufacturers report rising material costs, compared to only 74% of organizations in APAC.

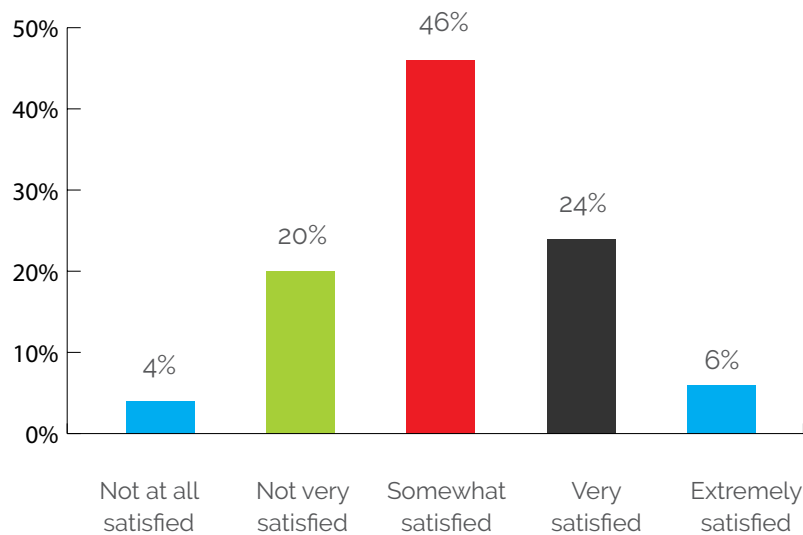
There's simply no mistaking the fact that manufacturers face near-continuous global disruptions that add costs and test their abilities to adapt. Purchasing manager reports continue to reveal system-wide complications from high demand, rising raw materials and freight costs, and slow deliveries in the United States.

These disruptions are having serious effects on the success of firms. According to research in the publication [Supply Chain Quarterly](#), companies whose supply chain performance ranks in the top 25 percent have market capitalizations between 1.7 and 3 times higher than the industry average.

Executives are taking note, with [76% of supply chain leaders](#) reporting that developing digital and analytics capabilities is very important to their strategy. And according to a [Deloitte](#) survey, 41% of executives reported that their companies will further add or diversify suppliers in existing markets.

Question 3

With regard to your organization's supply chain process, please share how satisfied you are with your level of visibility into this aspect of your company?



Key Observations:

There's an opportunity to improve the overall visibility of the supply chain process since 46.11% of respondents were somewhat satisfied with their level of visibility (an increase of 3% when compared to last year) and 23.32% stated they were dissatisfied with their visibility. This left about 30% of respondents who were satisfied or extremely satisfied.

It's interesting to note that a greater number of last year's respondents indicated they were very satisfied, at 32% (compared to 24% as indicated in this year's surveys).

In 2020, 50% of respondents said that they were somewhat satisfied, with only 2% stating that they were extremely satisfied. Only 1% said they were not at all satisfied.

Question 3 (cont.)

With regard to your organization's supply chain process, please share how satisfied you are with your level of visibility into this aspect of your company?



Takeaways:

The industry agrees that visibility into a manufacturing organization's supply chain process is pivotal to the sustained success of that organization, but not all organizations have attained their desired level of visibility.

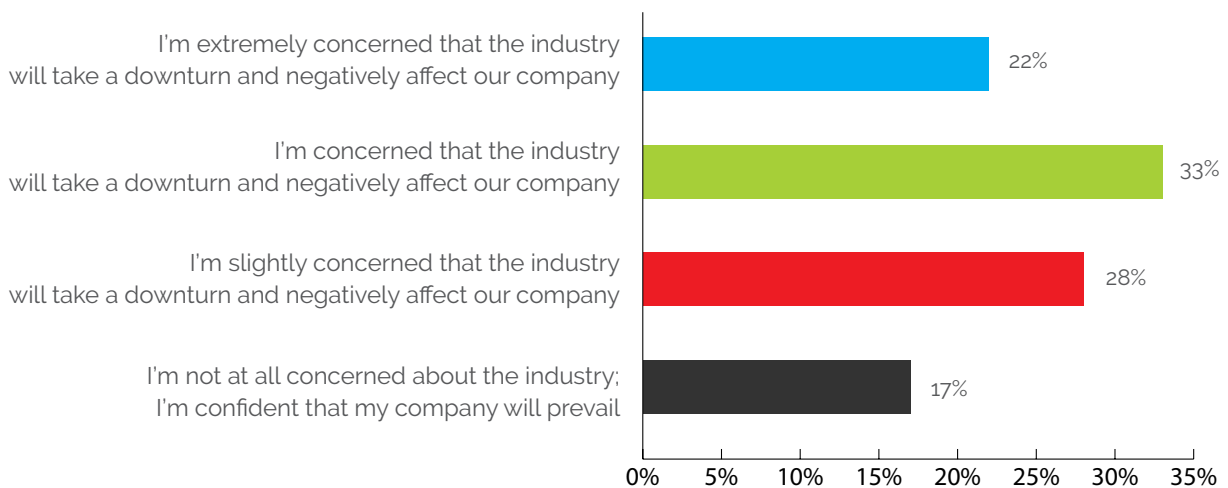
CRM solutions are one of the main tools to help management build a more resilient supply chain process through data. They help to improve end-to-end supply chain visibility, agility, and profitability through intelligent planning, execution, demand sensing, and traceability.

Excitingly, the supply chain management market is growing at a fast pace, as it was valued at \$18,699.45 million in 2020 and is projected to reach [\\$52.632.37 million by 2030](#), registering a CAGR of 10.7%. Specifically, Dynamics 365 Supply Chain Management is a solution that can easily and efficiently meet these needs for an organization with cloud and edge scale units. It's a tailored offering that helps businesses of all sizes build resilience.

CRM solutions help to improve end-to-end supply chain visibility, agility, and profitability through intelligent planning, execution, demand sensing, and traceability.

Question 4

Which of the following best describes your attitude/outlook on the future of manufacturing and how it will impact your company?



Key Observations:

There is major concern about the future of manufacturing throughout our survey respondents, as the majority (82.9%) indicated that they were concerned that the industry will take a downturn and negatively affect their company. A clear minority of only 17% of respondents said they weren't concerned about a downturn.

The concern over a downward trend in the industry, and an ensuing negative impact on an organization, has been a consistent theme for the past couple of years. Last year we found similar results, as 87% of respondents stated they were concerned about a downward trend in the industry.

We saw this same pessimistic trend in 2020's report as almost three-quarters of respondents stated that they were concerned to some degree about a negative turn.

Question 4 (cont.)

Which of the following best describes your attitude/outlook on the future of manufacturing and how it will impact your company?



Takeaways:

The lingering threat of a downturn is on most respondents' minds but in fact, most manufacturers are concerned more with the ongoing supply chain disruptions than a COVID-19 resurgence.

But is this concern well-founded?

Consider that the [Institute for Supply Management](#) found that the manufacturing sector experienced 18 consecutive months of growth from June 2020 through November 2021, with the composite PMI registering above 60 in nine of the last 12 months of that time frame.

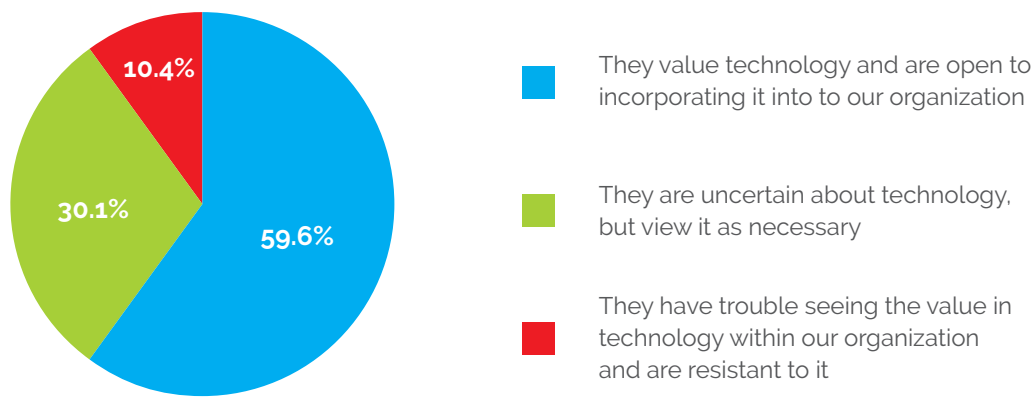
And while the disruptions have been hard to navigate, the [National Association of Manufacturers \(NAM\)](#) found that manufacturers are optimistic regarding their company outlook (86.8%); however, this optimism has declined since the second quarter of 2021, likely due to these ongoing disruptions.

As for when these disruptions will resolve, nearly 54% expect them to end in 2022, while 28% believe they will linger into 2023 or later. So, it seems that despite the pandemic and ensuing supply chain disruptions, there are plenty of reasons to be optimistic about the future.

And while the disruptions have been hard to navigate, the [National Association of Manufacturers \(NAM\)](#) found that manufacturers are optimistic regarding their company outlook (86.8%)

Question 5

Which of the following statements best describes the executive team's view on technology within your organization?



Key Observations:

The majority of respondents indicated that their executive team values technology and is open to incorporating it into their organization, and 30% stated that they are uncertain about technology but view it as necessary. Still, a surprising 10% of respondents stated that their executive team is resistant to adopting new technology.

These numbers are similar to last year's, with 11% of respondents stating their enterprise team was resistant to technology compared to 10% this year. However, there was a slight dip in respondents (compared to 60% and 64%) indicating that their executive team was open to new technology.



Question 5 (cont.)

Which of the following statements best describes the executive team's view on technology within your organization?



Takeaways:

Technology and data have become a form of currency in the manufacturing industry. Executive teams in the manufacturing sector realize the need for technology, and as manufacturers adopt a more data-rich mindset, technologies that enable them to be agile with their data collection and usage to enhance their customer and employee experience will be pivotal and highly sought after.

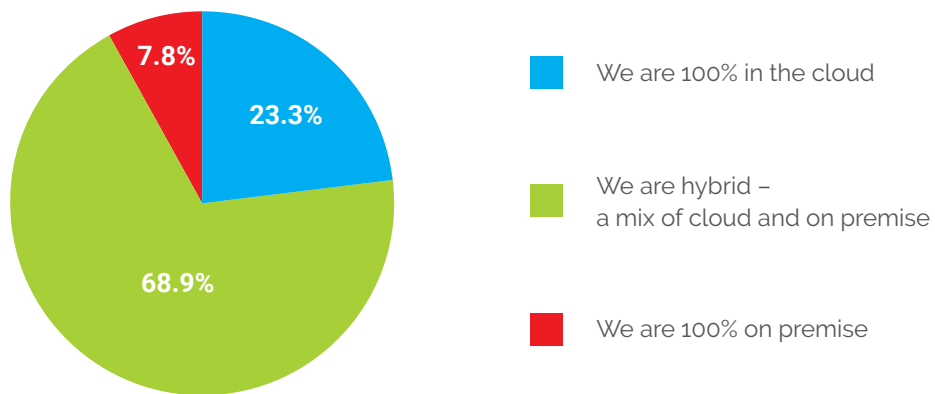
In fact, it looks increasingly likely that companies that resist the adoption of digital technologies will be left behind. [Forrester Consulting](#) found that more than 90% of manufacturing leaders believe DX is important for their success.

And this is backed by renewed spending in the field, as [IDC predicts](#) that in 2025, global DX spending among companies in discrete or process manufacturing industries will total more than \$816 billion.

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Question 6

Does your organization use technology in the cloud or on-premise?



Key Observations:

For the most part, respondents use some version of a cloud environment, with 69% of respondents using a hybrid system and 23% of respondents embracing a 100% cloud environment (a 2% increase compared to the previous year).

Only 8% of respondents indicated that they did not use cloud technologies – which is in line with last year's response.



Question 6 (cont.)

Does your organization use technology in the cloud or on-premise?



Takeaways:

According to the [Manufacturer Alliance for Productivity and Innovation](#), 62% of manufacturers are forging ahead with their smart manufacturing investments, which is an increase of 20% in this year alone.

But to truly understand your data and drive the right outcomes from it, you need capabilities that empower intelligence at the edge and in the cloud. Namely:

- Accessibility and scalability
- Security
- Data analysis capabilities

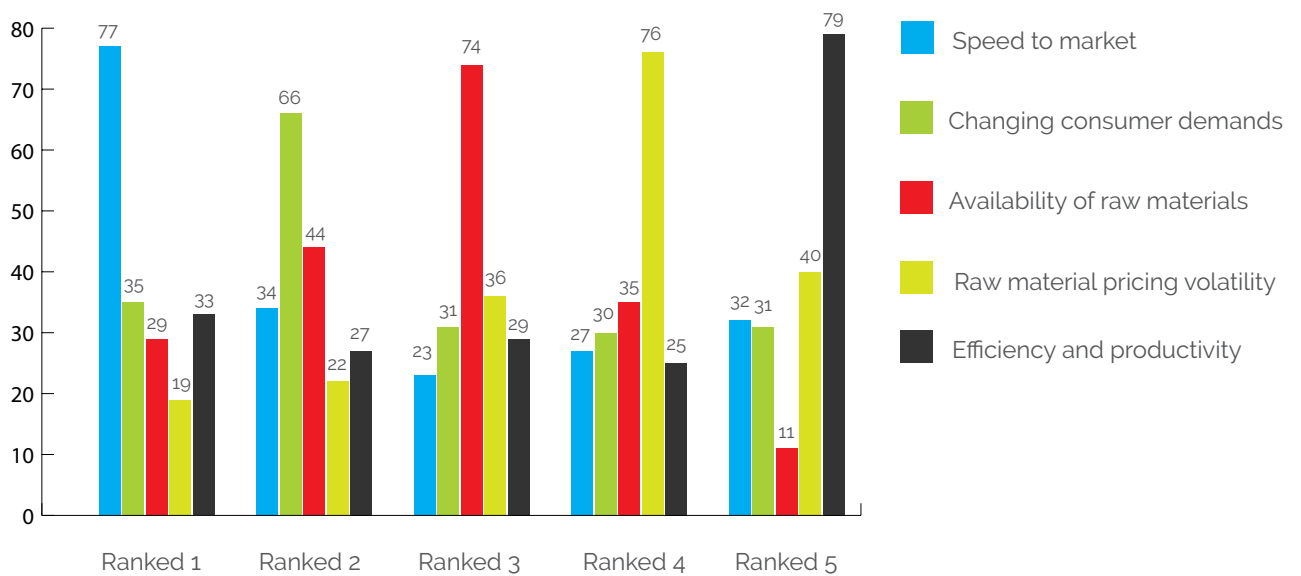
Satya Nadella, Microsoft's CEO, [said it best](#): "move from systems of record to systems of reality." One of the best options for achieving this is Microsoft Cloud for Manufacturing, which helps accelerate time-to-value for customers.

Through cloud technologies, manufacturing companies can build more agile factories, create more resilient supply chains, empower the hybrid workforce to engage customers in new ways, or unlock innovation and deliver new services.

According to the [Manufacturer Alliance for Productivity and Innovation](#), 62% of manufacturers are forging ahead with their smart manufacturing investments, which is an increase of 20% in this year alone.

Question 7

Thinking about your organization's priorities with regard to product innovation, please move and rank the following in order of importance (1 being the most important and 5 being the least important).



Key Observations:

It's clear among our respondents that Speed to Market is incredibly important, with 77 of the 193 (~40%) ranking it as their first choice (a sharp increase from last year's average score). While most respondents also indicated that raw material pricing volatility, and efficiency and productivity, were the least important priority in regard to product innovation.

Interestingly, efficiency and productivity were ranked as having the most impact on product innovation last year.



Question 7 (cont.)

Thinking about your organization's priorities with regard to product innovation, please move and rank the following in order of importance (1 being the most important and 5 being the least important).



Takeaways:

According to [Deloitte](#), 8% of their respondents engaged in new partnerships during the past couple of years to better serve customer needs. This consumer-driven manufacturing focuses on anticipating the needs of their customers through the capture and analysis of data.

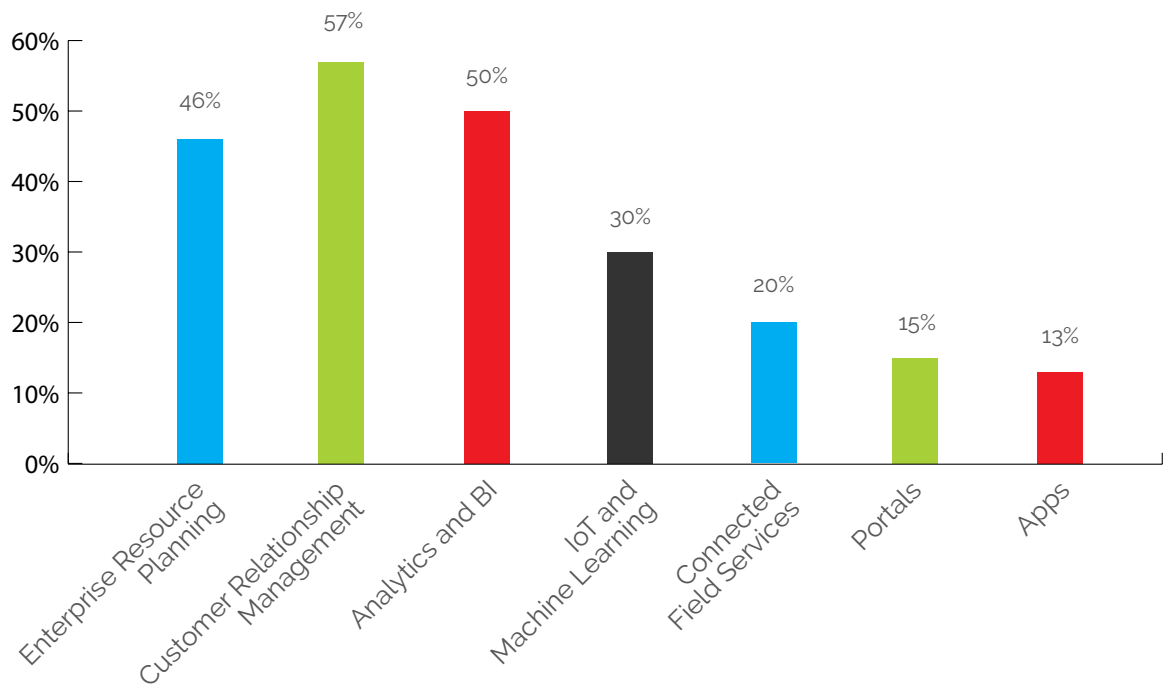
But how is that possible?

By integrating new technologies and capabilities — such as data analytics, the internet of things (IoT), artificial intelligence (AI), and countless others — into your existing systems and software.

This consumer-driven manufacturing focuses on anticipating the needs of their customers through the capture and analysis of data.

Question 8

Thinking about your organization's technology priorities, which of the following are important to your organization? (Select all that apply.)



Key Observations:

The most important technological priorities have been consistent year over year, as last year's data also had Enterprise Resource Planning, CRM, and Analytics/BI as the highest ranked priorities.

Unsurprisingly, these technologies were also ranked highly with over half (57%) of respondents indicating that CRM was the most important technology for their organization. Many respondents also noted that Analytics & BI and Enterprise Resource Planning software were also important to their organization.

Of the least important technologies, 15% of this year's respondents listed Portals or Apps.

Question 8 (cont.)

Thinking about your organization's technology priorities, which of the following are important to your organization? (Select all that apply.)



Takeaways:

CRM solutions have become the technological focal point for many organizations, and for good reason.

According to [Nucleus Research](#), every dollar you spend on your CRM implementation returns as much as \$8.71 in ROI on your sales revenue

There are various factors that drive this ROI, including:

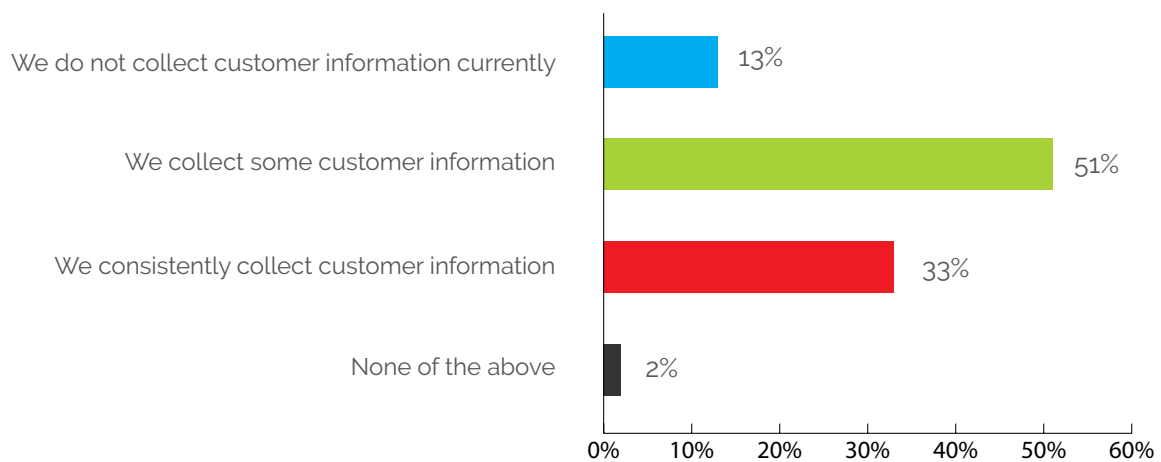
- An enhanced customer experience
- Improvement in conversion rates
- Increase in speed to market
- Increase in revenue per lead
- Improvement in employee satisfaction (which can help reduce employee turnover)

One note though, As many [as 69% of organizations](#) experience CRM implementation failure. The best way to safeguard against this is to find an implementation partner to reduce the total cost of implementation (improving ROI) and avoid failure.

According to [Nucleus Research](#), every dollar you spend on your CRM implementation returns as much as \$8.71 in ROI on your sales revenue.

Question 9

Which of the following best describes your organization's connection to your customer information?



Key Observations:

Respondents clearly realize the importance of customer data for their organizations, with 84.46% stating that they did collect some form of customer data. The processes may not be fully developed, however, because only 33.16% of respondents consistently collect customer information. And 13.47% of respondents indicated that they do not collect customer information.

Surprisingly, there is a downward trend from 2020, where 52% of respondents stated they consistently collect customer data (compared to 33% this year). However, the percentage of respondents stating that they did not collect customer information has remained relatively stable from 2021 to 2022.

Question 9 (cont.)

Which of the following best describes your organization's connection to your customer information?



Takeaways:

Data is critical to improving your customer experience through predictive analytics, which is at the forefront of technological utilization. The predictive analytics market size is estimated to grow from \$10.5 billion in 2021 to [\\$28.1 billion by 2027](#).

What explains this exponential growth?

Analyzing customer data gives an organization incredibly valuable insight into:

- Measuring customer satisfaction scores, return rates, and analyzing complaints
- Mapping and analyzing customer profiles
- Creating dynamic audiences for marketing efforts
- Identifying new consumer trends and forecasting product opportunities
- Improving operational efficiencies

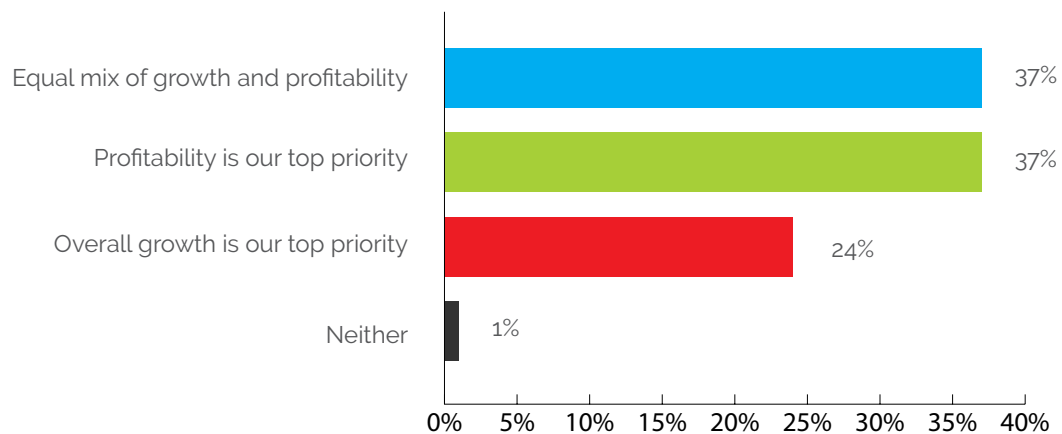
Without this type of analysis, data can become siloed and be detrimental to the success of the organization. [Insights from global executives](#) found that data silos have been flagged as a key challenge by 90% of organizations in both 2020 and 2021, which highlights the lack of progress being made.

The bottom line is that when an organization can integrate its MES and ERP systems, this enhances the visibility into the manufacturing floor. And new manufacturing execution system integration from Dynamics 365 Supply Chain Management can help organizations address the challenges of such an integration and [break down data silos](#).

[Insights from global executives](#) found that data silos have been flagged as a key challenge by 90% of organizations in both 2020 and 2021, which highlights the lack of progress being made.

Question 10

Which of the following best describes your company's primary focus—growth or profitability?



Key Observations:

The primary focus of respondents has changed from last year when growth was a top priority in 57% of respondents. This year, respondents agree on the value of profitability. 37.31% of survey respondents indicated that profitability is their top priority, and an equal number of respondents stated that both growth and profitability were priorities.

Another 39% of 2021 respondents said profitability was the focus, which is similar to this year. However, there is a stark difference in 2020's numbers, when 70% stated that revenue and profit margin were the primary focus.

Question 10 (cont.)

Which of the following best describes your company's primary focus—growth or profitability?



Takeaways:

The manufacturing sector is shifting its focus from one oriented solely around growth to one that consistently considers profitability. And the best way to increase profitability in this sector is by managing and lowering supply chain costs.

While the supply chains of manufacturers as a portion of sales are best in class, [at 6.8% compared to an industry average of 10.3%](#), there are still areas for supply chain cost reduction: transaction costs, mismatched processes, and uncertainty – all of which can be improved through the collection and use of critical customer and vendor data.

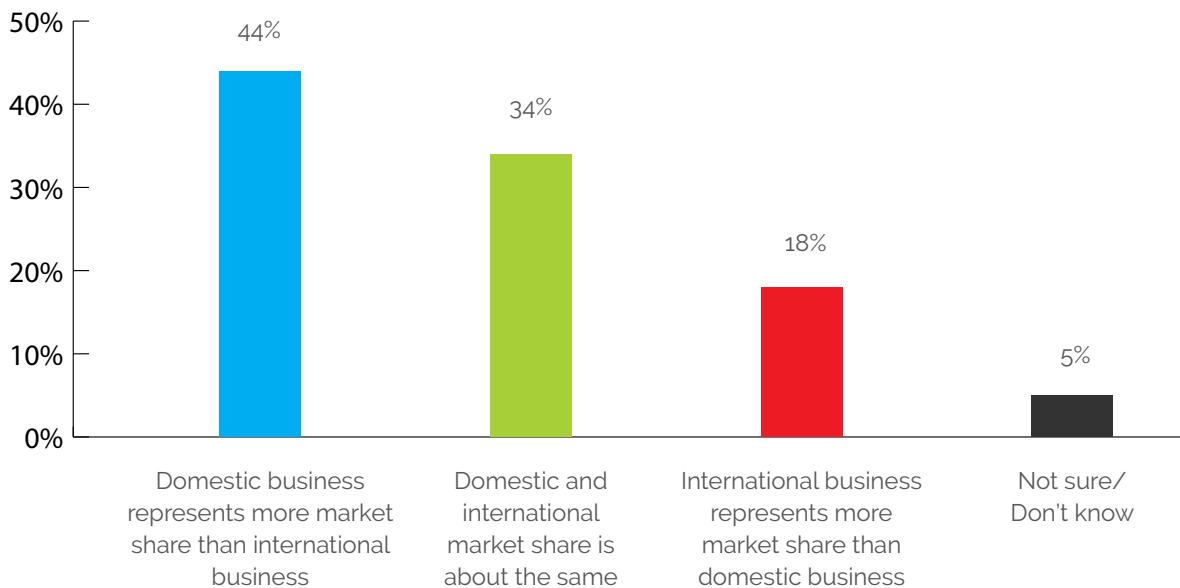
As these are brought in line, manufacturers will see an increase in their profitability—and the impact might be larger than you think. Supply chain costs represent a considerable percentage of the sales price of a good or service, and these cost savings flow directly to the bottom line.

If the net profit on sales is 5%, for example, a reduction in supply chain costs from 9% to 4% (or from 12% to 7%) will double net profits.

While the supply chains of manufacturers as a portion of sales are best in class, [at 6.8% compared to an industry average of 10.3%](#), there are still areas for supply chain cost reduction.

Question 11

Which of the following most accurately describes your organization's market share?



Key Observations:

Domestic market share is the clear frontrunner in respondents, with 43.52% stating that it's the majority of their market share. Only 18.13% of respondents said international business represents more market share than domestic business, and a third of respondents indicated that domestic and international were about the same.

Comparing the responses year over year, it seems like international markets represent a growing opportunity. 69% of last year's respondents indicated that domestic business represents more market share than international – most likely due to COVID-19 related travel restrictions.

The possibility of international markets representing a growth opportunity is further corroborated by pre-COVID numbers from the 2020 survey that showed a more significant international opportunity: 12% in 2020 stating that international represents more market share than domestic.



Question 11 (cont.)

Which of the following most accurately describes your organization's market share?



Takeaways:

While domestic sales still currently dominate the market share of manufacturing firms, international sales are rising. This is partly due to the fact that growth in US manufacturing slowed in December to an [11-month low](#) as companies continued to combat supply chain problems. These problems also contributed to a [3.5% increase](#) in manufacturing production in the United States, which is the smallest growth rate since the recovery started in March 2021.

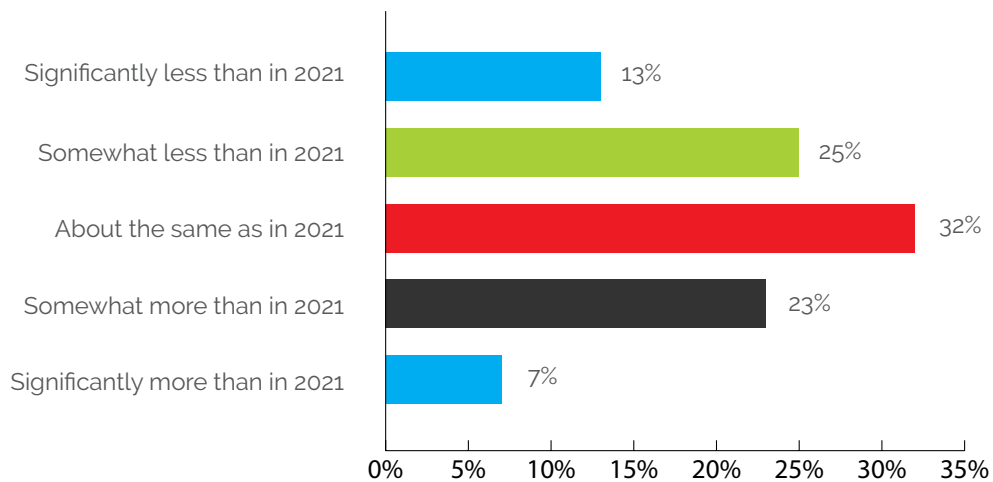
This has many firms looking internationally to expand their sales.

According to [Claudio Knizek](#), a global leader for advanced manufacturing and mobility at EY-Parthenon, "Since the pandemic began, however, efforts to relocate manufacturing have accelerated." We can expect this to only become more pronounced as tariffs are lessened and borders are opened, which will offer a lucrative business opportunity for manufacturers in 2022.

Supply chain problems also contributed to a [3.5% increase](#) in manufacturing production in the United States, which is the smallest growth rate since the recovery started in March 2021.

Question 12

Which of the following best describes how much your organization will invest in capital projects in 2022?



Key Observations:

Respondents still show a bit of trepidation in making significant capital investments. Our 2020 survey found that 85% of respondents had reported continuing or increasing their capital investment. This year saw 30% of respondents stating they were planning on investing more in 2022 than in 2021.

When investing in capital projects, most respondents this year, at 31.61%, stated that their capital investment would be the same as in 2021. 38.34% state they were going to invest less in 2022.



Question 12 (cont.)

Which of the following best describes how much your organization will invest in capital projects in 2022?



Takeaways:

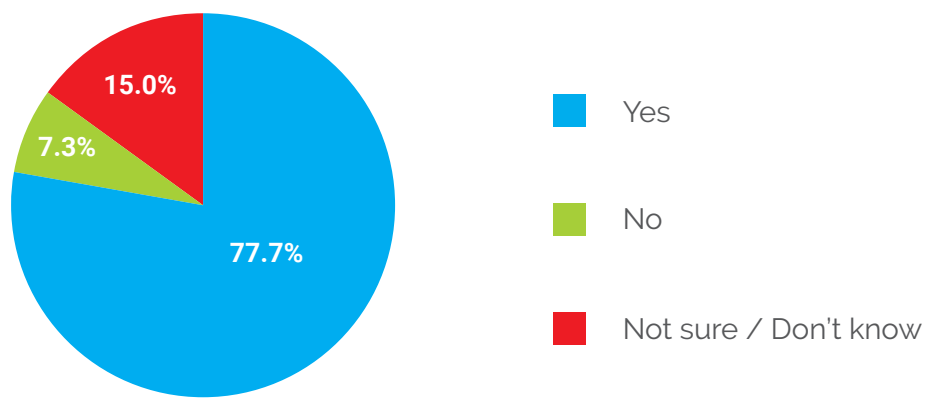
[The Institute for Supply Management](#) expects manufacturers to increase capital expenditures by 7.7% in 2022 after they rose by 12.1% in 2021. According to [Timothy Fiore](#), chair of the ISM Manufacturing Business Survey Committee, "Manufacturing's purchasing and supply executives expect to see strong growth in 2022, with business continuing to expand through the second half, though at slightly lower rates."

[It's predicted](#) that the digital transformation market will grow at a CAGR of 23% from 2019 to \$3.3 trillion. And that [90% of new enterprise apps](#) will include AI and machine learning technology by 2025. These investments in Industry 4.0 platforms will help brands further improve their business process, increasing their profitability and bolstering their bottom line.

[It's predicted](#) that the digital transformation market will grow at a CAGR of 23% from 2019 to \$3.3 trillion.

Question 13

Are you aware of which customers are most profitable to your company?



Key Observations:

77% of respondents to this year's survey stated that they knew their most profitable customers, indicating that they have the business insight they need to determine customer value. However, the remaining 23% of respondents stated that they did not know or weren't sure who their most profitable customers were.

In 2020, 92% of respondents knew who their most profitable customers were. This number fell to 84% last year and to 77% this year. This aligns with respondents' stated desire to have more visibility into their data.

Question 13 (cont.)

Are you aware of which customers are most profitable to your company?



Takeaway

An integrated ERP system is critical in helping your manufacturing organization identify your most profitable clients. It can help minimize risk, promote customer success, determine profitability, and improve year-over-year reporting and growth trend forecasting. As a note, Microsoft Dynamics 365's Power BI functionality makes it easy for your organization to pull sales and profitability reports by customer.

More and more organizations are realizing the benefits of an ERP system. After ERP implementation, [49% of companies](#) said they improved all business processes, including:

- Sales and Marketing
- Human Resources
- Financing
- Operations

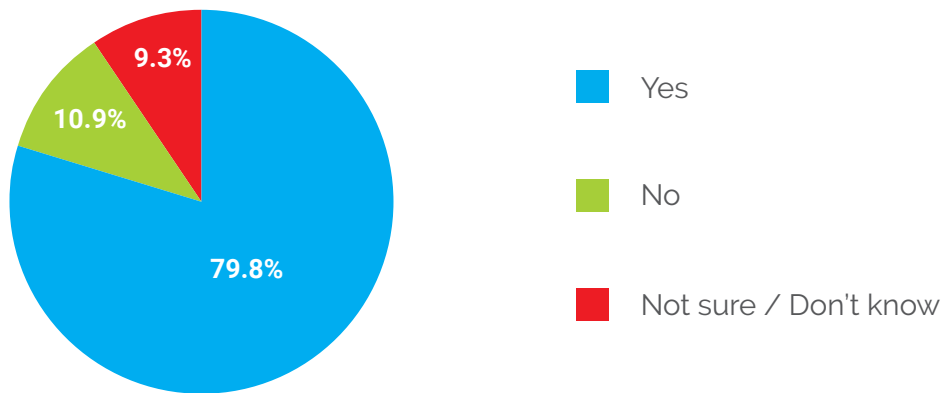
And it wasn't just their processes that improve, but also their ROI.

In a study of companies implementing an ERP system, 85% had a projected timeline for ROI. Of that group, [82% achieved ROI](#) in their expected time. There also appears to be no end in sight, as the ERP market remains in a phase of rapid expansion with a total market size expected to [exceed \\$49.5 billion by 2025](#).

[In a study of companies implementing an ERP system, 85% had a projected timeline for ROI. Of that group, 82% achieved ROI in their expected time.](#)

Question 14

Are you aware of which products are most profitable to your company?



Key Observations:

The previous two years had a higher number of respondents recognizing their organization's most profitable products (last year, 91% of respondents were aware of their products' profitability, and in 2020, this number was 88%).

This year, most organizations have insights into their most profitable products, with 79% of respondents stating that they knew which products were most profitable for their company. The remaining 21% of respondents stated that they did not know or weren't sure what their most profitable products were. This is another indication that there is a need for more visibility in the space.

Question 14 (cont.)

Are you aware of which products are most profitable to your company?



Takeaways:

According to [Business Automation Specialists](#), product development determines 80% of product cost, so it makes sense to start there when looking at reducing manufacturing costs. The Internet of Things (IoT) can help to improve product profitability by exploring new development technologies and opportunities to increase the value of the product via IoT integrations.

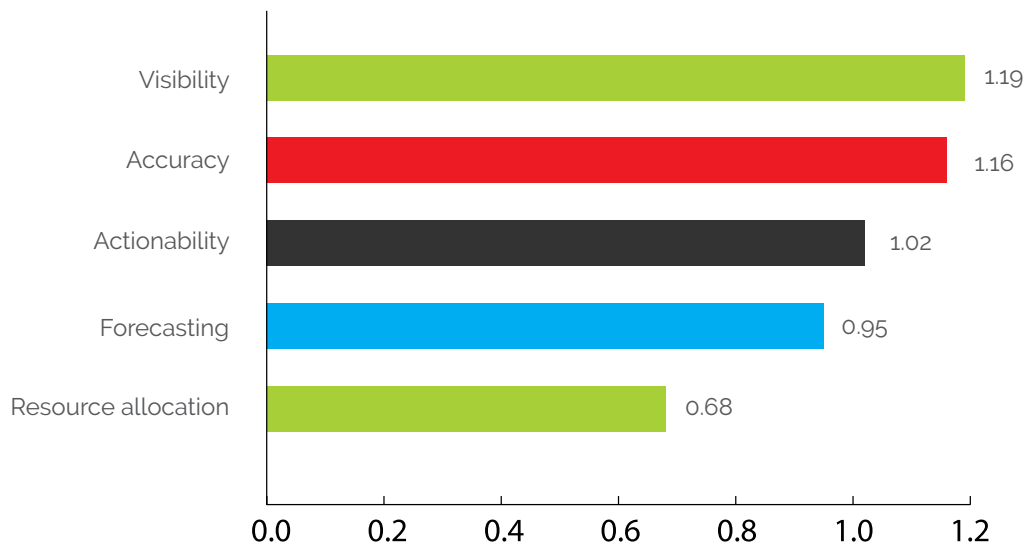
This process will be continuous and is referred to as a digital feedback loop. As IoT adoption accelerates, some estimates indicate there will be [more than 41 billion IoT devices by 2027](#). These devices will be used in digital feedback loops to continuously improve insights into better products and processes and will be able to reduce costs.

As organizations accelerate the engineering of new business value using digital feedback loops and digital twins to lower their production costs, they will also likely leverage additive manufacturing in the process. As of this year, the market for additive manufacturing, otherwise known as 3D printing, is estimated to be worth \$17.4 billion – and is expected to increase to [\\$24.9 billion in 2024](#).

As IoT adoption accelerates, some estimates indicate there will be [more than 41 billion IoT devices by 2027](#).

Question 15

Thinking about your organization's sales pipeline priorities, please move and rank the following in order of importance (1 being the most important and 5 being the least important).



Key Observations:

As with our previous surveys, Visibility and Accuracy were deemed the most important sales pipeline priorities. Resource Allocation was deemed the least important priority this year.

Interestingly Forecasting fell a few points and was deemed a higher priority in 2021.

Question 15 (cont.)

Thinking about your organization's sales pipeline priorities, please move and rank the following in order of importance (1 being the most important and 5 being the least important).



Takeaway

Visibility and Accuracy are critical benefits of a well-implemented CRM system – but only if the entire organization fully adopts the software and the data is accurate.

[Only 40% of businesses](#) claim a 90% CRM adoption rate, and this can lead to manual data entry. Manual data entry tops the list of CRM adoption challenges and around [32% of sales reps](#) spend over an hour on data entry every day. This can lead to poor data accuracy in CRM solutions, which is responsible for an average of [\\$15 million loss per year](#).

Adoption is critical to ensuring your CRM delivers an impact. To improve adoption, be sure to effectively communicate the big picture "why" behind the CRM. It's also important to provide adequate training, simplify the process and automate where able, and reward early adopters. Getting the team to commit to the software will ensure a high adoption rate.

To improve data integrity, invest in technologies, systems, and processes that automate data collection. By eliminating manual data entry, you can reduce human error and increase the speed of which your data can be used to enhance your business.

Manual data entry tops the list of CRM adoption challenges and around 32% of sales reps spend over an hour on data entry every day.

Conclusion

A Time of Change

The past couple of years have been uniquely challenging for the manufacturing sector, as it has been forced to deal with a myriad of challenges. The most difficult of which are supply chain disruptions and increased labor and material costs.

However, our respondents have shown that organizations are navigating these difficulties with insight, flexibility, and a dedication to technology.

Most respondents expect the sector to grow by at least 1.3% in 2022, with data collection, usage, visibility, and accuracy, accentuated by a strong CRM system, being critical to achieving this goal. However, over 50% of our respondents also anticipate a downturn in the industry during 2022.

Market uncertainty over the past couple of years have accelerated a digital transformation, and this transformation will continue over the next decade. Companies are continually pushing their technological investment away from reactionary purchases (brought on by work-from-home mandates) to tools and software that can have a measurable impact on their business (automation, AI, CRM, etc.).

The three most critical pieces of technology driving success in 2022 are CRM solutions, Enterprise Resource Planning, and Business Intelligence software. Companies that have invested in these systems stated in the survey that they were better able to identify their most profitable clients and provide a stronger customer experience.

Companies are continually pushing their technological investment away from reactionary purchases to tools and software that can have a measurable impact on their business.

Conclusion (cont.)

These tools are also being used to improve the employee experience. In today's tight labor market, manufacturers need to use every tool at hand to attract, train, and retain a skilled workforce.

The other main technological component driving the manufacturing sector is the move away from solely on-premise technologies to migrating more of their tech stack to the Cloud. This is a natural progression as Cloud-based technologies offer more flexibility and security at a lower cost. They also empower manufacturers to better leverage their data to enhance their operations and improve their revenue.

The manufacturing sector has emerged from the turbulence of the past couple of years with more knowledge, foresight, and experience. It is perfectly poised to seize opportunities and be more successful than ever by utilizing lessons learned and advancements in technology that enable an organization to be flexible and resilient.



Have questions about the information presented in this report?

Get in touch to learn more.

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About Alithya

Alithya is a leading strategy and digital technology company with highly skilled professionals delivering solutions across Canada, the US and Europe. Alithya's Microsoft practice covers a wide array of capabilities including Dynamics, Azure, business analytics, digital solutions, advanced analytics, application development and architecture. Focused on business outcomes, our combined companies have delivered Microsoft ERP, CRM, BI and digital solutions. Alithya's global offering is to deliver strategy and digital technology services.

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