Competitive horizons

Manufacturing sector increasingly turning to the Internet of Things

According to a study by Market Research, a growing number of major companies around the world are significantly investing in the Internet of Things (IoT). In the manufacturing industry, the IoT is predicted to expand by a compound annual rate of over 29 per cent in the five years to 2020. Companies in the sector will spend around 10 per cent more on IoT than the 2015 average amount per firm of $110.35. As published by www.themanufacturer.com, the report points out that IoT can help manufacturers reach goals associated with the development of smart products, cost control and more innovative business models. Significant scope to provide customers with enhanced service offerings is another important aspect. Better relationships with clients, increased lifetime value and greater ability to ensure that quality standards of products are sustained throughout their life cycle are among the possible outcomes noted. Almost 36 per cent of the top 100 manufacturers are expected to embrace IoT by 2018. The uptake of IoT will also see manufacturing supply chains place greater emphasis on diagnosis and prognosis of performance.

Export growth predicted for Russian auto parts

In the coming years, exports of plastic automobile components from Russia are set to rise further, according to a report published by www.plasticsnewseurope.com. The parts are manufactured by global automakers which operate in Russia and exports have risen significantly since 2014, when domestic demand fell as a result of the economic crisis. Currency devaluation in Russia and improvement in the quality of parts made there are cited as key reasons for the ongoing increase in overseas demand. The Russian Ministry of Industry and Trade predict that plastic components will account for nearly 60 per cent of automotive parts exported from the country in 2018. Growth of almost 5 per cent to $2.3bn is expected. The Ministry believes that the figure could be at least three times greater by the decade end. However, this will depend to some degree on whether or not it remains cheaper to manufacture in Russia than in the European Union (EU). Planned state subsidies for transportation and certification of components should further drive export growth. Automakers are also seeking government help to obtain reductions in the high import tariffs currently imposed by many nations. Among them are Vietnam, Egypt and Ethiopia, all major markets for Russian-made auto parts. Duties in such countries are far greater than costs levied on EU firms.

UK and China set to drive growth in worldwide merger and acquisitions

A joint report by Baker McKenzie and Oxford Economics expects that global activity in merger and acquisitions (M&A) in 2018 will reach more than $3tn. Favorable economic conditions, rising world trade, higher equity valuations and scope for a lower cost of borrowing in emerging nations are identified as main drivers of M&A deals. The report, as published by www.china.org.cn, believes that continued uncertainty over Brexit will not prevent significant growth in M&A within the UK. A figure of $162bn is predicted for 2018, indicating a 60 per cent rise on 2017 levels. In China, total activity of $278bn is expected for 2018 and $297.1bn for the following year. The figure for 2017 is set to be $240.2bn. Growth in the inbound M&A activity in China is forecast to be especially strong with $47.9bn expected in 2018 before rising to $56bn in 2019. It is thought that the majority of M&A deals will relate to sectors driving China's economic growth such as pharmaceuticals, health care and consumer goods.

Increasing the companys innovativeness

A workplace culture that encourages collaboration and interaction can help make a firm more creative, a report published by www.score.org claims. Granting employees a platform to voice their opinions and concerns is an essential part of this, given their inside knowledge and experience of the organization. A patient approach is advocated and innovation should be regarded as a longer-term process. Failures are unavoidable but must be viewed as valuable learning opportunities. Effective solutions can and will emerge if this approach is adopted. The report additionally notes the value of taking a broader perspective where innovation is concerned by exploring different and less conventional sources for ideas.

  ISSN 0258-0543 DOI 10.1108/SD-11-2017-0171