

2020 Advisory Conference

October 27-29

Converging knowledge and behaviors to deepen client relationships

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TECHNOLOGY TO LEAD THE WAY FOR MANUFACTURERS

October 28, 2020

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Speakers list



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Agenda

Topic	Facilitator	Minutes
Economic Overview Manufacturing overview <ul style="list-style-type: none"> • Current state • Future state – Industry 4.0 	Jason Alexander	
Cybersecurity / Risk	Hussain Hasan	
Microsoft Dynamics 365	Jeff Marker	
Infrastructure	Adam Lurie	
Wrap-up	Jason Alexander	
Q&A	Jason Alexander, Hussain Hasan, Jeff Marker, Adam Lurie	



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Learning Objectives

By the end of this course, you will be able to:

- Identify the current state of the U.S. economy and the impact on the industrials sector.
- Identify the current state of global and U.S. manufacturing and the impact on our clients and prospects.
- Identify the key concepts of Industry 4.0 and how they apply to manufacturing companies.
- Identify RSM's Framework for Industry 4.0 and how this applies to our clients and prospects.



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Pandemic economics, recession and beyond



US economy free-fall has ended

- Supply, demand and financial shocks
- Depression like shocks; no Depression
- Household consumption levelled off around end of June
- US economy is in recession that should last 3 quarters



Policy response

- Robust fiscal and monetary policy response
- Main Street Lending Program
- Until there is a vaccine there will be no meaningful recovery



Shape of recovery

- Nike™ shaped "Swoosh" recovery
- Elongated and frustrating in some industries
- Housing and auto manufacturing to lead
- Large firms picked up activity US Q3
- Mid-market picks up US Q4 '20 and Q1 21
- Real damage to household spending

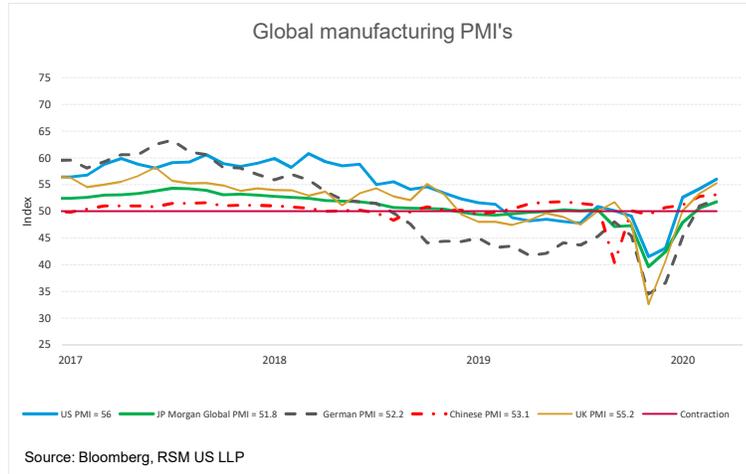


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Global Manufacturing PMI at 25-month high in September

21 of the 31 territories covered reported growth

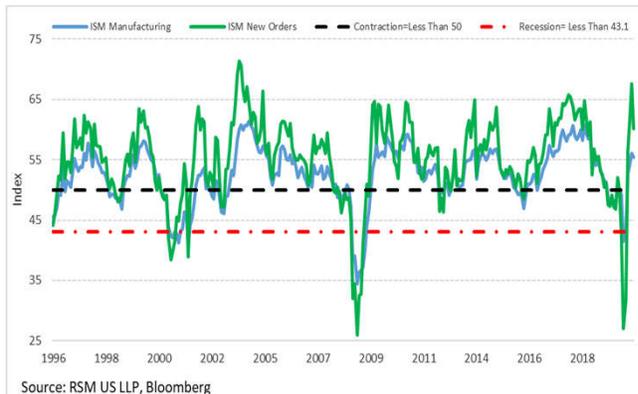


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U.S. manufacturing stabilization continues

ISM Supply management index



"Still struggling with long lead times for components coming from China [contract manufacturers]." (Computer & Electronic Products)

"Volume remains lower than one year ago but has steadily improved over the past two periods." (Chemical Products)

"Overall business conditions are improving, but not at the rates we saw them decline." (Fabricated Metal Products)



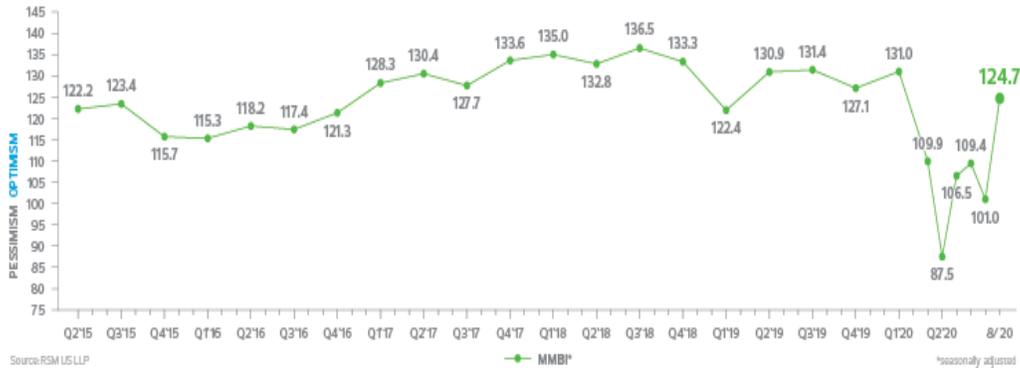
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RSM Middle Market Business Index

MIDDLE MARKET BUSINESS INDEX
(seasonally adjusted)

RSM US MIDDLE MARKET BUSINESS INDEX



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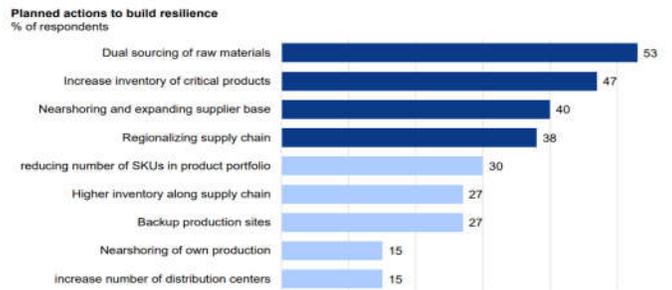
The reimagining of global supply chains

COVID 19 Impacts on Global Supply Chain

- A** Dependency on China manufacturing and suppliers
- B** Complexity of global value chains
- C** Lack of supply chain visibility
- D** Sudden drop in demand
- E** Unexpected accelerated rise of e-commerce

Sources of supply chain vulnerability and strategies used to increase resilience

93% of global supply chain leaders are planning to increase resilience
44% would increase resilience even at expense of short-term savings



The coronavirus has “finally prompted people to look at increasing the number of places that they’re manufacturing so that their highest-value, highest-margin products can’t be cut off if a country gets shut down for reasons of what we’re going through currently or any sorts of future events that destabilize the supply chain.” Blake Moret, CEO of Rockwell Automation Inc.



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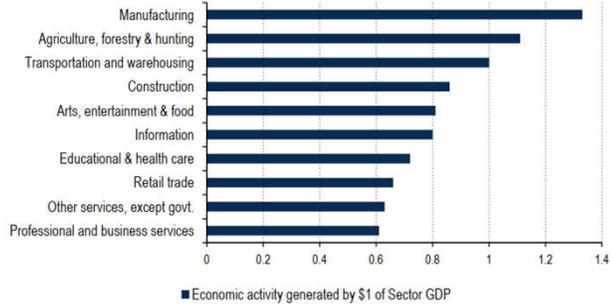
Growth in regional manufacturing innovation hubs

North American companies are ahead of their Asia Pacific (ex-China) and European counterparts in moving their supply chains out of China



Source: BofA Global Research

Every dollar in final sales of manufactured products supports USD 1.33 in output from other sectors



Source: Bureau of Economic Analysis



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Thriving in today's new environment



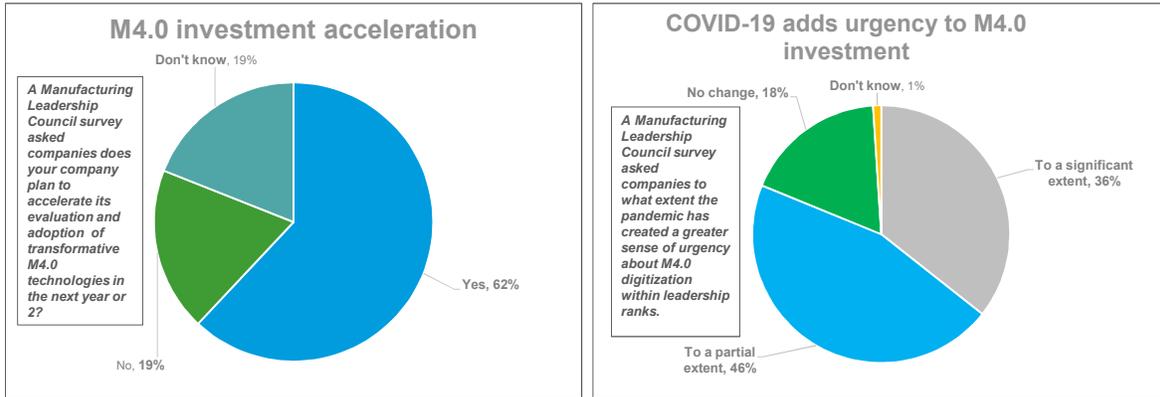
Industry 4.0 creates a disruption and requires companies to rethink the way they design their supply chain.



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Further digitization of supply chains



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COVID accelerates adoption of technology for lean, resilient and efficient operations

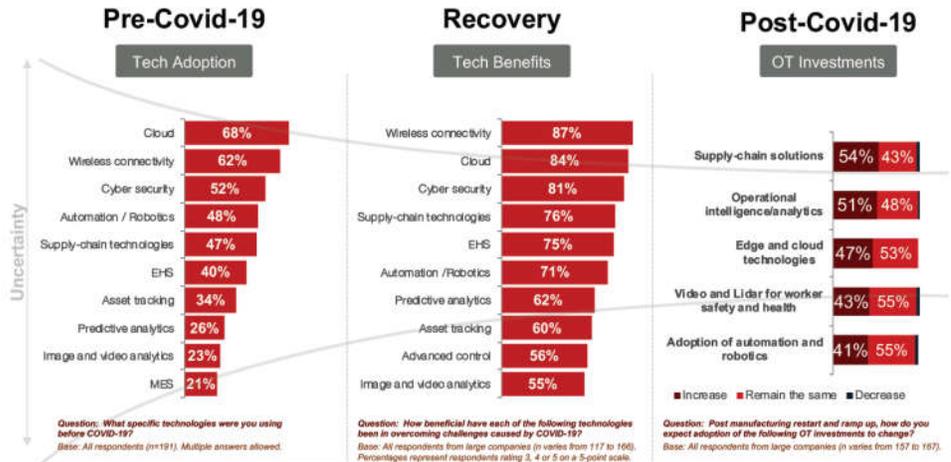
What specific technologies do you have in place today? Which do you plan to invest in short-, mid-, and long term growth?



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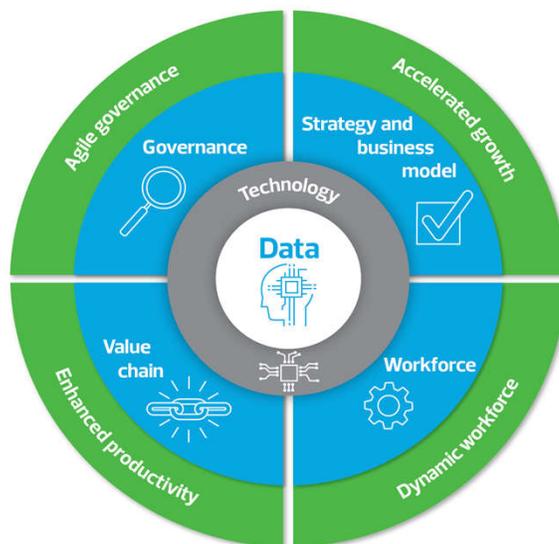
COVID accelerates adoption of technology for lean, resilient and efficient operations



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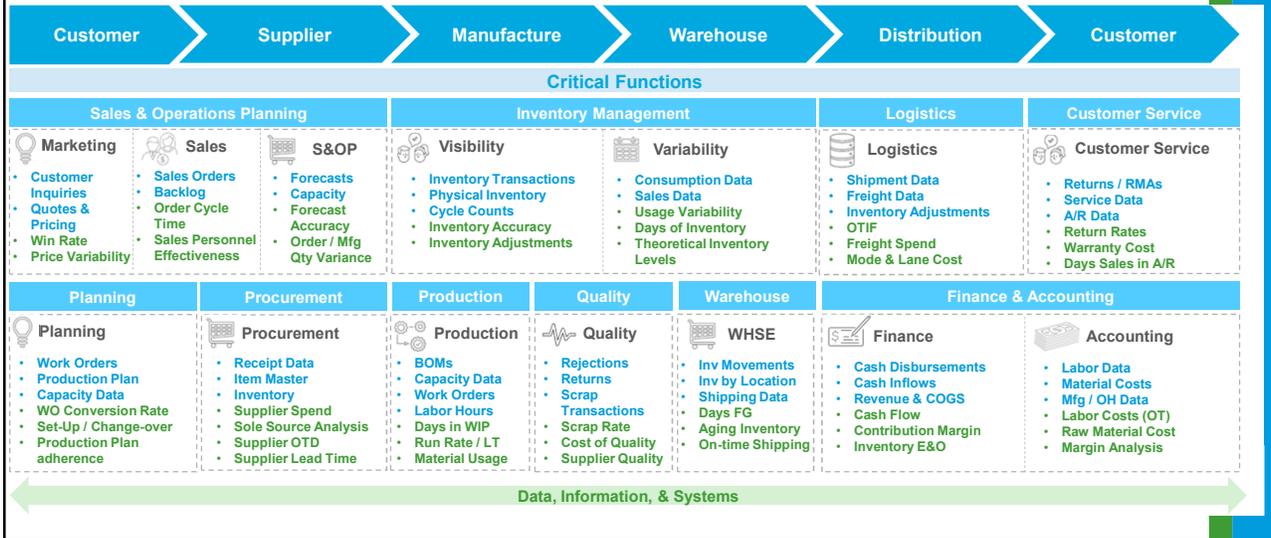
RSM Industry 4.0 Framework



Lifecycle of a Manufacturer

Functional Data Elements
Data Driven Analysis Metrics

In order for operations to perform effectively, the organization must be positioned to grab data from systems across the organization in order to analyze and push insights back to the various functions. RSM can assist in quickly mobilizing teams and partners across all of the critical functions.



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CYBERSECURITY / RISK

Organizations Build Competitive Advantage through DATA

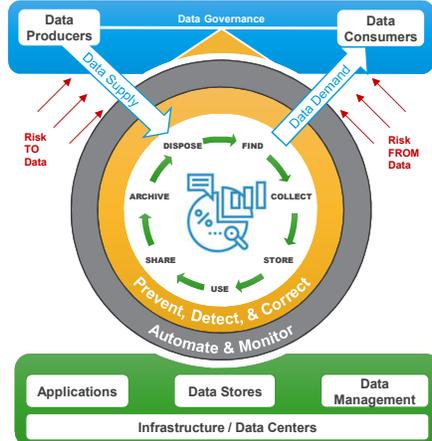
Data has value when it's business relevant, fit for use, trusted, and available when needed

- D Discover**
Proactive use of data analytics or process mining tools to explore industry trends, market cycles, enterprise data and visualize processes on the fly to identify major process improvements, business transformations, and new data sources
- A Architect**
Design and build business processes, data pipelines, and reporting platforms aligned with sustainable and scalable target architectures that effectively produce, distribute, and consume data
- T Trust**
Administrative and technical systems to: balance (govern) a controlled, yet flexible, data supply with dynamic demand; prevent, detect, & correct risks to and from data; and, comply with requirements, standards, laws & regulations.
- A Automate**
Scale and schedule delivery of trusted data that's fit for use to the right users at the right time

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Processes Tuned for Performance & Value Delivery



Architectures Leveraged for Optimized Data Delivery

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RSM Data Capabilities:

Purpose & Performance

Enhance business capabilities via established data production, delivery, and consumption expectations

Design & Leverage

Enhance data management capabilities to enable and optimize data production, distribution, and consumption

Risk & Assurance

Ensure data is available, fit for use, proven trustworthy and meets external regulatory requirements

Go To Market with a one Consulting DATA approach of proven methods and capabilities:

- Advise
- Architect
- Analytics
- Automation
- Assurance

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Cybersecurity / Risk

- Managing the risk within the supply chain of data
- Industrial Control Risk
- Technology Risk Transformation

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MICROSOFT DYNAMICS 365

Microsoft Dynamics 365

- D365: Reinventing ERP for the Manufacturing Enterprise
 - Migration to the Cloud
 - Becoming a Data Driven Organization
 - The RSM D365 Sweet Spot
 - Discreet and Process Manufacturing
 - Wholesale Distribution
 - Manufacturing Direct

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INFRASTRUCTURE

Infrastructure

Strategic partners










Infrastructure in Industrials 4.0

- What are the latest infrastructure technologies in 4.0
- Workforce challenges
- What to be on the lookout for with our clients
- Service adjacencies

Case study – Manufacturing Client



**TECHNOLOGY
INFRASTRUCTURE MUST HELP
IMPROVE PERFORMANCE AND
SUPPORT STRATEGIC GOALS
AND OBJECTIVES.**

Key Infrastructure Service Offerings

- Managed IT services
- Modern workplace (desktop and application delivery)
- Cloud & server virtualization
- Storage and backup
- Network design and implementation
- Carrier consulting (5G, wireless, etc.)
- Unified communications/Telecom
- Security solutions



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