

Chief Executive

How IoT is Fueling Industrial Digitalization

By **Autumn Cafiero Giusti** - October 4, 2017



The pervasiveness of technology is changing the way industrial companies conduct commerce, and the Internet of Things is at the heart of that transformation. That's one of the key takeaways from a report issued this week by enterprise software developer IFS.

IFS surveyed more than 200 manufacturing and contracting executives with decision-making power over IoT purchases to find out how IoT affects the readiness for digitalization in North American industrial companies.

The report centers on the concept of “digital transformation,” which it defines as the idea that as people use more digital technologies, those technologies alter the way people live and do business.

One of the report's key findings is that IoT and this process of digital transformation are closely related in industrial companies.

Decision makers that the report categorized as leaders in digitalization are almost three times as likely to use IoT data for corporate business intelligence, or to monitor performance against service-level agreements, compared to those the report classified as "laggards." These leaders also were more likely to be able to access IoT data in applications used beyond the plant floor. They were more than four times as likely to have access to IoT data in enterprise asset management software, twice as likely to be able to access IoT data in high-value asset performance management software, and almost twice as likely to be able to use IoT data in ERP.

The report also found that 88 percent of these digital transformation leaders also qualified as IoT leaders, suggesting that IoT is a technology underpinning digital transformation.

What CEOs should prioritize

To get their IoT initiatives on the right track, CEOs and their companies need to turn their attention to three things, in order of importance: their team, prioritizing projects, and security, says Dianne Denison, founder and CEO of Denison Consulting Group Inc., a Delaware-based consulting firm specializing in the Industrial Internet of Things.

"People are the most critical element to deliver the IoT," Denison says. She explains that CEOs need to build and lead teams that span both operation technology—which monitors manufacturing and industrial components such as valves and pumps—and information technology, which processes data for corporate functions such as accounting and sales.

“Assemble and lead a team whose members are multi-functional, respect the differences of each team player, are not afraid to fail, are collaborative and at the core are lifetime learners,” Denison says.

Because IoT is such a large concept, Denison says CEOs need to prioritize projects, especially the ones that help address an immediate operational or safety issue, or provide the greatest return on investment.

Data is central to the digital transformation, and security is the lynchpin to protecting it, Denison says. Firms that find ways to monetize their data are the ones that will survive and thrive. But often data is orphaned on the plant floor, so to deliver IoT, successful companies must collect, correlate, interpret and securely share, process and store the data. This means moving data from the plant floor to the cloud.

Researchers predict that the world will have more than 50 billion connected devices by 2020, which Denison says exponentially increases opportunities for hackers.

CEOs will need to consider themselves data-driven enterprises, which is why Denison says they will have to focus on security up and down the supply chain.

“To deliver the IoT, we not only need to address converting data into actionable insights, but we also need to transmit that data reliably, securely and repeatedly,” she says.

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