

# Industrie 4.0 and Germany

## Germany's Growing Market

Germany's market for Industry 4.0 solutions (software, IT services, and hardware) increased from EUR 4 billion in 2015 to almost EUR 6 billion in 2017 according to the Bitkom digital association. This is forecast to rise to more than EUR 7 billion in 2018, with the upward trajectory expected to continue for the immediate future.

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## Major Application Industries

Domestically, Industrie 4.0 is already creating real added value. Industrie 4.0 hardware, software and IT Services all recorded double digit growth in the year 2016/17, recording cumulated growth of more than 20 percent. More than 65 percent of German companies are already using or plan to use special Industrie 4.0 applications.

Continued double digit growth is forecast in the respective software, IT services, and hardware segments that, taken together, constitute Industrie 4.0 solutions. In Germany alone, extra value added potential of up to EUR 425 billion has been forecast for the period up to 2025. The main application industries driving Industrie 4.0 solutions uptake are the automotive, mechanical and plant engineering, and electronics and high-tech sectors.

## Solution Segments

Increased domestic demand for Industry 4.0 solutions is driving growth in the Industry 4.0 segment markets. Broken down into their constituent parts, **Industry 4.0 solutions growth** is

1. strongest in the software sector (in overall market second place behind IT services),
2. followed by IT services (biggest market) and
3. hardware (smallest market).

Software market growth of 24 percent to EUR 1.5 billion is forecast for 2018, with the current largest segment being IT services (including consultancy, system integration and the development of individual software solutions).

## Digital Leader

Digitalization and the use of digital technologies in German Industrie 4.0 are advanced in international comparison. Eighty-three percent of domestic companies believe that their value chains will be marked by a high level of digitalization by 2020.

More than 65 percent of German companies use or plan to use special Industrie 4.0 applications. Two thirds of companies, according to the Staufen German Industrie 4.0 Index 2017, already deploy predictive maintenance applications – in-house or as a purchased service.


In the manufacturing sector, three in four companies use smart services like cloud computing solutions; one third of which analyze large amounts of data using big data analytics solutions. Technological leadership and vision in the

fields of manufacturing, automation and software-based embedded systems, as well as historically strong industrial networks, lay the cornerstone for the long-term success of Industrie 4.0 in Germany.

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