Reindustrialization drives growth

Reindustrialization is transforming industrial manufacturing. Driven by the need for resilient supply chains, a

focus on sustainability, and the promise of technological innovation, companies are investing heavily in domestic production and advanced capabilities. Investment in this sector is set to soar in the coming years. According to our Capgemini Research Institute

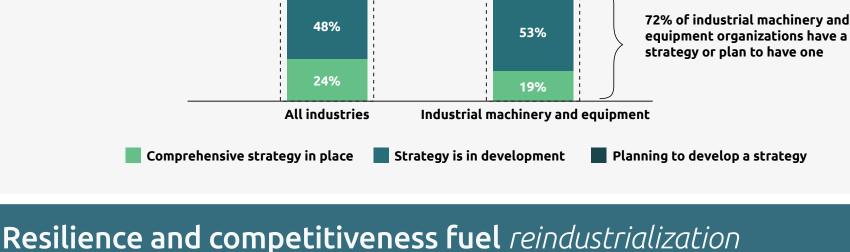
report The resurgence of manufacturing: Reindustrialization strategies in Europe and the US, 72 percent of organizations are already developing or implementing comprehensive reindustrialization strategies.

Reindustrialization is the re-establishment of global supply chains and manufacturing operations, often with the aim of bringing them closer to – or even within – domestic markets.

What is reindustrialization?

Percent of organizations with a reindustrialization strategy

28% 29%

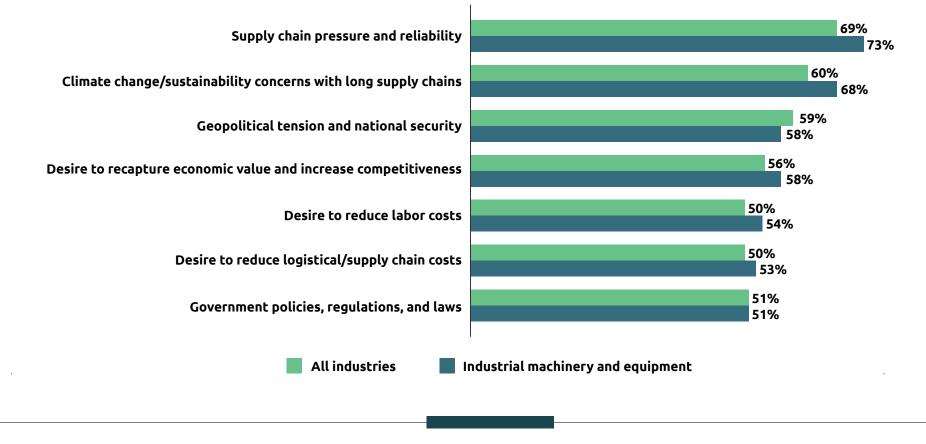


primary driver. Additionally, a desire to recapture economic value and increase competitiveness is a significant motivator, shared by 58 percent of organizations. This dual focus on stability and growth is propelling the reindustrialization movement.

prioritize supply chain aim to recapture economic value and increase competitiveness

> Percent of organizations stating the below is a top driver of their reindustrialization strategy and initiatives

Supply chain resilience is the top priority for industrial manufacturers, with 73 percent citing it as a



capabilities will persist.

believe the drive for sovereign

Domestic/onshore

(i.e., located in country of

headquarters), Industrial

machinery and equipment

The initiative to build sovereign manufacturing capabilities

in strategic sectors, driven by socio-political as well as

business considerations, will persist and strengthen

relationship between reindustrialization and sustainability.

13.6%

Reduced carbon

emissions

Optimistic about reindustri-

alization driving innovation

We are optimistic about the

prospects of reindustrialization

advancement

12.7%

Improved customer

satisfaction

Strategic focus on domestic manufacturing and supply chains

manufacturing capabilities in manufacturing in strategic managing the entire value chain industries is imperative to in our domestic market, from strategic sectors, driven by socio-political and business ensure national security sourcing raw materials to

recognize domestic

envision a strategic shift towards

28% 30%

Nearshore

(i.e., located in neighboring

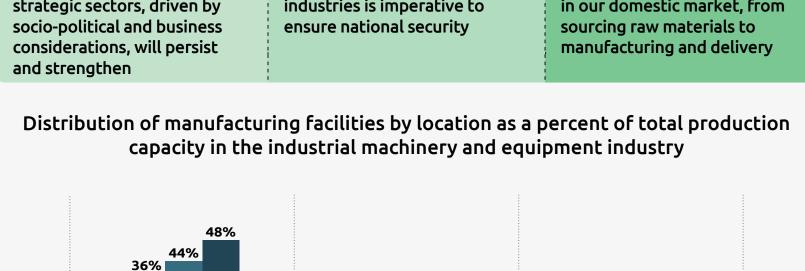
countries), Industrial machinery

and equipment

62%

70%

The majority of industrial manufacturing organizations believe the drive for sovereign manufacturing



26%

17%

35%

and equipment Today Expected in the next 3 years 3 years ago

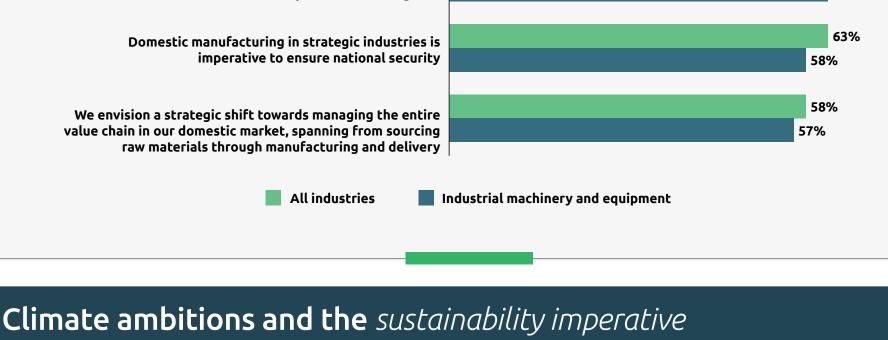
Percent of organizations that agree with the below statements

Offshore

(i.e., located away from domestic

country, typically in a different

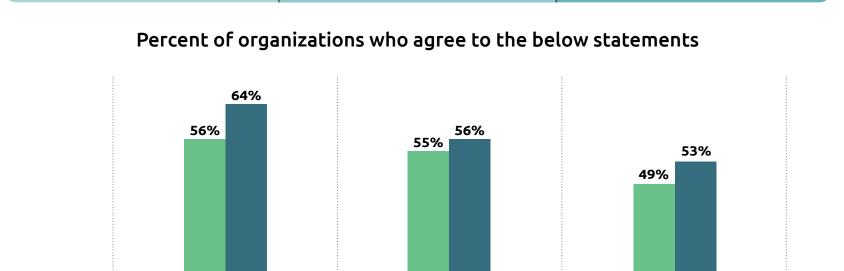
time zone), Industrial machinery



believe reindustrialization view reindustrialization as a anticipated reduction in

will help meet climate catalyst for sustainable carbon emissions in the ambitions manufacturing next three years

Reindustrialization is seen as a key enabler for achieving climate goals. Our research revealed a two-way



Reindustrialization will drive a Reindustrialization will help our My organization's climate goals will only be achievable if our shift toward sustainable organization meet our climate reindustrialization efforts are manufacturing practices ambitions in the next three years successful All industries Industrial machinery and equipment Percent of improvements expected from reindustrialization in the next three years 14.6%

11.1%

Reduced

costs

Industrial machinery and equipment

9.3%

Increased labor productivity

Using technology to

combat climate change

We are investing in digital

technologies in our

combat sustainability and climate-change challenges

8.9% 8.2%

Increased

production output

11.0%

Our commitment to reindustrialization extends beyond economic growth. It encompasses job security for future employees, the nurturing of local talent, imparting social education, championing environmental benefits, and diligently mitigating all risks – whether they stem from supply chain vulnerabilities, natural disasters, or ecological impact. Reindustrialization is not just about profits; it's about shaping a sustainable and resilient future for all."

12.6%

Reduced time

to market

11.9%

All industries

– Supply chain executive from a US-based global automotive organization

Technology as a driver of innovation and sustainability The industrial manufacturing industry is highly optimistic about technology's transformative potential. Seventy-six percent believe reindustrialization will drive innovation and advancement, and 63 percent are increasing investments in digital technologies like AI, cloud, and data analytics to boost productivity. Notably, 58 percent of organizations are also using these technologies to combat climate change, illustrating the symbiotic relationship between digitalization and sustainability. **76**%

Increasing investments in

digital technologies

Percent of organizations who agree with the below statements 76% 68%

We will increase our investments in

digital technologies (e.g., data,

to reindustrialization

All industries

driving innovation and technical cloud, AI) to boost productivity due

The shift towards

reindustrialization will necessitate

a more highly skilled industrial

workforce than traditional

manufacturing labor

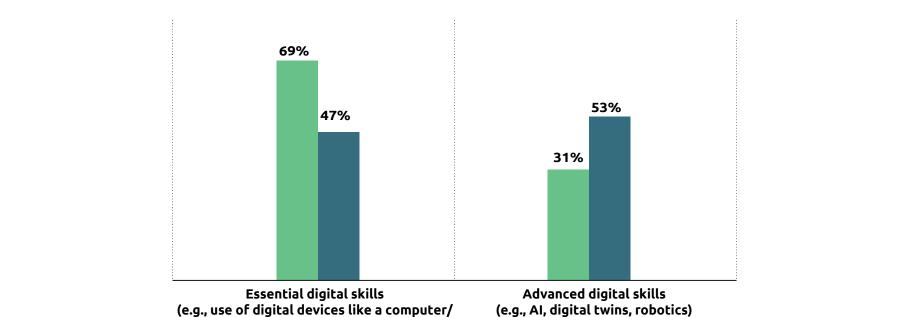
All industries

tablet/mobile for work tasks)

- A supply chain executive from a US-based automotive organization

Today





To bridge the skills gap within the organization, we are enhancing the capabilities of existing employees, fostering education in EV manufacturing, collaborating with universities, and advocating for science, technology, engineering, and mathematics (STEM) education."

nologies, and engineering

Average share of digital skills in manufacturing workforce, today vs. three years' time

Action steps for acceleration **Embed sustainability** Adopt advanced

Develop comprehensive

reindustrialization

strategies based on

thorough assessments

63% 63% 62% 59% 61% 58%

Reindustrialization of our

economy will be successful if our

and more sustainable

Reindustrialization will require an We must undertake a substantial

industrial workforce skilled in upskilling initiative for our current

trialization endeavors

creative disciplines, digital tech- workforce to support our reindus-

Industrial machinery and equipment

Next three years

industries become more digital reindustrialization initiatives to

Organizations will amplify their investments in digital technologies

to bolster reindustrialization

To fully harness the potential of reindustrialization, the industry must: Proactively engage with principles throughout the technologies to enhance policymakers to navigate reindustrialization process productivity and reduce regulatory landscapes and environmental impact leverage incentives

Invest heavily in workforce

development, emphasizing

both digital and traditional

manufacturing skills

The industrial manufacturing industry is undergoing a profound transformation through reindustrialization. By prioritizing resilience, sustainability, and technology, the sector is positioning itself for renewed growth, competitiveness, and a more sustainable future.

Read the full Capgemini Research Institute report, The resurgence of manufacturing: Reindustrialization strategies in Europe and the US, to learn how leaders plan to revitalize their industrial sectors, create jobs, boost production and strengthen supply chains.

Collaborate with industry

partners to build a stronger

domestic industrial base

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