

Invest & Create

Investments in innovative young companies and their challenges in
Navigating Growth in Manufacturing

O14 Knowledge Camp 2024, Wolfertschwenden

PwC as investor: Supporting the next generation of „hidden champions“

Establishing digital driven solutions in the industrial sector

What do we look for



Real, client-proven industry solutions



Clear growth trajectory



Real entrepreneurs



Convincing set-up



Unearthing tomorrow's industrial tech leaders, we navigate our choices with prudence and sustainability, seeking out the hidden champions of innovation.

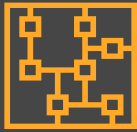
Invest & Create is PwC Germany's investment unit for growth capital.

We believe in **connecting industry players and innovative solutions** to strengthen sustainable economics.

Our approach: We are **hands-on and support** our portfolio companies with sparring, network, expertise and an open mindset.

Why: Digitization will ensure long-term competitiveness

Digitization is imperative to ensure competitiveness - increasing efficiency and reducing operations cost by up to 20% in the manufacturing industry within this decade



Operations automation
and process
optimization



Collaboration platforms
and integrated
assembly management



Connected Workforce /
Staffing optimization



Advanced analytics/ AI
for production
optimization



Predictive/
autonomous
maintenance

Benefits examples

5-10%

Capacity increase

10-30%

Throughput time reduction

5-10%

OEE overall equipment
effectiveness increase

20-50%

Planning efficiency increase

100%

Operations traceability

40 - 60%

less paper based instructions

20-30%

Maintenance cost reduction

20-50%

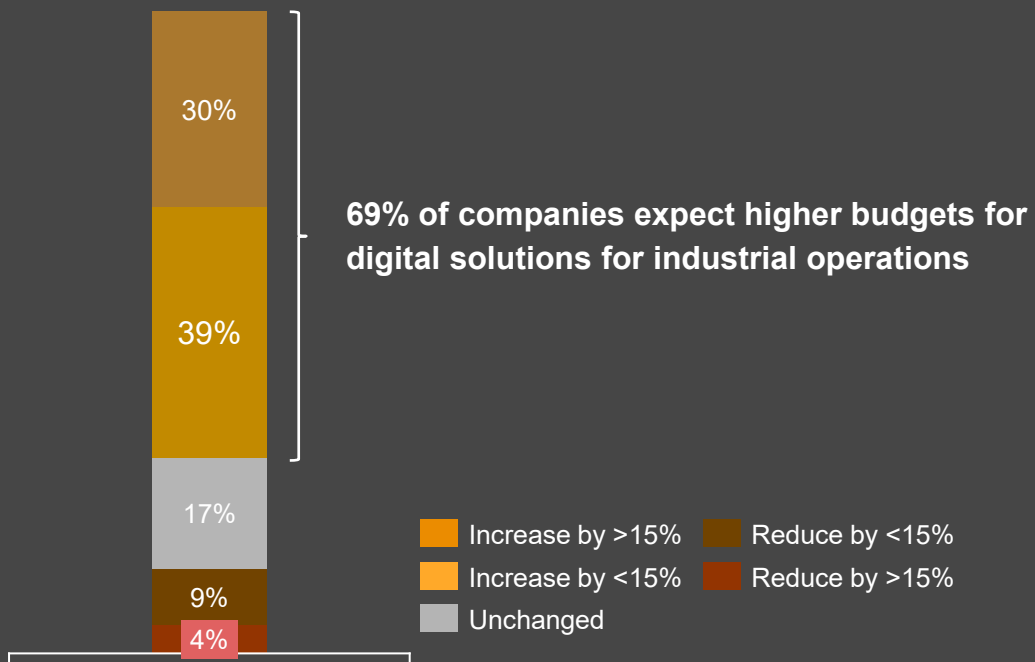
Inventory reduction

Digital transformation provides clear guidance and **delivers quick wins and tangible benefits**

There is momentum: Our ongoing study confirms an increased need and willingness of industrial companies to adopt digital solutions

Q: Will 2024 lead to more widespread adoption and closer collaboration with innovative growth companies?

Planned budgets for digital solutions



Key takeaways



- High margin pressure and need to innovate



- Increased budgets for digital solutions expected
- Focus on inhouse R&D (vs. co-creation/ partnering)

- Biggest value lever: Digital Solutions

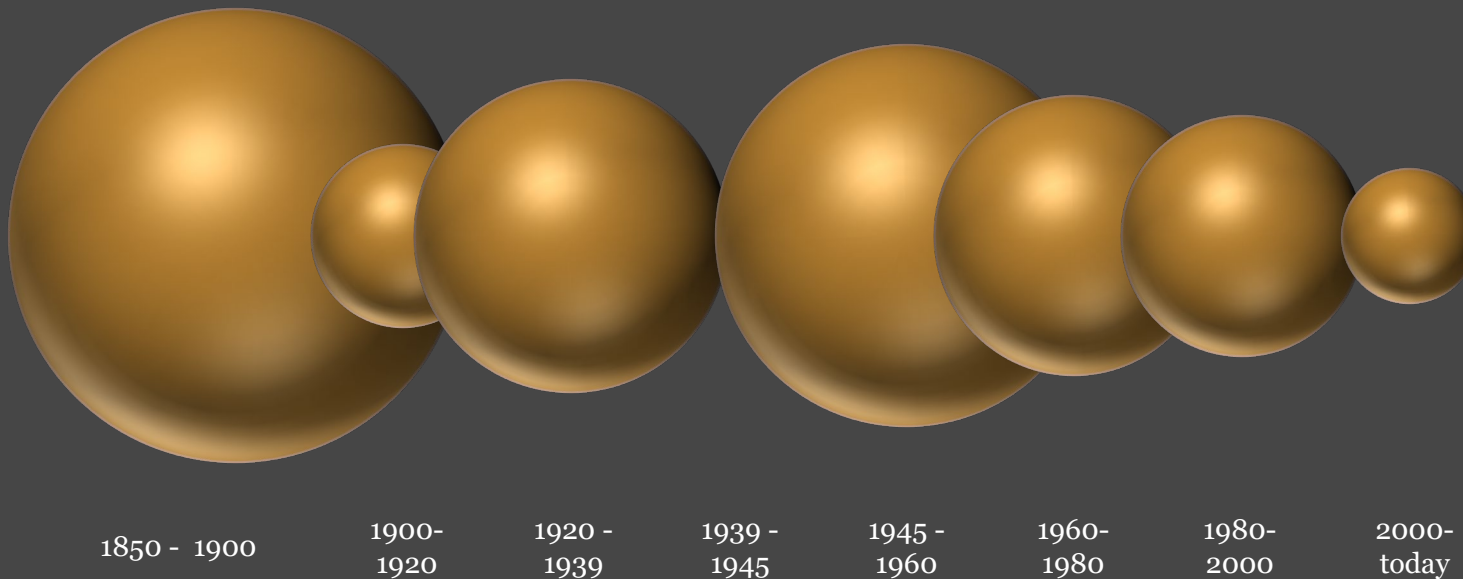
- **Insufficient collaboration with innovative growth companies**

But who can deliver this?

New generation of Hidden Champions needed as part of the equation!

For more than a century entrepreneurs with innovative solutions for the industry became an integral part of the industrial sector themselves – this still is and will be a key success factor!

Historical development of Hidden Champions (1850 – today)



Size of bubbles indicates number of today's and future hidden champions founded in respective time period



Key takeaways

Industrial sector clearly dominant

- > 70% are suppliers of industrial components, machinery or equipment
- ~10% are automotive component suppliers
- Medtech and Chemicals follow behind

Fewer and fewer hidden champions follow

- Overall trend shows that the number of hidden champions founded declines
- Furthermore, the share of industrial related companies is significantly below the long-term average

What does the next generation of “Hidden Champions” need? Should everybody become an investor now?

We encourage you to collaborate with innovative growth companies to accelerate your growth and innovation

Sufficient funding: Many investors lack deep industry understanding, which leads to hesitancy in backing young industrial companies; and:

traditional financing set-up not really suited for new asset light(er) business models and deep tech



Market Access: Difficulty in penetrating established industrial markets due to hesitant clients and strong, proven (but not necessarily innovative) incumbents.

Faster Sales Cycles: Young industrial growth companies with innovative new solutions face extended sales cycles, thus delaying revenue generation and growth.

Hidden Champions ensured Germany’s competitiveness during the last decades

The next generation of Hidden Champions will continue this and ensure future growth and innovation

Questions?

Please, feel free to reach out and have a chat with us.



Motion Mining



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[click for more](#)

Low Code



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[click for more](#)

IoT Cybersecurity



Ensure product security and compliance

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Artificial Intelligence



Understand and avoid production disruptions

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Data integration



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