

GAMBICA

Is the Government's Industrial Strategy good news for automation?

Does the Government's recently announced Industrial Strategy* signify a real change in attitude towards the manufacturing sector? Gambica's chief executive, Graeme Philp, and its sector head for industrial automation, Victoria Montag, examine the evidence.

When Theresa May's team decided to rename the government business department to include the term "Industrial Strategy", one could sense some previously jaded senior managers across British industry kindling a spark of guarded enthusiasm. That the government had decided it was time to take a strategic approach to industry felt like a marked change from the previous administration who had been, at best, apathetic – and, at worst, ideologically antipathetic – towards engaging with UK industry, particularly with manufacturers.

Lukewarm reception

The publication of the Government's Industrial Strategy in January was eagerly anticipated. Perhaps inevitably, the reception to the Green Paper was guarded and lukewarm. We had been here before, but would the Government this time have the stomach to really try to understand

manufacturing and the opportunities it offers the UK economy and society

There were initial concerns that the Green Paper was actually just a compilation of existing programmes

and funding routes, and that the definition of "industry" had been broadened too far, giving the impression that the 132-page document lacked substance.

However, hidden within its pages was the welcome announcement of the establishment of Sector Review Groups, whose purpose is to develop "proposals to transform and upgrade" key sectors of the UK economy. The Government was extending the offer to work with any sector that can organise itself behind strong leadership and demonstrate its potential positive impact on the UK. Five sectors were listed – the implication being that they have been pre-identified as being priority sectors for UK growth.

Importantly for the UK automation industry, one of those pre-identified sectors is the digitalisation of industry – broader than just manufacturing, but with the manufacturing industry as a key element of its remit. It was clear from the Green Paper that the government sees this sector as key in its quest to improve economic productivity in the UK from its currently low level compared with our international rivals. Jürgen Maier, CEO of Siemens UK & Ireland and his team, chosen from across industry and commerce, will review the sector and propose how accelerated adoption of digital technologies could advance UK industry.

The group – known as the Industrial Digitisation Review Leadership Team – has a challenging brief, laying out the potential of a key "horizontal" enabler in a UK environment where the easier-to-understand vertical sectors have been accentuated for many years. Verticals, such as the automotive and aerospace industries, have instant public recognition because their products are clear-cut, and they are easy to interface with Government because they are dominated by a relatively few "tier ones". But these sectors, together with most of the other prioritised verticals, would not exist without horizontal industries.

Automation and electronics are good examples of horizontal enablers. With the recent sale of Vauxhall Motors, we have heard again that only about 40% of the value

of a car made in the UK is actually added in the UK. Much of the missing 60% is represented by the various electronics systems which have become such an important part of the car's systems and too few of them are designed or manufactured in the UK. This is an excellent exemplar of the importance of horizontal enablers.

Within the digitalisation brief of Maier's working group, there are also important, potentially disruptive, developments in automation, robotics, artificial intelligence and connectivity which have the capability to transform business models across industry. The free passage of data up and down the full length of the supply and value chain offers previously unimaginable levels of flexibility and efficiency, but poses commercial conundrums in terms of the ownership of, and access to, data.

Knotty topics

Then there is the need to engage industry and the public on knotty topics such as cyber-security and privacy, and how to build an environment in which innovation and creativity can flourish, for multinationals as well as for SMEs. That's a lot to consider in a six-month-long review!

By understanding the opportunities offered and the challenges posed by the digitalisation of industry, the Industrial Digitisation Review Leadership Team will point the way for Government to implement a stable and long-term industrial strategy that really delivers for the UK. This will be excellent news for the automation sector, which can then work its magic to build back a more contiguous, less hollowed-out manufacturing industry for the UK. ■



* If you would like to find out more about the Industrial Digitisation Review Leadership Team or get engaged in the process, please contact Victoria Montag Montag on 020 7642 8094 or via victoria.montag@gambica.org.uk www.gambica.org.uk