Manufacturing Supply Chains Set for Radical Overhaul as Focus Switches to AI & Product Customization

Dubai – Manufacturers across the Middle East and Africa spent $5.02 billion on IT in 2019, according to the latest insights from International Data Corporation (IDC). The global technology research, consulting, and events firm forecasts this figure will reach $5.22 billion this year and continue rising at a compound annual growth rate of 4.6% over the coming years to reach $6.02 billion in 2023.

"The Middle East manufacturing sector is going through a transformation characterized by the diversification and value creation efforts of national governments," says Ranjit Rajan, IDC’s associate vice president of research for the Middle East, Turkey, and Africa. "At the same time, manufacturers are pursuing digitization efforts under the Industry 4.0 umbrella, as they strive to do more with less by increasing their efficiency and reducing costs.

"There is also a clear focus on enhancing product quality through the use of technologies such as artificial intelligence, robotics, industrial IoT, 3D printing, and AR/VR. These digital transformation efforts are aimed at building a digital infrastructure to complement existing physical infrastructure, utilizing data as a strategic and tactical resource, reinventing the factory environment with an increasing number of machines working together with people, and providing digitally-enhanced products and services to customers."

Artificial intelligence will be key to achieving the majority of these aims and will be central to the development of automated supply chains where most processes run without human intervention. The ultimate goal is for systems to make decisions without having to consult people, who are then freed up to focus on more strategic tasks. To this end, IDC expects that by 2022, half of all manufacturing supply chains will have invested in supply chain resiliency and artificial intelligence, driving productivity improvements of 15%.

In the consumer-facing manufacturing space, the ability to customize products at scale is perhaps the biggest challenge facing supply chains that have traditionally been optimized to move full pallets on full trucks from one big building to another. While the exact mechanisms for enabling customization at scale remain works in progress, the use of micrologistics networks (smaller, local warehouses) offers a tantalizing look into one possible future. With this in mind, IDC predicts that by 2024, around 75% of all consumer-facing manufacturing companies will have materially transformed their supply chains to manage customization at scale.
These trends and their impact on manufacturing supply chains will be discussed during a dedicated session that will take place at the upcoming IDC Middle East CIO Summit 2020. The annual event has served as a beacon of ICT thought leadership across the region since 2008, and this year's edition will be hosted at Dubai's Atlantis, The Palm on February 26-27 under the theme 'The Race to Reinvent: Connecting to Leaders to Empower Digital Transformation'.

Combining informative presentations, interactive panel discussions, and dedicated focus groups, the IDC Middle East CIO Summit 2020 will provide more than 500 senior C-Suite executives from a broad range of industries with the expert guidance required to benchmark the digital transformation progress of their organizations. For more information about the event or to register your interest in attending, please visit www.idcciosummit.com/dubai or contact Sheila Manek at smanek@idc.com / +971 4 446 3154.

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