4th Industrial Revolution: financing as success factor for small & mid-sized enterprises

- 4th Industrial Revolution will require companies to invest billions around the world
- New SFS study shows: Role of financing is rising particularly among small and mid-sized enterprises
- CFOs call for tailored and variable financing solutions

The 4th Industrial Revolution will result in investments of 250 billion euros by 2025 in Germany alone. For the United States, this figure will amount to about 300 billion U.S. dollars during the next three years. These investments can be made only by using innovative financing solutions. Leading manufacturing companies – especially small and mid-sized enterprises – agree. They now consider financing to be one of the five critical success factors in business, according to a global survey of CFOs at manufacturing companies that Siemens Financial Services (SFS) released today during a media roundtable at the Hannover Messe 2016.

The other success factors are: use of the latest technologies, increased operational efficiency, expanded product capacities and flexibility as well as more competitive price structures. Respondents also said they already had a clear idea about the type of financing that is needed: Above all, it should be simple, flexible, reliable and sustainable, and it should be provided by a partner who understands the industry.

“The 4th Industrial Revolution is primarily about continuous, not one-time investment, about being able to always use the newest technology rather than having to make a one-time purchase. Conventional financing solutions don’t suffice for meeting these demands,” said Roland Chalons-Browne, the CEO of SFS. In this approach, decisions are primarily based on data from the past. But digitalization is
all about future payment streams and earnings potential. "In particular, Germany's small and mid-sized enterprises expect their financing partners to be just as flexible and innovative as they are," Chalons-Browne added.

During the media roundtable, SFS discussed a number of financing solutions that meet the survey respondent's needs and, thus, facilitate long-range investments in the very latest technologies, including pay-per-use models and finetrading. Finetrading is used to finance purchases of goods. It enables companies to make flexible payments within a period of up to 180 days. As a result, payment streams can be better adapted to a company's own needs. Various pay-per-use models are based on a similar principle. All solutions are flexible and designed to meet a customer's exact needs – and they do so by conserving liquidity, conventional lines of credit and balance sheet structure.

“The trend is moving in the direction of more flexible financing models. And this is just what we provide. Through our combination of technology and financing knowledge, we can better assess risks as well as opportunities and develop tailored solutions,” Chalons-Browne said. "The 4th Industrial Revolution is creating tremendous growth potential for small and mid-sized enterprises. Our financing solutions enable these companies to tap it."

The Financial Services Division of the Siemens Group has been offering international financing solutions to the company's customers for many years now. It assists customers inside and outside the Group with project-related financing as well as leasing and equipment financing. It is now expanding its tailored financing approaches to meet the needs of the 4th Industrial Revolution.

More information about the Financial Services Division is available at: www.siemens.com/finance

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