State of Service 2025

MANUFACTURING TRANSFORMATION REPORT

IFS

In collaboration with accenture

Executive Summary

Manufacturing is undergoing a decisive transformation. Rapid technological advances, shifting customer expectations, and rising sustainability pressures are reshaping service from a support function into a core driver of profitability and growth.

To understand how industry leaders are responding, and what this means for service and support, IFS surveyed 800 senior manufacturing decision-makers across key global markets.

This report goes beyond trend-spotting. It offers a practical playbook, showing how top manufacturers are boosting profitability with new service models, tackling workforce shortages through smarter enablement, and streamlining operations with technologies like Industrial AI.

Use it to benchmark your progress, uncover what's working (and what isn't), and identify where to focus next. Each section combines global and regional insights with clear, actionable takeaways to help you act faster, invest smarter, and lead with confidence.

TOP FINDINGS:

1. Servitization goes mainstream:

94%
Report new service models impacting operation

39%
Cite servitization as key to long-term growth

Outcomes-based contracts (31%) and **tiered service models (27%)** now outpace traditional warranty or break-fix service models, signaling a structural shift.

2. **AI** and **Automation** take the lead:

96% of firms use AI

28% are fully scaled

Cloud infrastructure now ranks top (63%) among the three biggest tech priorities for manufacturers.

3. Digital maturity advances

Adoption of AI/ML, IoT, and optimization tools is widespread across the industry, but momentum is now shifting from initial implementation toward integration, scalability, and extracting real-time operational insights.

4. Field service management ***priorities*** evolve:

Field service is now valued equally for:

Planning:
36%

Visibility:
35%

Customer experience:
35%

a shift from its earlier customer-first emphasis in the 2023 report.

5. Strategic challenges ***shift***:

Compared to 2023, service complexity
22% to 36%

and outdated tech
29% to 35%

are rising concerns, prompting accelerated modernization efforts.

Increased regulatory requirements have emerged as the number one challenge in 2025 (40%), up from number four in 2023.

6. Resilience builds despite gaps:

95% **report supply chain disruptions**

and **more than 99%** have adopted at least one mitigation strategy. Yet **only 32%** feel **'very confident'** in their resilience.

7. Upskilling over attrition:

98% **face labor shortages**

The focus has shifted to training, with increased use of e-learning and internal academies. Automation investment jumped from **27% to 38%** between 2023 and 2025.

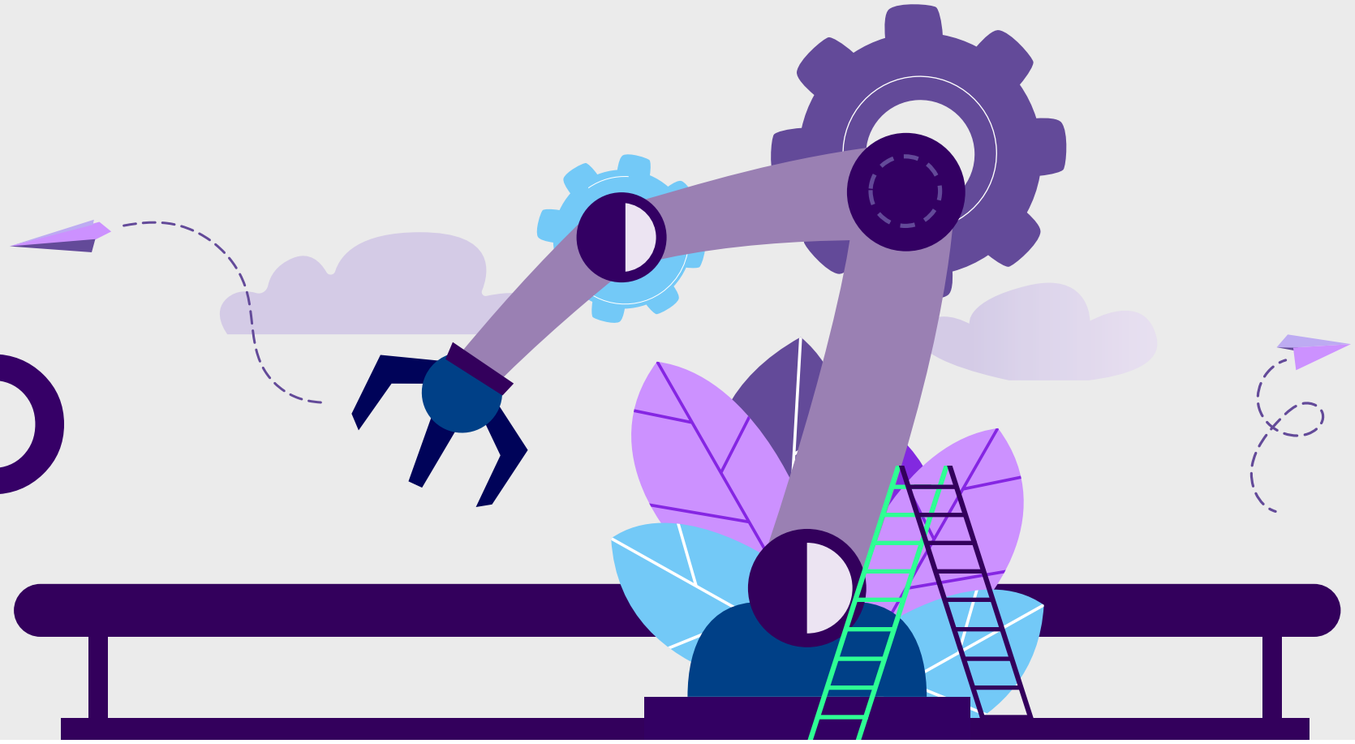
8. **Sustainability** becomes embedded:

97%
VIEW IT AS IMPORTANT

79%
TRACK EMISSIONS

Though it now ranks seventh in strategic priority (vs #1 in 2023), it's treated as standard practice, not an aspiration.

A FOREWORD FROM...



accenture

Manufacturing today is no longer just about making products, it's about innovating faster, optimizing smarter, and delivering service with intelligence at every touchpoint. As value chains transform and service offerings deepen, the demand for data-driven agility and purposeful leadership has never been greater.

This report makes one thing clear: the industry has reached a tipping point. Service is no longer a support function – it's the front line of competitive advantage. With Industrial AI maturing at pace, manufacturers can now anticipate needs, personalize experiences, and extend service value like never before.

At Accenture, we partner with manufacturing leaders worldwide to reimagine operations with digital at the core, from predictive maintenance that prevents downtime to sustainable service design and AI-powered customer engagement that builds loyalty.

We value the opportunity to contribute to this IFS research, which sheds light on how service is shaping manufacturing's future. The insights here reinforce what we see every day with our clients: organizations that embrace agility, intelligence, and innovation are best positioned to lead in the age of Industrial AI.

Gert Müller, EMEA Intelligent Asset Management Lead, Accenture

IFS

Manufacturing is undergoing a defining transformation. The shift from product-centric business models to service-oriented ecosystems is no longer emerging. It's accelerating.

This year's State of Service report makes that clear. 94% of manufacturers report that new service models have already impacted their operations. Industrial AI is being scaled across operations, with 28% of firms having adopted AI, enabling smarter, faster, and more personalized service. Meanwhile, 97% of manufacturers view sustainability as a strategic priority, and 79% are actively tracking emissions from service activity.

These trends confirm what we see in the field: service has evolved from a support function to a core profit engine, where value is delivered, differentiation is secured, and leadership is forged.

At IFS, we're committed to helping manufacturers act in the moment - at the Moment of Service™ - with intelligent tools that connect people, systems, and decisions in real-time. From advanced field service management to embedded Industrial AI, we empower our customers to optimize the full lifecycle of service, reduce cost, and elevate experiences while driving meaningful business growth.

Mark Moffat, CEO, IFS

Country-Specific **Insights**

United States

The widest AI adoption gap:

9% not using AI in service

34% fully scaled across operations

Service models: **USA** vs **global**
Standard warranty coverage most popular:

32% vs **24%**

Slowest to fully embed service-based revenue models:

21% vs **26%**

Global Leader in Predictive Maintenance:

25% fully embedded and optimized

United Kingdom

Lowest in AI Integration:

96% report some AI usage, but only 18% have fully integrated and scaled AI across service operation *(vs 28% globally)*

Strong focus on parts management:

75% cite service parts management automation as a top priority – the highest globally

Sustainability leads transformation:

The only region naming sustainability as the top transformation driver (**36%**) over the next 3 years

France

Weakest in sustainability tracking:

70% track emissions *(vs 79% globally)*

21% in real time *(vs 37% globally)*

Strong Adoption of Service Tech:

Leading adoption in areas like:

- Remote Assistance: **52%**
- Wearables: **50%**
- Scheduling Automation & Optimization: **46%**
- Digital Twins: **43%**

Lowest Supply Chain Confidence:

10% feel very confident about withstanding future shocks – 4X **lower than the UK or the Middle East**

Nordics

Leading in AI Integration:

37% have fully integrated and scaled AI across service operations *(vs 28% globally)* despite **41%** citing ROI/budget constraints

Leading in real-time emissions tracking:

99% see sustainability as strategically important

43% track emissions in real time – the leading globally with the US and the UK

Front-runner in outcome-based models:

35% adopted outcome-based models, despite being least likely (42%) to see servitization as a high strategic priority

DACH

Feeling the servitization pressure:

38% cite creating new as-a-service offerings as the top pressure

49% view servitization as a high strategic priority, the highest globally

Turning disruption into resilience:

42% report significant impact of supply chain disruptions

88% confident in withstanding future shocks, backed by the highest global adoption of planning and visibility tools (61%)

Highest tech adoption to empower disparate workforces:

- **61%** wearables
- **59%** Augmented Reality (AR)
- **57%** mobile field service management applications
- **57%** cloud-based scheduling and resource allocation tools

Japan

Leader in servitization maturity:

62% see servitization as strategic or central to their future operating model

77% rank appointing a Chief Service Officer as a top-three priority – the highest globally

Strongest in service-based models:

28% have fully embedded new service-based revenue models into their core strategy – the most worldwide

Scaling AI faces workforce barriers:

43% cite workforce resistance or change management as the biggest barrier to scaling AI

Middle East

Focus on emerging tech:

75% cite leveraging new technologies as their top service priority for the next 12 months

Strongest in resilience & sustainability tracking:

43% very confident in future supply chain resilience (vs 32% globally)

86% track emissions and 100% see sustainability as strategically important, the highest globally

Greatest strain from workforce shortages:

46% report significant impact of labor shortages and skills gaps on service *(vs 38% global average)*

Servitization:

Turning Service into a Strategic Growth Engine

The perception of service as a cost center is being dismantled, making way for a future where it drives both profitability and customer loyalty. Today, service is no longer a support function. It has become a key driver of differentiation, recurring revenue, and strategic value.

Servitization - the shift from manufacturing and selling products to delivering value through services - has moved from experimental to essential. **94%** of manufacturers report that new service models have already impacted their operations, and **25%** have fully embedded these models into their business.

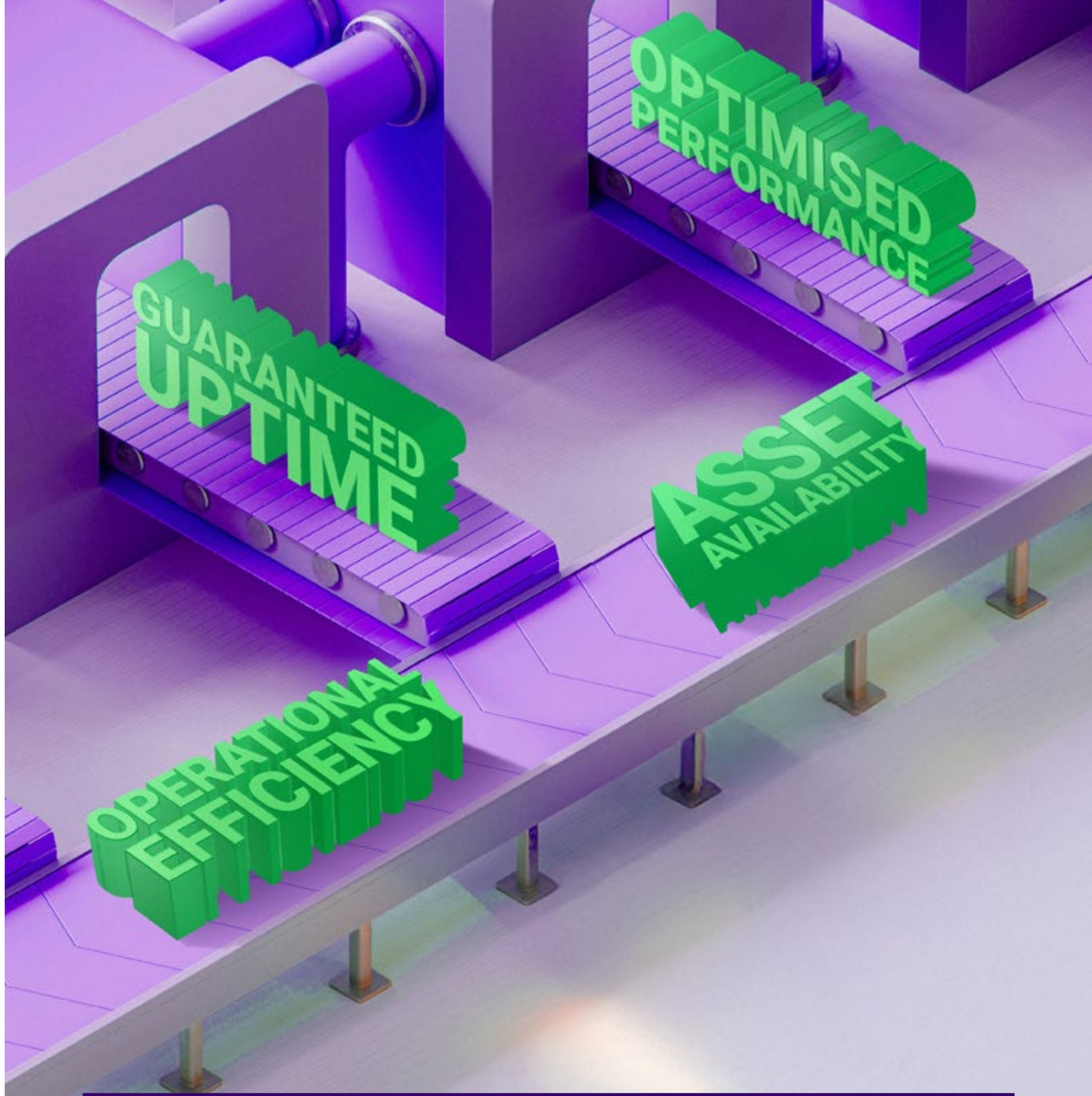
This shift reflects broader economic and environmental realities. As margins on physical goods tighten, manufacturers are leaning into services to deliver recurring revenue. Regulatory demands and sustainability goals are also accelerating investments in models that extend product lifecycles, enhance asset uptime, and support circular economy practices.

Regional insights reveal how this shift is playing out globally:

- **Japan** leads in servitization maturity, with **62%** of manufacturers identifying it as strategically important or central to their business model, and **77%** prioritizing Chief Service Officer appointment
- In the **UK**, creating new as-a-service offerings is the top-cited pressure (**41%**), and it ranks in the top three in **DACH** (**38%**) and **the Middle East** (**36%**)
- **DACH** manufacturers are most likely to view servitization a high strategic priority (**49%**)
- **The Nordics**, who are more advanced in adopting outcome-based services, see it as less of an urgent priority (**42%**), suggesting their transformation is already well underway

These insights confirm that servitization is no longer a competitive edge; it's fast becoming a competitive necessity.

> By using data to predict failures or maximize resource utilization, service models are moving from reactive to proactive, which lowers expenses and downtime
>
> **United States**



The Bottom Line

EMBRACE SERVITIZATION

Just **25%** of manufacturers have fully embedded service-based revenue models → Even a 90-day pilot puts you ahead of the **29%** who haven't moved beyond early investigation or still doubt suitability.

PUT SERVICE IN THE C-SUITE

A Chief Service Officer is a top-three initiative for **61%** of manufacturers → If you haven't already, draft a CSO role charter and ROI case now to align service, sales and product around recurring service revenue growth.

Industrial AI:

Driving Operational Excellence and Innovation

AI and automation are predicted to drive the biggest transformation in service management over the next three years (**28%**). With **96%** of manufacturers globally now using some form of AI, and **28%** having fully scaled it across operations, it is no longer experimental. It is powering a wide array of service capabilities, including predictive diagnostics, automated dispatch, intelligent customer engagement, and increasingly, remote assistance and dynamic inventory planning.

The pace and depth of AI adoption vary significantly by region. In the **Nordics**, **37%** of manufacturers have fully scaled AI, more than any other region, indicating high maturity. This is followed by the **USA** (**34%**), the **Middle East** (**31%**), and **Japan** (**30%**). Conversely, the **UK** ranks lowest at **18%**, reflecting an adoption lag. **DACH** and **France** (both at **50%**) are most likely to say digitalization and AI integration pressures have had a significant impact on operations, while **the Nordics** (**29%**) report the least impact.

Barriers to adoption vary regionally as well:

- The **UK** is most likely to cite data quality, governance, or availability issues (**41%**)
- The **Middle East** and **DACH** report the highest levels of concern globally around cybersecurity and data privacy (**44%**)
- Manufacturers in **France** are most likely to cite integration challenges with legacy systems as an obstacle (**39%**)
- In **Japan**, workforce resistance or change management challenges are the most frequently cited barrier (**43%**)
- Budgetary constraints are more acute in the **Nordics** and **DACH** (**41%**) than in the **USA** (**25%**), where cybersecurity or data privacy concerns and workforce resistance or change management are seen as key barriers (**38%**)

These regional dynamics reinforce a broader global truth: adoption comes with complexity. These challenges reflect organizational struggles around trust, transparency, and digital readiness.

> “AI and automation help do tasks faster and better, which saves time, reduces error, and improves service. That’s why they’re changing how services are managed.”
>
> **France**

To unlock AI’s full potential, firms must align investments with tangible business outcomes, integrate AI into existing workflows, and deploy robust change management strategies. Choosing the right AI is also critical as not all solutions are designed to meet the unique demands of asset-intensive and service-focused industries like manufacturing. Modern manufacturers increasingly require Industrial AI: technology built specifically for the complex realities of manufacturing and service, enabling faster, smarter decisions, scalable innovation, and long-term resilience.

Even with the right technology, trust remains a critical enabler. As Accenture stresses, without it, even the most sophisticated AI struggles to scale. Gartner echoes this, advising that AI must be woven into day-to-day operations to drive user adoption and ROI.

Manufacturers that embed Industrial AI effectively are not only enhancing efficiency but also laying the groundwork for future-ready, auton

The Bottom Line

If you’re still piloting AI, you’re trailing behind. Catch up by focusing on the blockers that stall most rollouts:

LOCK DOWN DATA

38% flag data privacy concerns and only **22%** rate their service platforms as “very secure” → Start with a zero-trust audit - conduct a privacy impact check, patch security gaps, and map data flows. Then create an action list that names the fixes, owners and deadlines before any AI launch.

FIX DATA FOUNDATIONS

36% cite data-quality or governance gaps → Launch a 30-day clean-up sprint - standardize tags, remove duplicates, assign data owners, then lock the new standards into MES/ERP so data stays clean as you scale.

WIN FRONTLINE BUY-IN

37% struggle with workforce resistance → Nominate one AI champion per crew, schedule kick-off and regular huddles, and share a quick-win KPI to show AI helps, not threatens, your people.

Sustainability and Circular Economy:

From Compliance to Competitive Advantage

Sustainability has evolved from a regulatory requirement to a strategic imperative. **95%** of manufacturers acknowledge that sustainability and the circular economy impact their service operations, and **97%** consider it strategically important. Notably, **79%** are tracking the environmental impact of their services, with **37%** doing so in real time.

> "Most people now want to pursue sustainability. Everyone is looking for a positive change."
>
> **Nordics**

THIS STRATEGIC SHIFT IS VISIBLE ACROSS KEY GLOBAL MARKETS:

- The UK is the only market where sustainability is seen as the top driver of transformation in service management (**36%**). In addition, **43%** of **UK** manufacturers track emissions in real time, matching the **US** and **Nordics** for the highest rate globally
- All respondents in **the Middle East** consider sustainability strategically important, and they're the region most likely to track emissions (**86%**)
- **France**, by contrast, has the lowest emissions tracking globally (**70%**) and the lowest real-time tracking (**21%**)
- **82%** of **DACH** manufacturers are tracking emissions and they are also the most likely to label sustainability as having high strategic importance (**47%**), followed by **Japan** (**41%**) and **the Middle East** (**41%**)

To drive meaningful impact, manufacturers are embedding circular principles across the product lifecycle. According to IDC, achieving circularity at scale requires the integration of digital twins with cloud data platforms, enabling companies to model, monitor, and optimize resource use in real time. Reflecting this, **35%** of surveyed manufacturers have already implemented digital twins, and a further 41% plan to do so, demonstrating strong momentum toward digital-enabled circularity.

> "Advanced analytics and AI help organizations optimize service delivery and regulations, while customer expectations push companies to reduce fuel use."
>
> **United Kingdom**

Operationally, manufacturers are tackling sustainability on several fronts, including:

PREDICTIVE MAINTENANCE
21% have fully embedded and optimized predictive maintenance, with a further **63%** having it partially deployed or piloted in limited areas.

REMOTE ASSISTANCE
35% have implemented remote assistance using augmented, virtual, or merged reality, and **43%** plan to implement it.

REVERSE LOGISTICS
38% have implemented reverse logistics to track, manage, and optimize returns and repairs, while **41%** plan to implement it.

REFURBISHED OR REPAIRED COMPONENTS
36% have increased their use of refurbished or repaired components to offset inflationary pressures, also supporting sustainability by reducing waste and extending asset lifespans.

ROUTE OR SCHEDULING OPTIMIZATION
35% have also implemented route or scheduling optimization to help tackle inflationary pressures while supporting sustainability goals.

These actions are not just environmentally sound, they also contribute to cost reduction and increased customer satisfaction, turning sustainability into a lever for both performance and competitive advantage.

The Bottom Line

TURN REAL-TIME DATA INTO ROI

Live sustainability metrics cut reporting effort, surface quick cost-saving wins, boost investor confidence and keep you regulation-ready. Yet fewer than 2 in 5 manufacturers track emissions in real time (**37%**) → Feed fuel logs, mileage, and IoT meter readings straight into one central data hub with built-in emissions factors and automated audit checks to identify inefficiencies and guide improvements.

INVEST IN AI-POWERED EFFICIENCY LEVERS

94% of manufacturers have been impacted by unexpected equipment downtime yet only **21%** run predictive maintenance at scale, and fewer than **40%** have implemented efficiency-driving capabilities like remote assistance or reverse logistics → Tackle the biggest drain first, for example, scale predictive maintenance if downtime is killing OEE, or deploy remote assist to cut truck miles, then recycle the savings to roll out the next lever, stacking uptime gains, carbon cuts and customer satisfaction.

Supply Chain Resilience: Building Robust and Agile Networks

The past year has underscored the vulnerability of global supply chains. Our survey reveals that **95%** of manufacturers experienced disruptions that impacted service delivery, with more than a third (**37%**) describing the impact as significant. The **DACH** region reported the highest share of significant impact (**42%**), followed by the **UK** (**38%**) and **the Middle East** (**38%**), highlighting the widespread nature of these challenges.

Looking at regional confidence levels and strategies, manufacturers in **the Middle East** (**43%**) and the **UK** (**41%**) are the most confident in their ability to withstand future supply chain disruptions, while **France** reports the lowest confidence (**10%**). **Japan** (**37%**) and the **USA** (**32%**) sit in the middle, followed by the **Nordics** (**30%**) and **DACH** (**26%**).

> “Scenario modelling helps us pivot quickly in uncertain conditions.”
>
> **United Kingdom**

> “Visibility and flexibility are non-negotiable now.”
>
> **France**

In response, manufacturers are taking strategic steps to build resilience:

- Advanced supply chain planning or visibility is the top strategy in **DACH** (**61%**), **Middle East** (**57%**), **USA** (**55%**), **Nordics** (**50%**), and **Japan** (**48%**) and ranks second the **UK** (**46%**). This widespread adoption reflects growing investment in real-time data and predictive technologies.
- Scenario modelling and contingency planning leads in **France** (**49%**), and ranks in the top two for **DACH** (49%), **Middle East** (**49%**), and **Japan** (**47%**). These regions are leaning into risk simulation to prepare for high-impact disruptions. In contrast, the **USA** lags at **36%**, suggesting a gap in proactive planning
- Supplier diversification or network expansion is the leading strategy in the **UK** (**48%**) and **France** (**49%**), and second in the **USA** (**49%**). These markets are actively reducing supplier dependencies, while **Japan** (**35%**) remains more rigid
- Strategic stockpiling and buffer inventory ranks second in **France** (**47%**) and the **Nordics** (**46%**) and sees strong adoption in the **Middle East** (**47%**)
- Nearshoring and local sourcing is the least-used strategy globally (**42%**), though it sees a stronger uptake in the **Middle East** (**47%**), **DACH** (**44%**), and **Nordics** (**43%**)

Accenture highlights the importance of integrating digital technologies to build resilient and cyber-secure supply chains. This direction is clearly reflected in the strategies prioritized across regions. By leveraging data analytics, AI, and IoT, and critically aligning them across suppliers, inventory and operations, manufacturers can gain end-to-end visibility, anticipate disruptions, optimize logistics and maintain performance under pressure.

The Bottom Line

AUDIT YOUR SUPPLY CHAIN RESILIENCE STRATEGY

95% of manufacturers suffered supply-chain disruptions in the past 12 months and **15%** admit they’re not confident they can withstand future shocks, yet fewer than half run scenario modelling (**46%**).

→ Adopt a scenario-modelling tool, run quarterly “what-if” drills on your highest-risk parts, then reinforce whichever tactic in your resilience stack (planning visibility, diversification, buffers, near-shoring, etc.) trims time-to-recover the most.

Workforce Management:

Addressing Skills Gaps and Labor Shortages

Despite advancements in automation and technology, skills gaps and labor shortages remain a pressing issue in manufacturing. In our research, **98%** of manufacturers report facing these challenges, which continue to strain operations through increased workloads (**51%**), operational inefficiencies (**46%**), slowed adoption of new tools (**41%**), loss of customer satisfaction (**39%**), and slower issue resolution (**35%**).

However, the response to these challenges is evolving. The focus has shifted from managing attrition to building internal capability. Manufacturers are investing in internal training programs (**51%**), e-learning platforms (**51%**), academic partnerships (**50%**), and the recruitment of external trainers (**48%**). They are taking a proactive approach aimed at closing digital skills gaps and preparing employees for a tech-enabled future.

> “Labor gaps push innovation, green goals reshape priorities, and digital tools transform how services are managed.”
>
> **DACH**

REGIONAL TRENDS HIGHLIGHT BOTH THE SCALE OF THE CHALLENGE AND THE DIVERSITY OF RESPONSES:

- The **Middle East** reports the most significant impact from workforce shortages and skill gaps in the past 12 months (**46%**), followed by **DACH** (**45%**) and **France** (**43%**)
- Manufacturers in the **USA** reported the lowest impact, with 10% experiencing no effects from labor shortages, followed by the **UK** (**6%**)
- In **DACH** (**42%**), **France** (**37%**), the **UK** (**36%**), and the **Nordics** (**35%**), a shortage of internal technical expertise is among the top three barriers to AI adoption, highlighting the importance of upskilling and technical training in these regions
- Manufacturers in **DACH** and **Japan** are most likely to be implementing internal training academies or programs (**55%**) to deal with workforce shortages
- **DACH** also leads in utilizing e-learning and digital upskilling platforms (**59%**) or collaborating with academic or technical institutions (**59%**)

> “We must be more competitive to keep our best people.”
>
> **USA**

- **French** manufacturers are most likely to address skills shortages through the recruitment of external trainers or contractors (**56%**)

This evolution in workforce strategy reflects broader industry imperatives. As Forrester predicts, adapting to the future of work will require organizations to embrace automation, foster innovation, and prioritize employee experience as a key driver of performance and resilience.

Manufacturers who invest in upskilling and enablement today are laying the foundation for a future-ready, adaptive workforce that can thrive amid continued technological transformation.

The Bottom Line

GROW TALENT FROM WITHIN

98% of manufacturers feel the pinch from skills shortages, yet only around half run structured internal academies or provide efficient e-learning → Prioritize upskilling and training your workforce with bite-size courses, external trainers or collaboration with academic or technical institutions to ensure your talent grows and stays in your business.

PUT EXPERTISE IN EVERY POCKET

Only **35%** of manufacturers have rolled out remote assistance tools, and just **40%** have implemented knowledge management → Equip crews with the right remote-support tools and a searchable knowledge hub so even junior technicians can fix issues faster with expert guidance on tap.

Digital Maturity and Technology Modernization:

Laying the Foundation for Future Growth

Digital transformation is at the core of the manufacturing sector's evolution. Our research shows that cloud infrastructure (**63%**) and emerging technologies such as IoT, AI, and AR (**63%**) are the top areas of focus for manufacturers over the next 12 months, as companies seek to modernize operations and enable scalable service delivery.

Many manufacturers globally have already laid a strong digital foundation. AI and machine learning (**44%**), Internet of Things (IoT) (**41%**), and scheduling automation (**40%**) are among the most widely adopted technologies today, along with wearables (**39%**), knowledge management systems (**40%**), and workforce planning tools (**39%**).

Looking ahead, manufacturers are continuing to expand their digital capabilities across both customer-facing and operational domains. Nearly half (**46%**) plan to implement customer self-service and appointment booking tools, and **43%** plan to invest in chatbots or virtual assistants and remote assistance technologies to improve responsiveness. On the operational side, over **40%** are prioritizing pricing and billing systems, service ticket management, workforce planning tools, reverse logistics, warranty management and performance analytics. This signals a decisive shift toward more connected, automated, and data-driven service operations, spanning from front-line tools to back-end intelligence systems.

> "Customers now expect near-zero downtime. This puts further pressure on us to provide faster, more accurate service– and digital technologies are the only way to stay up."
>
> **USA**

Regional patterns show that while digital priorities are broadly aligned, certain markets are setting the pace in specific areas of modernization:

- The **Middle East** leads the way, with **75%** of manufacturers prioritizing emerging technologies, and the highest current IoT adoption globally (**48%**)
- The **UK**, while least focused on emerging tech (**38%**), leads in implementation of business intelligence and performance management (**46%**) and knowledge management (**48%**) capabilities
- **DACH** ranks highest for cloud infrastructure focus (**75%**), underscoring a commitment to scalable, platform-based modernization
- **France** mirrors this cloud focus (**66%**) and leads in remote assistance (**52%**) and wearables (**50%**) adoption, pointing to advanced frontline enablement

Insights from Gartner reinforce the importance of adopting AI and digital tools that are tailored to specific industry needs, especially for field service, supply chain, and customer interaction. Accenture also highlights how digital engineering, automation, and analytics are essential to improving productivity, enabling rapid innovation, and delivering measurable business value.

By embracing these technologies, manufacturers are positioning themselves to act with greater agility, respond faster to market demands, and unlock new levels of operational excellence.

The Bottom Line

BRIDGE THE CLOUD AND IOT GAP

63% of manufacturers say cloud and emerging tech are their top focus, yet only **44%** have adopted AI and **41%** have fully implemented IoT → Define a clear roadmap that links cloud strategy to operational execution. Start by piloting high-impact IoT use cases, aligning cross-functional teams, and scaling early wins to drive broader adoption.

DIGITIZE THE CUSTOMER FRONT DOOR

Nearly half of firms plan self-service booking (**46%**) and chatbots (**43%**) to empower customers and fix issues faster → Launch an AI-powered portal that lets customers book visits, track technicians in real time and follow guided fixes - deflecting support calls and cutting avoidable truck rolls.

PUT EXPERTISE ON EVERY WRIST

Even among manufacturers with distributed workforces, adoption is only **52%** for wearables, **51%** for AR headsets and **49%** for cloud-based scheduling → Equip remote crews with cloud scheduling and AR wearables that streams live asset data and expert walk-throughs, so dispersed teams maintain first-time-fix rates and customer SLAs even when headcount is tight.

The Future Belongs to the BOLD

The manufacturing sector is undergoing a profound transformation, driven by disruption, defined by adaptability, and fueled by reinvention. No longer limited to producing goods, today's manufacturers are becoming intelligent service organizations. They're embedding sustainability, adopting circular principles, integrating Industrial AI, and redesigning service models to unlock value and build resilience.

This evolution isn't optional; it's foundational. As competition intensifies and customer expectations shift, the manufacturers that will thrive are those bold enough to embrace digital innovation, elevate service into a strategic profit center, and lead with clarity of purpose.

The insights in this report make one thing unmistakably clear: **manufacturers that fuse agility, technology, and vision aren't just keeping up, they're defining the next era of industrial excellence.**

10 Strategic Priorities for Service-Led Manufacturers

1.
Embrace Servitization

Reframe service from a cost center to a driver of recurring revenue and customer value

2.
Prioritize Industrial AI

Embed AI across operations to enable predictive, intelligent, and scalable service delivery

3.
Invest in Workforce Upskilling

Address talent gaps with internal training and digital learning to empower a future-ready workforce

4.
Adopt *Circular Strategies*

Extend asset life and reduce waste to meet sustainability and economic goals

5.
Harness *Real-Time* Emissions Tracking

Turn compliance into a competitive advantage through transparency and data

6.
Build Supply Chain *Resilience*

Strengthen planning and agility with digital twins, scenario modelling, and diversified sourcing

7.
Accelerate Cloud Adoption

Use a unified, cloud-based infrastructure to drive speed, flexibility, and innovation

8.
Digitize Customer Experiences

Deliver seamless, self-service interactions that elevate satisfaction and efficiency

9.
Appoint *Service Leadership*

Establish executive focus with a Chief Service Officer to champion transformation

10.
Foster *Cross-Functional AI* Integration

Break down silos to embed AI across the full operational lifecycle

The leaders of tomorrow are acting today. Boldly embracing Industrial AI, turning service into a growth engine, and leading with intelligence.

Now is the time to act decisively, transform at pace, and shape the future of manufacturing.

About the **AUTHORS**

IFS

IFS is the world's leading provider of Industrial AI and enterprise software for businesses that service, power and protect our planet. Our technology enables companies that manufacture goods, maintain complex assets, and manage service operations to unlock the transformative power of Industrial AI™ to enhance productivity, efficiency, and sustainability.

IFS Cloud is a fully composable AI-powered platform, designed for flexibility and adaptability. It spans the needs of Enterprise Resource Planning (ERP), Enterprise Asset Management (EAM), Supply Chain Management (SCM), and Field Service Management (FSM). It leverages AI, machine learning, real-time data and analytics to empower our customers to make informed strategic decisions and excel at their Moment of Service™.

Founded in 1983 by five university friends who pitched a tent outside our first customer's site to stay close to their needs, IFS has grown into a global leader with over 7,000 employees in 80 countries. Driven by those foundational values of agility, customer-centricity, and trust, IFS is recognized worldwide for delivering value and supporting strategic transformations. We are the most recommended supplier in our sector.

Learn more at www.ifs.com

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Technology is at the core of change today, and we are one of the world's leaders in helping drive that change, with strong ecosystem relationships. We combine our strength in technology and leadership in cloud, data and AI with unmatched industry experience, functional expertise and global delivery capability.

Our broad range of services, solutions and assets across Strategy & Consulting, Technology, Operations, Industry X and Song, together with our culture of shared success and commitment to creating 360° value, enable us to help our clients reinvent and build trusted, lasting relationships. We measure our success by the 360° value we create for our clients, each other, our shareholders, partners and communities.

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Methodology

This report is based on quantitative research conducted by Censuswide on behalf of IFS in May 2025. A total of 800 senior decision-makers from manufacturing organizations were surveyed across seven key markets: the United Kingdom, United States, France, Germany (DACH), Nordics, Japan, and the Middle East. Respondents held mid- to senior-level roles in field service, customer experience, digital transformation, service strategy, or operations leadership. All companies surveyed had annual revenues of $50 million or more. Responses were analyzed to identify both global trends and region-specific priorities shaping the future of manufacturing service delivery.

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