

Warsaw, April 2020

DIGINNO INNOVATION SESSION: POTENTIAL OF COMPANIES FROM THE BALTIC SEA REGION DURING THE DIGITAL REVOLUTION
Summary of the debate

The future of the digital market and the predisposition of Polish enterprises to compete in the new reality were the subject of the session "5G, Internet of Things - who will swim in the blue ocean? New business models in Industry 4.0", which took place on Monday, March 9, 2020 in Warsaw.

The session started with the speech by Idongesit Williams, a lecturer at Aalborg University in Copenhagen, referring to the results of the Business Needs Assessment in the BSR (Baltic Sea Region). He spoke about technologies used by companies from the region, about current trends, as well as challenges and areas in which further development is necessary. According to the presented data, the most important technologies from the point of view of companies include automation, wireless networks and databases, while the most important trends – combining different technologies, demand-based production and cooperation both within and outside of the European Union.

- One of the basic areas for improvement that we could highlight based on our analysis of business needs is building an organizational culture towards digitization. Many companies lack a clear strategy on how to adopt this transformation. Internal awareness of digitization in organizations is relatively low, especially among older employees who fear that automation might replace their work. Therefore, it is necessary to build this awareness, change the attitude towards digitization, and rethink change management systems in enterprises in our region – says Idongesit Williams.

The next part of the session was a discussion panel attended by: Małgorzata Bieniaszewska – owner of MB-Pneumatyka, Aleksander Poniewierski – EY Partner, Andrzej Soldaty – President of the Foundation for Polish Industry of the Future and Paweł Wideł – Director for Government Relations and Public Affairs in Czech Republic, Poland, Slovakia and Hungary, Groupe PSA / Opel. The debate was moderated by Krzysztof Chełpiński – Member of the Board of the Polish Chamber of Commerce for Electronics and Telecommunications (KIGEIT). Issues raised during the discussion included forecasts for the future for the digital market, new business models resulting from the opportunities offered by Industry 4.0 technologies and the proneness of companies to introduce these types of models depending on their size.

The future of digitization and the new business models

According to Aleksander Poniewierski, the author of the book "SPEED – no limits in the digital era", today's economy is based on knowledge, the basis of which is data. Therefore, dynamic development will be shared by companies that create products based on knowledge, such as interactive road maps. New business models will appear, but in order for them to be implemented, companies will need an adequate education of entrepreneurs to provide them with information about opportunities of the digital revolution. Building this type of awareness about the potential of the 4.0 revolution among managers is a task for both countries and international, regional programs, such as Diginno.

- Competition during the fourth industrial revolution is based on data from the Internet of Things driven by repetitive actions at a super speed – says Aleksander Poniewierski. – Data collection and processing methods are a new type of intellectual property. This is one of the basic values that companies will make money from in the future.

Andrzej Soldaty also agrees with this diagnosis and emphasizes the importance of collecting and using data by digitized companies at every stage of production. This is possible by using solutions such as the digital twin technology. Additionally, there is also the end-to-end engineering, i.e. parallel product creation and process implementation.

- Soon, production workflows will largely exist in the virtual space, where data is processed in the cloud, and only the final part of the process will take place in physical reality, often in many places at once. We will be dealing with a dispersed factory – says Andrzej Soldaty.

Paweł Wideł, who represented the point of view of a global company from the automotive industry, predicts radical changes in business models.

- A revolution is upon us. Current trends indicate that in the near future 85% of the world's population will live in cities – he predicts. – The mobility model will change towards smaller vehicles that reduce carbon footprint. First there will be automation and then autonomation of vehicles. In this situation, it is necessary to develop systems that will allow vehicles to communicate with the outside world in a perfect way. Automotive companies are currently intensively investing in new business models, such as autonomous vehicles as well as car sharing.

Małgorzata Bieniaszewska referred to the issue of new business models from the point of view of manufacturing companies and to the often-repeated belief that without digitization in the product, companies do not think about digitizing processes.

- In the case of mechanical products, that currently function without any software, new business models compliant with Industry 4.0 can be introduced in other areas – she says. – One of the simplest applications is to use a high-speed data network for purposes such as transferring meetings and audits into the virtual reality. Another example is the use of mixed reality solutions during product customization for our clients.

Big, small or startups?

Discussion participants also debated about how the potential of companies in implementing new business models is determined by their size.

- Large companies have more potential, small companies have more opportunities – says Andrzej Soldaty. – Smaller companies have more comprehensive knowledge about their products, which is accumulated in one place, they have a quickly available know-how, on the basis of which they can

dynamically increase their productivity. Their value is also the speed of action, but they are not always able to use it.

Małgorzata Bieniaszewska pointed to the advantage of SMEs in the event of a break in the supply chain, which is based on their greater flexibility.

- Companies in our sector must be prepared for changing circumstances. In this case, the business model should include openness to a temporary change in production profile, changes in the way of cooperation with or auditing of suppliers - she says.

New business models from the perspective of company presidents

According to Aleksander Poniewierski, two key questions arise for CEOs: how to ensure business growth and how to increase its productivity. These two aspects are among the most important issues in the fourth industrial revolution.

Paweł Wideł complemented the discussion with recommendations for persons managing companies that are currently facing the introduction of new business models.

- There are several options that CEOs can use in the age of digitization and Industry 4.0 – he says. – The first solution is to open up to new markets, regions that can provide our company with specific growth. Another option is to change the production profile based on megatrends. The third solution is cooperation with other companies that will allow us to change our business profile.

Andrzej Soldaty also closed the debate on the topic of cooperation.

- The global trend of replacing linear models of building value with network models is a signpost of change for European industry. Digital value networks mean multilateral relationships and interoperability. To remain competitive, Europe must connect in value networks - he said.

The discussion was carried out as part of the Digital Innovation Network (DIGINNO) project, aimed at accelerating development of the digital economy and the process of transition to the digital single market in the Baltic Sea Region.

More information about Diginno: <https://kigeit.org.pl/diginno/>

Panelists



Krzysztof Chełpiński, member of the board, Polish Chamber of Commerce for Electronics and Telecommunications (KIGeIT)

Krzysztof Chełpiński has over 30 years of experience in management related to information and communication technologies (16 years on managing positions in IBM). A few years ago he decided to become an entrepreneur. Expert in the area of process management and the use of cloud solutions as a tool for increasing efficiency of small and medium-sized enterprises (SMEs). Member of The Polish Chamber of Commerce for Electronics and Telecommunications (KIGeIT). Graduate of the Warsaw University of Technology.



Idongesit Williams (Ph.D), CMI | Aalborg University Copenhagen – BSR perspective, Diginno project

Dr. Idongesit Williams is a Post Doc Researcher and lecturer with the Center for Communication, Media and Information Technologies (CMI) at Aalborg University Copenhagen. In the past 8 years, he has been teaching and researching into the digitization of public services and SMEs. Currently, he is working on the digitization of SMEs and cross-border e-service delivery in the Digital Innovation Network (DIGINNO), an EU Interreg funded project. Previously he has worked on EU projects related to the digitization of SME ideation and education delivery processes. He holds a Bachelor's in Physics, a

Master's degree in Information and Communications Technologies and a Ph.D (specializing in Internet Policy and Regulation).



Małgorzata Bieniaszewska, owner, MB-Pneumatyka sp. z o.o.

Małgorzata Bieniaszewska is the owner of 100% of the shares in MB-Pneumatyka Sp. z o. o. English philologist and psychologist by education, entrepreneur by choice. Graduated also from EMBA studies, Aalto University. During studies, Małgorzata was also developing the company MB Pneumatyka in Sulechów. She transformed a family manufacturing company into a vigorous research and manufacturing business operating in the automotive segment. Today, connectors manufactured in Lubuskie voivodeship are used in the majority of globally used pneumatic braking systems and car suspension systems in vehicles of more than 3.5 tone.

Forerunner of the cooperation between business and science in the region. Believes that Poland can create innovative solutions in the global automotive industry instead of copying foreign patents. Chairperson of the Small and Medium Enterprises Development Group in President's Entrepreneurship Council.

In 2018 the company owned by Małgorzata Bieniaszewska was awarded the Economic Price by the President of Republic of Poland, category Family Business. It was also nominated for the award Trailer Innovation 2019 during the IAA Commercial Vehicles fairs in Hannover, category Components. The owner of MB Pneumatyka was recognized in the 10th edition of the competition Businesswoman of the Year, held by Success Written by the Lipstick Foundation. Besides, she received an award at Forbes Family Business Congress – Family Accelerator for Business Development 2019.



Dr. Aleksander Poniewierski, Partner, EY

Aleksander Poniewierski is the Global IoT Leader at EY, being responsible for leading the Advisory Practice focused on the development of Strategy, Design, Implementation, Process Optimization, Business Model Innovation, Security and Protection for global Clients in both Consumer and Industrial IoT. He is a globally recognized expert in the field of Cybersecurity and Critical Infrastructure Protection.

Previously, Aleksander led the IoT/OT Advisory Practice for the EMEIA region. Throughout his career, he built the IT Advisory practice in Poland and CSE, where he led numerous IT and OT projects for some of the largest companies in the region. Before joining EY, Aleksander was responsible for managing IT Security at telecommunication companies.

Aleksander graduated from the Upper Silesian University in 1997 with a Master's degree in Information Technology. He received his Ph.D. in Economics from Poznan University of Economics. Additionally, he has participated in many Executive Programs provided by Harvard Business School, Carnegie Mellon University and LMD University.

He is an Advisory Council Member of the Center for Global Business at the University of Texas in Dallas (UDT). Aleksander is the author of many publications as well as a recognized keynote speaker at numerous conferences related to Cyber Security and IoT/OT. Furthermore, he seats in the steering committee of TMForum, IoE and Digital Economy.

Author of „SPEED – no limits in the digital era”

www.speednolimits.com



Andrzej Soldaty, President, Foundation for Polish Industry of the Future

Andrzej Soldaty has associated most of his professional career with the area of industrial automation. He gained his first practical experience in automation and robotization working at R&D Center for chemical industry in the late 1980s. The following 25 years he worked for the Festo concern, a supplier of solutions and components for industrial automation. During this period, he participated in the development of a number of applications and implementation of automation projects in various industry sectors. He participated in building and developing Festo in Poland, he also conducted international projects in Central and Eastern Europe. In 2010-2015 he was

the President of the Board of Festo Poland

In 2016, he created the "Initiative for Polish Industry 4.0" – a social movement that brings together representatives of industry, business and science.

In 2017-2019 he led a governmental project at the Ministry of Entrepreneurship and Technology preparing measures supporting the transformation of the Polish industry to the Industry 4.0 level. In March 2019 he was nominated by the Minister of Entrepreneurship and Technology as the President of the Board of Future Industry Platform which is the state treasury foundation established to support companies in their digital transformation.

Andrzej Soldaty has a technical education in the field of mechanics and automation, but also completed doctoral studies in economics at the Institute of Economics of the Polish Academy of Sciences.



Paweł Wideł, Director for Government Relations and Public Affairs in Czech Republic, Poland, Slovakia and Hungary, Groupe PSA / Opel

Paweł Wideł is employed at the Groupe PSA / Opel in Warsaw as Director for Government Relations and Public Affairs in Czech Republic, Poland, Slovakia and Hungary. Since 1991, he has been employed at General Motors. He held various positions in Poland, Czech Republic and Russia, among others: fleet & governmental sales director in Poland, Opel Astra Brand manager in the Central and Eastern Europe Cluster in Czech Republic and director of sales and marketing of Cadillac, HUMMER and Saab brands in the Russian Federation and CIS countries. President of the Association of Automotive

Employers and Industrial Goods at the Confederation of Lewiatan and Vice-President of the Confederation of Lewiatan. Awarded with the Medal of Merit for National Defense.

Diginno – about the project

The Digital Innovation Network (DIGINNO¹) project, implemented in Poland by KIGEiT, is aimed at accelerating the development of the digital economy and the process of transition to the digital single market in the Baltic Sea Region. This is to be done by developing the skills of decision-makers, enterprises (with particular emphasis on SMEs) and industry associations, that will enable a faster and more efficient implementation of digital solutions. Activities showing new opportunities in the field of Industry 4.0 are an important element of this process.

About the Polish Chamber of Commerce for Electronics and Telecommunications (KIGEiT)

KIGEiT was founded in 1992 and operates on the basis of the Chamber of Commerce Act. Is a not-for-profit organization associating a group of business entities involved in production, trade, services or scientific research in the field of or for electronics, telecommunications, IT, teleinformatics, energy, electrical engineering, industrial automation, as well as audiovisual electronic media. KIGEiT has over 190 members who directly employ over 58,000 people and have revenues of over PLN 68 billion per year. KIGEiT is a member of DigitalEurope, the Polish Chamber of Commerce, the Polish Committee of the World Energy Council and the 3 × 20 Cluster.

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¹ <https://www.diginno.eu/>