

# Africa needs a digitalisation strategy to compete in the global economy

African countries must act quickly and decisively to become leaders on the global economic stage. Digitalisation is providing the continent with the opportunity to accelerate growth and rapidly expand struggling economies - but it's a small window and decision-makers must get a strategy in place now in order to succeed.



Siemens, in conjunction with Frost & Sullivan, have put together a comprehensive research project outlining the current state of key industries across the continent and identifying challenges and opportunities.

The study, named, *The dawn of digitalization and its impact on Africa*, considers growth predictions and where the adoption of smart technology would be most beneficial in expanding industries to drive sustainable growth. For the purpose of this study, focus was placed on four key sectors: Water, Manufacturing, Mining and Minerals, and Food and Beverage.

Some of the key findings in the report are:

- The adoption of digital technologies, innovation as well as a range of digital customer offerings are expected to remain varied across industries, markets and geographies. The extent and impact of digital technologies is also expected to vary, favouring businesses and industries that seek relevance and increasing contribution in international markets in addition to existing domestic markets.
- While advanced analytics and digitalisation are witnessing growing adoption across certain industry sectors, such as the automotive sector, there is a real opportunity for adoption of these across industry sectors such as the mining and food and beverage industry which are significant contributors to major African economies.
- Manufacturing, while the most mature in its transformation and adoption of digital technologies in Africa, remains a marginal player struggling to make a bigger impact on country GDPs. The question governments need to ask themselves is how they align a 'here-and-now' emphasis on job creation with the necessary focus on digitalisation. This will enable Africa to create a niche within the global economy. If we fail to pro-actively select our place within the global manufacturing industry, we run the risk of continuing on this path of non-industrialisation.
- In the water industry, expenditure in water infrastructure has been low when compared to the global average. Inadequate investment in infrastructure coupled with poor water utility management has resulted in a greater need for development of the water sector.
- In the mining industry which has been witnessing subdued investment, rising cost pressures and increasing labour issues, a combination of mechanisation, efficient extraction of resources and better use of data can make it easier for

mine operators to cut costs and create a leaner and more efficient mining operation. As such, the successful incorporation of technology will be possible through collaborative efforts of technology providers, industry, research institutes and organisations that work for uplifting the mining industry.

- A stable supply of electricity is critical for digitalization to flourish. By providing high levels of infrastructure and power supply, Africa will be able to attract the necessary investment across various industry sectors.
- The urban population in Africa is expected to grow to 56% in 2050, from 35% in 2010. This rapid urbanisation will require robust infrastructure to ensure these expanding cities are hubs of growth and commerce, and not still trying to catch up with basic necessities.

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According to Ralf Leinen, senior vice president Digital Industries for Southern and Eastern Africa, "For the first time in history we have an incredible opportunity to use smart technology to transform entire economies at an unprecedented rate. Africa needs to get efficient strategies in place now in order to succeed."

In the wake of changing business dynamics, rapidly evolving technology and increasing competition, collaborative efforts between governments, industry, businesses (local and international), labour and academia is vital for creating an environment that is conducive to developing sustainability of local businesses, encourages technology upskilling, innovation, knowledge sharing and execution.

The findings from the study are just a starting point. Siemens hopes it will begin a dialogue and provide a framework to some of the unique opportunities that exist.

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