

Industrial AI at Scale

IFS Unleashed 2024

Key Takeaways

Over 3,000 attendees convened at IFS Unleashed 2024, the IFS user event held in Orlando FL.

IFS has grown significantly—both organically and through acquisition—over the last decade, capped by 30% growth in 2023.

IFS is all-in on generative artificial intelligence (genAI), with their IFS.ai services available across their IFC Cloud offerings and their industry solutions. Over 300 use cases are in development, with 60 use cases being delivered in 2024.

CIMdata had the pleasure of attending IFS Unleashed 2024, held on 14-18 October 2024 in Orlando FL.¹ According to IFS, about 3,000 attended live, and still more joined virtually, 50% more than attended the last IFS Unleashed event in 2022.

Founded in Sweden in 1983, IFS launched its first software product focused on maintenance support in 1985. In 1990 they launched IFS Applications, a component-based platform. Expanding organically and through acquisition, IFS launched IFS Cloud in 2021. Today, IFS natively offers a range of enterprise applications, including enterprise resource planning (ERP), customer relationship management (CRM), human capital management (HCM), enterprise asset management (EAM), and field service (FSM).² IFS Cloud can also be deployed on-premises.

IFS has been busy since the last IFS Unleashed event. Just before the 2022 event, IFS acquired Ultimo Software Solutions, a Netherlands-based EAM solution provider. This built upon their long-time strength in EAM in their core platform. Later in 2022, IFS acquired US-based P2 Energy Solutions for their energy and resources management solutions. The energy sector is a key industry for IFS, so this buy makes sense. In 2023 IFS acquired Poka, Inc., a Canadian provider of a connected worker platform, a nice compliment to IFS' strengths in manufacturing. Finally, in 2024 IFS acquired Copperleaf Technologies, Inc, a Canadian firm offering asset investment planning and management capabilities, and EmpowerMX, a provider of aviation maintenance software. Collectively, these firms added about \$200 million to IFS' revenues.³ As we heard during IFS Unleashed 2024, Copperleaf nicely supplements IFS' EAM capabilities to now span the full asset lifecycle from idea through life, and EmpowerMX enhances their solid market position in MRO.

¹ Research for this commentary was partially supported by IFS.

² <https://www.ifs.com/news/product/ifs-launches-ifs-cloud>

³ Based on estimates from Zoominfo.

Another change from 2022 is at the CEO position. In January 2024, IFS announced that Mr. Mark Moffat was promoted to Chief Executive Officer (CEO), with Mr. Darren Roos appointed Chairman of the Board.⁴ Previously IFS Chief Customer Officer, Mr. Moffat came to IFS after many years at PricewaterhouseCoopers (PwC).

Mr. Moffat took over a company with a track record of strong growth, topped by their 2023 results. Net revenue was €1.062 billion, an increase of 30% over 2022. Recurring revenue was €810 million, up 35% over 2022. 79% of IFS' total revenue is now recurring (up from 36% when Mr. Roos took over as CEO in 2018). During his remarks, Mr. Moffat stated that IFS' goal is to be the undisputed category leader in industrial software, providing a class leading artificial intelligence (AI) platform.

Team Purple, as Mr. Moffat referred to his IFS "team", is 7,000 employees strong, with over 30% in R&D, doubled over the last five years. IFS has over 400 partners in their ecosystem. To date, IFS has conducted over 1,000 Digital Business Value assessments, their methodology to support business transformation using IFS offerings. These assessments estimated a \$16B potential annual benefit for their clients and \$3B in revenue growth opportunities. Mr. Moffat claimed that by using this approach their clients averaged 22% improvement in key metrics like cost, revenue, or productivity. Many solution providers conduct business assessments and construct ROI models to help make implementation decisions. CIMdata does that as part of its industrial consulting, and uses those ROI models throughout implementation to ensure the target benefits are achieved. Sadly, many industrial companies use ROI models to justify their investment decisions and then ignore them thereafter.

No enterprise software conference would be complete without discussion of AI, specifically generative AI (genAI). Of course, AI is ever-present in our personal and business lives. Recommendation engines and the ubiquitous presence of Alexa and Siri (among other virtual assistants) are as near as our smartphone. For some time, many industrial software solution providers have leveraged machine learning (ML) to improve the user experience (UX). But with the introduction of ChatGPT in November 2022, the awareness and availability of genAI solutions helped interested users to generate prose, art, and music. Today, enterprise software companies are embedding genAI into applications to leverage general and business knowledge to enhance the UX, reducing mundane work allowing users to focus on making better decisions.

IFS has used AI for years and wasted no time in leveraging genAI to benefit their customers. In 2023, IFS launched its IFS.ai in the US, focused on "capabilities that will help customers increase productivity across their business and leverage digital technology to build agility and operational excellence."⁵ IFS is working to leverage IFS.ai capabilities across their expansive IFS Cloud and industry solutions as shown in Figure 1. Mr. Moffat claimed IFS is working on 300 use cases, with 60 available soon.

Mr. Christian Pedersen, Chief Product Officer, claimed that AI is everywhere, and IFS is applying it to their core capabilities. In their discussion it was clear IFS was using Retrieval Augmented Generation (RAG), which applies contextual data about the user and their needs to focus genAI support. As Mr. Pedersen stated, "specific beats generic every day of the week," claiming "Industrial AI" understands your context, your people. IFS believes "the future is industrial AI driven."

IFS has been running an advertising campaign in US airports this year to build brand awareness. The campaign focuses on how IFS is helping our built world and many important services to run more effectively. Mr. Bas De Vos, Vice President of Technology Product Management, started his brief remarks by noting almost anything done at an airport is supported by IFS. He and his team then delivered an

⁴ <https://www.ifs.com/news/corporate/mark-moffat-appointed-as-ceo-of-ifs>

⁵ <https://www.themanufacturer.com/articles/ai-capabilities-enhanced-through-ifs-ai/>

expansive 90-minute live demonstration showing how IFS is leveraging its emerging genAI capabilities, from imagining and creating new assets to be managed to field service that keep planes flying. In multiple scenarios presented in the demo, the genAI-enhanced UX helps IFS users improve operations and optimize customer experience. The end-to-end demonstration was impressive, and it helped that attendees could see it in person at the IFS booth in the exhibit hall.

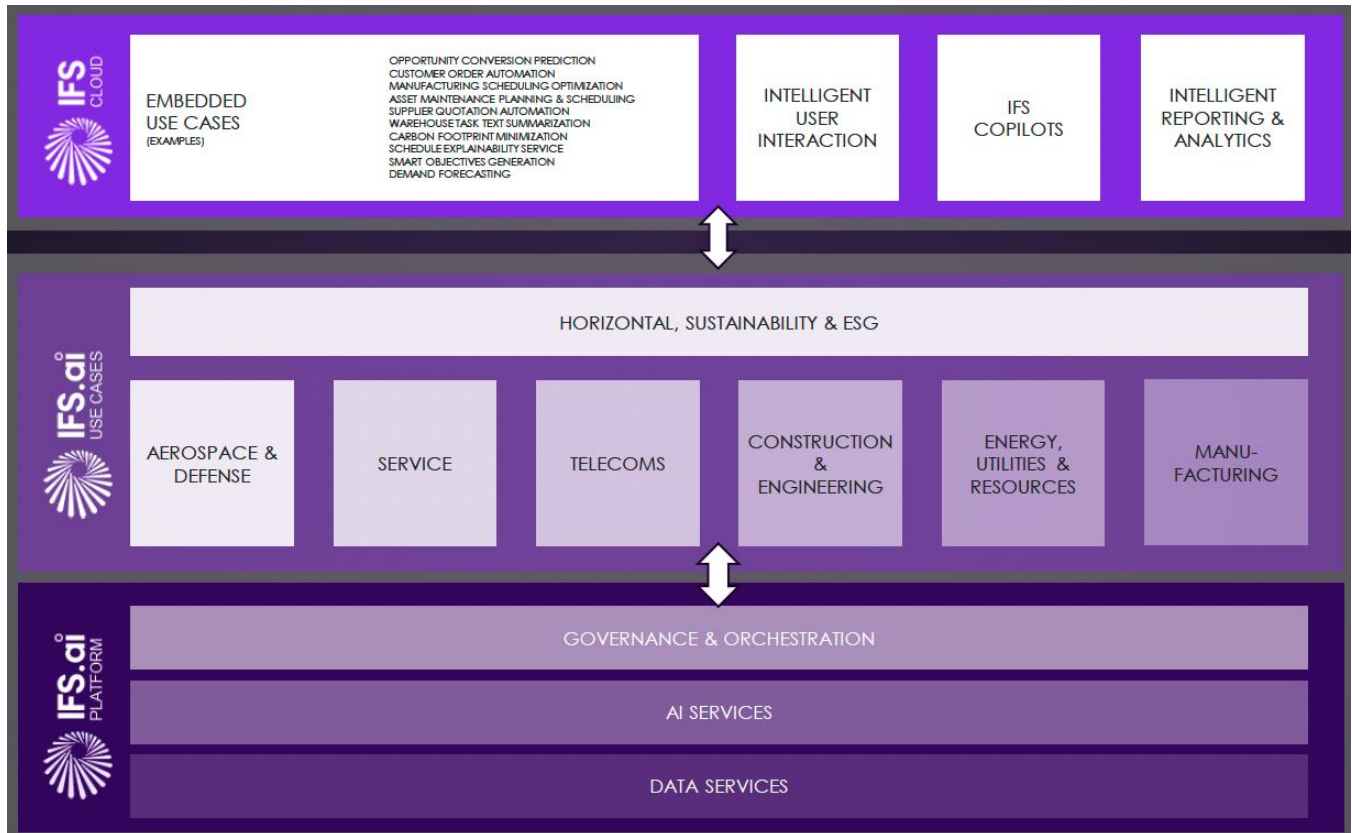


Figure 1—AI Available Across IFS Solution Stack
(Courtesy of IFS)

Mr. Matthew Duffy, Chief Global Business Model Reinvention Practice, PwC, also helped make the case for industrial AI. Like many consultancies, PwC conducts research with CEOs.⁶ According to Mr. Duffy, a recent study revealed that 56% of industrial CEOs expect external pressure from technology changes to drive major shifts in value creation in the next three years. 45% say they will not survive 10 years without business reinvention. Using data to help your enterprise be more efficient, safe, and sustainable is key, according to Mr. Duffy, and it is important for companies to know their data, ensuring their data is trustworthy before trying to monetize it. Companies have to rethink their connectivity and computing strategy to bring capabilities to the point of work. Finally, workers will have to be upskilled to move from an information technology (IT) focus to one on operational technology (OT). Mr. Duffy believes that technologies, like genAI, will help accelerate business reinvention, already a strong trend over the last decade.

The event included a wide range of customer presentations. Mr. Pedersen led an interesting session with Mr. Luigi Sidoli, BAE Systems Head of Campaigns and Programs. Mr. Sidoli clearly loved the comprehensive demonstration, stating that if they can harness just some of the technology demonstrated to benefit their customers it would improve their level of innovation. According to Mr. Sidoli, an audit revealed that BAE Systems has AI everywhere. Some drones rely on AI, and their use to reinvent supply

⁶ <https://www.pwc.com/gx/en/issues/c-suite-insights/ceo-survey.html>

chains is intriguing. AI is also supporting predictive maintenance to lengthen the mean-time between maintenance actions.

Partners play a large role in the IFS ecosystem. Mr. Steve Lucas, Chairman & CEO of Boomi, provided a tantalizing vision of genAI-enabled integration. A long-time IFS partner, Boomi was known for their drag-and-drop, no-code integration and automation platform. Now, with genAI, Boomi built six live AI agents to help build custom integrations between IFS and SAP. Just provide Boomi with a textual description of your integration and it will build it. You can review the data and the flow it creates, make changes with a few clicks, and then instantiate it. Boomi will even write the documentation for the integration, in any language of your choosing. Mr. Lucas termed it the beginnings of the “agentic future.”

A later session highlighted how IFS and PwC are working to make sustainability a competitive advantage. In May 2024, the companies announced a partnership to create a Sustainability Management Solution in IFS Cloud.⁷ IFS believes it is uniquely positioned to support sustainability requirements. Their solutions are the system of record for environmental, social, and governance (ESG) practices at their many customers.

The European Union (EU) is leading the way in sustainability regulation. PwC estimates that 50,000 companies will be “caught” by a new EU Corporate Sustainability Reporting Directive (CSRD). But the reporting landscape extends well beyond the EU directive to multiple sustainability frameworks, standards, coalitions and initiatives, and ESG ratings systems. This makes it hard to compare “apples to apples.” IFS and PwC are focusing on the CSRD because it is the first well-formed criteria available. There are up to 1,400 data points each company could have to report, focusing on those “material” to their organization.⁸ PwC Readiness Services will help clients optimize Sustainability Management using the IFS.ai platform. This is an important topic and taking a strategic approach is critical for industrial success.

Conclusion

This is only some of the content available at IFS Unleashed 2024. Their IFS Cloud platform is driving organic cloud-based SaaS growth, supplemented by strategic acquisitions. Their industry solutions leverage deep subject matter expertise hard won at clients over the years. Their financial success is clear and helping support investment toward their lofty vision: becoming the undisputed category leader in industrial software. IFS is all-in on genAI and see it as key to Industrial AI and category leadership. At IFS Unleashed 2024, IFS demonstrated that they have made significant progress, and have the roadmap and resources to continue their market success. CIMdata looks forward to hearing more about their other 200+ AI use cases on the way at the next IFS Unleashed event.

About CIMdata

CIMdata, a global strategic management consulting firm, provides services designed to maximize an enterprise's ability to design, deliver, and support innovative products and services. For more than forty years, CIMdata has provided industrial organizations, providers of digital technologies and services, and investment firms with world-class insight, expertise, and best-practice methods on a broad set of product lifecycle management (PLM) topics and the digital transformation they enable. CIMdata also offers research, subscription services, publications, and education through certificate programs and international conferences. To learn more, visit www.CIMdata.com or email info@CIMdata.com.

⁷ <https://www.ifs.com/news/cloud/ifs-pwc-uk-sustainability>

⁸ It is not clear who determines materiality.