

# Linking Imagination with the Potential of Technology

Rockwell Automation Fair 2022

## CIMdata Commentary

Key takeaways:

- *Rockwell Automation, a global leader in industrial automation, has ramped up their investments in software and services to better support industrial adopters of their solutions*
- *While not focused on product lifecycle management (PLM), their recent investments and acquisitions make them a player in the global PLM market*
- *Data is at the core of what they do and the company is expanding their cloud-native portfolio to better support lifecycle collaboration within their customers*

CIMdata had the pleasure of attending the Rockwell Automation Fair 2022, held in McCormick Place, a cavernous exhibit space on the south side of Chicago, IL on 16-17 November 2022. This was the company's first time back in Chicago since 2019, and approximately 18,000 attendees were expected<sup>1</sup>.

Rockwell Automation's roots go back to 1903, with their first patented product demonstrated at the St. Louis World's Fair in 1904.<sup>2</sup> Rechristened the Allen-Bradley Company in 1909, the company has been a stalwart of America's industrial development, growing rapidly through the depression and supporting the war effort in World War II. In 1985, Allen-Bradley was acquired by Rockwell International, which continued its expansion through organic growth and acquisition. Rockwell Automation (RA) formally entered the product lifecycle management (PLM) market in 2018 with their \$1 billion investment in PTC. Their 2019 partnership with Accenture around its Industry\X practice highlighted the importance of digital transformation to support Industry 4.0 in their customer base.<sup>3</sup> Clearly, the company also saw the importance of software in delivering on the promise of the Industry 4.0 vision, making a series of investments in software companies and service providers who could help their clients integrate the hardware and software needed to support their manufacturing operations.

Many of these acquisitions fit within CIMdata's definition of the PLM market. In 2019, RA acquired Emulate3D, which brought software for simulating and emulating industrial automation systems. In 2020, RA acquired Kalypso, a leading SI in the PLM Economy, and Fiix, a provider of artificial intelligence-powered computerized maintenance management systems.<sup>4</sup> In 2021, RA acquired Plex Systems, a provider of a cloud-native solution offering enterprise resource planning (ERP) and manufacturing execution system (MES) capabilities.<sup>5</sup> While Plex is not in CIMdata's definition of PLM per se, it is an important piece in RA's ability to support the digital thread in its customers. In the smart, connected future described in the Industry 4.0 vision, everyone and everything will be on someone's digital thread and these moves well-positioned RA to provide the needed capabilities and data. CIMdata estimates that RA has approximately \$200-300 million in revenues that would be counted in our global PLM market analysis, putting

<sup>1</sup> Research for this commentary was partially supported by Rockwell Automation.

<sup>2</sup> Key facts in this paragraph from [https://en.wikipedia.org/wiki/Rockwell\\_Automation](https://en.wikipedia.org/wiki/Rockwell_Automation).

<sup>3</sup> <https://newsroom.accenture.com/news/rockwell-automation-and-accenture-industry-x-0-combine-forces-to-create-digital-solutions-for-industrial-clients.htm>. Accenture is a long-time leader among systems integrators (SIs) in support of PLM initiatives and tops CIMdata's list of global SIs by revenue

<sup>4</sup> <https://kalypso.com/press/releases/rockwell-automation-has-acquired-kalypso-ip-expanding-connected-enterprise-consulting-expertise> and <https://ir.rockwellautomation.com/press-releases/press-releases-details/2020/Rockwell-Automation-Acquires-Fiix-Inc.-Cloud-Software-Company-for-Leading-Edge-Maintenance-Solutions/default.aspx>.

<sup>5</sup> <https://ir.rockwellautomation.com/press-releases/press-releases-details/2021/Rockwell-Automation-to-Expand-Industrial-Cloud-Software-Offering-with-Acquisition-of-Plex-Systems/default.aspx>.

RA in the top 40 globally. While only a small part of their 2022 revenues of nearly \$7.8 billion, software is seen as crucial to their continued success.

Before the official start of the RA Fair, the company held Perspectives, a “thought leadership” event, according to Mr. Blake Moret, RA’s Chairman and CEO. He stated that RA is the largest pure play company solely focused on industrial automation and digital transformation. His introductory remarks highlighted key themes echoed in other RA sessions during the event:

- Optimize production
- Empower the workforce
- Manage risk
- Drive sustainability
- Accelerate transformation

Mr. Moret stated that RA can help connect the imaginations of people with the potential of technology. Their industrial automation portfolio is impressive and by expanding their services reach they can help their customers maximize the benefits from these key manufacturing and logistics technologies.

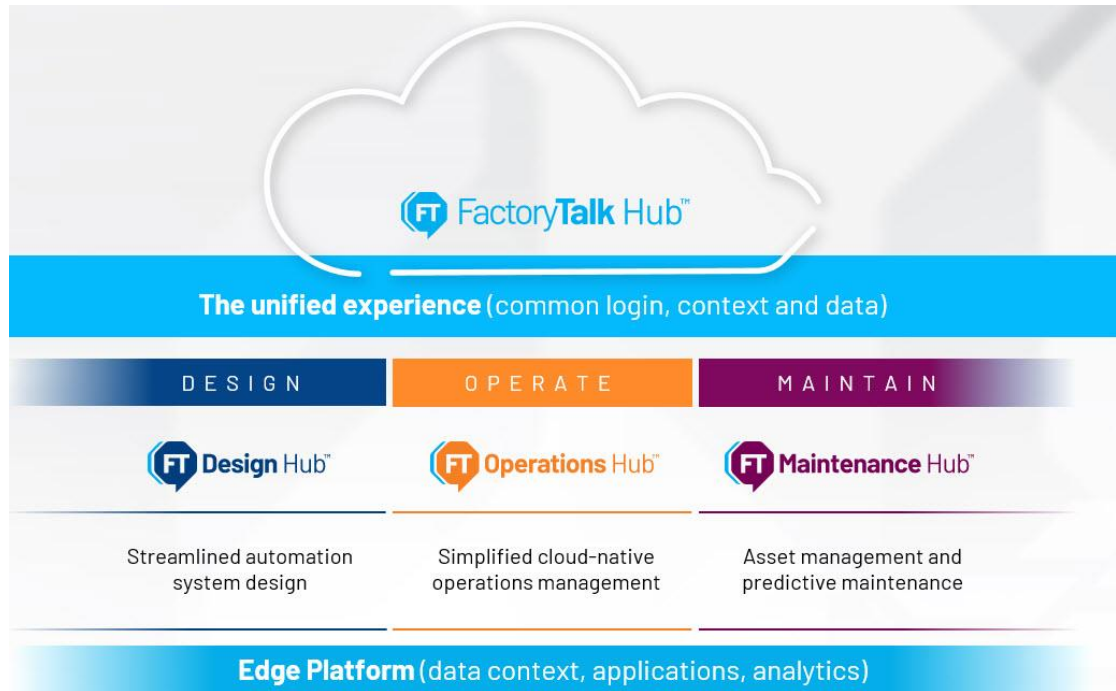
Mr. Moret was joined on the stage by Mr. Kevin Lackowski, a Senior Managing Partner at McKinsey & Company, who has long participated in Perspectives sessions. His remarks focused on their partnership with the World Economic Forum on their Global Lighthouse Network.<sup>6</sup> Thousands of companies have applied for the Lighthouse program, according to Mr. Lackowski, and 114 operations have been designated based on four criteria:

1. Demonstrable impact from their transformations
2. Launched multiple digital use cases in parallel, often across their network
3. Underlying playbook to get the impact
4. Deploying scalable technology

On average, each Lighthouse has deployed more than 5 use cases at scale out of their list of 130 proven use cases. Mr. Lackowski stated that “pilot purgatory” was over and their use cases were ready for prime time. CIMdata agrees that having demonstrated accomplishments is critical to the successful diffusion and adoption of new processes and technologies but considering local conditions is also important and pilots may be necessary to support adaptation and eventual adoption. He stated as much, citing the challenge of scaling early successes even in advanced industrial firms. Nevertheless, the Global Lighthouse Network is an important resource for manufacturing companies pursuing digital transformation, one that is expanding to add sustainability use cases, another topic important to companies in all industries.

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<sup>6</sup> <https://www.mckinsey.com/capabilities/operations/our-insights/lighthouse-manufacturers-lead-the-way>.



**Figure 1—The Rockwell Automation FactoryTalk Hub Portfolio**  
(Courtesy of Rockwell Automation)

Mr. Brian Shepherd, Senior Vice President for Software and Control at RA, offered an update on their software business. A veteran of both PTC and Hexagon, Mr. Shepherd claimed 90% of Fortune 500 companies relied on the cloud for business-critical applications. In response, RA is evolving their current cloud offerings and creating new ones to expand their portfolio. Figure 1 shows their overall FactoryTalk Hub vision, which offers manufacturing engineers “a centralized nexus for successful design and collaboration across their team and the greater enterprise” using RA automation tools and capabilities.<sup>7</sup> It includes offerings that span the Design—Operate—Maintain lifecycle.

Then Mr. Shepherd focused on another recent product release, FactoryTalk Design Studio, a pure cloud solution for programming their automation systems, that is available now. This is the newest of five elements of FactoryTalk Design Hub that helps teams collaborate to “change the way automation systems are created.”<sup>8</sup> Next to be released is FactoryTalk® Optix™, a new cloud-enabled human-machine interface (HMI) product addition to the Rockwell Automation visualization portfolio that accelerates HMI development and delivery. Cloud-based offerings make it easier to support far-flung operations and collaboration across the extended enterprise, much-needed capabilities in today’s dynamic competitive environment. Their Plex acquisition is the foundation of the FT Operations Hub and Fiix powers their FT Maintenance Hub.

Echoing many solution providers, Mr. Shepherd emphasized that “data is at the center of all that we do” and these new offerings will help companies better manage this critical asset. This data provides opportunities for advanced analytics to inform industrial strategies and tactics for design, operation, and maintenance. To better support these requirements, RA announced a new partnership with Cognite, an emerging provider of analytics that turn data into actionable

<sup>7</sup> <https://www.rockwellautomation.com/en-no/company/news/press-releases/new-factorytalk-design-hub-speeds-time-to-market.html>.

<sup>8</sup> <https://ir.rockwellautomation.com/press-releases/press-releases-details/2022/Rockwell-Automation-Speeds-Time-to-Market-for-New-Industrial-Automation-Design-Launches-FactoryTalk-Design-Hub/default.aspx>.

insights and create customer value.<sup>9</sup> Cognite technology will power a new offering, FactoryTalk DataMosaix™, planned for 2023.

Other sessions at the RA Fair 2022 echoed their five key themes cited earlier and provided the larger context for the company. In a session entitled “What’s New and What’s Next at Rockwell Automation,” Mr. Kris Dornan, Marketing Manager at RA, spoke about RA’s Connected Enterprise Production System shown in Figure 2. Based on the sessions attended at the RA Fair 2022, the company is investing heavily in the elements of this product system, with an emphasis on cloud but not neglecting their customers that rely on on-premises solutions, according to Mr. Dornan. This is critical as not all companies are far enough along on their cloud journeys to rely solely on cloud-native solutions.

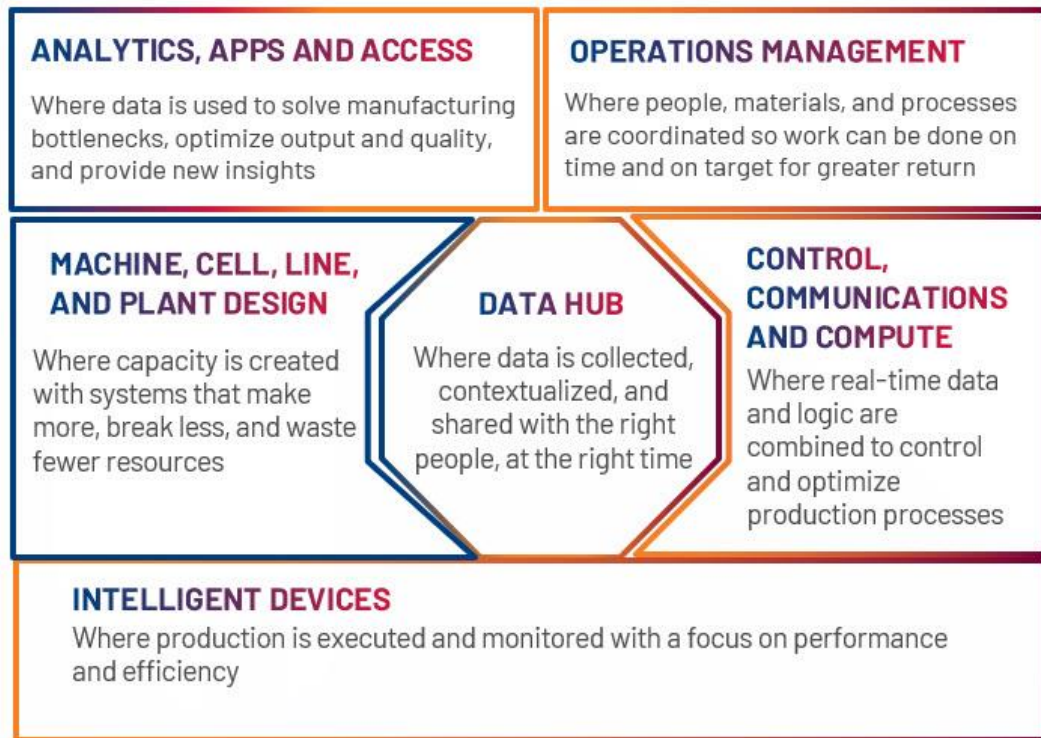


Figure 2—The Rockwell Automation Connected Production System  
(Courtesy of Rockwell Automation)

This Commentary only scratches the surface of the content presented at the RA Fair 2022. It included a wide range of hands-on sessions, the meeting rooms glowing with the displays ready for use by the enthusiastic attendees. The exhibit hall teemed with RA booths and many partners ready to help industrial companies achieve their Industry 4.0 objectives. While Rockwell Automation may not be a PLM-focused company, their many acquisitions and organic development place them firmly on CIMdata’s radar as an emerging PLM market leader. We expect continued investment in these areas and, based on the enthusiasm of the crowd attending, CIMdata believes RA has strong prospects to bring their vision to manufacturing customers in a wide range of industries.

<sup>9</sup> <https://www.cognite.com/en/press-release/rockwell-automation-and-cognite-form-a-strategic-partnership>.

## About CIMdata

CIMdata, an independent worldwide firm, provides strategic management consulting to maximize an enterprise's ability to design, deliver, and support innovative products and services by identifying and implementing appropriate digital initiatives. For nearly forty years, CIMdata has provided industrial organizations and providers of technologies and services with world-class knowledge, expertise, and best-practice methods on a broad set of product lifecycle management (PLM) solutions 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](http://www.CIMdata.com) or email [info@CIMdata.com](mailto:info@CIMdata.com).