New Study Reveals $11.28M Annual Opportunity for Industrial Companies to Boost Competitiveness by Modernizing Closed Automation Systems

- **Hidden cost penalties**: closed industrial systems cost mid-sized industrial companies 7.5% of revenue through downtime, inefficiencies, and compliance retrofits every year
- **Rigid infrastructure slows response**: 77% of systems need physical updates; fragmented platforms increase complexity and delay action
- **Open, software-defined automation offers a way forward:** by decoupling software from hardware, it enables faster decisions, real-time insights, and competitive resilience

Nuremberg (Germany), November 26, 2025 – Schneider Electric, a global energy technology leader, today unveiled new global research titled *"Open vs. Closed: The $11.28M Question for Industrial Leaders."* The report reveals that closed industrial automation systems are quietly eroding competitiveness, costing mid-sized organizations an average of 7.5% of their revenue.

The research, conducted by Global Analysts firm Omdia, highlights how these costs stem from operational inefficiencies, downtime, compliance retrofits, and delayed production, issues often masked by the perceived reliability of legacy automation systems. For large enterprises, losses average $45.18 million, while smaller manufacturers face even steeper proportional impacts, losing up to 25% of annual revenue.

Traditional, hardware-defined automation systems, built for static environments, struggle to meet today's dynamic industrial demands. Their rigidity turns routine updates into costly technical projects, while proprietary architectures limit data access, reducing visibility and responsiveness.

At the core of the challenge is hardware complexity. Most companies operate across 2 to 10+ distinct platforms, each with unique maintenance needs. This fragmentation drives vendor dependency; 30% of issues require specialized support, and this strains workforce efficiency due to niche technical expertise required at a time when companies are facing workforce and skills shortages. Siloed systems also hinder predictive maintenance and fast issue resolution, leading to costly downtime and lost productivity. These inefficiencies scale across operations, limiting agility.

The research underscores an urgent need for transformation. Open, software-defined automation offers a scalable, future-ready solution that modernizes legacy systems, accelerates ROI, and strengthens industrial competitiveness and resilience.

By decoupling software from hardware, manufacturers gain the flexibility to integrate multi-vendor systems, adapt quickly to market shifts, produce small batches efficiently, and close engineering skill gaps. Real-time data becomes actionable, driving smarter decisions, boosting productivity, and reducing costs at scale.

Schneider Electric customers are already realizing these benefits. Many begin with pilot projects or asset-level trials, then expand to full-plant or multi-site deployments, unlocking full data ownership, improved quality control, and greater cost transparency, while protecting existing investments.

"This research echoes what our customers tell us every day: industrial systems must adapt as fast as their markets," said **Gwenaëlle Avice Huet**, **Executive Vice President, Industrial Automation, Schneider Electric**. "It's particularly encouraging that smaller enterprises, the backbone of our economy, stand to gain the most in annual savings that can be reinvested in innovation and growth. Open, software-defined automation is a proven solution that empowers industrial players of all sizes build resilience, drive innovation, and thrive amid rapidly shifting consumer demands, regulatory pressure and market volatility."

Key cost areas break down into four critical parts, annually:

- **$6.1M in Operational Agility & Resilience losses.** Inflexible hardware systems hinder responsiveness to market shifts, as 77.4% require physical modifications for functionality updates, while multiple vendor platforms create integration complexity. Modification costs range from $25K–$50K per hour, rising to $250K/hour for $1B+ companies.

- **$2.28M in Optimization & Efficiency costs.** Maintenance burdens, downtime, and talent gaps as hardware complexity drives operational inefficiencies. Companies manage 2-10 different industrial systems on average; 29% deploy 10+ hardware platforms, each with unique management requirements.

- **$1.2M in Preventable Quality Failure and Costly Data maintenance.** Proprietary systems create data silos and limit integration. Only 28% of companies access real-time insights; half report that 20–39% of critical data isn't available in real time.

- **$1.7M in Sustainability & Compliance Costs.** Regulatory changes demand costly hardware retrofits, driving up compliance expenses.

Anna Ahrens, Principal analyst, Omdia, added: "In response to mounting pressures, industrial leaders are deploying tactical solutions to sustain their core priorities of growth, competitiveness, and trust. In a world where product lifecycles shrink, supply chains fracture, and talent gaps widen, agility and flexibility aren't optional. They are survival. Every quarter a business delays addressing the cost of closed automation ecosystems is another $1M+ in lost value: the money that could be reinvested in grow and innovation."

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Notes to Editors

- The full Omdia report can be accessed here.

Methodology:
The research, conducted by Global Analysts firm Omdia, included 10 C-suite interviews across industries (Oil & Gas, Food and Beverage, Water and Wastewater, Metals, Other Manufacturing), as well as a global quantitative survey with 320 participants in Energy and Chemicals, Manufacturing, Mining, Metals and Minerals, Warehousing and Water, Wastewater and Waste. The study was conducted in September-October 2025.

About Schneider Electric
Schneider Electric is a global energy technology leader, driving efficiency and sustainability by electrifying, automating, and digitalizing industries, businesses, and homes. Its technologies enable buildings, data centers, factories, infrastructure, and grids to operate as open, interconnected ecosystems, enhancing performance, resilience, and sustainability. The portfolio includes intelligent devices, software-defined architectures, AI-powered systems, digital services, and expert advisory. With 160,000 employees and 1 million partners in over 100 countries, Schneider Electric is consistently ranked among the world's most sustainable companies.
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