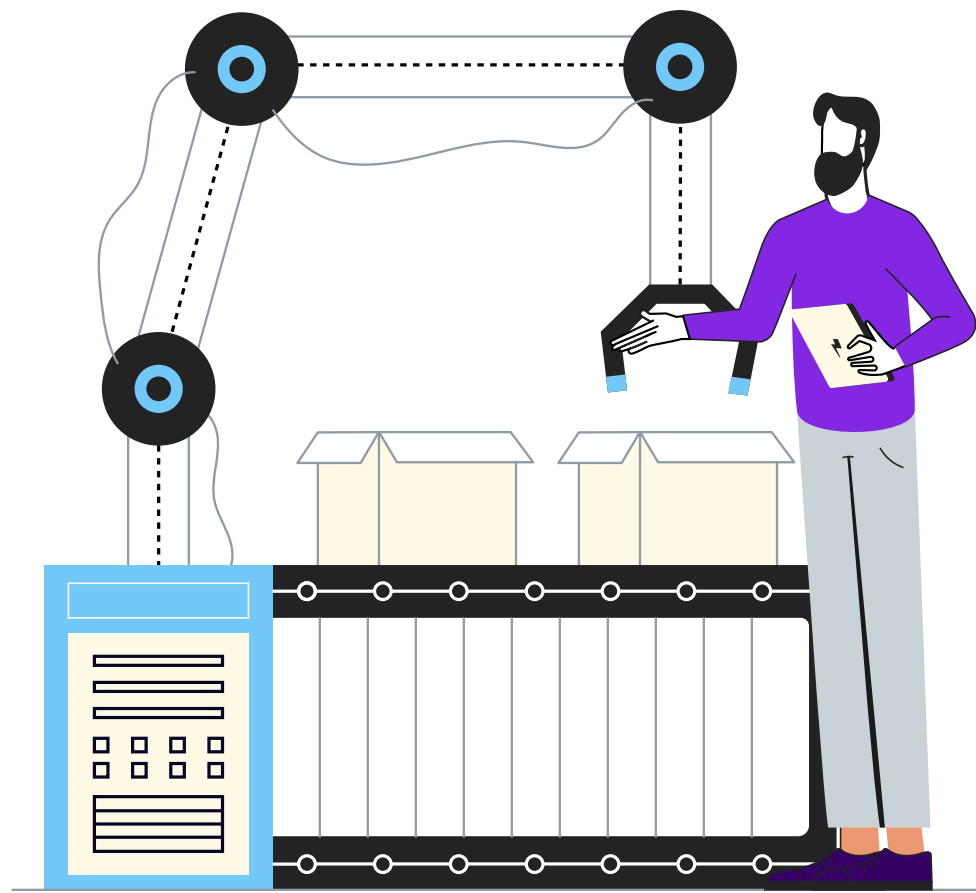


Manufacturing Trends 2025: Navigating challenges with AI, sustainability and innovation

In this year's 2025 Trends and Predictions, IFS's Global Industry Directors, Manufacturing – Maggie Slowik and Andrew Burton discuss how the industry is at a pivotal juncture. Rapid technological advancements, climate change and intensifying cybersecurity threats demand urgent, strategic solutions.

While many manufacturers recognize the transformative potential of technologies like Industrial AI, decision paralysis and reluctance to disrupt existing systems are holding many back. Manufacturers face a variety of pressures in a rapidly shifting landscape.



Prediction 1: The Role of Industrial AI in Driving Transformation

Industrial AI is transforming manufacturing by improving production optimization, energy management, predictive maintenance, demand planning, customer service, and product design. Early adopters are seeing significant benefits, including a 50% increase in agility, a 44% rise in operational efficiency, and enhanced data-driven decision-making.

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Prediction 2: GenAI Reshaping the Workforce

GenAI are reshaping the manufacturing workforce. Automating routine tasks and empowering workers with data-driven insights that lead to quicker decision-making. It's also addressing talent retention and the skills gap, manufacturers are adopting flexible work policies, investing in STEM education, and enhancing employer branding. In the next 2-3 years, many will invest in digital tools and training programs to future-proof their workforce.

[Read more](#)

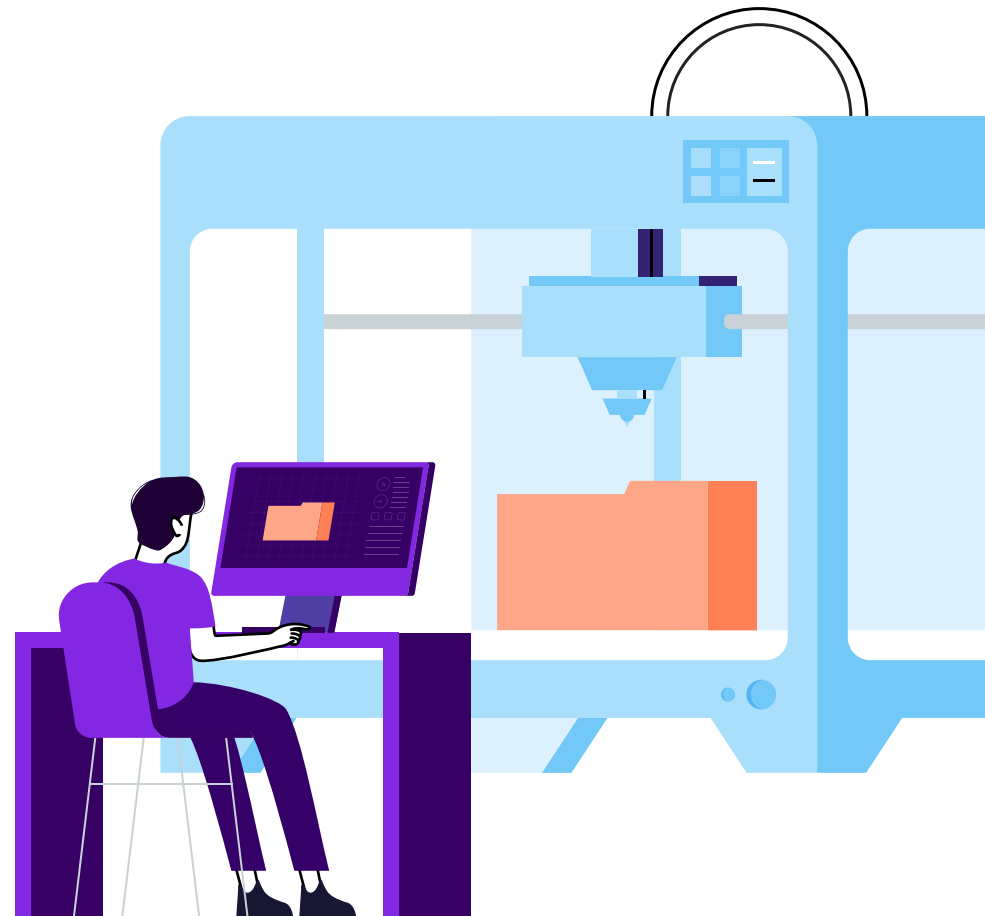

Prediction 3: Sustainability and Circularity: The New Imperative

Regulations like Corporate Sustainability Reporting Directive (CSRD) and the upcoming Digital Product Passports (DPPs) and AI are driving this shift. DPPs will provide detailed information about products' environmental impact, facilitating recycling and aligning with consumer demands for sustainable goods. AI-powered systems will optimize energy usage and reduce waste, contributing to both environmental and economic benefits. By 2025, circularity is expected to accelerate as organizations seek to enhance their sustainability efforts.

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Prediction 4: Localized Production and Resilient Supply Chains

Vulnerability in global supply chains caused by geopolitical instability and extreme weather has meant that nearly half of manufacturers are shifting towards a more localized production model. Localized, automated facilities near key markets will reduce transportation costs, emissions, and supply chain risks. These facilities will rely on cutting-edge technologies like additive manufacturing and robotics to maintain efficiency and meet local market demands.

[Read more](#)


A Call to Action towards 2030

2025 will see the starting gun sound for manufacturers to adapt or risk obsolescence. The age of accelerations and a sense of urgency will drive manufacturers to prioritize digital transformation, AI adoption, and workforce development to gain substantial rewards.

In an industry where everyone agrees that survival depends on technology, the time to act is now. 2025 will be an epoch year. By overcoming inertia, aligning strategies, and embracing innovation, manufacturers can turn challenges into opportunities, leading the sector toward a resilient, sustainable, and prosperous future.

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