

The global pandemic is further compounding the challenges of Brexit. A recent report by the LSE suggests that the dual impact of the global pandemic and Brexit will leave little time and resources for businesses to adapt and mitigate risk. Many businesses have used up reserves and stockpiles earmarked for Brexit during the pandemic, leaving them further exposed.

As a result of the uncertainty, Brexit remains a key topic on the risk registers of many organisations and according to the [2020 Deloitte Report of Reports](#), 24% of organisations cite it as a principal risk to their business strategy whilst a further 42% include it within a broader risk category. Brexit is also a key topic on mid-year earnings calls for 40% of the companies of the FTSE 100 industries analysed by [FactSet](#).

Now that a deal has been agreed, this is the start of a new relationship, which, in itself, will take time to bed in. Although there will be inevitable tweaks and changes to the ways of working and the increase in bureaucracy & regulations, now is the time to focus on the next chapter of Brexit.

UK Industrial Machinery and Components Industry

UK is largely a services economy, however, Manufacturing industry accounts for over 45% of total exports and 65% of private sector R&D spending.¹ UK manufacturing is tightly linked with the EU in number of ways with nearly half of UK exports and imports of manufactured goods go to, and come from, the EU, and EU labour helps fill key skills gaps in the UK. Disruptions of links with the EU after the transition period ends, such as through customs delays, could therefore have a negative effect on manufacturing companies in the UK.

The industrial manufacturing sector in general is likely to be negatively impacted, especially at a time when they are recovering still from the impact of Covid-19. In either scenario, no deal or a limited free trade agreement, some degree of disruption is likely to occur if there is no alignment or mutual recognition of the UK and EU technical, safety and other manufacturing standards. This would add to the costs of doing business, with no allied benefits.

UK manufacturing needs to be cushioned from the dual impact of Covid-19 and Brexit with measures such as wage support and loans and tax deferrals in the short term. Proactive longer-term policies for boosting local skills, innovation ability and new technology adoption, particularly industry 4.0 and environmental sustainability, need to be considered to support the sector competitiveness.

To maintain seamless market access and mitigate risks it is critical that your focus remains on ensuring your ability to offer continuity of service and supply to your customers and supply chains in compliance with the regulatory frameworks.

Remaining competitive in the post-Brexit world will require a holistic approach with a range of agile decisions to be made across the enterprise. Here's how SAP can help your business thrive:

Sourcing and Procurement: In wake of any disruption, it is critical to identify risks, maintain supply chain continuity with access to new potential sources of supply and create connections to partners that can help deliver sustainable growth

Available Resources:

[Procurement](#)

[Strategic Sourcing](#)

Digital Manufacturing and Supply Chain: Lack of appropriate labour for manufacturing and logistics operations and border delays might require automation of manufacturing operations or reconfiguration of supply chain networks.

Available Resources:

[Supply Chain Management](#)

[Industry Supply Chain Management](#)

[Logistic Business Network](#)

Regulatory Compliance: Export and import management processes and associated regulations are likely to increase significantly and need to be managed as per the new government guidelines. VAT changes on imports will have to be monitored and appropriate tax claims supported with relevant details to ensure realisation of accurate tax relief.

Available Resources:

[Global Trade Management](#)

Workforce and Collaboration: A significant portion of operations across manufacturing and logistics are fulfilled by contractual workers, while some aspects of operations are expertise based requiring very specific skillsets. Automotive companies will have to ensure talent retention in key areas, while driving agility in ensuring an adequate pool of workers to maintain continuous operations.

Available Resources:

[Human Resources](#)

[Contingent Workforce Management](#)

Customer Service: Uncertain business environment and negative customer sentiment post-covid have flattened demand across industrial manufacturing. It is critical to enhance customer centricity and drive profitability by embracing digitalization and innovative business models. Leverage industry leading solutions to innovate and automate your service operations to become more intelligent and resilient.

Available Resources:

[Customer Service](#)

[IOT Data Service](#)

[Entitlement Management](#)