Accelerating success in industrial manufacturing

5 essential actions from the PwC Global Compliance Survey 2025

PwC's Global Compliance Survey 2025

Introduction

Regulations governing industrial products are becoming more dynamic and complex. These include shifts in the risk landscape and compliance requirements in areas such as operational technology, data protection, sustainability reporting, vendor management and sanctions. This complexity is being driven by various factors, such as the speed of innovation, changing customer needs, and disruption in global supply chains.

PwC's Value in Motion research highlights an 'epochal transformation of manufacturing', with new technologies like 3D printing and AI helping to speed up reinvention and boost productivity and agility. It highlights that, because of such innovation, up to US$1.8 trillion of manufacturing revenues could be redistributed in 2025.

One significant trend is the integration of digital features in products, which is changing the user experience and product life cycles. It is also adding complexity and brings in new compliance risks around data, AI, Intellectual Property (IP) and cyber security. Whilst traditional hardware standards focus on individual materials and components, compliance requirements for software are often industry-agnostic and may not be defined at the component or feature level by regulators. This has to be determined by the companies themselves and is driving the need for more risk-based and agile approaches, including how regulation is interpreted and applied to software-based business models.

The volume of regulation across the value chain, from product development through manufacturing and distribution—together with technological change—is also putting pressure on the compliance timeline. The need for short product innovation lifecycles to satisfy customer demands for new functions and services is amplifying this pressure. Moreover, the pace of technological change—particularly AI—is prompting companies to look further ahead to factor in emerging regulation in their product planning—what meets today's requirements may not be fit for tomorrow. All of this means that companies are having to find new ways to speed up and reduce time-to-market. A critical part of this is how their compliance processes can be optimised to keep pace, support the business (and add value), and evolve to address the new risk landscape.

Five actions that IM compliance leaders can take now

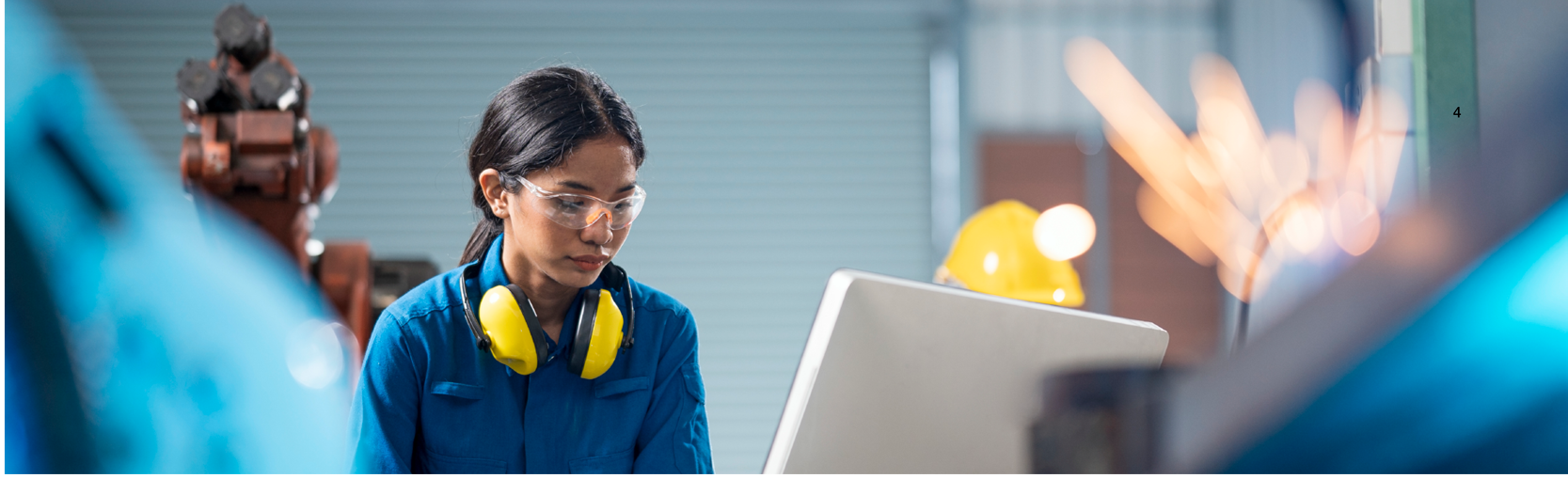
01 | Find the right strategic balance for value

02 | See risk in three dimensions

03 | Set a bold digital strategy

04 | Mind the talent gap

05 | Keep pace with the pioneers



Find the right strategic balance for value

Check that the compliance strategy is aligned to the corporate strategy and is designed to support strategic objectives—at the required pace

01

Our compliance survey highlights the significance of compliance functions in enabling their companies to achieve their strategic aims and generate value. This was not just through the lens of compliance officers themselves, but the view of business executives in the first line. IM respondents state that they require compliance expertise in a range of strategic initiatives over the next three years, including digital transformation (66%), new market entry (48%) and the development of new products and services (47%).

For IM companies, the shift to software-driven business models and regulator expectations for end-to-end product transparency are triggering new compliance risks. Whereas traditional compliance requirements like corporate governance, anti-bribery and anti-corruption, and external reporting are managed through corporate, legal and financial teams, these shifts are placing additional emphasis on the compliance of the product itself. This moves Product Lifecycle Management processes into greater focus for compliance functions and, therefore, moving compliance closer to functions driving growth and innovation.

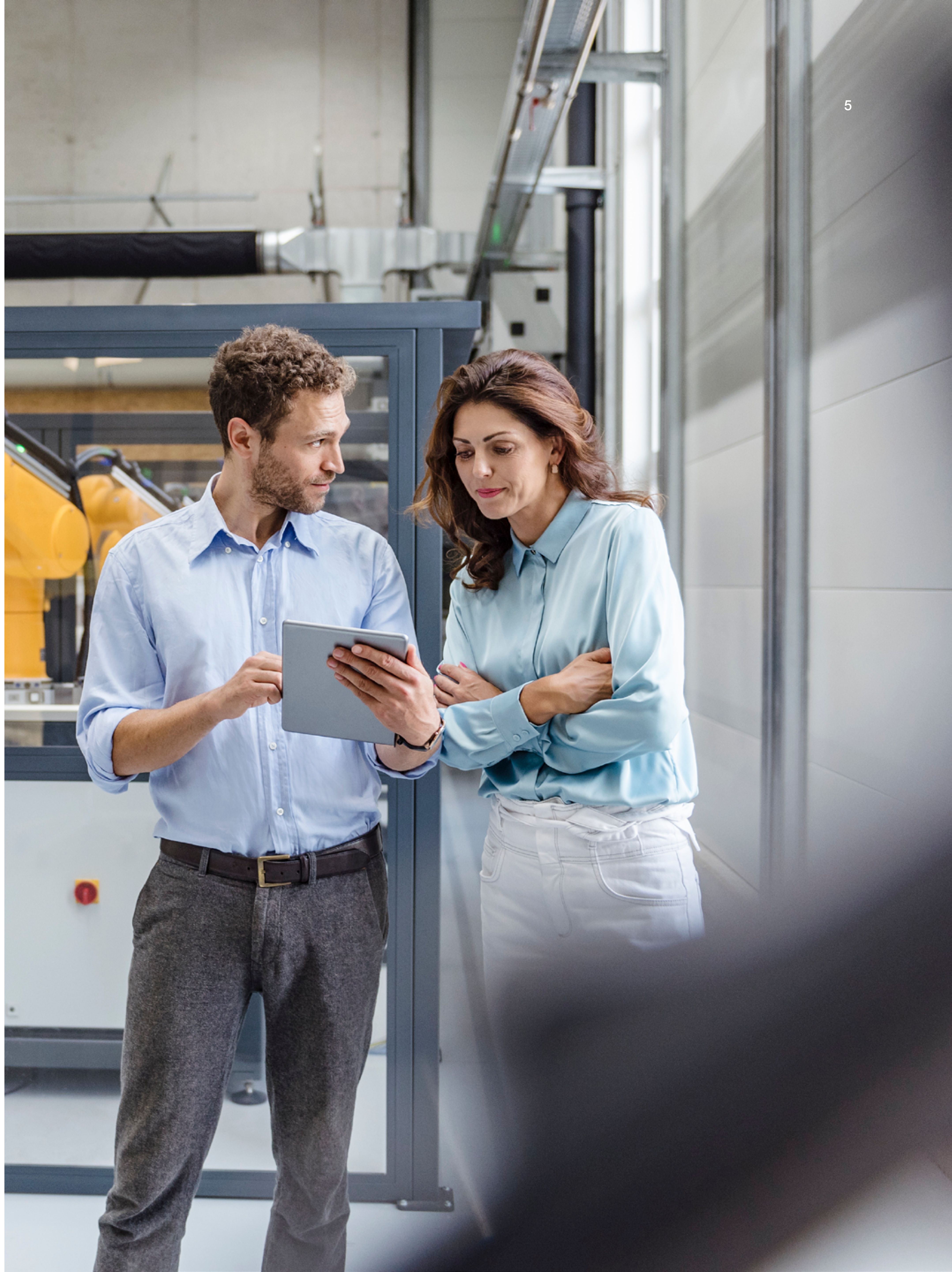
Compliance officers have a good opportunity to define a compliance strategy that balances its traditional value protection mandate with value creation priorities that are aligned to the business objectives. This should begin with the alignment of the compliance strategy with the corporate strategy, considering how it supports business change and reinvention. One example is relooking at where compliance activities are embedded along each stage of the product development and new business planning cycle. Our survey captured this for those in the IM sector and showed a generally high level of compliance involvement across each stage of development, but differing levels by region:

Overview of compliance involvement across stages of new product and service development

Development process stages	Global	Europe	North America	Asia Pacific	LATAM
1. Pre-development	44%	↓ 34%	↓ 38%	↑ 51%	↑ 57%
2. Development	55%	55%	↑ 61%	↓ 51%	↓ 49%
3. Testing	49%	↓ 47%	↓ 45%	↑ 51%	↑ 53%
4. Pre-launch	63%	↑ 65%	↓ 60%	↑ 72%	↓ 49%
5. Following launch	43%	↓ 42%	43%	↑ 48%	43%
6. Not applicable	9%	9%	↓ 8%	↑ 10%	↑ 11%

↑ Above Global ↓ Below Global

By involving compliance early in product development and new business planning activities, controls can be 'built in' to processes that are typically more effective and cost-efficient. This can also help speed up time-to-market and achieve 'first mover' advantage.



See risk in three dimensions

Design an innovative and balanced target operating model for compliance and a multi-year plan to achieve it

02

Achieving agile and strategic compliance capabilities does not happen by accident and requires a mid- to long-term plan. This often involves several steps to achieve different levels of maturity over time—supported by the right level of investment and cross-functional support. Respondents highlighted the following priorities driving compliance investment for IM:

Main factors influencing organisation compliance investment decisions

Development process stages	Global	Europe	North America	Asia Pacific	LATAM
1. Addressing high-risk areas	45%	↓ 42%	↑ 55%	↑ 46%	↓ 32%
2. Enforcement response	39%	↓ 38%	↑ 40%	↑ 49%	↓ 34%
3. Regulation changes	36%	↑ 47%	↓ 27%	↓ 32%	↓ 34%
4. Technology changes	32%	↓ 29%	↑ 34%	32%	↑ 40%
5. Compliance effectiveness	28%	↓ 24%	↓ 27%	28%	↑ 34%
6. GRC improvement projects	26%	↓ 24%	↓ 24%	↑ 30%	↑ 32%
7. Reducing compliance costs	24%	↓ 18%	↑ 30%	↓ 17%	↑ 28%
8. External security crises	17%	↑ 19%	↑ 24%	↓ 11%	↓ 9%
9. Business model change	17%	↑ 18%	↓ 8%	↑ 21%	↓ 13%
10. M&A/other transactions	17%	↓ 14%	↑ 22%	↓ 15%	↓ 15%

↑ Above Global ↓ Below Global

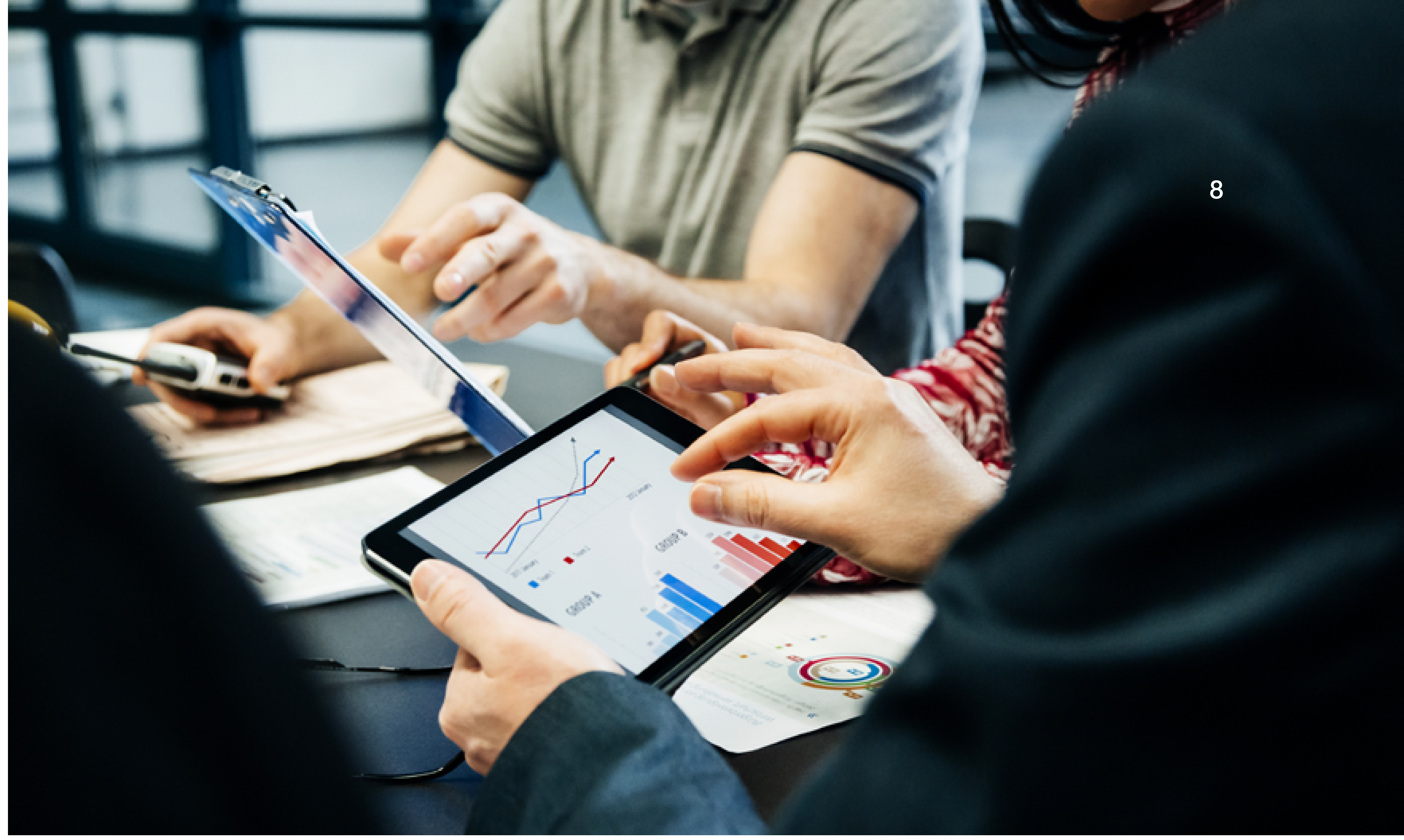
The responses showed a range of differing perspectives and investment drivers, with regional variations. For example:

- Traditional regulatory change drivers have a higher priority in Europe (49% versus 27% in North America, 32% in Asia Pacific and 34% in LATAM), whereas a focus on addressing higher-risk areas scores higher in North America (55% versus 44% in Europe, 46% in Asia Pacific and 32% in LATAM)
- Business model change is a higher priority in Asia Pacific (21% versus 16% in Europe, 8% in North America and 13% in LATAM)
- There was more focus on compliance cost reduction in North America (30% versus 18% in Europe, 17% in Asia Pacific and 28% in LATAM).

Whilst the drivers for compliance investment will differ in each organisation, there is a consistent recognition of the need to embed technology and embrace transformation. We are seeing an increasing number of companies relook at compliance activities, including, for example:

- Outsourcing or establishing managed service functions—particularly for standardised and repeatable compliance activities, like third-party supplier assessments or quality checks
- Embedding or grouping compliance capabilities in the first line—for example, data compliance specialists, who can help product owners navigate issues like data privacy and protection. This could also include a ‘functional compliance officer’ to manage the interface between the first and second line
- Developing an integrated assurance plan—including aligning activities in the first, second and third line to avoid duplication and share knowledge, tools and data
- Revisiting compliance Key Performance Indicators (KPIs) and Key Risk Indicators (KRIs) to determine if they are still fit for purpose and aligned to corporate objectives, prioritise the right things, and balance value protection and value creation dimensions
- ‘Building in’ compliance checks into business process redesign initiatives—requiring compliance specialists to be assigned to project teams. This can include designing automated transaction monitoring or AI analysis into new data flows

Regardless of the drivers or priorities, compliance model change should not be ‘one dimensional.’ It should consider a range of different risks, drivers, and activities (across different lines) to tailor an operating model that is right for the company.



Set a bold digital strategy

Take a lead in shaping and contributing to company-wide initiatives on digital and data transformation

IM companies are increasingly using technology to automate, optimise and speed up a range of compliance activities. Our survey respondents said that the top three areas for tech use are training (82%), risk assessment (74%), and regulatory disclosures and reporting (72%). Notably, the IM score for regulatory disclosures and reporting ranks higher than in other industries—this is an area with significant opportunities to unify and standardise processes using technology to reduce complexity and cost (particularly as regulators demand greater transparency in areas like governance, cyber, sustainability and tax reporting).

03

Whilst the trend for the use of compliance technology is positive, IM companies rank below the cross-industry tech use average in several areas, including risk assessment, fraud detection and controls testing—so there is more to do. The good news is that IM companies are investing to close the gap and a greater proportion of IM respondents reported prioritising technology investment in 7 out of the 15 compliance areas, compared to other industries. The top areas for technology investment include data and predictive analytics (60%), training (51%), and risk assessment (50%). There are real benefits from this investment too, with respondents citing better visibility of risks and risk management activities (60% of respondents), higher quality/more insightful reporting (50%), faster identification and response to compliance issues (48%), more confident decision-making (46%) and faster compliance approval of new products and services (33%).

Benefits achieved are also driving confidence to adopt the next evolution of technology with AI. Our survey found that most respondents (71%) across industries believe that AI will have a net positive impact on compliance management, and many in IM are already piloting or using it in areas like data and predictive analytics (43%), risk assessment (34%) and fraud detection (33%). The positive approach to AI adoption mirrors sentiment across the industry. PwC's AI in operations: Revolutionising the manufacturing industry publication explores this further and notes, for example, that 44% of respondents are looking to AI to reduce operational costs, and 43% expect it to enhance decision-making. Whilst AI in compliance is still in its early stages, it is expected to develop rapidly alongside new and emerging regulatory frameworks and have applicability to most areas of compliance in IM (including areas such as data privacy and security, misuse and misinformation, bias and accountability and explainability). Starting early to pilot and adopt AI, and invest in the people using it, is, therefore, an imperative to not only managing risk, but keeping pace to capture the upside for compliance.

Mind the talent gap

Relook at how your mix of compliance capabilities and skills supports the short- and long-term business and compliance strategy

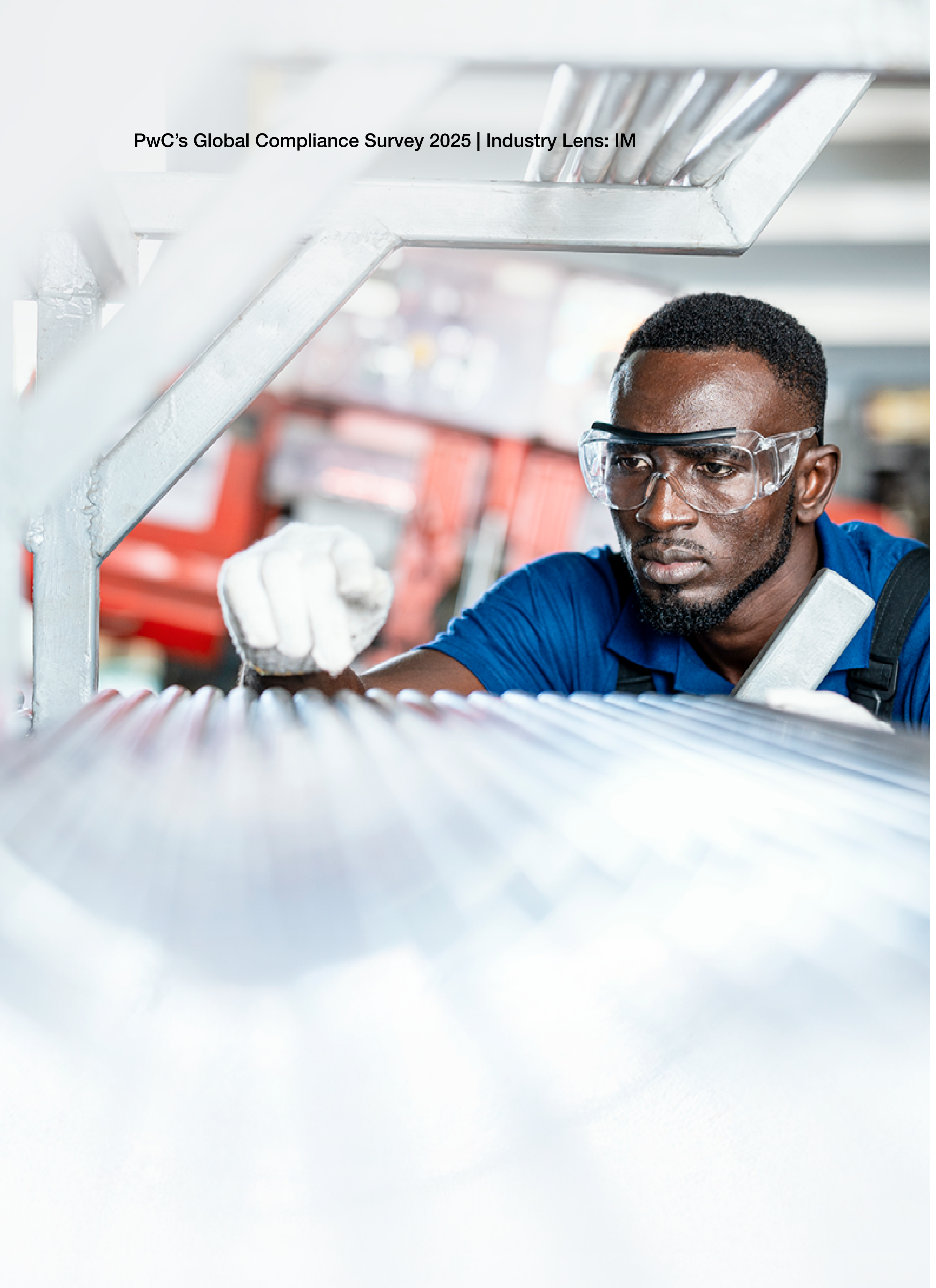
04

The human dimension of compliance remains as important for its transformation journey as technology. Technology change, cost pressures, regulatory complexity and increasing stakeholder expectations on quality and transparency are stretching compliance functions and their resources, often requiring them to do more with less. This is particularly important for IM companies as global value chains become more complex and impacted by macro risks like economic volatility, geopolitics and sanctions. This is driving many IM organisations to adapt their compliance approaches so they can continue to support their organisations in adopting new technology and designing, manufacturing and selling their products in different ways—and this is requiring different skills and experience.

Our survey respondents cited changes in technology and data use (62%) as the top factor influencing compliance talent strategy for IM companies. This means bringing in new talent with experience in areas like operational technology security, data protection and AI. Doing so is helping to not only address tech-related compliance risks but enabling companies to move faster in automating routine activities and freeing up compliance time to focus on strategic activities.

Aside from technology capabilities, IM respondents were more likely to select sustainability/ESG experience as important for compliance than other industries (27% verses 20% across all industries). The score reflects the increased attention on environmental footprint that IM companies have faced in recent years, together with additional regulatory requirements around sustainability. A greater sustainability focus has helped to spur more integrated approaches to financial and non-financial reporting, raise the bar for business acumen in compliance and increase the need for first, second, and third line functions to work closer together.

Compliance leaders have a good opportunity to relook at their talent strategy and take the lead in equipping their teams with new skills so they can 'connect-the-dots' across the organisation, have broader business and risk conversations and use technology differently to optimise their day-to-day work.



05

Keep pace with the pioneers

Set a compliance vision that outpaces and outperforms the status quo

Our survey highlighted the rise of the 'compliance pioneers,' who are successfully navigating the complex regulatory landscape, embracing transformation and having more strategic influence in the company. This group typically feels that their company's compliance function always offers proactive advice (58% vs 31%), has more strategic initiatives planned in the next three years that involve compliance input and is planning to invest more in technology and AI.

For IM companies, there appears to be a positive acknowledgment of this transformation imperative. Only 5% of IM survey respondents consider themselves to be leading in compliance, while 38% want to be leaders within three years.

Such a shift will require significant momentum—and investment—to achieve, but it will help companies outpace competitors. It paves the way for compliance leaders to set a vision that is more closely aligned to company objectives and supports strategic initiatives and transformation. The vision should include KPIs that promote not only value protection through compliance, but value creation, such as reducing product development and launch times and regulatory reporting effort. PwC Germany's Compliance Transformation 2030+ and PwC US's Risk and Compliance Reimagined papers explore this further, including how companies are changing their compliance models to help optimise their processes, reduce costs and speed up.

5%

Only 5% of IM respondents consider themselves to be leading in compliance

Further reading

Read the full PwC Global Compliance Survey 2025 here. To learn more about related topics, please see:

- AI in operations: Revolutionising the manufacturing industry
- Transforming industrial manufacturing with GenAI
- Compliance Transformation 2030+
- Risk and Compliance Reimagined
- The state of agile organizations
- 28th Annual Global CEO Survey
- Value in Motion (includes perspectives on the 'Make' and 'Build' domains of value)

PwC Contacts

Global Compliance Survey team:

Shaun Willcocks
Global Risk Services Markets Leader,
Partner, PwC Japan
shaun.s.willcocks@pwc.com

Rob Stephenson
Director, PwC UK
rob.stephenson@pwc.com

Paul Sculthorpe
Senior Manager, PwC UK
paul.sculthorpe@pwc.com

Industry contributors:

Jörg Tüllner
Partner, PwC Germany
joerg.j.tuellner@pwc.com

Kolja von Westerholt
Partner, PwC Germany
kolja.von.westerholt@pwc.com

Björn Bürger
Director, PwC Germany
bjoern.buerger@pwc.com

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