TARGET INTEGRATION

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NAVIGATING THE ENERGY CRISIS

A DIGITAL SURVIVAL GUIDE

| 2026

Empowering businesses through digital transformation and smart adoption of ERP, CRM, and cloud solutions...

Executive Summary

UK and Irish manufacturers were navigating a demanding cost environment long before the current energy crisis. Rising labour costs, thin retail margins, and a persistent productivity gap with international competitors had already made operational efficiency a strategic priority.

The businesses best placed to absorb today's cost pressures are not those waiting for conditions to improve but the ones that invested in operational efficiency before the crisis deepened. With energy prices further elevated by current geopolitical instability, the case for investment has never been stronger, and the UK Food & Drink Federation's (FDF) May 2025 State of Industry report makes the opportunity concrete: a £14bn untapped productivity gain for businesses willing to invest in digital tools and automation.

The response that is demonstrably working is digital transformation: the deployment of integrated ERP systems, IoT monitoring, automation, and data analytics to cut energy consumption, eliminate process waste, and reduce operational costs. Businesses that have completed this journey are carrying lower costs per unit, responding faster to market changes, and outperforming those still running on fragmented, legacy infrastructure.

This report sets out the evidence, the technologies, and a practical path forward. It is aimed at manufacturing and food & drink businesses of all sizes, and it concludes with a clear account of how Target Integration can help accelerate that journey.

Key Findings at a Glance

Digital transformation can reduce overall operational costs by up to 30% (Capgemini/industry research). IoT-integrated ERP deployments in food manufacturing have cut equipment downtime by 25% and maintenance costs by 15%. Energy monitoring and IoT tools deliver rapid, measurable returns, businesses completing digital transformation report clear revenue and profit growth. 54% of UK food and drink manufacturers now cite automation as their single highest investment priority. 93% of food companies are engaged in some form of digital transformation; those that have completed it report measurable revenue and profit growth.

1. Why Digital Investment Has Never Mattered More

A Cost Challenge That Pre-dates the Current Crisis

Picture a family-owned bakery in the East Midlands, or a drinks producer in County Cork. Forty staff. A production facility running flat-out. An energy bill that has roughly doubled in three years. A maintenance engineer who retired last year and hasn't been replaced. Orders from the major retailers that come with tighter delivery windows and more compliance paperwork than ever. The margins were never wide. Now they're razor thin. Sound familiar? This is the reality for thousands of SME manufacturers and food & drink producers across the UK and Ireland right now; and it is precisely the environment in which digital tools are delivering their most tangible returns.

The case for digital investment in manufacturing did not begin with the energy crisis. For years before energy prices became a headline concern, UK and Irish manufacturers were already dealing with structural cost pressures: rising labour costs, skills shortages, thin margins from retail customers, and the productivity gap with international competitors. The International Energy Agency (IEA) had long identified that up to 40% of industrial energy was being wasted through inefficient equipment and poorly scheduled processes — not because manufacturers were careless, but because the tools to monitor and manage energy in real time simply were not in widespread use. The financial and operational argument for closing that gap was already compelling. What has changed is the urgency.

The ongoing conflict in the Middle East has added further upward pressure on oil and LNG prices, reinforcing a cost environment that was already elevated well before the current geopolitical disruptions. Global electricity demand grew by 4.3% in 2024, nearly double the annual average over the previous decade, according to IAE's Global Energy Review 2025, driven by manufacturing, data centre expansion, and electrification. These are meaningful headwinds. But they are headwinds that businesses with modern, integrated digital infrastructure are far better equipped to absorb.

For manufacturers dependent on gas-fired processes, and food producers reliant on refrigeration, pasteurisation, and baking, the cost environment demands a response and the response that is demonstrably working is digital transformation. Businesses that have invested in integrated ERP systems, IoT monitoring, and smarter energy management are not just weathering current pressures more effectively; they are emerging with structurally lower cost bases and stronger competitive positions.

~40%

Of European gas supply was removed from the market following the Russia-Ukraine conflict, a structural shift from which wholesale prices have not recovered. (IEA)

$95–$120

Brent crude price range (USD per barrel) in March 2026, following Middle East escalation. Some analyst projections reach $150 in a sustained disruption scenario.

4.8%	Further cost increases expected by UK food and drink manufacturers over the next twelve months, on top of sustained post-2022 increases. (FDF, May 2025)
£14bn	Untapped productivity opportunity in the UK food and drink sector, unlockable through investments in automation, digital technology and AI the equivalent of 38% of the sector's current GVA. (FDF Future Factory Report, 2024)
40%	Of manufacturing energy is estimated to be wasted through inefficient equipment, poorly scheduled processes, and the absence of real-time monitoring. (IEA)

The Food & Drink Sector: A Specific Pressure Point

Food and Drink is the UK's largest manufacturing sector, contributing £37bn annually and employing almost half a million people, and it is feeling the current cost environment as acutely as any. For SME producers, the pressure is especially concentrated: unlike the large multinationals, they cannot easily absorb margin compression through scale or hedge energy costs through financial instruments. What they can do, and what many are now doing, is use digital tools to take direct control of their operational costs.

Input cost inflation, energy cost inflation, and margin pressure from retail are all operating simultaneously. The £14bn productivity opportunity identified by the FDF's Future Factory Report is not an abstract ambition. It is largely recoverable through the kind of practical digital investments this report describes.

Against this backdrop, 54% of UK food and drink manufacturers have identified automation investment as their top strategic priority for 2025–2026. This is not a future aspiration. It is a current operational imperative.

2. The Digital Transformation Response: Evidence and Impact

From Efficiency Aspiration to Measurable Outcome

The proposition behind digital transformation in manufacturing is straightforward: businesses that know precisely where their energy goes, can automate processes that currently rely on manual intervention, and can predict equipment failures before they cause downtime, carry structurally lower costs than those that cannot. The evidence from recent studies confirms this consistently.

The IEA has documented that while digital technologies have long been used in industry to improve safety and productivity, their application to energy management has been markedly underutilised. That gap is closing rapidly and the businesses closing it fastest are gaining a durable cost advantage over those that are not.

IEA Research Finding

A 5% reduction in operations and maintenance costs through digitalisation could save companies an average of close to USD $20 billion per year globally to 2040. Energy efficiency measures enabled by digital tools could reduce energy-related CO_2 emissions by 40% by 2030.

The Technologies Delivering Results

The following technologies are generating measurable outcomes in manufacturing and food production environments today:

Technology	Primary Application	Documented Impact
Integrated ERP	Unified operations: production, inventory, energy, finance	Up to 30% reduction in operational costs; significant reduction in audit preparation time
IoT & Smart Monitoring	Real-time energy use per machine, line or facility	Documented reductions in energy waste; rapid payback typical for monitoring and controls interventions
Predictive Maintenance	AI-driven scheduling based on live machine performance	25% reduction in downtime; 15% reduction in maintenance costs
Digital Twins	Virtual process simulation before physical change	Up to 20% reduction in unexpected downtime; 10% labour cost reduction

Automated Workflows	Eliminating manual data entry and approval processes	Reduced errors, faster decisions, redeployment of staff to higher-value work
Cloud & Data Integration	Connecting legacy-siloed systems into a single data environment	Real-time management visibility; faster regulatory and compliance reporting

3. Manufacturing: The Digital Efficiency Opportunity

Industry 4.0 Is No Longer a Future Concept

The convergence of automation, IoT, AI, and integrated data systems; collectively referred to as Industry 4.0, has moved from strategic aspiration to operational reality. Manufacturing plants that have adopted these tools are measurably outperforming those that have not, on cost, output quality, and resilience to external shocks.

Energy-intensive manufacturing processes; motors, compressors, HVAC systems, heat treatment and accounts for the largest portion of a typical facility's energy bill. The IEA estimates that 40% of this energy is currently wasted, consumed by equipment operating without realtime management, scheduled maintenance, or demand-response controls. This is recoverable cost: not through capital expenditure on new equipment, but through the application of monitoring, analytics, and intelligent scheduling to assets already in place.

25% Reduction in equipment downtime achieved by food manufacturers using IoT-integrated ERP systems, with a concurrent 15% reduction in maintenance costs. (2024 industry study)

20% Reduction in unexpected downtime achievable through digital twin and predictive maintenance technologies. (Industrial Sage, 2025)

10% Reduction in labour costs, and up to 20% improvement in supply chain fulfilment, from digital twin implementations, with a concurrent 5% revenue uplift. (McKinsey, 2024)

30% Potential reduction in operational costs from digital twin implementations, with 5–7% monthly cost savings reported from production scheduling optimisation alone. (McKinsey / Capgemini, 2024–2025)

Automation and the Labour Cost Dynamic

Labour cost pressures compound the energy challenge. Skills shortages, rising minimum wages, and high vacancy rates are well documented across UK and Irish manufacturing. Automation and digital process management address this not primarily by reducing headcount, but by enabling existing teams to achieve more: automated scheduling, quality alerts, inventory triggers, and production reporting remove repetitive manual tasks and reduce the cost of errors.

The result is a workforce focused on higher-value activities: problem-solving, customer relationships, process improvement, rather than data entry and exception management. This is a meaningful competitive differentiator in a tight labour market. It is also one of the most consistent themes Target Integration encounters in its work with manufacturing clients: the biggest early wins are often not the dramatic technology deployments, but the elimination of the manual workarounds that have quietly been consuming skilled people's time for years.

4. Food & Drink Production: Where Digital Pays Its Way Fastest

Energy-Intensive by Nature

Food and drink manufacturing is among the most energy-intensive industrial sectors. Pasteurisation, sterilisation, baking, chilling, refrigeration, carbonation, and packaging each demand continuous and significant power. For many producers, energy accounts for 10–20% of total production cost, a proportion that has grown materially as prices have risen.

The challenge is compounded by tight regulatory requirements: temperature logs, traceability records, batch documentation, and audit trails must all be maintained to a high standard. In businesses still relying on manual systems or disconnected software, compliance is resourceintensive and error-prone. Digital systems address both problems simultaneously.

Industry Data Point — 2025

93% of food and drink companies are now engaged in some form of digital transformation. Among those that have completed projects, independent research records clear evidence of revenue and profit growth compared to businesses still operating on legacy systems. (Aptean Food & Beverage Industry Outlook, 2024)

Technology Investment Priorities: Food & Drink 2025–2026

The following data, drawn from Institute of Food Technologists' (IFT) 2025 Food Industry Technology Benchmark Survey and Aptean's industry research, shows where the sector is directing capital:

Technology Priority	Share of Companies Investing
Energy & Water Conservation Technology	51%
Artificial Intelligence & Machine Learning	50%
Supply Chain Tracking & Traceability	48%
Big Data & Real-Time Analytics	35%
Robotics & Process Automation	31%
ERP / Cloud Systems Integration	30%

The leading position of energy and water conservation technology reflects the direct pressure of input costs. What the data also shows, however, is that these investments are most effective when integrated into a broader digital infrastructure; not purchased as standalone solutions. An energy monitoring system that feeds data into an ERP platform, which in turn drives production scheduling decisions, delivers compounding benefit. One that sits in isolation delivers a report that someone has to read and act on manually.

A 2024 industry survey confirmed that 62% of food companies reported measurable cost reductions following ERP adoption. Equipment downtime fell by 25% in IoT-integrated deployments. These are outcomes directly connected to cost reduction at a time when every percentage point of margin matters. (Aptean / Folio3 FoodTech, 2024) Target Integration has implemented these solutions for food & drink businesses of varying sizes rom single-site SME producers to multi-site operations and the pattern is consistent: the businesses that move first gain an advantage that compounds over time.

5. The ERP Advantage: Integration as a Competitive Asset

The Cost of Disconnection

A consistent finding across all recent research is that businesses operating on disconnected, legacy systems carry structurally higher costs than those running on integrated platforms. When production data is held separately from energy data, which is separate from purchasing, which is separate from finance, the cost of poor and slow decision-making is large and largely invisible, because no one has a consolidated view.

The problem manifests in predictable ways: over-purchasing of materials because stock levels are not visible in real time; energy-intensive equipment left running because no one is monitoring consumption by machine; maintenance scheduled by calendar rather than actual condition; compliance documentation compiled manually from multiple sources. None of these are dramatic individual failures. Collectively, they represent a significant and avoidable cost.

What a Connected ERP Platform Delivers

Modern ERP platforms consolidate every operational function into a single integrated environment. The practical outcomes for manufacturers and food producers include:

- Real-time energy consumption data by machine, production line, or facility visible to management as it happens, not weeks later on an invoice
- Production scheduling that minimises energy peaks, reduces idle running, and aligns output with demand in real time
- Predictive maintenance alerts based on actual machine performance data, replacing calendar-based scheduling
- Automated procurement triggered by live stock levels, eliminating over-ordering and emergency purchases at premium prices
- Integrated traceability from raw material intake to finished goods dispatch and essential for food safety compliance and recall management
- Sustainability and energy reporting generated automatically from operational data. One study found audit preparation time cut from weeks to days
- Compliance burden significantly reduced: businesses using compliance-focused ERP solutions report audit preparation time reduced by more than 40%. (2024 industry data)
- Live management dashboards providing a consolidated view of production, cost, quality, and energy performance
- Seamless connection between production, finance, HR, logistics, and customer management, one system, one version of the truth

Measured Outcome

Food manufacturers using IoT-integrated ERP systems have reduced equipment downtime by 25% and maintenance costs by 15%. Businesses using ERP platforms with compliance and sustainability features have cut audit preparation time by 40% and reduced operational waste by 62%. (2024 industry research)

6. Barriers to Investment and What the Evidence Shows

The Most Common Objections

Almost 70% of food companies cite upfront cost as the primary barrier to digital transformation, according to IFT's 2025 benchmark survey. A further 53% cite integration complexity with legacy systems. These are not unreasonable concerns and for an SME owner who has heard horror stories about ERP implementations that ran over time, over budget, and disrupted operations for months, the hesitation is understandable. The fear is real: committing scarce capital and management bandwidth to a technology project that might not deliver, at exactly the moment when the business can least afford a misstep.

However, the data on inaction is also clear. Businesses that delay digital transformation do not avoid the cost they continue to carry the higher operational costs of inefficient, disconnected systems while their more digitally mature competitors are cutting costs, improving margins, and strengthening their supply chain relationships.

70%	of food companies cite upfront cost as the primary barrier to digital transformation. (IFT, 2025)
53%	cite integration with existing legacy systems as a significant implementation challenge.
41%	of UK food and drink businesses plan to cut or defer capital investment due to geopolitical and economic uncertainty. (FDF, 2025)

The Counter-Evidence

Against the barrier of upfront cost, the ROI evidence is compelling. McKinsey data shows digital twin implementations deliver up to 30% reduction in operational costs and 5–7% monthly cost savings from production scheduling optimisation alone. Businesses that have completed ERP implementations report clear revenue and profit growth compared to those still on legacy systems. (Aptean, 2024)

The most effective approach and the one that addresses the concerns above directly is a phased deployment that starts with the highest-impact, shortest-payback interventions, generates measurable returns that fund subsequent phases, and builds organisational capability alongside technology capability. This is not a rip-and-replace exercise. A wellsequenced implementation begins with the areas causing the most pain, delivers visible results within months, and expands from there at a pace the business can absorb. The horror stories tend to come from big-bang implementations attempted without the right partner. With the right support, businesses of all sizes, including SMEs with no dedicated IT function are completing successful digital transformations and realising meaningful returns.

7. How Target Integration Can Help

Expertise in Manufacturing and Food & Drink Digital Transformation

Target Integration is a digital adoption specialist with almost 18 years of experience implementing ERP, CRM, and digital transformation solutions for manufacturers, food & drink producers, and distribution businesses across the UK, Ireland, and internationally.

Our approach is grounded in operational reality. We begin every engagement by understanding your processes, your data, and your cost pressures andnot by prescribing a fixed solution. The result is an implementation that reflects how your business actually works, delivers measurable returns in the near term, and scales as your needs evolve.

Our Services

- **ERP Implementation** — end-to-end deployment configured to manufacturing and food production workflows, including production planning, bill of materials, quality control, and maintenance scheduling
- **Energy & Operational Efficiency Assessment** — structured analysis of where digital tools can deliver the fastest and most material cost reductions in your specific operation
- **IoT & System Integration** — connecting machines, sensors, and third-party platforms into a single integrated data environment
- **Automated Workflow Design** — eliminating manual processes, reducing error rates, and reallocating staff time to higher-value work
- **Cloud Migration & IT Infrastructure** — moving legacy systems to cloud architecture for improved flexibility, security, and scalability
- **Custom Development** — where standard modules do not fit, we build bespoke solutions tailored to your exact operational requirements
- **Ongoing Support & Training** — structured onboarding, staff training, and 24/7 technical support to ensure maximum adoption and return

Case Study: SA Equip

SA Equip, a multi-entity provider of portable industrial equipment operating across the UK and the Netherlands, was running separate systems for accounting, CRM, inventory, and manufacturing, with no consolidated view of operations. The challenge will be familiar to many manufacturers: data in silos, decisions made on incomplete information, and management time consumed by tasks that should have been automated. Target Integration implemented a comprehensive Odoo ERP deployment integrating all functions into a single platform. Outcomes included real-time operational visibility, automated workflows across entities, and a scalable infrastructure supporting continued international growth. The same integrated approach, tailored to the specific workflows of food production, processing, and manufacturing is what Target Integration brings to clients in those sectors.

8. A Practical Roadmap: Where to Start

The most effective digital transformation programmes are not defined by ambition alone and they are defined by sequencing. Beginning with the highest-impact, shortest-payback interventions generates the returns and the organisational confidence that fund and sustain subsequent phases.

Phase	Focus Area	Key Activities	Typical Outcome
1	**Discovery**	Process mapping, system audit, prioritisation	Clear baseline and prioritised intervention plan
2	**Foundation**	ERP deployment, data integration, single operational view	Elimination of silos; realtime visibility across operations
3	**Automation**	Workflow automation, IoT monitoring, predictive maintenance	Measurable reduction in energy waste, downtime, and errors
4	**Analytics**	AI-driven demand forecasting, sustainability reporting, KPI dashboards	Continuous improvement; regulatory compliance automated
5	**Scale**	Platform extension, further integration, supply chain digitalisation	Competitive differentiation; full operational resilience

Conclusion

The cost environment facing UK and Irish manufacturers and food & drink producers is not going to resolve itself. Energy prices remain elevated, input costs are rising, retail customers are demanding more, and the skills shortage shows no sign of easing. These are the conditions in which the businesses that have invested in digital infrastructure are pulling ahead and the gap between them and those still running on disconnected, legacy systems is widening every quarter.

The data from 2024 to 2026 is consistent: businesses that have invested in digital transformation (integrated ERP systems, IoT monitoring, automation, and analytics) are carrying materially lower costs than those that have not. Documented cost reductions of up to 30% in operational costs, 25% reduction in equipment downtime, and 10% reduction in labour costs are now well-evidenced across independent research. The technologies are proven. The ROI is documented. The payback periods are short. The competitive gap between digitally mature and digitally immature manufacturers is widening every quarter.

The practical question is not whether to invest, but where to start and how to sequence the investment for maximum near-term return. For an SME, that means starting with the interventions that address your biggest pain points, generating returns quickly, and building from there. That is precisely the conversation Target Integration has with every new client and it begins with a straightforward assessment of where your operation stands today.

Sources & References

This report draws on the following publications and data sources (2024–2026):

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