

Navigating the Currents of Change



A Reflection on the State of the Gear Industry in 2024

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As we embark on a new year, let's review the current state of the gear industry, and how the changes of the past several years will shape our path forward. The insights garnered from *Gear Technology's* annual survey offer a glimpse into the collective mindset of professionals in the field and help us understand how to plan for an ever-changing future.

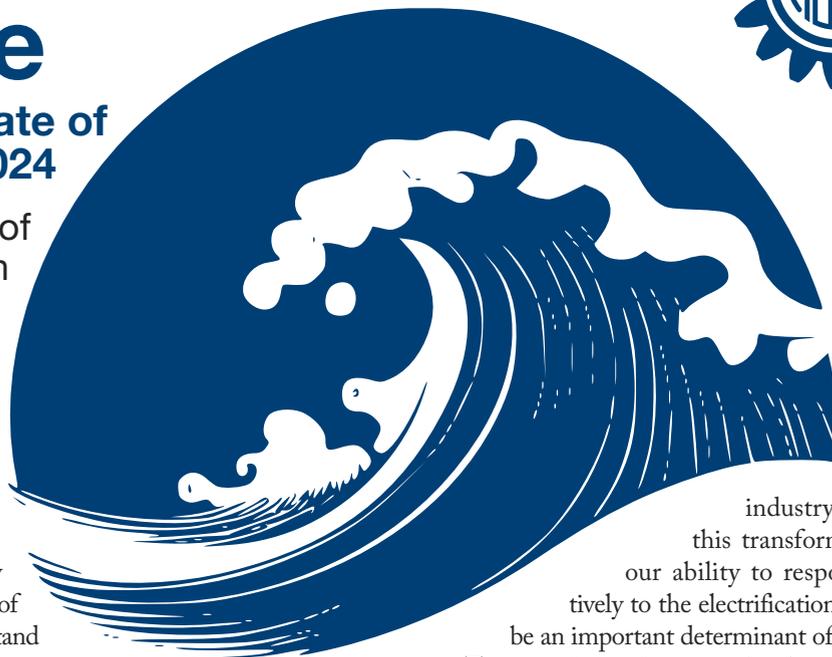
Gear manufacturers face a lot of challenges, like how to find and retain qualified employees, how to deal with disruptions to the supply chain that are beyond our control, and how to adapt to sweeping industry changes like electrification. It's no surprise that some 15% of respondents expressed some level of pessimism about their companies' ability to compete over the coming years.

But the good news is that most of you are either weathering the storm or even thriving. According to the survey, 47% of respondents are expecting growth in production output this year. When combined with another 40% who expect their production levels to remain stable, the survey indicates a prevailing confidence in the future of the gear industry.

An encouraging 38% of participants expressed their intention to increase capital expenditures in 2024. Furthermore, 44% of the respondents indicated that they plan to maintain their capital spending at 2023 levels, indicating continued strong capital investment in gear manufacturing as we go forward. In total, gear manufacturers are optimistic about growth and plan to invest to support that growth!

One of the more interesting aspects of the survey is industry professionals' description of the prevalent industry trends. A resounding theme echoed throughout the results is the emphasis on "electrification," "EV," and "e-mobility." This aligns with the broader global shift towards electrification. As reported by the EV committee within AGMA's Emerging Technology initiative, this sea change in how transportation is driven, and the innovation required to meet the new challenges are top of the mind for much of the gear industry.

The surge in interest and investment in electrification is not merely a passing fad; it represents a paradigm shift in the automotive and industrial landscape. The increasing demand for electric vehicles (EVs) and the broader adoption of electrified transport solutions are reshaping the requirements for gears. As the gear



industry navigates this transformative era, our ability to respond effectively to the electrification trend will be an important determinant of success.

To meet the evolving needs of our members, AGMA is committed to aligning our product development and innovation support with the trend towards electrification. AGMA recognizes that the gear industry's role in supporting the growth of electric vehicles, renewable energy and sustainable transportation is pivotal.

AGMA will launch its first Gear and Gearbox for EV Design class in the first quarter, and an Information Sheet focused on EV in development within our Technical Division is being commissioned in 2024.

It is also noteworthy that the survey reflects a forward-looking approach among gear industry professionals. Rather than merely reacting to market forces, a substantial portion of respondents are proactively "gearing up" for the future, embracing change and innovation and exploring concepts like "automation," "IIoT," "additive manufacturing" and many others. This mindset is a testament to the resilience and adaptability ingrained in the DNA of the gear industry.

In conclusion, the state of the gear industry in 2024 is marked by optimism, strong capital spending, and a collective commitment to addressing the challenges and opportunities presented by electrification. I am confident that by staying attuned to industry trends, fostering innovation, and embracing change, we can not only navigate the currents of change but also emerge as leaders in shaping the future of the gear industry.

Together, let us embark on this transformative journey, driving progress and innovation in the years to come.



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