

Cost Reduction

Achieving Long Term Transformational Success with PLM in Life Sciences, Part 6

by Dave Hadfield

If you have been keeping up with this series, you know I have a thing for the potential for PLM in life sciences. If you haven't, well [go back to the beginning](#), do not pass go, and do not collect \$200.

In the [last part of this series](#) I started to explore the first of three potential business benefits through the transformational opportunity with PLM in life sciences. I considered how PLM has the potential to transform risk and product safety. With that, we also need to make medical product innovation economically feasible. This brings me to the second important business benefit: cost reduction.

Cost Reduction

I believe companies are missing out on millions, if not billions, of dollars in potential cost savings by ignoring the fact that their processes are disconnected in inefficient ways (there's an equal opportunity for cost savings by migrating to standard parts, but that's for another blog).

The answer lies in putting the right capabilities in our innovators' hands. Not only the engineers and product designers, but those who must be creative in developing the supply chain logistics. These capabilities are based on broadly implemented, tightly integrated, smartly automated processes.

There are at least two chief ways this kind of capability can save massive amounts money. The first lies in information and knowledge reuse. The second is avoiding mistakes and waste.

Several years back, I worked with a client who had confessed to me that they had developed many unique methods to extract DNA from a cell. They admitted that one method would have been sufficient. But because they couldn't leverage their information, it was "easier" in the moment to create an additional method. This is an example of a common problem that I have witnessed throughout my career – lack of information and knowledge reuse.

By providing product development teams the data necessary to make designs manufacturable and by seamlessly transferring data from one process to the next, we can avoid unnecessary scrap and waste. When data is copied – which is a common practice and an issue not limited to life sciences companies – the risk of mistakes increases. At one client, data was transferred incorrectly between two process capabilities (automated without integration), causing an expensive plant shut down that lasted for several weeks.

Part reuse and mistake avoidance have been key benefits of PLM from the beginning, even for simple Product Data Management (PDM) systems, a predecessor to PLM. However, it's worth reconsidering these classic benefits from the expanded context of smartly integrated processes.

As we correctly interconnect each additional automated processes, the cost benefits are magnified, possibly exponentially.

We can quickly establish if we have done something before, and more importantly, whether that approach was effective. For example, we can reuse validation protocols, understand which suppliers are best and what risks exist with some real (vs. hypothetical) understanding of severity, occurrence, and detection.

Once data is entered and verified (perhaps with the facilitation of automation), that data can be propagated throughout all the interconnected processes. Depending on the level of integration, the implications can be vast – from pre and post market quality, regulatory filings, supplier communication, and many others.

More In This Series

The Missed Opportunity and How We Can Overcome It

- [PLM, the Great Missed Opportunity in Life Sciences](#)
- [PLM Pioneers](#)
- [Adoption Obstacles](#)

- [It's Time to Get Excited About PLM in Life Sciences](#)

The Business Benefits

- [Risk Reduction](#)
- [Cost Reduction](#)
- [Innovation Enablement](#)

The Basics of Technology and Strategy

- [Technology Choices](#)
- [The "PLM Program" is Where We Went Wrong](#)
- [Getting to a Business Transformation Strategy \(with an Emphasis on Product Innovation\)](#)

PLM Strategy

- [Setting the Stage and First Release](#)
- [Beyond the First Release](#)
- [Automation Initiative Prioritization and Grouping](#)

Solving Coming PLM Strategy Problems

- [Time and Cost](#)
- [Upgrades](#)
- [To Build or To Buy?](#)
- [Vendor First or Strategy First?](#)

Making it Real – People, Governance and Methodology

- [Transformational PLM is Hard – It's Time to Rally the Troops](#)
- [Amazing PLM Governance](#)
- [Ten Traits any PLM Team Must Have](#)
- [Three Characteristics of a Successful Implementation Methodology](#)

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