

## THINKING STRATEGICALLY ABOUT PLM: TOP 10 TRANSFORMATIONAL OBJECTIVES

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AberdeenGroup's *Profiting from PLM* report revealed that companies taking a strategic approach to PLM are the most successful in generating returns on their program investments. These best-in-class companies are thinking strategically about PLM and are delivering significant top- and bottom-line benefits. More importantly, they are outperforming their peers that are taking a more tactical approach.

But what does it mean for a company to take a strategic approach to PLM? "Thinking strategically" might be tough to define for all PLM programs, but we can look to leading players to find out what they're doing with PLM that is truly transformational.

Several examples from recent Kalypso client engagements highlight practices that are fundamentally changing the way companies bring products to market. Here are some Truly Transformational PLM Objectives for you to consider as you plan your PLM program.

**1. Centralized data management by using the Product Data Record concept.** A common logical product data model (Product Data Record) allows companies to deliver a single, synchronized source for all product data thus improving data integrity (accuracy and timeliness), increasing reliability of data transfer to other dependent systems, and decreasing time and cost for data input and maintenance. Additionally, the linkage between product lifecycles, stage gate deliverables, and product data drives effective and efficient program management. The transformational characteristic of the Product Data Record is that it allows centralized data management without requiring a single database. Kalypso has developed Product Data Records for the High Tech, Medical Devices and CPG industries.

**2. Reduced organizational risk profile.** Effective management of regulatory and traceability information reduces compliance issues, while enabling a better understanding of regulatory change implications on products and product lines.

**3. Aligned corporate strategy with core capabilities.** Understanding your company's ability to develop products in certain areas, along with a better knowledge of maturity of the product portfolio (existing products in the market), can result in adjustments to corporate strategy. Increased new product development (NPD) capabilities can spark a transformation to a product leader instead of a follower.

**4. Balanced pipeline.** With better capacity planning and increased throughput, resource optimization - including termination of poor projects - increases success rates and overall ROI. Risk is managed across the portfolio instead of by initiative, leading to objective portfolio retirement decisions and appropriate phase-out of products. Experimentation with new approaches for launching initiatives and reducing risk means improved use of different success and launch criteria based on type of initiative.

**5. Improved efficiency of merger and acquisition integrations.** Process standardization achieved with PLM around all key processes enables faster time to realize synergies and financial targets, in addition to product line rationalization, cookbook integration processes and activities, and improved data availability.

**6. Advanced 3-D design and virtual development.** Products can be developed and tested virtually to save time and money while also increasing accuracy. The output from multiple design tools provides a single, virtual, "fly-through" environment for viewing and analysis. Global design teams can gain immediate access to current designs, enabling global teams to collaborate virtually and accomplish work in multiple locations.

**7. Achieved design (Intellectual Property) re-use.** PLM's centralized source of data helps to increase the productivity, quality, and re-use of design and intellectual property (IP). IP re-use results in increased R&D ROI, decreased cycle time, and improved security (limit distribution, copying, and access).

**8. Open Innovation via Distributed development work.** With a "design anywhere, build anywhere" design approach, PLM technology allows for development work to be done 24 hours per day in international shifts.

Outsourcing of key systems and subsystems can be done at multiple global locations, and items can be merged, assembled, and tested en route to customer. This eliminates the need to bring all items and subcomponents to a central location for testing and/or assembly. For example, software can be developed in India, hardware in Europe, and testing done by an external company - with all items built on a common platform.

**9. Improved product quality.** PLM technology provides the capacity to create or improve the ability to enforce "copy exactly" requirements. This functionality improves product quality by standardizing products and manufacturing equipment, and improving product traceability and version control.

**10. Improved time to market for new products.** PLM enables the ability to commercialize and launch products globally and concurrently, instead of sequentially by regions, improving the success rate of new product introductions. With concurrent development activities and global tracking of progress and status, companies can analyze timeliness data, understand causes of delay, and develop mitigation plans.

While it is not possible for a company to implement all aspects of PLM at one time, the benefits from using PLM strategically are enormous, and compound with each subsequent improvement or implementation. Having a good roadmap and improving PLM capabilities strategically can be truly transformational.

At Kalypso, we have the breadth of capability and exclusive focus to guide you on your PLM journey. We combine product development process and PLM technology domain experience with a depth of expertise in driving large-scale organizational change to help you deliver on the promise of PLM.

For more information about Kalypso and how we can help with your PLM journey, visit [www.kalypso.com](http://www.kalypso.com).

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