Top Strategic Goals of PLM
And Why “Going Live” Isn’t One of Them

BY ANDREAS LINDENTHAL AND AMY KENLY

Planning to implement a Product Lifecycle Management (PLM) solution or optimize your current PLM efforts? The potential value of PLM is huge, and continues to grow as the scope of PLM expands. To maximize value for your company, it’s important to have well-defined goals that are tied to your business strategy.

Why doesn’t “go live” pass muster as a strategic goal? Successful companies approach PLM implementation as a business transformation as opposed to a technology installation, recognizing the need to change behavior and business processes in addition to providing new software. Think of PLM as a platform for driving change within a multi-phase program structure.

Here are some of the most common strategic goals of PLM programs. These differ for each company, but when properly defined and planned, strategic goals link PLM value directly to business strategy.

**Improve Time-to-Market**
PLM enables the ability to develop, 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.

**Grow Product Revenue**
With faster time-to-market comes first mover advantage, bringing value directly to the top line. PLM can also help generate better product ideas and help you select the best ones to bring to market. It also makes it easier to tailor products to specific customer or industry needs.

**Reduce Product Cost**
PLM reduces bottom line costs by helping companies design for manufacturability. It adds a component reuse and rationalization process that identifies redundancy and reuses as many parts as possible. Pulling sourcing and cost data into development reduces rework and post-launch engineering change.

**Lower Product Development Cost**
PLM supports lean development, helping teams reuse designs and improving collaboration. More effective project management and stage-gate processes help to keep the pipeline flowing smoothly, and these more efficient R&D processes can also drive time-to-market improvements.
**Improve Product Quality**

PLM technology helps companies close the loop on quality by incorporating customer and supplier input as well as feedback from in-market products. It also provides 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.

**Enhance Innovation**

Innovation is a buzz word today. PLM has always helped companies collaborate better within engineering teams, and some of the new capabilities help better incorporate Voice of the Customer and the wisdom of crowds. There are many emerging ways to improve innovation and PLM can serve as the backbone.

**From Business Goals to PLM Strategy**

According to Aberdeen’s report, *Profiting from PLM: Strategy and Delivery of the PLM Program*, best-in-class companies are 3.2 times as likely to tie their PLM vision clearly to the business strategy. What’s the best way to do this?

First, focus on the business goals that can be addressed with PLM, and make sure the goals are SMART: Specific, Measurable, Actionable, Realistic and Time-bound.

Next, think about impediments and needs – what stands in the way of achieving the defined business goals? How does your company compare to others in the industry?

Finally, develop a PLM strategy that addresses how the business goals will be achieved, how impediments will be overcome and how needs will be met.

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<tr>
<th>Business Goals</th>
<th>Impediments/ Needs</th>
<th>PLM Strategy</th>
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<tbody>
<tr>
<td>Generate 40% of annual revenues from new products</td>
<td>Need more new products No portfolio visibility</td>
<td>Improve ideation Manage product portfolio</td>
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<tr>
<td>Shorten time-to-market from 18 to 12 months</td>
<td>NPD practices and processes are manual and paper-based and not clearly defined</td>
<td>Improve and automate NPD and change processes</td>
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<td>Reduce material and inventory costs by 5%</td>
<td>Many duplicate parts because it is difficult to know what we have</td>
<td>Reduce duplicate parts and increase re-use of existing components</td>
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<tr>
<td>Improve quality to less than 3.4 defects per million (Six Sigma)</td>
<td>Lots of scrap because BOMs are not accurate (wrong P/N and revision)</td>
<td>Eliminate data redundancy and re-entry</td>
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While it is typically not advisable for a company to implement all aspects of PLM at one time, the benefits from using PLM strategically are enormous, and amplify with each subsequent improvement or implementation. Having a good roadmap and strategically improving PLM capabilities can be truly transformational.

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