

Improving Time-To-Market With PLM

Insights on deploying a best-in-class implementation approach

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Delivering on the promise of innovation in today's competitive environment means more emphasis than ever on developing and sustaining winning new products. To thrive — and survive — companies must constantly reduce time to market (TTM), increase new product throughput while improving product quality and safety, and ensure products meet customer needs.

New product success requires excellence in many areas, but reducing TTM is always near the top of the list. Whether measured as time to profitability (TTP) or metrics focused on speeding up a company's R&D ROI (return on R&D investment), recouping investment in a new product is critical to seizing first-mover advantage. Ensuring a product's competitive advantage by beating a competitor to market and locking in significant profit margins for the life of the product are both gated by speed. Ultimately, speed to market is rewarded with market share and profit.

Companies are increasingly turning to product lifecycle management (PLM) solutions to enhance the productivity and efficiency of their innovation and product development activities. When used appropriately, PLM software can enhance an enterprise's bottom line by delivering a potential 5 to 10 percent revenue uplift as well as considerable savings and productivity improvements in product development activities, as shown in Figure 1.

AberdeenGroup's recent Profiting from PLM report revealed that best-in-class companies — the top 20 percent of companies researched for the report — are taking a strategic approach to PLM, delivering significant top- and bottom-line benefits and outperforming peers that are taking a more tactical approach.

A \$5 billion leading global integrated circuit manufacturer demonstrates a best-in-class PLM implementation. This company embarked on a major initiative across three business units to replace legacy systems and define and implement a strategy for PLM to improve TTM, engineering productivity,

and design data quality. The multi-step process included:

- Assessed and gathered PLM requirements from engineering, sourcing, supply chain operations, and program management.
- A defined integrated PLM strategy based on strategic imperatives.
- Educated the organization on the PLM vision.
- Developed a PLM business case.
- Selected a suitable PLM platform solution supporting current and future requirements.
- Scoped and planned a PLM program roadmap and implementation approach.
- Executed work of implementation plan.

The client launched a “start small, think big, and build incrementally” phased implementation approach which delivered pieces of PLM in “bite-sized” chunks to phase in implementation of the solution. During the implementation, the company realized incremental business value, which created a healthy competitive environment with business units vying to be next in line on the implementation schedule. In turn, this created a “pull” for the PLM system, avoiding the change management problems that occur when new initiatives are “pushed” upon traditionally independent business units.

PLM is helping the company reduce TTM by:

- Centralizing product data by providing a single version of the truth (Product Data Record).
- Synchronizing product content information.

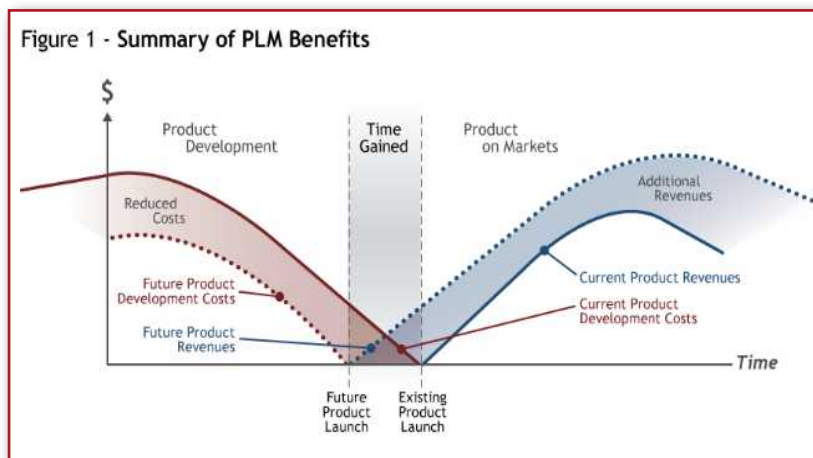


Figure 2

- Accelerate time to profitability
 - Reduce development costs
 - Extend product life/revenues
 - Improved project selection
 - Reduce compliance and recall costs
 - Reduce project time overruns
 - Reduce engineering change time
 - Accelerate time to market
 - Reduce manufacturing defects
 - Reduce complaints and returns
 - Eliminate scrap and obsolescence
 - Increase new product release rate
 - Improve product traceability
 - Increase design and component re-use
 - Ensure configuration conformity
- Financial Performance →
- Time Reduction →
- Quality Improvement →
- Business Improvement →

- Improving data integrity (accuracy/timeliness).
- Enabling cross-functional collaboration.
- Decreasing time and cost for data input and maintenance.
- Identifying opportunities for product design and technology re-use.
- Reducing the amount of data negotiations during the new product introduction phase.
- Standardizing product data workflows.

With a strategic PLM program in place, companies are seeing TTM and time-to-profit being condensed by 5 to 30 percent.

Additionally, PLM enables the ability to commercialize and launch products globally and concurrently, 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.

Illustrated in Figure 2, in addition to the TTM benefits, companies with a best-in-class PLM approach realize improvements in financial performance, time reduction, product quality and business metrics.

The need to bring more products to market faster has driven many companies to implement PLM. Those reaping the most significant returns, however, are those putting a comprehensive strategy in place before implementing. But being strategic does not mean attempting to “eat the elephant” in one sitting; the most successful companies are taking an incremental approach and preparing the organization for the journey.

As a result, companies are realizing the anticipated benefits from operational effectiveness that are helping them pull ahead of the pack and deliver better products to the market faster. **PDD**