Rationalizing the Value of Product Lifecyle Management (PLM)

The concept of utilizing a Product Lifecycle Management (PLM) technology suite to manage your organization's product development process and the accompanying product and process artifacts is not a new industry concept. One of the biggest challenges of undergoing this type of investment and technology initiative is the ability to realize the value stated in the business case that was used to obtain approval to start the PLM journey in the first place. PLM software helps mitigate risks by planning in the initial design phase and enabling a higher success rate in later phases of the product development lifecycle, areas such as product commercialization and go-to-market. So how do you actually rationalize the value of PLM?

The main areas where companies can realize value from their PLM investment are:

1.   Product Strategy Enablement
2.   Financial Benefits
3.   Operational Efficiencies

Product Strategy Enablement
When you think about PLM and its capabilities, the first benefit is to enhance the ability to take innovation/product roadmaps from paper/initiatives to product execution, realizing the entry of new innovations and products into the marketplace. You can expand this concept into specific areas such as: "Speed to Market Entry" - the concept of first to market—driving an organization's ability for optimal pricing and gaining market share, sharing of "Global Product Platforms" - the ability to reuse product systems, sub-systems and components to realize value throughout the supply chain, and "Enhanced Resource Planning" - the ability to understand your company's core competencies, how to utilize them best and understand the interdependencies so that new product and innovation programs don't get delayed. The ability to realize your Product Strategy enables revenue growth and ensures that your product line does not compete on price alone but on key features and innovation.

Financial Benefits
The most common type of benefit that companies use to measure value are financial benefits. Benefits that can reduce the "Cost of Goods Sold" or the reduction of "Investment Dollars" needed to complete product initiatives. Key topics such as: "Reduction of Prototype Builds through the use of Digital Simulation" - eliminating the need for physical prototypes through 3-D modelling with initial design analysis and simulation upfront in the design phase of the project, "Reduction of Work Effort to complete Product Programs" - reduction of the amount of personnel and work effort required to complete the product development process due to improved change management and product control. This is enhanced through cross-functional communication and integration with key design suppliers and the extended supply chain.

Operational Efficiencies
The ability to leverage your organization's assets—people, testing labs, production factories, etc. provides value through the increased throughput capability with the company's asset base. In other words. "doing more with the same footprint". Key areas are: "Increased Part Reuse" - the concept of rationalizing new components, sub-systems and systems only when needed, which will increase the ability to limit proliferation of "like" parts within the product portfolio, "Reduction of Late-Stage Changes" - the concept of limiting disruption to the start of production, which limits chaos, supplier turmoil and increased costs due to items such as expedited shipping, etc.

We believe it's vital for companies to be able to articulate the value of PLM - value that can be realized throughout the company and not only within the engineering domain. For continued investment in the PLM journey, you need to take the business case "return on investment" and support it with real value gained with your PLM deployment. We can assist you in this effort—give us a call to discuss!

Next Month: Realizing the Value of the Digital Twin—Fact versus Fiction