Broader Scope PLM Yields Greater Business Value

For many years, manufacturing firms have used PLM (Product Lifecycle Management) to drive strategic benefits ranging from top-line growth to bottom-line savings. A recent survey of 200 manufacturers conducted by Tech-Clarity and PTC, however, shows that the level of business improvement that manufacturers achieve from their PLM programs varies widely.

In this context, one of the most important findings of the study is that the top performing companies are much more likely to embrace PLM across a broader range of organizational functions and processes. In other words, the more that companies use PLM the greater value they achieve.

This is true in three different aspects of PLM implementations:

- **Process: Business processes implemented**
- **People: Departments adopting the solution**
- **Time: How long the technology has been in place**

### Process

The survey asked companies how many major business processes are implemented in their PLM solution (e.g., engineering change management, manufacturing planning, and so on). As shown in Figure 1, the higher performing companies have used PLM to automate more processes, indicating they are using PLM to add value in more ways.

Specific processes that the top performers cited more frequently include quality planning and project/portfolio management. This suggests that top performers are addressing strategic business processes across the enterprise in addition to improving core product development capabilities.

**About the Research:**

PTC Global Services and Tech Clarity, an analyst firm that specializes in product life cycle management, interviewed 190 senior business and IT leaders in April 2012 about their experiences with PLM. The goal of the telephone survey was to understand key success factors in planning, implementing, and adopting PLM solutions in complex manufacturing environments.

The survey highlighted four issues: PLM strategy and approach, programmatic challenges, implementation and adoption techniques, and adoption. Survey participants included representatives of a wide range of manufacturing companies across Europe and North America, including automotive, aerospace, industrial, and consumer products.
PLM has clearly expanded from the core foundation of managing product data, enabling manufacturers to achieve more value across the business. Tech-Clarity’s “four dimensions of PLM expansion” shows how the scope of PLM is expanding to include more people, a more extensive scope of the product lifecycle, a richer view of the product, and more business processes (Figure 2).

For example, PLM has grown to support processes such as environmental product compliance and service management. At the same time, PLM systems often now integrate a more complete view of the product, including commercial information and manufacturing data in addition to technical specifications. This provides more opportunity to expand adoption and capture the value identified by the survey.

People

Given the expanding potential of PLM, perhaps it is no surprise that the survey documented similar results regarding the range of people and departments across the business using PLM. Specifically the survey shows that the high performing companies have extended PLM to more parts of their business than the others (Figure 3).

Additional departments cited more frequently by the high performers include non-Engineering departments such as Sales & Marketing, Quality, and General Management. PLM implementations clearly provide more value when extended outside of the Engineering department.

Time

Finally, the higher performing companies have been using PLM for a longer period of time. In fact, approximately three-quarters of the high performing companies had PLM in place for more than 2 years compared with only 38% of the other companies (Figure 4). PLM can offer a relatively rapid ROI, but as companies expand PLM to more processes and departments over time they gain greater value.
Why are these findings important? The study shows that beyond the initial value manufacturers gain from implementing PLM they can “go back to the well” multiple times to get more value. PLM is a strategic investment with long-term potential to drive year-over-year improvements through greater adoption.

The fact that greater PLM adoption provides greater value should encourage manufacturing companies that are looking for new ways to improve their business. Once their PLM foundation is in place, manufacturers can continue to expand the scope of their PLM program to improve their business for years, not just on a one-time implementation basis.

The data are also important for those embarking on a PLM implementation. This research should help them recognize that a strategy to get the basics of PLM in place, achieve an initial ROI, and then build on that foundation is a sound approach. Companies sometimes get distracted by trying to do too much too quickly with PLM. Instead, an incremental approach provides tangible business value within a short time frame (e.g., a year or two), and then can grow from there.

The new research provides great insight into how leading manufacturers get the most out of their PLM implementations. The findings on broader scope PLM, along with earlier Tech-Clarity research, are clear:

- PLM offers significant top-line and bottom-line business benefits
- PLM offers a variety of ways to improve product development performance and continues to expand
- Companies that want to gain more business value from PLM should expand the adoption of PLM to more business processes and departments over time
- Companies can gain business value from implementing PLM and then expand on that infrastructure to extend their ROI, even expecting higher ROI on subsequent implementations as they leverage their early investments

About PTC Global Services

The 1400 professionals at PTC Global Services help the world’s leading manufacturing companies gain product and service advantage through solution strategy and design, process transformation, technology configuration, and organizational training and adoption. Our in-house experts and premium services partners work overtime to ensure the best possible results and maximum return on investment. Learn more at PTC.com/consulting.

For more Insights from the Global Services team, please visit blogs.ptc.com/category/strategy/. Or scan this code with your mobile device.

About the Author

Jim Brown is the founder and President of independent research firm Tech-Clarity. Jim is a recognized expert in software solutions for manufacturers, with over 20 years of experience in application software, management consulting, and research. He has broad knowledge on applying Product Lifecycle Management (PLM), social computing, Supply Chain Management (SCM), ERP, compliance, quality, service management, and other enterprise applications to improve business performance. For more information on Jim and Tech-Clarity, visit www.tech-clarity.com.