



**Siemens PLM Software's Velocity
Series Portfolio**

"PLM for Mid-Sized Companies"

July 2008

A CIMdata Program Review

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*Produced by
CIMdata, Inc.*

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Siemens PLM Software's Velocity Series Portfolio

"PLM for Mid-Sized Companies"

This CIMdata-authored Velocity Series Portfolio Program Review describes Siemens PLM Software's overall Product Lifecycle Management (PLM) program for the mid-market. Siemens PLM Software has developed this suite of offerings specifically to address the needs of small- to medium-sized companies. This paper provides an overall description of the market dynamics that drive mid-market companies to invest in PLM as well as CIMdata's assessment of the Velocity Series Portfolio program. This program review is an assessment of the entire Velocity Series Portfolio program and is not focused on any individual component of it. Individual assessments from a number of Velocity Partners are included.

1. Introduction

Mid-sized companies are increasingly challenged as they seek to successfully compete in today's global markets. At the same time, Product Lifecycle Management (PLM) is a strategic approach that has been validated as essential for large enterprises around the world. These large companies are increasingly investing in PLM strategies to increase their effectiveness and their ability to bring innovative products to market. Over the last several years, PLM has clearly become more attractive to mid-sized companies. They are faced with many of the same challenges as those of larger organizations as they seek new ways to improve their competitiveness.

In this market environment, Siemens PLM Software (Siemens) has introduced their Velocity Series Portfolio, which is intended to provide support for a broad PLM program for mid-sized companies. Siemens' Velocity Series was introduced in September 2005, with three initial product components: Solid Edge, Femap, and Teamcenter Express. Velocity has since been expanded with the addition of CAM Express. In addition to the product technologies included within the Velocity program, Siemens has sought to expand the breadth and depth of their customer and industry support by significantly expanding their channel partner program.

It has now been three years since Siemens launched Velocity, and this paper provides a perspective on the program since its inception, including a status of the program as it exists and observations about its progress. The following sections of this paper address:

- *Business Opportunity*—An introduction to the business problems faced by mid-sized companies and why they seek to benefit from PLM.

- *Siemens and Velocity*—A brief introduction to the Siemens Velocity Series portfolio, with a perspective on its approach to addressing the business problems of mid-sized enterprises.
- *Channel Partner Assessment*—A brief review of experiences of Siemens Velocity Series partners.
- *Summary*—A brief summary of findings.

2. Business Opportunity

Enterprises around the world are struggling to find ways to compete more effectively. In order to facilitate new processes that can transform these businesses into successful endeavors, companies generally utilize information technologies as primary enablers. In this environment, PLM is one of the most significant initiatives to be introduced into industrial companies in the last several years.

PLM is not just a computer application. PLM is a business strategy to more effectively support the full lifecycle of a company's products with processes that enable collaboration along the full lifecycle and across partner networks, technologies that support product and process development, and processes that foster innovation at all stages.

CIMdata defines PLM as a strategic business approach that applies a consistent set of business solutions in support of the collaborative creation, management, dissemination, and use of product definition information across the extended and increasingly global enterprise, and spanning from product concept to end of life—integrating people, processes, business systems, and information. PLM forms the product information backbone for a company and its extended enterprise. It is composed of multiple elements

including: foundation technologies and standards (e.g., XML, visualization, collaboration, enterprise application integration, etc.), information authoring and analysis tools (e.g., mechanical design, electronics design, software engineering, manufacturing process design, technical publishing, finite element analysis, etc.), core functions (e.g., data vaults, document and content management, workflow, product structuring, program management, etc.), functional applications (e.g., configuration management, engineering change control, simulation, etc.), and business solutions (e.g., new product introduction, supply chain collaboration, maintenance repair and overhaul, etc.) that incorporate best practices and methods.

PLM has been pioneered in larger enterprises that have invested the resources necessary to understand the approach, improve the technologies, validate the benefits, and establish the organizational practices necessary to make PLM effective within their organizations. However, enterprises of all sizes can benefit from PLM. Mid-sized companies are not, and cannot be content to let PLM remain the domain of the behemoths of industry. Rather, mid-sized companies desire the same support for global collaboration and creation of innovative approaches to their own product development problems.

Although these mid-sized companies have many of the same requirements for PLM, they have characteristics that have been especially challenging for suppliers of PLM solutions, including:

- limited information technology (IT) resources.
- limited process improvement resources.
- demand for low total cost of ownership.
- demand for fast business impact.
- demand for minimized risk.

PLM has been maturing steadily as it has been more extensively used in businesses around the world. However, to be acceptable for mid-sized companies, it must be delivered in an acceptable form. Mid-range PLM must be provided in the form of:

- Cost-effective solutions (software and services) with low initial cost, and low ongoing costs
- Limited installation/implementation support requirements to reach production operation
- Packaged solutions with pre-configured processes to provide templates and guidance in achieving best practices with the solutions

Most PLM solutions targeted at mid-sized and smaller companies have not included support for a full PLM approach. Typically, PLM-related offerings from the majority of technology suppliers have only included individual applications. As a result, customers are left

responsible for finding all of the appropriate components that fit into their overall PLM strategy and acquiring them from different suppliers. Mid-sized companies simply do not have the resources to research and assemble such functionality in this way. Siemens' Velocity program is intended to support broad PLM strategies for mid-sized companies. Siemens believes that mid-sized companies are ready for PLM, and they are attempting to satisfy that demand.

3. Siemens and Velocity

3.1 Siemens

Siemens PLM Software with headquarters in Plano, Texas, is a business unit of the Siemens Industry Automation Division. The Siemens Industry Automation Division (Nuremberg, Germany), a division of the Siemens Industry Sector, is a worldwide leader in the fields of automation systems, low-voltage switchgear, and industrial software. Its portfolio ranges from standard products for the manufacturing and process industries to solutions for whole industries and systems that encompass the automation of entire automobile production facilities and chemical plants.

In January 2007, Siemens AG announced its intent to acquire UGS for \$3.5 billion and make it part of the company's Industry Automation Division. In May 2007, Siemens' acquisition of UGS was finalized. The previous UGS organization and now Siemens PLM Software has a long history in the PLM market as one of the major suppliers of PLM solutions to industry. Their revenues in 2007 were just over \$1.38 billion.

According to CIMdata's research, Siemens PLM Software was the second-largest overall PLM revenue generator among the PLM Mindshare Leaders, and had the largest market presence in the cPDm sector in 2007. Siemens PLM Software continued to increase its license revenues with its greatest growth in the Teamcenter business line. Siemens PLM Software is a global supplier of PLM solutions with offices and customers around the world.

Siemens provides one of the broadest and deepest suites of PLM offerings in the industry, and has continued an aggressive program of acquisition and partnerships to broaden their offerings even further. Additionally, they have continued to expand their business into additional industries and have established a set of key systems integrator relationships to increase their focus on various geographies and industries.

In September 2005, Siemens announced their Velocity Series portfolio for mid-sized companies. This announcement was intended to take advantage of the growing demand for PLM among mid-sized companies and Siemens' strength in the breadth of their product lines, to expand their own coverage of PLM for industry, and enhance their own business growth. To establish an improved mechanism to take the Velocity Series to market, Siemens also launched a Global Channel Program designed to further its geographic and industry presence through a broad network of partners.

In the three years since Velocity's launch, market acceptance has been reasonably strong. Siemens reports that the growth of mid-market PLM is strong—this matches CIMdata's market analysis and forecasts—and further reports that Velocity's growth has significantly exceeded the mid-market PLM growth. It is clear that the growth of Velocity revenue for Siemens is important and they are committed to investing in it for the future.

3.2 Siemens Velocity Series Portfolio

3.2.1 Velocity Objectives

As mentioned earlier, the Siemens Velocity Series was introduced to the industry in September 2005 as Siemens' overall program to provide comprehensive PLM solutions to mid-sized organizations. Siemens' history prior to the Velocity launch had been primarily accumulated on solution suites that were intended to support much larger customers and their reputation and image in the industry reflected that history. With the Velocity Series, Siemens established a serious program for mid-sized organizations and has begun to change their overall image to that of a PLM supplier that offers a range of solutions for companies of various sizes, not just for the behemoths of industry.

When Velocity was introduced, Siemens stated that it was comprised of “a series of pre-configured and easy-to-deploy design and data management solutions specifically designed for the needs of the mid-market.” More recently, they have extended this position by stating that their intent is to help mid-market companies answer the question, “How do we deliver more innovations to market faster, with scarce resources?” To support their positioning, Siemens describes Velocity's characteristics as:

- PLM for mid-sized manufacturers
- Modular, yet integrated solutions
- Pre-configured with industry best practices
- Easy to deploy and use
- Native Microsoft architecture

- Low total cost of ownership
- Scalable to the full range of Siemens' PLM solutions
- Backed by Siemens

The preceding set of characteristics represents the objectives of Siemens' Velocity Series portfolio, along with some important identifiable attributes. All of these objectives represent aspects that are valuable for achieving success with mid-sized companies.

According to Siemens, their primary objective with the Velocity Series is not to just offer a suite of individual applications, but to support a full PLM approach for mid-sized organizations. There is a huge opportunity for PLM solutions in mid-sized companies, as was indicated previously in this report. Siemens' challenge is to achieve the objectives that they have established for themselves. Now after three years of experience with the Velocity program, they appear to be making good progress.

CIMdata believes that the experiences and improvements in cost-effective and packaged PLM solutions that are pioneered in smaller companies will also have a direct positive impact on solutions for larger enterprises. As a result, we continue to welcome programs such as Siemens' Velocity Series and hope that it helps to improve the value of PLM to companies of all sizes and types.

3.2.2 Velocity Components

The major brand offerings that comprise the Siemens' Velocity Series have expanded in the three years since its introduction. At its initial introduction, Velocity Series was comprised of Solid Edge, Femap, and Teamcenter Express. Since then, CAM Express has been added. Siemens' graphic representation of the Velocity Series offerings is shown in Figure 1. Brief introductions to individual components of the Velocity Series program follow.

Solid Edge—This is Siemens' traditional mid-market MCAD offering with special packages for machinery, electro-mechanical, mold, tool, and consumer product design. It has been a formal program for several years and is well known in the mechanical design industry. Based on results reported by Siemens during 2007, Solid Edge continues to produce increased revenues, reflecting a positive impact related to the Velocity program's development.

The Solid Edge product continues to be developed and improved. It has been considered to be a solid product with less market success than the technology warranted. Partially, this has been the result of a limited focus from Siemens in building this business in the past. That situation

Product Lifecycle Management (PLM)

Transforming Product & Process Innovation in the Mid-market

SIEMENS

Velocity Series - A portfolio of pre-configured and easy to deploy, design, manufacturing and data management solutions specifically designed for the needs of the Mid-Market

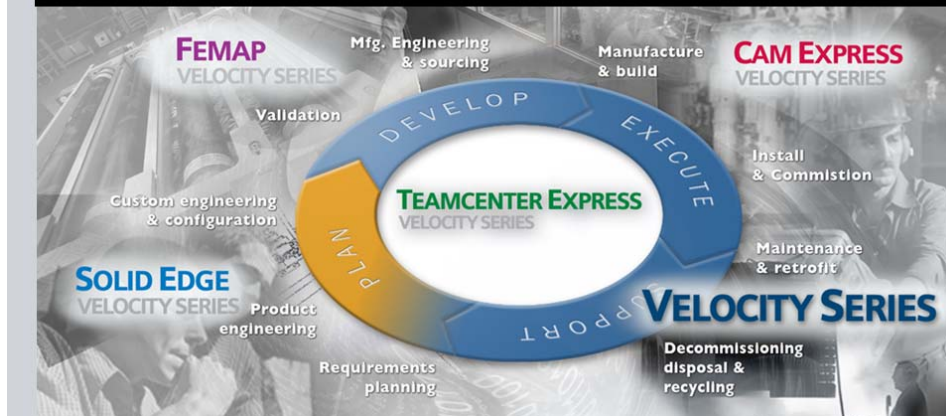


Figure 1—Velocity Series
(Courtesy of Siemens PLM Software)

has changed with the launch of Velocity, and Solid Edge has received much more focus. Siemens has implemented some primary marketing programs to focus attention on Solid Edge as a component of PLM, including themes such as “evolve to 3D, a stepping stone to PLM,” or “going to 3D isn’t enough, you need PLM to advance.”

Recently, Siemens has added the new Synchronous Technology history-free, feature-based modeling capabilities to Solid Edge. They also offer a 2D drafting version of Solid Edge for no charge (i.e., free with a registration), to gain additional exposure and position in the market.

Teamcenter Express—Teamcenter Express is the core product data management component of Siemens’ Velocity Series. The capabilities it delivers are extensive and we view it as a strong entry in the mid-market cPDM space (see CIMdata’s Teamcenter Express Program Review report dated May 2008 for details). Siemens has designed this offering specifically to address the product design through manufacturing planning needs of small- to medium-sized companies (i.e., mid-market companies) in the following industrial segments:

- Mechanical machinery and equipment
- Electromechanical
- Consumer electronics
- Consumer product
- Automotive components

- Tool and mold shops that support the above industries

Siemens reports that Teamcenter Express is also being deployed within divisions and development groups of larger companies, and engineering departments of companies that are part of an Original Equipment Manufacturer (OEM) supply chain.

Teamcenter Express is built on top of the Teamcenter platform. This has allowed Siemens to continue to deliver significant enhancements, including a reasonable set of customer-driven enhancements (e.g., “smart codes” and the incorporation of project management capabilities) to the market relatively quickly while leveraging one of the world’s most widely-used enterprise PLM platforms. With their most recent release, Siemens has introduced a number of notable enhancements to Teamcenter Express’ capabilities, including:

- Architecture—move to a new “unified” Teamcenter Service-Oriented-Architecture (SOA) based platform.
- Project/program management—addition of supporting functionality.
- Usability—user-focused productivity enhancements (e.g., new “summary” tab).
- ERP integration—a higher degree of PLM to ERP process synchronization.

- Shop floor viewing—for shop floor team leaders and machine operators to search, view, and interrogate released product data.

A key characteristic of the Teamcenter Express offering is that it is completely scalable to the full range of Siemens' enterprise-level PLM solutions. In addition, Teamcenter Express is also provided with a solid set of manufacturing engineering applications that allow Teamcenter Express to support the manufacturing planning requirements of most mid-market companies targeted by the Velocity Series. This functionality is fairly unique and should prove to be valuable to companies that implement it.

Femap—This was announced as the CAE component of the Velocity Series in September 2005 and provides simulation and analysis capabilities. It comes in two forms:

- Full Femap—a broad offering of high-end simulation and analysis capabilities, available with a choice of solvers or NX Nastran from Siemens.
- Femap Express—a Solid Edge embedded subset of full Femap, intended for fast studies by designers during the initial design phase of the product development cycle.

The latest versions of Femap are undergoing a major upgrade of both automatic and interactive meshing capabilities. Since its introduction, Siemens has consistently reported that reactions and results from Femap have been very positive and have significantly exceeded their expectations as the use of CAE continues to grow within engineering design. They recently reported (May 2008) that Femap revenues continue to grow at approximately 50% annually and that 48% of Femap's 2007 revenue was generated from sales to companies of less than \$100 million in size.

CAM Express—CAM Express provides a CAD-neutral version of Siemens' high-end NX CAM capabilities, which is focused on servicing mid-market needs. CIMdata believes that its introduction in July 2006 was a positive event for the industry, as it extended the reach of Siemens' CAM product to mid-sized firms up and down a supply chain. CIMdata has extensively reviewed the product (see CIMdata's CAM Express review dated July 2006 for details), as well as the current NX 6 Version of CAM in a review published in June 2008. In our 2006 product review, we commented that CAM Express offers mid-sized manufacturers access to CAM capabilities that have previously been available only to major manufacturers at a higher cost. CIMdata has observed that this product has been well received by the user community and appears to be a successful line extension for Siemens.

The most current CAM capabilities recently released in NX 6 are available to users of CAM Express. These include a Streamline Toolpath that flows with the natural shape of the surfaces, full utilization of design-generated Product and Manufacturing Information (PMI) that can be employed to drive downstream processes, and major enhancements in easy of use, feature recognition, and feature-based machining. To provide further support for beginning or more casual CAM programmers, NX 6 and CAM Express include more basic or limited user interfaces as options, and an extensive library of "how-to" machining tutorials that are based on technology such as high-speed machining, industry such as aerospace machining, or performing generic tasks such as creating a tool. CIMdata is favorably impressed by the CAM Express offering and the value that is provided to a user.

Siemens has expanded the breadth of the Velocity Series offering since its introduction, and we expect it to continue to be expanded with additional components in the future. Except for Solid Edge, all other applications within the Velocity program are based upon broader product offerings in the full Siemens PLM suite, and are scalable to those broader offerings. Given that approach, Siemens has a wide range of additional offerings in their PLM suite upon which future Velocity offerings could be based. A clear objective seems to be Siemens' desire that any additional components of Velocity Series adhere to the same basic characteristics and objectives.

Although Siemens's Velocity Series is really a suite of connected applications, it is important to consider how Velocity is being received by the market as an overall program. Siemens reports that their Velocity Series portfolio has generated solid and increasing revenue growth, and is ahead of plan.

3.2.3 Siemens Velocity and the Siemens Channel Program

Siemens' Velocity Series Portfolio has been developed to be supported by channel sales partners. Today, while offered by both a direct Siemens field organization and channel partners, most of Velocity is sold through the partners. Siemens' philosophy for utilizing these two groups to market, sell, and support Velocity is graphically illustrated in Figure 2.

In this approach, customers larger than a specified size can be supported by the Siemens' direct field team and smaller customers are supported by partners. In general, Siemens has defined a set of named accounts by industry and geography. This is intended to help both Siemens' direct



Figure 2—Channel Philosophy
(Courtesy of Siemens PLM Software)

sales organization as well as its channel partners successfully compete in the market.

Siemens has established a formal “deal registration” process with partners in order to manage this situation effectively so that channel conflicts are minimized and channel partners are encouraged, not discouraged, to work closely with Siemens in order to make them successful.

Clearly, a major influence on the success of the Velocity program will be the success Siemens has in effectively developing and training the channel organization in support of it. Siemens reports that the program supports an incentive-laden business development plan. Siemens strongly encourages partners to increase their investment in the multi-level certification and training components of the program.

According to Siemens, they have trained sales and implementation resources from more than 450 channel partners globally. They also report that these partners generated 34% of Siemens’ PLM software license revenue in their fiscal 2007—up from 23% in 2005. Of course, these partners are not all focused on the Velocity Series, but the numbers do give an indication of the impact that partners have on Siemens’ market success. It also adds more credibility to Siemens’ claim that they are intent on increasing the role of partners and expect them to play an even bigger role in the future.

Late in 2005, Siemens announced a new “Global Channel Partner Program.” This included development of new tools and processes to improve management and operation of partner relationships and support. Siemens’ basic objective for this program is to make it easier for partners to conduct business with Siemens and to improve overall business

achievement; making it financially rewarding for both partners and Siemens.

Since the channel partner program’s inception a little over two years ago, Siemens has spent a significant amount of time, effort, and money developing and rolling out channel-supporting Web Partner Portal, Partner Relationship Management (PRM) system, material, seminars, training classes, and education to improve the ability of the partners to be successful in their respective markets.

As noted earlier in this paper, the success of Siemens’ Velocity Series is heavily contingent upon success with their channel partner program. Siemens must ensure that channel partners receive sufficient education and certification to be effective and make customers successful. Section 4 (Channel Partner Assessment) of this report includes reviews with a number of Siemens’ Velocity Partners in order to provide insights into their experiences and satisfaction with the Velocity Series and Siemens’ partner program.

3.3 Program Assessment

The Velocity Series is a key program for Siemens and for the PLM market in general. As one of the major PLM Mindshare Leaders, Siemens is well known in the overall PLM market. With their Velocity Series, they are intent on taking the philosophy of broad-based PLM to smaller companies. This is a big transition for Siemens. Their history and reputation have traditionally been established with implementations in the world’s largest enterprises. With Velocity, they are demonstrating that they can successfully implement PLM in small- and mid-sized companies.

A key aspect of the Velocity Series is that it is positioned as the basis for a broad PLM approach for mid-sized companies, comprised of components in four major areas: data management (Teamcenter Express), mechanical CAD (Solid Edge), simulation and analysis (Femap), and NC (CAM Express). Although not true for all competitors, most competitive mid-market-focused programs are limited to a single aspect of PLM and do not attempt to deliver the breadth that Siemens has chosen. At CIMdata, we like this “broad PLM” approach and believe that it is a good approach for mid-sized companies to improve their ability to successfully compete; allowing companies to expand the scope of their PLM implementation both functionally (across different departments within the organization) and across a broader number of individuals in the organization’s value chain.

Siemens continues to focus on establishing a network of partners that can effectively take their broad PLM program to mid-sized companies. Siemens and their partners need to be able to help customers establish an overall PLM vision, while implementing individual products at a pace that matches the needs and abilities of those customers. To address this issue, Siemens has focused on the establishment of a network of partners that have the broad-based programs to provide this support. Of particular importance is the education and certification of partners in the various products, especially Teamcenter Express in multi-CAD environments. These partners must become world-class “mid-sized enterprise” PLM support organizations. While not an easy objective to achieve, Siemens’ reported results indicate that this approach is having success.

Perceptions of PLM often cast it as a complex solution with difficult implementations. If true, this would be problematic for mid-sized organizations that require relatively easily-implemented, cost-effective, packaged solutions. Siemens, along with their partners, continues to concentrate on simplifying Velocity implementation programs to facilitate shorter timeframes to productive operations. In combination with Siemens’ focus on clarifying the value of PLM, this should be useful in helping to build commitment to their customers.

A Siemens objective for the Velocity Series is to be globally-focused, enabling their customers to be successful regardless of where they are located. Given the profiles of each of Velocity Series’ component product technologies, this should be achievable.

4. Channel Partner Assessment

This section includes a summary of discussions with Siemens’ partners regarding their perspectives on the approach of the Velocity Series portfolio and their experiences from working with Velocity.

4.1 Spatial Integrated Systems, Inc.

Spatial Integrated Systems, Inc. (SIS), headquartered in the Washington, DC area, was founded in 1997. With offices in Maryland, Virginia, and North Carolina, SIS has an expanding business in both federal and commercial industries and began a VAR relationship with Siemens in 2001. They have committed to a full relationship through which they offer the full line of Siemens PLM products, including Velocity.

SIS has a strong background in data acquisition and 3D visualization and usage. They have used this expertise to develop a good business in federal industries. They believe the Velocity launch has been very positive for them and offers a continuing opportunity to expand their business. According to Greg Walker, the Director of Corporate Sales and Marketing for SIS, “Velocity offers SIS an opportunity to expand its business with the full product line in both the commercial sector and in smaller federal situations. Its unified PLM story, with an interoperable line of products, provides excellent value.”

SIS has seen several major changes since the launch of Velocity Series, but the biggest has been the acquisition of UGS by Siemens. SIS reports that the Siemens acquisition has been very positive and has impacted SIS’ business position. Mr. Walker commented that, “Siemens brings the confidence of dedication and long-term stability to our market and that helps SIS.”

SIS reported that there have been several changes in the Siemens Partner Program since the introduction of Velocity. While some changes have caused stress, SIS reported that they are pleased with the way that the program has matured and improved since its beginning. Mr. Walker noted that, “There is a lot more support from Siemens and coordination with them in developing our market. These changes have really helped.” In addition, the VAR Partner Advisory Committee was particularly noted as a very positive influence in the continuing evolution of the overall partner program.

SIS reported a number of changes in the Siemens PLM product suite that have been very positive. In particular, Synchronous Technology has been well received and Mr. Walker stated, “Synchronous Technology is one of the most significant additions to Siemens’ PLM technology suite since the introduction of Teamcenter. This is a real differentiator.” SIS also reported that the release of Teamcenter’s Unified Architecture has been very positive, and demonstrates continued progress toward Siemens’ long-term vision.

SIS indicated that market acceptance of full PLM for the mid-market continues to increase. They believe that they can successfully approach customers of with competitive mid-range MCAD products because they have multiple other products to sell in addition to MCAD. They expect that as Velocity matures, Siemens will continue to expand the program with additional product components that will provide more revenue opportunities.

Mr. Walker’s summarization of the Velocity program was, “Siemens is going down the right road. VARs are making major investments to be certified and develop their markets, the Partner program is being improved, and Siemens appears to be totally committed. This should position Velocity Series VARs to win in the long run.”

4.2 ISAP

ISAP, headquartered in Herne, Germany, was founded in 1992. From their beginning, they have been involved in supplying traditional mid-range MCAD solutions to industrial companies, many of them in the special machinery markets in Germany. ISAP has worked with a number of system suppliers during their history and have focused on providing value-added services and software extensions to the MCAD systems they sell. ISAP eventually became one of the early suppliers of the Solid Edge product. Their Siemens partnership initially began in 1998 when they established a relationship with UG Solutions. Currently, they are recognized as Siemens’ biggest (volume of business) Solid Edge partner and overall largest German-based partner.

During their evolution, ISAP has continued to develop additional expansions to their MCAD offerings. For example, in 1997 they added a PLM software solution to their suite of offerings and developed integrations to SAP’s system from both Solid Edge and their PDM system. Another ISAP-developed extension is a “standard parts” solution to focus on standard parts and assemblies.

ISAP has aggressively participated in Siemens’ Velocity program. According to Herbert Kleinewiese, a member of the management Board of ISAP, “With Siemens’ Velocity, we (ISAP) saw an opportunity to serve our customers with a PLM suite of systems from a single technology supplier. That helps us provide additional value to our customers through the full integration of all components of the solution, including CAD, CAE, CAM, and PDM. This is a very broad program.”

Since the introduction of the Velocity program, ISAP has seen a number of changes. Mr. Kleinewiese noted that the biggest change has been the acquisition of UGS by Siemens and the impact that has had on their market position. He commented that ISAP has been impressed with the reinforced commitment to R&D investments by Siemens and said, “The Velocity PLM suite is developing very well and provides a very attractive offering for the market. I am very positive about the future.”

ISAP reports that mid-market companies are ready for broad PLM solutions. Kleinewiese commented that, “With increasing market pressures, companies understand that they have to do something to improve their effectiveness and ability to innovate; and PLM is their only real option to significantly impact their processes.” ISAP reports that this approach has been well received by their customers. They commented very positively about the recent introduction of Siemens’ Synchronous Technology. Mr. Kleinewiese noted, “Synchronous Technology looks terrific. This is a major innovation and it should have a very positive impact on Siemens’ design solutions and their value for our customers.”

ISAP has been satisfied that Siemens’ Partner Program has been developing positively over the past few years. Of course, not everything in the Velocity program has been perfect and there have been some difficulties at times as the Partner Program has been evolving. However, ISAP reported that they are quite satisfied with the way issues have been addressed, appreciate the improved tools to support partners, and are confident that the Velocity program will help them achieve their own success.

5. Summary

Businesses around the world are investing in PLM at increasing levels as its worth has been validated in enabling companies to become more effective, more innovative, and more successful. However, PLM has been mostly implemented by the world’s larger organizations. Now, mid-sized enterprises need the benefits that PLM has offered larger firms. Many of their challenges are similar to

those of larger firms, but they demand PLM solutions that are suited to their needs.

In this industry environment, Siemens launched their Velocity Series Portfolio of offerings to provide broad PLM support to mid-sized companies. Since the Velocity launch approximately three years ago, Siemens has clearly demonstrated their commitment to the Velocity program and to mid-sized companies. A key aspect of Siemens' Velocity Series is the fact that most of its component products (e.g., Teamcenter Express) are based upon more robust products that are components of Siemens' overall PLM suite of high-end offerings. The corresponding Velocity Series components are expandable to the full high-end Siemens PLM applications.

Success in supporting PLM for mid-sized companies is dependent upon Siemens having a broad set of partners that can work with Siemens and customers to make them successful. In order to address this, Siemens has established a partner program that continues to evolve to ensure consistency and appropriate skills within their partner organizations. Observations of this program indicate that it continues to be improved and results have been quite positive.

In summary, CIMdata believes that mid-sized companies can benefit tremendously from PLM strategies and solutions. We also believe that the lessons learned by mid-sized companies in their adoption of PLM will benefit all enterprises, regardless of size. We continue to be encouraged by Siemens' commitment to the mid-market and its continued development of the Velocity Series suite

of PLM offerings. Changes to the Velocity program over recent months, such as expanded technologies, revised partner program content, business results, and management attention are quite visible and positive, and keep our expectations for this program high.

About CIMdata

CIMdata, an independent worldwide firm, provides strategic consulting to maximize an enterprise's ability to design and deliver innovative products and services through the application of Product Lifecycle Management (PLM) solutions. These solutions incorporate both business processes and a wide-ranging set of PLM enabling technologies. CIMdata works with both industrial organizations and suppliers of technologies and services seeking competitive advantage in the global economy by providing world-class knowledge, expertise, and best-practice methods on PLM solutions.

In addition to consulting, CIMdata conducts research, provides PLM-focused subscription services, and produces several commercial publications. The company also provides industry education through international conferences in the US, Europe, and Japan that focus on PLM. To learn more about CIMdata's services, visit our website at www.CIMdata.com or contact CIMdata at: 3909 Research Park Drive, Ann Arbor, MI 48108, USA. Tel: +1 (734) 668-9922. In Europe: Siriusdreef 17-27, 2132 WT Hoofddorp, The Netherlands. Tel: +31 (0)23 568-9385.

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