

Catalysts: Accelerating PLM Value

CIMdata Commentary

Key takeaways:

- Companies are not consistently achieving the maximum value from their PLM investments
- To maximize benefits, implementations need to be tailored for a specific industry, and incorporate best practices and company-specific business needs
- Companies need to fully implement the PLM technology they acquire to maximize the value from their investment—there is often a Value Gap between investment potential and return realized
- Siemens PLM Software's Catalysts provide a vehicle that enables more complete, industry tailored, best practice enabled implementations resulting in obtaining a higher return on investment and doing so sooner

Introduction

Companies invest in product lifecycle management (PLM) as a means to transform their product development strategies, create innovative products and services, and improve their overall competitive position. PLM solution providers are delivering increasingly more complete solutions to help their customers undertake their business transformation. No matter which PLM solution provider(s) a company selects, how they implement the selected PLM technologies and solutions has a major impact on the overall value they realize from their investments. Maximizing PLM ROI is important for both short- and long-term business success.

There can be a substantial gap in the value that PLM implementations using similar technologies delivered to different companies in the same industry. A CIMdata study revealed a widening gap between technology capability and actual implementations. This gap reduces the rate at which a company receives a return on their PLM investment. The following figure illustrates the gap that exists between the investment companies make in PLM technologies and the value they receive from the implementations that they deploy.

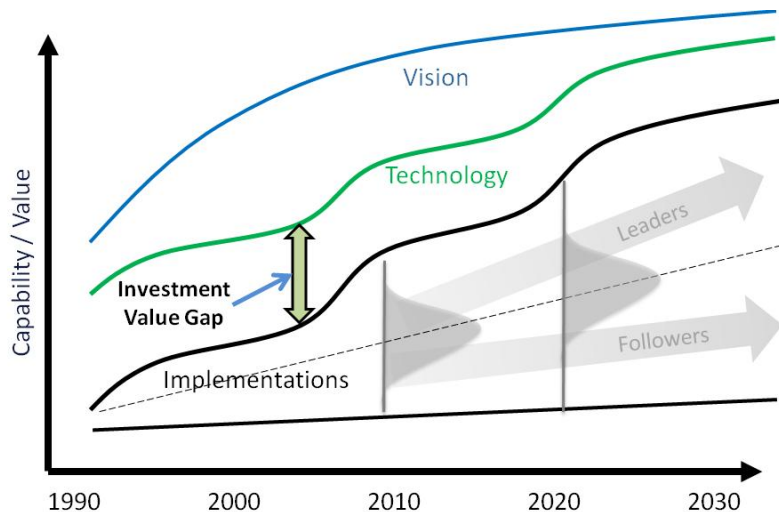


Figure 1—The Value Gap in PLM Implementations

CIMdata's research shows that the Value Gap was wider for PLM implementation followers when compared to leaders. Followers consistently receive less value from the time and money they invest into PLM. As leaders continue to get more from their PLM investment, the gap in business performance will continue to increase.

What Causes the Value Gap?

The Value Gap shown in Figure 1 exists for several reasons:

- It takes time, resources, and money to tailor a typical PLM solution to a company's industry and business model so as to achieve maximum effectivity
- Having to tailor (or in some cases customize) the PLM solutions results in companies not being able to take full advantage of the technology and solutions they have acquired
- Without effective industry tailoring, it takes time to absorb new technology and processes across the enterprise and get to a desired "To-Be" state of operation
- Improperly tailored solutions require additional cultural changes, user training, and operational changes to take full advantage of the new solutions and technology
- It is difficult to take advantage of new releases (e.g., new technology and expanded functionality) if companies do major customizations when they implement their chosen solutions

Each of these issues constrains the effectiveness of the implemented PLM solution and decreases the level of benefits and return on investment a company can achieve during any time frame. The difference between Leaders and Follows accentuates the Value Gap.

To narrow the Value Gap, a Leader company plans their PLM investment and establishes an implementation roadmap to meet their needs both for technology and solution acquisition as well as the breadth and depth of deployment. With that defined, they then more fully implement the PLM technologies they buy and update their business processes to better incorporate industry best practices that the new solutions enable. They establish a new "To-Be" state that the PLM solutions can enable and then transition to that "To-Be" state as those solutions are deployed. They also update their implementation as new functionality and technologies are introduced by their PLM solution providers and they expand the use of PLM across their extended enterprise—in other words, they invest and keep up to date.

Followers often focus on automating their current environment and processes, and not creating and adopting more effective and efficient processes (i.e., their "To-Be" state is often just an automated form of their "As-Is" state). They tend to implement only selected capabilities of the acquired solutions both in functionality and scope of deployment and do not take full advantage of industry best practices. By customizing the solution to support their old way of working, they make it harder to upgrade to new releases delivered by their PLM solution providers. This means that they deploy a reduced level of capability and then are slow to upgrade when new capabilities are available.

To narrow the Value Gap, companies need PLM technology and solutions that can help them better plan their implementations, incorporate the best practices and processes pertinent to their industry and business, provide tools and capabilities to help them implement faster, and are designed to minimize upgrade time and associated costs. One example of how PLM solution providers are addressing these needs is Siemens industry solution Catalysts.

What is a Catalyst?

Siemens PLM Software (Siemens) is creating Catalysts as part of their industry solutions. Siemens states that a Catalyst is designed to accelerate a customer's deployment and solution productivity via a set of industry configuration components and best practice guides. As part of an industry focused solution, a Catalyst is intended to help a company achieve faster adoption of new and innovative PLM technologies and processes to reach their desired To-Be state and obtain a higher return on the PLM investment both short and long term..

According to Siemens, each industry Catalyst will include:

- A **Business Processes and Practices Guide** that is a reference for PLM across the entire product lifecycle for a particular industry and provides guidance on how PLM can best be deployed to impact that lifecycle
- A **Deployment Accelerator** that includes all of the necessary and recommended product selections, optimal network design, recommended configuration procedures, and specific best practices and training to ensure an effective PLM deployment
- **Configuration Components** tailored for each industry to help implementation teams control the behavior and appearance of the PLM implementation, ensure proper adherence to the desired business processes, and provide the foundation for faster, easier upgrades

CIMdata believes that Siemens' Catalyst approach incorporates many of the elements that are needed to help companies making PLM investments narrow the Value Gap illustrated in Figure 1 and get more from their PLM investment.

Benefits of a Catalyst

A Catalyst is intended to enable a company to implement a more complete solution for their business. It provides built-in industry best practices, training, and support services. Catalyst best practices, processes, and pre-configured components should help eliminate much of the customization that companies have been doing to their PLM environments. One of the major issues in implementing PLM is moving from a company's current way of operating to a new "To-Be" environment and method of working. By incorporating industry best-practices, a Catalyst can help a company define their tailored "To-Be" solution and deploy it more quickly and completely.

By providing a set of Configuration Components designed to work with Siemens industry solutions, a Catalyst enables the implementing company to leverage more of the technology available in the industry solutions more quickly, getting more value faster, and narrowing the Value Gap.

Siemens also states that they are designing each Catalyst to help "future proof" a company's PLM implementation. They indicated that once an industry solution is implemented using a Catalyst, the company should be able to incorporate and adopt technology jumps with significantly less time and cost.

Summary

No matter which PLM solution provider a company selects, they need to get more from their investments. Companies require solutions that are tailored for their industry that they can

implement quickly so that their investment in PLM can help them achieve and maintain a competitive position in their chosen markets.

CIMdata believes that Siemens' Catalyst approach can help narrow the Value Gap. A Catalyst is intended help decrease the time it takes to configure a PLM solution for a company's industry and business model with appropriate best practices and processes. It is also designed to enable companies to reduce or eliminate over configuration of their PLM solution so that it will be faster and less expensive to upgrade over time.

Companies that are looking to improve their ability to deploy and maintain an industry focused, highly valuable PLM solution should evaluate Siemens PLM Software's Catalysts.

About CIMdata

CIMdata, an independent worldwide firm, provides strategic management consulting to maximize an enterprise's ability to design and deliver innovative products and services through the application of Product Lifecycle Management (PLM). CIMdata provides world-class knowledge, expertise, and best-practice methods on PLM. CIMdata also offers research, subscription services, publications, and education through international conferences. To learn more about CIMdata's services, visit our website at <http://www.CIMdata.com> or contact CIMdata at: 3909 Research Park Drive, Ann Arbor, MI 48108, USA. Tel: +1 734.668.9922. Fax: +1 734.668.1957; or at Oogststraat 20, 6004 CV Weert, The Netherlands. Tel: +31 (0) 495.533.666.