Siemens Innovation Leadership Summit (CIMdata Commentary)
2 December 2008

Recently, CIMdata had the opportunity to participate in Siemens PLM Software’s Siemens Innovation Leadership Summit, which was held November 9-11 in Scottsdale, Arizona. This was a “restricted invitation” event attended by industry executives and produced by Siemens PLM Software (Siemens) to facilitate the sharing of strategies and experiences among their customers.

Overall, we thought it was an excellent event with executive-level participation from both customer speakers and attendees. The seniority of attendees was as high as we’ve seen at any PLM-focused event that we’ve had the pleasure to attend. A wide range of industries and products were represented by both attendees and speakers, with speaking executives from automotive, aerospace and defense, lighting, bearings, test equipment, high-tech, automotive racing, engineering services, software, and business consulting firms.

Not surprisingly, the uncertain worldwide economic situation was a major topic of concern among participants. This issue was addressed by numerous presenters and attendees, and PLM’s role in helping companies effectively cope with economic challenges to successfully compete in today’s challenging markets was stressed. Faced with the current economic uncertainty, the customers presenting at this event described their continuing commitment to investing in PLM—not slowing these investments, but aggressively pursuing them with a major focus on reducing costs and increasing productivity. While PLM’s role in enabling companies to build a stronger revenue stream is still essential, the current economic stress appears to have many companies focusing on productivity improvements through PLM as their primary investment driver. CIMdata’s perspective is that leading companies invest in fundamental processes and technologies to help transform their businesses during tough times, and are then better prepared to take advantage of them as the market situation improves.

A key message from the customer speakers was having a clear focus on PLM as an enterprise enabler for innovation of all types—both product-related and process-related innovation. Of course, PLM’s role as a key contributor to cost reduction and efficiency was described. Additionally, many examples illustrated PLM’s potential to drive revenue expansion and customer/market responsiveness. In all cases, speakers emphasized that PLM can and should be used to enable continuous innovation through ongoing (and often relatively small) process and product improvements. These smaller improvements continue to accumulate and result in significant overall improvements. A focus on continuous improvement is a fundamental characteristic of successful organizations.

The focus on PLM as an enterprise enabler reinforced that PLM is NOT just an engineering tool, but must be used to support the entire product lifecycle. “PLM for the enterprise” represents an important evolution from the historical positioning of PLM. In many companies over the past several years, PLM implementations were primarily engineering-focused. At this event, customer executives dispelled the notion that “PLM equals engineering” and were able to describe their company’s PLM strategies and programs with a clear enterprise view. This enterprise perspective was coupled with themes of the global competitive environment, and the
value of PLM as a fundamental enabler to connect their global enterprise whether through their divisions or suppliers.

As an additional indication of the broadening footprint of PLM across the enterprise, a couple of the customer presentations described their priority to expand PLM programs to include support for early product strategy/portfolio activities; the front-end of the product lifecycle. This is yet another example of the expansion of PLM strategies and programs to support additional groups within the enterprise beyond engineering—in this case the product planning and marketing teams.

Along with the theme of PLM as a process-driven enabler for achieving enterprise goals, speakers stressed the criticality of establishing the right level of internal support for PLM initiatives. Successful PLM programs demand full support and involvement from business units and executive management. While PLM is an IT-based enabler, it is most effective if positioned as a business-driven program. The business units must “own” the PLM program direction and processes in order for it to achieve the desired level of success and return on investment.

Randall Ledford from Emerson, the keynote speaker, was particularly interesting. He described Emerson’s strategy and program for supporting a corporate-wide PLM program and standards while accommodating divisional differences and capabilities. He also described their approach to accommodate differences between large-scale divisions with tailored solutions constrained by corporate standards, while also supporting smaller divisions by providing (what they call) Teamcenter-in-a-Box as a hosted service. This is intended to ensure adherence to enterprise standards, while accommodating limited-budget capabilities among the smaller groups. In Emerson’s environment, the executive team views PLM as fully aligned with, and a major enabler for achieving the major overall company strategies and goals—a true enterprise enabler.

Good presentations by Siemens PLM executives (Tony Affuso, Helmuth Ludwig, and Chuck Grindstaff) also contributed to the quality of the program. They provided a clear depiction of Siemens PLM’s vision and programs, insights into their R&D strategy and directions, good explanations of their focus on unified product and production lifecycles, and the internal work (called Project Archimedes) to fully integrate Siemens PLM products and technologies with those of Siemens Automation.

When thinking about the market evolution that presentations in this event represent, consider that none of the themes mentioned above are focused on technical features and functions, but on the processes that enable transformation of businesses to improve global competitive position. Of course, technical capabilities are required, and increasingly-sophisticated ones at that. However, the focus has clearly shifted to the business, and the demands of the executive office are driving the investments. The presenting executives’ clear perspective of PLM’s strong role in supporting enterprise competitiveness was impressive, and reinforced CIMdata’s long-held view that a clear enterprise PLM strategy is a competitive necessity for any company striving to succeed in their markets. Our perception from this event is that the transition of PLM from a competitive differentiator to that of a requirement for survivability is well underway and accelerating!