



UGS Thinks Big About Midmarket PLM

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Small and Midsize Businesses (SMBs) have to deal with many of the same issues as their larger counterparts when designing and launching new products. In fact, *small* rarely implies less complexity. In many cases, these manufacturers are in specialty businesses that tackle complex designs that larger customers are not capable of handling. As such, SMB is a rich market for Product Lifecycle Management (PLM) vendors, and they are starting to respond.

The Bottom Line: UGS's *Velocity Series* program is designed to make it easier for SMB manufacturers to capture the benefits of PLM that many larger enterprises realize today.

What It Means: A recent AMR Research survey of midmarket manufacturers found large gaps in their satisfaction with the execution of several critical tasks, including initiating a design release, design review and approval, and handing off new designs to internal manufacturing and external suppliers. In discussions with many of these companies, they point to similar challenges faced by larger manufacturers (see the *AMR Research Report "SMBs: Your PLM Options,"* September 2004):

- Managing or participating in global supply chains
- Responding to customer requests for quotation
- Managing customer programs
- Designing and supporting unique products
- Integrating design and manufacturing
- Facing continuous pressure to improve quality and performance

To help manufacturers gain the benefits of PLM, UGS introduced the *Velocity Series* to extend the *Solid Edge* 3D Computer-Aided Design (CAD) and *Insight* data management applications commonly used by smaller manufacturers today. The highlights of the program include the following:

- *Teamcenter Express* provides a preconfigured version of *Teamcenter Engineering* with wizards for ease of installation
- *FEMAP* with the *NASTRAN* solver for Finite Element Analysis (FEA)
- **Microsoft** Windows interface
- Extending its channel support beyond its current 300-plus partners
- Upgrade path to full *Teamcenter* as business requirements mature

UGS has many midmarket manufacturers using its *Solid Edge* CAD application today, and the *NX* and *Teamcenter Engineering* applications have been adopted as well. UGS's channel revenue, which includes *Solid Edge* among other products, accounts for roughly 20% of UGS PLM revenue. Customers include Reading Bakery Systems, which claimed a 63% efficiency improvement using *Solid Edge* to create design and manufacturing drawings for its custom bakery equipment, and The FEI Company, which uses *NX* in the design and manufacture of its electron microscopes.

UGS's strategy positions it against competitive vendor programs that are already in place, including **PTC's** *Windchill On Demand*, **IBM Express Portfolio** delivered with partner **Dassault Systemes**, **Autodesk's** *Productstream*, and **think3's** *thinkPLM*. Besides these vendors with strength in CAD, others that address a variety of midmarket requirements include **Agile**, **MatrixOne**, **Aras**, and **Arena**, with **Prodika** and **Infor** (which acquired **Formation Systems**), specifically targeting process manufacturers.

Conclusion: Midmarket investment in PLM will grow at a 12% Compound Annual Growth Rate (CAGR) through 2009, AMR Research estimates. The introduction of the *Velocity Series* shows UGS's commitment to the unique requirements of midsize manufacturers, where affordability, ease of implementation, and total cost of ownership are so important. *Teamcenter Express* provides extended design process support and a foundation to scale as business needs grow. To fulfill its commitment, UGS will need to deliver on its promise to extend its channel partner program to provide the necessary local support, and its preconfigured application must deliver the ease of use so important to midsize manufacturers.