



Whitepaper

Selecting a Product Lifecycle Management (PLM) Solution; Addressing the Needs of a Small Business

Chuck Cimalore,
Chief Technology Officer,
Omnify Software

Quite often a small or medium sized business (SMB) that is looking to gain a competitive advantage will do so by improving their products and streamlining their operations. Decision makers often look toward technology such as Product Lifecycle Management (PLM) to support these changes. By implementing a Product Lifecycle Management system, companies can simplify and shorten each phase of the product development process. Selecting new technology is a challenge for any organization but can be especially difficult for the SMB since most software (particularly PLM software) is designed to meet the needs of a large enterprise.

To begin the selection process the SMB first needs to understand what the PLM system should accomplish for its organization. PLM can provide key functionality to streamline each phase of a product's lifecycle from product conception and design, to manufacturing and support, while improving communication across both internal and external constituencies. A successful PLM implementation can help reduce time-to-market and decrease product costs, and also dramatically reduce waste and rework. Once a company determines that PLM software will address the challenges within their organization, the question now becomes which PLM software is best suited for their company.

Because the SMB operates with a smaller cash flow, develops fewer products and has a smaller customer and supplier base as compared to a large enterprise, the PLM system not only needs to address all development challenges, but it needs to be tailored to the distinct market segment. The increasing emphasis on outsourcing has dramatically changed the operational landscape of the SMB, and must be a key consideration when choosing the correct PLM system. Too often the SMB will select a PLM system that includes broad functionality, but fails to drill down into the daily challenges of engineers and developers to embrace the need to share product data outside the SMB's four walls.

PLM solutions designed for the large enterprise often manage few developmental logistics and instead tout the capability to encompass supply chain management, packaging and post-development phases. For the smaller business looking to improve products, the process should begin with the engineers who face issues with data management and communication with contract manufacturers and external partners.

A common misconception is that large PLM vendors with monolithic software systems are the only vendors that can address all product development needs. In reality, many of these large systems, which have been designed with large manufacturers such as automobile manufacturers in mind, include functionality that is irrelevant to the development needs of a small organization.

Further, the SMB with its limited cash flow is paying for functionality that will likely never apply to its product design process.

According to an AMR report “Midmarket Manufacturing Needs PLM” by Kevin O’Marah, only 8 percent of mid-market companies now have a PLM system from a large enterprise software vendor. What this means is that many smaller companies are beginning to look toward implementing PLM software designed for their market segment.

Many large PLM and ERP vendors are attempting to “scale down” their products to address the PLM needs of the SMB. Unfortunately, because these systems are typically built on their legacy foundations, their heredity does not allow them to adapt easily to the evolving needs of the smaller organization. Moreover, these systems still require lengthy (and costly) implementation phases.

Implementation time and costs are critical factors for the SMB to consider when selecting a PLM system. SMBs cannot afford to reassign their valuable resources to long PLM implementation projects. Most software designed for the large enterprises have considerably lengthy implementation processes of more than six months. Alternatively, software designed for the SMB has a quicker implementation process and can have the company up and running within days or weeks, depending upon the vendor and level of integration with other systems.

SMBs often have a competitive advantage over their larger competitors when it comes to customer support and responsiveness. SMBs can react quicker to the evolving needs of their customers and target market, with intimate support and new or enhanced products. This should also be an important consideration for the SMB when choosing a PLM system. SMBs should consider such purchases to be a “partnership” with the vendor. For the SMB, their PLM system needs to be easy to use, have a low total cost of ownership (TCO), and be from a vendor who is dedicated to the success of that SMB.

Finally, companies frequently overlook the importance of employee buy-in when selecting a new PLM application. If it is necessary for employees to learn an encyclopedia of information before using the software the staff will be more resistant to using the tool and improving the product development process will be a greater challenge. In order to see a quicker return on investment (ROI) employees need a user-friendly PLM tool that requires limited ramp-up-time. If employees feel comfortable using the software they will be more likely to use it for a range of purposes. Within a smaller business employees are expected to take on multiple functions so it is likely they will need to understand many aspects of the software. If a software is easy to learn and easy to

use on a daily basis companies will see a greater and quicker transformation across the development process.

Selecting a PLM system can be a challenge if a company is not aware of the options available within the marketplace. But if an organization starts the process by understanding what the technology should address, and further understand the needs of their unique business and market segment, they can select a PLM tool that will allow the organization to develop products more efficiently and ultimately transform their organization.