



ARC Advisory Group Industry Trends



PLM Requirements for the SMB Market: Simple, Scalable, & Collaborative

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By Dick Slansky

The small to medium sized business sector has clearly gotten the attention of the Product Lifecycle Management (PLM) providers. While SMB has always represented a significant segment of the PLM market, there is a renewed focus among PLM suppliers to go after this sector based on its size and potential business opportunities. PLM suppliers such as **UGS**, **Dassault Systemes**, and **PTC** are providing SMB customers with PLM solutions that have the same functionality and capability as their larger enterprise customers, but tailored more to meet the business and product development requirements of the smaller manufacturing companies.

At the recent PTC Worldwide Media Event, the focus was squarely on the SMB market as PTC presented their PLM solution set from the perspective of both their products and re-structured channel strategy. PTC's approach is to offer an integrated suite of simple (easy to use), yet powerful desktop-based applications that enable their SMB customers to navigate efficiently and cost-effectively through the innovation process of product development. Recognizing that out of a customer base of over 44,000, only 2,000 represent large users, PTC clearly understands the need to offer a product development suite that fits the design/build requirements of the small to medium company while scaling in functionality as the customer evolves their product development process in both complexity and product offerings. In other words, most small companies strive to become larger companies, and need product development solutions that can scale up as they grow.

SMBs face a new set of challenges in today's globally competitive market. They must continue to develop innovative products using increasingly complex processes and information, while the product development lifecycle becomes shorter in order to meet market demands. Moreover, this development process must be accomplished at lower costs and in a global environment that many SMBs did not have to deal with before now.

The landscape for the SMB has changed considerable in just the last decade. In the past, most SMBs developed their products for a local or regional customer base and did not have to compete in a global market. They built strong and familiar relationships with their customers, and even if this base grew beyond regional boundaries, their outsourcing usually remained local.

This has all changed with the rapid globalization of business at all levels. More and more often manufacturers in North America or Europe were faced with a lower price point for their product from competition from Asia Pacific and other low cost producer regions around the world. It became clear, that in order to remain competitive, an emphasis had to be placed on innovation and product improvement, and this process must occur more often and more efficiently. Additionally, SMBs face challenges in areas of knowledge management (capturing and retaining the process of product innovation, creation, and concepts), process and data management (PDM), and protecting the intellectual property so vital to their business.

For PLM to meet the unique requirements of the SMB sector it must be targeted and scaled to the company in term of solutions and applications, complexity, and cost of ownership. The SMB must have available to them the same capabilities of innovation, product design, process, and data management, and collaboration that are offered to the large enterprise level manufacturers.

Clearly PTC has recognized the needs of the SMB sector and is offering a PLM solution set that is easy to use, even for entry level customers, powerful enough to meet complex design requirements, offers process knowledge and data management, and can operate in a collaborate, connected, and global environment. Anchoring their PLM solution set with their flagship CAD/CAM/CAE product development application, Pro/Engineer, PTC offers a very scalable matrix of PLM capabilities to their



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SMB customer. This starts with basic 3D CAD design and modeling and can be scaled up to include Product Data Management (PDM), extended add-on modules for surfacing, piping & cabling, collaboration & project management, content & document management, all the way to advanced simulation & analysis engineering.

In 2006, PTC acquired two new products: Mathcad, an advanced engineering calculation tool, and ITEDO, which was re-branded to IsoDraw, a tool used to produce simplified CAD drawings for documents. Both Mathcad and IsoDraw are integrated with Pro/Engineer, along with their Arbortext content & document management solution. Connecting the content management layer to the process management layer, PTC offers Windchill PDMLink with change & configuration management, verification & validation, design collaboration, and technical publication capabilities.

In restructuring their partner channel strategy, PTC was again placing even more emphasis on their already established presence in the SMB sector. Their key focus areas are SMB manufacturing, emerging geographical regions, and strategic industries. They will support their channel partners through business development managers, channel specific marketing & maintenance programs, and channel operation & development. Their strategy for SMB manufacturing is to enable a combination of PLM solution providers and point solution value added resellers for the PTC solution set of PRO/E, Windchill, Mathcad, IsoDraw, and Arbortext.

PTC's overall message at this year's Media Event was clear and straightforward: Offer product development strategies and solutions for small & medium businesses, and make them scalable, easy to use, and powerful.