



# How to Build a Business Case for PLM

Highlighting the benefits of implementing a PLM solution.

Part One: Define Your Challenges

 CentricSoftware™





**Let's set the scene.** Your legacy PLM is failing to meet the expectations it promised – streamlined processes, improved communication and faster speed to market, instead it's just slowing everyone down. Or perhaps you're simply still relying heavily on paper and email based processes and know things need to change so that you can take your business to the next level.

If this sounds familiar then it sounds like you need a new and modern enterprise **Product Lifecycle Management (PLM) solution.**

In order to convince everyone that investing in a new PLM, you need to present a business case that **justifies why implementing a PLM is a crucial and beneficial step for the business;** how will PLM help the business continue to grow and how quickly can a return on investment be made?

We've put together this **three-part ebook** to help you get the company-wide buy-in needed to get your PLM project off the ground.

## Define The Challenges

To start putting together a business case that will help you to get the buy-in you need across the company for a new PLM solution, you first need to **outline the current challenges** before you acknowledge the solution to address them.

Be as honest as possible and **ask each department to compile their own lists** – don't just presume or guess the difficulties that other people may be facing. Here are some typical issues that companies face prior to implementing PLM or when they are using an outdated system. **Are you facing one or many of these challenges?**

If you've ticked one or more of the challenges on this list, then a modern PLM solution will definitely be a useful tool for your business – PLM was designed to overcome these frustrating pain points and make life a lot easier. With your list specific to your business ready, it's now time to dive in to [How to Build a Business Case For PLM: Part Two](#).

## Challenge checklist

Departments are overwhelmed with paperwork and organization is opaque

Teams rely on excel spreadsheets and it is getting harder and harder to keep track of what information is the most up to date and where the info you need is

Passing information across departments or even within teams is a time-consuming task with no clear process. It can feel like information is being repeated over and over again

You spend a LOT of time chasing information and it gets frustrating

Data errors are a common occurrence and have the potential to cause major problems in the business such as ordering the wrong material for a product or not meeting minimum order quantities

External communication with suppliers is a struggle and is slowing you down

Teams are less productive and can't spend as much time as needed on their actual jobs. Creativity is limited, as admin is taking up too much time

Teams are feeling stressed because they can't access the information they need

There is pressure to cut costs or go faster, but you don't have access to accurate information to make decisions to achieve these goals

You are making mistakes that are beyond your control because the current system is not working





# How to Build a Business Case for PLM

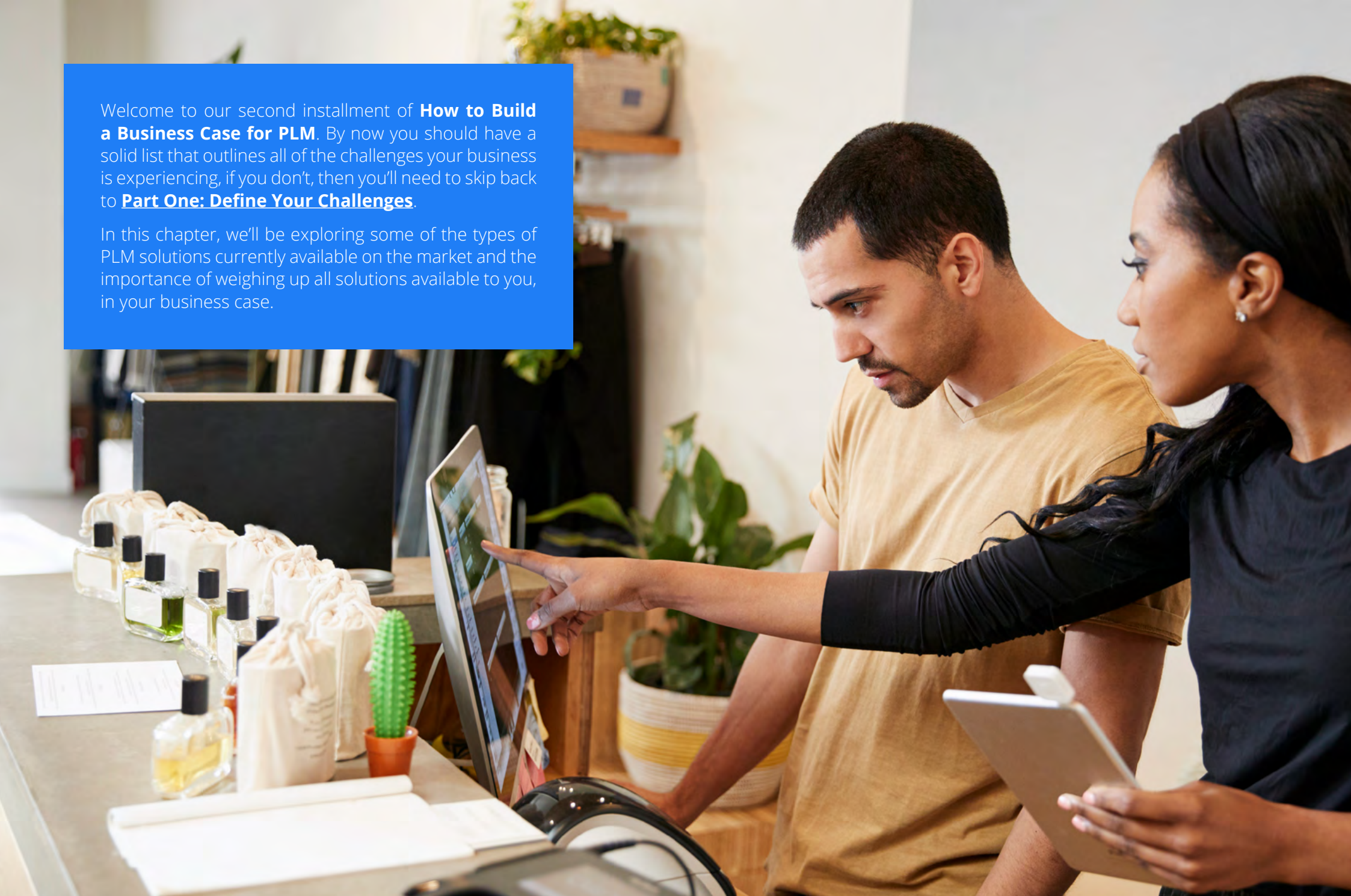
Highlighting the benefits of implementing a PLM solution.

Part Two: Research and Identify Alternative Solutions



Welcome to our second installment of **How to Build a Business Case for PLM**. By now you should have a solid list that outlines all of the challenges your business is experiencing, if you don't, then you'll need to skip back to **Part One: Define Your Challenges**.

In this chapter, we'll be exploring some of the types of PLM solutions currently available on the market and the importance of weighing up all solutions available to you, in your business case.





## Research and Identify Alternative Solutions

Now that you've identified what things are slowing teams down, it's important to evaluate various solutions to these challenges and to understand which is the best fit for your company. The decision-makers reading your business case will feel more confident that you took your time in carefully evaluating which solution is best rather than just rushing into a decision without any other considerations. You don't need to add all this information to your final business case document but it's very useful to have if you are questioned about other options. We explore some of these options on the next page.

CENTRIC SOFTWARE PLM IS DEFINED AS AN ALL-ENCOMPASSING MODERN PLM SOLUTION FROM DESIGN TO PLANNING TO MERCHANDISING, DEVELOPMENT, MANUFACTURING AND PRESENTATION AT RETAIL. CENTRIC OFFERS A NEW GENERATION OF PLM SPECIFICALLY FOR FASHION, APPAREL AND CONSUMER GOODS SO IS DESIGNED FOR A FAST TIME TO MARKET, OVERLAPPING SEASONS, MULTIPLE SKUS AND OTHER CONDITIONS SPECIFIC TO THESE INDUSTRIES. CENTRIC'S MARKET-DRIVEN SOLUTION AND MOBILE APPS ALLOW YOU TO ACCESS THE INFORMATION NO MATTER WHERE YOU ARE IN THE WORLD.

# Research and Identify Alternative Solutions

## Modern PLM

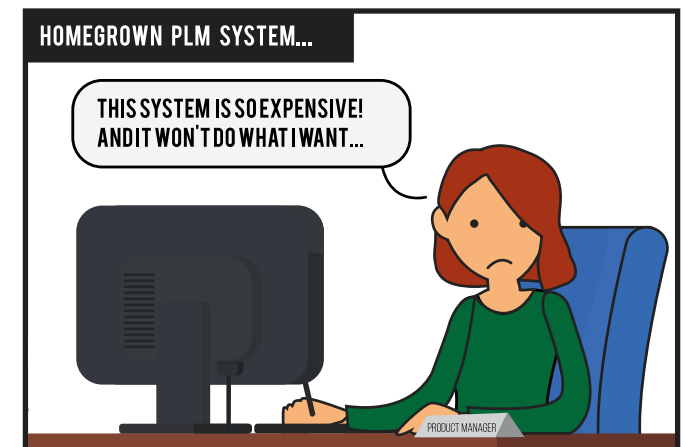
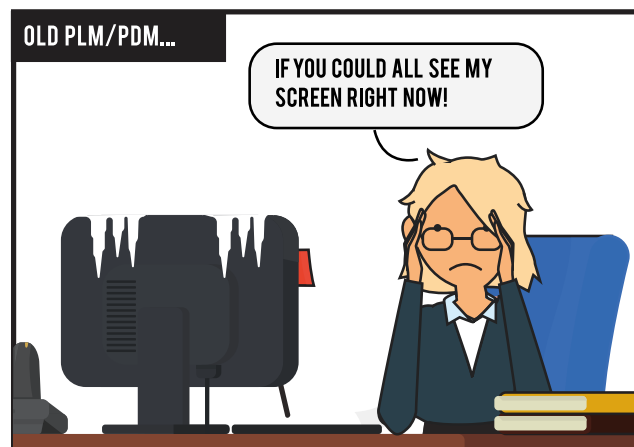
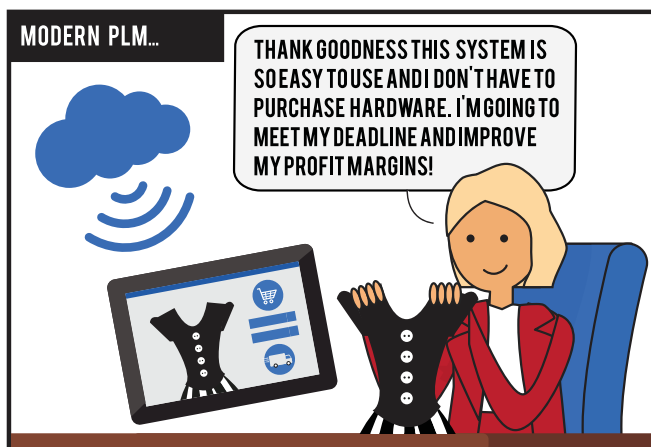
A modern PLM solution is one that is **cloud-based, market-driven, mobile, completely configurable and is innovation & best practice oriented**. It will use the best available technology and industry best practices to give guidance on processes and lend structure that is needed to set the foundation for future growth and scalability. A modern PLM brings efficiency and leads to benefits such as **ensuring products get to market on time and helping to achieve higher product margins anywhere at any time**. It will also improve creativity and collaboration between departments and external suppliers. It looks at the entire end-to-end product lifecycle of a product and will offer additional features such as mobile apps to facilitate contributions from all teams/partners and allow you to capitalize on information that is typically outside your immediate eco-system or is gathered by hand (like fit session feedback, capturing design inspirations and more). And it keeps teams stress-free and happy!

## Old PLM/PDM

Old or frozen, as we like to call them, PLM and Product Data Management (PDM) are legacy solutions that were born from a need to store CAD/CAM files and other drawings related to product design. They originated to meet the needs of the automobile and aerospace industries designed for complex engineering-based products with multi-year lifecycles. These solutions and those industries **don't look at the entire product lifecycle of a product in the same way that modern, fashion/apparel focused PLM does**. You don't have years to develop new products, do you?

## Homegrown PLM system

Building your very own PLM system is also an option that some companies explore. It's important to remember that a homegrown solution will **take** a lot longer to build, be a lot more expensive and implement than an out-of-the-box solution. It will also **require additional resources to manage** so you may need to hire another person to manage the solution or you could face difficulties if the system stops working. Creating your own IT solution can also be very expensive and limit your flexibility.





## Configuration vs Customization?

### What's the difference between a configured and a customized PLM solution?

The goal of each is to get the system to work the way you want to work as opposed to changing your process to work within the confines of the software. But there is a very, very important difference between the two approaches.

With a customized solution, the technology vendor is responsible for coding their solution for you – essentially building parts of the solution from the ground-up – just like a homegrown PLM system. This is generally seen as an old-fashioned approach because it severely limits the flexibility of the solution; upgrades become slow and expensive to roll out, and coding takes a lot of time not to mention the testing and trial and error involved. By the time the customizations are ready to use, your business will likely have changed thus potentially needing to start again.

A configured solution, on the other hand, means that the base platform already exists but the interface and functions are configured for your requirements. Think of it like a bunch of switches that you turn on or off, depending on how you want the software to work and what kinds of best practices you want to adopt. Centric is the only fully configurable PLM solution on the market today because we invented the technology to do so! Configurability is key for fashion & consumer goods companies because these industries are changing very quickly. Agility is fundamental when scaling a business or even adapting to the digital transform that retail is experiencing.

Now that you've explored the different types of PLM solutions, you've probably narrowed it down to one type of PLM system. Within this type, there may be a number of vendors to consider. Having a 1-1 demo of each solution is the best way to see each tool in action, you'll quickly be able to make a judgment on its capabilities, functionalities and how intuitive and easy to use the platform is. Before making a final decision, we recommend reading **[How to Build a Business Case For PLM: Part Three](#)**.



# How to Build a Business Case for PLM

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Part Three: Understanding ROI



Your business case now defines your challenges, you have explored the various solutions and outlined which type of PLM solution is the best fit for your business.

All PLM systems are designed to help improve communication and speed to market whilst reducing errors. Though it's obvious that these benefits will bring value to the business and solve the challenges you have identified, **you must be able to show clearly how the bottom line will be affected.**

Calculating a projected Return on Investment (ROI) at this stage may sound like a tricky task but once you understand how each benefit can be quantified as cost savings or business growth then you truly determine the value of PLM.





# Operational Savings

PLM helps to lower operational costs due to improved efficiency and boosting overall productivity. Here are some examples where you could lower costs:

## 1. Create more accurate tech packs

Using a PLM to create tech packs significantly reduces errors being made and improves communication with your factories. This results in less product samples being created which means less money spent.

## 2. Meet minimum order quantities and optimize orders

PLM improves the visibility of your products so that you can better forecast quantities and minimum order quantities and avoid over-ordering material. You can also better negotiate prices and terms with suppliers and reduce risk of late deliveries.

## 3. Better logistical planning

A modern PLM will give you the ability to see an overview of your product lifecycle calendar so that you can add deadlines to make sure that the product has moved along the chain at the right time. E.g. you can reduce air freight costs when logistics are planned well in advance and you don't have to pay extra for a last minute shipping to a supplier.

## 4. Staff efficiency is improved

Having a PLM in place increases staff efficiency and productivity for a number of reasons including reducing the number of hours spent searching for information or manually pulling together detailed reports and limiting the amount of time needed to fix errors associated with manual data input.

Teams will be happy to spend less time in spreadsheets and more time doing their jobs!





# Operational Savings

To convert hours into ROI, the following steps can be taken:

## 1. Work out how many hours are being spent yearly on the following by an employee who would likely adopt PLM:

- Searching through emails for information
- Cleaning up mistakes in information
- Manually inputting data into multiple data entry points
- Preparing reports
- You can of course estimate these numbers and you will see how quickly they add up

## 2. Calculate the value of an hour:

Average salary of employee/number of hours worked yearly = hourly rate cost.

## 3. Quantify value of hours wasted

No. of hours wasted x hourly rate cost = cost saving (per person).

## 4. Final cost saving

Cost saving (per person) x expected no. of PLM users = final cost saving.

## 5. Higher staff retention

Keeping hold of existing staff has huge value for a business as the cost of recruitment and training is always high. A modern PLM solution is proof that your business is investing in technology – a key factor for millennial employees when searching for jobs and it also makes everyone jobs easier – another reason to stick around.

Of course employees will still come and go but it is still extremely useful to calculate how much you spend annually on recruiting new staff and consider lower staff turnover rates.

## 6. Increased knowledge retention

PLM acts as a knowledge database. A history of all work is maintained as well as all results and also best practices via the structure that PLM brings. This shortens ramp up time for new employees. It also helps keep teams moving while people are out of the office. It keeps you from reinventing the wheel and allows you to learn from the past. In addition, you can use historical data to evaluate performance such as supplier quality, product design, cost fluctuation and more.



# Business Growth

Business growth is one of the main ways that a company makes profit and having a PLM in place provides the tools and knowledge you need to do just that. Here are some ways in which PLM can help you grow your business:

## 1. Faster time to market

PLM helps you get your products to market quicker by enabling you to make more informed and faster decisions, setting reminders for deadlines and freeing up people's time so that they are focused on doing their jobs and not letting key deadlines such as getting a tech pack to a supplier slip behind schedule.

Successfully getting your products to market quicker can impact company profits in the following ways

- Having your latest product or new collection in front of consumers before your competition launches theirs means you can start making sales before consumers have too many options to compare
- When a product goes to market quickly, you have more time to assess how well it's doing and make decisions or changes if needed to boost profits or save costs. When a product arrives to the market late, you don't have time to do this
- You can release more collections or seasons with the extra time available and more products sold means more money made

## 2. Improved product quality

There are various reasons why PLM helps to increase profit throughout the supply chain too. Having full visibility of your supply chain provides you with the knowledge you need to see where your business can reduce costs at various points throughout the product lifecycle. The PLM vendor you are considering should be able to provide benchmarks to help you estimate savings/growth in profit due to the following factors:

- Ability to add more SKUs/collections without adding additional resources
- Better supply chain visibility allows you to achieve a lower material yield
- Costing scenario function allows cost and margins to be altered before making commitments to customers
- More timely decisions can be made about killing poor performing products before they go to market



## Business Growth

### 3. Ability to expand more efficiently

Growing your business through additional channels, categories or international markets is further supported by PLM through its ability to make the product lifecycle and everyone's jobs easier and more efficient. Here are some examples of how companies are able to expand using PLM as a backbone.

- Moving from a direct to consumer brand to a wholesale brand or, vice versa, a wholesaler becoming a direct to consumer. All information can be streamlined in PLM
- Opening new stores – PLM provides the link to make this more seamless by linking warehouse and store data and the ability to get products to store quicker
- Launching an e-commerce platform
- Ability to take international orders (selling internationally adds complexity: ability to comply to different regulations, labelling, language/currency, costing model, ability to handle returns). Each database in PLM can be aligned per international market
- Increase the number of collections to adapt to different markets. For example, you can't sell the same collection in Sydney and London in January! In PLM you can add products quicker, and select which market and what time they are sold
- Increase the number of categories- PLM provides the extra resources you need to expand your offering and benefit from the additional revenue
- Increasing the number of seasons results in further business growth because customers have more reason to shop with your brand more often when there's new products to see



## Summary

Your business case should now clearly identify the challenges faced by the business and the reasons why a modern PLM will provide the best solution to keep on growing your business.

There may be factors that hinder a decision being made such as initial costs, even if you have been clear about the expected ROI. Modern PLM vendors will be able to provide a personalized solution for your business, as well as offer additional modules and tools that empower your workforce such as mobile apps.

If your business case is successful, don't delay in getting started in the next step of your PLM journey.





**Still need help writing a business  
case for PLM, or want to find out  
more about Centric's PLM offering?**

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