

The logo for Tech-Clarity, featuring the word "Tech-Clarity" in a bold, sans-serif font. "Tech" is white and "Clarity" is yellow, both set against a dark blue rounded rectangular background.

Tech-Clarity

**Issue in Focus:
Assessing the Cloud PLM
Opportunity**

***Evaluating Benefits,
Requirements, and
Considerations***

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***This summary is an abbreviated version of the report and does not contain the full content. A link to download the full report is available on the Tech-Clarity website, www.tech-clarity.com.**

If you have difficulty obtaining a copy of the report, please contact the author at jim.brown@tech-clarity.com.

Introducing the Issue

Tech-Clarity research shows that Product Lifecycle Management (PLM) offers manufacturers the ability to increase revenue, decrease product cost, and reduce product development costs. How does PLM do this? A successful PLM initiative improves business performance by enhancing data management, streamlining business processes, enabling better collaboration, and enabling better product development and engineering decision-making.

Product Lifecycle Management (PLM) offers manufacturers the ability to increase revenue, decrease product cost, and reduce product development costs.

From a data perspective, PLM brings all product information into one comprehensive location. It integrates data from different aspects of the product in a meaningful way, providing the ability for manufacturers to control, access, and share this information across their business. Not only can companies share product information with a broader array of people, they can also extend the value of the information by integrating it with product-oriented processes to coordinate activities. This allows multiple disciplines to provide input to develop optimal products. It also improves performance by providing accurate, up-to-date information from early concept design through service to the people that need product data to play their part in delivering profitable products.

Cloud offerings have the potential to change the way PLM solutions are delivered and improve the ROI by reducing the investment required to achieve the benefits.

This paper assumes that the “return” portion of the PLM ROI (return on investment) discussed above is relatively well known and focuses on how to achieve the benefits rapidly with the least investment. The potential benefits have been available for some time in the current generation of PLM systems. Now, the introduction of cloud PLM offerings allows this value to be delivered in a new way. Cloud offerings have the potential to change the way PLM solutions are delivered and improve the ROI by reducing the investment required to achieve the benefits.

Conclusion

Cloud PLM is becoming a reality. The opportunity to save money by leveraging shared resources and eliminating duplicate work is compelling. At the same time, subscription models increase business agility, reduce risk, and provide a more predictable spend based on users. In addition, cloud companies can help improve performance by leveraging dedicated specialists for complex tasks like infrastructure maintenance, performance, and security.

The opportunity to save money by leveraging shared resources and eliminating duplicate work is compelling.

It's important not to forget about the benefits that solution offers in addition to recognizing the lower investment. Implementing cloud solutions wouldn't make sense if the company doesn't expect to improve their business and get a return on the investment. But how long will they have to wait for their return? One of the compelling things about a cloud offering is faster time to benefit. Cloud solutions are faster to implement and therefore provide returns more rapidly, and costs are more aligned with actual usage.

Recommendations

Based on industry experience and research for this report, Tech-Clarity offers the following recommendations:

- Take advantage of lessons learned in more established cloud-based enterprise applications
- Understand the benefits available from cloud solutions
- Understand what is required from solutions and vendor business models to provide cloud benefits in a sustainable way
- Don't assume everyone's "cloud" solution meets the requirements or provides the same benefits
- Ask questions and check to make sure you are comparing "apples to apples" with cloud solutions
- Consider security, availability, data ownership, and integration approaches to ensure benefits are achieved without unnecessary risk – but also realize you are likely replacing low maturity "solutions" like spreadsheets, documents, and e-mail
- Don't forget about the primary objective – achieving PLM benefits. PLM offers tangible, bottom-line business improvements you should expect from any PLM provider.

About the Author

Jim Brown is the President of Tech-Clarity, an independent research and consulting firm that specializes in analyzing the true business value of software technology and services. Jim has over 20 years of experience in software for the manufacturing industries, with a broad background including roles in industry, management consulting, the software industry, and research. His experience spans enterprise applications including PLM, ERP, quality management, service, manufacturing, and others. Jim is passionate about improving product innovation, product development, and engineering performance through the use of software technology and social computing techniques.

Jim is an experienced researcher, author, and public speaker and enjoys the opportunity to speak at conferences or anywhere that he can engage with people that are passionate about improving business performance through software technology.

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