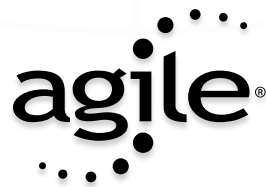




# Optimizing the Product Network with PLM



How Products Become Profits™



Product innovation and profitability are dependent on effective management and synchronization of product information, business processes, and decision making throughout the product lifecycle and across the product network. Optimizing the product network with product lifecycle management (PLM) for new product development and introduction is a key to success in any industry.

You have to understand exactly which stakeholders define your product network. This may be more complex than you think. The product network is the network of all the internal and external stakeholders in the product development and introduction process - including all global companywide organizations, suppliers, partners and outsourced design and manufacturing vendors - working together to bring innovative product to market. The product network includes all individuals and companies involved in product development, production and distribution functions, forming a virtual organization with the sole purpose of designing and delivering innovative and profitable products.

## Global Advantages, Global Challenges

The complexity and global nature of the product network presents serious challenges. It has become a global extended chain spanning multiple organizations, companies, time zones, countries, languages and cultures. Ten years ago, most stakeholders were in one building. Today key stakeholders of the product network reside far beyond the firewall, all around the world.

The global expansion of the product network has enabled companies to leverage talent pools around the world, reduce costs, and gain market share in regions that would have been unreachable a decade ago. On the other hand, the global product network has presented some new challenges as well, including:

- Managing product information, making decisions, and synchronizing business processes across multiple global organizations
- Communicating and collaborating across cultural and language barriers, with shrinking development cycles and market windows
- Consistently managing compliance and product quality across a complex global matrix of functions in multiple companies and geographically dispersed regions
- Maintaining and leveraging IP security while providing global access to product data

## Optimizing the Product Network

Optimizing the product network can enable companies in any industry to achieve their goals such as product innovation, speed to market and time to volume, lower costs, product quality, regulatory compliance or a host of other valuable objectives.

The following are examples of how PLM can be used to optimize the product network.

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## Time

Time to market and time to volume are factors that determine success and failure in many markets. The global distribution of the product network, and the involvement of multiple companies each with their own internal processes, can impede new product introductions, causing companies with innovative designs to miss critical market windows. For example, an ECO that must be approved across functions and corporate entities can get lost in a forest of time-consuming manual processes. In a business where release dates are everything, this is unacceptable.

Companies can leverage PLM to optimize the product network and accelerate both time to market and time to volume by:

- Streamlining processes such as engineering changes and approvals
- Ensuring all stakeholders have access to the product data they need
- Supporting smooth communication and collaboration across the lifecycle

## Cost

Controlling costs is a critical factor in profitability for any product. As the product network extends around the world, managing these costs becomes even more complicated. Loss of control over cost management, materials sourcing, manufacturing errors and product quality can significantly erode profits over time.

Companies can leverage PLM to optimize the product network and reduce costs by:

- Managing direct materials costs across multiple global organizations and
- Maintaining centralized sourcing to obtain optimum pricing from globally distributed suppliers
- Reducing scrap and rework by supporting collaboration between global engineering and manufacturing operations
- Maintaining visibility and control of costs across outsourced operations
- Minimizing service and warranty costs by ensuring effective global product quality management

## Quality

Management of product quality is paramount in any industry. As the product network extends around the world - and outside the company - it becomes harder to manage the design and manufacturing details that impact product quality. With teams spread across the globe, communication, collaboration and document access and sharing all become challenges that must be addressed to maintain the level of quality required to compete in today's aggressive markets.

Companies can leverage PLM to optimize the product network and take control of product quality by:

- Gaining greater visibility and control of quality across the supply chain and the entire product portfolio
- Connecting all stakeholders via a unified product record containing all product specifications

- Streamlining corrective action processes to identify and resolve issues in current and next-generation products
- Standardizing quality processes across the product network out to the supply chain

## Compliance

Compliance is a serious challenge faced by many industries. A company's product network often includes quality assurance and compliance teams on the ground in every country the product is sold in, as well as central QA groups. Managing compliance documentation and processes across a global product network, meeting the needs of a variety of diverse regulations from various countries, and keeping documents consistent, can all be very difficult without the backbone of PLM to support these efforts.

Companies can leverage PLM to optimize the product network and ensure compliance by:

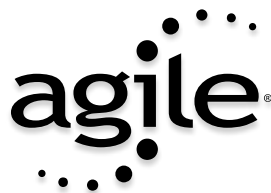
- Establishing a secure, comprehensive centralized system to manage all product documents, QA and manufacturing procedures, change processes and quality events across the product network
- Making quality documents available to teams around the world via a unified central repository for quality documentation
- Eliminating the redundancies that arise from geographically separated quality teams operating multiple silos of quality information
- Standardizing on quality data and processes across the product network
- Streamlining document management

## Innovation

Innovation drives success in today's aggressive economy. Creative, flexible and collaborative development environments are needed to generate the innovative product designs that deliver vital competitive advantages. One of the key benefits of the extended product network is the ability to tap into talent pools in other regions or leverage the expertise and insight of partners around the world. Global innovations also present logistical barriers that must be overcome, however. Companies should be free to focus on the innovation side of development - addressing the needs of their customers - rather than being consumed by the overwhelming administration of a global product network.

Companies can leverage PLM to optimize the product network and drive innovation by:

- Establishing a centralized system for managing information, processes and decisions about products across the global product network
  - Empowering engineers to focus on the business requirements of new products early in the lifecycle
  - Enabling real-time communication and collaboration with a team of geographically distributed internal facilities and external partners
  - Leveraging and protecting intellectual property through secure global access to product data
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