MOVING UP THE PLM MATURITY CURVE

YOUR GUIDE TO MAXIMIZING THE BENEFITS OF PLM FOR RETAIL, APPAREL AND FASHION COMPANIES
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DIGITAL HAS DISRUPTED INNOVATION, FUNDAMENTALLY CHANGING THE WAY COMPANIES DISCOVER, CREATE, MAKE AND SELL PRODUCTS THEY BRING TO MARKET.

But even with the new technologies and game-changing use cases, companies that fail to recognize the continued importance of foundational enterprise technology like product lifecycle management (PLM) will miss out on the full potential of digital transformation.

Kalypso
PLM IN RETAIL, APPAREL & FASHION

Are you wondering what – or what more – PLM can do for your business? Are you on track to gain the greatest value for your PLM investments? Thinking it would be great to benchmark your use of PLM against your peers and competitors? Then this guide is for you.

Whether you are still planning or are already well along the path in your PLM journey, it is vital that you frequently consider the next steps to take to get the most impact and benefit from what has become an indispensable technology in the retail, apparel and fashion industry.

To understand how the industry adopted this technology, we need to take a quick look back at the beginnings of PLM and how it has advanced to what it represents today. The story of PLM began in the early 1980s with the introduction of PDM (Product Data Management) software. Though revolutionary at the time, the first PDM systems were quite limited in scope, focusing solely on specific tasks such as creating and managing bills-of-materials (BOMs) and tech packs. Using client/server technology of the time, sharing information outside the network was limited to the printed page.

The BIGGEST BOOST to PLM came with the advent of the internet. It not only made end-to-end collaboration a reality, but it enabled us to break from heavily customized, on-premises implementations in favor of today’s multi-tenant, cloud-based deployments that streamline everything.

Only when email and the internet technologies came along in the 1990s did PDM morph into a more collaborative solution with updated badges that included WebPDM, Collaborative Product Management (CPM) and, in the mid-2000s, PLM.

While underlying technologies played a critical role in the advancement of PLM, the rise of global sourcing was also driving retail and fashion companies to accelerate speed to market, reduce costs and simplify supply chain management. When PLM came along with an expanded PDM toolset and the industry’s first automated workflow/critical path management capabilities, large mainstream retailers and brands quickly jumped on the PLM bandwagon. The result has been constant and rapid development of new PLM capabilities that continue to be driven by fast-changing industry needs.
Today, the advantages of PLM systems are well-recognized by virtually every large retail and brand enterprise. But most new PLM purchases are now by medium and small enterprises, where these advantages are not yet as well known.

Manufacturers are now a growing market for PLM as they assume increasing responsibility across the product lifecycle.

While PLM software is still best known for its roots and efficiencies it brings to design and product development, a growing number of fashion companies are realizing even more significant benefits by leveraging PLM data in sourcing, production, quality assurance, fulfillment, and sales.

"PLM does a great job of allowing for complete visibility of the entire product lifecycle, so you don’t have disconnects, gaps or lost time in that process. With PLM, you can manage your workflow and have visibility of your processes, allowing you to move product and design more quickly."

JACK NESTELL, CIO MYDYER
PLM MATURITY REPORT: MOVING UP THE PLM MATURITY CURVE

After nearly four decades of use in the retail, apparel and fashion industries, it’s clear that PLM has grown to offer an extensive range of functionality. But how many of the available PLM capabilities do companies use today?

To answer this question, CGS developed the PLM Maturity Curve centered around the depth and breadth of the PLM deployments in the industry. With this in mind, we identified these five PLM maturity levels to describe the current use of PLM in retail, apparel and fashion.

<table>
<thead>
<tr>
<th>DEPLOYMENT LEVEL</th>
<th>DESCRIPTION</th>
<th>KEY BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>AD-HOC</td>
<td>PLM for specific tasks including BOM and Tech Pack Management.</td>
<td>Improved access to product data, internal time savings, individual efficiency improvements.</td>
</tr>
<tr>
<td>DEPARTMENTAL</td>
<td>Often used by single, internal department (&quot;Silo&quot; i.e., Product Development)</td>
<td>Extend above benefits to full department; always up-to-date info.; reduces errors/rework.</td>
</tr>
<tr>
<td>ORGANIZATIONAL</td>
<td>Internal department collaboration i.e., design through sourcing).</td>
<td>Reduce new product speed to market, increase visibility into internal processes, foster internal collaboration.</td>
</tr>
<tr>
<td>INTER-ORGANIZATIONAL</td>
<td>Collaborate with supply chain partners. (Materials, sourcing agents, manufacturers, etc.).</td>
<td>Extend benefits to supply chain, reduce cycle time, robust workflow/critical path mgmt., supply chain visibility, control.</td>
</tr>
<tr>
<td>DIGITAL TRANSFORMATION</td>
<td>Integrate all product lifecycle data, processes incl. 3D, eCommerce, BI, digital printing, blockchain, IoT and more</td>
<td>Digitally transforms operations to achieve the velocity &amp; intelligence needed to outpace, outperform, and outsmart the competition.</td>
</tr>
</tbody>
</table>

Most companies realize significant and measurable benefits after reaching the first couple levels on the maturity curve. These improvements are derived from the use of the core PDM capabilities of PLM and include time savings, increased departmental efficiency, cost and error reduction and more.

While these steps are substantial, there are even greater reasons for companies to continue their PLM journey. Moving up the curve not only enables companies to amplify benefits across the extended supply chain but also improve their overall competitiveness and profitability.

Armed with always current information, teams across the extended enterprise can gain the visibility, control and intelligence needed to spot trends and make faster, better-informed business decisions.
Of course, not all companies have the same needs or goals. The challenge is to adopt the PLM Maturity Curve to your company’s specific industry positioning and needs. For example, a traditional manufacturer probably does not need the same depth of PLM capabilities as the brand or retailer for whom they produce.

Keeping this in mind, the PLM Maturity Curve is a quick and simple tool that you can use to benchmark your current level of maturity and identify the next steps in your PLM journey. Let’s start by looking at how some of your peers and competitors recently did just that.

For the 2020 edition of the CGS Supply Chain Trends and Technology Report, we asked 125 industry executives and managers to use these levels to self-assess the maturity of their company’s use of PLM.

These results show that more than half of the companies surveyed have moved beyond the capabilities offered in early PDM systems. Moreover, another four in ten companies have deployed PLM across multiple departments internally. Yet, just slightly more than one in ten have expanded their use of PLM across their supply chain. This fact highlights perhaps the most significant opportunity for improvement and the next step in the PLM journey for many apparel and fashion companies.

According to Benoualid, “The first requirement for PLM is usually the creation of a tech pack. But once they have this, a lot of PLM users see the collaboration aspect as being topline for many of the things they are trying to do. This drives greater maturity and delivers on senior management goals for speed, visibility and collaboration.”

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Of course, this single survey should not be considered the end-all for mapping your PLM maturity. We recommend that you also work with your PLM vendor or an independent consultant on an in-depth assessment of your PLM practices, processes and technologies. This study will help you decide on an action plan and priorities for getting the most significant benefits for your time and money.
Now that we have identified the primary targets for moving up on the maturity curve, you will want to consider the requirements and potential obstacles in doing so. The following chart serves as a guide to some of the critical considerations for each level of maturity. While not exhaustive, this list can serve as a thought-starter for a more in-depth planning discussion in your organization.

### PLM Maturity Requirements and Obstacles

<table>
<thead>
<tr>
<th>Deployment Level</th>
<th>Requirements</th>
<th>Obstacles</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AD-HOC</strong></td>
<td>Core PDM capabilities. Organize and input/import product data. Maintain product data in database.</td>
<td>Management support and user buy-in. Replace spreadsheets and email processes Change management.</td>
</tr>
<tr>
<td><strong>DEPARTMENTAL</strong></td>
<td>Expand deployment to more users. Increase scope of data in database to match user needs.</td>
<td>Establish PLM as single source of product data for collaboration. Change management.</td>
</tr>
<tr>
<td><strong>INTER-ORGANIZATIONAL</strong></td>
<td>Cloud-based PLM (preferred) or vendor portal. Supply Chain partner buy-in, support, trust. Robust data security.</td>
<td>Cost, time commitment (supplier training, buy-in, support). Process improvement. Integration with multiple systems.</td>
</tr>
<tr>
<td><strong>DIGITAL TRANSFORMATION</strong></td>
<td>Fully engineered, digitized processes. Cloud PLM integration w/planning, design, merchandising, sourcing, manufacturing, logistics, fulfillment and more.</td>
<td>Vision, Commitment and Costs. Multi-year time and resource requirements. Reimagine core business operations. Commitment to improvement and digital technologies.</td>
</tr>
</tbody>
</table>

The good news for the roughly 50% of companies that have not yet deployed PLM beyond the product development department is that, in most cases, it doesn’t require a seismic shift to get significantly more out of an existing PLM implementation. By focusing on optimizing business processes and configuring PLM accordingly, you can better manage data and activities across your organization.

Level 3 is the point companies begin taking greater advantage of PLM’s workflow/critical path management capabilities.

*“Workflow will trigger notifications and alerts, sets expectations and identifies priorities,” says Benoualid. These are crucial drivers for speeding time to market and gaining visibility into potential bottlenecks.”*

These benefits increase exponentially when PLM is deployed across your supply chain. Level 4 represents a step-change in both business value and PLM return on investment. The integration of PLM with enterprise resource planning (ERP) and other systems typically expands at this level. Recent improvements in PLM technologies (e.g., cloud platforms), natively integrated PLM/ERP solutions and the trend toward supply chain rationalization have greatly simplified the inter-organizational expansion of PLM.

This critical step also provides the groundwork for the longer-term vision of achieving a digital transformation in the business. While more of a long-term goal at this point, forward-thinkers believe this will be a future industry requirement.
YOUR PLM JOURNEY: BEST PRACTICES

Achieving the highest PLM maturity level is a multi-year journey for any company. A basic PDM deployment cannot be turned into a fully functioning enterprise-wide PLM solution overnight. While all businesses should strive to attain top levels of maturity, it is critical to take a step-by-step approach that focuses on your specific goals and priorities.

Regardless of what level of maturity you are working to achieve, effective change management is essential to your success. The buy-in, participation and timely success of teams and partners can make all the difference. You cannot afford to fail due to a lack of user buy-in and management commitment at any step in your process.

To effectively move up on the maturity curve, you will need to move as much of your product information (new and relevant historical data) as possible into your PLM. So, follow the lead of most successful companies and focus first on managing product data, specifications and product portfolio. As you advance, stay vigilant about cleaning and enhancing this data as this will underpin all future steps.

Once the basics are well in hand, identify your most significant opportunities for improvement across your organization. Take on individual projects one by one. While the end goal is comprehensive, don’t try to do it all at once. When possible, choose straightforward configurations over system customization.

To get to some of the most prominent benefits of PLM’s workflow management capabilities, we recommend that you start small by first tracking only some high-level milestones in your internal processes. Keep in mind that significant benefits will be unrealized if this is not expanded to connect stakeholders enterprise-wide.

After gaining visibility and control over internal processes, it’s time to leap forward on the maturity curve by integrating supply chain vendors and customers into your PLM. This step requires perhaps the most significant change of all – transparency with and trust in business partners. This commitment brings the greatest rewards.

As they race to digitize all business operations, best-in-class companies are beginning to recognize how PLM systems can provide even broader benefits by serving as the hub for integration with many other technologies. This integration may include 3D product creation, digital printing, analytics/business intelligence, product information mgmt. (PIM), internet of things (IoT), shop floor control, artificial intelligence (AI), augmented reality (AR) and other smart, connected products.

But the endgame of digital transformation is not only to integrate things, but to understand, process and connect the information coming from these systems with the rest of the enterprise to change the way you do business. In short, digital transformation is less about “things” and more about “a way of doing things.” And, PLM will play a leading role in this journey.
KEY TAKEAWAYS

- **PLM technology has advanced significantly** since debuting as PDM in the 1980s and has become indispensable in the retail, apparel and fashion industry.

- **Primary industry/market drivers** for the use of PLM include accelerating speed to market, cost control and reducing complexity.

- While **PLM is best known for its role in product development**, fashion companies are expanding their benefits by leveraging it in sourcing, production, fulfillment, sales and other processes.

- **The PLM Maturity Curve enables companies to benchmark performance** and evaluate achievements and goals regularly.

- **Moving up the PLM Maturity Curve not only enables companies to amplify PLM benefits** across the extended supply chain but also improve their overall competitiveness and profitability.

- **It often does not require a seismic shift to get significantly more out of PLM.** Optimizing processes and configuring PLM can help drive better data and process management.

- **A few of the most important and valuable steps in the use of PLM** include end-to-end collaboration, workflow/critical path management and systems integration.

- **The more people onboarded,** the more all users on all sides of the PLM equation enjoy the time savings, accuracy, elimination of repetitive tasks and other PLM benefits.

- **Achieving the highest levels of PLM maturity is typically a multi-year journey.** A step-by-step approach that aligns with your specific goals and priorities is essential.
Clothing companies can reap rich rewards from using a product lifecycle management (PLM) system, with faster time-to-market one of the clearest advantages of using these tools. But connecting to other business processes is also opening up new possibilities – and major advances in the software’s capabilities now make it the core data hub that brings together planning, design, sourcing, production, logistics and replenishment.

As the apparel industry pivots from thinking operationally to thinking strategically about PLM, companies are reviewing their PLM investments to date to address weaknesses and explore opportunities. Short-, medium- and long-term thinking are being translated to operational, reconfigurational and transformative PLM plans that consolidate efficiencies with the goal of building on these to open new competitive frontiers. Over the next 12 months, fashion will accelerate its move from technical excellence to digital differentiation.

“The very first question to ask yourself is ‘Who Am I?’” explains Harrop. “A fast-fashion e-tailer will likely have simple tech pack requirements but greater requirements for line planning, creative design and linking product information management (PIM) with eCommerce tools (design to sell). A brand that is both creative and technical (engineer to make) will need a comprehensive (plan through fulfillment) PLM solution. The focus and PLM maturity goals are different in each case.”
I VIEWPOINTS ON THE FUTURE OF PLM

II WHEN PLM BECOMES YOUR SYSTEM OF RECORD
https://risnews.com/when-plm-becomes-your-system-record

III CGS ANNUAL REPORT 2020: SUPPLY CHAIN TRENDS AND TECHNOLOGY

IV MATURITY: LEVEL 1 PDM TO LEVEL 5 PLM
https://www.whichplm.com/maturity-level-1-pdm-to-level-5-plm/

V FUELLING GROWTH THROUGH STRATEGIC PLM
https://juststyle.nridigital.com/just-style_magazine_sep19/in_this_issue

VI PLM FOR APPAREL 2019
For over 35 years, CGS’s BlueCherry® Enterprise Suite provides clients with a powerful, comprehensive set of tools to drive their fundamental business processes. With a community of 500+ customers collectively delivering more than $40bn in annual retail sales, 250,000+ active users and implementations in more than 20 countries, we’ve built and actively facilitate a collaborative network of CGS experts and client users that’s unmatched in the industry.

Focusing on the needs of high-growth organizations operating in the consumer lifestyle products and retail industries, our solutions have the built-in capacity to address the needs of all core management, planning, product development, manufacturing, logistics, finance and sales functions.

A flexible solution that is available in the cloud and on-premise, BlueCherry Enterprise Suite empowers omnichannel businesses globally with over 600 integration partners ranging from retailers, eCommerce, logistics, third-party warehouses and manufacturing facilities.

With end-to-end capabilities, the BlueCherry Enterprise Suite includes:

- Product Lifecycle Management
- Enterprise Resource Planning
- Omnichannel Mdse. Planning
- Shop Floor Control
- Omnichannel Warehouse Mgmt.
- B2B eCommerce
- Business Intelligence
- Business Integrations