Business Strategy and Platformization

CIMdata Position Paper

Key takeaways:

- *Platformization has been recognized by CIMdata and other leading market analysts as an emerging trend in how data and process management supports business activities*

- *To meet their strategic objectives, organizations must be able to support innovation in all business functions and processes, including those associated with PLM*

- *Enterprise Innovation Management (EIM) platforms and strategies seek to empower teams and individuals to explore options and to define the optimal set of innovation imperatives to meet those objectives*

Over the last year CIMdata has published extensively about platformization, and how it relates to PLM. A platform is defined as "a foundation upon which functional capabilities, data, and processes are enabled and executed." (See the CIMdata Dossier[1] at CIMdata.com on this topic, including a set of hierarchical definitions.) In fact, the theme of this years global CIMdata PLM Market & Industry Forum is "Platforms for Innovation[2]."

While this platform definition is not specific to information technology, it fits well for data and process management solutions to support different business use cases. With CIMdata's focus on PLM and the full definition of the product from idea through life, we traditionally cover a wide range of enabling IT solutions. Some of these data and process management solutions focus on specific niches like quality management, warranty management, compliance management, and many others. They are created by subject matter experts with a deep knowledge of the argot and practices of a specific domain. The leading collaborative Product Definition management (cPDm) solutions provide a strong and flexible data and process management backbone to enable these processes, and are often extended to subsume those processes that often benefit from close association with native product and process definition information. It is also why PLM companies make tuck-in acquisitions, to bring in-house skills and codified knowledge to augment their own. (Yes, this is vaguely reminiscent of the Borg, for you Star Trek fans.)

But, of course, this platformization goes well beyond PLM to cover a much broader range of business processes and enabling technologies. In our recent work on enterprise innovation management (EIM), CIMdata employed a very useful chart from the Project Management Institute[3] (PMI), shown in Figure 1, below. It graphically depicts how organizations move from identifying their vision and mission, through strategic planning, and then to realization through optimal deployment of organizational assets. This definition and deployment must be enabled by all manner of enterprise technologies. Our recent study of organizational innovation[4] sliced the pyramid and focused on what processes and tools were used in each layer, and how information was passed between layers to ensure that the focus was on doing the right things, and then executing them in the most appropriate manner. Were they using different

[1] http://www.cimdata.com/en/resources/a-cimdata-dossier-plm-platformization
[2] http://www.cimdata.com/en/education/plm-market-industry-forums
[3] http://www.pmi.org/
[4] http://www.cimdata.com/en/community-member-access-white-papers/driving-innovation-from-the-top-floor-to-the-shop-floor-a-cimdata-whitepaper

EIM solutions to support the strategic planning and elaboration processes, or were they using sticky notes, office automation tools, emails, or other tools? (The survey included an open ended question to capture things not considered in our closed-ended lists.) How did this information get from EIM to solutions for managing projects and programs, an integration or sneakernet? The study results show that organizations and their solution and service providers have a long way to go to reach a platformization vision.

Figure 1—Connecting the Top Floor to the Shop Floor
(Adapted from "The Standard for Portfolio Management," PMI)

Several groups within CIMdata have been digging deeper into this problem space and how it is being addressed. As part of our Social Product Development & Collaboration Knowledge Council, we are interacting with many of the leading EIM solution and service providers, including inno360, Sopheon, and others. Senior CIMdata staff attended the Oracle Value Chain Summit on 26-28 January, and major emphasis was placed on their recent entry, Oracle Innovation Management. This is also a very important topic to the high-tech electronics firms served by our HTE practice and [Action Group](5)[5].

But strategic innovation must occur in all parts of the organization, not just those related to the product. With our PLM focus, we include EIM in our PLM market definition, but it's use and influence must extend well beyond PLM. The model used in the EIM notes this fact. To meet strategic objectives firms must innovate well beyond their new products and services. Companies need to define and test new sales models, customer engagement models, operational models, service models, and new approaches to just about everything they do. Figure 2, below, highlights the central role played by EIM from a platform point of view. EIM provides the elements of the overall business platform that is responsible for transforming the organization's strategic objectives for elaboration and execution by other enterprise processes and enabling technologies. In the figure we focus on the business functions you might find on an organization chart, not necessarily how those business functions have been enabled by enterprise solutions like enterprise resource planning (ERP), customer resource management (CRM), supply chain management (SCM), and their ilk. In a way, this chart is a view from above the PMI pyramid, with the summit removed. EIM is a hub for the execution-related enabling solutions shown in the figure.

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[5] http://www.cimdata.com/en/memberships/high-technology-electronics-plm-action-group

Extending this analogy, one can think of the large hexagon around EIM as an enterprise services bus or platform, the functions drawing from and contributing to the enterprise knowledge and asset base. Of course, the small hexagons surrounding EIM are meant to be representative, including only some of those that could be shown. The focus is on innovation to achieve strategic objectives in the various functions and processes within the company. For example, an innovation in the sales process would most likely require adaptation of systems like CRM, ERP, and possibly SCM to support it. Support for new maintenance procedures could touch ERP and enterprise asset management (EAM). Many other enterprise systems are in the middle of their own platformization journey. Saleforce.com built their own platform, Force.com, and grew a strong ecosystem. Oracle Cloud is the way forward for cloud-based offerings that will eventually subsume their on-premise solutions. For SAP it is S/4HANA.

It will be interesting to see how the platformization trend, driven by IT innovation, the consumerization of IT, and other market and business forces will come to fruition, yielding truly composable systems to build, share, and leverage knowledge across the extended enterprise.

Figure 2—EIM Enables and Translates Strategy to Action

About CIMdata

CIMdata, an independent worldwide firm, provides strategic management consulting to maximize an enterprise's ability to design and deliver innovative products and services through the application of Product Lifecycle Management (PLM). CIMdata provides world-class knowledge, expertise, and best-practice methods on PLM. CIMdata also offers research, subscription services, publications, and education through international conferences. To learn more about CIMdata's services, visit our website at http://www.CIMdata.com or contact CIMdata at: 3909 Research Park Drive, Ann Arbor, MI 48108, USA. Tel: +1 734.668.9922. Fax: +1 734.668.1957; or at Oogststraat 20, 6004 CV Weert, The Netherlands. Tel: +31 (0) 495.533.666.