

Siemens PLM Software: Industry Strategy in “High Definition”

CIMdata Commentary

On September 7-8, Siemens PLM Software held their annual analyst event in Boston, Massachusetts. Approximately 150 people—including analysts, journalists, bloggers, and representatives from across Siemens PLM Software and other Siemens businesses—convened to listen to Siemens PLM’s executives and customers provide a business, technology, and strategy update.

According to those Siemens PLM executives, the state of the business is strong. While Siemens AG does not report on business unit revenues, Tony Affuso, Chairman and CEO of Siemens PLM, cited the strong 2011 results of their main competitors, Dassault Systems and PTC, and claimed Siemens PLM is exceeding them. Going further, he referred to the high win rates in competitive selections against those firms and listed many specific customers who are replacing their current PLM solutions with Siemens PLM offerings. In a consistent message with years past, Affuso claimed that their focus on openness and their mantra “we never let a customer fail” continue to resonate with customers and prospects, and strongly contribute to their market success.

The presentations also provided some new marketing messages. At the top is “Smarter Decisions, Better Products.” In some respects, this idea is what PLM is all about, but its underlying meaning and how it is implemented has been undergoing rapid change. Over the last several years, major suppliers in the PLM space have increased their emphasis on bringing more context-sensitive information from across the enterprise to support product and process decisions. For Siemens PLM, the technology investment strategy across their portfolio is now codified as “Intelligently Integrated Information, Future-Proof Architecture, and HD User Experience.” Chuck Grindstaff, Siemens PLM’s long-time lead technologist and now President, emphasized that product information comes from throughout an (extended) enterprise. Grindstaff detailed the complex network of relationships found in an enterprise and how understanding the semantics of each relationship offers insight into how each affects the entire network. He then linked these ideas to systems engineering (SE) and how Siemens PLM’s products support a SE approach. He concluded his remarks by describing how Siemens PLM is developing new paradigms for better access and insight to context driven information that will enhance every user’s (from shop floor to top floor) decision-making ability. Siemens PLM wants to provide not just an improvement, but a leap in productivity and acceleration of innovative product design and development. This will be delivered, in part, through the “HD [high-definition] User Experience.” Siemens PLM announced this strategic initiative in 2008, and the initial offerings are extremely interesting. Enabling visual decision-making by combining 3D with enterprise information is a strong trend in the PLM space. Siemens PLM’s pragmatic approach to delivering capabilities will serve them well, and their large customers seem ready to consider adding this functionality to their Teamcenter implementations.

Another big change for Siemens PLM is an intensified focus on supporting the market by industry segment. Siemens PLM was one of the first PLM suppliers to offer industry solutions, those being built upon the Teamcenter platform, but this current initiative goes well beyond those early efforts. Working with customer groups, Siemens PLM has developed causal

models for each industry, starting with high-level business issues such as the environment and globalization, and then elaborating business problems and possible business process solutions for each area. This “voice of the customer” work will drive requirements and Siemens PLM’s investments in new industry-focused solutions. Many solution suppliers in the PLM space are working in this direction, so it will be interesting over the next few years to see how Siemens PLM and others can hit industry targets for innovation while maintaining their core capabilities in their product platforms.

These two informative days made it clear that Siemens PLM Software is continuing to expand their delivery of increasingly value-added capabilities to their growing customer base. Their vision is to future-proof their customer’s implementations, grow their PLM environments, and enable their customers to make “smarter decisions” and deliver “better products” in today’s and tomorrow’s highly competitive global markets. Their initial work on the HD User Experience bodes well for their large client base. Finally, Siemens PLM’s revised strategy to focus on industries is an interesting turn for them and will be watched closely by its competitors and the industry at large over the next few years. The competition in the PLM market is heating up and Siemens PLM seems more than ready to meet the challenge.

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