

Staying the Course and Upping the Ante: The 2012 Siemens PLM Software Analyst Event

CIMdata Commentary

Key takeaways:

- *Siemens PLM Software has made good progress on the industry strategy and realignment announced last year, but industry solution deliveries are still to come.*
- *Their new 4th Generation Design (4GD) approach is a big step forward in terms of how their customers interact with managed data during the product lifecycle.*
- *A new Teamcenter user interface (UI) built on the Microsoft Metro paradigm should enhance usability and acceptance by Siemens PLM Software's customers.*

Siemens PLM Software (SPLM) held their annual analyst and media event on September 5th and 6th at the Renaissance Hotel in Boston, Massachusetts. Analysts and media represented about one third of the approximately 200 people in attendance. As usual, it was all-management-hands-on-deck for the SPLM team, with all senior leaders available to update the audience on the company's progress during the last year, and on their plans for the future. Also on the agenda were several customers whose talks served to underscore the value they receive from PLM enabled by SPLM's solutions. The highlight of the customer talks was that of Mr. Doug McCuiston, director of the Mars Exploration program for NASA. On August 5th, the Mars rover Curiosity landed successfully on the surface of Mars. There was only one chance to get things right, and for this unprecedented challenge, NASA employed SPLM software solutions. The development team at NASA's Jet Propulsion Laboratory digitally designed, tested, assembled, and simulated the entire Mars rover before a single physical prototype was created.

Mr. Chuck Grindstaff, president and CEO of Siemens PLM Software, opened the event with a business and strategy update. His presentation provided an overview of SPLM's parent company, Siemens AG, and highlighted how SPLM is increasingly receiving value from and leveraging them. Siemens AG invests heavily in advanced technology, which SPLM is leveraging to great advantage in addition to technology from multiple Siemens business groups, industry-specific knowledge, and business opportunities within the Siemens AG group. Mr. Grindstaff emphasized, however, that SPLM must compete for PLM opportunities within Siemens AG, and must demonstrate significant value to win the business.

Another change for SPLM under Siemens AG is how they protect their intellectual property. As an independent company UGS PLM Solutions relied mostly on trade secret protection. As part of Siemens AG they have patented

some key innovations and will continue this practice of IP protection going forward.

The highlight of Mr. Grindstaff's talk was the introduction of 4th Generation Design (4GD), a key part of delivering the "High-Definition User Experience," one of three pillars of SPLM's strategy and marketing message (along with "Intelligently Integrated Information" and "Future-Proof Architecture"). 4GD allows users considerable flexibility in defining which aspects of a product are relevant to the task at hand. 4GD also makes clear the scalability and performance necessary to enable designers to work with massive data sets, e.g., complete ships, aircraft, or plants. SPLM also unveiled a significant improvement in the NX 8.5 user interface, which was announced by press release during the analyst event.

4GD was not the only significant product strategy update announced during the event. Last year SPLM previewed their Active Workspace (AW) solution, a new user interaction model that supports visual decision making and collaboration across the enterprise. While there has been minimal uptake of version 1, SPLM announced that version 2 will become part of the Teamcenter portfolio. Significantly, they also emphasized how AW and its enabling technologies will allow for synthesizing data from both Teamcenter and other enterprise sources. This is a strong move forward, one that is essential for SPLM to deliver on their "Smarter Decisions, Better Products" tagline.

Mr. Steve Bashada, the senior vice president for industries, updated the crowd on SPLM's transition to an industry-focused solution-delivery approach. They view delivering industry solutions as consisting of five levels, with the first three levels dedicated to understanding industry needs, building industry organizations, and assessing their existing portfolio against these requirements to build the industry roadmaps. According to Mr. Bashada, they have completed these levels for their core industries, and will complete all targeted industries to this level by the end of the year. Software and services deliveries form the last two levels, and will come on-line in 2013. The strategic product portfolio management elaborated by Mr. Bashada and his teams are driving make/buy decisions and product development in the product groups to fill any gaps. Mr. Grindstaff told the audience to stay tuned for more SPLM acquisitions that will help fill out the line-up.

The SPLM industry presentations were supported by presentations from SPLM customers who are already using SPLM solutions to enhance their product development processes. For example, SPLM's industry lead for energy comes from Siemens AG, and has a long history in the industry as well as with Siemens AG, a global leader in wind and other energy technologies. This connection provides deep industry knowledge and access to leading industrial energy customers that cannot be matched by other players in the PLM market.

Mr. Eric Sterling, senior vice president for Teamcenter, provided an update on several new Teamcenter capabilities and solutions, including a new UI, design for environment, sustainability, supplier integration, and Product Master Management. Most interesting was the new UI. Based on CIMdata's industrial consulting, one long-term need identified for the Teamcenter portfolio has been an updated UI with improved usability. While the Microsoft Outlook look and feel of the current UI was innovative when it was developed, users who like Teamcenter functionality have often complained that using it can be cumbersome. SPLM previewed their adoption of the Microsoft "Metro" user interface paradigm as the new Teamcenter client UI and as part of their mobility strategy. This clean, simplified user interface has a certain appeal, but it will be a tough balance between satisfying the more casual user and not holding back power users. CIMdata looks forward to seeing more about these interface enhancements as they roll out.

Mr. Sterling also introduced Teamcenter in the cloud with both on-premise cloud solutions and hosted cloud solutions. These Cloud solutions should provide customers with the ability to better select the working environment for their business while also reducing the time to deployment and overall cost of ownership. Another interesting point mentioned by Mr. Sterling was the split of Teamcenter into a platform-and-application structure, allowing customers to put new functionality into production without having to wait for the next major release.

In conclusion, SPLM has made strong progress since last year's analyst event, which is made clear by their consistent approach to updating the market (i.e., what did we say we are going to do, what have we done, and what will we do next). They have made good progress on their industry strategy, but much remains to be done as they readily acknowledged in these sessions. Their usability improvements with 4GD, Active Workspace, and the Metro look-and-feel are exciting, and should improve customer acceptance and user adoption across the customer and industry bases they seek to serve. CIMdata and the large SPLM installed base look forward to seeing just how much they are upping the ante in the high-stakes PLM "game" going forward.

About CIMdata

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