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PLM
GOES
SMALL

Thanks to changing market conditions and the emergence of out-of-the-box and Software-as-a-Service offerings, PLM is now a viable option for small- and mid-sized businesses.

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Since it first hit the market, Product Lifecycle Management (PLM) software has helped countless apparel companies and retailers reduce costs, boost production efficiency, and improve the frequency and creativity of their product lines. The software also helps businesses migrate away from frustrating manual processes, improve workplace communication, and eliminate redundant data entry — while delivering measurable ROI year after year.

Traditionally, PLM software has been the province of large enterprises with IT budgets large enough to afford pricey implementations. But the benefits brought about by PLM are now also being enjoyed by small- to mid-sized businesses (SMBs) in the apparel industry. Why the change? Realizing the robust SMB market for PLM, vendors have altered their offerings to be more in line with the needs and budgets of smaller companies.

"A bifurcation of the market has taken place. Clearly vendors are now playing in the SMB space as opposed to a few years ago where everybody was trying to go after the large enterprise market," says Jeremy Rubman, partner, Kurt Salmon Associates.

"PLM is no longer limited in its availability; a range of solution options has emerged that can be accommodated by a range of budgets. The main concern for PLM users now is the suitability of a solution to their unique business requirements," adds Mark Harrop, founder and director of Product Development Partnership Limited, and the web site WhichPLM.com.

These options include what Harrop terms Out of the Box (OOTB) solutions, which are designed to be one-size-fits-all and are marketed as being capable of supporting a business of virtually any shape or size. OOTB solutions typically support basic processes including merchandising; line planning; creative design; technical development; vendor management; sampling; costing; quality assurance; certification; sustainability; and both 2D and 3D sampling.

The availability of PLM in a Software as a Service (SaaS) format also has helped SMBs afford effective PLM solutions. These tools offer the functionality of a PLM that is hosted by a vendor on the Internet or deployed to run behind a user's firewall on a local area network. This delivery model makes sense for smaller companies, Rubman says, because in order to use an enterprise-wide PLM solution, SMBs not only have to buy hardware, but in many cases, may have to hire IT personnel to help with the implementation and upkeep — expenses that do not always pay off for small businesses.

What does pay off for SMBs is investing wisely in PLM systems that are catered to the needs of smaller companies.

"I recommend that small- to mid-sized businesses implement PLM systems sooner than later. The price of software systems has come down dramatically over the last few years, the technology has evolved, and SMBs can now take advantage of these developments," says Nihad Aytaman, director of business applications for Elie Tahari, a mid-sized luxury women's wear, men's wear, and accessory company.

PLM as a "Must-Have"

Together with more accessible software is the fact that apparel companies of all sizes are realizing they can ill afford to operate without a PLM system.

"In today's highly competitive market there are very few companies that do not take PLM seriously," Harrop notes. "Far from being considered merely a useful tool, PLM has rapidly become a 'must have,' enabling apparel brands and retailers to keep pace with the ever-increasing demand for new and improved fashions."

In addition to keeping pace with changing markets, the changing nature of business processes in today's apparel market has driven many SMBs to embrace PLM solutions.

"As companies have become much tighter with their calendars, reducing their cycle times and looking at things like more aggressive management of raw materials, they have found that they need tools to be able to support those processes," Rubman explains. Having a tool that provides visibility to important daily processes is critical for SMBs competing in the apparel business today, he adds.

Gaining that visibility and insight was a key reason Elie Tahari implemented a PLM system eight years ago. The company needed to automate its production processes — from design through product creation and delivery into its DC — and wanted to be able to give and get real-time data accuracy and availability from its suppliers and agents overseas.

"We needed to eliminate manual processes and get our employees on the same platform using the same data, and we wanted a single system that would eliminate departmental silos and force users to work together in cooperation towards a single goal," Aytaman says. Today, the company uses its PLM system to aid in the design, sample production, manufacturing and importing of its garments.

Another factor driving many apparel SMBs to implement a new PLM — or to upgrade from an outdated PLM system — is the collaborative nature of today's apparel industry. With suppliers, designers and supply chain partners scattered in far-flung places around the globe, PLM's ability to foster a collaborative workflow is key. ▶

When choosing a PLM,
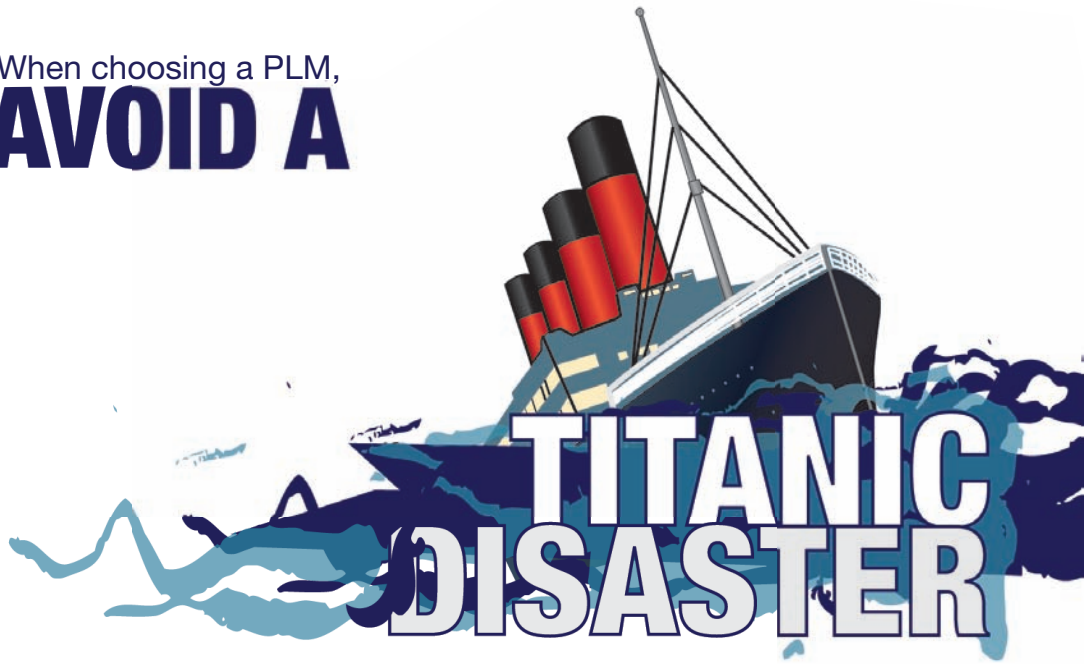
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"PLM tools also allow companies to consolidate a lot of different applications into a single tool," Rubman says. "Businesses used to need a product data management tool, a supplier management tool, and a vendor portal, but PLM allows them to consolidate those applications. Ultimately, with PLM, the total cost of ownership after the initial capital infusion is much lower and much simpler for companies to deal with."

Helping to Manage Rapid Growth

For socially conscious apparel company Me to We Style, the need for PLM became apparent after the business experienced rapid growth. The Toronto-based company, which sells organic men's and women's apparel including T-shirts, hoodies, yoga clothes, and other casual wear, is deeply committed to being a social enterprise. Me to We

Style manufactures all of its products domestically, including knitting and dyeing fabrics in Canada and the United States. Its fabrics, which include organic bamboo and recycled polyester, are all eco-friendly; and the company donates 50 percent of its profits to its charity partner, Free the Children, a group that builds schools around the world and has committed to planting one tree for every item that Me to We Style sells.

But Me to We Style is still a business — and one that must maximize profits to support its cause. "In day-to-day operations, our overall mission doesn't change the fact that we need to be an efficient, profitable business that delivers to customers on time," says co-founder Oliver Madison. That is where PLM comes in.

"We realized as the business was scaling up rapidly that we needed better oversight over inventory control,

EXECUTIVE INSIGHT

An Interview with Karina Kogan, President, Business Management Systems
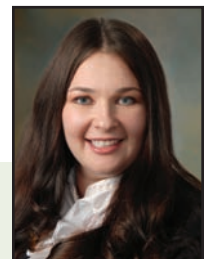
SaaS Models Streamline Processes, Eliminate Bottlenecks, Increase Speed to Market

Q: What are some of the current trends impacting the PLM market?
KARINA KOGAN: The past 12 months have definitely brought about a change in the PLM industry because of the emergence of software as a service (SaaS) models. Traditionally, PLM systems have not been affordable for small- to mid-size businesses (SMBs), but with SaaS models, SMBs are now able to reap the cost and time saving benefits of PLM that were previously out of reach. Small companies often face the same issues and frustrations as larger companies, but they have fewer resources — both money and personnel — to solve those problems. With SaaS models, companies do not have to invest tens of thousands of dollars on hardware and infrastructure; they are able to work and access their particular information anywhere they can connect to the Internet. This format — as well as the quick and easy implementation of SaaS models — allows companies with as few as one or two users to use a PLM system that can streamline their processes, eliminate bottlenecks, and increase their speed to market.

Q: What drives apparel SMBs to use PLM software?
KOGAN: A lot of SMBs have good employees on board but are going through growing pains. While the talent is there, the processes are not. A company can have an incredible product,

but if it cannot get the product to market on time, it doesn't matter. Another challenge facing SMBs is scalability — processes that work for a company of 15 may not work for a company of 200. Companies often need to hire a larger staff just to keep up with product development, orders, and production, and so they need to use a system that can grow along with them.

The economic downturn has also been a driver for embracing PLM. The downturn forced a lot of apparel companies to clean house, becoming leaner and more efficient organizations. As a result, many apparel companies have turned to technologies like PLM to improve and increase efficiency; remove unnecessary steps from their internal processes; and maintain the ability to get their products to market with significantly fewer employees.

Q: What challenges face SMBs in the apparel business who are struggling with an outdated PLM system or no PLM system at all?
KOGAN: SMBs in today's apparel market are worried about staying competitive — they know they need to reduce operating expenses and production costs but are unsure how to go about doing that. Many companies using outdated PLM systems or some kind of home-grown technology are concerned about over-development and production, especially in the current economic

new product design, and fabric and pattern management, as well as a way to let our sales teams know the status of our inventory and finished goods," Madison says. "We also needed a tool that could give us a sense of the real time to delivery so we could manage expectations with our clients."

The process of choosing a PLM system was daunting at first, admits Madison. The company looked at a number of different PLM packages, and after narrowing down the functionalities it needed, focused on factors including cost and service level.

"We found an excellent, cost-effective solution. We didn't sacrifice on any of the higher-end features, and the level of service has been spectacular," Madison notes. The willingness of its PLM vendor to customize the software to fit Me to We Style's needs was also key in the selection process.

"We were able to import data from our Salesforce application into the PLM, and we customized screens so that our sales teams can easily view real-time inventory but they cannot change anything, so the integrity of our data is maintained," Madison explains.

Navigating the PLM Vendor Maze

The selection process Me to We Style underwent is fairly typical of SMBs seeking a PLM solution, says Mark Harrop.

"The range of available solutions and the scope of information companies need to compile before examining, short-listing, and selecting a PLM solution can be overwhelming," Harrop says, adding that PLM users should determine exactly what they want from a PLM tool, including whether they need a customized or OOTB solution.

Harrop offers the following steps as a process-driven road map for companies looking to find the right PLM tool:

▸ Examine the reasons that you believe a PLM solution is the right choice for your business. What precisely are you looking to improve, remedy, or eradicate by adopting a PLM solution?

▸ Produce a detailed analysis of your current processes, prioritize them, and define realistic improvements to be made across the extended supply chain, from concept to delivery to consumer. ▸

environment where consumer spending is down while the demand for speed to market has increased. Employees are also frustrated by ineffective communication — both between employees and management, and within various departments — which can frequently result in re-work, double entry, over-sampling or costly production errors.

Outdated PLM or traditional PDM systems are inflexible. It is hard, in these systems, to access and manipulate current and historical data, which causes loss of valuable resources and defeats the purpose of having a PLM system. The easiest way to tell whether a system works for a company or not is to check the level of frustration it causes daily. Companies should ask questions such as:

• Can our employees get information quickly and easily from the system?

• Do our teams need work-arounds because there are gaps in functionality?

• Does our provider frequently promise that the functionality we need is available if we pay for yet another upgrade?

• Does the effort it takes to maintain the system outweigh the value the system brings?

• Is our current provider responsive to our requests?

Q: What else do SMBs need to consider in order to find the right PLM for their needs? How do they make sure they've found a system that can grow along with their businesses?

KOGAN: Companies that are interested in PLM should sit down and examine their processes from beginning to end and identify the areas where they are losing time and money. Second, they should come up with a list of PLM features that are "must-haves" and "nice-to-haves," and prioritize their needs based on that list. When shopping for a PLM system, SMBs certainly want to choose a system that can grow with them as their needs grow. They should look for a system that allows them to add functionality as needed and as budgets allow, while keeping everything streamlined in one central system.

Another major aspect of selecting a PLM system is making sure they find a vendor they are comfortable with. Individualized attention is key for smaller companies, as they want to feel like they are connected to their provider. SMBs with only four or five users should feel as valuable to their PLM provider as large chains with hundreds of users.

▸ Solicit best-practice advice from a third-party expert, who will be able to examine your business capabilities and produce a realistic set of expectations about how a PLM solution will improve your business. "Use an independent consultant that understands the strengths and limitations of all solutions on the market," Harrop adds.

▸ Once you have identified the key processes and capability gaps that are essential to realizing your PLM strategy, build these into your PLM implementation plan in order of importance and value to the business.

▸ Conduct a thorough evaluation of the range of PLM suppliers that accommodate your current and potential future needs.

▸ Compile detailed Request for Information documentation focused directly on the immediate and specific needs of your business to ensure that the project is clearly aligned with your strategic and tactical objectives. "It is important not to let the vendor take total control of the implementation strategy or you may find yourself struggling to realize the ROI in the order of importance that you had originally discovered and planned for," Harrop explains.

▸ Identify your ultimate goals, design milestones, perform a project scope analysis, define your processes — both critical and seemingly trivial — and consider them both as they are now and as they will be.

One other key aspect PLM buyers must keep in mind is the ability of the system to grow and flex as business needs change. Finding that type of PLM means approaching the selection stage from a business process perspective.

"PLM is a process-based tool, so companies need to look at their processes and determine where they think those processes are going," Rubman says. "Companies must also have that long-term vision and ask questions like, 'What other product lines might we carry?' and 'Where do we see our supply base going?'"

However, businesses should not get too caught up in what-if scenarios, Rubman cautions, because PLM software need not be a forever purchase. "It's OK to replace software down the line. If a company buys a piece of software when it is a $10-million knits company and a few years later it has morphed into a $500-million broad lines company, it probably needs a different tool to support the business," he explains.

Reaping the Benefits

Once companies have navigated the selection process to find the best PLM for their needs, they can begin to enjoy the software's many benefits. For Me to We Style, the advantages have been robust. Madison estimates the company is about 20 percent more efficient in its use of fabric since implementing PLM software. Me to We Style also has increased its ability to manage customer expectations, gaining new business along the way.

"The better sense of timeliness we now have has enabled us to close on orders that before, out of fear of not being able to deliver the product, we would have held back on," Madison explains.

"Our new pattern development has become more organized and efficient as well, so we have accelerated the number of new patterns in our catalog," he adds. "And, by having better oversight into our purchasing habits, we've been able to group our purchasing into larger volumes and generate better pricing so we have saved on cost of goods."

SMBs in particular can benefit greatly from PLM because the tools permit them to communicate with their vendors on a standardized platform; allow them to leverage the complete libraries of their mills and trim vendors; and provide a hub for third parties —such as testing labs, inspectors, agents, and factories — to collaborate and access the most current information, Rubman notes. These capabilities are all things that large apparel companies expect to have, but are just now becoming commonly available for smaller companies in the industry.

Elie Tahari's experience echoes this trend and nicely sums up the crucial nature of PLM for SMBs: "The benefits of our PLM system are its ability to put business process controls around the pre-production and production areas of our business with enough flexibility to provide our users with freedom of change and adaptability to market conditions," Aytaman explains. "As we grow our business the PLM system gives us the ability to handle the growth in an organized and controlled manner."