

BRIEF

MARCH 20, 2003



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PTC Maps Case For PLM -- Consultants Take Note

To educate customers on the value of product life-cycle management (PLM), PTC recently introduced the Product First Roadmap. This communication tool helps link PLM activities to business benefit, offering practice areas for strategy consultants.

Forrester recently discussed PTC's new Product First Roadmap and marketing message with Randy Clark, Sr. VP of market development, and Matt McGinnis, director of strategic marketing. We learned that PTC is on an education mission: to help its customers and prospects understand the benefit of extending the use of PTC technologies like Pro/ENGINEER Wildfire and Windchill beyond engineering organizations to the rest of the enterprise and partners. At its core, the Roadmap provides drill-down links from client shareholder value to PTC's offerings. To develop and implement the Roadmap, PTC:

- **Diagrammed the business model.** PTC hypothesized how product development creates value and tested this with customer case studies and a survey with 900 respondents. The result is seven levels of process detail -- spanning "shareholder value" to business initiatives like "increase product modularity" -- to be used to position prospects and help them identify next steps.
- **Collaborated with The Boston Consulting Group (BCG).** PTC sought advice from strategy consultants -- in particular BCG -- to bridge the gap between software and benefit. Their contribution? The boardroom perspective of value drivers and opportunities, as well as help aligning PTC's own organization with the Roadmap.
- **Synchronized functional groups and partnerships.** PTC describes the Roadmap as "the center of our universe." The ISV now links all of corporate marketing, product marketing, sales, and service offerings to it and also plans to link in its own R&D prioritization. Externally, PTC has freely licensed the model, enabling systems integrators like Accenture, BearingPoint, and Deloitte/Braxton to create links from their own methodologies to the Roadmap.

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THE ROADMAP HELPS PTC TRANSLATE PLM INTO VALUE

The Product First Roadmap provides a coherent framework for PLM vendors and for constituents throughout user organizations and their partners. With this tool, PTC has:

- **Expanded the sales call point.** While CEOs may interact with their CRM or ERP systems, PLM remains distanced from the boardroom. Communication tools like the Roadmap will help PLM compete in the same business language as initiatives like Oracle's Business Flow Accelerators or SAP's Collaborative Business Maps (see the January 31, 2003 Forrester Brief "Oracle AppsWorld: Less Sizzle, More Meat" and see the January 15, 2001 Forrester Brief "XRM: eBusiness Network Applications Emerge").¹ This has elevated PTC's own sales reps' strategies and has helped empower individual PLM champions in their 30,000-plus customers.
- **Pioneered for other PLM players.** PLM vendors have long needed a way to clearly position offerings for C-level executives outside of product development. Clark commented, "We developed this because we had to. If it already existed, we would have used that framework." Now that PTC has created the Product First Roadmap, vendors like EDS and IBM should use it to leverage their own A.T. Kearney and BCS efforts to make PLM appealing to a CFO.
- **Set the stage for customer success stories.** To ground the Roadmap in reality, PTC uses the low-priced HP ink-jet printer launch to relate five value opportunities for HP to a PTC Windchill implementation. Since the Roadmap was only released in January, retroactive justification is understandable, but the real test of its usefulness will be full-cycle customer success stories.

TURN THE MAP INTO A NAVIGATION SYSTEM

To continue the journey started by the Roadmap, PTC should further extend and expand the concept with:

- **Sales force training.** PTC claims great success for sales reps using this tool out of the box to sell more seats of Windchill. However, to integrate a "product first" mindset into enterprises, PTC will continue to need strategy consultants to explain and sell value driver maps to senior executives beyond the boundaries of product development groups.
- **Integrated success metrics.** PLM software easily tracks improved cost metrics from product improvement -- but tracking revenue gains requires factoring in nonproduct activities like promotion, pricing, and distribution. The Roadmap makes this painfully clear, and PTC provides ad hoc analysis for customers to

incorporate this thinking into their own strategies. By productizing that reporting analysis through links to business intelligence software or directly to ERP systems, PTC will provide customers real proof points (see the December 2002 Forrester Report “Use Business Intelligence To Manage Velocity”).²

- **Forged strategy consultant partnerships.** While expanding the prospect list to senior executives, PTC should leverage the complementary skills of strategy consultants in change management. PTC worked with BCG to develop the Roadmap -- but Bain recently briefed Forrester on plans to expand its IT capability throughout all practice areas, including PLM. Proactively cultivating these relationships will help software companies sell to business buyers and will help consultants shed their PowerPoint implementation reputations.

¹ Oracle began offering a set of 18 business process flows like procure-to-pay and call-to-resolution. SAP has defined more than 130 interenterprise business processes that span SAP and non-SAP environments.

² Business intelligence software has sustained purchase interest even in the down economy, but firms have suboptimized the implementation of these tools by installing too many versions in too many places.