PLM Transformation in CPG: The Product Data Record

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Delivering on the promise of innovation

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Delivering on the promise of innovation in today's competitive environment means more emphasis than ever on reducing cycle times, increasing rates of innovation, improving product quality, achieving regulatory compliance, and decreasing time to market. AberdeenGroup's recent research report "Profiting from PLM" reveals that leading companies across various industries are turning to Product Lifecycle Management (PLM) processes and software to help address these challenges, and are realizing the benefits.

Figure 1: CPG Lags Behind Other Industries in PLM Adoption

Rate of Adoption — 100, 50

Discrete

CPG

1995   2000   2005   2010

High-Tech, Automotive, Aerospace & Defense Accleration Factors:
- Time-to-Market pressures
- Productized PLM solutions
- External collaboration requirements

CPG Industry Acceleration Factors:
- External collaboration
- Refocus on innovation
- Increasingly complex compliance requirements
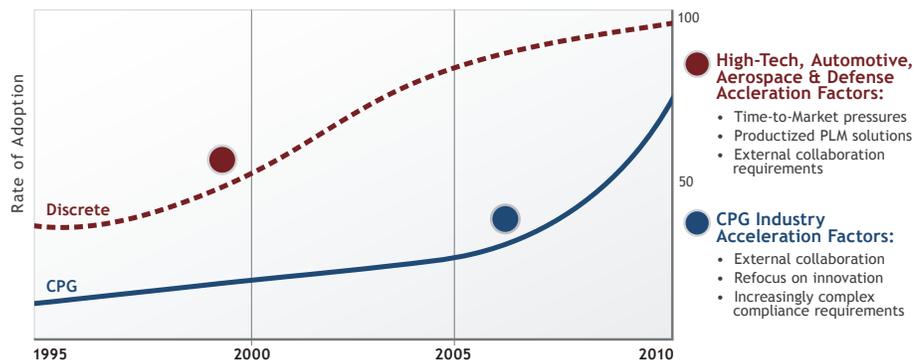
Despite an industry focus on innovation, Consumer Package Goods (CPG) companies lag other industries in adopting PLM to drive innovation. While PLM has been profitably deployed by discrete manufacturing industries, the CPG industry has been slow to adopt PLM as a fundamental business process (Figure 1). In fact, only 20% of CPG companies have a true PLM process and systems platform in place. Additionally, only 28% of CPG companies surveyed in an industry benchmark report had centralized product data, and just 17% had integrated automation solutions for data and processes, along with collaboration around projects and products.

Recently however, CPG companies are showing growing interest in the results achieved with PLM, due to industry factors and recognition of the significant gains attained in the high-tech, aerospace and automotive industries. By implementing a true PLM platform at the core of their product development activities, companies in these industries have not only been able to achieve significant productivity and effectiveness results, but also have implemented product development processes that revolve around a single version of the truth for product data – the Product Data Record.

Some of the largest CPG companies are beginning to define and formalize PLM strategy as they focus on delivering innovation, look to collaborate with external parties, and ensure compliance with increasingly complex regulations. The first step in implementing a PLM system is defining the Product Data Record. The Product Data Record is a logical data model that defines all data elements necessary to fully describe a CPG product, from idea to realization. CPG products are unique because they consist of two equally important components: (1) formula, recipe and product design information; and (2) packaging artwork and labeling information. PLM systems and processes have the ability to manage the complex interrelationships between these two important data components, while also providing strong program management capabilities and support for regulatory compliance.

Because the product data record provides traceability back and forward from any lifecycle state of a product, ingredient, process, or idea in its development cycle from concept to manufactured product, the product data record becomes the blueprint to guide a company's PLM initiatives.

Several findings from recent Kalypso client engagements reveal how the product data record serves as a blueprint to guide PLM:
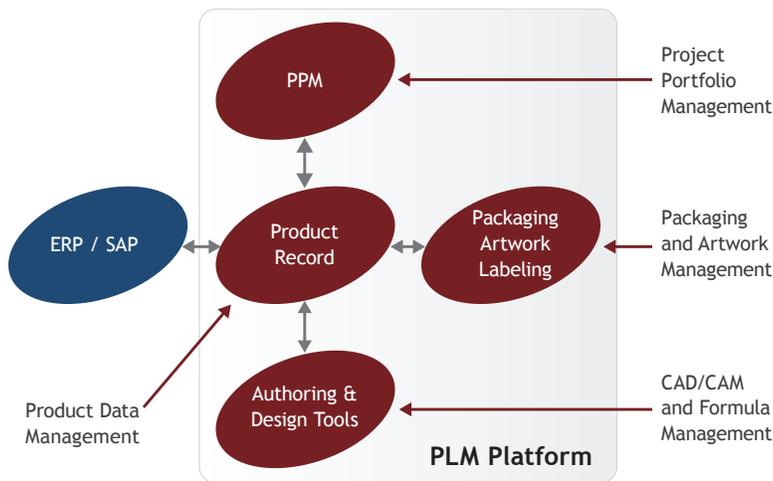
- Typically, the product data record is the first comprehensive corporate view of all product data, including lifecycle and version management.

- It will identify business improvement opportunities to simplify and accelerate the product development process.

- The integrated product record is a key enabler of technology reuse, productivity improvements, speed, full traceability to enable compliance, and data integrity assurance.

- By building a product data record, the leading PLM vendors can more easily configure PLM solutions specifically for the CPG industry.

Additionally, CPG companies are starting to understand how PLM can enable increased internal and external collaboration, making "open innovation" possible – an essential new paradigm for the CPG industry. But even in the most advanced CPG companies, product development processes and systems addressing functional needs have mushroomed, while integrated processes and systems addressing internal and external collaboration remain rare. Most have not defined the PLM vision and technology platforms to achieve the success other companies have realized.

Finally, as CPG markets mature, industry leaders realize the need to be more creative and innovative, to resist low-cost competitors, and to truly serve their consumers' needs. PLM is becoming a compelling strategy to support the uniqueness of CPG and address its many business challenges by unlocking the knowledge of the enterprise and sharing it internally and with trusted development partners. As a result, there is an industry shift toward PLM as a major enterprise platform in leading CPG companies.

Kalypso has developed proprietary tools to help CPG companies "catch up" and gain competitive leadership in developing PLM strategies and deploying PLM systems. Our propriety CPG industry Product Data Record model enables companies to build a PLM platform and identify major business improvement opportunities, means toward data standardization, and increased knowledge sharing and collaboration.

About Kalypso

Kalypso is a consulting firm serving the world's most innovative companies. The firm helps clients to deliver on the promise of innovation. Service offerings encompass all aspects of innovation including product strategy, development, introduction, commercialization, lifecycle management, and PLM systems selection and implementation. In addition to the firm's deep industry, technology, operational, and training expertise, Kalypso provides a flexible, collaborative approach to deliver unparalleled client satisfaction.

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