



mySAP PLM for intelligent life-cycle innovation

End-to-End Process Innovation

Optimizing the product life cycle at the design level is no longer enough in today's competitive market. Time to market and flexibility demand tighter integration of all product-related processes – from product life-cycle management (PLM), to enterprise resource planning (ERP), to supplier relation management (SRM), to supply chain management (SCM).

Real innovation embraces a new way of thinking about products and services. “An individual innovation has value, but it doesn’t make or break the company anymore,” says Tom Kelley, general manager of IDEO Product Development, the design shop that helped create such breakthrough products as the Palm Pilot. “That’s why you need a culture of innovation.”

How companies can achieve this new culture of innovation has become a defining challenge. More than 70 percent of companies responding to a recent Boston Consulting Group Innovation Survey ranked innovation as one of their company’s top three priorities for 2006. And more than two-thirds responded that globalization is having a major impact on their approach to innovation. They are faced with a formidable threat from offshore manufacturers and service companies located in countries with significantly lower labor and social costs.

Respondents reported numerous barriers to achieving a high level of innovation. Surprisingly, despite adoption of tools to accelerate product-development cycle times – computer-aided design tools, engineering applications, product data management systems, collaboration tools – a long development time is still the leading barrier to innovation at many companies. Two other impediments – lack of coordination and a risk-adverse culture – lead to a lack of end-to-end process control, ineffective management oversight across organizational boundaries, and a culture hesitant to make significant process changes.

Innovation efforts that become compartmentalized and are not broadly deployed throughout the product life cycle lack the momentum to transform a company into a leading innovator. Innovation becomes stifled when an organization trying to innovate must

force its new ideas, products, or services through existing methods and processes to get to market.

Jet takeoff

The concept of delivering products as services to customers is increasingly permeating all industries. The GE Jet Engine division, for example, rather than simply selling jet engines, instituted a bundled-fee offering with a guaranteed level of engine uptime, including all parts, maintenance, and financing that airlines would need during the contract period.

This approach transformed the company from producing jet engines to providing “thrust services.” The transformation required changes both to the discrete products offered and to the myriad processes required to build, manufacture, deploy, and support jet engines. The accounting and billing processes also needed to change. Altogether, process innovation transformed the business from a product innovator to a service innovator.

Innovation can be applied to processes within departments, across the enterprise, among design partners, throughout the supply chain, and ultimately, even with customers. Since process innovation enables radical transformation of a company’s business, it works best when deployed end-to-end: Complete product and service life cycles are addressed across all organizational and informational boundaries.

Intelligent life-cycle innovation

SAP has defined “intelligent life-cycle innovation” as a solution strategy that fosters innovation through an end-to-end, process-oriented approach. Innovations to products, processes, and services are brought together in a closed-loop environment across the total product/services life cycle to meet today’s business challenges: gaining

efficiency, creating differentiation, complying with regulations, and driving process alignment.

SAP’s intelligent life-cycle innovation strategy takes PLM to the next level and enables manufacturers to respond more effectively to market opportunities. Integrated innovation, development, and compliance capabilities are embedded in the enterprise business process platform to achieve true process convergence. This end-to-end approach will yield customers a higher level of return on their investment.

Intelligent life-cycle innovation leverages the key value components of strategic planning, accelerated development, global compliance, and real convergence. The strategy is built on robust enterprise service-oriented architecture (enterprise SOA) and the SAP NetWeaver platform.

This approach enables SAP to deliver true business-process convergence across enterprise applications including PLM, CRM, ERP, SCM, sales, finance, and service. It is both a key differentiator for SAP and a key market requirement for companies that must streamline their business processes to meet competitive market pressures.

SAP delivers a fully integrated enterprise solution, from idea management, to product portfolio management, to project management, to design collaboration, to manufacturing, to quality management, to enterprise asset management.

mySAP PLM solutions are industry-ready and are actively used in over 12 key industries, including industrial machinery and components, high tech, automotive, aerospace and defense, chemical, and consumer products.

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