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Managing the SKU Development Process for Consumer Products

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June 9, 2015



> 50% of new products fail to meet business goals

"Manufacturers and retailers must develop a broader understanding of total product lifecycle value." - Gartner Predicts 2012: Product Design and Life Cycle Management



Importance of Expanding Product Data Management particularly true for **Consumer Products**



- Product line / portfolio with high diversity
- High volume of products and SKU variations

Industry Challenges: Consumer Products Companies

Limited Visibility	Image: Addition of the example of t	J Inability Tr
Into product data as it evolves	Resulting from cost overruns and	Between th
throughout the lifecycle, planning	an inability to adapt to changing	the lifecycle
through delivery	market demands	produ





ity to Balance radeoffs

he market value and le operational cost of uct innovations

- Gartner Predicts 2012: Product Design and Life Cycle Management

The Opportunity



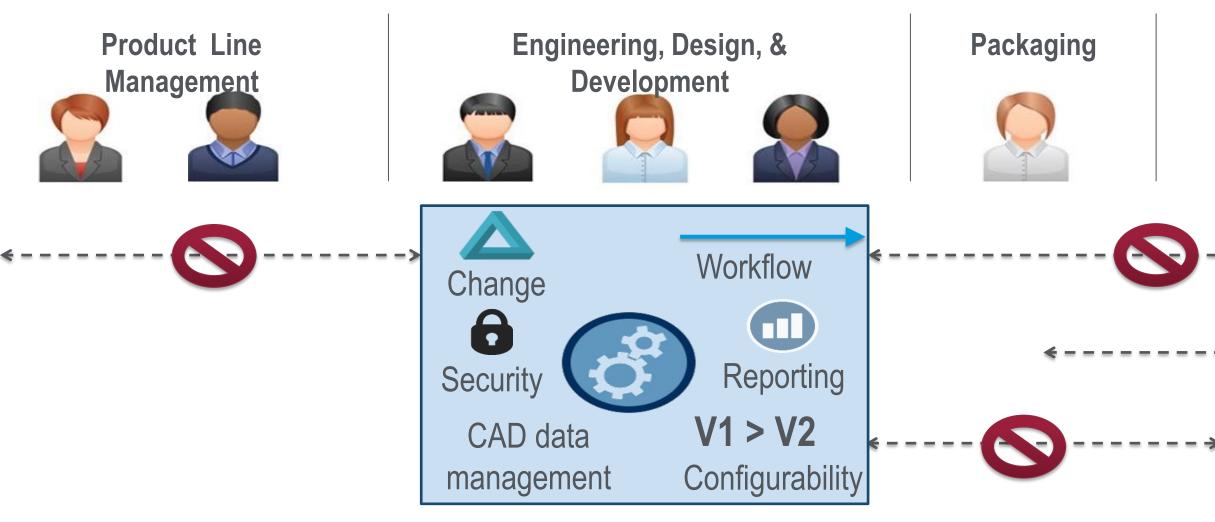
Gain alignment across the enterprise

Between the organizations that define product offerings based on corporate goals and those that engineer and deliver them.



Before state: Engineering-Centric PDM

Deep capabilities for engineering: CAD data management / product data management:



BUT: Lack of communication between Engineering and other Enterprise Teams



Sourcing

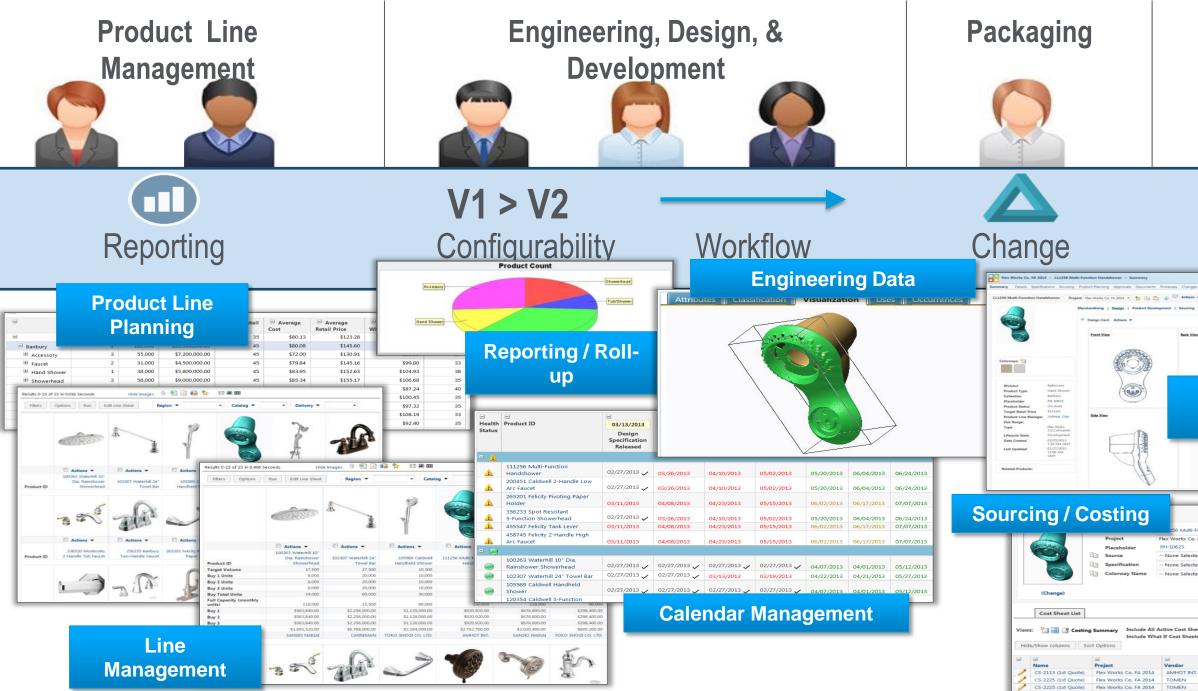






After state: SKU-Centric Product Lifecycle Management

Complete SKU Management, from Product Line Mgmt. through Sourcing and Supply Chain

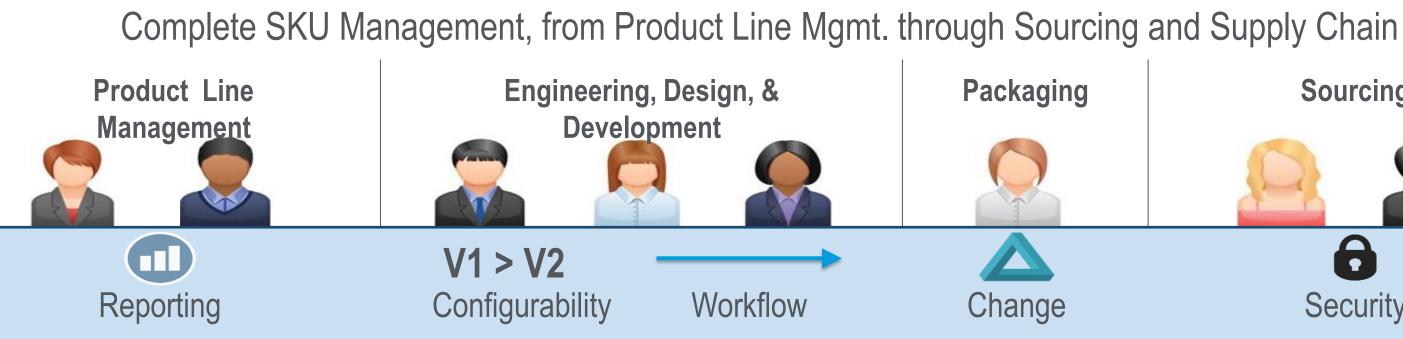


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After state: SKU-Centric Product Lifecycle Management



Complete visibility into product lifecycle, strategy through delivery Reduces cycle time of product design, development, and launch

Seamless collaboration between all stakeholders in a single source of truth Increases efficiency and agility for all enterprise teams involved in product development

Instant access to the latest version of dynamic product data as it evolves Improves accuracy and reduces the risk of error, quality problems, and waste

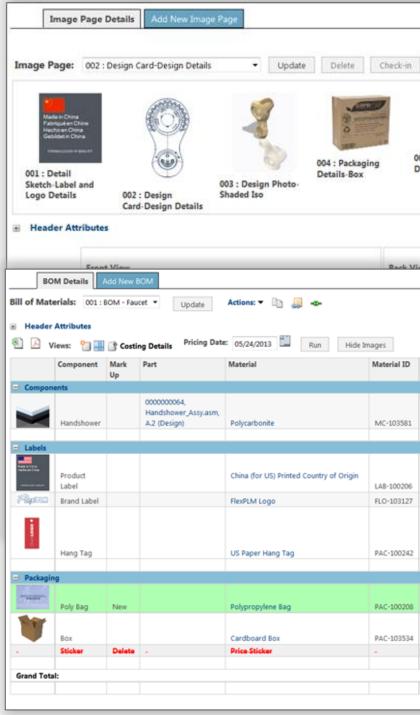
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Sourcing



SKU-Centric Product Lifecycle Management

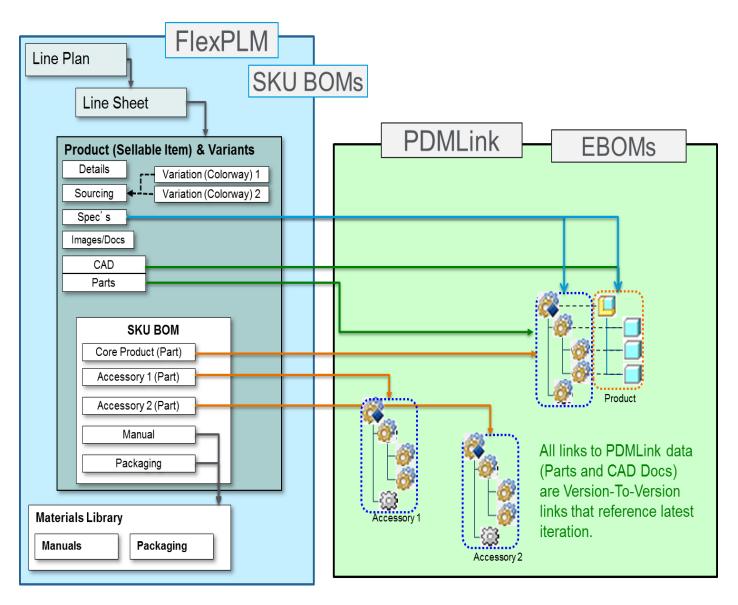
- Engineering BOMs represent the configuration of components that are assembled together for a core product.
- SKU BOMs represent the configuration of components for a sellable item
 - Engineering BOM
 - Packaging, Labels, Manuals, ...
- SKU BOM are managed and can evolve separately from Engineering BOM
- SKU BOM can be created for different variation : by Color / material, geography, distribution channel, customer, ..



Thumbnails	Discuss	Subscri	ptions		9	7
Supplier	Oxford Tan	Steam	Price OVR	Yield/Qty	UOM	Total Cost
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						303.72
BARCODES WEST			\$0.00 \$0.00	1.000	each each	\$0.08 \$0.23
BARCODES WEST			\$0.00	1.000	each	\$0.06 \$0.37
BARCODES WEST			\$0.00	1.000	each	\$0.06 \$0.51
-	-		\$0.00	1.000	-	\$0.00
						\$0.57
					Total	\$84.66 = \$84.66

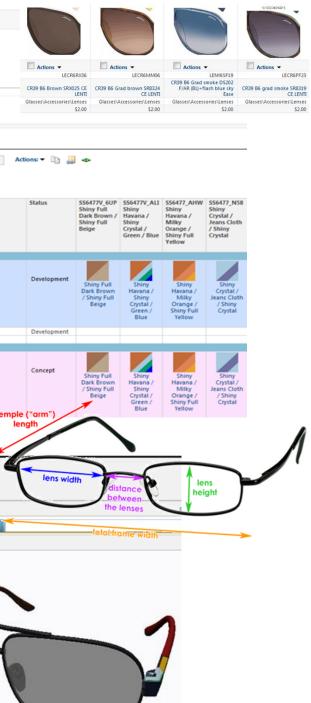
SKU-Centric Product Lifecycle Management

FlexPLM Product SKU BOM Management
 with PDMLink EBOMs

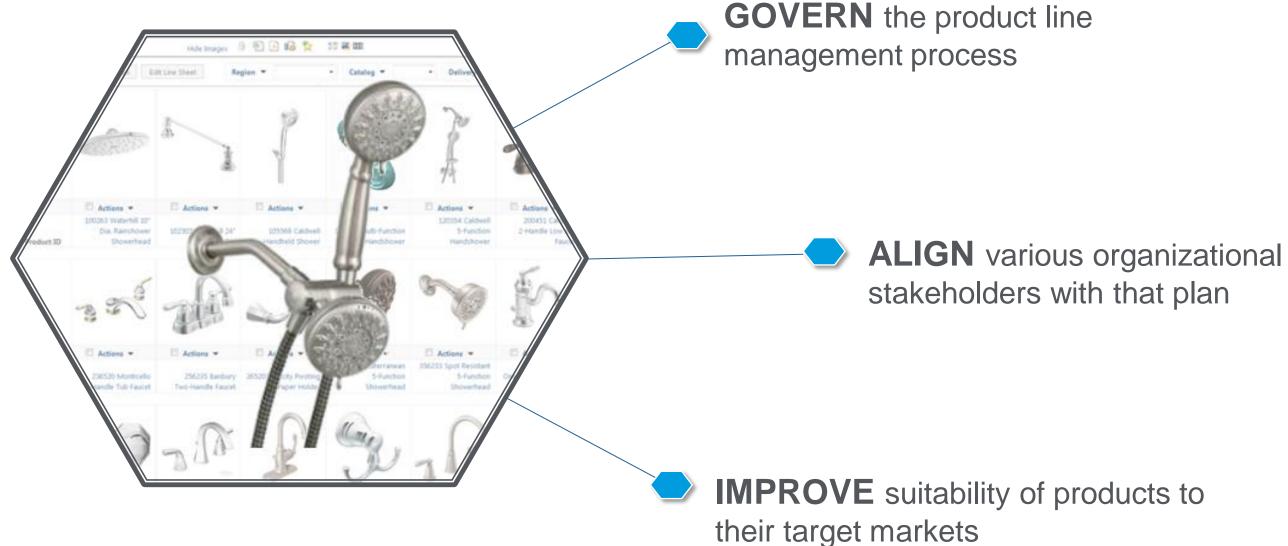


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PTC's SKU-Centric Product Lifecycle Management





SKU-Centric Product Lifecycle Management GOVERN the product line management process

WHAT IT MEANS

Create & manage

product line plans to capture and iterate on features and financial targets

Evaluate adherence to plans

with line sheets that unify planned vs. actual development metrics

Track development progress

to ensure products designs meet functional and cost requirements

Manage Scheduling

including calendar, workflow automation, and progress against NPI process milestones to ensure on time delivery to customer (channel or consumer)

WHY IT MATTERS

Manage product line plans and product portfolios to evaluate the financial viability of intended offerings early and often

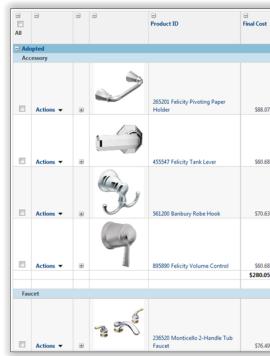


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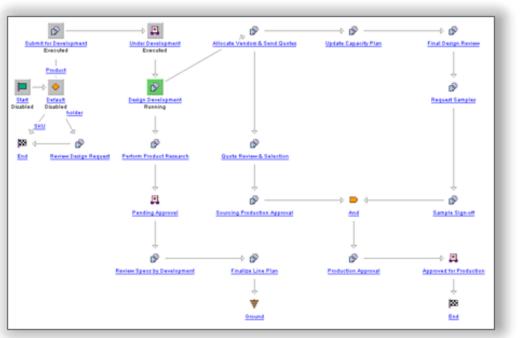
5-20% REDUCTION IN PRODUCT DEVELOPMENT COST WITH PRODUCTIVITY IMPROVEMENTS

SKU-Centric Product Lifecycle Management GOVERN the product line management process

	≡ 2013 WI						□ 2013 SU Units		2013-20 Growth %	14 = 2014 WI	4 😑 2014 SP				 2014 SP Units 		 2014 FA Units 	
8	\$47,510,950	\$51,190,198	\$52,367,573	\$49,221,344	3,678,860	3,696,860	3,720,860	3,735,860		3.8 \$49,316,3	366 \$53,135,42	5 \$54,357,540	\$51,091,755	3,818,656	3,837,340	3,862,252	3,877,822	
Bathroom	\$13,610,000	\$14,663,958	\$15,001,229	\$14,099,960	1,112,740	1,130,740	1,154,740	1,169,740		4.1 \$14,168,0	010 \$15,265,18	1 \$15,616,280	\$14,678,058	1,158,362	1,177,100	1,202,084	1,217,699	
Accessory	\$1,235,000	\$1,330,638	\$1,361,243	\$1,279,460	125,225	143,225	167,225	182,225		3.6 \$1,279,4	460 \$1,378,54	1 \$1,410,248	\$1,325,521	129,733	148,381	173,245	188,785	
Faucet	\$2,500,000	\$2,693,600	\$2 755 55			243 125	267 125	282 1 25		5.2 \$2.630.0	1		\$2 724 680		255 767	281.015	296 795	
Hand Shower	\$3,750,000	8		Product	Candidate	Total		loption	Average	Final	Average	Final	Plan	Final	Plan	Final	Plan Sales	Final Sales
* Knob	\$1,250,000	1		Count	Count	Adopted Products	Ratio		Cost	Average Cost	Retail Price	Average Retail Price	Retail Margin %	Retail Margin	Volume	Volume	Value	Value
Lighting	\$1,750,000	8		40	23		14	61	\$80.13	\$71.02	\$123.28	\$117.45	35	64	816,000	331,500	\$100,595,000.00	\$3,135,161.02
Showerhead	\$3,125,000	😑 Banb	ury	9	5		4	80	\$80.08	\$78.59	\$145.60	\$145.92	45	86	182,000	89,333	\$26,500,000.00	\$3,898,453.74
Kitchen	\$8,750,000	* Acc	essory	3	1		1	100	\$72.00	\$70.63	\$130.91	\$131.45	45	86	55,000	18,833	\$7,200,000.00	\$2,475,597.85
Commercial	\$25,150,950	🗄 🗄 Fau	icet	2	2		2	100	\$79.84	\$78.47	\$145.16	\$145.70	45	86	31,000	32,000	\$4,500,000.00	\$2,331,220.65
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		* Felici	ty	8	5		4	80	\$80.36	\$62.49	\$114.80	\$91.77	30	47	179,000	123,500	\$20,550,000.00	\$3,244,171.89
		Mont	ticello	2	2		2	100	\$77.86	\$76.49	\$129.76	\$130.30	40	70	42,000	43,000	\$5,450,000.00	\$2,801,490.95
		🕀 Tradi		5	2		1	50	\$86.55	\$71.14	\$139.60		38	63	75,000	17,500	\$10,470,000.00	\$2,023,700.00
		* Wate		7	4		2	50	\$73.92	\$86.45	\$123.20	\$149.42	40	76	167,000	31,000	\$20,575,000.00	\$2,317,302.03
		-		Product Count	Candidate Count	Total Adopted Products	Ad Ratio	doption	 Average Cost 	Final Average Cost	Average Retail Price	 Final Average Retail Price 	 Plan Retail Margin % 	 Final Retail Margin 	 Plan Volume 	Final Volume	 Plan Sales Value 	 Final Sales Value



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t	⊟ Final Retail Price	 Final Retail Margin %	⊟ Final Volume	Final Sales Value	■ Final Wholesale Price	⊟ Adopted	∃ Product Type
07	\$128.32	45.7	23,000	\$2,951,360.00	\$102.86	Adopted	Accessory
58	\$89.18	47.0	22,500	\$2,006,468.18	\$71.35	Adopted	Accessory
-	007120					ricopres	, according
53	\$131.45	86.1	18,833	\$2,475,597.85	\$82.80	Adopted	Accessory
58	\$89.18	47.0	22,500	\$2,006,468.18	\$71.35	Adapted	A
			22,500		\$/1.35	Adopted	Accessory
)5	\$438.12	56.4		\$9,439,894.21			Accessory
							Product ID:4
19	\$130.30	70.4	21,500	\$2,801,490.95	\$89.54	Adopted	Faucet

WHAT IT MEANS

Communicate Product Portfolio Plan

at the right time when needed, to engineering – as they change – for agility and adaptability

Synchronize Engineering

to other stakeholders by communicating engineering changes to packaging, artwork for accuracy and speed of turnaround

Manage SKU-specific specifications

for all variations of a product, to capture differences in BOMs, costing, sourcing, materials, packaging

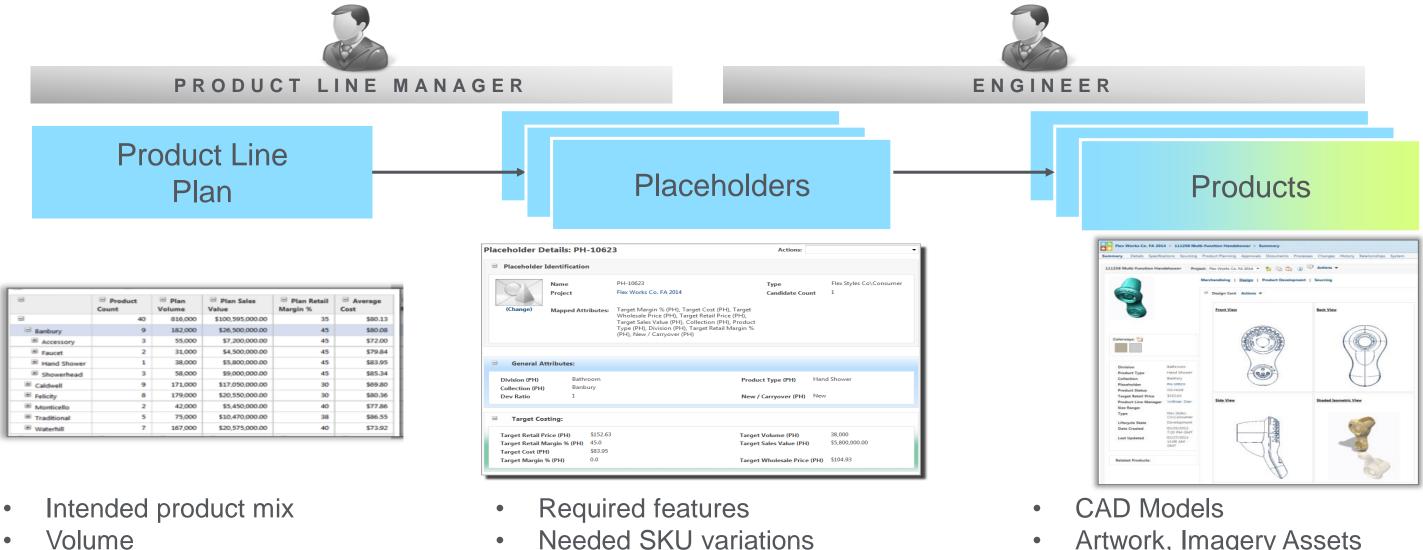
Deliver Engineering Data

to all the stakeholders who need it, improving line management efficiency, collaboration, and productivity

WHY IT MATTERS

Ensure constant alignment across the enterprise, reducing over-development, improving organization efficiency, and ensuring target costs are met

15-20% OVERALL REDUCTION IN PRODUCT LINE CYCLE TIME



- Volume
- Financial targets (retail price, target cost, margin)

Financial targets (target cost, ٠ margin)

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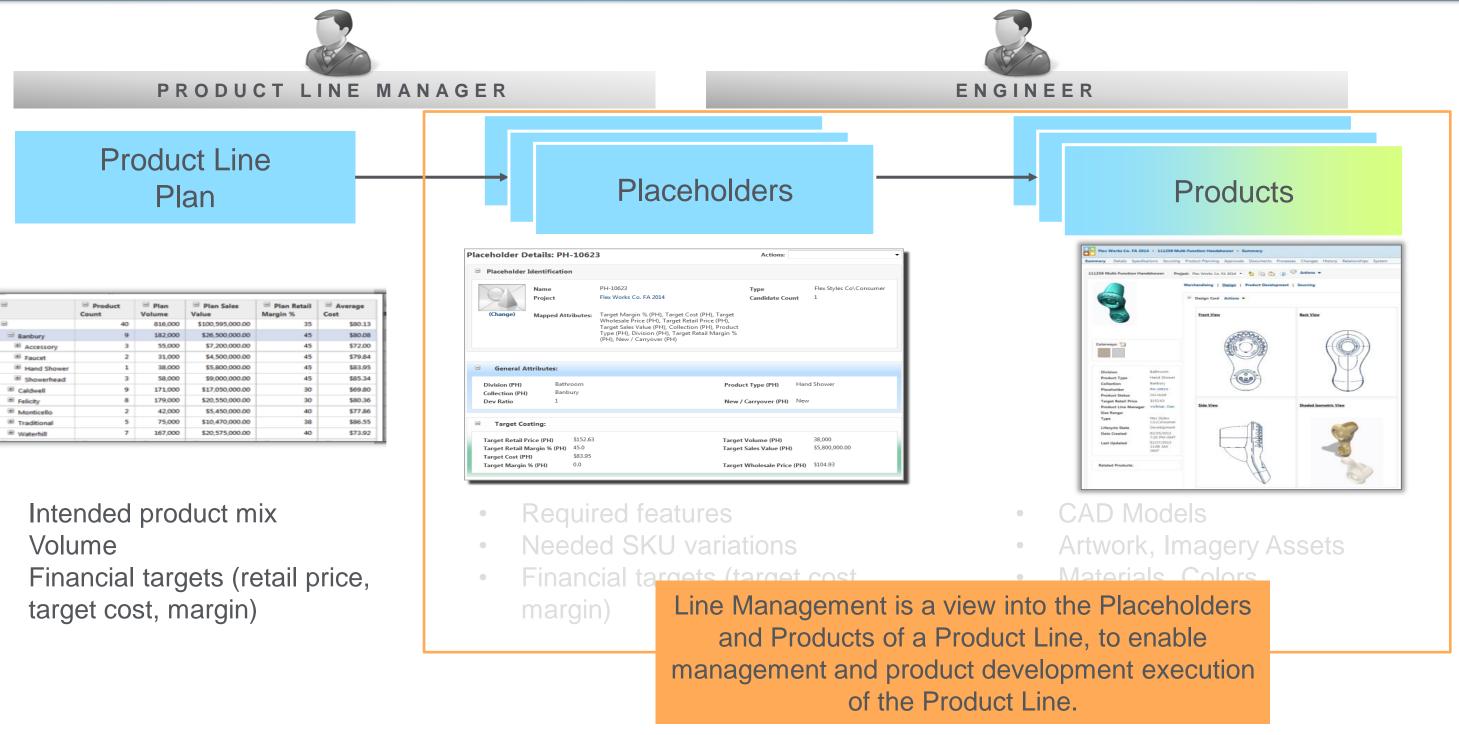
Artwork, Imagery Assets Materials, Colors Hard / Soft BOM

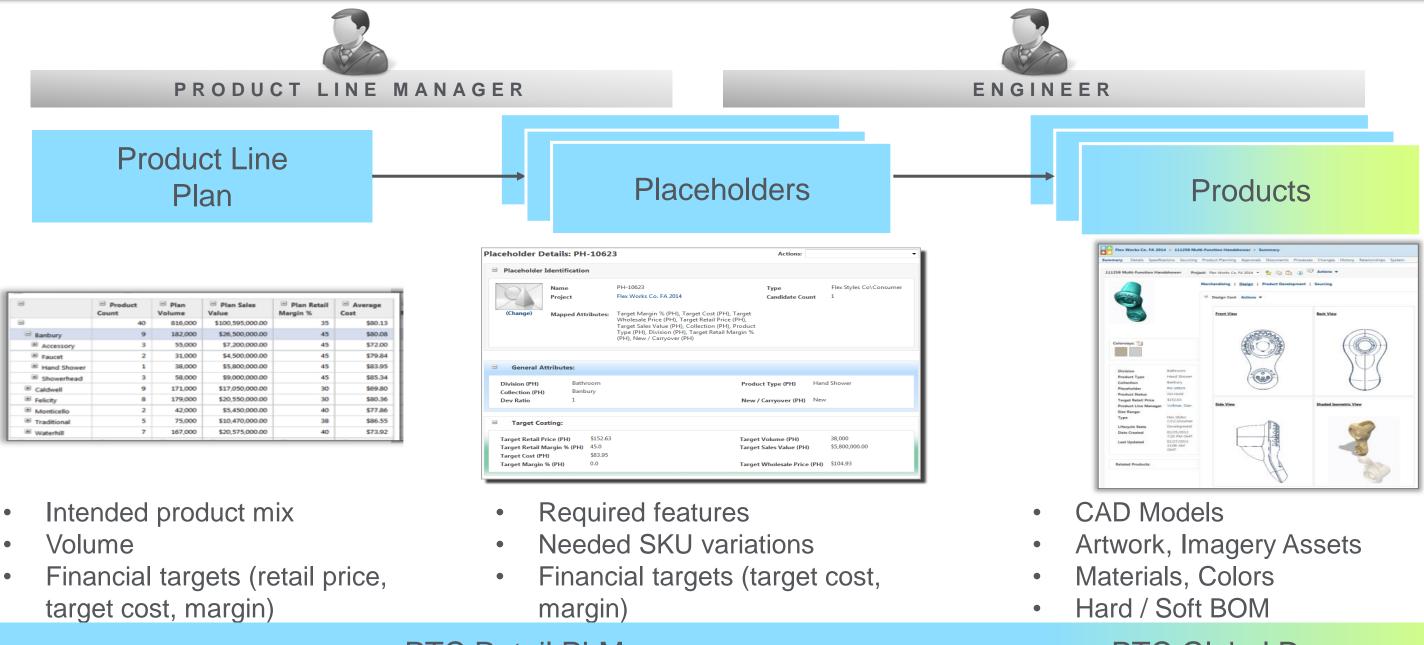
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PTC Retail PLM (Windchill FlexPLM)

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PTC Global Dev. (Windchill PDMLink)

SKU-Centric Product Lifecycle Management IMPROVE suitability of products to their target markets

WHAT IT MEANS

Deliver the Right Features

to the right markets - by geography, demographics, and channels

Improve Management Visibility

to developing products, their costs, and their progress via centralized reporting of plan vs. actual data

Manage Variability in Products

hard/soft goods, design, engineering, artwork and packaging to maximize marketability

 Leverage Comprehensive **Reporting** including costing, market successes or failures, and customer demands to balance tradeoffs

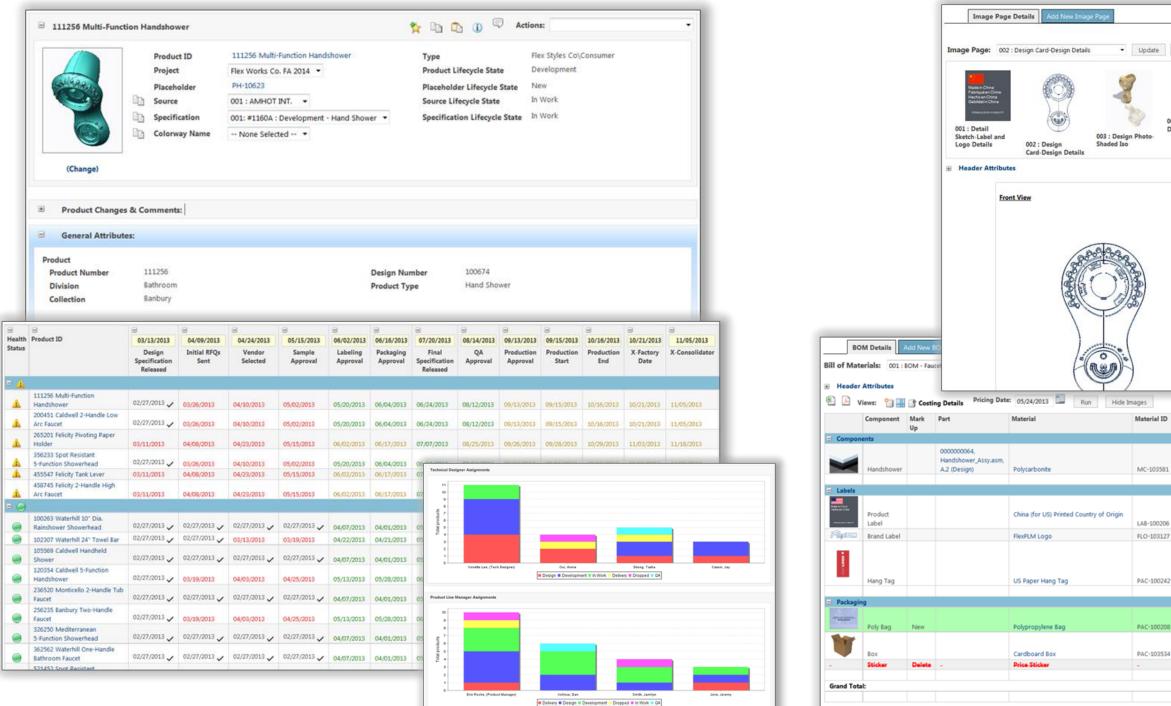
Reduces cost and cycle time by evaluating cost vs. requirements against planned products, their variants, and their intended channels

> 5-15% BETTER ACCURACY, **PRICING TO MARKET**

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WHY IT MATTERS

SKU-Centric Product Lifecycle Management IMPROVE suitability of products to their target markets



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Greentech S.A	Oxford Tan	Steam	\$83.72	1.000	sheet	\$83.72 \$83.72
						\$83.72
BARCODES WEST			\$0.00	1.000	each	\$0.08
			\$0.00	1.000	each	\$0.23
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						\$0.37
BARCODES WEST			\$0.00	1.000	each	\$0.06
Greentech S.A			\$0.00	1.000	each	\$0.51
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Wrap-up

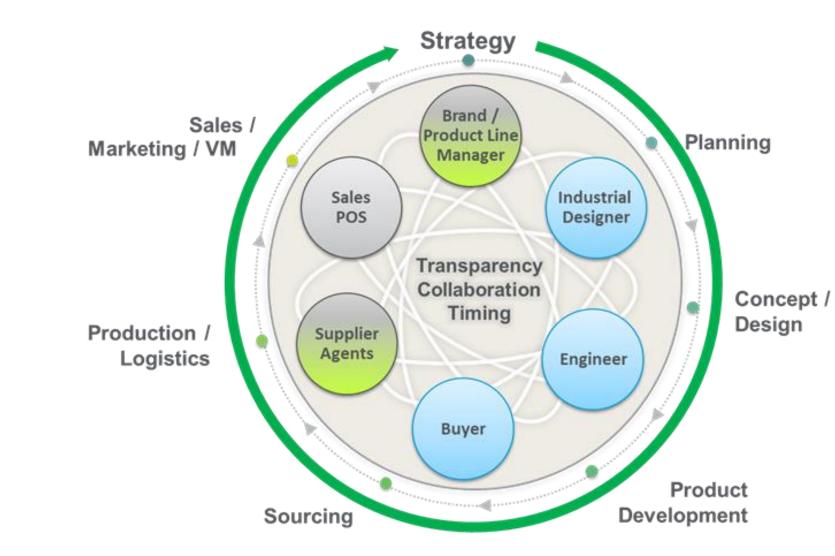
SKU-Centric Product Development process Benefits...

• To the ENTERPRISE

- Improve agility
- Balance product trade-offs
- Communicate engineering changes
- Improve visibility and reporting

• ...to ENGINEERING

- Collaborate across the value chain
- Stay in sync with strategic goals
- Reduced cycle time
- Reduce errors, quality issues, and waste



- Your feedback is valuable
- Don't miss out on the chance to provide your feedback
- Gain a chance to win an instant prize!
- Complete your session evaluation now

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