



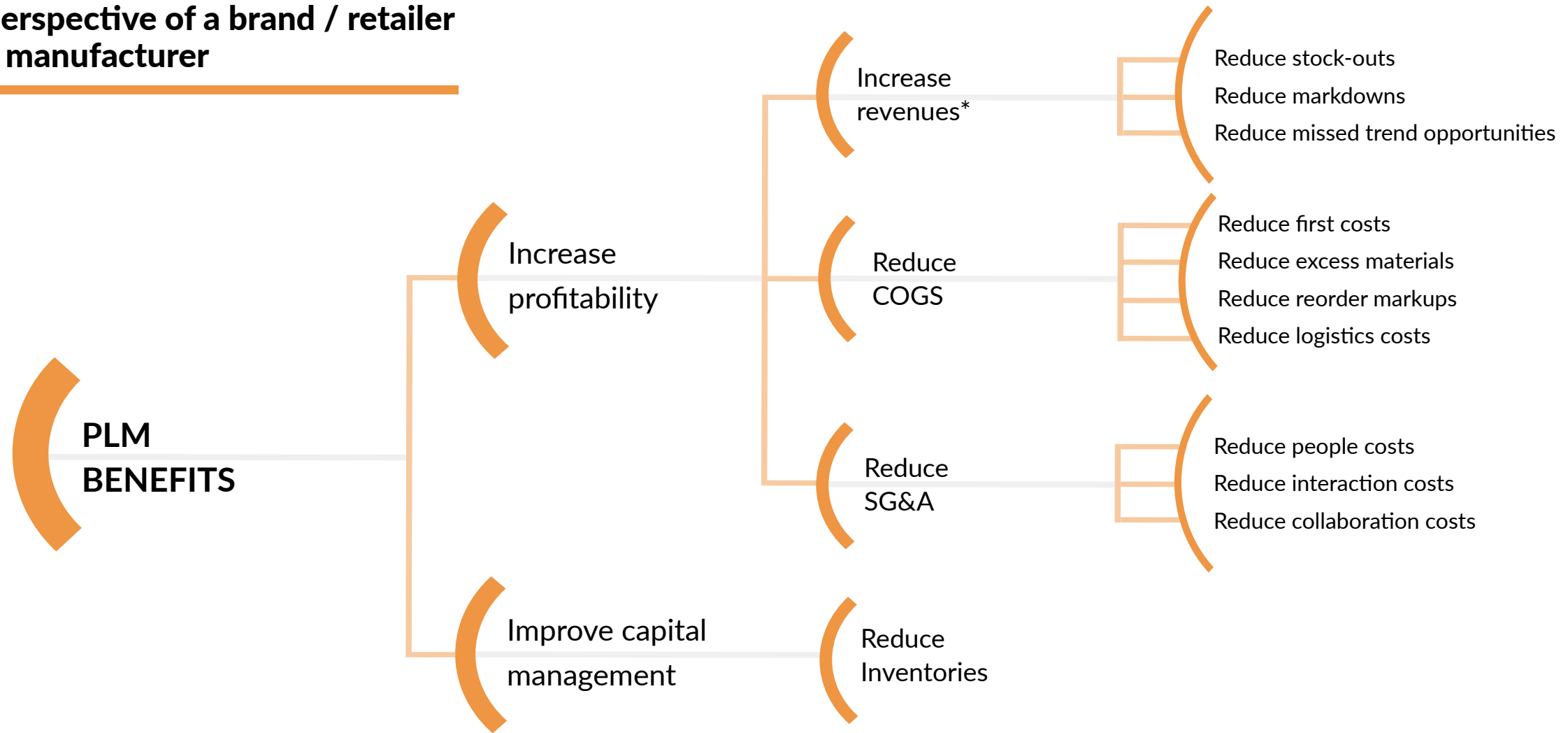
POTENTIAL BENEFITS OF PLM

PLM PROJECT PACK 2021

The benefits of PLM are plentiful and far-reaching, and oftentimes dependent on your business. However, for every business there are key benefits that can (and should) be realised following a **successful** PLM implementation. This document gives an overview of exactly those benefits - relating to the usual problems encountered in any fashion business - which are relevant whether you're a fashion brand, retailer or manufacturer.



ROI drivers from the perspective of a brand / retailer / manufacturer



Benefits related to increased revenues



Problems

- Stock-outs
 - Lost sales due to inability to replenish on time; expected to continue post-COVID-19

Drivers

- Long time-to-market for reorders
- Insufficient bandwidth to deal with entire supplier network in real-time

PLM Impact

- Reduction of time-to-market utilising data-driven demand reordering
- Ability to connect with entire supplier base in real-time

Benefits related to increased revenues (cont.)

Problems

- Markdowns
- Lost sales due to ordering too much or ordering incorrect products (obsolescence)

Drivers

- Long time-to-market
- Inaccurate planning / forecasting due to long lead times
- Inability to reorder on-trend products

PLM Impact

- Reduction of time-to-market, which delivers:
 - Reduced markdowns for on-trend fashion items
 - Improved accuracy or planning linked to connected eCommerce analytics data

Problems

- Missed trend opportunities
 - Foregone sales due to slow response

Drivers

- Long time-to-market
- Inaccurate planning / forecasting due to long lead times
- Lost window of opportunity to sell on-trend products at full margin

PLM Impact

- Reduction of time-to-market, which enables:
 - Faster responses to trends
 - Data-driven planning
 - Ability to reorder on-trend winners, in correct size and colour ratios



Benefits related to reduced COGS (Costs of Goods Sold)

Problems	Drivers	PLM Impact
<ul style="list-style-type: none">• First costs<ul style="list-style-type: none">◦ Lack of pricing transparency◦ Focus on sourcing cheaper, fast-fashion rather than higher-value QA/QC◦ Limited availability to evaluate multiple vendors simultaneously	<ul style="list-style-type: none">• One off inaccurate negotiations with suppliers; no open costings• Lack of transparent visibility of the BOM & BOL• Insufficient bandwidth to deal with entire supplier network in real-time	<ul style="list-style-type: none">• Visibility of open costings online, providing ability to achieve targets• Enablement of multiple bid evaluations online• Reduction of agent commissions due to ability to operate directly with manufacturers



Benefits related to reduced COGS (cont.)

Problems

- Excess materials
 - Obsolete inventory

Drivers

- Inaccurate planning / forecasting due to long lead times
- Inaccurate ordering of sizes and colours

PLM Impact

- Real-time data-driven demand planning
- Shorter lead times delivered via end-to-end real-time connectivity

Problems

- Reorder markups

Drivers

- Charged a premium for rushed reorders
- Insufficient bandwidth to deal with entire supplier network

PLM Impact

- Ability to reorder hot sellers
- Enablement of multiple bid evaluations in real-time

Problems

- Logistics costs

Drivers

- Lack of visibility into:
 - Pricing comparison(s)
 - Coordination and consolidation regarding capacity (particularly within company)

PLM Impact

- Enablement of visibility into rates
- Visibility of manufacturers' capacities and lead-times



Benefits related to reduced SG&A (Selling, General & Administration) expenses

Problems

- People costs
- Interaction costs
 - Samples
 - Travel
 - Communication
 - Errors
- Collaboration costs

Drivers

- Manual (Excel & email versus automated, real-time PLM) processes related to coordination and communication with multiple parties operating across multiple tiers (factories, mills, raw materials, farmers etc.), internally and externally.
- Lack of information and visibility (e.g. trends, suppliers, capabilities, machinery, capacities)
- Lack of visibility into quality standards & returns analysis

PLM Impact

- Streamlined processes and association activities vis-à-vis online, real-time modules that can help address the challenges
- Ability to operate across multiple tiers, supporting CSR & sustainability
- Greater visibility and understanding of suppliers' capabilities and KPIs



Your return-on-investment linked to PLM & other best-of-breed solutions can be found in the **continuous improvements to your business processes**, based on where you are today (i.e. the '**As-Is**' state of business processes) and, more importantly, where you are going in your process maturity improvements (i.e. leading to the '**To-Be**' successful PLM implementation linked to best-of-breed digital solutions [CAD/CAM, Pantone, Adobe, 3D etc.], delivering real-time collaboration across the end-to-end value-chain.

The potential for your return on investment lies in the steadily-shrinking but always-present possibility to improve the way you're working today.

Moving away from an ad-hoc method, where everything is stored on different media and/or simply in peoples' heads and very little (or nothing) is connected. We often refer to this as the Microsoft PDM method of Excel, emails and file attachments. Then we have a structured business process that is documented, and known but still operating manually.

Beyond this the next level of maturity is what we call the 'measured and managed'. The processes operate within a database (PDM if you like) and the process efficiency is managed with some basic level of critical path triggering and notifications.

Finally, we have the advanced PLM level, including workflow and supplier collaboration, API integration to other best-of-breed solutions, which is all automated and fully inclusive.



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