

# WHICHPLM'S GUIDANCE FOR YOUR BUSINESS TYPE(S)

PLM PROJECT PACK 2021



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Although operating under the RFA (Retail, Footwear & Apparel) umbrella, not all fashion businesses that sell or make product operate in the same way. In fact, far from it. Licensed retailers operate differently to online retailers, who operate differently to luxury brands, who operate differently to wholesalers, who operate differently to various manufacturers.

The purpose of this document is to discuss the segmentation within our industry. There are various business models operating in the world of fashion & sewn products that will influence a Product Lifecycle Management (PLM) implementation. This document makes a careful attempt to categorise the overall segmentations within our industry along with their PLM licensing requirements linked to use-case types and licencing implementation estimates.

The aim is to consider and define specific modules and functional elements typically used within each segment of the end-to-end value chain. [These modules and elements may link directly to the 'Assessment for Best-Practice Solutions (Checklist)', spreadsheet also found in this Project Pack.]

We would expect that this document will be a valuable guide in helping businesses to research those PLM vendors that best serve the needs of their particular business type, and at the same time assist both customers and PLM vendors in configuring, and pricing their solutions to enable affordable and successful PLM implementations.

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## The Retail Customer

The RFA industry, including the sewn goods market, has changed radically over the last twenty years, since PLM came to the market, driven especially by the introduction of fast fashion – a segment that sees continued growth due to greater use of connected, online digital platforms. And at the same time, these hyper-quick design and development models continue to heighten consumer expectations.

Today's consumers look at more than just product when they shop with bricks & mortar or online retailers; they increasingly value retailers and brands that identify their distinct requirements and meet their increasing expectations, which in turn drives greater diversity of product options, and smaller orders. And this doesn't relate solely to digital fast fashion businesses, but also to the mix of high street retailers and brands that are trading from shops with a mixture of models, including private label & licensed products, sold in stores or through online channels to serve the consumer.

It's worth keeping in mind that the critical success factor (CSF) for fashion is of course speed, and speed often comes with a lighter touch when deploying a PLM solution.

So, considering that we have a mixed fashion model today, what does the industry segmentation look like, and why does it matter to both prospects of PLM and the vendors that are scoping and designing their next generation PLM platforms to support each segmentation?

Read on.

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## Business Type: Licensed Retailers

Let's consider retailers with little or no presence on the internet. This segment will operate on a mix of bought-in license styles that require little design & development, apart from sharing trend and storyboard information with those suppliers in the early stages of the design process. Their manufacturers will produce the products linked to trend guidance, sometimes sharing a simple mood or storyboard, and a basic Tech-Pack (consisting of pictures, sketches, colours, size ranges etc.), most often shared via a PDF. These styles are generic, pre-made designs based upon the manufacturer's specifications, including block patterns, size ranges, materials, colours, trims and so on. Retailers will simply select the type of products that they require, which will be modified with the retailer's or brand's own logos, labelling and packaging details.

*In this example the retailer or brand will require a 'light-touch' PLM solution, meaning that it will minimise the user and administration needs that other models require to develop a deep and comprehensive tech-pack, with the depth of administration data that would normally be required for more detailed specification requirements. Also, the modules used within a licensed retailer's PLM solution would focus mainly on the creative needs - think Adobe Creative Suite, Storyboards, and basic Tech-Pack functionality.*

*You could look at this model as follows: the manufacturer completes the heavy lifting (the design & development) and allows the retailer to use the PLM solution to browse options and provide trend input as part of the co-design process.*







## Business Type: Private Label Retailers

Retailers & brands that design and develop their own private label products will take full responsibility for every detail of the product from concept to consumer. In this case, they will share design trends, modes, storyboards, patterns, grades, materials, trims, components, sample requirements etc., with their suppliers. It is also possible in some cases that they will own their own factories, where they have greater control over work-in-progress (WIP) machinery, methods, ordering & manufacture planning covering front-end sales or stock with the upstream manufacturing capacity planning.

*Retailers & brands that are in the main responsible for the full ownership of design, product and materials development, sampling, costing, procurement, testing, quality assurance & control, manufacturing, and logistics will, in the majority of cases, utilise the full capabilities of a modern PLM solution with a 'full stack' PLM. They will also go beyond PLM capabilities, with bi-directional integrations to supporting best-of-breed solutions, the likes of the Adobe Creative Suite, CAD/CAM systems, 3D solutions, ERP systems, or manufacturing control systems, linked to real-time data feeds.*

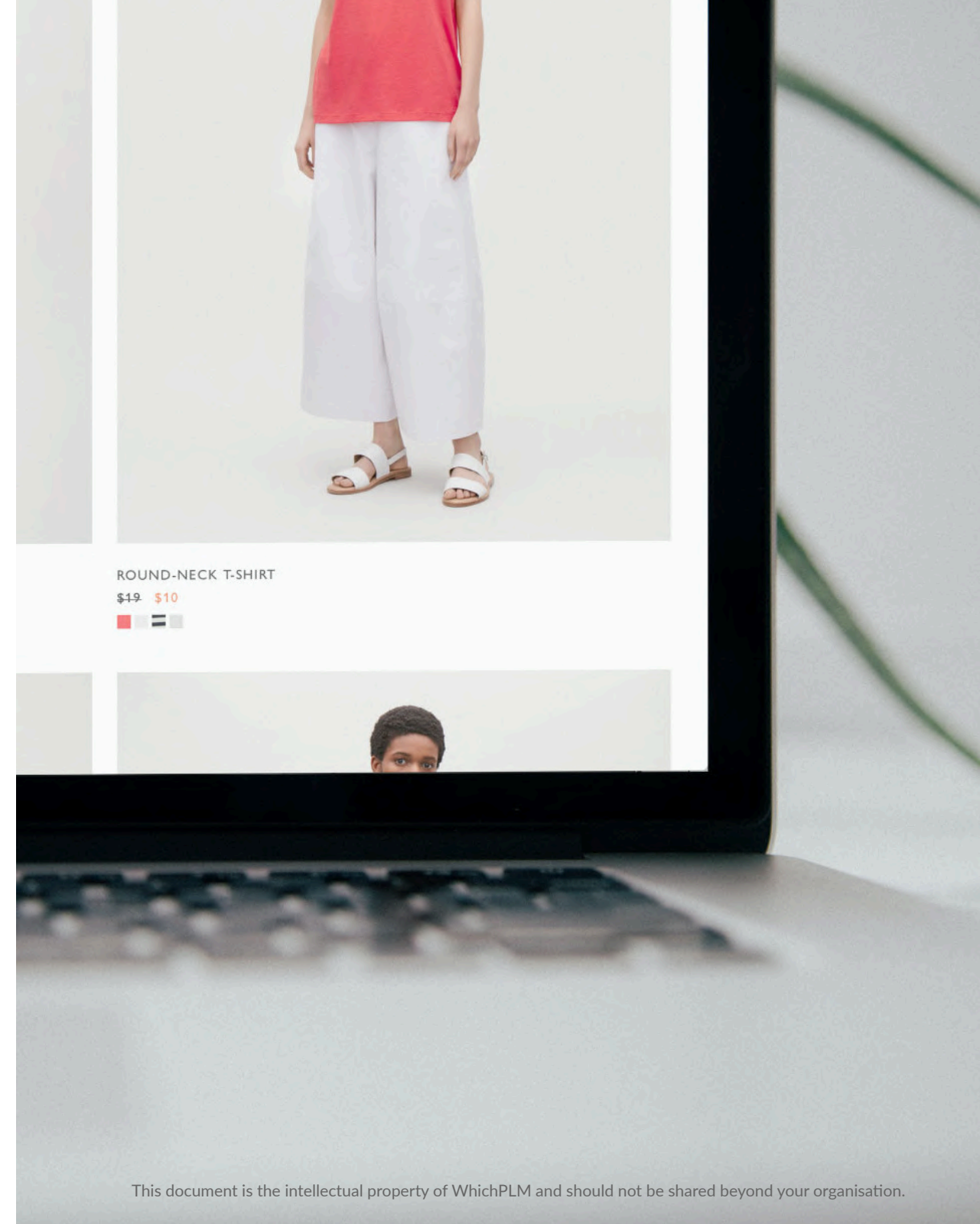
*In this example, brands and retailers will require the maximum use of PLM, across each of their departments and role types. Beyond their internal requirements, they will also require PLM licenses to be rolled out into their own factories or within their factory partners, linked to critical areas of the manufacturing processes e.g., materials ordered & received, allocation of materials, spreading, cutting, assembly, sewing, pressing, finishing, packaging, warehousing, and logistics. In this case, data will be collected by the real-time production systems and shared with your ERP and/or other planning systems.*



## Business Type: Online Retailers

Online retailers follow the same or similar models as traditional licensed retailers and brands that sell licensed products. Put simply, the online retailer segment comes down to the use of technology platforms that provide the online world with the advantage of a greater reach to global consumers and the added benefit of real-time data insights. Insights that, in turn, are being used to predict new designs, order sizes, colour mixes, locations, and much more when you get to know your customers better.

*In terms of PLM usage, it follows the above use-cases linked to licensed products that are bought-in. Looking at the PLM installed base, it is clear that most of the traditional online mega-retailers are not yet using PLM systems and instead are using traditional systems (email, Excel and portals) with a 'lighter touch' model of purchasing designs direct from factories, keeping their costs to an absolute minimum and focusing more on consumer data insights around product trends.*





## Business Type: Online Private Retailers

There are exceptions to the above school of thought, as we also of course have a mix of traditional brands that serve both the high street and the online channels.

*In this case, businesses operate in the traditional way that requires a 'full stack' PLM rollout across all value partners, in order to fully maximise the potential benefits of PLM.*



## Business Type: Luxury

Unlike fast-fashion the luxury market is driven by the need to satisfy its customer expectations, linked to high-quality standards of finished products. Although the luxury sector has been following in the footsteps of fast fashion in recent times, by reducing the number of seasons and turning out more continuous collections, speed is still not the critical success factor of luxury. Often, we find that luxury retailers or brands will own and operate their own manufacturing facilities, located close to their headquarters, or at the very least will work together with long-established partnerships that enable and support, with full transparency, all operations and procedures that take place.

***Luxury brands & retailers retain responsibility for the full ownership of design, product and materials development, sampling, costing, procurement, testing, quality assurance & control, manufacturing, logistics, and so on. They would utilise the 'full stack' capabilities of a modern PLM solution, including bi-directional integrations to supporting best-of-breed solutions. They would also utilise manufacturing control systems, linked to real-time data feeds. In this example, luxury businesses will require the maximum use of PLM across each of their departments and role types, and to maximise the full potential of the system, it is strongly recommended that they install PLM within each of their factories or partners as well.***







## Business Type: Wholesalers

Basically, the wholesaler does a lot of the heavy lifting of design, development, sourcing, and testing of the products that they will sell onto retailers.

*In this case, the wholesaler will require a 'full stack' PLM solution covering trend, design, and development, and will potentially require PLM licenses shared with their manufacturing partners.*

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## Business Type: Manufacturers (Apparel, Footwear, Textiles, Accessories)

Like retailers and brands, manufacturers support different models when bringing a product to market. Some are wholly owned by a brand or they are fully independent and sell their products and/or production capacity (quantity of products or standard minutes) to retailers or brands.

Manufacturing also comes in different segments, including: **Cut Make & Trim (CMT)** or **Fully Factored**.

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## Manufacturing Segment: CMT (Cut Make & Trim)

CMT manufacturers will receive specifications from their customers, usually via a Tech-Pack, portable document file (PDF) or coming directly via a live link to a retailer's or brand's own PLM solution (through an external user license that enables the CMT company to utilise certain modules and features within the PLM solution). Using the live specification, CMT users will be able to download a number of file types (e.g., patterns, markers, colourways, critical path, quality assurance and control requirements, testing, and auditing requirements). The Bill of Materials (BOM) will enable each CMT business to view the materials that will be shipped to them (including materials, trims, labels, boxes, bags, patterns & markers) via the retailer or brand.

*Typically, CMT companies are used by fast fashion businesses (or similar) that require quick turnaround of small orders – orders that, these days, can be counted in hundreds rather than thousands of products.*

*In terms of live bi-directional PLM requirements, CMT companies would utilise elements of a Tech-Pack. This is still a segment that is underserved by PLM, at least in a live, real-time use-case. Full responsibility for the success of the product lies with the retailers and brands in terms of design, development, fitting, materials, trims, and components. A CMT's use of PLM is limited but valuable as the industry turns to smaller orders. The ownership of the licenses should be with the retailer or brand and will, in the main, require a 'full stack' PLM solution, but will only share certain modules and functionality with the CMT suppliers.*



## Manufacturing Segment: Fully Factored

Fully factored manufacturing (FFM) is responsible for the vast majority of the processing, apart from design & material development, which, in the majority of cases, will be the responsibility of the retailer or brand that will retain the ownership of the I.P. (intellectual property) of the design. FFM will be responsible for sourcing local materials, trims, components, labels, boxes, hangers, etc. Most often, retailers and brands will define a price for the products based upon a freight-on-board (FOB). FOB is the term used to specify the point respective obligations, costs, and risk involved in the delivery of goods that shift from the seller to the retailer or brand.

*In terms of live, bi-directional PLM requirements, FFM companies would utilise the technical specification of a PLM solution, with the creative design and development staying with the retailer or brand. Like CMT, this is yet another segment that is underserved by PLM, at least in terms of live, real-time usage. Full responsibility for the success of the PLM system partnership lies with the retailers, and major benefits can be achieved by both parties using a single PLM platform. The ownership of the licenses should be with the retailer or brand and will, in the main, require a 'full stack' solution, but will only share certain modules and functionality with the FFM suppliers.*





*For both CMT & FFM, currently without PLM licenses in place, the model makes it very difficult for retailers and brands to know exactly where their materials, trims, and components come from. It's impossible to trace products in real-time, and they have little idea of the practices that take place in these operations. Connecting PLM into CMT & FFM is the key to unlocking greater efficiency, quality, transparency, and fair labour practices. Typically, both business types would share a 'full stack' PLM solution with their customers.*

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In this document, we have attempted to shine a light on the broader segmentations within RFA. Of course there are many more examples - further complicated by a mix of product types - that have greater or lesser needs for PLM. At WhichPLM, we're reminded every day that each business is unique and operates on its own unique selling points (USPs), but one thing that is very clear, is that it's time to consider how you can use PLM to challenge traditional models and connect your value-chain partners, regardless of business type.

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