



PLM Interest Group

PLM Financial Primer

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Foreword: Understanding PLM Financial Management

**In order to show the financial impact of the “unquantifiable”
subject of PLM, a new and holistic approach is needed.
This Primer sets the scene for everyone involved.**

The long-standing demand for metrics that can show the financial benefits of PLM led the PLMIG to launch its [PLM Financial Framework](#) initiative in March 2013. A series of workshops in 5 different European countries investigated the whole subject in detail, and generated a comprehensive new methodology that any company can apply.

The initiative has established, once and for all, exactly how the financial impact of PLM on a business can be calculated and managed. The methodology sets aside the old-fashioned “scorecard” or “questionnaire” type assessments that are not only sub-optimal, but can weaken the overall development of PLM. Its power lies in the ability to quantify any and all relevant PLM Benefits from first principles, which means that PLM implementations can now be justified and measured based on their real business impact.

There are many misconceptions about PLM metrics, and it is important to start from the right basis. There are also many people who need to be involved, from all parts of the organisation, who need a common understanding of what the PLM Team is trying to achieve.

This Version 2.0 *PLM Financial Primer* explains the whole scenario, expressing the principles and issues at a level that everyone can understand. It describes the three levels of Financial Management, ranging from one-off project approval through to building the financial results of the implementation into the company’s ongoing accounting structure.

Before any of these levels can be reached, everyone who will be involved in the activity will need to have the same clear understanding of how PLM Financial Management works. This *PLM Financial Primer* is therefore an essential part of the preparation for everyone who wants to see proper financial control of their PLM programme.

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