

Two Views of PLM & ERP

John Stark launches the discussion about PLM & ERP that will lead to the PLMIG's proposed PLM/ERP Workshop.

PLM is not an Island

PLM is just one of the major business activities of a company. It must interface seamlessly to other business activities and systems such as Customer Relationship Management (CRM), Supply Chain Management (SCM) and Enterprise Resource Planning (ERP) which bring visibility and efficiency to the way that companies carry out everyday business.

The interfaces that are required between PLM and other applications influence, and are influenced by, enterprise and inter-enterprise organisational structures and cultures; HR issues; information structures and flows; work methodologies and techniques; standards; and information and communications systems.

Several Views of ERP & PLM

Just as there are many different views of PLM, there are also many views of PLM & ERP. In this introductory article, two popular views are introduced. The first of these is the "PLM & ERP is a question of synchronisation" view: the second maintains that "PLM & ERP is a question of differentiating the business value".

A Question of Synchronisation

In this view, people assume that PLM & ERP is a matter of synchronisation between the engineering bill of material and the manufacturing bill of material.

According to the abstract for a session at the 2005 Expandable Users Conference, "Integration between ERP and PLM systems offers instant access to the most current product data, delivering the visibility necessary to effectively manage bill of materials (BOMs), engineering changes (ECOs), documentation, and product data. With the interface to Expandable, you can manage your ECO process in the Omnify PLM system, electronically communicating change requirements for fast review and approval.

According to the EMC website, "With advanced Enterprise Resource Planning (ERP) and Product Lifecycle Management (PLM) systems, you can integrate business processes for more

efficient workflow, higher productivity, and lower costs.

According to a case study from LG Philips, "LCD is Turning Digital Dreams into Reality", "Today, when costs need to be reduced to improve competitiveness, procurement personnel can now use the ERP and PLM systems in concert to replace higher-priced parts with lower-cost substitutes, and the replacement parts are automatically updated in the BOM, and accompanying orders are sent automatically to the supplier. In addition, the engineering BOM can be automatically converted to a manufacturing BOM within Windchill, which is the BOM format required in the production facilities, and then electronically sent to the factory's ERP system."

Monica Schnitger of research firm Daratech, was quoted in *Mechanical Engineering Magazine*. "Although it may appear at first blush that a company's ERP and PLM systems should work together seamlessly, marrying the two can be a challenge. Software from different vendors is often incompatible. And integrating large-scale systems can be difficult," she said.

Differentiating the Business Value

Other people assume PLM & ERP is a question of differentiating the business value of PLM and ERP. For example, according to an article in Start Magazine titled "ERP and PLM", "PLM strategies have proven to provide significant benefits to companies adopting them, but have also added complexity to enterprise application strategies because of confusion between the roles that ERP and PLM should play."

The article continues "Manufacturers must choose which functions will be carried out by ERP, which will be supported by PLM, and which will be supported by other applications. This is an important decision, because the approaches and capabilities to address a particular business need can be very significantly different between ERP and PLM."

Your View of PLM & ERP

What is your view of PLM & ERP? We look forward to hearing from you.