

## May 2005

### *Maximizing Customer Value through Product Lifecycle Management and Marketing*

Speaker: Dennis Meister, VP Product Lifecycle Management, Siemens Medical Solutions

Dennis Meister, Vice President of Product Lifecycle Management at Siemens Medical Solutions, spoke at the May 4, 2005 meeting of the SVPMA. Mr. Meister presented on *Maximizing Customer Value through Product Lifecycle Management and Marketing*. The speaker has over 20 years of experience in the medical equipment space, specifically ultrasound imaging. His products have all enjoyed dominant market share and command a 30% premium to the market. He describes himself as a pragmatist, who uses process but only as a means to an end.

Mr. Meister views the field of Product Lifecycle Management (PLM) as still immature, but the next big thing. Businesses started with Enterprise Resource Planning (ERP), progressed to Supply Chain Management (SCM) to run the factory, then to Customer Relationship Management (CRM) to get close to the customer, and now are tackling PLM to ensure the right product is made. PLM is a way to perform customer oriented product planning. For Siemens medical, this means organizing around clinical workflow of specific disease states rather than aligning by product. Further, PLM must include product planning after the release since ultrasound equipment can have a service life of 20 years. Thus, only 10% of a product's life is spent in development.

For discussion, the speaker broke up the product lifecycle into two generic phases - investment phase and the return phase. Activities that reduce investment or increase return will increase the ROI. Mr. Meister offered many suggestions in this area:

#### 1. Minimize investment period by

- Making faster decisions and using techniques like rapid prototyping to retire risk.
- Reduce cost - externalization/outsourcing and component reuse
- Accelerate time to market - quick development cycles, build in quality to reduce testing, have project transparency as a way to expose the dirty laundry while people can still correct the problem.

The customer impact of this is by making faster decisions; you become more responsive to the market. By using rapid prototyping, you involve the customer in the design.

#### 2. Maximize return phase by

- Effective deployment and pre-selling
- Foster rapid mainstream adoption
- Price protection
- Increase volume by going after new markets and configurations
- Continue to look for ways to reduce costs
- Product updates
- Brand management

As examples, when Mr. Meister launched his last product, he spent generously on the launch and then created a second product to shield the premium offering from price erosion.

Mr. Meister concluded by emphasizing that PLM is much more than initial product planning. His track record speaks for itself on the benefits of well executed Product Life Cycle Management.