IDC MarketScape

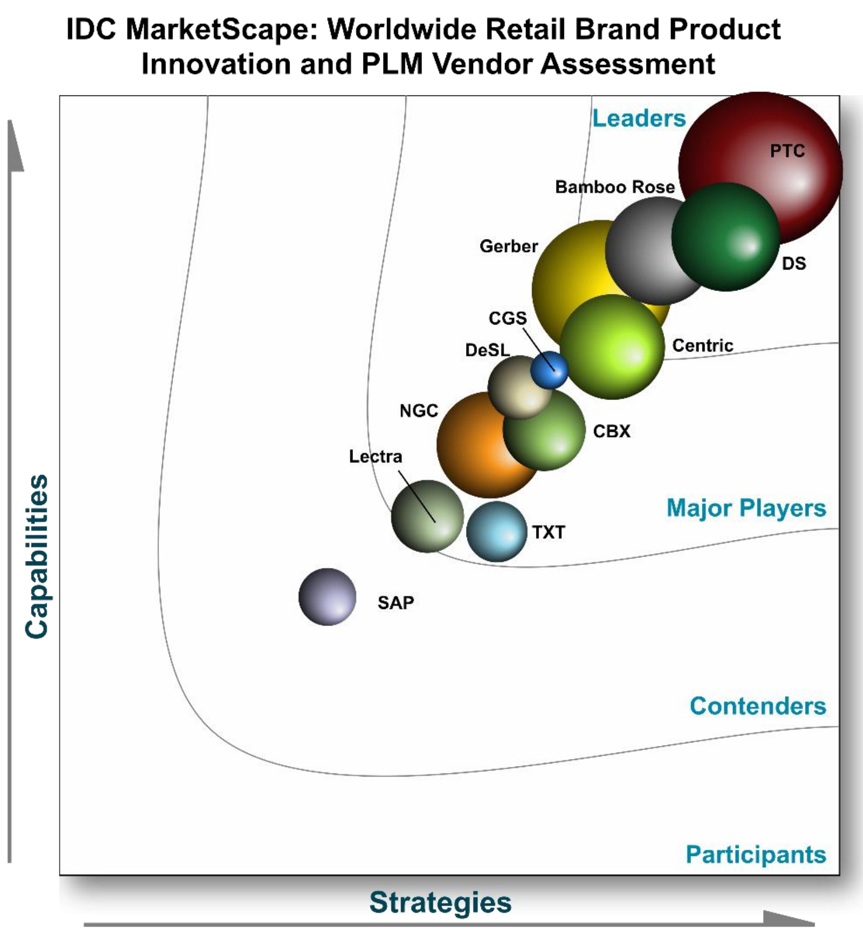
IDC MarketScape: Worldwide Retail Brand Product Innovation and PLM 2016 Vendor Assessment

Victoria Brown Leslie Hand

THIS IDC MARKETSCAPE EXCERPT FEATURES: Dassault Systèmes (DS)

IDC MARKETSCAPE FIGURE

FIGURE 1



Source: IDC 2016

January 2016, IDC Retail Insights #US40521315ee

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape Worldwide Retail Brand Product Innovation and PLM Vendor Assessment (Doc #US40521315). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More.

IDC OPINION

The retail brand product innovation and product life-cycle management (PLM) applications market continues to evolve, with the focus shifting from merely enabling siloed product development, technical specification, sampling, and sourcing management processes to acting as a central lynchpin, from an assortment management, design, and supply chain perspective, empowering retailers to plan and execute high-performing customer-centric brand and product strategies. Key findings of this study include:

- Retail brand product innovation and PLM allows retailers to harmonize and orchestrate decisions at each step of the product life cycle from concept through order, resulting in more profitable product launches, fewer product failures, and more business success.
- Retail brand product innovation and PLM has quickly become a visual and fluid process, enabled by flexible configuration, collaboration platforms, mobility, and social networking inputs and workstreams that enable better decision processes and execution. 3D data and product content aid not just in product development, testing, and sourcing but also in assortment planning and marketing.
- The digital core of retail brand product innovation and PLM enables seamless access to product and customer data through the use of advanced analytics and user-friendly dashboards to drive better decision processes.
- Vendors that serve this space range from those that provide platforms that enable large global enterprises to manage product innovation and PLM from concept to order to those that deliver broad supply chain capabilities to smaller organizations. The identification of the right short list of vendors to evaluate can speed selection significantly.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

Product life-cycle management and product innovation is a very broad topic in retail and still evolving in maturity as an adopted practice by retailers worldwide. For the purposes of this IDC MarketScape, we are referencing product innovation and PLM solutions providers for retail brands, with the exception of capabilities for ingredients and/or recipe management.

Vendors invited to participate have demonstrated that they have a significant retail brand market presence, continued growth in the retail brands market, and a wealth of experiences and best practices to share with retail brands and are enabling retailers using their solutions to innovate the way in which they design, source, and supply goods.

ESSENTIAL BUYER GUIDANCE

Companies today are increasingly faced with multiple challenges that we think necessitates the next iteration of PLM for retail brands: the product innovation and PLM platform. This is PLM with a digital core, with configurable, collaborative, and visual business processes, rich data and analytics access, and design components integrated tightly to optimize responsiveness to customers and suppliers. As your company evaluates product innovation and PLM platforms, keep the following in mind:

- **Know what's possible, define best practices, and develop a road map that meets your current and future (even potential) needs.** We are in a period of rapid innovation, and digital transformation should be an objective.
- **Understand the market for retail brand product innovation and PLM software.** Vendors have a wide range of strengths and weaknesses, and your company should make sure that you are evaluating vendors that can sustain your best practices and meet all of your defined objectives from concept to order.
- **Align with vendors and partners that work with organizations like yours, from the perspectives of objectives, geographic range, size, and complexity (vertically integrated, retail only, wholesale or manufacturing divisions).** Some vendors typically provide services to large global enterprises to manage product innovation and PLM from concept to order, while others deliver broad supply chain capabilities to smaller organizations.
- **Make sure line of business (LOB) and IT are aligned in this effort.** While product development groups may have selected or developed incumbent solutions, IT needs to be involved now because of the complexity of technology platform choices, the depth of integration opportunities, and the breadth of decisions that may impact how well the solution is adopted and leveraged among constituents across your company.
- **Interview references so that you can find out how others were challenged to implement chosen solutions and how those challenges were solved.** In many cases, the great vendors stand out most because of their ability to listen and respond to customer needs, in a timely fashion.
- **Ask about R&D investments and where the platform is headed.** Most of the vendors included in our analysis have invested significant R&D dollars to advance their platforms and capabilities to solve and get ahead of current and future retail brand challenges.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Dassault Systèmes

Dassault Systèmes (DS) is positioned as a Leader in this worldwide retail brand product innovation and PLM 2016 IDC MarketScape.

Dassault Systèmes, "the 3DEXPERIENCE company," is a software application and services provider that aims to help companies leverage innovation in their processes from concept to consumer. It is headquartered in Vélizy-Villacoublay, France, just outside of Paris. Founded in 1981, the company has more than 13,000 employees in 178 offices and 54 R&D labs around the world. DS has over 220 retail customers using PLM, with a concentration in apparel, athletic wear, and footwear and spanning additional retail segments such as beauty, DIY, and furniture. Roughly half of DS' customers are located in Europe, with the remaining split between North America and Asia.

In addition to providing core PLM capabilities, DS' 3DEXPERIENCE platform enables multiple levels of experience for the customer by leveraging its social and collaboration, 3D modeling, simulation, and information intelligence applications. DS is proceeding with integrating a series of acquisitions that fill or complement its portfolio: MES (Apriso); analytics, search-based applications, and dashboard (EXALEAD and Netvibes); visualization and rendering (RTT); and flow planning and supply chain visibility (Quintiq). These investments, coupled with plans to move solutions into the cloud, to mobile form factors, and into social media paradigms, are helping retail brands digitally transform product innovation, collaboration, and execution excellence across the value chain.

A mantra for DS in recent years has been "we harmonize product, nature, and life," and it does this for retail brands by helping them use 3D-rich data assets to create better visual showrooms; better macro space plans and assortments; better 3D product visualizations for sample, fit, and materials valuations; and better data-driven product development and sourcing plans, more impressive visual marketing campaigns and, now with the Quintiq acquisition, better supply chain execution. The company's retail brand product innovation and PLM strategy is designed to stimulate innovation and simplify complex processes with a breadth of capabilities built specifically to support fashion, homegoods, and hard goods businesses.

Strengths

Dassault Systèmes successfully helps retailers drive adoption by improving the user experience, system performance, and process efficiency while also advancing the way that companies drive product innovation and selling. Demonstrating that DS' 3DXPERIENCE is grounded in driving pragmatic business process improvement, new enhancements were made to several technology areas that deliver best practice capabilities across the board. These improvements include bidirectional Adobe integration, line planning (including seasonal planning and Adobe integrated placeholder creation), product development and 3D CAD (enabling product variant management and merchandising-driven product development based on design CAD), and sourcing and vendor management (enabling visibility into supply chain and partner capacities and actual allocations).

Specific usability enhancements include the introduction of multicategory support, configurable BOMs, BOM snapshots, BOM compare, and line assortment management. One retail reference said that DS helps the company introduce more successful styles by enabling it to intelligently pick the right styles, driving better business results. Another reference said that it was able to deploy the solution largely out of the box, minimizing modifications, which improved deployment time and cost. Master data is managed in PLM for this DS customer, and for this customer, DS brought command and control from design concept to production ready despite the complexity of managing a business model that supports global line plan variants with child styles.

Challenges

Dassault Systèmes has been adding new integration partners to correct challenges some retail brand customers experienced. Challenges have included managing customization and deployment efforts as well as ensuring the software quality of modifications. DS is also not investing heavily in mobile capabilities at this juncture, but for good reason — many of the apps other PLM companies have delivered are simply not in high demand. That said, there will be some mobile tools for product development introduced next year.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

These 12 vendors invited to participate have demonstrated that they have a significant retail brand market presence, continued growth in the retail brands market, and a wealth of experiences and best practices to share with retail brands and are enabling retailers using their solutions to innovate the way in which they design, source, and supply goods.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Retail and brand product development software has progressed steadily over the years from product data management (PDM), collaborative PDM (cPDM), and product life-cycle management (PLM) (including customer needs management, product portfolio management, and direct materials sourcing) to visual and collaborative PLM (where it is possible for multiple parties to view detailed, visually supported information about products, designs, demand plans, and the development processes globally). In addition, retail-specific capabilities have matured to suit business workflow and global product assortment complexity.

Companies today are increasingly faced with multiple challenges that we think necessitates the next iteration of PLM for retail brands: the product innovation and PLM platform. This is PLM with a digital core, with configurable, collaborative, and visual business processes, rich data and analytics access, and design components integrated tightly to optimize responsiveness to customers and suppliers.

The research and analysis completed in the process of developing this study reflect how a technology buyer today would evaluate vendor capabilities, with an eye on how the company is digitally transforming to continue to satisfy customer needs, both wholesale and direct to consumer. Most of the vendors included in our analysis have invested significant R&D dollars to advancing their platforms and capabilities to solve and get ahead of current and future retail brand challenges.

What's different now from five years ago that drives this broader approach to PLM? Companies have been discussing the benefits of extending PLM for years. Why now? There are a number of market factors accelerating this approach:

- **Product assortment complexity:** Product range and portfolios have migrated to include more diverse brands: some sourced directly from manufacturer catalogues; others designed, specified, and manufactured within owned facilities, and some others designed, specified, and sourced and/or manufactured through third parties.
- **Global expansion and competition:** Retail brands are expanding into new local markets and face tough competition; they must be able to design and develop products quickly to suit unique regional needs and maintain global efficiencies of scale.
- **Mass customization and personalization of products:** Customer demand is very dynamic, so a platform must be in place that can adequately sense and respond to demand while enabling greater customer-facing product development flexibility.
- **Value chain expansion:** Increasingly, retail brands work with more partners, suppliers, and even customers to make better products, and open platforms enable easy collaboration and open innovation. We may see an increase in industry clouds or retailer cloud instantiations of collaborative platforms to harness greater power from value chain relationships.
- **Enormous increase in the amount of social networking data that can fuel innovation and on trend product design and materials selection:** Social network data mining and community-based research drive better decisions about broad product concepts, product ranges, and localized portfolios and specific materials, ingredients, and finished product sources.
- **The need for connected supply chains and products:** Omni-channel commerce has heightened the need to accurately visualize product demand, inventory, and position. The challenge to make and move product cost effectively has increased sensor-based product and supply chain management.
- **Untethered work and workers:** Mobility has enabled greater connectivity and real-time mobile work. Buyers gather and share data and execute orders on the road; internal product reviews happen anywhere, factory audits are more efficient and consistent, and work in process (WIP) and executive dashboards are ubiquitously available.

- **3rd Platform technologies:** Social business, Big Data/analytics, mobile, cloud, IoT, and 3D visualization and printing are all available to complement and simplify a product innovation platform.

The bar has been reset for excellence in retail brand product innovation and PLM platforms. Today's best-in-class capabilities enable the digital transformation of product innovation and PLM processes (see Figure 2) and deliver the following foundational capabilities:

- **Visual decision making** takes the form of executive dashboards, visual assortment and line plans, and 3D product visualizations to aid in multidisciplinary decision making and, in the future, will benefit greatly from "real time" analytics, using the product data that's available (e.g., materials data, performance data, compliance data, or costing data) to gain insights and make more informed decisions. Visual decision making is also expedited through a social networking approach to product development: that is, providing a social media–like interface for the design and development team to collaborate on new ideas, designs, or product changes.
- **Social innovation/collaboration** embraces consumer digital paradigms to drive new ways of working and engaging consumers. Social and collaborative work processes enable continuous dialogues and unfettered responsiveness that are tracked and fluid, regardless of geography, presence, or position. Social and collaborative customer and partner engagement enables better processes including test and learn ideation, market evaluation, and cocreation; consultative product development and sourcing approaches; and access to vital supply chain information.
- **Systems automation** takes a "systems level" approach to effectively manage the product innovation, development, and sourcing process alongside adjacent and/or fully integrated applications including analytics, ERP, merchandising, order management, logistics, and marketing. By applying the right level of automation to processes, redundant work can be eliminated, systemic friction is eliminated, and visibility to the whole value chain, not just WIP, is improved. Sensors will play a role in heightening visibility and improving system automation.
- **Product life-cycle economics** involves taking a more comprehensive, more business-centric view of product development — one that balances and optimizes multidisciplinary decisions and rationalizes investments throughout the total product life cycle. For manufacturers, it's really all about being able to deliver innovative, market-driven products, cost effectively. For retail brands, it is about bringing the right product assortments to market as cost effectively as value expectations allow.
- **Customer and product analytics** are increasingly brought to bear directly on product assortment and development decisions. It is no longer acceptable to develop product plans in isolation from broader and very timely assortment and customer trend information.

The product innovation and PLM platform provides a unified, collaborative, wide view, for not only design and development but internal and external product team members from every discipline, leading to better decision making, systems automation, profitable products, and customer experiences.

LEARN MORE

Related Research

- *Perspective: A Reflection on Supply Chain Trends from APICS and CSCMP 2015* (IDC #US40688015, December 2015)

- *Pivot Table: Worldwide Retail IT Spending Guide, Version 1, 2014-2019* (IDC #US40859815, December 2015)
- *IDC FutureScape: Worldwide Retail 2016 Predictions* (IDC #259837, November 2015)
- *IDC FutureScape: Worldwide Digital Transformation 2016 Predictions* (IDC #259616, November 2015)
- *Business Strategy: Omni-Channel Retail Execution Strategies for SMRs* (IDC Retail Insights #RI259875, November 2015)
- *IDC FutureScape: Worldwide Manufacturing Product and Service Innovation 2016 Predictions* (IDC #259809, November 2015)
- *IDC PlanScape: Omni-Channel Retail Execution Platforms for Now and the Future* (IDC #259196, October 2015)
- *IDC PlanScape: Building the Product Innovation Platform* (IDC Manufacturing Insights #MI255220, April 2015)

Synopsis

This IDC Retail Insights report evaluates 12 vendors that sell retail brand PLM software. Companies today are increasingly faced with multiple challenges that we think necessitates the next iteration of PLM for retail brands: the product innovation and PLM platform. The research and analysis completed in the process of developing this report reflect how a technology buyer today would evaluate vendor capabilities, with an eye on how the company is digitally transforming to continue to satisfy customer needs, both wholesale and direct to consumer. Most of the vendors included in our analysis have invested significant R&D dollars to advance their platforms and capabilities to solve and get ahead of current and future retail brand challenges.

According to Leslie Hand, vice president, IDC Retail Insights, "The bar has been reset for excellence in retail brand product innovation and PLM platforms. Today's best-in-class capabilities enable the digital transformation of product innovation and PLM processes, based on a foundational digital core, with configurable, collaborative, and visual business processes, rich data and analytics access, and design components integrated tightly to optimize responsiveness to customers and suppliers."

"The product innovation and PLM platform provides a unified, collaborative, wide view, for not only design and development but internal and external product team members from every discipline, leading to better decision making, systems automation, profitable products, and customer experiences."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

Global Headquarters

5 Speen Street
Framingham, MA 01701
USA
508.935.4490
Twitter: @IDC
idc-insights-community.com
www.idc.com
