Component Supplier Management

Driving Design-to-Cost Part Development and Sourcing Strategy

---

Highlights

- **Brings together engineering and sourcing functions to facilitate cost-effective part development decisions**

- **Drives economies of scale by maximizing part re-use and component standardization across products, models and Geographies**

- **Implements strategic Sourcing and (VPA) Volume Price Agreement strategies**

- **Improves component qualities and compliance with company policies and multiple geographical standards and Regulations**

- **Reduces development time through consistent end-to-end component development and introduction process**

- **Improves supply chain performance through supplier standardization and AVL/AML (Approved Vendor List/Approved Manufacturer List) management**

- **Supports global business operations and DAMA (Design Anywhere Manufacture Anywhere) strategy**

Industry Business Drivers

No industrial sector has penetrated our way of life more than electronics. Electronics are becoming more and more pervasive as a common enabler across industry sectors and a key driver for innovation. Every day we discover that electronic systems have entered a new industry segment, driving the market differentiation of a new product. High-Tech and other companies that manufacture electronics components are facing top-level business drivers such as shorter product lifecycles, fewer resources, or the integration of global design, manufacturing, and test teams.

Price wars make economies of scale and component re-use key imperatives for High-Tech companies and other electronic component manufacturers to remain competitive. For many organizations, adding a new part component to the database can be a bottleneck that adds to missed deadlines and decreased profitability. Design for part re-use

and modularity is essential as new part setup is highly costly. Poor component management also causes engineers to spend time searching and validating component selection instead of innovating. With direct materials often representing more than half of an organization's spending, companies managing a global component supply-chain must implement a Design-to-Cost strategy.

The Solution

As part of IBM's comprehensive Product Lifecycle Management (PLM) V6 solution, the Component Supplier Management solution enables High-Tech companies to manage development processes of parts that are either produced internally or purchased from suppliers. Complex business rules related to part qualification and development processes can be modeled so that information are captured and tasks are executed

consistently across the enterprise. Functional teams from design to testing, manufacturing, purchasing and quality control can collaborate efficiently without relying on complex, rigid workflows.

By implementing an integrated part development process that includes all key stakeholders, companies can drive a sourcing strategy that ensures product and component compliance, while enabling "Design Anywhere, Manufacture Anywhere" agility and savings. The Component Supplier Management solution helps High-Tech companies shift their focus from managing internal costs only, or external price only, to a complete understanding and management of all cost drivers across the value chain. The net result is improved profit margins and enterprise profitability.

The Component Supplier Management solution enables High-Tech companies to gain competitive advantages by accelerating product development through part re-use. Moreover, users can create new parts and classify them in hierarchies or catalogues that can be easily tailored to meet ever changing business needs. Industry standard taxonomies such as RosettaNet are supported.

To track actual part usage in products, a powerful search capability is provided for the users to perform complex search on part re-use. Cost analytics function is available to enable cost analysts, engineers, and buyers to analyze Bill of Materials component costs by using actual costs for existing parts and quoted costs for new parts. This helps organizations implement a Design-to-Cost part development and sourcing strategy.

As suppliers are often included in a product development process, they are given secured access to the latest product information to improve collaboration with in-house designers. Moreover, part buyers have access to supplier capability, quality and performance information so that they can make strategic sourcing decisions and maximize the quality of the company's supply base.

Material data declaration can be managed to help companies meet specific regional mandates such as RoHS (Restriction of the use of Certain Hazardous Substances), WEEE (Waste Electrical & Electronic Equipment) and others. By proactively analyzing part compliance through the product development process, delays and penalties due to non-compliance issues can be avoided.

The Component Supplier Management solution facilitates the management and sharing of component information across the enterprise. It helps High-Tech companies gain efficiency and optimize resource usage while driving for more effective part and product introduction processes that directly impact the company's bottom line.

The Component Supplier Management solution integrates the following sub-processes:
• New Part Request and Development
• Component Classification
• Component Compliance
• Supplier Management and Collaboration
• Component Sourcing

The Component Supplier Management solution is supported by the following products:
• ENOVIA® 3DLive
• ENOVIA® XBOM Cost Analytics™
• ENOVIA® Materials Compliance Central™
• ENOVIA® Sourcing Central™
• ENOVIA® Supplier Central™
• ENOVIA® Engineering Central™
• ENOVIA® Library Central™
• ENOVIA® Library Experience
• ENOVIA® High Tech Accelerator™ for New Part Request and Development
• ENOVIA® Live Collaboration
• ENOVIA® Live Collaboration for Workgroup

IBM

IBM Corporation
Software Group
Route 100
Somers
NY 10589
USA

The IBM home page can be found at
www.ibm.com

For more information contact your IBM Representative, IBM Business Partner, or visit the IBM PLM Web site at:

ibm.com/software/plm

PLS03030-USEN-01