CIMdata®

IBM–A Leading Provider of Product Lifecycle Management Solutions

CIMdata Commentary

As part of CIMdata's annual PLM market research and analysis, we evaluate the major PLM solution providers and review the progress of their PLM programs and activities. One company that many users don't fully appreciate as a leading PLM provider is IBM. For several years, IBM has been growing its PLM capability and practices and today offers one of the widest ranges of sales, services, and support for PLM. With its global presence, PLM Centers of Excellence and large trained PLM services staff, IBM has established itself as one of the leaders in the PLM industry and CIMdata wanted to review its overall program and put it in context within the PLM industry.

IBM has had a strong commitment to PLM and has been providing products and services in support of PLM for more than 30 years. Until the late 1990s, IBM was the primary marketing and sales channel for Dassault Systèmes products–primarily CATIA. However, over the last decade, IBM has established a broader focus on PLM and has dramatically expanded their PLM programs. Today IBM is one of the leading suppliers of PLM solutions to industry with respect to both overall revenues and services.

Although its relationship with Dassault has undergone some changes in the last few years, most visibly with management of the PLM channel partners being transferred from IBM to Dassault, IBM continues with direct sales and support of Dassault products. These direct sales are focused on a select set of major companies around the world. Recent announcements by IBM and Dassault Systèmes and their support of BMW's Efficient Dynamics initiative illustrate this relationship. The announcements reported that BMW has decided to establish a single digital software environment for the mechanical design of all BMW engines across its fuel and diesel-powered cars, motorcycles, and its newest line of eco-friendly, hybrid cars. IBM and Dassault report that they are working with BMW to harmonize and consolidate all mechanical design initiatives into a single digital infrastructure, which is intended to support the full product lifecycle and collaboration with its supply chain.

In addition to products developed by Dassault, IBM also sells its own products and has developed relationships to furnish services associated with PLM offerings provided by a number of other suppliers. Currently, IBM is the world's largest PLM services provider and also provides the IT infrastructure for many PLM implementations. Illustrating the breadth of their offerings, IBM PLM programs and solutions include:

- Sales and support of Dassault Systèmes software including CATIA, ENOVIA, DELMIA, SIMULIA, and 3DVIA.

- IBM Industry Solutions sales through PLM partnerships and alliances with MSC Software, ProStep, PTC, and Siemens PLM.

- Sales, support, and integration services to build a PLM infrastructure leveraging IBM's middleware offerings with Websphere (SOA), Information Management (DB2), Tivoli, Rational and Lotus Domino and Sametime.

- Sales and support of acquired software assets that expand and enhance IBM's PLM solution portfolio including Telelogic, Cognos, Trilogy, ILOG, MRO, and others.

- PLM IT technology and infrastructure using Web sphere, DB2, Domino, Tivoli, Cognos, and others such as a SOA-based PLM Content Pack.

- IBM Global Business Services (GBS) consulting support of the leading PLM technology providers and their products, e.g., Dassault, PTC, SAP, and Siemens PLM.

- IBM Global Technology Services (GTS) offerings such as hosting of on-demand PLM environments and technical and operational support.

- IBM Industry Solutions Centers and IBM's PLM Centers of Excellence engagements.

As part of its PLM programs, IBM has established ten global PLM Centers of Excellence (http://www-03.ibm.com/press/us/en/pressrelease/24769.wss) to provide customers and prospects the ability to conduct PLM proof of concepts, pilot PLM solutions, and to develop PLM business strategies using industry benchmarking studies to identify a company's current PLM performance levels against competitors or partners. These Centers are also used by IBM to help develop and validate their own PLM industry solution offerings.

In support of its PLM initiatives, IBM reports that they have nearly 3,000 PLM experts and practitioners across its sales, software, services, research, and development divisions. IBM also reports that they have greatly expanded and focused training of PLM sales and services personnel so that they are no longer primarily focused on "point applications," but are trained in consultative selling and implementations to be better prepared to deliver more comprehensive business solutions to their PLM customers.

CIMdata estimates that IBM PLM revenues (net of royalties) exceeded $1.6 billion in 2008. Note that we do not include IBM's GTS operations activities within our market estimates and those activities and revenues expand IBM's PLM footprint even further. Their multi-faceted products and services position IBM as one of the top five revenue generators within the PLM industry. We expect IBM to continue to grow its PLM presence in the coming years. Part of that growth may result from acquisitions as IBM buys companies to expand its range of offerings. However, IBM also continues to expand its internal PLM resources and has demonstrated a commitment to use its industry domain expertise to develop and implement business focused PLM solutions.

About CIMdata

CIMdata, a leading independent worldwide firm, provides strategic consulting to maximize an enterprise's ability to design and deliver innovative products and services through the application of Product Lifecycle Management (PLM) solutions. Since its founding more than 25 years ago, CIMdata has delivered world-class knowledge, expertise, and best-practice methods on PLM solutions. These solutions incorporate both business processes and a wide-ranging set of PLM enabling technologies. CIMdata also offers research, subscription-based services, publications, and educational services. Visit www.CIMdata.com for more information.