

T-Systems Powers Their Cloud-Based PLM Solution with Aras Innovator

CIMdata Commentary

Key takeaways:

- *Interest in cloud-based PLM is exploding, and deployments are ramping up*
- *PLM on the cloud has all the usual advantages of cloud-based enterprise solutions, such as low cost of entry, scalability, ease of deployment, and easier supply chain access*
- *T-Systems is offering Aras Innovator, a well-known, flexible PLM solution, on a public or a private cloud to support small workgroups through global distributed enterprises and their supply chains*
- *The T-Systems Cloud PLM solution includes T-Systems products as well as the Aras Subscriber-only solutions licensed by user per month*

CIMdata has tracked PLM's growth on the cloud for many years. Initially, security and performance with large datasets were the big concerns. Product development organizations lagged other enterprise domains in cloud deployments due to these concerns, but that appears to be changing. Security is no longer a major impediment; sales and even financial data are commonly stored in the cloud today. Large file or data set performance can have issues, but native web-based applications and remote display technology are able to address most barriers and even improve performance due to hardware scalability.

Gathering market sizing numbers is difficult. CIMdata has done an initial sizing of PLM on the cloud discussed in a recent webcast. The initial estimate was US\$75-100 million per year for collaborative Product Definition management (cPDm) solutions that are at the core of most PLM implementations and strategies. Even if this estimate is off by a factor of five, it would still only account for about 10% of the total cPDm market, estimated as US\$5.5 billion in 2015. We are looking forward to assessing the growth as cloud becomes material to more PLM providers, helping us to develop more accurate estimates.

PLM has been available on the cloud for over a decade, and most solution providers have a cloud-based software-as-a-service (SaaS) offering. Cloud-based solutions are common in the high-tech and retail, footwear, and apparel segments. Many of the common solutions used in heavy manufacturing industries such as automotive, aerospace, and machinery have been able to run using cloud infrastructure on public and private clouds from providers such as Amazon, Microsoft, and T-Systems as well as completely private clouds.

While there is interest and products are available, CIMdata has seen few large production deployments of mainstream PLM solutions on the cloud. The deployments that do exist, typically focus on supporting development and test environments or are used as a solution to enable external collaboration. The implementations are largely single tenant, that is, with one company per implementation. Based on discussions with solution providers, many new prospects are interested in running PLM in the cloud. Of course this is anecdotal, so it will be interesting to see how deployments evolve over time.

T-Systems

T-Systems is the IT services subsidiary of Deutsche Telekom who are very well known in Europe for their IT services. T-Systems is a major cloud provider and has developed their environment to address the common concerns of performance and security:

- The company has 62 data centers spread around the globe
- Collectively they provide 290,000 TB of storage worldwide
- T-Systems is the largest SAP cloud provider worldwide
- Their cloud implementations comply with the German data protection law, known to be one of the toughest in the world
- The company supports major multinational corporations and the public sector

In addition to their cloud and infrastructure businesses, T-Systems is a large PLM system integrator with annual revenues of about US\$150 million. They are a full service, vendor-independent provider of PLM support services ranging from technology, strategy and solution consulting, through development, deployment, and ongoing support. They support many large on premise PLM implementations of Teamcenter, ENOVIA, SAP PLM, and Windchill at large global manufacturing companies such as Daimler, Volkswagen, and Airbus. In addition, T-Systems develops, sells, and supports a variety of PLM-related products including a PLM middleware solution and authoring tool integrations.

About Aras Innovator

Aras Innovator is a PLM solution that has gained significant attention in the marketplace for its flexible architecture and innovative business model. The architecture enables Aras Innovator to be rapidly configured to meet unique business needs yet still allow straightforward version upgrades, independent of how much the solution has been customized. Their business model allows companies to download a fully functioning solution without licensing fees. An optional subscription includes hotline support, training, advanced subscriber-only capabilities, software updates, and upgrade services. Subscriber-only capabilities include LDAP support, distributed vault support, an embedded 2D and 3D viewer, requirements management, and other advanced application capabilities. Partner solutions such as MCAD, ECAD, and ERP integrations are also available.

T-Systems Aras Innovator SaaS Offering

T-Systems began offering Aras products and services in 2010. In 2015 Aras and T-Systems expanded their partnership to include offering the full Aras subscriber-only suite including CAD integrations and T-Systems products as a SaaS solution. This package is licensed by user per month rather than the standard Aras subscription. CIMdata sees this packaging as adding significant business flexibility while minimizing risk. User counts can be scaled up or down monthly and are invoiced monthly. The minimum quantity is 5 users and can scale up to an unlimited license. Costs depend on the selected configuration of the solution and the number of users. For example, small workgroups with 5 users can start at about US\$130 per-user per month, in very large deployments prices drop to about US\$35 per-user per month. Based on the combination of their secure cloud capabilities and their comprehensive PLM experience T-Systems has developed Aras Innovator SaaS as an exceptional 1-stop-shopping PLM cloud offering. In this solution, T-Systems has simplified Aras Innovator procurement, deployment, and operation by not only including Aras licenses, infrastructure, operations, and backup, but also application management and a service desk in a single monthly fee. The infrastructure

follows the published Aras guidelines. For very small organizations T-Systems offers a low cost solution with limited configuration options. Larger organizations or those that want to customize more extensively can use a single tenant environment hosted on T-Systems private cloud infrastructure. A key benefit of using the T-Systems cloud offering is its global availability and support of distributed solutions. The globally distributed datacenters behind their cloud allow small and large companies to operate globally without having to manage infrastructure.

The private cloud solution supports the full breadth of Aras Innovator customizability. Complex configurations including metadata in the cloud and distributed local vault servers are supported. T-Systems' PDM WebConnector solution is used to integrate the Aras SaaS solution with on premise enterprise applications ensuring that the PLM solution is not isolated from the rest of the enterprise. CIMdata's view is that this is an exceptional offering, as most PLM solution providers strive to minimize customization and only allow a finite level of configuration to avoid long-term sustainability issues. Moreover, T-Systems is taking on the risk of supporting highly customized solutions, yet it should be manageable based on previous CIMdata reviews of Aras' architecture and long-term customer experiences. It will be interesting to see how receptive companies are to this offering.

Conclusion

Companies are becoming comfortable with the cloud from security, financial, and performance perspectives, although there are few large production deployments yet. CIMdata is observing the fast growth of cloud services and expects growth to accelerate significantly over the next few years.

T-Systems has an interesting offering that is a flexible, scalable, and perhaps most important, customizable and easy to integrate PLM cloud solution with full application management services. Customizations are fully supported and upgrades are optionally included in the monthly fee. CIMdata sees T-Systems' business model as the biggest differentiator. Because of their operational scale they are able to offer per-user pricing on a monthly basis starting at five users, a much lower entry point than when purchased directly from Aras. It is a turnkey bundle that includes licenses, infrastructure, operations, and support. Small businesses or workgroups with complex PLM requirements that are too small for a subscription directly from Aras, or larger companies looking to leverage the advantages of a secure cloud-based PLM solution should investigate T-Systems.

About CIMdata

CIMdata, an independent worldwide firm, provides strategic management consulting to maximize an enterprise's ability to design and deliver innovative products and services through the application of Product Lifecycle Management (PLM). CIMdata provides world-class knowledge, expertise, and best-practice methods on PLM. CIMdata also offers research, subscription services, publications, and education through international conferences. To learn more about CIMdata's services, visit our website at <http://www.CIMdata.com> or contact CIMdata at: 3909 Research Park Drive, Ann Arbor, MI 48108, USA. Tel: +1 734.668.9922. Fax: +1 734.668.1957; or at Oogststraat 20, 6004 CV Weert, The Netherlands. Tel: +31 (0) 495.533.666.