Organizations are increasingly challenged by the rapid data growth and complexity they face on a regular basis. This is only compounded by an ever-more demanding workforce and customer base that wants high quality, relevant information delivered in a timely way.

Most companies expect and appreciate the value of data-driven business decisions, but many are stopped short of their goal by the major impediments of their data environment. Few things can torpedo a critical decision like poor data quality or late information delivery.

To create a robust infrastructure that supports data quality at all levels and locations in a timely way, many companies have formalized their strategy for product information management (PIM) across their entire organization.

To complicate the issue of product information management, many companies have multiple, disparate data sources. From an infrastructure perspective, the lack of a common view and poor integration of data across applications exacerbates the problem. A PIM solution is designed to address this complexity and tie the
**Best-in-Class Definition:**

1. **Best-in-Class** – Top 20%
2. **Industry Average** – Middle 50%
3. **Laggards** – Bottom 30%
4. **All Others** – The sum of the Industry Average and Laggards 80%

**Best-in-Class Performance:**

- **Customer Service**
  - Best-in-Class - 93%
  - All Others - 79%

- **Cash-to-Cash Cycle**
  - Best-in-Class - 38 Days
  - All Others - 59 Days

- **Gross Margin**
  - Best-in-Class - 35%
  - All Others - 23%

- **Forecast Accuracy at the Product Family Level**
  - Best-in-Class - 68%
  - All Others - 43%

Information together to deliver the right information, at the right time, to the right people so that they can make better decisions.

**PIM User Advantages**

Aberdeen research has found that Best-in-Class companies (see sidebar) are benefiting from cloud-based PIM solutions that can connect multiple data sources. These solutions provide clean, accurate, and timely data that is accessible to the right decision-makers across the supply chain.

**Figure 1: PIM Advantage vs. No PIM**

PIM users are 23% more likely to trust the accuracy and completeness of their data. This trust extends to the systems and the policies in place for PIM users as well (28% more likely). PIM users also indicate an 86% compliance level to product data management policies, a strong indicator in supporting and improving their data quality.

Going forward, PIM users are 24% more likely to provide budget support to enable continuous improvement in their product information data. Part of this support will be needed to absorb further data sources as applications evolve and new solutions.
As companies gain trust in their PIM system’s ability to supply reliable and timely product data across multiple applications and functions within the organization, the impact can be felt company wide.

86% of PIM Users have adherence to product data management policies.

are added. This requires a PIM solution that can operate across cloud, on-premise, and hybrid applications. This is where deploying a cloud-based PIM solution provides the platform to integrate and synchronize product information in hybrid deployments.

The Future is in the Cloud

Aberdeen’s research demonstrates that more companies are migrating certain aspects, if not all, of their data environment to the cloud. According to a recent survey, nearly 60% of organizations report that their data infrastructure resides primarily in the cloud, or in a hybrid cloud/on-premise environment. Companies are increasingly moving all or part of their SCM and ERP applications to the cloud, because it facilitates the addition of applications without a complete rip and replace effort, but this approach potentially adds to the complexity of product information data by creating more standalone data sources that must be integrated with the PIM system.

The value of a cloud-based PIM approach is its ability to standardize and integrate across solutions, applications, and databases. A key element of the trust factor identified in Figure 1 includes the delivery of information in a timely manner. Any delays are a symptom of a lack of standardization and integration, which a cloud-based solution helps mitigate.

PIM Impact on Supply Chain & Operations Performance

PIM Users assume the availability of data to achieve better results across their planning, production, and order-to-cash cycles, as well as source-to-settle and omni-channel commerce processes. As companies gain trust in their PIM system’s ability to supply reliable and timely product data across multiple applications and functions within the organization, the impact
can be felt company wide. Table 1 covers specific performance metrics for PIM Users compared to non-users.

Table 1: Supply Chain Benefits for PIM Users

<table>
<thead>
<tr>
<th>Performance Metric</th>
<th>PIM Users</th>
<th>No PIM</th>
<th>Performance Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPI's meeting goals</td>
<td>86%</td>
<td>83%</td>
<td>4.6% Greater</td>
</tr>
<tr>
<td>OEE (Overall Equipment Effectiveness)</td>
<td>84%</td>
<td>83%</td>
<td>1.6% Greater</td>
</tr>
<tr>
<td>Operating Margin outperformance to plan</td>
<td>10%</td>
<td>7%</td>
<td>45% Greater</td>
</tr>
</tbody>
</table>

PIM users are 4.6% more likely to bring their new product introductions (NPI’s) to market more effectively in time, volume, and quality compared to their competition. Faster time to market over the competition means higher margins, and sets the tone as a product leader.

OEE measures the combination of availability, performance, and quality. Availability measures actual/planned production time, performance measures the speed of operations by comparing the actual run rate/planned rate, and quality measures the actual yield of acceptable product as a percentage of all total products.

Gaining even a 1% advantage is tough to achieve, and PIM users are 1.6% more effective at delivering more quality products efficiently and on time. This performance advantage is reflected in their operating margin advantage, where PIM users are 45% higher in their performance to plan.

PIM users have found a recipe for success in their ability to deliver new products to the market in a more cost-effective and timely manner, with better efficiency and financial performance.

PIM Results Are Quick and Sustainable

PIM users not only outperform their competition, but their results are sustainable and come at a faster pace, as shown in
Table 2. Their year-over-year improvements are also significantly higher across the board, indicating that the performance advantage will continue to widen.

Table 2: Year-over-Year Improvements

<table>
<thead>
<tr>
<th>Performance Advantage</th>
<th>PIM Users</th>
<th>No PIM</th>
<th>Performance Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production output</td>
<td>19%</td>
<td>4%</td>
<td>4.7x Greater</td>
</tr>
<tr>
<td>Product launch rate</td>
<td>3%</td>
<td>2%</td>
<td>55% Higher</td>
</tr>
<tr>
<td>Inventory Accuracy</td>
<td>7%</td>
<td>4%</td>
<td>75% Higher</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>10%</td>
<td>7%</td>
<td>45% Higher</td>
</tr>
</tbody>
</table>

In addition to the production output and product launch rate, the YoY for inventory accuracy and customer satisfaction show up as significant gains of 75% and 45% respectively. The inventory accuracy is a driver behind lowering inventory levels and minimizing obsolescence. When there is a lack of trust in inventory positions, the response is to hedge on the side of having the product, which increases inventory levels and leads to excess and sometimes obsolete product.

Having a 45% higher customer satisfaction level clearly indicates a preference in the market, and when coupled with new products delivered to market on time, this accelerating improvement leads directly to increased market share and further growth in customer satisfaction.

Summary and Key Takeaways

Having a cloud-based product information management solution is a must for companies seeking to grow and improve their operations. Fully leveraging all key components in a supply chain requires managing across multiple product data sources, whether they reside in an on-premise, cloud, or hybrid environment. For most companies, this already involves going beyond the four walls of the business to capture the “end-to-end visibility” data, the supplier product or design information, and trading partner networks to run their supply chain effectively.
But even within an organizations’ own environment, there may be unrecognized complexity that exists until the internal product information management integration is established and issues are addressed.

Best-in-Class companies are well on their way to adopting a PIM system that supports all supply chain processes, both internally and externally. Aberdeen recommends organizational adoption of a cloud-based product information management system to deliver the right data, at the right time, to the right person, improving their overall business performance.

About Aberdeen Group

Since 1988, Aberdeen Group has published research that helps businesses worldwide improve their performance. Our analysts derive fact-based, vendor-agnostic insights from a proprietary analytical framework, which identifies Best-in-Class organizations from primary research conducted with industry practitioners. The resulting research content is used by hundreds of thousands of business professionals to drive smarter decision-making and improve business strategy. Aberdeen Group is headquartered in Waltham, MA.

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