

# VENDOR LOCK-IN

WHAT TO KNOW NOW.

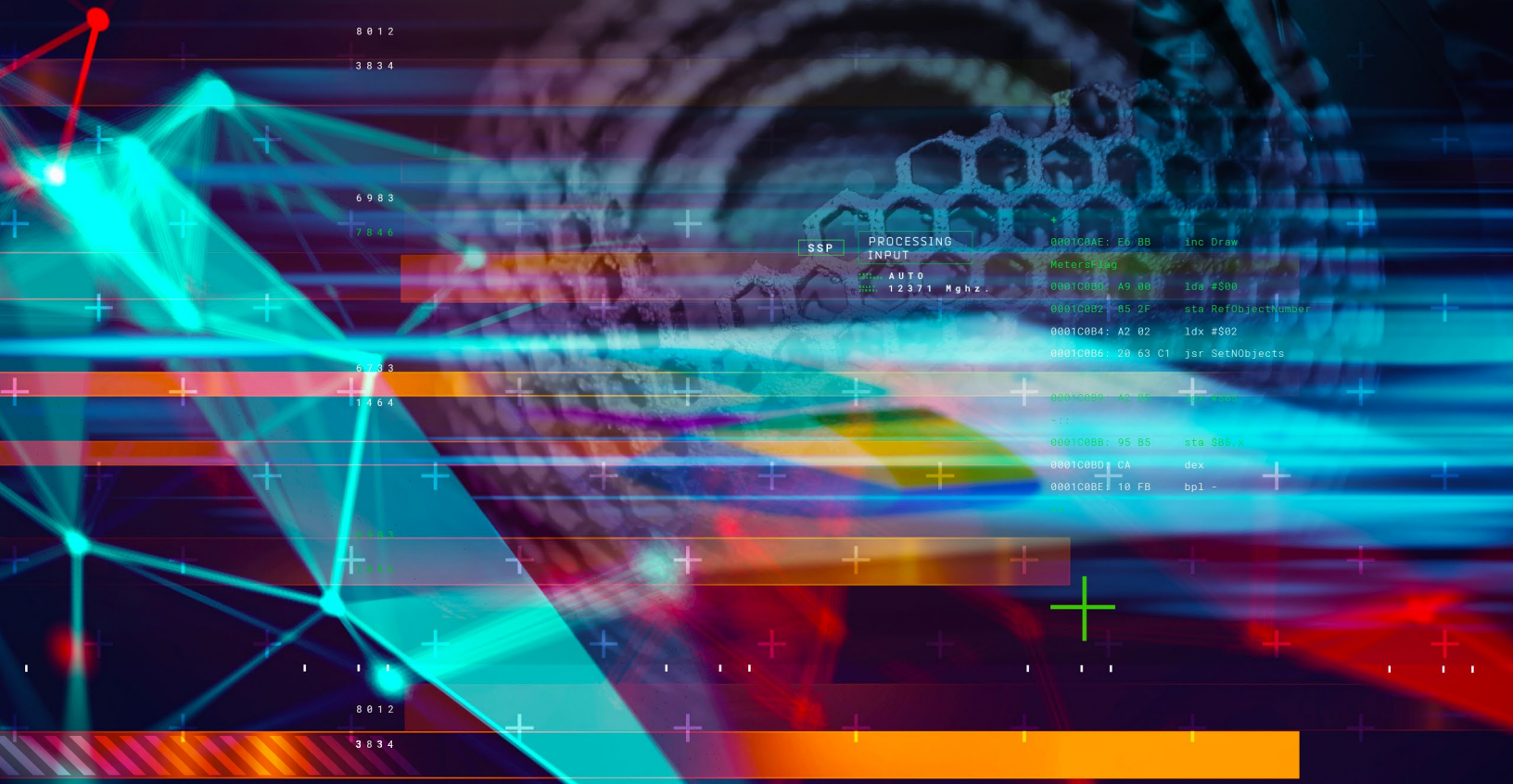


YOU CAN CHECK-OUT ANY TIME YOU LIKE  
BUT YOU CAN NEVER LEAVE.

*Hotel California*, lyrics by Don Henley, Glenn Frey

If you're a discrete manufacturer, you'd no more hand over control of your product designs to another party than you'd let an unidentified stranger into your house and give them control over your future. After all, your designs and product data are some of your company's most precious and irreplaceable intellectual property (IP). You've probably spent years developing it, protecting it, and using it to differentiate yourself from competitors and manufacture goods on which your revenue depends.

**Surely a little wariness is a good thing when it comes to your IP and your corporate autonomy?**



# THE WORST DECISIONS IN BUSINESS ARE THE ONES YOU DON'T REALIZE YOU'RE MAKING

You sit down with a vendor, one who offers a compelling view of a single integrated future for your product data and a constellation of tightly aligned scalable capabilities to serve your every product design and management need. You'll never have to source software again – it's all there. You only need move to their platform and their product, perhaps from one you already own by the same vendor.

Your strategy probably focuses on getting better products to market faster, improving quality and driving down costs. Take a step back and remember that the vendor's strategy is focused on your wallet: they want to put your entire company on their systems.

**Still, how easy it seems to hand over both your IP and your corporate autonomy in a single step.**

As you do, you might hear a 'snip'. If your digital thread included any third-party products, your data is now flowing quietly into corporate nooks and spilling over into crannies where your employees will have to hunt for it and determine its quality. You could solve that problem by running a disparate system in parallel with that of the vendor. After all, you can't afford to lose access to that data – or to anything that has to do with your products and the revenue they produce.

Perhaps you don't own and use third party software. In that case, you might decide the entire system is right for you in the long term. It's certainly right for the vendor. When they calculate your lifetime value, they like what they see – a customer with little leverage over pricing, choices restricted to their products, and a digital thread woven on the vendor's corporate looms.

Deciding to lock in to one vendor should be a considered decision, one with a robust process for identifying and mitigating the risks such a decision might pose for the future of your business. On the next page are six questions to consider.

1

DOES THE VENDOR USE AN OPEN STRATEGY?

An open strategy forces your vendor to compete on the software's merits because, by definition, you have choices. Remember what the definition of a closed system is: by design, third-party software won't work well and can't be tightly integrated. With a closed system, you take what the vendor gives you.

An open system leaves your options, well, open, and allows flexible participation from multiple software vendors. Otherwise, you're stuck with a system that doesn't play well with other applications. That's a bad sign in any relationship, and it's an especially bad sign in a diverse business environment dedicated to developing, manufacturing, and delivering cutting edge products into a highly competitive market.

2

WILL THERE BE KNOTS IN YOUR DIGITAL THREAD?

The idea of the digital thread is that everyone, from the executive offices to the shop floor, has access to the same product data in a form they can use when they need it. One reason for pursuing a digital thread strategy is to reduce errors, costs, miscommunication, and wasted time. What parts of your company would be left behind if you locked in with one vendor and what would that cost you?

3

CAN YOU GET BACK HOME?

What if circumstances change and you want to go back? Could you imagine how much work it would be to restore and validate your critical design data once it's been disaggregated and locked into a vendor's proprietary distributed database?

4

HOW WILL YOU STAY UP TO DATE WITH THE LATEST AND GREATEST?

We don't have an answer for this one because we're not sure how you'd do that on a closed system - other than hope the vendor's strategy aligns with yours.

5

WHAT ARE YOU TRYING TO DO AND WILL VENDOR LOCK-IN ACTUALLY HELP?

In the end, don't forget that old and clarifying question: what alternatives have you considered? And the second question: what are the long-term consequences?

6

WHAT ABOUT THIRD-PARTY INTEGRATIONS?

The major question in this area is the integration of your product design system with your product lifecycle management (PLM) system. In our opinion, it's simply a waste of time for an enterprise to have a world-class product design tool without a similar PLM tool to support it.



IF YOU'RE MOVING TO A VENDOR WITH A CLOSED SYSTEM, YOU HAVE THESE CHOICES:



Use the vendor's 'one size fits us' CAD/PLM solution and hope this system is all you ever need



Keep the third-party PLM solution you already own and decide your most precious IP deserves the risky approach of attempting to integrate the system with the vendor's closed systems




Run disparate systems in parallel



Do nothing





Were the vendor to have an open system, you wouldn't have such difficulties. We're happy to admit that our PLM tool, Windchill, works best with our product design tool, Creo. We'd also say that our customers know their businesses better than we do and they should be able to choose. By design, as it were, Creo and Windchill are open systems.



## UNDERSTAND THE TRUE COST OF CHANGE

You already have a process for calculating the costs of change. The surprise might be how big that number is when you're thinking about a closed system.

### After all, you're looking at:

- New software costs
- Potential damage to morale
- Business system integrations
- Loss of productivity
- Training costs
- S.U.D.A.W.P.Ts  
(sudden unexpected disasters that appear at the worst possible time)



## CHOOSE A PARTNER NOT A VENDOR.

PTC is committed to open systems, ones that give you a choice about what software you want to use in your design process. If you decide to lock in on one vendor, consider the full range of implications for your corporate financial and strategic future.

It's worth repeating: the worst decisions in business are the ones you don't know that you're making.

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