

BUSINESS CASE FOR PRODUCT PLATFORM SCENARIOS

THE CASE COMPANY ↓

CHALLENGE

The case company offers a wide range of products and accessories, including a low end product range targeted the low end domestic market. The case company was about to introduce a new product that would define new standards for quality and functionality. Having a strong brand, the aim was to replace the older products with one new product family, while improving the product positioning and increase the market share by offering high quality products at very competitive prices.

One of the main challenges faced by the case company was to design a concept for the new product family that would be able to cover the full range of commercial variants in a smarter way. To accomplish this, several key challenges had to be addressed, such as determining which parts of the product could be kept stable and how significant the need for built-in flexibility and scalability was in order to provide different performance levels and sizes. While time-to-market was a critical factor throughout the project, speed of development had to be balanced with allowing sufficient time for reaching the right cost level in order to be able to meet a competitive sales price.

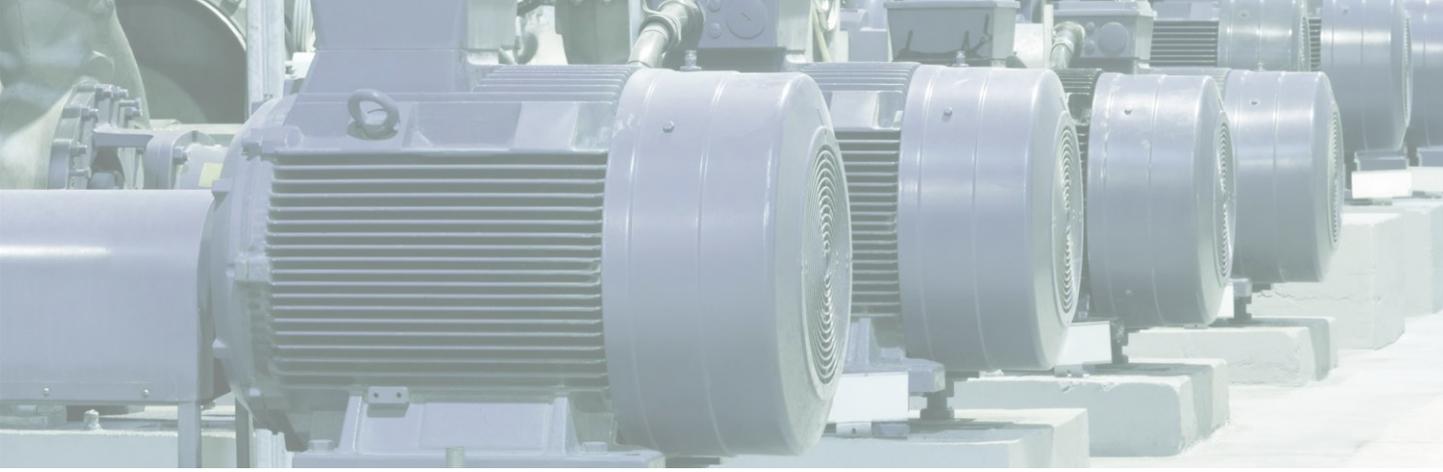
The case company is one of the world's leading manufacturers within their field with an annual production of more than 16 million units. Their products and services cover many different industries and applications and the company is today the world's largest manufacturer of their main product with a global market share of more than 50%.

PROCESS

In order to meet the challenges within the project, CPC worked in close collaboration with the development team to create a complete product platform analysis of the intended product range. All commercial variants were defined together with the product requirements, features and options. A range of scenarios for how to build all variants was suggested and evaluated in relation to different financial parameters, individual part volumes and the production and supply chain setup. The scenarios varied from very dedicated solutions to more platform based solutions, where an increased number of parts were to be shared across the full range of commercial variants.

In addition to the functional product analysis, a dynamic business case model containing all the suggested scenarios was created in collaboration with the project manager. This business case model was designed in order to simulate different cost scenarios, including variables such as production cost, handling cost, material cost, individual production volumes, size of the development task, sales numbers and sales prices.

Evaluation of the impact of variable cost factors, risks of technical tests and time-to-market formed the basis for choosing the best product platform scenario.



BUSINESS CASE FOR PRODUCT PLATFORM SCENARIOS

THE CASE COMPANY ↓

CHANGE

Based on the business case model it was possible to estimate the consequences of the different platform scenarios during the different stages of the development project. It was possible to estimate the development cost at a very early stage in the project. The project provided a thorough basis of the financial consequences of selecting a dedicated solution or a platform-based solution.

Main benefits of the work included:

- Overview of all commercial variants and how to build them
- Overview of supply chain and production
- Overview of parts to develop
- Evaluation of realization scenarios for the product platforms
- Financial basis for decision making

By combining findings from early technical tests with the financial evaluation of different scenarios for the layout of the product program, the development team was able to minimize risks at an early stage in the product design and meet critical deadlines.

The case company is one of the world's leading manufacturers within their field with an annual production of more than 16 million units. Their products and services cover many different industries and applications and the company is today the world's largest manufacturer of their main product with a global market share of more than 50%.