

Powerful Product Portfolio Management and Investment Planning at ABB

ABB leverages Planview Enterprise Product Portfolio Management for results-oriented planning.

ABB is a global market leader in power grids, power supply products, industrial automation as well as robotics and transmission engineering and offers solutions in a range of sectors including energy supply, industry, transportation, and infrastructure. The company's 147,000 employees serve customers in more than 100 countries. The Electrification division provides services for utilities as well as for the complex power supply systems used by customers with high energy consumption. This includes production plants, refineries, data centers, and mass transit as well as hospitals, hotels, and retailers. A digital solution approach – for example, when integrating the smart grid of a production plant with a stand-alone solar power system and the local power utility – requires the reliable supply of a wide range of products and components on the market at the same time. Not surprisingly, the coordination of the product portfolio, as well as all project units and dependencies is highly complex.

“During our decision-making process, one crucial point in favor of Planview was the specific expansion capability of the solution. The solution has a broad base and covers essential processes, which is what we need for successful product management now and in the future.”

– Kornel Scherrer, Global Product Management Manager,
ABB Electrification – Distribution Solutions

Better Product Lifecycle Management Through Product Portfolio Management

As part of a comprehensive modernization effort in product lifecycle management at ABB, the team was looking for a solution that would improve the investment planning for products, align the planning perspective with market requirements, and introduce a continuous planning process. In early 2017, ABB started using Planview Enterprise One for this purpose.

Results-Oriented Planning

The new solution allows around 150 product managers, R&D managers, and technology center managers to master the challenges of portfolio planning, says Kornel Scherrer, Global Product Management Manager at ABB Electrification – Distribution Solutions. A previously used tool could no longer keep up because its architecture was not scalable. Scherrer, responsible for product management excellence, the continuous improvement of processes and tools, and the introduction of Planview, recalls that the primary focus prior to the Planview integration was on project expenses; in other words, the decision about which R&D projects to start was based on the budget. Before, annual plans became obsolete quickly and could not be changed, but now results-oriented planning is possible.

“The Planview integration allows us to align our efforts optimally with market and customer requirements. We can answer questions such as: Which projects will allow me to increase my profitability, or how can I achieve my profit goal? And we can verify whether our running projects are within budget,” says Scherrer.

Transformation of the Planning Process

In order to transform the planning process, ABB is using Planview, a product management solution that supports the process in its entirety. All subprocesses are taken into consideration: the evaluation and assignment of the selected roadmap candidates; the planning and optimization of the roadmap and of monitoring and control up to Stage-Gate® 7 within the development processes. Particular emphasis is placed on the development and creation of project proposals and the creation of market requirement specifications (MRS) and business processes. Ultimately, it's all about increasing growth and profitability by choosing the right investments in research, development and products. In addition, the project milestone analysis makes it easy to track how the project is progressing compared to the underlying plan.

“At ABB, product managers are key. They are responsible for their products from start to finish,” says Scherrer. “Regarding the ABB product portfolio, the following crucial questions must be answered: Where will we invest? Which projects and products are most profitable? Which new investments and projects make sense? Which projects and products should be stopped and shelved due to lack of profitability?”

Success Factors for the Introduction Of The Solution

There were two key drivers for the adoption of Planview, says Scherrer. One was the solution's support for incremental plan refinements, in particular with regard to financial planning. For example, in the early stages of planning, the solution allows the user to work with annual values. Later, these can be broken down to quarterly or monthly values. The other driver was the prospect of a short and easy implementation phase. As process owner and project manager, Scherrer collaborated closely with the Planview team. Requested changes were implemented quickly and effectively, and company-specific internal requirements were immediately incorporated.

Continuous Planning Requires A New Mindset

Scherrer is convinced that the adoption of continuous planning can be successful only if everybody in the team is willing to contribute to the transformation. In concrete terms, this means shifting away from a project perspective and toward a product perspective. “Planning is an active process. It is important to continuously integrate changes and eventualities that arise out of customer needs or new events”, says Scherrer.

For example, if a request is received from a major customer, a forecast can be created to assess whether the investment in research and development will really pay off once all dependencies have been factored in. ABB can now use Planview's what-if scenarios to precisely plot the resource requirements for projects, illuminate the profit side, and visualize necessary changes in the roadmap. In addition, Planview helps place the focus on important products and projects. In the event that targets have been specified for the total development costs, Planview is able to show the necessary actions and potential changes on the profit side, too.

Drilling Down with Strategic Product Planning

“Where shall we invest over the coming three to four years?” “Into which products?”

One of Planview's crucial advantages, according to Scherrer, is the fact that it permits entering rudimentary information, which can then be elaborated on incrementally until a decision can be made.

For example, the following values can be entered for plans that are still very vague: *“In three years, we'll need 1.5 million euros and three people.”* Later, the information can be added that these three people need to be based in development centers in China and Poland. This makes it possible to enter, for example, person-years or other investments without having to specify immediately which organization needs to provide them. In this manner, investment planning can always be kept up-to-date with the latest knowledge.

Experiences And Results

After a trial phase of about one year, the employees who had been actively working with Planview since February 2017 were surveyed about their experiences using the solution. In the survey, ABB focused on collecting qualitative benefit criteria. Compared to the previously used R&D planning process and tool, the benefits provided by Planview for the planning process included the following:

- The new continuous product portfolio planning is showing signs of improving overall business outcomes
- Time savings in the description and evaluation of projects
- Improved descriptions and streamlined approval processes for project proposals
- Better project prioritization
- Improved alignment of projects with the business strategy and goals
- The consistent use of the new processes and Planview will continue to support the long-term profitability of the business activities

Future Plans And Evolution

The plan is to continue to expand the solution on an ongoing basis. As its next step, ABB is planning to add resource management to its solution to achieve greater planning depth. In view of the excellent outcomes of the Planview deployment in Distribution Solutions, the company is thinking about using the same approach in other ABB business units as well. Some business units have already started their evaluation process.



Kornel Scherrer,
Global Product
Management Manager,
ABB Electrification –
Distribution Solutions,
says

“Planview helps us realize project solutions that meet our customers’ complex requirements.”

“At Distribution Solutions, we have set ourselves the goal of improving the whole product lifecycle management. Planview is an essential tool for improving product investment planning.”

“An essential feature of Planview is the option to refine the project planning incrementally and to track this process.”

“During our decision-making process, one crucial point in favor of Planview was the specific expansion capability of the solution. The solution has a broad base and covers essential processes, which is what we need for successful product management now and in the future.”



Project notes / Summary

Application

- Product portfolio investment planning
- The Electrification Distribution Solutions business unit at ABB has set itself the goal of improving the whole product lifecycle management.

Company/organization

ABB Electrification – Distribution Solutions

Industry

Electrification and energy supply

ABB Electrification revenue

More than \$ 11 billion worldwide
(financial year 2018)



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Kornel Scherrer, Global Product Management Manager, ABB Electrification – Distribution Solutions

To learn more about what the Planview solutions for work and resource management can do for your company, visit planview.com.

