The Effects of Globalization on Product Platforms and the New Product Development Process

Abstract
As a result of outsourcing and off-shoring, the combination of low labor rates, reduced tooling and component costs is allowing firms that design consumer products to shift away from product platforms. Given the rapid rise of off-shoring, manufacturing set-up and purchased component integration is becoming a much smaller percentage of total project cost; and this is allowing firms to design unique products for specific market segments because the cost and timing of new tooling and component sourcing is no longer a factor in many cases. This frees up the designer to develop products that meet discrete market niches without having to spend the additional time and cost to develop a product platform. In effect, the firm’s underlying core technology – the platform – is their ability to quickly and effectively commercialize new products while leveraging the advantages of a global market place. In this paper, a historical context on globalization and new product development is discussed. A framework for shaping the firm’s core development process is then proposed to help development teams improve the development process and total project cost within the global environment. An in-depth case study of three firms is then given, highlighting their engineering and sourcing process platform within the context of the applied framework.

Keywords: Product platform, product development, globalization, outsourcing

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