PRODUCT DEVELOPMENT: KEYS FOR SUCCESS

Dr. Lou Balmer-Millar Director of Research and Advanced Engineering Caterpillar Inc.

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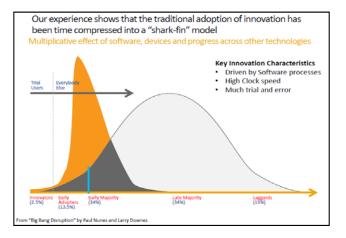
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The Product Development Challenge

Time

Product Introduction Rate



Cost

- Manufacturer
 - Development Cost
 - Production Cost
- Customer
 - Owning & Operating

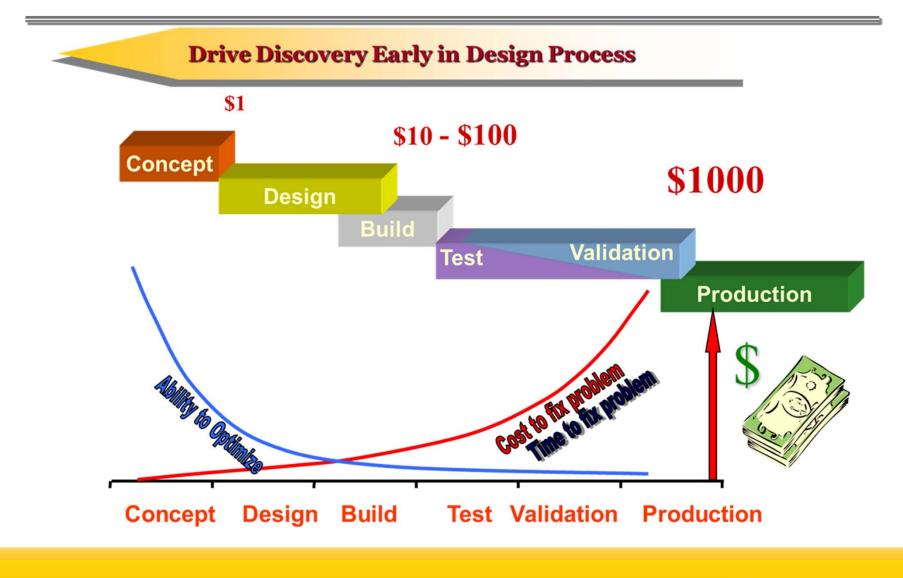
Quality

 Customer Perception: Performance Reliability Durability

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The Product Development Challenge



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Key 1: Customer



Owning and Operating Costs



Safety

Sustainability



Versatility

Service



Ease of Use



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Caterpillar Non Confidential

Technology



From our Chairman & CEO

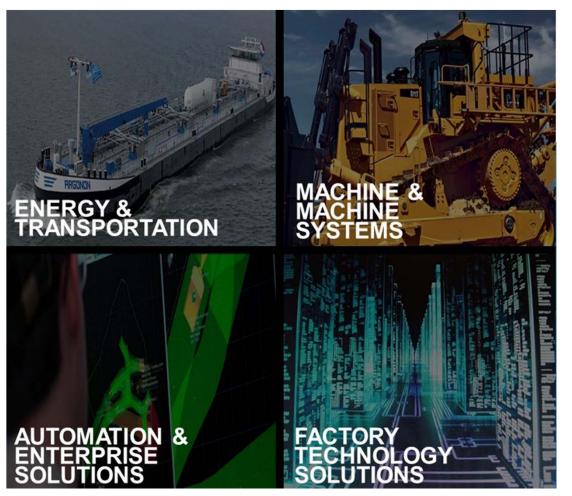
"Our customers are *diverse*, but all have something in common – they all expect the best from Caterpillar. They expect the best quality, the best performance, the best productivity and more than anything, they expect the best value for the price they pay. We've got our work cut out for us to deliver on these expectations. That's why we have to set the bar high."



Doug Oberhelman, Chairman & CEO



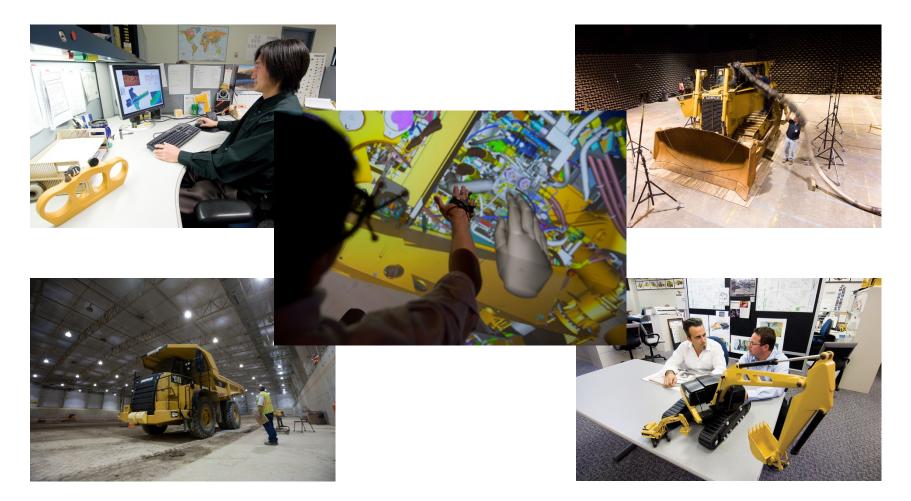
Key 2: Right Products & Solutions



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Key 3: Deep Technical Expertise



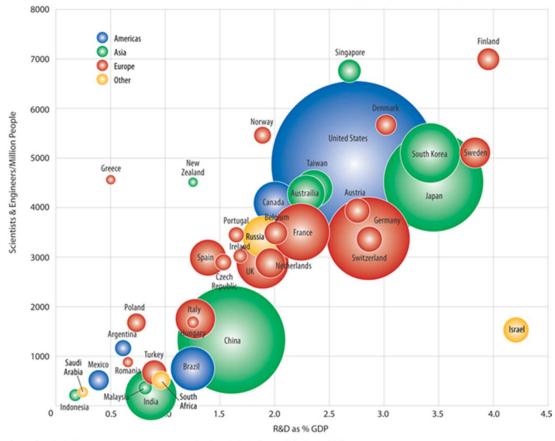
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Key 4: Collaboration

World of R&D 2011

Size of circle reflects the relative amount of annual R&D spending by the country noted.



Source: Battelle, R&D Magazine, International Monetary Fund, World Bank, CIA World Factbook, OECD

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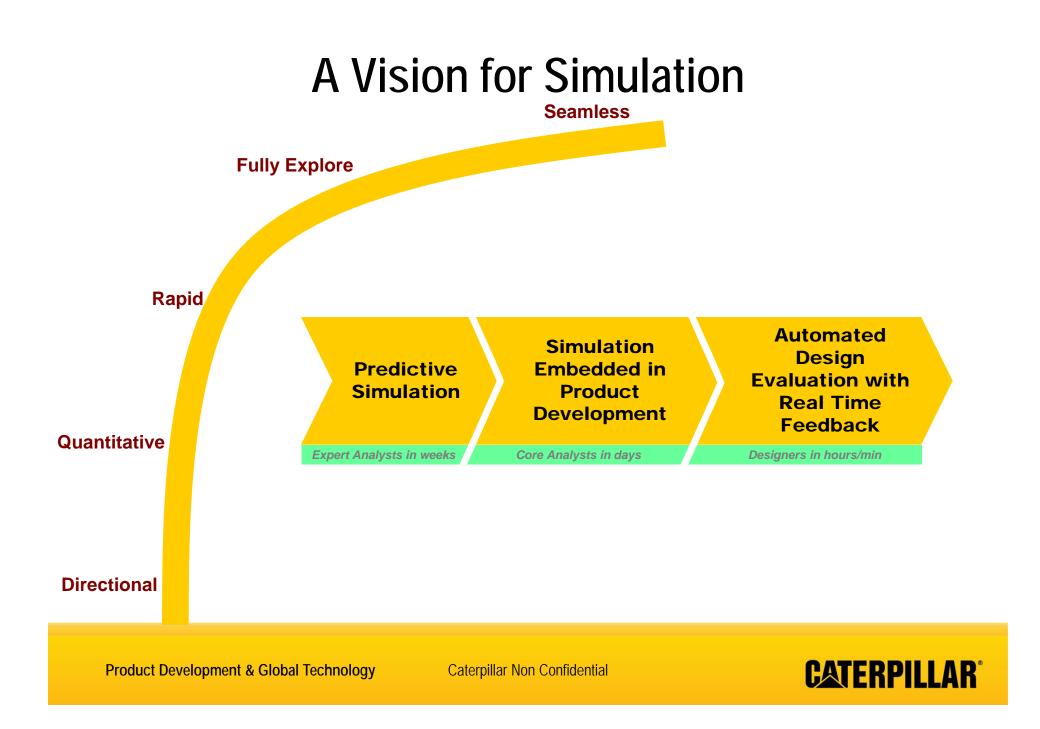
Key 5: Simulation

Benefits:

- Faster Product Development Cycle
- Fewer Prototypes
- Innovative Products
- Higher Quality
- Lower Cost
- Reduced Warranty

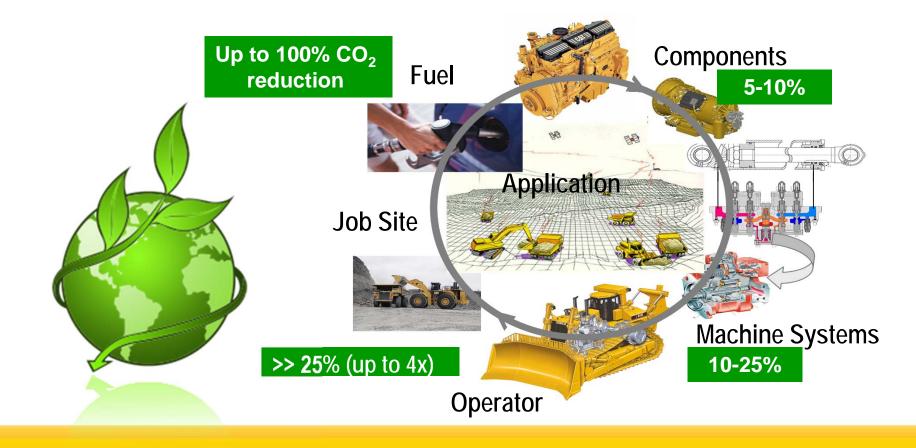






Key 6: System View Point

A Total Systems Perspective to Improve Fuel Efficiency and Reduce CO₂





PRODUCT DEVELOPMENT: KEYS FOR SUCCESS

(Focus on the customer	
	Right Products & Solutions	
	People	
	Collaborate globally	
	Simulate early & often	
	Take a system viewpoint	

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Virtual Product Development

