

## Importance of Requirements Management Tooling Decisions Driving More Corporate Involvement, According to New Research by VDC

*Increasing management involvement in purchasing raises the importance for tool suppliers to highlight the benefits their RM tools provide to the overall organization.*

“VDC estimates that software accounts for 46.3% of embedded development costs, with IoT/Cloud expenses consuming an additional 10.9%.”

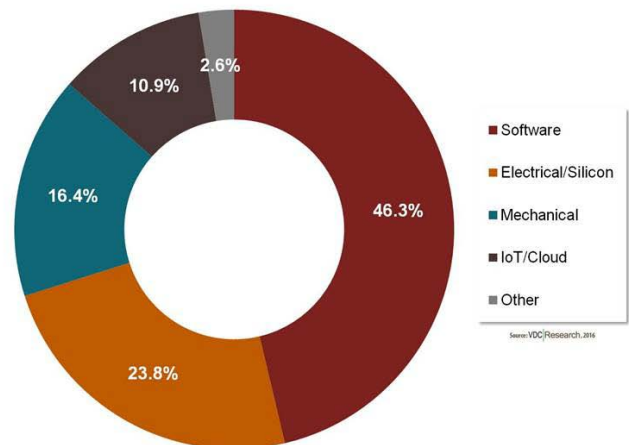
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Embedded engineers indicate 38.3% of the end-product value in their current development projects is due to software, according to a new report by VDC Research ([click here](#) for more info). Software continues to deliver larger proportions of advanced device functionality and assume a more prominent role in corporate differentiation. At the same time, software also threatens to consume ever larger portions of embedded OEMs' development budgets. These challenges raise the importance for engineering organizations to use commercial requirements management (RM) tools that can help coordinate their software design efforts.

“Software is the largest development cost center in the embedded market and it is also the leading instrument for delivering system value” says André Girard, Senior Analyst of IoT and Embedded Technology. “Given the role of requirements management in ensuring software code bases are designed correctly and on time, these tooling purchasing decisions are increasingly a corporate-level decision.”

Embedded OEMs increasingly understand that commercial RM tools are critical for keeping their development projects within budget and on schedule. For IoT applications, the role of RM tools can extend to manage the delivery of post-deployment updates or services and the integration of performance data into product improvement initiatives. The prominence of these goals is increasingly drawing the attention of higher levels of management. Accordingly, management roles have more influence on the purchasing decision for RM tools than any other development tool VDC tracks. Given the degree of management involvement in procurement, it is exceedingly important for tool supplier marketing messages to highlight the benefits their RM tools can offer the larger organization, rather than solely to the software engineers.

Distribution of Embedded Development Costs on Current Project  
(Percent of Dollars)



**About VDC Research**

Founded in 1971, VDC Research provides in-depth insights to technology vendors, end users, and investors across the globe. As a market research and consulting firm, VDC's coverage of AutoID, enterprise mobility, industrial automation, and IoT and embedded technologies is among the most advanced in the industry, helping our clients make critical decisions with confidence. Offering syndicated reports and custom consultation, our methodologies consistently provide accurate forecasts and unmatched thought leadership for deeply technical markets. Located in Natick, Massachusetts, VDC prides itself on its close personal relationships with clients, delivering an attention to detail and a unique perspective that is second to none.