

# Dassault Systèmes' 2018 Analyst Event: A Platform for Knowledge and Know-How

## *CIMdata Commentary*

### *Key takeaways:*

- *Dassault Systèmes positions itself as a science company, which acts as an enabler of the 21<sup>st</sup> Century Industry Renaissance by providing innovative technologies, processes, intelligence, and education to the global market.*
- *Dassault Systèmes has a strong commitment toward the workforce of the future through its still growing number of partnerships that includes more than 6,000 schools and universities.*
- *Dassault Systèmes' Marketplace offering aims to connect engineers with industrial service providers, covering an n-to-n value stream.*
- *Dassault Systèmes' long-term commitment to their 3DEXPERIENCE vision and strategy is rapidly evolving from a platform as a business model to a platform for knowledge and know-how.*

Similar to previous years, CIMdata had the pleasure to attend Dassault Systèmes' annual PLM analyst event at their headquarters in Vélizy-Villacoublay, France. The well-organized two-day event provided an excellent update on Dassault Systèmes' strategy and thought-leadership position in the global PLM market. The event, as in past years, was filled with presentations and demonstrations by key Dassault Systèmes' management team members. It was organized into four main blocks, with each of the morning blocks being focused on updates from Dassault Systèmes' executives and each afternoon on a selection of industry updates provided by Dassault Systèmes' industry segment leaders. Overall, the consistent messages communicated demonstrated Dassault Systèmes' management team's solid understanding of the corporate vision of enabling and enriching product, nature, and life, and their first-hand experience with customers. This consistent and coherent message was well articulated from the top down, and appears to be well inculcated throughout the executive team irrespective of roles or how long they have been with the company. This is no doubt thanks to Mr. Bernard Charlès', Vice Chairman, Chief Executive Officer, leadership and the top management team's enthusiasm and alignment with the corporate direction. This top to bottom consistency is quite exceptional in the PLM industry where, between the executives and operations, messages often become fragmented, and in some exceptional cases even appear to be conflicting.

## **The 21<sup>st</sup> Century Industry Renaissance**

Mr. Charlès kicked off the event with a thought provoking presentation that described Dassault Systèmes' role in enabling the 21<sup>st</sup> Century Industry Renaissance, positioning as a science company that acts as an industry enabler by providing solutions, processes, intelligence, and education. Using Albert Einstein's quote, "The only source of knowledge is Experience," he stressed how Dassault Systèmes' 3DEXPERIENCE Marketplace is the future source of knowledge. Like a modern book, but much more powerful. For example, it is social, cultural, dynamic, and collaborative, in multiple ways actually unlike a book, which is static. Mr. Charlès stressed the importance of the Industry Renaissance and how Dassault Systèmes' solutions and strategies are leading the way for companies around the world. It is particularly noteworthy that Dassault Systèmes' is spending significant effort and money setting up and supporting next generation development centers around the world, which educate and demonstrate the future of all phases of product development—from concept through life. It is also important to

note that Dassault Systèmes' continued investment demonstrates its long-term view. They are, and continue to want to be, the partner of choice to enable the Industry Renaissance.

As always, Mr. Charlès left the analyst with much to think about and digest. Dassault Systèmes' view that the Industry Renaissance is being powered by experience gives a clear indication of its importance to the company. To further illustrate this point, Mr. Charlès reviewed Dassault Systèmes' **3DEXPERIENCE** platform journey—how it is evolving from a platform as a business model to a platform for knowledge and know-how. He went on to say that Dassault Systèmes' is doing the exact opposite of what the ERP solution providers are doing. Namely, Dassault Systèmes wants people to be able to differentiate and use their solutions in a manner that is best for them at the point of time of access, not having to conform to one predefined way of working. Ultimately, Mr. Charlès believes that Dassault Systèmes' biggest challenge is to balance customer loyalty of current customers that want to continue to use Dassault Systèmes' solutions as is, with that of new customers who want to push forward and fully embrace the new ways of working that are quickly being enabled.

Ms. Florence Verzelen, EVP, Industry Solutions, Marketing, Global Affairs and Communication, was next to present to the analysts. This was Ms. Verzelen's first annual Dassault Systèmes analyst event, having joined the company earlier in the year. Her presentation that she did jointly with Ms. Valérie Ferrer, Dassault Systèmes' Vice President Learning Experience, focused on the workforce of the future and how Dassault Systèmes is defining and supporting the transformation path for the enabling and adoption the Industry Renaissance described by Mr. Charlès. Ms. Verzelen described a multi-faceted approach that includes partnering with academia, developing and delivering new forms of training and certification, and enabling a community of contributors. CIMdata commends Dassault Systèmes for their approach and apparent passion in this critical area. They clearly understand that technology alone will not result in the true and comprehensive changes required by the Industry Renaissance. CIMdata's research and experience has shown that in many countries academia, in general, is not addressing the needs required by industry, not only for tomorrow's workplace, but also today's.

Next on deck was, Mr. Olivier Ribet, VP, Industries. He provided an overview of Dassault Systèmes' industry focus, as well as a global perspective on the industry transformation that is underway. He presented a set of key facts and figures as published by the World Economic Forum that clearly illustrates global trends, many of which Dassault Systèmes are tracking and supporting. Mr. Ribet commented on how Dassault Systèmes continues to leverage industry experiences across their twelve industry segments. He went on to say that these industry experiences follow the three C's—Connected, Contextual, and Continuous—enabling an industry-specific **3DEXPERIENCE** twin where all focus is on the eventual user of the product, and not on the product or its developer. Dassault Systèmes' focus on defining and delivering industry-focused experiences gives them a competitive advantage in their quest to be a key enabler of the Industry Renaissance.

Mr. Sebastien Massart, representing Corporate Strategy, described some of the important developments with regards to Dassault Systèmes' partnership strategy. He commented that Dassault Systèmes is building a lifecycle ecosystem platform for collaboration, and the resulting **3DEXPERIENCE** Value Network supports various business relationships including business-to-business, business-to-consumer, business-to-business-for-consumers, and others. This strategy is well-aligned to Dassault Systèmes' overall corporate strategy related to defining, delivering, and supporting platforms—not just data platforms, but business and collaborative platforms for future commence.

The last presentation of the first morning was given by Mr. Pascal Daloz, Dassault Systèmes' newly appointed Executive Vice President, Chief Financial Officer, and Chief Strategy Officer. He addressed a number of business topics, with a focus on Dassault Systèmes' business momentum. On the surface it would appear that Mr. Daloz's responsibilities are somewhat disconnected, but he made it clear that he is responsible for assuring that Dassault Systèmes' strategies deliver the appropriate growth and return desired by the company. Some of the key facts and figures Mr. Daloz shared included the fact that 32% of their revenue is now outside of their traditional core industries (e.g., transportation and aerospace). He also made some telling comments regarding their service and brand performance. Mr. Daloz didn't try to hide behind the numbers, but rather he was clear where issues exist and that things are being done to make appropriate adjustments.

In the area of futures, Mr. Daloz described a number of growth drivers for the company. For example, he commented that by the 2019x release, which is scheduled for the end of 2018, they will have all the roles enabled by their platform available on their cloud-delivered offering. He also commented that by the end of 2019 they will probably have more roles enabled on the cloud than in the on-premise solution. A clear indication of their cloud strategy. A few other items of note included that he expects their revenue associated with the **3DEXPERIENCE** platform will go from 22% to 80% over the next five years, and that two-thirds of their operating cash will continue to be reinvested back into the company (also noting that they aren't looking to increase the dividend). Additionally, Mr. Daloz commented that Dassault Systèmes is moving toward an outcome-based pricing model and across-value-stream enablement. Another clear indicator that they want to be viewed as a business partner of choice and not just a technology or application provider. Finally, Mr. Daloz commented about their customer base and what their customers are looking for in license models. In summary, Dassault Systèmes plans on leaving the options open, especially with regards to subscription and perpetual licensing models. In CIMdata's opinion, given Dassault Systèmes' global and diverse base, this is the most logical course of action at the current time.

## **The 3DEXPERIENCE Playground & Core Industry Update**

Unlike in years past where executive presentations filled the afternoon, this year the afternoon began with a guided tour of the **3DEXPERIENCE** Playground. The playground is an ever-expanding set of live exhibits that display, simulate, and demonstrate many of Dassault Systèmes' solutions. This proved to be an excellent way to obtain an overview of Dassault Systèmes' diverse and expanding solution set. The tour was followed by a set of breakout sessions covering Dassault Systèmes' core industries—manufacturing, transportation & mobility; energy, process & utilities; and aerospace & defense. Each of these sessions were facilitated by corporate vice presidents and provided a sound update on their industry approach and solution set currently being offered, as well as what is coming.

## **Expanding Beyond Core Industries**

Mr. Philippe Laufer, Chief Executive Officer CATIA, R&D, kicked off day two of the event. His presentation focused on the evolution of CATIA and growth drivers for this \$1B revenue Dassault Systèmes brand. Mr. Laufer stressed how Dassault Systèmes is going to win the AEC market—a market that has been dominated by Autodesk, AVEVA, Intergraph, Bentley Systems, and others for years. This is going to be difficult and will take years, but Dassault Systèmes has never shied away from a long-term strategic goal. He also commented on four main growth drivers for their development and delivery of CATIA moving forward: design in the age of experience, social design, cyber systems experience, and industry diversification. He

stressed that Dassault Systèmes would prefer CAD be referred to as “Cognitive Augmented Design” rather than Computer-Aided Design. This illustrates Dassault Systèmes’ forward thinking and desire to take their customers to the next level of capabilities and use. Dassault Systèmes is doing this by integrating design and simulation, enabling functional driven generative and robot generated design, and supporting research in the area of “Neuro Systems Engineering—AI,” where the dream is that, from a functional schema design a complete car digital model will be automatically generated. Finally, Mr. Laufer provided some insight on Dassault Systèmes’ thinking and supporting Generative Design (GD). He commented that GD not only supports 3D printing but also traditional machining.

Mr. Laufer was followed by Mr. Hubert Masson, 3DEXPERIENCE Platform Director, R&D, who provided analysts with a Marketplace update. Over the last year or so, Dassault Systèmes significantly expanded their Marketplace service portfolio, as well as focused their “Make” service to be not just 3D printing anymore, but rather full service, bringing designers and manufacturers together. He commented that their Marketplace now has approximately 90 service providers, representing more than ten thousand machines. CIMdata expects Dassault Systèmes to continue to expand their Marketplace related offering, which currently covers four customer targeted processes, of which “Make” and “Part Supply” are two. Dassault Systèmes’ Marketplace commitment is non-trivial. Not only does it require infrastructure, but also a Dassault Systèmes managed qualification process. This is another excellent example of Dassault Systèmes’ long-term commitment to supporting the future of product development and new ways of working.

Mr. Patrick Johnson, Vice President, Sciences, Corporate Research, spoke on the topic of new technologies that Dassault Systèmes is working on. While none of the details can be shared publicly, it is worth noting that Dassault Systèmes continues to make the investments necessary to be relevant well into the future.

The last presentation of the morning was given by Ms. Florence Verzelen, during which she shared highlights and key messages heard, as well as introduced Ms. Janet Cheetham, Executive Director Process Development, Amgen. Ms. Cheetham gave a passionate presentation of Amgen’s “Biology First Approach” and their PLM journey with Dassault Systèmes. She stressed how Amgen looked for a solution that created, captured, and managed “smart data.” They didn’t want just another document management solution. They wanted to focus on capabilities and not systems; this was, as she put it, a big change management process and module implementation approach. She also provided some background on “The Allotrope Community.” A biotech community facilitated by the Allotrope Foundation. A bio-tech-focused data standards initiative whose mission is to rethink scientific data. CIMdata commends this work and encourages the community to seek out others in the automotive and aerospace sectors who have been working on data standards for years.

## **Insights into Diverse Industries**

The second day finished up in the same manner as the first day, with a set of breakout sessions. This time they sessions focused on a set of “diverse industries,” as Dassault Systèmes refers to them. These included: High-Tech; Consumer Goods - Retail, Lifesciences; Consumer Packaged Goods; Territories & Cities; and Architecture, Engineering, and Construction (AEC). As on the first day, these sessions focused on providing the analysts with updates on their strategy and progress. There were a number of interesting outtakes from these sessions. One that made a special imprint on CIMdata was Dassault Systèmes’ somewhat surprising focus on the retail sector, but as explained by Mr. Philippe Loeb, Vice President, Dassault Systèmes

has in fact provided solutions to this industry sector for years. Capabilities delivered have included connected objects, tuned simulation, supported of material science, 3D modeling of hard and soft products, and value chain optimization functionality. Dassault Systèmes further illustrated its commitment in this industry by their announcement during the event of their intent to acquire an 80% stake into Centric Software, a leading PLM solution provider in the footwear and apparel space.

## **Concluding Remarks**

Finally, the CIMdata team came away from the event with a renewed understanding of Dassault Systèmes—its current state and challenges, as well as its strategy, vision, and continued commitment to provide its current and future customers with innovative business solutions. The CIMdata team also felt that the event did an excellent job bringing a number of Dassault Systèmes' initiatives together. For example, its science theme is very clear: across a broad range of industries and brands. From “atoms to parts” for additive manufacturing means material micro structure’ molecular modeling for the living heart and brain in Health Sciences, and in “specialized domains” like battery modeling and lubricant flow in CATIA; and material science support for the apparel industry. CIMdata continues to be impressed with Dassault Systèmes' progress and looks forward to what lies ahead.

## **About CIMdata**

CIMdata, an independent worldwide firm, provides strategic management consulting to maximize an enterprise's ability to design and deliver innovative products and services through the application of Product Lifecycle Management (PLM). CIMdata provides world-class knowledge, expertise, and best-practice methods on PLM. CIMdata also offers research, subscription services, publications, and education through international conferences. To learn more about CIMdata's services, visit our website at <http://www.CIMdata.com> or contact CIMdata at: 3909 Research Park Drive, Ann Arbor, MI 48108, USA. Tel: +1 734.668.9922. Fax: +1 734.668.1957; or at Oogststraat 20, 6004 CV Weert, The Netherlands. Tel: +31 (0) 495.533.666.