

Dassault Systèmes Takes to the Cloud

CIMdata Commentary

On June 26 and 27, Dassault Systèmes held their annual Industry Analyst event in La Defense, the business district just across the Seine from Paris. As has been past practice, it was held in conjunction with a Dassault Systèmes partner event, the Application Innovation Summit (AIS). The renaming of this event is significant in and of itself, as it illustrates Dassault Systèmes' rededication to growing its partner base for the V6 architecture. CAA2, the second generation of their successful CAA partnership program, finally provides the tools necessary for partners to build applications tightly integrated with the V6 platform. The breadth of CAA applications made the V5 platform a powerful competitive force in the high-end CAD market, and with this event Dassault Systèmes is putting that same muscle behind V6.

Scheduling issues put Bernard Charlès on stage for the day two keynote, but he did not disappoint. He stated that there are "special moments" in a company's life, and he compared this moment to 1999 when, he claimed, Dassault Systèmes "invented PLM." Mr. Charlès speech focused on several themes:

- "Our Belief: virtual world extends and improves the real world"
- "Our Dream: 3D virtual universes to harmonize product, nature, and life"
- "Our Purpose: Dassault Systèmes provides business and people with 3D lifelike universes to imagine sustainable innovations capable of harmonizing products, nature, and life"

He went on to describe "Our Strategy" using some common visual elements from recent Dassault Systèmes strategy presentations: the spiral that is the central image for the product lifecycle in V6; coverage of 11 industry segments; Dassault Systèmes expanding its reach to cover constituencies in Education, Research, Society, and Business (its traditional home); and Dassault Systèmes go to market strategy using both direct sales and channel partners to reach these expanded markets. He went on to state that, "Our Strategic Foundation" is, of course, the V6 platform. One unique aspect of this year's speech was Mr. Charlès ceding the stage to Ms. Monica Menghini, who leads Dassault Systèmes' industry efforts in CPG and fashion. Her passionate speech focused on how Dassault Systèmes will use "3D lifelike experience" to create unique business values that cannot be matched by the competition. Over the two days, the term "experience" was very elastic, sometimes referring to things like 3DVIA Shopper, which helps retailers rapidly create virtual retail experiences to test new product concepts, to more traditional process manufacturing simulation in consumer packaged goods and food products. While one can argue about the approach, Dassault Systèmes is certainly making a large bet on it. They have publically stated their plans to double their revenue by 2014, and Mr. Charlès claimed that Dassault Systèmes would invest €1.2 billion in R&D over the upcoming years to make that happen. A later session for analysts delivered by Thibault de Tersant, Dassault Systèmes' CFO, laid out a detailed plan on how the company would actually make these numbers.

It was Dominique Florack, Dassault Systèmes' Senior EVP of R&D, who elaborated on the company's cloud strategy. When Dassault Systèmes announced V6 in 2008, one of the V6 values was stated to be "online," but the company had announced little to date to monetize

that value. (At past events, Dassault Systèmes executives admitted that some early offerings, like 3DVIA Mobile and 3DVIA Scenes were intended to test the waters.) That changed last week in Paris. According to Florack, “online is unstoppable.” Dassault Systèmes announced an investment in a French start-up, Outscale, a cloud provider that Dassault Systèmes plans to use to manage their Software-as-a-Service (SaaS) provisioning. And exactly what will they be provisioning? The 3DStore, their e-tail marketplace, now lists 14 offerings. Following up on announcements at the last two SolidWorks World events, Dassault Systèmes made the cloud-based n!Fuze and n!Volve solutions available on their online store. These collaboration solutions are built on ENOVIA technology. In demonstrations, n!Fuze showed how its tight integration with SolidWorks can support some critical workgroup use cases. n!Volve is more about providing a V6 collaboration environment for cloud-based authoring and collaboration. According to Dassault Systèmes, their existing V6 on-premise client offerings are ready to work with n!Volve. The applications will reside on the Amazon Web Services (AWS) Infrastructure-as-a-Service (IaaS) platform, another Dassault Systèmes announcement last week. The Press Release states that AWS will be the home for their PLM brand offerings.

The application which gave this meeting its name last year, 3DSwYm (See what You mean), had a more prominent role this year. Beyond its use to power the DraftSight community, 3DSwYm was central to many of the “experiences” shown in the industry tracks. Dassault Systèmes sees this social computing platform as a force multiplier, letting the crowd leverage the cloud, so to speak. With the general availability of the 3DSwYm platform, the market will decide. Mr. Florack also stated that “mobile is inevitable,” and showed an early version of an iPad V6 application, with content channels that users can “follow.”

Other Analyst sessions included updates from all of the Dassault Systèmes Brand CEOs, and several industry leaders. The message was consistent from all: experience is central to the company’s strategy. All Brand promises revolved around the notion of experience. Lynne Wilson, CEO of the 3DVIA brand made a telling remark, one that has been prominent in the trade press recently, and is core to the Dassault Systèmes strategy—people who grew up with games and the Web have different expectations. Meeting these expectations with powerful, yet easy to use business applications is a huge challenge to all PLM competitors, not just Dassault Systèmes. At least outwardly, the industry messages shifted from 2010, from a plethora of industry-specific business processes to experiences, like the “Global Science Solution Experience” in Life Sciences, drawing on the biointelligence project that Dassault Systèmes helped initiate in 2009. Those processes still exist, but they are no longer the lead in the presentations, which is consistent with the overall “deliver experiences competitors can’t match” theme. According to Dassault Systèmes, those processes are old school, and Dassault Systèmes is certainly trying to change paradigms, which is the “Dassault Systèmes Way,” another messages consistently used in the industry slides.

What does all this mean? Dassault Systèmes is betting the company on V6, and seems to be making the investments to mature the V6 solution portfolio to exceed what was possible with V5. Beyond that, Dassault Systèmes is leveraging its core competencies in 3D and applying their considerable mathematics and physics expertise to new domains. The company believes that these “lifelike experiences” will change the competitive game, allowing them to capture large chunks of market share across multiple industries. But can any firm, even one as large as Dassault Systèmes, “focus” on 11 industries? (In fact, during the sessions they claimed to want to expand their reach even further by “blowing up” some of these industries into more detailed sub-segments.) Perhaps this was just an unfortunate word choice, but even just “serving 11 industries” is a substantial commitment, one that all major PLM solution suppliers struggle to meet with adequate depth across sales, marketing, R&D, and services.

The next few years will be crucial for Dassault Systèmes to begin replacing V5 with V6, powered by these experiential industry solutions. Their traditional PLM competitors are not standing still, and these new industries are served by plenty of incumbents who will not cede ground easily. Nothing less than continued PLM market leadership is at stake.

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