The Experience Economy: An Update on Dassault Systèmes

CIMdata Commentary

Key takeaways:

- *Dassault Systèmes has made significant progress in refining and implementing their Industry strategy*
- *Many of their new 3DExperiences key off influencers, standards groups, and existing players in some industry segments, potentially helping these solutions better fit into these industries*
- *Dassault Systèmes needs to do a better job updating the world on how their acquisitions fit into their portfolio, and how they will help move the company forward*

Dassault Systèmes (DS) held their annual Industry Analyst event on June 11-13 in Vélizy, France at their global headquarters. The agenda included briefings from the executive team and then focused in on their work related to their industry segments.

Passionate as always, Bernard Charlès updated the analysts on the company strategy. This message has been honed over the last year, and even the last six months since the 3DExperience Forum in Las Vegas. One phrase used throughout the day (and at other recent DS events) was "connecting the dots." The goal? According to Charlès, it is using "the virtual universe to improve the real one." This is consistent with their previous "lifelike experience" messaging, but DS claims to be in the "post PLM" era, one focused on serving an "experience economy" to help their customers better reach their clients. This move to solving business problems through the judicious use of appropriate technology is a big change for a technology-focused company like DS. (SAP tried to do this in their messaging around "Value Scenarios" a few years ago, but the change did not stick.) As discussed in previous CIMdata commentaries, DS is taking a vastly different approach, reorganizing the whole company to serve twelve industry masters, with each industry segment receiving what it needs from marketing, sales, market and competitive intelligence, and other functions, served by a central Research & Development organization providing the technology engine. To feed this engine, DS has continued to make both large and tuck-in acquisitions over the past year, continuing a pattern that led Charlès to claim that DS has invested over 2 billion Euros since 2004 to reach this point. (One wonders how much he will invest in the next 20 years that he claimed he will work until he retires.)

Monica Menghini followed Mr. Charlès with an update on their focus on experiences. She emphasized that this was much more than positioning, but a radical rethinking of how to best serve their customers and their clientele. Menghini described how DS used value stream mapping with lead customers to identify the areas with the biggest bang for the euro, and then have set off to construct "3DExperiences" to deliver that value. Most of the presentations that followed laid out this vision, and the current reality, in a wide range of industries.

Some industries are well along the path, and others are just getting started. Overall, CIMdata was very impressed with the progress DS has made over the last 12 months. The strategy and implementation are coming together nicely, and some of the emerging experiences look quite promising. Of course, we would love to talk to some customers about their feelings about the new offerings, but hopefully that will come over time. Based on this initial look, some of the experiences are potentially differentiating, which of course is the major point (or a major point) of the DS strategy.

One thing really stood out. Openness is a word much used in the PLM market, an area in which DS has received some criticism over the years. In fact, all PLM solution providers have their strengths and weaknesses in this area. In CIMdata's 2011 PLM Industry Review and Trends Report, we highlighted a key requirement for long-time PLM competitors moving into new industries: they need to recognize and determine how best to deal with the "incumbents" in that industry. This word is in quotes, because it is more than just the existing solution providers. It also includes influencers, standards bodies, and others who have roles in the economy in that segment. From the industry presentations, it was clear that DS has internalized this requirement and is taking significant steps to address it in each industry. A good example is the need for DS to integrate with existing players, such as Autodesk Revit and Oracle Primavera in Energy, Process & Utilities (EPU). Another form of connection to other applications and data sources that will be critical will be provided by two relatively recent acquisitions, Exalead and Netvibes. Exalead, a search engine firm acquired by DS in 2010, will help them harvest and reuse data from the Web, other enterprise systems, and just about any other electronic data source. Netvibes, a 2012 acquisition, also had experience harvesting information, but they added the ability to quickly develop portals to deliver that information to decision makers in many different industries. In combination, these strategic moves could help DS in achieving their industry strategies, both in traditional PLM strongholds like Transportation and Mobility, and the emerging industries that DS, and their other major competitors, see as opportunities for expansion, e.g., consumer packaged goods and retail, footwear and apparel (RFA).

On the other hand, there are some acquisitions that clearly play strategic roles that need more prime time exposure. From our industrial consulting work, we know that Intercim, another 2011 acquisition, is being used to great effect in aerospace and other industries, and is part of the new emphasis on Operational Intelligence (OI) that was only briefly mentioned in this session. OI was also discussed in the management call about their most recent acquisition, Apriso. We hope that the world hears more about this move and its ramifications for DS and the PLM economy. A similar comment could be made about Enginuity, which filled a hole in the DS portfolio in formulation PLM, but has not been heard of since it was acquired. Of course, this solution will have a big role to play in the consumer packaged goods (CPG) industry, and our understanding is that it is just about ported to the ENOVIA platform, an important milestone.

Overall, this was a very good event, with significant progress demonstrated across the industries they presented. Next year, we look forward to hearing about how customers have adopted and used these solutions to reach the business objectives and value identified by DS that led to their creation. Achieving these benefits will help demonstrate the values possible through a focus on the experience economy.

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