

Dassault Systèmes: Stay the Course

CIMdata Commentary

Key takeaways:

- *The February 2012 commitment to innovation experience is well underway—more to come*
- *Maturing “Experience” concept is being extended to all aspects of Dassault Systèmes business and services*
- *Power of optimization capabilities with Quintiq brings high value and high returns*
- *With the aging world population and the availability of extensive computing resources, Dassault Systèmes’ BIOVIA solutions should result in enhanced returns*
- *A changing channel management strategy demonstrates deliberate intent towards partnership success*

Dassault Systèmes held their annual Industry Analyst event on June 10-11, 2015 at their global headquarters in Velizy, France. The agenda was full and included briefings from the executive team and a set of industry focused tracks covering the work they have accomplished in several segments.

There was a strong emphasis this year on connecting the progress made since their February 2012 announcement of Dassault Systèmes’ 3DEXPERIENCE focus on innovation. This year, Mr. Bernard Charlès, the company’s President and CEO, opened the event with a reminder that 2015 marks a conclusion of the first three-year cycle that has demonstrated investment and commitment to the systematic deployment of the 3DEXPERIENCE innovation platform. He remarked on the level of orchestration and structure needed to meet the reality of what organizations can do very quickly and that the value to the clients is now becoming visible. One of the goals of this year’s analyst event was to demonstrate physical evidence of the significant investment made by Dassault Systèmes. Mr. Charlès closed his session with “We are here, we are committed to the long term.” Dassault Systèmes wants to enable a connected world with ever increasing mobilization, by bringing value to society. For customers and prospective customers this commitment of staying the course is bound to be highly encouraging given the substantial progress made in the first three-year cycle.

Ms. Monica Menghini, Dassault Systèmes’ EVP and Chief Strategy Officer, followed Mr. Charlès opening remarks with a review of Dassault Systèmes “experience” perspective. She remarked that we are in an age of experience—that customers are buying experiences, that products are no longer enough, thus it is critical for companies to support and enhance their ability to design, deliver, and support experiences. The age of experience is driving a global manufacturing digitalization, as is seen by the US’ Manufacturing Renaissance, UK’s High Value Manufacturing, France’s Industry of the Future, Germany’s Industry 4.0, China’s Manufacturing 4.0, and Japan’s Innovation 25 programs. From Europe’s 2020 growth strategy, she pointed out that technology driven innovations built the world economic growth, however, design-driven innovations will be the new economic growth strategy. To Dassault Systèmes this translates into Design as a Strategy where product experience evolves into a holistic experience, a step change in design to an experience-thinking frame of mind. More so that the design experience now needs to move to an innovation experience, this is the inspiration for the 3Dassault Systèmes 2021 strategy. These observations are well in line with

CIMdata's observations that growth is being driven through innovation, and that for companies to innovate they must not only do so with products but also in operations.

Experience-thinking drives Dassault Systèmes in its merger and acquisition activities, for example Apriso and Quintiq for manufacturing, RTT for sales and marketing, and Accelrys for design and engineering. The message was strong that the transformation of Dassault Systèmes appears to be steady, they are driving to a deepening understanding of the client, how business and people interact, and enabling the social industry experiences. Dassault Systèmes expects to continue to expand into new industries while adding segments to their core industries, including expansion of their solutions to more cloud solutions (they currently have 14). Their strategy includes being open and inclusive, eliminating the concept of integrations, but rather being able to open any legacy application, then save and share data throughout the 3DEXPERIENCE platform. Similarly Dassault Systèmes views the internet of things (IoT) as an area to bring the power of the experience to the table, being an internet of experiences, focusing upon design and learning within IoT. Mr. Charlès closed the executive sessions with the point that they have the obsession to be able to fully and accurately manipulate the digital twin—whether it is a twin of a city, of personalized health, of resources and energy, or of a globalized supply for localized production. These investments have been made in a manner that aligns with the experience strategy and again demonstrates the commitment to enabling the entire product lifecycle.

One of the sessions the CIMdata team took notice of described the capabilities brought to Dassault Systèmes through the acquisition of Quintiq. The solution brings incredible power to KPI-based planning, optimization, workforce planning, manufacturing, and logistics. Quintiq's COO, Mr. Arjen Heeres, covered the illusion of optimization and puzzle thinking. He gave several industry examples of how optimization challenges that have traditionally taken massive compute power and time have been solved with Quintiq's optimization engine—one case being an aluminum processing plant. With Quintiq, as Mr. Heeres noted, the plant was able to achieve stock reductions of 33% and increase output by 26% when the plant was believed to be at 100% capacity. Remodeling the supply chain allowed a biofuel company to increase delivery performance from 70% to 90%. These powerful gains were achieved with a combination of the Quintiq solution along with applications experts that are able to define an appropriate optimization model for the customer typically within a few weeks. The optimization path is one that requires out of the box thinking, yet as shown during the event, can yield very high returns.

Dassault Systèmes has made significant progress in incorporating Accelrys into the organization and its build out of the BIOVIA solutions. Fundamentally, BIOVIA is a “bio computing” platform, designed to driving innovation with science. The capabilities offered are impressive and continue to be enhanced as Dassault Systèmes builds out its industry experiences. With the aging world population and the availability of extensive computing resources, this Dassault Systèmes solution should result in enhanced returns.

Another area that Dassault Systèmes is committing to as part of its experience strategy is to reinvent the culture to accelerate and scale for better partnering. Mr. Laurent Blanchard, EVP of Global Field Operations, discussed the issues of providing better services to “de-risk” and to help customers to achieve benefits faster. The discussions being held with customers are no longer engineering discussions, rather they are now including sales and marketing, manufacturing, and other organizations within the business that require new competencies from Dassault Systèmes' partners. According to Mr. Blanchard, some partner relationships will be driven bottom up based upon opportunity and expertise, such as Serus and Bluenove for the high tech industry, while others will be strategic, such as the recently announced

partnership with Accenture. This was described as DNA for partnering “season one” where the criteria for selecting partners will be highly focused and selective. Dassault Systèmes has many partners knocking at their doors, however, to become a partner there must be true technology or expertise value add. In “season two,” Dassault Systèmes expects to be more flexible, however, today the intent is to establish the maturity of solutions and to build a solid framework for partnerships. Knowing that partners will be thoughtfully added and enabled should increase customers’ confidence in leveraging partners.

Overall, the takeaway for attendees was that Dassault Systèmes is making significant progress in its product offerings in all areas that are knitting together the 3DEXPERIENCE platform and its industry focused solutions, having concluded the first three years of investment into the innovation experience. Every industry solution demonstrated advancements in capabilities and also the industry leaders presented plans for the next three years that should result in the accelerated delivery of continually advancing capabilities. We look forward to hearing more next year.

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