

# Dassault Systèmes 2016 Analyst Event

## CIMdata Commentary

### Key takeaways:

- *Dassault Systèmes' goal of enabling companies across multiple industry segments to build and run virtual environments in which innovative products and processes can be defined, simulated, analyzed, and optimized as a real-life experience and across the full lifecycles is becoming a reality*
- *Dassault Systèmes' strategy builds on both their **3DEXPERIENCE** platform, as well as on their well-respected brands (i.e., CATIA, DELMIA, ENOVIA, BIOVIA, etc.)*
- *Dassault Systèmes' continues to expand their **3DEXPERIENCE** platform through a balanced expansion of specific functional capabilities, and a significant number of industry experiences focused on delivering industry-specific business process enablement*

CIMdata recently attended Dassault Systèmes' annual two-day PLM analyst meeting, which was held at their worldwide headquarters in Vélizy-Villacoublay, France, in June. During two carefully composed days of presentations and demonstrations, senior management of Dassault Systèmes shared with analysts their strategy and the progress the company has made with regards to their **3DEXPERIENCE** platform. Dassault Systèmes' executives continue to demonstrate a consistent execution of their Experience-centric business strategy and the company's offerings are now approaching the point of inflection where they should expand significantly by having the stable base upon which to build.

## The Executive View

The morning of the first day was reserved for a set of executive presented updates on the company's mission, strategy, and financial position. Mr. Bernard Charlès, President and CEO, took the lead and shared his vision of how he wants Dassault Systèmes to enable companies to build their own virtual universes that represent the real world and its processes as close as possible. He commented that with such an environment enabled people will be able to work within these universes to learn and use knowledge while it is being developed. He stated that Dassault Systèmes' role is to "provide business and people with **3DEXPERIENCE** universes to imagine sustainable innovations capable of harmonizing product, nature, and life."

Mr. Thibault de Tersant, CFO, followed Mr. Charlès and reviewed key Dassault Systèmes financial metrics that illustrated the company's strong 2015 fiscal year. A few highlights include:

- New license sales organically grew at a double digit rate
- Earnings Per Share (EPS) grew more than 20%
- The organic operating margin expanded by over 100 basis points
- Market adoption of V6 is accelerating
- A sales transformation in large accounts that is taking customer dialogs beyond the technology or features, and focusing on solutions and business process enablement

Mr. de Tersant further described the following set of growth drivers for Dassault Systèmes' through 2019.

- User expansion in Dassault Systèmes' core industries

- The adoption of the V6 architecture throughout their installed base
- Diversification into new industries, as well as into high growth countries
- Growth in cloud and mobile, which are particularly attractive for smaller companies and start-ups
- Focused acquisitions that expand both the breadth and depth of their platform

Dassault Systèmes' business results and conditions appear healthy and put them in a very good position towards realizing their strategy. The current cash position of €2.5 billion will allow the company to spend where and when considered appropriate.

Ms. Monica Menghini, EVP & Chief Strategy Officer, followed and talked about the three pillars that Dassault Systèmes' **3DEXPERIENCE** platform strategy is built on:

- *Social*—providing a business experience platform where all disciplines of an organization can and are encouraged to share and access any information managed by the platform that is relevant to them in their role, anytime, anywhere. The technologies supporting this are mainly cloud and mobile oriented, and content is provided through dedicated applications.
- *Industry*—creating and providing new experience portfolios to twelve supported industries. For each of these industries, a new portfolio has been defined that takes a business and process perspective, instead of speaking in terms of a feature and function perspective. By the end of 2016 a total of 86 Industry Solution Experiences will be available, of which 15 will be available via on line services (e.g., via their cloud service and others).
- *Experiences*—these are the software, services, and content that are required for the customer to realize the experience. Industry Solution Experiences provide enablement from an industry and process perspective. They have been built upon a set of building blocks that address specific industry processes that target the needs of specific roles. In many cases, these are realized through a combination of capabilities from Dassault Systèmes well-known brands like ENOVIA, CATIA, DELMIA, 3DEXCITE, BIOVIA, and others.

The transformation of Dassault Systèmes' business model from an on premise engineering software provider to an online business experience platform provider is well under way. CIMdata was pleased to observe the consistency in messaging from all three executives. All three expressed passion and excitement about the direction in which they are taking the company. A level of passion that appears to be shared across the company, as evident through discussions had with multiple Dassault Systèmes executives and their numerous presentations on the second day of the event.

CIMdata found the growth of Dassault Systèmes' key account wins and their success with selling the **3DEXPERIENCE** platform as confirmation that their vision is catching hold and resonating with businesses across many industrial verticals.

## The Age of Experience

The afternoon of the event's first day was dedicated to sharing progress that has been made across a number of the brands that Dassault Systèmes brings to the market, as well as a presentation by Doosan Infracore, about their **3DEXPERIENCE** journey together with Dassault Systèmes. The solutions were all nicely positioned within the **3DEXPERIENCE** platform, and the business processes they support. Presentations were on Design in the Age of Experience, talking about CATIA and SOLIDWORKS; Manufacturing in the Age of Experience, which spoke about DELMIA, Quintiq, and Ortems; Innovation in the Age of Experience, about the **3DEXPERIENCE** Lab; Science in the age of Experience, talking

about BIOVIA and SIMULIA. Each presentation carefully explained how their brand fits into the overall **3DEXPERIENCE** landscape, what their contribution to the eventual user experience is, and what experience they provide to the users of their solutions. Each of the sessions was delivered by the CEO of the respective brand, in which they explained the progress that has been made on the experiences their group is delivering to the market. It was positive to notice that each session was delivered from the perspective of an experience, instead of features and functions.

## **The Experiences Made Concrete**

During the event, the attending analysts were provided more detail on the advancements that Dassault Systèmes has made in their different industry domains and brands. A notable session was a presentation given in the Industrial Equipment session, where Doosan Infracore's implementation case study was covered. With a message of single platform, single source, and high collaboration, project champions achieved rapid approval to go forward. Strong participation in project governance by both Dassault Systèmes and Doosan was demonstrated, and Doosan was able to successfully implement a new BOM and configuration model that resulted in the reduction of the number of BOM systems used, from five down to one. Testimonials such as this go a long way to building confidence in Dassault Systèmes' ability to execute their experience vision.

Between sessions one could visit the **3DEXPERIENCE** Playground where sophisticated capabilities were demonstrated and some customer success stories were shared. One of the ongoing successes is with Miele, who we wrote about in a previous commentary.

Finally, there was one area in which we had expected to receive a more detailed update and that was how Dassault Systèmes is supporting the ever growing importance of software within all types of products. While we understand that Dassault Systèmes is taking a federated approach that allows its clients to integrate various software development solutions into their **3DEXPERIENCE** platform, we were surprised that none of the sessions focused on this and how the **3DEXPERIENCE** platform provides capabilities that are key to enable modular, variable, and configurable product structures. This is an area that we strongly suggest Dassault Systèmes emphasize more because of the importance of software in developing smart, connected products and that many of its main competitors are expanding their support in this area. CIMdata knows that Dassault Systèmes has a lot to offer in this area and we believe that the **3DEXPERIENCE** platform's capabilities in this important area should be stressed.

Looking back at this well run Dassault Systèmes' hosted event CIMdata believes it is fair to say that Dassault Systèmes has made impressive progress on realizing their experience-oriented strategy, and they have shown that they operate from a stable and solid financial position, as well as stable and sound leadership. These are two key factors for success. If the Dassault Systèmes' journey was to be described as a point along a hyperbolic curve, it is clear that they are approaching the inflection point where future years should demonstrate substantial acceleration of capabilities. CIMdata looks forward to seeing the continued progression of the **3DEXPERIENCE** in the years to come.

## **About CIMdata**

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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.