

Principal Activities of the Company

Summary

Dassault Systèmes, the **3DEXPERIENCE** Company, provides business and people with virtual universes to imagine sustainable innovations. Its world-leading solutions transform the way products are designed, produced, and supported. Dassault Systèmes' collaborative solutions foster social innovation, expanding possibilities for the virtual world to improve the real world. The Group brings value to over 170,000 customers of all sizes, in 12 industries, in more than 140 countries.

The Company is the world leader of the global PLM market based upon end-user software revenue (source: CIMData). The PLM software market is comprised of 3D software for design, simulation, digital manufacturing, product data management and social collaboration and was estimated to have an addressable market size of approximately \$16 billion in software and services as of 2011. During 2012 the Company expanded its strategy to encompass PLM within a broader market, which it defined as the **3DEXPERIENCE** market and estimated that this addressable market opportunity represents approximately a doubling of the current PLM market based upon its internal estimates and external market data.

3DEXPERIENCE Software Applications Portfolio

The Company's **3DEXPERIENCE** software applications portfolio is designed to enable the powering of 3D realistic virtual experiences and is comprised of social and collaborative applications, 3D modeling applications, content and simulation applications, and information intelligence applications.

Since its inception, the Company has focused on creating a portfolio of leading software brands, each focused on a specific critical application market. The Company continues to develop its brands and create new brands to expand its addressable market, and, in addition, has begun the introduction of industry solution experiences. These solutions are designed on an industry-by-industry basis, and are built by "industry-relevant modules" of several (or all) of its brand applications with the aim of modeling the company value chain. It is a solution designed to trigger and connect the value created by each discipline in an industry to ensure that the company value stream is not interrupted.

The Company continues to invest in research and development as well as targeted acquisitions to advance its brand portfolio and introduce new brands. Its application coverage has enabled it to expand its addressable market to reach new industries, domains and key business processes within the industries served.

The Company's software applications are focused on helping customers address many of their most critical product issues:

- Innovation to create delightful customer experiences;
- Product quality;

- Time-to-market;
- Globalization (design/manufacture anywhere);
- Supply chain collaboration;
- Regulatory compliance;
- IP protection;
- Manufacturing efficiency; and
- Social innovation.

History and Market Leadership

Dassault Systèmes was established in 1981 through the spin-off of a small team of engineers from Dassault Aviation, which was developing software to design wind tunnel models and therefore reduce the cycle time for wind tunnel testing, using surfacing modeling in three dimensions (“3D”). The Company entered into a distribution agreement with IBM the same year and started to sell its software under the CATIA brand. With the introduction of its Version 3 (“V3”) architecture, the foundations of 3D modeling for product design were established in 1986.

Through its work with large industrial customers, the Company learned how important it was for them to have a software solution that would support the design of highly diversified parts in 3D. The growing adoption of 3D design for all components of complex products, such as airplanes and cars, triggered the vision for transforming 3D part design process into a systematic integrated product design. The Version 4 (“V4”) architecture was created, opening new possibilities to realize full digital mock-ups (“DMU”) of any product. The V4 architected software solutions helped customers reduce the number of physical prototypes and realize substantial savings in product development cycle times, and it made global engineering possible as engineers were able to share their ongoing work across the globe virtually.

In order to fulfill the mission to provide a robust 3D Product Lifecycle Management (“PLM”) solution supporting the entire product lifecycle from virtual design to virtual manufacturing, the Company developed and introduced its next software architecture in 1999, Version 5 (“V5”). In conjunction with its development plans around its strategy and product portfolio development plans, the Company undertook a series of targeted acquisitions expanding its software applications portfolio offering to include digital manufacturing, realistic simulation, product data management and enterprise business process collaboration.

In 2012, the Company unveiled its new horizon, **3DEXPERIENCE**, expanded its purpose from product to nature and life, and introduced its initial industry solution experiences. The **3DEXPERIENCE** platform is a business platform enabled to be used on premise and online, in a public or private Cloud leveraging the Company’s current technology architecture Version 6 (“V6”).

Technology

The Company has a substantial commitment to technological innovation. Important areas of investment in R&D include, among others, systems engineering, industry-specific offerings, cloud-based applications, mobility, search-based technologies and bio-intelligence. From a user perspective, the Company's research is centered on advancing its virtual technologies to provide a more realistic **3DEXPERIENCE**, reducing total cost of ownership through out-of-the-box industry solutions, simplifying adoption in particular for small and mid-sized companies through the introduction of on-the-cloud offerings, and broadening adoption through further advances in ease-of-use while offering robust technology to a wide array of users.

The architecture underlying Dassault Systèmes **3DEXPERIENCE** platform is V6, which the Company believes is unique, with its combination of online architecture, openness, scalability and flexibility.

Industry Focus

The Company's global customer base includes companies primarily in 12 industrial sectors: Aerospace & Defense; Transportation & Mobility; Marine & Offshore; Industrial Equipment; High-Tech; Architecture, Engineering & Construction; Consumer Goods & Retail; Consumer Packaged Goods & Retail; Life Sciences; Energy, Process & Utilities; Financial & Business Services; and Natural Resources. For its latest full fiscal year 2012, the composition of end-user software revenue by major industry was approximately as follows: Transportation & Mobility about 29%; Industrial Equipment about 20%; Aerospace & Defense about 13%; Business Services about 13%; and other industries about 25%.

Sales Channels

The Company's customer base is comprised of a wide range of companies, from start-ups, small and mid-sized companies to the largest companies in the world as well as educational institutions and government departments. To ensure sales and marketing coverage of all its customers, the Company has developed three sales and distribution channels, with sales teams combining individuals with deep knowledge of their respective industries with brand specialists. No single customer or sales channel partner represented more than 5% of the Company's total revenue in 2012.

Sales to large companies and government entities are generally conducted through the Company's direct sales channel, the 3DS Business Transformation channel. Direct sales represented 56% of total revenue during 2012. Sales to small and mid-sized companies are generally conducted indirectly through the Company's 3DS Value Solutions channel, a global network of value-added resellers. This channel represented 24% of the Company's total revenue in 2012. Volume unit sales are conducted through the 3DS Professional channel, which is composed of a network of value-added resellers and distributors worldwide providing sales, local training, services and support to customers. Sales through this channel represented 20% of the Company's total revenue in 2012, and were comprised of principally **SOLIDWORKS** products as well as other Dassault Systèmes software applications.

Sales of software applications accounted for 91% of its total revenue in 2012. The Company also provides selected services, principally to large customers. These services comprise consulting services in methodology for design, deployment and support, training services and engineering services. In addition to its sales channels the Company is actively developing and expanding relationships with system integrators.