

Dassault/IBM PLM Deal Will Produce Broad Benefits

Marc Halpern

Dassault Systemes' agreement to acquire of IBM's product life cycle management sales and service operations is positive news for customers of Dassault Systemes and IBM PLM.

NEWS ANALYSIS

Event

On 26 October 2009, Dassault Systemes (DS) and IBM signed an agreement under which DS intends to acquire IBM's operations that sell and support DS's product life cycle management (PLM) software application portfolio, as well as customer contracts and related assets, for approximately \$600 million in cash. Approximately 700 IBM employees will be transferred to DS. While IBM will no longer co-brand DS PLM offerings, DS will become an IBM global alliance partner. The transition is expected to be completed during 1H10.

Analysis

Not just DS customers will benefit from this transaction — all manufacturers will. Existing DS and IBM PLM customers benefit in two ways: This will simplify working with DS, and the acquisition of experienced IBM PLM resources will substantially increase DS's capacity to support customers. DS customers should see the complexity of negotiating business contracts and renewals drop substantially since they will be dealing with only one vendor. Former IBM PLM customers should be able to retain existing IBM relationships transferred to DS. Yet, DS customers can still reach out to IBM for PLM support through IBM Global Services. While DS will retain continuity for the former IBM customers, existing terms and conditions are likely to change once current IBM customers migrate to DS's v.6 platform.

IBM will gain greater potential and flexibility to more aggressively build a multivendor PLM infrastructure like its Product Development Integration Framework (PDIF), which includes IBM Rational solutions. Other PLM software vendors will be more comfortable working with IBM Global Services and IBM's software group. Although IBM and DS are changing their relationship, DS will become a global alliance partner collaborating on initiatives such as professional services, cloud computing, middleware, financing options, hardware and joint selling.

RECOMMENDATIONS

- Joint IBM and DS customers should build a stronger relationship with DS early and begin discussing v.6 terms and conditions.
- While IBM and DS intend to maintain continuity of relationships with existing customers, those customers should reconfirm the key parties and check on potential changes to processes for requesting support.
- Manufacturers that are seeking multivendor PLM environments and need to manage software as part of manufactured products should investigate IBM's skills and industry frameworks.
- Manufacturers should recognize that the IBM-DS relationship is changing, but not perceive it is over as DS competitors might claim.

RECOMMENDED READING

- "Vendor Rating Update: Dassault Systemes"— While DS's ambitions, strategy and scope are impressive, customers should be cautious when negotiating maintenance, enhancement and support. **By Marc Halpern**

- "IBM-Siemens Pact Opens New Ways to Streamline PLM Processes"— Gartner views the potential ability to manage embedded software more integrally as the most important benefit of the IBM-Siemens integration. **By Marc Halpern**

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