CIMdata, Inc. • 3909 Research Park Drive • Ann Arbor, MI 48108 USA
tel: +1 (734) 668-9922 • fax: +1 (734) 668-1957 • http://www.CIMdata.com

News Release

FOR IMMEDIATE RELEASE

For more information contact:
Wadad Abed, Director of Marketing
Tel: +1 (734) 668-9922
http://www.CIMdata.com

Ken Amann, Director of Research
Tel: +1 (734) 668-9922

CIMdata Reports Continuing Solid PLM Market Growth

ANN ARBOR, Michigan, March 31, 2004—According to figures released from consulting and research firm CIMdata, Inc., the worldwide Product Lifecycle Management (PLM) market achieved overall growth of 4% during an economically tough 2003. CIMdata forecasts overall PLM investments will continue growing at a solid pace over the next five years to exceed $20 billion by 2008 *(as shown in Figure 1)*, for a compound growth rate of 7.5%.

CIMdata defines the PLM market as comprised of two major segments - authoring and analysis tools (such as CAD/CAM, MDA, EDA, CASE, etc.) and collaborative Product Definition management (cPDm). *(see definitions at the end of this press release).* According to CIMdata, PLM growth was higher in the cPDm segment, which reached $4.5 billion in 2003 – an increase of 8% over 2002. The good news for PLM technology suppliers was that new license sales increased 6% year-over-year, although the major suppliers saw little of this gain. PLM-related services and software maintenance showed significant increases during 2003.

CIMdata predicts the cPDm portion of the PLM market will exceed $5 billion in 2004 and $9 billion by 2008 for a compound annual growth rate (CAGR) of 15% *(as shown in Figure 2).* The tools portion of the PLM market is estimated to grow at a CAGR of 3.5% over the next 5 years to reach $11.3 billion by 2008.

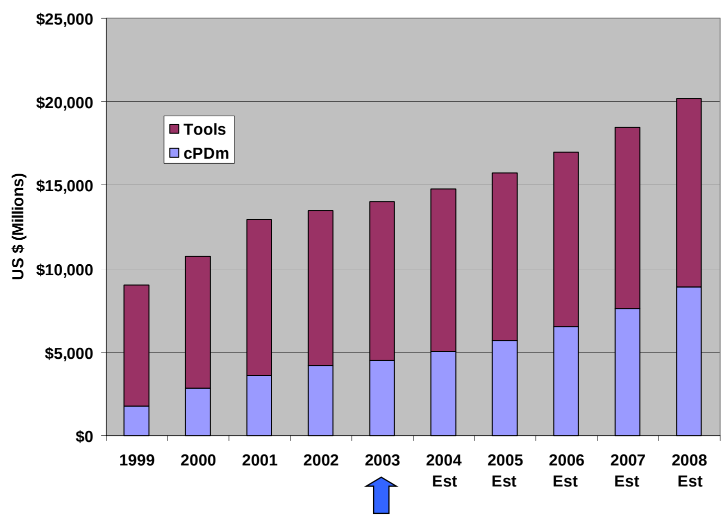

Figure 1. Overall PLM Market Growth (estimated for 2004 to 2008)

"Continued investment in both new and expanded PLM solutions affirms that companies are beginning to clearly recognize PLM as fundamental for them to improve their top and bottom line performance. New license sales growth is an indication that more companies are committing to PLM while current users are continuing to expand their PLM solutions," says CIMdata President Ed Miller.

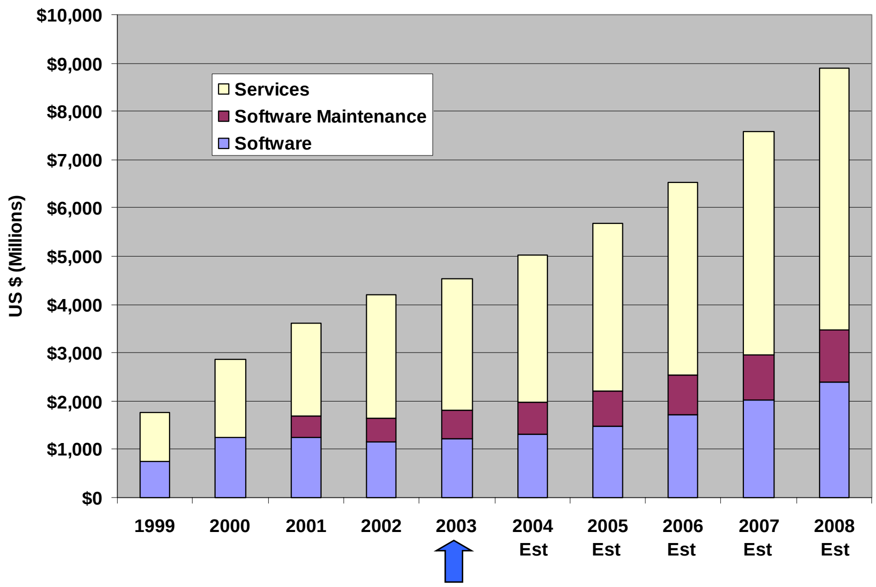

Figure 2. cPDm Market Growth
(estimated for 2004 to 2008)

According to Miller, in the 1990s, companies focused primarily on operational efficiency, leading to significant expenditures for ERP deployments. In the last few years, companies are shifting more funding to PLM initiatives that enable product innovation and boost business performance with both revenue growth and bottom line profitability. Miller continues, "There is a growing awareness that product and process innovation is a critical element of business success. This executive-level awareness is fueling investments in collaborative initiatives that are at the heart of PLM."

"Senior-level executives now recognize that PLM is critical to business success," explains Miller. "By managing and leveraging product and facility information across the extended enterprise, and by enabling collaborative work processes, PLM enhances business performance by supporting innovation-oriented initiatives such as integrated product development, design collaboration, intellectual supply chain management, product requirements/portfolio management, operations/service and warranty management, and global resource utilization: initiatives that can make or break a company. Because it enables businesses to leverage their intellectual assets, operate more innovatively and bring innovative and profitable products to market effectively, PLM is a truly a competitive necessity for companies that want to succeed in their markets. With so much at stake, companies are implementing PLM solutions in increasing numbers."

Miller says that despite tough economic times, these business drivers are fueling a broad expansion of the cPDm core market as PLM programs become mainstream and are implemented across the enterprise. Additionally, the continually-expanding and overlapping scope of related technologies offers companies a broader range of capabilities to address their marketing and business requirements through deployment of comprehensive PLM solutions.

Diverse Market Sectors

"A wide range of companies supply PLM-related software, applications, and services," explains Ken Amann, CIMdata Director of Research. Overall, PLM market leaders include companies from many sectors with some focused on specific technologies or industries such as MDA, EDA, CASE, or analysis, while others are focused on providing broad management systems that provide a backbone for overall PLM initiatives. Some PLM suppliers have multiple lines of business while others are partners of multiple suppliers. Because of their diversity, many are not competitors, but complementary, with each providing components of an overall PLM solution.

The cPDm portion of the PLM market has three primary sub-segments: comprehensive technology suppliers, system integrators-resellers-VARs, and focused application suppliers including visualization and collaboration, digital manufacturing, portfolio management, content management, and many other areas of interest. *(shown in Figure 3)*

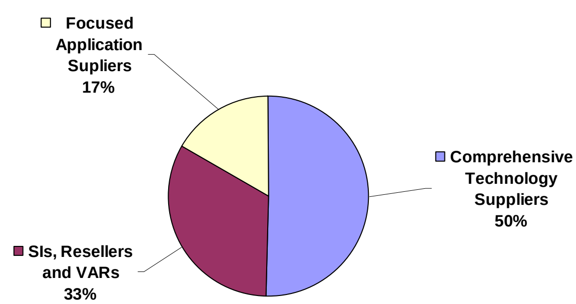

Figure 3. cPDm Market Segment Distribution – 2003
(distribution based on revenues)

Comprehensive suppliers (e.g., Agile, IBM/Dassault, MatrixOne, PTC, SAP, UGS/EDS, etc.) comprise 50% of the cPDm segment of the PLM market. "Increased investments were driven by the broadening scope of enterprise-wide implementations, expansion into new areas such as portfolio management, packaged solutions, and integration with other business initiatives such as customer relationship management," explained Amann. Comprehensive PLM technology suppliers are packaging their products into solutions that focus on, and support the practices of specific industries. "The growth of supplier-developed "packaged solutions" is significantly reducing the time and cost of PLM implementations. Faster implementation and time to return-on-investment (ROI) are enabling small- and medium-sized businesses to also adopt PLM solutions," according to Mr. Amann. "The mid-market (companies with less than $1.5 billion in revenues) continued its rapid growth. PLM solution providers are fine-tuning their product suites and pricing models to better meet mid-market requirement for PLM adoption."

Independent consultancies, systems integrators (SIs), resellers, and VARs (e.g., Accenture, Deloitte Consulting, RAND Worldwide, T-Systems, etc.) comprised 33% of market investments in 2003 and experienced solid growth as both the scope and pace of implementations continued to expand. Major comprehensive technology suppliers also expanded their direct service delivery programs and development of alliances with SIs and resellers. "Consultancies and SIs have established, and are growing business programs that complement their supply chain management, new product introduction, collaboration, and other business initiatives and are teaming with one or more of the comprehensive technology suppliers to enable them to respond to diverse client situations," stated Amann.

Focused application suppliers comprised 17% of the cPDm segment of the PLM market. This segment includes suppliers focused on specific areas that are part of overall PLM strategies. Independent suppliers of collaboration and/or visualization technologies such as Centric, Cimmetry, and CoCreate are examples of companies that have traditionally comprised this sector. A major growing area is the development of extensive solutions focused on digital manufacturing – solutions to support manufacturing planning and simulation – often called manufacturing process management (MPM). Major providers of these solutions include Dassault Systèmes and their DELMIA solutions, Polyplan, Tecnomatix, and UGS PLM Solutions with their E-Factory offerings. Also during 2003, portfolio management solutions began to emerge as an important part of a PLM strategy as new and improved capabilities in this area were offered by companies such as Accept Software and Sopheon as well as from several of the leading comprehensive PLM technology suppliers.

Supplier Rankings

As described in the previous section, there are a wide range of companies providing PLM-related technologies and services. Many of these companies generate substantial revenues while focusing on specific niches within the broad PLM market. A few companies however, have distinguished themselves as PLM mindshare leaders, i.e., those companies who are frequently considered to be leading the market through either revenue generation or thought leadership. These PLM mindshare leaders include a few suppliers with broad-based capabilities that support a full product lifecycle-focused solution. This group includes Agile, IBM/Dassault Systèmes, MatrixOne, PTC, SAP, and UGS/EDS. Full PLM-based revenues from these mindshare leaders are shown in *Figure 4.* As can be seen, the revenues for some members of this group are still dominated by revenues generated from the tools portion of their product suites (i.e., their MDA offerings), but their cPDm revenues are growing and becoming a larger portion of their overall business.

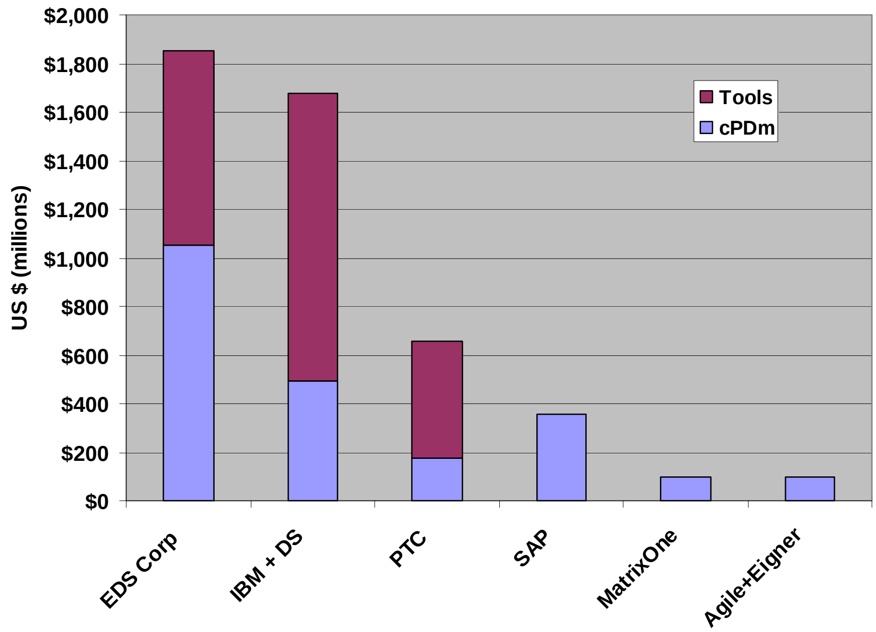

Figure 4. PLM Mindshare Leaders' Revenues – 2003
(Revenue information represents CIMdata's estimates)

Note 1: EDS Corp includes revenues for UGS PLM Solutions + PLM-related revenues from other EDS business units not credited to the UGS PLM Solutions group
Note 2: IBM+DS includes IBM's Dassault-related revenues + IBM's non-Dassault-related PLM revenues + Dassault Systèmes direct revenues not derived through IBM
Note 3: Agile+Eigner includes all revenues for Agile, plus revenues for Eigner in 2003 prior to acquisition by Agile
Note 4: Agile+Eigner, MatrixOne, and SAP do not develop authoring and analysis tools

All of the mindshare-leading PLM suppliers provide some or all of their products and services through their own field sales and support organizations – this is their core or direct revenue. Most also leverage consultancies, SIs, resellers, and other partners for additional sales and services – their partners' revenues. The combined core and partner revenues can greatly expand the visibility and impact of a supplier in the industry, generating a significant market presence or footprint. Based on these combined revenues, global PLM market presence for the PLM mindshare leaders is shown in *Figure 5*. It is important to recognize the market presence of these companies in order to understand their overall impact or footprint on the PLM market.

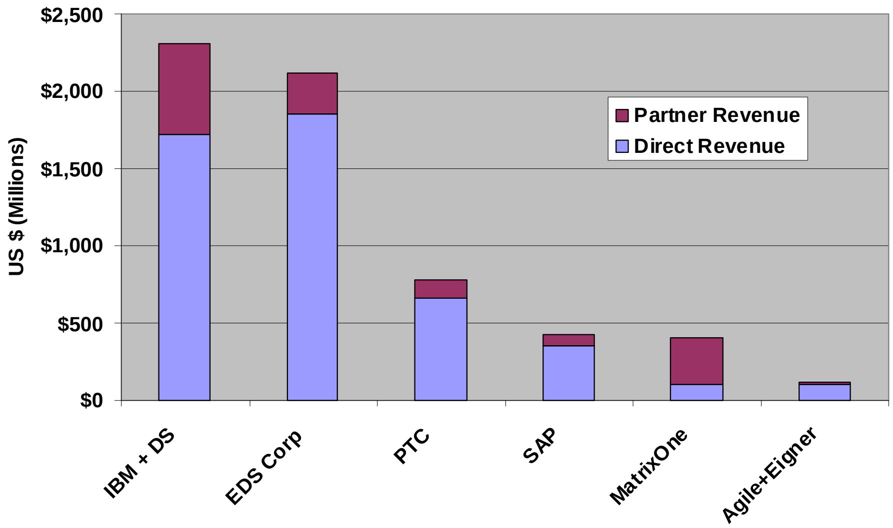

Figure 5. PLM Mindshare Leaders' Presence – 2003
(Market presence information represents CIMdata's estimates)

Note 1: See Figure 4 for the definition of EDS Corp, IBM+DS, and Agile+Eigner direct revenue components

When looking at the cPDm portion of the overall PLM market (*refer to the definition at the end of this press release*), a somewhat different perspective emerges. According to CIMdata's revenue estimates for 2003, the market revenue leaders among the comprehensive cPDm technology suppliers are shown in *Figure 6*.

As can be seen, some of these leading organizations generate a substantial portion of their revenues through services. Both EDS and IBM benefit significantly from their large service organizations, which have delivered PLM, and cPDm services for many years. Both of these groups provide an extensive set of PLM services for multiple product suites, not only those provided by the parent company or primary partner, but for competitive suppliers and even each other.

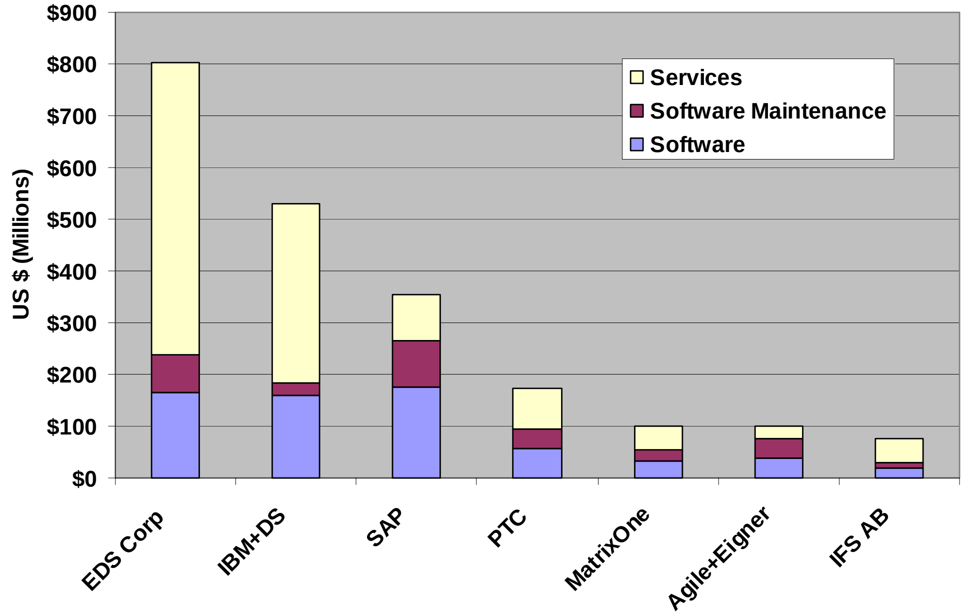

Figure 6. cPDm Revenue Leaders – 2003
(Comprehensive Technology Suppliers Only)
(Revenue information represents CIMdata's estimates for 2003)

Note 1: EDS Corp includes cPDm revenues for UGS PLM Solutions + cPDm-related revenues from other EDS business units not credited to the UGS PLM Solutions group
Note 2: IBM+DS includes IBM's Dassault-related cPDm revenues + IBM's non-Dassault-related cPDm revenues + Dassault Systèmes direct cPDm revenues not derived through IBM
Note 3: Agile+Eigner includes all revenues for Agile, plus revenues for Eigner in 2003 prior to acquisition by Agile

Market presence as an indicator of a supplier's overall impact on the market was described previously. Based on these combined revenues, CIMdata's analysis of cPDm market presence for global comprehensive technology suppliers is shown in *Figure 7*. Dassault Systèmes' market presence includes IBM PLM Solutions and other suppliers for which Dassault Systèmes is the technology provider.

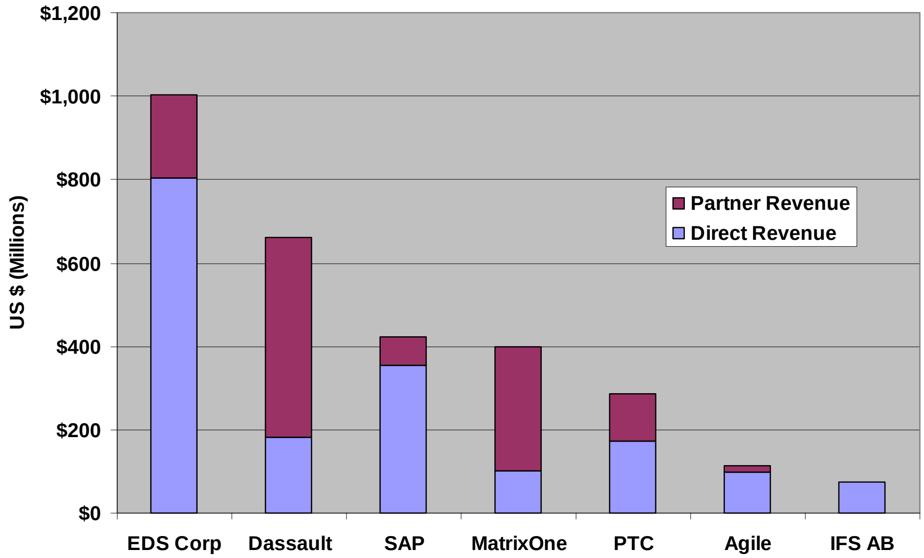

Figure 7. cPDm Market Presence Leaders – 2003
(Comprehensive Technology Suppliers Only)
(Market presence information represents CIMdata's estimates for 2003)

Note 1: See Figure 6 for the definition of EDS Corp and Agile+Eigner direct revenue components
Note 2: Dassault Systèmes partner revenue includes DS-based cPDm revenue from IBM plus other partners

About CIMdata

CIMdata, a leading and independent worldwide strategic consultancy is dedicated to maximizing an enterprise's ability to design and deliver innovative products and services through the application of PLM solutions. CIMdata works with both industrial organizations and suppliers of technologies and services seeking competitive advantage in the global economy.

CIMdata helps industrial organizations establish effective PLM strategies, identify requirements and select PLM technologies, optimize their operational structure and processes to implement solutions, and to deploy these solutions.

For PLM solution suppliers, CIMdata helps define business and market strategies, delivers worldwide market information and analyses, provides education and support for internal sales and marketing teams, as well as overall support at all stages of business and product programs to make them optimally effective in their markets.

CIMdata provides world-class knowledge, expertise, and best-practice methods on PLM solutions. These solutions incorporate both business processes and a wide-ranging set of PLM enabling technologies including product data management (PDM), visualization, collaboration, digital manufacturing, computer-aided design/manufacturing (CAD/CAM), and numerical control (NC). CIMdata also provides expertise in the integration of PLM with other business solutions such as customer relationship management (CRM), supply chain management (SCM), and enterprise resource planning (ERP).

In addition to consulting, CIMdata conducts research, provides PLM-focused subscription services, and produces several commercial publications. The company also provides industry education through international conferences and other events in the US, Europe, and Japan that focus on PLM. CIMdata serves clients worldwide from locations in North America, Europe, and the Asia Pacific region.

To learn more about CIMdata's services, visit our website at www.CIMdata.com or contact CIMdata at: 3909 Research Park Drive, Ann Arbor, MI 48108, USA. Tel: +1 (734) 668-9922. Fax: +1 (734) 668-1957.

Definitions

CIMdata defines PLM as a strategic business approach that applies a consistent set of business solutions in support of the collaborative creation, management, dissemination, and use of product definition information across the extended enterprise from concept to end of life – integrating people, processes, business systems, and information. PLM forms the product information backbone for a company and its extended enterprise. It is composed of multiple elements including: foundation technologies and standards (e.g., XML, visualization, collaboration, and enterprise application integration), information authoring and analysis tools (e.g., MCAD, ECAD, FEA, and technical publishing), core functions (e.g., data vaults, document and content management, workflow, and program management), functional applications (e.g., configuration management), and business/industry solutions (e.g., automotive supplier, high tech) built on the other PLM elements.

The cPDm segment of the PLM market encompasses all of PLM except for information authoring and analysis tools such as mechanical and electronic computer-aided design (MCAD and ECAD), computer-aided software engineering (CASE), and technical publishing. cPDm is focused on collaboration, management and sharing of product-related information.

*** end ***