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Dassault Systemes S.A. Q3 2008 Earnings Conference Call Transcript

Question-and-Answer Session

We will now begin the question and answer session. [Operator Instructions]. Your first question comes from Jay Vleeschhouwer of Merrill Lynch. Please ask your question.

Jay Vleeschhouwer - Merrill Lynch

Thanks, good morning. And I have a new last name for the conference call. The first question Bernard, concerns of vertical markets you refer to industry solutions and the vertical orientation of the company, could you be a little bit more specific as to how the vertical mix looks today, how it's changed and specifically if you are concerned at all about your... still have the exposure to auto?

Bernard Charlès - President and Chief Executive Officer

Good morning, Jay. The... to give you a data point 2007, the new sector we're presenting about 30%. So, it gives an idea that we are not at beginning of the process; we really launched it two years ago that I think it has created some very good results.

So, that's an dynamic to really adopt PLM processes in new sectors. And the P&G announcement today is significant, not for the transaction itself, but for what it means for me, what we announced today with P&G is equivalent to what we did with Boeing 15 years ago when we announced that we would be doing a Boeing Super-7 with digital makeup, without physical prototype.

It's a strong signal that this industry will adopt new processes. But that's why we took this... and the announcement is very precise and I encourage all of you to read it because it contains very precise degree with the customer about the fundamental transformation.

So, that's for the first part of your question, Jay. They are really the dynamic to PLM in many new sectors with the success of ENOVIA, ENOVIA's accelerators and also of course SIMULIA especially in the energy sector for example. But even in the life science is very critical on that standpoint.

So, the 30% I talked about in terms of customer based on 2007 and we continue to grow this year or next year. Related to the auto sector, I think two points, we have demonstrated in the down term previously 2002, 2003 for example, or even before in the '90s and when some heavy industries like this are going through down term, we are less sensitive to the production value and more sensitive to the product pipeline, the product tax, what is in planned for the next three, five years in terms of product rollout.

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