

**Topic:**  
MCAD & Industry  
Interviews

## Interview with Jon Pittman of Autodesk Ventures

### The Big Issues Facing the US CAD Market

*iCAD is produced by Business Advantage, a B2B research, business development and marketing consulting practice operating in the global IT, Digital and Telecommunication sectors.*

*iCAD asked Jon:*

[What do you see as the biggest issue for Autodesk and the American CAD industry?](#)

[What opportunities do you see for resellers, as ASPs and direct Internet sales become more prominent?](#)

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### **CS. What do you see as the biggest issue for Autodesk and the American CAD industry?**



Improving the efficiency of the design chain is a big challenge. Autodesk has been very effective at helping designers' desktops be highly productive places. But customers are not asking for changes to their desktop. Instead, people now say 'I am not an island, I need to send and receive information both within my organisation and externally to other organisations.' The challenge therefore has been to maintain support for the design desktop, but also to help extend an efficient influence on the design chain. At the moment there are big inefficiencies in design and engineering. Someone else has to interpret what has been sent, and there is a lot of potential for ambiguity and liability during that interpretation.

In the 80's there was a focus on producing the best possible productivity tools for the manufacturing industry. In the 90's it shifted to increasing margins by reducing time to market, and helping design teams work well together, heralding the rise of technologies such as PDM and ERP. However, the new way to gain competitive advantage is by creating new products and services, and leveraging knowledge databases to create new insights into new possibilities. The Internet is the facilitator for this. Now we are able to carry out mass customisation, where every customer can be treated like an individual. DELL is a classic example of this - you can go to their website and build your own PC, taking the design facility to a new dimension.

Like other companies, Autodesk needs to look at new ways to leverage its assets in addition to continuing to improve facilities for its design customers. Autodesk has been thinking about how it can extend the value of its customers. Buzzsaw is an example - over half of Buzzsaw projects so far have involved people not previously Autodesk customers. Buzzsaw has therefore helped Autodesk extend its customer base by getting to its customers' customers. Autodesk already had very good access to architects and engineers, but Buzzsaw makes a continuous path between design, production and building.

[Buzzsaw.com](http://Buzzsaw.com) is Autodesk's, centralized online workspace for the building design and construction industry. It enables project members to share information and manage building projects.

### **CS. What opportunities do you see for resellers, as ASPs and direct Internet sales become more prominent?**

Resellers need to do more than just operate in a 'fulfilment' role. A switch to a more consultative role is an option, and one that offers greater margins anyway. The growth of the Internet as a sales channel will put more of a premium on those who play a consultancy role and increase pressure on those who play a fulfilment role. Thus, the Internet is accelerating the move to outsourcing because customers feel they need so much guidance with this medium. The Internet is just speeding up the inevitable.

Application service provision offers opportunities for resellers. ASPs need not be huge operations hosted in California. Resellers could provide value for money by managing their own regional ASP. Consultancy and partnership have a role to play here.

Every software company, including Autodesk, is looking at ways to increase efficiency and effectiveness, and e-commerce is just one facet of this. The web needs to be used to extend customer reach. The resellers who will remain strong are those who are looking to these new ways to make their money and strengthen their relationships with their customers. The whole economy, not just the CAD industry, is demanding that companies take their products and services to a new dimension.

Training is another area where consultancy and partnership have a key role to play. Only 10% of customers have undertaken training in Autodesk products. However, the Internet, by enabling training to a customer base to be done in a low cost, high reach way, could allow that figure to be increased to more like 90%.

### **CS. How do you explain the increase in the number of strategic alliances in the American CAD industry?**

Businesses in the American CAD industry have become less monolithic and much more partnership orientated. The increase in strategic alliances in the channel in the USA has been driven by the increase of the Internet economy here. America has had a lot of small, start up CAD companies with very few resources. The only way for them to compete successfully has therefore been through partnerships. In the past the trend was to have vertically integrated companies. Now the trend is to outsource. Thus through partnerships, companies can be more focussed and more responsive to their customers. Autodesk's customer base is very diverse, but through partnerships Autodesk can serve these customers' broader needs. Eg. Autodesk has joined up with Digital River, which is running the Autodesk e-store for us.

### **CS. What are the main challenges for the future?**

The search is for more growth. The opportunities will come from revenue areas that are not product specific. Issues are changing so fast and will be hugely different in 5 years time. Companies need to find a way to leverage change in the market to produce new opportunities and growth.

### **CS. How would you compare the US and European IT markets?**

As a global company we see what is happening around the world. The belief is that IT markets in the USA are ahead of the rest of the world, but this is not the case in all areas of technology. For example, from a technical standpoint, Europe and Asia are more advanced in wireless technology. In the USA we focus on broadband rather than GSM technology. Meanwhile, Europe is more advanced at using wireless communications for more than just the telephone.

It used to be that companies from all around the world came to Silicon Valley on the west coast of America to raise money for their IT ventures. However, in the last 6 months, companies who have had a base in Silicon Valley have started to reach out a capital presence in other parts of the world. This has been possible because of the Internet. The Internet means that companies no longer have to physically base themselves in one place. Now, good ideas and technology can find venture capital to support it all around the world.

Many thanks to Jon Pittman for talking to *iCAD*.

#### **Note from the Editor:**

Please note that the views expressed here are purely those of Autodesk and do not necessarily represent the views of *iCAD*.

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