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Topic:
MCAD & Industry Interviews

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Interview with John McEleney of the Solidworks Corporation

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CS. What do you see as the big issues in the CAD industry?

In the American channel, one of the biggest market opportunities is centred around the 2D to 3D migration. SolidWorks are already getting a good share of the market of those people already familiar with 3D solid modelling. But it is estimated that over 80% of CAD/CAM software users only use 2D modelling - so SolidWorks wants to convert this 80% to 3D literacy.

There are two elements to this: **first, we need to sell the 3D concept**. In order to make this possible, users need to be educated about the benefits of 3D modelling and its importance to a customer's business, and this is a time consuming process. There is significant inertia to overcome, as the processes that people have been using for years require people to think differently. Today, designers and engineers work and visualize things in a 3D environment, but have been forced to document and communicate them in a 2D fashion. The recipients of this 2D information then have to interpolate the different view information to understand what the design looks like in 3D. This re-education requires a mind-shift at the user level, but also needs to be driven and communicated by the channel. Many American developers have extremely strong distribution channels to facilitate this. The move to 3D *will* happen, so the CAD industry must get on board.

The second issue is getting users to be productive with their software. The challenge is not so much about simply selling software to users, but about getting them to be productive with that software. The business opportunity is in getting customers to use it so much that it becomes the backbone of their businesses. This will create a longer-term relationship with the developers and resellers of those products. Again, this involves helping and educating people about how to use the software.

CS. What are the other major market opportunities?

Training and support will be a primary growth area, and these services will have to provide value. Historically, people gave away software with the hardware to help the hardware sales until they realised that the real money was in the software. Soon there will be the realisation that there is less money to be made from just selling the software than there is in the training and support that can go with it.

Other exciting opportunities include **application partnerships**, e.g. implementation consulting and product/contract design. This is because as companies become more mature, they outsource more of their "non-core" activities because it is often more cost-effective.

CS. What does the Internet mean for vendors, distributors and resellers, etc?

Many people take a very negative view when they ask how the web will affect the channel. Many ask, "Are you going to sell through the channel or via the web?" I don't think that it's an "either/or" type of question. I think vendors should ask, "how can the channel help me?" and "How can the web help the channel?"

The web offers new, different opportunities in terms of support and education. There is no evidence that users can successfully implement 3D modelling without local training and support. The channel brings local training and support which is essential to help people think and work in a 3D world. I think the channel needs to think about how the Internet can help them become more effective and offer new and better value-added services.

Take this opportunity as an example: in an ideal world, all SolidWorks resellers would have someone permanently on hand to offer immediate assistance to any callers/prospects asking for information about SolidWorks products. But, in the real world, this is not practical, as dealers do not have the infrastructure to do so. The SolidWorks web page has an icon of a telephone that customers can press between 9am-5pm. Customers then just enter their name and telephone number, and are guaranteed to get a call back within fifteen minutes from someone on the SolidWorks support team. The opportunity for resellers is for them to have the same button on their web sites. Customers would receive the same service, but from support personnel describing themselves as from SolidWorks and the name of that particular reseller.

Other opportunities similar to this extend throughout training and support and SolidWorks will be announcing more similar developments in the near future. In the market as a whole, SolidWorks has demonstrated its leadership by continuing to develop innovative products and effectively has become the player that is moving the chess pieces, which others are copying, (e.g. from the beginning, SolidWorks was the first to have a FeatureManager in its software – for which it received a US patent, but now most of the other CAD companies have copied this).

On 25 September SolidWorks announced the introduction of **3D Instant Website**, a new, innovative way for the channel to interact with users. The current problem is that if people want someone to see their drawings in order to help them solve a problem, they have to send the whole drawing, sometimes in bits and this uses up a lot of bandwidth on the Internet. SolidWorks' new idea provides users with a button on their desktops which they can click on and receive an instant, password protected, web site where they can post their drawings. Users can then just send the web link to the person they want to see the drawing. They will need no technical knowledge of web site creation. Thus, this allows instant collaboration without requiring the knowledge of html pages or how to put a web site together.

To view examples of 3D Instant Website, visit www.solidworks.com/3dInstantWebsite

CS. What is your view on ASPs?

I think there are at least two markets for ASPs:

i. Firstly, where a user does not want the overhead expense of administering the ownership of the software, so they use ASPs as and when they need them. The vendor would host the site using an ASP hosting server so the customer will not need any CAD administrator or tools, they can just log on.

ii. Secondly, where users do the same thing but require a more flexible licensing model. They may wish to rent from a centralised server, specific to their company.

SolidWorks are prepared to look at both. However, again, the channel should not necessarily see this as a threat because people will still need to learn about how to use the software and have access to support when they need it. SolidWorks would therefore see this as another partnership opportunity.

For information on a major syndicated research study into ASPs and the technical computing market click here.

CS. Has the rapid consolidation of the CAD market surprised you?

The CAD market is one of rapid innovation and change. As soon as one company does something, the rest struggle to keep the pace. Sometimes changing a competitor to a partner is the best way to survive. From the earliest days, SolidWorks' business model has been about understanding from a partnership standpoint, instead of trying to do everything ourselves. The market is becoming a mature one, so naturally we are seeing some level of consolidation between companies. We predicted this when we joined with Dassault Systemes three years ago, and it has proved to be the case that the battleground is becoming filled with just a few major vendors.

CS. So how do you see SolidWorks' standing in the market now?

The make up of the market leaders has been changing. A year ago, PTC were more of a force. But now SolidWorks and Autodesk are the main players. SolidWorks have added more seats in the market than PTC. Autodesk have sold a lot of software, but there is not a lot of this being used in production. Software being used in production is essential because it creates the network effect; as people use systems it drives further demand. In the future, there will be further shakeouts as companies compete for market share. Some dealers — those who make the most of new market opportunities — will get stronger.

CS. How would yu compare the US and European CAD markets?

The European CAD/CAM channel is more technically self-sufficient than its American counterparts. This is probably because most CAD vendors/manufacturers are from the USA and are relatively remote from their European distribution arms. The European distributors/resellers had to become more technically self-sufficient and proficient.

In general, there is currently a lag of 6-9 months between Europe and America. Historically, this has been largely due to localisation, i.e., a European company such as Computervision, would have to take a software product and localise it into different European languages and software versions. However, I anticipate that this will be more like 2-3 months in the future because companies like SolidWorks are designing their software to be multilingual in terms of the systems they can work with.

Americans would benefit a lot from the European view of the world - not least in the European's ability to take more and longer holidays. In America it is very hard to take more than two weeks off each year!

Many thanks to John McEleney for talking to i iCAD. The 'US view' in the next issued of iCAD will be from Jon Pittman, Vice President of Autodesk Ventures.

Note from the Editor:

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

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