Cyon Research 2009 Survey of Engineering Software Users

Executive Summary

The economic outlook has never been more uncertain. When will customer spending on engineering software and related hardware recover?

Is the worst over, or can we expect further declines? What is the risk to recurring software maintenance or subscription revenues?

How many of your firm's competitors have already begun investing in their engineering software tools to prepare to gain market share in the eventual recovery? What factors are driving customer spending priorities in the post-recession period? How do you identify the companies that are likely to be the first to increase investments in engineering software?

Cyon Research's recently completed survey of technical software users helps answer these questions and others like them. This survey is based on validated responses from nearly 600 users of CAD, CAM, CAE, and PLM software and focuses on customer purchasing policies, practices, and spending expectations.

For instance, approximately 29% of the respondents reduced technical software expenditures in the first half of 2009. For the first half of 2010 only 19% expect further spending cuts and even fewer expect to cut expenses in 2011. These figures suggest the worst cost-cutting is behind us, but there are potentially larger reductions overhanging the market if the world economy continues to falter.

Roughly 42% of customers are considering or are about to cut spending on new software and hardware acquisitions. Similarly, 40% of those surveyed may reduce spending on software maintenance if their business continues to decline. Since much of the CAD software industry relies on recurring revenue to cover ongoing expenses, this news is of exceptional concern.

When software buying accelerates again, which criteria will be most important in selecting new software and hardware? The highest ranked criterion is the impact new systems would have on improving product quality. This belief is consistent with how the respondents view their companies. Those companies that differentiate themselves through superior products are most likely to identify **improving product quality** as the most important criterion. **Improving product quality** was followed closely by **total cost of ownership** and the **ability to reduce engineering and product development costs**.

The channels through which customers acquire their software are changing rapidly. The number of customers buying at least some engineering software from websites nearly doubled to 18% compared with a similar survey in 2008. Firms purchasing in excess of 1,000 software licenses buy more often from system integrators than from software manufacturers.

Beyond the financial outlook and discussion of software selection criteria, this report explores the relationship between how firms differentiate themselves from competitors and what they find important about their engineering software tools. Other issues covered include an examination of the relationship of MCAE tools to spending; control of the master BoM; and customer sentiment on new software from Dassault Systemes (V6), Siemens PLM Software (Synchronous Technology), and Autodesk (Inventor Fusion).

The above data are merely samples of the wealth of decision-support material in the 2009 survey. Cyon Research's Survey of Engineering Software Users is an ongoing project, intended to capture market trends early. Cyon Research customers on annual subscription receive this and other updates as part of their subscription.

For more information or to purchase the report, contact Cyon Research at 301-365-9085 or info@cyonresearch.com.

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