



**LEADERS IN BUSINESS
SUSTAINABILITY:
A DASSAULT SYSTEMES REPORT**

The following pages detail not only the updated research findings but also the contributions from our speakers and almost 100 audience members who logged-on for our most recent virtual event: **Leaders in Business Sustainability: From Strategy to Reality**. Empowering customers and partners through our **Leaders in Business Sustainability** series, now in its second year in association with the **Financial Times** and Accenture, remains an ongoing process of exploration and collaboration to help build more sustainable futures.

ACCELERATING INNOVATION HAS BECOME AN IMPERATIVE

As disruption and the pace of change remain two key factors ploughing a constantly changing landscape, businesses will continue to seek new ways to survive and flourish. Leaders must develop transformational ideas whilst fostering a business culture that's open to embracing change. Flexible workflows need to enable faster routes to market, product innovation must embrace future-facing resources such as digital twin technology for improved productivity and efficiency, and we all need to continuously learn from other industries and organisations so that we may collaborate more effectively across boundaries.

But where can businesses turn for direction in such a crucial phase of their evolution?

As a technology leader driving innovation across a broad spectrum of industries, Dassault Systèmes has always been at the forefront of transformational conversation across business. It's why we've stepped forward to drive these business sustainability discussions onwards, gathering insights and nurturing ideas around the three pillars of Business Models, Products and Services and People.

To fuel our knowledge, we originally commissioned independent research from the analyst firm Tech-Clarity, led by Jim Brown, who surveyed global business leaders to understand their priorities in building sustainable, resilient businesses.

It resulted in our **Executive Strategies for Long Term Business Success study**, which showed that sustained business viability was already at risk from disruption back in 2019.

Over the months that followed, we facilitated discussions across Europe and companies were urged to better adapt to those shifts in technology, the environment and socio-economics, occurring within our three pillars. Little did we know then what was just around the corner. When the coronavirus crisis hit, businesses were forced to accelerate these ambitions, originally designed for the longer-term, as a direct response to the upheaval.



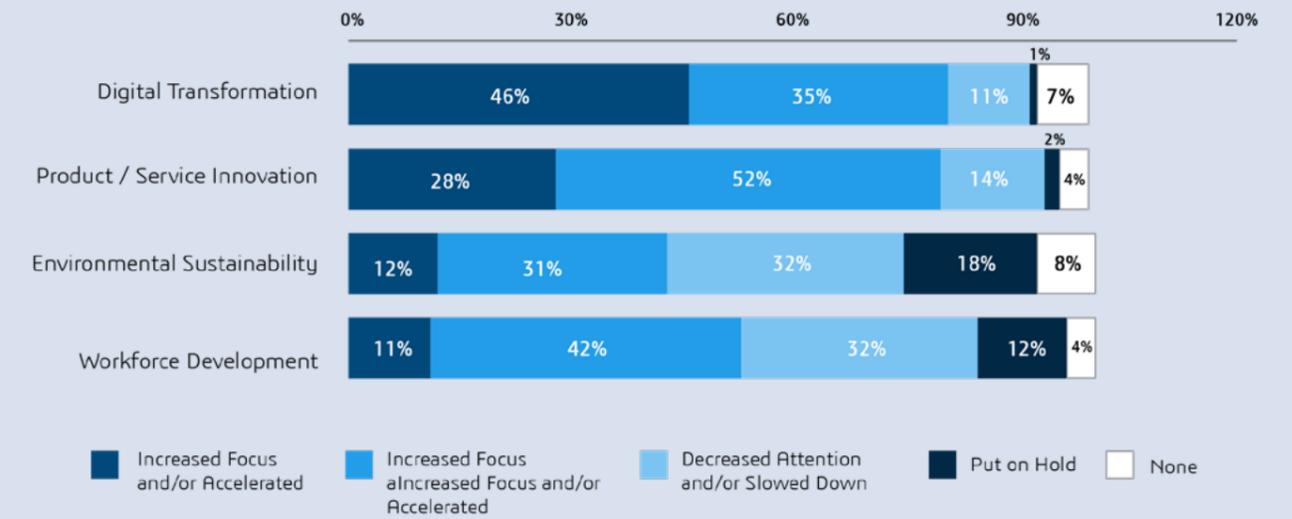
Today, our objective to help clients navigate the three pillars and develop more sustainable business strategies as a result, has never been more vital. So once again, we turned to Tech-Clarity to update the research, in order to determine just how much priorities have changed due to COVID-19 and to benchmark against the previous findings.

Virtual events were held to review and discuss the new results with global decision-makers and industry leaders, while developing additional opportunities for more innovative, competitive and sustainable business ideas.

John Kitchingman,
Managing Director,
Dassault Systèmes Northern European Region

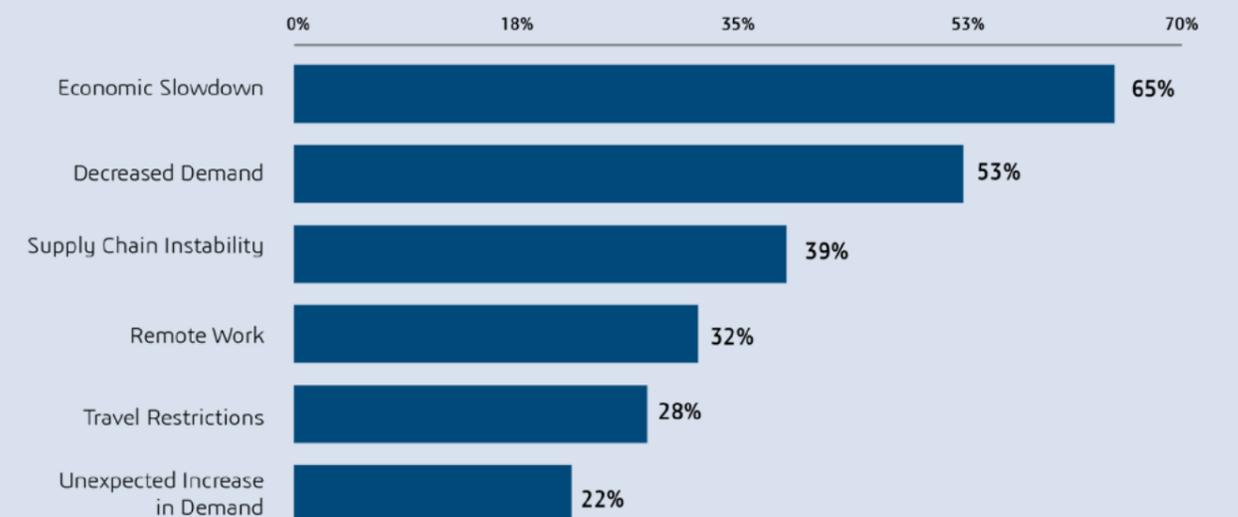
BUSINESS SUSTAINABILITY (AND SURVIVAL) STRATEGIES

Global Disruption Impacting Business Sustainability



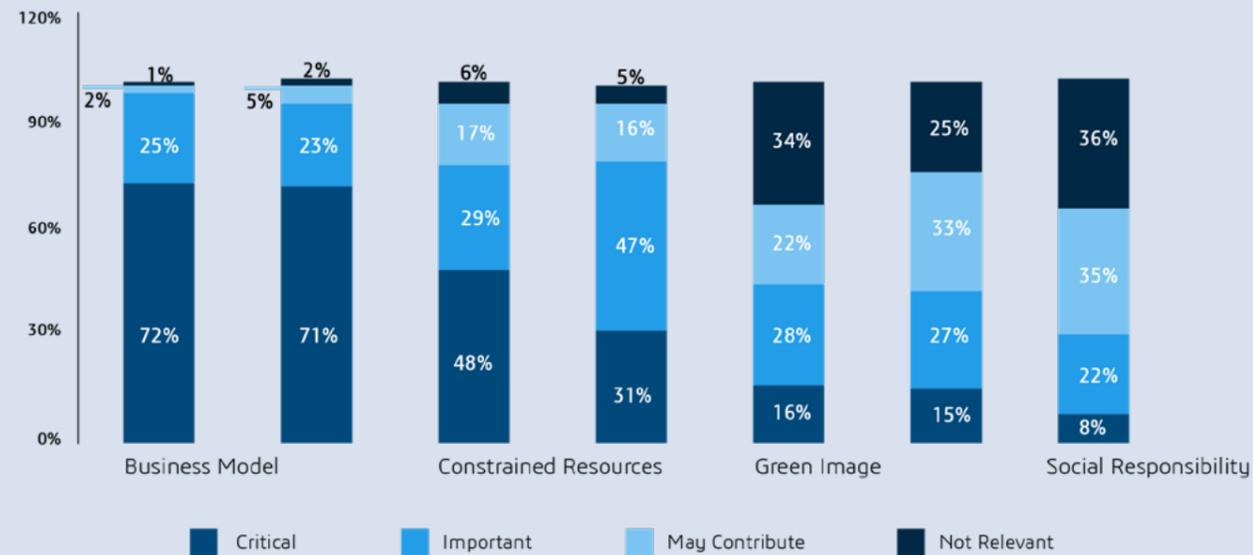
Can you share how global challenges such as COVID-19, recent earthquakes, tsunamis, volcanic activity, hurricanes, and human created events like 9/11 have impacted your business?

COVID-19 has Multi-faceted Impacts



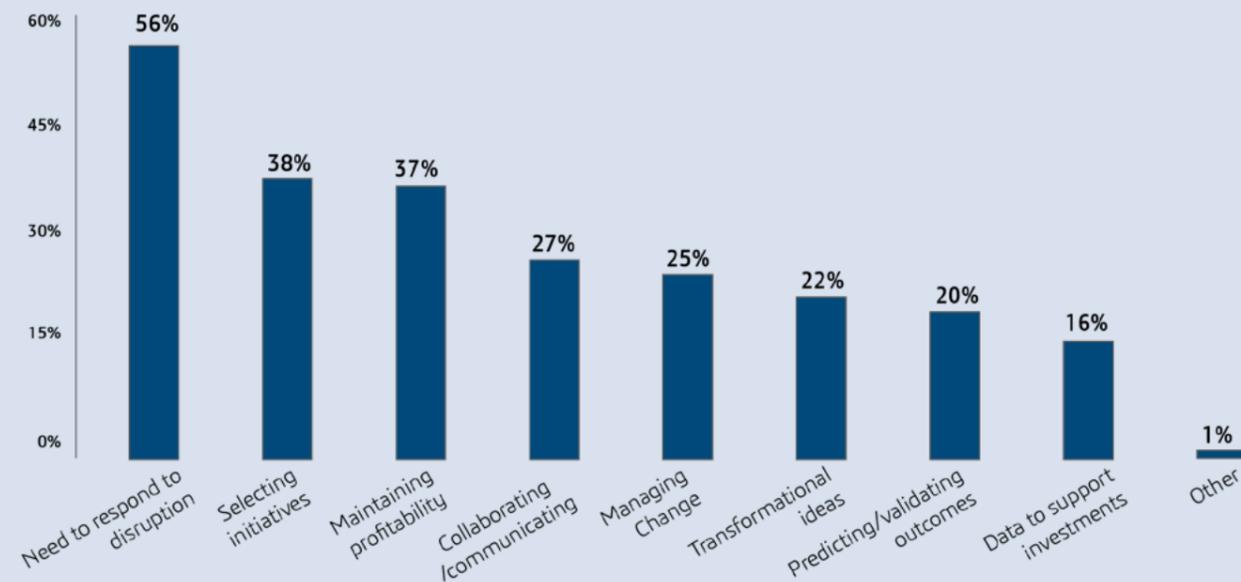
Which of the following impact of the global disruption will most affect your company strategy?

Sustainability Requires Business Transformation



How important are the following environmental, economic, and social sustainability factors to the long-term success and profitability of your company?

Companies Simply Can't Do Everything!



What are your company's TOP challenges related to executing corporate initiatives and transforming the business?

Source: Tech-Clarity 2020

ABOUT THE RESEARCH

Tech-Clarity gathered and analysed data from 191 companies that research, develop and/or deliver products and services to get a better understanding of what companies are doing to improve long-term business success and benchmark against our previous year's report findings.

Responses from multiple industries including Industrial Equipment, Aerospace, Automotive, Consumer Packaged Goods, Pharmaceuticals and Utilities, were gathered by a web-based survey distributed through direct e-mail, social media, online postings, and third-party data collection.

EXECUTIVE SUMMARY OF FINDINGS

Companies are in Crisis due to COVID

The current economic and market impacts of COVID-19 have forced many companies into survival mode. The majority of companies (56%) say that responding to the global disruption, challenges their ability to execute on essential corporate initiatives. This creates disconnects between what they view as critical to long-term business success and their current sustainable priorities.

Accelerating Digital Transformation and Maintaining Innovation

Almost one-half of businesses (46%) have increased focus and/or accelerated digital transformation due to the pandemic. Digitalisation is an important pillar of long-term business success that can also help companies survive disruption and become more resilient for the future. Product and service innovation is also gaining or at least holding its ground. Innovation is a crucial way companies can pivot and adapt to changing markets, needs and resources.

Putting Lower Immediate Priority on Workforce Development and Environmental / Social Sustainability

The research shows that, due to a need to focus on immediate mitigation measures, companies are not placing as much priority or attention on other pillars, including workforce development, environmental and social sustainability. The responses do show, however, that companies understand the long-term importance of these factors.

Maintaining Focus on Long-Term Success

Just over three-quarters of companies report that addressing global disruption is a high priority. While addressing the COVID-19 crisis is the obvious concern, companies must return their focus on all of the critical areas of business sustainability quickly. Despite short-term disruption, they must continue to build for the future if they want to remain viable.

THE VIRTUAL EVENT

Leaders in Business Sustainability: From Strategy to Reality (8th September 2020)

Collaboration keynote

To mark the fact that this leg of our **Leaders in Business Sustainability** event series was due to take place in Stockholm, the **Financial Times'** Associate Editor Andrew Hill, chaired an opening keynote discussion between Emil Högberg - the Swedish State Secretary to the country's Minister for Innovation, Ibrahim Baylan - and David Behar, the Deputy Ambassador at the French Embassy in Sweden.



Embassy of France in Stockholm

The fireside chat, streamed live from Stockholm, detailed the French / Swedish partnership to develop 'Green Solutions and Innovation' as an example of how governments and corporations will need to work more closely in the future in order to achieve joint sustainability aims and ambitions in a disrupted global landscape.

The partnership between the two countries aims to develop closer ties on sustainable city development, green mobility solutions, world-leading research infrastructures, sustainable digital transformation and artificial intelligence, green financing and space innovation. It also fosters cooperation on life science and health care and encourages innovative solutions through small- and medium-sized companies.

Deputy Ambassador, Behar said:

"France and Sweden are at the forefront of the fight against climate change so this partnership, which was first signed in 2017 and then updated last year, allows us to work more closely politically on sensitive European industrial policies around areas such as 5G, trade and so forth."

"Seven of the French top ten companies in terms of workforce size, currently operating in Sweden, have activities highly related to sustainable development. So our close working partnership also makes sense from a corporate perspective."



David Behar,
Deputy Ambassador,
French Embassy in Sweden

A key example of French and Swedish corporations working closer together is Renault Trucks and Volvo Trucks. The government partnership to develop 'Green Solutions and Innovation' has enabled Volvo and Renault to recently receive €1.3 million in European grant funding for training automotive personnel, allowing both firms to navigate the vast disruption currently occurring in the automotive sector.

State Secretary Högberg said:

"From the Swedish government's perspective, we are very pleased with the bi-lateral partnership on innovation and green solutions between ourselves and France. We have identified many areas where France and Sweden, working together, can make a difference - both for our own countries and for the European Union as a whole."

"The coronavirus pandemic has transformed the world. Now more than ever, we need French and Swedish enterprises to collaborate over innovation and development in order to remain competitive in a very fragmented and disruptive world. For European recovery, digitalisation, health and green solutions are areas we should prioritise, keep pace with and action results."



Emil Högberg,
Swedish State Secretary to the
country's Minister for Innovation

LEADERS' VOICES: FINANCIAL TIMES HOSTED INDUSTRY PANEL

The FT's Andrew Hill then hosted a leaders' panel discussion to draw out some more practical examples of fostering agility and resilience, along with the challenges involved in developing a sustainable business across the three pillars of 'Business Models', 'Products and Services', 'People'.

The discussion featured Electrolux CEO **Jonas Samuelson**, TetraPak's **Charles Brand**, President Europe and Central Asia, and **Lena Hök**, Senior Vice President Sustainability at Skanska.

Interestingly, each of the three industry leaders spoke on their company's longer-term environmental targets, supporting our research's assertion that although environmental and social sustainability goals may have taken a temporary back-seat in the current crisis, corporations very-much still understand the long-term importance of more sustainable business models, products and workforces.



Charles Brand,
President Europe and Central Asia,
TetraPak

Charles Brand for example talked about how food safety and sustainability go very much hand-in-hand and how TetraPak's long-term objectives are to become net zero carbon by 2050, and achieve a 90% recycling rate by 2030 in the European Union. In order to achieve these targets, short-term actions have been set and those responsible for their implementation held to account.

TetraPak is also at the forefront of packaging product innovation and has enabled digital twin technology over its entire plant lifecycle. Collaboration in the virtual space has made the company more agile, making it easier to simulate, evaluate and answer specific customer needs.



Lena Hök,
Senior Vice President Sustainability,
Skanska

Skanska's Lena Hök spoke about having strong governance and management systems in place to manage risk and ensure that sustainable solutions continue to innovate and develop so that again, long-term goals remain achievable, even in the face of a global pandemic.

She said: "We have about 500 people working within a sustainability function driving better solutions and setting strategy for how we can contribute long-term to the climate challenge. Our target is also net zero carbon emissions, but by 2045 shorter term. It's vital that we develop the people, structures and energy efficient solutions, which are scalable and attractive enough for clients to buy-into."



Jonas Samuelson,
Chief Executive Officer,
Electrolux

Electrolux's Jonas Samuelson talked about the importance of product innovation for more sustainable living and how for example, consumers value home appliances that keep clothes laundered with half the energy usage whilst ensuring the garments last twice as long.

"Sustainability and in particular, our environmental impact within the home will be a major driver of the recovery as we emerge from this current crisis," he told delegates.

It's clear that even with companies adopting a survival mode and prioritising other areas such as digital acceleration and product innovation, the spotlight on reducing carbon emissions and taking better care of our planet and people, continues to be the shining light at the end of the tunnel businesses currently find themselves in.

BUSINESS PRIORITIES IN THE WAKE OF GLOBAL DISRUPTION

During the next session to discuss the results of the **Business Sustainability (and Survival) Strategies 2020** study, Dassault Systèmes VP Marketing & Communications, Caoimhe Kiely pointed out :

“COVID-19 isn’t the first global disruption to business and value chains and it certainly won’t be the last. But while companies remain in survival mode, it is clearly disrupting their ability to execute on key corporate initiatives, also creating a disconnect between what they view as critical to long-term business success and the priorities they need to actually focus on immediately.”



Caoimhe Kiely,
Dassault Systèmes VP Marketing
& Communications

Those priorities, which according to our study companies are acting upon now, are:

- Ensuring business longevity with the right business models (increased in criticality from 44% in 2019 to 72% in 2020).
- Products and Services innovation (with half of all companies maintaining their focus and a quarter more placing higher emphasis on it as a way to reinvent their offer and ensure survival).
- Complying with regulations (increased in criticality from 37% in 2019 to 71% in 2020).

A good example of reinventing an offer through product innovation is a use-case for digital twin technology. One such case study comes from an Aerospace company, which identified that the time taken for aircraft to land, undergo regular maintenance and address fatigue or failures was wasting excess time and, crucially, preventing getting planes back into the air.

In order to reduce these delays, the Aerospace manufacturer and Dassault Systèmes focused on enhancing the development data using: CAD models, material property information, multi-physics simulations and live IoT data generated by the plane in use. This virtual twin then provided the company with an

accurate view of what was occurring on the plane, long before it touched back down.

In the time before the plane landed, the company could already identify which sensor results were outside recommended parameters, raise a review request with a subject matter expert, interrogate the relative components, execute powerful machine learning models, and create a plan for ground crew based on these models. Through virtual twin technology, the company could make informed and pro-active decisions before the aircraft landed back on the tarmac.

Some industries have been hit harder than others by COVID-19 and its subsequent consequences.

For example, 91% of companies serving the automotive industry and 81% in industrial equipment shared that the resulting economic slowdown will impact strategy. Almost three-quarters (71%) of life sciences companies and over one-half (59%) of medical device companies say remote work impacts their strategies, perhaps because they must adhere to stricter regulatory requirements or because they have lower digital maturity.

Last year, when polled about the “top challenges they face in executing corporate initiatives and transforming their businesses,” over one-half of respondents mentioned challenges in developing transformational ideas and selecting the right initiatives. Over 40% said getting the right data to support investments, collaborating and communicating across the business, and change management were issues. This year, the focus is different.

It is hard to tell if the other challenges diminished or if respondents are just distracted by the most obvious challenge. Perhaps transformational ideas and choices may have become clearer or have been forced on them due to circumstances, reducing the need to choose.

More likely however, is that companies just can’t do it all, right now - with 56% saying that addressing global disruption is now their main priority. However, companies must return their focus on all of the critical areas of business sustainability quickly. Despite short-term disruption, they must continue to build for the future if they want to remain viable.



THE VIRTUAL INTERACTIVE WORKSHOP

The interactive audience element of our **Leaders in Business Sustainability** virtual event saw **Michael Thel**, Engineering Director at Scania, **Olivier Ribet**, Executive VP Dassault Systèmes and **Justin Keeble**, Managing Director, Sustainability at Accenture, help identify the challenges around business sustainability and analyse our audience's input into the debate.

The 100-strong online audience was asked to answer two questions:

- 1) "What are you doing to make your business more sustainable in the areas of Business Models, Products and Services, People and the Future Workforce?"
- 2) "What is getting in the way of delivering faster/greater business sustainability in the areas of Business Models, Products and Services, People and the Future Workforce?"

Those answers to the first question that resonated the most amongst our audience in each of the three areas were:

- Business Models: 'Exploring new models focused on providing solutions to the customer instead of relying on traditional products.'
- Products and Services: 'Encouraging innovation and a focus on true sustainable product development.'
- People: 'Up-skilling and ensuring that employees understand company purpose.'

Those answers to the second question that resonated the most amongst our audience in each of the three areas were:

- Business Models: 'A mixture of not daring to take risk, not wanting to cannibalise current business units and KPIs that do not promote risk taking.'
- Products and Services: 'Lack of a global strategy and the handling of digital twins for complex products.'
- People: 'The desire and knowledge at board level isn't mature enough. The awareness is there but in order to accelerate, there must be a 100% commitment and a desire to change among boards and owners.'

And: 'Like many traditional industrial companies the culture has been fostered during times of success without a burning platform or need for change, which makes it harder to adapt to changing times.'

WHAT OUR EXPERTS HAD TO SAY:



Michael Thel,
Engineering Director,
Scania

"At Scania, we understand that transport is part of the problem of climate change but we also strive to be part of the solution. We have created sustainable transport systems for heavy goods vehicles around the technologies of ACE (Autonomous, Connected, Electrification). We are reducing our carbon emissions by 50% each decade so that we will be net zero carbon by 2050.

We work with energy efficiency, smart transport and renewable fuels. Plus, we help our customers to make a profitable impact on their own environmental footprint."

"Product development has always been incredibly complicated. Today, the problems are more complex but the solutions are infinite, which presents its own challenges. New technologies, customer behaviours, new business models and new technology usage have all contributed to the challenge. We need to dare to try and manage the risks."



Justin Keeble,
Managing Director, Sustainability,
Accenture

"Leaders need to lead by example and with authenticity in order to drive real change. They also need to measure the rotation and question what percentage of revenues today are coming from sustainable products and services."

"Organisations tend to create anti-bodies when faced with driving this level of change. Leaders need to re-wire the DNA of their business to embrace a new sustainable way of working. A new set of metrics to measure success is often required to fight against those anti-bodies."



Olivier Ribet,
Executive VP,
Dassault Systèmes

"Dassault Systèmes committed to sustainability early. In 2012, we put sustainability at the heart of our purpose to harmonise product, nature and life, via the 3DEXPERIENCE platform. This is the way to transform an entire supply chain, from product ideation to placing on the market, with new ways of working: more collaborative, more connected, more inclusive. Two years ago we were ranked by Corporate Knights as #1 in the Top 100 Most Sustainable Corporations in the World (Global 100) index. We have built on this platform and continue to raise the bar to new attainable heights."

"Companies who really embrace a deep sustainability agenda involving the structure, product and digitalisation of the whole organisation, are always the ones to truly benefit. These companies have embarked on an inclusive journey to reimagine what sustainability means end-to-end. They're reinventing how to achieve it and taking their whole supply chain along with them."

DARE DISRUPT

Our Leaders in Business Sustainability virtual event concluded with a keynote presentation from Anders Hvid, Co-founder of strategy consultant, Dare Disrupt.

Anders presented our audience with three challenges to take away from the event:

- 1) Start with the future and focus on the problem
- 2) From strategy to reality - match with your starting point
- 3) Bet on the value shifts and build for 'Good Enough', rather than perfection.

"Running faster will only buy you time but the empowerment of technology is the element we all need to embrace. Our focus needs to shift from building products to solving problems. For a sustainable business going forward, pick an important problem, find your superpowers and how to leverage them, and understand the new value system so that you can build for 'good enough'. Your innovation will be on fire."



Anders Hvid,
Co-founder of strategy consultant,
Dare Disrupt.

IN CONCLUSION

Companies already struggling to cope with increased market risk and disruption must now do so despite the global impact of the COVID-19 pandemic.

To survive, they are expanding their focus on two pillars of long-term business sustainability - digital transformation and innovation. These are survival tools for today and set the stage for greater future strategic benefits.

Companies have decreased their priority however, on our three other critical pillars of business sustainability. They must reignite their focus on people and the workforce of the future plus business models which encompass environmental and social responsibility, to remain truly competitive for the future.

AFTERWORD

John Kitchingman

Managing Director, Dassault Systèmes Northern European Region

"The way we live our lives has a direct impact on how we manage and empower teams to influence change so Electrolux's Jonas Samuelson talking about the importance of product innovation for more sustainable living is key. In March 2020, Dassault Systèmes appointed Alice Steenland as its Chief Sustainability Officer to lead our company's social and environmental efforts. She sums it up best, saying: "Dassault Systèmes can have a systemic impact on the overall economy because our software is behind so many processes in manufacturing and design across so many sectors. We can move customers towards disruptive new sustainable business models through collaboration."

"What's great to see now is the conversations we are forging across clients and across industry sectors. For example, recently Jaguar Land Rover came together with Unilever to share strategy and learnings for a more sustainable future. I think we will see more of this in the future as organisations look across industry for cross-learning, best practice and advice. We all need to focus on the future and start with the problems we're looking to fix, in order to harmonise products, people and the planet."

Our 3DEXPERIENCE® platform powers our brand applications, serving 11 industries, and provides a rich portfolio of industry solution experiences.

Dassault Systèmes, the 3DEXPERIENCE Company, is a catalyst for human progress. We provide business and people with collaborative virtual environments to imagine sustainable innovations. By creating 'virtual experience twins' of the real world with our 3DEXPERIENCE platform and applications, our customers push the boundaries of innovation, learning and production.

Dassault Systèmes' 20,000 employees are bringing value to more than 270,000 customers of all sizes, in all industries, in more than 140 countries. For more information, visit www.3ds.com.

