

# The Stand of PTC: Customers are the most important asset of our company

Interview with *Richard Harrison, PTC President and CEO*

Aleksandra Suhanova (Observer)

aleksandra@cadcamcae.lv

C. *Richard Harrison* is the chief executive officer (CEO) of PTC, the product development company™. PTC develops, markets, and supports software solutions that help manufacturers win with superior products. PTC is the world's largest software company with a total commitment to product development.

An experienced and hands on leader, *Harrison* is responsible for all of PTC's global strategic planning and business strategy. Previous to his appointment as CEO, *Harrison* spent six years as PTC president and chief operating officer, responsible for all global sales, marketing, support and services.

*Harrison* joined PTC in 1987 as vice president of sales and distribution when the company was a start-up operation. Originally attracted to the company because it presented him the opportunity to build a winning sales organization, he has had a major

impact on the company's long-term growth and future vision. During his time with PTC, *Harrison* has contributed significantly to the overall culture and development of the company. This includes solidifying PTC's position as the leader in MCAD, acquiring several companies to diversify the product line, and introducing the *Windchill* product family.

Prior to joining PTC, *Harrison* worked for *Prime Computer* (Natick, MA), a leading mini computer company, in sales and sales management. He began his career working for *Burroughs* more than 20 years ago.

An energetic and charismatic speaker, *Harrison* presents the company's corporate vision to customers, analysts and the financial community. Most recently, he has been speaking to audiences on PTC's new Product First Strategy, and stressing the importance of the "three Cs" — create, collaborate, and control.



*Harrison* received a Bachelor of Arts degree in English literature from the *University of Pennsylvania*. An avid runner and all-around athlete, *Harrison* golfs, plays tennis, swims and competes regularly in road races. He is a native of Massachusetts.

— *Mr. Harrison, you have held the position of CEO of PTC for more than 5 years, during which time, our editors have closely watched the business situation of the leading CAD/CAM/PLM companies, including PTC. You inherited a painful legacy from your predecessor Mr. Steven Walske who left the company. I mean, under his guidance PTC made several strategic mistakes, and you were the person who had to correct and soften the consequences of that. On accepting the position of CEO, did you understand the real situation in the company and what you would have to do, both personally, and together with your team to move PTC out of the crisis? Do you agree with our Editorial evaluation that the time in question was the most dramatic in the PTC history?*

Sure, of course! It was the most difficult time. What happened to a large extent was that we went through a classical transition. At that time our business had been focused around a "single-product" Pro/ENGINEER for engineers. We were selling a tool with lots of value, but a tool at the price point of 20K US dollars per seat. At that time we could have continued to do what we were doing and implemented a different strategy, but we had a vision and a plan that said that the first thing to do was to fix the company, in terms of understanding the market we want to be involved in. We wanted to become an *enterprise-solution provider* after hearing from our customers

about the increased complexity of *off-shoring*, *outsourcing* to the supply chain and *global product development (GPD)*. The main problems for the customers in building a product were not CAD for geometry creation, but the ability to collaborate and manage the changes, to know what the supplier was doing and which version was effective etc. We saw a changing landscape, where everybody was going *off-shore* to Eastern Europe, or Asia, and the requirements for what we could deliver for the customers were changing. We saw a big market opportunity — there were 4 million CAD users in the world, and we thought there could be 40 million people or more in the extended enterprise with access to the engineering data. So we had a fixed plan to go after this extended market opportunity and to compete with enterprise-solution vendors. We also felt that the CAD market was finite; the average CAD seat price was declining to 9K on a worldwide basis. There are a finite number of mechanical engineers — around 4-5 million in the world, and that's all. From one stand point it was a pretty easy decision to diversify the company and to go after the PLM market.

The second thing to do was not to consolidate old "tired" technologies, acquiring companies like *SDRC* and *CoCreate* becoming just a big CAD company like *DS*. But rather to enter the PLM space and bring to market "fresh" new technology

that would be optimized for this new kind of a problem, customers were facing. That meant we had to rewrite *Pro/ENGINEER* with the whole user interface to make it look and feel easier. It took us two years to rewrite *Pro/ENGINEER* and simultaneously we rewrote the *Windchill* product to make it into a more out-of-the-box solution with the necessary links, so it could be deployable and customers could get faster return on investment. We brought these two together in the **Product Development System**.

Firstly we fixed the market we wanted to go after. Second, we fixed our products to make them optimized and number one for that market, which we did in the years from 2001 to 2003. The third part of the decision was not to acquire a whole bunch of disparate products. We wanted to have a common, **integral** and beautiful product platform, with which customers could grow for years and years. We made these decisions to avoid a situation whereby our finances showed an improvement in the short-term, but in the long-term we would have to deal with a lot of different products, which have different databases and models. So, today we have very clean balance sheet, we have a clean offer for the customer and we have a clean deployment for our services people. If you look at our financial results you'll see that we have acceleration in the business and in the core part of the business.

*DS* runs the same strategy and has the same problems as *UGS* – they made 25 acquisitions in three years! *PTC* made zero during the same timeframe! This is why today I don't have five different databases or data models, I have one. When you go to the customer or the supplier and talk about the story of *global product development* and consolidating the database around the common system – I am going to win that account every single time! **The biggest and the most important difference between PTC and its competitors is that we have an integral approach, not just an integrated one.** *UGS*, for example, has gateways, they did improve integration, but it is still gateways, which is bad. They have not moved to the common database and integral system as we have done.

– But you were not a new person in the company, and before taking the highest position you were working as a PTC top manager for many years. This would automatically mean that the fact that PTC was in a deep crisis is partially down to you. What are your comments on this, please?

Yes, it is my fault too. But fault for what? We have a much stronger company today than we had. It might be true if we kept the old course, but we changed it. I believe today we are a much stronger company than *DS* and *UGS* on the “go forward” basis. We have cleaner architecture of the solutions, our

customers are happy, our service deployments are cleaner, and we are winning new big accounts such as *TOYOTA*, *Airbus*, *Lockheed Martin* and *Raytheon*. All this shows that we are going to have a much stronger company in the next 5-10 years, because of the really hard decisions we made 3-4 years ago. We chose the market, fixed the products and did it organically, not just making the products look better in the short-term. The truth is, we have a long-term view of what is good for the company and shareholders. And I think our competitors have a short-term view and make decisions that they are not going to stick with, which are very, very difficult.

– PTC has stopped positioning itself as a vendor of “Business to Business” products, which were fashionable at the crazy time of the dot.com.bubble. Nowadays PTC is not only developing the products, but developing technologies, maintaining strategic PLM concepts and supporting off-shore design. But what is the more precise positioning of the company on the market? Does PTC position itself similarly in USA, or Russia, or China?

Our positioning in the marketplace is the same around the world. We have a direct sales force of 350 people and the distribution of the sales people is pretty similar – about 1/3 in Asia/Pacific region, 1/3 in Europe and 1/3 in the US. Our revenue is 38% in North America, 35% in Europe and 27% in Asia/Pacific. We have a very interesting balance of our revenue. The story that we tell is the same in all locations; our message to the sales forces and customers is the same. The main message is that we support the market for *global product development*, *off-shoring* and *outsourcing*. Underneath that story we have more details involving **create, collaborate, control and communicate**. If you want to create innovative products, collaborate internally and externally, control and manage the configuration of the product structure and communicate via documentation with our *Arbortext* solution – this is our “four C” story.

– The PTC of the 90's was accused of arrogance and ignoring the customers interests, with a far too aggressive model of sales and business operations, and insufficient quality of support. You publicly promised to change PTC corporate culture. What has already been done and what has to be done in the future to achieve this?

We now have a more customer-centric view of the world around customer satisfaction and global services deployments. We measure customer satisfaction every quarter, involving external partners. We track the satisfaction; we improved the quality of the products and services and now we have a more





customer-focused orientation. When we were selling only CAD/CAM software *Pro/ENGINEER* our customer satisfaction was pretty good. Therefore there wasn't a requirement to build a big services business inside our company. As we evolved more towards an enterprise-solution provider, this automatically became a bigger requirement. So, we modified our engagement with the customer to make sure they know how the deployment is going and that they are satisfied and getting return on investment.

*– More about corporate culture. With great pleasure we read the news about PTC success at TOYOTA engine builders in 2004. Our magazine also published an article about it. Following PTC comments this was the result of cooperation with TOYOTA. Does this mean, instead of just focusing on new software releases you take more time and listen more to your customer's wishes and needs. And at some stages of software development – even work together, engaging experts from the customer base necessary to help to implement the software. Did PTC only come to this conclusion in 2004? What was the corporate culture before?*

– I don't think it was much different before, even though we have changed the way we interact with our customers. We have been working with *TOYOTA* since 2001 and the joint development initiative was signed in 2003. We have also been working with *Airbus* for years, and you see a big expansion in our *Airbus* business, because all the *PLM* business at that client is *PTC*. Before, we had a more formal relationship with the customers and how we reported to them. We were more technical and sophisticated about it. But these changes started a long time before. If you ask people who have followed us for a long time they would say that we have changed. Moreover, you can't make such a huge change in just one year and if you read something in 2004 then obviously we were working towards changes before that. Our culture is that we want to win, we are highly competitive, we want our customers to be happy and we have a long-term view of how to do this. For quite some time now we have engaged more strategically with our customers and that is why we are more successful at traditional non-*PTC* accounts. Five, six years ago we had no presence at all at customers such as *TOYOTA* and *Boeing*. They were *DS* and *UGS* accounts. Today they are our largest accounts! Again referring to what we discussed at the beginning: better product, better services – better story! With these customers we are taking the market share from *UGS* and *DS*. This is happening right now. These accounts have been using *CATIA* for 20 years and should be 100% *DS*'s accounts, but they lost them, which makes a point in itself.

*– There is a robust opinion that PTC failed to assimilate CADDSS5 users of the flagship product of Computervision Company, which was acquired by PTC at the end of the previous century. The media understands that most CADDSS5 customers didn't migrate to Pro/ENGINEER. In support of this was the recent launch of the new CADDSS5i R14 release. Do you have a clear answer to the question as to why CADDSS5 users don't want to migrate to Pro/ENGINEER?*

There have been thousands of *CADDSS5* users who migrated to *Pro/ENGINEER* over the last eight years. Divisions of *Bosch* and *Siemens*, for example, did migrate. We continue to maintain versions of *CADDSS5* because of our commitment to our customers, and we have a number of customers, who have large ongoing programs like nuclear submarines or aircraft carriers where the product life cycle might take 20 years to build the product and it lives for another 30 years. The *Airbus A380* was designed in *CADDSS5* on 80%, not with *CATIA*. That program will last for 50 years. As the latest release of *CADDSS5i* demonstrates, we have the commitment to our customers to maintain *CADDSS5* and enhance it, make it faster, better and easier to use. It is not our most important product or focus for the company, but it is important for some customers with very large assemblies and for our relationship with them. It is also a good opportunity for us to talk about *Windchill* and *Arbortext* with them.

*– From the other side, in the officially published PTC quarterly and annual reports, there is not any financial data about CADDSS5 business. Maybe now is the time to acknowledge the fact of having a second product line at PTC and the respective CAD/CAM market segment and regularly inform investors and the community about that business? We find it extremely interesting to understand PTC's strategy in this area. Will these two product lines be developed and maintained separately, which is quite expensive? Or will it come closer and closer and finally merge together as happened with I-deas and Unigraphics? Or at some point will there come a day, before which all CADDSS5 users would have to migrate to Pro/ENGINEER or else stay when supported?*

Our strategy today is to maintain two products. Shipbuilders today predominantly use *CADDSS5*, but we also support it for other users such as *Airbus*. We continue to enhance the product, but we don't spend that much. We spend ten times more on the development of *Pro/ENGINEER* than on *CADDSS5*. This is partly because we are developing *CADDSS5* in India where we are able to have a lot of resource for the development. We have about 650 specialists working in our Pune R&D center. The other thing is that we don't think



of the world in terms of *Pro/ENGINEER* and *CADDS5*. We really think of the world a little bit more generically in terms of most end-users who create information with *Arbortext Editor*, *Pro/ENGINEER* or *CADDS5* and summarize these products as desktop solutions from a reporting perspective. Then we think about the control, collaborate and communicate aspects of our product development system summarized under “enterprise solutions”, which are the *Windchill* link solutions and *Arbortext Publishing Engine*. That’s really how we report our revenue. We don’t even break up *Pro/ENGINEER* any more, because if we are going to do more acquisitions, it would get confusing. When we speak about the business from the revenue perspective it is easier for us to split it into two results *desktop solutions* (currently around 70% of our business) and *enterprise solutions*.

– *Our Editorial never supported PTC’s decision to conclude a master distribution agreement with Canadian company RAND. We hadn’t anything personally against RAND, but we always thought this agreement disadvantageous for PTC for a number of reasons. We supposed that RAND managed to overplay PTC at the moment, when PTC was busy with participation at the “internet-revolution” (receive more beneficial terms under agreement, PTC dealer-network, exclusive rights to sell on the territories of EE and Russia). This was the time of the destructive policy of your former CEO Mr. Steven Walske, who put the CAD business in a secondary role. But what is your personal evaluation of distribution agreement effectiveness with RAND and overall benefit from the collaboration with RAND?*

I shouldn’t speak about *RAND* because of litigation going on between our companies. So please understand that we would not like to comment on this.

– *After PTC and RAND went separate directions, how has your sales and distribution model changed? Have you drawn any principal conclusions from the former partnership? If yes, could you please name them?*

On a worldwide basis we have a very active and strong channel, which accounts for 20% of our revenue. This is a good number and I want it to grow to 30% in the next few years and looking at the growth rates, this is possible. We have good channel partners in the US, Europe and the Asia/Pacific region. As I described earlier we have made some moves to strengthen the channel, such as giving them more accounts, and we deploy our direct sales people only to the larger accounts. The main difference in our distribution model is that before we changed to the current approach, the same person in one territory (the head of sales for that region) held all the responsibility for the channel and direct sales. If there was a dispute about a particular account, usually the direct sales people won. We just saw that they were potentially conflicted. Therefore we separated duties to different people, so now in each location there is somebody in charge of direct sales and somebody else in charge of our channel business. So, the indirect sales personnel in the different locations report to the indirect sales manager at the corporate level. That gives us a little more strength in the way we are organized and results in little conflict, because our direct sales people have only named accounts, but not locations. Also they only get a commission from the accounts for which they are responsible such as *Airbus*, *Raytheon* or *Lockheed Martin*. The channel people

have everything else. So, now it is pretty clear who is responsible for what and they work well together. This also covers situations, where a large *OEM* is covered by direct forces but the suppliers – by the channel people.

The market in Russia in particular, where we have indirect coverage, is newer for *PTC* in terms of having responsibility for the distribution, but soon I think you are going to see a mix with some direct sales people for the largest accounts, as we will invest there. We haven’t done this yet, but will do soon. But at the same time we want to protect our sales channel and make sure these companies are doing a lot of business.

The reason why we are going directly to the largest accounts is because such companies want and need to get a global level of support. It is hard sometimes for the regional reseller to provide that necessary level. The Russian market is really maturing with time, and you have other big potential for that such as China and India. I think as that happens we will have the same kind of a balance between direct and indirect sales forces.

– *Simple analysis of the data from quarterly PTC reports shows that the average cost of one Pro/ENGINEER seat with time has been scaled down. In your reports we found such an explanation of this. You stated that in the structure of sold Pro/ENGINEER licenses a bigger and bigger part belongs to so-called entry level or low-end packages. Why does this happen? Could this be dangerous for PTC? Does this mean that PTC is playing the dangerous game of cutting down the price not in the high-end market, but middle range systems market? For example, in Russia today you can buy Pro/ENGINEER cheaper than Inventor Series, Solid Edge or SolidWorks, not even mentioning NX and CATIA. It is generally known that dumping disturbs or undermines the market. Are you by yourself are moving the company away from high-end market? Your comments, please.*

Let’s talk about the worldwide situation first. Again we have a different strategy to our competitors. We don’t have 2-3 products, like they do. We have one and we configure it! You probably know our story from *Pro/Engineer*: “Simple, powerful, connected”. It means *Pro/ENGINEER* is simple to use, it is powerful enough to do any assembly and it is connected to *Windchill*, which is our enterprise solution. We basically have packages with a similar functionality. So, at the low-end market, which accounts for about 70%-80% of our total seats sales, it is still *Pro/ENGINEER* with certain modules and functionality. At this point we do compete with *SolidWorks* and *CATIA P1*, but we are not moving from the high-end market, and we address both markets with one product. Let me add, that *Pro/ENGINEER* is the only scalable product in the market serving both the low end as well as the high-end.

Generally there is some saturation on the high-end market, because most of the big companies have made a decision, don’t want to change it and generally have a corporate buying agreement where they have a number of seats they can use. There is definitely some saturation and in fact there is no growth in the high-end at the marketplace. Sales of *CATIA* have been flat for some years and *NX* sales are even down over the last years, but *PTC* is up 5% over the last two years. I would say that at the high-end we are capturing market share. We want to compete at the high-end, but at the same time we want to compete at the low-end and to show our customers a migration path, because customers can take *Pro/ENGINEER*



to use as a low-end solution, then add some modules and have a high-end package. That is why we have the best solution for the customer and an extended value for the supplier. Opposite to this is *Dassault Systemes* environment, where *CATIA v4* and *CATIA v5* are used which don't know anything about each other, and *SolidWorks* down at the supply chain! The same situation is with *UGS* products – *NX* and *Solid Edge*. *PTC* is offering to use *Pro/ENGINEER Foundation* package and *Pro/ENGINEER Flex Advantage* package at the high-end level that provides us with really good scalability.

*– Don't you think that one of the greatest PTC advantages such as scalability of its solutions is not sufficiently explained and advertised on the market?*

You probably are right, that is why we want you to write more articles! The scalability is really important and we are committed to it which means that our *R&D* investments get leveraged because they are not supporting all these multiple products as our competitors are. It gets leveraged even more because we do so much development *off-shore*. The newest release of *Pro/ENGINEER* is so good, that we will win every benchmark: it is so powerful so easy to use. Moreover we want to have low-end customers and high-end customers and we want to have compatible scalable system to address both markets. As I said at the beginning we want a clean story and a clean deployment for our customers both at the creative side as well as the collaboration and control side. This is our vision which we are building around. I can tell you that our competitors would like to have our products and story today in this marketplace, because it is cleaner, scalable and easier to deploy to get high level of customer satisfaction. And you can see how our revenue is accelerating now in terms of the growth rates – 1%, 2%, 6%, 7%, 9%, and 15% – that's what is going to happen!

*– With time you always achieve your strategic aims: you stopped the fall of the company, you managed to stabilize the situation and are providing conditions for its growth and development. Your strategic aim is to reach the 1 billion dollars mark by 2008. This is good but not an original aim, because in your history PTC already reached that mark for several times. But what new strategic aims are set for PTC? Have you thought about the fact, that when you reach the 1 billion mark, your competitors – Dassault Systemes and UGS – revenues will rise to 1,5 billion, but Autodesk revenue may be close to 2 billion dollars.*

I don't know what *Autodesk* and *DS* will do in the next three years. *DS* has a big problem with its core product *CATIA*. Moreover *IBM* is breaking up with them in China; there are major issues for *DS*. To be honest I really do not care what they will do. I know for *PTC* – we want to hit 1 billion, which will be a very important mark, and hit with three good products: *Pro/ENGINEER* desktop products, *Windchill* and *Arbortext* enterprise products. To hit it with a balanced split in terms of geographies, to hit it with a balance split between our services, our license revenue, our maintenance, channel versus direct sales forces. Every aspect of our business today is growing. If we will hit a billion we will be a much stronger company, as there will be no debt and the customer satisfaction level will be the highest. We believe that when we will get to a billion we will get a real acceleration on the earnings side and our profitability will grow faster than our earnings.

*– Coming back to PTC plans to earn 1 billion dollars again... Which way will PTC choose to achieve this? Will you acquire other companies? Will you intensify sales on the current markets? Will you come to other non-traditional markets, industry segments?*

We would like to see strong organic growth in our core business, the traditional *CAD/PLM* business. We will see faster growth with some of our new acquisitions like *Arbortext*, for example. In addition to that we have commitment to our "integral story" (please don't confuse with integrated). Basically, *Arbortext* had editing tools, publishing tools and third-party content engines. It was a perfect acquisition for us because we were able to integrate it by rewriting all these tools directly into *Windchill* to get the common database. The same will be done with *Polyplan* our strategic acquisition around manufacturing planning. Besides organic growth we are going to make more acquisitions. I can't name names, but we always have the list of companies whom we are interested to speak with. We prefer to get fresh technologies, new ideas, and web-based kinds of technology. We hope that acquisition would bring the new functionality, that customers are asking us for relating to the engineering product development. We like companies that are growing rather than old and tired companies who are just consolidating old products. And the last thing – we prefer to have technologies which our sales force can sell. Customers requested all our recent acquisitions. In numbers it might look like this – if we need to grow 12% to reach 1 billion, 9% of that would be organic growth and much smaller part of the growth will be achieved through acquisitions. But still acquisitions are giving us new things, new blood for the sales people to take to the customers.

*– What are PTC strategic aims and plans in Russia and CIS?*

Well, we would like to be a market leader in Russia and I think we can be. There is a great opportunity for that because Russians are brilliant technologists and engineers, and they recognize superior product when they see it. This is happening now in China where we are market leader and number one! Not *DS*, not *UGS*, but *PTC* is number one in China! We can be a leader in Russia too. What is interesting in those countries is that less political decisions were based on technologies versus old historical political decisions. We are going to invest there and the market conditions are more favorable today for it. I think Russia is becoming increasingly another *off-shore* kind of area for people to go to. We will do some really good business there. And we'll see what will happen on the market.

*– How do you evaluate the UGS initiative to build an effective, but affordable PLM solution for mid market, small and middle companies? Don't you think that in this regard UGS has taken an initiative in its hands? What is the PTC strategy in this domain?*

– Despite what *UGS* is doing we are implementing a different strategy. We have the same product – *Windchill* – for the mid market, so that suppliers at different kinds of joint venture, who are working on the same product can share information but with one, not multiple data models. We have a different view on what is happening there. **We have made our PLM solution available through concluding agreements with IBM**, with the partnership with *IBM*. It resulted in the *Windchill* solution *On Demand*. Now small and medium size

accounts do not have to make an investment to the whole infrastructure and support, but can use *Windchill* hosted by *IBM* for their critical data and we just charge a subscription fee by use to do that. I think we have really nice strategy for the mid market – this *On Demand* version of *Windchill* and our partnership with *IBM*. Moreover our customers can also purchase standard off-the-shelf solutions for the mid market just like anybody else. It is important to understand the difference between *UGS* offerings and our own. The reason why *Mr. Affuso* says he has a new solution for the mid market is because his old solution is a customized toolkit that mid size customers cannot use. He had to get a new product for the mid market. Because we offer out-of-the-box solutions for both engineering departments and the enterprise, that same solution is available for the mid market. We don't get enough credit for the nature of our solution to be out-of-the-box. I can tell you that *Metaphase* is not an out-of-the-box solution and it doesn't even pretend to be. On the "go forward" basis this is very important for our business not only on the mid market, but also for the biggest accounts like *Airbus*, *Boeing*, and *TOYOTA*. Even large customers don't want to customize the solution – they want to get an out-of-the-box, deployable solution, so they can upgrade easily and at the low cost. We have a big advantage over competitors in terms of the out-of-the-box nature of our solution.

*– Have you managed to make Granite One kernel sales as a separate business?*

It is not a separate business, it is a separate product. We do sell it separately to some people and the revenue from it is very small. It is not a strategic product.

*– In your opinion, how worthwhile would it be for PTC to maintain several platforms and OS simultaneously?*

We have a strategy to support both *Java (J2EE)* and *Microsoft* base platforms and we will continue to support both. Shortly we are going to release a sequel server version of *Windchill*, which is in our product plan. Next release of *Windchill* will have sequel *dot.net* version.

*– How do globalisation, engineering and manufacturing outsourcing influence PTC development, its products and CAD/CAM market in general?*

As I said before, this has been our strategy since 2000, when *Steven Walske* left the company and we made changes. We knew from our customers that everything was going to be open, global and heterogeneous and we architected our solutions especially for that. That meant that we didn't want to have gateways and multiple databases. We wanted to enable our customers to have a common system that could be deployed and replicated anywhere around the world. For example, if you are working in Brazil and you've made the changes it is immediately captured in Tokyo without any gateways. On the other hand, if I choose one of our competitors as an example, they may be talking about globalization but its *PLM* system for the enterprise doesn't support any heterogeneous solutions. How is it possible to have global product development solutions and at the same time have data management solutions that only understand *CATIA* files? This doesn't make any sense. But we understood market requirements, not all of course, but those for heterogeneous mechanical design, because the same

companies wanted to have integration with *Cadence*, *Mentor*, *Zuken* and other embedded software, all of which we support today with the common database. I will tell you we engage with our customers in *global product development* with the strategy that says: first – we would like to provide them consulting around certain aspects of optimizing *GPD*, which we understand. For example, desire for collaboration or how to modularize the particular assembly, so I can send parts of it to China and India to make more people interact with the model. Secondly, we want to deliver the best software solution for that, deploy, install and train customers. Ultimately we are even able to talk with customers about helping them get aligned with the partner *off-shore*. We could even do some work such as access capacity for them. We have partners in India who could actually do design for the customer.

*– From your point of view should there be any kind of corporate responsibility for taking decisions over users of its solutions and services? For example, PTC has over 40 thousand companies-users. Do you personally feel responsibility over them? Or – nothing personal – only business?*

**Customers are the most important asset of our company.** Our customers today are very happy and excited about the future vision of *PTC*. If you visit our annual worldwide user meetings we held last year, we had thousands of people. This was the biggest number of participants in the history of our company. Customers never looked happier. I know many of them personally because I've been with our company for almost 20 years and I had a chance to visit many of them either on their site, or here at corporate office, or at the user meetings. They are the most important asset along with our employees. I take a very good care to keep those customers, to listen to them, to provide them with solutions, to make sure that their investment is protected and to be responsive to them. If we do that and continue to provide more software and new solutions our business is going to grow. From the other side, if we do a good job our customers will build better and more competitive products and continue to grow and win, using more and more our products.

*– To conclude our conversation, what would you like to say to our big Russian-speaking readership from Russia, Ukraine, Belarus and the Baltic States?*

I think there is a lot of synergy between the Russians and the Americans these days and a good partnership. I really believe this is in business and in world politics too. There is a good friendship that has been built up between leaders of our countries over recent times, which is a really good thing. It extends to business and is very much helping. In America we have a lot of respect and good will towards Russia. There is good opportunity to share engineering and global product development strategy. Especially taking into account the fact that the founder of our company was from Russia and many Russian engineers and programmers are working in our company's software development team. Russian people are very talented and it is good to have such a partnership between two great countries.

*– Thank you so much for the great frank conversation!*  
18<sup>th</sup> of January 2006, Boston, USA 🌐