



Paris, October 24, 2013

ESI is the leader and a pioneer in virtual prototyping solutions.

#### Stock market information

Listed on **compartment C** of the NYSE Euronext Paris  
ISIN FR 0004110310

FTSE 977

Bloomberg ESI FP

Reuters ESIG.LN

Granted  
“*entreprise innovante*”  
(innovative company) certification on January 20, 2000 by OSEO, ESI Group is eligible for inclusion in FCPI (venture capital trusts dedicated to innovation).

#### Financial schedule

Revenue for the 3<sup>rd</sup> quarter of 2013/14 will be published on

December 12, 2013  
(after market)

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#### Social media



## Acquisition of CyDesign Labs. Inc., A Lead Innovator in Systems-modeling

### A strategic step in the advent of End-to-End Virtual Prototyping

- A disruptive technology and software solution to bridge product inception ('0D-1D' system modeling) and product validation ('3D' component modeling)
- Extension of ESI Computer Aided Engineering (CAE) solutions to designers to frontload product and process innovation
- Opening to 'crowd-sourced'<sup>1</sup> and open source 'Modelica' based system modeling
- Access to ESI solutions in the Cloud and SaaS

ESI Group, pioneer and world-leading provider of Virtual Engineering solutions, today announces the acquisition of CyDesign Labs, a US company based in the Silicon Valley that owns a disruptive proprietary technology for advanced product design. Aligned with ESI Group's proven strategy that fosters the gradual elimination of physical prototypes, this acquisition brings a major technology leap to accelerate industrial product and process development.

Founded in 2011, CyDesign, a start-up company, was awarded a significant contract in early 2012 by the United States Defense Advanced Research Projects Agency (DARPA) to support the Fast, Adaptable, Next-Generation Ground (FANG) Challenge. The FANG program undertakes a novel approach to the design and manufacturing of complex defense systems through a series of prize-based design competitions leveraging novel tools developed under the DARPA META program. Earlier this year, CyDesign successfully delivered a cloud-based system modeling

<sup>1</sup> Crowd-sourcing consists of building upon the creativity, intelligence and know-how from a large number of web users at little cost



platform for use by FANG Challenge registrants. Please visit [vehicleforge.org](http://vehicleforge.org) for more information about the FANG program.

Alain de Rouvray, ESI Group's Chairman and CEO, says: *"This acquisition is poised to allow ESI Group to expand its user base to all players involved in creating industrial products – adding a seamless collaborative environment between specifiers, inception designers, and validation engineers. CyDesign Labs' collaboration with DARPA has proven the relevance of combining 0D-1D simple design tools with traditional advanced 3D simulation. This operation represents a unique opportunity for ESI to leapfrog and actively contribute to the grand challenge of the 4<sup>th</sup> industrial revolution."*

Dr. Serdar Uckun, founder and CEO of CyDesign Labs, adds: *"We are very proud to be joining ESI Group, a world class leader with whom we share a passion for innovation and technological excellence. This new technology we recently created within a ca. 40 man year concentrated effort will benefit from extensions, industrialization and commercialization by ESI, to which we could not aspire while we remained independent. Together, we will now develop the next generation of virtual engineering software to improve the creation process of innovative industrial products."*

### **ESI Group is now positioned right from the product inception phase**

CyDesign Labs core capabilities enable an organization to address a series of design challenges of increasing complexity, while leveraging fab-less design, foundry-style manufacturing, and crowd-sourced innovation models to control in real time manufactured products from their very first digital models. This provides designers using simple 0D-1D models with the possibility of validating collaboratively on line the compliance of a product, as a system or as one of its components, with respect to environmental, safety, comfort, and other multiple performance requirements as well as technical standards, right from the beginning of design. Furthermore, the solution from CyDesign Labs combined with ESI solutions makes it possible for designers to connect 'live' with the 3D models of CAE engineers.

This evolution will allow ESI Group to provide its customers with a more comprehensive offering that covers the entire value chain of a product: from inception to verification, validation and certification. This extension of ESI Group's past focus on validation does position the company higher in the product value chain and it is expected to stimulate the interest of players who are either seeking to or are currently migrating towards End-to-End Virtual Prototyping.

### **Crowd-sourced and 'Modelica' based models**

By intensifying the use of '*open source*' models, CyDesign Labs smartly meets the expectations of industrialists who wish to carry out product development in an open and collaborative mode that can be more easily adapted to the evolution of their multiple and interacting requirements. For example '*Modelica*', a modern modeling and simulation language standard supported by CyDesign Labs, already brings together a sizeable industrial community of users and developers without the impediment of proprietary formats.

### **A solution accessible via the Cloud and in SaaS**

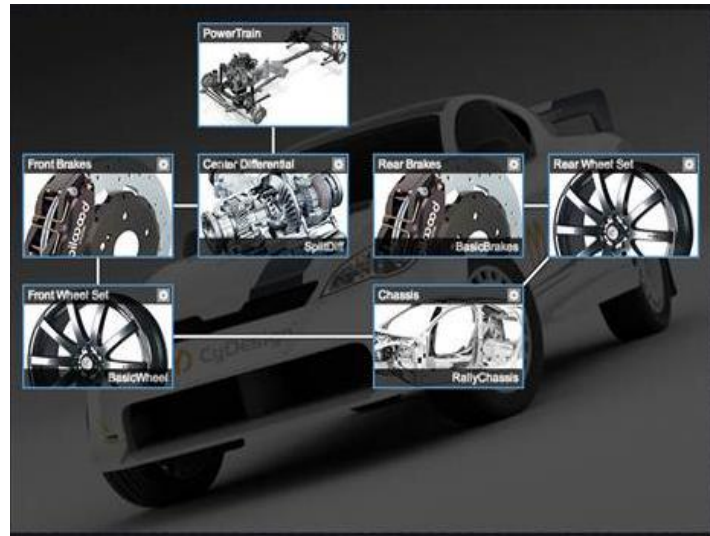
CyDesign Labs' future solutions will be marketed in the form of user licenses. They will provide substantial flexibility in terms of IT resources with access via internal or external Cloud mode, thus enabling workgroups of up to hundreds of users to be brought together within a single virtual environment. The acquisition of CyDesign Labs is a logical next step following the technology investments already undertaken by ESI Group that are aimed at developing access to ESI's solutions in Cloud mode. Indeed, the Group's ambition is to accompany its customers towards a Software-as-a-Service (SaaS) marketing model and to eventually deploy all of its solutions on the Cloud.

### **Worldwide industrialization and commercialization**

ESI Group is convinced of the major benefits that the integration of CyDesign disruptive technology into ESI solutions will provide for its customers and partners. This will also enable CyDesign to benefit from ESI's complementary technologies and its distribution network around the world. Every sector of industry will be concerned but we expect particular growth in the automotive, aeronautical and defense sectors where advanced numerical technologies are already deployed and have proven their unique worth.

### **Terms of the operation**

With this operation, ESI will hold 75% of CyDesign Labs's equity and will proceed to integrate the present team of high level experts in the USA and UK. In 2017 ESI Group will have the possibility to acquire the balance of equity.



Coventry Design



#### About CyDesign Labs, Inc.

CyDesign Studio is the only model-based design optimization software platform with integrated requirements management that enables organizations to design complex systems with better and faster results. The CyDesign platform helps engineers gather requirements, link them to system designs, explore the trade space of design alternatives, assess the viability of these alternatives, and provide objective guidance resulting in a much better final product. CyDesign Labs is headquartered in Palo Alto, CA, USA and has offices in Coventry, UK. The company was founded in 2011. For further information, go to [www.cydesign.com](http://www.cydesign.com).

#### About ESI

[ESI](#) is a pioneer and world-leading provider in Virtual Prototyping that takes into account the physics of materials. [ESI](#) boasts a unique know-how in Virtual Product Engineering, based on an integrated suite of coherent, industry-oriented applications. Addressing manufacturing industries, Virtual Product Engineering aims to replace physical prototypes by realistically simulating a product's behavior during testing, to fine-tune fabrication and assembly processes in accordance with desired product performance, and to evaluate the impact on product use under normal or accidental conditions. [ESI](#)'s solutions fit into a single collaborative and open environment for End-to-End Virtual Prototyping. These solutions are delivered using the latest technologies, including immersive Virtual Reality, to bring products to life in 3D; helping customers make the right decisions throughout product development. The company employs about 1,000 high-level specialists worldwide covering more than 40 countries. [ESI Group](#) is listed in compartment C of NYSE Euronext Paris. For further information, visit [www.esi-group.com](http://www.esi-group.com).

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