S&P Global
Market Intelligence

Dassault Systèmes SE ENXTPA:DSY

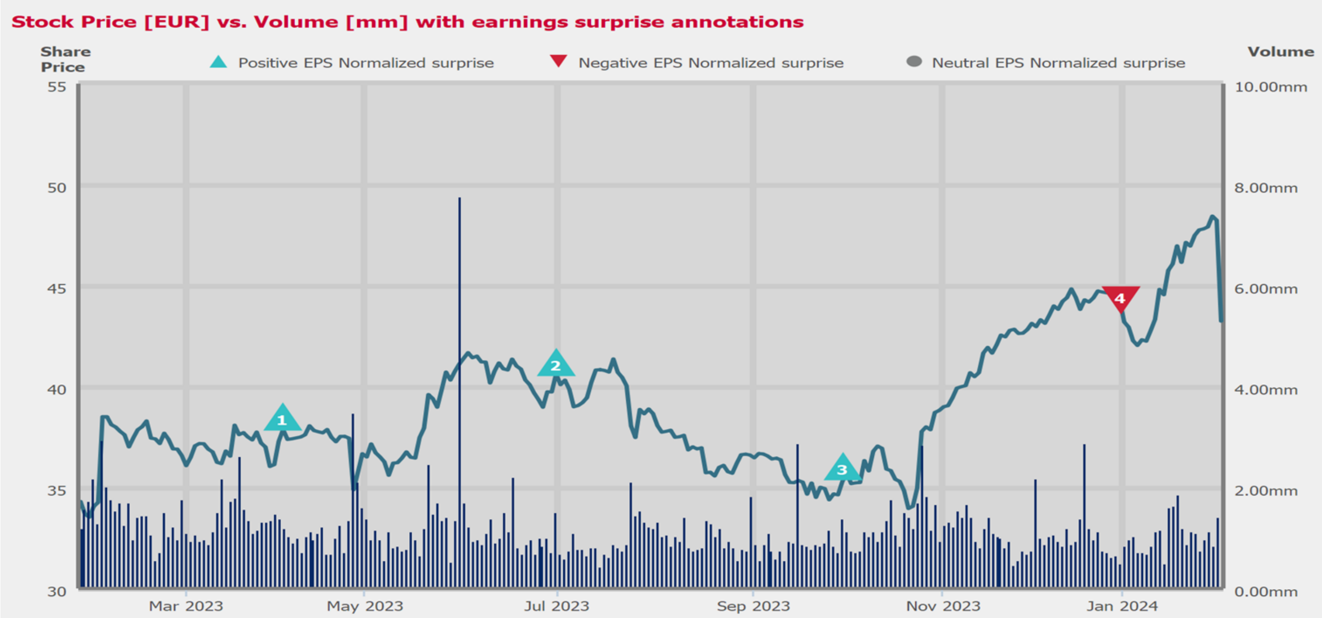
FQ4 2023 Earnings Call Transcripts

Thursday, February 1, 2024 9:00 AM GMT

S&P Global Market Intelligence Estimates

	-FQ4 2023-			-FQ1 2024-	-FY 2023-			-FY 2024-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS
EPS Normalized	0.37	0.36	(2.70 %)	0.29	1.20	1.20	0.00	1.31
Revenue (mm)	1666.45	1643.40	(1.38 %)	1519.80	5961.42	5951.40	(0.17 %)	6442.61

Currency: EUR
Consensus as of Feb-01-2024 7:36 PM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ1 2023	0.27	0.28	1 3.70 %
FQ2 2023	0.27	0.28	2 3.70 %
FQ3 2023	0.27	0.28	3 3.70 %
FQ4 2023	0.37	0.36	4 (2.70 %)

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Call Participants

EXECUTIVES

Beatrix Martinez
Vice President of Investor Relations

Bernard S. Charles
Executive Chairman

Pascal Daloz
CEO & Director

Rouven Bergmann
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Presentation

Beatrix Martinez
Vice President of Investor Relations

I'm Beatrix Martinez, Dassault Systèmes VP Investor Relations. And from the company, we have Bernard Charlès, Executive Chairman, joining us remotely; Pascal Daloz, CEO; and Rouven Bergmann, CFO.

I would like to welcome you to Dassault Systèmes Fourth Quarter and Full Year 2023 earnings presentation.

[Operator Instructions]

Dassault Systèmes results are prepared in accordance with IFRS. Most of the financial figures in this presentation, conference call are presented on a non-IFRS basis with revenue growth rates in constant currencies, unless otherwise noted. For an understanding of the differences between the IFRS and the non-IFRS, please see the reconciliation tables included in our press release.

Some of the comments we will make during today's presentation will contain forward-looking statements, which could differ materially from actual results. Please refer to our risk factors in our 2022 document -- universal registration documents published on March 17, 2023.

I will now hand over to Pascal Daloz.

Pascal Daloz
CEO & Director

Thank you, Beatrix. Good morning, good afternoon to everyone. It's always a pleasure to be with you at this time of the year, not only because it's the yearly results, but it's also a way to kick off the year. So thank you for joining, again.

So if we move to the 2023 and let's go straight to the points. We have delivered a revenue growth of 9%. And I think this growth is built on the momentum coming from the subscriptions. And you can see an increase of the subscriptions of 16% accelerating over the year because we are -- and Rouven will give more details, but we are lending at 22% growth for Q4 for the subscription.

At the same time, we have also delivered our profitability objective, achieving an operating income of 32.4%, while we continue to invest in our future, and we have a net hiring of 1,300 people this year. And on top of this, I think we have achieved our EPS objective of EUR 1.2, up 12%.

The key point is beyond these financial achievements, I think today marks a special moment, and let me share a few key points. Firstly, 2023 reflect the successful delivery of our 2018-2023 plan, the 5-year plan, where we had an objective to double the EPS to EUR 1.20. And this performance was achieved as originally planned despite the pandemic, which has an impact, if you remember, we are almost flat for a year, and we have been able to recover this. And despite also the geopolitical instability, including the fact that we have almost suspended the entire operation in Russia.

Secondly, I think it's also provided a very solid platform to embark our new 5-year plan to double EPS again to reach EUR 2.4 in 2028. And thirdly, I think this moment mark also an evolution in our governance, and I will come back to this and expansion of our horizon. In other words, I think today marks the beginning of an exciting new chapter for the company.

So first, I think I'm honored to take the role of Chief Executive Officer on January 1, 2024. Some of you remember me, 25 years ago, I was sitting in the -- with you guys. I made a long trip with Dassault Systèmes. And I think now I'm ready and proud to build on the heritage of Bernard Charlès. And you can see on this picture, I think Bernard was in a deal we shared for a very long time. And our plan is to recreate the deal for the next -- we put 3 points, so at least the next maybe 20 years.

It has been an inspiration behind Dassault Systèmes strategic move and transforming the industry. And Bernard has guided the company from a start-up to a global leader. So I think we have been working together for almost 25 years now. And I learn a lot from Bernard. In my different positions, you can see, talking from the strategy, expanding to the brands, managing the product line to finance in '18, becoming the Chief Operating Officer, the deputy CEO and now the CEO of the company.

And for all those this journey, I really want to thank Bernard for his trust and also for the guidance he gives me to build this journey over the time.

I think the most important, we share the same visions of virtualizing the world and helping our customers to harmonize the product nature and life, and we are committed really to make this happen for all the industries we serve.

I think Bernard is now Dassault Systèmes Executive Chairman. And every day, you can conform him to energize the company with his amazing talent to imagine and shape the future. So I know Bernard, you are connected. Maybe you want to say a few words?

Bernard S. Charles
Executive Chairman

Yes. Thank you. Hello, everyone. And thank you very much Pascal for your warm word. I have to say that I'm impressed with Pascal's engagement to bring value to the giant customer base we have. And this is the most important thing, always what we have been doing since the inception as a system, has built a solid long-lasting foundation on a long-term view, both in relationship with clients and the way we work with them. Therefore, Pascal and his team is really ready to do the same value creation for this large customer base that is our heritage. So I am in a good position as Pascal said, to follow [indiscernible] and Charles Edelstenne on really the track record, hopefully.

So what will I do in my new role? First, as Pascal said, as Executive Chairman of the Board of Directors, I will ensure the executive team enjoys the same freedom to pursue innovative strategy as I had for so many years. I will, of course, also bring ideas to the strategy, on the research team, so they can integrate them if they want and Dassault Systèmes continue to have the best business reputation connecting with global institution on selected friends from the customer base with whom I enjoy long lasting, strong relationship. So it's really a joy for me to do the deal with Pascal.

Over the past years of my professional life, I have been motivated by a constant commitment to inspire -- inspiring significant transformation of the industry, and we are at the top. And I think that this is so crucial even more today for health, mobility, energy on many other sector of the economy to reimagine a new balance of innovation with responsibility towards nature and society.

We have always been a key player in some way for the last 40 years to redefine what the industry could do and help them go there. I think industry is an important part of the society. Our legacy, combining science and industry knowledge, is crucial therefore, for the upcoming transformation. We call it the metamorphosis that should apply to all those industries to be more sustainable. And I think that the genes of Dassault Systèmes lies on its ability to translate a dream into reality and to drive science-guided imagination.

There is more to be invented to advance our mission. In the last 3 years, Pascal and I had a special moment to grow the future of Dassault Systèmes and to establish the strongest possible base to imagine 2040 horizon. So I know and I wish you, Pascal and all your team, the best good luck. And back to you.

Pascal Daloz
CEO & Director

Thank you very much, Bernard. And again, thank you for continuing to work in the role to continue to develop this fantastic company, which is Dassault Systèmes. So 2024 marked an important stage in our strategy as we are introducing these new horizons. We call it the generative economy. And this is the horizon for 2040.

Indeed, I think we anticipate that the global economy is entering in a new era as the experience economy and the sustainability -- the sustainability of the sustainable economy, I should say, are converging. And I think we aim to be the catalyst and the enabler to make this new generative economy a reality.

So for Dassault Systèmes and also for our customers, I think we will create new possibilities in terms of market audience portfolio, just as we did a decade ago with 3DEXPERIENCE. Remember in 2012, we stated that product is not longer enough. And we open up the experience economy center on the product usage. We define experience as an extended view of the products taking into account the context of use.

And in 2020, we went a step further. We declared that we are shifting from dreams to life. And we extended the virtual 3DEXPERIENCE to the living organisms, including the human being, and this was opening a new market for us.

In 2024, I think it's time for us to accelerate the shift from live to things, but we also need to better life of things. And this is the driving principle of what we call the generative economy.

So what does generative means? It's not generative AI. It means that generative is the method of life. Imagine self-healing materials, imagine customers that can grow product rather than manufacture them. Imagine net positive business model giving as much as back to the society, sorry, than what they take away. I think this is what we put behind the generative. So generative for us is a solution to consumptions.

And you know that the consumption model is not sustainable because customers just cannot afford to consume resources and energy that tend to be scarce or at price. And the belief we have is the industry can be the solution for the sustainability. It's not the problem. As soon as we can reach a new balance, and this is the reason why we have the strong conviction that all the industry will have to go to this metamorphosis, change the way they operate in order to be much more sustainable.

And we have and we are mission-critical for the businesses to imagine, create, deliver generative experience for their consumers, their patients, their workers, their citizens and at large, the society.

This metamorphosis cannot be achieved by leveraging the virtual world to improve the real world. And virtualization is really the catalyst and the enabler for the generative economy.

Now I think we want to push our virtual twin approach that is virtual twin experience approach a step further. Let me give you a few examples. When you speak about mobility, it's not only about device. It's about environments involving passengers, vehicles, building, air qualities. When we speak about cancer, it's not only about the cell. It's also the effect on an organic process.

So for all of this, I think we have to connect many virtual twin together. And this is what we call universes. Each universes, to make simple, it's a combination of family of virtual twin experience. And we call it universes because we unify multiple virtual twins. They unify all the stakeholders, they unify the knowledge and the know-how. And unlike the metaverse, we are not creating a parallel work. Unlike the Omniverse, we do not want to create a world of controlling everything. With universe, what we want to do is simply unify the virtual and the real in order to reveal the world of possibility and generate the experience.

So the question at this stage is probably what is -- or what are our levers? And to summarize it, I think it's relatively easy. It's only one word is make it full loop. Why so? Because if full loop is really the method for building the universes.

For 40 years, Dassault Systèmes has the pool of innovations which is the left side of the slide by guiding innovations from design to manufacturing to product introductions and so on. Today, we are expanding this gourmet into an infinite loop by seamless connecting the virtual and the real with the real world data. And this is really opening up new possibilities such as giving life to the things.

So when the virtual twin is connecting with the real flow of data automatically, you are giving life to the virtual object. We are also generating multiple life of the things. So giving life to the thing means that we are pouring by the real world of data, our virtual twin, in order to transform them into a multidimension if you want. Imagine the car today, they can monitor and optimize the real life of the car with their virtual counterparts.

In addition, I think we can give possibility for things to have multiple life because the waste are becoming resources for new products. This is the basis of the new generation of product life cycle, the PDM, if you want, of the 21st century.

And I think we have invented the product life cycle management in the '80s. I think now we want to generate multiple cycle of life for the things. And doing so, we aim to leverage the power of the numbers in order to broaden our value proposal, to extend the audience we can reach to all the business users to the consumer, to the patient and to the citizens and for all the physical objects to have a virtual twin attached to it.

So this is substantially broadening of our addressable market. You remember during the Capital Market Day, I was making this statement that our addressable market or total addressable market is expanding to not only more EUR 100 billion, but trillions because you could assume that all the physical objects, all the things surrounding you will have their virtual counterparts. And this will be used real time to do things. That's the bet we are making for this long-term horizon.

Now let's move on the successful delivery of the 2018-2023 plan, doubling the EPS. And why I want to spend a few times because they are also highlighting some fundamental transformation that have occurred in the past 5 years.

First, we have doubled the EPS but with interesting balance between the organic and the inorganic growth. And you can see that 2/3 is coming from the organic growth. So do not conclude that we have achieved our plan because we made significant investment acquiring MEDIDATA or CENTRIC PLM. They are contributing, but the vast majority is coming from decision we took long time ago. And one of them is the 3DEXPERIENCE platform. Remember, the 3DEXPERIENCE platform I've been introducing on the market since 2012.

In the last 5 years, we have simply doubled the incremental contribution of the 3DEXPERIENCE platform to the growth. Now is -- it represents a yearly around EUR 1 billion -- a little bit more than EUR 1 billion.

The second thing, I think, is the cloud. And remember, when we started in 2018, many of you doubt about our ability to move to the cloud. We have multiplied the contribution of the cloud revenue by 40x from EUR 30 million to EUR 1.2 billion. There is a significant part coming from MEDIDATA for sure, but the rest is growing extremely fast at a triple digit.

The last point, which is probably the most important because it was the title of the press release, which is, I think we are embracing at large the subscription business model. And over the last 5 years, we have multiplied by 4, the contributions to the subscription revenue, and now we are a little bit less than EUR 2 billion.

So -- and finally, I think the most important also for the future, I think we have completely deleveraged the company, and we have been able to reimburse the significant checks we signed for the acquisition of MEDIDATA in the 3 years. And now we are starting with a net cash positive situation at EUR 600 million, which is giving us room to maneuver. That's one side of the equation.

The second one, which I think is probably more important, we act as a game changer in many, many industries. And as a result, you can see either we have reinforced our position or we have established very strong dominant position in segments where we have almost no footprint a few years ago. And this is, as you can see, the dividends in the EV segment. We have now a stronger presence than we used to have in the traditional thermal vehicles.

It's also the case in licenses where we had, you remember, limited presence. Now we are becoming extremely dominant. And in the infrastructure and cities, we are still a challenge. Nevertheless, if you look at our strategy, we are focusing on very high-growth segments and the nuclear is one of them with the vast majority of the projects around the globe being developed with our solutions right now.

Now let's step in, in the generative economy because we want to continue to be the game changer. And for that, we are obviously betting on significant changes or transformation happening in the 3 sectors of the economy we want to serve.

Starting with the manufacturing industry. I think this sector represents a volume of over 40 million companies worldwide. This market is enormous when you think about it. And it's far from being saturated. So despite everything you can read, despite every statement that could be made by a certain competitor, we have the largest install base with 350,000 competitors. The manufacturing sector by itself is representing almost 300,000. It's only 2% of the penetration of the market.

The second thing is if you project yourself by 2030, you have a little bit more than 1.3 billion people will move into the upper class. Why? It's a benefit for the society, but there is a downside also for this, which is the environmental impact. Because it's an imperative for the manufacturing sector to transform itself to continue to offer product and experience to consumer, while at the same time, we are preserving the environment. Those are really fundamental, I would say, trend we want to capitalizing to develop and continue to enlarge our footprint.

In the life sciences and health care sector, I think our mission aligns collectively well with the preciousness of the life itself. Today, you have 8 billion people on Earth, and our goal is really to extend beyond treating the illness and to be much more focusing on sustaining, if you want, the overall health, moving from cure to care. And I think the generative economy represents a real opportunity to forge new partnerships to the real data scientist therapeutic innovation to pioneer groundbreaking medical care experiences, address complex challenges like chronic diseases, aging population, the global health issues. And this is really what we want to do to redefine this still fragmented market with a new game-changing approach.

In infrastructure and city sector, environment is relatively simple. The biggest challenge is decarbonation. Given the fact that these sectors by itself represent 2/3 of the global carbon emissions. So as a consequence, sustainability has gained a lot of prominence, I would say, in governmental and corporate agenda with the commitment to triple the nuclear capacity to shift toward clean energy investments, to innovate in new materials, to change the technique -- the construction technique in order to enhance the energy efficacy of the building. So those are many things happening in these sectors. And I think we stand ready to contribute significantly to achieving this ambition goal in the sectors.

To highlight this, I think there are recent customer case I want to use, highlighting the -- what is happening in the 3 sectors of the economy. The first one is BMW. And I'd like to start with the manufacturing industries and especially to focus on transportation and mobility because you know that our 3DEXPERIENCE platform has gained a lot of momentum and we have one many, many -- I could share in the last few years.

Just to give you some things, just only in 2023, we signed significant contracts in transportation and mobility. Jaguar Land Rover, Orono, Tarek Sherif, Ford, Honda, even General Motors, just to name a few. This quarter, I think we are extremely proud to announce that BMW has selected the 3DEXPERIENCE platform for its future engineering platform. And it's extending our long relationship we have with them because we started a long time ago. They had already 405 customers. And now we are expanding for the next 10 years.

And as Rouven was mentioning to me this morning, if I -- they wanted to sign a 20-year agreement with us, but we said let's focus on the 10 years first. And this is a major success, especially if you consider that this client remain in Germany, a pioneer in the enterprise-wide adoption of the 3DEXPERIENCE platform.

The strategic move involved a sustainable increase of the number of users. And you know if you have a chance to discuss with the BMW people, they will -- they recognize us by the wide usage of CATIA V5, 3,000 people using CATIA V5 within BMW. And with this plan, we want to expand to 17,000 3DEXPERIENCE users over the time. So it's really a game-changing thing.

And this number, for me, it's an evidence of our ability to expand through our engineering platform across the multiple discipline. Another game changer is really the ability to address the complexity of the connected, the autonomous vehicle engineering. Remember, between an EV car and a traditional car, you only have 10% pieces in common.

The rest is brand new. And we want to do this with a new concept, which is to deliver a personalized experience. And I think in addition, BMW is also aiming to reduce the engineering to manufacturing cycle time. And it was an interesting thing because they did a lot of benchmark. The benchmark almost all the solution on markets. And during this evaluation, just to take an example, we were able to demonstrate that for the chassis between the cycle, between the engineering and the manufacturing loop, it used to take 4 days, and now we are capable to do it in 3 minutes. So this is really a game-changer and this again demonstrates our ability to reshape completely the processes.

But beyond this financial point, I think the most important is our ability to be game-changer in this industry where the new paradigm is emerging as the software-defined vehicles is becoming the norm. And I think most of the automakers are adopting the 3DEXPERIENCE platform to create this personal experience I was mentioning.

And the value we bring goes far beyond the platform and far beyond the collection of functionality. And that's the reason why on the slide, usually, I like to put the name of the solutions, Global Modular Architecture, smart, safe and connected, efficient and multi-energy platform. Those are the challenge -- the challenges the industry needs to fix.

But it's not all. I think if we move to the Life Sciences, there is something new happening. It's really groundbreaking. It's the application of the virtual twin in the drug development. You remember when we come together with MEDIDATA, it was the bet. But at some point of time, the virtual twin will become a norm in this industry. And now we start to have the real kick.

Biogen, you know them, it's an American biotech, and they have chosen the 3DEXPERIENCE platform on the cloud to develop the new drug for neurological disease. And this is interesting because it involves the modeling and the simulation of the drug and at the same time, the delivery to the breakthrough injection.

And why it's an interesting case because the steps include creating a virtual twin of the brain and the spiral columns to understand the drug delivery using the twin that you have in the spin-up, the terrible spin-up. And this is extremely important because this is avoiding preclinical in vivo testing, and it helps also to determine the optimal location for the injections for the drugs in order to reach a difficult area, which is the brain.

It's a breakthrough because, again, we are pushing the boundary of what is really possible. And we are connecting 2 virtual twins together, one for the drugs, the other one for the brain and the spiral column and to validate the effect. And I think this is a good example of what we call universes, right? Remember, the universes is really how you connect virtual twin together in order to have the 360-degree view, if you want, of the new experience you want to provide.

Moving to Infrastructure & Cities. I think we also had some interesting win this quarter. And I took this one, steel. Why steel? Because steel is still a ubiquitous -- I mean, it's a prime example of the materials with significant impact on the environment. And steel is used in many industries, such as construction, automotive, and it contributes to -- significantly to the carbon emission.

So this is why H2 Green has chosen us to become, I would say, the backbone of steel production, reducing by 95% their CO2 emissions, their CO2 footprint. And this is clearly underscores, if you want, the role of the decarbonation as a driving force for this sector to adapt our solutions.

Now to conclude, and before to hand over to Rouven, let me wrap up. First, we embarked on a new 5 years' plan. And once again, the idea is to double again the EPS by 2028. I think we are well positioned, strategically speaking, to leverage the vast market we are creating with this new horizon, the generative economy. And I think we have many, many opportunities to continue to expand.

Third, I think we are differentiating ourselves in the market by combining our scientific approach with the industrial know-how and to a certain extent, we are very unique in the software industry. And we are also differentiating ourselves by coupling, if you want, the simulation and the modeling technologies with Generative AI. And I think this is setting us apart to play a critical role to tackle these opportunities we have in front of us.

So now it's time for Rouven to come on stage and to say a few words about Q4 and the full year performance and also the outlook for Q1. Rouven, you have the floor.

Rouven Bergmann
CFO & Executive VP

Thank you, Pascal. Thank you, and welcome also from my side to all of you here in Paris and to everybody listening to this online. Let me turn our discussion now to our fourth quarter performance across our geos and our product lines.

You see Europe had an excellent quarter and year with 15% growth and 14% growth, respectively. And most importantly, the growth was broad-based, and it was driven across industries and multiple end markets with double-digit growth driven in Euro West, in Euro North and also in Euro Central.

Specifically, as you heard from Pascal before, we had a strong positive shift in momentum of 3DEXPERIENCE adoption [by turbine] by BMW and Bosch, expanding our relationships in the fourth quarter.

In the Americas, our revenue in 2023 was up 7% for the year, while Q4 was rather muted due to a strong baseline comparison. The growth dynamics, however, in the Americas remain very resilient and were evident with strong growth in T&M and Aerospace with Ford signing a new 3DEXPERIENCE deal and Lockheed Martin expanding the usage of the 3DEXPERIENCE platform.

In 2023, the Americas region shifted fast to embrace the subscription model. And in fact, subscription has surpassed upfront license revenue by a factor of almost 2 on top of MEDIDATA. This is providing a strong basis for future expansions in this region.

In Asia, revenue growth was 3% for the year and mainly impacted by the volatility, which we experienced in China in the first half of 2023. The second half, however, and despite continued challenging macroeconomic conditions, we experienced growth in China, growth actually accelerated. It is evidenced by an upward trend of 6% growth in Q3 and a strong 14% growth in Q4. For the year, the growth in China was resilient at 5%. India delivered a growth of 18%. And Japan and Korea were rather soft.

Now let's review our product line performance. Industrial Innovation delivered an outstanding result with double-digit growth for the year and in Q4, representing now 54% of our software revenue. As evidenced by the strong numbers, 3DEXPERIENCE is delivering the multiplier effect accelerating the growth in CATIA, SIMULIA and DELMIA. They're all up double digit throughout the year, while our Data Science business is accelerating to even 20% for the year.

In 2023, the subscription revenue surpassed the growth, contributing from the -- in 2023, the subscription revenue surpassed the growth contribution from upfront license revenue. We see the strong momentum in subscription costs here.

For Mainstream Innovation, we reported 7% growth, and now it represents 24% of total stock of revenue. I would like to draw your attention on 2 key drivers. First, the SOLIDWORKS business model, it is accelerating the shift to subscription, highlighted by almost triple-digit growth year-over-year. The annual run rate for subscription has reached EUR 100 million in revenue and is at a speed to double again.

Second, we are redefining the PLM category for the consumer industries. The momentum of CENTRIC PLM is gaining strength again in Q4 and is delivering a record 2023. We are now signing a large enterprise-level deals. We spoke about Audi and Decathlon on previous calls. And this quarter, we signed multimillion-dollar deals with iconic brands such as [Wilson, Fila and Pitibato].

In Life Sciences, revenue or 6% for the year accounted for 22% of total revenue. And in the quarter, the 2% growth is mainly associated with 2 effects. First, a high comparison base; and secondly, the slowdown in study starts as discussed over the last quarter.

However, brought into note, the total revenue of MEDIDATA for the full year 2023 was up 10%. This includes services revenue, adding about 3 points of growth on top of the software revenue. These are high value-added services related to the design, launch and conduct of studies, including operating decentralized clinical trials.

It's a kind of a service as a software, a model that we put in place during COVID to scale mega trials. We continue to support sponsors such as Moderna and partner in this model.

Now let's zoom in to discuss the volume impact of clinical trials start and associated market share in a bit more detail. This should help you to better frame the path of how we will reaccelerate towards double-digit growth in the future.

Overall, since the peak of COVID, volumes in clinical trial starts have declined by about 5% in '22 and 10% in 2023. Essentially, we are now back to the trend line of 2019 growth, and the COVID bubble is behind us, as you see in the chart on the left top.

Important to highlight, in this period of volume compression, we actually gained market share of approximately 1 point on average for new study starts and about 4 points for the large-scale pivotal Phase III trial. However, despite these ongoing market share gains, the strong volume reduction in 2022 and 2023 impacts the overall growth of MEDIDATA, which is visible in the 2023 software revenue number.

As you project 2024, we expect volumes to return to normal to pre-pandemic growth levels. However, as for the revenue growth, we still need to absorb the volume compression residing from the COVID bubble because changes in volume of study start typically convert to revenue with a 6- to 12-month delay.

In 2025, this volatility in revenue will be behind us in the asset to return to double-digit cost. We have a strong basis. We are winning market share. We are science-based. We offer the most comprehensive platform to design, launch and conduct advanced trials.

On top, we are expanding our share of wallet through AI, decentralized trials and integrating data management with a larger healthy ecosystem. This positions us clearly as the leader as evidenced by the fact that 75% of novel drugs have been developed with our technology, as you heard from Pascal before.

Now let's switch to the mainstream opportunity. In 2023, CENTRIC PLM continued its path of establishing its global leadership position. With 120 customer wins in 2023, including the largest 2 deals in its history in 2023 of Audi and Decathlon, CENTRIC PLM has confirmed its strong diversification, which goes way beyond fashion and apparel with strong wins in outdoor and sports, food and beverage, cosmetics and consumer electronics. By expanding from brands to retailers, it also opens a path to future expansion towards communities.

As you can see, we are well positioned to continue to execute on our strategy of building a significant course opportunity. CENTRIC PLM is not just collections management. We're expanding to a business platform that serves as a backbone for e-commerce. Consequently, the growth potential is significant with a path of creating a $1 billion-plus business in a new category of PLM.

Now let's transition and review the financials for the quarter and for the full year for the company. We delivered on all our financial targets in 2023. Total revenue grew 9% and EPS 12%, showing the anticipated acceleration in the second half. This is evidenced by Q4 recurring revenue up 12%, driven by strong momentum in subscription revenue growth of 22%. These results underscore our commitment to evolve our business model towards subscription, aiming to increase the share of predictable revenue.

Subscription revenue now accounts for 44% of total recurring revenue, which is up 3%, and we expect this share to continue to increase at this rate, as we discussed during Capital Markets Day. It also reflects that we are focused on executing our strategy to expand the value of the 3DEXPERIENCE platform as a platform for innovation and business applying the subscription model.

In 2023, we saw this trend accelerating by increasing share of large 3DEXPERIENCE wins with broad-based adoption across geos and industries as well as an acceleration of the transition to subscription at SOLIDWORKS.

Consequently, recurring revenue for full year now accounts for 80% of total software revenue, increasing the share of predictable revenue from 78% last year. Upfront license revenue was up 2% for the year, highlighting that subscription transition is progressing fast and there's a strong comparison base in 2022. Together, upfront license and subscription are up double digit, 11%, versus last year, which is reflecting very solid organic growth. Services revenue was in line with the overall trend up 10% for the year.

Throughout 2023, we focus on improving our profitability, finishing strong with Q4 operating margin at 35.9%, up strong 160 basis points ex-FX year-over-year and on EPS of our -- of EUR 0.36, representing an increase of 40% year-over-year. As a result, we delivered an operating margin of 32.4%, highlighting the disciplined resource management throughout the year which most importantly, will continue to provide the flexibility for future investment. As for EPS, Pascal highlighted the 5-year plan achievement earlier this morning, doubling EPS to EUR 1.20 compared to 2018.

Now let's review briefly how we performed relative to the objectives for 2023. Total revenue was in line with our guidance, slightly below midpoint by EUR 3 million, excluding currency, which had an impact of EUR 10 million. The lower software revenue was offset by a higher growth in services. Operating margin at 32.4% at the midpoint, excluding the impact from currency.

More importantly, we continue to invest to support our strategic initiatives with a net headcount growth of 1,300 for the full year, except the strong basis for continued margin improvement in the future. As mentioned earlier, EPS was EUR 1.20, which was also driven by solid operating performance and strong financial income in Q4.

To summarize, the financial model of Dassault Systèmes is working and the transition to subscription and cloud is well underway and is set to accelerate in line with our 5-year plan.

Now to the growth drivers. As highlighted, we are accelerating our path to subscription revenue growth, hence, which provides greater visibility and resiliency. 3DEXPERIENCE revenue rose 21% in Q4 at constant currency. This marks a new all-time record with 3DEXPERIENCE at 42% of addressable software revenue. For the full year, 3DEXPERIENCE revenue grew 19%, representing a share of 36% of addressable software revenue. Over 2/3 of the growth is driven by deals larger than EUR 3 million, highlighting the strong value potential in our installed base.

Cloud revenue grew 12% in 2023. And as anticipated, while MEDIDATA growth contribution remained lower this quarter, 3DEXPERIENCE Cloud continued fast growth in Q4, building a run rate of reaching EUR 200 million. The growth in 3DEXPERIENCE Cloud reflects a strong contribution from new customer wins, and the cloud is now representing 24% of our full year software revenue. We are confident that we will further capitalize on the momentum of these course drivers to continue to capture market share in 2024 and beyond.

Now turning to cash flow and balance sheet items. Cash and cash equivalents totaled EUR 3,568 billion compared to EUR 2,769 billion at the end of 2022, which reflects an increase of EUR 799 million. At the end of the quarter, our net cash position totaled EUR 578 million, an increase of EUR 803 million versus net financial debt of EUR 227 million in December 31, 2022. It clearly highlights the disciplined and efficient capital allocation we have in place and a strong path to deleverage since the acquisition of MEDIDATA.

Now let's look at what is driving our cash position at the end of the fourth quarter. We generated EUR 1,565 billion in operating cash flow for the full year, an increase of 3% versus last year. The changes in operating working capital reflects growth in business and timing of invoicing, which we will expect to catch up in 2024. The nonoperating working capital is slightly less favorable due to the timing of cash tax payments and onetime cash tax effects. This will have a reverse positive effect in the next year.

To sum up, operating cash flow was mainly used for the cash dividend paid in Q2 of EUR 276 million. The net purchase of treasury shares for a total of EUR 162 million and investment in CapEx of EUR 134 million and repayment of lease liabilities of EUR 89 million. Lastly, the FX impact was about EUR 68 million versus last year.

Now let's turn to our fiscal year 2024 objectives. For the full year 2024, we initiated our objectives with a growth rate of 8% to 10% for both software revenue and total revenue. It reflects an acceleration of our subscription revenue growth at 17% to 19%. As you see evidenced in our 2023 performance, the shift to subscription is broad-based and well aligned with our growth drivers of value up leveraging the 3DEXPERIENCE platform and large transformation deal activity, evidenced in the second half 2023 momentum with JLR, Ford and BMW and in our pipeline for 2024.

CENTRIC PLM is based on a powerful diversification and platform expansion strategy, which is set to continue a high double-digit growth rate. And lastly, we are taking into account the temporary slower contribution from our Life Sciences business. Precisely, we expect the software revenue contribution for MEDIDATA to be low single digit to flat before returning to double-digit growth in 2025.

Consequently, we will continue to take market share and expand the offering on virtualization of the entire drug life cycle, as highlighted by the Biogen example or MGEN case in 2023. On this basis, we expect double-digit growth of our recurring revenue in 2024 in the range of 10% to 11%.

We expect our upfront license revenue to be in the range of minus 1% to plus 3%, and Services revenue growth is expected at 9% to 10%, in line with business growth. We further expect the full year operating margin to be in the range of 32.5% to 32.8%, a year-over-year improvement of 30 to 50 basis points ex-FX, reflecting the continued disciplined OpEx policy while investing to sustain our future growth. Essentially, we are returning with the operating margin to the 2022 operating margin levels ex-FX. Considering the above, we target our diluted EPS to grow 10% to 12% ex-FX in 2024.

And now for Q1, let me provide some additional insights which will help you to model the starting point of view. We target growth at constant currency between 7% to 8%, assuming subscription cost of 14% to 15% and upfront license revenue between minus 3% to plus 2% growth.

In terms of profitability, we expect the operating margin to be in the range of 30.6% to 30.7%, improving marginally year-over-year, and a double-digit growth of diluted EPS at EUR 0.29 to EUR 0.30. For additional information and to review what we've discussed, I will refer you to please review today's earnings presentation.

Now in conclusion, we have achieved all the financial objectives in 2023. Our strategy is working as demonstrated by the momentum in subscription revenue growth and margin acceleration. This is putting us back on track to deliver consistent cash flow and operating leverage in the years to come.

In 2024, we continue to focus our investments on executing our strategy to sustain strong revenue and EPS growth. This is what we are committed to deliver, reflected in our next 5-year financial objectives.
Thanks again for joining us this morning. And now Bernard, Pascal and I look forward to taking your questions.

Question and Answer

Beatrix Martinez
Vice President of Investor Relations

And we'll start with questions from the room.

Nicolas David
ODDO BHF Corporate & Markets, Research Division

The first one is on MEDIDATA. So if you were expecting that. I understand the explanation is what [indiscernible] what has changed compared to the initial trajectory you were taking for Q4 [2050] expecting, software growth to be better than it was what it has been? And I don't think you are expecting growth to be flattish in 2024. And it's a bit surprising to see MEDIDATA expected to grow slower in '24 than it was in '23. So maybe could you come back on that?

And second question is regarding SOLIDWORKS. So pretty pleased to move to subscription, which I think is positive, but could you give us some color about the timing of the inflection point we could see regarding this move when it shall -- that will be positive for SOLIDWORKS growth? Is it somewhere in 2024 or '25 or beyond?

And could you also do -- could you give us some numbers regarding the underlying bookings and those elements? I know you monitor all of that.

Pascal Daloz
CEO & Director

Thank you, Nicolas, for the question. And so on MEDIDATA, the most important part besides what I explained is we're winning market share in an environment where the study volumes are in compression. And that's due to the COVID bubble that was created during the years 2020 and 2021. In fact, the decline in study starts has accelerated in 2023. And now we have to absorb or digest this volume decline in our 2024 revenue.

It started already in 2023, as you see in the numbers. But for 2023, to come back on the revenue growth achievement, we delivered 10% total revenue growth for the year versus a very strong comparison double digit. That's what we committed to do.

In Q4, we had very strong momentum in Services. We had the baseline that we saw for Q4 Software revenue, which gave us the visibility to the double digit for full year, which we committed throughout the year.

Now as we condition from 2023 to 2024, what you typically do, it's a backlog-driven business, right? That's already forward. You go through all the orders that you received until the order entry until the end of year-end 2023, you reconcile and the volume, the compression in 2023, we saw very clearly evidence with the partners. And their reduction in volume orders for single study start, of course, has an impact into 2024 revenue that is very hard to predict until they have closed out the year.

So we have been in 2023 in this environment, industrially speaking, our volume compression, COVID bubble that is coming down to the normalized growth trend of what we have seen pre-pandemic. And now we are back on this trajectory, but we have the overhang of the volume reduction from 2023, which impacts revenue in 2024 because there is a delay in revenue recognition between study starts and the timing of revenue recognition.

And we will be through this environment in 2024 to be back to double-digit cost on our plan in 2025. So that's the visibility we have today. Again, we are winning market share. We are setting up for growth in 2025, and it will be behind us in 2024.

Maybe one thing I should add also MEDIDATA is not the only thing we do in licensing. And more and more, the rest of what we do is taking a share. We had a significant win with the traditional paradigm approach. For sure, in the med device, it has been the case for a long time, but more and more in the pharma sector as well. And one of the domain, which is really having a lot of momentum right now is everything which is related to the production with the bioreactors. I think we are clearly signing sizable deals.

So maybe it's adjustment for you, Rouven, is when we are reporting to Life Sciences, it's also important to highlight the rest of the momentum because when we come together with MEDIDATA, the idea was to be able to do the drug development life cycle from A to Z, not only to do a piece, which is the one which is linked more specifically to the clinical trial. And the rest is going extremely well. That's the point.

Coming back to the question of SOLIDWORKS. I think you have the data. We told you it's almost reaching EUR 100 million. That's what Rouven said, and it's growing triple digits. I think you know how to do the math. And why we are explicit with this is because you remember, we say until it's material, we will not say too much. Now it's exceeding 10% of the total revenue of SOLIDWORKS. I think it's becoming materials. And given the dynamics, it's important for you to have this visibility.

The second question is because that's the question I think behind, is it enough to offset the, let's say, the deceleration on the license side. I think that's our bet of 2024, for sure. But one thing I can share with you, I was checking the pipeline compared to where we used to be in -- at the beginning of the year in 2023. We are in a much better position related to the mainstream market, specifically for SOLIDWORKS. We have more visibility. And we have, I think less volatilities coming from Asia, especially from China, right?

So if you do the sum, I think we are in a good position to deliver the growth, which is expecting and in line with the overall software growth for the mainstream. Laurent?

Laurent Daure
Kepler Cheuvreux, Research Division

Laurent Daure, Kepler Cheuvreux. I have 3 questions. The first is on your BMW win. I was wondering, given the number of users, this is almost as big as a GLR contract and especially the incremental revenue you will get on this one.

My second question is related to MEDIDATA. In the past -- last quarter, you were mentioning specifically the CROs to be the issue and the big pharma to still be doing relatively okay. Based on your comments today, that it means that now it's the entire industry that is software -- the CRO is even getting worse?

And my final question is there's been a little bit of swing on the free cash, lately. If we look at the next maybe 2 years, on average, do we have any reason to believe that the free cash flow will trend differently from the EBITDA growth?

Pascal Daloz
CEO & Director

I'll take the first one. So coming back to BMW, I think it's a little bit different from JLR in a sense, if you remember, JLR, they adopted 3DEXPERIENCE platform. I think it was in 2014. And when we renew our contract with them, we were expanding significantly, not only on the usage of the platform, but also all the discipline on top of it.

Having said that, if I do -- if I give you an order of magnitude, it's a little bit less if you accumulate the numbers over the period of time compared to GLR, but it's not so far. Why I'm saying this is because you could expect BMW to continue to buy on top of this.

The purpose of this contract is to migrate the V5 large install base we have into 3DEXPERIENCE platform and to get access to the 3DEXPERIENCE platform to all the different stakeholders, if you want. But on top of this, we will expand in simulation, we would expand in manufacturing, we will expand also in the advanced life cycle management capabilities. And this is not yet reflected in the contract. It's on top of.

Why so? Because BMW is buying in a different way than GLR. GLR, they wanted to have one single contract for all the different things. And then BMW, they still want to size and to basically plan the different module deployments over the time. That's mainly.

Rouven Bergmann
CFO & Executive VP

And coming to your second and third question, Laurent, absolutely, the impact is related to the CROs and the volume-related orders that essentially the visibility the CROs have and their orders have been reduced because of the lack of visibility and number of clinical trial starts.

So on the flip side, our business with our direct customer sponsors, the pharma industry at large continues to be strong and we renew our subscription contracts above par. And there are several examples for that this year with strong renewals. So it's really related to the volume and the CROs where this is coming from.

On the free cash flow, remember, we had, in 2023 -- coming from 2022 to 2023, a significant carryover from expenses of the hiring of 2022. So the operating income of 2% gross operating income in absolute terms, non-IFRS growing at 2%. And that's what you see reflected with the 3% operating cash flow and free cash flow growth. CapEx is fairly consistent, as you know. So we had to consume here as well, the cycle of COVID, right, where the margin spike, then it came down because we had to catch up, and now we are back to the normal trend. And that's what to be expected for operating cash flow.

We expect operating income next year to grow at 10%, and so is the operating cash flow. And that should be the case for also the next year.

Beatrix Martinez
Vice President of Investor Relations

If we don't have any more questions from the room, I suggest that we move to the call.

Operator

And the first question comes from the line of Mohammed Moawalla from Goldman Sachs.

Mohammed Essaji Moawalla
Goldman Sachs Group, Inc., Research Division

I had two. Firstly, on the Life Sciences, where clearly, you're taking a kind of more conservative view. Can you talk about perhaps some underlying kind of assumptions driving these changes and your confidence on '25 in terms of bookings evolution? And how should we think of the sort of the shape of that Life Science growth? I know you have flagged in the past that the comps are quite tough still in the first half of the year. So you build to that kind of low to mid-single-digit growth. How should we think of that trajectory, particularly in kind of Q1 and H1? Is there a possibility that on account of comps this growth could be kind of flat or down?

And then secondly, just in terms of some of these large 3DEXPERIENCE deals, thanks for the color on BMW, can you perhaps comment on the kind of the state of some of the other deals in the pipeline, how that's evolving? And any kind of color on the kind of shape and structure of some of these deals? And to what extent the closure of these deals is factored into your 2024 outlook?

Rouven Bergmann
CFO & Executive VP

So maybe I'll start with the first question, Mo. Thank you on adding the question on the forward-looking view on the Life Sciences business. You're right, the comps are tough in the first quarter for MEDIDATA and Life Sciences. We had strong growth in Q1. We factored that into our Q1 objectives. But you're right, we project into 2024 from a booking standpoint, we actually expect double-digit growth in bookings. And that will build the double-digit revenue growth in 2025.

Because remember, this is fully ratable revenue and bookings convert to revenue over time. And we have a strong pipeline -- supporting pipeline in Life Sciences at large, it's expanding outside MEDIDATA, as Pascal mentioned, but also for MEDIDATA that gives us a good view of double-digit growth in bookings for Life Sciences in 2024, which gives us the confidence to be back to double-digit growth in 2025 on revenue.

Pascal Daloz
CEO & Director

Related to this one question, let me step back a little bit and give you some flavor for the visibility on the pipeline we have for 2024. Again, I was comparing the pipeline at the same time of the year, a year before. I think we -- in terms of profile, it's almost the same, which basically mean the pipeline is backloaded. It's not unusual. You read that the pattern in the software industry and specifically for us.

However, the opening pipeline is much better. I mean -- and the reason is, in fact, as part of the pipeline for 2024, you have exactly what you say, we have a lot of transactions, which are follow-ups or the big deals we signed in the last 2 years on 3DEXPERIENCE platform. So another way to see it, we have a significant traction which is coming from the expansion of the installed base.

If you had the fact that on the volume side, we have, I think, a better visibility compared to last year. I think we have a certain level of confidence to achieve the goal we just shared with you.

Last comment is related to the weight between the license and the subscriptions, the split between the two. So I think on the large deals, it's relatively easy to figure out because we are, to a certain extent, it's an 18-month, sometime 12-month discussion. So we know if at the end, it will be subscriptions-driven or license-driven. And more and more, it's a mix, you know it.

For the volume, it's a little bit more difficult to predict because, for example, this year, we have been touched a little bit by surprise by the acceleration of the subscription in the volume market.

So anyway, what I'm saying this is because if I look at the pipeline, we are very well covered for the subscriptions compared to the objective we shared with you, and that's the reason why we have a certain confidence when we say the subscription will accelerate.

And we say 16% in average in 2023, and we are going to 17% to 19%. So I think it's a real commitment on our side, but we have the visibility for this.

However, it's a little bit more volatile on the license. And that's the reason why we are a little bit cautious for license and we say, let's put a big range, which is flattish. Combined for upfront Life Sciences and subscription, 11% to 13% strong double-digit cost.

Operator

And the question comes from the line of Toby Ogg from JPMorgan.

Toby Ogg
JPMorgan Chase & Co, Research Division

Maybe just firstly on the Q1 license guide. So minus 3 to 2, which does look low, particularly in the context of the minus 10% license decline in Q1 last year. Could you perhaps just help us with any sort of conservatism versus other factors that you've built into the guidance there to drive that?

And then just coming back again on the sort of MEDIDATA growth dynamics and how that sort of reconciles, I guess, with the 13% to 15% Life Sciences and health care midterm targets. Could you -- yes, just give us a sense for kind of confidence levels around that 13% to 15%?

And how we should think about the phasing of the different pieces, I guess, all the way through to 2028? Because I guess if you have lower MEDIDATA growth over the next couple of years, and that's going to imply a steeper acceleration in the sort of back half of the period. So any thoughts on that would be great.

Rouven Bergmann
CFO & Executive VP

Yes. Toby, absolutely, I'll start with the last one directly. For the MEDIDATA growth, I think I was clear, the message is back to double-digit growth in 2025. And we also expect that with the expansion beyond MEDIDATA into the broader Life Science and the health market, we should be able to expand and build on top of that double-digit growth for MEDIDATA. So the message again is the COVID bubble in 2024, which has to be fully digested before we are back to double-digit growth.

On Q1 guide, well, I think, in part, Pascal answered the question already before. But think of our pipeline is very strong to support our full year guidance. But clearly, it favors H2 over H1. That's the message. That's why we are a bit more prudent on the first quarter.

Pascal Daloz
CEO & Director

Yes. Just to complement what you say, Rouven, I think the situation in China is much better. But if you look at the profile, you remember last year, we were decreasing in China in H1. We're being at 6% growth in Q3 and 15%, 14% in Q4. But we still have volatility. So that's the reason why we did not put in the guidance the 15% growth in China as well.

And as you may know, the license contribution coming from China is significant, in fact. So that's also a way to read our guidance for the license for Q1.

Operator

And the next question comes from the line of Michael Briest from UBS.

Michael Briest
UBS Investment Bank, Research Division

A sort of related question around cloud. The ambition for EUR 2 billion in revenues in 2025. From my estimation, you need to grow 25% for the next 2 years. Given what you're saying on MEDIDATA, I mean, is that a viable target still? And maybe looking out to 2028, how do you see perhaps the profile of cloud being different? Is there going to be a bigger contribution from the sort of Industrial Innovation areas?

And then on price increases, inflation is beginning to moderate. Can you talk a bit about how prices are set to change in '24 over '23? And how much of the growth comes from that?

Rouven Bergmann

CFO & Executive VP

Thank you, Michael. First, to the cloud. The message is simple, the EUR 2 billion target is achievable, and we are on track. 2025 is what we said. Plus I gave a number of important elements of the cloud dynamic that we are having.

We see very strong acceleration outside of MEDIDATA for 3DEXPERIENCE Cloud in the mainstream market, but also in our installed base. Remember, the flexible hybrid model that we introduced in Q3 is a new way to accelerate the adoption of cloud in our installed base. It will come into full effect in 2024 and 2025.

I mentioned the 3DEXPERIENCE Cloud to be at a EUR 200 million run rate already. So it's more than -- it's about 20% of the total 3DEXPERIENCE software revenue and it's growing very fast. And if I put together the cloud business outside of MEDIDATA in total, and I project 2 years out, we are on a line to be north of EUR 700 million. So now you add that together with MEDIDATA. MEDIDATA back to double-digit growth in 2025, we are on track to the EUR 2 billion in 2025.

So that's -- these are the positive pieces, Michael, that are at play. You're right, the MEDIDATA slowdown has an impact on our ability to achieve that. But we are more -- we are compensating that with the growth in cloud outside of MEDIDATA when the dynamic is very positive.

The last point I would say is that we successfully are now qualified for -- to offer highest level of sovereign cloud standards with Sovereign Cloud and FedRAMin the United States. And there's an increasing demand for sovereign cloud infrastructure. And that's an area where we will be focusing on playing very diligently, which is another lack of growth in our business for cloud, for sure.

Pascal Daloz
CEO & Director

Can I add one thing, please? Because I remember, I was the one who set up this target, 1/3 of the revenue of the cloud in 2025. I did it in 2020 when no one was expecting us to be at this level.

Why I'm saying this? Because at the end, it's only a point on the curve. The entire purpose for us, as you say, is to have the vast majority of the revenue to be on the cloud at some point of time. There is only one thing we are not mastering is how fast our customers they are migrating to the cloud. The problem is not the solution. We have them. The problem is not the infrastructure. As you say, we know how to do hybrid model with sovereign and nonsovereign piece. The problem is not having the business model or the contractual framework. It's done.

But however, you still have to figure out that it's something which is not fully dependent on Dassault Systèmes. Why I'm saying this because every problem is giving the reinsurance that in 2025, we will be at the target. Won't care if it's in 2026, frankly speaking.

What is the difference? It will be a big problem, again, I'm telling you guys, we will not be able to have the vast majority of our revenue on the cloud. That's not the point. So just keep this in mind because I remember very well when I set up this KPI, it was, at that time, we had less than, if I remember well, 5% of the total revenue that was cloud-based. And I say...

I think there is a second question, Rouven, related to pricing.

Rouven Bergmann
CFO & Executive VP

Yes. On the pricing, of course, following COVID and the inflation, I think we did a very good job to protect us with price increases that offset the cost -- rising cost infrastructure and inflation. We will continue to see that benefit in 2024.

As you know, price becomes effective over time as renewal cycles are catching up on the new prices. So we still expect a good portion of that in 2024 as a carryover positive effect from the price increases in the last 2 years. Plus in 2024, we have implemented a price increase but at a slightly lower level than in previous years.

So we continue to be focused on making sure that there's a parity of value between what we offer and the value that we are creating with our customers and that we properly reflect that in our prices. So that's the issue.

Operator

[Operator Instructions]

And it comes from the line of Gianmarco Conti from Deutsche Bank.

Gianmarco Paolo Conti
Deutsche Bank AG, Research Division

I guess I can ask one, it would be probably if you could help us understand perhaps how does the guidance breakdown to the various components such as Life Sciences, Innovation and Mainstream? I appreciate you've given color already on MEDIDATA, but it would be good to also understand the other moving parts. And also, if you could give us some color on the software growth, excluding MEDIDATA into 2024, that will be great.

Rouven Bergmann
CFO & Executive VP

All right. Maybe I -- so the part was on key elements of Mainstream Innovation -- of Industrial Innovation in the mainstream sector as far as I understood the question. So I think I referred to this. The big growth drivers in Mainstream -- in Industrial Innovation are CATIA, growing double digit; SIMULIA, growing double digit; DELMIA manufacturing, growing strong double digit; and Data Science net wise over 20% for the year. So these are the main drivers of growth.

As we see -- as we talked about during this call, a strong momentum of our customers shifting to the 3DEXPERIENCE platform and expanding multi-domain. That's what's driving.

On Mainstream, we talked about the dynamics of SOLIDWORKS, which are very, very strong on subscription growth acceleration. And of course, it has -- it's muting the growth on the license and the total revenue growth for SOLIDWORKS is mid-single digit. While we see very strong growth for CENTRIC PLM, which is accelerating throughout 2023, and we expect good momentum for 2024.

So for the software revenue part, I think you asked one more clarity of software revenue for the Life Sciences sector. In our disclosures for product line reporting, it is software revenue-related. So you have the software revenue numbers here. And the part that we are adding to give you a bit more qualitative understanding of MEDIDATA's momentum is we have to look holistically as a total revenue base for MEDIDATA because they are important incremental value-added services that are differentiating our offering for which there is a high demand, and they are also high-margin. And they added 3 points, of course, on top of software to the 10%, of course, at MEDIDATA.

Pascal Daloz
CEO & Director

So can I add one thing?

Rouven Bergmann
CFO & Executive VP

Yes.

Pascal Daloz
CEO & Director

It's important for you to keep in mind that we are differentiating ourselves compared to our peers with this Services approach. The vast majority of our previous, they provide the technology, the platform to collect the data for the clinical trials, but they do not do -- I mean, they do not have the skills because they do not master, if you want the domain which is the clinical trial by itself.

So for certain companies, and you mentioned Moderna, we are the one running the clinical trial on behalf for them. And on top of this, using our AI capabilities, the Gen AI capability, we extract the insight. So not only we have the domain, but we also have the therapeutic expertise. And that's the reason why when Rouven is telling you it's a high value-added services, it's almost equivalent in term of operating margin than the software.

And this is very differentiated in the market. Remember, the specificity of Dassault Systèmes is what? Is to master the technology to associate it with the domain expertise and the industry know-how. That's how we are building our differentiation compared to many of our peers. And this recipe is extremely relevant also in the Life Sciences.

So at the end, that's the reason why Rouven wanted to communicate on the fact that if you can look, the software piece, the technological piece, but you should also look at the rest of what we do because at the end, the real footprint in this industry is by combining the two. That's the point.

Beatrix Martinez
Vice President of Investor Relations

Thank you. So we'll close the session this morning. And I would like to remember that we have a call in the afternoon at 3:00 p.m., if you have further questions. Thank you.

Pascal Daloz
CEO & Director

Thank you.

Rouven Bergmann
CFO & Executive VP
Thank you.