



Pegasystems Investor Presentation Q1 2020

04/29/20



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Factors that could cause the Company’s results to differ materially from those expressed in forward-looking statements are contained in the Company’s press release announcing its Q1 2020 earnings and in the Company’s filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2019 and other recent filings with the SEC. Investors are cautioned not to place undue reliance on such forward-looking statements and there are no assurances that the results contained in such statements will be achieved. Although subsequent events may cause our view to change, except as required by applicable law, we do not undertake and specifically disclaim any obligation to publicly update or revise these forward-looking statements whether as the result of new information, future events, or otherwise.

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Pega Overview



OUR MISSION

Change the way the world builds software
to create unprecedented business outcomes in
customer engagement and **operational excellence**

Digital Transformation

Build for Change®

Leading Digital Transformation



Customer Engagement

Pega Customer Decision Hub™
Pega Customer Service™
Pega Sales Automation™

Intelligent Automation

Pega Robotic Automation™
Pega Platform™



PEGA

Founded: 1983

HQ: Cambridge, MA

Over 5,300 staff

\$964M

Trailing 12 Months Revenue

75%+

Subscription Revenue as % Total

21%

ACV Growth

57%

Cloud Revenue Growth





Every day, Pega powers...

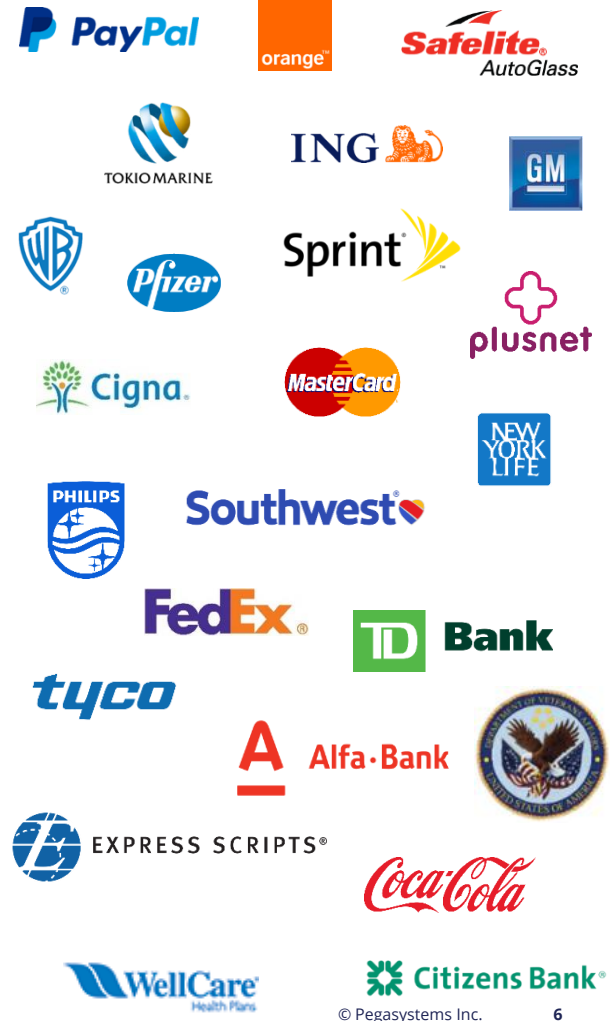
MILLIONS
of automated processes

BILLIONS
of customer interactions

TRILLIONS
of dollars of business

If you've driven a car, used your credit card, called a company for service, opened an account, applied for a loan, accepted an offer, flown on an airplane, paid a bill, submitted a claim, or countless other things you do in your day...

...you've interacted with Pega.



Key Investment Highlights

- Rapidly growing enterprise software company, with a view towards a **\$50B+ digital transformation market opportunity**
- **Large enterprise client base** in key verticals: financial services, insurance, telecommunications, health care, manufacturing, and public sector
- A proven **technology leader** in customer engagement and intelligent automation
- **Mission critical** to our clients
- Transition to a **subscription business model** underway
- Strong business driving to **Rule of 40** effectiveness

Solution Overview

What are the Business Problems We Solve?

Pega drives better business outcomes by...



Making Decisions

Delivering 1:1 customer engagement powered by *real-time, omni-channel AI*



Getting work done


Making customer and employee-facing processes more efficient through *end-to-end automation & robotics*



...and very often we do both


For example, in the context of **Customer Service** or **KYC/CLM**, when customer interactions involve processing work to resolve a request.

1:1 Customer Engagement Customer Service Intelligent Automation



REAL-TIME,
OMNI-CHANNEL
AI

Industry-leading technology



END-TO-END
AUTOMATION &
ROBOTICS



MICROJOURNEY-
CENTRIC RAPID
DELIVERY

Start fast and scale



SITUATIONAL
LAYER CAKE™

PEGA DX ARCHITECTURE™



SOFTWARE THAT
WRITES YOUR
SOFTWARE

Future proof your investment



CLOUD
CHOICE

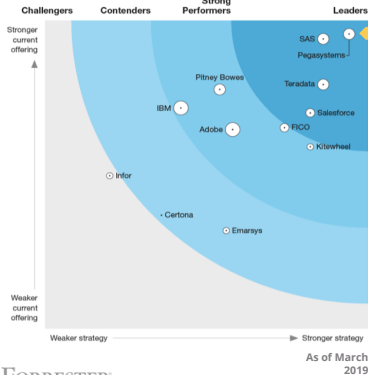
Intelligent automation



Digital process automation



Real-time decisions & AI



Customer engagement

Figure 1: Magic Quadrant for the CRM Customer Engagement Center



Unified architecture for digital transformation

"The highest reference customer rating for customer usability. The best ability to build, maintain, and change complex cases. The highest overall product satisfaction ratings."

Gartner.

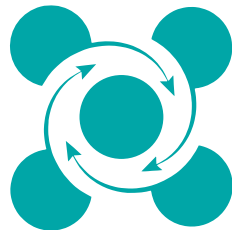
Business Overview

Why Pega Wins

Differentiated Architecture



Ease of Integration



Depth of Platform Functionality



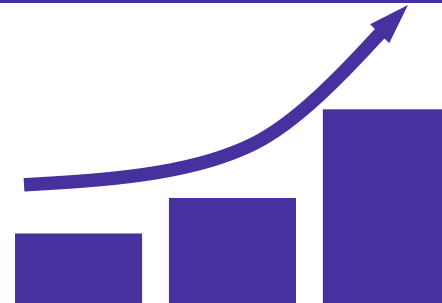
Strong Team



Deep Vertical Expertise



Robust ROI



Selling High-Value Use Cases to Some of the World's Largest Companies

Buyer



Robert
**Chief
Customer
Officer**



Teresa
**SVP, Customer
Service**



Chen
**SVP,
Operations**

Offering



**1:1 Customer
Engagement**



**Customer
Service**



**Intelligent
Automation**







Value Proposition

Maximize top-line growth with a centralized, real-time AI-powered customer decision hub that delivers next-best-actions at every customer interaction, across various channels.

Reduce cost and streamline service experiences for customers and employees with a state-of-the-art customer service application and out-of-the-box, industry-specific microjourneys.

Make customer and employee-facing processes more efficient through intelligent automation powered by end-to-end robotics and case management.

How Do Our Clients Drive Value Using Pega?

	Client	Illustrative Use Case	Impact and Result
 1:1 Customer Engagement	 Commonwealth Bank https://www.pegasystems.com/customers/cba-marketing	Retain customers	<ul style="list-style-type: none">• 50 million next best action conversations delivered across 18 channels• +12 lead in NPS over the competition
 Customer Service	 https://www.pegasystems.com/customers/american-express	Inquire into account info	<ul style="list-style-type: none">• Tripled customer satisfaction• Increased cardmember spend by 10%• Lowered card attrition 4x
 Intelligent Automation	 https://www.pegasystems.com/customers/siemens	Streamline processes & reduce costs	<ul style="list-style-type: none">• Reduced process cycle time by 60%• 65% decrease in customer onboarding time• 80% of common business processes standardized

Financial Details

Financial Highlights

Massive Market Opportunity

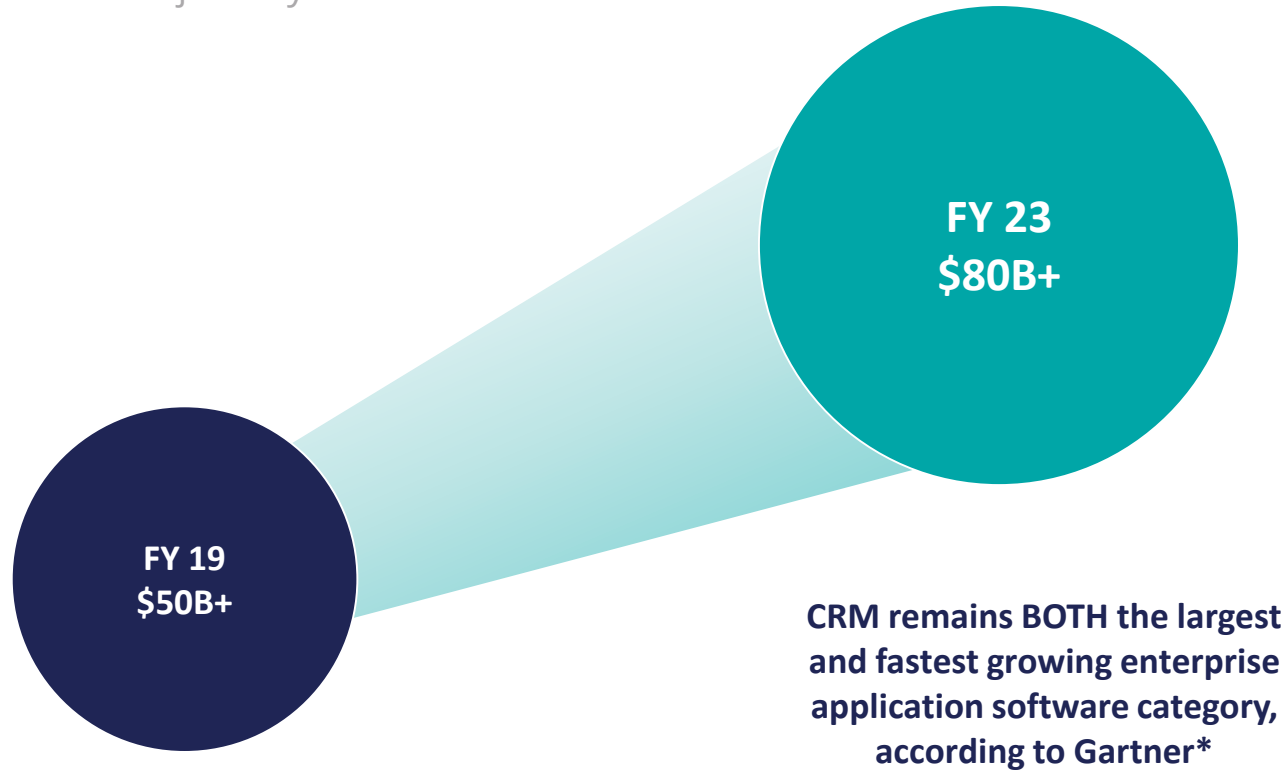
Transition to Cloud Underway

High Growth, Recurring Revenue Model

Scale to Drive Margin Expansion

Pursuing a Massive Market Opportunity in Platform & CRM

Complementary to Other Major Players

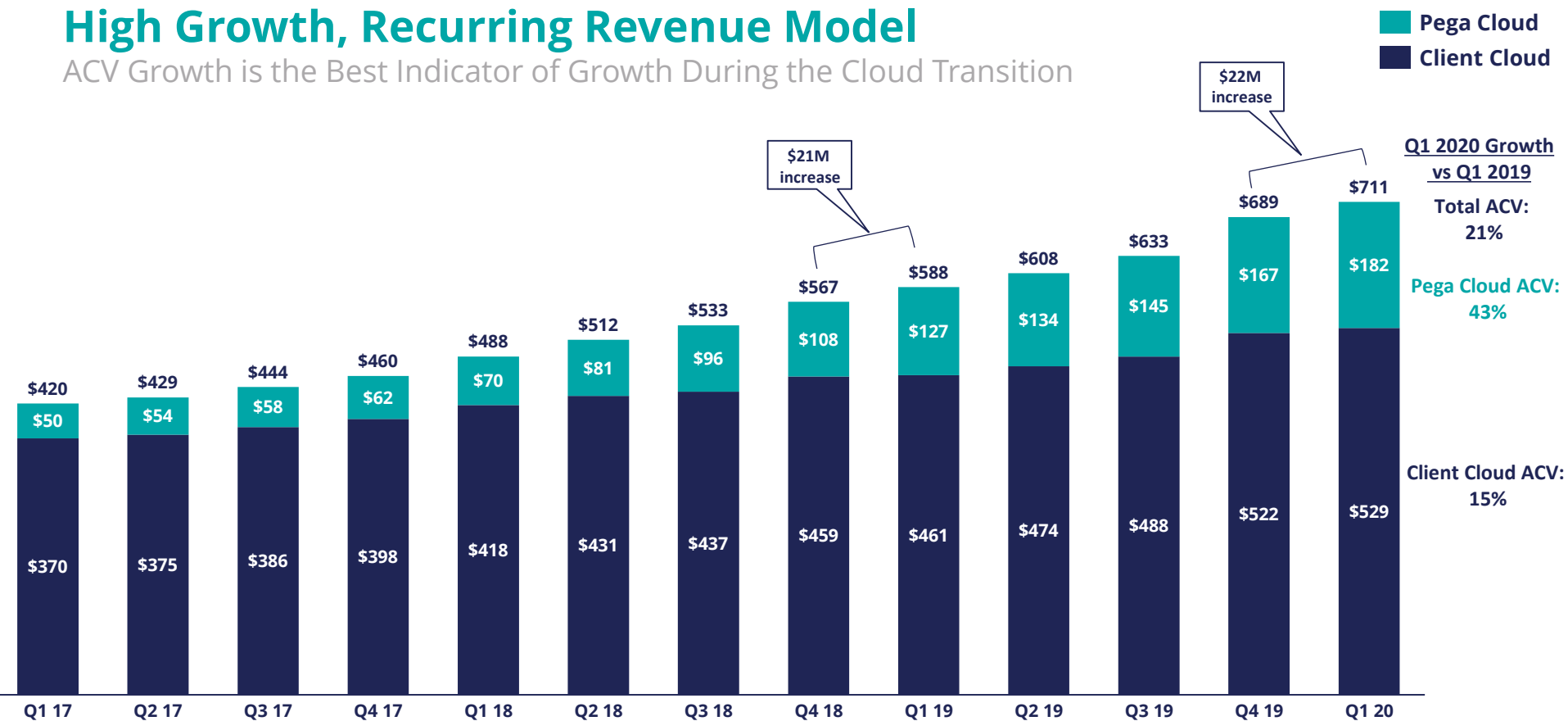


Transition to Cloud Underway



High Growth, Recurring Revenue Model

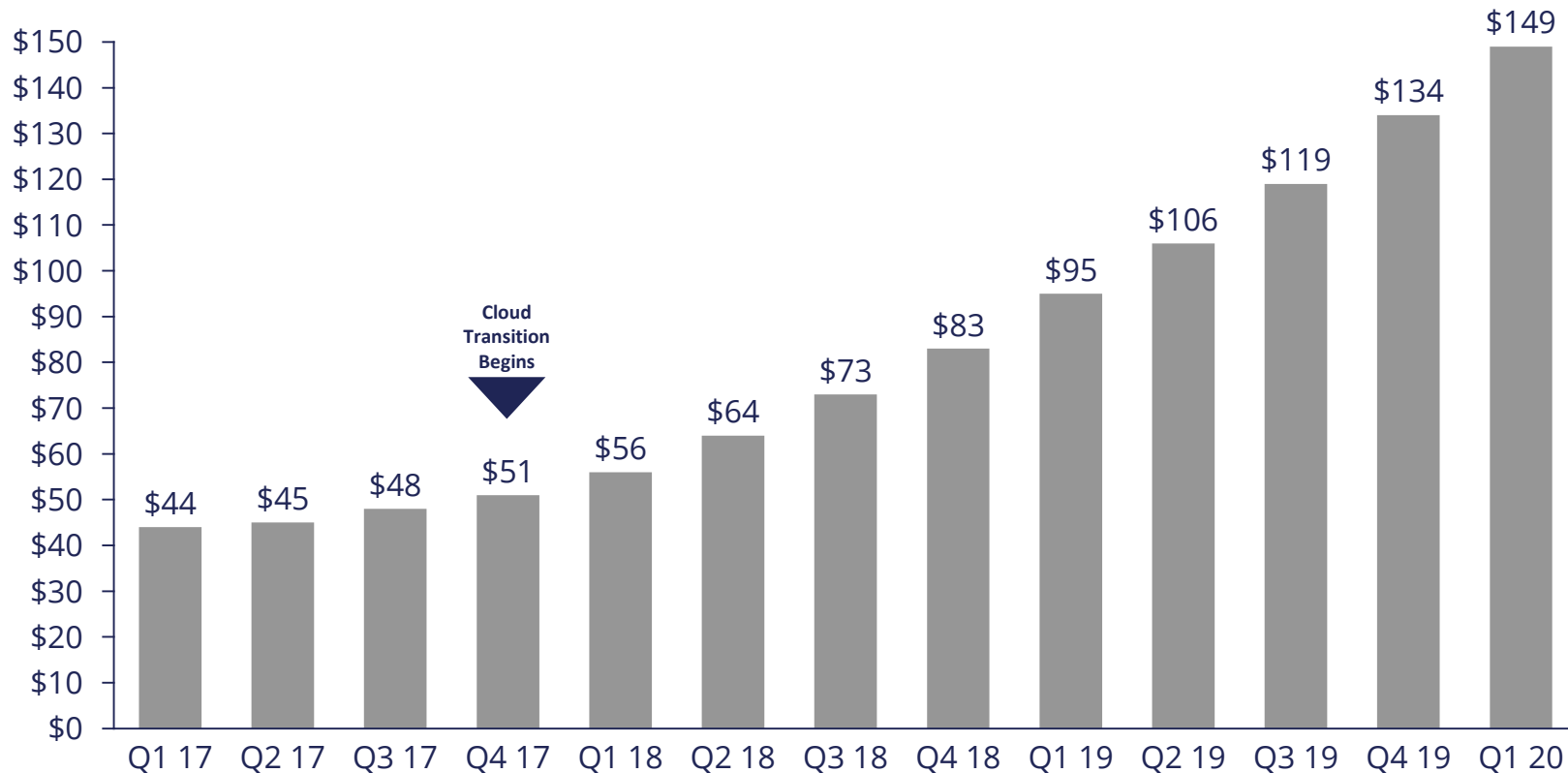
ACV Growth is the Best Indicator of Growth During the Cloud Transition



ACV represents the annualized value of our active contracts as of the measurement date. ACV for term license and cloud contracts is calculated by dividing the total value of the contract by the duration of the contract in years. ACV for maintenance is calculated as maintenance revenue for the quarter then ended multiplied by four. Client cloud ACV is composed of maintenance ACV and ACV from term license contracts. We believe the presentation of ACV on a constant currency basis enhances the understanding of our results and evaluation of our performance in comparison to prior periods, as it provides visibility into the impact of changes in foreign currency exchange rates, which are outside of our control. All periods shown reflect foreign currency exchange rates as of March 31, 2020.

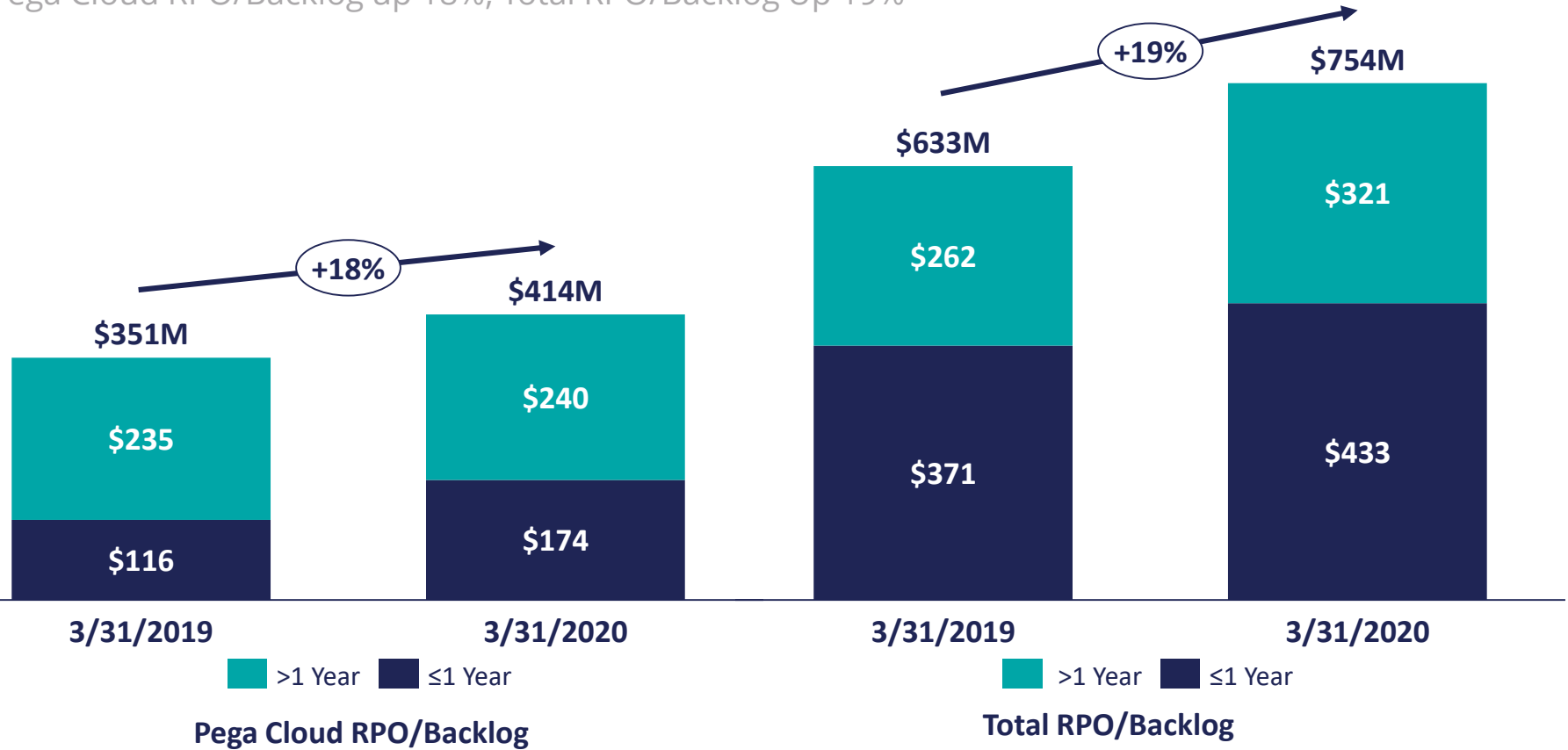
Fastest Growing Revenue Stream is Cloud

Trailing 12 Months Pega GAAP Cloud Revenue Increased by 80% since Q4 2018



Remaining Performance Obligation (RPO) / Backlog is Growing

Pega Cloud RPO/Backlog up 18%, Total RPO/Backlog Up 19%



What Does this All Mean?

Strive to build a growing, recurring business to drive increased value



With a view towards:

- Capitalizing on high-growth markets
- Driving ACV growth
- Balancing growth & margin
- Continuing our technology leadership
- Leveraging Cloud Choice differentiation
- “Rule of 40”
- Increasing sales capacity

