



Pegasytems Investor Presentation Q2 2021

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NASDAQ: PEGA

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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®

Corporate Social Responsibility at Pega



<https://www.pega.com/corporate-social-responsibility>

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 5,900 staff

\$639M

YTD 21
Revenue**

80%

YTD 21 Subscription Revenue
as % of Total**

22%

ACV Growth*

53%

YTD 21 Pega Cloud
Y/Y Revenue Growth**

And trusted by the world's leading brands



10 of the top 10
healthcare payers



7 of the top 10
insurance companies



18 of the top 25
global banks



9 of the top 10
telecommunications companies



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™



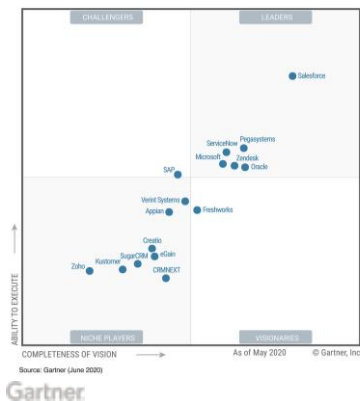
SOFTWARE THAT
WRITES YOUR
SOFTWARE

Future proof your investment

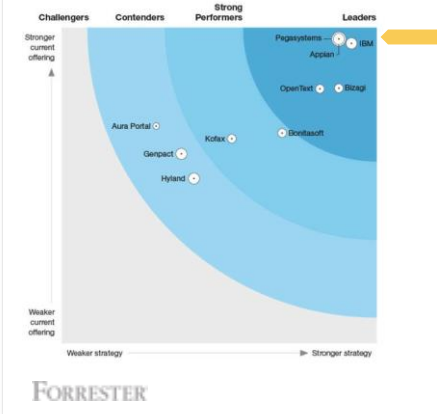


CLOUD
CHOICE

Customer engagement



Digital process automation



Real-time decisions & AI



End-to-end work management



Unified architecture for digital transformation

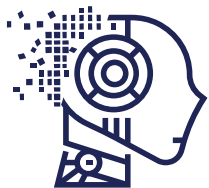
"The highest reference customer rating for customer usability. The best ability to build, maintain, and change complex cases. The highest overall product satisfaction ratings."

Gartner

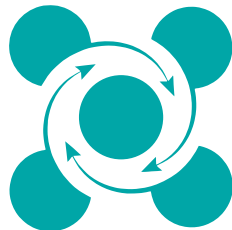
Business Overview

Why Pega Wins

Differentiated Architecture



Ease of Integration



Depth of Platform Functionality



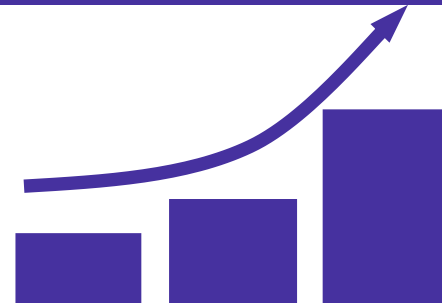
Strong Team



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	Retain customers https://www.pega.com/customers/cba-marketing	<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	 AMERICAN EXPRESS	Inquire into account info https://www.pega.com/customers/american-express	<ul style="list-style-type: none">• Tripled customer satisfaction• Increased cardmember spend by 10%• Lowered card attrition 4x
 Intelligent Automation	 SIEMENS	Streamline processes & reduce costs https://www.pega.com/customers/siemens	<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



Transition to Cloud Well Underway

From...

Perpetual

Less Predictable

Lagging Growth
& Margins



To...

Recurring

More Predictable

Rule of 40



2017

CLOUD TRANSITION TIMELINE

2023

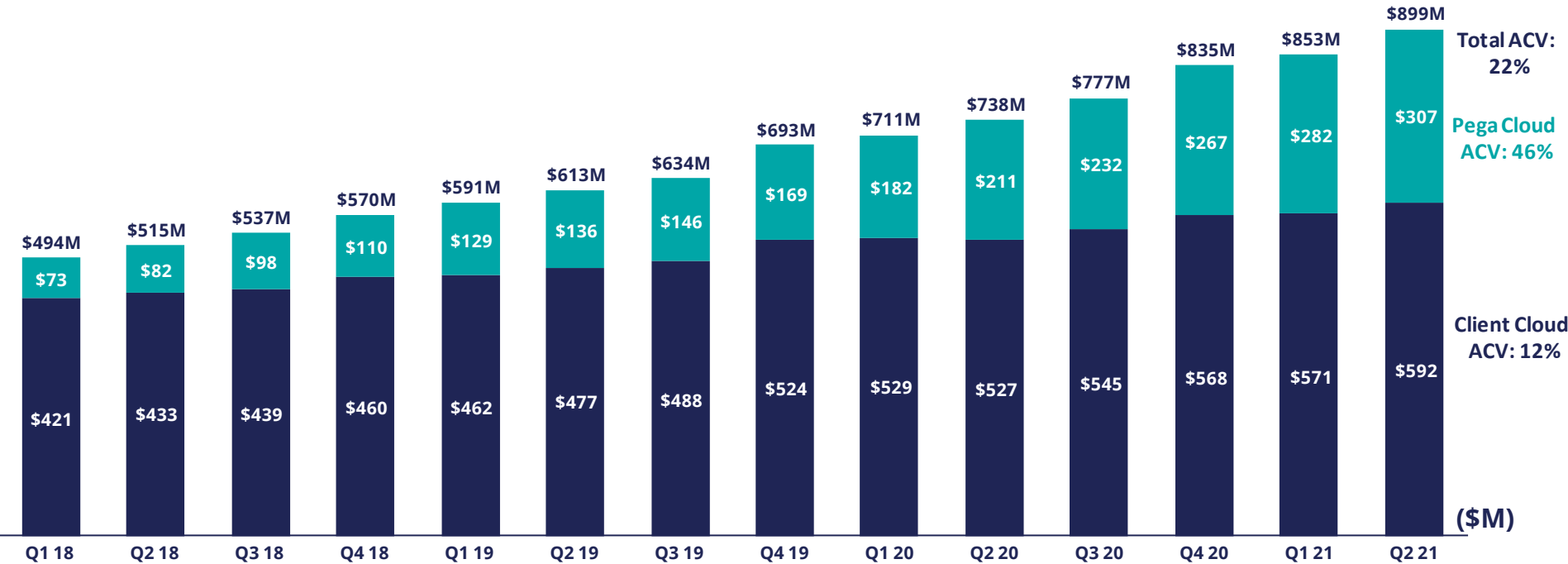
TODAY

High Growth, Recurring Revenue Model

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

Pega Cloud
Client Cloud

Q2 2021 Growth
vs Q2 2020



Total ACV:
22%

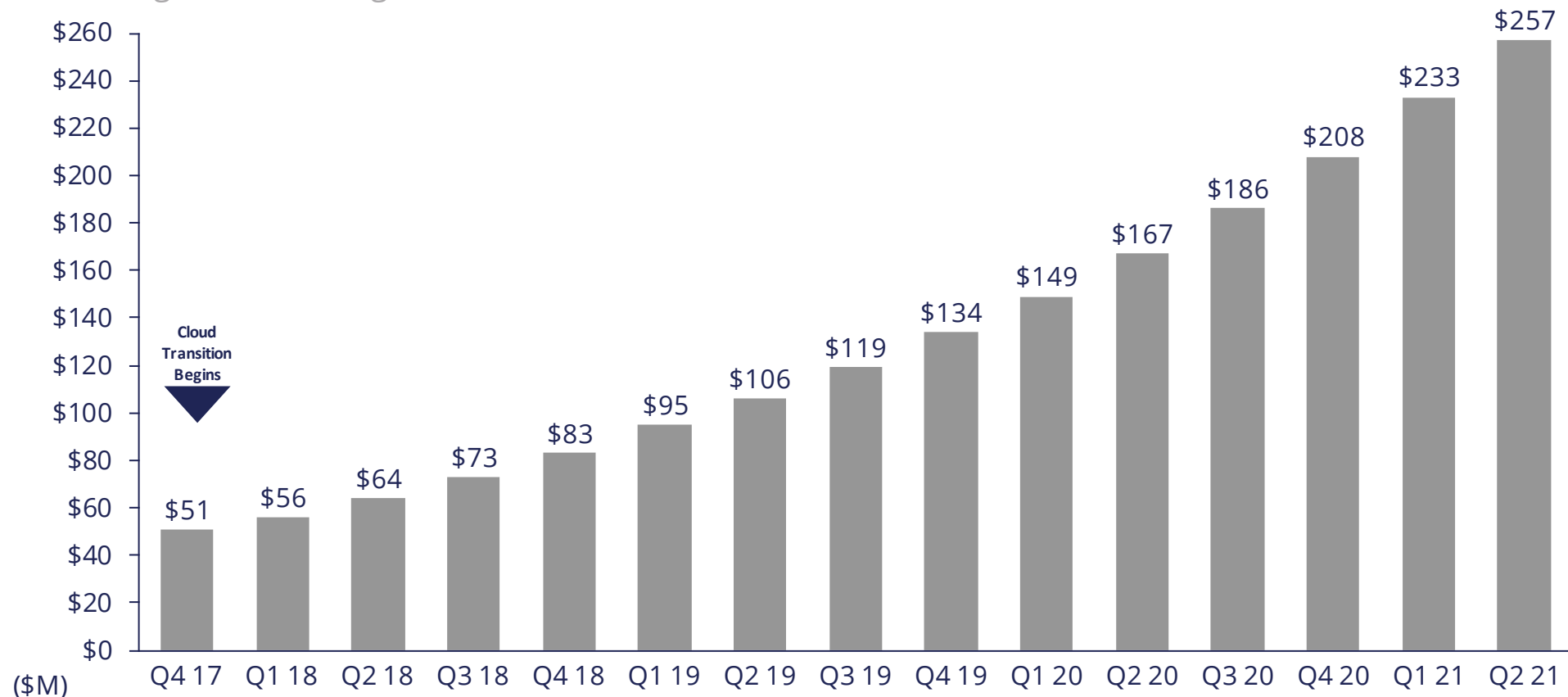
Pega Cloud
ACV: 46%

Client Cloud
ACV: 12%

ACV, as reported, represents the annualized value of our active contracts as of the measurement date. The contract's total value is divided by its duration in years to calculate ACV for term license and Pega Cloud contracts. Maintenance revenue for the quarter then ended is multiplied by four to calculate ACV for maintenance. Client Cloud ACV is composed of maintenance ACV and term license ACV. ACV is a performance measure that we believe provides useful information to our management and investors, particularly during our Cloud Transition. Foreign currency exchange rate changes contributed 3 -4% to total ACV growth in 2021.

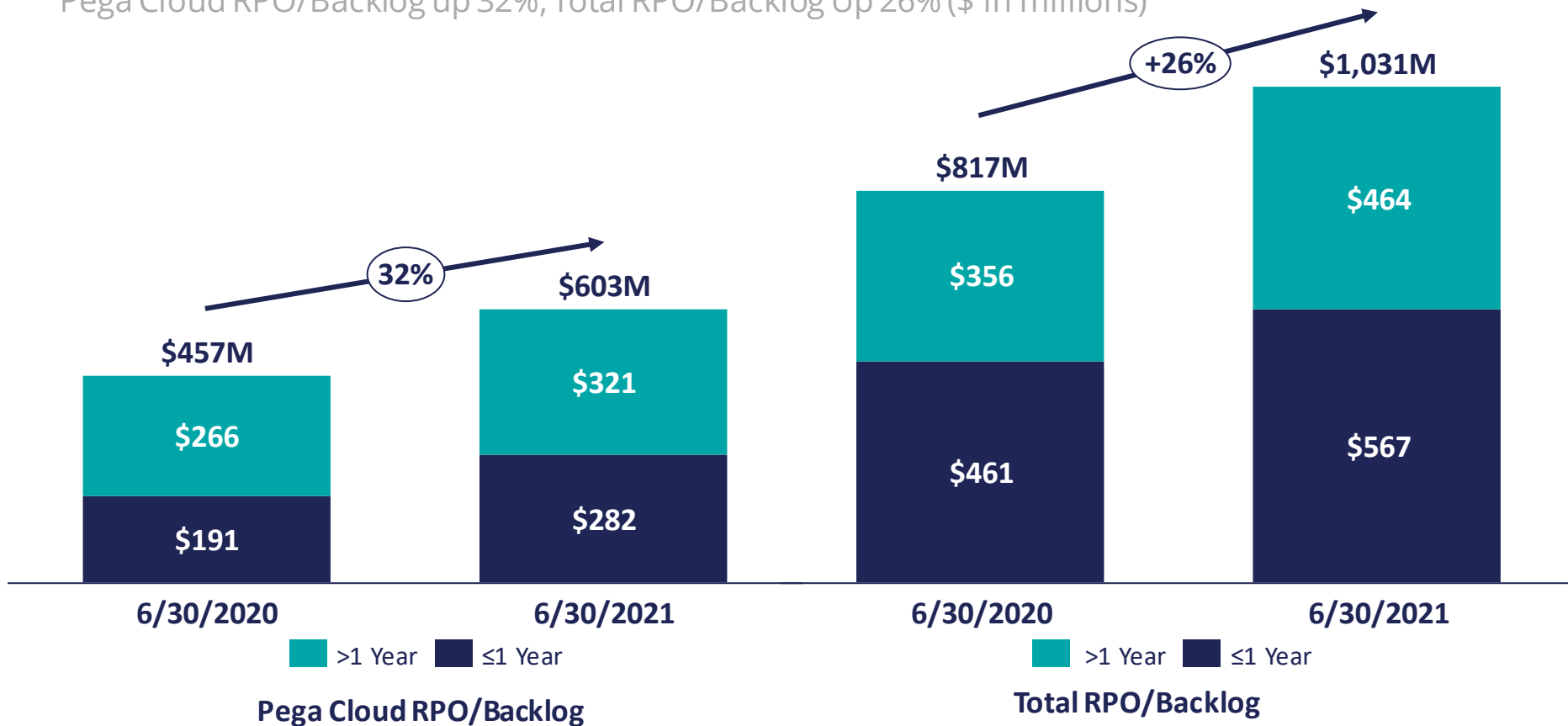
Fastest Growing Revenue Stream is Pega Cloud

Trailing 12 Months Pega GAAP Cloud Revenue



Remaining Performance Obligation (RPO) / Backlog is Growing

Pega Cloud RPO/Backlog up 32%, Total RPO/Backlog Up 26% (\$ in millions)



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

