



Pegasystems Investor Presentation Q4 2019

02/12/20



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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 5,100 staff

\$911M

Total Revenue

67%

Subscription Revenue as % Total

22%

ACV Growth

62%

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

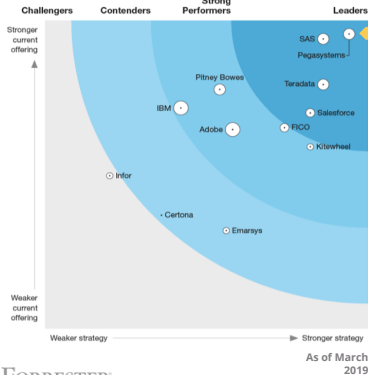
Intelligent automation



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.

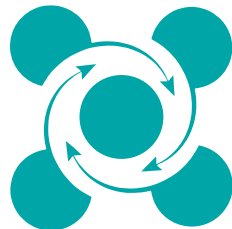
Business Overview

Why Pega Wins

Differentiated Architecture



Ease of Integration



Depth of Platform Functionality



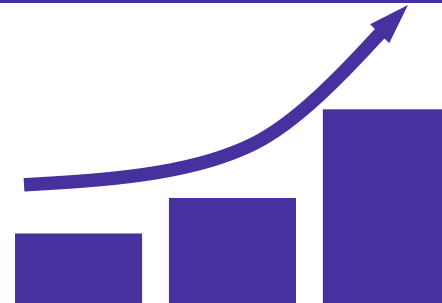
Strong Team



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

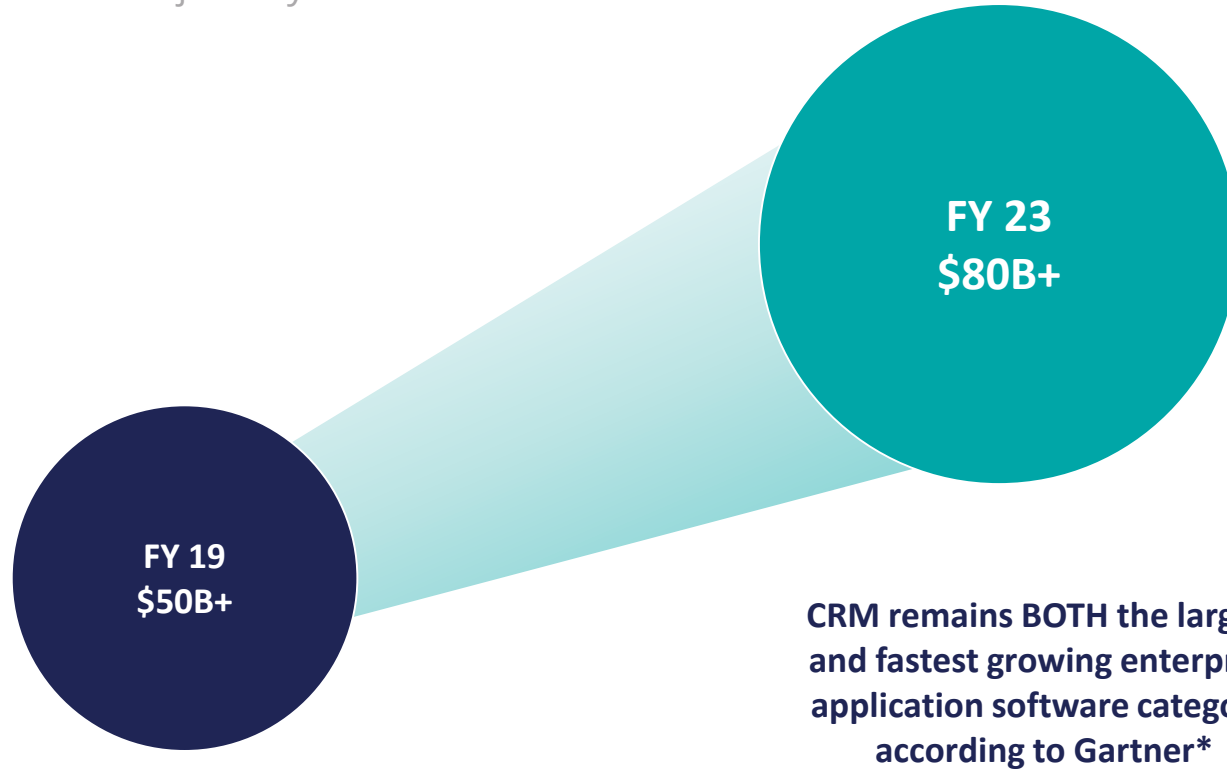
Transition to Cloud Underway

High Growth, Recurring Revenue Model

Scale to Drive Margin Expansion

Pursuing a Massive Market Opportunity in Platform & CRM

Complementary to Other Major Players



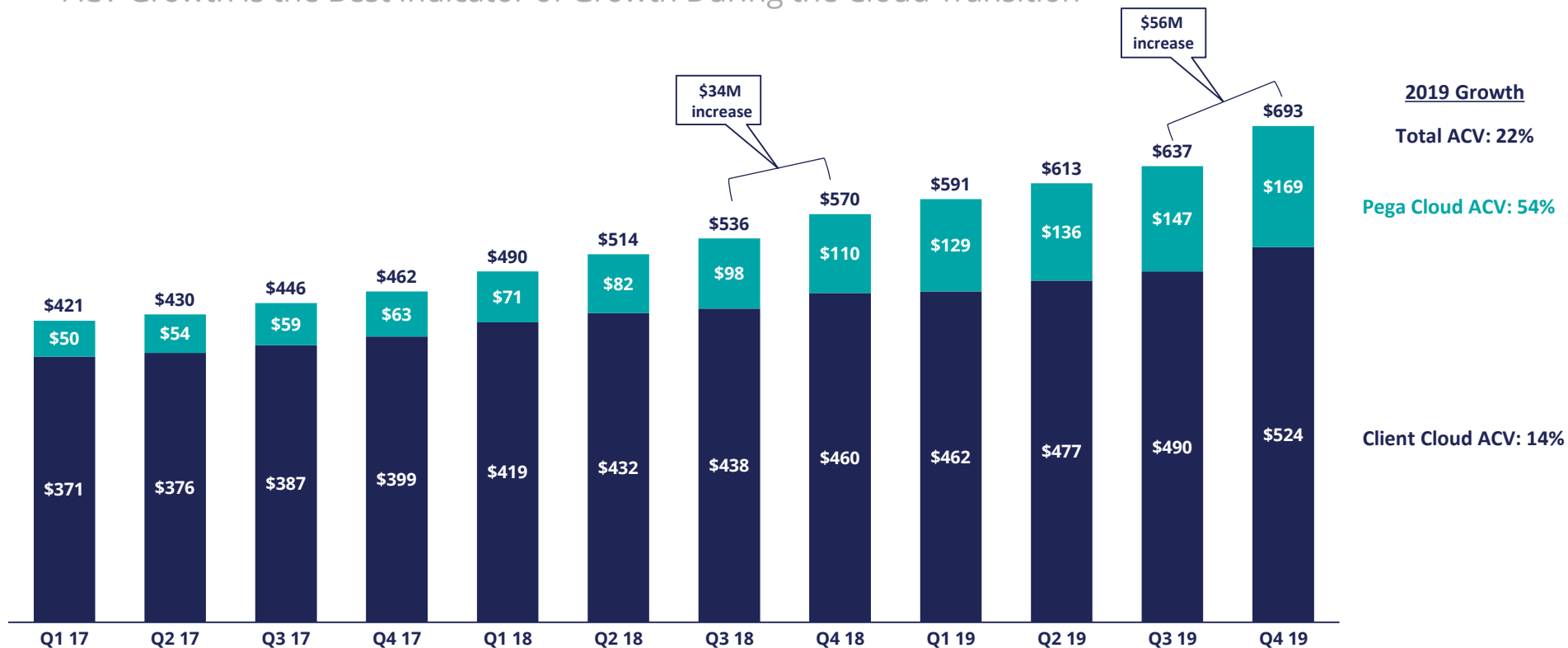
Transition to Cloud Underway



High Growth, Recurring Revenue Model

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

Pega Cloud
Client Cloud



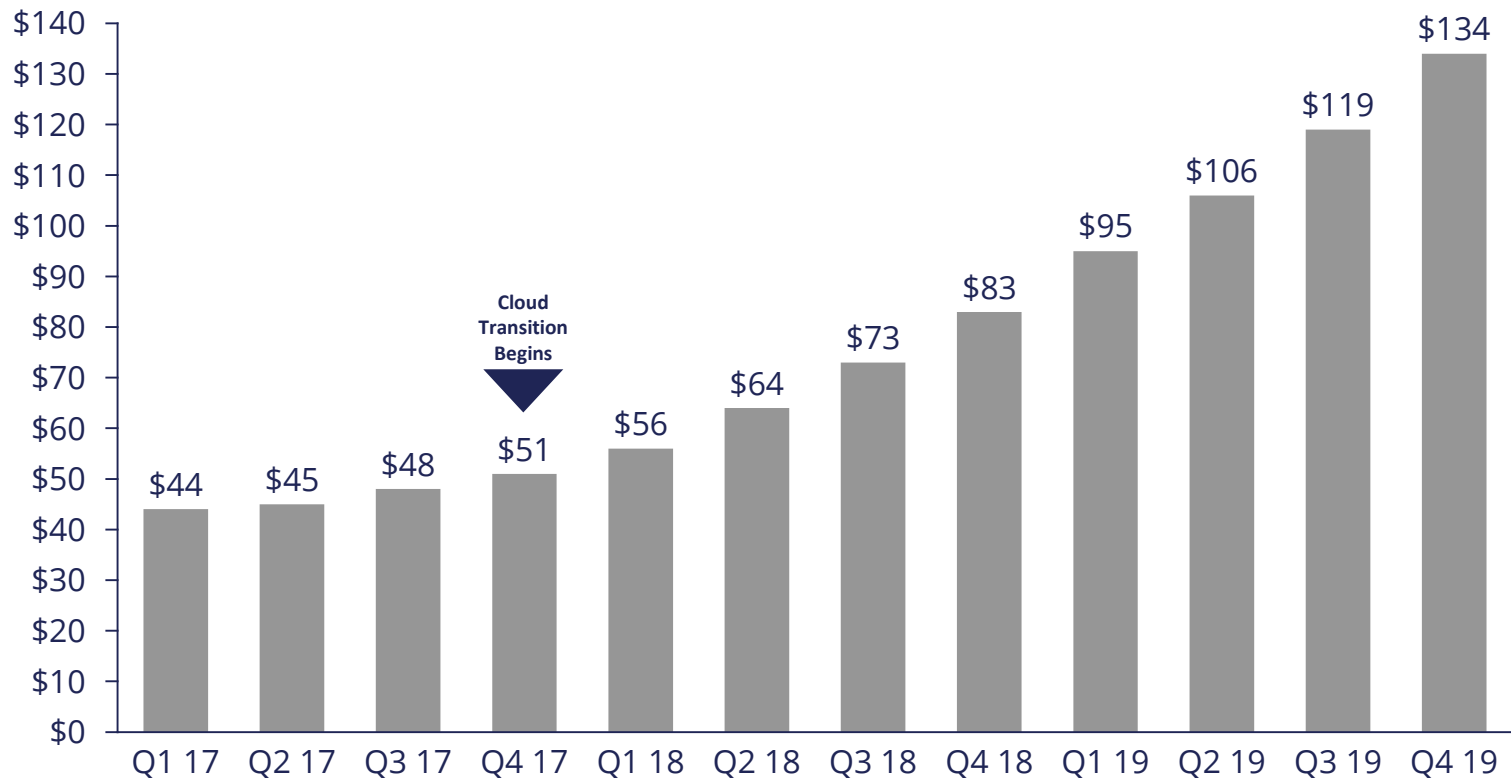
Total ACV, as of a given date, is the sum of the following two components:

- Client Cloud: the sum of (1) the annual value of each term license contract in effect on such date, which is equal to its total license value divided by the total number of years and (2) maintenance revenue reported for the quarter ended on such date, multiplied by four. We do not provide hosting for Client Cloud arrangements
- Pega Cloud: the total of the annual value of each cloud contract in effect on such date, which is equal to its total value divided by the total number of years.

Note: Constant Currency*

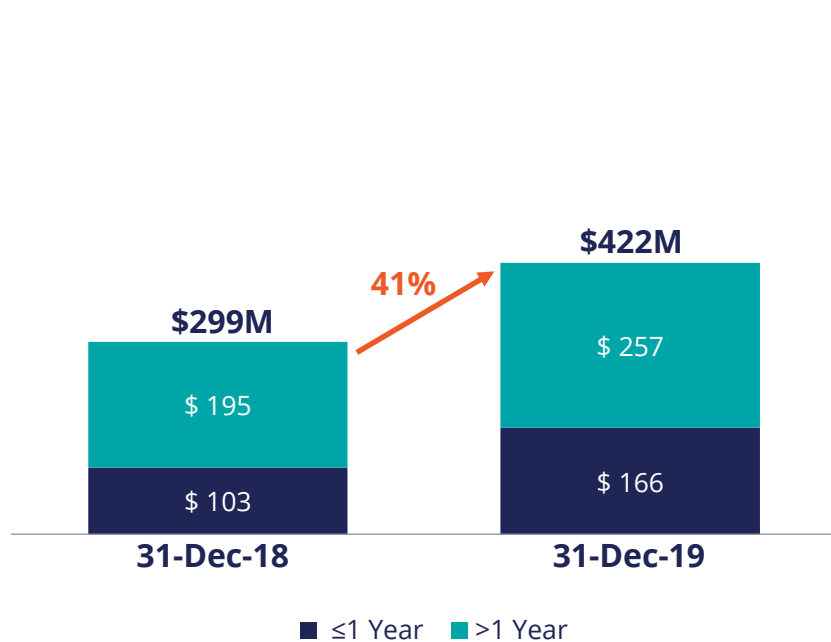
Fastest Growing Revenue Stream is Cloud

Trailing 12 Months Pega Cloud Revenue Increased by 62% since Q4 2018

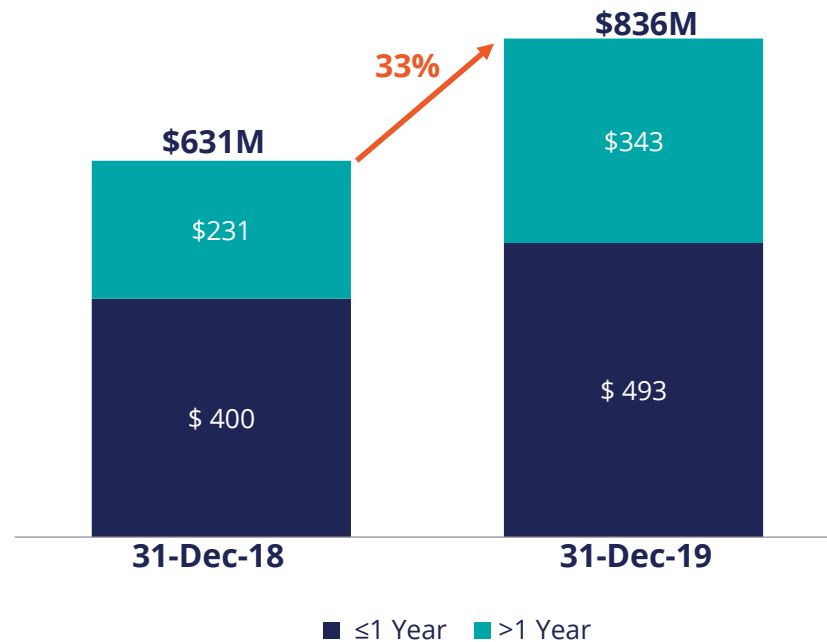


Remaining Performance Obligation (RPO) / Backlog is Growing

Pega Cloud RPO/Backlog up 41%, Total RPO/Backlog Up 33%



Pega Cloud RPO / Backlog



Total RPO / Backlog

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

