



# Pegasystems Investor Presentation Q3 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<sup>®</sup>

# 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 6,000 staff

**\$895M**

YTD 21  
Revenue\*\*

**79%**

YTD 21 Subscription Revenue  
as % of Total\*\*

**22%**

ACV Growth\*

**49%**

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™



SOFTWARE THAT  
WRITES YOUR  
SOFTWARE

Future proof your investment



CLOUD  
CHOICE

PEGA DX ARCHITECTURE™



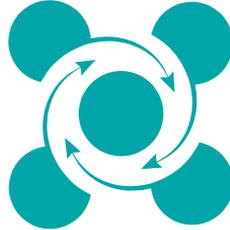
# Business Overview

# Why Pega Wins

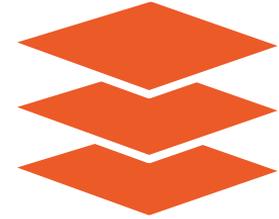
## Differentiated Architecture



## Ease of Integration



## Depth of Platform Functionality



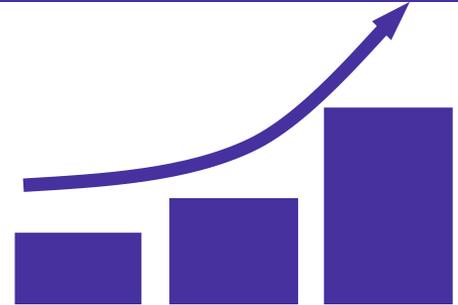
## Strong Team



## Deep Vertical Expertise



## Robust ROI



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

## Buyer



Robert  
**Chief  
Customer  
Officer**

## Offering



**1:1 Customer  
Engagement**

## 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.



Teresa  
**SVP, Customer  
Service**



**Customer  
Service**

**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.



Chen  
**SVP,  
Operations**



**Intelligent  
Automation**

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

# Financial Details

# Financial Highlights

Massive Market Opportunity

Transition to Cloud Underway

High Growth, Recurring Revenue Model

Scale to Drive Margin Expansion

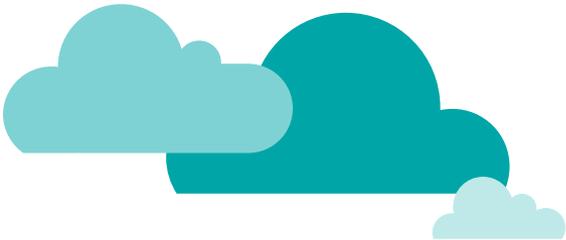
# Pursuing a Massive Market Opportunity in Platform & CRM



# Transition to Cloud Well Underway

From...

- Perpetual
- Less Predictable
- Lagging Growth & Margins



To...

- Recurring
- More Predictable
- Rule of 40

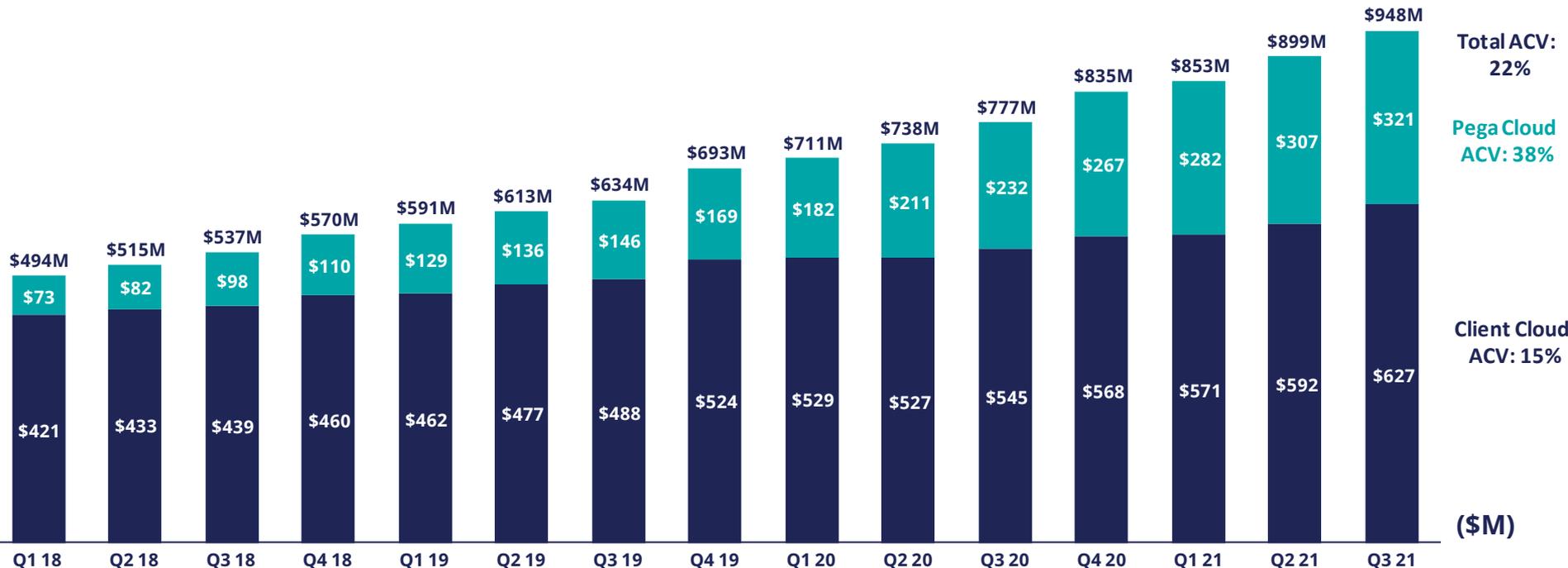


# High Growth, Recurring Revenue Model

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

**Pega Cloud**  
**Client Cloud**

**Q3 2021 Growth  
vs Q3 2020**

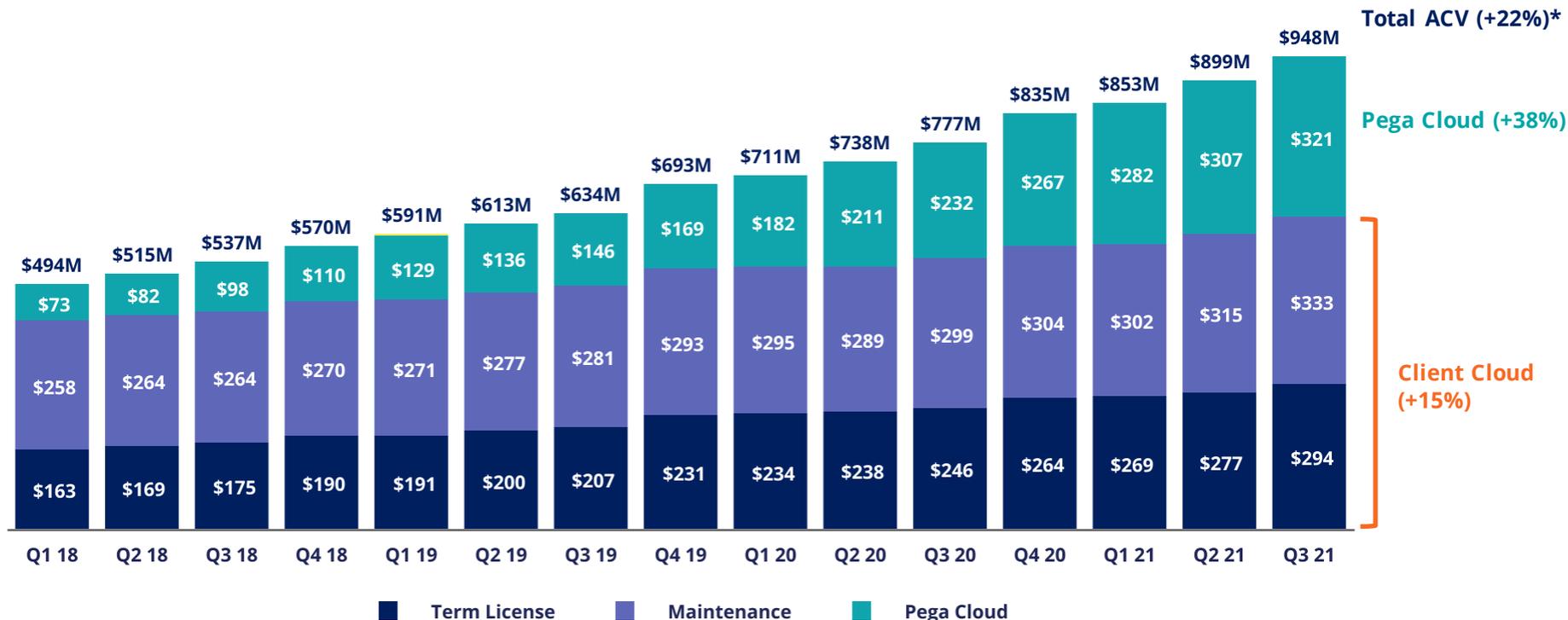


ACV, as reported, represents the annualized value of our active contracts as of the measurement date. The contract's total value is divided by its duration in years to calculate ACV for term license and Pega Cloud contracts. Maintenance revenue for the quarter then ended is multiplied by four to calculate 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 1-2% to total ACV growth in 2021.

# High Growth, Recurring Revenue Model

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

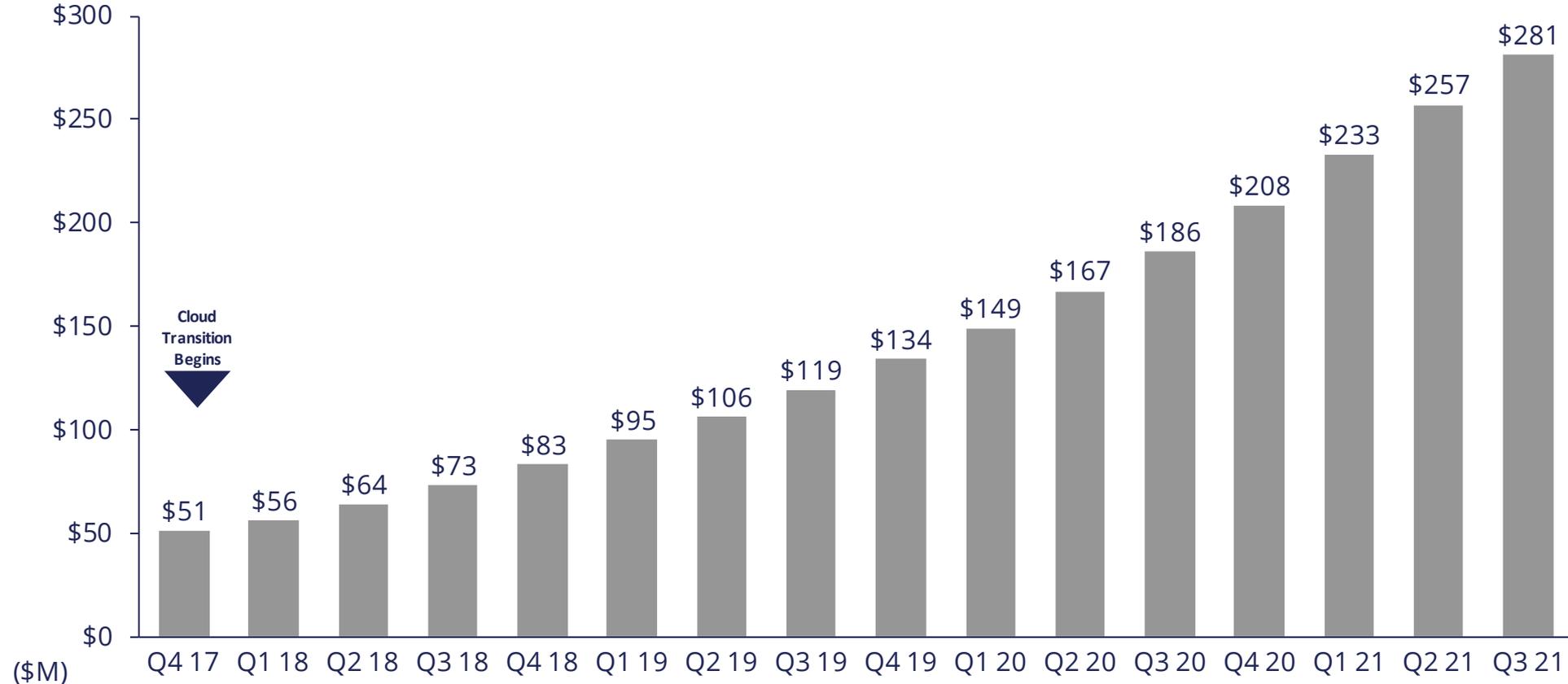
Q3 2021 Growth vs. Q3 2020



ACV 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 1-2% to total ACV growth in 2021.

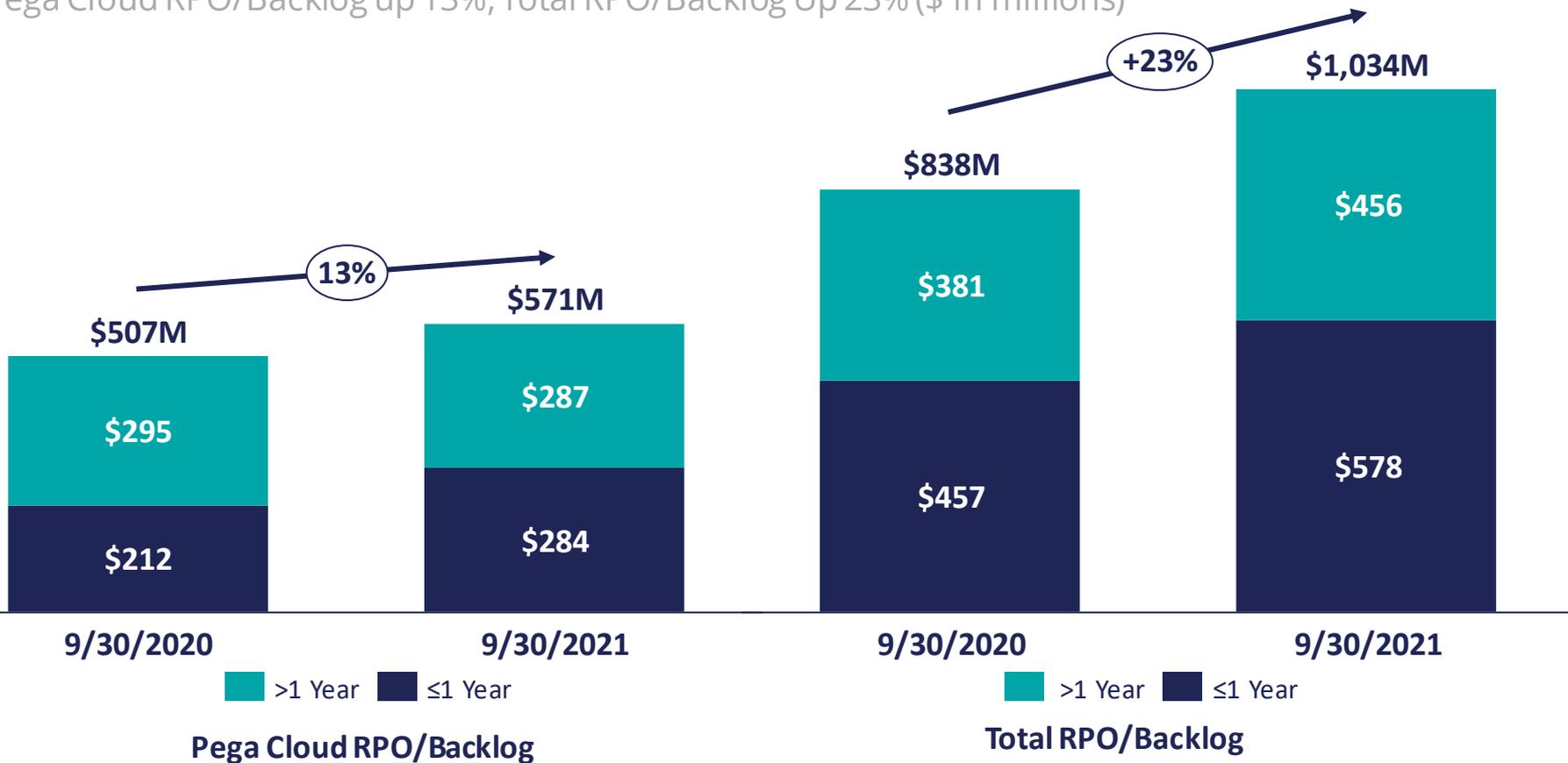
# Fastest Growing Revenue Stream is Pega Cloud

Trailing 12 Months Pega GAAP Cloud Revenue



# Remaining Performance Obligation (RPO) / Backlog is Growing

Pega Cloud RPO/Backlog up 13%, Total RPO/Backlog Up 23% (\$ in millions)



# What Does this All Mean?

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

Sustain higher  
growth

Through transition  
to recurring

To drive  
shareholder 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



**PEGA**<sup>®</sup>

Build for Change<sup>®</sup>