



Pegasystems Second Quarter 2018 Investor Deck



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Certain statements contained in this presentation may be construed as “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations, estimates, forecasts, and projections about the industry and markets in which we operate, and management’s beliefs and assumptions. In addition, other written or oral statements that constitute forward-looking statements may be made by us or on our behalf. Words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “could,” “estimate,” “may,” “target,” “strategy,” “is intended to,” “project,” “guidance,” “likely,” “usually,” or variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict.

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 Q2 2018 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, 2017 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.

Non-GAAP Financial Measures

This presentation includes non-GAAP financial measures. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures, and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. For a detailed explanation of the adjustments made to comparable GAAP measures, the reasons why management uses these measures, the usefulness of these measures, and the material limitations on the usefulness of these measures, see the disclosures included with the Company’s press release announcing its Q2 2018 earnings available on our investor relations website at <http://www.pega.com/about/investors>.

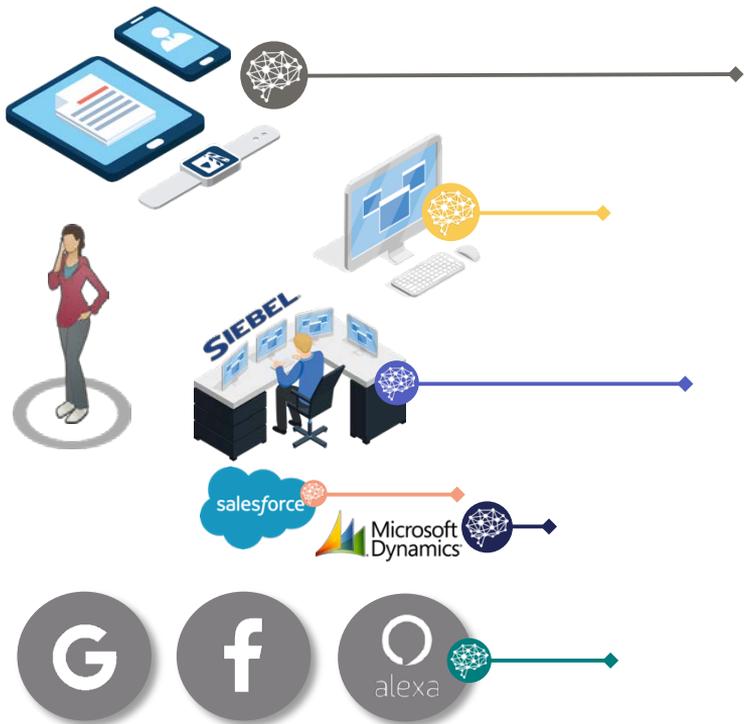
Three well-intentioned MISTAKES

1 **Channels**, not journeys

2 **Tasks**, not outcomes

3 **Silos**, not end-to-end





1 Channels, not journeys

SYMPTOMS

- Customers can't move between channels
- Siloed development teams custom-coding logic into channels

RESULTS

- Bad, inconsistent experiences
- Frustrated employees and inefficiency
- Lack of reuse drives increased costs and freezes innovation

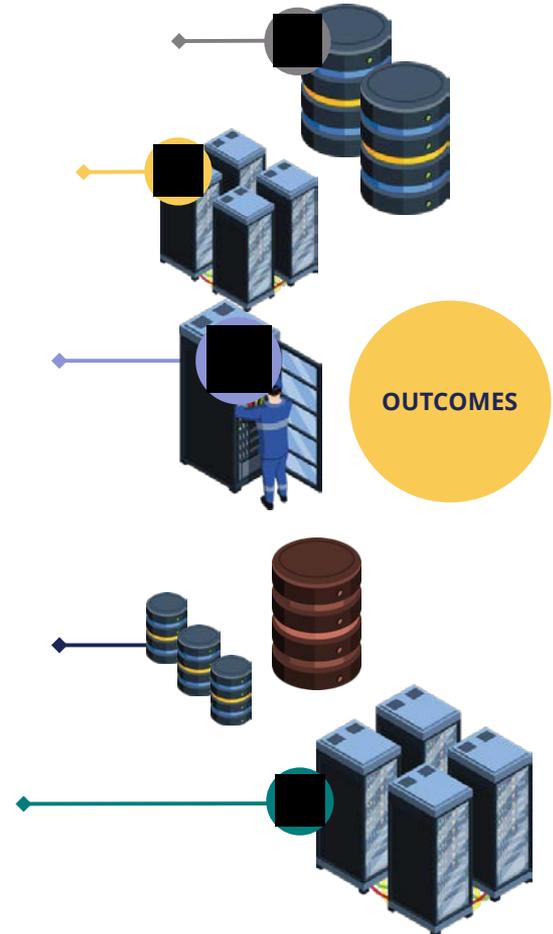
2 **Tasks, not outcomes**

SYMPTOMS

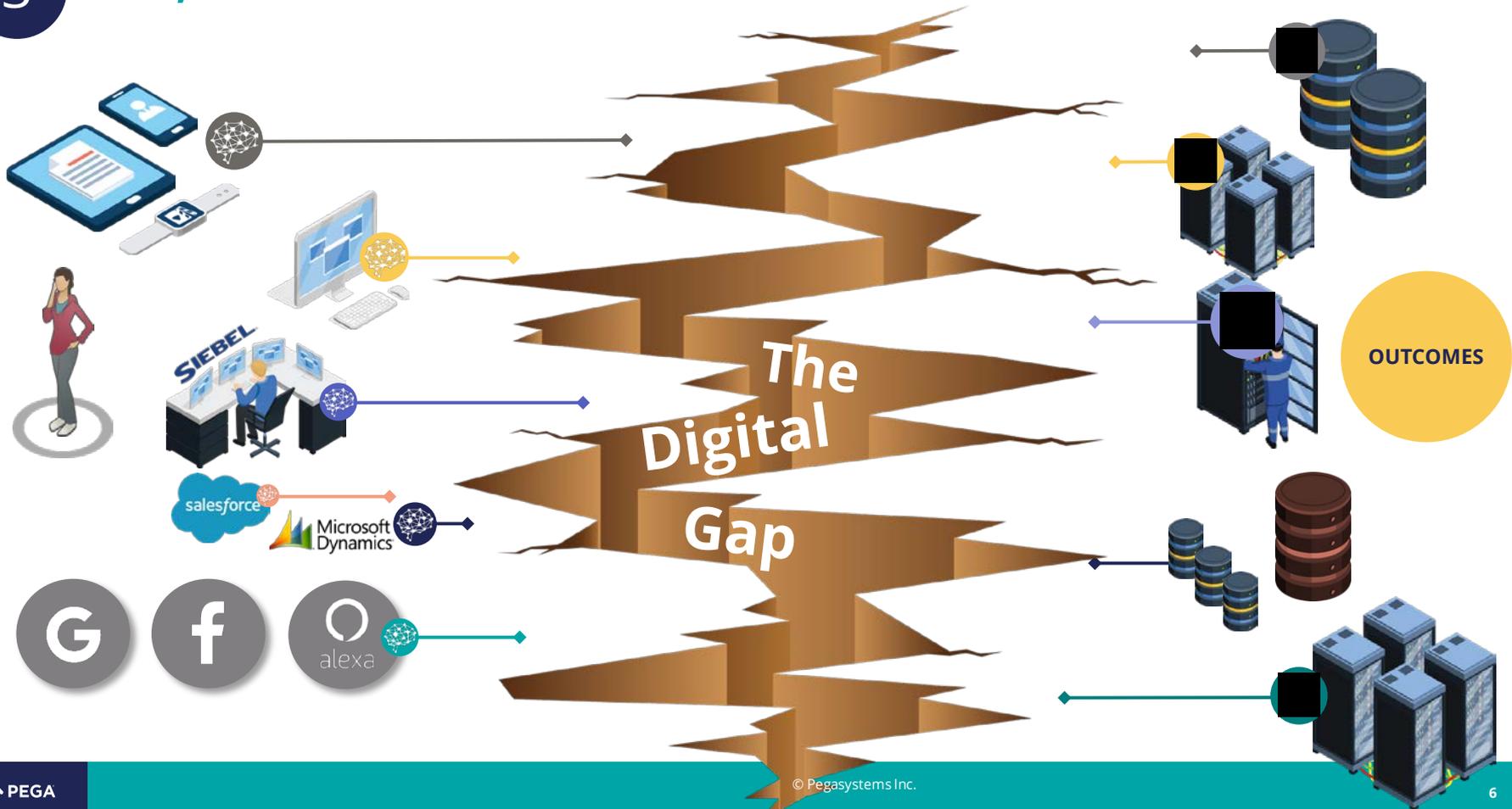
- Lack of common processes across systems, regions, and LOBs
- Siloed investments in robotic band-aids

RESULTS

- Disjointed customer experience
- Proliferation of unmanaged bots
- Little visibility into improvement opportunities

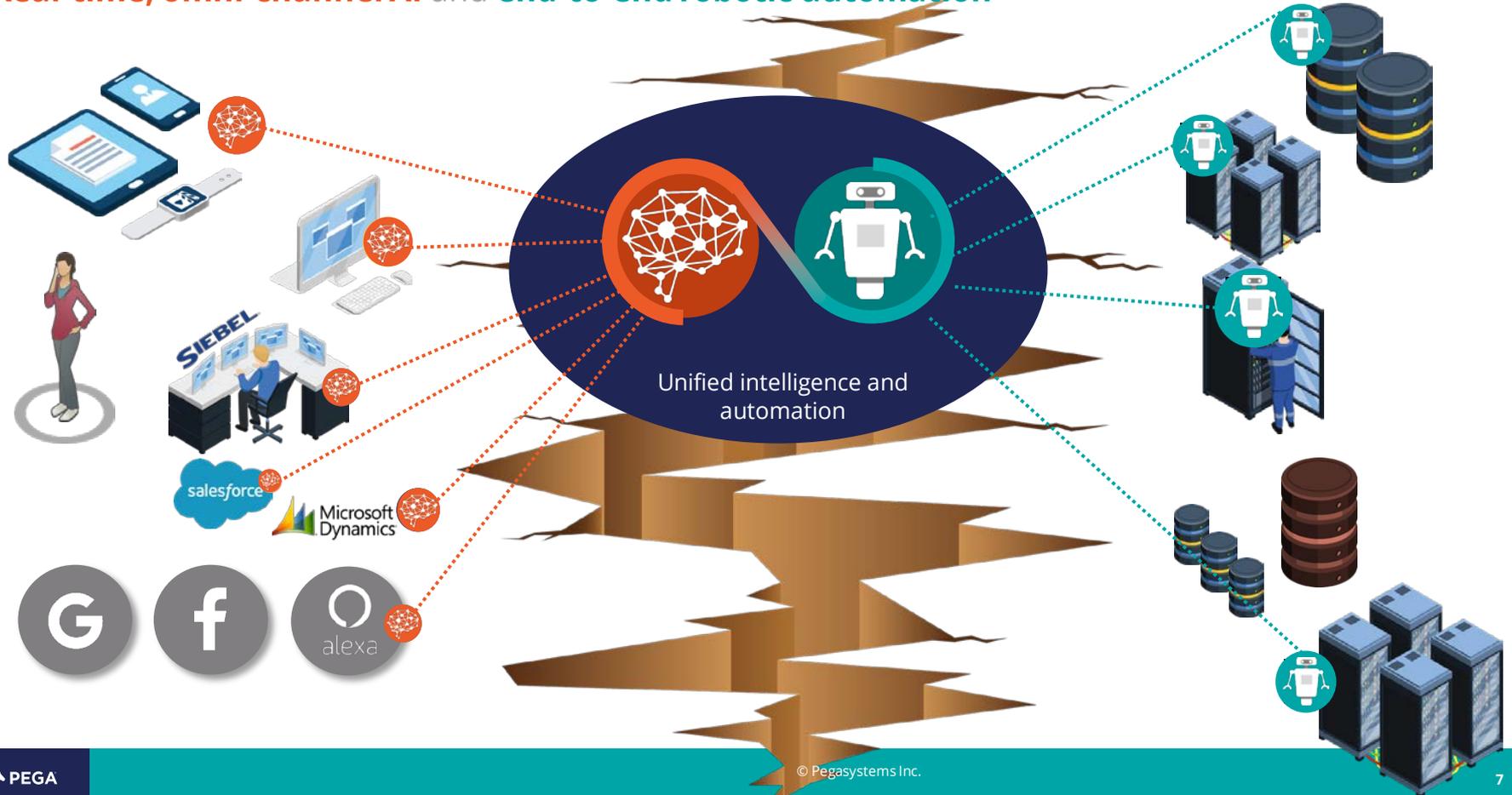


3 Silos, not end to end



Bridging the digital gap

Real-time, omni-channel AI and end-to-end robotic automation



Pega Infinity™

Revolutionary software that connects customer engagement to digital process automation

Acquire customers

Deepen
relationships

Sell more

Increase **retention**

Streamline **service**

Deliver frictionless
experiences

Engage proactively

**CUSTOMER
ENGAGEMENT**



**DIGITAL
PROCESS
AUTOMATION**

Accelerate
transformation

Automate work
across silos

Optimize with **AI**
and **robotics**

Deliver apps 8X
faster than coding

Simplify **compliance**



**REALTIME,
OMNI-CHANNEL
AI**



**END-TO-END
ROBOTIC
AUTOMATION**



**JOURNEY-
CENTRIC
RAPID
DELIVERY**



**SITUATIONAL
LAYER CAKE™**



**SOFTWARE THAT
WRITES YOUR
SOFTWARE®**



**CLOUD
CHOICE**

PEGA DX ARCHITECTURE™



Our new Sales Application Center (SAC) solution has enabled us to simplify the account opening process and grow new accounts online by more than 400%

Christian Casperson
Vice President, Business Process Lead,
SunTrust

New account activations grew 400%

Using Pega, SunTrust's online new account opening operations are far more efficient, delivering profitability and a superior customer onboarding experience—with just an eight month implementation time.

Future-proof your business ...one journey at time

*"We managed to reduce cost
by a factor of four... and
eliminated 93% of touches."*

Gilles Leyrat
SVP of Customer and Partner Services



Unified architecture for digital transformation

Gartner



CUSTOMER ENGAGEMENT

FORRESTER®



DIGITAL PROCESS AUTOMATION

FORRESTER®



REAL-TIME DECISIONS & AI

Gartner®



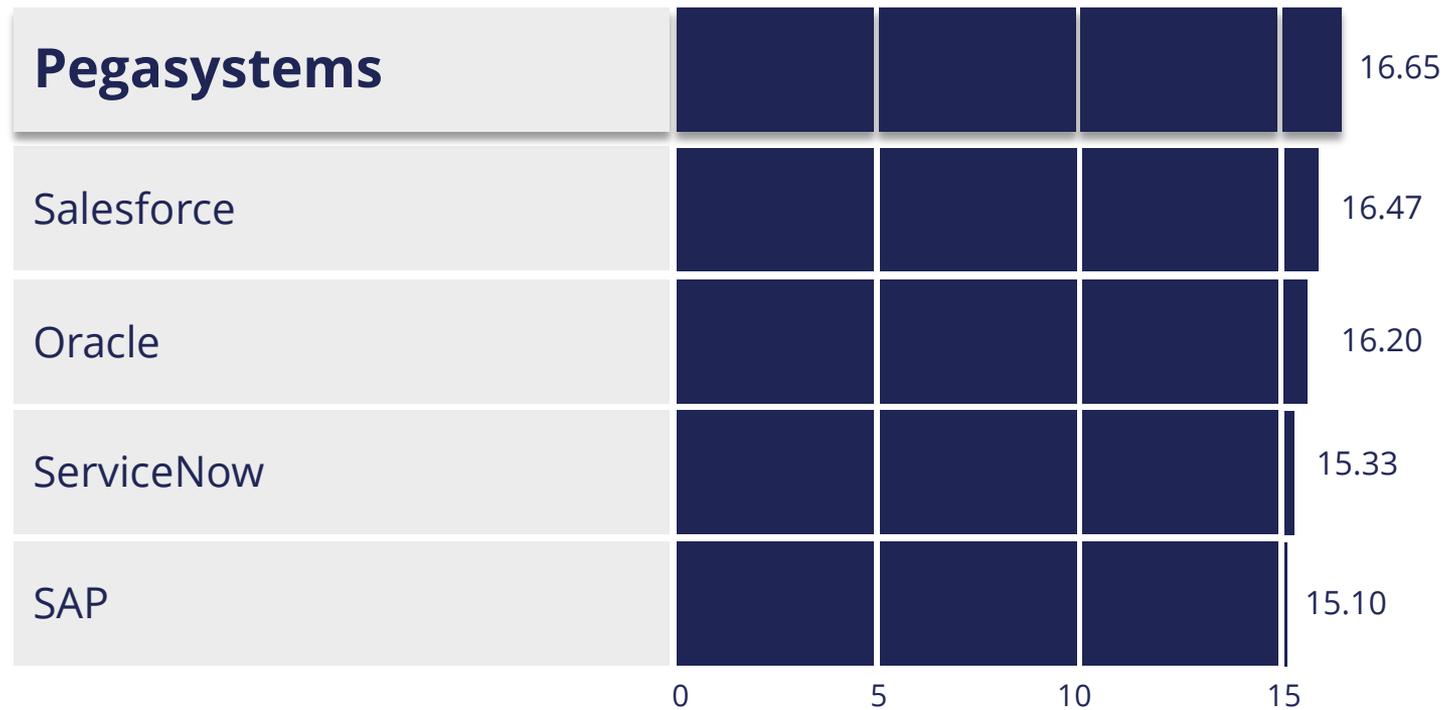
END-TO-END WORK MANAGEMENT

“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

Pega is best in CRM!

Gartner: Critical Capabilities for CRM Customer Engagement Center (December 2017)



© Gartner, Inc

* Scores are an average of all use cases across all vendors



Every day, Pega powers...

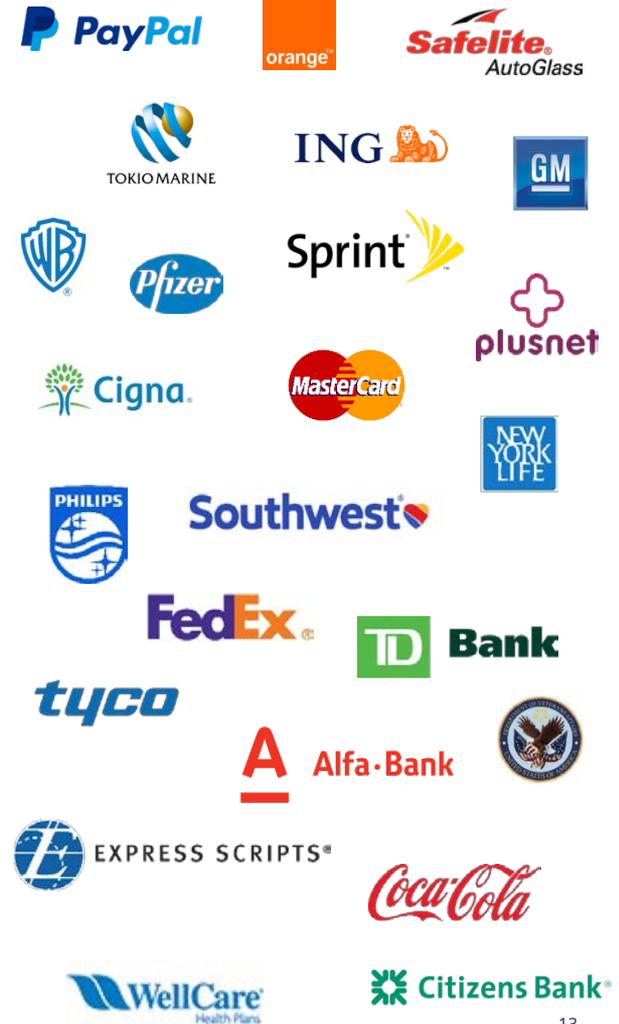
MILLIONS
of automated processes

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...

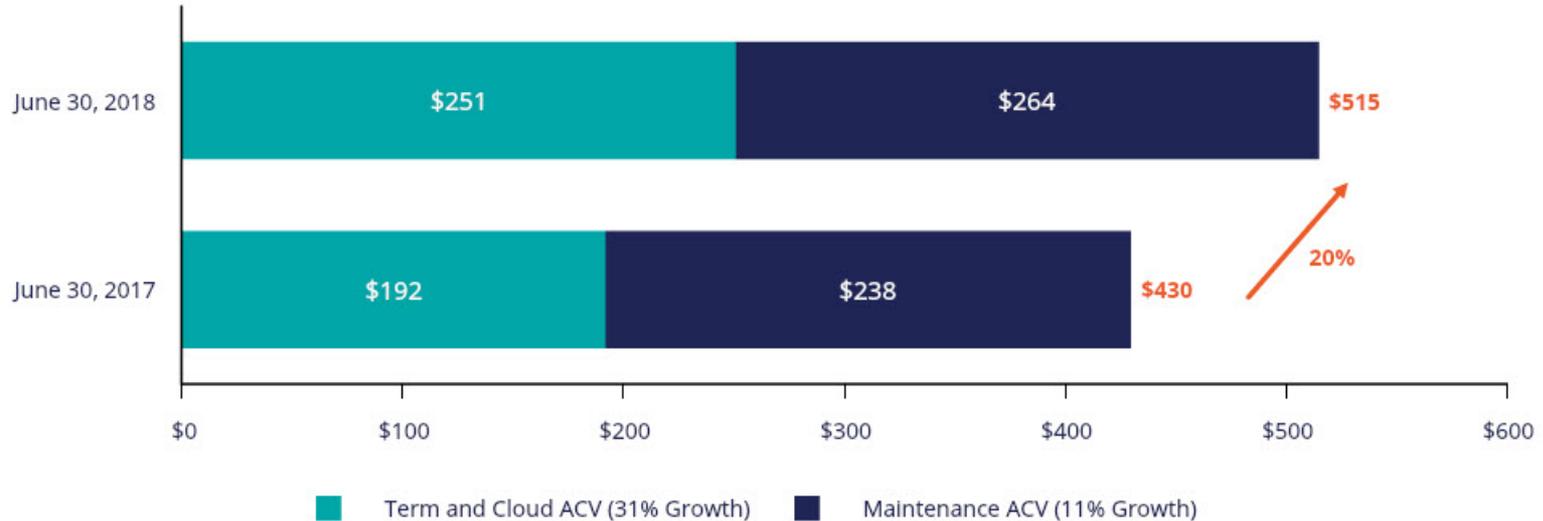
...you've interacted with Pega.



Financial Details

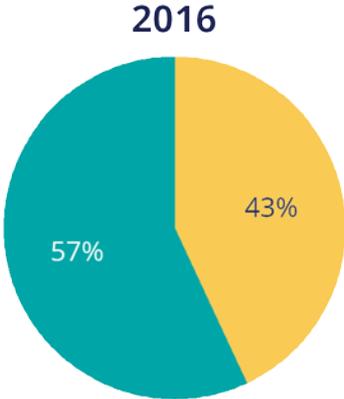
Annual contract value

(in millions)

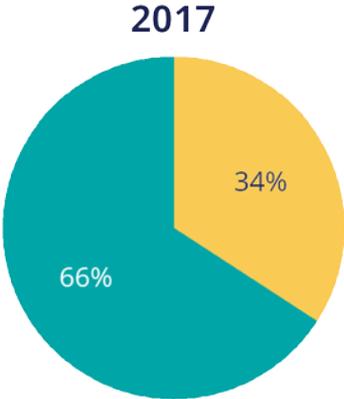


ACV, as of a given date, is the sum of the following two components: 1. The sum of the annual value of each term and cloud contract in effect on such date, with the annual value of a term or cloud contract being equal to the total value of the contract divided by the total number of years of the contract. 2. Maintenance revenue reported for the quarter end on such date, multiplied by four.

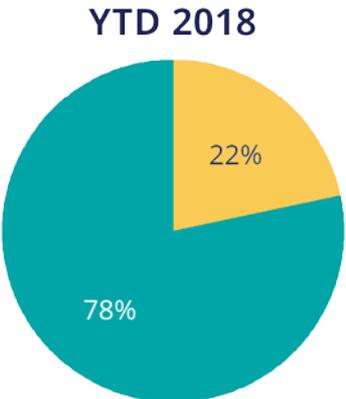
Growing term and cloud revenue contribution



- Perpetual license
- Term license and cloud



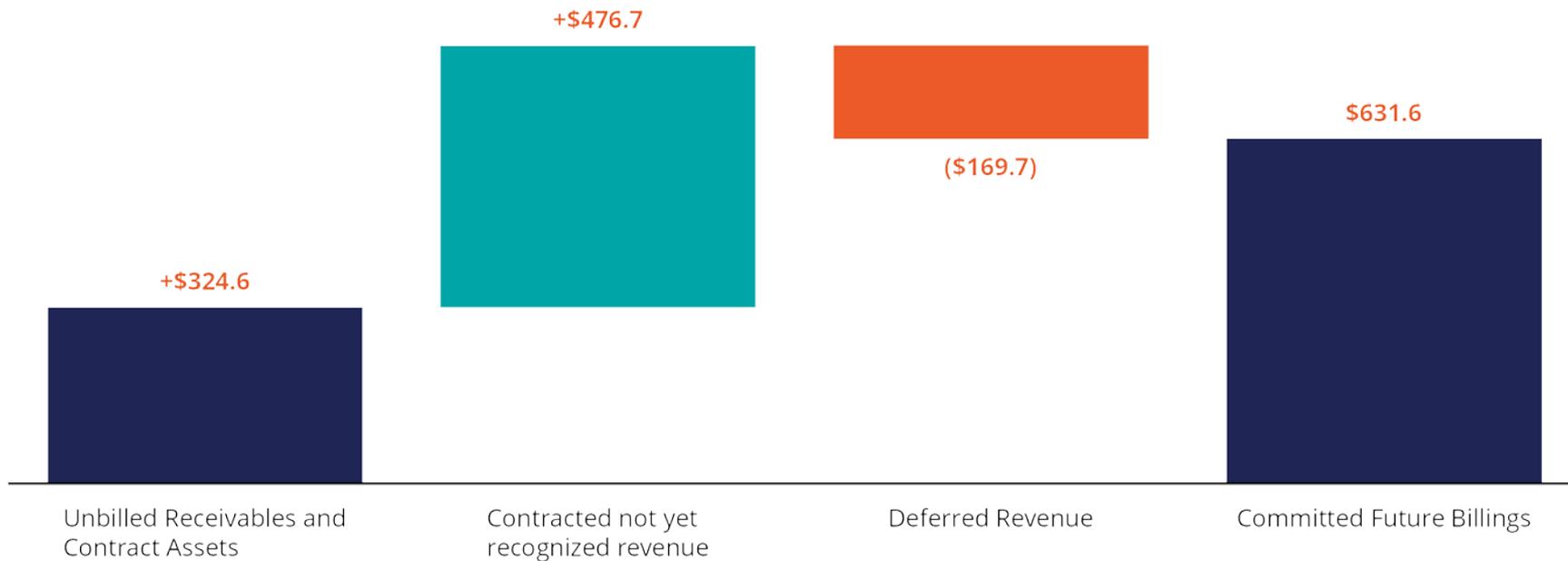
- Perpetual license
- Term license and cloud



- Perpetual license
- Term license and cloud

Committed Future Billings

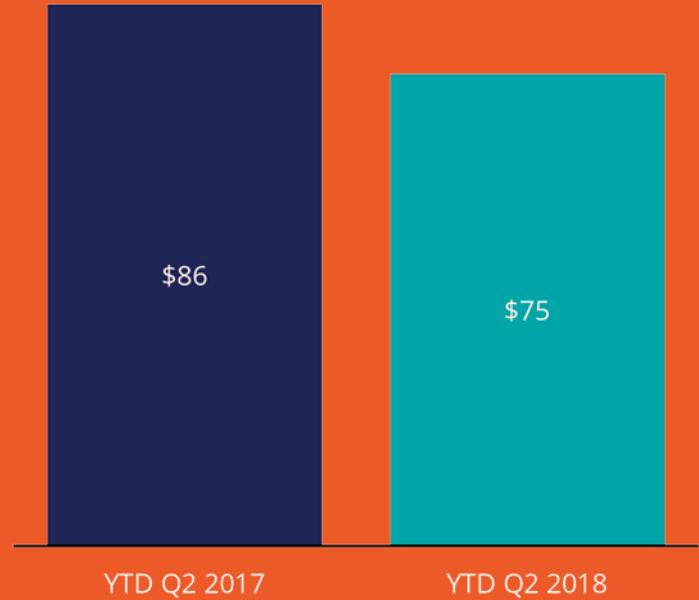
(in millions)



Cash returned to shareholders (in millions)



Cash provided by operating activities (in millions)





PEGA[®]

Build for Change[®]