Safe Harbor Statement

Certain statements contained in this presentation including, but not limited to, statements related to future earnings, bookings, revenue, and mix of license revenue, may be construed as forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995.

The words expects, anticipates, intends, plans, believes, could, estimates, may, targets, strategies, intends to, projects, forecasts, and guidance, and other similar expressions identify forward-looking statements, which speak only as of the date the statement was made. Because such statements deal with future events, they are subject to various risks and uncertainties. Actual results for fiscal year 2015 and beyond could differ materially from the Company’s current expectations.

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 2015 earnings, and in the Company’s filings with the Securities and Exchange Commission, including its Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, its Annual Report on Form 10-K for the year ended December 31, 2014, and other recent filings with the SEC. Although subsequent events may cause the Company’s view to change, the company undertakes no obligation to revise or update forward-looking statements whether as a result of new information, future events, or otherwise, since these statements may no longer be accurate or timely.
Applications Engineered for Evolution
1. OUR BUSINESS
2. STRATEGIC APPLICATIONS
3. CUSTOMER SUCCESS
4. FINANCIAL DETAILS
Market Transition: Expand Through Apps & Digital

Sell how customers want to buy: Apps first then strategic platform

Robust Digital Engagement supports awareness, consideration, & buying
- Content
- Outreach
- Community
- Test-drive

Original BPM Target

$30B Strategic Applications Market

Strong Apps & Engagement Maps
Complement target model, making key solutions (particularly CRM) easier to understand, explain and implement

Low  Vision & Conceptual Match  High
CUSTOMER EXPECTATIONS VS BUSINESS CHALLENGES

- Coherent Experience
- Relevant
- Seamless
- Immediate

- Legacy Systems
- New Channels
- Market Change
- Regulations
- Silos
Anticipate customers needs
Connect customers to people who can get things done
Manage complexity
Evolve as fast as customers do

With Strategic Apps
That Seamlessly Connect Front and Back Office
In Real-Time
While Treating Every Customer Like Your First Customer
8 of the Top 10 Credit Card Issuers

8 of the Top 10 Global Banks

6 of the Top 10 Communication Service Providers

12 of the Top 14 Largest Healthcare Payers

7 of the Top 10 Insurance Companies

8 of the Top 10 Life Science Companies

300M Serviced Constituents a Day
The Leader and Growing

9 YEARS OF ORGANIC GROWTH 21% CAGR

• Founded in 1983 without venture capital
• Over 3,000 employees worldwide
• Over 15,000 global partners

NON-GAAP REVENUE


$100 $126 $162 $212 $264 $348 $421 $462 $511 $593 $653

*GUIDANCE
Worldwide Consulting Ecosystem
Unified Platform Engineered for Evolution

CASE MANAGEMENT #1

BPM #1

LEADER IN CRM

*Magic Quadrant for the CRM Customer Engagement Center, 2015*
Adding to CRM Leadership - Real-Time Decisions #1
CONNECTING GLOBAL EXPERIENCES

12,000 service advisors across 12 countries use Pega Customer Service providing a 3X increase in customer satisfaction for American Express
MAKING THE BEST DECISIONS

RBS uses Pega Marketing to engage customers with relevant offers across all channels improving response rates by 25%
LANDING PLANES
Pega’s Operations Applications helps increase Heathrow’s on-time departures from 60% to 85%
CLEANING UP THE MESS

Pega’s Customer Service and Operations Applications allows AIG to consolidate 55 claims systems across 60 countries into one global system.
Real-time Service
Improving Safelite’s NPS from 73% to 87% and driving greater operational efficiency across the organization with Pega Mobile
Strategic Applications
Driving the customer journey

MARKETING

SALES & ONBOARDING

OPERATIONS

CUSTOMER SERVICE

Pega® 7 PLATFORM

INSURANCE
COMMUNICATIONS
FINANCIAL SERVICES
HEALTHCARE
LIFE SCIENCES
PUBLIC SECTOR
ENERGY
MANUFACTURING & HIGH TECH
CONFORMING APPLICATIONS VS. STRATEGIC APPLICATIONS

- “Out of the box”
- Limited configurations
- Ignore competitive advantages

- Manage complexity
- Connect customers to people who get things done
- Anticipate needs
- Evolve as fast as customers do
Pega 7 Platform – differentiator

Enterprise-wide transformation. One unified platform that is 6.4X faster to build, 8X faster to change and 40X faster to mobile.

- Directly Capture Objectives
- Omni-channel UX
- Situational Layer Cake
- Case Lifecycle Management
- Next-Best-Action
Pega 7 Platform

Start-up to $1 billion business in a year. 60K calls per day with 600 CSRs.

74 days to build a fully operational application

“We were able to capture a major share of the prescription drug plan market and grow our business from $0 to more than $1 billion in less than a year.”

Andy Anderson
Vice President of Pharmacy Services, CSC
CUSTOMER EXPECTATIONS VS BUSINESS CHALLENGES

Coherent Experience
Relevant
Seamless
Immediate

Manage Complexity
Get Work Done
Anticipate Customer Needs
Evolve Fast

Legacy Systems
New Channels
Market Change
Regulations
Silos
FINANCIAL DETAILS
Addressable Market

Projected 15% CAGR 2014 to 2017

- Next Generation VSS (8%) and Case Management within Enterprise Content Management (30%) are Pega estimates
Go To Market Model

- Industry Leading Platform
- Strategic Applications
- Land, Expand, Transform
- Growing Ecosystem
- Digital Enablement

21% CAGR

(000,000's)
Non-GAAP Revenue adjusted for Antenna acquisition in 2013


$100 $126 $162 $212 $264 $348 $421 $462 $511 $593 $653

Revenue Growth
Non-GAAP

(000,000’s)
Non-GAAP Revenue

Q2'14 | Q2'15
---|---
$144 | $162
13% Growth

YTD Q2'14 | YTD Q2'15
---|---
$286 | $316
10% Growth

Revenue Mix
Contains: Software license, Maintenance, and Services
License & Cloud Revenue Growth
Non-GAAP

License Revenue Mix
Contains: Perpetual, Term, Subscription, and Cloud
A Strong First Half of the Year
Driving Revenue and Building Backlog in First Six Months of 2015

License & Cloud Revenue Growth (Non-GAAP)

YTD Q2'13 YTD Q2'14 YTD Q2'15

Q2 % Change from Beginning of Year
Backlog

1.7% $6
Q2'14

7.4% $27
Q2'15

Q2'13 ($20)
-6.6%
Geographic Revenue (YTD)
Non-GAAP

(000,000’s)

<table>
<thead>
<tr>
<th>Region</th>
<th>Revenue</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.A</td>
<td>$178</td>
<td>56%</td>
</tr>
<tr>
<td>Americas Int’l</td>
<td>$40</td>
<td>13%</td>
</tr>
<tr>
<td>EMEA</td>
<td>$76</td>
<td>24%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>$22</td>
<td>7%</td>
</tr>
</tbody>
</table>
Revenue Mix
Increasing relative mix of non-GAAP license & maintenance

YTD Q2 2013
- 31%
- 37%
- 32%

YTD Q2 2014
- 28%
- 40%

YTD Q2 2015
- 31%
- 26%
- 43%

Software License & Cloud
Maintenance
Consulting Services and Training
Revenue Mix
Non-GAAP

YTD Q2 2014

48% Non-ratable
52% Ratable

YTD Q2 2015

46% Non-ratable
54% Ratable

Ratable Revenue = Term + Subscription + Cloud + Maintenance
Non-ratable Revenue = Perpetual + Services + Training
License & Cloud Backlog – Consistently Growing

Total

License backlog is computed by adding billed deferred license and cloud revenue as detailed in Note 9 “Deferred Revenue” and off-balance sheet license and cloud commitments as detailed in the “Future Cash Receipts from License and Cloud Arrangements” in the 10-Q.
Cash, Cash Equivalents and Marketable Securities

(000,000’s)

Q4'14
$211

Q2'15
$227

7% Growth
2015 Guidance

- Revenue “modestly exceeds” $653 million
- EPS $ .78 per share (non GAAP)
- EPS $ .49 per share (GAAP)