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## Pegasystems Inc. Q1 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Geoff Hulme - Porter Orlin.

#### Geoff Hulme - Porter Orlin

How do you think about, now that you're getting to some critical mass and traction in this hot, as Forrester defines it, sector that a lot of people are making claim to making progress in, from consulting firms to systems integration, to big application software companies?

We've grown nicely here. We're still a \$200 million software company that some people probably haven't heard of yet. But how do you think about having this position that you have in this functional area with all of these other companies surrounding you, and getting from this point to the next point?

#### Alan Trefler

Well, I think a couple of thoughts. First, we understand that for us to take true leadership in this area as this market becomes less fragmented we need to grow very, very rapidly. And as we think about how to do that, we understand that that's probably going to be through a mix of things.

That very much we believe is going to involve a different relationship with strategic consultancies so that we can leverage that we are less responsible for delivering all the services. And we've made that a key corporate objective, and we're working very diligently to pursue that.

We also believe that the market is still in many ways nascent and frankly in some ways competition is getting easier, not harder. The acquisition of other companies that were in the magic quadrant a year, 18 months ago by the acquisition, for example, of FileNet or the just-announced acquisition of BEA, I think actually serves to weaken innovation in this sector. And our clients have told us and we have seen that we're not just in a leadership position, but we're actually able to increase that leadership.

I believe that as our product improves and as our network increases, that we have a tremendous opportunity here. Particularly if at some point in time this market turns from being a push market where we're selling directly, to a pull market where in fact there is clients who really understand what BPM can do and can apply it.

Right now that's still very early, I think, as you point out, and there's still confusion. Our job is to over the next year get our brand out there, get the true message of BPM out there, and then see if we can have the channels and other support to support rapid growth.

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