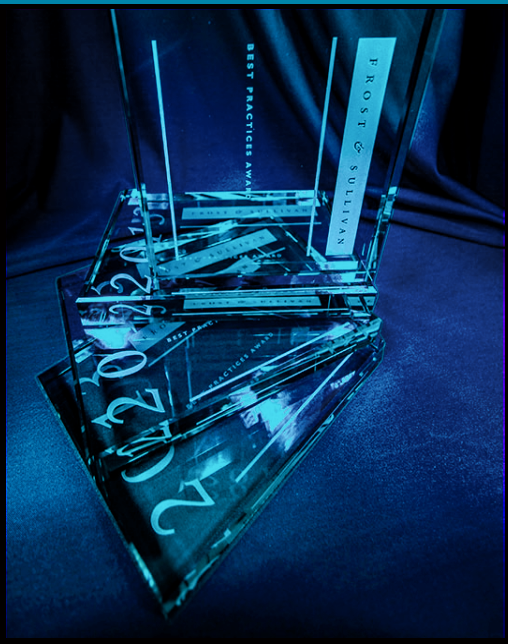


F R O S T & S U L L I V A N



2016 North American Enterprise Application  
Development Platform for Manufacturing  
Customer Value Leadership Award



FROST & SULLIVAN

BEST  
2016 PRACTICES  
AWARD

NORTH AMERICAN ENTERPRISE APPLICATION  
DEVELOPMENT PLATFORM FOR MANUFACTURING  
CUSTOMER VALUE LEADERSHIP AWARD

2016  
BEST PRACTICES  
AWARDS

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## Background and Company Performance

### *Industry Challenges*

In the present era of digital revolution, one pervasive challenge companies from any industry face is discovering how to easily build enterprise business applications that can adapt to emerging technology trends as well as changing customer demands, regulatory constraints, and evolving market conditions while being widely available and highly scalable. From manufacturing to retail to the government sector, almost all industries today are undergoing constant changes, mainly due to innovation in technologies ranging from mobile and social networks, to cloud, analytics, and SaaS, among others. These changes become all the more challenging when attempting to manage such transitions while supporting the evolving customer-engagement model. However, frequently developing business applications to adapt to the ongoing trends, changing requirements, and shifting business processes is typically not only resource but also cost intensive.

Under such circumstances, software companies that can provide an adaptable application development platform that simplifies the development of business applications, continuously matches the constantly changing business landscape (such as deployment on either on-premise or in the cloud, on any platform or device, and to any data source), ensures a low cost of ownership for customers with minimal information technology (IT) complexity, and provides an optimal customer experience, will find themselves best positioned to secure a leadership position in the North American market.

### *Customer Impact and Business Impact*

#### **Price/Performance Value**

Strongly committed to maximizing the value proposition for its customers, application partners, and end users, Progress Software Corporation's (Progress) state-of-the-art OpenEdge platform provides customers with numerous options and the flexibility to choose the platform components and solutions that best fit their needs in building enterprise applications. OpenEdge is one of the most collaborative, comprehensive, and integrated application development platforms on the market that offers a broad portfolio of functionalities. These functionalities include Telerik Platform, RDBMS, replication data servers, business process management, advanced business language, application server, and companion solutions such as OpenEdge Pro2, and OpenEdge Analytics360. Through a single platform, Progress simplifies and streamlines the rapid development, deployment, integration, and management of global enterprise business applications and provides customers with comprehensive capabilities to address their various needs and constraints.

OpenEdge ensures total data management and integration and a shorter response time to rapid technological advances; it offers its customers numerous application types to support their digital business strategy, and ultimately, enables customers to grow quickly as their businesses evolve in tandem with emerging market trends. For instance, Progress

acquired Telerik in 2015, and using the Telerik Platform, its customers can now build and develop high-performance mobile business applications and deploy them across any platform (on-premise, cloud, or hybrid) and mobile device, as well as connect and plug them directly into the OpenEdge application. Also, its customers can make informed decisions on executing process improvements using OpenEdge Business Process Management (BPM). While the OpenEdge Analytics360 business intelligence and data analytics solution enables customers to gain comprehensive business insight, the OpenEdge Pro2 allows for quick and easy replication of OpenEdge data into a separate OpenEdge SQL server or Oracle database. Progress facilitates collaboration among the various silos and the internal decision dependencies present in the customers' business by automating business rules. Corticon Rules for OpenEdge manages the rules that drive its customers' business processes. This enables enterprises in some of the highly regulated industries (where compliance requirements and business processes constantly change) to ensure rules compliance and faster decision making. Thus, the company provides its customers with an entire stack of component and tool sets, everything they need to build an application. In essence, Progress has effectively used its experience of more than 35 years and thorough understanding of digital business development platforms to address major industry challenges and secure a competitive, advantageous position for itself in the market.

### **Customer Ownership Experience**

With an aim to render an enriched ownership experience for its customers, Progress has designed the OpenEdge platform with innovative features, functions, and next-generation application development tools that deliver an enhanced user experience across applications. Keeping in mind the growing use of new business models and connected devices, all functionalities and applications of the OpenEdge platform are compatible with the latest mobile platforms, hand-held devices, and all data sources.

Incorporating functionalities in line with industry requirements and technological advances, such as the Telerik Platform, Progress supports the mobile and Internet-of-things (IoT) application development strategy of its customers. The Telerik Platform mobilizes the OpenEdge applications, and what largely differentiates this platform is that it provides a simple, straightforward, and user-centric way of building mobile apps with rich UI (user interface) on top of OpenEdge-based applications that are easy to navigate. Designed specifically for OpenEdge partners and customers, the Telerik Platform features capabilities, such as JavaScript Data Object (JSDO) (it allows the building of an API layer through which users can connect any user experience directly to the OpenEdge platform) supported in ScreenBuilder and AppManager LiveSync. Such flexible tools and objects enable these cross-platform mobile apps to be easily updated and provide customers with access to OpenEdge data sources from within the app with minimal coding. These integrated, easy-to-use tools foster a business environment that encourages collaboration across functions. Unique and perfectly designed to address the requirements of its customers hailing from different industry backgrounds, the Telerik Platform for the

OpenEdge solution encompasses every step of the mobile app creation, starting from designing, building, and connecting all the way through testing, managing, and measuring. In addition, the Kendo UI toolset enables users to develop a Web-based user experience on top of the existing OpenEdge-based applications. All these options make OpenEdge one of the most flexible, reliable, scalable, and affordable application development platforms, with the lowest total cost of ownership, available today.

In addition to these features, Progress' customers can develop, simulate, and deploy business processes, including the ability to create workflows using drag-and-drop tools, thus leveraging the OpenEdge BPM portal. Progress has devised a broad, unique OpenEdge BPM with simple-to-use dashboards that enhance the visibility of business process performance and execution, as well as enable decision makers to arrive at a holistic and optimized visual representation of their business, in order to drive process optimization and improvement across functional areas. The volume of actionable insights made available to customers by monitoring the business applications and the execution of processes using dashboards in OpenEdge BPM helps them in identifying the areas for process optimization and improvement across the enterprise to make the right decision at the right time. Ultimately, a smooth functioning of business operations is ensured.

Progress' software runs both on-demand cloud types (SaaS delivery) as well as on-premise. Sixty-five percent of its partners are now offering SaaS as their business model. As a result, Progress created a SaaS program (as part of its partner program) that supports the deployment of business applications in the cloud where it continues to expand and improve the deployment options for supporting reliable, scalable, and easy migration. Its customers can connect to the cloud and start using the services immediately (from anywhere with any device) with little risk, and with low initial investment, cost of ownership, or IT involvement, and yet still depend on enhanced performance. Currently, 35% of Progress' new license business is derived from SaaS, and the company expects it to be more than 50% over the next 5 years. Progress is the first in the industry to deliver a multi-tenant database that is able to support its application providers who are delivering applications in the cloud. The OpenEdge RDBMS Advanced Enterprise Edition (AEE) meets the demands of SaaS and supports the cloud business and deployment models. This open, scalable, always available (24\*7), and reliable database solution delivers transparent data encryption (TDE), data availability and management with table partitioning, multi-tenancy for SaaS/cloud deployments, data replication for secure recovery, and high-performance data visibility. Such unparalleled platform attributes have helped ensure that Progress' overall value proposition in enterprise applications development remains unmatched.

Progress' continuous innovation by way of turning technology trends into business value through cloud architecture evolution, increasing customizability, and flexibility through search, social network, and Big Data technology, has emerged as an important enabler of growth for its customers to transform into modern digital businesses. Such unparalleled product attributes have helped Progress instill a sense of ownership pride in its customers.

## Customer Service Experience

Progress has invested significantly in its partner program and focuses on working closely with its customers and partners to ensure an enhanced service experience. It regularly contacts its customers to ensure they are up-to-date with the latest versions of its platform and other advances as well as the additions to its product suite. Its partners have stayed with Progress for more than 15 years. The company provides flexible business pricing and terms, which makes it easier to do business with Progress than with competitors. Partners and customers, thus, value being a Progress partner.

One of the primary factors that has contributed to the company's success is the Progress OpenEdge Consulting Services and its unmatched industry expertise and highly efficient resource pool. Progress OpenEdge Consulting Services understands every aspect of a customer's business by working closely to determine business, technical, architecture, and technology needs. This enables the company to devise a platform model best suited to address its customers' personalized objectives. Progress OpenEdge Consulting Services also offers a comprehensive portfolio of managed services, ranging from configuring, customizing, integrating, managing, or implementing OpenEdge products and modernizing (Progress Modernization Framework for OpenEdge modernizes OpenEdge solutions) their applications to assisting them in SaaS, cloud, and mobility with a dedicated team of experts proactively monitoring the application and providing 24/7/365 support services.

Being involved in enterprise-wide global deployments, Progress exhibits commitment to deliver an enhanced and comprehensive quality of service experience that also includes education, training, and mentoring, ranging from instructor-led, on-line training to customized training at Progress Academy, as a way help customers effectively use its products and reap maximum value. All of these services and the unique value propositions that they offer clearly strengthen Progress' potential to further expand the scope of applications for its solution in the coming years.

## Customer Acquisition

Progress' strategy to accurately analyze customer requirements and fabricate an application development platform that can best address customer expectations can be largely attributed to the successful deployment of OpenEdge across diverse industries that support everyday products and services.

With more than 3,500 direct customers, the company prides itself on an incredible \$4.0 billion ecosystem (in terms of licensed revenues) comprising an extensive list of 1,400 application partners, more than 50,000 customers of application partners, and 5 million end users of applications. This implies that while the OpenEdge platform generates \$315 million, the actual ecosystem related to the OpenEdge-based applications is about \$4 billion and continues to grow year-on-year (YOY) anywhere between 3 and 6%. In particular, direct customers license the OpenEdge technology to develop a customized application that is mission critical to their business and use it internally, whereas large



independent software vendors (ISVs) and service providers develop the application using the OpenEdge platform and offer it to their customers.

In the case of some direct customers, such as the largest online lender in the US closing more than \$140 billion in mortgage loans, the entire mortgage origination application, the underlying core system that every single mortgage loan goes through, is actually an OpenEdge-based custom-built application. Interestingly, their competitors including the largest US bank also use an OpenEdge-based application. The core records management application of a \$4.0 billion records management company, that is used to keep track of every single document, is built on OpenEdge. One of the world's largest sunglass retailer's point-of-sale application is also built on OpenEdge. In other words, these direct customers of Progress have built unique custom applications using OpenEdge, which help run their businesses and cannot be replaced with an off-the-shelf application.

Cumulatively, Progress' application partners have built more than 6,000 applications on the OpenEdge platform. Progress has always focused on indirect customers, specifically within the OpenEdge world, wherein historically 60 to 65% of revenue comes indirectly through application partners (channel of ISVs and service providers), and 35 to 40% of revenue comes from direct customers. For instance, in the case of service providers, ADP Brazil (the largest SaaS provider in Brazil) has used the OpenEdge platform to develop its payroll application that it offers as a service to its customers. Therefore, with changing industry dynamics, Progress has remarkably scaled-up its services by providing an adaptable and industry-agnostic enterprise application development platform that can continuously meet the ever-changing needs of its customers.

## **Growth Potential**

Progress effectively addresses the evolving customer requirements in the new digital age of enterprise application development platforms, strategically acquires capabilities that add to its own strength, and supports various layers of its customer engagement model. Total revenues of more than \$400 million, OpenEdge platform revenues of \$315 million, cash flow of \$100 million, an operating margin of 29% in 2015, a staggering renewal rate of more than 90%, and a heightened customer satisfaction considerably boost Progress' growth potential in this market. Successfully celebrating 35 years of operations, Progress is supported by approximately 2,000 employees and 140,000 customers in over 80 countries; 42% of its total revenues and 54% of OpenEdge revenues come from international operations. Innovation driven, the company invests 16% of its revenues in research and development (R&D).

Progress' OpenEdge platform has been highly successful in promoting customer value leadership and drawing the attention of leading ISVs. These ISVs take Progress' OpenEdge platform to a number of verticals, including manufacturing, financial services, business services, construction, healthcare, retail, and government. The company caters to niche participants as well as market leaders such as Fiserv, THOMSON REUTERS, WAUSAU,

Concur, SAGE, CGI, Constellation Software Inc., CoreLogic, Greenway, BDM IT Solutions, QAD, Infor, PROALPHA, TOTVS, Amadeus, Franchise Technologies, CAPITA, and Orchard, among others. None of the application development platforms operates across such a wide range of industry verticals or has a customer base, including prominent leaders, comparable to that of Progress.

## *Conclusion*

Through one of the most collaborative, comprehensive, and integrated OpenEdge platforms, Progress has ramped up its capabilities to render unmatched customer value and consolidate its position in the enterprise applications development platform market. By simplifying and streamlining the rapid development, deployment, integration, and management of global enterprise business applications, Progress has successfully addressed the requirements for current and futuristic business applications in a single platform. Aligned to customers' mobile application development strategy Progress' OpenEdge supports cloud business and deployment models and provides the flexibility to respond to constantly changing business requirements and processes. In other words, this solution offers customers a massive number of options and freedom to choose the components that best fit their different needs and constraints. In addition, ease of use, low cost of ownership, minimal IT complexity, reduced time to delivery/fast time-to-market, high performance and stability, and its supreme relationship with customers clearly highlight the unique value proposition offered by Progress.

With its strong overall performance, Progress has earned Frost & Sullivan's 2016 Customer Value Leadership Award.



## Significance of Customer Value Leadership

Ultimately, growth in any organization depends upon customers purchasing from your company, and then making the decision to return time and again. Delighting customers is therefore the cornerstone of any successful growth strategy. To achieve these dual goals (growth and customer delight), an organization must be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.



## Understanding Customer Value Leadership

Customer Value Leadership is defined and measured by two macro-level categories: customer impact and business impact. These two sides work together to make customers feel valued, and confident in their products' quality and long shelf life. This dual satisfaction translates into repeat purchases and a high lifetime customer value.

## Key Benchmarking Criteria

For the Customer Value Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Customer Impact and Business Impact—according to the criteria identified below.

### Customer Impact

- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

### Business Impact

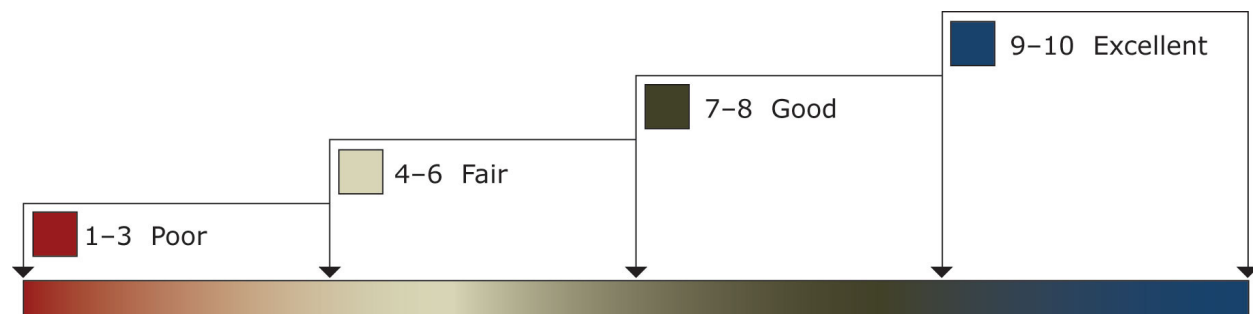
- Criterion 1: Financial Performance
- Criterion 2: Customer Acquisition
- Criterion 3: Operational Efficiency
- Criterion 4: Growth Potential
- Criterion 5: Human Capital

## Best Practice Award Analysis for Progress

### Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows our research and consulting teams to objectively analyze performance, according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are illustrated below.

#### RATINGS GUIDELINES



The Decision Support Scorecard is organized by Customer Impact and Business Impact (i.e., the overarching categories for all 10 benchmarking criteria; the definitions for each criteria are provided beneath the scorecard). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, we have chosen to refer to the other key players as Competitor 2 and Competitor 3.

#### DECISION SUPPORT SCORECARD FOR CUSTOMER VALUE LEADERSHIP AWARD

<i>Measurement of 1-10 (1 = poor; 10 = excellent)</i>			
Customer Value Leadership	Customer Impact	Business Impact	Average Rating
<b>Progress</b>	<b>9.5</b>	<b>9.5</b>	<b>9.5</b>
Competitor 2	8.0	8.0	8.0
Competitor 3	7.0	7.0	7.0

### *Customer Impact*

#### **Criterion 1: Price/Performance Value**

Requirement: Products or services offer the best value for the price, compared to similar offerings in the market

#### **Criterion 2: Customer Purchase Experience**

Requirement: Customers feel like they are buying the most optimal solution that addresses both their unique needs and their unique constraints

#### **Criterion 3: Customer Ownership Experience**

Requirement: Customers are proud to own the company's product or service, and have a positive experience throughout the life of the product or service

#### **Criterion 4: Customer Service Experience**

Requirement: Customer service is accessible, fast, stress-free, and of high quality

#### **Criterion 5: Brand Equity**

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty

### *Business Impact*

#### **Criterion 1: Financial Performance**

Requirement: Strong overall financial performance in terms of revenues, revenue growth, operating margin and other key financial metrics

#### **Criterion 2: Customer Acquisition**

Requirement: Customer facing processes support the efficient and consistent acquisition of new customers, even as it enhances retention of current customers

#### **Criterion 3: Operational Efficiency**

Requirement: Staff is able to perform assigned tasks productively, quickly, and to a high quality standard

**Criterion 4: Growth Potential**

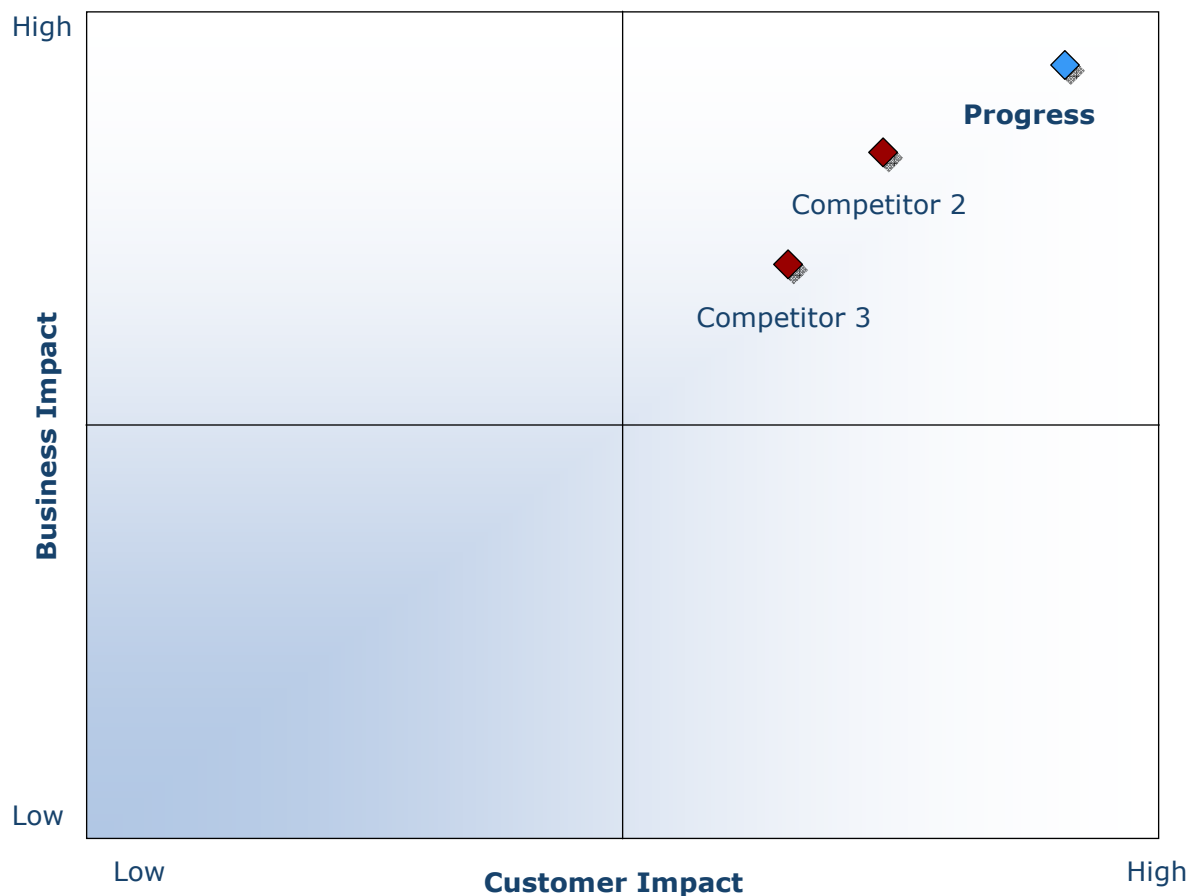
Requirements: Customer focus strengthens brand, reinforces customer loyalty and enhances growth potential

**Criterion 5: Human Capital**

Requirement: Company culture is characterized by a strong commitment to quality and customers, which in turn enhances employee morale and retention

***Decision Support Matrix***

Once all companies have been evaluated according to the Decision Support Scorecard, analysts can then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.

**DECISION SUPPORT MATRIX FOR CUSTOMER VALUE LEADERSHIP AWARD**

## The Intersection between 360-Degree Research and Best Practices Awards

### Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often, companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry players and for identifying those performing at best-in-class levels.

### 360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS



## Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan Awards follow a 10-step process to evaluate award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 <b>Monitor, target, and screen</b>	Identify award recipient candidates from around the globe	<ul style="list-style-type: none"> <li>• Conduct in-depth industry research</li> <li>• Identify emerging sectors</li> <li>• Scan multiple geographies</li> </ul>	Pipeline of candidates who potentially meet all best-practice criteria
2 <b>Perform 360-degree research</b>	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> <li>• Interview thought leaders and industry practitioners</li> <li>• Assess candidates' fit with best-practice criteria</li> <li>• Rank all candidates</li> </ul>	Matrix positioning all candidates' performance relative to one another
3 <b>Invite thought leadership in best practices</b>	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> <li>• Confirm best-practice criteria</li> <li>• Examine eligibility of all candidates</li> <li>• Identify any information gaps</li> </ul>	Detailed profiles of all ranked candidates
4 <b>Initiate research director review</b>	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> <li>• Brainstorm ranking options</li> <li>• Invite multiple perspectives on candidates' performance</li> <li>• Update candidate profiles</li> </ul>	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 <b>Assemble panel of industry experts</b>	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> <li>• Share findings</li> <li>• Strengthen cases for candidate eligibility</li> <li>• Prioritize candidates</li> </ul>	Refined list of prioritized award candidates
6 <b>Conduct global industry review</b>	Build consensus on award candidates' eligibility	<ul style="list-style-type: none"> <li>• Hold global team meeting to review all candidates</li> <li>• Pressure-test fit with criteria</li> <li>• Confirm inclusion of all eligible candidates</li> </ul>	Final list of eligible award candidates, representing success stories worldwide
7 <b>Perform quality check</b>	Develop official award consideration materials	<ul style="list-style-type: none"> <li>• Perform final performance benchmarking activities</li> <li>• Write nominations</li> <li>• Perform quality review</li> </ul>	High-quality, accurate, and creative presentation of nominees' successes
8 <b>Reconnect with panel of industry experts</b>	Finalize the selection of the best-practice award recipient	<ul style="list-style-type: none"> <li>• Review analysis with panel</li> <li>• Build consensus</li> <li>• Select winner</li> </ul>	Decision on which company performs best against all best-practice criteria
9 <b>Communicate recognition</b>	Inform award recipient of award recognition	<ul style="list-style-type: none"> <li>• Present award to the CEO</li> <li>• Inspire the organization for continued success</li> <li>• Celebrate the recipient's performance</li> </ul>	Announcement of award and plan for how recipient can use the award to enhance the brand
10 <b>Take strategic action</b>	Upon licensing, company may share award news with stakeholders and customers	<ul style="list-style-type: none"> <li>• Coordinate media outreach</li> <li>• Design a marketing plan</li> <li>• Assess award's role in future strategic planning</li> </ul>	Widespread awareness of recipient's award status among investors, media personnel, and employees

## About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best in class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages almost 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 31 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.