Progress Software Corporation Acquiring BPM Leader, Savvion Inc.

Savvion's pioneering, best-in-class BPM technology complements Progress technology to enable enterprises to achieve Operational Responsiveness

ORLANDO, Fla., Jan 11, 2010 (BUSINESS WIRE) -- ProgressSoftware Corporation (NASDAQ: PRGS), a leading software provider that enables enterprises to be operationally responsive announced today at its Global Field Operations Conference the acquisition of Savvion Inc., a privately held business enterprise software company based in Santa Clara, California, for approximately $49 million, net of cash acquired.

Savvion is a pioneering and leading provider of Business Process Management (BPM) technology with 15 years of market experience. The company offers a comprehensive, standards-based BPM suite that helps more than 300 of the world's top-performing companies - including 24 of the 'Fortune 100' - automate and continuously improve critical business processes.

Richard D. Reidy, president and chief executive officer, Progress Software said: "We believe that achieving operational responsiveness has become a business imperative, enabling businesses to achieve the highest level of operational performance. Our acquisition of Savvion enhances our goal to provide unprecedented business visibility, responsiveness and business process improvement, coupled with the highest degree of data integrity and integration."

Dr. John Bates, Progress Software's chief technology officer and head of corporate development added: "The Savvion BPM suite is a perfect fit for Progress because it offers leading capabilities for business process modeling and execution. The suite also uniquely includes other integrated key capabilities, including business rules management, document management, an event engine and an analytics engine."

Dr. Bates continued: "In addition, Savvion has developed powerful industry-specific BPM solutions for financial services, communications, healthcare, life sciences, energy and manufacturing industries in which, Progress already has a broad customer base that will benefit from these capabilities. Each Savvion solution features pre-built business processes and dashboards based on industry best practices. These solutions are proven to accelerate customer deployments with a high return on investment (ROI) and a low total cost of ownership (TCO)."

Sandep Phanasgaonkar, president and CTO, Reliance Capital noted: "The Savvion BPM suite has quick deployment time. Reliance reduced turnaround time and increased adherence to SLAs after implementing the Savvion BPM solution. Savvion helped create an 86% reduction in policy generation time. Our ROI was realized in less than six months."

According to Maureen Fleming, program director of IDC's business process management and middleware research service: "As enterprises increase their focus on operational responsiveness - and most of them are -- there is a need to build event-driven systems that adapt continuously to current and trending business conditions. We call these 'business navigation systems,' which converge visibility, event processing and BPM software. Vendors offering all three capabilities as a system are in a much stronger position to partner with their customers to build these new types of high value applications."

The combination of Progress Software's Business Event Processing (BEP), Business Transaction Assurance (BTA) and Integration portfolio, coupled with the Savvion BPM suite better enables enterprises to achieve the highest levels of operational responsiveness. With this set of solutions, enterprises can:

1. Ensure efficient execution of business processes by detecting system bottle-necks through visibility into process transactions and resolving;
2. Capture, analyze and respond to opportunities and threats to the business through business event processing in real-time;
3. Easily integrate existing disparate systems and processes; and,
4. Achieve end-to-end business process visibility to detect and resolve any system bottlenecks and exceptions ensuring every business process is completed successfully.

Dr. M. Ketabchi, president, chief executive officer and founder, Savvion, said: "Since 1994, Savvion has pioneered the development and practical use of BPM for business-critical applications. Today, many large enterprises - primarily in telecommunications, financial services, manufacturing, and government - are using our innovative and robust technology. We are delighted Savvion customers will now have access to all the complementary, best-in-class products that Progress

Software offers as well as Progress' significantly larger global sales, services and support teams."

In connection with the acquisition, Progress expects to issue equity awards consisting of an aggregate of approximately 110,000 shares to six Savvion employees who have joined Progress as part of the acquisition. These awards will consist of a combination of options to purchase Progress common stock and restricted stock units. The awards will be made pursuant to Progress' 2004 Inducement Stock Plan and are subject to the approval of the Compensation Committee of Progress' Board of Directors. Progress may issue additional equity awards in the future to other Savvion employees who have joined Progress as part of the acquisition.

Revised Business Outlook

Progress Software is providing the following guidance, which reflects the anticipated impact from the acquisition of Savvion, for the fiscal year ending November 30, 2010:

- GAAP revenue is expected to be in the range of $538 million to $548 million.
- Revenue, on a non-GAAP basis, is expected to be in the range of $540 million to $550 million.
- GAAP diluted earnings per share are expected to be in the range of 93 cents to $1.23.
- On a non-GAAP basis, diluted earnings per share are expected to be in the range of $2.16 to $2.28.

Progress Software is providing the following guidance, which reflects the anticipated impact from the acquisition of Savvion, for the first fiscal quarter ending February 28, 2010:

- GAAP revenue is expected to be in the range of $124 million to $128 million.
- Revenue, on a non-GAAP basis, is expected to be in the range of $125 million to $129 million.
- GAAP diluted earnings per share are expected to be in the range of a loss of 20 cents to a loss of 1 cent.
- On a non-GAAP basis, diluted earnings per share are expected to be in the range of 44 cents to 46 cents.

The outlook for the non-GAAP amounts excludes the amortization of acquired intangibles, stock-based compensation, purchase accounting adjustments for deferred revenue, restructuring charges and acquisition-related expenses.

Legal Notice Regarding Non-GAAP Financial Information

The company provides non-GAAP revenue, operating income, net income and earnings per share as additional information for investors. These measures are not in accordance with, or an alternative to, generally accepted accounting principles in the United States (GAAP). Such measures are intended to supplement GAAP and may be different from non-GAAP measures used by other companies. The company believes that the non-GAAP results described in this release are useful for an understanding of its ongoing operations and provide additional detail and an alternative method of assessing its operating results. Management of the company uses these non-GAAP results to compare the company's performance to that of prior periods for analysis of trends and for budget and planning purposes. A reconciliation of non-GAAP adjustments to the company's GAAP financial results is included below.

Conference Call

The Progress Software conference call to discuss this acquisition will be Webcast live today at 9:00 a.m. Eastern Standard Time on the company's Web site, located at http://www.progress.com/investors. The call will also be Webcast live via Yahoo (http://www.yahoo.com), Motley Fool (http://www.fool.com), Streetevents (http://www.streetevents.com), TD Waterhouse (http://www.tdwaterhouse.com) and Fidelity.com (http://www.fidelity.com). An archived version of the conference call will be available for replay on the Progress website (http://www.progress.com), together with the slide presentation for the call, under the investor relations page.

Progress Software Corporation

Progress Software Corporation (NASDAQ: PRGS) is a global software company that enables enterprises to be operationally responsive to changing conditions and customer interactions as they occur - to capitalize on new opportunities, drive greater efficiencies and reduce risk. The company offers a comprehensive portfolio of best-in-class infrastructure software spanning event-driven visibility and real-time response, open integration, data access and integration, and application development and deployment - all supporting on-premises and SaaS/Cloud deployments. Progress maximizes the benefits of operational responsiveness while minimizing IT complexity and total cost of ownership. Progress can be reached at http://www.progress.com or +1-781-280-4000.

Safe Harbor Statement

"Overtaken by Events? The Quest for Operational Responsiveness" is a report based on a study conducted by Vanson Bourne. The findings reveal the prevalent need (and demand) for operational responsiveness across telecom, energy, and logistics businesses across the US and Western Europe. Among the key findings:

- 72% of respondents said their business processes take too long and need to be shortened.
- 54% said there are information gaps in decision-making.
- 94% of companies think access to real-time data is important to them.
- 82% are planning on investing in real-time technology by the middle of 2010 in the hope of speeding up internal processes.

Progress Software Corporation
Reconciliation of Forward-Looking Guidance
Diluted Earnings Per Share Range

	Three Months Ended February 28, 2010		
GAAP expectation	($0.20)	-	($0.01)
Adjustment to exclude stock-based compensation	$0.06	-	$0.07
Adjustment to exclude amortization of acquired intangibles	$0.11	-	$0.11
Adjustment to exclude restructuring expenses	$0.30	-	$0.45
Adjustment to exclude acquisition-related expenses	$0.00	-	$0.01
Non-GAAP expectation	$0.44	-	$0.46
	Twelve Months Ended November 30, 2010		
GAAP expectation	$0.93	-	$1.23
Adjustment to exclude stock-based compensation	$0.29	-	$0.31
Adjustment to exclude amortization of acquired intangibles	$0.44	-	$0.47
Adjustment to exclude restructuring expenses	$0.30		$0.45
Adjustment to exclude acquisition-related expenses	$0.02	-	$0.03
Non-GAAP expectation	$2.16	-	$2.28

SOURCE: Progress Software Corporation

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