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Message from the President

We've added a new feature in this newsletter to help you get to know Paragon better. In addition to highlighting some of our customer successes we've taken the opportunity to focus on the "people" side of our business.

Our Employee Anniversaries article recognizes employees who have been with Paragon over five years, some of whom have been with us for ten years. This recognition is well-deserved. These people have been key contributors to our success over the years and continue to set high standards of effort, superior quality of work and integrity within our organization. And I think the photo gives those of you who have worked with but never met some of these people a chance to put a face with a name (or a voice).

Following this "people" theme, you'll also find several articles that deal with personal interactions between Paragon staff and individual customers.

Of particular interest to me are the webinars. We recently held our first webinar and the response was excellent. We were pleasantly surprised at the number of attendees, and we received very positive feedback following the session. The webinar format enabled us to personalize the dialogue by speaking directly to our

customers. We used it to communicate what we've been up to lately and the result was a very informative and productive discussion.

Our next webinar in early September will highlight tips to maximize testing efficiencies. Customers often ask us for ways to optimize their testing program. In this webinar, we'll cover five tips that you can implement to make your testing program work harder for you.



You'll no doubt see additional webinars from us. Be assured that we know your time is valuable and will make every effort to ensure that it's time well-spent. They're a great way for "your people" and "our people" to interact and I strongly encourage you to participate.

Gary Kirk, President

Paragon's Web Help Desk

Have you checked out our new support web help desk? Log in through our home page at www.paragonedge.com or <http://support.paragonedge.com/bridgeaccess70>. Enter issues, view issue history, obtain product tips, explore the FAQ and more.

Paragon Software Aids Alaska Option and Pemco Technology Alliance

For Alaska Option, an EFT Network, and Pemco Technologies, a payments processor of in-house credit and debit transactions, the customer comes first. Alaska Option has offered cost-effective, state-of-the-art automated teller machine (ATM) and point-of-sale (POS) transaction and settlement services to financial institutions and financial service providers for over 20 years and provided 100% availability to financial institutions in 2006. Pemco Technologies has a solid reputation built on award-winning system reliability, quality transaction processing, innovative solutions and extraordinary service. Recently Alaska Option and Pemco Technologies formed an alliance to offer enhanced services to their customers.

The alliance between Alaska Option and Pemco Technologies leverages the strengths of each organization. Alaska Option customers will be able to take advantage of Pemco Technologies' fraud management services. Pemco Technologies customers will realize cost-savings through the ATM services that Alaska Option is providing.



To transition the ATM services to Alaska Option, both Pemco Technologies and Alaska Option needed a solution that would enable them to develop and test ATM configuration files and to simulate and test ATM transaction processing. After a careful evaluation, they chose Paragon's ATMulator Plus.

Both organizations are long time users of Paragon products. Since 2001, Pemco Technologies has used Paragon's ATMulator Plus and FASTest for ATMs to simulate and test its connection to member ATM networks and in 2005 licensed Paragon's FASTest for ISO to simulate and test its connections with multiple switches. Since 2000, Alaska Option has used Paragon's FASTest for ISO for unit, regression and pre-certification testing and recently licensed Paragon's ATMulator Plus.

Some of the challenges in transitioning ATM servicing from Pemco Technologies to Alaska Option involve transferring the ATM configuration files and testing to make sure that all of the ATM services are supported. "Pemco Technologies used ATMulator Plus to build their configuration files. We were then able to walk them through the states and screens changes necessary

to export to our host system," says Megan Poulson, Technical Services Manager for Alaska Option. "This made the conversion process much quicker and easier for us."

Teri Ikehara, Director of IT for Pemco Technologies, agrees that Paragon applications are particularly useful. "We use ATMulator Plus and FASTest," she said. "There are some things we can test with ATMulator Plus that we can't do on a real ATM." Teri added, "Using these tools, we build our states and screens here as we always have. Since Alaska Option uses the same tools, it's easy to just hand our states and screens off to them for upload."

"ATMulator Plus is a great tool," says Kevin Wise, Senior Programmer Analyst for Alaska Option. "I can easily create as many test ATMs as I want without worrying about having a 'real' ATM and having to create complex and time consuming configurations and then later worry about reconfiguring the ATM each time I need to perform testing, which is often. With a click of a mouse I can bring up an ATM for institution Alpha and a few seconds later bring up an ATM for institution Beta, and so on—all without leaving my desk or reconfiguring the ATM. Also, a lot of our testing involves generating transactions from an ATM. Right out of the box, ATMulator Plus gave us a way to quickly and easily generate, simulate, and test ATM transactions."

In addition to using ATMulator Plus, both organizations are using Paragon's FASTest for ISO to test their connections with each other. They also use FASTest for ISO to test Pemco Technologies' neural-net processing for the Alaska Option switch.

Paragon's Professional Services staff aided in training the organizations and made modifications to facilitate the transfer of the configuration files. "Not only did Paragon provide the software that we needed, they also provided invaluable services and expertise to make the configuration file change process smoother," adds Ikehara. "Paragon is a valuable partner and our relationship has always been great."



Online support, On-time features: Paragon's Customer Update Webinar

On Wednesday, June 20, 2007, Paragon conducted a webinar to bring customers up to speed on several new developments in Paragon software and services. More than 50 customers attended the webinar and learned about:

- Current and future Paragon initiatives
- Paragon's recent customer survey
- Added feature functionality in release 2.4 of ATMulator Plus, ConfigBuilder and FASTest
- Enhancements to FASTress
- Launch of Web FASTest 2.0
- Paragon's research and development plans
- Upgrades to Paragon's web help desk
- Software upgrade path
- Enhancements to the patch process
- Overview of Paragon's new Professional Services group

Jim Perry, Vice President of Sales and Marketing, Mark Medlin, Vice President of Product Development, and Cathy Gardner, Product Support Manager, presented the hour-long webinar. Several customers requested copies of the webinar to share with other members of their group. If you are interested in a copy of the presentation, e-mail marketing@paragonedge.com.

Upcoming Webinar: 5 Tips to Maximize Testing Efficiency with Paragon

On Thursday, September 6th, Paragon will conduct a webinar to show customers how to maximize testing efficiencies using Paragon tools. In this interactive webinar, customers will learn about:

- Software integration
- Best practices in test case management
- Using automation to maximize testing bandwidth
- Managing mandates
- Using terminal servers to increase testing access

If you are interested in attending the webinar, contact marketing@paragonedge.com.

GalaxyPlus Optimizes Testing with Paragon's FASTest

When GalaxyPlus, a leading provider of data processing solutions for credit unions, was looking for a unit and regression test solution, they wanted a cost-effective, PC-based application with a friendly user interface. FASTest from Paragon Application Systems fit the bill.

GalaxyPlus uses FASTest to test their core applications and to regression test their system when new features and functionality are added. "We develop test scripts using FASTest and hand them over to QA for testing during development," says Matthew Kramer, Senior Programmer Analyst for GalaxyPlus. "By testing throughout the development process, we're able to catch and fix errors early which has saved us valuable time getting products to market."

An added benefit for GalaxyPlus is that FASTest is easy to use. "We've been able to increase our testing bandwidth by teaching more staff how to use FASTest," says Kramer. "FASTest is an easy application for staff to learn how to use, so we can take novices and turn them into semi-pros in a short time."



When Customers Speak, We Listen: Paragon's Customer Survey

A core belief at Paragon is "the customer comes first". We've built our business by listening to customers and providing them with the products and services that they need to ensure the reliability of their ePayment systems. We also know that we can't rest on our laurels. The marketplace is dynamic and changing, and so are customer needs. This spring, we conducted a customer survey to determine what customers think we're doing well and how we can improve.

According to the survey, Paragon's greatest strength is our customer support. "Paragon's strongest asset is their responsiveness to customer' needs," says Darrin Collins, Engineer for ACI worldwide. Adds Maya Howlett-Coleman, BASE24 Developer for Fiserv, "Paragon Customer Support is great! When I have a problem, your team goes out of their way to resolve it."

Customers also praise Paragon products and their performance. As Bill Kickel, Core Banking Portfolio Application Architect for National City said, "FASTest has saved countless hours and made the drudgery of acceptance testing almost fun". Joe Sainato, Quality Assurance Engineer for First Data

Debit Services adds, "FASTest is a strong product which does as it advertises. We use this application daily and rely on it heavily to run comprehensive regression tests".

One opportunity that Paragon has is to provide customers with quicker and easier access to product technical documentation. Our web help desk will feature more on-line technical documentation. We're also looking at other ways to quickly connect customers with the information that they need.

As we continue to grow, we maintain the supremacy of you, the customer. At Paragon, when customers speak, we really do listen...and act.

"FASTest has saved countless hours and made the drudgery of acceptance testing almost fun."

Bill Kickel
Core Banking Portfolio
Application Architect
National City



Paragon Employees Celebrate Milestone Anniversaries and Offer Reflections on Life at Paragon

We've come a long way since 1994 when Gary Kirk, Mark Medlin, Bob Collins and Peter Sturgess founded Paragon with the shared conviction that they could provide financial institutions with solutions to make life easier for technicians like themselves. Now Paragon employees support close to 400 companies with 1000 product licenses worldwide from our offices in Holly Springs, NC near the renowned Research Triangle Park. As the ranks of Paragon employees continues to swell to meet the growing demand for our products and services, we sat down with some of the "old timers" to discuss where Paragon has been and what keeps them coming to work everyday.



Pictured standing from left to right, Dana Blegen, Wendy Sibley, Peggy Diedrich, John Miles, Charles Fleming. Pictured seated, Kathy Cameron.

In the early days, nobody knew who Paragon was. Kathy Cameron, Director of Sales and 10 year Paragon employee remembers calling lots of prospects who just wouldn't return the call. Fortunately that changed and many of these prospects have since become customers and have referred others to Paragon. One defining moment in our history was Y2K.

"Y2K was the best thing that could have happened to Paragon," says Cameron. "Financial institutions were making changes to their systems that required testing. They started to recognize the value of testing software."

Another defining moment was when we won the business to provide testing solutions to customers of a major international card association. Overnight Paragon's business expanded exponentially.

While Paragon's reputation and business continues to grow, one thing that hasn't changed is our commitment to providing customers with quality products and services. Everyone at Paragon is on the "front lines" interacting with customers. "Even with the growth, we still know many of the customers personally—that hasn't changed," says Charles

Fleming, Lead Software Engineer for Paragon. Adds John Miles, Senior Software Support Engineer for Paragon, "I've worked with a number of customers for many years."

So what keeps these veterans coming to work every day? "There's no better feeling than being able to develop a utility that customers value and use regularly," says Dana Blegen, Senior Software Support Engineer for Paragon. Adds Peggy Diedrich, Paragon Quality Assurance Analyst, "At Paragon, I'm able to see first hand the impact of my efforts." Wendy Sibley, Senior Technical Writer adds "I feel that the partners have steadfastly demonstrated their personal integrity and a genuine concern for the customers they serve."

"As a small company all we have is our reputation and we've put this ahead of short term profit," says Cameron. "Paragon has an unparalleled reputation which makes my job as a sales person much easier. I'm proud of where Paragon has come and see lots of opportunities ahead."