



Spring 2009

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The traditional 15th anniversary gift is crystal, and Paragon's future certainly seems clear and bright on their 15th anniversary. In marked contrast to layoffs by many US corporations, Paragon increased headcount by 30% in 2008—and, notably, turnover among their employees is nearly nonexistent. Clients indicate Paragon is a good company to work with—employees maintain Paragon is a good company to work for.

Understands And Meets Users' Needs

While installing financial systems around the globe for a financial services company, Paragon's founders experienced firsthand the difficulties that financial institutions routinely face. In 1994, the partners started their own company with a conviction that they could create tools that would make the daily lives of technicians like themselves easier. Based on reports from their customers, they have succeeded.

"We use Paragon products every day. That shows how much of a value-add the Paragon products bring to Metavante," says Bruce Hopkins, Division President of Acquiring Solutions for Metavante.

Says Elly Bassiri, QA Lead from Royal Bank of Canada. "We do all of our testing with Paragon tools and use them daily. They've helped us increase our productivity and we would definitely recommend them—in fact, we recommended that RBC purchase more Paragon software."

Walid Al Amad, ATM Project Manager at Arab Bank confirms, "Paragon tools enabled us to eliminate a purely manual testing process for our ATM software. We've been able to reduce our development time, as well as more easily diagnosis faults—even though we have a very diverse ATM network. Our new testing environment has also increased our testing efficiency."

Dan Antonescu, Program Manager for Consumer Program Management at RBS Bank (Romania) S.A., says "Paragon's ATMulator helped us quickly develop and implement a new enhanced ATM configuration, and FASTress provided the opportunity for us to determine, prior to production deployment, if our transaction authorization host could meet our processing needs."

Demonstrates Concern, Commitment

From their first contact, through the sale, and in their encounters with customer service, clients praise Paragon for the concern and commitment evidenced by the company.

For Bob Werth, Tandem Development Manager at Fiserv EFT, his positive experience with Paragon began with Kathy Cameron, Director of Strategic Accounts. "She is totally professional and instills the utmost confidence."

Richard Nelson, Development Group Manager at US Bank, states, "When asked to characterize Paragon, the word that comes to mind is 'commitment.' Any issues, problems, or enhancement requests we've raised have been

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addressed in a timely manner.”

Antonescu agrees, “Paragon’s Support team is always available. If I had to rate my experience with Paragon employees and products on a scale from 1 to 5, I’d give them a 5.”

Continues to Grow, Help Others Grow

“We licensed our first product from Paragon more than 10 years ago,” says Hopkins. “Now, here we are: Paragon has grown; Metavante has grown. We’ve helped each other grow.”

Ann Cunningham, Director of Americas Solutions Marketing at ACI Worldwide, echoes those sentiments, saying, “We’ve had the opportunity to watch Paragon grow and expand since its inception in 1994. Congratulations on your crystal anniversary! On behalf of ACI Worldwide, I would like to applaud you for your 15-year milestone of supplying solutions to the EFT marketplace. We’ve appreciated your loyal support of the ACI Customer Exchange (ACE) program and want to wish you all the best in the coming years.”



Employees Deem Paragon A Company with Character

“Once upon a time...” seems an unlikely beginning for an article about a software company celebrating its 15th anniversary, doesn’t it? Yet if you listen to Paragon’s employees discuss the company to which most seem fiercely loyal, one might think they lead a fairytale existence. Here are the qualities that employees said characterized their company, making it a great place to work.

Encourages Professional Growth

“This may not be a perfect company,” says Eric Nicholson, Lead Engineer, “but I feel as though every day it becomes a better place to work. Here, people strive to make better products every day and write better code every day.”

Tom Walker, Software Engineer, agrees, “Working here has made me a better developer. There is a commitment here to good coding practices, such as the use of continuous integration coupled with thorough unit testing. We also incorporate cutting-edge programming techniques—for example, in FILEGen, we created a new domain-specific language that allows us to build ‘EFT language’ into our code (using Ruby) rather than using only the language constructs offered by VB.NET.”

Dana Blegen, Product Support Manager, has spent the last 8 years providing answers to Paragon customers. Being able to directly influence a customer’s success adds a unique level of personal satisfaction, Blegen says. “When customers report that some new feature or utility is exactly what they need, I take personal pride in that enhancement. It’s very rewarding knowing that I was able to make someone’s day go smoother, or make a daily task easier.” Blegen is so personally invested that he recently started learning to speak a foreign language on his own time so he could improve his communication with a customer.

Eric Bergemann, Lead Engineer, says, “The foundation of our corporate culture is that we are all critical to the company’s success. I’ve seen it everywhere here: a writer with a love for statistics started supplying us with invaluable information about our competitors and visitors to our web site, a developer with an interest in Oracle takes the lead in expanding Web FASTest’s database options, an information architect designs and implements context-sensitive help in FASTest. Each team member develops specialized skills based on their interests, or perhaps just in response to a requirement for a customer project.”

Nicholson asserts, “The focus is not just to help people be good at what they do, but also to ensure that they have the opportunity to do the work they enjoy.”

Promotes Camaraderie

Cathy Gardner, VP, Professional Services, adds, “Management here frequently engages employees in activities that promote teamwork and creativity such as our Paragon putt-putt golf tournament.” Employees designed elaborate holes that included water wheels, pyramids, and even pinball flippers. “Employees were divided into teams to play the course, so we were able to interact with others that we might not typically be able to. It is rare to find an

employer willing to step out of its corporate comfort zone and give employees a chance to enjoy this sort of activity in the office.”

A monthly newsletter, the Paragon Picayune, celebrates employees’ accomplishments and activities outside of their chosen professions. “The willingness of employees to voluntarily share information about their children, hobbies, vacations, and so forth demonstrates the level of comfort and trust we have here,” says Wendy Sibley, the newsletter’s editor. “More significant, I think, is Paragon’s willingness to invest in a publication that produces no income, but exists solely as a way for employees to get to know each other better.”

Supports Personal Self-Improvement

Stephen Reece, Network Administrator, adds, “I learned during my first interview that this company valued growth on many levels – not just growing Paragon’s customer base and infrastructure, or growing their employees’ job skills, but also contributing to an employee’s growth with a personal self-improvement allowance. Many employers are willing to support an employee’s corporate growth; not many are willing to support an employee’s personal growth.”

Provides a Caring Community

Blegen says, “Care and consideration on a personal level is demonstrated daily by those that work here.”

Sibley adds, “Earlier this year I had such a disastrous haircut that I sent an email explaining to my coworkers that I’d be wearing a hat for the next few weeks to cope. The next morning at our department meeting, all the guys came in wearing hats! That’s typical of the kind of ‘spontaneous acts of kindness’ I’ve seen here time and again. You can’t legislate that.”

Shirley Krull, Solutions Architect, agrees. “The first week I joined Paragon, I was welcomed by good, friendly people that I liked immediately. I was shown around the office, taken out on the town, and made to feel like a member of the family.”

What else can you say about a company with satisfied clients and grateful employees? Perhaps a phrase uncharacteristic among today’s doom-and-gloom predictions, “...and they lived happily ever after.”

President’s Message



Three times a year we bring all our employees to our main office for what we refer to as “company meeting week”. It’s a great opportunity for the remote and local folks to mingle, and we always have a number of meetings to review our recent performance and to discuss topics such as strategy, tactics, trends in the industry, and upcoming activities and challenges.

We just finished one such week. During one of the sessions I looked around the room and was reminded again of the changes in our demographics. For example, as a result of our telecommuting initiatives we’ve been able to significantly expand our search for new hires. This in turn has enabled us to bring on board some extremely talented people that otherwise would have been unavailable to us. Seven of our last ten new hires live outside North Carolina; attendees at this week’s meetings came from 11 states as well as Malaysia and Costa Rica.

We also have a nice balance of experience. A considerable number of us have been in this industry for more years than we’d sometimes care to think about and bring a wealth of knowledge to the organization. At the same time there’s a sizable group of very sharp “under 30” types who are constantly pushing us forward to embrace new technologies and ways of doing things. As they should.

And the best part is that despite the various perspectives each of us brings to the company we all share the personal attributes of a strong work ethic, integrity, personal responsibility and a strong engagement with the company and our customers that have been so important to Paragon’s success over the past 15 years and remain crucial to our future success.

Please pardon us if we’ve tooted our own horn in this issue a bit more than usual. We just wanted to take a moment to celebrate our 15th year, and now we’ll get back to work.

Gary Kirk, President

Paragon's Best Practice Webinar Series

In today's changing economy, it's more important than ever to find ways to increase personal productivity. That's why Paragon is developing a best practices series of webinars focusing on how you can improve your testing performance using Paragon tools. The first webinar, "Pump Up Your Testing Performance with FASTest", was recorded on January 22nd and focused on:

- Maximizing testing bandwidth with automated, unattended testing
- Increasing efficiency with well-formed messages imported from logs and traces
- Enhanced issuer simulation by tracking card or account balances
- Tackling EMV migration with Paragon at your side
- Incorporating back-end testing by generating settlement records using FILEgen™

The next webinar in the best practices series will cover tips on how to maximize your ATM simulation, configuration and testing performance using Paragon's ATMulator Plus. For a link to the "Pump Up Your Testing Performance" webinar or information on future webinars, email marketing@paragonedge.com.



Paragon Increases Revenue by 70% in Last Two Years

In the last two years, Paragon has achieved record sales and revenue growth fueled by a significant increase in worldwide demand for our products and professional services. Revenue has increased 70% since 2006 and was up 32% in 2008, and 30% in 2007.

"During the past couple of years our focus has not been simply on growth per se but rather on balanced growth," says Gary Kirk, President of Paragon Application Systems. "In addition to extending our product sales into new industries and geographic areas outside the U.S. we have worked hard to strengthen our consulting and professional services capabilities. We have increased head count by 30% in the past year, adding talented, experienced staff who understand the challenges our customers face every day and can help them meet those challenges. Our customers are seeing with increasing frequency the value our professional services staff can bring. This diversity of revenue sources has not only contributed to our past success but also positions us well for the future."

In 2008, over 50 new clients turned to Paragon for their testing needs including one of the largest merchant processors in the world, the largest payment processor in Canada, and some of the largest processors in Latin America and Russia. Paragon executed more than 100 agreements with new and existing customers worldwide and sold over 200 product licenses for a total of more than 1200.

Paragon software and services helped customers achieve mission-critical goals including:

- Implementing contactless card support with a major issuer
- Assisting in EMV implementation at several Canadian financial organizations
- Facilitating the integration of development teams from 60 countries for a Top-10 bank
- Implementing test cases to exercise fraud detection for a major processor
- Verifying a BASE24 upgrade at one of the largest processors in Russia
- Assisting with a migration to Postilion software in a

major Middle Eastern bank

- Refining testing methodologies and instituting 'best practices' with a major processor in Latin America

"Change drives demand for Paragon products, and this was certainly the case in 2008," says Jim Perry, VP of Sales and Marketing for Paragon. "It was an exciting year and we were pleased that organizations from around the globe turned to Paragon to help them improve their testing process while maximizing their testing investments. The economic events of 2008 have forever changed the way business is conducted in the finance sector. Looking ahead, organizations will be challenged to look at new models to drive operational efficiencies into the equation while at the same time driving cost out. We believe our products and services are uniquely qualified to help organizations improve their cost of ownership model while improving their testing processes."

Paragon on the Road

Meet with Paragon at the following upcoming conferences and tradeshows

Cards Middle East
May 18-20, Dubai, UAE

ACE
June 1-3, Washington, DC

TAG
June 14-17, Alexandria, VA

Cardware
June 17-18, Niagara-on-the-Lake,
Canada

Expand Your ePayment Knowledge Base with Paragon's Industry Insights

Interested in learning more about ePayment testing? Paragon's Industry Insights can help you expand your knowledge base. All of the Industry Insights are on our web site, www.paragonedge.com. Summaries of the recent articles are listed below.

Electronic Payments Testing: A Testing Terminology Primer

Unit testing, integrated testing, functional testing, regression testing, system testing, acceptance testing—how do all of these terms relate to electronic payments testing? Everyone who uses your system is a tester of sorts, but who is responsible for each type of testing, and when does it occur in the development and testing schedule? This article provides an introduction to terms frequently used in financial transaction testing and describes the roles of the testers that are most often responsible for these processes.

How End-to-End Payment Systems Testing Really Ends: Evaluating Performance, Reliability, and Recoverability

Do end-to-end test plans end too soon? Perhaps—if they do not include meaningful performance and stress testing. Perceived as expensive and difficult to execute, performance testing and stress testing are often eliminated from the test schedule in favor of other test options. However, as institutions face significant changes in systems, product offerings, and delivery channels; the ability to unequivocally determine system capacity, reliability, and recoverability is essential. This article illustrates that this "last mile" of payment systems testing doesn't need to be the hardest.

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It's Not About the Clicks: Understanding the Other 90% of ePayments Testing Activity

When organizations think about how to improve their testing, all too often they focus on the “clicks”—or how to programmatically accomplish what is perceived as the push-button process of ePayments testing. However, for those for whom testing is a primary responsibility, it is apparent that testing payments systems involves a wide range of activities - and that the time and effort required to conduct the tests likely represents only 10% of the entire testing process . This article examines the tasks associated with electronic payments system testing and helps you understand the tasks that actually make up the bulk of ePayments testing activities.

Beyond Cards and Terminals: Considerations for Testing Host-to-Host EMV Processing

Most EMV testing focuses on cards and terminals. Card and terminal functionality is critical, but verifying your EMV implementation also means testing changes related to your host processing and transaction message flow. What are these “host-to-host” changes related to EMV transaction processing?



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