

PROGRESS SOFTWARE CORP /MA
Form DEF 14A
March 29, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to §240.14a-12

PROGRESS SOFTWARE CORPORATION
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
- 5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was

paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing Form or Schedule and the date of its filing.

- 1) Amounts Previously Paid:
- 2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

2019

Notice of Annual Meeting & Proxy Statement

Progress Software Corporation
14 Oak Park Drive
Bedford, MA 01730
U.S.A.



March 29, 2019

To Our Stockholders:

On behalf of the Board of Directors and management, we want to thank you for your continued support of Progress. In fiscal year 2018, we made solid progress towards achieving our key strategic and operational objectives while maintaining our ongoing commitment to strong corporate governance.

Strategy

In fiscal 2018, we continued to execute on the strategic plan we implemented in 2017. A key element of this strategy centers on providing the platform and tools enterprises need to build “cognitive applications,” which we believe are the future of application development. Our budget and operating plan for 2018, as for 2017, reflected our focus on managing our business as efficiently as possible. Our 2018 financial results and the ongoing strength of our overall business enabled us to return meaningful amounts of capital to our stockholders in fiscal 2018 in the form of share repurchases and dividends.

Board Composition and Refreshment

After adding four new Board members in the past two years, this year’s nominees all currently serve on the Progress Board. Each are accomplished business leaders with extensive experience in key strategic and operational roles for public and private companies. Our Board’s qualifications and experience are a strength as Progress continues on its current strategy. We believe our current Board composition strikes an appropriate balance between directors with deep historical knowledge of the Company and those with a fresh viewpoint.

Executive Compensation

Consistent with our pay-for-performance philosophy, the Compensation Committee emphasized alignment with our long-term business goals in designing our executive compensation programs for 2018. Our executive compensation programs for 2018 reflected management’s continued commitment to the strategic plan we implemented in 2017. Thank you for your continued support for our vision for the future. We appreciate the opportunity to represent your interests as stockholders.

Your Board of Directors

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PROGRESS SOFTWARE CORPORATION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

THURSDAY, MAY 9, 2019
10:00 AM EST

Progress Software Corporation
14 Oak Park Drive
Bedford, MA 01730

Proposal

1. Elect eight directors to serve until the 2020 Annual Meeting
2. Advisory vote to approve the fiscal 2018 compensation of our named executive officers (say-on-pay vote)
3. Ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for our current fiscal year

Board
Recommendation
FOR
FOR
FOR

Other matters properly brought before the meeting may also be considered.

Stockholders as of the close of business on March 20, 2019 are entitled to vote.

Please vote your shares before the meeting, even if you plan to attend the meeting.

Your broker will not be able to vote your shares on the election of directors or the say-on-pay vote unless you have given your broker specific instructions to do so.

By Order of the Board of Directors,

Stephen H. Faberman
Secretary
Bedford, Massachusetts
March 29, 2019

YOUR VOTE IS IMPORTANT

YOU ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SIGN AND RETURN THE ENCLOSED PROXY CARD AS SOON AS POSSIBLE. A POSTAGE-PAID ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE.

PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. For more complete information about these topics, please review our Annual Report on Form 10-K for the fiscal year ended November 30, 2018 (the “Annual Report”) and the entire Proxy Statement.

This Proxy Statement and the accompanying proxy card, including an Internet link to our previously filed Annual Report, were first made available to stockholders on or about March 29, 2019.

2019 Annual Meeting of Stockholders

Date and Time

Thursday, May
9, 2019
10:00 AM EST

Place

Progress
Software
Corporation
14 Oak Park
Drive
Bedford, MA
01730

Attendance

You are entitled to attend the Annual Meeting only if you are a stockholder as of the close of business on March 20, 2019, the record date, or hold a valid proxy for the meeting. If you plan to attend the Annual Meeting, you will need to provide photo identification, such as a driver’s license, and proof of ownership of Progress common stock as of March 20, 2019 to be admitted. We will be unable to admit anyone who does not present identification or refuses to comply with our security procedures.

Record Date

March 20, 2019

Voting Roadmap

Proposal	Board Recommends	Reasons for Recommendation	See Page
1. Election of eight directors	FOR	The Board of Directors and Nominating and Corporate Governance Committee believe the eight Board nominees possess the skills, experience and diversity to effectively monitor performance, provide oversight, and advise management on the Company's long-term strategy.	16
2. Advisory vote to approve executive compensation (say-on-pay vote)	FOR	Our executive compensation programs demonstrate our pay for performance philosophy, which creates alignment with our stockholders and drives the creation of sustainable long-term stockholder value.	39
3. Ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for our current fiscal year	FOR	Based on the Audit Committee's assessment of Deloitte & Touche's qualifications and performance, it believes their retention for fiscal year 2019 is in the best interests of the Company.	40

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Director Nominees

In Proposal One, we are asking you to vote “FOR” each of the director nominees listed below.

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Corporate Governance Highlights

See the section of this proxy statement entitled “Corporate Governance” for more information.

Director Nominees – The table and graphs below summarize the director nominees’ experience and the qualifications, skills and attributes most relevant to nominate candidates to serve on the Board. The section of the proxy statement entitled “Nominees for Directors” describes our nominees’ experience and backgrounds in more detail.

Number of nominees with relevant experience

Leadership

Our business is complex, challenging and ever-evolving. CEOs and individuals with experience leading large business units have proven track records in developing and executing a vision and making executive-level decisions. 8 of 8

Finance and Accounting

Individuals with financial expertise are able to identify and understand the issues associated with our complex, global business. 6 of 8

Technology/Software Industry

Progress offers the leading platform for developing and deploying mission-critical business applications. Those with relevant technology/software experience are better able to understand the challenges facing our business. 8 of 8

Go-to-Market/Sales

Our business depends on successfully creating awareness of our products and entering new markets as well as executing our sales strategy. 5 of 8

Strategy

Successful development and execution of our corporate strategy is critical to our success. 8 of 8

Product Development

Our business depends on the success of our product development efforts to develop our products and expand our offerings. Experience in this area enhances understanding of the challenges we face and facilitates strategic planning in this area. 3 of 8

Public Company Board Service and Governance

Individuals having experience serving on public company boards better understand the roles and responsibilities of directors and corporate governance best practices. 5 of 8

Global Business

We are a global company. Global experience enhances understanding of the complexities and issues with running a global business. 8 of 8

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Fiscal 2018 in Review

The key tenets of our strategic plan and operating model are as follows:

Our Strategic Plan is Delivering Results...and Enhancing Stockholder Value

In fiscal 2018, we remained solidly on course with the execution of our strategic plan. Our budget and operating plan for 2018, as for 2017, reflected our continued expectations with respect to our core products and our focus on managing our business as efficiently as possible. We also made key investments in furtherance of our "Cognitive Applications" product strategy while maintaining our 35% operating margin commitment.

Highlights of our recent operational and financial results include:

• Reduction in annual expenses by almost \$40 million over the past two years;

• 400 bps operating margin expansion in fiscal 2018;

• Key product releases in our core product lines, including OpenEdge, Sitefinity and Kendo UI;

• 90%+ renewal rates in fiscal 2018 for OpenEdge, our flagship product;

• Over \$120 million in cash from operations generated in fiscal 2018; and

• Nearly \$150 million of capital returned to stockholders in fiscal 2018, including more than \$25 million in dividends.

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Executive Compensation Philosophy

The Compensation Committee's philosophy is to tie executive pay to performance to incent the achievement of outstanding returns to our stockholders and to drive the creation of sustainable long-term stockholder value. Consistent with its pay-for-performance philosophy, the Compensation Committee, in designing our executive compensation programs for 2018, emphasized alignment with our long-term business goals.

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Auditors

Aggregate fees billed to us for services performed for the fiscal years ended November 30, 2018 and November 30, 2017 by our independent registered public accounting firm, Deloitte & Touche LLP, were as follows:

	2018	2017
	(\$)	(\$)
Audit Fees ⁽¹⁾	1,961,844	2,256,107
Tax Fees ⁽²⁾	64,858	9,625
Audit-Related Fees ⁽³⁾	319,050	140,000
All Other Fees	—	—

Represents fees billed for each of the last two fiscal years for professional services rendered for the audit of our annual financial statements included in Form 10-K and reviews of financial statements included in our interim (1) filings on Form 10-Q, as well as statutory audit fees related to our wholly-owned foreign subsidiaries. In accordance with the policy on Audit Committee pre-approval, 100% of audit services provided by the independent registered public accounting firm are pre-approved.

(2) Includes fees primarily for tax services. In accordance with the policy on Audit Committee pre-approval, 100% of tax services provided by the independent registered public accounting firm are pre-approved.

Represents for 2018 fees billed for audit services in connection with the implementation of Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"), and for 2017, fees (3) billed for audit services in connection with the acquisitions of DataRPM Corporation and Kinvey, Inc., both of which were completed during fiscal 2017. In accordance with the policy on Audit Committee pre-approval, 100% of audit-related services provided by the independent registered public accounting firm are pre-approved.

PROGRESS SOFTWARE CORPORATION

14 Oak Park Drive
Bedford, Massachusetts 01730

PROXY STATEMENT

This proxy statement and the accompanying proxy card are being furnished in connection with the solicitation by the Board of Directors (the "Board") of Progress Software Corporation ("Progress," the "Company," "we," "us" or "our") of proxies for use at the 2019 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Thursday, May 9, 2019, at 10:00 a.m., local time, at our principal executive offices located at 14 Oak Park Drive, Bedford, Massachusetts 01730. We anticipate that this proxy statement and the accompanying proxy will first be mailed to stockholders on or about March 29, 2019.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on May 9, 2019:

This proxy statement and our 2018 Annual Report on Form 10-K are available at:
<http://materials.proxyvote.com/743312>

At the Annual Meeting, stockholders will be asked to consider and vote upon the following proposals:

- (1) To elect eight directors nominated by our Board of Directors;
- (2) To hold an advisory vote on the compensation of our named executive officers;
- (3) To ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2019; and
- (4) To transact any other business as may properly come before the Annual Meeting and any adjournment or postponement of the meeting.

You may obtain directions to the location of the Annual Meeting by visiting our website at www.progress.com.

ABOUT THE MEETING AND VOTING

Q: Who is soliciting my vote?

A: The Board of Directors of Progress is soliciting your vote at the 2019 Annual Meeting of Stockholders.

Q: What is the purpose of the Annual Meeting?

A: You will be voting on the following items of business:

1. To elect eight directors to serve until the Annual Meeting of Stockholders to be held in 2020;
2. To hold an advisory vote on the compensation of our named executive officers (say-on-pay vote);
3. To ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending November 30, 2019; and
4. To transact any other business as may properly come before the Annual Meeting and any adjournment or postponement of that meeting.

Q: Who can attend the meeting?

All stockholders as of the close of business on March 20, 2019, the record date, or their duly appointed proxies, may attend the meeting. If you plan to attend the meeting, please note that you will need to bring your proxy card or voting instruction card and