Investor Presentation

Q1 FY2015
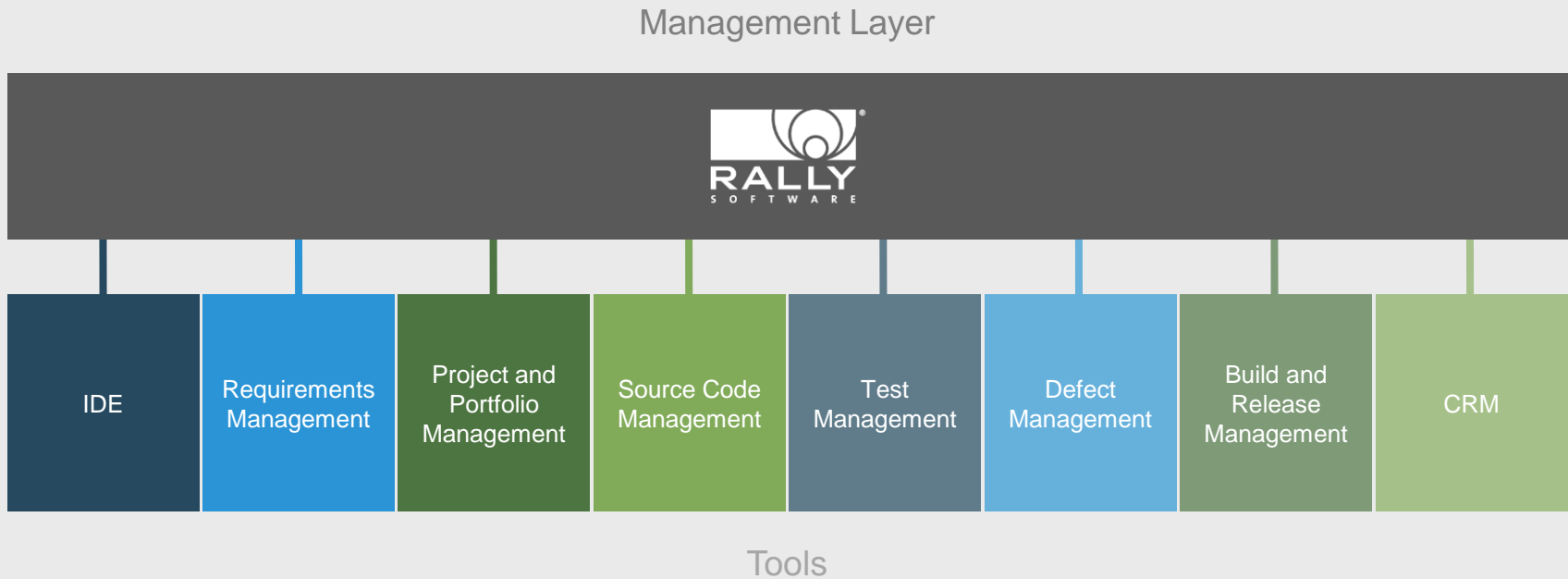
Safe Harbor/Forward Looking Statements

This presentation contains "forward-looking" statements that are based on our management's beliefs and assumptions and on information currently available to management. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, potential market opportunities and the effects of competition.

Forward-looking statements include all statements that are not historical facts and can be identified by terms such as "anticipates," "believes," "could," "seeks," "estimates," "intends," "may," "plans," "potential," "predicts," "projects," "should," "will," "would" or similar expressions and the negatives of those terms. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements represent our management's beliefs and assumptions only as of the date of this presentation. You should read the prospectus, including the Risk Factors set forth therein and the documents that we have filed as exhibits to the registration statement, of which the prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

What We Do…

- Rally is Project Management Software for Software Development
- Purpose Built for Agile

Management Layer

IDE	Requirements Management	Project and Portfolio Management	Source Code Management	Test Management	Defect Management	Build and Release Management	CRM

Tools

Teams use Rally to create great products using Agile as their development methodology

Agile is…

An umbrella term that refers to the new way to develop software

New vs. Old

Agile

DEFINE · CODE · TEST
1.0

DEFINE · CODE · TEST
2.0

DEFINE · CODE · TEST
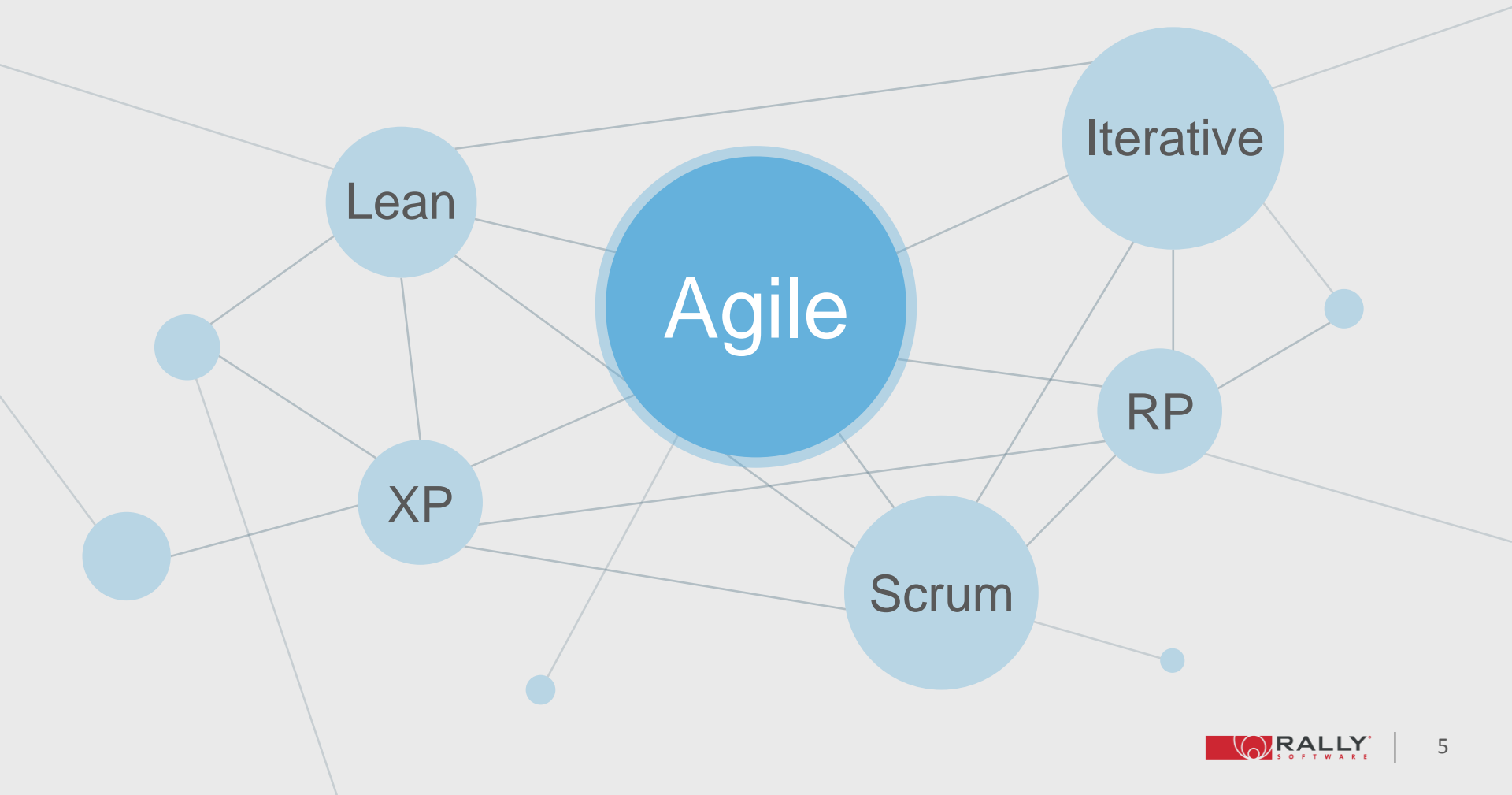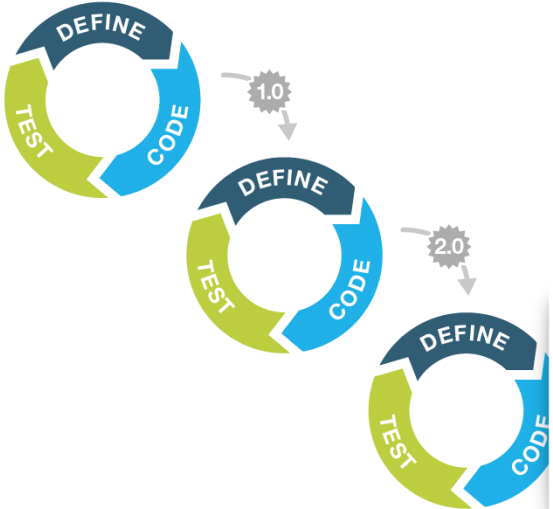
← DAYS - WEEKS →

| ✔ Short cycles | ✔ Visibility |
| ✔ Simplicity | ✔ Adaptability |

Waterfall

DEFINE
CODE
TEST
1.0
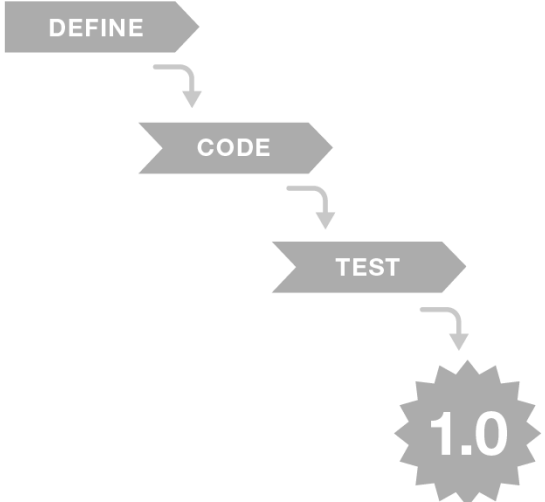
← WEEKS - YEARS →

| ✗ "Waterfall" | ✗ Regimented |
| ✗ Traditional | ✗ Micromanaged |

Small teams create great code fast and **empowered teams innovate**

Agile Adoption

29%	**9%**	**22%**
New projects started with Agile	Projects Managed	CAGR

Chart showing Agile adoption trend:
- 2010: 9
- 2011: 11
- 2012: 13.4
- 2013: 16.3
- 2014: 20

All Data from The Standish Group Report "Chaos Manifesto – The Laws of Chaos and the Chaos 100 Best PM Practices" - 2011

RALLY SOFTWARE
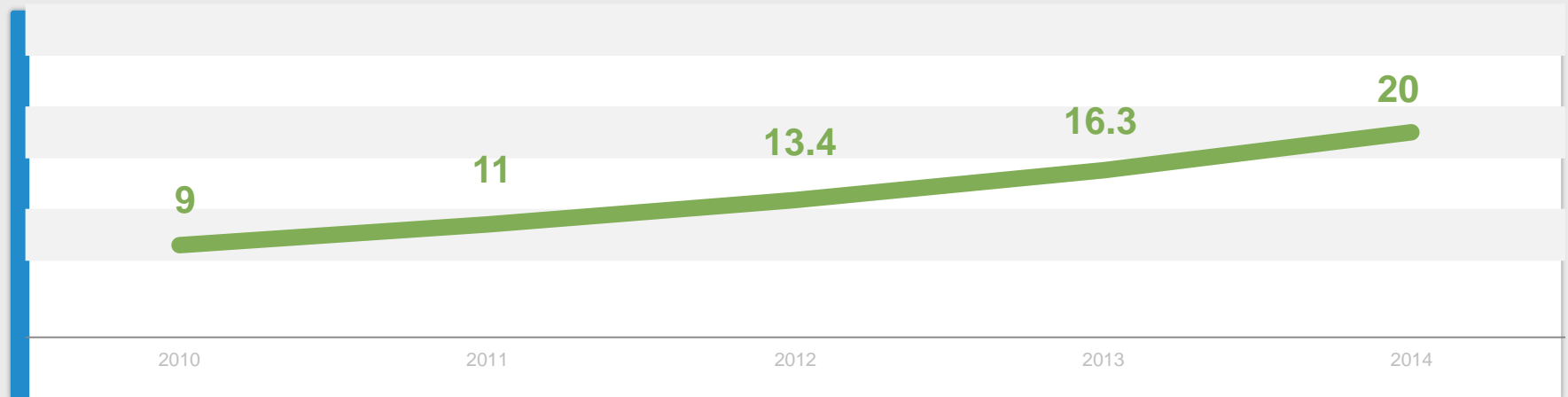
Agile Benefits

Rally Benefits

QSMA

50%
Shorter time
to market

25%
Productivity gain

¼
Defects

Single Source Record

Scale

Insights

Project Hierarchy

RPM

Teams can "go Agile" with a whiteboard…

1 Team, 1 Whiteboard

100 Teams? 100 Whiteboards?

Backlog | WIP | Done

Rally Team Dashboard

Rally Kanban Board

PORTFOLIO KANBAN BOARD (ONLINE STORE, INC.)

Idea (1/8)	Business Case (3/4)	Prioritize (2/6)	Build (4/7)	Measure (1/10)
Exit Policy	**Exit Policy**	**Exit Policy**	**Exit Policy**	**Exit Policy**
• Strategic alignment verified • Competitive value documented • Draft business case written	• Preliminary estimate • Value score • Risk score • Success criteria • Reviewed by Portfolio Council	• Ranked against other initiatives in same investment area • Product owner pulls when team is available • Planned Start/ End dates set	• Development activities complete • Enablement activities complete	• Success criteria reviewed • Benefits realization shared with Portfolio Council

E15
Build sample widgets using API
Investment Category: Differentiate
Project: Architecture
1 day in this column

E18
Integrate into Facebook
Investment Category: Differentiate
Project: Architecture
1 day in this column

E17
Build read-write API for handling orders
Investment Category: Differentiate
Project: Architecture

E7   Jackie
Integrate in-store and online experience (future)
Investment Category: Differentiate
Project: Online Store, Inc.
1 day in this column

E23   Jackie
Integrate social into shopping experience
Investment Category: Differentiate

E21   Jackie
Minimal online shopping site
Investment Category: Neutralize
44%
63%
Project: Consumer Program / ART
1 day in this column

E14   Jackie
Create a read-only API
Investment Category:

E6   Jackie
Personalized online shopping experience
Investment Category: Neutralize
Project: Online Store, Inc.
1 day in this column

Typical Buyer

Whitepaper

Webinar

Gartner

FORRESTER®

RALLYON!
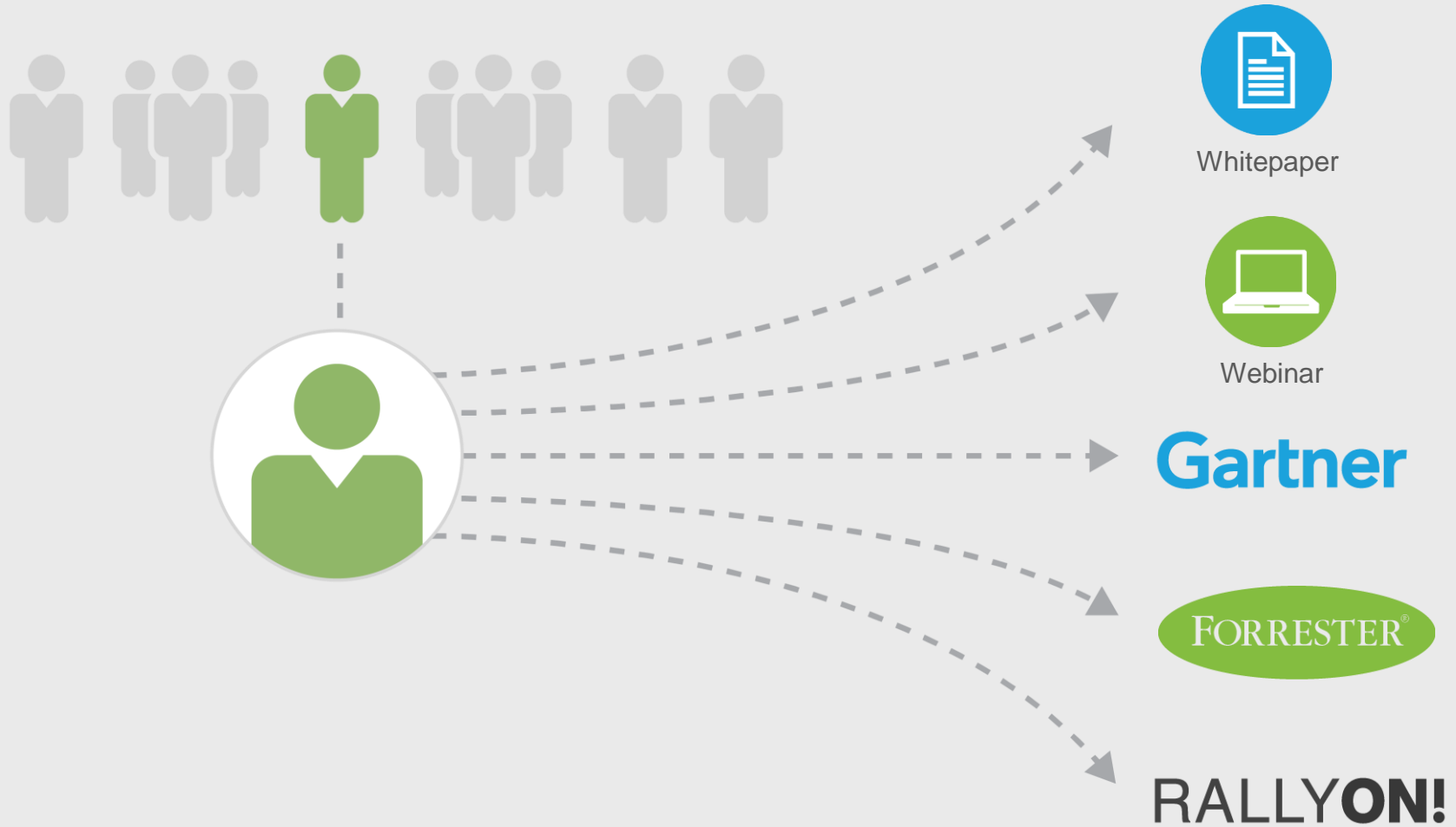
International

14%
Revenue

40%
Users

Three Waves

Cloud & SAAS & Internet of Things

Agile vs. Waterfall

Software is Eating the World

Software is Ubiquitous in Our Lives

"Software is eating the world… Companies in every industry need to assume that a software revolution is coming."

MARC ANDREESSEN

Rally Sales Headcount
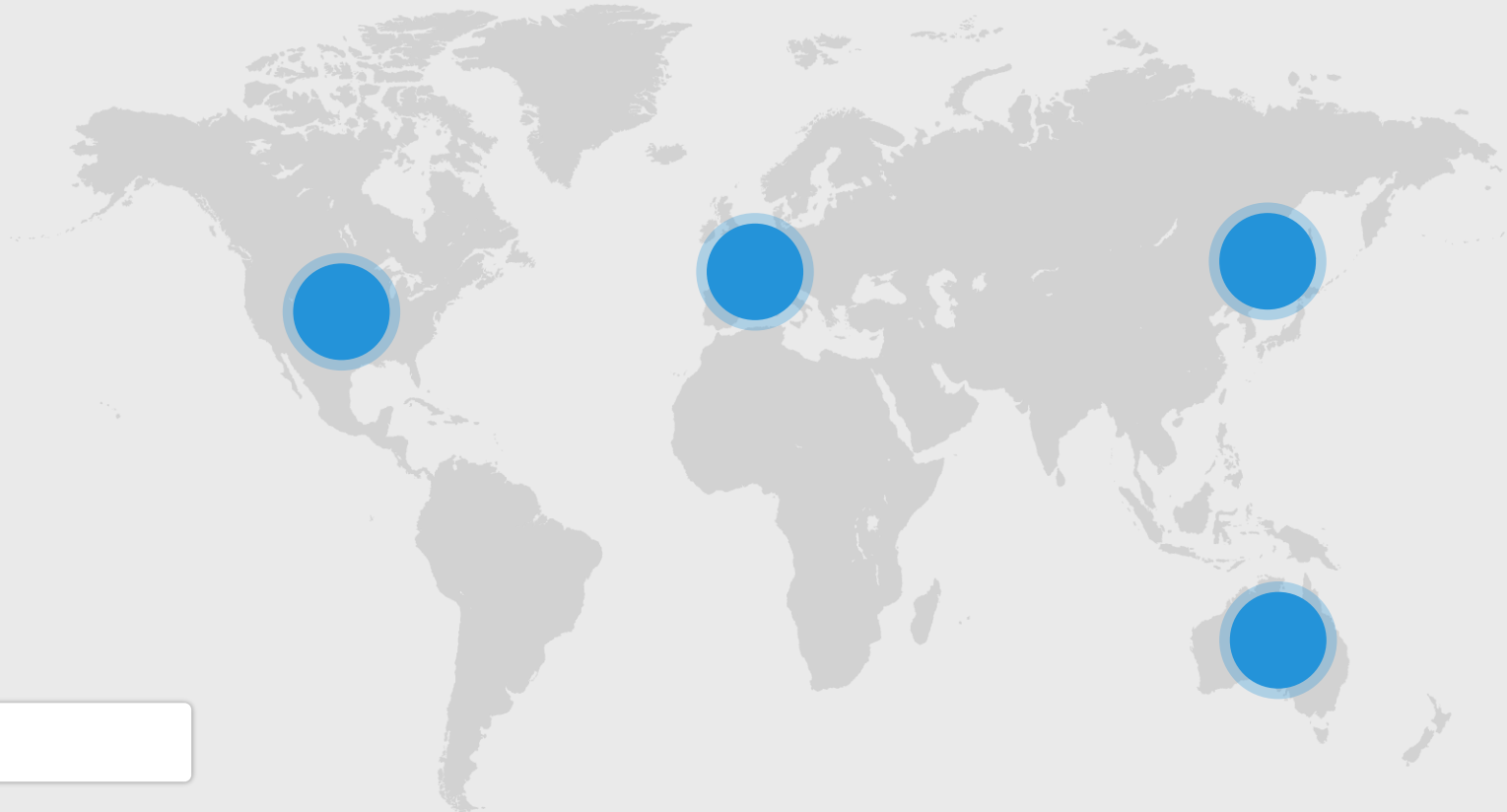
4 Regions

90	FY12
112	FY13
156	FY14

Rally Services

Coaching

Product Training

Classroom Instruction

Rally Coaches

Agile Transformation Services

Thought Leadership

Agile at Scale

Books & Whitepapers

Webinars

Keynotes

Rally's Complete Agile Platform
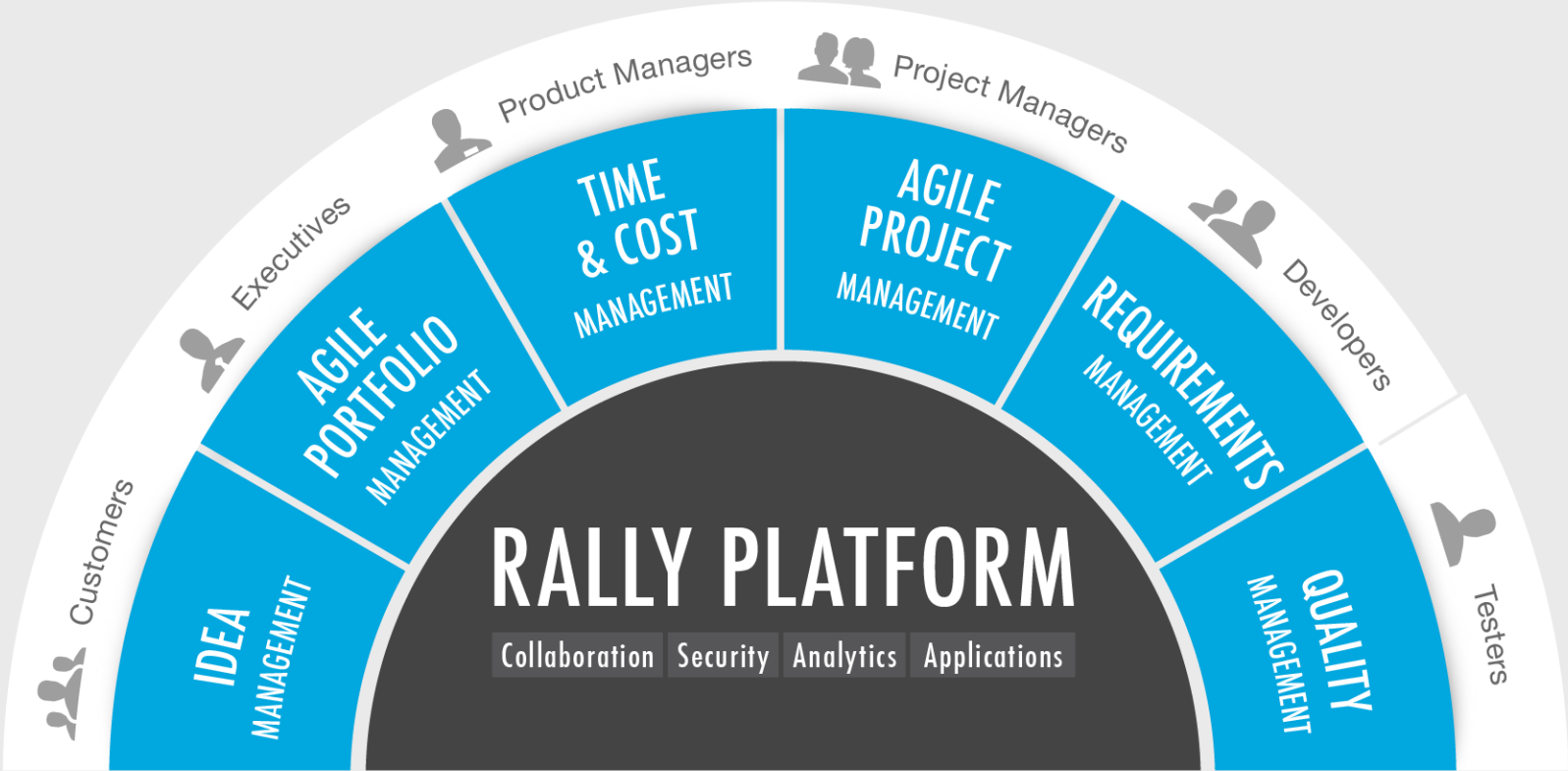
Rally Customers by Market Segment

Enterprise Software & Applications

aMaDEUS · Autodesk · vmware · Wolters Kluwer · SAIC · ANSYS · bmcsoftware · Guidewire

Telecom & Mobile/ Servers & Network

AVAYA · Level(3) Communications · HUAWEI · CISCO · ROGERS

Healthcare

inovis · GE Healthcare · GHX · CAMBIA · McKESSON · MedAssets

Retail/Distribution & Ecommerce

H&M · kobo · edmunds.com · shopzilla

Manufacturing/ Logistics

TomTom · NATIONAL INSTRUMENTS · Leica · ThermoFisher SCIENTIFIC · John Deere

Federal

CompSec · NORTHROP GRUMMAN

Web Services & Content

YAHOO! · THOMSON REUTERS · PEARSON · DIGITALGLOBE

Insurance

AIA · AMERICAN FAMILY INSURANCE · Physicians Mutual

Media/ Entertainment

SONY · FT.com FINANCIAL TIMES · COMCAST · technicolor · Fox · betfair.com · gettyimages · WMS

Financial Data Mgt & Financial Services

FICO · intuit · Fidelity · ITG INVESTMENT TECHNOLOGY GROUP

RALLY SOFTWARE

Land & Expand – Top 15 Customers

	First Order Date	First Order Seats	Seats[1] as of January 31, 2014	Seats CAGR[2] (%)
Customer 1	March 2008	110	12,600	125%
Customer 2	June 2008	25	12,000	201%
Customer 3	October 2008	15	7,065	218%
Customer 4	June 2008	100	6,500	111%
Customer 5	January 2008	70	5,200	105%
Customer 6	May 2009	25	5,000	207%
Customer 7	October 2009	350	4,341	81%
Customer 8	September 2005	10	3,762	103%
Customer 9	April 2012	600	3,600	167%
Customer 10	December 2010	25	3,067	357%
Customer 11	July 2012	200	3,000	472%
Customer 12	December 2008	35	2,891	135%
Customer 13	December 2010	350	2,714	93%
Customer 14	July 2012	750	2,500	121%
Customer 15	October 2010	75	2,155	178%
Average		**183**	**5,093**	

(1) Paid Seats
(2) Calculated from first order date to Jan 31, 2014

Worldwide ALM Market Size

$5.4B
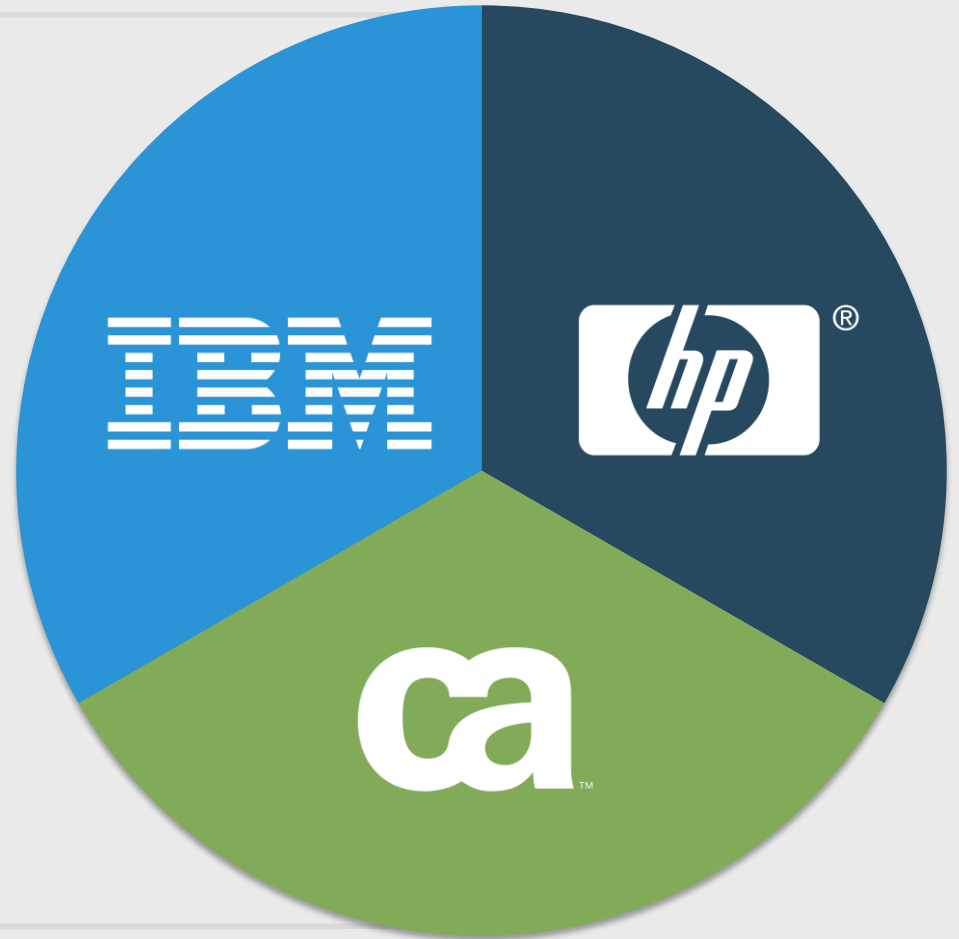
ALM (Application Lifecycle Management)

Legacy

IBM

Rational

HP

Quality Control

ca

Clarity Agile

Agile ALM

RALLY SOFTWARE

VERSIONONE
Agile Made Easier

Atlassian

Four Tuck-in Acquisitions to Date

Six Employees | Analytics | $1M

Two Employees | Kanban Board | $1M

Two Employees | RPM Portfolio | 500K

Nine Employees | Team Chat | $4M

Key Metrics

~1,100+ Customers

~214,000 Seats

116% Renewal Rate*

12% Retention Rate**

*   non renewals, downgrades, upgrades – FY14 Cohort
**   non renewals and downgrades only – FY14 Cohort