



mersive
technologies inc

2018 Annual Operating Plan

February 27, 2018

2018 Annual Operating Plan Agenda

Company “Evolution”

2018 Imperatives

2018 Operating Financials

Appendix

Company Evolution Overview

	2017	2018	2019	2020	2021
Theme	Market Share Growth	Investing in Operational Scale	Sales & Marketing Maturity	SaaS Revenue Impact	\$100M in Revenue
Product	<ul style="list-style-type: none"> • Multiroom 	<ul style="list-style-type: none"> • Kepler / SaaS • Collaboration features 	<ul style="list-style-type: none"> • Refine SaaS GTM 	<ul style="list-style-type: none"> • Continued market disruption w/ new SaaS/DaaS services 	<ul style="list-style-type: none"> • Continued market disruption w/ new SaaS services
Sales Strategy	<ul style="list-style-type: none"> • Minimal North America presence • Limited sales team expansion • Barely able to keep up with inbound leads volume 	<ul style="list-style-type: none"> • Geographic coverage in North America • Initial expansion in EMEA • Transition from inbound sales inquiries to outbound sales 	<ul style="list-style-type: none"> • Continued expansion of sales team • Expanded outbound demand generation • Initial expansion in Asia Pacific 	<ul style="list-style-type: none"> • North America and Europe sales team near critical mass • Outbound demand generation now generating 50%+ of new sales • Asia Pacific expansion nearly complete 	<ul style="list-style-type: none"> • Installed-base sales continues to be a significant portion of revenue but is now handled by inside sales vs. outside sales • Outside sales has moved to a major account focus with the largest customers now direct
Marketing	<ul style="list-style-type: none"> • Partial expansion • Opportunistic 	<ul style="list-style-type: none"> • Educate market on content-based collaboration • Increased events • Programmatic • More data driven, including 3rd party research • Begin in-product user data collection 	<ul style="list-style-type: none"> • Continued expansion of marketing presence in North America, limited in Europe • Data driven with some research done in house • In-product data collection expands 	<ul style="list-style-type: none"> • Marketing in North America reaches critical mass including public relations, events, web, content and analytics • Full expansion of Europe marketing • Exclusively data driven including primary research and in-product • Expand marketing in Asia Pacific 	<ul style="list-style-type: none"> • Full expansion of marketing in Asia Pacific and Rest of World • Solstice has now achieved 'verb' and 'adjective' status when it comes to sharing and room status • Marketing spend is now solely ROI driven
Operations	<ul style="list-style-type: none"> • Basic systems and processes implemented 	<ul style="list-style-type: none"> • Implement ERP • Improve processes • De-risk supply chain 	<ul style="list-style-type: none"> • Evaluate 3PL option • Ready for continued scale 	<ul style="list-style-type: none"> • Drive down 3PL costs through continued process improvement 	<ul style="list-style-type: none"> • Best in class logistics and operations

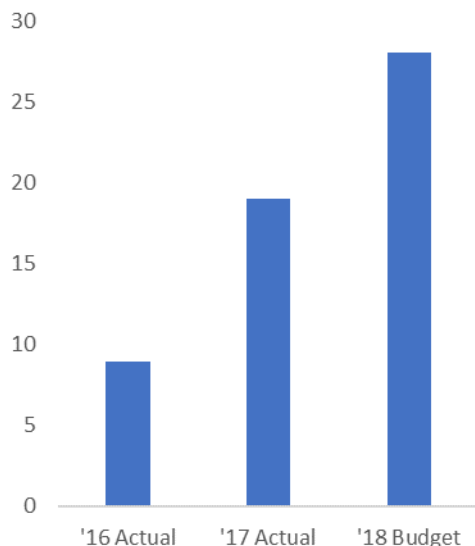
Company Evolution Overview

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Theme	Market Share Growth	Investing in Operational Scale	Sales & Marketing Maturity	SaaS Revenue Impact	\$100M
Channel Development	<ul style="list-style-type: none"> Arithmetic adoption Channel penetration is mostly field sales based 	<ul style="list-style-type: none"> Adoption becomes logarithmic Growth in channel partially resulting from leveraged marketing activities 20%-30% penetration of available resellers sales resources Begin IT channel exploration Solstice SaaS introduced 	<ul style="list-style-type: none"> AV channel has begun adopting Solstice SaaS products Channel sales in US is now direct – no AV distribution Over 50% of resellers sales resources selling Solstice IT channel represents 25% of sales 	<ul style="list-style-type: none"> Addition of large commercial distributors such as CDW IT channel is now 50% of overall sales revenue and the AV channel is now over 75% penetrated 	<ul style="list-style-type: none"> Solstice is sold through both commodity and commercial channels
Market / Competition	<ul style="list-style-type: none"> Solstice is the thought leader but not the market share leader 	<ul style="list-style-type: none"> Solstice becomes the top choice in terms of technology decisions but is still not the traditional market leader Solstice becomes the top choice for huddle room spaces 	<ul style="list-style-type: none"> Solstice is now the number one choice for content integration into VC room systems Solstice changes the market landscape by growing adoption through technology disruption 	<ul style="list-style-type: none"> Solstice is becoming the top choice for content sharing for Microsoft, Zoom and Cisco Solstice is now the market leader for both traditional and non-traditional meeting spaces 	<ul style="list-style-type: none"> Solstice now has multiple 'attack' angles into customer – including financial, technology and business end users – not just AV room owners
Install Base	<ul style="list-style-type: none"> Low single digit % penetration 	<ul style="list-style-type: none"> 10% adoption – Kepler provides executive exposure 	<ul style="list-style-type: none"> 25% adoption – huddle spaces drives growth for Kepler, calendar and signage features 	<ul style="list-style-type: none"> Over 50% adoption – some customers buying Solstice as much for calendar, signage and Kepler as much as for content sharing 	<ul style="list-style-type: none"> Market and Solstice product maturity have now reached a stage where most customers buy full 100% deployments
Revenue	\$17.2M	\$28.0M	\$40.0M	\$64.0M	\$100.0M
Customers	3,910	6,300	9,300	12,900	17,100

Invoiced Sales & EBITDA Trends

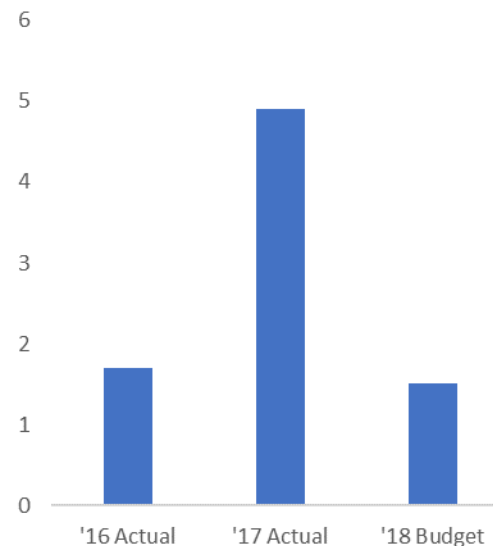
\$ in millions

Invoiced Sales



\$ in millions

EBITDA



Gross Margin 82.7% 79.9% 78.5%

EBITDA % 20.30% 28.20% 6.00%

- Maturity of market
- Tenure of existing sales reps
- Continued adoption of existing customers
- Product features from roadmap w/ monthly releases
- New sales reps

- Significant strategic investment of \$9.2M in operating expenses, primarily driven by new sales and product development hires
- Offset by strong topline growth
- Consistent gross margin

2018 Annual Operating Plan Agenda

Company “Evolution”

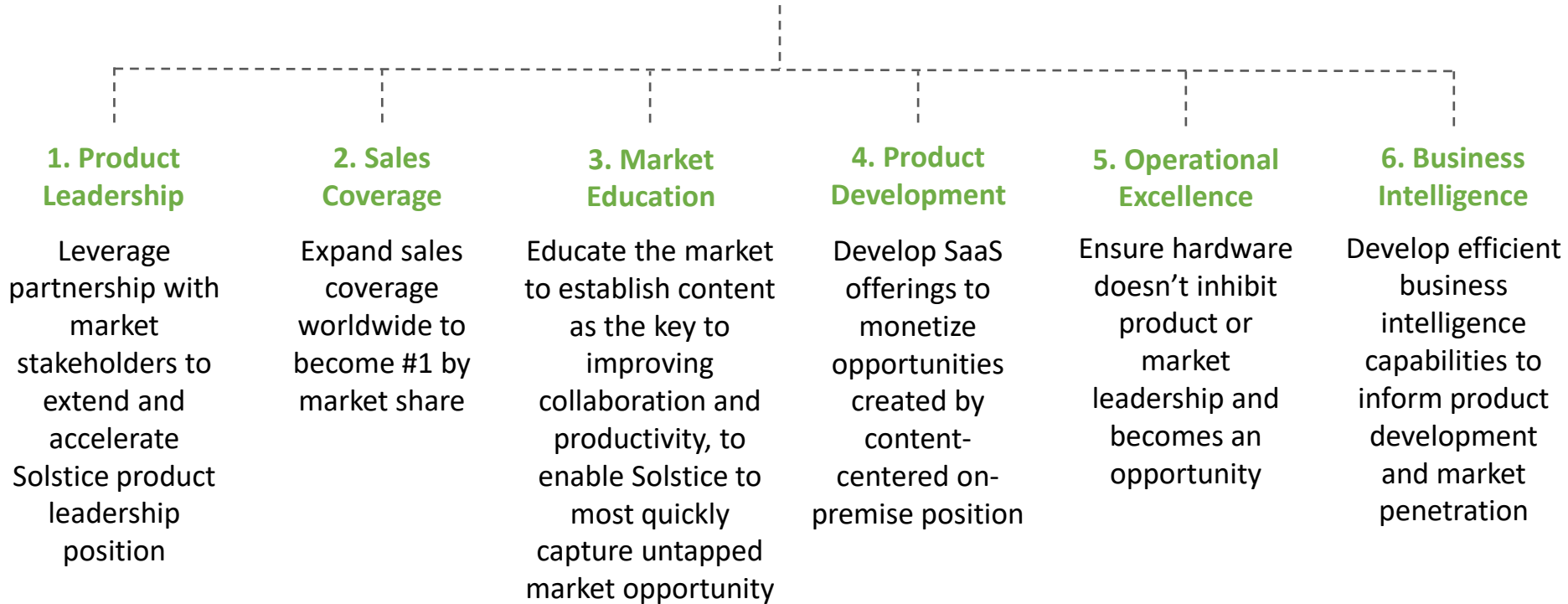
2018 Imperatives

2018 Operating Financials

Appendix

Mersive Vision and Strategic Pillars

Vision: Mersive will be the recognized standard in driving collaboration and productivity through ubiquitous content-centered communication



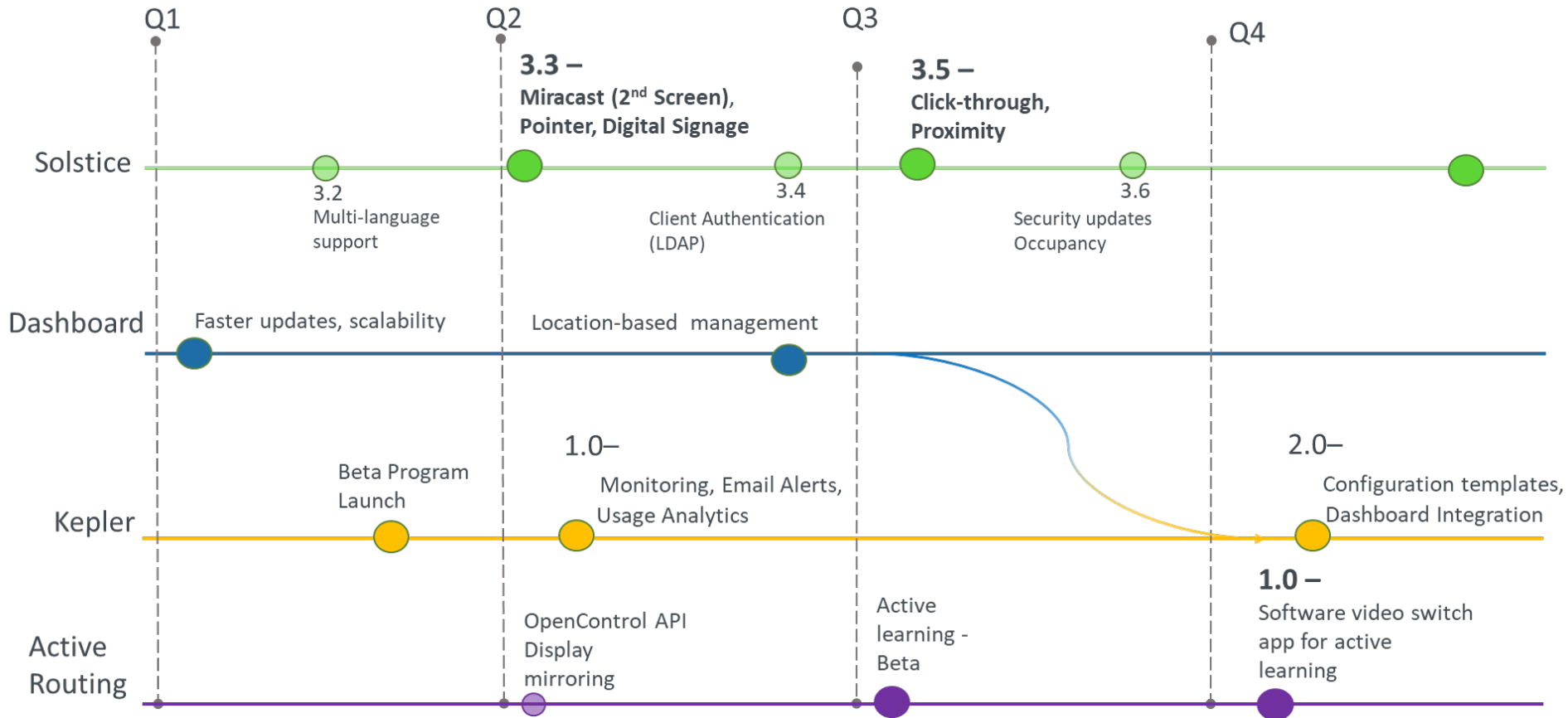
1. Product Leadership

Leverage partnership with market stakeholders to extend and accelerate Solstice product leadership position

Strategic Initiatives & Owner(s)	Key Milestones	Risks / Concerns
Chris <ul style="list-style-type: none"> Define and Execute Ongoing 3rd Party Penetration Product Testing Develop Video Conferencing (VTC) Strategy and Product Plan Jon <ul style="list-style-type: none"> Expand and Mature the Product Development Organization Expand and Refine Solstice Content Sharing and Collaboration Capabilities Ensure World-Class Enterprise Capability and Reliability Evolve Internal Product Development Infrastructure 	Key Milestones <ul style="list-style-type: none"> Complete Solstice pod penetration tests Complete Kepler penetration tests Devise an integrated product strategy that supports other unified communication products Reorganize into a multi-team structure with new reporting and team-leads in place Provide robust multi-pod sharing capabilities for corporate and education customers (Active Routing) Launch the first phase of the next version of Enterprise Dashboard (centralized server) that drastically improves deployment/update administration Relaunch automated test suite for functional- and stress-based testing 	<ul style="list-style-type: none"> Retention within the product development organization as Mersive transitions and grows Hiring/onboarding/training of new engineers

1. Product Leadership (continued)

Product Evolution – Major Releases



2. Sales Coverage

Expand sales coverage worldwide to become #1 by market share

Strategic Initiatives & Owner(s)	Key Milestones	Risks / Concerns
Rick <ul style="list-style-type: none"> • Implement 2018 North America Sales Hiring Plan • Implement 2018 EMEA Sales Hiring Plan • Implement Channel/Inside Sales Re-Org to Enable Scale • 2018 Channel Program Strategy • 2018 Inside Sales Program Strategy • Improve Maintenance Pre-purchase/Renewal Rates 	<ul style="list-style-type: none"> • Hire to plan timeline for NA and EMEA • Define and implement program 	<ul style="list-style-type: none"> • Finding enough quality candidates • Resources to implement

3. Market Education

Educate the market to establish content as the key to improving collaboration and productivity, to enable Solstice to most quickly capture untapped market opportunity

Strategic Initiatives & Owners	Key Milestones	Risks / Concerns
Troy Suttle <ul style="list-style-type: none"> • Increase Thought Leadership Exposure • Formalize Mersive Brand Management • Implement Hubspot Marketing Automation Platform • Launch Ongoing Multi-Channel Market Education Campaign 	<ul style="list-style-type: none"> • Establish process to convert thought leadership deliverables into multi-channel marketing assets • Develop plan to ensure consistent use of the Mersive brand by all stakeholders • Identify sources of market information/data needed 	<ul style="list-style-type: none"> • Key to scaling thought leadership to achieve our strategic goals • Assumes Mersive can create effective process that involves stakeholders • Assumes the marketing data/insights exist in accessible data sources

4. Product Development

Develop SaaS offerings to monetize opportunities created by content-centered on-premise position

Strategic Initiatives & Owners	Key Milestones	Risks / Concerns
Chris <ul style="list-style-type: none"> Determine Viability of Data as a Service Business Jon <ul style="list-style-type: none"> Create and Bring to Market a SaaS Business Platform, Starting with Kepler Analytics 	<ul style="list-style-type: none"> Identify market opportunity of DaaS given Kepler's data collection capabilities and weigh that against potential costs Release new SaaS Platform and v1.0 Kepler to market Develop the Mersive SaaS business strategy and roadmap beyond Kepler 	<ul style="list-style-type: none"> Market risk, specifically fit/adoption of Kepler and DaaS

5. Hardware

Ensure hardware doesn't inhibit product or market leadership and becomes an opportunity

Strategic Initiatives & Owners	Key Milestones	Risks / Concerns
Chris <ul style="list-style-type: none"> Maximize Market Coverage with Hardware Segmentation Strategy 	<ul style="list-style-type: none"> Revise hardware platform strategy in light of cost/supply 	<ul style="list-style-type: none"> EOL of current Qualcomm 805 SOC
Devin <ul style="list-style-type: none"> Develop Supply Chain Risk Mitigation Plan Minimize Product Touchpoints Streamline Product Logistics to Support Scaling 	<ul style="list-style-type: none"> Require Inforce to use multiple factories Mapping out and eliminating current touchpoints 	<ul style="list-style-type: none"> Possibility of inadequate MOQs for multiple factories

6. Business Intelligence

Develop efficient business intelligence capabilities to inform product development and market penetration

Strategic Initiatives & Owners	Key Milestones	Risks / Concerns
Jon <ul style="list-style-type: none"> Formalize Product Research to Inform Product Development Rick <ul style="list-style-type: none"> Develop Sales KPI Dashboard Troy <ul style="list-style-type: none"> Formalize Market Research and Feedback Processes (For Marketing Purposes) Devin <ul style="list-style-type: none"> Build Out Finance & Ops Team Implement ERP Improve & Expand Reporting 	<ul style="list-style-type: none"> Define a structured user research program that expands our access to <u>qualitative</u> data Internally roll-out first phase Solstice behavioral analytics reports based on Kepler data Circulate and formalize KPIs Engage w/ Wainhouse for market research Hire to hiring plan Implement NetSuite (ERP) 	<ul style="list-style-type: none"> Data availability Sourcing qualified candidates Implementation planning – failed implementation

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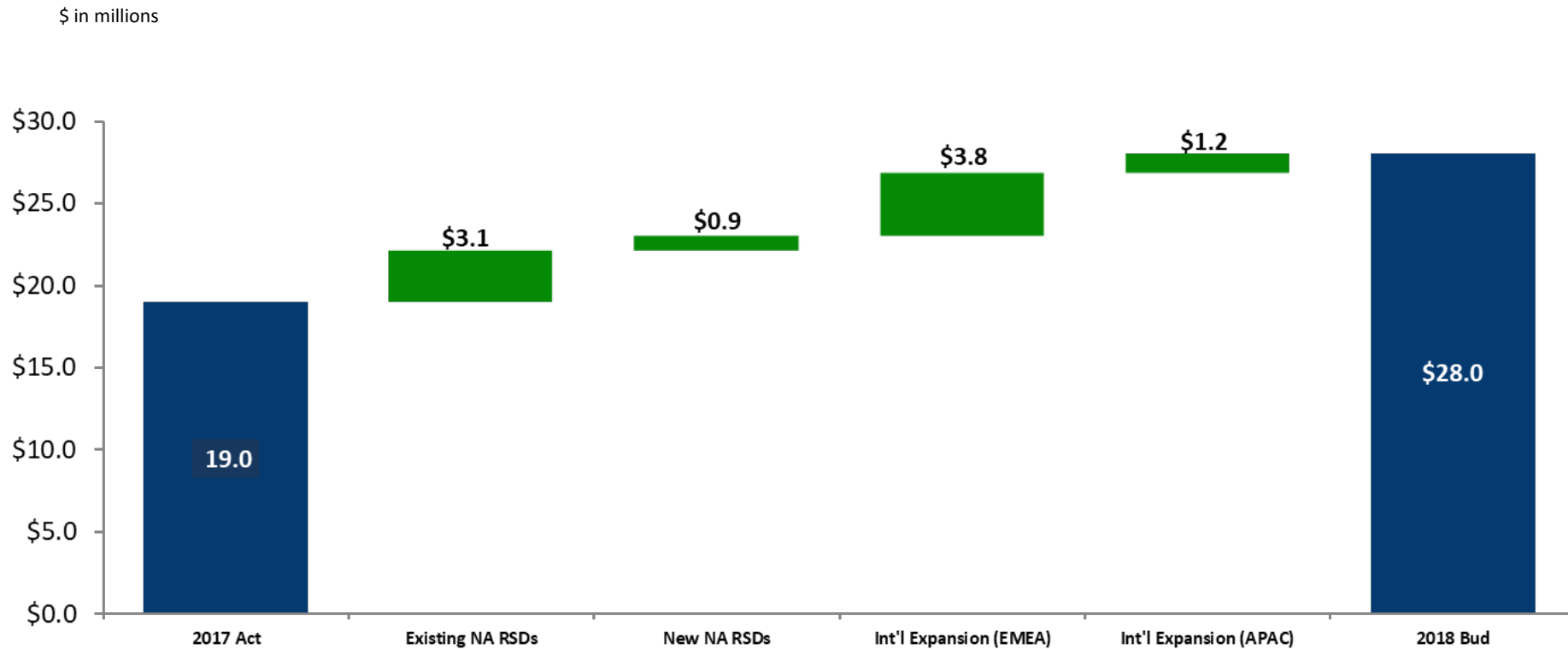
2018 Operating Financials

Appendix

2017 Actual to 2018 Budget - Summary Bridge

2017 Actual		2018 Budget
Invoiced Sales \$19.0M	+47% <ul style="list-style-type: none"> Increase in revenue from Mersive's International (EMEA) Expansion \$3.8M, a narrower focus of existing NA RSDs \$3.1M, International (APAC) Expansion \$1.2M, and expansion with new NA RSDs \$0.9M. 	Invoiced Sales \$28.0M
Gross Profit \$13.8M 79.9%	+ \$6.2M <ul style="list-style-type: none"> Increased Topline results in increased GM\$. Gross Margin % expected to remain the same through 2018. 	Gross Profit \$20.0M 78.5%
OPEX \$9.0M 51.7%	<ul style="list-style-type: none"> OPEX increases as Mersive invests in Sales, Marketing and Engineering Strategic Growth Initiatives. 	OPEX \$18.5M 72.5%
EBITDA \$4.9M 28.2%	<ul style="list-style-type: none"> EBITDA decrease in line with \$9.5M increase and strategic investment in OpEx offset by increased topline and Gross Margin. 	EBITDA \$1.5M 6.0%

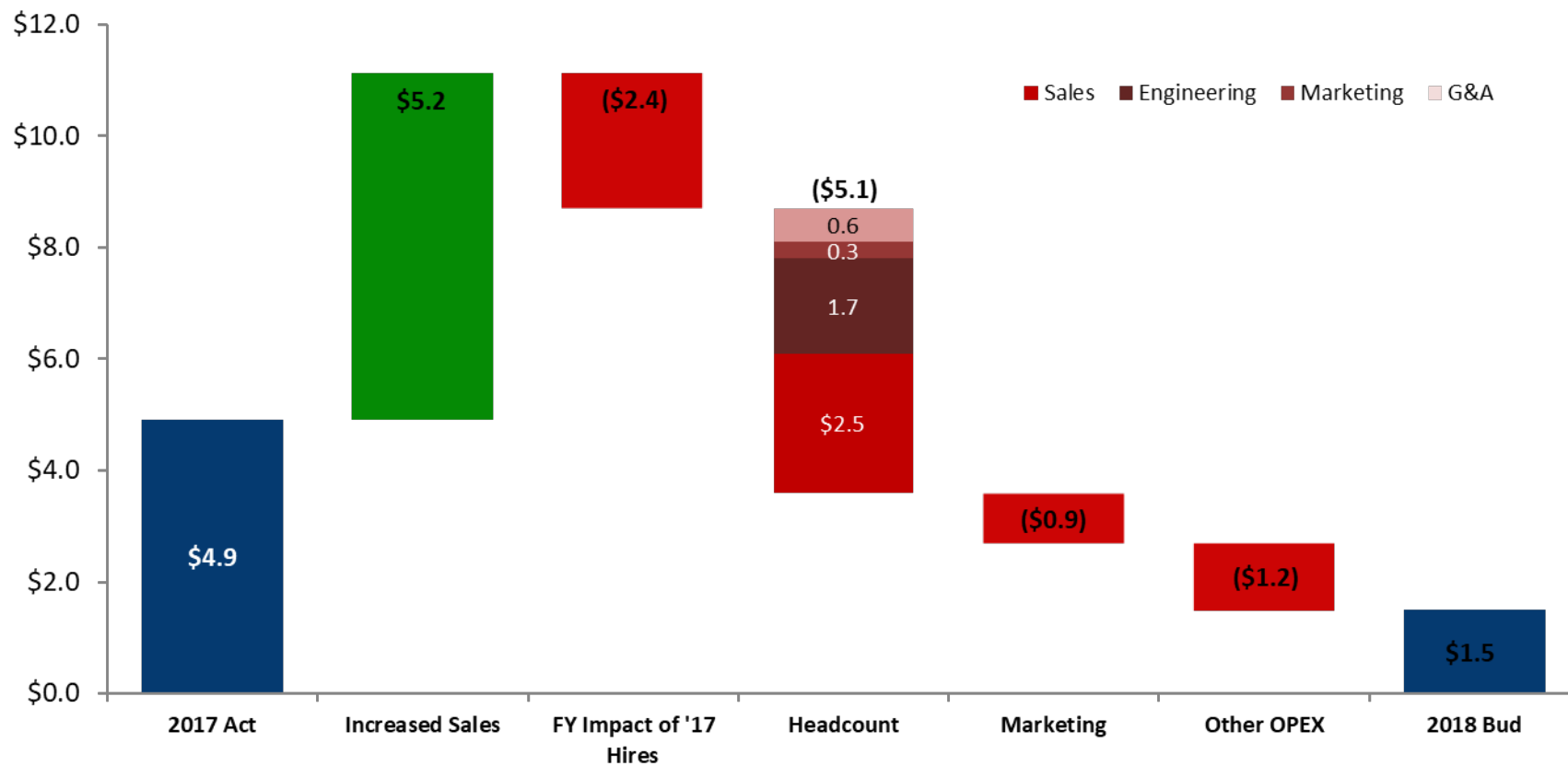
2018 Invoiced Sales Bridge



New heads to support sales plan	Regional Sales Directors	Boston Seattle W Canada Rocky Mountain	France Germany UK	Korea China
	Sales Engineers	Texas (TOLA) DC/VA Boston Seattle Midwest E Canada	France Germany	APAC

2018 EBITDA Bridge

\$ in millions



Management Discussion

- Gross margin increases by \$5.2M due to increase sales volume
- Increased headcount, marketing and other operating expenses to support strategic initiatives

2018 Hiring Schedule

2018 Hiring Plan

Engineering		Sales		Marketing		G&A	
Title	Hire Date	Title	Hire Date	Title	Hire Date	Title	Hire Date
Front End Engineer	2/5/18	Sales Support Engineer - TX	3/1/18	Marketing Events Coordinator	3/1/18	Office Manager - Admin - Front Desk	2/16/18
Full Stack - Active Learning	3/1/18	Sales Support Engineer - Eastern CAN	3/1/18	Product Marketing	4/1/18	HR Coordinator	3/1/18
Software developer / Test	3/1/18	Sales Support Engineer - DC/VA	4/1/18	Marketing Operations Coordinator	6/1/18	Financial Analyst	3/1/18
Support engineer I	3/1/18	RSD - Boston	4/1/18	VP of Marketing	7/1/18	Maintenance Coordinator	3/1/18
Software Engineer C++	4/1/18	Channel Sales Manager	4/1/18			Staff Accountant	4/1/18
Sr Product Manager	4/1/18	RSD - Germany	5/1/18			Logistics Tech	4/1/18
Sr QA Engineer	4/1/18	RSD - France / Bel / Ams	5/1/18			HR Benefits Coordinator	7/1/18
Sr Product Manger	4/1/18	RSD - UK	5/1/18			Operations Coordinator - Cust Svc	7/1/18
Sr UX Designer	5/1/18	RSD - Seattle	5/1/18			Logistics Tech	8/1/18
Sr Hardware PM	5/1/18	Sales Support Engineer - Midwest	5/1/18			Operations Coordinator - Cust Svc	10/1/18
Support engineer I	5/1/18	Sales Support Engineer - APAC	6/1/18			Logistics Tech	11/1/18
QT/QML Front End (like Josh)	6/1/18	RSD - China	7/1/18				
Software Engineer C++	6/1/18	Sales Support Engineer - Boston	7/1/18				
Engineering Intern	6/1/18	Sales Support Engineer - Germany	8/1/18				
Engineering Intern	6/1/18	Sales Support Engineer - France / Bel / Ams	8/1/18				
QA Engineer	6/1/18	Sales Support Engineer - Seattle	8/1/18				
Full-stack	7/1/18	Inside Sales	9/1/18				
Dev Ops	7/1/18	RSD - Rocky Mountain	10/1/18				
UX Designer	8/1/18	RSD - Korea	10/1/18				
Full Stack Engineer	9/1/18	RSD - Western Canada	12/1/18				
Support engineer I	10/1/18						
C++ Engineer	10/1/18						

Management Discussion

- Hiring plan tied to operating performance. Open roles can be delayed or cancelled if not performing to the operating plan.

2018 Strategic Pillars Bridge

	2017	Product Leadership	Sales Coverage	Marketing	SaaS Offerings	Hardware	Business Intelligence	Other	2018
Units Shipped	22,622		9,045						31,667
Number of Customers	3,910		2,406						6,316
Net Revenue	\$ 17,230		\$ 8,226						\$ 25,456
Material	\$ 3,201		\$ 1,819.00						\$ 5,020
Labor	\$ -								\$ -
Other COGS	\$ 264		\$ 190						\$ 454
Total COGS	\$ 3,465		\$ 2,009						\$ 5,474
Gross Margin	\$ 13,765		\$ 6,217						\$ 19,982
<i>Gross Margin %</i>	79.9%		75.6%						78.5%
R&D	\$ 2,775	\$ 2,860							\$ 5,635
Sales	\$ 2,902		\$ 3,760						\$ 6,662
Marketing	\$ 893			\$ 1,171					\$ 2,064
G&A	\$ 2,341						\$ 325	\$ 869	\$ 3,535
Other Opex	\$ -							\$ 569	\$ 569
Total OPEX (excl D&A)	\$ 8,911	\$ 2,860	\$ 3,760	\$ 1,171	\$ -	\$ -	\$ 325	\$ 1,438	\$ 18,465
Reported EBITDA	\$ 4,854	\$ (2,860)	\$ 2,457	\$ (1,171)	\$ -	\$ -	\$ (325)	\$ (1,438)	\$ 1,517
<i>EBITDA Margin %</i>	28.2%		29.9%						6.0%

2018 Strategic Pillars Bridge

	2017	Product Leadership	Sales Coverage	Marketing	SaaS Offerings	Hardware	Business Intelligence	Other	2018
Headcount (number of people)									
Engineering	28	17			4	1			50
Sales	19		20						39
Marketing	4			4					8
Administrative	12						3	8	23
Total headcount (number of people)	63	17	20	4	4	1	3	8	120
Headcount (\$ - 2018 Partial Year Impact)									
Engineering		\$ 958,333			\$ 226,667	\$ 80,000			\$ 1,265,000
Sales			\$ 1,512,500						\$ 1,512,500
Marketing				\$ 168,815					\$ 168,815
Administrative							\$ 133,333	\$ 201,170	\$ 334,503
Total headcount (\$ - 2018 Partial Year Impact)	\$ -	\$ 958,333	\$ 1,512,500	\$ 168,815	\$ 226,667	\$ 80,000	\$ 133,333	\$ 201,170	\$ 3,280,818
Headcount (\$ - Full Year Annualized Impact)									
Engineering		\$ 1,625,000			\$ 315,000	\$ 120,000			\$ 2,060,000
Sales			\$ 2,780,000						\$ 2,780,000
Marketing				\$ 390,000					\$ 390,000
Administrative							\$ 160,000	\$ 372,320	\$ 532,320
Total headcount (\$ - Full Year Annualized Impact)	\$ -	\$ 1,625,000	\$ 2,780,000	\$ 390,000	\$ 315,000	\$ 120,000	\$ 160,000	\$ 372,320	\$ 5,762,320
Run-Rate/Structural Changes									
Marketing spend (incremental programmatic)				\$ 900,000					\$ 900,000
Rent								\$ 181,000	\$ 181,000
NetSuite license							\$ 75,000		\$ 75,000
Total Run-Rate/Structural Changes	\$ -	\$ -	\$ -	\$ 900,000	\$ -	\$ -	\$ 75,000	\$ 181,000	\$ 1,156,000
1x Costs									
Total 1x Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capex									
Misc Engineering Hardware		\$ 30,700							\$ 30,700
Misc Engineering Hardware						\$ 15,000			\$ 15,000
New office space buildout							\$ 50,000		\$ 50,000
NetSuite Implementation							\$ 150,000		\$ 150,000
Capex for new hires								\$ 55,000	\$ 55,000
Total Capex	\$ -	\$ 30,700	\$ -	\$ -	\$ -	\$ 15,000	\$ 150,000	\$ 105,000	\$ 300,700

Note: Other headcount consists of Operations, Logistics and HR personnel that will ramp with sales and expansion, but are not necessarily tied to a strategic pillar.

2018 Budget Key Assumptions

Confidence Level	Key Assumptions
95%	Invoiced Sales <ul style="list-style-type: none"> Based on bottoms-up revenue model was based on the below assumptions <ul style="list-style-type: none"> Increased revenue from international expansion (EMEA) \$3.8M Increased revenue from existing NA RSDs \$3.1M Increased revenue from international expansion (APAC) \$1.2M Increased revenue from new NA RSDs \$0.9M 2018 sales growth vetted internally by VP of Sales
95%	Gross Profit <ul style="list-style-type: none"> Assumed consistent margins throughout 2018 (~78.5%)
95%	OPEX <ul style="list-style-type: none"> Increased operating expenses primarily driven by labor ramp-up reflecting the below headcount increases. Budget is based on labor model, which reflects pro-rated expenses based on the hire date <ul style="list-style-type: none"> Sales (QBRs + Sales Engineers): 20 Engineering & Hardware: 13 Marketing: 6 G&A: 5 Operations: 5 Support: 4 Interns: 2 Increase rent expense of ~\$181K due to office build-out Increase in marketing expense of ~\$900k OPEX a gradual ramp to be connected to the continuing performance of the business

2018 Budget Covenant/Liquidity Analysis

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	2018
P&L Summary													
Revenue	1,912	1,468	1,632	1,602	1,942	2,091	2,041	2,147	2,401	2,577	2,775	2,867	25,456
Cost of goods sold	325	341	375	361	439	467	446	464	518	551	589	600	5,474
Gross profit	1,588	1,128	1,257	1,242	1,504	1,623	1,595	1,683	1,883	2,026	2,187	2,267	19,982
Operating expenses	1,024	1,251	1,210	1,389	1,476	1,566	1,673	1,684	1,676	1,875	1,815	1,826	18,465
EBITDA	564	(123)	47	(148)	28	58	(78)	(1)	207	151	372	440	1,517
Depreciation & amortization	279	280	281	283	285	286	287	286	286	286	286	286	3,413
Other	(3)	-	-	-	-	-	-	-	-	-	-	-	(3)
Interest	-	15	15	15	15	15	15	15	15	15	15	15	160
Monitoring fees	-	-	158	-	-	158	-	-	158	-	-	158	631
Non-recurring items	-	-	-	40	-	-	-	-	-	-	-	-	40
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income	288	(417)	(407)	(486)	(272)	(401)	(379)	(302)	(251)	(150)	71	(18)	(2,725)
Cash Flow Statement Summary													
Net income	288	(417)	(407)	(486)	(272)	(401)	(379)	(302)	(251)	(150)	71	(18)	(2,725)
Depreciation & amortization	279	280	281	283	285	286	287	286	286	286	286	286	3,413
Change in operating assets & liabilities	(55)	983	332	(72)	(70)	279	339	289	(229)	382	(170)	113	2,120
Cash inflow (outflow) from operating activ	511	845	206	(275)	(56)	165	246	273	(194)	518	188	381	2,808
Capex	(7)	(24)	(62)	(74)	(67)	(39)	(7)	(4)	-	(20)	(1)	(1)	(305)
Cash inflow (outflow) from investing activi	(7)	(24)	(62)	(74)	(67)	(39)	(7)	(4)	-	(20)	(1)	(1)	(305)
Proceeds from debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash inflow (outflow) from financing activi	-	-	-	-	-	-	-	-	-	-	-	-	-
Net inflow (outflow)	504	821	145	(349)	(123)	126	239	269	(194)	498	187	380	2,503
Beginning cash	2,525	3,030	3,850	3,995	3,646	3,523	3,649	3,888	4,157	3,963	4,461	4,648	2,525
Change in cash	504	821	145	(349)	(123)	126	239	269	(194)	498	187	380	2,503
Ending cash	3,030	3,850	3,995	3,646	3,523	3,649	3,888	4,157	3,963	4,461	4,648	5,028	5,028
Availability / Borrowing Base													
Accounts receivable balance	2,789	2,888	2,873	2,854	3,360	3,699	3,415	3,552	4,097	4,224	4,658	4,594	
Less: ineligible	(558)	(578)	(575)	(571)	(672)	(740)	(683)	(710)	(819)	(845)	(932)	(919)	
Eligible AR balance	2,231	2,311	2,298	2,284	2,688	2,959	2,732	2,841	3,277	3,379	3,727	3,675	
Advance Rate Reduction	(446)	(462)	(460)	(457)	(538)	(592)	(546)	(568)	(655)	(676)	(745)	(735)	
Borrowing base	1,785	1,848	1,839	1,827	2,150	2,367	2,185	2,273	2,622	2,703	2,981	2,940	

Note: Availability is 80% of allowable AR, this model reflects 20% ineligible.

2018 Budget Covenant/Liquidity Analysis

	4Q2017 2017 Act Dec-17	2018 ASSUMPTIONS											
		1Q2018	1Q2018	1Q2018	2Q2018	2Q2018	2Q2018	3Q2018	3Q2018	3Q2018	4Q2018	4Q2018	4Q2018
		2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018
		Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
		Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
DEBT ASSUMPTIONS													
Revolver													
Beginning Revolver		-	-	-	-	-	-	-	-	-	-	-	-
Drawdown		-	-	-	-	-	-	-	-	-	-	-	-
Beginning + Drawdowns		-	-	-	-	-	-	-	-	-	-	-	-
Payments		-	-	-	-	-	-	-	-	-	-	-	-
Ending Revolver Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Interest	5.0%	-	-	-	-	-	-	-	-	-	-	-	-
Maximum availability		1,785	1,848	1,839	1,827	2,150	2,367	2,185	2,273	2,622	2,703	2,981	2,940
Maximum availability less outstanding		1,785	1,848	1,839	1,827	2,150	2,367	2,185	2,273	2,622	2,703	2,981	2,940
Pre-loan cash		3,030	3,851	3,996	3,647	3,523	3,649	3,888	4,158	3,964	4,462	4,649	5,029
Term Loan													
Term Loan Beginning Balance		3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Paydown		-	-	-	-	-	-	-	-	-	-	-	-
Term Loan Ending Balance	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Cash Interest	5.0%	15	15	15	15	15	15	15	15	15	15	15	15
Total Cash Interest Expense		15	15	15	15	15	15	15	15	15	15	15	15
Beginning Debt Activity		3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Total Ending Debt		3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500

Note: Availability is 80% of allowable AR, this model reflects 20% ineligible.

2018 Annual Operating Plan Agenda

Company “Evolution”

2018 Imperatives

2018 Operating Financials

Appendix

2018 Revenue Assumptions

2018 GROSS SALES FORECAST FOR QBRs

MARKET	AREA	Name	Hire Date	Annual Quota	Monthly Quota	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	FY 2018
NY NJ PA	Americas	Burt Feldman	4/21/2014	\$5,000,000	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$5,000,000
SE	Americas	Connie Bolt	4/16/2016	\$3,500,000	\$291,667	\$291,667	\$291,667	\$291,667	\$291,667	\$291,667	\$291,667	\$291,667	\$291,667	\$291,667	\$291,667	\$291,667	\$291,667	\$3,500,000
Mid-Atlantic	Americas	Joe Hoffman	9/18/2017	\$3,500,000	\$291,667	\$218,750	\$218,750	\$291,667	\$291,667	\$291,667	\$291,667	\$291,667	\$291,667	\$291,667	\$291,667	\$291,667	\$291,667	\$3,354,167
Mid-West	Americas	Ryan Shannon	1/1/2018	\$5,500,000	\$458,333	\$45,833	\$114,583	\$114,583	\$229,167	\$229,167	\$343,750	\$343,750	\$458,333	\$458,333	\$458,333	\$458,333	\$458,333	\$3,300,000
Westcoast	Americas	Kevin Hughes	4/16/2016	\$3,000,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$3,000,000
Direct				\$2,800,000	\$233,333	\$233,333	\$233,333	\$233,333	\$233,333	\$233,333	\$233,333	\$233,333	\$233,333	\$233,333	\$233,333	\$233,333	\$233,333	\$2,800,000
TOLA	Americas	Ali Nourouzina	8/15/2016	\$2,000,000	\$166,667	\$166,667	\$166,667	\$166,667	\$166,667	\$166,667	\$166,667	\$166,667	\$166,667	\$166,667	\$166,667	\$166,667	\$166,667	\$2,000,000
EMEA ex	EMEA	Jeff Meyer	6/5/2017	\$1,700,000	\$141,667	\$141,667	\$141,667	\$141,667	\$141,667	\$141,667	\$141,667	\$141,667	\$141,667	\$141,667	\$141,667	\$141,667	\$141,667	\$1,700,000
APAC	APAC	Gark Tan	8/5/2014	\$1,525,000	\$127,083	\$127,083	\$127,083	\$127,083	\$127,083	\$127,083	\$127,083	\$127,083	\$127,083	\$127,083	\$127,083	\$127,083	\$127,083	\$1,525,000
E Canada	Americas	Real Desmarais	1/1/2018	\$2,000,000	\$166,667	\$16,667	\$16,667	\$41,667	\$41,667	\$83,333	\$83,333	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$1,200,000
Germany	EMEA	TBD	5/1/2018	\$2,000,000	\$166,667	\$0	\$0	\$0	\$0	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$1,100,000
France	EMEA	TBD	4/1/2018	\$2,000,000	\$166,667	\$0	\$0	\$0	\$41,667	\$83,333	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$1,100,000
UK	EMEA	TBD	4/1/2018	\$2,000,000	\$166,667	\$0	\$0	\$0	\$41,667	\$83,333	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$1,100,000
Boston	Americas	Existing run rate	1/1/2015	\$1,100,000	\$91,667	\$91,667	\$91,667	\$91,667	\$91,667	\$91,667	\$91,667	\$91,667	\$91,667	\$91,667	\$91,667	\$91,667	\$91,667	\$1,100,000
Replacement F Americas	Americas	Replacement 1	6/1/2018	\$2,000,000	\$166,667	\$0	\$0	\$0	\$0	\$0	\$41,667	\$41,667	\$83,333	\$83,333	\$125,000	\$125,000	\$125,000	\$666,667
Seattle	Americas	TBD	5/1/2018	\$1,500,000	\$125,000	\$0	\$0	\$0	\$0	\$12,500	\$12,500	\$31,250	\$62,500	\$93,750	\$93,750	\$125,000	\$125,000	\$556,250
Replacement F Americas	Americas	Replacement 2	9/1/2018	\$3,500,000	\$291,667	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$72,917	\$72,917	\$145,833	\$145,833	\$437,500
Boston	Americas	TBD	4/1/2018	\$650,000	\$54,167	\$0	\$0	\$0	\$13,542	\$13,542	\$27,083	\$27,083	\$40,625	\$40,625	\$54,167	\$54,167	\$54,167	\$325,000
China	APAC	TBD	7/1/2018	\$1,500,000	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0	\$12,500	\$12,500	\$12,500	\$31,250	\$31,250	\$31,250	\$131,250
Korea	APAC	TBD	10/1/2018	\$1,500,000	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31,250	\$31,250	\$31,250	\$93,750
Rocky Mtn	Americas	TBD	10/1/2018	\$1,000,000	\$83,333	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,333	\$8,333	\$20,833	\$37,500
South America	Americas	Richardo	1/1/2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
W Canada	Americas	TBD	1/1/2019	\$1,500,000	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Churn Region Americas	Americas	Churn 1	1/0/1900	\$2,000,000	\$166,667	\$0	\$0	\$0	-\$166,667	-\$166,667	-\$166,667	-\$166,667	-\$166,667	-\$166,667	-\$166,667	-\$166,667	-\$166,667	-\$1,500,000
Churn Region Americas	Americas	Churn 2	1/0/1900	\$3,500,000	\$291,667	\$0	\$0	\$0	\$0	\$0	\$0	-\$291,667	-\$291,667	-\$291,667	-\$291,667	-\$291,667	-\$291,667	-\$1,750,000
Churn / Miss	Americas			-\$1,454,000		-\$121,167	-\$121,167	-\$121,167	-\$121,167	-\$121,167	-\$121,167	-\$121,167	-\$121,167	-\$121,167	-\$121,167	-\$121,167	-\$121,167	-\$1,454,000
Churn / Miss	Americas	Churn 3		-\$2,800,000		-\$233,333	-\$233,333	-\$233,333	-\$233,333	-\$233,333	-\$233,333	-\$233,333	-\$233,333	-\$233,333	-\$233,333	-\$233,333	-\$233,333	-\$2,800,000
TOTAL INVOICED SALES						\$1,645,500	\$1,645,500	\$1,812,167	\$1,742,375	\$2,119,458	\$2,258,000	\$2,153,833	\$2,240,292	\$2,500,708	\$2,664,250	\$2,843,417	\$2,897,583	\$26,523,083
Assumed maintenance deferral percentage						17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	
Deferred revenue (invoiced)						(279,735)	(279,735)	(308,068)	(296,204)	(360,308)	(383,860)	(366,152)	(380,850)	(425,120)	(452,923)	(483,381)	(492,589)	(4,508,924)
GAAP revenue pre amortization of deferred revenue						\$1,365,765	\$1,365,765	\$1,504,098	\$1,446,171	\$1,759,150	\$1,874,140	\$1,787,682	\$1,859,442	\$2,075,588	\$2,211,328	\$2,360,036	\$2,404,994	\$22,014,159
Revenue recognized from 12/31/17 maintenance contracts						-	77,000	77,000	77,000	77,000	77,000	77,000	77,000	77,000	77,000	77,000	77,000	\$847,000
Revenue recognized from new pod sales in 2018						-	23,311	46,623	72,295	96,979	127,004	158,993	189,505	221,243	256,669	294,413	334,695	\$1,821,728
Revenue recognized from renewed maintenance contracts expiring in 2018						-	2,051	4,247	6,853	9,302	12,485	17,282	20,742	27,246	32,239	43,856	49,887	\$226,191
GAAP revenue						\$1,365,765	\$1,468,128	\$1,631,967	\$1,602,319	\$1,942,431	\$2,090,630	\$2,040,957	\$2,146,689	\$2,401,076	\$2,577,236	\$2,775,305	\$2,866,575	\$24,909,078

Note: This excludes \$1.4M of recurring maintenance revenue for a total invoiced sales target of \$28M in 2018

2018 P&L

	Act Jan-18	Estimate Feb-18	Estimate Mar-18	Estimate Apr-18	Estimate May-18	Estimate Jun-18	Estimate Jul-18	Estimate Aug-18	Estimate Sep-18	Estimate Oct-18	Estimate Nov-18	Estimate Dec-18
P&L												
Invoiced Pod Sales (incl. Free Maintenance)	1,800	1,646	1,812	1,742	2,119	2,258	2,154	2,240	2,501	2,664	2,843	2,898
Maintenance Renewal (Cash Basis)	-	53	63	59	76	115	83	156	120	279	145	174
Total Cash Sales	1,800	1,698	1,875	1,801	2,196	2,373	2,237	2,396	2,621	2,943	2,988	3,072
Net Sales	1,912	1,468	1,632	1,602	1,942	2,091	2,041	2,147	2,401	2,577	2,775	2,867
COGS	325	341	375	361	439	467	446	464	518	551	589	600
Gross Profit	1,588	1,128	1,257	1,242	1,504	1,623	1,595	1,683	1,883	2,026	2,187	2,267
Gross Margin - Invoiced Sales	82.0%	79.3%	79.3%	79.3%	79.3%	79.3%	79.3%	79.3%	79.3%	79.3%	79.3%	79.3%
Gross Margin - GAAP Sales	83.0%	76.8%	77.0%	77.5%	77.4%	77.6%	78.2%	78.4%	78.4%	78.6%	78.8%	79.1%
R&D	323	342	342	448	498	448	524	524	524	554	554	554
Sales	462	348	351	489	502	503	616	622	623	715	715	717
Marketing	-	284	200	129	122	265	164	167	167	229	173	163
G&A	239	277	318	324	354	350	369	370	362	377	373	392
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Opex	1,024	1,251	1,210	1,389	1,476	1,566	1,673	1,684	1,676	1,875	1,815	1,826
Reported EBITDA	564	(123)	47	(148)	28	58	(78)	(1)	207	151	372	440
EBITDA Margin	29.5%	-8.4%	2.9%	-9.2%	1.4%	2.8%	-3.8%	0.0%	8.6%	5.9%	13.4%	15.4%

Act 2017	Estimate 1Q2018	Estimate 2Q2018	Estimate 3Q2018	Estimate 4Q2018	Estimate 2018	Variance
16,622	5,258	6,120	6,895	8,405	26,678	10,055
2,319	115	250	359	598	1,322	(996)
18,941	5,373	6,370	7,254	9,003	28,000	9,059
17,230	5,012	5,635	6,589	8,219	25,456	8,226
91.0%					90.9%	
3,465	1,040	1,267	1,427	1,740	5,474	2,008
13,764	3,972	4,369	5,162	6,479	19,982	6,218
79.2%	80.2%	79.3%	79.3%	79.3%	79.5%	0.3%
79.9%	79.2%	77.5%	78.3%	78.8%	78.5%	-1.4%
2,775	1,007	1,394	1,572	1,663	5,635	2,860
2,902	1,161	1,494	1,861	2,146	6,662	3,760
893	484	516	498	566	2,064	1,171
2,341	834	1,028	1,102	1,141	4,104	1,763
-	-	-	-	-	-	-
8,911	3,485	4,431	5,033	5,516	18,465	9,554
51.7%					72.5%	
4,853	487	(62)	128	963	1,517	(3,336)
28.2%	9.7%	-1.1%	1.9%	11.7%	6.0%	-22.2%

2018 Balance Sheet

Balance Sheet												
Current Assets												
Cash and cash equivalents	3,030	3,851	3,996	3,647	3,523	3,649	3,888	4,158	3,964	4,462	4,649	5,029
Short term investments	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable, gross	2,789	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable, reserves	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable, net	2,789	2,888	2,873	2,854	3,360	3,699	3,415	3,552	4,097	4,224	4,658	4,594
Inventory, gross	1,101	-	-	-	-	-	-	-	-	-	-	-
Inventory, reserves	-	-	-	-	-	-	-	-	-	-	-	-
Inventory, net	1,101	1,247	1,358	1,484	1,532	1,551	1,626	1,684	1,687	1,657	1,590	1,511
Prepaid expenses and other current assets	721	370	313	495	521	389	367	366	540	274	597	1,092
Current portion of deferred taxes	-	-	-	-	-	-	-	-	-	-	-	-
Revenue in excess of billings	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	7,640	8,355	8,540	8,480	8,936	9,288	9,296	9,759	10,288	10,616	11,493	12,225
Non-Current Assets												
Property, plant & equipment, gross	361											
Accumulated depreciation	(113)											
Property, plant & equipment, net	247	270	322	385	438	463	455	445	430	436	422	409
Goodwill	20,827	20,827	20,827	20,827	20,827	20,827	20,827	20,827	20,827	20,827	20,827	20,827
Identifiable intangible assets, gross	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900
Accumulated amortization	(272)	(544)	(816)	(1,088)	(1,359)	(1,631)	(1,903)	(2,175)	(2,447)	(2,719)	(2,991)	(3,263)
Identifiable intangible assets, net	9,628	9,356	9,084	8,812	8,541	8,269	7,997	7,725	7,453	7,181	6,909	6,637
Deferred financing cost	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax asset	4,276	4,276	4,276	4,276	4,276	4,276	4,276	4,276	4,276	4,276	4,276	4,276
Other non-current assets	14	14	14	14	14	14	14	14	14	14	14	14
Total Non-Current Assets	34,992	34,743	34,523	34,314	34,096	33,848	33,569	33,286	33,000	32,734	32,448	32,163
Total Assets	42,632	43,099	43,063	42,794	43,032	43,136	42,865	43,045	43,288	43,350	43,942	44,388
Current Liabilities												
Current portion of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Accounts payable	318	245	244	242	285	314	290	302	348	359	396	390
Accrued liabilities	-	453	453	453	453	453	453	453	453	453	453	453
Accrued bonus	-	89	133	177	222	266	310	354	399	443	487	532
Income taxes payable	-	-	-	-	-	-	-	-	-	-	-	-
Short-term unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	500	678	764	738	908	1,058	950	1,126	1,310	1,101	1,328	1,548
Total Current Liabilities	4,317	4,965	5,094	5,111	5,367	5,591	5,503	5,735	6,009	5,856	6,164	6,423
Long-term liabilities												
Long-term debt less current maturities	-	-	-	-	-	-	-	-	-	-	-	-
Capital lease	-	-	-	-	-	-	-	-	-	-	-	-
Debt owing to OpenGate	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-	-	-	-	-	-	-
Long-term unearned revenue	1,991	2,221	2,464	2,663	2,916	3,198	3,394	3,644	3,864	4,229	4,442	4,648
Deferred liabilities (Earnout)	-	-	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total Long-Term Liabilities	1,991	2,221	2,464	2,663	2,916	3,198	3,394	3,644	3,864	4,229	4,442	4,648
Total Liabilities	6,308	7,186	7,557	7,773	8,283	8,789	8,897	9,379	9,873	10,085	10,606	11,071
Commitments and contingencies	-	-	-	-	-	-	-	-	-	-	-	-
Shareholders' Equity												
Common stock	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Preferred stock	0	0	0	0	0	0	0	0	0	0	0	0
Capital in excess of stated value	0	0	0	0	0	0	0	0	0	0	0	0
Retained earnings	765	354	(53)	(539)	(811)	(1,212)	(1,591)	(1,893)	(2,144)	(2,294)	(2,223)	(2,241)
Accumulated other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Other equity transactions	35,559	35,559	35,559	35,559	35,559	35,559	35,559	35,559	35,559	35,559	35,559	35,559
Total Shareholders' Equity	36,324	35,913	35,506	35,020	34,748	34,347	33,968	33,666	33,415	33,265	33,336	33,318
Total Liabilities and Shareholders' Equity												
42,632	43,099	43,063	42,794	43,032	43,136	42,865	43,045	43,288	43,350	43,942	44,388	

2018 Cashflow

Cash Flow Statement

Cash flow from operations

Net Income (Loss)	288	(417)	(407)	(486)	(272)	(401)	(379)	(302)	(251)	(150)	71	(18)
Depreciation, amortization and other	279	280	281	283	285	286	287	286	286	286	286	286
Capitalized fees & expenses	-	-	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-cash interest expense	-	-	-	-	-	-	-	-	-	-	-	-
Non-cash dividends	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income tax	-	-	-	-	-	-	-	-	-	-	-	-
<i>Change in operating assets and liabilities:</i>	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	342	(100)	15	19	(506)	(339)	284	(137)	(545)	(127)	(434)	64
Inventory	(190)	(146)	(111)	(126)	(48)	(19)	(75)	(58)	(4)	30	67	78
Prepaid expenses and other current assets	(45)	351	56	(181)	(26)	132	22	1	(174)	266	(323)	(495)
Accounts payable	(17)	(72)	(1)	(2)	43	29	(24)	12	46	11	37	(5)
Accrued expenses	-	453	-	-	-	-	-	-	-	-	-	-
Accrued bonus	-	89	44	44	44	44	44	44	44	44	44	44
Accrued income taxes	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	114	230	243	199	253	282	196	250	219	366	213	205
Other current assets	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	(251)	178	86	(25)	169	150	(108)	176	184	(208)	226	220
Other cash flow from operations	(8)	-	-	-	-	-	-	-	-	-	-	-
Total Cash Flow from Operations	511	845	206	(275)	(56)	165	246	273	(194)	518	188	381

Cash flow from investing

Additions to property, plant and equipment	(7)	(24)	(62)	(74)	(67)	(39)	(7)	(4)	-	(20)	(1)	(1)
Acquisitions of companies, net of cash acquired	-	-	-	-	-	-	-	-	-	-	-	-
Investment in intangibles	-	-	-	-	-	-	-	-	-	-	-	-
Earnout payments/Transaction Expense	-	-	-	-	-	-	-	-	-	-	-	-
Other cash flow from investing (goodwill)	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Flow from Investing	(7)	(24)	(62)	(74)	(67)	(39)	(7)	(4)	-	(20)	(1)	(1)

Cash flow from financing

Proceeds from the issuance of short-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from the issuance of debt	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of debt	-	-	-	-	-	-	-	-	-	-	-	-
Capital lease	-	-	-	-	-	-	-	-	-	-	-	-
Common stock issued (repurchased)	-	-	-	-	-	-	-	-	-	-	-	-
Common stock cash dividends paid	-	-	-	-	-	-	-	-	-	-	-	-
Preferred stock issued (repurchased)	-	-	-	-	-	-	-	-	-	-	-	-
Other cash flow from financing costs	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Flow from Financing	-	-	-	-	-	-	-	-	-	-	-	-

Effect of FX rates on cash and cash equivalents

	-	-	-	-	-	-	-	-	-	-	-	-
Net change in cash	504	821	145	(349)	(123)	126	239	269	(194)	498	187	380
Beginning cash	2,526	3,030	3,851	3,996	3,647	3,523	3,649	3,888	4,158	3,964	4,462	4,649
Change in cash	504	821	145	(349)	(123)	126	239	269	(194)	498	187	380
Ending cash	3,030	3,851	3,996	3,647	3,523	3,649	3,888	4,158	3,964	4,462	4,649	5,029

Sales Coverage

QBRs				
	MARKET	AREA	Name	Hire Date
1	NY NJ PA	Americas	Burt Feldman	4/21/2014
2	APAC	APAC	Gark Tan	8/5/2014
3	SE	Americas	Connie Bolt	4/16/2016
4	Westcoast	Americas	Kevin Hughes	4/16/2016
5	TOLA	Americas	Ali Nourouzinia	8/15/2016
6	EMEA ex	EMEA	Jeff Meyer	6/5/2017
7	Mid-Atlantic	Americas	Joe Hoffman	9/18/2017
8	E Canada	Americas	Real Desmarais	1/1/2018
9	Mid-West	Americas	Ryan Shannon	1/1/2018
10	Boston	Americas	TBD	4/1/2018
11	France	EMEA	TBD	4/1/2018
12	UK	EMEA	TBD	4/1/2018
13	Seattle	Americas	TBD	5/1/2018
14	Germany	EMEA	TBD	5/1/2018
15	China	APAC	TBD	7/1/2018
16	Rocky Mtn	Americas	TBD	10/1/2018
17	Korea	APAC	TBD	10/1/2018
18	W Canada	Americas	TBD	1/1/2019

Labor Ramp Up – 2018 Impact

Labor Model Summary - Consolidated										
USD in Thousands	Q1'2017	Q2'2017	Q3'2017	Q4'2017	2017	Q1'2018	Q2'2018	Q3'2018	Q4'2018	2018
Salary	948,075	1,041,297	1,232,602	1,485,008	4,706,982	1,725,189	2,287,075	2,746,206	2,915,402	9,673,871
Bonus	127,270	128,684	130,098	130,098	516,150	131,088	132,544	134,001	134,001	531,635
Sales Commissions	102,158	103,293	104,428	104,428	414,308	218,858	364,409	468,529	627,183	1,678,979
Overtime	-	-	-	-	-	-	-	-	-	-
Other compensation	-	-	-	-	-	-	-	-	-	-
Total Variable	229,428	231,977	234,526	234,526	930,458	349,946	496,954	602,530	761,184	2,210,614
Total Salary and Variable	1,177,503	1,273,274	1,467,128	1,719,534	5,637,440	2,075,135	2,784,028	3,348,736	3,676,586	11,884,485
Medicare	0	0	0	0	0	27,056	35,026	40,931	44,229	147,242
Social Security	0	0	0	0	0	92,727	125,853	150,717	164,821	534,118
Benefits	117,936	134,715	172,582	207,196	632,430	246,540	327,727	405,227	435,609	1,415,103
Other Benefits	-	-	-	-	-	-	-	-	-	-
FUTA/SUTA	4,998	5,842	8,446	14,850	34,135	9,011	13,195	17,366	21,119	60,690
Total Benefits and Social Costs	122,934	140,557	181,028	222,046	666,566	375,334	501,800	614,241	665,778	2,157,153
Total Salary, Variable, Benefits and Social Costs	1,300,437	1,413,832	1,648,157	1,941,581	6,304,005	2,450,469	3,285,828	3,962,977	4,342,364	14,041,638
Total Severance	-	-	-	-	-	-	-	-	-	-
Retention Bonus	-	-	-	-	-	-	-	-	-	-
Relocation	-	-	-	-	-	-	-	-	-	-
Recruitment Costs	-	-	-	-	-	-	-	-	-	-
Total One-Times Costs	-	-	-	-	-	-	-	-	-	-
Total Compensation	1,300,437	1,413,832	1,648,157	1,941,581	6,304,005	2,450,469	3,285,828	3,962,977	4,342,364	14,041,638
Increase (Decrease) in Total Compensation		113,395	234,325	293,424		376,889.92	663,008.97	525,187.21	397,925.10	
Cumulative Increase (Decrease) in Total Compensation		113,395	347,720	641,144		376,890	1,039,899	1,565,086	1,963,011	4,944,886
Headcount										
Opening headcount	34	36	42	54	34	61	74	99	113	61
New Hires	2	6	12	7	27	13	25	14	7	59
Terminations	-	-	-	-	-	-	-	-	-	-
Change in headcount	2	6	12	7	27	13	25	14	7	59
Closing headcount	36	42	54	61	61	74	99	113	120	120
Growth Rates and Margins										
Medicare % of Salary and Variable	0.00%	0.00%	0.00%	0.00%	0.00%	1.30%	1.26%	1.22%	1.20%	1.24%
Social Security % of Salary and Variable	0.00%	0.00%	0.00%	0.00%	0.00%	4.47%	4.52%	4.50%	4.48%	4.49%
Benefits % of Salary	12.4%	12.9%	14.0%	14.0%	13.4%	14.3%	14.3%	14.8%	14.9%	14.6%
Other Benefits % of Salary	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FUTA/SUTA % of Salary	0.53%	0.56%	0.69%	1.00%	0.73%	0.52%	0.58%	0.63%	0.72%	0.63%
Total Benefits and Social Costs % of Salary and Variable	10.4%	11.0%	12.3%	12.9%	11.8%	18.1%	18.0%	18.3%	18.1%	18.2%

Labor Ramp Up – Annualized Impact

Labor Model Summary - Consolidated

USD in Thousands	Q1'2017	Q2'2017	Q3'2017	Q4'2017	2017	Q1'2018	Q2'2018	Q3'2018	Q4'2018	2018
Annualized Salary	3,874,760	4,445,855	5,503,295	6,179,629	6,179,629	7,527,511	9,813,210	11,201,674	11,632,614	11,632,614
Increase/(Decrease) in Annualized Salary - \$	n/a	571,095	1,057,440	676,333	n/a	1,347,882	2,285,699	1,388,463	430,941	5,452,986
Increase/(Decrease) in Annualized Salary - %	n/a	14.7%	23.8%	12.3%	n/a	21.8%	58.8%	48.8%	18.5%	88.2%
Ending Headcount	36	42	54	61	61	74	99	113	120	120
Annualized Salary/Headcount	107,632	105,854	101,913	101,305	101,305	101,723	99,123	99,130	96,938	96,938
Annualized Salary/Headcount										
Increase/(Decrease) in Annualized Salary/Headcount - \$	n/a	(1,779)	(3,941)	(607)	n/a	418	(2,182)	(2,593)	(2,185)	(2,191)
Increase/(Decrease) in Annualized Salary/Headcount - %	n/a	-1.7%	-3.7%	-0.6%	n/a	0.4%	-2.2%	-2.5%	-2.2%	-4.3%
Annualized Variable	943,296	1,045,006	1,190,676	1,190,676	1,190,676	1,326,073	1,784,861	2,070,616	2,201,771	2,201,771
Annualized Benefits and Social Costs	502,427	600,114	808,252	924,012	875,110	1,637,695	2,153,087	2,505,465	2,656,491	2,593,928
Annualized Total Salary, Variable, Benefits and Social Costs	5,320,482	6,090,975	7,502,224	8,294,317	8,245,415	10,491,278	13,751,158	15,777,755	16,490,876	16,428,313
Increase/(Decrease) in Annualized Total Salary, Variable, Benefits and Social Costs - \$	n/a	770,493	1,411,248	792,093	n/a	2,196,962	5,505,743	5,286,476	2,739,718	8,182,898
Increase/(Decrease) in Annualized Total Salary, Variable, Benefits and Social Costs - %	n/a	14.5%	23.2%	10.6%	n/a	26.5%	31.1%	14.7%	4.5%	99.2%

2018 Marketing Spend Budget

	Priority	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
T&E		500	56,500	26,500	500	4,800	41,700	500	500	500	9,500	500	500
ISE	Critical	-	56,000	-	-	-	-	-	-	-	-	-	-
Enterprise Connect	Critical	-	-	26,000	-	-	-	-	-	-	-	-	-
UC Expo	Nice to have	-	-	-	-	4,300	-	-	-	-	-	-	-
InfoComm	Critical	-	-	-	-	-	41,200	-	-	-	-	-	-
Educause	Nice to have	-	-	-	-	-	-	-	-	-	9,000	-	-
Other	Nice to have	500	500	500	500	500	500	500	500	500	500	500	500
Advertising & Promotions		14,200	26,200	23,700	22,500	24,000	40,000	27,500	30,250	30,250	37,000	32,750	32,750
Google + Social + Amazon	Nice to have	12,500	12,500	12,500	15,000	15,000	15,000	17,500	17,500	17,500	20,000	20,000	20,000
PR (engagements + hard costs)	Nice to have	1,700	1,700	1,700	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Channel campaigns (US, promo, non-MDF)	Nice to have	-	2,000	-	-	-	3,000	-	2,500	2,500	2,500	2,500	2,500
Pubs (awards and paid media programs)	Nice to have	-	10,000	5,000	500	2,000	15,000	500	750	750	5,000	750	750
EMEA dedicated spend	Nice to have	-	-	3,500	3,500	3,500	3,500	5,000	5,000	5,000	5,000	5,000	5,000
APAC dedicated spend	Nice to have	-	-	1,000	1,000	1,000	1,000	2,000	2,000	2,000	2,000	2,000	2,000
Events		1,500	128,300	71,500	15,000	2,500	92,500	13,500	13,500	13,500	57,300	14,500	4,500
ISE	Critical	-	126,800	-	-	-	-	-	-	-	-	-	-
Enterprise Connect	Critical	-	-	70,000	-	-	-	-	-	-	-	-	-
UC Expo	Nice to have	-	-	-	2,500	-	-	-	-	-	-	-	-
InfoComm	Critical	-	-	-	-	-	90,000	-	-	-	-	-	-
Educause	Nice to have	-	-	-	-	-	-	-	-	-	52,800	-	-
Channel events (global, non-MDF/co-op)	Nice to have	1,500	1,500	1,500	2,500	2,500	2,500	3,500	3,500	3,500	4,500	4,500	4,500
Engage Events	Nice to have	-	-	-	10,000	-	-	10,000	10,000	10,000	-	10,000	-
Other		51,200	41,200	46,200	46,200	46,200	46,200	51,600	51,600	51,600	54,100	54,100	54,100
website (ongoing dev and maintenance)	Critical	550	550	550	550	550	550	550	550	550	550	550	550
marketing automation	Critical	2,695	2,695	2,695	2,695	2,695	2,695	2,695	2,695	2,695	2,695	2,695	2,695
website (domain + hosting services)	Critical	500	500	500	500	500	500	500	500	500	500	500	500
SAAS tools	Nice to have	600	600	600	600	600	600	1,000	1,000	1,000	1,000	1,000	1,000
content creation (3rd party)	Nice to have	10,000	-	5,000	5,000	5,000	5,000	7,500	7,500	7,500	10,000	10,000	10,000
channel MDF (events, demo Pods etc)	Critical	22,250	22,250	22,250	22,250	22,250	22,250	22,250	22,250	22,250	22,250	22,250	22,250
channel - misc (no MDF, events, promo)	Nice to have	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
training and certification	Nice to have	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
other TBD (Pod demo fleet, etc)	Critical	7,105	7,105	7,105	7,105	7,105	7,105	9,605	9,605	9,605	9,605	9,605	9,605
Total		67,400	252,200	167,900	84,200	77,500	220,400	93,100	95,850	95,850	157,900	101,850	91,850

2018	2017	Increase / (Decrease)
142,500	83,000	59,500
56,000	30,000	26,000
26,000	-	26,000
4,300	-	4,300
41,200	20,000	21,200
9,000	-	9,000
6,000	33,000	(27,000)
341,100	123,850	217,250
195,000	75,000	120,000
27,600	3,600	24,000
17,500	17,500	-
41,000	27,750	13,250
44,000	-	44,000
16,000	-	16,000
428,100	182,000	246,100
126,800	80,000	46,800
70,000	-	70,000
2,500	8,000	(5,500)
90,000	50,000	40,000
52,800	-	52,800
36,000	12,000	24,000
50,000	32,000	18,000
594,300	347,130	247,170
6,600	6,600	-
32,340	51,800	(19,460)
6,000	5,730	270
9,600	37,000	(27,400)
82,500	100,000	(17,500)
267,000	20,000	247,000
60,000	21,000	39,000
30,000	105,000	(75,000)
100,260	-	100,260
1,506,000	735,980	770,020

	Critical	Nice to Have	Total
T&E	123,200	19,300	142,500
Advertising & Promotions	101,000	240,100	341,100
Events	286,800	141,300	428,100
Other	321,540	272,760	594,300
Total	832,540	673,460	1,506,000