



2018 Management Incentive Plan

MIPs Attainment & Payout

MIPs Attainment				
% of Target				
Corporate Metric	Performance	Bonus Payout	Metric Weight	
Invoiced Sales and Gross Contract Renew	\$31,724	197%	60%	118%
EBITDA	\$5,008	200%	20%	40%
Operating Cash Flow Less Capex	\$4,833	200%	20%	40%
Total				198%

MIPs Payout							
			Annual Target Bonus	2018 Target Bonus	Total Payout @ 198%	Total Payout @ 200%	Delta
Name	Title						
Rob Balgley	CEO	Full Year	\$313,000	313,000	620,737	626,000	5,263
Chris Jaynes	CTO	Full Year	\$132,500	132,500	262,772	265,000	2,228
Jon Burns	VP Product	Full Year	\$20,000	20,000	39,664	40,000	336
Dan Hudspeth	CFO	8 Months	\$50,000	33,333	66,106	66,667	560
Martin Payne	CMO	9 Months	\$75,000	56,250	111,554	112,500	946
Total			\$590,500	\$555,083	\$1,100,834	1,110,167	9,333

Invoiced Sales Target

Invoiced Sales and Gross Contract Renewal Performance Thresholds					
Performance Level	Performance Threshold	% vs Target Threshold	% of Target		
			Bonus Payout	Attainment	
Maximum	\$32.2	115.4%	200%	31,724	2018 Preliminary
160% Payout	\$31.3	112.4%	160%	32,175	Threshold \$
130% Payout	\$30.5	109.3%	130%	99%	% of Max Threshold \$
115% Payout	\$29.6	106.2%	115%	200%	Threshold %
105% Payout	\$28.7	103.1%	105%	197%	% of Threshold Attained
Target	\$27.9	100.0%	100%		

EBITDA Target

EBITDA Performance Thresholds					
Performance Level	Performance Threshold	% vs Target Threshold	% of Target		Attainment
			Bonus Payout		
Maximum	\$3.9	258.5%	200%	5,008	2018 Preliminary
160% Payout	\$3.4	226.8%	160%	3,877	Threshold \$
130% Payout	\$2.9	195.1%	130%	129%	% of Max Threshold \$
115% Payout	\$2.5	163.4%	115%	200%	Threshold %
105% Payout	\$2.0	131.7%	105%	200%	% of Threshold Attained - Max
Target	\$1.5	100.0%	100%		

Operating Cash Target

Operating Cash Flow Less Capex Performance Thresholds					
Performance Level	Performance Threshold	% vs Target Threshold	% of Target	Attainment	
			Bonus Payout		
Maximum	\$4.7	393.7%	200%	4,833	2018 Preliminary
160% Payout	\$4.6	348.3%	160%	4,700	Threshold \$ - Revised per DN
130% Payout	\$4.5	302.9%	130%	103%	% of Max Threshold \$
115% Payout	\$3.9	257.5%	115%	200%	Threshold %
105% Payout	\$3.2	212.1%	105%	200%	% of Threshold Attained - Max
Target	\$2.5	166.7%	100%		

Text from Desmond:

Rob - check that Dan has the final version. My roll to op cash flow target to op cash flow max would have been change in EBITDA (max - target) + target op cf - incremental capex (small). I would not have got to the number sent but from my calc would have been ~4.7. Best,

2018 Preliminary Results – As if Adjusted

Preliminary 2018 Results											
	Invoiced Sales	Revenue	GM	OpEx	EBITDA	Taxes	Net Loss	Operating Cash	CapEx	Operating Cash less CapEx	Comments
Est. 2018 Results	31,724	26,104	19,830	17,812	2,018	526	(2,663)	3,690	(550)	3,140	
606 Adjustments		2,720	2,720	200	2,520		2,520	-	-	-	Add back 606 adjustments
OBS Deferred Revenue Haircut		470	470		470		470				Add back budgeting error for haircut
Corporate tax adjustment						(526)	(526)	1,693		1,693	Add back budgeting error for taxes
2018 Results - As if adjusted	31,724	29,294	23,020	18,012	5,008	-	(198)	5,383	(550)	4,833	

Management Comments

606 Adjustment - Represents preliminary adjustments to financial statements to reflect impact of revenue recognition from early adoption of ASC 606 not contemplated in original budget

Opening Balance sheet deferred revenue haircut adjustment - Represents impact of budget overstated because deferred revenue at the beginning of the year was not subject to the haircut of 55% when computing revenue amortized in 2018. This adjustment gives affect to this error. Alternatively, we could have reduced the budget by same amount.

Corporate Income tax Adjustment – Represents impact of corporate income taxes accrued and paid in 2018 that were not included on the budget, but should have been. The Company accrued appr. \$1.7M and paid app. \$1M in 2018.