

2019 Annual Operating Plan

January 25, 2019

2019 Annual Operating Plan Agenda

Company “Evolution” Overview

2019 Priorities & Q1 Objectives

2019 Financial Objectives

2019 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 • Launch Gen 3 HW platform 	<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"> • Expand outbound demand generation • Complete buildout of EMEA sales team incl. ME and Nordic, begin expansion in Asia Pacific • Dedicated sales ops role • Dedicated Bus. Dev. role 	<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"> • Refine marketing presence in North America using digital campaigns • Expand presence in Europe focusing on field marketing • Data driven GTM with some research done in house • In-product marketing capabilities – Kepler 	<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 • Refine NetSuite implementation • Integrate BI systems 	<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

	2017	2018	2019	2020	2021
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 software subscription services Channel sales in US is now direct – no two-tier 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 – Solstice as a collaboration platform 	<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
Invoiced Sales	\$18.9M	\$31.7M	\$47.0M	\$64.0M	\$100.0M

2019 Annual Operating Plan Agenda

Company “Evolution” Overview

2019 Corporate Priorities & Q1 Objectives

2019 Financial Objectives

2019 Operating Financials

Appendix

2019 Corporate Priorities, Q1 Objectives & Key Results

2019 Corporate Priorities	Corporate Quarterly Objectives - Q1 2019	Key Result - As measured by	Owner
Successfully Launch Gen3 Product	Launch Gen3 Product - port SW	Solstice 4.0 port to G3 ready to ship on 2/12 with support for HDMI-in, 4k, POE, dual-HDMI-out mirroring/span/extend, top bug fixes, security testing complete	Jon
	GTM Launch of Gen 3 / 4.0	Execute on content creation for product email campaigns, web pages, and video per launch plan	Martin/Chris
	Meet supply chain timing & target for Gen3 Pods	2,500 pods in Jan; 5,000 pods rec'd in Feb & Mar	Dan/Rob/Chris
Scale Sales Organization	Develop & communicate sales plan for Gen3	Finalize/socialize messaging by launch date	Rick/Troy
	International hires	Hire to plan and/or exception hires identified	Rick
	Hire Sales Operations Director	Employee hired by 3/31	Rick
Ensure Product Roadmap Drives Market Adoption	Meet or exceed Q1 product release schedule (incl. 4.0 and G3)	Deliver the following scope features to market by end of Q1: HDMI-in, Dual-HDMI-out mirror/span/extend, 4k, POE, Ink, Custom Instructions, Internationalization, Power Management, Dashboard 2.0 phase 1, Kepler maintenance renewal workflow. Releases go live within 3 days of target dates and no hotfix releases are required.	Chris/Jon
	Hire VP of Development	Executive hired by 3/31	Rob
	Improve Solstice Quality	15 P1 tech debt bugs fixed by end of Q1 (existing stability, automation, escalations, etc)	Jon

2019 Corporate Priorities, Q1 Objectives & Key Results

2019 Corporate Priorities	Corporate Quarterly Objectives - Q1 2019	Key Result - As measured by	Owner
Scale Marketing and Support	Create new brand assets	Create custom photo library by 1/31, create brand architecture and messaging by 3/31, create custom video library by 3/31, complete Gartner Peer Insights page with 25 reviews by 3/31	Martin
	Launch worldwide digital web presences and lead generation	Finalize lead gen plan by 1/31, launch 4 EMEA microsites by ISE, launch 2 APAC microsites by Feb 28, start reporting lead conversion to new accounts by 2/28, launch redesigned corp site by 3/31	Martin
	Scale field marketing internationally	Successful ISE execution Feb 5-8, EMEA Engage event plan finalized by 2/28	Martin
	Scale product marketing / support processes	Launch improved support dashboard by 1/31, refactor / launch updated battle sheets by 2/28, implement new prod doc process as part of Gen 3 launch, move to account-based support model by 3/31	Martin
Invest in our people	Implement Company wide MBO Program	Communicated MBO program; developed Q1 dept objectives aligned with Corp objectives	Dan
	Hire VP of HR	Executive hired by 3/31	Rob
	Implement Q1 OKR Program - depart only	Depart level OKRs created and communicated	Dan
Improve business intelligence reporting	Develop Recurring Revenue Reporting	Monthly rolling recurring revenue report created	Dan
	Implement Contract Management in NetSuite	Contract management module live in NetSuite	Dan
	Develop key operating metrics report - P vs A	Create/report weekly budget related ops metrics	Dan

2019 Annual Operating Plan Agenda

Company “Evolution” Overview

2019 Corporate Priorities & Q1 Objectives

2019 Financial Objectives

2019 Operating Financials

Appendix

2018 Actual to 2019 Budget - Summary Bridge

2018 Actual

Invoiced Sales
\$31.8M

Increase YoY of 48% and increase over 2018 Run Rate (RR) of 38%. Increase by region is Americas (\$8.7M), EMEA (\$5.4M) & APAC (\$1.1M). Increase over 2018 annualized RR due to Pod Sales (\$9.9M), Yr1 support (\$1.6M) and Extended support (\$1.4M). Annualized RR end of 2019 is \$61M

Deferred Revenue
\$6.9M

Increase of \$4.5M due to Invoiced sales of \$14.2M, net of revenue recognized of \$9.7M. Invoiced sales split is 70%/30% between pod sales (revenue) and support sales (deferred Revenue).

Revenue
\$26.0

2019 revenue includes \$32.8M from pod sales and \$9.7M from deferred revenue recognized for software support. Annualized RR end of 2019 is \$55M.

GM
\$19.8M
76%

Increase due primarily to increase in Pod unit sales. Increase in BOM on Gen3 offset by price increase and discontinuing distribution channel in US with BTX. Estimated unit volume in 2019 is 42,000 pods. Blended ASP \$712/pod; 8% increase over 2018.

OpEx
\$17.9M

Increase due to \$8.2M in additional compensation over 2018 annualized RR and \$1.1M increase in additional OpEx. Compensation increase is result of increasing from 110 to 160 employees – primarily in Sales, R&D & Mktg. OpEx increase due primarily to Mktg to support international expansion.

EBITDA - GAAP
\$2.0M

In addition to factors noted above, decrease in GAAP EBITDA also due in large part to \$14M of \$47M invoiced sales going to deferred revenue, offset by \$9.7M of revenue being recognized. Net change increases deferred revenue by \$4.6M.

EBITDA - Invoiced
\$7.7M

The \$4.6M increase in deferred revenue represents the difference between GAAP EBITDA & invoiced EBITDA. Also represents incremental cash over GAAP EBITDA.

2019 Budget

Invoiced Sales
\$47.0M

Deferred Revenue
\$11.4M

Revenue
\$42.5M

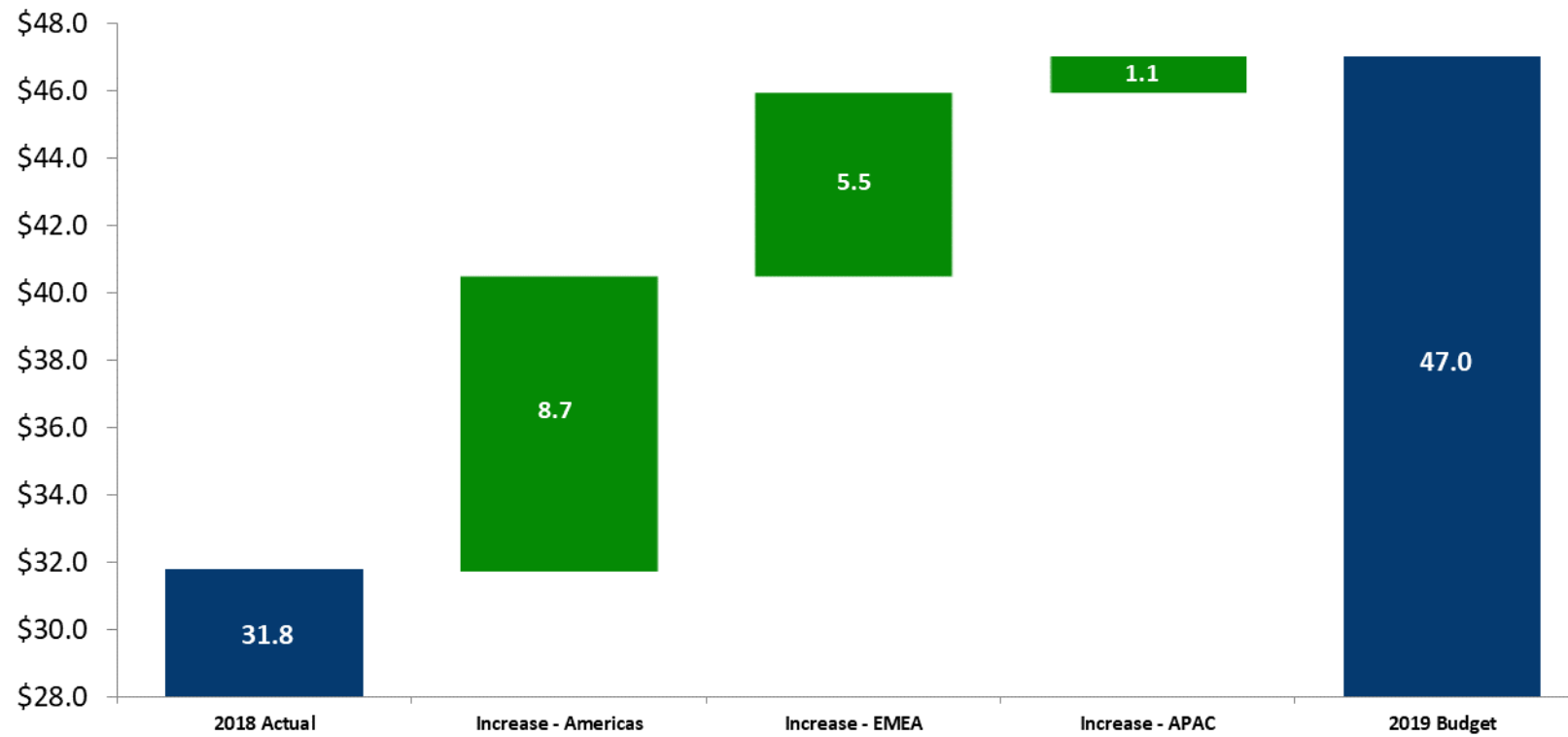
GM
\$31.8M
74%

OpEx
\$29.9M

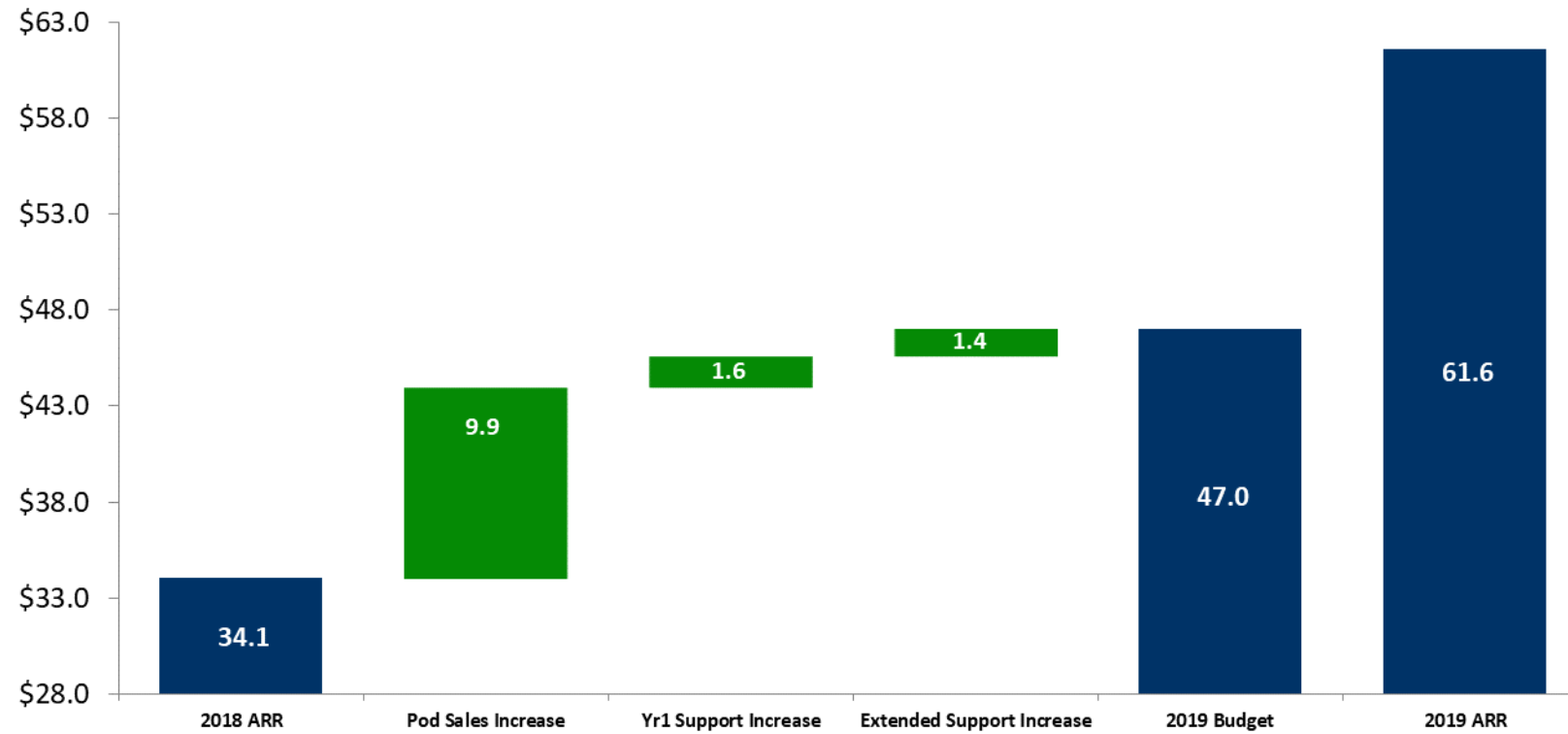
EBITDA - GAAP
\$1.7M

EBITDA - Invoiced
\$6.3M

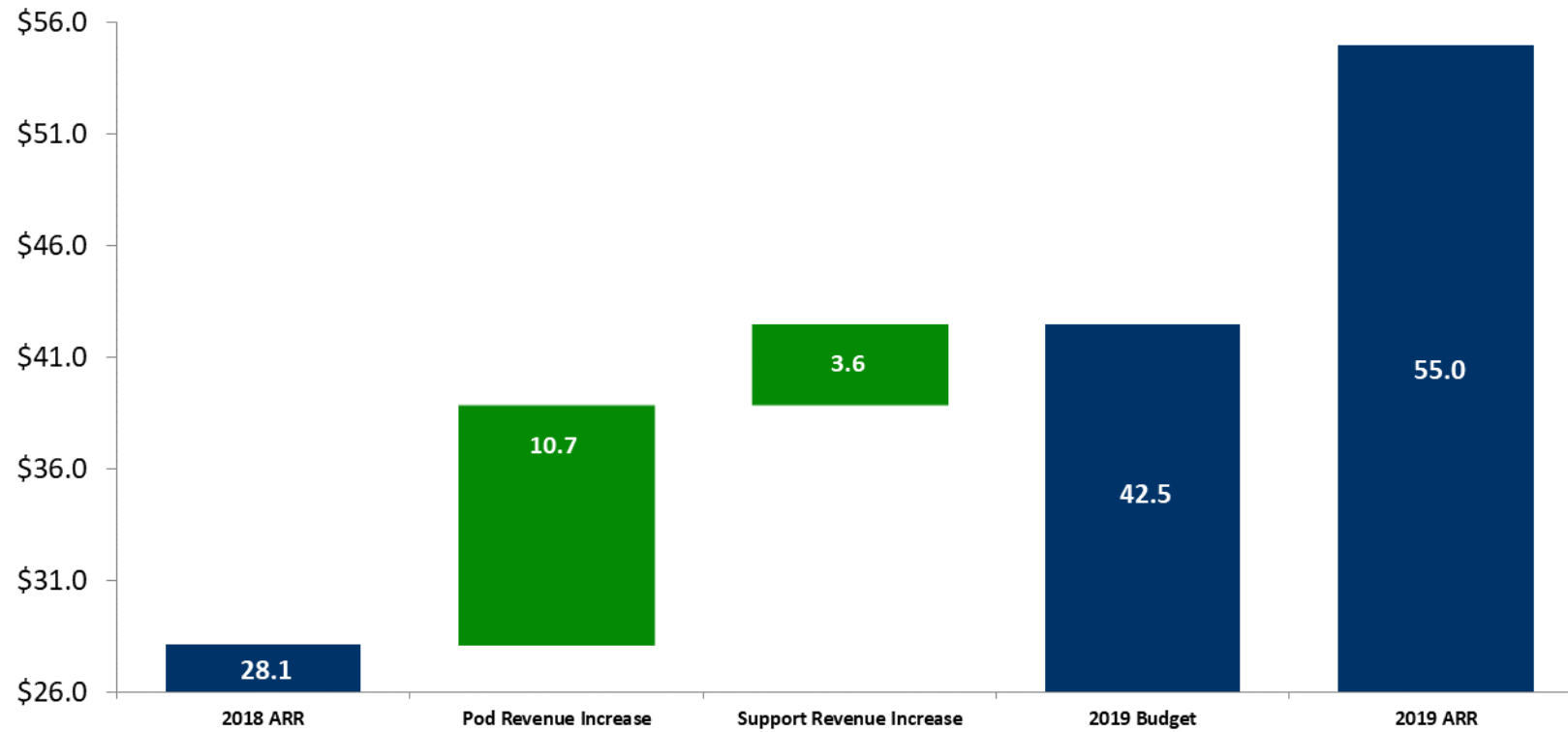
2019 Invoiced Sales Bridge



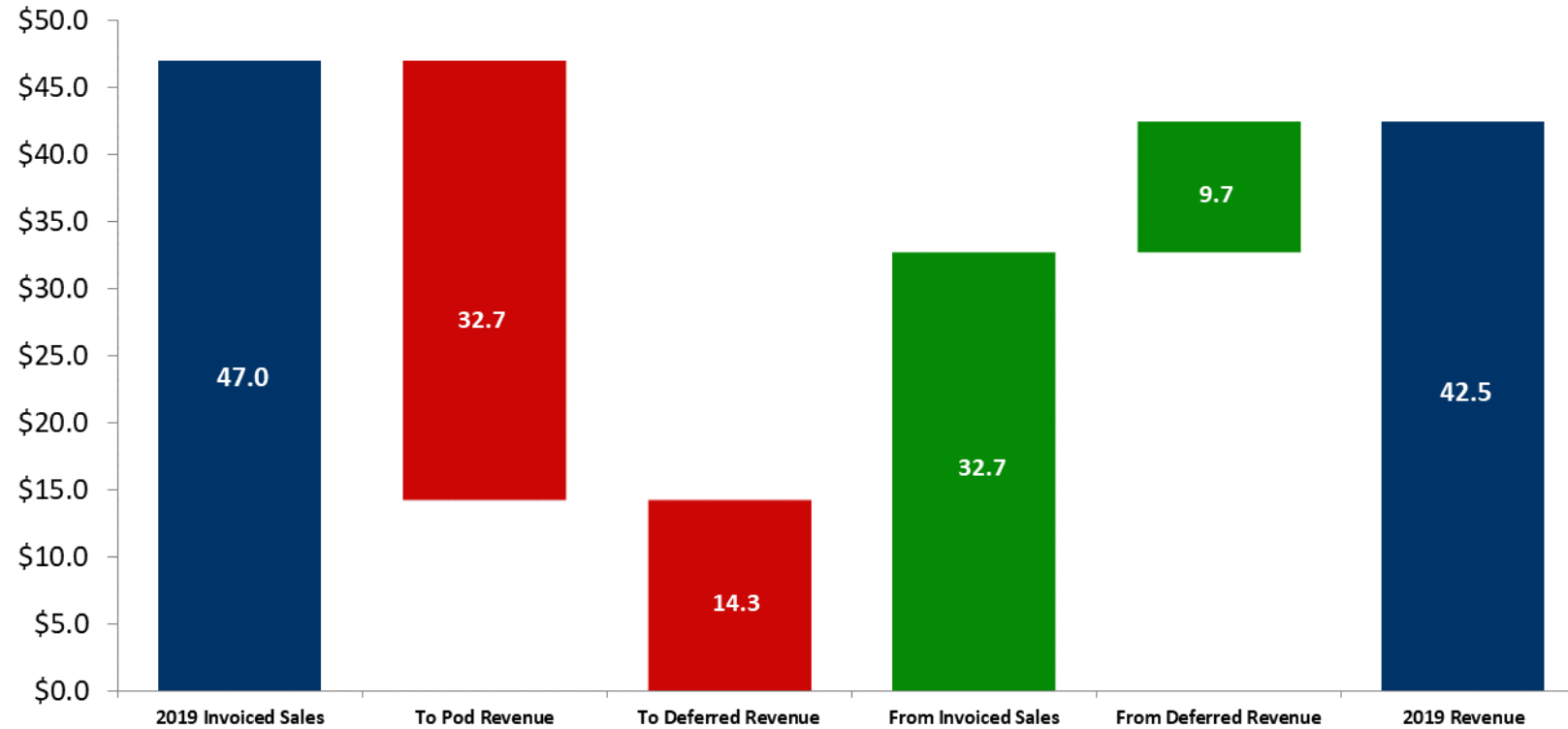
2019 Invoiced Sales Annualized Run Rate Bridge



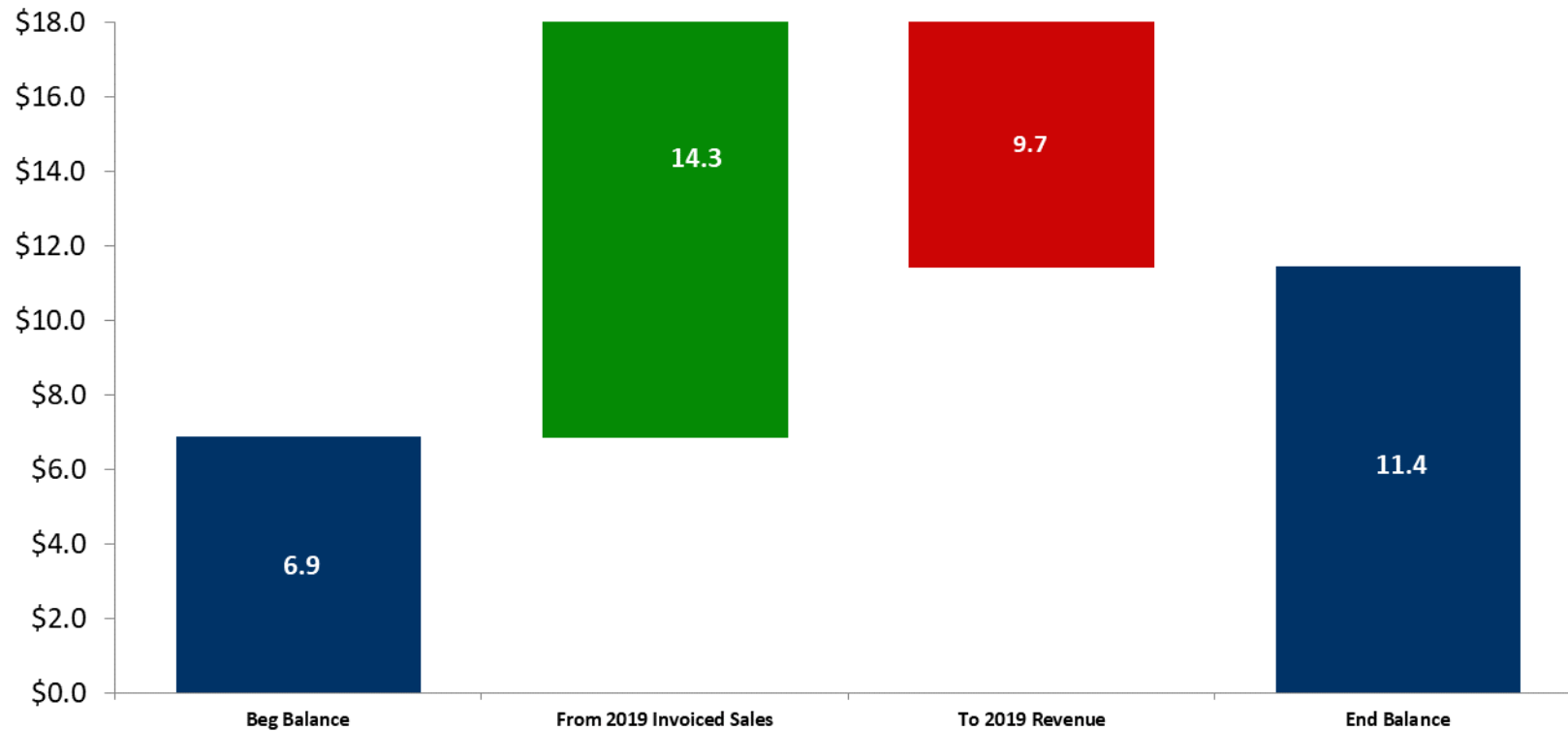
2019 Revenue Annualized Run Rate Bridge



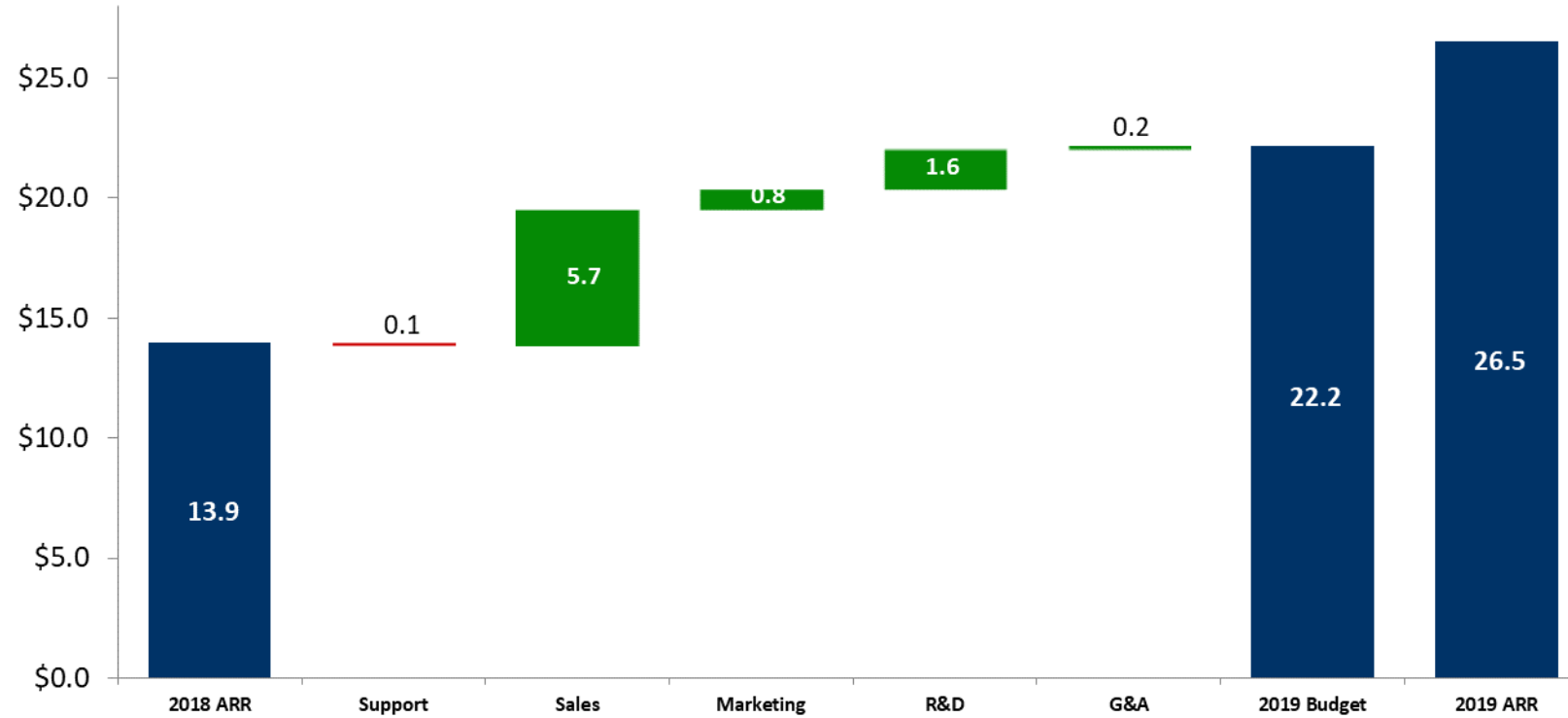
2019 Invoice Sales to Revenue Bridge



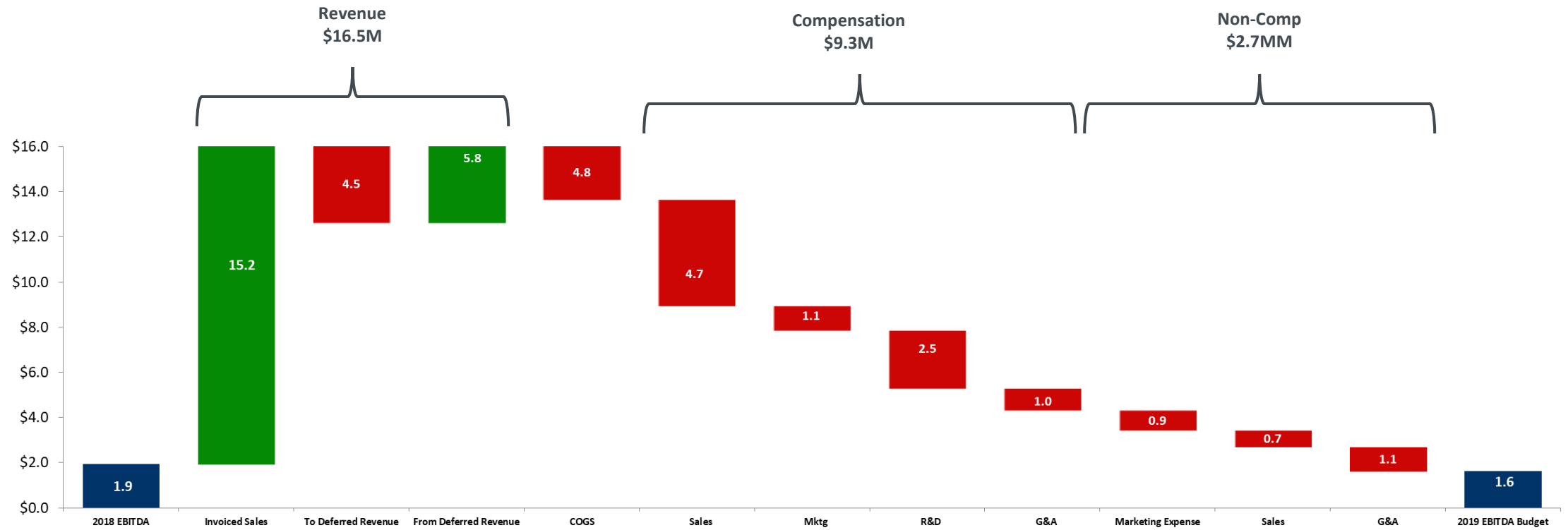
2019 Deferred Revenue Bridge



2019 Labor Annualized Run Rate Bridge



2019 EBITDA Bridge



2019 Annual Operating Plan Agenda

Company “Evolution” Overview

2019 Corporate Priorities & Q1 Objectives

2019 Financial Objectives

2019 Operating Financials

Appendix

2019 P&L

'000	Q118	Q218	Q318	Q418	Total	Q119	Q219	Q319	Q419	Total
Invoiced Summary										
Pod	4,732	6,135	5,952	5,700	22,520	5,561	7,282	8,965	10,933	32,741
Yr1 Software Support	984	1,306	1,281	1,282	4,852	1,208	1,474	1,815	2,209	6,706
Extended Software Support	626	967	1,276	1,533	4,401	1,430	1,845	2,020	2,258	7,553
Total Invoiced Sales	6,342	8,408	8,508	8,515	31,773	8,200	10,600	12,800	15,400	47,000
Deferred Software Support Revenue	2,766	4,200	5,570	6,776	6,776	7,604	8,638	9,779	11,440	11,440
Revenue Summary										
Pod	4,643	6,022	5,887	5,498	22,051	5,561	7,282	8,965	10,933	32,741
Software Support	511	788	1,110	1,530	3,938	1,928	2,284	2,695	2,805	9,712
Total Revenue	5,154	6,810	6,996	7,028	25,989	7,490	9,565	11,660	13,738	42,453
TOTAL COGS	1,217	1,700	1,602	1,641	6,159	1,492	2,568	3,113	3,747	10,920
	5	5	5	4	4	6	7	7	7	7
Gross Profit	3,938	5,111	5,395	5,387	19,830	5,998	6,998	8,547	9,991	31,533
	76%	75%	77%	77%	76%	80%	73%	73%	73%	74%
Sales	933	1,069	1,343	1,325	4,669	1,794	2,100	2,508	2,951	9,353
Sales Comp	113	182	169	294	759	218	366	372	534	1,490
Non-Comp Expense - Sales	113	182	169	294	759	218	366	372	534	1,490
Sales Expense	1,046	1,251	1,512	1,619	5,428	2,012	2,466	2,880	3,485	10,843
	16	18	26	40	40	43	48	56	64	64
Marketing	88	175	163	231	657	359	467	466	464	1,756
Marketing Comp	485	366	333	546	1,730	792	714	570	543	2,618
Non-Comp Expense - Mktg	485	366	333	546	1,730	792	714	570	543	2,618
Marketing Expenses	572	541	496	777	2,386	1,151	1,180	1,035	1,007	4,374
	2	3	4	8	8	14	15	15	15	15
R&D	832	904	1,199	1,315	4,250	1,427	1,661	1,834	1,872	6,793
R&D Comp	50	55	20	112	237	78	62	62	62	265
Non-Comp Expense - R&D	50	55	20	112	237	78	62	62	62	265
R&D Expense	882	959	1,219	1,428	4,487	1,505	1,723	1,896	1,935	7,058
	27	27	37	36	36	37	44	46	48	48
G&A	321	492	1,058	801	2,672	887	904	921	944	3,655
G&A Comp	372	790	869	889	2,920	1,065	946	956	1,004	3,971
Non-Comp Expense - G&A	372	790	869	889	2,920	1,065	946	956	1,004	3,971
G&A Expense	693	1,282	1,927	1,690	5,592	1,951	1,850	1,877	1,948	7,626
	12	16	19	22	22	23	24	24	26	26
Total OpEx	3,193	4,033	5,153	5,513	17,893	6,618	7,219	7,688	8,375	29,901
GAAP EBITDA	744	1,078	242	(127)	1,937	(620)	(222)	858	1,616	1,632
Invoiced EBITDA	1,932	2,675	1,754	1,360	7,721	90	813	1,998	3,278	6,179
	62	69	91	110	110	123	138	148	160	160
Net Income (Loss)	(283)	93	(1,107)	(1,350)	(2,647)	(1,798)	(1,482)	(445)	153	(3,572)

2019 Balance Sheet

	<u>Q118</u>	<u>Q218</u>	<u>Q318</u>	<u>Q418</u>	<u>Total</u>	<u>Q119</u>	<u>Q219</u>	<u>Q319</u>	<u>Q419</u>	<u>Total</u>
ASSETS										
Cash	3,228	5,456	6,333	5,753	5,753	3,779	3,029	4,775	7,118	7,118
Receivables	3,437	4,369	4,649	4,979	4,979	4,715	5,280	6,710	7,920	7,920
Inventory	1,305	1,351	2,015	1,390	1,390	2,565	2,629	1,793	1,590	1,590
Other current Assets	418	704	846	1,840	1,840	1,409	1,427	1,376	1,398	1,398
Total Current Assets	8,389	11,880	13,843	13,961	13,961	12,467	12,365	14,654	18,027	18,027
PP&E	251	311	297	695	695	1,117	1,090	1,209	1,177	1,177
Other Non-Current Assets	34,963	34,322	34,377	33,888	33,888	33,148	32,330	31,731	31,384	31,384
Total Assets	43,603	46,513	48,516	48,544	48,544	46,732	45,786	47,594	50,588	50,588
LIABILITIES										
Trade Payables	224	1,110	661	654	654	463	708	1,005	1,229	1,229
Accrued Bonus & Commissions	237	555	1,229	1,590	1,590	1,873	1,086	1,515	2,005	2,005
Other Accrued Expenses	435	614	657	1,138	1,138	1,018	1,061	1,094	1,149	1,149
Income Taxes Payable	-	-	1,435	694	694	-	-	353	762	762
Deferred Software Support Revenue	2,766	4,200	5,610	6,893	6,893	7,604	8,638	9,779	11,440	11,440
SVB Term Loan	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Total Liabilities	7,162	9,979	13,092	14,470	14,470	14,457	14,993	17,245	20,086	20,086
Total Equity	36,441	36,533	35,424	34,074	34,074	32,276	30,793	30,349	30,502	30,502
Total Liabilities & Equity	43,603	46,513	48,515	48,544	48,544	46,732	45,786	47,594	50,588	50,588

2019 Cashflow

	<u>Q118</u>	<u>Q218</u>	<u>Q318</u>	<u>Q418</u>	<u>Total</u>	<u>Q119</u>	<u>Q219</u>	<u>Q319</u>	<u>Q419</u>	<u>Total</u>
CASH FLOW										
Cash Flow from Operations										
Net Income (loss)	(283)	93	(1,107)	(1,350)	(2,647)	(1,798)	(1,482)	(445)	153	(3,572)
Depreciation & Amortization	834	798	823	860	3,316	849	865	871	882	3,468
Deferred taxes	-	-	(1,135)	(252)	(1,387)	(160)	-	(218)	(470)	(848)
Change in Working Capital										
Receivables	(563)	(932)	(280)	(330)	(2,104)	264	(565)	(1,430)	(1,210)	(2,941)
Inventory	(399)	(45)	(664)	625	(483)	(1,175)	(64)	836	203	(200)
Other current Assets	260	(286)	(142)	(995)	(1,162)	356	(18)	51	(22)	367
Trade Payables	(169)	883	(448)	8	273	(192)	245	298	224	575
Accrued Bonus & Commissions	127	318	674	373	1,491	282	(787)	429	490	415
Other Accrued Expenses	(178)	140	10	451	423	(102)	(4)	5	8	(93)
Income Taxes Payable	0	0	1,435	(741)	694	(694)	-	353	409	68
Deferred Software Support Revenue	1,124	1,476	1,442	1,288	5,330	693	1,082	1,168	1,709	4,652
Total Cash Flow from Operations	753	2,446	608	(63)	3,743	(1,676)	(729)	1,918	2,377	1,890
Cash Flow From Investing										
CapEx	(84)	(218)	269	(497)	(529)	(298)	(20)	(173)	(34)	(524)
Cash flow from Financing										
Debt Service	-	-	-	-	-	-	-	-	-	-
Net change in Cash	669	2,228	877	(559)	3,215	(1,974)	(749)	1,746	2,343	1,366
Beginning Cash	3,495	4,652	6,314	6,466	6,466	4,247	2,621	4,013	5,813	5,753
Ending Cash	3,228	5,456	6,333	5,753	5,753	3,779	3,029	4,775	7,118	7,118

2019 Annual Operating Plan Agenda

Company “Evolution” Overview

2019 Corporate Priorities & Q1 Objectives

2019 Financial Objectives

2019 Operating Financials

Appendix

Pod Sales, Unit Volume & ASP – By Region

'000	<u>Q118</u>	<u>Q218</u>	<u>Q318</u>	<u>Q418</u>	<u>Total</u>	<u>Q119</u>	<u>Q219</u>	<u>Q319</u>	<u>Q419</u>	<u>Total</u>
Pod invoiced Sales - Unit volume										
America	6,407	7,959	7,472	7,372	29,210	5,721	6,721	8,280	10,259	30,981
EMEA	526	1,170	1,067	976	3,739	1,324	1,994	2,448	2,787	8,554
APAC	196	364	740	630	1,930	541	623	767	950	2,881
Total	7,129	9,493	9,279	8,978	34,879	7,586	9,337	11,495	13,997	42,415


Total invoiced sales - by region

America	\$ 5,778	\$ 7,259	\$ 7,176	\$ 6,917	\$ 27,130	\$ 6,456	\$ 7,977	\$ 9,638	\$ 11,782	\$ 35,852
EMEA	\$ 417	\$ 951	\$ 841	\$ 768	\$ 2,978	\$ 1,289	\$ 2,060	\$ 2,481	\$ 2,787	\$ 8,617
APAC	\$ 144	\$ 199	\$ 486	\$ 414	\$ 1,243	\$ 456	\$ 563	\$ 680	\$ 832	\$ 2,531
Total	\$ 6,340	\$ 8,408	\$ 8,503	\$ 8,100	\$ 31,351	\$ 8,200	\$ 10,600	\$ 12,800	\$ 15,400	\$ 47,000

Pod ASP by region

America	\$758	\$761	\$811	\$811	\$811
EMEA	\$642	\$656	\$706	\$706	\$706
APAC	\$568	\$568	\$618	\$618	\$618
Average	\$656	\$662	\$712	\$712	\$712

Sales Coverage – Invoiced Sales

<u>Start Date</u>	<u>Sales Rep</u>	<u>Territory</u>	<u>Jan-19</u>	<u>Feb-19</u>	<u>Mar-19</u>	<u>Apr-19</u>	<u>May-19</u>	<u>Jun-19</u>	<u>Jul-19</u>	<u>Aug-19</u>	<u>Sep-19</u>	<u>Oct-19</u>	<u>Nov-19</u>	<u>Dec-19</u> 	<u>2019</u>	<u>YTD 2018</u>
8/1/2013	Rick Emery	Global	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,360
4/1/2014	Burt Feldman	Northeast	\$384	\$360	\$395	\$425	\$464	\$518	\$528	\$572	\$601	\$645	\$688	\$746	\$6,327	\$4,723
8/1/2018	Jonathan Davies	New England	\$154	\$144	\$158	\$170	\$186	\$207	\$211	\$229	\$240	\$258	\$275	\$299	\$2,531	\$303
6/1/2018	John Chandler	TOLA	\$154	\$144	\$158	\$170	\$186	\$207	\$211	\$229	\$240	\$258	\$275	\$299	\$2,531	\$1,285
4/1/2016	Connie Bolt	Southeast	\$281	\$264	\$290	\$312	\$341	\$380	\$387	\$419	\$441	\$473	\$505	\$547	\$4,640	\$3,432
9/1/2018	Amelia Vrabel	Mountain	\$90	\$84	\$92	\$99	\$108	\$121	\$123	\$133	\$140	\$150	\$161	\$174	\$1,476	\$192
9/1/2018	Joe Hoffmann	Mid-Atlantic	\$230	\$216	\$237	\$255	\$279	\$311	\$317	\$343	\$361	\$387	\$413	\$448	\$3,796	\$1,951
10/1/2018	Mats Bergqvist	Westcoast	\$205	\$192	\$211	\$227	\$248	\$276	\$282	\$305	\$320	\$344	\$367	\$398	\$3,374	\$1,874
2/1/2018	Danny Fabre	Canada	\$102	\$96	\$105	\$113	\$124	\$138	\$141	\$152	\$160	\$172	\$184	\$199	\$1,687	\$649
4/1/2017	Ryan Shannon	Midwest	\$461	\$432	\$474	\$510	\$557	\$622	\$634	\$686	\$721	\$773	\$826	\$896	\$7,592	\$5,940
11/1/2018	Jason Parson	Northwest	\$115	\$108	\$119	\$128	\$139	\$155	\$158	\$172	\$180	\$193	\$206	\$224	\$1,898	\$436
Total Americas			\$2,175	\$2,042	\$2,238	\$2,410	\$2,631	\$2,936	\$2,993	\$3,240	\$3,405	\$3,652	\$3,900	\$4,230	\$35,852	\$27,146
6/1/2018	Thomas Liot	France	\$92	\$86	\$95	\$102	\$111	\$124	\$127	\$137	\$144	\$155	\$165	\$179	\$1,518	\$237
5/1/2018	Chris Charran	UK	\$166	\$156	\$171	\$184	\$201	\$225	\$229	\$248	\$260	\$279	\$298	\$323	\$2,742	\$1,291
6/1/2017	Jeff Meyer	EMEA	\$51	\$48	\$53	\$57	\$62	\$69	\$70	\$76	\$80	\$86	\$92	\$100	\$844	\$1,603
1/1/2019	OPEN	Germany	\$31	\$62	\$92	\$123	\$123	\$123	\$123	\$123	\$123	\$123	\$123	\$123	\$1,294	\$0
1/1/2019	Cyril Mattar	UAE	\$31	\$62	\$92	\$123	\$123	\$123	\$123	\$123	\$123	\$123	\$123	\$123	\$1,294	\$32
4/1/2019	OPEN	Benelux	\$0	\$0	\$0	\$31	\$62	\$92	\$123	\$123	\$123	\$123	\$123	\$123	\$925	\$0
Total EMEA			\$371	\$414	\$504	\$620	\$683	\$757	\$796	\$831	\$855	\$890	\$925	\$972	\$8,617	\$3,162
8/1/2014	Gark Tan	APAC	\$154	\$144	\$158	\$170	\$186	\$207	\$211	\$229	\$240	\$258	\$275	\$299	\$2,531	\$1,408
Total APAC			\$154	\$144	\$158	\$170	\$186	\$207	\$211	\$229	\$240	\$258	\$275	\$299	\$2,531	\$1,408
Total 2019			\$2,700	\$2,600	\$2,900	\$3,200	\$3,500	\$3,900	\$4,000	\$4,300	\$4,500	\$4,800	\$5,100	\$5,500	\$47,000	\$31,717

Invoiced Sales to Revenue & Deferred Revenue

	<u>Q119</u>	<u>Q219</u>	<u>Q319</u>	<u>Q419</u>	<u>Total</u>	
Invoiced Sales	\$ 8,200	\$ 10,600	\$ 12,800	\$ 15,400	\$ 47,000	
To Pod Revenue	\$ 5,561	\$ 7,282	\$ 8,965	\$ 10,933	\$ 32,741	70%
To Deferred Revenue	\$ 2,639	\$ 3,318	\$ 3,835	\$ 4,467	\$ 14,259	30%
 Revenue	 \$ 7,490	 \$ 9,565	 \$ 11,660	 \$ 13,738	 \$ 42,453	
From Invoiced Sales	\$ 5,561	\$ 7,282	\$ 8,965	\$ 10,933	\$ 32,741	77%
From Deferred Revenue	\$ 1,928	\$ 2,284	\$ 2,695	\$ 2,805	\$ 9,712	23%
 Change in Deferred Revenue	 \$ 710	 \$ 1,035	 \$ 1,140	 \$ 1,662	 \$ 4,547	
 Support Invoiced Sales						
Yr1 Support	\$ 1,208	\$ 1,474	\$ 1,815	\$ 2,209	\$ 6,706	47%
Prepaid Extended Support	\$ 788	\$ 961	\$ 1,183	\$ 1,441	\$ 4,373	31%
Renewed Support	\$ 642	\$ 883	\$ 837	\$ 817	\$ 3,179	22%
Total	\$ 2,639	\$ 3,318	\$ 3,835	\$ 4,467	\$ 14,259	

2019 Invoiced Sales & Revenue Run Rate

	2018						2019	2019	Ch
	Annual							Annual	Annual
<u>Invoiced Summary</u>	<u>Run Rate</u>	<u>Q119</u>	<u>Q219</u>	<u>Q319</u>	<u>Q419</u>	<u>Total</u>	<u>Ch</u>	<u>Run Rate</u>	<u>Run Rate</u>
Pod	\$ 22,799	\$ 5,561	\$ 7,282	\$ 8,965	\$ 10,933	\$ 32,741	\$ 9,943	\$43,733	\$20,934
Yr1 Software Support	\$ 5,129	\$ 1,208	\$ 1,474	\$ 1,815	\$ 2,209	\$ 6,706	\$ 1,577	\$8,836	\$3,707
Extended Software Support	\$ 6,130	\$ 1,430	\$ 1,845	\$ 2,020	\$ 2,258	\$ 7,553	\$ 1,422	\$9,030	\$2,900
Total Invoiced Sales	\$ 34,058	\$ 8,200	\$ 10,600	\$ 12,800	\$ 15,400	\$ 47,000	\$ 12,942	\$61,600	\$ 27,542
<u>Revenue Summary</u>									
Pod	\$ 21,994	\$ 5,561	\$ 7,282	\$ 8,965	\$ 10,933	\$ 32,741	\$ 10,748	\$43,733	\$21,740
Software Support	\$ 6,118	\$ 1,928	\$ 2,284	\$ 2,695	\$ 2,805	\$ 9,712	\$ 3,593	\$11,219	\$5,101
Total Revenue	\$ 28,112	\$ 7,490	\$ 9,565	\$ 11,660	\$ 13,738	\$ 42,453	14,341	\$ 54,953	\$ 26,841
Deferred Revenue	\$ 6,893	\$ 7,604	\$ 8,638	\$ 9,779	\$ 11,440	\$ 11,440	\$ 4,547	\$17,600	

Detail Operating Expenses

	<u>Q118</u>	<u>Q218</u>	<u>Q318</u>	<u>Q418</u>	<u>Total</u>	<u>Q119</u>	<u>Q219</u>	<u>Q319</u>	<u>Q419</u>	<u>Total</u>	<u>YoY Ch</u>
Operating Detail Expenses											
Legal & Accounting	\$ 31	\$ 232	\$ 118	\$ 164	\$ 545	\$ 137	\$ 137	\$ 137	\$ 137	\$ 548	3
Employee Development	\$ 36	\$ 24	\$ 20	\$ 70	\$ 150	\$ 53	\$ 56	\$ 57	\$ 58	\$ 224	74
Rent, CAM & Facilities	\$ 112	\$ 156	\$ 255	\$ 168	\$ 691	\$ 233	\$ 233	\$ 258	\$ 311	\$ 1,035	344
Consulting & Contractors	\$ -	\$ 41	\$ 105	\$ 189	\$ 335	\$ 45	\$ 45	\$ 30	\$ 30	\$ 150	(185)
Equipment (non-CapEx)	\$ 33	\$ 57	\$ 165	\$ 83	\$ 339	\$ 221	\$ 100	\$ 88	\$ 91	\$ 500	161
Internet & SW licenses	\$ 58	\$ 92	\$ 185	\$ 226	\$ 560	\$ 302	\$ 303	\$ 315	\$ 307	\$ 1,227	667
T&E (non-Marketing)	\$ 113	\$ 199	\$ 220	\$ 303	\$ 835	\$ 238	\$ 258	\$ 288	\$ 320	\$ 1,104	269
Marketing	\$ 484	\$ 314	\$ 250	\$ 416	\$ 1,464	\$ 807	\$ 860	\$ 690	\$ 792	\$ 3,148	1,684
Merchant Fees	\$ 54	\$ 67	\$ 34	\$ 29	\$ 184	\$ 52	\$ 52	\$ 52	\$ 52	\$ 206	22
Misc Other	\$ 97	\$ 119	\$ 60	\$ 233	\$ 509	\$ 66	\$ 51	\$ 51	\$ 51	\$ 219	(291)
	<u>\$1,018</u>	<u>\$1,303</u>	<u>\$1,411</u>	<u>\$1,880</u>	<u>\$5,611</u>	<u>\$2,154</u>	<u>\$2,094</u>	<u>\$1,965</u>	<u>\$2,148</u>	<u>\$8,361</u>	<u>\$2,750</u>

2019 OpEx Run Rate

	2018						2019	2019	Ch
	Annual							Annual	Annual
OpEx Run Rate	Run Rate	Q119	Q219	Q319	Q419	Total	Ch	Run Rate	Run Rate
Legal & Accounting	\$ 657	\$ 137	\$ 137	\$ 137	\$ 137	\$ 548	\$ (109)	\$548	(\$109)
Employee Development/Recruiting	\$ -	\$ 16	\$ 18	\$ 20	\$ 21	\$ 74	\$ 74	\$84	\$84
Rent, CAM & Facilities	\$ 1,001	\$ 233	\$ 233	\$ 258	\$ 311	\$ 1,035	\$ 34	\$1,243	\$242
Consulting & Contractors	\$ 484	\$ 83	\$ 83	\$ 68	\$ 68	\$ 300	\$ (184)	\$270	(\$214)
Equipment (non-CapEx)	\$ 332	\$ 221	\$ 100	\$ 88	\$ 91	\$ 500	\$ 168	\$364	\$32
Internet & SW licenses	\$ 903	\$ 302	\$ 303	\$ 315	\$ 307	\$ 1,227	\$ 324	\$1,227	\$325
T&E (non-Marketing)	\$ 1,211	\$ 238	\$ 258	\$ 288	\$ 320	\$ 1,104	\$ (106)	\$1,281	\$71
Marketing	\$ 1,663	\$ 807	\$ 860	\$ 690	\$ 792	\$ 3,148	\$ 1,485	\$3,167	\$1,504
Merchant Fees	\$ 116	\$ 52	\$ 52	\$ 52	\$ 52	\$ 206	\$ 90	\$206	\$90
Misc Other	\$ 931	\$ 66	\$ 51	\$ 51	\$ 51	\$ 219	\$ (713)	\$203	(\$728)
	\$ 7,299	\$ 2,154	\$ 2,094	\$ 1,965	\$ 2,148	\$ 8,361	\$ 1,062	\$ 8,594	\$ 1,295

2019 Marketing Spend Budget

	<u>Q119</u>	<u>Q219</u>	<u>Q319</u>	<u>Q419</u>	<u>Total</u>
Marketing Detail Expenses					
T&E	\$ 177	\$ 134	\$ 80	\$ 89	\$ 480
Field Marketing	\$ 300	\$ 238	\$ 98	\$ 109	\$ 744
Content & Branding	\$ 30	\$ 83	\$ 53	\$ 28	\$ 196
Press/Analyst Relations	\$ 26	\$ 25	\$ 41	\$ 25	\$ 117
Product Marketing	\$ 28	\$ 33	\$ 33	\$ 28	\$ 120
Channel Enablement	\$ 15	\$ 16	\$ 18	\$ 19	\$ 67
Advertising & promotions	\$ 115	\$ 99	\$ 189	\$ 176	\$ 579
Digital Infrastructure	\$ 81	\$ 50	\$ 39	\$ 50	\$ 220
Consulting & other	\$ 20	\$ 35	\$ 20	\$ 20	\$ 95
Total	\$ 792	\$ 714	\$ 570	\$ 543	\$ 2,618

Labor Ramp Up – 2019 Impact

		2018					2019		2019	Ch	
		Annual						Annual		Annual	
Compensation		Run Rate		Q119	Q219	Q319	Q419	Total	Ch	Run Rate	Run Rate
Support		\$ 720	\$ 108	\$ 172	\$ 172	\$ 171	\$ 622	\$ (98)	\$686		(\$34)
	Headcount	4	6	7	7	7		3			
Sales		\$ 3,668	\$ 1,794	\$ 2,100	\$ 2,508	\$ 2,951	\$ 9,353	\$ 5,686	\$12,563		\$8,895
	Headcount	40	43	48	56	64		24			
Marketing		\$ 936	\$ 359	\$ 467	\$ 466	\$ 464	\$ 1,756	\$ 820	\$1,862		\$925
	Headcount	8	14	15	15	15		7			
Research & Development		\$ 5,145	\$ 1,427	\$ 1,661	\$ 1,834	\$ 1,872	\$ 6,793	\$ 1,648	\$7,599		\$2,454
	Headcount	36	37	44	46	48		12			
General & Administrative		\$ 3,477	\$ 887	\$ 904	\$ 921	\$ 944	\$ 3,655	\$ 178	\$3,798		\$321
	Headcount	22	22	23	24	26		4			
total		\$ 13,946	\$ 4,574	\$ 5,303	\$ 5,900	\$ 6,403	\$ 22,180	\$ 8,234	\$26,508		\$12,562
	Headcount	110	122	137	148	160		50			