

inrule

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2019 Revised Annual Operating
Plan

12 August 2020

2019 Revised Annual Operating Plan Agenda

- Executive Summary & Company Evolution Overview
- 2019 Original Financial Plan
- Strategic Plan
- 2019 Revised Financial Plan
- Appendix A – Original 2019

Company Evolution

	2017	2018	2019	2020	2021
	Focus on Customer Success	Tipping Point to Subscription	SaaS to the Future	It's all about the Decision Platform	Innovate
Product	<ul style="list-style-type: none"> InRule for Javascript InRule for Salesforce Cloud-based trial 	<ul style="list-style-type: none"> First SaaS customer .NET Core Web-based catalog manager AveriSource partnership 	<ul style="list-style-type: none"> Portal Metrics Centralized Authentication Decision Services Merge and check-in utility 	<ul style="list-style-type: none"> Complete web-based experience Java runtime engine ML capabilities Microsoft Flow integration Simulation 	<ul style="list-style-type: none"> Natural language processing Marketplace Acquire add-ons
Sales Strategy	<ul style="list-style-type: none"> Introduce Market to Cash funnel Add dedicated resource for Customer Success Expand SDR team 	<ul style="list-style-type: none"> Sell subscription! Expand into Southern Europe (GFI, AI3 partnerships) Invest in new prospecting tools 	<ul style="list-style-type: none"> CRM Improvements Push SaaS Get in Dynamics AppSource Formalize Salesforce partnership (planned) 	<ul style="list-style-type: none"> Focus on channel Add SDR Add vertical expertise/specialist 	<ul style="list-style-type: none"> Add more sellers and supporting staff Staff multilingual presales capability
Marketing	Enhance <ul style="list-style-type: none"> Consistency / Standards Content Basics Focus on lead gen Grow team 	Elevate <ul style="list-style-type: none"> Standardize reporting / analytics Boost content/assets Leverage new tech (e.g. ABM) 	Scale <ul style="list-style-type: none"> Boost prospect engagement (e.g. Chatbot, Watch It Wednesdays) Increase AdWords spend in H2 Expand breadth and depth of marketing (branding / messaging) Reimagine product trial process 	Engage <ul style="list-style-type: none"> Promote InRule thought leadership Redesign InRule.com homepage for better prospect experience Foster relationships with analyst community Hire product marketer for technical content 	Expand <ul style="list-style-type: none"> Hire media relations Conduct media relations/PR Podcast!
Operations	<ul style="list-style-type: none"> Adopt Scale Up methodology Regular financial reporting Weekly, Monthly, Quarterly management meetings New customer onboarding process 	<ul style="list-style-type: none"> Office remodel Comply with GDPR 4Qs Migrated to hosted version of Dynamics CRM Establish budget process 	<ul style="list-style-type: none"> Find a financial partner Introduce Workshops Executive sponsorship for top customers Hire accounting manager 	<ul style="list-style-type: none"> Migrate to new ERP system Establish recruiting strategy and standardized process Add culture guide Implement tighter performance management policies 	<ul style="list-style-type: none"> Hire HR manager Training programs for management and by department

2018 Actuals to 2019 Revised AOP*

2018		2019 Base		2019 Revised**
Net Revenue \$9.4M	<ul style="list-style-type: none"> Continued move away from Perpetual to Subscription/SaaS Licenses; Recurring Revenue Growth of 27% 	Net Revenue \$11.0M	<ul style="list-style-type: none"> YTD actuals plus Q4 forecast 	Net Revenue \$10.4M
Gross Margin \$7.6M 81.4%	<ul style="list-style-type: none"> Significant Cost Controls put in place to Conserve Cash in early 2019 	Gross Margin \$9.2M 83.4%	<ul style="list-style-type: none"> Consistent with change in revenue 	Gross Margin \$8.6M 82.4%
OPEX \$8.7M 93.5%	<ul style="list-style-type: none"> Significant Cost Controls put in place to Conserve Cash in early 2019 	OPEX \$8.6M 77.8%	<ul style="list-style-type: none"> Cost of strategic initiative and other known expenses 	OPEX \$9.1M 87.5%
EBITDA (\$1.1M) (12.1%)	<ul style="list-style-type: none"> Cost Controls and Revenue Growth lead to Increase in EBITDA 	EBITDA \$.6M 5.7%	<ul style="list-style-type: none"> Cost of Strategic Initiatives and Other Known Expenses 	EBITDA (\$.5M) -.07%
Adjustments \$.01	<ul style="list-style-type: none"> 1X Costs Allowed as EBITDA Addbacks 	Adjustments \$.1M	<ul style="list-style-type: none"> 1X Costs Allowed as EBITDA Addbacks 	Adjustments \$.2M
Adj EBITDA (\$1.1M) (11.5%)	<ul style="list-style-type: none"> Cost Controls and Revenue Growth lead to Increase in EBITDA 	Adj EBITDA \$.8M 6.8%	<ul style="list-style-type: none"> Impact of Initiatives not Categorized as Addbacks 	Adj EBITDA (\$.4M) -3.5%
Capex \$.2M	<ul style="list-style-type: none"> No Planned Spend 	Capex \$0M	<ul style="list-style-type: none"> No Planned Spend 	Capex \$0M

* Currently manual modeling approach has potential to introduce errors in calculations. Working with OGC personnel to create more dynamic modeling approach while ERP system is implemented.

**2019 Revised AOP-Revenue re-forecasted based on YTD actuals plus current pipeline/Expense revisions based on 2019 Base AOP plus changes related to strategic initiatives, transaction related and 1x costs

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Summary P&L – 2018 to 2019 Base

(in 000's)

	2018 Actuals	2019 Base AOP	2019 vs 2018	
	Total	Total	\$	%
Recurring Revenue	\$ 6,927	\$ 8,821	\$ 1,894	27%
Other Revenue	2,409	2,183	(226)	-9%
Total Revenue	9,336	11,004	1,668	18%
COR	1,741	1,830	89	5%
Gross Margin	7,595 81.4%	9,174 83.4%	1,579	21%
Research & Development	3,692	3,474	(218)	-6%
Sale & Marketing	3,337	3,266	(71)	-2%
General & Administrative	1,700	1,812	112	7%
Total Opex	8,729	8,551	(177)	-2%
Reported EBITDA	(1,134) -12.1%	622 5.7%	1,756	100%
EBITDA Addbacks	61	129	68	110%
Adjusted EBITDA	(1,072) -11.5%	751 6.8%	\$ 1,824	100%

Revenue & Bookings - 2018 & 2019 Base AOP by Product

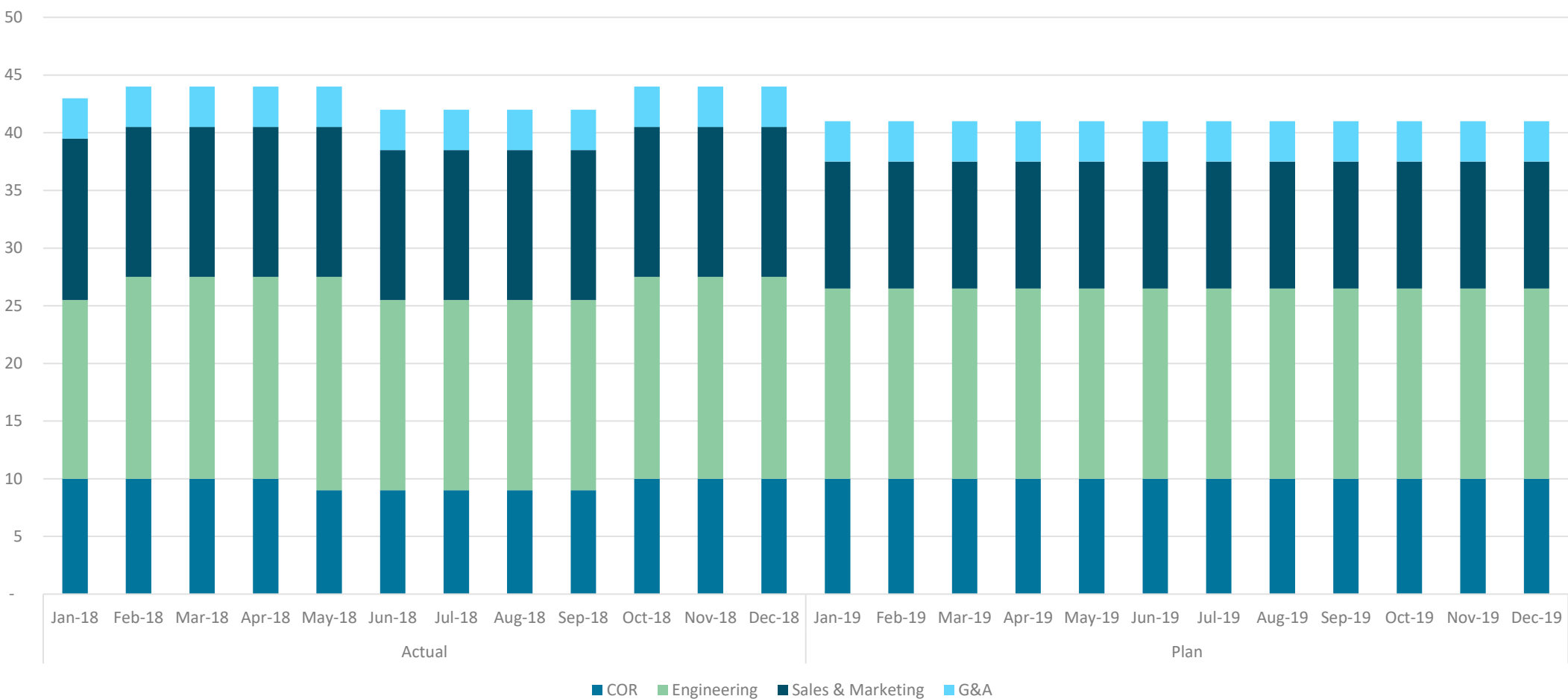
000's	REVENUE					2018 Actuals	REVENUE					2019 Base AOP
	Q1	Q2	Q3	Q4	Q1		Q2	Q3	Q4			
SaaS/Subscription - New	\$ 219	\$ 302	\$ 395	\$ 507	\$ 1,423	\$ 510	\$ 565	\$ 759	\$ 775	\$ 2,610		
SaaS/Subscription - Renewal	196	234	275	322	1,027	436	488	541	685	\$ 2,151		
Maintenance & Support - New	107	117	107	80	411	72	59	52	60	\$ 244		
Maintenance & Support - Renewal	982	1,001	1,064	1,020	4,067	978	938	959	943	\$ 3,817		
Total Recurring Revenue	\$ 1,504	\$ 1,653	\$ 1,840	\$ 1,930	\$ 6,927	\$ 1,996	\$ 2,051	\$ 2,311	\$ 2,464	\$ 8,821		
Perpetual	443	536	164	384	1,527	209	353	272	267	\$ 1,100		
Consulting	133	237	255	256	882	193	321	295	273	\$ 1,083		
Total Revenue	\$ 2,080	\$ 2,427	\$ 2,260	\$ 2,569	\$ 9,336	\$ 2,398	\$ 2,724	\$ 2,879	\$ 3,003	\$ 11,004		
ARR (Recurring Revenue *12)	5,840	5,994	7,121	8,111	8,111	8,037	8,351	9,197	10,167	\$ 10,167		
	BOOKINGS					2018 Actuals	BOOKINGS					2019 Base AOP
	Q1	Q1	Q1	Q1	Q1		Q1	Q1	Q1	Q1		
SaaS/Subscription - New	\$ 525	\$ 237	\$ 746	\$ 541	\$ 2,049	\$ 610	\$ 1,040	\$ 810	\$ 790	\$ 3,250		
SaaS/Subscription - Renewal	174	361	179	969	1,682	375	575	781	1,348	\$ 3,080		
Maintenance & Support - New	76	106	33	71	286	42	71	54	53	\$ 220		
Maintenance & Support - Renewal	976	1,080	1,183	667	3,905	837	1,283	912	820	\$ 3,852		
Total Recurring Bookings	\$ 1,750	\$ 1,785	\$ 2,140	\$ 2,248	\$ 7,923	\$ 1,864	\$ 2,969	\$ 2,557	\$ 3,012	\$ 10,402		
Perpetual	458	559	164	435	1,616	209	353	272	267	\$ 1,100		
Consulting	160	314	266	237	977	214	356	328	303	\$ 1,200		
Total Bookings	\$ 2,368	\$ 2,658	\$ 2,570	\$ 2,920	\$ 10,516	\$ 2,287	\$ 3,678	\$ 3,156	\$ 3,581	\$ 12,702		

2018 & 2019 P&L

(in 000's)

	2018 Actuals					2019 Base AOP				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Recurring Revenue	\$ 1,504	\$ 1,653	\$ 1,840	\$ 1,930	\$ 6,927	\$ 1,996	\$ 2,051	\$ 2,311	\$ 2,464	\$ 8,821
Other Revenue	576	774	420	640	2,409	402	674	567	540	2,183
Total Revenue	2,080	2,427	2,260	2,569	9,336	2,398	2,724	2,879	3,003	11,004
COR	426	418	423	474	1,741	457	452	458	463	1,830
Gross Margin	1,654 79.5%	2,009 82.8%	1,836 81.3%	2,095 81.6%	7,595 81.4%	1,941 81.0%	2,272 83.4%	2,421 84.1%	2,540 84.6%	9,174 83.4%
Research & Development	876	891	926	1,000	3,692	877	852	889	856	3,474
Sale & Marketing	803	913	821	800	3,337	763	967	795	740	3,266
General & Administrative	425	404	352	519	1,700	428	401	517	465	1,812
Total Opex	2,103	2,208	2,099	2,319	8,729	2,068	2,220	2,202	2,061	8,551
Reported EBITDA	(449) -21.6%	(200) -8.2%	(262) -11.6%	(224) -8.7%	(1,134) -12.1%	(127) -5.3%	52 1.9%	219 7.6%	478 15.9%	622 5.7%
EBITDA Addbacks	20	2	(2)	41	61	-	-	69	60	129
Adjusted EBITDA	(428) -20.6%	(198) -8.1%	(265) -11.7%	(182) -7.1%	(1,072) -11.5%	(127) -5.3%	52 1.9%	288 10.0%	538 17.9%	751 6.8%

Headcount - 2018 & 2019



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Vision and Strategic Pillars

Vision

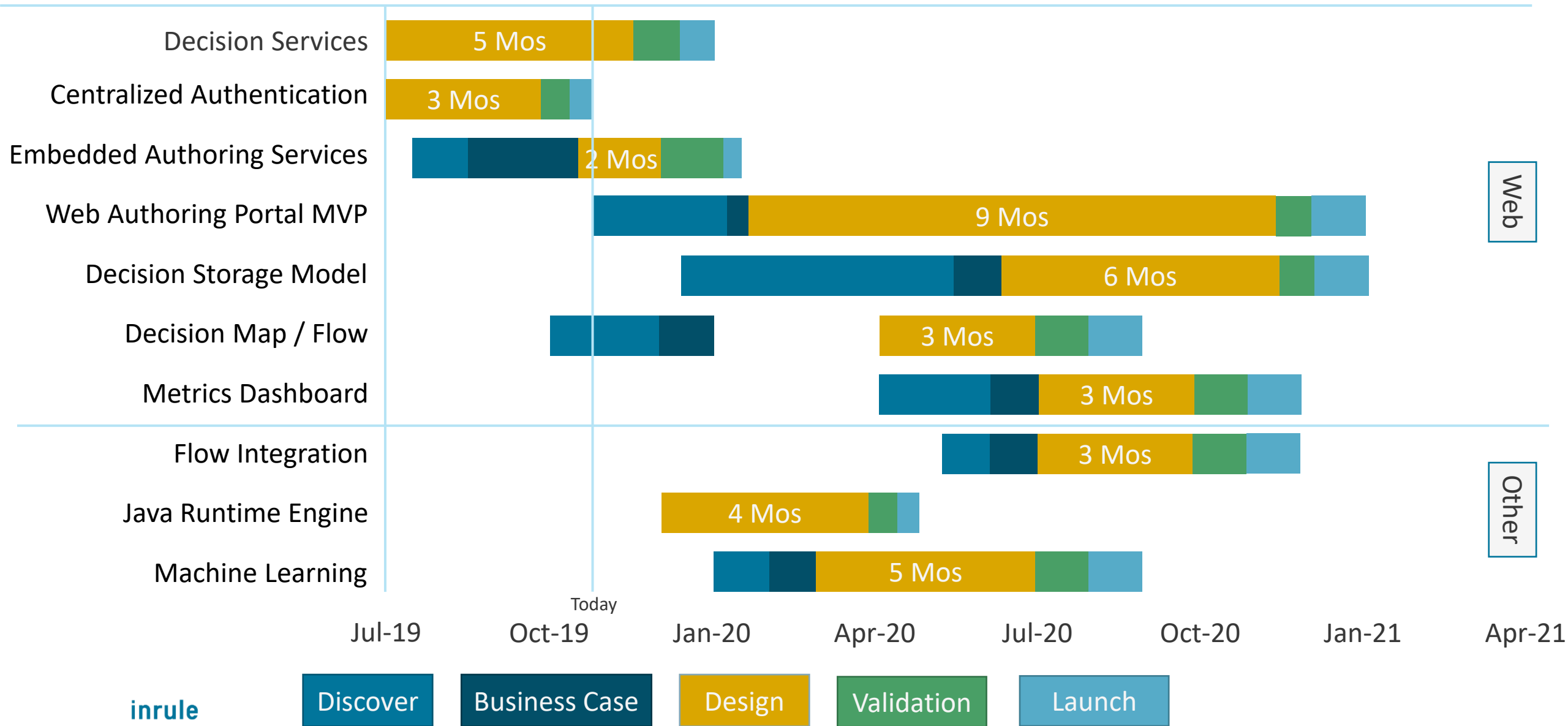
InRule will be recognized as the leading Decision Platform in the modern enterprise within key verticals. Our best-of-breed solution will operationalize, accelerate, and optimize the application of artificial intelligence to address complex decisions with dynamic requirements.



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Pillars					
Decision Platform	Vertical Markets	Customer Success	Brand Awareness	Commercial Strategy	Human Resources
Build an innovative market-leading SaaS-first Decision Platform that generates, demonstrates, and captures uncontested value	Develop, market, and sell solutions aligned with key verticals	Develop a comprehensive services program that effectively and efficiently drives success throughout the customer journey	Increase brand awareness and boost market demand through education and thought leadership	Develop a robust, global commercial strategy	Maximize effectiveness of and value from human resources and systems

Initiatives (starting Q4)							
Technology	Product	Product Strategy	Engineering	Marketing	Sales	Services	Fin/HR
Restructure product machine	Deliver decision services MVP	Develop Vertical playbook	Hire IT operations mgr	Leverage more technology	Scale SE team	Strategic Client, Pre-Sales, and Product initiatives	Hire Accounting Manager
Be in a position to leverage outsourced development	Centralized auth	Execute first vertical	Establish tech roadmap	Revamp InRule.com	Develop channel strategy	Integrations Team strategy and roadmap	ERP System
Hire Head Architect to establish architecture practice and oversight	Guided authoring exp with decision map	Develop IP strategy	Establish platform non-functional requirements	Increase delivery of technical content	Develop sales team strategy for scaling	Develop services strategy to increase on-site customer interaction, services delivery, and increased utilization	Hire a Human Resources Manager
Formalize vocabulary management and simplify text authoring for re-use	Define multi-year roadmap	Reorganize website to showcase verticals		Pragmatic marketing grid	Develop plan for large enterprise deals	Scale services/ support organization for growth	Establish Recruiting Strategy
	Deliver Java runtime engine	UX strategy		Analyst relations		Enhance sales material	
	Deliver embedded authoring services			Speakers bureau			

Product Roadmap



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P&L walk from 2019 Base AOP to 2019 Revised AOP

\$000's

	2018 - Actuals	2019 - Base	2019 Base vs 2018	
			\$	%
Net Revenue	\$ 9,336	\$ 11,004	\$ 1,668	18%
Labor	1,671	1,756	85	5%
Other COGS	70	74	4	5%
Total COGS	\$ 1,741	\$ 1,830	\$ 89	5%
Gross Margin	\$ 7,595	\$ 9,174	\$ 1,579	21%
Gross Margin %	81.4%	83.4%		
R&D	3,692	3,474	(218)	-6%
Sales & marketing	3,337	3,266	(71)	-2%
Administrative	1,700	1,812	112	7%
Other				
Total OPEX	\$ 8,729	\$ 8,551	\$ (177)	-2%
Reported EBITDA	\$ (1,134)	\$ 622	\$ 1,756	-155%
EBITDA Margin %	-12.1%	5.7%		
EBITDA addbacks	61	129	68	
EBITDA, adjusted	\$ (1,073)	\$ 751	\$ 1,824	-170%
	-11.5%	6.8%		

	2019 - Base	2019 - Revised	2019 Revised vs 2019 Base	
			\$	%
Net Revenue	\$ 11,004	\$ 10,391	\$ (613)	-6%
Labor	1,756	1,756	-	0%
Other COGS	74	74	-	0%
Total COGS	\$ 1,830	\$ 1,830	\$ -	0%
Gross Margin	\$ 9,174	\$ 8,561	\$ (613)	-7%
Gross Margin %	83.4%	82.4%		
R&D	3,474	3,521	47	1%
Sales & marketing	3,266	3,278	12	0%
Administrative	1,812	2,295	483	27%
Other				
Total OPEX (excl D&A)	\$ 8,551	\$ 9,093	\$ 542	6%
Reported EBITDA	\$ 622	\$ (532)	\$ (1,154)	-185%
EBITDA Margin %	5.7%	-5.1%		
EBITDA addbacks	129	168	39	
EBITDA, adjusted	\$ 751	\$ (364)	\$ (1,115)	-148%
	6.8%	-3.5%		

Revenue - YTD 2019 by Product

\$000's	REVENUE							
	Q1		Q2		Q3		YTD 9/30/2019	
	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan
SaaS/Subscription - New	\$ 507	\$ 510	\$ 465	\$ 565	\$ 577	\$ 759	\$ 1,549	\$ 1,835
SaaS/Subscription - Renewal	418	436	487	488	607	541	1,511	1,465
Maintenance & Support - New	82	72	82	59	77	52	241	183
Maintenance & Support - Renewal	1,041	978	1,051	938	1,086	959	3,178	2,874
Total Recurring Revenue	\$ 2,048	\$ 1,996	\$ 2,086	\$ 2,051	\$ 2,346	\$ 2,311	\$ 6,479	\$ 6,358
Perpetual	434	209	248	353	166	272	848	834
Consulting	291	193	116	321	129	295	536	810
Total Revenue	\$ 2,773	\$ 2,398	\$ 2,449	\$ 2,724	\$ 2,641	\$ 2,879	\$ 7,863	\$ 8,001
ARR (December Recurring *12)	8,502	8,037	8,447	8,351	9,407	9,435	9,407	9,435

Bookings - YTD 2019 by Product

\$000's	BOOKINGS							
	Q1		Q1		Q1		YTD 9/30/2019	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Plan
SaaS/Subscription - New	\$ 323	\$ 610	\$ 573	\$ 1,040	\$ 583	\$ 810	\$ 1,480	\$ 2,460
SaaS/Subscription - Renewal	486	375	495	575	1,090	781	2,072	1,732
Maintenance & Support - New	46	42	62	71	17	54	125	167
Maintenance & Support - Renewal	1,251	837	1,628	1,283	1,094	912	3,973	3,032
Total Recurring Bookings	\$ 2,106	\$ 1,864	\$ 2,759	\$ 2,969	\$ 2,785	\$ 2,557	\$ 7,650	\$ 7,391
Perpetual	434	209	248	353	166	272	848	834
Consulting	227	214	68	356	119	328	414	897
Total Bookings	\$ 2,767	\$ 2,287	\$ 3,075	\$ 3,678	\$ 3,070	\$ 3,156	\$ 8,911	\$ 9,121

Revenue & Bookings - 2019 Forecast by Product

\$000's	REVENUE					
	Q4		2019		Var \$	Var%
	Forecast	Plan	Forecast	Plan		
SaaS/Subscription - New	\$ 531	\$ 775	\$ 2,080	\$ 2,610	\$ (530)	-20%
SaaS/Subscription - Renewal	709	685	2,220	2,151	70	3%
Maintenance & Support - New	60	60	301	244	57	24%
Maintenance & Support - Renewal	1,048	943	4,226	3,817	409	11%
Total Recurring Revenue	\$ 2,348	\$ 2,464	\$ 8,828	\$ 8,821	\$ 6	0%
Perpetual	60	267	908	1,100	(192)	-17%
Consulting	120	273	656	1,083	(427)	-39%
Total Revenue	\$ 2,528	\$ 3,003	\$ 10,391	\$ 11,004	\$ (613)	-6%
<i>ARR (December Recurring *12)</i>			<i>9,666</i>	<i>10,167</i>		

	BOOKINGS					
	Q1		2019		Var \$	Var%
	Actual	Actual	Forecast	Plan		
SaaS/Subscription - New	\$ 730	\$ 790	\$ 2,210	\$ 3,250	\$ (1,040)	-32%
SaaS/Subscription - Renewal	1,095	1,348	3,167	3,080	87	3%
Maintenance & Support - New	12	53	137	220	(83)	-38%
Maintenance & Support - Renewal	467	820	4,440	3,852	588	15%
Total Recurring Bookings	\$ 2,304	\$ 3,012	\$ 9,954	\$ 10,402	\$ (448)	-4%
Perpetual	60	267	908	1,100	(192)	-17%
Consulting	120	303	534	1,200	(666)	-56%
Total Bookings	\$ 2,484	\$ 3,581	\$ 11,395	\$ 12,702	\$ (1,307)	-10%

Management Discussion

Recurring Revenue

- Historically focused on booking versus recurring revenue.
- Stronger focus on recurring revenue started in H2.
- Lower subscription revenue from new license sales primarily due to:
 - Lower than expected bookings.
 - Timing of contracts also contributing to the shortfall.
 - Downward pressure on initial subscription deal size versus initial perpetual deal size.
- New subscription license revenue miss offset by:
 - Strong renewals in both maintenance and subscription; 93% vs budgeted 90%
 - 2-6% price increase on most subscription and maintenance renewals (was not contemplated in budget)
 - Improved billing processes around renewals allowing revenue to be recognized earlier

Other

- Strong Perpetual sales in H1 offset miss in subscription revenue.
- Stopped selling perpetual in H2-will result in a \$200K miss against the budget
- Services underperforming in created demand for new projects and driving revenue from existing customer base. Will result in \$425K miss.

Strategic Plan - 2019 Financial Impact

	COGS				R&D			Sales		Marketing						Finance/HR/IT						Total Impact
Initiative	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
Net Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other COGS	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Total COGS	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Gross Margin	-	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)
R&D	-	-	-	-	55	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55
Sales and Marketing	-	-	-	-	-	-	-	-	-	-	10	-	2	-	-	-	-	-	-	-	-	12
Administrative	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20	-	-	-	-	28	47
Other Opex	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Opex	-	-	-	-	55	-	-	-	-	-	10	-	2	-	-	20	-	-	-	-	28	114
Reported EBITDA	-	(1)	-	-	(55)	-	-	-	-	-	(10)	-	(2)	-	-	(20)	-	-	-	-	(28)	(115)
EBITDA Addbacks	-	-	-	-	-	-	-	-	-	-	10	-	-	-	-	-	-	-	-	-	-	10
EBITDA, Adjusted	-	(1)	-	-	(55)	-	-	-	-	-	-	-	(2)	-	-	(20)	-	-	-	-	(28)	(105)
Capex	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

0 Restructure of Services Team

1 Workshop & Methodology Offerings

2 Community Based Training Program

3 Support Site Upgrade & Self-Service Capabilities

4 Restructure Product Machine

5 Outsourced Development

6 Vertical Content Development

7 Channel Strategy and Alliance Manager

8 Sales Team Strategy and Scaling for 2021

9 Leverage Marketing Technology

10 Revamp InRule.com

11 Technical Marketing Content

12 Buyer Persona

13 Thought Leadership Strategy and Roadmap

14 Geographic Marketing Strategy

15 Accounting Manager

16 ERP System

17 HR Manager

18 MIP/Equity Incentive Plan

19 Culture/Training Programs

20 IT Manager

2019 Revised AOP – Transaction Related and 1X Costs

\$ '000

Description	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	2019 Impact
Opening Balance Sheet Audit	\$ -	\$ -	\$ -	\$ 15	\$ -	\$ 15
Asset Valuation Report	-	20	-	-	-	20
Industry Specialist	-	49	30	30	6	115
Beckway Consultants	-	65	20	-	-	85
Change in Run Rate-Liability Insurance	3	6	6	6	6	26
Purchase of Ethics Hotline Software			7			7
Loan Interest	-		80	43	43	166
Total	\$ 3	\$ 140	\$ 143	\$ 94	\$ 55	\$ 434

Management Discussion

- Fees for Opening Balance Sheet work with Miller Cooper
- Fees for Purchase Price Allocation work with Valuation Research Corporation
- Consulting Fees from Rob Levy
- Consulting Fees from Beckway Consultants for Core Model and Financial Reporting requirements
- Increase in budgeted run rate for Liability Insurance Policies purchased at close
- Purchase of Navex Software for Anonymous Ethics Hotline
- Interest from Debt used to finance the transaction

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2019 Revenue – Base AOP by Product

\$000's	REVENUE												2019 Base AOP
	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	
SaaS/Subscription - New	\$ 171	\$ 166	\$ 174	\$ 178	\$ 189	\$ 199	\$ 245	\$ 260	\$ 254	\$ 250	\$ 258	\$ 267	\$ 2,610
SaaS/Subscription - Renewal	140	146	150	157	165	166	175	175	192	225	214	246	\$ 2,151
Maintenance & Support - New	24	24	24	21	22	16	18	18	16	20	20	20	\$ 244
Maintenance & Support - Renewal	325	330	322	314	309	315	331	323	305	308	321	314	\$ 3,817
Total Recurring Revenue	\$ 661	\$ 666	\$ 670	\$ 670	\$ 685	\$ 696	\$ 769	\$ 776	\$ 766	\$ 803	\$ 813	\$ 847	\$ 8,821
Perpetual	-	24	185	85	30	238	-	30	242	30	85	152	\$ 1,100
Consulting	47	74	72	135	77	109	65	117	114	110	91	72	\$ 1,083
Total Revenue	\$ 708	\$ 763	\$ 926	\$ 890	\$ 792	\$ 1,043	\$ 833	\$ 923	\$ 1,122	\$ 943	\$ 990	\$ 1,070	\$ 11,004
ARR (Recurring Revenue *12)	7,926	7,986	8,037	8,035	8,222	8,351	9,224	9,314	9,197	9,638	9,759	10,167	\$ 10,167

2019 Bookings - Base AOP by Product

\$000's	BOOKINGS														2019 Base AOP
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	
SaaS/Subscription - New	\$ 30	\$ 185	\$ 395	\$ 130	\$ 185	\$ 725	\$ 185	\$ 270	\$ 355	\$ 140	\$ 225	\$ 425	\$ 3,250		
SaaS/Subscription - Renewal	69	51	255	104	84	387	5	370	406	305	498	546	\$ 3,080		
Maintenance & Support - New	-	5	37	17	6	48	-	6	48	6	17	30	\$ 220		
Maintenance & Support - Renewal	163	379	295	252	502	529	224	395	293	283	257	281	\$ 3,852		
Total Recurring Bookings	\$ 262	\$ 620	\$ 982	\$ 503	\$ 777	\$ 1,689	\$ 414	\$ 1,041	\$ 1,102	\$ 733	\$ 997	\$ 1,282	\$ 10,402		
Perpetual	-	24	185	85	30	238	-	30	242	30	85	152	\$ 1,100		
Consulting	52	82	80	150	85	121	72	129	126	122	101	79	\$ 1,200		
Total Bookings	\$ 315	\$ 726	\$ 1,246	\$ 738	\$ 892	\$ 2,047	\$ 485	\$ 1,201	\$ 1,470	\$ 885	\$ 1,183	\$ 1,512	\$ 12,702		

Sales Quota

Subscription					
	Q1 Goal	Q2 Goal	Q3 Goal	Q4 Goal	2019 Goal
David Thornton	188,100	316,800	245,041	241,501	990,000
Wes Young	188,100	316,800	245,041	241,501	990,000
Matt Maguire	188,100	316,800	245,041	241,501	990,000
Total	564,300	950,400	735,124	724,504	2,970,000
Perpetual					
	Q1 Goal	Q2 Goal	Q3 Goal	Q4 Goal	2019 Goal
David Thornton	58,900	99,200	76,730	75,622	310,000
Wes Young	58,900	99,200	76,730	75,622	310,000
Matt Maguire	58,900	99,200	76,730	75,622	310,000
Total	176,700	297,600	230,190	226,865	930,000
Combined					
	Q1 Goal	Q2 Goal	Q3 Goal	Q4 Goal	2019 Goal
David Thornton	247,000	416,000	321,771	317,123	1,300,000
Wes Young	247,000	416,000	321,771	317,123	1,300,000
Matt Maguire	247,000	416,000	321,771	317,123	1,300,000
Total	741,000	1,248,000	965,314	951,369	3,900,000

Detail Operating Expenses

OPEX Category	2018 Actuals					2019 Base AOP					
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	YoY Change
Payroll (Payroll, OT, SS & Taxes, Temp Labor, Share Options)	\$ 1,150	\$ 1,173	\$ 1,081	\$ 1,089	\$ 4,493	\$ 1,109	\$ 1,058	\$ 1,165	\$ 1,104	\$ 4,435	\$ (58)
Benefits (Medical, Dental, Life, AD&D & 401K)	233	241	239	246	959	220	216	216	216	868	(90)
Bonus	8	25	17	24	75	17	17	17	17	67	(8)
Marketing	155	279	132	88	652	145	255	107	91	599	(54)
Commissions	132	101	141	185	558	117	244	199	188	748	190
Travel and Entertainment	54	73	114	112	353	65	76	80	80	303	(50)
Rent and Facilities	81	84	82	120	367	86	86	85	109	366	(1)
Insurance	51	0	0	0	51	52	14	-	-	65	14
Professional Fees	75	133	161	159	529	146	146	159	134	585	57
Utilities, Repairs, Maint. & Security	9	9	9	9	36	9	9	9	9	36	0
Office Supplies	2	3	3	2	11	3	3	3	3	10	(0)
IT	140	40	86	141	406	87	83	127	79	377	(30)
Bad Debt	-	7	6	-	13	-	-	-	-	-	(13)
Real Estate Taxes	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	14	41	27	144	226	12	13	35	32	92	(134)
	\$ 2,103	\$ 2,208	\$ 2,099	\$ 2,319	\$ 8,729	\$ 2,068	\$ 2,220	\$ 2,202	\$ 2,061	\$ 8,551	\$ (178)

2019 Base AOP EBITDA to Net Income (Loss) Bridge

\$'000	Jan-19 Budget	Feb-19 Budget	Mar-19 Budget	Apr-19 Budget	May-19 Budget	Jun-19 Budget	Jul-19 Budget	Aug-19 Budget	Sep-19 Budget	Oct-19 Budget	Nov-19 Budget	Dec-19 Budget	2019 - Budget	2018 - Actual	Variance (\$)	
EBITDA - As reported	\$ (185)	\$ (20)	\$ 77	\$ 64	\$ (59)	\$ 47	\$ 37	\$ 83	\$ 100	\$ 161	\$ 190	\$ 128	\$ 622	\$ (1,134)	\$ 1,756	-155%
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	75	\$ 75	\$ 46	\$ 29	61%
Interest and amortization	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	0%
Other financial income/ expense	0	0	0	0	0	0	0	0	0	0	0	0	\$ 0	\$ 5	\$ (5)	-95%
Non-financial income/ expense	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	0%
Monitoring Fees	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	0%
Restructuring costs	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	0%
Non-recurring items	(12)	(12)	(12)	(12)	(60)	(60)	-	-	-	-	-	-	\$ (168)	\$ (62)	\$ (106)	173%
Taxes	-	-	-	4	-	-	4	-	-	4	-	20	\$ 32	\$ (147)	\$ 179	-122%
Net Income (Loss)	\$ (197)	\$ (32)	\$ 65	\$ 48	\$ (119)	\$ (13)	\$ 33	\$ 83	\$ 100	\$ 157	\$ 190	\$ 33	\$ 348	\$ (1,090)	\$ 1,437	-132%

Management Discussion

- Non-recurring items related to one-time investment banker fee