

Jive Software Q1'16 Earnings Call

Elisa Steele, Chief Executive Officer Bryan LeBlanc, EVP, Chief Financial Officer

Safe Harbor Statement

"Safe Harbor" statement under Private Securities Litigation Reform Act of 1995: This presentation contains forward-looking statements, including statements concerning our financial guidance for the second fiscal quarter of 2016, expectations regarding our strategy of driving improved financial and operational performance, the timing of non-GAAP operating profitability, the timing, amount and impact of the realignment plan, restructuring, expense reductions and related charges, the timing and execution of measures that may be subject to local labor law requirements; assumptions related to severance costs; new business initiatives and changes in product roadmap and development; assumptions related to cost savings, product demand and operating efficiencies; the effectiveness and intended benefits of our product releases, and our belief that we are well positioned to build upon our momentum over time. The achievement of success in the matters covered by such forward-looking statements involves substantial risks, uncertainties and assumptions. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, our results or events could differ materially from the results expressed or implied by the forward-looking statements we make.

The risk and uncertainties referred to above include, but are not limited to, risks associated with our limited operating history; expectations regarding the widespread adoption of social business platforms by enterprises; uncertainty regarding the market for social business platforms; changes in the competitive dynamics of our market; our ability to increase and predict new subscription; subscription renewal or upsell rates and the impact these rates may have on our future revenues; our ability to increase the pace at which we are able to add new customers, our reliance on our own controls and third-party service providers to host some of our products; the risk that our security measures could be breached and unauthorized access to customer data could be obtained; potential third party intellectual property infringement claims; and the price volatility of our common stock.

More information about potential factors that could affect our business and financial results is contained in our quarterly reports on Form 10-Q, annual reports on Form 10-K and other filings that we make with the Securities and Exchange Commission. We do not intend and undertake no duty to release publicly any updates or revisions to any forward-looking statements contained herein.

Earnings Call Topics

- 1 Q1'16 Results and Key Insights
- 2 Realignment Plan
- 3 Confidence Driven by Loyal Customers

Q1'16 Results

| Metric | Q1'16A | Change | Q1'16 Guidance |
|-------------------------------|----------|----------|---------------------|
| Revenue (\$M) | \$50.7 | 8% Y/Y | \$49.5 – \$50.5 |
| Non-GAAP operating loss (\$M) | \$(2.3) | nm | \$(4.5) - \$(5.5) |
| Non-GAAP net loss per share | \$(0.04) | nm | \$(0.06) - \$(0.08) |
| Short-term billings (\$M) | \$42.6 | (2%) Y/Y | (3%) – 2% |
| Customer count | 981 | (12) Q/Q | na |

Although revenue growth is moderating, we are committed to delivering near-term profitability

Key Insights From Transformation During Past Year

- Positive interest in new mobile apps by enterprise customers inspired innovative and differentiated combination within the Interactive Intranet solution
- Benefits of cloud deployment drove continued, strong customer adoption
- New marketing and sales leadership having a positive impact on go-tomarket strategies
- Progress made towards non-GAAP operating profitability
- SMB strategy ROI not happening fast enough better ROI can be generated by focusing on enterprise selling motion

- 1. Sharpen go-to-market strategy:
 - Prioritize Interactive Intranet solution as #1 selling motion, supported by Customer Engagement communities
 - Target Interactive Intranet to large and mid-sized enterprise companies, align sales team with larger opportunities, and scale back selling resources in SMB market
- 2. Continue to migrate customers to the cloud and develop cloud offering
- Rebalance investments to align with more focused go-to-market strategy
 - Will result in reduction of approximately 14% of employees on a global basis and is expected to generate approximately \$10 million in additional savings in 2016

Differentiated Strategy: Positioned for Success

- 1. Significant market opportunity for intranet replacements
- 2. Interactive Intranet solution is Jive's "sweet spot"
- Replacement cycle deployments will increasingly shift to modern cloud solutions
- 4. Interactive Intranet solution's modern, unique hub model enables integration with third-party tools and systems
- 5. Powerful data analytics; providing the right information to the right people at the right time
- 6. Larger companies have dedicated budget for collaboration initiatives

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- Jive's base of loyal customers are passionate about the business value we deliver on a regular basis
- Product vision is supported by customers this was reinforced during our JiveWorld16 conference
- Large customers' successful move to cloud deployment reinforces our commitment to the cloud

Financial Highlights

Short-term billings

Q1'16: \$42.6M, down 2% Y/Y

 Strong amount of early renewals in Q1'15 did not repeat in Q1'16

Customer count

Q1'16: 981, down 12 Q/Q, up 17 Y/Y

 Results driven by lower gross customer adds and consistent level of lost logos as compared to Q4'15

Non-GAAP operating loss*

Q1'16: \$(2.3)M, down \$(0.1)M Y/Y

 Excluding the JiveWorld16 event expense of \$2.2M, results were near profitability on a non-GAAP basis

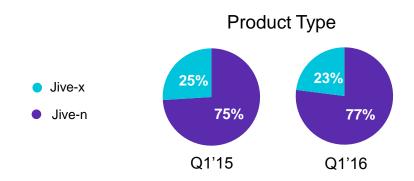
Renewal rate (excluding upsells)

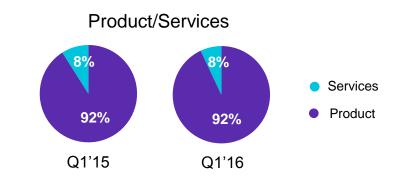
Q1'16: Mid 80%

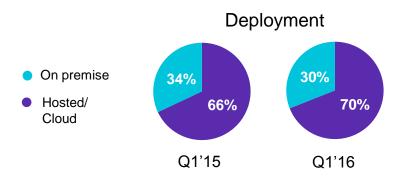
Expect trend to continue in Q2'16

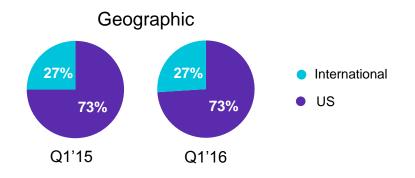
^{*}See appendix for non-GAAP reconciliation

Revenue Mix









Financial Metrics

In millions

| Metric: | Q1'16 | Q4'15 | Q1'15 |
|--|---------|---------|---------|
| Cash, cash equivalents and marketable securities | \$120.2 | \$112.7 | \$134.0 |
| Free cash flow | \$8.3 | \$(5.9) | \$12.1 |
| Total deferred revenue | \$138.0 | \$148.2 | \$152.4 |
| Short-term deferred revenue | \$123.9 | \$131.8 | \$124.8 |
| Long-term deferred revenue | \$14.1 | \$16.4 | \$27.6 |

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Realignment Plan Financial Impact

- Personnel across global operations will be reduced in Q2'16 by approximately 14% from the ending 2015 headcount of 721
- Approximately \$10M in additional savings will be generated in 2016, and approximately \$30M on an annualized run rate basis compared to Q4'15 spending
- Quarterly non-GAAP expense run rate expected to be in the range of \$46.5M to \$47.5M net of the restructuring charges expected in Q2'16, including approximately \$1M of transition expense
 - Run rate represents decrease of approximately \$7M from quarterly spending run rate in Q4'15
 - Full impact expected to be approximately \$7.5M per quarter in 2017
- Majority of the cash payments related to the restructuring charges expected to occur in Q2'16, resulting in a one-time charge of approximately \$4 million in Q2'16

Guidance

In millions except per share data

| Metric: | Q2'16 |
|-------------------------------------|---------------------|
| Total revenue | \$49.3 – \$50.2 |
| Short-term billings change | (10%) – (15%) |
| Non-GAAP income from operations | \$0 – \$1.5 |
| Non-GAAP earnings per share | \$0.00 - \$0.01 |
| Non-GAAP diluted shares outstanding | 79.4 |
| Free cash flow | \$(11.0) - \$(12.0) |



Income Statement

JIVE SOFTWARE, INC. Consolidated Statements of Operations (In thousands, except per share amounts) (Unaudited)

| | | For the Three Months Ended March 31, | | | |
|---|-----|--------------------------------------|----|-----------------|--|
| | _ | 2016 | | 2015 | |
| Revenues: | | | | | |
| Product | \$ | 40 500 | \$ | 40.540 | |
| Professional services | Ф | 46,526 4,135 | Ф | 43,512 3,614 | |
| Total revenues | - | 50,661 | _ | 47,126 | |
| Total Teverides | | 50,661 | | 47,120 | |
| Cost of revenues: | | | | | |
| Product | | 12,766 | | 11,633 | |
| Professional services | | 5,669 | | 5,593 | |
| Total cost of revenues | | 18,435 | | 17,226 | |
| Gross profit | _ | 32,226 | | 29,900 | |
| On any line and a second | | | | | |
| Operating expenses: | | 44.700 | | 40.070 | |
| Research and development | | 11,739 | | 13,973 | |
| Sales and marketing General and administrative | | 20,981 | | 18,865 | |
| | - | 6,447 | _ | 6,499 39,337 | |
| Total operating expenses | - | 39,167 | _ | 39,337 | |
| Loss from operations | | (6,941) | | (9,437) | |
| Other income (expense), net: | | | | | |
| Interest income | | 116 | | 53 | |
| Interest expense | | (44) | | (79) | |
| Other, net | _ | (203) | | 1,501 | |
| Total other income (expense), net | _ | (131) | _ | 1,475 | |
| Loss before provision for income taxes | | (7,072) | | (7,962) | |
| Provision for income taxes | | 337 | | 203 | |
| Net loss | \$ | (7,409) | \$ | (8, 165) | |
| 1.00.1000 | Ψ_ | (1,100) | Ψ_ | (0,100) | |
| Basic and diluted net loss per share | \$_ | (0.10) | \$ | (0.11) | |
| Shares used in basic and diluted per share calculations | _ | 76,488 | _ | 74,107 | |

Balance Sheet

JIVE SOFTWARE, INC. Consolidated Balance Sheets (In thousands) (Unaudited)

| | _ | March 31, 2016 | _ | December 31, 2015 |
|---|-----|-------------------|----|----------------------|
| Assets | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ | 19,251 | \$ | 9,870 |
| Short-term marketable securities | | 93,424 | | 96,410 |
| Accounts receivable, net of allowances | | 37,651 | | 54,090 |
| Prepaid expenses and other current assets | _ | 12,369 | _ | 13,135 |
| Total current assets | | 162,695 | | 173,505 |
| Marketable securities, noncurrent | | 7,537 | | 6,429 |
| Property and equipment, net of accumulated depreciation | | 11,359 | | 12,747 |
| Goodwill | | 29,753 | | 29,753 |
| Intangible assets, net of accumulated amortization | | 3,508 | | 4,546 |
| Other assets | _ | 7,349 | _ | 8,165 |
| Total assets | \$ | 222,201 | \$ | 235,145 |
| Liabilities and Stockholders' Equity | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ | 6,906 | \$ | 3,684 |
| Accrued payroll and related liabilities | | 6,967 | | 6,954 |
| Other accrued liabilities | | 6,167 | | 7,842 |
| Deferred revenue, current | | 123,833 | | 131,850 |
| Term debt, current | _ | 2,400 | _ | 2,400 |
| Total current liabilities | _ | 146,273 | _ | 152,730 |
| Deferred revenue, less current portion | | 14,128 | | 16,392 |
| Term debt, less current portion | | 600 | | 1,200 |
| Other long-term liabilities | _ | 2,656 | _ | 2,682 |
| Total liabilities | | 163,657 | | 173,004 |
| Commitments and contingencies | | | | |
| Stockholders' Equity: | | | | |
| Common stock | | 7 | | 7 |
| Less treasury stock at cost | | (3,352) | | (3,352) |
| Additional paid-in capital | | 387,712 | | 384,164 |
| Accumulated deficit | | (325,946) | | (318,537) |
| Accumulated other comprehensive income (loss) | _ | 123 | | (141) |
| Total stockholders' equity | _ | 58,544 | | 62,141 |
| Total liabilities and stockholders' equity | \$_ | 222,201 | \$ | 235,145 |
| | | | | |

Cash Flow Statement

JIVE SOFTWARE, INC. Consolidated Statements of Cash Flows (In thousands) (Unaudited)

Three Months Ended

| | _ | March 31, | |
|---|----|------------|----------|
| | - | 2016 | 2015 |
| Oarle flavor frame annually a radiable of | | | |
| Cash flows from operating activities: Net loss | \$ | (7 400) ft | (0.405) |
| *************************************** | Ф | (7,409) \$ | (8,165) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | 0.500 | 4.400 |
| Depreciation and amortization | | 3,569 | 4,138 |
| Stock-based compensation | | 3,653 | 5,636 |
| Change in deferred taxes | | 59 | 32 |
| Non-recurring gain | | | (1,107) |
| Loss on sale of property and equipment | | 49 | - |
| Decrease in: | | | |
| Accounts receivable, net | | 16,439 | 23,808 |
| Prepaid expenses and other assets | | 982 | 228 |
| Increase (decrease) in: | | | |
| Accounts payable | | 3,483 | 555 |
| Accrued payroll and related liabilities | | 14 | (1,016) |
| Other accrued liabilities | | (956) | (1,548) |
| Deferred revenue | | (10,281) | (8, 134) |
| Other long-term liabilities | | (85) | 138 |
| Net cash provided by operating activities | | 9,517 | 14,565 |
| Cash flows from investing activities: | | | |
| Payments for purchase of property and equipment | | (1,214) | (2,436) |
| Purchases of marketable securities | | (15,224) | (33,368) |
| Sales of marketable securities | | 1,001 | 4,600 |
| Maturities of marketable securities | _ | 16,053 | 23,051 |
| Net cash provided by (used in) investing activities | | 616 | (8,153) |
| Cash flows from financing activities: | | | |
| Proceeds from exercise of stock options | | 39 | 627 |
| Taxes paid related to net share settlement of equity awards | | (144) | (167) |
| Repayments of term loans | | (600) | (600) |
| Non-recurring gain | | | 1,107 |
| Net cash provided by (used in) financing activities | - | (705) | 967 |
| Net increase in cash and cash equivalents | | 9,428 | 7,379 |
| Effect of exchange rate changes | | (47) | 51 |
| Cash and cash equivalents, beginning of period | | 9,870 | 20,594 |
| Cash and cash equivalents, end of period | \$ | 19,251 \$ | 28,024 |

Non-GAAP Reconciliation

| | | Three Months | Ende | d March 31, |
|--|----------------|--------------|------|-------------|
| | _ | 2016 | | 2015 |
| Gross profit, as reported Add back: | \$ | 32,226 | \$ | 29,900 |
| Stock-based compensation | | 616 | | 820 |
| Amortization related to acquisitions | | 905 | | 986 |
| Gross profit, non-GAAP | \$ | 33.747 | \$ | 31,706 |
| Gross margin, non-GAAP | · = | 67% | | 67% |
| | | Three Months | Ende | d March 31, |
| | _ | 2016 | _ | 2015 |
| Research and development, as reported less: | \$ | 11,739 | \$ | 13,973 |
| Stock-based compensation | | 916 | | 2,518 |
| Amortization related to acquisitions | | 39 | | 523 |
| Research and development, non-GAAP | \$ | 10,784 | \$ | 10,932 |
| As percentage of total revenues, non-GAAP | _ | 21% | | 23% |
| | | Three Months | Ende | d March 31, |
| | _ | 2016 | _ | 2015 |
| Sales and marketing, as reported less: | \$ | 20,981 | \$ | 18,865 |
| Stock-based compensation | | 815 | | 784 |
| Amortization related to acquisitions | | 94 | | 131 |
| Sales and marketing, non-GAAP | \$ | 20,072 | \$ | 17,950 |
| As percentage of total revenues, non-GAAP | _ | 40% | | 38% |
| | | Three Months | Ende | d March 31, |
| | _ | 2016 | _ | 2015 |
| General and administrative, as reported less: | \$ | 6,447 | \$ | 6,499 |
| Stock-based compensation | _ | 1,289 | | 1,522 |
| General and administrative, non-GAAP | \$ | 5,158 | \$ | 4,977 |
| As percentage of total revenues, non-GAAP | _ | 10% | | 11% |
| | _ | Three Months | Ende | |
| | - | 2016 | _ | 2015 |
| Loss from operations, as reported Add back: | | (6,941) | | (9,437) |
| Stock-based compensation | | 3,636 | | 5,644 |
| Amortization related to acquisitions | _ | 1,038 | _ | 1,640 |
| Loss from operations, non-GAAP | \$_ | (2,267) | \$ | (2,153) |
| As percentage of total revenues, non-GAAP | | (4)% | _ | (5)% |

JIVE SOFTWARE, INC. Reconciliation of Non-GAAP Information (In thousands, except per share data) (Unaudited)

| | 1 | hree Months | s Ende | d March 31, |
|---|----|-------------|--------|-------------------|
| | _ | 2016 | _ | 2015 |
| Loss before provision for income taxes, as reported Add back: | \$ | (7,072) | \$ | (7,962) |
| Stock-based compensation | | 3.636 | | 5.644 |
| Amortization related to acquisitions | | 1.038 | | 1,640 |
| Less: | | | | |
| Non-recurring gain | _ | | _ | (1,107) |
| Loss before provision for income taxes, non-GAAP | \$ | (2,398) | \$ | (1,785) |
| | _1 | hree Months | s Ende | d March 31, |
| | | 2016 | _ | 2015 |
| Net loss, as reported Add back: | \$ | (7,409) | \$ | (8,165) |
| Stock-based compensation | | 3,636 | | 5,644 |
| Amortization related to acquisitions Less: | | 1,038 | | 1,640 |
| Non-recurring gain | | _ | | (1,107) |
| Net loss, non-GAAP | \$ | (2,735) | \$ | (1,988) |
| | 1 | hree Months | s Ende | d March 31. |
| | | 2016 | _ | 2015 |
| Basic and diluted net loss per share, as reported Add back: | \$ | (0.10) | \$ | (0.11) |
| Stock-based compensation | | 0.05 | | 0.08 |
| Amortization related to acquisitions | | 0.01 | | 0.02 |
| Less: | | | | |
| Non-recurring gain | _ | - | _ | (0.01) |
| Basic and diluted net loss per share, non-GAAP (1) | \$ | (0.04) | \$ _ | (0.03) |
| | _1 | hree Months | Ende | |
| | _ | 2016 | _ | 2015 |
| Total revenues | \$ | 50,661 | \$ | 47,126 |
| Deferred revenue, current, end of period | | 123,833 | | 124,774 |
| Less: Deferred revenue, current, beginning of period | _ | (131,850) | | (128,592) |
| Short-term billings | \$ | 42,644 | \$ _ | 43,308 |
| | _1 | hree Months | s Ende | d March 31, |
| | | 2016 | _ | 2015 |
| | _ | | | |
| Total revenues | \$ | 50,661 | \$ | 47,126 |
| Total revenues Deferred revenue, end of period | \$ | 137,961 | \$ | 47,126 152,405 |
| | \$ | | \$ | |

⁽¹⁾ Per share amounts may not add due to rounding.

Non-GAAP Financial Measures

The Company uses certain non-GAAP financial measures in this release. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles.

Non-GAAP gross profit, loss from operations, net loss and net loss per share exclude stock-based compensation expenses and amortization of acquisition related intangible assets. Non-GAAP net loss and net loss per share exclude a non-recurring gain. Total billings is defined by the Company as revenue plus the change in total deferred revenue. Short-term billings is defined by the Company as revenue plus the change in short-term deferred revenue. Management presents these non-GAAP financial measures because it considers them to be important supplemental measures of performance. Management uses the non-GAAP financial measures for planning purposes, including analysis of the Company's performance against prior periods, the preparation of operating budgets and to determine appropriate levels of operating and capital investments. Management also believes that the non-GAAP financial measures provide additional insight for analysts and investors in evaluating the Company's financial and operational performance. However, these non-GAAP financial measures have limitations as an analytical tool and are not intended to be an alternative to financial measures prepared in accordance with GAAP. We intend to provide these non-GAAP financial measures as part of our future earnings discussions and, therefore, the inclusion of these non-GAAP financial measures to GAAP is provided in the accompanying tables.

We define the number of our platform customers at the end of any given measurement period by counting each customer under an active contract for our Jive Platform, which includes Jive Cloud, that carries a balance in our deferred revenue account at the end of that period. While a single customer may have multiple internal and external communities to support distinct departments, operating segments or geographies, we only include that customer once for purposes of this metric. We believe the number of Jive Platform customers is a leading indicator of our future revenues, billings and upsell opportunities.

