jive work better together™

Jive Software

Q2'16 Earnings Call

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

August 2, 2016

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 third fiscal quarter of 2016, expectations regarding our strategy of driving improved financial and operational performance, the timing of sustainable non-GAAP operating profitability, expense reductions and related charges, 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.

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Earnings Call Topics

1. Q2’16 Results Exceeded Guidance
2. Progress on Realignment Plan
3. Jive’s Vision

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Q2’16 Results

Metric	Q2’16A	Y/Y Change	Q2’16 Guidance
Revenue ($M)	$51.0	$2.4	$49.3 – $50.2
Short-term billings* ($M)	$43.4	(9%)	(10%) – (15%)
GAAP operating loss ($M)	$(6.8)	$2.0	na
Non-GAAP operating income* ($M)	$1.8	$4.0	$0.0 – $1.5
GAAP net loss per share	$(0.09)	$0.03	na
Non-GAAP net income per share*	$0.02	$0.06	$0.00 – $0.01

*See appendix for non-GAAP reconciliation

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Progress on Plan Execution

- Have sharpened go-to-market strategy
- Continue to focus on cloud business and driving increased customer adoption
- Rebalanced investments across the company to align with the Plan

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Sharpen Go-to-Market Strategy

- Prioritize Interactive Intranet solution
  - Marketing: Introduced new, focused programs and initiatives that are tightly aligned with the sales organization
  - Sales: Improved integrated sales model process, implemented more sophisticated analytics and prioritized key market segments
- Continue to tailor solutions where Jive offers unique value
  - Line of business focus: corporate communications and human resources
  - Vertical focus: healthcare

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Interactive Intranet Advantages

- Significant intranet replacement opportunity
- Competitive differentiation:
  - Jive makes work more visible, searchable and memorable from any device
  - Unique Workhub makes Jive a secure, vendor-agnostic hub that leverages a broad range of third party tools and systems
  - Powerful user-centric analytics provide visibility into employees' behaviors
  - Advanced intelligent recommendation makes each user's experience personalized and contextual
  - Simple, "out-of-box" deployment enables collaboration at scale

UC Santa Barbara study*

Company knowledge acquisition is faster for those who use Jive

- **88% improvement in "who knows whom"**
- **31% improvement in "who knows what"**

*MIS Quarterly Vol. 39 No. 4 Ambient Awareness and Knowledge Acquisition: Using Social Media to Learn "Who Knows What" and "Who Knows Whom" by Paul M. Leonardi, Technology Management Program, University of California, Santa Barbara

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Notable Customer Wins, Renewals and Expansions – Interactive Intranet Solution

Cleveland Clinic
University of Virginia
AngloAmerican
COMCAST
KIABI la mode à petits prix
Lorenz Snack-World Snacks are us.
COMMVAULT
Ministry of Defence
VICINITY CENTRES
Thornton Tomasetti
[dstl]
Lilly
VACO
VimpelCom
W.K. KELLOGG FOUNDATION A Partner With Communities Where Children Come First
ICE
NIH National Institutes of Health Turning Discovery Into Health
UNITEDHEALTH GROUP
RICOH imagine. change.

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Notable Customer Wins, Renewals and Expansions – Customer Community Solutions

THE ANNIE E. CASEY FOUNDATION

eit Knowledge & Innovation Community KIC InnoEnergy

ADTRAN

SAP Ariba

chloe + isabel

HUAWEI

Regus

bandwidth

pwc

FileMaker

VETERINARY growth partners

snow

MedAmerica PHYSICIAN PRACTICE PARTNERS

tenable network security

Check Point SOFTWARE TECHNOLOGIES LTD.

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Customer Success Stories

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- **Challenge:** Honor, an entity of Huawei Group, needed a digital place where passionate fans of Honor smartphones in West Europe could connect to drive engagement with the company's products and brand while receiving self-service support.
- **Solution:** Honor West Europe recently launched cloud-based Jive Customer Communities across France, Italy and the UK – unifying several content engagement channels, fostering brand loyalty, and lowering customer support costs.

- **Challenge:** Lloyds Banking Group needed to digitally transform the way the group's colleagues work to better connect, communicate and collaborate.
- **Solution:** LBG launched Jive's Interactive Intranet called "Hive" last year to a core employee group to determine the best way to connect, communicate and collaborate to drive engagement. Using a demand-driven approach to increase participation, Hive now has 26,000 users. LBG is expanding Hive across the entire organization and using digital collaboration to better serve customers.

- **Challenge:** An economic development of the San Manuel Band of Mission Indians, the San Manuel Indian Bingo & Casino recently expanded its workforce to deliver new premium gaming experiences for patrons. With this growth, the tribe needed to keep its 4,000 employees current with leadership's vision, promote a collaborative culture and improve tribal operations
- **Solution:** In Q2'16, San Manuel launched a cloud-based Interactive Intranet powered by Jive to drive employee productivity, engagement and strategic alignment as part of a cultural transformation to foster more collaboration and connections throughout the tribe.

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Continue to Emphasize the Cloud

- Continued to drive cloud adoptions
  - Approximately 60% of new and upsell sales activity and 85% of new logo business were related to cloud adoption
- Companies participating in the intranet replacement cycle are shifting to cloud solutions
- Further cloud capability goals are to speed innovation and deliver new functionality faster, while ensuring increased reliability and flexibility at a lower cost

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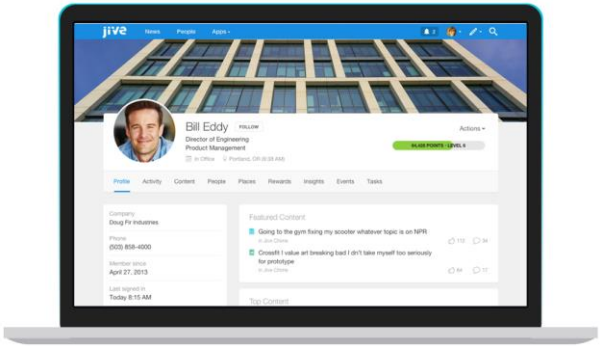
Jive's Latest Cloud Release

Personal Analytics



Smart Profiles

Highlights

- **Personal analytics** – new user-centric analytics and social graphs provide personalized, data-driven insights
- **Smart profiles** – powered by Jive's Intelligent Recommender Engine, the new profiles deliver personalized content to each user
- **Social monitoring** – surfaces only relevant conversations, empowering companies to address questions and better manage their brands, all within one place

Our new release is another important milestone to bring employees, customers and partners together in one unified WorkHub

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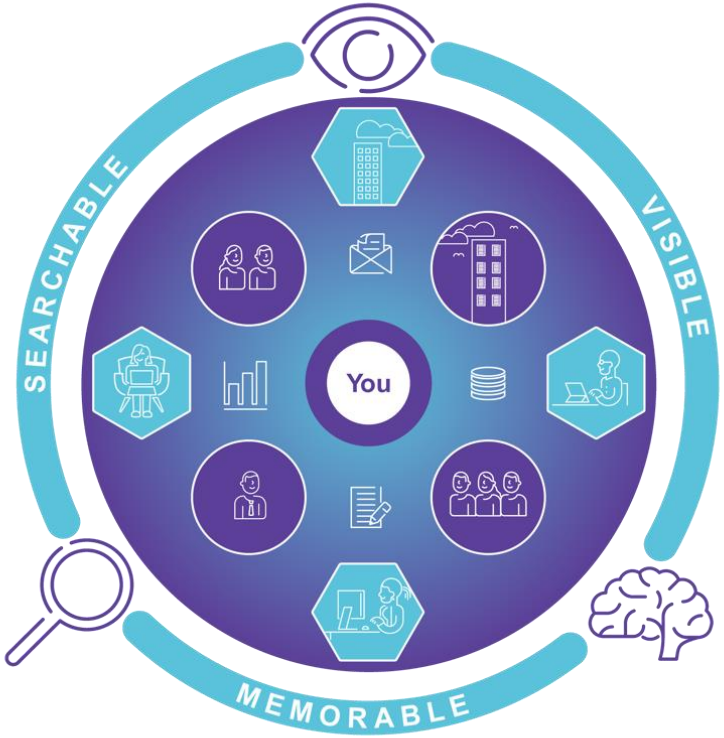
Jive’s Vision

Seamlessly connect and collaborate with people, content and information across a person’s business ecosystem or network



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Financial Highlights Q2’16

Short-term billings*

$43.4M, down 9% Y/Y

- Down primarily due to lower new business bookings

Operating income / loss*

GAAP loss $(6.8)M
Non-GAAP income $1.8M

- First time in company’s history as a public company to achieve non-GAAP operating income

Customer count

997, up 16 Q/Q, up 20 Y/Y

- Driven by higher gross customer adds primarily from SMB customers and slightly fewer lost logos compared to previous quarters

Renewal rate (excluding upsells)

Mid-80% range, as expected

- Expect low-to-mid 80% range in Q3’16
- Seeing early signs of stabilization

*See appendix for non-GAAP reconciliation

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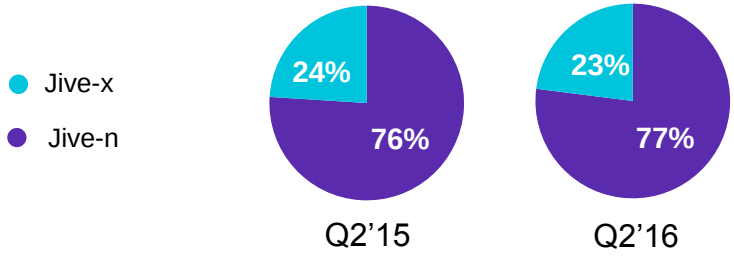
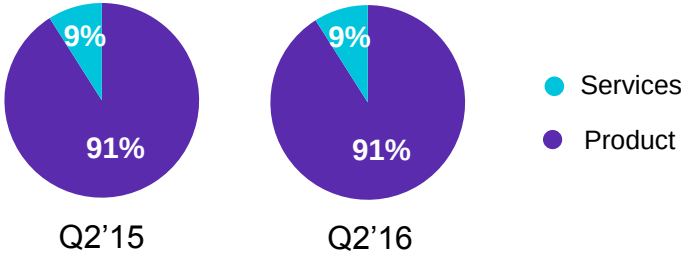
Revenue Mix

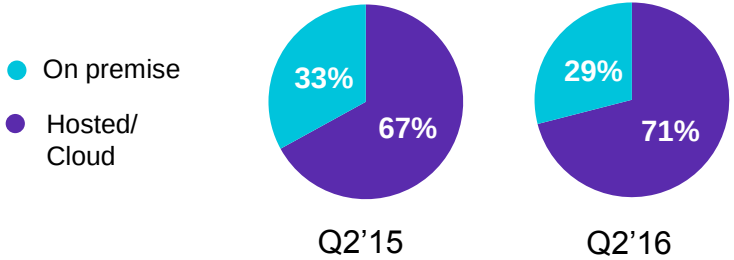
Product Type



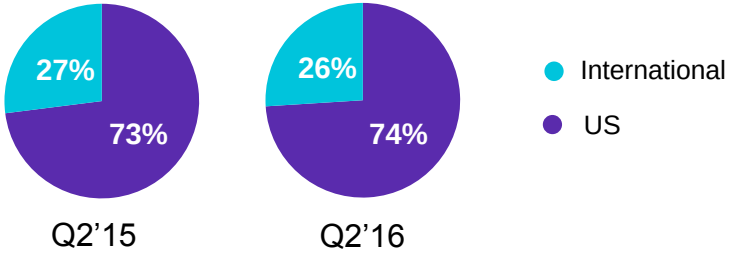
Product/Services



Deployment



Geographic



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Financial Metrics

In millions

Metric:	Q2’16	Q1’16	Q2’15
Cash, cash equivalents and marketable securities	$108.7	$120.2	$126.7
Free cash flow	$(10.8)	$8.3	$(6.1)
Total deferred revenue	$126.4	$138.0	$147.9
Short-term deferred revenue	$116.2	$123.9	$123.8
Long-term deferred revenue	$10.2	$14.1	$24.1

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Guidance

In millions except per share data

Metric:	Q3’16
Total revenue	$49.0 – $50.0
Short-term billings change	(8%) – (3%)
Non-GAAP income from operations	$1.5 – $2.5
Non-GAAP earnings per share	$0.02 – $0.03
Non-GAAP diluted shares outstanding	80.3
Free cash flow	$(8.5) – $(7.5)

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Appendix

Income Statement

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues:				
Product	$ 46,545	$ 44,156	$ 93,071	$ 87,668
Professional services	4,472	4,455	8,607	8,069
Total revenues	51,017	48,611	101,678	95,737
Cost of revenues:				
Product	12,249	12,374	25,015	24,007
Professional services	5,095	5,777	10,764	11,370
Total cost of revenues	17,344	18,151	35,779	35,377
Gross profit	33,673	30,460	65,899	60,360
Operating expenses:				
Research and development	11,836	13,577	23,575	27,550
Sales and marketing	18,120	18,959	39,101	37,824
General and administrative	6,429	6,780	12,876	13,279
Restructuring	4,113	-	4,113	-
Total operating expenses	40,498	39,316	79,665	78,653
Loss from operations	(6,825)	(8,856)	(13,766)	(18,293)
Other income (expense), net:				
Interest income	136	67	252	120
Interest expense	(37)	(43)	(81)	(122)
Other, net	446	(464)	243	1,037
Total other income (expense), net	545	(440)	414	1,035
Loss before provision for income taxes	(6,280)	(9,296)	(13,352)	(17,258)
Provision for income taxes	445	14	782	217
Net loss	$ (6,725)	$ (9,310)	$ (14,134)	$ (17,475)
Basic and diluted net loss per share	$ (0.09)	$ (0.12)	$ (0.18)	$ (0.23)
Shares used in basic and diluted per share calculations	77,144	75,011	76,813	74,528

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Balance Sheet

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

	June 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 11,062	$ 9,870
Short-term marketable securities	96,605	96,410
Accounts receivable, net of allowances	33,922	54,090
Prepaid expenses and other current assets	12,047	13,135
Total current assets	153,636	173,505
Marketable securities, noncurrent	1,006	6,429
Property and equipment, net of accumulated depreciation	10,422	12,747
Goodwill	29,753	29,753
Intangible assets, net of accumulated amortization	2,808	4,546
Other assets	6,448	8,165
Total assets	$ 204,073	$ 235,145
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 3,233	$ 3,684
Accrued payroll and related liabilities	8,380	6,954
Other accrued liabilities	5,077	7,842
Deferred revenue, current	116,218	131,850
Term debt, current	2,400	2,400
Total current liabilities	135,308	152,730
Deferred revenue, less current portion	10,155	16,392
Term debt, less current portion	-	1,200
Other long-term liabilities	2,477	2,682
Total liabilities	147,940	173,004
Stockholders' Equity:		
Common stock	7	7
Less treasury stock at cost	(3,352)	(3,352)
Additional paid-in capital	392,473	384,164
Accumulated deficit	(332,671)	(318,537)
Accumulated other comprehensive loss	(324)	(141)
Total stockholders' equity	56,133	62,141
Total liabilities and stockholders' equity	$ 204,073	$ 235,145

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Cash Flow Statement

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	**2015**	**2016**	**2015**
Cash flows from operating activities:				
Net loss	$ (6,725)	$ (9,310)	$ (14,134)	$ (17,475)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	3,121	3,826	6,690	7,964
Stock-based compensation	3,856	5,652	7,509	11,288
Change in deferred taxes	(64)	31	(5)	63
Non-recurring gain	-	-	-	(1,107)
Other	25	-	74	-
Decrease (increase) in:				
Accounts receivable, net	3,729	(3,765)	20,168	20,043
Prepaid expenses and other assets	689	(569)	1,671	(341)
Increase (decrease) in:				
Accounts payable	(3,738)	1,902	(255)	2,457
Accrued payroll and related liabilities	1,952	1,535	1,966	519
Other accrued liabilities	(1,553)	(102)	(2,509)	(1,650)
Deferred revenue	(11,588)	(4,514)	(21,869)	(12,648)
Other long-term liabilities	(84)	141	(169)	279
Net cash provided by (used in) operating activities	(10,380)	(5,173)	(863)	9,392
Cash flows from investing activities:				
Payments for purchase of property and equipment	(433)	(907)	(1,647)	(3,343)
Purchases of marketable securities	(24,200)	(24,389)	(39,424)	(57,757)
Sales of marketable securities	-	6,702	1,001	11,302
Maturities of marketable securities	27,345	16,751	43,398	39,802
Net cash provided by (used in) investing activities	2,712	(1,843)	3,328	(9,996)
Cash flows from financing activities:				
Proceeds from exercise of stock options	266	161	305	788
Taxes paid related to net share settlement of equity awards	(231)	(428)	(375)	(595)
Capital lease payments	(31)	-	(31)	-
Repayments of term loans	(600)	(600)	(1,200)	(1,200)
Non-recurring gain	-	-	-	1,107
Net cash provided by (used in) financing activities	(596)	(867)	(1,301)	100
Net increase (decrease) in cash and cash equivalents	(8,264)	(7,883)	1,164	(504)
Effect of exchange rate changes	75	(98)	28	(47)
Cash and cash equivalents, beginning of period	19,251	28,024	9,870	20,594
Cash and cash equivalents, end of period	$ 11,062	$ 20,043	$ 11,062	$ 20,043

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Non-GAAP Reconciliation

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

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Gross profit, as reported	$ 33,673	$ 30,460	$ 65,899	$ 60,360
Add back:				
Stock-based compensation	573	834	1,189	1,654
Amortization related to acquisitions	655	897	1,560	1,883
Gross profit, non-GAAP	$ 34,901	$ 32,191	$ 68,648	$ 63,897
Gross margin, non-GAAP	68%	66%	68%	67%

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Research and development, as reported	$ 11,836	$ 13,577	$ 23,575	$ 27,550
less:				
Stock-based compensation	924	1,835	1,840	4,353
Amortization related to acquisitions	13	65	52	588
Research and development, non-GAAP	$ 10,899	$ 11,677	$ 21,683	$ 22,609
As percentage of total revenues, non-GAAP	21%	24%	21%	24%

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Sales and marketing, as reported	$ 18,120	$ 18,959	$ 39,101	$ 37,824
less:				
Stock-based compensation	840	1,010	1,655	1,794
Amortization related to acquisitions	32	128	126	259
Sales and marketing, non-GAAP	$ 17,248	$ 17,821	$ 37,320	$ 35,771
As percentage of total revenues, non-GAAP	34%	37%	37%	37%

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
General and administrative, as reported	$ 6,429	$ 6,780	$ 12,876	$ 13,279
less:				
Stock-based compensation	1,509	1,967	2,798	3,489
General and administrative, non-GAAP	$ 4,920	$ 4,813	$ 10,078	$ 9,790
As percentage of total revenues, non-GAAP	10%	10%	10%	10%

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Loss from operations, as reported	(6,825)	(8,856)	(13,766)	(18,293)
Add back:				
Stock-based compensation	3,846	5,646	7,482	11,290
Amortization related to acquisitions	700	1,090	1,738	2,730
Restructuring	4,113	-	4,113	-
Income (loss) from operations, non-GAAP	$ 1,834	$ (2,120)	$ (433)	$ (4,273)
As percentage of total revenues, non-GAAP	4%	(4)%	(0)%	(4)%

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Loss before provision for income taxes, as reported	$ (6,280)	$ (9,296)	$ (13,352)	$ (17,258)
Add back:				
Stock-based compensation	3,846	5,646	7,482	11,290
Amortization related to acquisitions	700	1,090	1,738	2,730
Restructuring	4,113	-	4,113	-
Less:				
Non-recurring gain	-	-	-	(1,107)
Income (loss) before provision for income taxes, non-GAAP	$ 2,379	$ (2,560)	$ (19)	$ (4,345)

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Net loss, as reported	$ (6,725)	$ (9,310)	$ (14,134)	$ (17,475)
Add back:				
Stock-based compensation	3,846	5,646	7,482	11,290
Amortization related to acquisitions	700	1,090	1,738	2,730
Restructuring	4,113	-	4,113	-
Less:				
Non-recurring gain	-	-	-	(1,107)
Net income (loss), non-GAAP	$ 1,934	$ (2,574)	$ (801)	$ (4,562)

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
GAAP weighted average diluted shares	77,144	75,011	76,813	74,528
Dilutive equity awards included in non-GAAP earnings per share	2,321	-	-	-
Non-GAAP weighted average diluted shares	79,465	75,011	76,813	74,528

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Diluted net loss per share, as reported	$ (0.09)	$ (0.12)	$ (0.18)	$ (0.23)
Add back:				
Stock-based compensation	0.05	0.08	0.10	0.15
Amortization related to acquisitions	0.01	0.01	0.02	0.04
Restructuring	0.05	-	0.05	-
Less:				
Non-recurring gain	-	-	-	(0.01)
Diluted net income (loss) per share, non-GAAP [1]	$ 0.02	$ (0.03)	$ (0.01)	$ (0.06)

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Total revenues	$ 51,017	$ 48,611	$ 101,678	$ 95,737
Deferred revenue, current, end of period	116,218	123,779	116,218	123,779
Less: Deferred revenue, current, beginning of period	(123,833)	(124,774)	(131,850)	(128,592)
Short-term billings	$ 43,402	$ 47,616	$ 86,046	$ 90,924

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Total revenues	$ 51,017	$ 48,611	$ 101,678	$ 95,737
Deferred revenue, end of period	126,373	147,891	126,373	147,891
Less: Deferred revenue, beginning of period	(137,961)	(152,405)	(148,242)	(160,539)
Total billings	$ 39,429	$ 44,097	$ 79,809	$ 83,089

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Cash flows provided by (used in) operating activities	$ (10,380)	$ (5,173)	$ (863)	$ 9,392
Payments for purchase of property and equipment	(433)	(907)	(1,647)	(3,343)
Capital lease payments	(31)	-	(31)	-
Free cash flow	$ (10,844)	$ (6,080)	$ (2,541)	$ 6,049

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

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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. 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. Total billings is defined by the Company as revenue plus the change in total deferred revenue. Short-term billings is defined 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 meaningful 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, are not intended to be an alternative to financial measures prepared in accordance with GAAP, and may be different from non-GAAP financial measures presented by other companies as non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similarly titled measures presented by other companies. 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 will provide consistency in our financial reporting. A reconciliation of these non-GAAP 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.

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