

# Jive Software

## Q3'16 Earnings Call

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

**November 1, 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 fourth fiscal quarter of 2016 and full year 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 subscriptions; 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

Q3'16 Results Exceeded Guidance

2

Progress on Plan Execution

3

Jive's Market Opportunities

# Q3'16 Results

Metric	Q3'16A	Y/Y Change	Q3'16 Guidance
Revenue (\$M)	\$50.7	\$0.8	\$49.0 – \$50.0
Short-term billings* (\$M)	\$48.3	1%	(8%) – (3%)
GAAP operating loss (\$M)	\$0.6	\$8.2	na
Non-GAAP operating income* (\$M)	\$3.8	\$6.0	\$1.5 – \$2.5
GAAP net loss per share	\$(0.01)	\$0.11	na
Non-GAAP net income per share*	\$0.05	\$0.08	\$0.02 – \$0.03

\*See appendix for non-GAAP reconciliation

## Progress on Plan Execution

- Sharpened go-to-market strategies to build pipeline
- Strengthened cloud investment to generate greater customer value, drive innovation and increase adoption over time
- Balanced investments for future growth while maintaining a disciplined cost structure to sustain non-GAAP profitability

# Sharpened Go-to-Market Strategies

Prioritize Interactive  
Intranet solution

Target enterprise  
companies

Tailor solutions for lines  
of business and verticals

Sell external Customer  
Engagement solution

## Progress in Q3'16

- Refined demand generation to identify opportunities, analyze and improve the sales process, exploit strengths and track progress
- Cultivated stronger upsell revenue due to enterprise focus
- Strengthened product with latest cloud release
- Extended Collaboration Hub functionality by strengthening our SharePoint and Salesforce integration capabilities

# The Big Picture: Jive's Opportunity

- Solve the growing problem of fragmentation
- Leverage Jive's differentiated value proposition as a Collaboration Hub in the evolving market landscape
- Enhance customers' investment in other vendors' products by vastly improving the user experience

Estimated total addressable market for  
Jive's Interactive Intranet solution and Customer Engagement solution  
is ~\$3.5 billion in 2017\*

\*IDC: Worldwide Enterprise Social Networks and Online Communities 2015–2019 Forecast and 2014 Vendor Shares - Jul 2015

# Jive Solves Fragmentation Problems

## Fragmentation Problems:

- Complicated patchwork of systems, programs and apps within companies don't "talk" to each other
- Companies are more dispersed geographically and functionally
- No single place within a company to find knowledge and share ideas
- Decrease productivity and increase costs

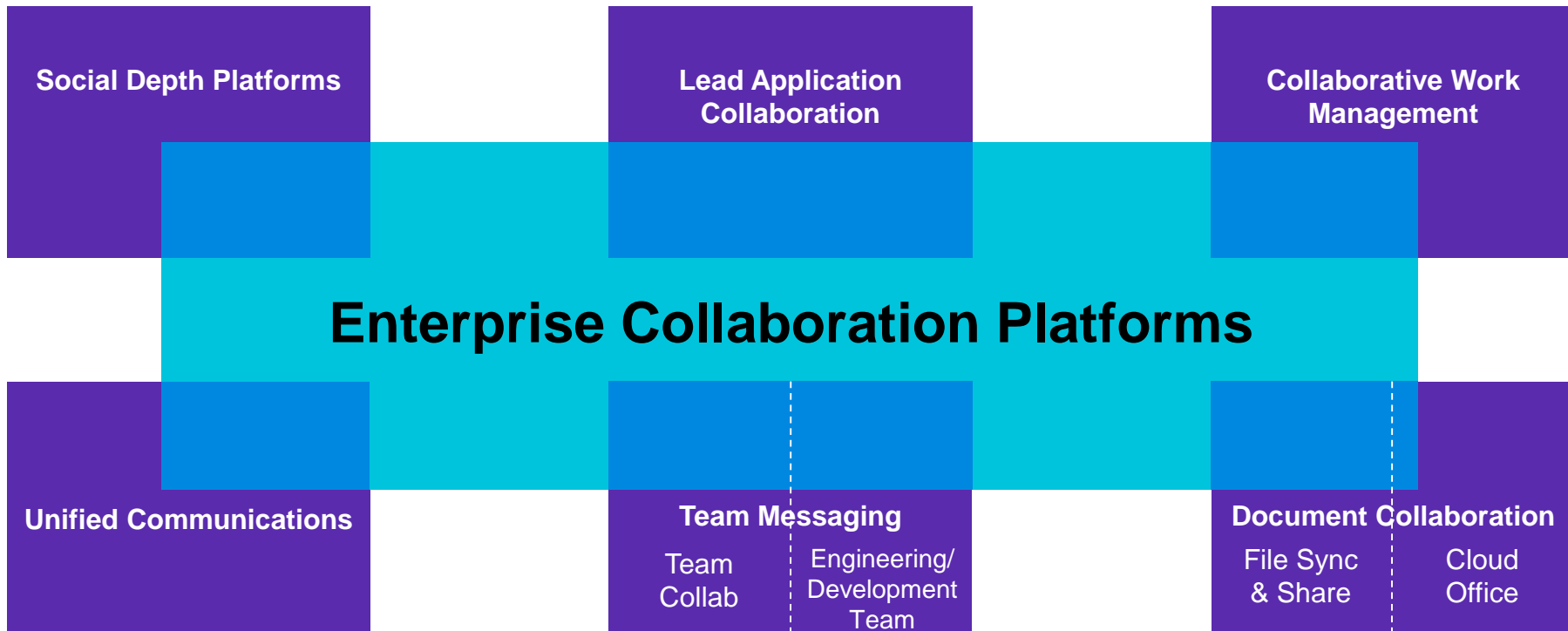
## Jive's Collaboration Hub:

- Market's only single digital workspace to collaborate openly across platforms, geographies, customers and partners
- Secure and vendor-agnostic
- Merges separate systems, programs, and applications into one seamless work environment
- Increases productivity, efficiency and is less costly



# The Evolving Market Landscape

Forrester's view



Source: "Seven New Buying Patterns Reshape the 2017 Enterprise Collaboration Market" Craig Le Clair, Forrester Research March 2016

# Jive + Other Business Applications

## Jive + Microsoft Office 365

- When integrated together Jive makes Office 365 content more visible, searchable, and relevant to users across the enterprise

## Jive + Google G Suite

- Jive complements and extends G Suite, captures conversations around documents, and enables more in-depth collaboration for users

Jive is the complete solution that unlocks the value of other tools and makes them easier to use: SharePoint, Dropbox, Box, Egnyte, Marketo and others

Jive's unique ability centers on bridging IT infrastructure, breaking down silos, and providing cohesive collaboration across systems of record, apps and devices

# Jive's Vision

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



# Industry Analyst Recognition

Jive ranked as a Leader in The Aragon Research Globe™ for Social Software, 2016: Shifting to Work and Outcomes report for third consecutive year

Jive was recognized from a field of 21 global enterprise social networking vendors for:

- Strong partner ecosystem
- Powerful analytics
- Continued momentum behind new innovation
- Solid integration capabilities with Office 365
- Search capabilities

# Forrester: Seven New Buying Patterns Reshape The 2017 Enterprise Collaboration Market

*The quote below was published by Forrester Research as part of a larger research document. The quote should be evaluated in the context of the entire document.*

“The next-generation enterprise will be a group of connected communities that deliver an integrated set of products and services. Collaboration features such as blogs, ratings, reviews, user-generated content, and forums help build the foundation — a private social community for partners, customers, or on-demand workers. These communities will connect employees, customers, and partners to create value.”

*\*Seven New Buying Patterns Reshape The 2017 Enterprise Collaboration Market, by Craig Le Clair with Stephen Powers, Art Schoeller, TJ Keitt, Cheryl McKinnon, Margo Visitacion, Erna Alfred Liouzas, Danielle Geoffroy, Elizabeth Cullen, and Peter Harrison 4 March 2016  
The Forrester document is available upon request from Jive*

# Jive Recognized for Best New Big Data Product of 2016



- Interactive Intranet won Gold Stevie Award in the Best New Product category for big data solutions
- Innovations recognized included:
  - Analytics
  - Search
  - Personalization services
  - State-of-the-art recommender engine that drives employee engagement with machine-learning insights
- International Business Awards is a premier business awards program

# Notable Customer Wins, Renewals and Expansions – Interactive Intranet Solution

CLYDE&CO



adeo

DrivenBrands



Pearson

medidata



FICO



DELLEM



CORNING MUSEUM OF GLASS

THE UNIVERSITY OF TEXAS  
MD Anderson  
Cancer Center



LOGICOR



leidos

starwood  
Hotels and  
Resorts



athenahealth



windstream

RICOH  
imagine. change.

# Notable Customer Wins, Renewals and Expansions – Customer Community Solution





# Customer Success Stories



- **Challenge:** Commvault needed to introduce a modern, flexible Collaboration Hub strategy to transform the way employees work and provide a platform for employee engagement. The ability to launch quickly and build multiple use cases in parallel while scaling globally were important considerations.
- **Solution:** In May, Commvault launched a cloud-based Interactive Intranet powered by Jive to increase collaboration, communication and employees' ability to find content across the organization's many document silos. Employee participation has been strong at 85%.



- **Challenge:** Western Digital wanted to quickly and efficiently engage with employees worldwide following the acquisition of SanDisk to update them on the integration progress. Western Digital also needed a tool to help retain the information of the organizations that comprised each company's corporate memory.
- **Solution:** Western Digital chose Jive in order to have a single source of truth for companywide news, information, and resources. Jive also provides the multi-channel communication they were seeking in order to foster collaboration and flatten the organization. Ultimately, this promotes the culture that Western Digital is cultivating. Additionally, Western Digital chose Jive because of its ease of use as well as its mobile capabilities.



GLOBAL BUSINESS TRAVEL

- **Challenge:** As American Express Global Business Travel (GBT) split from American Express, GBT needed an engaging, interactive communications channel to align GBT's employees throughout a period of change and cultural transformation.
- **Solution:** American Express Global Business Travel launched Jive's interactive intranet – called UConnect – in September 2015 to 12,000 employees. Throughout a year of change and transformation, UConnect became the destination for employees to stay aligned and discuss corporate initiatives and strategy.

# Continue to Emphasize the Cloud

- Drive cloud adoptions
  - Approximately 30% of all new business activity (new logo and upsell) and 84% of new logo business in Q3'16 were related to cloud adoption. New customer business trending in the mid-80% range over the past few quarters.
- Speed innovation and deliver technological advancements
- Continue to invest in and develop our cloud capabilities to deliver new functionality to customers faster while ensuring increased reliability and flexibility at a lower cost

# Key Points Summary

1. Continue to execute Plan
2. Optimize our unique value proposition as a Collaboration Hub
3. Translate market leadership into long-term growth with future product vision of a single, virtual Collaboration Hub
4. Strong customer wins in Q3'16
5. Continue cloud investment

# Financial Highlights Q3'16

## Short-term billings\*

**\$48.3M, up 1% Y/Y**

- Results favorable to guidance due to higher than anticipated new business bookings and renewals

## Operating income / loss\*

**GAAP loss \$603K**

**Non-GAAP income \$3.8M**

- Second consecutive quarter to achieve non-GAAP operating profitability

## Customer count

**991, down 6 Q/Q, up 2 Y/Y**

- Shift towards enterprise segment impacted customer count, as sequential net decrease primarily reflected fewer new SMB logos and a consistent level of SMB attrition

## Renewal rate (excluding upsells)

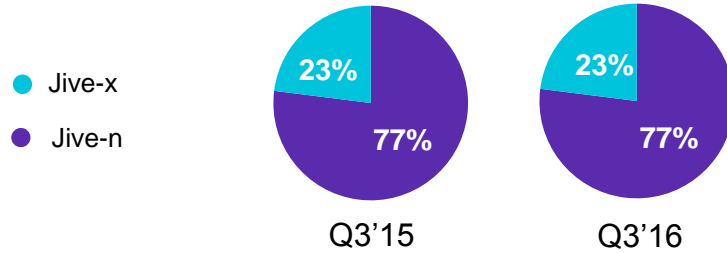
**Low-90% range, favorable to expectations**

- Expect low-to-mid 80% range in Q4'16
- Seeing continued signs of stabilization

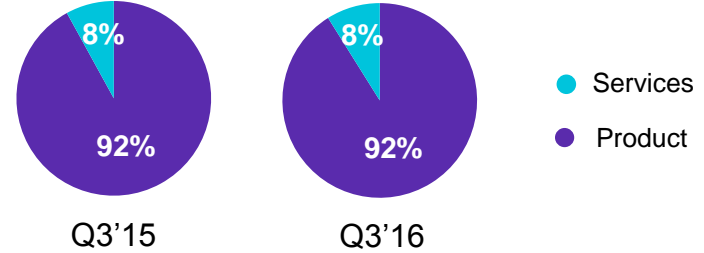
\*See appendix for non-GAAP reconciliation

# Revenue Mix

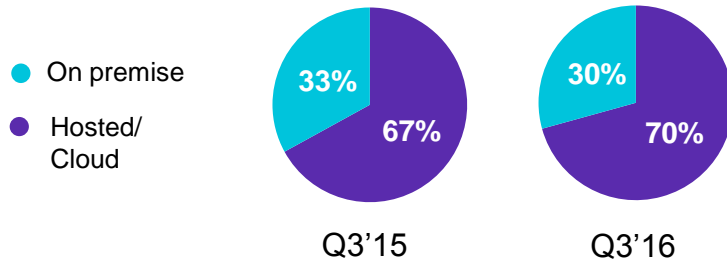
## Product Type



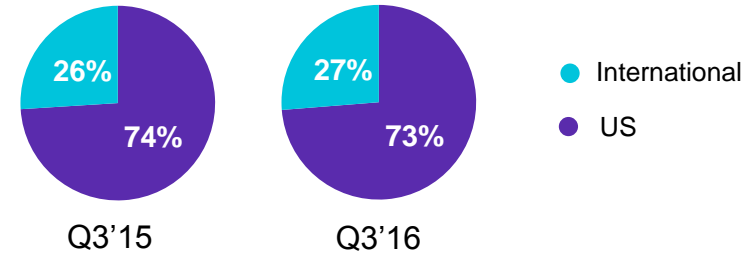
## Product/Services



## Deployment



## Geographic



# Financial Metrics

In millions

Metric:	Q3'16	Q2'16	Q3'15
Cash, cash equivalents and marketable securities	\$102.5	\$108.7	\$119.6
Free cash flow	\$(5.1)	\$(10.8)	\$(6.3)
Total deferred revenue	\$122.4	\$126.4	\$141.3
Short-term deferred revenue	\$113.8	\$116.2	\$121.8
Long-term deferred revenue	\$8.7	\$10.2	\$19.5

Totals may not foot due to rounding

# Guidance

In millions except per share data

Metric:	Q4'16	FY'16
Total revenue	\$49.5 – \$50.5	\$201.9 – \$202.9
Non-GAAP income from operations*	\$2.0 – \$3.0	\$5.4 – \$6.4
Non-GAAP income per share*	\$0.02 – \$0.04	\$0.06 – \$0.07
Shares outstanding	81.2	80.2
Short-term billings change	0% – 5%	(2%) – (1%)
Free cash flow*	\$3.0 – \$5.0	\$(4.6) – \$(2.6)

\*With respect to the Company's expectations under "Financial Outlook" above, the Company's non-GAAP guidance excludes stock-based compensation, income taxes, amortization of intangible assets, restructuring, capital expenditures, and capital lease payments, which are reconciling items between those non-GAAP measures and their most closely comparable GAAP measures. The Company does not provide reconciliations of non-GAAP income from operations, non-GAAP earnings per share or free cash flow to the corresponding GAAP measures due to the high variability of, and difficulty in making accurate forecasts and projections with respect to, the items excluded from these non-GAAP financial measures. In particular, stock-based compensation and restructuring charges are impacted by the Company's retention needs as well as the future fair market value of its common stock, and free cash flow is impacted by the timing and amounts of capital expenditures, all of which are difficult to predict and subject to constant change. Accordingly, a reconciliation to GAAP loss from operations, GAAP loss per share, and cash flows from operating activities is not available without unreasonable effort. The actual amounts of these excluded items will have a significant impact on the Company's non-GAAP income from operations, non-GAAP earnings per share and free cash flow.



jive

# Appendix



# Income Statement

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

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Revenues:				
Product	\$ 46,659	\$ 45,960	\$ 139,730	\$ 133,628
Professional services	<u>4,062</u>	<u>3,945</u>	<u>12,669</u>	<u>12,014</u>
Total revenues	50,721	49,905	152,399	145,642
Cost of revenues:				
Product	11,605	12,623	36,620	36,630
Professional services	<u>4,473</u>	<u>5,542</u>	<u>15,237</u>	<u>16,912</u>
Total cost of revenues	16,078	18,165	51,857	53,542
Gross profit	34,643	31,740	100,542	92,100
Operating expenses:				
Research and development	10,990	13,187	34,565	40,737
Sales and marketing	17,920	20,172	57,021	57,996
General and administrative	6,420	7,141	19,296	20,420
Restructuring	<u>(84)</u>	<u>-</u>	<u>4,029</u>	<u>-</u>
Total operating expenses	35,246	40,500	114,911	119,153
Loss from operations	(603)	(8,760)	(14,369)	(27,053)
Other income (expense), net:				
Interest income	143	72	395	192
Interest expense	(35)	(27)	(116)	(149)
Other, net	<u>(25)</u>	<u>(1)</u>	<u>218</u>	<u>1,036</u>
Total other income, net	83	44	497	1,079
Loss before provision for income taxes	(520)	(8,716)	(13,872)	(25,974)
Provision for income taxes	<u>225</u>	<u>113</u>	<u>1,007</u>	<u>330</u>
Net loss	\$ <u>(745)</u>	\$ <u>(8,829)</u>	\$ <u>(14,879)</u>	\$ <u>(26,304)</u>
Basic and diluted net loss per share	\$ <u>(0.01)</u>	\$ <u>(0.12)</u>	\$ <u>(0.19)</u>	\$ <u>(0.35)</u>
Shares used in basic and diluted per share calculations	<u>77,902</u>	<u>75,632</u>	<u>77,179</u>	<u>74,922</u>

# Balance Sheet

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

	September 30, 2016	December 31, 2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 7,062	\$ 9,870
Short-term marketable securities	94,390	96,410
Accounts receivable	39,365	54,090
Prepaid expenses and other current assets	13,868	13,135
Total current assets	154,685	173,505
Marketable securities, noncurrent	1,004	6,429
Property and equipment	9,878	12,747
Goodwill	29,753	29,753
Intangible assets	2,384	4,546
Other assets	5,635	8,165
Total assets	\$ 203,339	\$ 235,145
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,827	\$ 3,684
Accrued payroll and related liabilities	8,833	6,954
Other accrued liabilities	6,435	7,842
Deferred revenue, current	113,775	131,850
Term debt, current	1,800	2,400
Total current liabilities	132,670	152,730
Deferred revenue, less current portion	8,669	16,392
Term debt, less current portion	-	1,200
Other long-term liabilities	2,781	2,682
Total liabilities	144,120	173,004
Stockholders' Equity:		
Common stock	7	7
Less treasury stock at cost	(3,352)	(3,352)
Additional paid-in capital	396,302	384,164
Accumulated deficit	(333,416)	(318,537)
Accumulated other comprehensive loss	(322)	(141)
Total stockholders' equity	59,219	62,141
Total liabilities and stockholders' equity	\$ 203,339	\$ 235,145

# Cash Flow Statement

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
<b>Cash flows from operating activities:</b>				
Net loss	\$ (745)	\$ (8,829)	\$ (14,879)	\$ (26,304)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,841	3,907	9,531	11,871
Stock-based compensation	4,090	5,477	11,599	16,765
Change in deferred taxes	180	32	175	95
Non-recurring gain	-	-	-	(1,107)
Other	101	-	175	-
Decrease (increase) in:				
Accounts receivable, net	(5,443)	(351)	14,725	19,692
Prepaid expenses and other assets	(1,870)	(323)	(199)	(664)
Increase (decrease) in:				
Accounts payable	(1,489)	1,698	(1,744)	4,155
Accrued payroll and related liabilities	505	(1,298)	2,471	(779)
Other accrued liabilities	923	1,443	(1,586)	(207)
Deferred revenue	(3,929)	(6,617)	(25,798)	(19,265)
Other long-term liabilities	173	3	4	282
<b>Net cash provided by (used in) operating activities</b>	<b>(4,663)</b>	<b>(4,858)</b>	<b>(5,526)</b>	<b>4,534</b>
<b>Cash flows from investing activities:</b>				
Payments for purchase of property and equipment	(395)	(1,440)	(2,042)	(4,783)
Purchases of marketable securities	(20,719)	(23,688)	(60,143)	(81,445)
Sales of marketable securities	-	6,601	1,001	17,903
Maturities of marketable securities	22,700	21,299	66,098	61,101
<b>Net cash provided by (used in) investing activities</b>	<b>1,586</b>	<b>2,772</b>	<b>4,914</b>	<b>(7,224)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from exercise of stock options	13	285	318	1,073
Taxes paid related to net share settlement of equity awards	(273)	(194)	(648)	(789)
Capital lease payments	(49)	-	(80)	-
Repayments of term loans	(600)	(600)	(1,800)	(1,800)
Non-recurring gain	-	-	-	1,107
<b>Net cash used in financing activities</b>	<b>(909)</b>	<b>(509)</b>	<b>(2,210)</b>	<b>(409)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,986)</b>	<b>(2,595)</b>	<b>(2,822)</b>	<b>(3,099)</b>
<b>Effect of exchange rate changes</b>	<b>(14)</b>	<b>3</b>	<b>14</b>	<b>(44)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>11,062</b>	<b>20,043</b>	<b>9,870</b>	<b>20,594</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 7,062</b>	<b>\$ 17,451</b>	<b>\$ 7,062</b>	<b>\$ 17,451</b>

# Non-GAAP Reconciliation

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

	Three Months Ended September 30,		Nine Months Ended September 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015		2016	2015	2016	2015
Gross profit, as reported	\$ 34,643	\$ 31,740	\$ 100,542	\$ 92,100					
Add back:					Loss before provision for income taxes, as reported	\$ (520)	\$ (8,716)	\$ (13,872)	\$ (25,974)
Stock-based compensation	487	734	1,676	2,388	Add back:				
Amortization related to acquisitions	406	905	1,966	2,788	Stock-based compensation	4,090	5,479	11,572	16,769
Gross profit, non-GAAP	\$ 35,536	\$ 33,379	\$ 104,184	\$ 97,276	Amortization related to acquisitions	423	1,095	2,161	3,825
Gross margin, non-GAAP	70%	67%	68%	67%	Restructuring	(84)	-	4,029	-
					Less:				
					Non-recurring gain	-	-	-	(1,107)
					Income (loss) before provision for income taxes, non-GAAP	\$ 3,909	\$ (2,142)	\$ 3,890	\$ (6,487)
					Net loss, as reported	\$ (745)	\$ (8,829)	\$ (14,879)	\$ (26,304)
					Add back:				
					Stock-based compensation	4,090	5,479	11,572	16,769
					Amortization related to acquisitions	423	1,095	2,161	3,825
					Restructuring	(84)	-	4,029	-
					Less:				
					Non-recurring gain	-	-	-	(1,107)
					Net income (loss), non-GAAP	\$ 3,684	\$ (2,255)	\$ 2,883	\$ (6,817)
					GAAP weighted average diluted shares	77,902	75,632	77,179	74,922
					Dilutive equity awards included in non-GAAP earnings per share	2,426	-	2,095	-
					Non-GAAP weighted average diluted shares	80,328	75,632	79,274	74,922
					Diluted net loss per share, as reported	\$ (0.01)	\$ (0.12)	\$ (0.19)	\$ (0.35)
					Add back:				
					Stock-based compensation	0.05	0.07	0.15	0.22
					Amortization related to acquisitions	0.01	0.01	0.03	0.05
					Restructuring	(0.00)	-	0.05	-
					Less:				
					Non-recurring gain	-	-	-	(0.01)
					Diluted net income (loss) per share, non-GAAP <sup>(1)</sup>	\$ 0.05	\$ (0.03)	\$ 0.04	\$ (0.09)
					Total revenues	\$ 50,721	\$ 49,905	\$ 152,399	\$ 145,642
					Deferred revenue, current, end of period	113,775	121,752	113,775	121,752
					Less: Deferred revenue, current, beginning of period	(126,218)	(123,779)	(131,850)	(128,592)
					Short-term billings	\$ 48,276	\$ 47,878	\$ 134,324	\$ 138,802
					Total revenues	\$ 50,721	\$ 49,905	\$ 152,399	\$ 145,642
					Deferred revenue, end of period	122,444	141,274	122,444	141,274
					Less: Deferred revenue, beginning of period	(126,373)	(147,891)	(148,242)	(160,539)
					Total billings	\$ 46,792	\$ 43,288	\$ 126,601	\$ 126,377
					Cash flows provided by (used in) operating activities	\$ (4,663)	\$ (4,858)	\$ (5,526)	\$ 4,534
					Payments for purchase of property and equipment	(395)	(1,440)	(2,042)	(4,783)
					Capital lease payments	(49)	-	(80)	-
					Free cash flow	\$ (5,107)	\$ (6,298)	\$ (7,648)	\$ (249)

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

# Non-GAAP Financial Measures

The Company uses certain non-GAAP financial measures in this presentation. 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, income (loss) from operations, net income (loss) and net income (loss) per share exclude stock-based compensation expenses and amortization of acquisition related intangible assets. Free cash flow is defined by the Company as cash flows provided by operating activities less principal payments on capital leases and purchases of property and equipment. 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.

The Company's non-GAAP guidance excludes stock-based compensation, income taxes, amortization of intangible assets, restructuring, capital expenditures, and capital lease payments, which are reconciling items between those non-GAAP measures and their most closely comparable GAAP measures. The Company does not provide reconciliations of non-GAAP income from operations, non-GAAP earnings per share or free cash flow to the corresponding GAAP measures due to the high variability of, and difficulty in making accurate forecasts and projections with respect to, the items excluded from these non-GAAP financial measures. In particular, stock-based compensation and restructuring charges are impacted by the Company's retention needs as well as the future fair market value of its common stock, and free cash flow is impacted by the timing and amounts of capital expenditures, all of which are difficult to predict and subject to constant change. Accordingly, a reconciliation to GAAP loss from operations, GAAP loss per share, and cash flows from operating activities is not available without unreasonable effort. The actual amounts of these excluded items will have a significant impact on the Company's non-GAAP income from operations, non-GAAP earnings per share and free cash flow.

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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