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Everbridge logo

Everbridge (NASDAQ: EVBG)
Communications Software
Burlington, Massachusetts
Valuation as of January 6th, 2020

Industry: Internet Technology
Sector: Software
Subsector: Enterprise SaaS

Originally called 'the National Notification Network' or '3n Global', Everbridge (EVBG) was founded in 2002 as a pure-play emergency-related mass notifications SaaS company. Inspired from the horrific tragedy on 9/11, EVBG capitalizes on fear and the unfortunate increase in worldwide terror attacks. The company successfully expanded across the U.S. serving municipal governments, Fortune 500 corporations, healthcare providers, and educational institutions with their core mass notification technologies and a continually-growing suite of add-on tools.

INVESTMENT SUMMARY

The market attributes EVBG a lofty valuation based upon aggressive revenue growth through accelerating new client acquisition and upselling of current customers, combined with high operating leverage through the SaaS model.

Market research and proprietary channel checks indicate that EVBG will not be able to deliver the Street's expected growth as add-on products provide little incremental value and the mass notification product is highly commoditized. The TAM is unrealistically optimistic and new client acquisitions will disappoint expectations.

With a $80.42 share price representative of a 14x EV/Sales, and two more years of forecasted net losses, we believe that the market has overvalued EVBG. We are recommending a **Sell Rating** with a price target of $56.02.

Thesis

Top-Down and Bottoms-Up: EVBG cannot meet top line expectations

EVBG's 2018 10-K reports a $41 billion market for CEM solutions in 2020 as measured by an industry report by Frost & Sullivan, who were paid by EVBG to complete the report. We were not compensated by EVBG and calculate the total addressable market as $19.4 billion.

EVBG calculates its TAM based on two revenue streams: the core mass notification offering, and add-on products. The average mass-notification contract has remained stable at nearly $22,500 per client. Under our base case, we expect increased competition to decrease average mass notification contract size by 200-400 bps, yielding an average contract value slightly above $20,000. Therefore, to reach EVBG's target $40B TAM, the implied average add-on contract value per client is nearly $160,000 or almost 10x the current average. To calculate EVBG's TAM we assume our base case average add-on contract value of $80,900. Our base case assumption implies a 13% CAGR in add-on contract value, which uses the historical ARPU growth rate. We forecast ARPU growth beginning to slow in 2021 as the impacts of new value add products wanes.

AlertMedia reports that about 50% only organizations use an emergency notification system. Therefore, $9.67B is in play and EVBG will need to capture nearly $2B to meet expectations. EVBG's 4422 customers in 2019 is significantly below the 21% market share threshold.

EVBG is expected to finish 2019 with 5,085 clients based on FY19 revenue guidance. This is a 21% YoY slowdown in new customer growth. Applying a conservative 5% slowdown in customer growth per year, this implies a 10%

Recommendation

SELL	
Share Price ($) (As of Jan 3, 2020)	$80.42
Target Price ($)	$56.02
Downside	**30.3%**

Key Figures

Annual Dividend	--
52-week Range ($)	47.00-104.22
Total Revenue (TTM)	185.60m
Revenue Growth (TTM vs Prior TTM)	36%
EPS (TTM)	-$0.04
EPS Growth (TTM vs Prior TTM)	
Enterprise Value (bn $)	
Number of shares(m) (outstanding)	26.923
Beta	**1.60**

CAGR in new customers until 2031. This misses the 13% CAGR the market is pricing. The aforementioned 13% CAGR modelled for average add-on contract size misses the implied expectation of a 21% CAGR for average add-on contract size. This conservative trajectory of revenue growth is reinforced by competitive product introductions (see model) and also informed by responses related to add-on purchases from a client sample survey we conducted.

Saturated large client market, More Competition, and low switching costs pressure margins

EVBG's revenue base has historically been built on smaller customers, with over 93% of customers having contracts values less than $100,000. We therefore believe that additional customers will continue to mostly pay smaller contracts. This is especially true when considering which clients EVBG already has: 6 state government contracts containing 25% of the US's population, 9 of the 10 largest U.S. cities, and more than 40 Federal agencies. On the corporate end, EVBG serves 8 of the 10 largest U.S.-based investment banks, 25 of the 25 busiest North American airports, six of the 10 largest global consulting firms, 7 of the 10 Top U.S. Technology and Telecom Companies, 7 of the 8 largest global auto-makers, and all four of the largest global accounting firms. There are not many large clients left in the US. Further, contract sizes will be pressured in the future because of increased competition through emerging emergency response SaaS companies such as Twilio, which provide better rates per person. For example, Twilio's Emergency Notification System is quoted at $50 in capex for firms with less than 100 people and messaging costs at $0.04/SMS per person.

Only 16% of the customers surveyed expressed interest in purchasing an add-on EVBG product, as most were purely interested in the emergency mass notification services. Customers also considered a variety of smaller pure emergency notification companies (Rave Mobile), cheaper hybrid messaging companies (Send Word Now), or developing in-house solutions (Twilio). The competitive nature of the industry, with low upselling potential across customers pressure operating margins which we forecast to settle to 9.5% in the long-term, underperforming most SaaS peers.

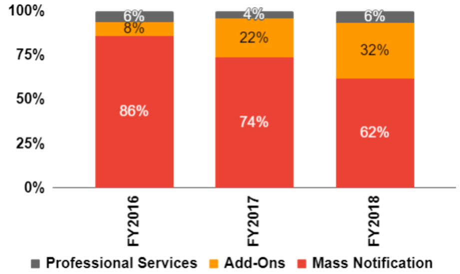
EVBG management is not aligned with shareholders

In 2018, over 70% of management bonus pay was tied to revenue. Of the potential bonus, 15% could have been earned by hitting adjusted EBITDA targets. Management missed the target and received no bonus allocation based on profitability metrics. Rather, EVBG growth strategy is increasingly reliant upon acquisitions - either in acquiring synergistic technologies to add to their suite of products or acquiring competitors in Europe to gain new customers. Growth through acquisitions is an expensive and potentially value destroying allocation of capital.

EVBG paid nearly 4.5x sales for UMS and data has not yet been released about its margin contribution. However, this is an expensive source of growth for a relatively commoditized product that has limited revenue contribution potential. The effectiveness of EVBG management to integrate acquisitions is also unproven, as seen in the NC4 acquisition. The NC4 acquisition contributed $2M in 3Q19, or a 32% conversion of NC4 sales to EVBG. Based on management guidance, EVBG will not reach profitability until 2021 at the earliest.

BUSINESS DESCRIPTION

Market Segmentation



Valuation

FCFF Target Price	**$56.02**
EBITDA Multiple Target Price	$62
Target Price (12 Months)	$56.02
Total 12m Return %	29.42%

Everbridge is a global software company headquartered in Burlington, MA, US. The company provides enterprise software-as-a-service (SaaS) applications that facilitate organizations' operational response to critical events in order to protect the organization's assets. A critical event is defined as any activity that alters an organization's planned operations. These can include natural disasters such as earthquakes and hurricanes, or human influenced events such as terrorist attacks and technological failures. EVBG delivers Critical Event Management (CEM) solutions that provide organizations the ability to assess threats, locate people, automate actions, monitor responses and deliver contextual communication through any medium in real time. As of Q4 2018, the company employs 777 full-time employees, with customers in 49 countries around the world.

Geographic and business segments: EVBG Services are comprised of three segments: mass notification ($91.2m), add-on products ($46.4m), and professional services ($9.5m). The U.S. is EVBG's largest geographical market (80%) followed by EMEA (20%).

Everbridge Customers: EVBG serves three end-markets: enterprise (57%), government (30%) and healthcare (13%). No customer is responsible for more than 3% of total revenue.

INDUSTRY OVERVIEW

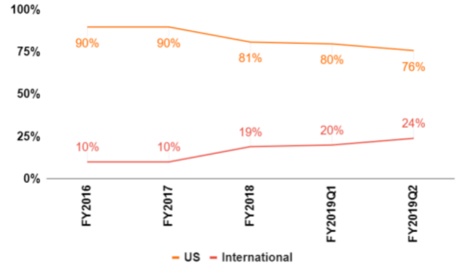
EVBG claims their TAM across all business units is $41B. They assess the underlying industry drivers as **(1) new customer growth,** which can be further segmented into geographic expansion and size of new customers, (2) **average contract size,** which is a function of **mass notification sales**, **add-on sales,** and **professional services.**

CEM TAM: $19B

We calculated the TAM for EVBG as $19B. EVBG services three main client types: enterprise, government, and healthcare. We estimated the number of potential EVBG clients for each category, in the US, Europe, and Canada. In the US, this totaled: 135,000 potential corporate clients, 316 government agencies, and 7,200 healthcare facilities. In Europe and Canada, this totaled 40,917 corporate clients, 948 government agencies, and 21,460 hospitals. Entities were only included if they had over 100 employees, as those with less are unlikely to pay for an emergency notification system. Using our base case average contract values we calculate ~$4B in revenue contribution from the mass notification segment, and ~$15.3B in revenue contribution from the add-on product segment.

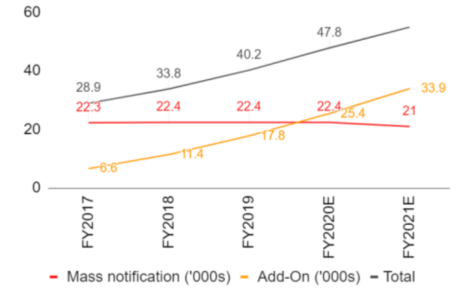
We also attribute the Population Alerting System (PAS) segment to total TAM due to management's bullish commentary on its growth potential, although it could be reasonably categorized under add-on contract value. PAS contracts are price on a per head basis. The states of California and New York paid 12.5 and 8 cents per person, respectively. Smaller regions such as Vermont and Washington, DC pay 30-40 cents per head. The recent $12M PAS deal in Sweden prices at 24 cents a head. Generously using 25 cents per head, this only yields $265M in revenue for Canada, US, and Europe combined; this is not significant given street expectations that EVBG will push a $2B annual top line at maturity and it is unlikely EVBG will capture the entirety of these three regions.

Ex. 1: Domestic vs International Revenues



Source: EVBG and Team Assessment

Ex. 2: Average Contract Size



Source: EVBG and Team Assessment

Summing revenue contribution from mass notification, add-ons, and PAS, the TAM reaches $19.34B.

Low interest for add-on sales amongst smaller customers

EVBG indicated on their 3Q19 earnings call that winning new customers and expanding existing contracts upselling will be key growth drivers. Add-on revenues have been essential to EVBG's growth since their IPO. Average add-on sales per customer has grown from $2.1 to $11.4M from 2016 to 2018. We believe add-on sales will grow, though not to the market implied expectations due to the addition of smaller customers, who make up a majority of their revenue. Through our proprietary channel checks, we found that only about 16% of customers are interested in EVBG add-on products.

Geographic drivers: Europe is a smaller and highly competitive market

In December 2018, the EU passed the European Electronic Communications Code, which mandated all EU members to implement a population warning system. Today, EVBG serves Norway, Greece, Sweden, the Netherlands, and Iceland. EVBG's Sweden contract was priced at $0.24/person, higher than California ($.125/person) and New York ($0.08/person) state deals because of the smaller population. At $0.25/person for the entire EU, the market is only $125M. Simple population warning systems exist already in Lithuania, France, Czechia, Germany, Romania, Spain, and Switzerland, according to a September 2019 public EU policy report. Local competitors, such as French company Gedicom and Bulgarian Company Opencode Systems, who built the Belgium and Romanian PAS, along with newcomers Genasys and Intersec, will likely take market share.

Competitive Positioning

Deep Dive Customer Report on EVBG

In one 45-minute interview, a University Chief of Security, who wishes to remain anonymous, provided detailed accounts of EVBG perception from customers. His comments were in line with other channel check we conducted. He commented switching from EVBG to Rave Mobile was a simple process, adding that EVBG's customer service was ineffective. He was particularly angered by the persistence of EVBG's sale staff to offer a low quality product to boost margin. The tipping point for the switch to Rave was when the EVBG product failed to send the emergency messages during a critical event.

"Waterfall Scam": EVBG sales staff recommended that the school send out mass notification alerts on a delayed waterfall system. First, a text message would be sent and if the target did not acknowledge receipt of the notification, then an email would be sent, then a desktop notification, until all methods of communication were exhausted, or the target confirms receipt of the message. EVBG claims this was in the customers' best interest because it improves efficiency. In actuality, there is no correlation in efficiency between different modes of communication- they are all siloed from each other. EVBG pushes this waterfall method because it reduces EVBG's messaging costs, thus improving EVBG's bottom line. Yet, this slight cost reduction is at the expense of the customer's safety. Targets should receive the notification as quickly as possible on all modes of communication in the event of an emergency. This was one of a couple tactics the interviewee claims EVBG uses to boost their margin.

The competitive landscape is expected to grow

Ex. 3: 2017 Senior Debt Top Holders

Holder	% Ownership
Tenor Capital Management	74.94
Citadel Advisors	16.55
Bank of America	8.26
Total	99.75

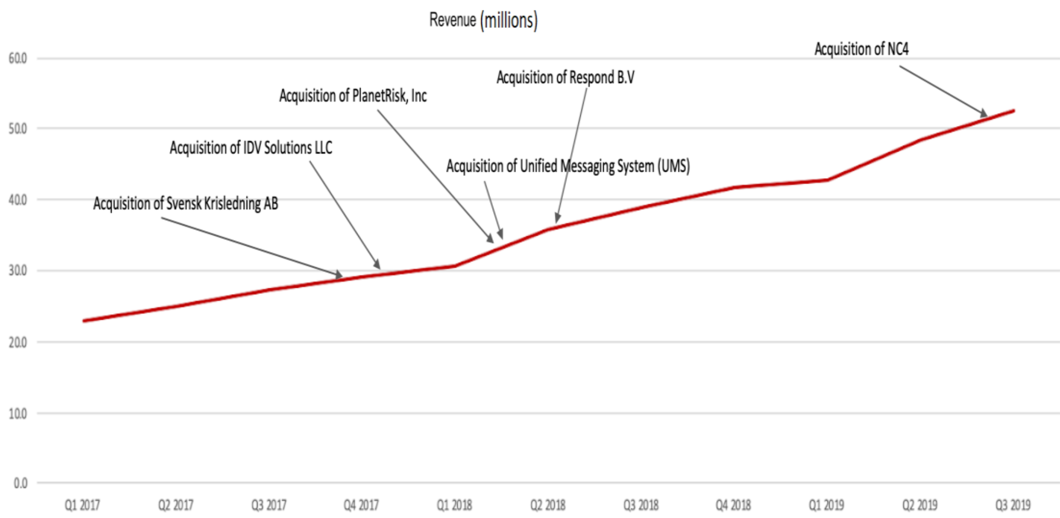
Source: Bloomberg

Ex. 4: Capital Raising

Transaction	Capital Raised ($mil)	Announced Date
Series A	7	5/1/2008
Series A	2	4/19/2009
Venture Round	0.325	4/12/2010
Venture Round	3.2	4/29/2010
Debt Financing	3.5	2/15/2011
Venture Round	1.9	1/12/2015
NASDAQ - IPO	90	9/16/2016
Senior Convertible Debt	100	11/16/2017
Public Equity Offering	143	1/15/2019
Senior Convertible Debt	450	12/23/2019

Source: Crunchbase, Bloomberg

We believe that competition is already trending up across all market segments through new market entrants and existing competitors expanding their product suite to service the needs of larger organizations. In 2018, LRAD (GNSS), a military communications engineering firm, purchased Genasys, a population alerting system and emergency notifications provider and is competing aggressively with EVBG in Europe. Twilio has published several online guides on how to build in-house mass notification systems, opening up the threat of companies abandoning third party providers all together. Marketing and political messaging firms are entering the emergency notification industry (such as Trumpia and EZ Texting), according to Ron Kinkade, director of EVBG competitor Call-Em-All (Grants Interest Rate Observer, Vol. 37, No. 10). There are also incumbent players such Alertus, a leader in high occupancy buildings, and OnSolve that has notable clients including NASA and Pepsi. Rave Mobile has a stronghold over the US education sector, with nearly 50% of the market.

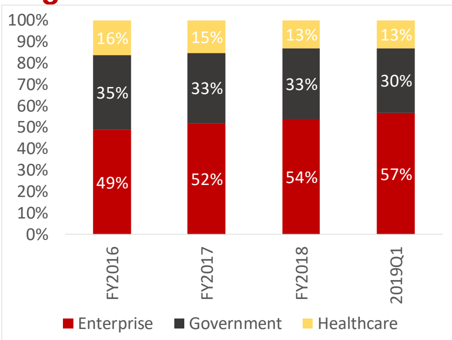


FINANCIAL ANALYSIS

Revenue growth will miss CAGR growth assumptions by 3.1% over the 12 year forecasted time horizon based on two central factors: (1) a miss in new customer growth and (2) a miss on add-on contract value growth. The market is pricing a 23.9% CAGR in average add-on contract value growth over the next twelve years and a 10.71% CAGR in new customers over the same time period to yield the implied revenue growth. With many of the major US based corporations and governments already signed, the market is heavily saturated. EVBG reported they have already signed, " 4 of the top 4 CPA firms, 8 of the top 10 investment banks, 9 of the 10 largest US cities, and 25 of the 25 busiest US airports." Therefore, new customer growth will be required through international channels, which has grown to 20% of total revenue in two years. Due to strict regulatory requirements and geographic based sales relationships, Everbridge will be forced to expand through acquisitions, as seen in the UMS deal that was necessary to enter the population alerting market in Norway. A combination of increased competition and an expensive cost to grow will cause a miss on new customer growth expectations.

Add-on contract value will also miss market expectations:

Ex. 5: Revenue End Market Segmentation

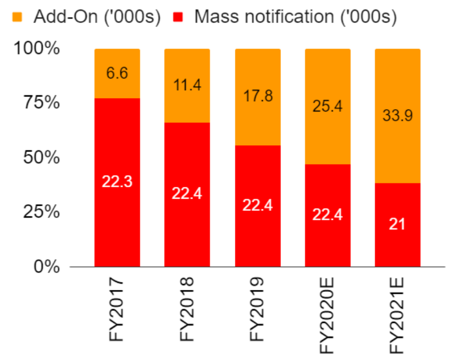


Source: EVBG

Ex. 6: Domestic Competitor Landscape

Source: Team Assessment

Ex. 7: Sales Growth by Type (Avg. Contract)



Source: EVBG and Team Assessment

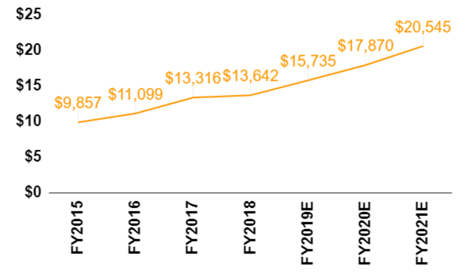
The ambitious implied 23.9% CAGR is dependent on an increase in the number of customers that want add-on features and an increase in add-on contract price. Both of these assumptions are untenable. EVBG has already slowed in new product releases and new products which they are developing produce lesser incremental value than core offerings or have little demand. For example, Everbridge released a “SmartWeather” product that reports temperature and weather events on a map. Clearly, Everbridge has run out of value add opportunities and is becoming a pseudo meteorologist. Other new products, such as their Population Alerting System commands low pricing power and is sold in the range of 10-12 cents per head. This yields a potential $32M in incremental revenue for the company; not much for a company that the market prices to drive $1B+ in yearly sales.

Gross margins to contract 200 bps from pricing pressure: Gross margins have trended slightly downwards in the last two years and EVBG will be unable to maintain 70+% gross margins as competition will pressure pricing. This is reflected in a decrease in average contract value through the back half of our forecasted period. Consequently, EVBG will have to spread their large fixed costs across a smaller sales base. Everbridge will miss some benefits of economies of scale and the low variable costs associated with SaaS products. Former CEO Jamie Ellertson admitted that Everbridge earns below industry average gross margins as the cost of sending millions of emergency messages across multiple platforms can be an expensive task. They also require multiple server hosts (AWS, Microsoft Azure, Google Cloud) to reduce latency, increase security, and improve performance through redundancy reduction. EVBG must pay a premium to host through multiple servers, which is a structural detractor of margin that EVBG will not be able to improve without harming the quality of their product. Greater competition will force EVBG to compete on product quality, meaning customer demand for a higher quality product will pressure gross margins. We forecast 69% gross margins past 2024, compared to comparables that maintain a 71% gross margin.

Fight for new clients attracts marketing dollars:
Sales and marketing expense per new customer has grown at a 42% CAGR since 2014 despite management’s assertion that their product benefits from network effect. If EVBG did benefit from network effect, their marketing costs per new customer should be decreasing. The Head of Emergency Response, that wishes to remain anonymous, also asserts there is no network effect as any information sharing between customers must be setup manually and EVBG clients can receive integrated safety alerts from other Critical Event Management products. We forecast sales and marketing costs to increase as a % of revenue over the forecast period as competition enters the market and new sales channels will need to be developed in new markets.EVBG is already spending $1 in marketing costs for every $1 in new revenue, putting their customer acquisition cost at ~$120,000 in 2019.
We forecast S&M % of revenue settling at 44%. This will be offset by R&D % of revenue settling at 8% in our base case as EVBG exhausts potential product add-ons. EVBG competitors average 39.04% S&M as a % of revenue and 20.8% R&D as a % of revenue.

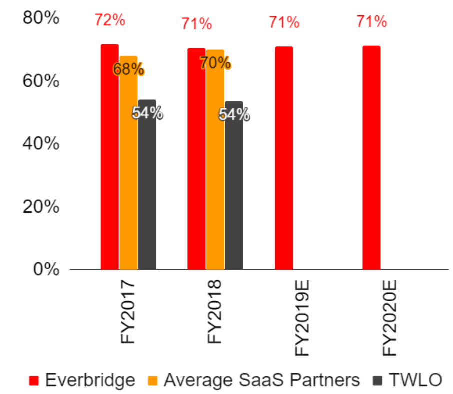
Sub-standard SaaS Operating Margins:

Ex. 8: Mktg. Costs Per User



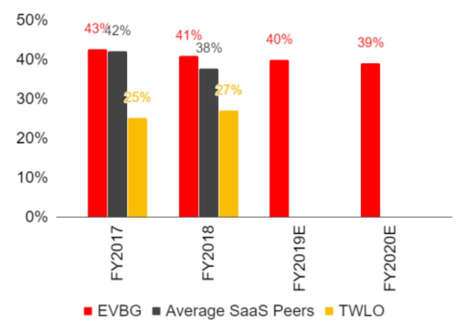
Source: EVBG and Team Assessment

Ex. 9: Gross Margin



Source: EVBG and Team Assessment

Ex. 10: S&M % Revenues



Source: EVBG and Team Assessment

EVBG will further their economies of scale as their client base grows, for which we have modelled operating margins at 9.5% in maturity, as a factor of S&M, R&D, and SG&A. However, the increasing costs to acquire and retain new customers will erase some of the benefits of scale. This operating margin is 250 bps below the average mature SaaS companies, which is reflective of the aforementioned structural inefficiencies and lack of competitive moat. This is also supported by management compensation packages, who are incentivized heavily (70+%) by bonus payments tied to top line growth, which is not aligned with the interest of shareholders. Of the 15% bonus offered for reaching EBITDA targets, management did not hit any goals. This shows management's focus on growth at all costs strategy, ultimately at the expense of shareholder value.

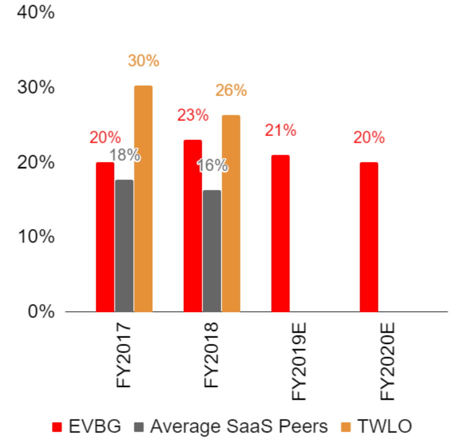
Financing to Buy Growth:
Financing this growth has come in the form of equity dilution for financing. EVBG has the lowest Return on Invested Capital of its peer group at -20.6% versus the group average -4.52. Most recently, EVBG issued convertible debt with a strike price of $112.5; there are currently 4.005 million in exercisable convertible notes issued. Given EVBG history of equity financing to fund acquisitions, it is likely that the company will continue to pursue growth at the cost of dilution to its shareholders. Owners of the convertible are likely convertible arbitrage funds based on previous convertible issuances. These funds are focused on trading volatility (gamma) rather than direction (delta), and therefore the issuance should not be read as a bullish market sentiment.

NWC on par with SaaS standards:
Net working capital will reach a normalized level around 25% of sales, which is on par with its competitors. NWC requirement is significantly lower than currently stated as the cash account is inflated due to the recent convertible issuance. Once EVBG deploys the capital in acquisitions to gain market share, NWC requirement will return to industry standard levels. The high cash balance is also fuelled by EVBG collecting payment on contracts one year in advance. This supports EVBG with a high cash account and strong balance sheet. Namely, a quick ratio above 3, with a historical average of 1.8 and a 2020 forecasted interest coverage of 2.1. This is relative to its competitors with below 1 or negative interest coverage and an average quick of 1.84. Overall, EVBG has low financial leverage, with a target debt to equity ratio of 33/67 that it was at historically, relative to its comparables average that is 30/70 debt to equity financed.

Low Capex Requirements: As a SaaS company, we expect EVBG to have low capital expenditure requirements. Capex remains at 2% of sales and we expect this to taper down in future years as the company drives efficiency in operating at scale. Amortization remains relatively low as the company does not have major intangible assets on their balance sheet. However, some sales expenses are amortized over four years rather than expensed in the year booked; in effect, this artificially inflates margins, albeit to a small degree. EBITDA is relatively tight to operating income with low depreciation and amortization in later years. EBITDA margins will settle at 11%, relative to comparables EBITDA margins averaging 12.02%.

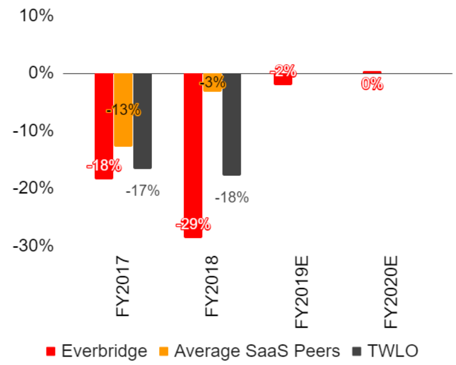
Valuation:
Market expectations are overly optimistic:

Ex. 11: R&D % Revenues



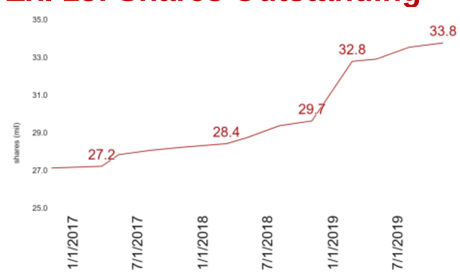
Source: EVBG and Team Assessment

Ex. 12: Operating Margin



Source: EVBG and Team Assessment

Ex. 13: Shares Outstanding



Source: Bloomberg

Our $56.02 price target represents a 31% downside from EVBG current trading price. In our blue sky scenario, EVBG reaches $87.42, while the grey sky scenario reaches $35.50. This implies a 3.32/1 risk to reward ratio in our base case, and a 6.07/1 risk to reward ratio in the bear case. We used a 12 year discounted cash flow model for the forecasted period, with a terminal growth rate and EBITDA multiple to calculate the terminal value .

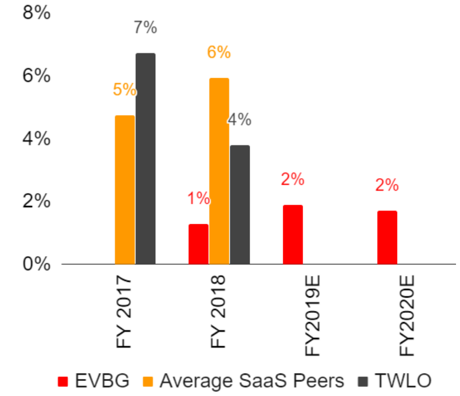
WACC:
Our base WACC was 8.6%. The key assumptions were: (1) a 6.1% implied cost of debt calculated using the YTM of the implied straight bond from the Dec 23 Sr. debt convertible issuance. Using the historical 44% annual vol. and the YTM of.125% of the convertible, we priced straight bond from the convertible. Calculations are in the appendices. (2) 1.9% risk free rate equal to the yield on a 10 year US treasury; (3) 1.55 beta using the average unlevered beta from the comparables set and applying the 33/67 target debt to equity ratio; and (4) an equity risk premium of 5.5% which is the delta between returns on the S&P 500 and the risk free rate over the last 50 years. We applied a sensitivity analysis implementing WACC +/- 200bps on our base case. In the worst case scenario, a 200 bps decrease to WACC only increased the upside case to $87.53.

Peer Analysis:
Our EBITDA exit multiple is based on comparable companies. We selected 6 comparable companies to determine the unlevered beta and ebitda multiple valuation. Our motivation was to build a portfolio of companies with products and services reflecting EVBG's technologies. We chose FIVN, AYX, BL, MIME, PRO, and HSTM - all mid-cap SaaS companies focused on US markets. Five9 (FIVN) and Mimecast (MIME) are communications technology companies similar to EVBG's mass notification and population alerting systems. AYX is a data analytics platform mirroring EVBG's Visual Command Center. BlackLine is a cloud automation service similar to EVBG's IT Alerting service. Finally, we also selected HealthStream, a healthcare solutions provider, similar to EVBG's Care Converge Product. We chose to omit PagerDuty (PG), an IT alerting system because it IPO-ed less than 6 months ago. We omitted Twilio (TWLO) because the market cap was $14.2b. Similarly, we did not select Genasys (GNSS) because of its $100 million market capitalization.

Management Guidance unable to meet Street Expectations:
EVBG management has shown a track record of exceeding guidance in both revenue and EPS, largely as a factor of management’s strong revenue and cost visibility. As EVBG management realizes sales growth is unable to keep pace with growing street expectations, management guidance will be lowered. This will urge a re-rating to EVBG premium multiples. This is supported by YoY ARPU growth slowing by 19.21% on average for the next 12 years. FCF growth will also slow to sub 4% in the back half of the forecasted period, underperforming the 18% average FCF growth rate the market expects.

EBIT to FCF:
depreciation and amortization add backs become roughly 3% of sales through the forecast years. As a SaaS company, EVBG will not require high capex expenses due to improved operations at scale. We expect EVBG tax rate to normalize at 18% into perpetuity.

Ex. 14. CapEx % Revenues



Source: EVBG and Team Assessment

Ex. 15: Cost of Debt

Cost of Debt from Convertible Bond	
Estimated Cost of Convertible Bond	997.13
Theoretical Option Value	175.52
Implied Straight Bond	821.61
Implied YTM	**4.04%**
Options Pricing	
Duration (years)	4
Risk-free rate	1.80%
Annualized Std. Dev of EVBG	44%
Dividend Yield	0%
Current Stock Price at Conv. Issuance	79.84
Theoretical Option Value	**175.52**

Source: Team Assessment

Ex. 16: WACC Calculation

WACC Calculation		
Cost of debt		4.0%
Tax rate		18.0%
After tax cost of debt		**3.3%**
Risk free rate		1.9%
Beta		1.68
Market risk premium		5.5%
Cost of equity		**11.1%**
Capital weights	**Amount**	**% of total**
Market value of equity	195	67.4%
Gross Debt	94	32.6%
Cost of capital (WACC)		**8.6%**

Source: Team Assessment

NWC is expected to remain flat as a % of revenue. As competition increases, EVBG will be forced to compete on both a price basis, as well as on contract terms. EVBG is currently able to collect cash payments annually in advance. These highly favorable collection terms are not sustainable as competition will force EVBG to differentiate their product through more favorable collection terms, such as quarterly instead of annually. As a result, deferred revenue and cash accounts will decrease proportionally.

After subtracting Capex, EVBG is able to generate strong FCF, yet not enough to meet investor expectations.

The PT is a reflection of an average of the bull, bear, and base case, using both a 2% terminal growth rate, and a peer average 35x EBITDA multiple.

Corporate Governance

Group of Executives: Everbridge management is currently undergoing a transitional period as the company appointed both a new CEO & CFO during 2019. The company has also decided to maintain Jaime Ellertson, former CEO, as Executive Chairman of the Board. His alignment with Everbridge shareholders is questionable given his record of selling 75% of his shares since the start of the 2019, most recently selling $3 million in stock in Dec 2019. Ellertson's successor, David Meredith, has extensive background in scaling and exiting cloud infrastructure businesses, most recently operating Rackspace, an Apollo Private Equity Company, and, prior, selling his data center hosting division of CenturyLink for $2.2b. Meredith knows the SaaS and data center market and brings substantial sales, product management, marketing, operations, security, service delivery and analytics expertise in North America, Europe and Asia. His experience also falls in line with Everbridge's aim of utilizing aggressive business models to continue leading in CEM. The newly appointed CFO, Patrick Brickley, has been with Everbridge since 2015, working as VP of Finance & Accounting, and has since then participated in executing many of the company's capital transactions, M&A activity and has also overseen the investor relations program. Previously, Brickley held an executive position at Gooogle and, at Everbridge, intends to continue rapidly scaling the business.

Board of Directors: Everbridge's board is composed of 7 members, 2 of whom are women and 3 of whom are relatively new, and all with considerable know-how in technology, finance and management. The new CFO holds a position in the BoD, which is a point of concern regarding independence and the conflict of interest, given he only owns 1,980 shares. The members do not hold other positions outside of Everbridge, therefore can be fully dedicated to the company's growth and prosperity.

Shareholder base: Everbridge has 34,733,665 outstanding shares. The top 5 shareholders own 37.88% of the outstanding shares, 4 of which are mutual funds. Its greatest institutional shareholder is Vanguard Group Inc with almost 9% ownership. Notably, Select Equity Group, a research focused hedge fund, is the #3 share holder with a minority stake of 7.9%. They are not an activist fund.

INVESTMENT RISKS

Acquisition Risk:

Ex. 17: Top Shareholders

	Shareholders	# of Shares	Percentage %
1	Vanguard Group Inc	3,325,381	9.39%
2	Fred Alger Management Inc	2,729,388	7.71%
3	Select Equity Group, L.P.	2,669,506	7.54%
4	BlackRock Inc	2,475,761	6.99%
5	FMR LLC / Fidelity	2,463,522	6.96%
6	Bank of New York Mellon Corp	1,893,526	5.35%
7	Sylebra Capital LTD	858,422	2.42%

Source: Bloomberg

Ex. 18: $/€ Exchange Rate

Source: Bloomberg

A large communications network such as Facebook, Google, or telecom companies could pursue EVBG as an acquisition. While these companies may be able to leverage some of their pre-existing networks, mass notification does not fit within their suite of products. Customers may not trust media giants to handle such critical information. Telecommunication companies may face hurdles when trying to integrate clients with other telecommunications rivals. EVBG is not synergistic to these companies, and these companies could easily build the tech in house if desired.

Regulatory Risk

Similar to the EU mandating a population alerting system, the US government could implement a similar requirement. This could provide tailwinds to EVBG top line. However, as highlighted in our TAM calculation, PAS would only contribute a maximum of $80M if they capture the entire US population. This is not a material impact based on investor's revenue expectations.

Reputation Risk

Any operational failures by competitors could drive customers to EVBG as customer demand trustworthy service in times of emergency. This is an industry risk and EVBG is equally susceptible to product failure. Their product is not perfect and a customer that we interviewed explained that the EVBG mass notification system failing was one of the driving forces behind his institution's switch to a competitor. Thankfully the failure did not result in any injuries, however he said, "I lost confidence that mass notification would work when we need it." This shows customer perception of the product is highly sensitive.

New Product Risk

A highly successful new add-on product could drive stronger revenue growth. EVBG has not touted a new blockbuster product and aforementioned data collected from EVBG clients indicates a lack of demand for add-on products. Add-on contract size growth has also started to slow and menial products such as SmartWeather point to slowdown in innovation.

Short squeeze Risk:

Currently the short interest falls around 8.5%. We expect the short interest to increase as the new convertible debt owners further short EVBG to delta hedge against their call positions, creating a risk for a short squeeze. Counterbalancing the short squeeze risk is the portfolio mechanics of a volatility trading strategy - as the share price increases, volatility traders will further short the stock in order to capture realized volatility, though given borrowing costs and liquidity risk, they may pursue shorting ES or NQ futures or other stocks with high correlations to EVBG.

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APPENDIX A: BUSINESS OVERVIEW

APPENDIX A-1: PARTNERSHIP ECOSYSTEM

Everbridge has multiple partners for every sector in which it operates in order to extend the value of its existing infrastructure investments. Everbridge's ecosystem contains field experts, such as IBM, Amazon WebServices, Honeywell, Alertus, EATON, McAfee and Microsoft Azure.

Sector	Field
Security & Risk Management	Travel risk Management Physical Access Control 3rd Party Risk Intelligence
Enterprise IT Services	IT operations Cyber Security
Business Continuity	Emergency Mass Notification Systems Business Continuity Management Crisis/ Incident Management

APPENDIX A-2: SEGMENT AND PRODUCT DESCRIPTION

Everbridge has three main product segments that comprise their services. However, these end-markets are highly connected and can be considered complementary, as the use of multiple applications enhance the functionality and effectiveness of the CEM suite. Everbridge started with Mass Notification, an essential component of their suite, and by developing questions regarding crisis management, developed the Critical Alerting Suite in order to keep their customer's assets and employees informed, and lastly, the company integrated a complete Critical Event Management Suite.

Mass Notification - 2004	
Mass Notification	Most established application. Send and receive contextually aware notifications to multiple devices distributed to company-defined contact groups and procedures.
Incident Management	Automate and customize workflows by minimizing the human-errors and the downtime.
Critical Alerting Suite Expansion - 2012	
IT Alerting	Notifies IT members of corporations in cases of IT incidents, outages or cyber security breaches. Makes use of IT service management platforms and automate alerts. For better employee management and targeted update it provides real-time shift calendars notifications.
Community Engagement	Enables governments to integrate emergency management and community outreach with a unified solution to connect residents to their public safety department, public information resources and neighbors via social media and mobile applications.
Safety Connection	Sends notifications according to last-known location of each individual by simultaneously incorporating threat and other data to allow targeted communications. Fully deployed it is able to integrate real-time data from multiple sources.
Public Warning	Is deployed as part of the national warning system for countries. The application requires an existing database of mobile phone numbers and it enables the two-way SMS communications
Secure Messaging	: Is complied with the security requirements that need to provide an alternative for the enterprise's employees to communicate and share nonpublic information, such as financial services. In specific, the CareConverge is highly recommended for supporting the development of a "connected" hospital by enabling the service of telemedicine, medical imaging and many other critical information.
Critical Event Management Suite - 2017	
Risk Intelligence	Uses intelligence technology to tailor both the content of communications and the modalities through which they are delivered based on differing individual preferences and roles and responsibilities within the organization.
Crisis Management	Provides mobile access to crisis, recovery and brand protection plans. It gives the capability to manage a crisis or event through role-based assignments and status updates. It enables the organizations to provide plans readily available to responders through the most popular mobile platforms regardless of their location.
Visual Command Center	Enables corporations to monitor and integrates more than 100 types of threats data and information for incidents and generates an alert when potential risks occur within

	proximity of an enterprise's physical locations, suppliers, assets or people. It reduces the time of understanding and assessing the impact of a threat and execute the right solution to mitigate the losses.
Analytics	Information is accessed for required after-event reviews, continuous process improvements and regulatory compliance.

APPENDIX A-3: CORPORATE GOVERNANCE

APPENDIX A-3a: GROUP EXECUTIVE COMMITTEE

POSITION	NAME	INFORMATION
CEO & CHAIRMAN	Jaime Ellertson	Studies in Public Administration, knowledge of Cloud services, SaaS platform Founder of Document Automation Corporation, Openware Technologies, Purview Technologies Inc. Former CEO of CloudFloor Corporation (merged with Everbridge), Gomez Inc., S1 Corporation, Interleaf
NEW CEO & BDO	David Meredith	Studies in Business Administration (Finance), Master of Information Technology Former BDO at Datapipe Former COO at Rackspace Former President of Global Data Center Hosting at CenturyLink
CFO	Kenneth Goldman	Studies in Accounting/ Management Law, CPA EVP & CFO of Fiksu, Black Duck Software SVP & CFO & MBO of Salary.com, LODESTAR Corporation, Student Advantage Inc., MediaMap Inc., ShopLink.com, Liberty International, Goldweitz & Company Inc.
NEW CFO	Patrick Brickley	Studies in Business Administration (MBA) Multi-year experience in Finance, Accounting, Sales and Strategy VP Finance & Accounting of Everbridge Former Positions: Google, ITA Software, PricewaterhouseCoopers
CTO	Imad Mouline	Studies MIT software architecture, owner of 5 U.S Patents Leader of market strategy, product roadmap and innovation Co-founder and CTO of CloudFloor Former CTO of Compuware's Application Performance Management Solutions, Gomez, S1 Corporation
EVP Product Mgmt, Engineering & Opeartions	Jim Totton	Multi-year experience in business & technology executive leadership Former VP & GM for Red Hat, Marketing at Microsoft OEM, Dell Technologies
President Go-to-Market	Bob Hughes	Multi-year experience in executive leadership scaling companies Former President of Worldwide Operations at Akamai Sales Leadership at PictureTel & Boston Scientific

APPENDIX A-3b: BOARD OF DIRECTORS

POSITION	NAME	INFORMATION
EXECUTIVE CHAIRMAN	Jaime Ellertson	See Appendix C-3b above Served since 2010
DIRECTOR	Richard D'Amore	Former consultant at Bain & Co Former CPA at Arthur Young & Co Former member of BoD of Veeco Instruments Inc (developer & manufacturer of electronics equipment) Former member of BoD of Phase Forward Incorporated (provider of software solutions for clinical trial and drug safety monitoring – acquired by Oracle)) General Partner of North Bridge Venture Partners Served since April 2015
DIRECTOR	Alison Dean	30+ years' experience in corporate finance, global acquisitions, financial planning & investor relations Executive VP, CFO, treasurer and principal accounting officer at iRobot

		Served since July 2018
DIRECTOR	Bruns Grayson	Multi-year experience in investing in technology business (both public & private) Former associate at McKinsey & Co Former member of BoD of Active Network Inc (cloud computing applications) Managing Partner at ABS Ventures Served since 2011
DIRECTOR	Kent Mathy	Multi-year experience in telecommunications industry (At&T Mobility) CEO of Sequential Technology International Served since August 2012
DIRECTOR	David Meredith	Info at Appendix XX (**Group Executive Committee)** Served since July 2019
DIRECTOR	Sharon Rowlands	30+ years' experience in leading multi-billion dollar companies of financial services, media & information and digital marketing Awarded as Customer Focused CEO & Gold Stevie Award for Female Executive for the year 2016 Currently member of BoD of Constant Contact (CTCT) CEO & President at Web.com Group Served since 2019

APPENDIX A-4: EVERBRIDGE SUBSIDIARIES

Company Name	Jurisdiction
Beijing Wan Qiao Da Guan Information & Technology Ltd	China
Everbridge Holdings Limited	United Kingdom
Everbridge Europe Limited	United Kingdom
Everbridge Securities Corporation	Massachusetts
Microtech USA LLC	Delaware
Microtech Limited	Guernsey
Svensk Krisledning AB	Sweden

APPENDIX A-5: EVERBRIDGE AQUISITIONS

Name	Date	Location	Reason	Amount ($mil)
Svensk Krisledning AB	Jan 2017	Sweden	Technology: Crisis Commander	n.a.
IDV Solutions LLC	Jan 2017	U.S.A	Technology: Visual Command Center	21.2
Unified Messaging Systems ASA	April 2018	Norway	Geography: Europe/Norway	31.9
PlanetRisk, Inc	May 2018	Virginia	Technology: Data Visualization	2.0
Pespond B.V	May 2018	Netherlands	Geography: Europe/Netherlands	2.3
NC4	August 2018	U.S.A	Geography: United States Technology: CEM AI	83

APPENDIX B: INDUSTRY AND STRATEGY

APPENDIX B-1: MAIN COMPETITORS

Market Leaders	Industry	Notes
ALERTUS	Emergency Mass Notification	High occupancy facilities, award-winning technologies (patented), wall-mounted Alert Beacons, text-to-speech voice speaker arrays, IP phones, cable television override and integrates with fire alarm panels, (Significant Customers: Boston Medical, Princeton etc.)
BlackBerry AtHoc	Mass Communication & Crisis Management	Leading provider of networked crisis communications to defense & military, federal-state-local government, mass emergency warning system, (S.C.: US Department of Defense & Homeland Security)
OnSolve	Mass Notification, Government & IT Alerting, Crisis Management, Software	Provides software solutions, offers cloud-based notification and collaboration tools for emergency notification, IT alerting, disaster recovery, serves worldwide (S.C.: NASA, FritoLay, Pepsi)
Spok	Telecommunications	Global leader in critical communications for healthcare, government, public safety etc. Delivers smart, reliable solutions to help protect the health and well-being (S.C.: U.S. ARMY, Berkeley University, Accor Hotels.com FoxWoods (resort-casino), Cornell University)
Top Performers	**Industry**	**Notes**
Rave Mobile Safety	Software, Mass Notification	Provides Innovative solution to prepare better, respond faster and communicate more effectively during emergencies (S.C.: U.S Department of Homeland Security, Carle Clinic Association, Bentley University)
Criticalarc	Commercial Services, Consumer Discretionary	Provides situation awareness solutions, handles time critical situations, focused market: Australia (S.C.: Northeastern University, Universities of San Antonio, South Australia, Washington)
MissionMode	Mass Notification, IT Alerting	Simplifies incident management and emergency notification with cloud-based solutions with unparalleled support, user friendly and trusted when the pressure of emergency is high (S.C.: Birmingham Airport, Argo Gp)
Netpresenter	Communication, Emergency Notification	Internationally leading company, building improved communications to staff, ψustomer & public. (S.C.: AMBER ALERT, SONY, SwissMetal)
Omnilert	Emergency Communication, Mass Notification	Transforms the way those responsible communicate with people to rapidly disseminate critical information, automate emergency communications, accelerate emergency response, ensure business continuity, and recover quickly from a crisis (S.C.: Buffalo State, Towson University, Madison College)
Preparis	Application Software, Mass Notification	Provides unique combination of technology and services and creates and maintains business continuity programs easy (S.C.: Jackson Healthcare, Planalytics)
Singlewire Software	Application Software, Emergency Communication, Mass Notification	Develops InformaCast emergency notification software. Transforms existing Cisco Unified Communications platforms into a powerful, “any-to-any” mass communication and emergency mass notification system allowing them too simultaneously connect with thousands of IP phones, social media sites, email, sms etc. (S.C.: ASPIRUS, University of Louisville)
Rising Stars	**Industry**	**Notes**
Crisis Go	Crisis Management	Response to emergencies and reducing risk through a user friendly platform, instant access to safety resources for resolution, empower everyone to own a role in safety

		(S.C.: Kirkwood, AASA)
HipLink	Software, IT Alerting, Mass Notification	Woman-owned business, long history of innovations to meet the needs of alerting, management emergency response, mass notification & business continuity (S.C.: Motorola, Princeton University)
Pocketstop	Communication Services & Software Solutions	Creates personalized and automated messages, integrates customer-focused products enhancing efficiency in decision making (S.C.: Albertsons, JLL)

APPENDIX B-2: SWOT ANALYSIS

Strengths	Weaknesses
○ International market leadership ○ Complimentary Products ○ Fully integrated CEM platform ○ Low cost to maintain existing customers	○ Simultaneous management change ○ Its strategy contains expensive acquisitions ○ Heavily reliant on mas notification application ○ High operating risks ○ Ability to attain profitability
Opportunities	**Threats**
○ $41 billion market opportunity ○ EU regulations regarding the mass notification ○ Global Warming – Severe weather conditions ○ Advance of wearables for healthcare services ○ Advance of biotech	○ Foreign exchange risk (currency risks) ○ Local and foreign competition risk ○ Fail to comply with regulations / incident of cyber-attack & data leakage ○ Legislative actions (10-k page 37) ○ New accounting pronouncements ○ Huge marker disrupters (Facebook, Twitter)

APPENDIX B-3: PORTER'S FIVE FORCES

Main Category	Sub Category	Score
Buyer Power	**Buyer concentration:**	**4**
	Product differentiation:	**2**
	Use of multiple sources:	**4**
	Brand Identity:	**5**
	Importance of buyers:	**1**
	Buyers Profit Margins:	**2**
	Average Score:	**3.0**
Main Category	**Sub Category**	**Score**
Threat of new entrants	**Economies of scale:**	**2**
	Product differentiation:	**2**
	Switching costs for clients:	**4**
	Industry growth:	**1**
	Legal & regulatory barriers:	**3**
	Entry barriers:	**2**
	Distribution Channels:	**4**
	Defense of market share:	**2**
	Average Score:	**2.5**
Main Category	**Sub Category**	**Score**

Porters Five Forces	Score
Buyer Power	**3**
Threat of New Entrants	**2.5**
Threat of Substitutes	**3**
Rival among Existing Competitors	**2.7**
Supplier Power	**4**
Total	**15.2 / 25 (60.8%)**

Threat of substitutes	Number of substitutes:	2
	Propensity to substitute:	3
	Strategic advantages:	4
	Relative Pricing:	2
	Relative Quality:	4
	Average Score:	3.0
Main Category	**Sub Category**	**Score**
Rivalry among existing competitors	Industry growth:	2
	Concentration and balance:	2
	Exit barriers:	4
	Size of Competitors:	5
	Diversity of Competitors:	2
	Excess Capacity:	1
	Average Score:	2.7
Main Category	**Sub Category**	**Score**
Supplier Power	Dependence on the industry:	4
	Switching cost of suppliers:	2
	Product Differentiation:	5
	Supplier Concentration:	5
	Average Score:	4.0

APPENDIX B-4: TEAM-CONDUCTED AVERAGE SURVEY RESULTS

#	Question	Average Response
1	How likely is it that you would recommend Everbridge's Mass Notification service to a friend or colleague?	7
2	How long have you used Everbridge's Mass Notification service?	3 or more years
3	How did you hear about Everbridge's Mass Notification service?	Word of Mouth, Everbridge Sales Representative
4	Did you decide between other Mass Notification platforms before choosing Everbridge?	Yes
5	Overall, how satisfied or dissatisfied are you with Everbridge's Mass Notification service?	Satisfied (On a 5 tier scale from Very Satisfied to Very Disatidsfied)
6	How well does Everbridge's Mass Notification service meet your needs?	Very Well (On a 5 tier scale Extremely Well to Not at All Well)
7	How would you rate the quality of the service?	High Quality (On a 5 tier scale from Very High Quality to Very Low Quality)
8	Are you considering adding another one of Everbridge's products or services?	No
#	**Question**	**Comments**
9	Have you had a negative experience with Everbridge?	"User Error - Sent to an entire zip code"
10	Is there anything else you would like to share about your experience with Everbridge?	"The biggest limitation with Everbridge from a public notification perspective is that people have to opt in or sign up for the notification. With access to FEMA's IPAWS (Integrated Public Alert & Warning System) more targeted messaging can go to residents via their cell phones (similar to amber alerts). Access to this system is highly restricted (rightly so) but it have proven to be a highly effective tool. Everbridge is a great tool to notify first responders of an incident/event."

APPENDIX C: FINANCIALS

APPENDIX C-1: INCOME STATEMENT

In USD millions	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F
Net Revenue	**76.8**	**104.4**	**147.1**	**200.0**	**270.0**	**348.8**	**440.9**	**541.3**	**643.5**	**755.7**	**868.5**	**975.7**	**1,078.4**	**1,172.3**	**1,252.9**	**1,315.9**
GAAP COGS	23.8	31.5	46.8	62.9	79.2	106.6	134.3	164.4	201.5	236.3	271.2	304.5	336.3	365.4	390.4	409.9
SBC COGS	0.2	0.6	2.3	3.2	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of intangibles	2.3	1.6	1.3	1.7	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Non GAAP COGS	21.3	29.3	43.2	58.0	77.2	104.6	132.3	162.4	199.5	234.3	269.2	302.5	334.3	363.4	388.4	407.9
Non-GAAP Gross Profit	**55.6**	**75.0**	**103.9**	**142.0**	**192.7**	**244.1**	**308.6**	**378.9**	**444.0**	**521.4**	**599.3**	**673.2**	**744.1**	**808.9**	**864.5**	**908.0**
GAAP S&M	34.8	47.0	69.6	70.0	95.3	126.0	166.4	206.5	253.8	299.8	354.8	399.8	453.7	494.1	528.7	569.0
SBC	0.7	2.4	9.3	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Non-GAAP S&M	34.1	44.6	60.3	80.0	105.3	136.0	176.4	216.5	263.8	309.8	364.8	409.8	463.7	504.1	538.7	579.0
GAAP R&D	14.8	22.2	41.3	34.0	46.0	60.0	71.4	84.0	95.0	105.4	113.6	118.8	121.4	121.0	129.8	136.7
SBC	0.3	1.5	7.1	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Non-GAAP R&D	14.4	20.7	34.2	42.0	54.0	68.0	79.4	92.0	103.0	113.4	121.6	126.8	129.4	129.0	137.8	144.7
GAAP G&A	14.3	22.9	31.5	39.6	42.8	38.0	47.3	57.2	67.5	78.6	89.9	100.9	110.9	120.2	128.3	134.4
SBC	1.8	4.8	7.1	10.2	8.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Amortization of intangibles	0.9	2.1	4.7	5.2	5.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Non-GAAP G&A	11.5	16.0	19.7	24.2	29.6	34.7	44.0	53.9	64.2	75.3	86.6	97.6	107.6	116.9	125.0	131.1
Company Reported Non-GAAP Operating Income	**(4.5)**	**(6.2)**	**(10.3)**	**(4.2)**	**1.1**	**8.7**	**17.6**	**29.8**	**45.0**	**64.2**	**82.5**	**92.7**	**102.5**	**111.4**	**119.0**	**125.0**
Reported Amortization	3.2	3.7	5.9	8.3	8.3	8.2	8.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Reported Depreciation	4.5	6.5	7.8	6.6	8.2	10.7	10.8	10.4	12.3	14.5	16.6	18.7	20.6	22.4	24.0	25.2
Total D&A	7.7	10.2	13.7	14.9	16.5	18.9	19.1	13.7	15.6	17.8	19.9	22.0	23.9	25.7	27.3	28.5
Non-GAAP EBITDA	**0.0**	**0.2**	**(2.6)**	**2.4**	**9.3**	**19.4**	**28.5**	**40.1**	**57.3**	**78.7**	**99.1**	**111.3**	**123.1**	**133.8**	**143.0**	**150.2**
Non-GAAP Interest Expense	0.5	0.7	6.3	5.2	0.5	0.5	0.5	0.5	-	-	-	-	-	-	-	-
Non-GAAP Other Items	(0.0)	(0.4)	(1.7)	(1.7)	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Pre-tax operating income	(5.0)	(6.6)	(15.0)	(7.6)	(2.6)	5.0	13.9	26.0	41.8	61.0	79.3	89.5	99.3	108.2	115.8	121.8
NOL Carryforward	-	-	-	-	-	5.0	13.9	26.0	22.7	-	-	-	-	-	-	-
Non-GAAP Earnings before Taxes	**(5.0)**	**(6.6)**	**(15.0)**	**(7.6)**	**(2.8)**	**-**	**-**	**-**	**19.1**	**61.0**	**79.3**	**89.5**	**99.3**	**108.2**	**115.8**	**121.8**
Tax Rate	**0%**	**-1%**	**-5%**	**6%**	**18%**	**18%**	**18%**	**18%**	**18%**	**18%**	**18%**	**18%**	**18%**	**18%**	**18%**	**18%**
Non-GAAP Provision for taxes	(0.0)	0.0	0.8	(0.5)	(0.5)	-	-	-	3.4	11.0	14.3	16.1	17.9	19.5	20.8	21.9
Non-GAAP Net Income to common shareholders	**(5.0)**	**(6.6)**	**(15.8)**	**(7.2)**	**(2.7)**	**-**	**-**	**-**	**15.7**	**50.0**	**65.0**	**73.4**	**81.4**	**88.7**	**95.0**	**99.9**
SBC	3.1	9.3	25.8	25.0	26.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Intangible Amortization + Acquisition Adj.	3.2	3.7	5.9	5.2	3.2	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)
GAAP Net Income to Common Shareholders	**(11.3)**	**(19.6)**	**(47.5)**	**(37.4)**	**(31.9)**	**(19.3)**	**(19.3)**	**(19.3)**	**(3.6)**	**30.7**	**45.7**	**54.1**	**62.1**	**69.4**	**75.7**	**80.6**

APPENDIX C-1a: EARNINGS PER SHARE (EPS)

In USD millions	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F
GAAP Earnings Per Share - Diluted	**$(0.68)**	**$(0.70)**	**$(1.63)**	**$(0.99)**	**$(0.84)**	**$(0.51)**	**$(0.51)**	**$(0.51)**	**$(0.10)**	**$0.81**	**$1.21**	**$1.43**	**$1.64**	**$1.84**	**$2.00**	**$2.13**
Non-GAAP Adjusted Earnings Per Share - Diluted	**$(0.30)**	**$(0.24)**	**$(0.54)**	**$(0.21)**	**$(0.08)**	**$-**	**$-**	**$-**	**$0.46**	**$1.48**	**$1.92**	**$2.17**	**$2.41**	**$2.63**	**$2.81**	**$2.96**

APPENDIX C-1b: TAX LOSS CARRYFORWARD SCHEDULE

In USD millions	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F
Opening Balance	13.29	18.27	39.78	57.15	64.79	67.61	62.64	48.75	22.72	-	-	-	-	-	-	-
Current Loss	4.97	6.55	14.96	7.64	2.82	-	-	-	-	-	-	-	-	-	-	-
Sub Total	18.27	24.82	54.73	64.79	67.61	67.61	62.64	48.75	22.72	-	-	-	-	-	-	-
Loss Used	-	-	-	-	-	4.97	13.89	26.03	22.72	-	-	-	-	-	-	-
Closing Balance	18.27	24.82	54.73	64.79	67.61	62.64	48.75	22.72	-	-	-	-	-	-	-	-

APPENDIX C-2: BALANCE SHEET

In USD millions	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F
Current Assets																
Cash	60.8	102.8	60.0	624.3	604.8	615.7	634.9	643.8	235.4	307.6	394.8	490.2	591.1	698.2	803.6	905.6
Restricted cash	-	0.3	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Short-term investments	-	42.9	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5
Accounts receivable, net	17.8	31.7	41.1	55.9	75.4	97.5	123.2	151.3	179.8	211.2	242.7	272.7	301.4	327.6	350.1	367.7
Prepaid expenses	1.8	2.6	4.9	4.0	5.0	6.8	8.5	10.5	12.8	15.0	17.3	19.4	21.4	23.3	24.8	26.1
Deferred costs	-	-	6.5	7.5	8.5	9.6	10.8	12.0	13.2	14.4	15.5	16.6	17.6	18.5	19.2	19.8
Other current assets	2.5	3.2	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Total Current Assets	**82.9**	**183.5**	**162.5**	**741.7**	**743.9**	**779.7**	**827.6**	**867.7**	**491.4**	**598.4**	**720.4**	**849.0**	**981.6**	**1,117.8**	**1,247.9**	**1,369.4**
Non-Current Assets																
Property and equipment, net	2.9	2.8	4.7	(0.9)	10.4	5.3	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)
Capitalized software development costs	8.8	10.0	12.9	10.6	14.4	18.7	22.3	26.2	29.6	32.9	35.5	37.1	37.9	37.8	40.5	42.7
Goodwill	9.7	31.3	48.4	48.4	48.4	48.4	48.4	48.4	48.4	48.4	48.4	48.4	48.4	48.4	48.4	48.4
Intangible assets, net	3.9	8.6	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2
Deferred costs	-	-	10.3	10.3	14.1	18.6	24.5	30.5	37.4	44.2	52.3	59.0	66.9	72.9	78.0	83.9
Other assets	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total Non-Current Assets	**25.4**	**53.0**	**99.6**	**91.8**	**110.6**	**114.4**	**117.0**	**126.9**	**137.2**	**147.3**	**158.0**	**166.2**	**175.0**	**180.8**	**188.7**	**196.8**
Total Assets	**108.3**	**236.4**	**262.1**	**833.5**	**854.5**	**894.0**	**944.6**	**994.5**	**628.6**	**745.7**	**878.4**	**1,015.2**	**1,156.6**	**1,298.6**	**1,436.6**	**1,566.1**
Current Liabilities																
Accounts payable	2.4	2.4	2.7	8.8	6.4	8.7	11.0	13.6	16.6	19.5	22.5	25.2	27.9	30.3	32.4	34.0
Accrued payroll and employee related liabilities	7.5	11.1	17.1	19.7	27.7	35.8	45.3	55.6	66.1	77.6	89.2	100.3	110.8	120.5	128.7	135.2

Accrued expenses	2.0	1.8	5.6	5.5	7.8	10.6	13.4	16.4	20.1	23.7	27.2	30.5	33.8	36.7	39.2	41.2
Line of credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Term loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	51.4	70.1	92.7	130.0	175.5	219.7	273.4	324.8	379.6	445.9	512.4	575.7	636.3	691.7	739.2	776.4
Contingent liabilities	-	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	0.4	0.5	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	0.5	0.8	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Total Current Liabilities	**63.8**	**87.0**	**120.0**	**166.0**	**218.9**	**276.3**	**344.5**	**411.8**	**484.0**	**568.2**	**652.8**	**733.2**	**810.2**	**880.7**	**941.1**	**988.3**
Non-Current Liabilities																
Deferred revenue, noncurrent	1.2	3.0	2.9	4.4	4.2	5.7	7.3	9.3	11.4	13.5	15.9	18.2	20.5	22.6	24.6	26.3
Line of credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Term loan, net of current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Convertible senior notes	-	89.5	94.1	436.6	436.6	436.6	436.6	436.6	-	-	-	-	-	-	-	-
Deferred tax liabilities	0.5	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other long term liabilities	0.4	0.5	1.9	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8
Total Non-Current liabilities	**2.2**	**93.5**	**100.0**	**454.8**	**454.6**	**456.1**	**457.7**	**459.6**	**25.1**	**27.3**	**29.7**	**32.0**	**34.3**	**36.4**	**38.4**	**40.1**
Total Liabilities	**66.0**	**180.4**	**220.0**	**620.7**	**673.5**	**732.4**	**802.3**	**871.5**	**509.2**	**595.5**	**682.5**	**765.2**	**844.5**	**917.1**	**979.5**	**1,028.4**
Shareholders' Equity																
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additional paid-in capital	132.2	165.0	194.9	404.7	404.7	404.7	404.7	404.7	404.7	404.7	404.7	404.7	404.7	404.7	404.7	404.7
Accumulated deficit	(89.6)	(109.3)	(147.7)	(185.1)	(216.9)	(236.2)	(255.5)	(274.8)	(278.5)	(247.7)	(202.0)	(147.9)	(85.8)	(16.4)	59.3	139.8
Accumulated other comprehensive loss	(0.3)	0.2	(5.1)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)
Total SE	**42.4**	**56.0**	**42.2**	**212.8**	**180.9**	**161.6**	**142.3**	**123.0**	**119.4**	**150.2**	**195.9**	**250.0**	**312.1**	**381.5**	**457.1**	**537.7**
Total Liabilities & SE	**108.3**	**236.4**	**262.2**	**833.5**	**854.5**	**894.0**	**944.6**	**994.5**	**628.6**	**745.7**	**878.4**	**1,015.2**	**1,156.6**	**1,298.6**	**1,436.6**	**1,566.1**

APPENDIX C-3: CASH FLOW STATEMENT

In USD millions	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F
Cash Flow from Operating																
Net profit	(11.3)	(19.6)	(47.5)	(7.2)	(2.7)	-	-	-	15.7	50.0	65.0	73.4	81.4	88.7	95.0	99.9
Depreciation and amortization	7.7	10.2	13.7	14.9	16.5	18.9	19.1	13.7	15.6	17.8	19.9	22.0	23.9	25.7	27.3	28.5
Loss on disposal of assets	0.1	0.0	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income taxes	(0.1)	(0.0)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Non-cash investment income	-	(0.2)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Accretion of interest on notes payable	-	0.5	4.6													
Non-cash interest expense on line of credit and term loan	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for doubtful accounts	0.4	0.6	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Change in fair value of contingent consideration obligation	-	(1.0)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)

Cash Flow from Operating before Working Capital	**(3.2)**	**(9.6)**	**(29.5)**	**7.3**	**13.5**	**18.5**	**18.8**	**13.3**	**30.9**	**67.4**	**84.6**	**95.0**	**104.9**	**114.0**	**121.9**	**128.0**
Accounts receivable	(2.3)	(13.1)	(2.6)	(14.8)	(19.5)	(22.0)	(25.7)	(28.1)	(28.6)	(31.4)	(31.5)	(29.9)	(28.7)	(26.2)	(22.5)	(17.6)
Prepaid expenses	(0.3)	(0.6)	(2.0)	0.9	(1.0)	(1.7)	(1.8)	(1.9)	(2.4)	(2.2)	(2.2)	(2.1)	(2.0)	(1.9)	(1.6)	(1.2)
Deferred costs	-	(0.1)	(8.3)	(1.0)	(1.0)	(1.1)	(1.2)	(1.2)	(1.2)	(1.2)	(1.1)	(1.1)	(1.0)	(0.9)	(0.7)	(0.6)
Other assets	(1.1)	(6.6)	(4.0)	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	(0.4)	(0.1)	(1.3)	6.1	(2.4)	2.3	2.3	2.5	3.1	2.9	2.9	2.8	2.7	2.4	2.1	1.6
Accrued payroll and employee related liabilities	1.3	3.6	4.7	2.6	8.1	8.1	9.5	10.3	10.5	11.5	11.6	11.0	10.6	9.6	8.3	6.5
Accrued expenses	0.5	(0.1)	0.3	(0.1)	2.3	2.8	2.8	3.0	3.7	3.5	3.5	3.4	3.2	2.9	2.5	2.0
Deferred revenue	12.0	16.4	13.2	37.3	45.4	44.2	53.6	51.4	54.9	66.2	66.6	63.2	60.6	55.4	47.5	37.2
Other liabilities	(0.1)	(0.2)	1.7	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow from Operating	**6.4**	**(10.3)**	**(27.8)**	**38.3**	**45.3**	**51.1**	**58.3**	**49.4**	**71.0**	**116.8**	**134.3**	**142.2**	**150.3**	**155.5**	**157.4**	**155.8**
Cash Flow From Investing																
Capital expenditures	(1.0)	(1.7)	(1.7)	(3.8)	(4.6)	(5.6)	(8.4)	(10.4)	(12.3)	(14.5)	(16.6)	(18.7)	(20.6)	(22.4)	(24.0)	(25.2)
Proceeds from landlord reimbursement	-	-	-	1.1	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale leaseback transaction	-	0.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments for acquisitions, net of acquired cash	(2.3)	(21.2)	(35.9)	(6.8)	-	-	-	-	-	-	-	-	-	-	-	-
Additions to capitalized software development costs	(5.5)	(6.7)	(8.5)		-	-	-	-	-	-	-	-	-	-	-	-
Purchase of intangibles	(0.3)	-	(0.2)	15.0	-	-	-	-	-	-	-	-	-	-	-	-
Change in restricted cash	-	-	-	0.2	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	-	-	-	-	-	-	-
Purchase of investments		(42.7)	16.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow from Investing	**(9.0)**	**(71.5)**	**(30.2)**	**5.7**	**(4.6)**	**(5.6)**	**(8.5)**	**(10.4)**	**(12.3)**	**(14.5)**	**(16.6)**	**(18.7)**	**(20.6)**	**(22.4)**	**(24.0)**	**(25.2)**
Cash Flow from Financing																
Proceeds from line of credit	9.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments on line of credit	(19.5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments of issuance costs relating to line of credit and term loan	(0.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted stock units withheld to settle employee tax withholding liability	-	-	(7.9)	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal payments on capital leases	(0.1)	-	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from follow-on offering, net of underwriters discount and commissions	-	10.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments of public offering costs	(2.0)	(0.9)	(0.3)	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from public offering	-	-	-	143.8	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from initial public offering	69.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from employee stock purchase plan	-	1.5	1.8	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments on notes payable	(2.0)	-	(0.1)	0.0	-	-	(115.2)	-	-	-	-	-	-	-	-	-
Proceeds from term loan	(5.0)	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from warrant exercises	0.0	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Proceeds from option exercises	0.8	2.9	10.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from issuance of convertible notes	-	115.0	-	436.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payments on convertible notes					(0.5)	(0.5)	(0.5)	(0.5)	(486.8)	-	-	-	-	-	-	-
Payments of debt issuance costs	-	(3.8)	(0.1)	(13.4)	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of convertible note capped call hedge	-	(12.9)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment of contingent consideration	-	(3.8)	(0.4)	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow from Financing	**51.5**	**108.5**	**3.1**	**567.0**	**(0.5)**	**(0.5)**	**(115.7)**	**(0.5)**	**(486.8)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
FX	0.2	(0.1)	(1.0)													
Net Change in Cash Balance	**49.1**	**26.6**	**(55.8)**	**611.0**	**40.2**	**44.9**	**(65.9)**	**38.5**	**(428.1)**	**102.4**	**117.7**	**123.6**	**129.7**	**133.1**	**133.5**	**130.7**

APPENDIX C-4: SaaS PEER PROFITABILITY ANALYSIS

Gross Profit Margin (%)	FY2016	FY2017	FY2018	Operating Margin (%)	FY2016	FY2017	FY2018
Everbridge	72.32	71.91	70.60	**Everbridge**	-5.84	-5.98	-3.5
Healthstream Inc	57.24	57.2	58.55	**Healthstream Inc**	2.46	3.96	6.69
Five9 Inc	58.71	58.49	59.62	**Five9 Inc**	-4.04	-2.86	2.72
Alteryx Inc	81.32	83.43	91.01	**Alteryx Inc**	-26.84	-13.83	11.74
Blackline Inc	75.46	76.57	77.67	**Blackline Inc**	-27.56	-19.8	-13.1
Pros Holdings	58.67	59.38	60.83	**Pros Holdings**	-42.67	-38.47	-24.98
Mimecast LTD	70.52	73.03	73.39	**Mimecast LTD**	-1.81	-5.56	-2.66
EBITDA Margin (%)	**FY2016**	**FY2017**	**FY2018**	**Pretax Margin (%)**	**FY2016**	**FY2017**	**FY2018**
Everbridge	0.02	0.21	-0.20	**Everbridge**	-14.72	-18.77	-31.76
Healthstream Inc	12.29	14.57	17.15	**Healthstream Inc**	2.72	4.25	7.16
Five9 Inc	1.14	1.3	6.71	**Five9 Inc**	-7.28	-4.35	0.03
Alteryx Inc	-24.88	-10.82	13.25	**Alteryx Inc**	-28.03	-13.98	10.03
Blackline Inc	-13.41	-8.52	-3.29	**Blackline Inc**	-37.15	-21.18	-12.16
Pros Holdings	-36.46	-32.23	-18.35	**Pros Holdings**	-48.77	-46.07	-32.51
Mimecast LTD	5.61	0.81	4.58	**Mimecast LTD**	-1.68	-1.74	-3.7
Net Margin (%)	**FY2016**	**FY2017**	**FY2018**	**Return on Assets (%)**	**FY2016**	**FY2017**	**FY2018**
Everbridge	-14.68	-18.81	-32.3	**Everbridge**	-10.41	-8.3	-18.12
Healthstream Inc	1.66	4.04	13.91	**Healthstream Inc**	0.97	2.48	7.55
Five9 Inc	-7.32	-4.48	-0.09	**Five9 Inc**	-11.6	-7.68	-0.08
Alteryx Inc	-28.28	-13.3	11.05	**Alteryx Inc**	-23.26	-8.69	6.16
Blackline Inc	-31.8	-21.5	-12.21	**Blackline Inc**	-11.07	-8.84	-5.82
Pros Holdings	-49.08	-46.16	-32.61	**Pros Holdings**	-30.62	-30.18	-17.71
Mimecast LTD	-2.29	-2.06	-4.73	**Mimecast LTD**	-2.46	-2.86	-4.39

Return on Invested Capital (%)	FY2016	FY2017	FY2018	Return on Equity (%)	FY2016	FY2017	FY2018
Everbridge	-56.13	-20.55	-30.8	**Everbridge**	-26.64	-35.07	-113.7
Healthstream Inc	1.18	3.12	3.91	**Healthstream Inc**	10.41	3.41	1.33
Five9 Inc	-11.23	-8.28	-8.83	**Five9 Inc**	-41.9	-23.25	-0.23
Alteryx Inc	-75.02	-19.53	9.76	**Alteryx Inc**	-	-	12.31
Blackline Inc	-12.89	-12.4	-9.17	**Blackline Inc**	-17.12	-12.99	-8.7
Pros Holdings	-47.29	-48.48	-23.44	**Pros Holdings**	-	-	-
Mimecast LTD	-6.62	-13.18	-7.93	**Mimecast LTD**	-	-6.8	-13.49

APPENDIX C-5: SaaS PEER LIQUIDITY ANALYSIS

Company Name	Current			Quick			Cash		
	FY2016	FY2017	FY2018	FY2016	FY2017	FY2018	FY2016	FY2017	FY2018
Everbridge	1.3	2.11	1.35	1.23	2.04	1.22	0.95	1.68	0.88
Healthstream Inc	1.87	1.98	2.26	1.56	1.7	1.94	1.09	1.3	1.58
Five9 Inc	2.2	2.35	6.96	2.11	2.23	6.6	1.71	1.74	6.08
Alteryx Inc	1.17	1.85	3.71	1.03	1.71	3.41	0.62	1.33	2.65
Blackline Inc	1.51	1.42	1.39	1.36	1.27	1.3	0.97	0.82	0.83
Pros Holdings	1.8	1.98	1.26	1.73	1.89	1.23	1.39	1.57	1.08
Mimecast LTD	1.76	1.5	1.33	1.67	1.41	1.23	1.27	1.01	0.84

APPENDIX D: VALUATION

APPENDIX D-1: BASE CASE

Fiscal year	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F
Customer Growth	15.0%	14.0%	13.0%	12.0%	11.0%	10.0%	9.0%	8.0%	7.0%	6.0%	5.0%	4.0%
Add-On Growth	56.0%	43.0%	33.1%	24.0%	18.0%	13.0%	10.0%	8.0%	6.0%	5.0%	4.0%	3.0%
Operating Margin	-2.1%	0.4%	2.5%	4.0%	5.5%	7.0%	8.5%	9.5%	9.5%	9.5%	9.5%	9.5%

APPENDIX D-2: SENSITIVITY ANALYSIS

Equity value per share

Long term growth rate (g):

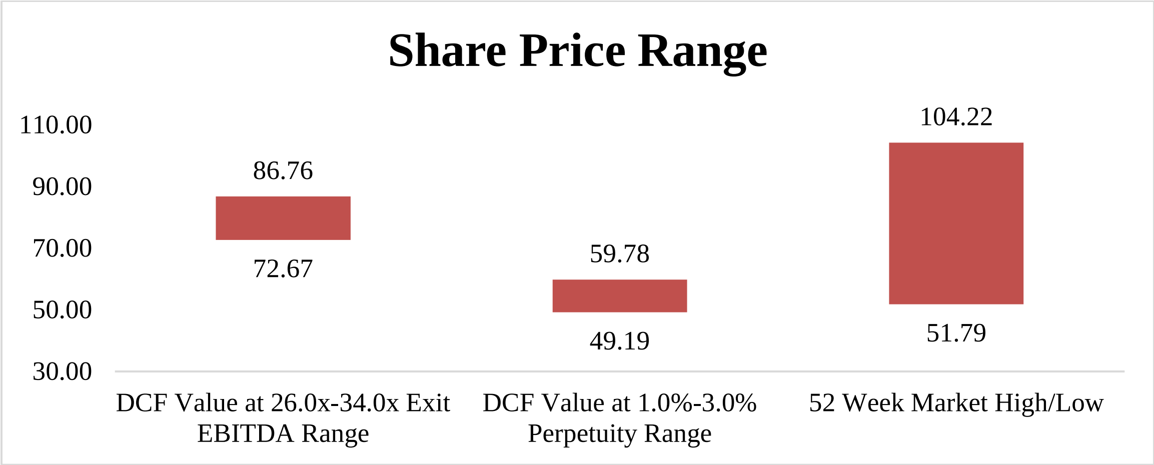
	$45.25	1.0%	1.5%	2.0%	2.5%	3.0%
WACC:	9.6%	37.60	38.52	39.57	40.76	42.14
	8.6%	42.60	43.94	45.47	47.26	49.37
	7.6%	49.19	51.19	53.54	56.36	59.78
	6.6%	58.22	61.36	65.20	69.96	76.06
	5.6%	71.27	76.61	83.43	92.45	104.94

Equity value per share

Exit EBITDA Multiple

	$62.00	26.0x	28.0x	30.0x	32.0x	34.0x
WACC:	9.2%	60.25	63.02	65.79	68.56	71.33
	8.2%	66.08	69.21	72.33	75.45	78.57
	7.2%	72.67	76.19	79.71	83.23	86.76
	6.2%	80.12	84.10	88.08	92.05	96.03
	5.2%	88.56	93.06	97.56	102.06	106.55

APPENDIX D-3: FOOTBALL FIELD ANALYSIS



APPENDIX D-4: BETA CALCULATIONS

Company	Levered Beta	Leverage Ratio	Tax	Unlevered beta
HealthStream	0.83	-12.2%	20.0%	0.92
Five9 Inc.	1.42	-25.2%	12.0%	1.82
Alteryx	1.77	10.0%	10.1%	1.62
Blackline	1.19	-4.4%	8.3%	1.24
Mimecast LTD	1.33	136.7%	6.7%	0.58
Pros Holdings	1.0805	28.0%	9.8%	0.86
Average	1.27	22.1%	11.2%	1.18
Median	1.26	2.8%	10.0%	1.08

EVBG - Target Capital Structure (t = .12)	
Gross Debt /Equity	Relevered Beta
34%	1.53
48%	**1.68**
62%	1.82

APPENDIX D-5: DCF CALCULATION

Key Financials	2019A	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F
Unlevered CFO	**42.0**	**49.4**	**58.7**	**73.3**	**74.3**	**92.8**	**119.9**	**137.4**	**145.3**	**153.4**	**158.6**	**160.5**	158.9
Growth %		17.5%	18.8%	24.8%	1.4%	24.8%	29.3%	14.6%	5.7%	5.6%	3.4%	1.2%	-1.0%
Less: Capital expenditures	**3.8**	**4.6**	**5.6**	**8.4**	**10.4**	**12.3**	**14.5**	**16.6**	**18.7**	**20.6**	**22.4**	**24.0**	**25.2**
Growth %		21.1%	21.7%	50.5%	22.8%	18.9%	17.4%	14.9%	12.3%	10.5%	8.7%	6.9%	5.0%
Less: Purchases of intangible assets	**15.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Unlevered FCF	**23.2**	**44.8**	**53.1**	**64.8**	**64.0**	**80.5**	**105.5**	**120.8**	**126.6**	**132.8**	**136.2**	**136.6**	**133.8**
Growth %		92.8%	18.5%	22.1%	-1.3%	25.8%	31.1%	14.5%	4.8%	4.8%	2.6%	0.3%	-2.1%
Margin %		16.6%	15.2%	14.7%	11.8%	12.5%	14.0%	13.9%	13.0%	12.3%	11.6%	10.9%	10.2%

APPENDIX D-6: TERMINAL FCF CALCULATION

Perpetuity approach	
Normalized FCF in last forecast period (t)	134
Normalized FCFt+1	136
Long term growth rate (g)	2%
Terminal value	2,057
Present value of terminal value	701
Present value of stage 1 cash flows	629
Enterprise value	1,330