

Sidoti & Company LLC Spring 2021 Virtual Investor Conference

March 25, 2021

SERVICESOURCE®



Unlock Tomorrow's Opportunity. **Today.**

Forward-Looking Statements and Non-GAAP Financial Measures

This presentation contains forward-looking statements, including statements regarding our financial management and our expectation to continue to invest in our strategic priorities and digital transformation initiatives. These forward-looking statements are based on our current assumptions and beliefs and involve risks and uncertainties that could cause our results to differ materially from our forward-looking statements. Those risks and uncertainties include: a decline in client renewals, the loss of one or more of our key clients, the contraction in our revenue from one or more of our key clients - either in the ordinary course of business or as a result of macroeconomic conditions resulting from the COVID-19 pandemic - in each case resulting in churn, or our clients not expanding their relationships with us; economic or other adverse events or conditions affecting the technology industry, including as a result of the COVID-19 pandemic; and other risks and uncertainties described more fully in our periodic reports filed with the Securities and Exchange Commission, which can be obtained online at the Commission's website at <http://www.sec.gov>. All forward-looking statements in this presentation are based on information currently available to us, and except as may be legally required we assume no obligation to update these forward-looking statements.

This presentation also includes measures defined by the SEC as non-GAAP financial measures. ServiceSource believes these non-GAAP financial measures can provide useful supplemental information to investors relating to its financial condition and results of operations when read in conjunction with the Company's reported results. These non-GAAP measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP. Definitions of these non-GAAP financial measures and reconciliations to the closest GAAP financial measures are available in our earnings press releases posted on the Investor Relations portion of the ServiceSource website and at the end of the presentation.

Today's Call

- ▶ Company Overview
- ▶ FY 2020 Business & Financial Highlights
- ▶ Long-Term Roadmap
- ▶ Key Investment Highlights
- ▶ Q&A

Gary B. Moore
Chairman & CEO



Chad Lyne
CFO



Webcast Details

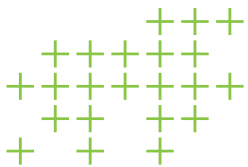
Webcast Link https://sidoti.zoom.us/webinar/register/WN_KW9xwO_uSASvgkjXmnI9tA

Who We Are.

ServiceSource is an outsourced go-to-market services provider that delivers B2B digital sales, customer success, renewals management and channel management solutions.

Our expert sales professionals, data-powered insights and proven methodologies scale and transform customer journey experiences into **profitable business outcomes**.

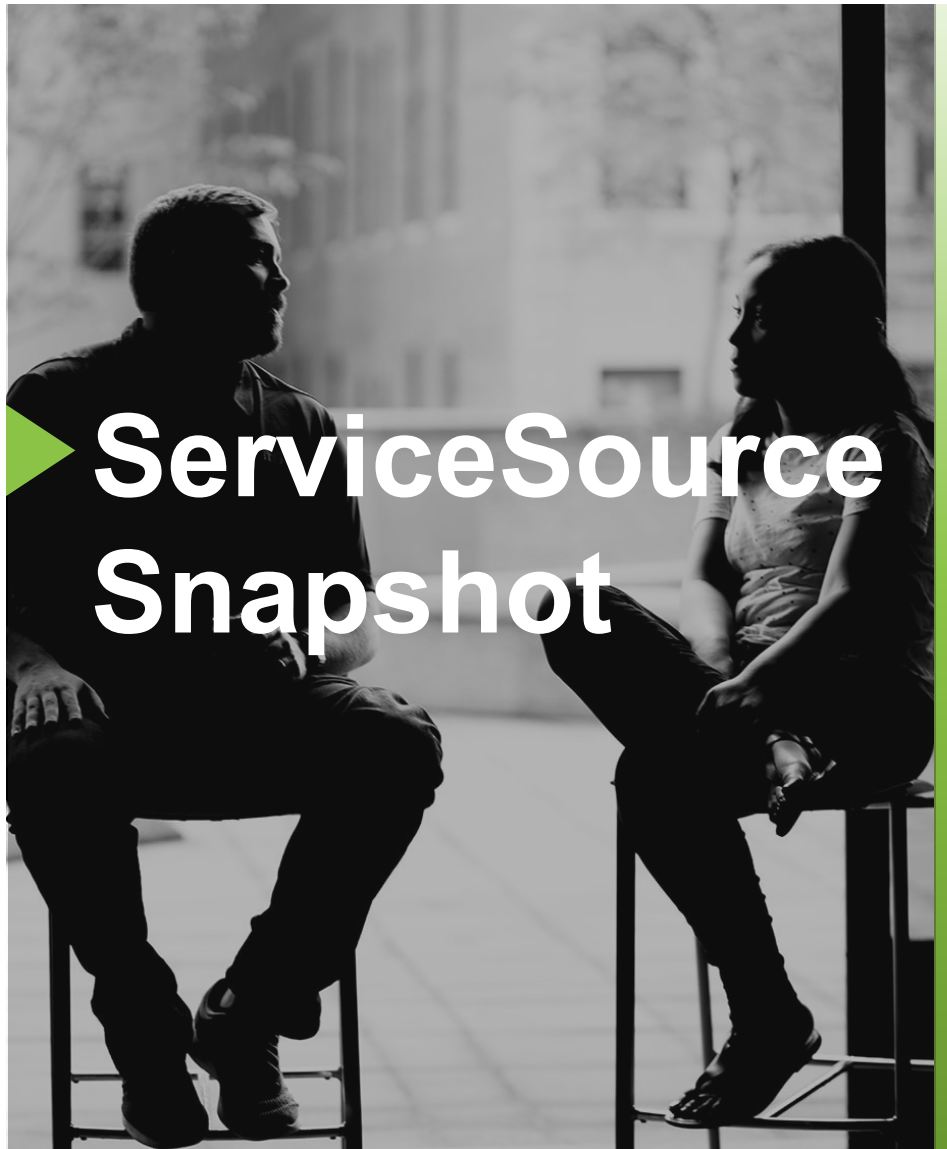
Our CJX™ solution suite helps companies reimagine their customer acquisition, engagement, expansion, and retention initiatives to sell more, scale better, and grow faster.



SERVICE**SOURCE**®

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ServiceSource Snapshot

OUR BACKGROUND

- Founded in 1999
- IPO in 2011
- \$5B+ of Annual Client Revenue Impact
- \$194.6M Revenue⁽¹⁾
- Zero Net Debt⁽²⁾
- ~40 Marquee Clients

OUR VISION

Transforming the B2B Customer Journey Experience (CJX™).

ServiceSource is a global market leader with a configurable, outcome-focused model that delivers more profitable and valuable customer relationships for technology titans and digital disruptors. We help our clients' customers stay longer, buy more, and be more successful throughout their journey.

OUR REPRESENTATIVE CLIENTS



A Configurable, Purpose-Built, Integrated Customer Journey Experience (CJX™) Solution Suite

CORE SOLUTIONS

CORE MOTIONS



Digital Sales.

- Lead Qualification
- Lead Conversion
- Account Management



Customer Success.

- Onboarding
- Adoption
- Renewal Management



Channel Management.

- Partner Recruitment
- Partner Onboarding & Enablement
- Partner Success Management

ENABLING COMPETENCIES



People



Process



Insights

Delivering Client Value Across The ILAER Continuum.



Identify

- ▲ Funnel Size
- ▲ Pipeline Velocity
- ▲ Lead Quality



Land

- ▲ Lead Conversion
- ▲ Sales Velocity
- ▲ ACV/CAC



Adopt

- ▲ Activation
- ▲ Adoption
- ▲ Usage



Expand

- ▲ Upsell
- ▲ Cross-Sell
- ▲ Consumption



Renew

- ▲ Retention
- ▲ Customer LTV
- ▲ NPS

We Operate Digitally, Sell Virtually, And Conduct Multilingual Commerce Globally

~2,800

Employees Worldwide

170+

Countries Sold Into

45

Languages

11

Global Delivery Locations

8

Countries of Operation

100%

Virtual-First Operating Model Since March '20

San Francisco
1999

Denver
2006

Nashville
2008

Dublin
2004

Liverpool
2010

Sofia
2016

Kuala Lumpur
2011

Singapore
2010

Manila
2015

Okinawa
2017

Yokohama
2013

NALA Language Coverage:

- Brazilian Portuguese
- English
- French Canadian
- Spanish

EMEA Language Coverage:

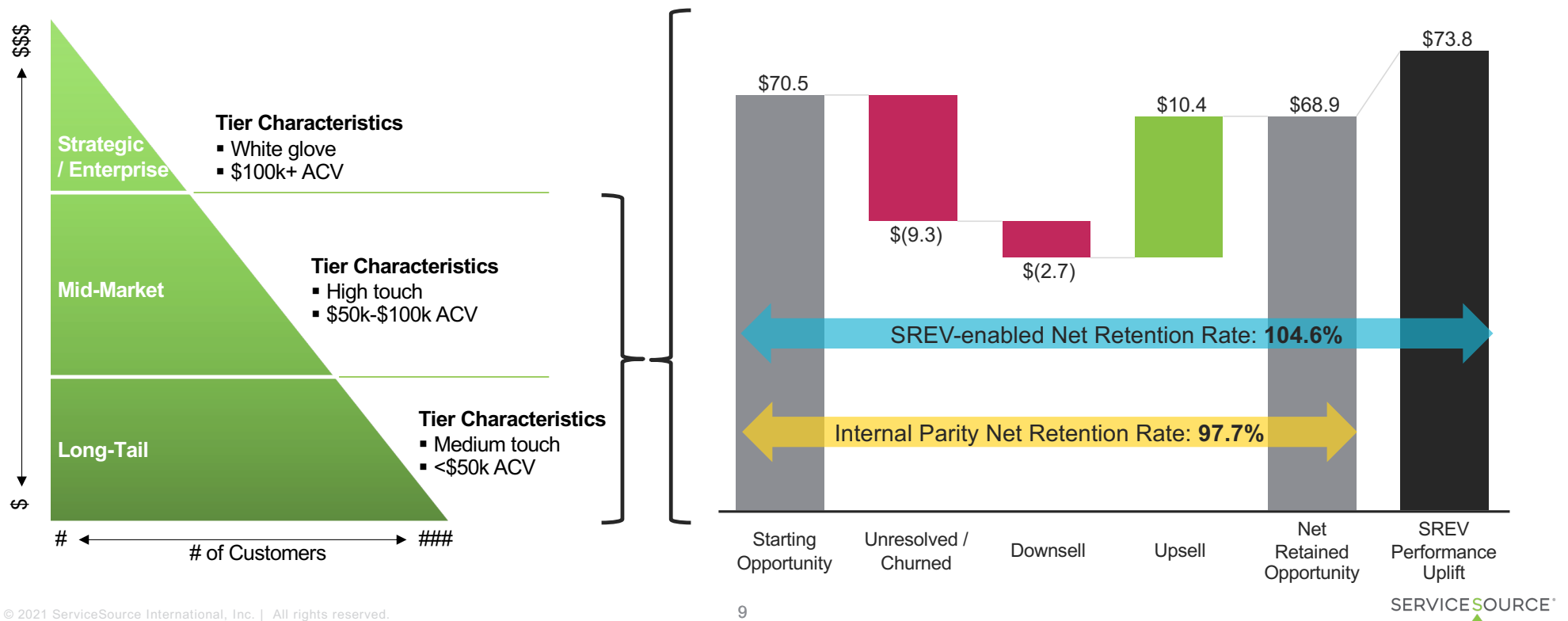
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|-------------|-------------|--------------|----------------|
| • Arabic | • Finnish | • Lithuanian | • Swedish |
| • Bulgarian | • French | • Norwegian | • Swiss German |
| • Catalan | • German | • Polish | • Turkish |
| • Czech | • Greek | • Portuguese | • Ukrainian |
| • Danish | • Hebrew | • Romanian | |
| • Dutch | • Hungarian | • Russian | |
| • English | • Italian | • Slovak | |
| • Farsi | • Latvian | • Spanish | |

APJ Language Coverage:

- | | |
|--------------|--------------------|
| • Indonesian | • Mandarin Chinese |
| • Malay | • Tagalog |
| • Cantonese | • Taiwanese |
| • English | • Tamil |
| • Hindi | • Thai |
| • Hokkien | • Vietnamese |
| • Japanese | |
| • Korean | |

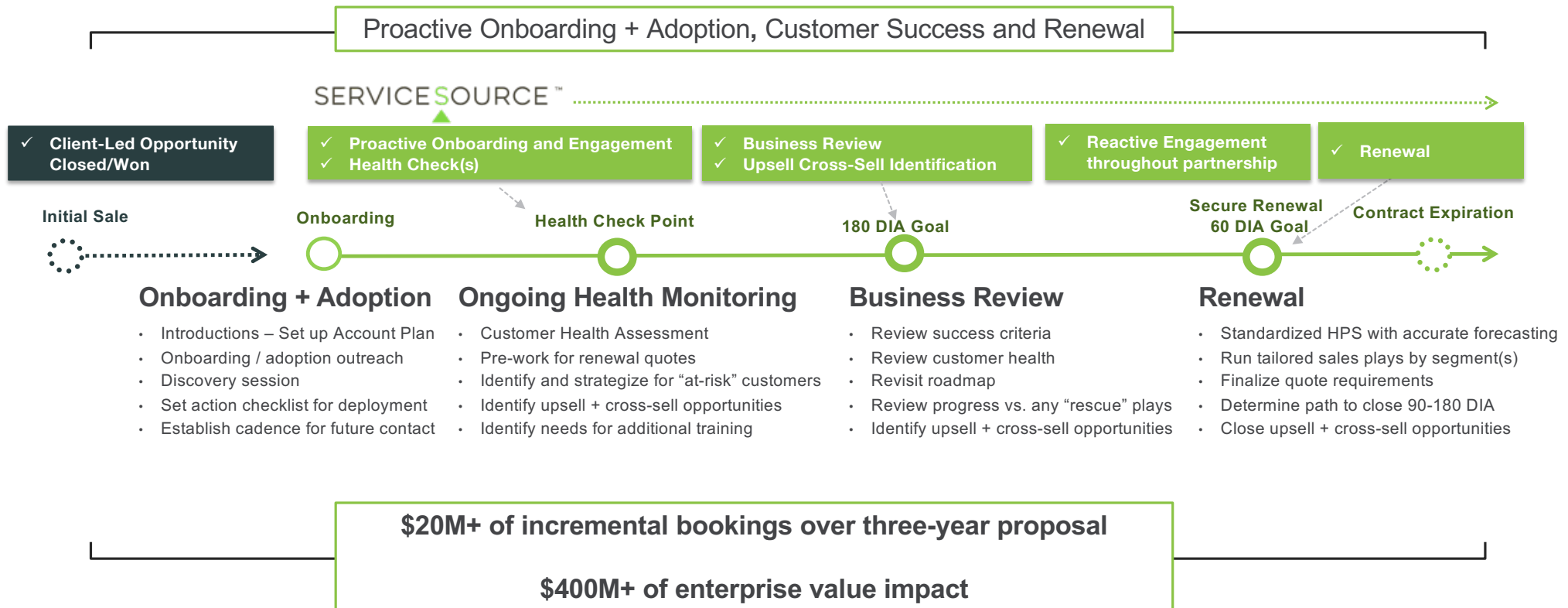
Playing A Mission-Critical Retention & Growth Role

Recent “blinded” SaaS example of how our integrated CJX™ approach can drive value



Playing A Mission-Critical Retention & Growth Role

Recent “blinded” SaaS example of how our integrated CJX™ approach can drive value



Core Values

Brand Promise: Trusted Business Outcomes Delivered



DEDICATION

- We deliver on the commitment to excellence.
- We have a mindset of continuous innovation.
- We act with urgency and speed.



CARING

- We care for our clients, our communities, and each other.
- We choose respect and kindness in every interaction.
- We donate our time and energy to impact the people around us.



TRUST

- We communicate transparently.
- We believe in each other and do the right thing.
- We act with integrity, accountability, and respect.



COLLABORATION

- We win and learn as a team.
- We invest in growth for ourselves and our clients.
- We value the contributions of others.

FY 2020 Highlights

Demonstrated resilience through a challenging macro

Revenue

vs. PY

\$194.6M

▼ 10.0%

Non-GAAP Gross Profit

vs. PY

\$63.4M

▼ \$4.2M

32.6%

▲ 130bps

Adjusted EBITDA

vs. PY

\$4.3M

▲ \$0.1M

Contract Renewals

~81%

renewed or extended

Top Clients

4 of top 5

grew revenue year-over-year

10+ year

average tenure for current top 10

New Logo Wins

6

"Health & Fitness Industry
Software Company"

ABSOLUTE

FIREFLY

nextiva

PagerDuty

ptc



2020 Business Highlights

- ▶ Expanded non-GAAP Gross Profit margins and Adjusted EBITDA year-over-year
- ▶ Won two new clients in the fourth quarter and six for the full-year
- ▶ Grew revenue year-over-year with four of our five largest clients
- ▶ Signed expansion wins with seven of our current top ten clients
- ▶ Grew Q2-Q4 new bookings more than 25% year-over-year



FY 2021 Context

- ▶ Encouraging signs of economic recovery balanced against uncertain and difficult operating environments within many of our clients' businesses
- ▶ More challenging YoY comparison in H1 due to normal seasonality trends and ongoing pressure in our clients' mid-market and SMB customer tiers
- ▶ Believe segment-specific pressure will begin to abate later this year as buyer confidence and IT budgets return in these tiers
- ▶ Expect to return to growth in the back half of 2021
- ▶ Confident that we have the right strategy, team, priorities, and focus to build a growing, profitable, and more valuable enterprise

Long-Term Target Model

	2020 Actual	2021 Context	3-5 Year Target Model	Illustrative Target Model Levers
Revenue	\$194.6M ▼ 10.0% YoY	H1 YoY contraction YoY growth in back half of year	\$250M+ ▲ 10%+ YoY	<ul style="list-style-type: none"> Installed base opportunity expansion inline with broader market growth outlooks More new logo wins in higher growth cloud/SaaS vertical Annual client revenue churn reduced to 5-15% with new bookings in excess of churn by >2:1 ratio
Non-GAAP Gross Profit Margin	32.6% +130bps YoY	<i>n.d.</i>	38%+	<ul style="list-style-type: none"> Virtual-first operating model facility rationalization (100-200bps) Excess IT capacity and third-party license rationalization (100-200bps) Span of control leverage against larger scale (100-200bps) Ongoing productivity uplift and automation gains offset potential wage inflation and pricing pressure
Adj. EBITDA	\$4.3M 2.2% of Revenue	<i>n.d.</i>	10-12% of Revenue	<ul style="list-style-type: none"> Maintain OpEx discipline and leverage against larger scale
Capex (incl. IDSW)	\$7.9M 4.0% of Revenue	<i>n.d.</i>	2-4% of Revenue	<ul style="list-style-type: none"> Inline with customer experience BPO peers

Investment Highlights



EXPERIENCED LEADERSHIP TEAM

- **200+ years** of collective IT/BPO experience
- **50+ years** of combined domain expertise at SREV



LARGE MARKET OPPORTUNITY

- **\$3.7 Trillion** Global IT market; 5.6% CAGR (2020-2024E)⁽¹⁾
- **\$624 Billion** Core TAM; 6.4% CAGR (2020-2024E)⁽²⁾



BLUE-CHIP CLIENT BASE

- **10+ year average tenure** of current top 10 clients
- **5%+ Revenue CAGR** (2015-2020) across current top 10 clients



ALIGNED TO GROWTH AREAS

- **~2/3 of Revenue** from cloud & software companies
- **20%+ CAGR** (2020-2025E) for customer success market⁽³⁾



POSITIONED FOR VALUE EXPANSION

- **2.4x EV/Revenue** for B2C CX BPO peers⁽⁴⁾
- **10x+ EV/Revenue** for CSM/CX platform comps⁽⁵⁾

⁽¹⁾ Gartner, Worldwide IT Spending Forecast, January 2021

⁽²⁾ IDC, Worldwide Software License, Maintenance, and Subscription Forecast, 2020-2024, July 2020; IDC, Worldwide Software and Hardware Support and Deployment Services, 2020, September 2020

⁽³⁾ MarketsandMarkets, Customer Success Platforms Market – Global Forecast to 2025, January 2021

⁽⁴⁾ ServiceSource research (peers include SYKE, SRT, IBEX, TTEC, TEP, PE, CNXC, EXLS, G, TIXT)

⁽⁵⁾ ServiceSource research (comps include Qualtrics, Medallia, Gainsight, Totango, ChurnZero)

Q&A Session

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