



2020

INVESTOR DAY

June 25<sup>th</sup>, 2020

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# Today's Agenda

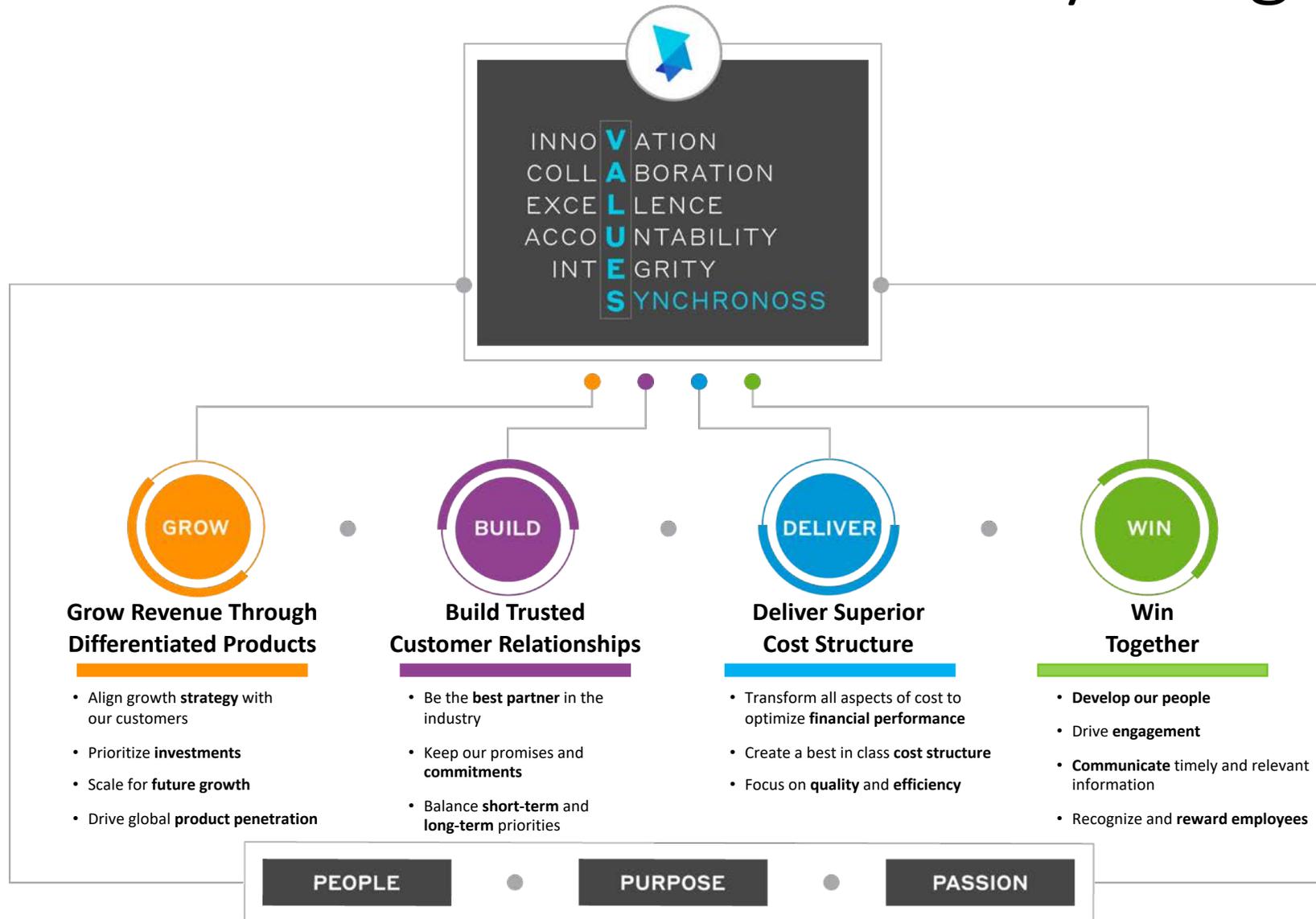
TIME	SPEAKER	TOPIC
8:00am – 8:30am	Glenn Lurie, CEO	Welcome and Strategic Overview
8:30am – 9:15am	Olman Barber, SVP Product	Product Overview - Cloud
9:15am – 10:00am	Lokdeep Singh	Product Overview - Messaging
10:00am – 10:30am	Chris Hill	Product Overview - IoT
10:30am – 11:00am	Chris Hill	Product Overview - Digital
11:00am – 11:30am	Jeff Miller	Go-to-Market & Product Delivery
11:30am – 12:00pm	Patrick Doran	Research and Development & Product Delivery
12:00pm – 12:30pm	David Clark	Financial Overview
12:30pm – 1:00pm	Glenn, David, Jeff, and Patrick	Q&A

# Synchronoss Strategic Overview

Glenn Lurie, Chief Executive Officer



# Our Culture and Values Power Everything We Do



# About Synchronoss



## Our Mission

To help the world's leading companies deliver **transformative** customer experiences that create high value engagement and **new monetization** opportunities

# About Synchronoss

## Our Vision

With **our help**, the world's leading companies routinely create **game changing interactions** with their customers that were previously considered unachievable



# Board of Directors



**Robert Aquilina**  
Executive Partner  
Siris Capital Group



**Peter Berger**  
Co-Founder &  
Managing Partner  
Siris Capital Group



**Mohan Gyani**  
Private Investor, Advisor,  
Former President and CEO of  
AT&T Wireless Mobility  
Services



**Tom Hopkins**  
Managing Director  
& Founder Colchester  
Capital, LLC



**Kristin Rinne**  
Former Senior Vice  
President, AT&T & CTO,  
Cingular Wireless



**Frank Baker**  
Co-Founder and  
Managing Partner  
Siris Capital Group



**William Cadogan**  
Former Senior Managing  
Director, Vesbridge  
Partners, LLC



**Laurie Harris**  
Former Global  
Engagement Audit  
Partner, PWC LLP



**Glenn Lurie**  
Chief Executive Officer  
Synchronoss, Former  
President & CEO of  
Mobility and Consumer  
Operations, AT&T



**Stephen Waldis**  
Founder & Executive  
Chairman of the Board  
Synchronoss

# World-Class Leadership Team



**Glenn Lurie**  
Chief Executive Officer



**Jeff Miller**  
Chief Commercial  
Officer



**Pat Doran**  
Chief Technology  
Officer



**Ronald Prague**  
Chief Legal  
Officer



**David Clark**  
Chief Financial  
Officer



**Mina Lackner**  
Global  
Compensation



**Jayne Mayer**  
Global  
Communications  
& Engagement



**Frank Zimmerman**  
Global Talent  
Acquisition



**Laura Carr**  
Global Business  
Partner

# Synchronoss is a Software Services Company, providing transformative SaaS and PaaS Offerings to TMT Customers

- NASDAQ: SNCR | 2019 Revenue: \$309 million | Market capitalization: \$169 million (6/24/2020)
- 200+ Customers, 1,500+ Employees, 170+ Patents | New leadership structure, significant turnaround and refocus of business model

## CLOUD



52% of 2019 revenue

## MESSAGING



30% of 2019 revenue

## DIGITAL



18% of 2019 revenue

## IoT



Emerging Business

We help companies maximize growth, reduce operating costs and improve customer experiences and engagement in order to be competitive. [It's What We Do.](#)



# Post-COVID Trends in The Global TMT Market



## CONVERGENCE

How TMT companies are entering or absorbing new spaces for growth and engagement with customers (*Entertainment, Content, Data, Advertising, etc.*) will change.



## DIGITAL TRANSFORMATION

Environment places high, immediate demand on brands to improve their overall digital experience. New customer experiences will be vital for revenue growth and *survival*.



## DISINTERMEDIATION

TMT conceding market share to OTT brands and losing growth-oriented revenue streams and consumer relationships.



## MARKETPLACE OVERHAUL

Winners and losers still being determined. Work, life, play trends are being reconsidered, globally and TMT companies will have to evolve and morph.

# Telecommunications Companies



## REVENUE GROWTH DEGRADATION

In the coming decade, customer spending on traditional telecommunication services will reduce by ~36% as the demand for subscription-based OTT applications increases.<sup>1</sup>



## IMPACT OF COVID-19 ON REVENUE

Banks slashing sector revenue forecasts up to -4% as COVID-19 pandemic halts global travel. Store closures, “new normal” for customer journeys, unemployment impact on bad debt, etc.<sup>2</sup>



## MOBILE DOWN, IoT UP

COVID-19 pandemic produced worst Q1 YoY decline in smartphone shipments with -20.3% in China, -16.1% in the US, and -18.3% in Western Europe.<sup>3</sup> By 2025, global IoT connections will triple to 25 billion - 40% of its value potential centers on interoperability.<sup>4</sup>



## CAPEX INCREASING

Between 2020 and 2025, operators will reach \$1.1T in CapEx spending, globally with 80% solely on 5G networks.<sup>5</sup>

**Sources:**

1 – Cerillion  
2 – Financial Times

3/4 – IDC, Telecompaper, AdLittle

5 – GSMA

# Media Companies



## TELEVISION SUBSCRIPTION DECLINE CONTINUES

In Q1 2020, 1.6M subscribers ended service with the top five pay TV companies, a 70% jump from previous year. Record unemployment will accelerate the cord cutting trend.<sup>5</sup>



## STREAMING COMPETITION INCREASING

Disney+, Apple TV+, Peacock by Comcast, and AT&T's HBO Max join the OTT race. Despite market saturation, Netflix plans to spend over \$17B in 2020 on original content, reaching \$26B by 2026.<sup>6</sup>



## ABUNDANCE OF CHOICE MEETS AFFORDABILITY

Globally, the average streaming subscription price is \$23.33. OTT subscription services per consumer is 1.2, globally and 1.7 in the US.<sup>7</sup>



## SOCIAL MEDIA AUDIENCE

Brands are redefining collection and use of their analytics for better insights on long-term engagement. Adopting “Social Listening” to understand drivers of consumer conversation verse a short-term spikes in “Likes.”<sup>8</sup>

# Technology Companies



## FAANG DISRUPTION

Pre-COVID, by 2022, customer experience spending worldwide was expected to reach \$641B<sup>8</sup>. This number will only accelerate.



## NEW CUSTOMER EXPERIENCES

By 2022, 40% of consumers (US, UK, France, Germany) will use a voice assistant as an alternative to a mobile app or website. With social distancing precautions due to COVID-19, robo-assistance to increase.<sup>9</sup>



## DIGITAL TRANSFORMATION

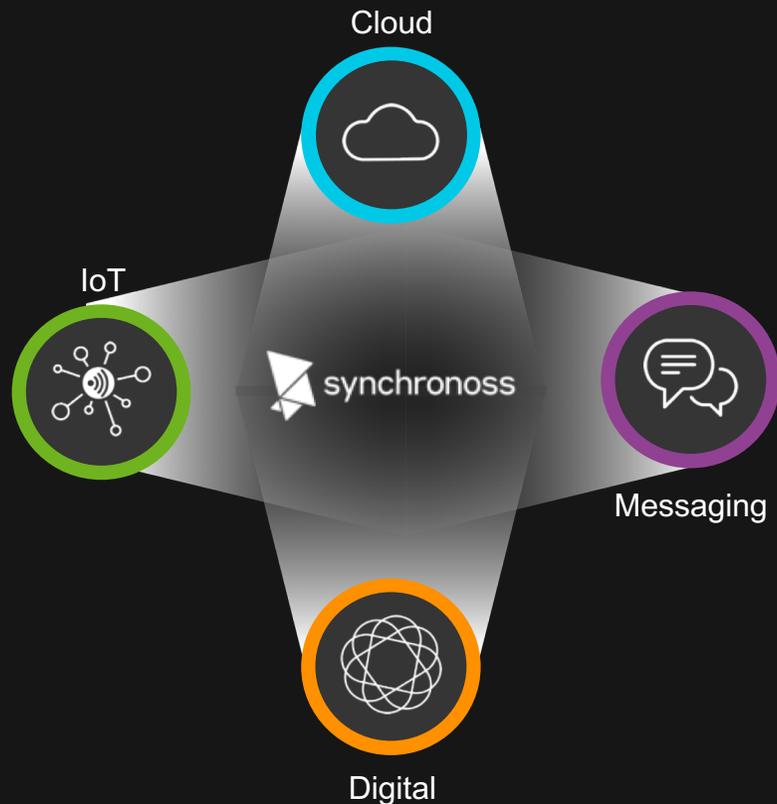
Enterprises can improve revenues by 23% with digital-first strategies, costs cut up to 90%<sup>10</sup>. In a post-COVID world, they can expect these percentages to significantly increase.



## INTELLIGENCE (AI, ML, NLP) CHANGING THE GAME

10% of all Global Assets (\$8 trillion), will be managed by robots by 2020.<sup>11</sup>

# Synchronoss Platform & Offerings Have Relevancy in the Post-COVID 19 World.



## Cloud 50%+ REDUCTION IN-STORE TRANSACTION TIME & COST SAVINGS

- Cloud eliminates content transfer, lowers time spent in stores; increases safe capacity
- Operators looking to shift activation, upgrades, and offerings outside of retail to virtual
- Off-Device Content and Data storage still increasing in demand
- Significant incremental revenue to recoup 5G investment

## Messaging 25X BETTER OPEN RATE ON RCS MESSAGES (VS SMS)

- “Click and mortar” for no-touch, digital experiences to meet customer demand
- Personalized, A2P direct engagement with customers powerful option to in-person retail
- Increased value of A2P Messages due to experience
- Multiple new business models for Operators including advertising and analytics

## Digital \$14.5B SPEND ON DIGITAL

- “New normal” will accelerate brand shift to digital transactions
- 94% of customers want more- frustrated with friction in digital experiences
- Increased emphasis on growing top & bottom-line revenue post-COVID
- Decrease in Ad spending, impacts multiple industry’s revenue sharing and growth

## IoT 70%+ FEAR A RETURN TO WORK

- Employee safety is an increased corporate liability and responsibility
- Expectation of building environment meeting health official guidelines and qualifications
- Implement and operate wellness technologies on top of Cost and Energy savings
- “Smart Venue” – anywhere people occupy (office, hotel, restaurant, theater, transport)

# Synchronoss in 2020 and 2021+

In these times more than ever, our platforms are vital to helping our customers grow new revenue, lower costs and provide their customers with competitive services

Synchronoss is well positioned to weather the near-term economy and drive growth as the economy recovers.

## 70%

RECURRING REVENUE

Our revenue provides predictable results for us and our customers

## 82%

TIER 1 REVENUE

Our business is rooted in large, well-established customers

## 85%

REVENUE UNDER CONTRACT

Majority of customers are signed to multi-year contracts



# Synchronoss Has a Focused Agenda for Profitable Growth in 2020 and Beyond



We are participating in large markets with growth potential



We have existing relationships to leverage across our portfolio



We are penetrating new vertical markets through direct and partner channels



We are participating in recurring revenue business models that scale with time

In These Times More than Ever, Our Platforms are Vital to Helping our Customers Grow New Revenue, Lower Costs and Provide their Customers with Essential Services

# Synchronoss COVID Response & Return to the Office Strategy

*EMPLOYEE SAFETY REMAINS OUR TOP PRIORITY*



## PHASE 1 March-July

- Transitioned to remote workforce for nearly all functions.
- Mail, urgent specific needs remain on-site.
- Formed Global Business Continuity Task Force
- Formed local planning teams.

## PHASE 2 ~July-September

- Essential functions identified by SLT to return on-site
- Employees who prefer to return to work in the office
- Conducting employee surveys to guide planning

**MAXIMUM CAPACITY 25%  
PER OFFICE**

## PHASE 3 Timing TBD

- All offices fully open
- Rolling schedule that allows all employees to return on-site

Protocols tied leading health organization recommendations

Task force with representation across BUs and geographies

Global Plan, local implementation & Optimizing Real Estate Footprint to Offer Work/Life Balance

# Product Overview

Chris Hill, Executive Vice President Product Management



# Synchronoss Product Platforms

CLOUD



MESSAGING



DIGITAL



IoT





**synchronoss**

[Watch Video >](#)

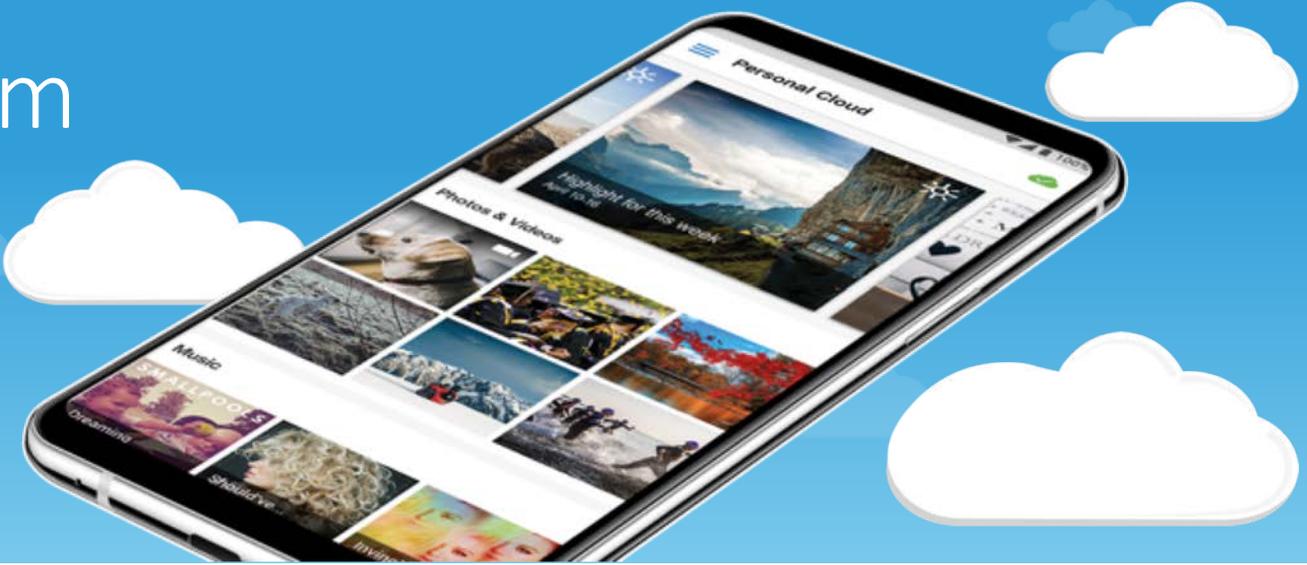
# Product Overview - Cloud

Olman Barber, General Manager & SVP Cloud



# Synchronoss Cloud Platform

The world's leading, and largest white-label private cloud platform for Operators providing a profitable revenue stream and valuable customer experience for consumers



GLOBAL MARKET OPPORTUNITY

## 3.5B+

Personal Cloud Users (2019)

Statista.com 2019

## \$80B

Global opportunity by 2020

Nasdaq

PRODUCTS:



**Personal Cloud:** Store, Sync and Engagement in Subscriber Media from any device



**Content Transfer:** Wirelessly transfer content from/to a device, all OS's, cloud in retail, online



**Out of the Box Experience (OOBE):** Wirelessly transfer content from/to a device, all OS's, cloud in retail, online



**Switcher:** Initiate MNO "switch" to simplify and reduce time at retail, online

COMMERCIAL SUCCESS

Three new cloud customers in 2019:



Multiple Contract Extensions



## Why Operators are Changing Their Views on Cloud



### Revenue growth is slowing or declining

New, incremental **profitable** services revenue are at a premium



### Provides a better customer experience across touch points

Operators must **own** the whole customer experiences long-term – device and content



### COVID-19 impacts the way end-users engage

Ingest increase with end users staying home and **engaging** in the cloud application more frequently



### Personal data keeps on growing

The **growth** in user-generated media and capabilities of 5G place new value on Cloud

# Synchronoss Cloud Application Suite

A growing business that adds profitable revenue and creates a better customer experience

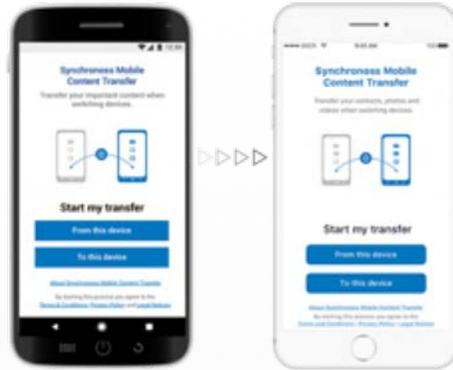
## Easy Storage



### Personal Cloud

Store, Sync and Engagement in Subscriber Content from any device

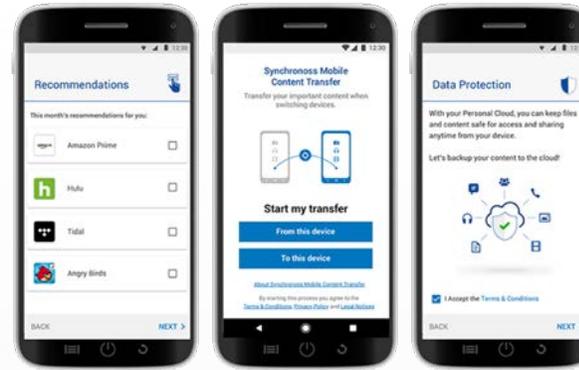
## Better Upgrade Experiences



### Content Transfer

Wirelessly transfer content from/to a device, all OS's, cloud in retail, online

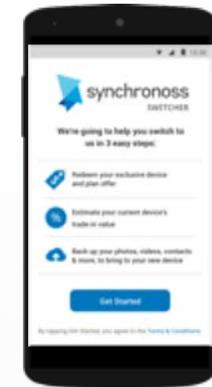
## Simpler Device Setup



### Out of Box Experience (OOBE).

Embedded in device setup with service promotion, upgrades and provisioning (Android)

## OTT Switch



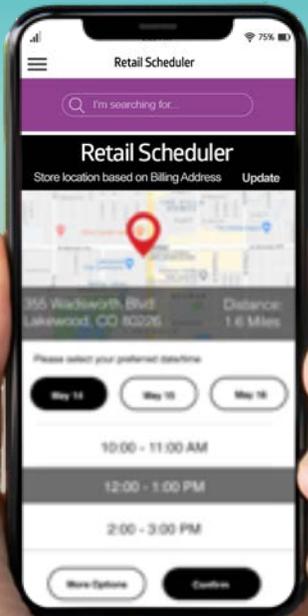
### Switcher

Initiate MNO "switch" to simplify and reduce time at retail, online

# Introducing the “No Touch Cloud” Retail Experience

**Make retail safe, make it better.** As Operators re-open retail, they are looking for ways to bring back retail activity and make consumers feel safe and provide a better customer experience

1 *Make store appt online or on the phone*



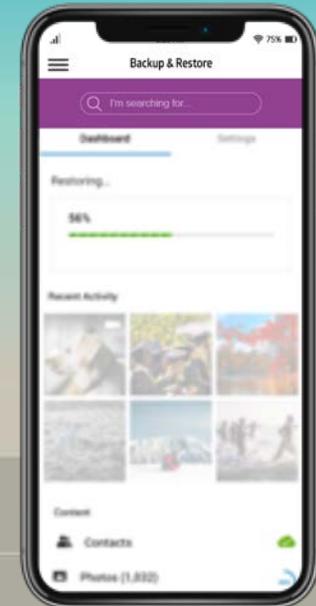
2 *One-touch upload of content to cloud*



3 *Get new phone in less time, leave store*



4 *One-touch download at home (or just leave content in the cloud)*



# Cloud is a high margin business, poised for growth



SYNCHRONOSS CLOUD

## A Proven Success Model

- 8 Operator Customers
- \$163M in Revenue
- High Contribution Margin
- Steady Predictable Growth



3 New Customers  
Added in 2019



**FAMILY**  
an innovation and  
marketing focus  
for 2020 and  
beyond



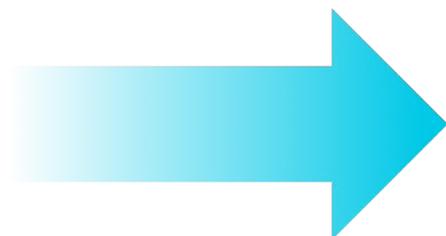
# Synchronoss has multiple ways to make money on cloud

■ Setup & Integration Revenue

■ Hosting Revenue

■ Professional Services Revenue

■ License Revenue



## SNCR Supports Brand Loyalty

*Operators have the ability to offer branded cloud offerings which increase adoption and retention*

operator	OFFER	RESULTS			operator logo
		REVENUE	SUBSCRIBERS	RETENTION	
verizon	FREEMIUM CLOUD	TENS OF MILLIONS OF \$	TENS OF MILLIONS	~0.05%-0.1% reduction in churn	AT&T
BT	BUNDLED CLOUD	MILLIONS OF \$	TENS OF MILLIONS	~0.05%-0.1% reduction in churn	SFR
ASSURANT	PREMIUM CLOUD	HUNDREDS OF MILLIONS OF \$	MILLIONS	~0.03%-0.05% reduction in churn	Frontier COMMUNICATIONS
TRACFONE					proximus



Per/user rate

Creates increased ARPU for Operators



Per/tier

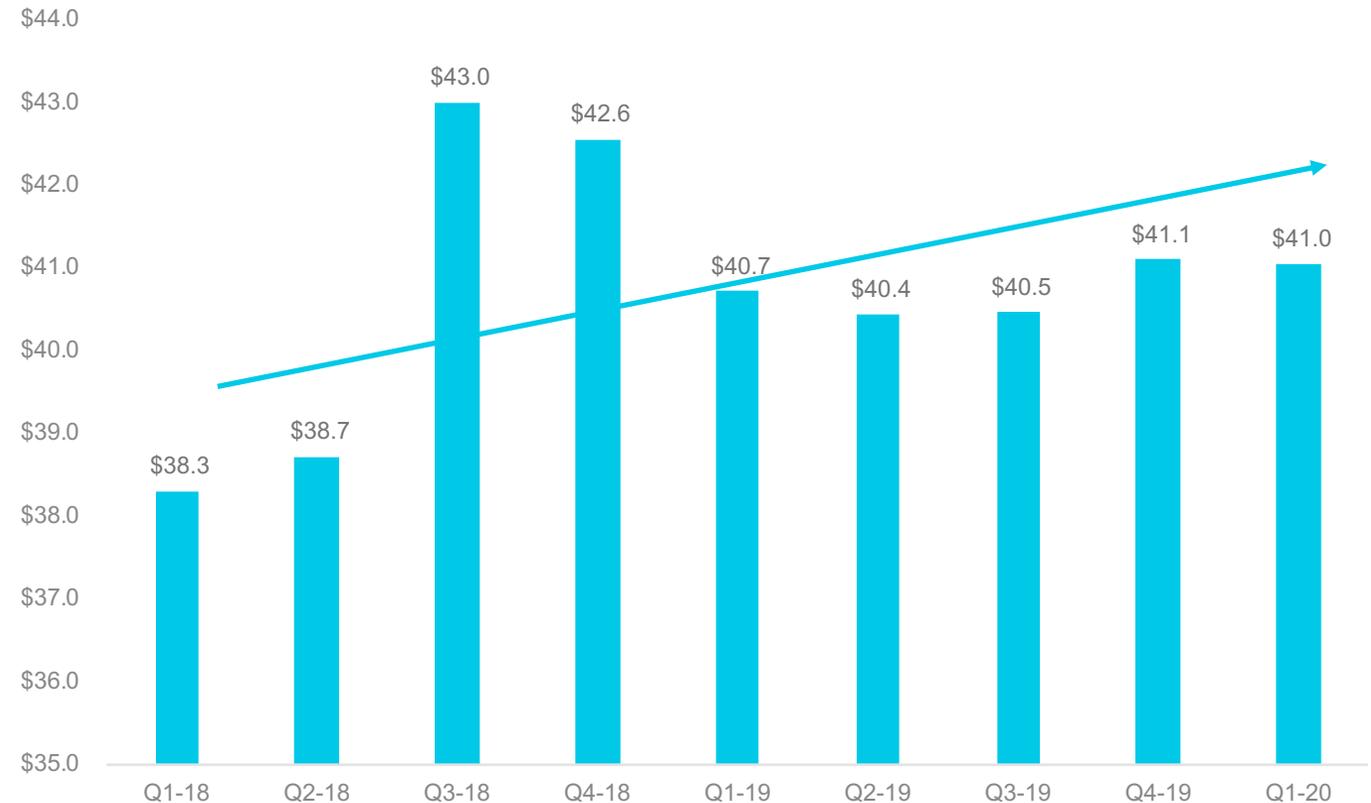
Increases value for bundles



[Watch Video >](#)

# Consistent Cloud Revenue Growth

- Cloud subscribers have grown consistently over the past 2+ years
- Three new cloud customers launched in 2020 expected to drive continued revenue growth.
  - AT&T
  - TracFone
  - Assurant
- Three renewals of long-term cloud customers in 2019
  - British Telecom
  - Proximus
  - SFR
- Under ASC 606, cloud revenue is averaged over the life of the contract, which tends to obscure revenue growth
  - When cloud subscriber growth outpaces forecast, revenue is “trued up” to a new run rate – see Q3 2018
  - Q4 2018 included one-time professional services fee



# 2020-21 Cloud Investment Priorities



## **Increase subscriber funnel with operator customers**

Family Plan, Group Share and e-Mail Integration drives acquisition of new users



## **Staying feature competitive with OTT platforms**

Elastic Search, Space Saver and RCS Integration drive increased engagement with Cloud



## **IoT and 5G**

Cloud connection to new device types such as health and fitness, connected car and security

# Product Overview - Messaging

Lokdeep Singh, General Manager & SVP Messaging



# MESSAGING has become a Commerce Platform



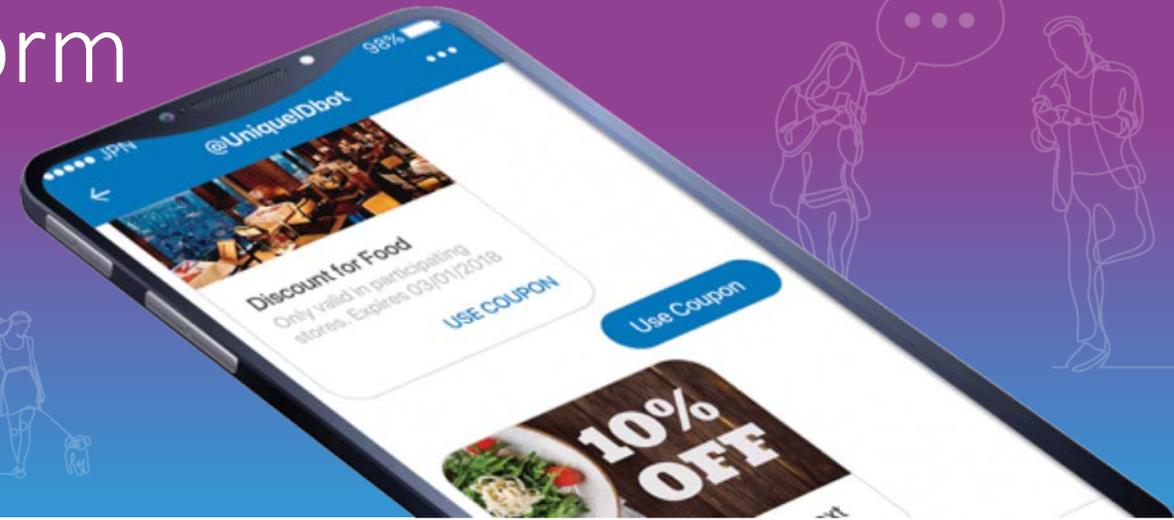
Average time spent per day with mobile messaging apps has doubled since 2015

- LINE has generated \$1B in revenue from Brands
- 75M Brand accounts have been created globally
- \$50B in payments sent through WeChat

Source: Statista, MessengerPeople, Earnings reports

# Synchronoss Messaging Platform

An end-to-end platform and client suite that powers the world's leading, white-label advanced messaging experience ecosystem



GLOBAL MARKET OPPORTUNITY

**3B+**

Global Messaging Users

Statista.com, 2020

**\$20B+**

Current value of  
A2P Messaging to  
Operators  
Company Financials, 2019

PRODUCTS:



**Email Suite:** A reliable, secure, white-label email platform that generates revenue and cost savings for Operators



**Messaging Marketplace:** A real-time portal for brand onboarding and consumer engagement



**Advanced Messaging:** RCS-powered application that delivers P2P and A2P experiences

COMMERCIAL SUCCESS

**Extended expertise in RCS-based Advanced Messaging:** Selected by CCMJ joint venture to roll out RCS-based Advanced Messaging in the United States



**Enabling Application to Person (A2P) and B2C advertising for Japan**  
Advanced Messaging Partnership



# Synchronoss Messaging Platform

A white-label, multi-channel messaging platform helping Operators, worldwide create new revenue

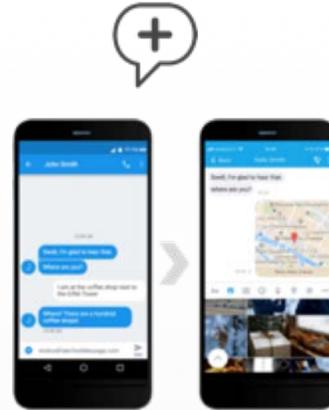
## White-Label Email Platform



### Email Suite

Provides Operators the back-end framework for branded, white-label email service that's reliable, consistent, and safe

## Advanced Messaging Platform



### Advanced Messaging

An end-to-end messaging as a platform (MaaP), hosting and integration layer with clients and operator infrastructure

## Ecosystem Management Platform



### Messaging Marketplace

Messaging Marketplace provides simple tools for brands to onboard with Operators and manage campaigns to consumers



# Why Operators Need Advanced Messaging

- Operator Revenue Growth is Slowing or Down**  
Operators must find new incremental areas of net/new revenue growth
- Operator legacy messaging businesses have no revenue**  
Must continue to invest in advanced business messaging that represents > 20B USD in global revenue
- Messaging as digital channel is showing resilience and growth in a post COVID world**  
Messaging proving mission critical and with significant increase in usage
- Enables new revenue streams for Operators**  
Advanced messaging has become a conversational commerce platform

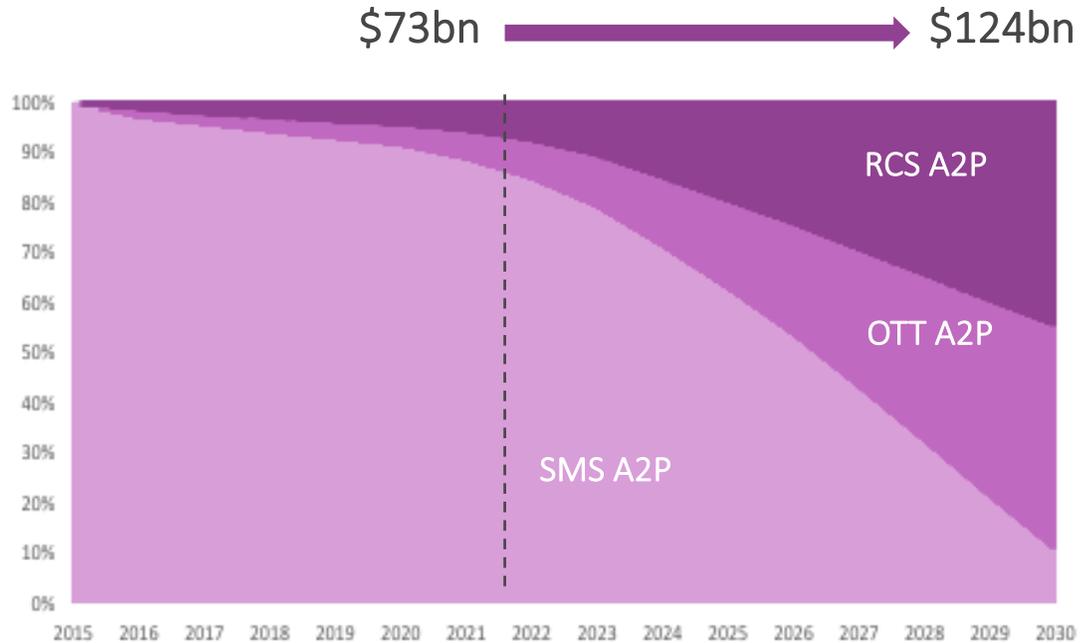


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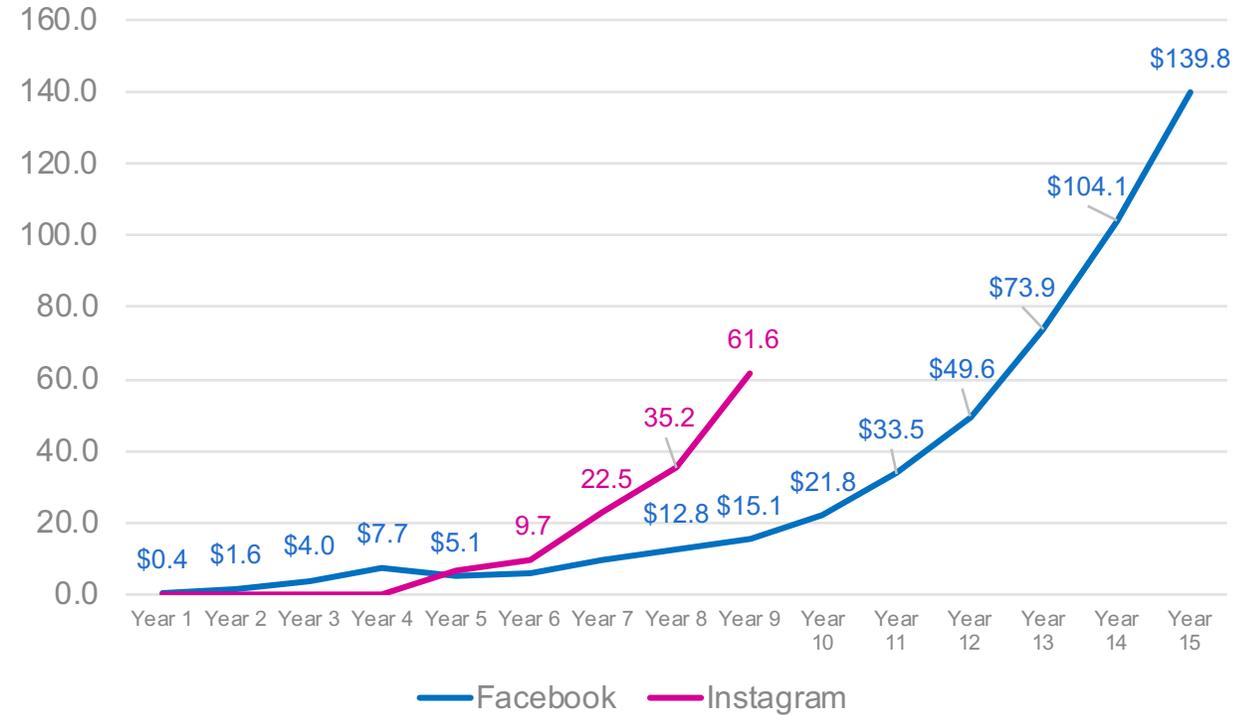
[Watch Video >](#)

# Telco Operators are already part of it...

Estimated A2P Messaging Revenue Share, by type 2015-2030\*



U.S. Social Platform Users: Revenue per User by Year



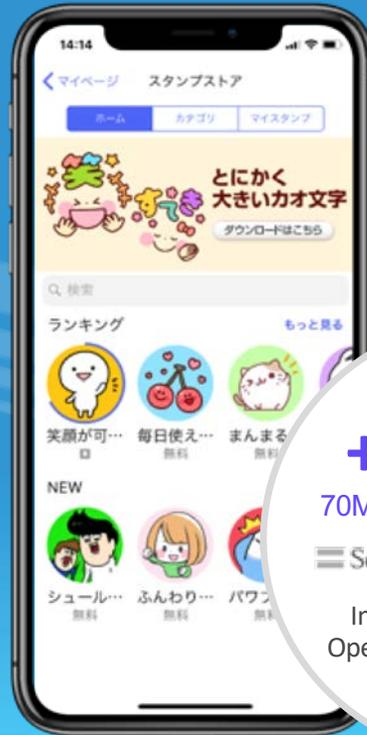
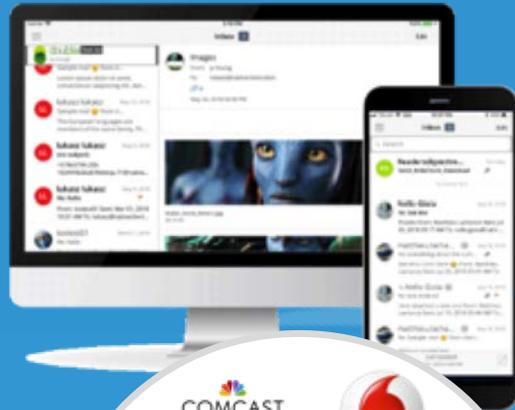
Brand spend on Telco SMS based A2P is 20B USD. Operators must invest to keep and grow this revenue.

# Transforming a global Email business to multi-channel messaging

Synchronoss re-invented its messaging business to embrace RCS and expanded to two large markets

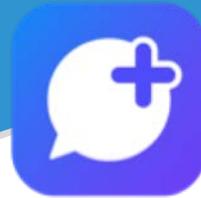
Launched 9<sup>th</sup> May 2018

CCMI Joint Venture



## 15M+

Downloads  
(Goal of 40M by 2021)

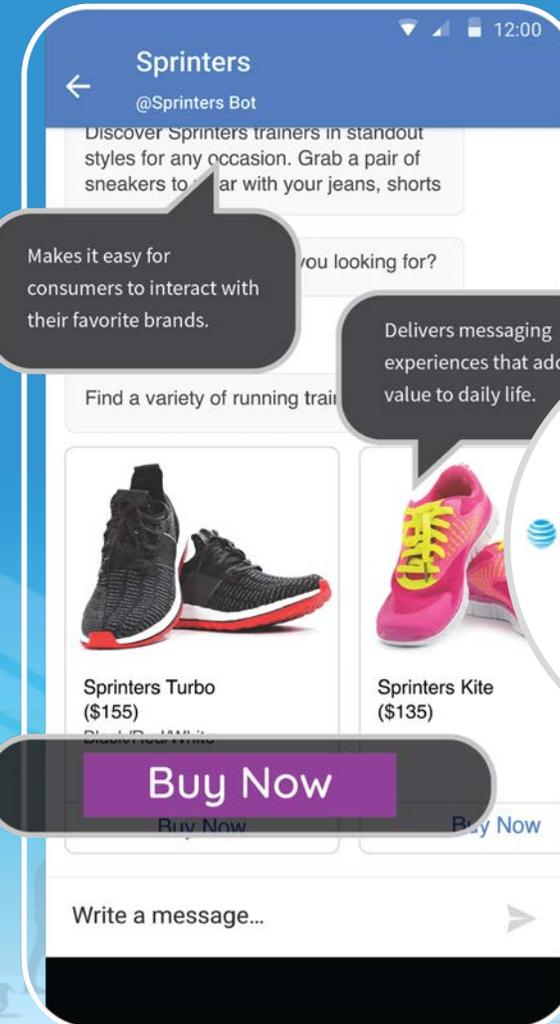


### +Message

70M Japanese Subscribers

SoftBank KDDI docomo

Invented the world's first  
Operator-driven RCS national  
market & ecosystem  
"Plus Message"



Makes it easy for consumers to interact with their favorite brands.

Delivers messaging experiences that add value to daily life.



# Synchronoss powers RCS A2P business growth

Synchronoss Advanced Messaging focuses on the underlying messaging platform (MaaP) and powering B2C commerce

## Brands

## Common Messaging & Commerce Platform

## Global Markets

A single platform for world-wide brands and advertisers to integrate across unified Operator networks and conduct 1:1 messaging with their customers at scale



(Common Ecosystem)



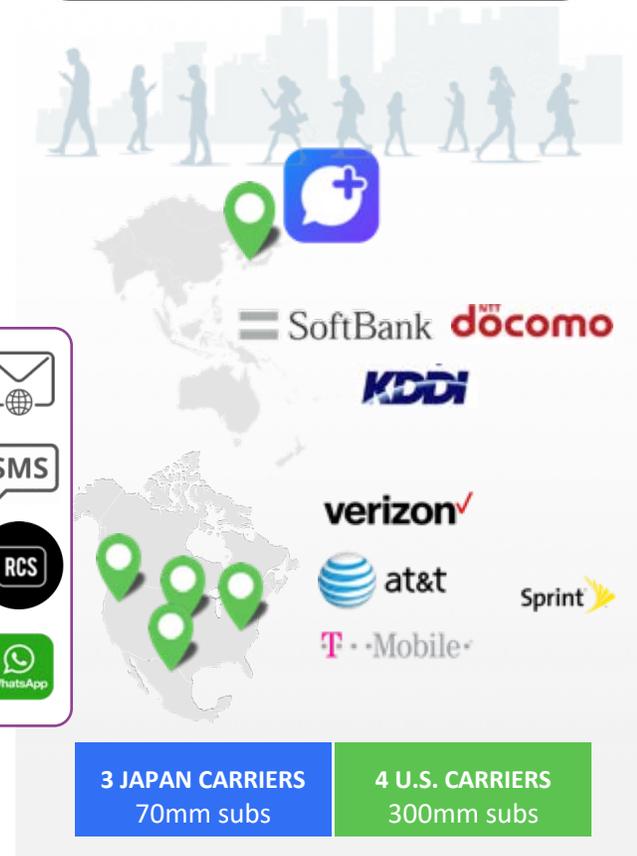
### MESSAGING MARKETPLACE (MMP)

Brand Onboarding  
Carrier Admin  
Brand Mgt Console  
(Campaign Orchestration)  
Analytics



### MESSAGING AS A PLATFORM (MAAP)

A2P/P2A  
Messaging  
Transmission &  
Routing  
into Carrier  
Networks



# Advanced Messaging paths to monetization

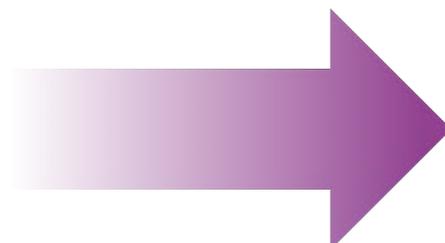
Integration and Hosting

Subscriber Volume

Messaging Volume

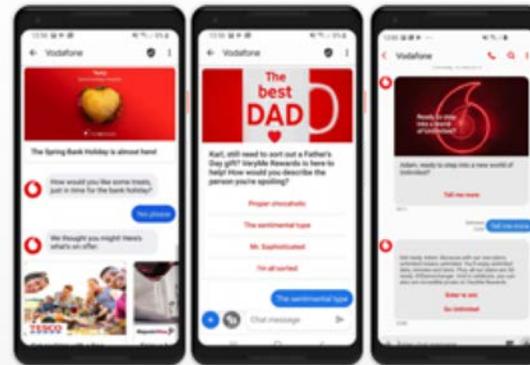
Advertising Revenue

Commerce Revenue



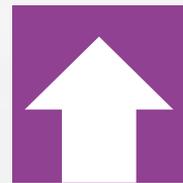
## SNCR Powers B2C Commerce

*The RCS experience will make A2P more profitable with an order of magnitude better conversion rate per message*



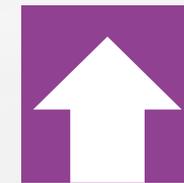
Vodafone UK trials

	RCS	SMS
OPEN RATE	80%	1%
RESPONSE	25%	>1%



### Per/message rate

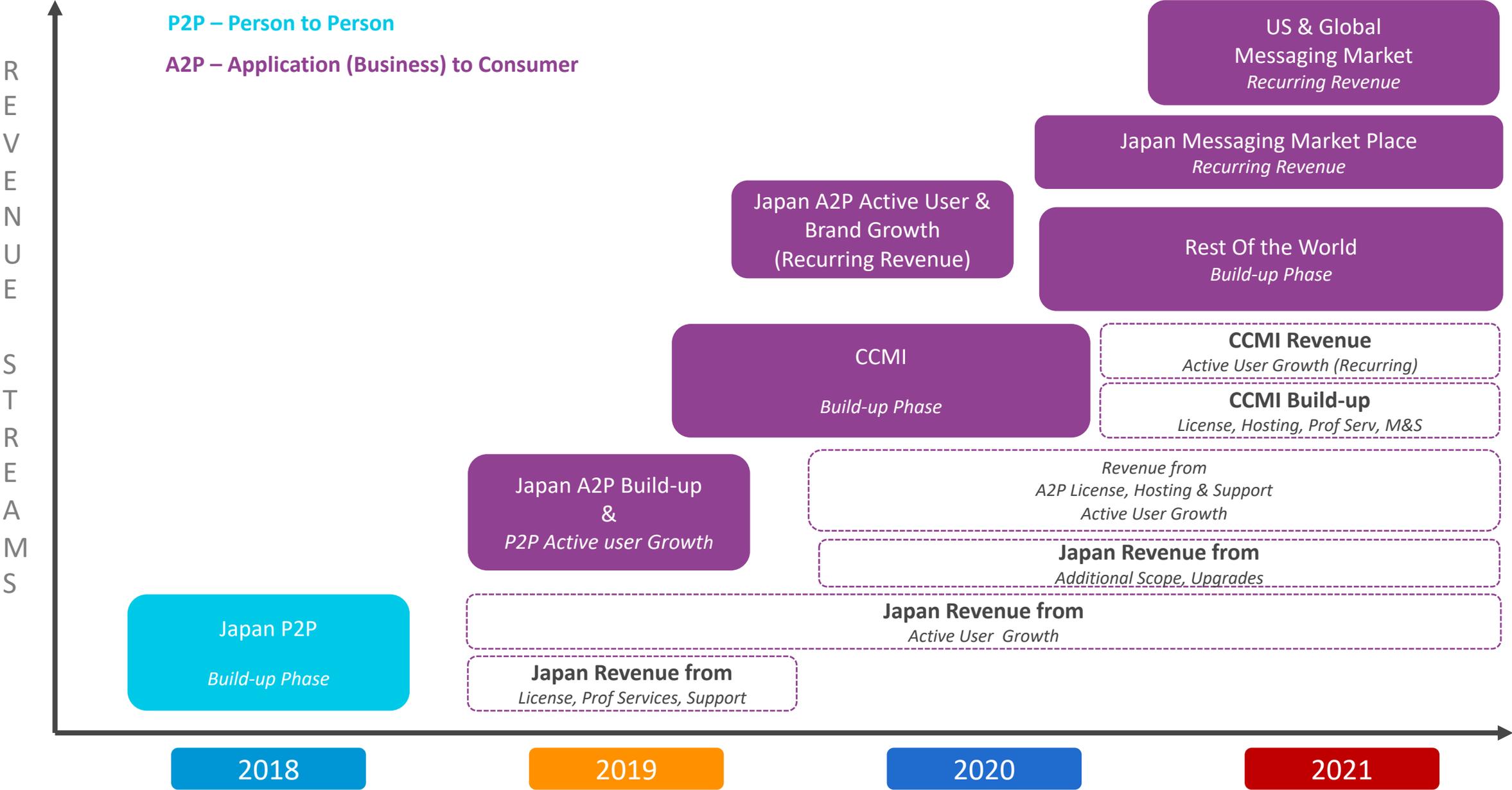
Creates increased revenue in what Operators can charge brands vs SMS



### Engagement

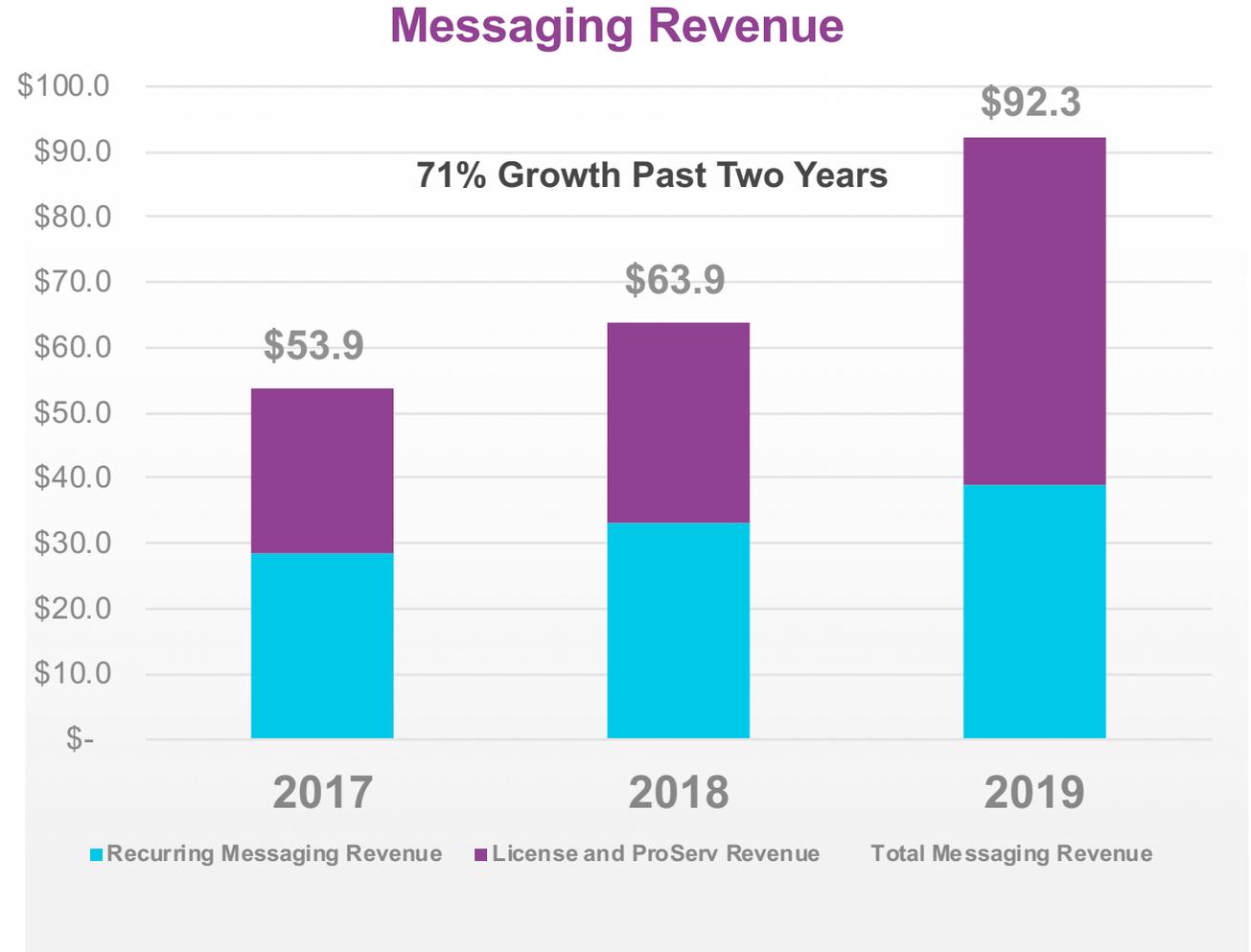
Creates more transactions and revenue share opportunities

# Advanced Messaging Revenue Monetization Drivers & Timeline



# Messaging – A Growing Revenue Source

- Messaging Revenue up 71% over past two years
- Driven by growth from US and Japan Advanced Messaging contracts
- White-label email business provides strong recurring foundation
- Advanced Messaging is significant growth driver



# SNCR interoperability is key to RCS commercial success

Synchronoss provides a single platform for Operators providing crucial interoperability across networks and offering brands a larger market to drive more A2P Revenue



**Interoperability within Country**



- Japan & USA
- P2P + A2P
- SNCR MaaP
- Client Agnostic

*The same platform across 2 countries attracts more brands to message to a larger audience*



**A2P Commerce at Scale**

- Market Scale
- Brand Onboarding
- A2P Revenue

*Synchronoss powers interoperability across multiple networks providing A2P scale*

**Google Client**



- Helps create scale
- No A2P for carriers
- No Interoperability

*Recent Google client announcement is very limited in scale*

**Synchronoss Powers Interoperability, Scale and Revenue**



# 2020-21 Messaging Investment Priorities



## **Grow Japan, Launch CCMI**

Secures Long Term Sustainable Growth



## **Continue development of Advanced Messaging capabilities**

Multi-channel, Brand Discovery, chatbots, AI and Brand Lifecycle



## **Expand to Rest Of World**

Leverage Japan and CCMI into a foundation for RoW expansion in 2021 & Beyond

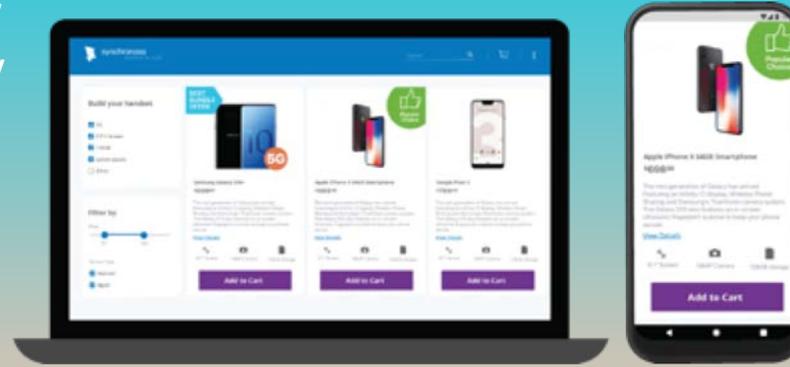
# Product Overview - Digital

Chris Hill, Executive Vice President Product Management



# Synchronoss Digital Portfolio

Our Digital Solutions help transform new experiences, customer journeys, delivery timelines and bottom-line savings



GLOBAL MARKET OPPORTUNITY

# 94%

Customers frustrated by poor experiences

Thunderhead, 2019

# \$14.5B

Expected spend on customer experience management in 2024

Statista, 2019

PRODUCTS:



**Activation:** Digital activation of wireless accounts, billing integration



**DXP :** Delivering omnichannel customer journeys, centralized CX management, slashing time-to-market



**Financial Analytics/iNOW** Integrated order lifecycle and network expense management platform providing end-to-end governance



**spatialSUITE** Manages the planning, design, construction, and delivery of physical network assets and inventory management

COMMERCIAL SUCCESS

DXP agreements with **Indosat Ooredoo, Amazon, Wireless Advocates and Telkom Indonesia**

Financial Analytics for Public Cloud **Rackspace**

**CenturyLink** – total access management with integrated Financial Analytics to iNOW

**Windstream** – iNOW integration to Financial Analytics

**Globe Telecom** – spatialNET Cloud Managed Services

Growing demand  
for improved CX  
& automation



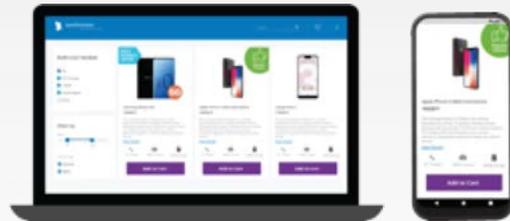
- **Covid-19 is driving need for faster digital transformation**  
Increasing shift to digital channels and ability to pause and resume across multiple channels
- **Cost Efficiency & Automation are key corporate initiatives**  
Companies are struggling to find new ways to do more with less
- **Digital Transformation is a “Must Have” Not a “Nice To Do”**  
Companies need to transform how they do business, including their partners, in serving their customers
- **Provide a better customer experience across touch points**  
B2C companies must meet customer expectations seamlessly to differentiate from the rest

# Synchronoss Digital Portfolio



## Activation

Automated account activation, orchestrating data with legacy IT systems



## Digital Experience Platform (DXP)

Digital creation and management of customer journeys, Omni-channel experiences and Back-office integration



## Financial Analytics/iNOW

Multi-channel expense management and workflow automation combined with end-to-end telecom service order management – provides total network management



## spatialSUITE

Manages the planning, design, construction, and delivery of physical network assets and inventory management

# DXP makes businesses digitally competitive

DXP is a purpose-built next-gen platform that enables the creation and management of digital experiences and journeys, across all channels

TODAY...



DXP



**DXP**

Journey Design & Management



**Decision Engine**

Contextually relevant product recommendations



**Catalog**

Establish and manage products, offers and bundles



**Digital Coach**

Customer facing team gamification & insights

## DXP Benefits

- Cost savings
- Streamlined development
- Back office Integration
- Better Customer Experience

# Synchronoss DXP Wireless Activation

DXP Activation Accelerator Pack enables wireless activation while driving SNCR monetization opportunities

- **DXP Platform ~\$50K - \$150K**  
PaaS per month
- **Activation Accelerator Pack ~\$25K/carrier**  
SaaS per month
- **SNCR OEM Commission ~\$20-\$30 activation**  
Avg. Commission per transaction ~ \$100USD



## SNCR Powers OEM Activation



### Per/activation

Accelerates increased revenue in what OEMs can realize in device activations

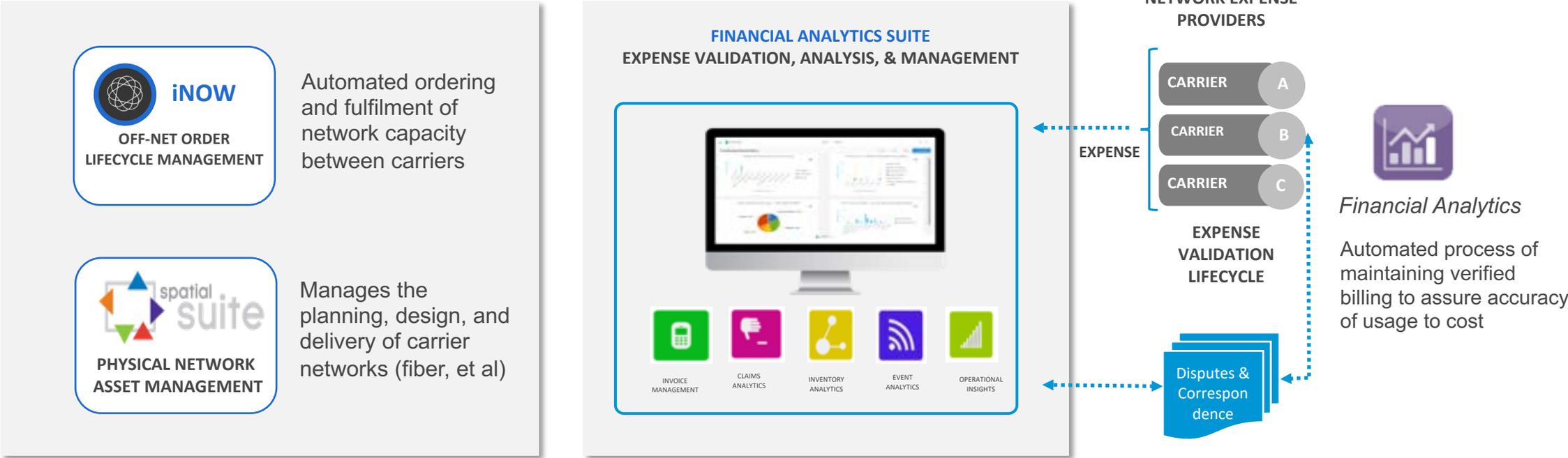


### Cost Effectiveness

Creates opportunity to sell productized features to more Clients

# Synchronoss Digital Access Management Platform

A unified framework to assist with Transport Contract & Order Mgmt, Billing Reconciliation & Inventory Mgmt



- ### Digital Access Management Suite Benefits
- Circuit Reconciliation
  - Order Lifecycle Management
  - Automated Reports & Analytics

# 2020-21 Digital Investment Priorities



## **Increase Usability of DXP as a platform**

Cultivating DXP configurator advocacy with introduction of new tools and resources to help in designing and managing customer journeys



## **Staying feature competitive with Access Management platforms**

Enhanced usability and technology upgrades to drive workflow improvements



## **Powering business outcomes via Enhanced Insights**

Leveraging Blockchain, Analytics and AI to identify, predict and drive better experiences, streamline processes

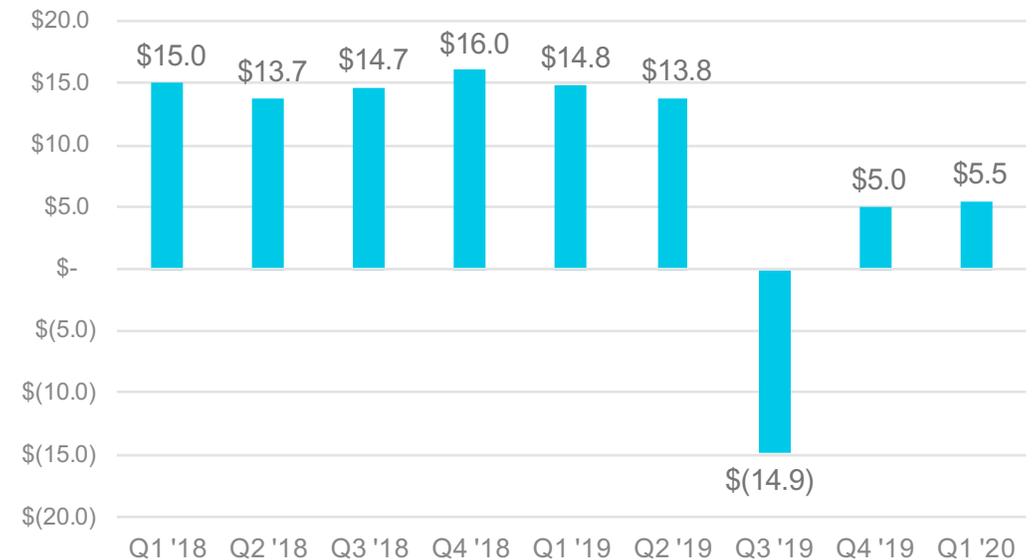
# Digital Revenue

- Digital SaaS platforms provide a solid, high margin revenue foundation
  - DXP
  - Financial Analytics
  - iNOW
  - Spatial
- Legacy activation revenue negatively impacted by STI financial issues and slowing of smartphone adoption and upgrade cycles

## Digital SaaS Revenue



## Digital Activation Revenue



# Sale of STI to APC Holdings



Unlocking supplier **value**.  
Propelling corporate **growth**.

- APC Holdings, LLC (APCH) is a private investment and corporate development firm that specializes in bridging the gaps between the needs of Fortune 500 companies and the capabilities of their Minority Suppliers.
- Transaction consummated in April 2020
- SNCR receives \$10 million, three-year note as part of the transaction
- Earn outs based on financial milestones total approximately \$6 million



**Richard M. Powell**  
**CO-FOUNDER & SR.MANAGING DIRECTOR**  
**APC Holdings**

Mr. Powell has experience in finance, management and e-business. He has worked on a variety of transactions including mergers & acquisitions through leveraged buyouts, Sponsor-backed Management Buyouts, Debt Financings, and Initial Public Offerings. He graduated with an AB in Economics from Harvard University. He previously worked at Bear Stearns and UBS Warburg.



**Alex Parker**  
**New CEO of STI**  
**Former Senior Vice President, Delivery Excellence, AT&T**

Mr. Parker previously worked at AT&T for 27-years, building a career with a broad range of leadership roles in P&L management in sales and services, supporting state and local government, wireline and wireless customer segments. Most recently, Mr. Parker leads a team of 5,000+ associates for delivery of wireline services for all AT&T business customers worldwide. He has a B.S. in Computer Science from the Georgia Institute of Technology, and a Masters in International Business from St. Louis University.

# Product Overview - IoT

Chris Hill, Executive Vice President Product Management



# Synchronoss IoT Platform

A single intelligent, smart buildings platform, making it easier to manage facilities, save cost and extend into new, vital health and wellness technologies



GLOBAL MARKET OPPORTUNITY

## 25B+

connections by 2025

GSMA Intelligence, 2020

## \$105.8B

Smart Buildings Revenue (2024)  
74% Growth

PRODUCTS:



**IoT Edge:** Direct sensor enabled SaaS solution for monitoring, alerting & analytical insights



**BMS Edge:** BMS based SaaS platform that delivers insights & capabilities for taking action to reduce energy & operations expenses



**P2P Edge:** Platform to platform refrigeration centric analytics and optimization tools

RECENT NEW DEALS

New Smart Buildings partnerships



**Rackspace** - deployed solution in five facilities globally



Commercial launch of **AT&T** channel





Covid-19 concerns driving global demand for smart buildings

**➤ Need for healthy people spaces is catapulting demand**  
Recovery estimates project a 233% increase in global market CAGR (12% > 28%) through 2023

**➤ AI is substantially reducing building OpEx and resource consumption**  
ML, Predictive Maintenance, and Facilities Automation unlock opportunities to manage buildings remotely

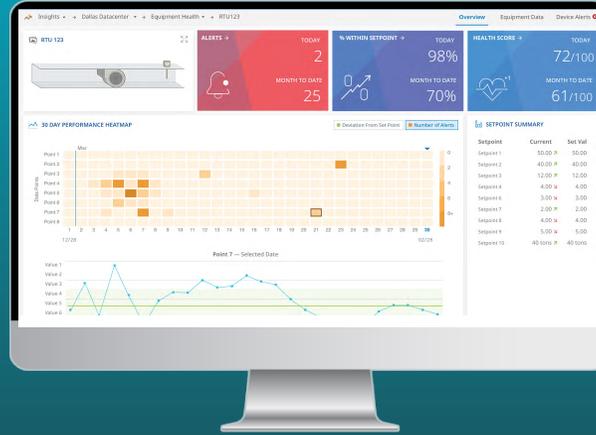
**➤ Indoor air quality, space utilization, and comfort controls maximize well-being**  
Recent Harvard study correlated high CO<sub>2</sub> levels with reduced human cognitive function

**➤ Smart city initiatives in APAC and Middle East are fueling international growth**  
37% of global IoT spending now comes from APAC w/ China, South Korea, and India leading

# Smart Building Platform

An IoT analytics and orchestration platform to manage a complex network of building systems, sensors, and closed-wall platforms – unifying traditional, legacy building systems and next-gen technology into a single, intelligent, easy-to-use facilities command center

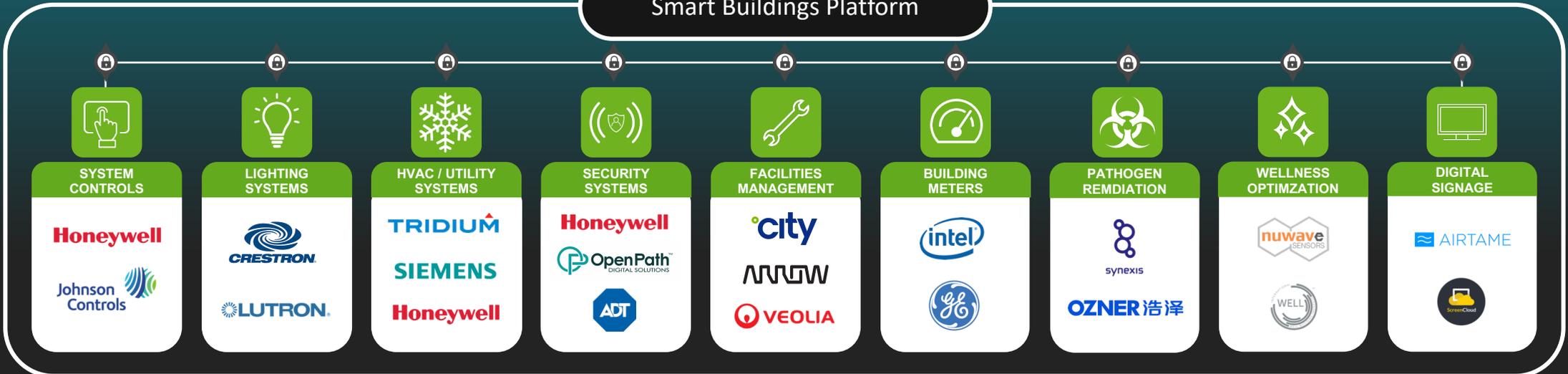
- Reduced Costs
- Improved Building Wellness
- Reduced Operational & Business Risk
- Smaller Environmental Footprint
- Legacy and Next-gen System Monitoring & Control
- Platform & Device Agnostic Implementation



- MONITORING, ALERTS, & FORECASTS
- WORKSTREAM AUTOMATION
- ML-INSIGHTS, KPIS, & DASHBOARDS
- EXTENSIVE DEVICE & 3P PLATFORM SUPPORT



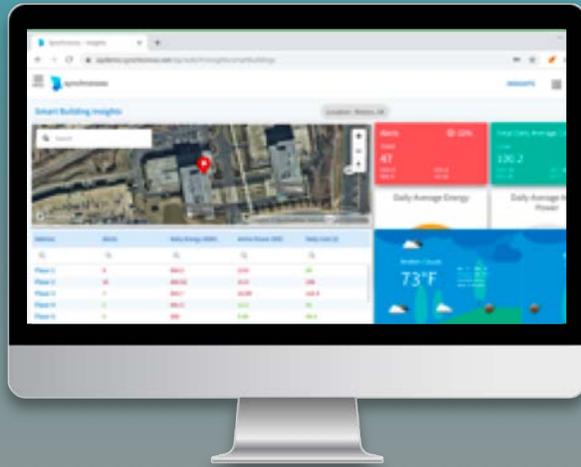
## Smart Buildings Platform



# Smart Insights Product Set

## IoT Edge

### Sensor-enabled Analytics



Direct sensor-enabled SaaS solution for monitoring, alerting & generating insights

## BMS Edge

### Analytics for Tridium-based Building Systems



A SaaS platform that delivers insights, optimizes energy, and manages utility expenses

## P2P Edge

### Analytics for Platform Systems

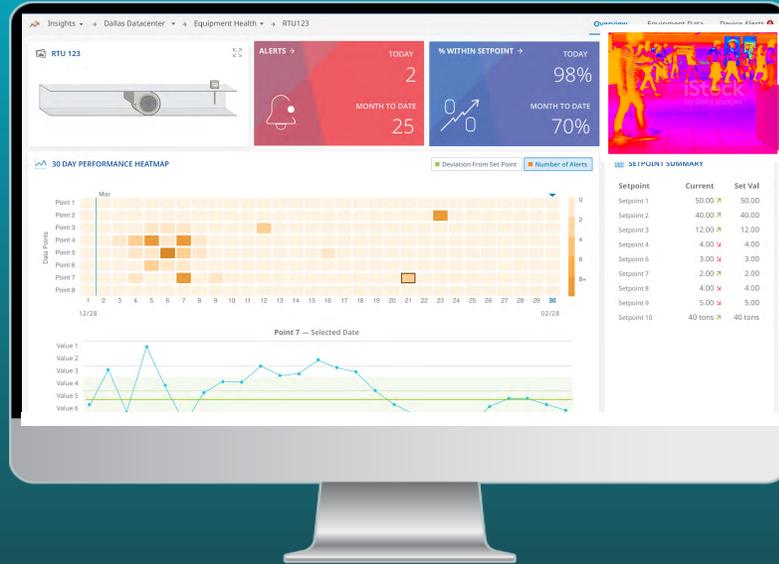


Platform-to-platform refrigeration-centric analytics and optimization tools

# Smart Buildings Platform Integrates with Health & Wellness Technology

Smart Buildings Platform integrates with multiple, best-of-breed wellness technologies such as:

- HVAC
- Temperature
- Air Sanitization
- Spatial Monitoring



♥ HEALTH & WELLNESS

HVAC / UTILITY SYSTEMS	SECURITY SYSTEMS	FACILITIES MANAGEMENT	WELLNESS & REMEDIATION
 <b>TRIDIUM</b> <b>SIEMENS</b> <b>Honeywell</b>	 <b>Honeywell</b> <b>OpenPath</b> <small>DIGITAL SOLUTIONS</small> <b>ADT</b>	 <b>city</b> <b>ARCROW</b>	 <b>synexis</b> <b>WELL</b>

Smart Buildings Platform is essential for helping workplaces quickly adapt to and operate with new safety standards.



# 2020-21 IoT Investment Priorities



## **Capitalize on the Healthy Buildings opportunity**

Connect partners and solutions to deliver an integrated wellness platform



## **Reduce barriers to quickly implementing an IoT monitoring system**

Deliver a best-in-class experience for sensor-only customers to install/connect sensors and monitor basic systems within 60 days or less



## **Establish a platform-to-platform, sensor-agnostic infrastructure**

Enable BMS/CMMS providers, OEMs, SIs, and supply chain partners to easily connect to the Synchronoss IoT platform



**synchronoss**

[Watch Video >](#)

# Synchronoss Strategic Overview

Jeff Miller, Chief Commercial Officer



# Despite the market conditions, we will **continue to deliver** on our promise to investors



## ■ **Stability**

**82% of our revenue** come from the **largest and most stable Tier 1 customers** around the globe

---

## ■ **Sustainability**

**More than 70%** of our revenue is recurring, SaaS revenue, providing greater consistency during market fluctuations

---

## ■ **Visibility**

**85% of our contracts are multi-year** in nature, again improving our visibility

---

## ■ **Value**

Our products provide critical services to stay connected, and provide the benefit of **driving revenue growth or costs savings for our customers**

# Value of centralizing all revenue components

Sales, Product Management, Marketing & Service Delivery

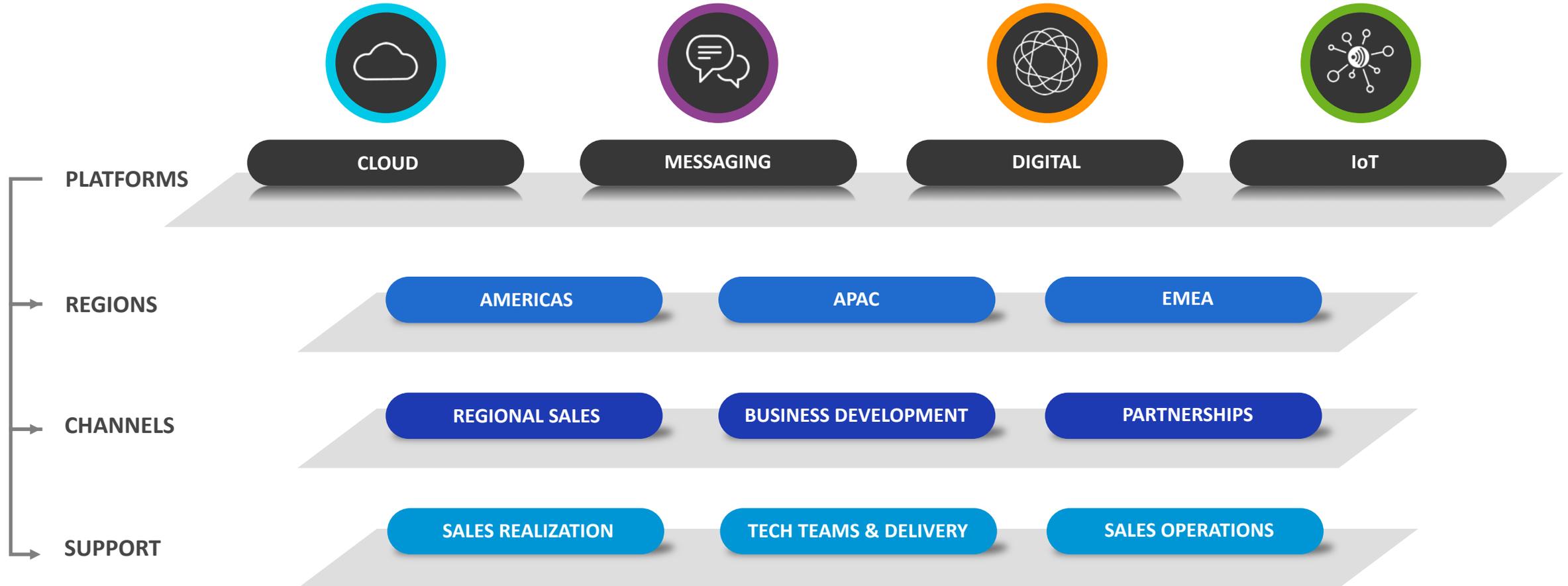


## BENEFITS:

- Simplification of organization design
- Increased velocity of decision making
- Direct link from customers to Platforms

# The Foundation of our Global GTM Strategy

We're well positioned to cross-sell our portfolio of Platforms **into new and existing** customers



# Our products are **more relevant** to solving TMT challenges than ever before

**COVID-19** has changed how enterprises manage operations, employees assist customers, and how consumers transact.



## Touchless Retail

Backup data in the Cloud before visiting a retail location



## Digital Everything

Enabling a digital-first customer experience



## Advanced Messaging

Communicate, transact, schedule, etc., with your favorite brands



## Healthy Building

Protect the health and safety of employees & customers



## Revenue Generating

Enabling a funding source for the 5G Economy



## Cost Savings

From Procurement to Payment, with the Insights needed for success

# Deep Relationships with global TMT Leaders



**ANDY SHIBLEY**

President & GM, AMERICAS

- 30+ years of leadership experience in sales, marketing and operations at AT&T
- Extensive direct and indirect distribution experience. Responsible for 58,000 points of distribution
- Long, established relationships across North American wireless carriers

**120** Total North America Customers



**BRIAN SCHUNKE**

SVP Strategic Business Development

- 25+ years of consulting and software experience within the TMT sector
- 15+ years at Synchronoss
- Responsible for pursuing, contracting and managing strategic customer relationships inside North America

**2** Total North America Customers



**ANTHONY SOCCI**

President & GM, APAC

- 20 years of experience delivering software programs, products and services to the TMT industry globally
- Built Synchronoss' Global Operations in the US, Europe and Asia markets
- Growing track record of success building long term customer relationships and growth

**25** Total APAC Customers



**STEFANO BARNINI**

President & GM, EMEA

- Global Sales Executive with more than 25 years of TMT industry experience
- Deep understanding of the Telcom and IT, with track record of success with operators, systems integrators and enterprises
- Leadership experience with TATA Communications & HPE

**60** Total EMEA Customers



**DAVE HAIGHT**

President Global Partners & IoT

- 30+ years of leadership experience within telco and mobile industry
- Built, scaled and managed multiple growth organizations at AT&T Mobility
- Led negotiations, launched and managed the Apple iPhone introduction for AT&T

**20** Total Global Customers & Partners



# Building an ecosystem of Technology Partners and Distribution Channels for our Platforms



## SMART BUILDINGS

### CHANNEL PARTNERS



### SERVICES & TECHNOLOGY PARTNERS

(Site Surveys, Manage Services, Hardware, Integration)



## CLOUD



## DIGITAL



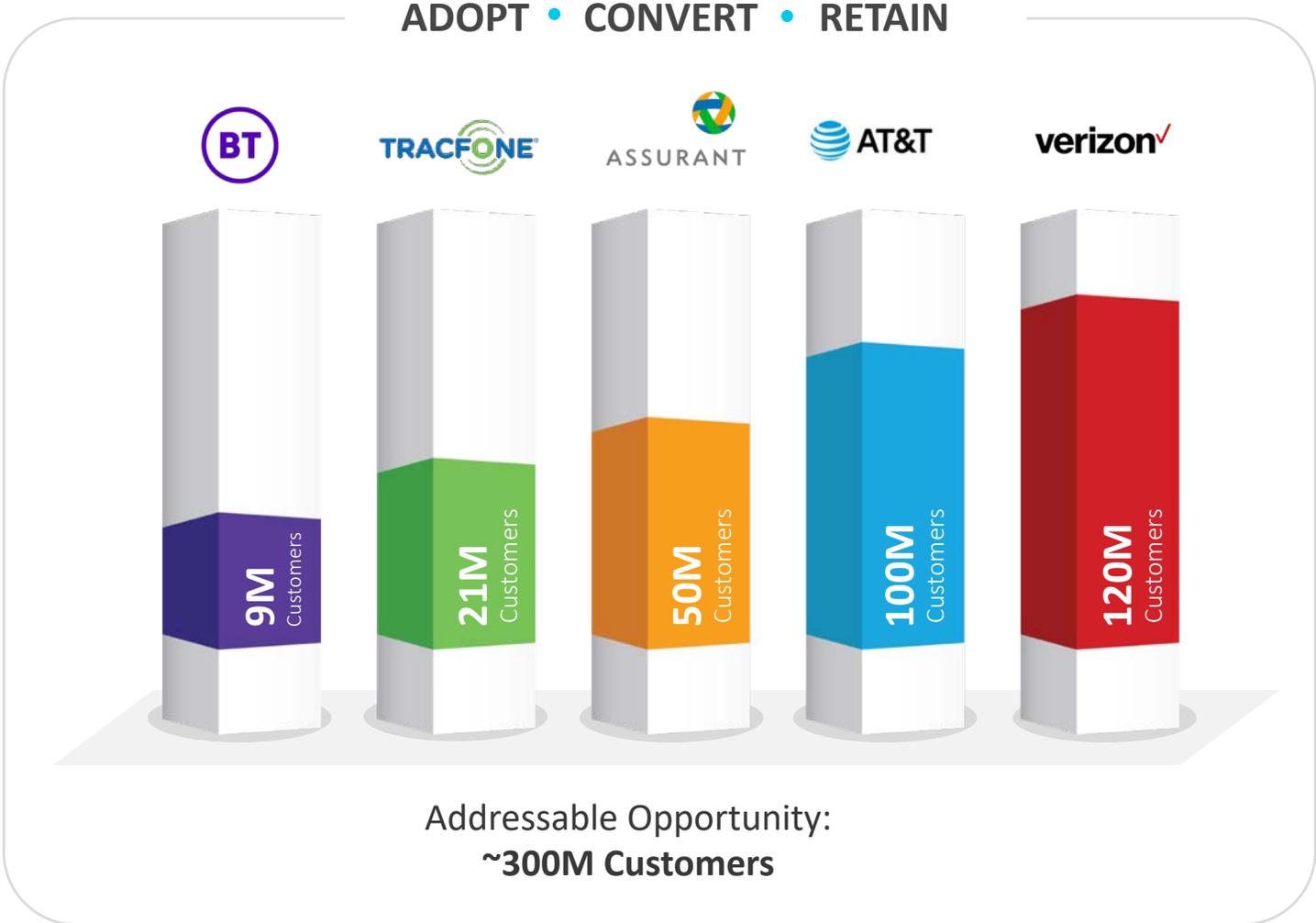
## MESSAGING



### BENEFITS:

- Expands our reach
- Enables new use cases
- Drives revenue
- Delivers on innovation & market needs

# Driving Growth in Cloud through Base Marketing Initiatives



- Sample Initiatives:**
- Touchless Retail Strategy
  - SDK Integration
  - Insurance Claim Flow Integration
  - Direct Marketing Campaigns
  - Backup Buy-flow Integration
  - Refer-a-Friend Campaigns
  - Consumer Offers

# Marketing Initiatives that will Drive Additional Growth for Synchronoss

## Smart Buildings Channel

Enablement & Campaigns



### Capitalizing on COVID Window, Galvanize Channel

- Continuous enablement and support of existing channels
- Thought leadership & demand generation activities
- Expansion of partnership ecosystem

## New Pipeline

Marketing Initiatives



### Create New Pipeline with Digital Events

- Consistent cadence of programs across products
- Global campaigns with local execution
- Targeted outreach to leverage successes

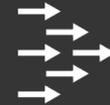
# Synchronoss has a **Focused Agenda for Profitable Growth** in 2020 and Beyond



We're participating in large markets with growth potential



We have existing relationships to leverage across our portfolio



We are penetrating new vertical markets through direct and partner channels



We're participating in recurring revenue business models that scale with time

**In These Times More than Ever**, Our Products are Vital to Helping our Customers Grow New Revenue, Lower Costs and Provide their Customers with Essential Services

# Research and Development & Product Delivery

Patrick Doran, Chief Technology Officer



# CTO Organization



**Pat Doran**

Chief Technology Officer

DELIVERY

IT

R&D

INDIA



**Jeff Gill**

SVP Service Delivery

USA-NJ Bridgewater HQ

- Solution Engineering
- Service Delivery



**Sheri Horwitz**

SVP IT/ Technical Shared Services

USA-NJ Bridgewater HQ

- IT
- Hosting Infrastructure & Operations
- GIS



**Barry Twohig**

SVP Engineering

IRL-Dublin

- Enterprise Architecture
- Platform Engineering
- COE / PMO



**Chandra Venkatasubbiah**

SVP Engineering

USA-NJ Bridgewater HQ

- Core Messaging Prod Development
- Advanced Messaging Prod Development



**Surendar Nathan**

SVP Engineering

USA-VA Reston

- Cloud Prod Development
- IoT Prod Development



**James Barker**

VP Engineering

GBR-London

- DXP Product Development



**Subhash Bana**

SVP & GM

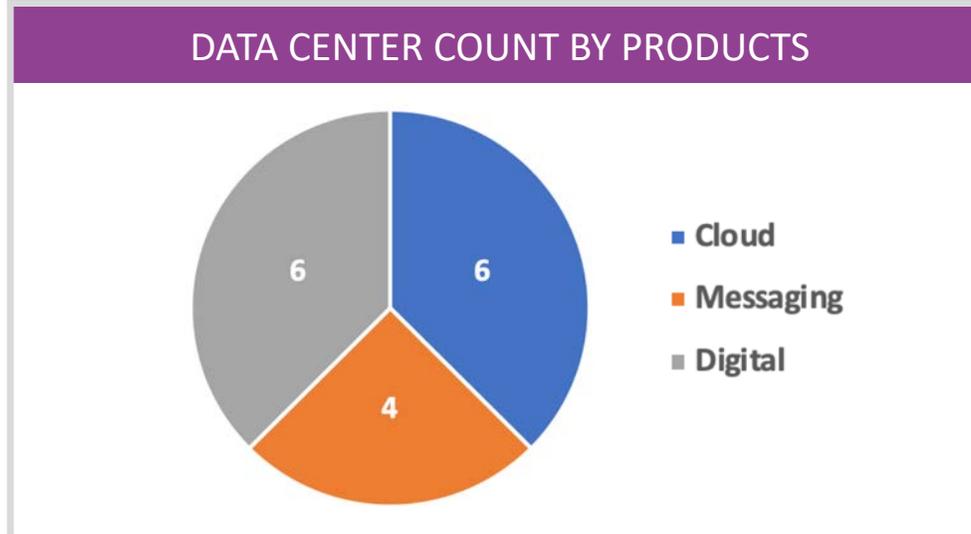
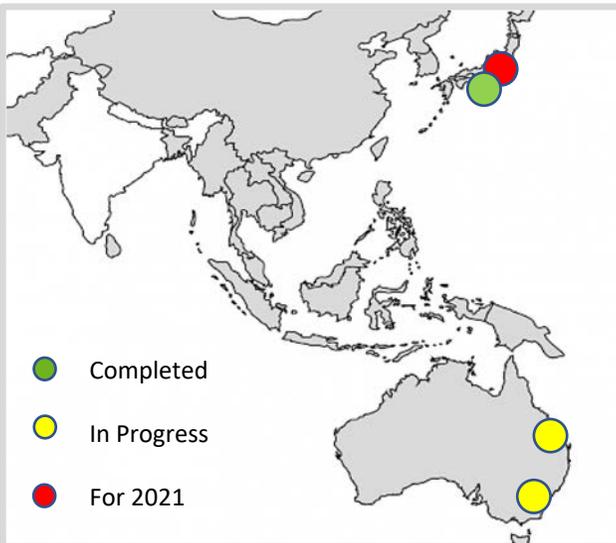
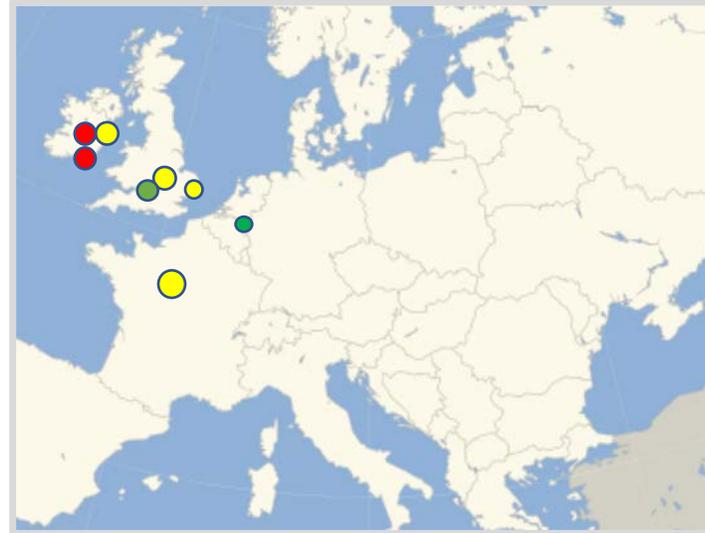
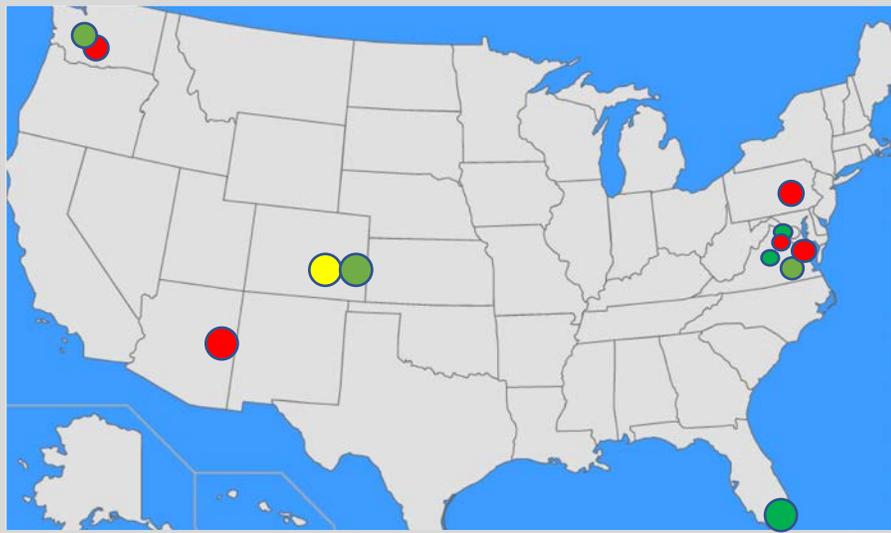
IND-Bangalore

- GM India

# Move to the Cloud



# Infrastructure Footprint



## 2019 STARTING POINT

- 24 Locations
- 120 PB of Storage

## 2019 EOY STATUS

- 16 Locations
- 112 PB of Storage

YOY increase on Public Cloud # 1,067%

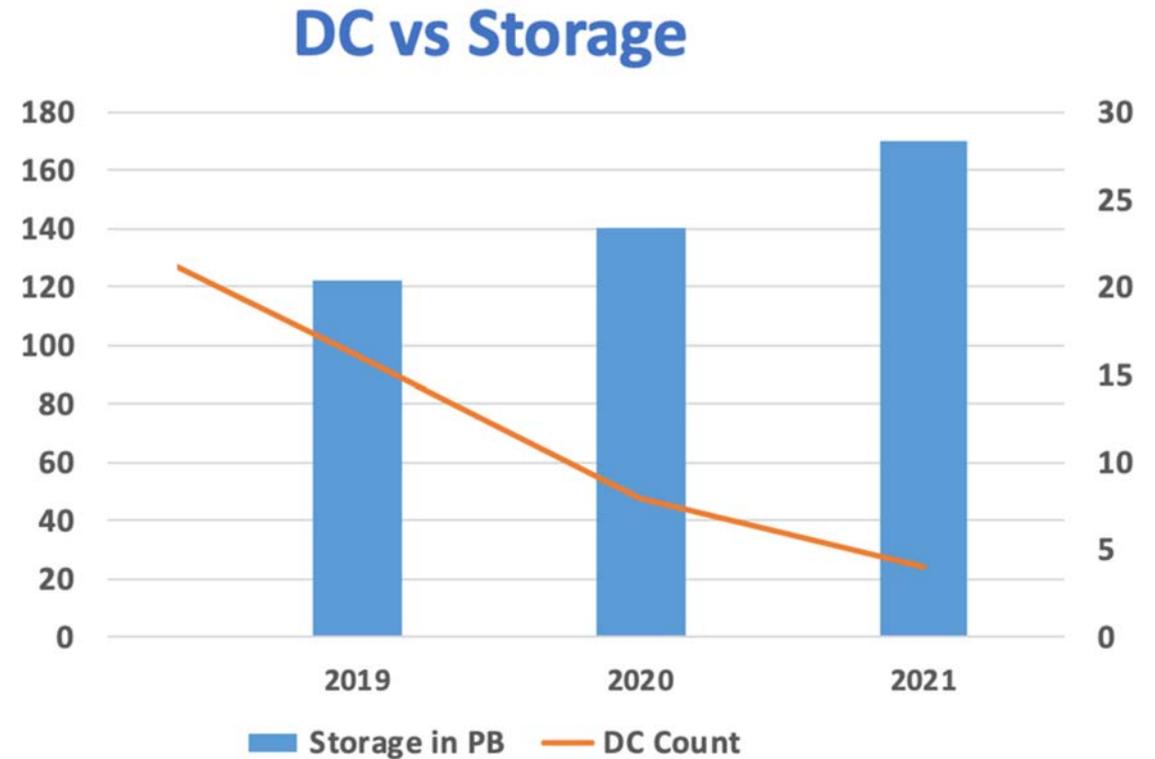
## 2020 END OF YEAR GOAL

- 8 Locations
- 101 PB of Storage

YOY increase on Public Cloud # 100%

# Data Centers and Storage

BY THE YEAR		
Year	DC Count	Storage in PB
2019	16	122
2020	8	140
2021	4	225



# Intellectual Property and Innovation



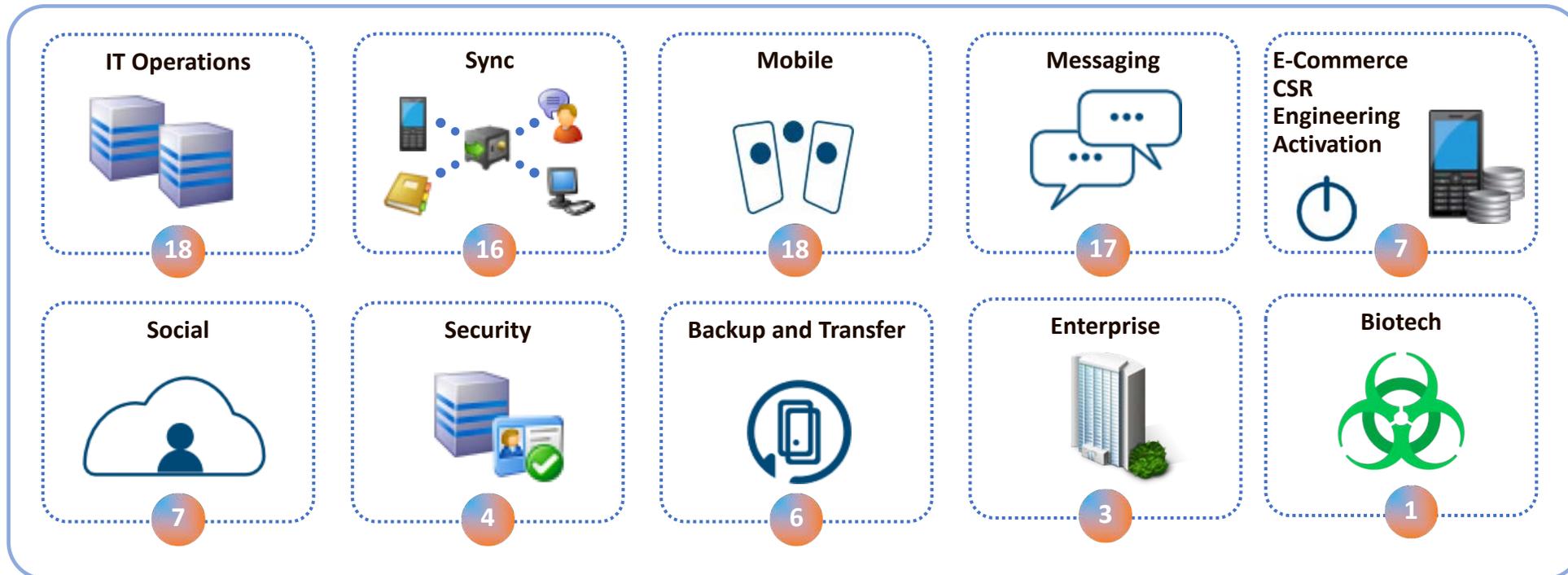
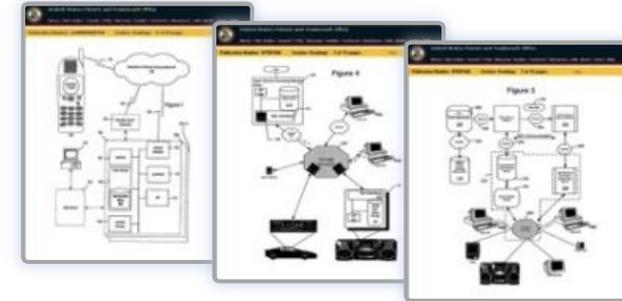
# U.S. Industry IP Coverage

## Issued:

97 U.S.; 75 Foreign

## Pending:

57 U.S.; 10 Foreign





# 2020 Intellectual Property Focus



## Cloud

- **Network Optimization:** Maximize the number of connections that can be executed from a mobile application.
- **Image Tagging:** Using depth/scale information to enhance photo tagging.
- **Image Tagging:** Using topography of the image to determine location.



## Messaging

- **Simplification of content adaption** to send RCS messages through a legacy channel.



## IoT:

- **Device control via audio input pattern matching.**

# Scaled Agile Transformation



# Scaled Agile Transformation Imperatives: 2020



## COLLABORATIVE REMOTE WORKING

### Pivoted to Remote working in response to Covid-19

- Moved to full Remote delivery of Transformation Workshops
- Updated tools and practices for remote PI Planning
- Increased usage of collaboration tools like Aha!
- Evaluation of additional tools (remote whiteboard)
- Continuing to look at optimising teams for collaborative remote working (“the new normal”)



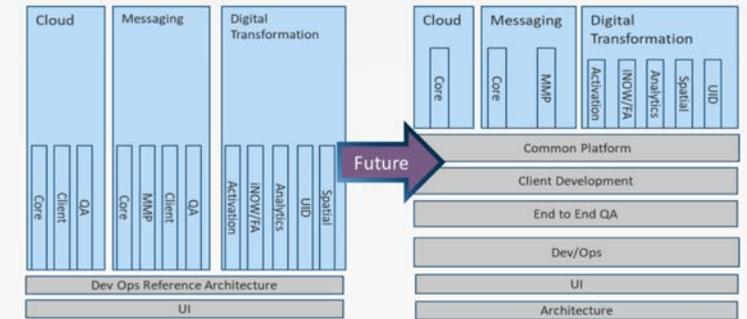
## ONE SYNCHRONOSS MODEL

### 2020 Goal Unchanged : One Synchronoss Development Model across Product Line & Global Development Centres

- Rollout of SAFe based framework continues across teams
- Quarterly Planning and Delivery cadence (PI Planning) gaining traction.
- Metrics based approach for leading and lagging indicators in progress
- Increased alignment between Product Team and R&D using common methods and tools.



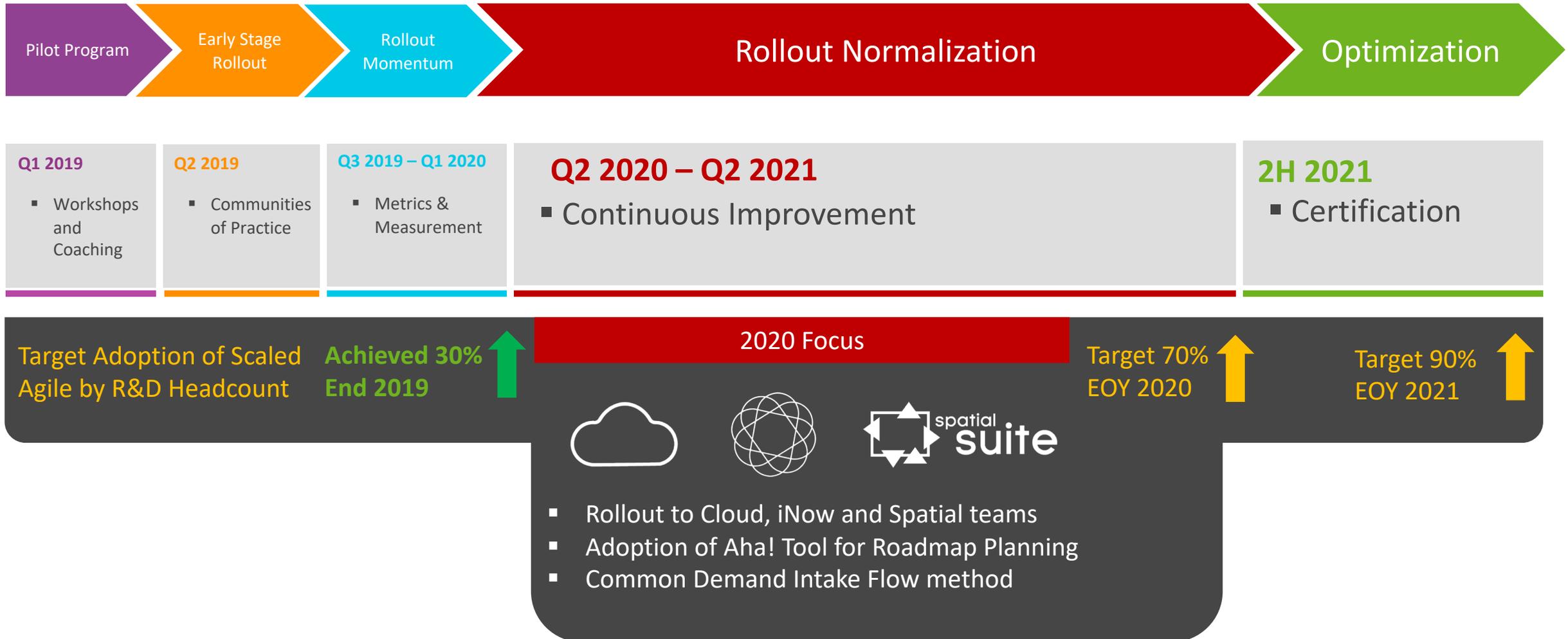
## UNIFIED PLATFORM / TECH STACK



### Platform Unification increasing

- SIP merged into Platform
- ID3 merged into Platform
- DXP usage in Cloud

# Scaled Agile Framework Rollout : 3 Year Overview



# Synchronoss Delivery Excellence



# 2019 Successful Deliveries



**Onboarded 15m+  
Subscribers for  
Messaging + in Japan**



**Expansion for AT&T  
MCT/SNT offering with  
Insurance**



**Completed five (5)  
migrations for spatialNET**



**Onboarded Assurant and  
Tracfone Cloud Offerings**



**Rollout Amazon Fuse  
Platform (DXP)**



**Onboarded Rackspace to  
Financial Analytics and IoT  
platforms**

# 2020 Initiatives



Buildout and Launch  
of CCMI RCS offering



Onboarding and scaling  
of AT&T Cloud Offering



Key growth features  
for Verizon Cloud



Migration/consolidation of  
Messaging Platforms in  
support of margin gains



Launching integrated  
Cloud and Messaging  
Solution



Assurant and Tracfone  
Channel Expansion

# Global Information Security Improvements

## SECURITY STRIDES OVER 2 YR PERIOD

**30% YoY Incremental Security Investment, while holding overall IT Flat**  
Significantly above industry average for % of IT budget



### Security Operations & Access Control

- Security technology stack improvements for detection and response capabilities
- Full integration of Access management and new tooling that enables user and role access management



### Data Privacy

- Data governance and data privacy program management technology
- Privacy risk assessments to ensure compliance with GDPR, CCPA and other privacy regulations



### Product Security

- Increased scanning velocity across product lines
- Expansion of Secure Software Development Lifecycle



### Governance Risk & Compliance

- Completed SOC 2 Type 1 for Personal Cloud and DXP
- Continued attestation of ISO 27001 and 9001 for our international operations

# Synchronoss Security Maturity Program

## Forrester maturity model security domains



### OVERSIGHT

- Enhanced 3<sup>rd</sup> party risk mgmt. program
- Actionable metrics & risk reporting
- Data Privacy program (alignment with GDPR, CCPA)



### TECHNOLOGY

- Security Orchestration, Automation & Response platform
- Advanced Network Threat Detection
- Network Access Control enhancements
- Containers & API security technology enhancements



### PROCESS

- Deployment of Identity & Access Management platform to promote automation of access control
- Expansion of Access management team to have world-wide presence



### PEOPLE

- Expansion of Security Operations Center to have world-wide presence
- Expansion of employee security awareness program

Information Security Maturity Model framework controls map to ISO 27000, NIST 800, COBIT, ITIL v3, SANS Top 20

# 2020 Efficiencies Summary

## 2020 INITIATIVES

Data Center Optimization	\$3.6M
Span of Control	\$4.5M
Scaled Agile Adoption	\$3.1M
Contractor Optimizations	\$3.6M
Commercial Software Reduction	\$2.2M

## 2018 Program Goals



# Financial Overview

David Clark, Chief Financial Officer



# Financial Overview

■ Demonstrated success delivering expense reductions driving significantly improved earnings leverage

- ✓ Lower expenses
  - ✓ Improved margins
  - ✓ Improved profitability
- 

■ Additional cost actions in 2020 expected to deliver \$45 million of in-year expense savings and accelerate EBITDA conversion to free cash flow

---

■ Strong cash and liquidity position

# 2019 Results

## STRONG Improvement in profitability

(000s)	FY 2018	FY 2019	
GAAP Revenue	\$325,839	\$308,749	Excluding 3Q STI write-down revenue would have been up 3 percent for the year
Adjusted Gross Profit	170,484	187,719	Transition from data centers to public cloud driving better gross profits and gross margins
Total Costs and Expenses	490,115	416,537	Continued cost optimization – down 15.0% YOY
Adjusted Gross Margin	52.3%	60.7%	84 basis point improvement in AGM
Adjusted EBITDA	14,023	27,584	97% improvement in Adjusted EBITDA
GAAP Net Loss	(243,748)	(136,727)	44% improvement in GAAP net loss
Non-GAAP Net Loss from Continuing Operations attributable to Synchronoss	(176,914)	(53,784)	70% improvement in non-GAAP net loss

✓ Substantial improvement in nearly all financial metrics in 2019

# Q1 2020 Results

## IMPROVED profitability on LOWER REVENUE

(000s)	Q1 2019	Q1 2020	
GAAP Revenue	\$88,105	\$77,122	Revenue down due to lower revenue from STI, sunsetting of legacy product in 2019
Adjusted Gross Profit	49,838	42,403	Gross profit dollars down due to lower revenue (STI, sunset legacy products)
Total Costs and Expenses	\$108,444	\$94,409	Continued cost optimization – down 13.3% YOY
Adjusted Gross Margin	56.6%	55.0%	Slight decrease in AGM YOY as STI revenue was higher margin than corporate average
Adjusted EBITDA	6,630	1,758	Seventh consecutive quarter of positive adjusted EBITDA
GAAP Net Loss	(27,587)	(11,990)	57% improvement in GAAP net loss
Non-GAAP Net Income (Loss) from Continuing Operations attributable to Synchronoss	(14,669)	2,614	118% improvement in non-GAAP net income (loss)

✓ Cost cuts drive improvement in profitability on lower revenue in Q1 2020

# Delivering on Cost Cutting to Improve Earnings Leverage and Cash Flow

(\$000s)	2017	2019	% Change
R&D	\$90,850	\$75,568	(16.8%)
SG&A	\$154,037	\$112,771	(26.8%)
Restructuring	\$10,739	\$755	(93.0%)
Depreciation & Amortization	\$94,884	\$77,036	(18.8%)
<b>Total Expenses</b>	<b>\$350,510</b>	<b>\$266,150</b>	<b>(24.1%)</b>
<b>Two-year Decrease</b>		<b>(\$84,360)</b>	

NOTE: Reduction in D&A due to transition from data centers to public cloud for storage



- ✓ Synchronoss executing another \$55 million of cost reductions in 2020
- ✓ In-year expense savings expected to be approximately \$45 million

# 2020 Cost Actions

	<b>Annual Impact</b>	<b>2020 In-Year Impact</b>
Q1 Cost Actions	\$15 million	\$15 million
Q2 Cost Actions	\$40 million	\$30 million
<b>Total 2020 Cost Actions</b>	<b>\$55 million</b>	<b>\$45 million</b>

- ✓ **Workforce Impacts:**
  - Operational Right Sizing
  - SLT Salary Reductions
  - Hiring Freeze
  - Bonus, Sales Commissions, and Merit Increase Deferrals
  - Contingent Worker Review
  - Elimination of open positions
- ✓ **Compensation Re-Alignment**
- ✓ **Travel Reduction**
- ✓ **Facilities Reduction**
- ✓ **OpEx Reductions – Marketing, Legal, HR, R&D**
- ✓ **Hosting Savings**

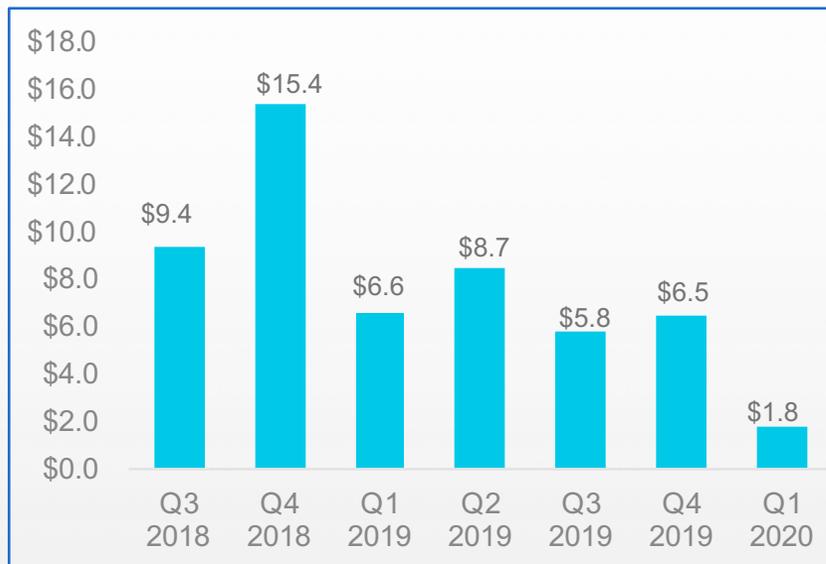
# Cash and Liquidity

- Synchronoss anticipates ample liquidity throughout 2020
- Q1 and Q2 cost cutting actions will enhance EBITDA to Free Cash Flow conversion beginning in 2H 2020

<b>Current Liquidity:</b>	<b>At 3/31/2020:</b>	<b>At 5/9/2020:</b>
Cash and Equivalents	\$31 million	\$31 million
Trade receivables available for factoring	\$0	\$10 million
Total Liquidity	\$31 million	\$41 million

# Seven Consecutive Quarters of Positive Adjusted EBITDA

Quarterly EBITDA Trend (\$mil)



Annual EBITDA Trend (\$mil)



- ✓ Year over year improvement in adjusted EBITDA demonstrates effectiveness of ongoing cost reduction efforts
- ✓ Expected 2020 EBITDA \$25-\$35 million

# Series A Convertible Participating Perpetual Preferred Stock

<b>Holder:</b>	<b>Siris Capital</b>
Original Issue Amount:	\$185 million
Dividend:	14.5% per annum, payable in kind or in cash at Company's sole discretion
Issue Date:	February 15, 2018
Maturity:	February 15, 2023  At maturity, company has the option to issue a senior unsecured note with principal equal to the Redemption Price and interest rate equal to the Dividend Rate with an additional term to maturity of one year
Prepayment:	SNCR has the <b>option</b> to <b>prepay</b> without penalty beginning August 15, 2020
Redemption Value:	\$243.1 million through August 15, 2020 (including prepayment penalty)

# Q&A