

INVESTOR PRESENTATION

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your passion > our purpose



► **MIKE GIANONI, PRESIDENT &
CHIEF EXECUTIVE OFFICER**

► FORWARD LOOKING STATEMENT

Except for historical information, all of the statements, expectations, and assumptions contained in this presentation are forward-looking statements which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding our future operating results. These statements involve a number of risks and uncertainties. Although Blackbaud attempts to be accurate in making these forward-looking statements, it is possible that future circumstances might differ from the assumptions on which such statements are based. In addition, other important factors that could cause results to differ materially include the following: general economic risks; uncertainty regarding increased business and renewals from existing customers; continued success in sales growth; risks associated with successful implementation of multiple integrated software products; the ability to attract and retain key personnel; management of integration of acquired companies and other risks associated with acquisitions risks related to our leverage, dividend policy and share repurchase program, including potential limitations on our ability to grow and the possibility that we might discontinue payment of dividends; risks relating to restrictions imposed by the credit facility; risks associated with management of growth; lengthy sales and implementation cycles, particularly in larger organizations; technological changes that make our products and services less competitive; and the other risk factors set forth from time to time in the SEC filings for Blackbaud, copies of which are available free of charge at the SEC's website at www.sec.gov or upon request from Blackbaud's investor relations department. Blackbaud assumes no obligation and does not intend to update these forward-looking statements, except as required by law. All Blackbaud product names appearing herein are trademarks or registered trademarks of Blackbaud, Inc.

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► BLACKBAUD (NASDAQ: BLKB)

A MARKET-LEADING GROWTH COMPANY

Market leader in an attractive vertical software market

Unique advantage from 30+ years of building deep domain knowledge

Well positioned to realize value from growth in online fundraising

Broad suite of solutions benefits from transition to cloud-based offerings

Strong and growing base of recurring revenue that generates highly predictable cash flow and attractive returns to shareholders

▶ NONPROFITS WE SERVE HAVE UNIQUE MISSIONS THAT REQUIRE UNIQUE FOCUS

Blackbaud has approximately 30,000 customers in over 60 countries, with a primary focus in six key geographies



Arts & Culture



Faith-based



Foundations



Healthcare



Higher Education



Human Services



K – 12 Schools



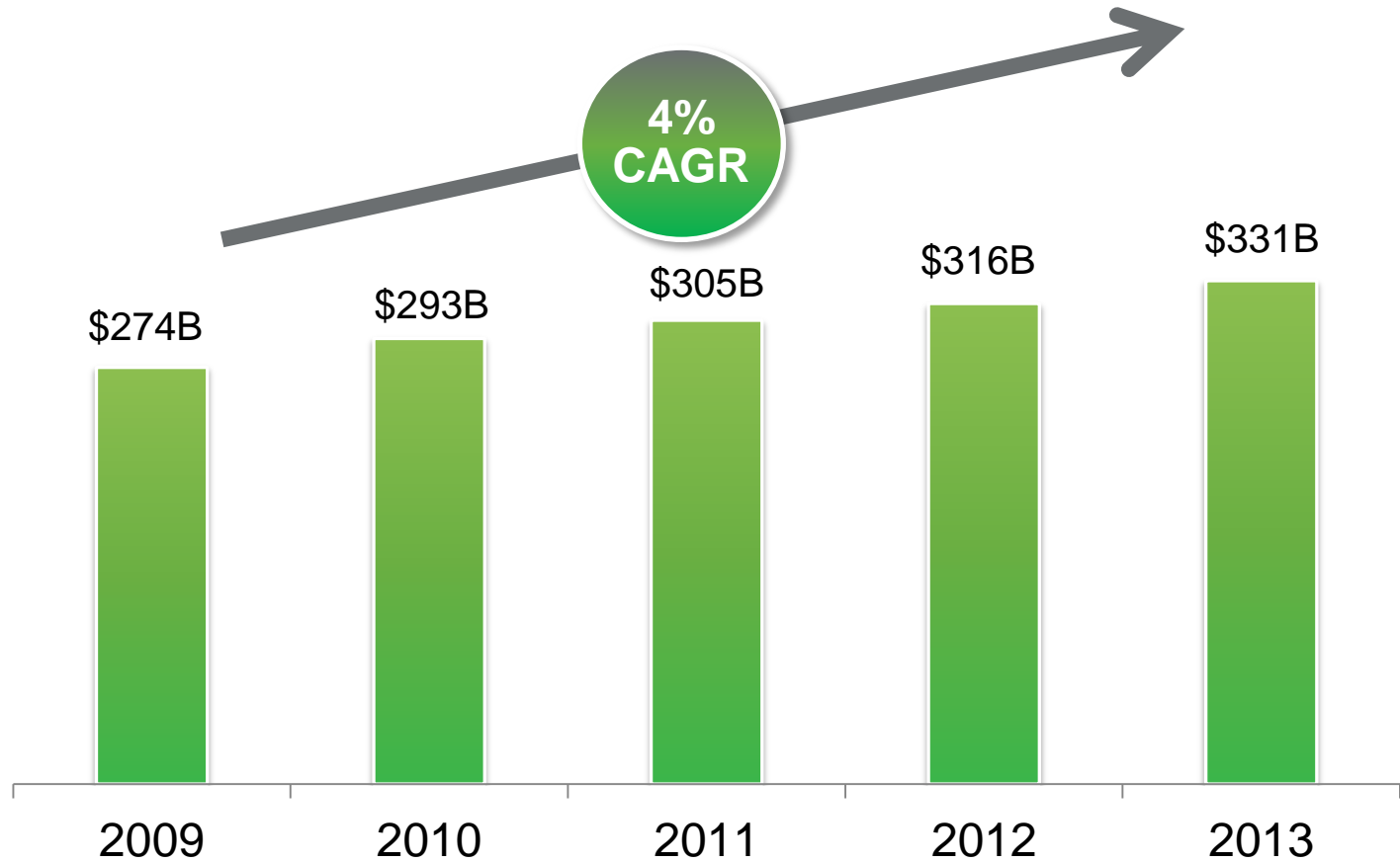
Environment



Animal Welfare

▶ NONPROFIT ORGANIZATIONS CONSISTENT TRACK RECORD OF LONG-TERM GROWTH

Consistent, Solid Growth of Donations
(Inflation adjusted \$ in billions)¹



¹ 2013 Giving USA Foundation

➤ NONPROFIT ORGANIZATIONS: MARKET TRENDS AND GROWTH DRIVERS

MIGRATING TO THE CLOUD

- Cloud-based software is increasingly in demand as it effectively becomes “the organization” (no IT, centralized office); **BLKB is well-positioned to capitalize on the continuing shift in the marketplace**

SHIFT TO ONLINE GIVING

- Online giving is the fastest growing mission delivery channel; **BLKB online solutions and payments will drive accelerated growth**

ONE-STOP-SHOP

- Nonprofits are demanding a one-stop-shop provider of solutions across ERP, CRM, and payment services; **BLKB provides an integrated offering that improves effectiveness and understanding of donor behavior**

MOBILE & SOCIAL

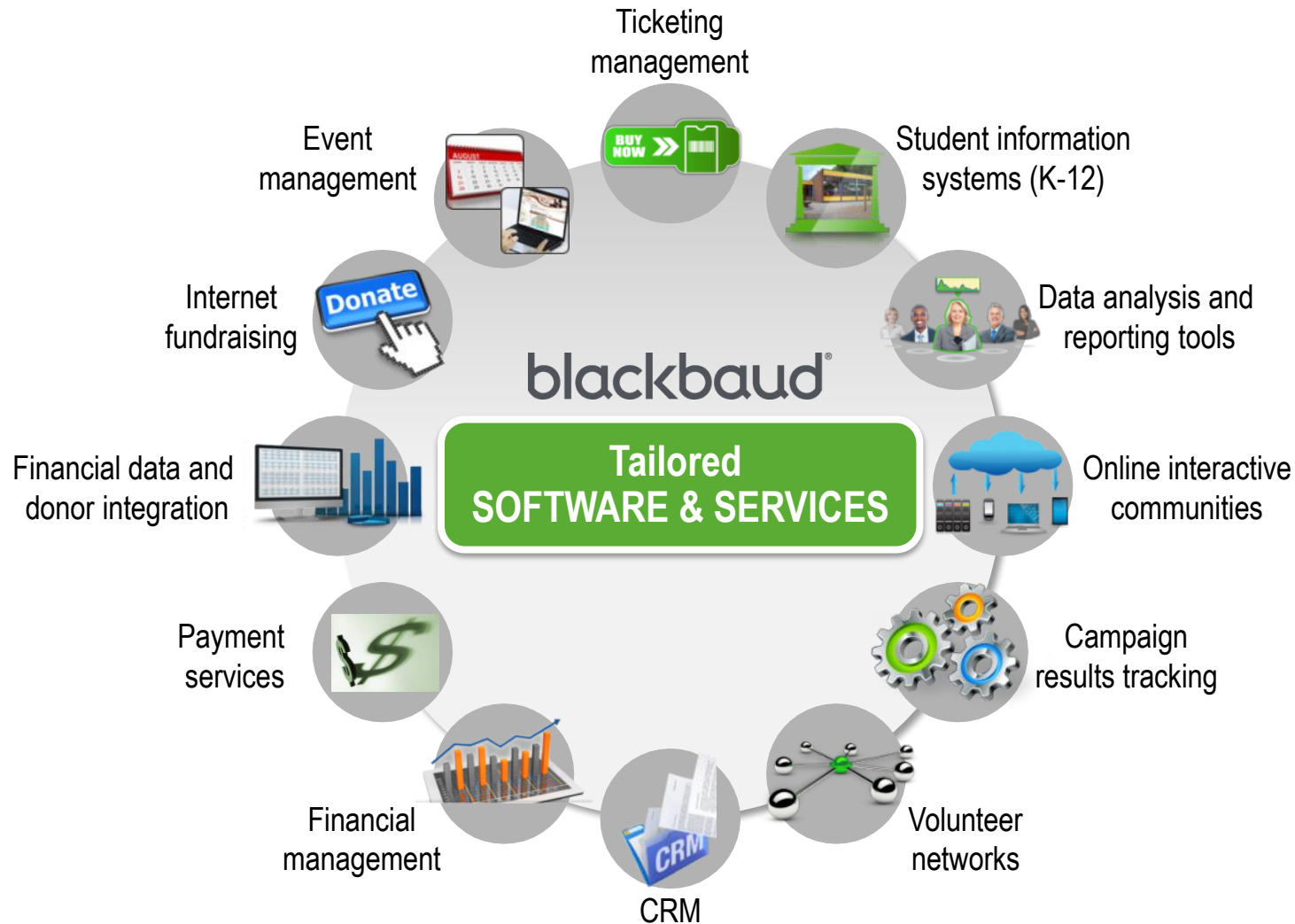
- NPO’s are increasingly relying upon mobile and social strategies to engage supporters; **BLKB is investing in mobile and social solutions to seize market opportunities and drive accelerated revenue growth**

DATA & ANALYTICS

- Data drives improved understanding of customer behaviors and opportunities; **BLKB analytics provide robust customer intelligence tools**

7.

▶ BLACKBAUD PROVIDES A UNIQUE ARRAY OF HIGHLY-TARGETED SOLUTIONS



► COMPETITIVE ADVANTAGES IN A FRAGMENTED INDUSTRY

~ 30,000 Customers Worldwide

blackbaud™	HORIZONTAL APPS ¹	VERTICAL/NICHE
Vertically tailored, comprehensive suite of solutions for NPO	X	✓
Domain knowledge in sales, services and products teams	✓	✓
Product breadth/depth	X	X
Domain expertise for all NPO verticals	✓	X
Integrated marketing capabilities, online/offline, leverage a common database	X	X
Focus on enterprise, mid-market and emerging segments	X	X



Note 1: Includes CRM, MSFT, ORCL

▶ CONTINUED CORE MARKETS GROWTH OF SUBSCRIPTION/ RECURRING REVENUE

Driving Momentum for the Future



► SIGNIFICANT 2014 GROWTH PRIORITIES

\$17 MILLION OF INCREMENTAL INVESTMENTS IN 2014 TO DRIVE GROWTH

Revenue Growth

- Accelerated Growth/Product Integration
On-line, Payments, Analytics, Mobile
- Core Markets Growth – MRR
- New Investments in Sales/Retention
- “Tuck-In” Acquisitions

Continued Growth of Recurring Revenue

- Seize Transaction & Subscription Opportunities
- Dedicated Cloud Team
- Operationalize Cloud Transition

Product Optimization

- Continue to Simplify & Refine
- Drive Integrated Solutions
- Launch New Products

Increased Operating Efficiencies

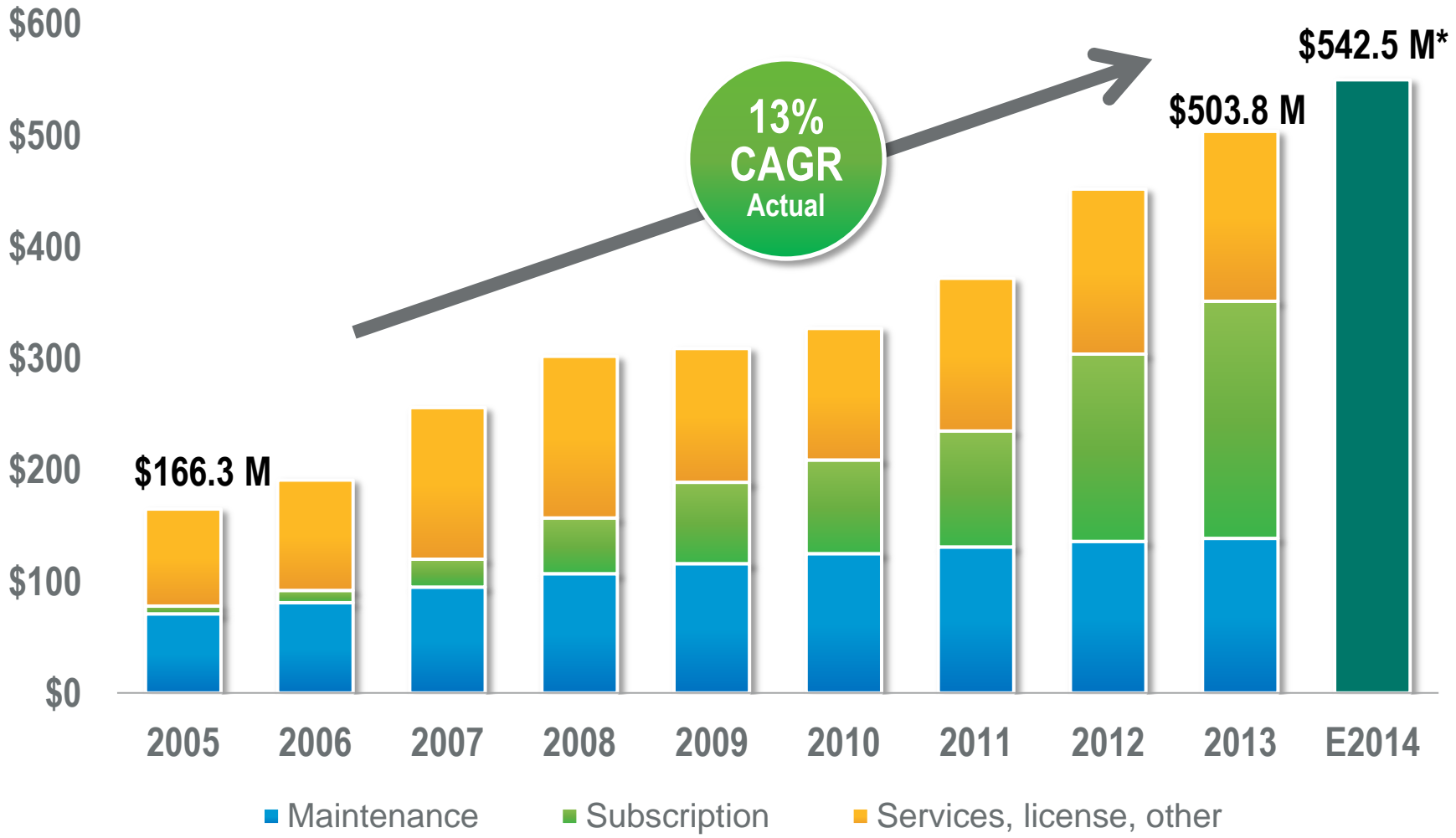
- Standardize and Simplify Processes
- Automate Internal Systems



► **TONY BOOR, CHIEF FINANCIAL OFFICER**

► CONSISTENT TRACK RECORD OF REVENUE GROWTH

Significant increase of organic growth rate is expected in 2014

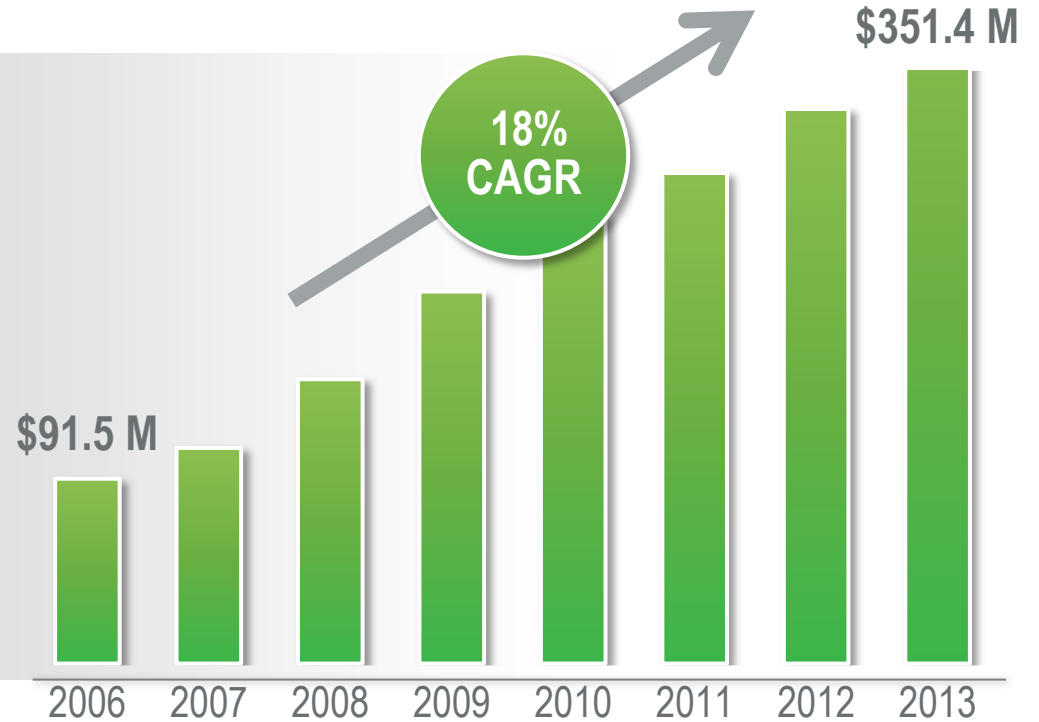
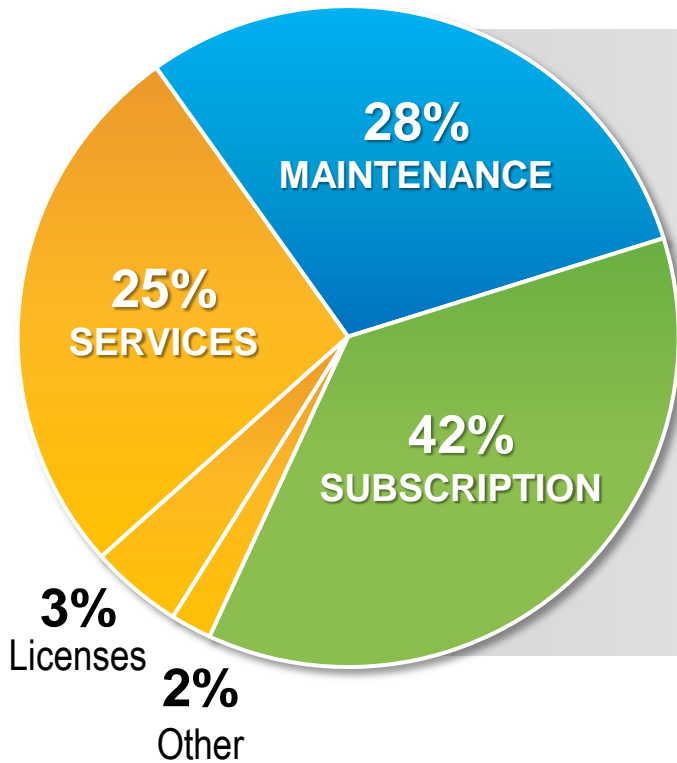


* 2014 Goal, at midpoint

▶ FAST GROWING RECURRING REVENUE STREAM

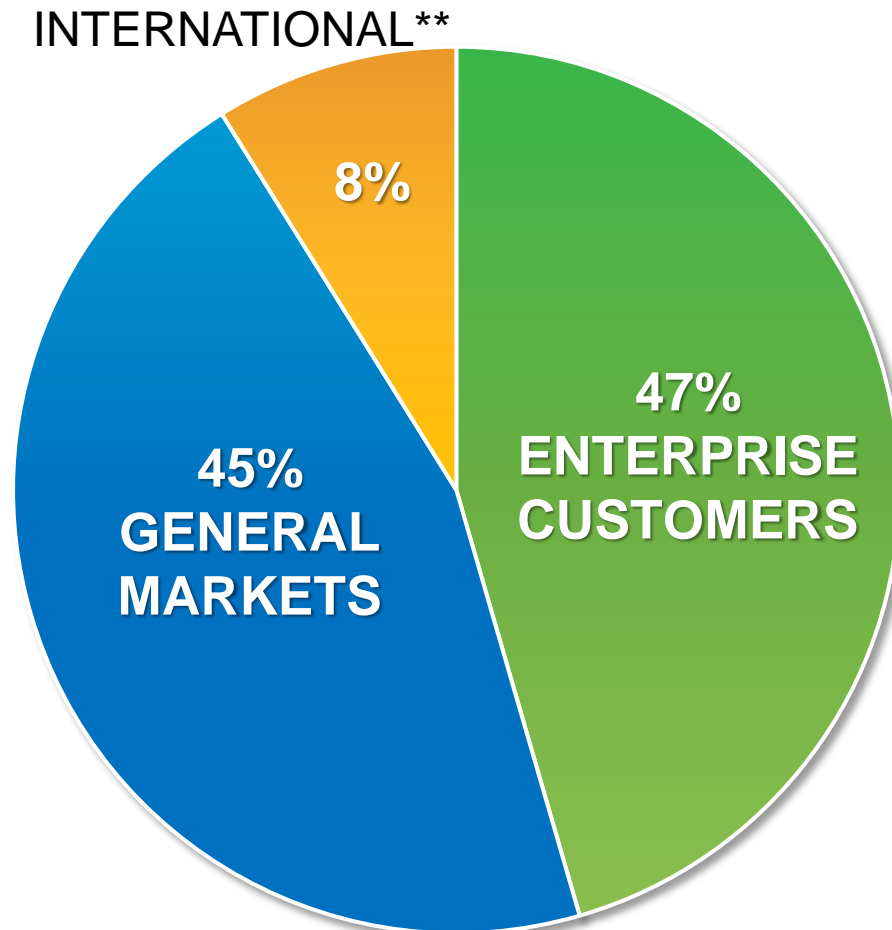
Mix of Revenue
(2013 breakdown)

Consistent, Solid Growth
(recurring revenue)



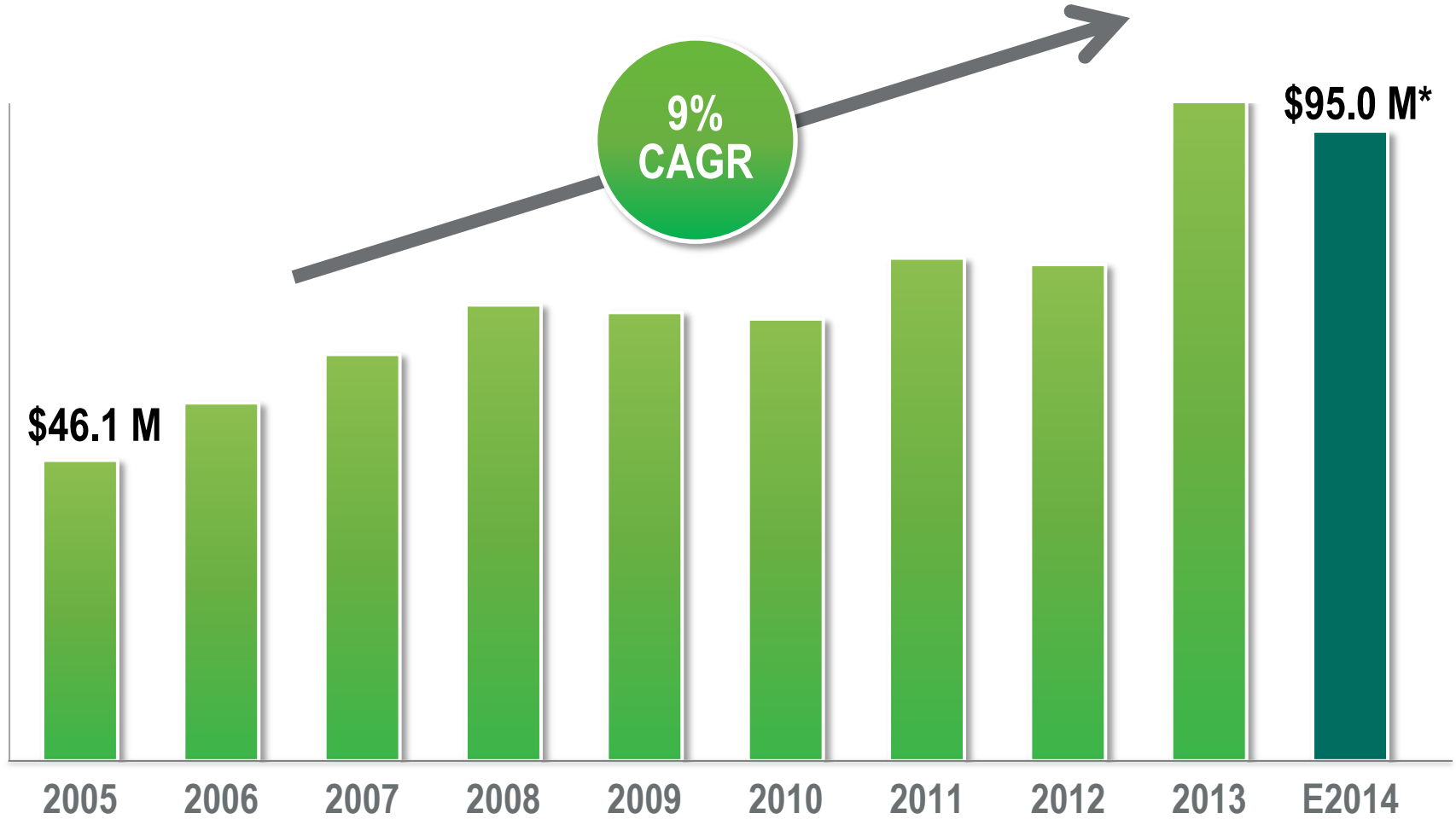
► DIVERSIFIED REVENUE STREAMS

Revenue by Business Unit**



**Excludes Canada which is reported in GMBU and ECBU for segment reporting purposes

▶ TRACK RECORD OF GENERATING STRONG NON-GAAP OPERATING INCOME



* 2014 Goal, at midpoint

► 2013 FINANCIAL HIGHLIGHTS

34% GROWTH

\$101.3 M
Total non-GAAP
Operating Income

11.4%
GROWTH

\$ 5 0 4 . 9 M
TOTAL NON-GAAP REVENUE
(\$503.8 M GAAP Revenue)

35% GROWTH

\$1.28
Non-GAAP
Earnings / Share

\$22.1 M
Dividend
Payments

56%
GROWTH

\$107.2 M Cash Flow
From Operations

\$62.6 M
Net Debt
Reduction

► 2014 OPERATING INVESTMENTS

(EXPECTED \$)

• Revenue Growth

- \$8 M Incremental 2014 Investment
 - Expand emerging and mid-markets sales force
 - Enhance enterprise-wide customer retention services

• Product Optimization

- \$2.5 M Incremental 2014 Investment
 - New product launch - EDH
 - Increased Cloud/online investment
 - Payments acceleration

• Recurring Revenue Company

- \$1 M Incremental 2014 Investment
 - Dedicated Cloud team

• Operating Efficiencies

- \$5 M Incremental 2014 Investment
 - New CRM, expense, and financial management



► FIRST QUARTER OF 2014 – A STRONG START

TOTAL GAAP REVENUE

- Increased by 10.4% to \$127.6 Million

Non-GAAP ORGANIC* REVENUE GROWTH

- Increased by 6.9%

RECURRING REVENUE

- Increased to ~ 74% of Total Revenue

GAAP DILUTED EPS

- Increased by 33%

CASH FLOW FROM OPERATIONS

- Increased CFFO to \$13.3 Million

* Payment solutions revenue on gross basis

► **LOOKING AHEAD**

\$535 – \$550 M
NON-GAAP
REVENUE

2014 FINANCIAL GOALS

~ \$100 M
CASH FLOW
FROM
OPERATIONS*

\$92 – \$98 M
NON-GAAP
OPERATING
INCOME

\$1.16 – \$1.24
EARNINGS
PER SHARE

*with stable free cash flow compared to 2013
20.

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► BLKB INVESTMENT CONSIDERATIONS

RECURRING REVENUE MODEL DRIVEN BY GROWING CLOUD OFFERING

Represents over 70%
of revenue for 2013

ROBUST FREE CASH FLOW

Strong liquidity profile
with limited leverage;
Low Capex needs drive
strong free cash flow
generation

MARKET LEADER WITH DIVERSIFIED GLOBAL CUSTOMER BASE

30+ year track record with
~ 30,000 customers in
over 60 countries,
including
42 of the largest 50 NPOs

STRONG MANAGEMENT TEAM WITH PROVEN TRACK RECORD

Deep industry
knowledge and
expertise with broad
international exposure

UNIQUELY POSITIONED TO GAIN MARKETSHARE

Significant core market
and international
growth opportunities;
“Tuck-in” acquisitions