

bbcon® 2019

Blackbaud Investor Session

OCTOBER 16, 2019

TICKER: BLKB

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Forward-Looking Statements

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Use of Non-GAAP Financial Measures: The Company has provided in this presentation financial information that has not been prepared in accordance with GAAP. The Company uses these non-GAAP financial measures internally in analyzing its financial results and believes they are useful to investors, as a supplement to GAAP measures, in evaluating the Company's ongoing operational performance. The Company believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing its financial results from period to period with other companies in the Company's industry, many of which present similar non-GAAP financial measures to investors. These non-GAAP financial measures may not be completely comparable to similarly titled measures of other companies due to potential differences in the exact method of calculation between companies. The Company believes that these non-GAAP financial measures reflect the Company's ongoing business in a manner that allows for meaningful period-to-period comparison and analysis of trends in the Company's business. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures.

Blackbaud discusses non-GAAP organic revenue growth measures, including non-GAAP organic revenue growth, non-GAAP organic revenue growth on a constant currency basis and non-GAAP organic recurring revenue growth, which Blackbaud believes provide useful information for evaluating the periodic growth of its business as well as growth on a consistent basis. Each measure of non-GAAP organic revenue growth excludes incremental acquisition-related revenue attributable to companies acquired in the current fiscal year. For companies acquired in the immediately preceding fiscal year, if any, each measure of non-GAAP organic revenue growth reflects presentation of full year incremental non-GAAP revenue derived from such companies as if they were combined throughout the prior period, and it includes the current period non-GAAP revenue attributable to those companies, as if there were no acquisition-related write-downs of acquired deferred revenue to fair value as required by GAAP. In addition, each measure of non-GAAP organic revenue growth excludes prior period revenue associated with divested businesses. The exclusion of the prior period revenue is intended to present the results of the divested businesses within the results of the combined company for the same period of time in both the prior and current periods. Blackbaud believes this presentation provides a more comparable representation of our current business' organic revenue growth and revenue run-rate.

Non-GAAP free cash flow is defined as operating cash flow less capital expenditures, including costs required to be capitalized for software development, and capital expenditures for property and equipment.

Reconciliation of GAAP to Non-GAAP Financial Measures: Reconciliations of the most directly comparable GAAP measures to non-GAAP financial measures and related adjustments, as well as details of Blackbaud's methodology for calculating non-GAAP organic revenue growth, non-GAAP organic revenue growth on a constant currency basis and non-GAAP organic recurring revenue growth can be found on the "Investor Relations" page of the company's website.

Blackbaud has not reconciled forward-looking non-GAAP financial measures contained in this investor material to their most directly comparable GAAP measures. Such reconciliations would require unreasonable efforts at this time to estimate and quantify with a reasonable degree of certainty various necessary GAAP components, including for example those related to compensation, acquisition transactions and integration, tax items or others that may arise. These components and other factors could materially impact the amount of the future directly comparable GAAP measures, which may differ significantly from their non-GAAP counterparts.

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Speakers & Agenda

11:30 – 1:00PM

Investor Session

Mike Gianoni

Company Overview

Industry Leading Cloud Technology

Tony Boor

Disciplined Financial Strategy

Q&A

1:00 – 1:30PM

Lunch in Expo Hall

1:45 – 5:15 PM

Breakout Sessions



Mike Gianoni

President &
Chief Executive Officer



Tony Boor

Executive Vice President &
Chief Financial Officer

Company Overview

Industry-Leading Cloud Technology

Disciplined Financial Strategy

Highlights

- Blackbaud leads with an unmatched commitment to the social good sector
- Purpose-built, integrated, and flexible cloud solutions highly differentiated from the competition
- Rapid innovation supports sustainable growth in a large and expanding market opportunity

Social good is a significant global sector spanning beyond nonprofits



ARTS AND CULTURAL ORGANIZATIONS



COMPANIES



FAITH COMMUNITIES



FOUNDATIONS



HEALTHCARE ORGANIZATIONS



HIGHER EDUCATION INSTITUTIONS



INDIVIDUAL CHANGE AGENTS



K-12 SCHOOLS



NONPROFITS



Blackbaud is the world's leading cloud software company powering social good

\$100B+

raised, granted, and invested in their programming by our customers each year¹

80%

of the most influential nonprofits²

25

of the largest Catholic Dioceses in the US¹

Millions

of users across 100+ countries¹

1 out of 3

Fortune 500 companies⁵

30 of the 32

largest nonprofit hospitals⁴

93%

of higher education institutions with billion-dollar campaigns³



Source: (1) Internal Statistics, (2) Top 50 listed by The Street.com featured by MSN, (3) Council for Advancement and Support of Education, (4) Becker's Hospital Review, (5) Fortune 500

Driving significant value for our customers

\$2M

increase in major gifts
for Houston Zoo

100%

participation in employee
volunteering program
achieved by Berkshire Bank

250%

increase in
email conversion for
Feeding America

2 weeks

saved each month in
processing time for
Acero Schools in Chicago

+335%

Marshfield Clinic Health
System exceeded their
fundraising goal for their
ALS Steps for Hope event

\$10M

in contribution revenue
in first 30 days
post-implementation
for Fellowship of
Christian Athletes



A culture built on unmatched commitment to social good



We work
as one.



We bring
heart.



We invent
possibilities.



We expect
the best.



We give
back.

4 out of 5

employees volunteer
regularly

1 out of 4

employees serve on
nonprofit boards

600+

engineers; largest R&D
investment in the sector

A

MSCI ESG Rating

1 out of 3

employees belong to
an employee-led
affinity group

100,000

hours volunteered
annually by employees

500+

employees worked
previously for social good
organizations

9 out of 10

employees say Blackbaud's
mission was important to
their decision to join
the company

2

ISS Governance
Quality Score

Over 2x

employees participating
in matching gift program
compared to
national median

Note: Internal Statistics

Strong Executive Leadership Team



Mike Gianoni
CHIEF EXECUTIVE OFFICER



Anthony Boor
CHIEF FINANCIAL OFFICER



Catherine LaCour
CHIEF MARKETING OFFICER



David Benjamin
PRESIDENT, IMG



Jagtar Narula
CORPORATE STRATEGY &
BUSINESS DEVELOPMENT



John Mistretta
HUMAN RESOURCES



Jon Olson
GENERAL COUNSEL



Kevin Gregoire
PRESIDENT, EMG



Kevin McDearis
CHIEF PRODUCTS OFFICER



Kevin Mooney
PRESIDENT, GMG



Mary Beth Westmoreland
CHIEF TECHNOLOGY OFFICER



Stephen Halleck
BUSINESS OPERATIONS



Walter Loiselle
CUSTOMER OPERATIONS

Executing a clear four-point growth strategy

01

Delight customers with innovative cloud solutions

Comprehensive, purpose-built cloud solutions – backed by service to deliver differentiated value

02

Drive sales effectiveness

Improving sales productivity to drive recurring revenue growth

03

Expand total addressable market

Acquiring, building, and partnering into near adjacent markets

04

Improve operating efficiency

Building a world-class operating model

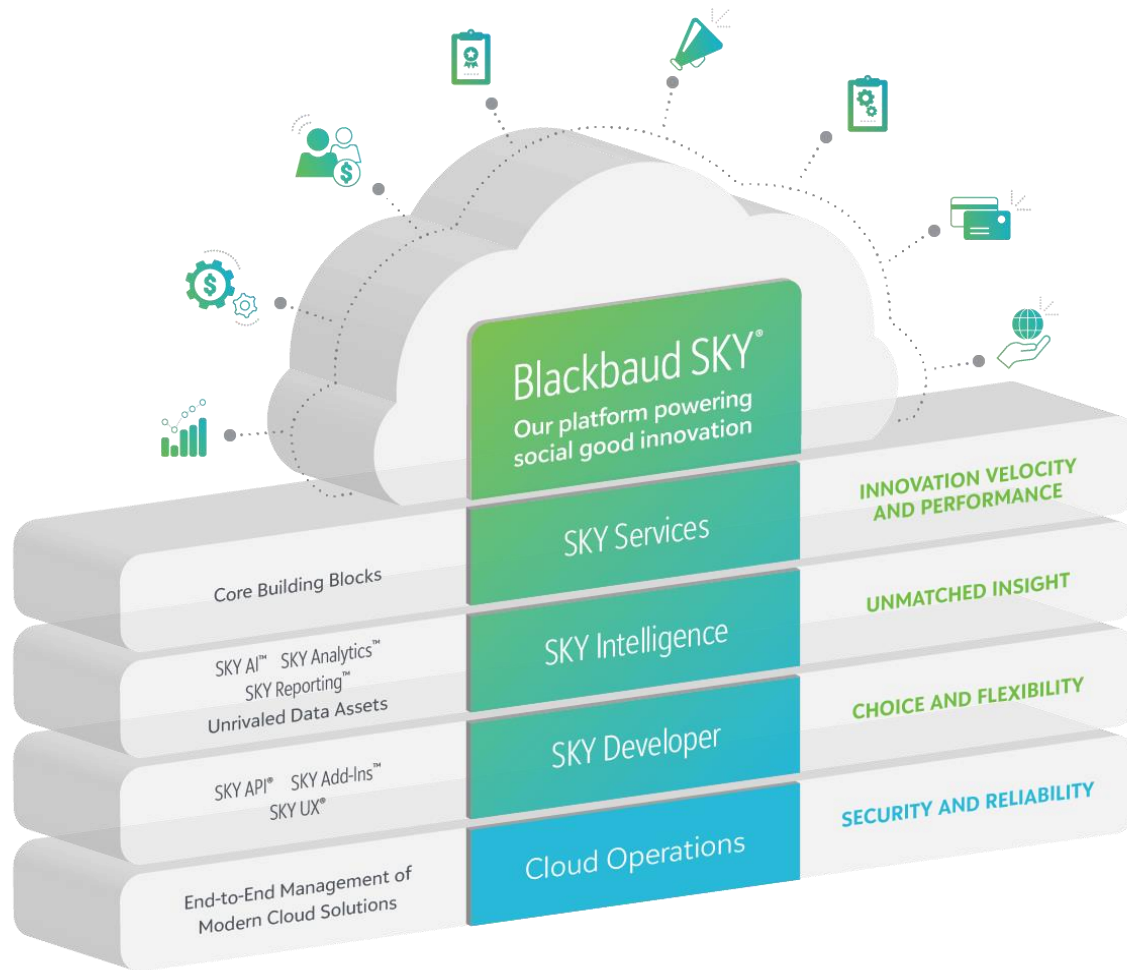


Company Overview

Industry-Leading Cloud Technology

Disciplined Financial Strategy

Rapid innovation powered by industry-leading cloud technology



Power of the Platform

Common shared components

Continuous innovation and feature deployment

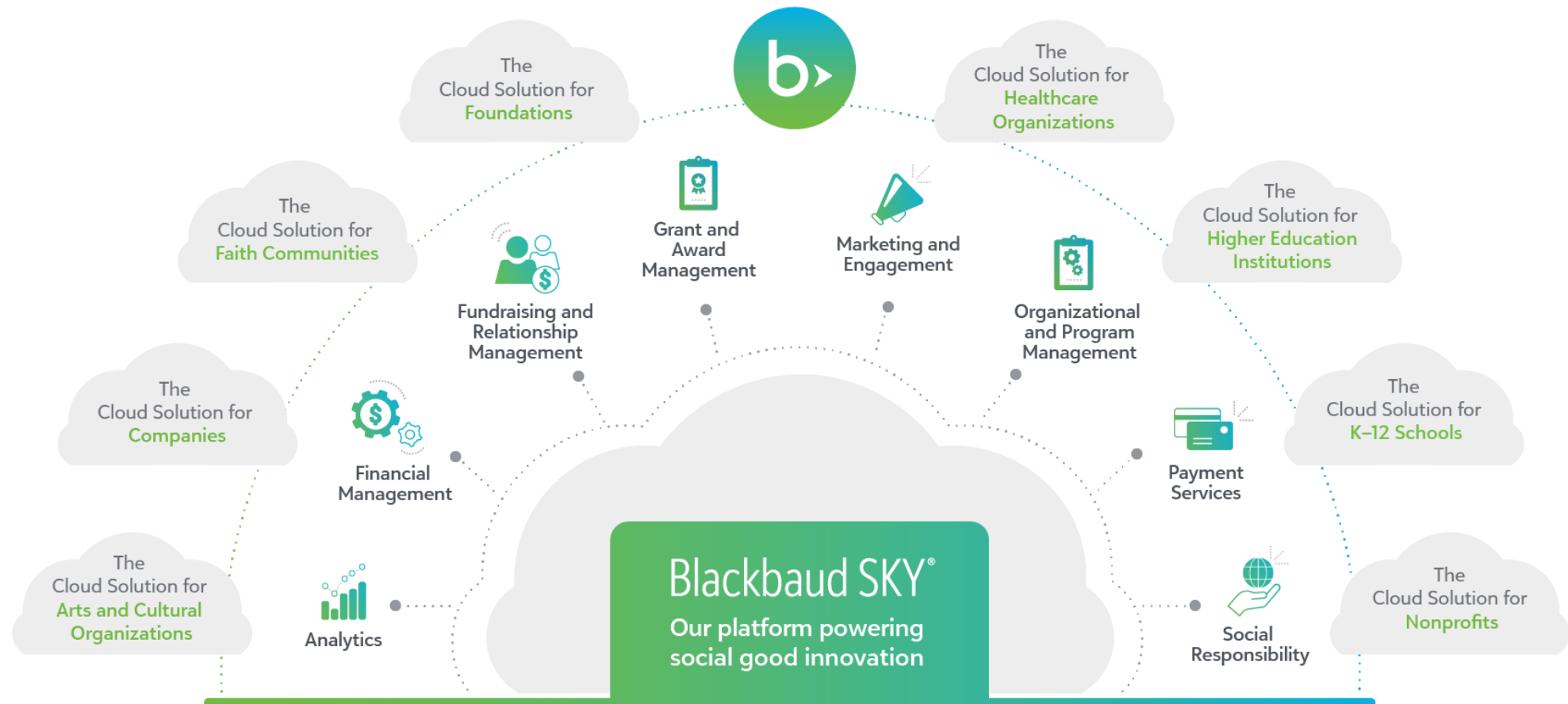
Fast time to market

Integrated capabilities

Enables a network effect

Innovative, integrated and flexible cloud solutions

Enabling customers to drive outcomes and impacts



Empowering our customers through prescriptive analytics

Industry's largest dataset powers benchmarking, insights and more so our customers can be mission focused

Intelligence for Good®



Millions

of recommended actions
waiting right now to
guide our customers to
advance their missions

Over 45K

organizations and
millions of people
already benefitting
from our solutions

Billions

of dollars in untapped
funding opportunities
already uncovered

Millions

of potential
advocates identified

Note: Internal Statistics

Strategic go-to-market approach enables success in new markets



Rapid
Innovation



Partner with
Early Adopters



Focus on
Early Customer
Delight



Reference
Selling

Positioned to disrupt the church management space

In a vertical where the options have been legacy or single-point solutions, our cloud solution for faith communities is a game changer

First

solution built entirely on
Blackbaud SKY[®]

\$1.5B+
additional TAM

1/3

of all US contributions
are made to religious
organizations¹

¹GivingUSA 2019

The Cloud Solution for Faith Communities



The Cloud Solution for Faith Communities

Purpose-built to drive digital transformation and impact across faith communities.
Flexible and scalable to work the way a church needs.

CHURCH MANAGEMENT

- Online and Offline giving
- Church Directory
- Safe Child Check-In
- Small Group Management
- Volunteer Management

FUNDRAISING AND RELATIONSHIP MANAGEMENT

- Batch and Gift Management
- Pledge Management
- Peer to Peer Fundraising
- Capital Campaign Management

ANALYTICS

- Reporting and Dashboards
- Data Health and Enrichment
- Gift Capacity Insight



FINANCIAL MANAGEMENT

- General Ledger
- Accounts Payable
- Budgeting
- Fund Accounting
- Fixed Assets

MARKETING AND ENGAGEMENT

- Event Registration
- Online Calendar
- Email Designer
- Congregant Engagement

PAYMENT SERVICES

- Merchant Services
- Payables

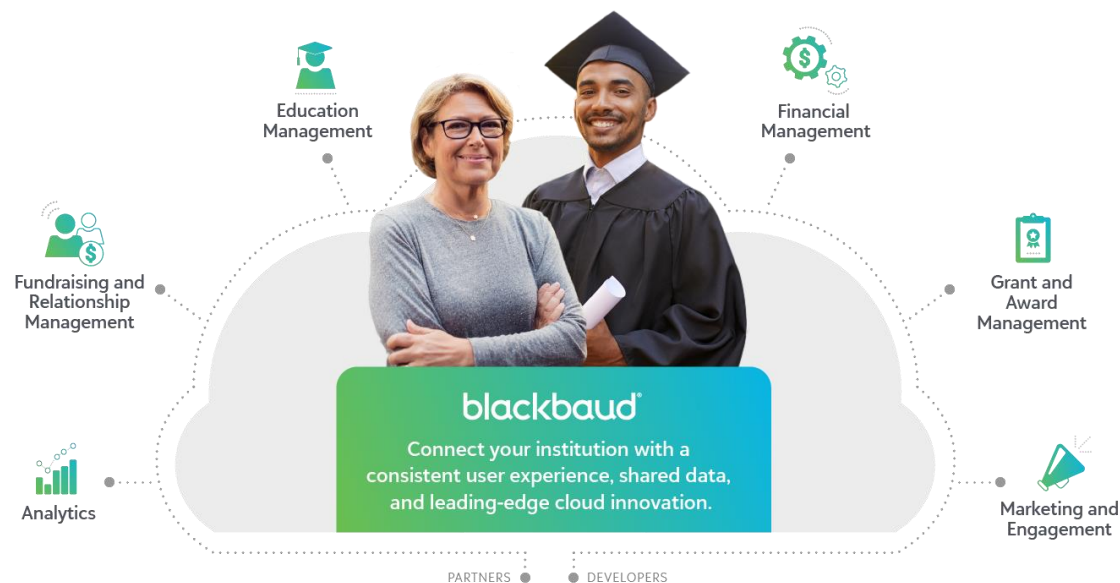
Recorded Product Demo

Church Management

Leading with a robust cloud solution in higher education

Expanding the offer with Blackbaud's education management portfolio

The Cloud Solution for Higher Education



Strategic acquisitions

Blackbaud Award Management™

Blackbaud Fundraiser Performance Management™

Blackbaud Volunteer Network Fundraising™

Blackbaud Guided Fundraising™

Rapid Innovation

Blackbaud's Education Management Portfolio

Strategic Partnerships

Microsoft Co-Selling Partner

MSUS Industry Partner

Award 2019 in Education

Serving adult education institutions of all types and sizes

Blackbaud's education management portfolio resonating in the market

NEW CUSTOMER ↗

Trade School



Education Management Portfolio



Fundraising and
Relationship Management



Financial Management



Analytics

Fine Arts Academy



Education Management Portfolio



Fundraising & Relationship
Management



Marketing & Engagement



Financial Management



Analytics

Seminary



Education Management Portfolio



Financial Management

“

We looked at a number of solutions in addition to Blackbaud. You name it, we looked at it. But our 20-plus year history with Blackbaud and its solutions for higher education held the promise of providing everything we want to achieve and more.

”

BLACKBAUD CUSTOMER

A broad cloud solution for companies

YourCause + blackbaud

Better Together.

1 out of 3

Fortune 500 Companies use
Blackbaud solutions

8M+

People engaged with
YourCause's solution

300K+

Nonprofits registered globally

125K

Nonprofits have
received donations

21

2018 Best Corporate Citizen
Award winners
(Corporate Responsibility Magazine)



Note: Internal Statistics

Summary

- ✔ Blackbaud leads with an unmatched commitment to the social good sector
- ✔ Purpose-built, integrated, and flexible cloud solutions highly differentiated from the competition
- ✔ Rapid innovation supports sustainable growth in a large and expanding market opportunity

A person with curly hair is seen from behind, looking at a wall covered in numerous sticky notes. The image is overlaid with a green-to-blue gradient. The text is positioned on the left side of the image.

Company Overview
Industry-Leading Cloud Technology
Disciplined Financial Strategy

Highlights

- Disciplined strategy focused on accelerating financial performance
- Operating model positions us to scale
- Early stages of strategic growth investments to capture a large and expanded market opportunity

Blackbaud Financial Strategy



Business Model Drives Recurring Revenue

Approximately 92% recurring revenues



Improving Operating Efficiency

Scalable model with strategic investments in growth



Generating Healthy Free Cash Flows

Balancing strategic growth investments with cash generation



Maintaining a Disciplined Capital Strategy

Capital investments consistent with solution roadmap and strategy

Efficient, scalable operating model



Targeted Vertical Go-to-market

Focus on customer needs
and solution selling



Global Centers of Excellence

Support functions with
common systems, metrics
and measurement



Centralized Back Office

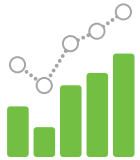
Continuous improvement
across all functions

Investments support future recurring revenue growth



Innovation across purpose-built, comprehensive cloud solutions

Built to delight customers leading to larger deals and increased customer lifetime value



Build on recent go-to-market changes to improve productivity

Focused on improving market coverage and increasing go-to-market efficiency



Strategic acquisitions and partnerships

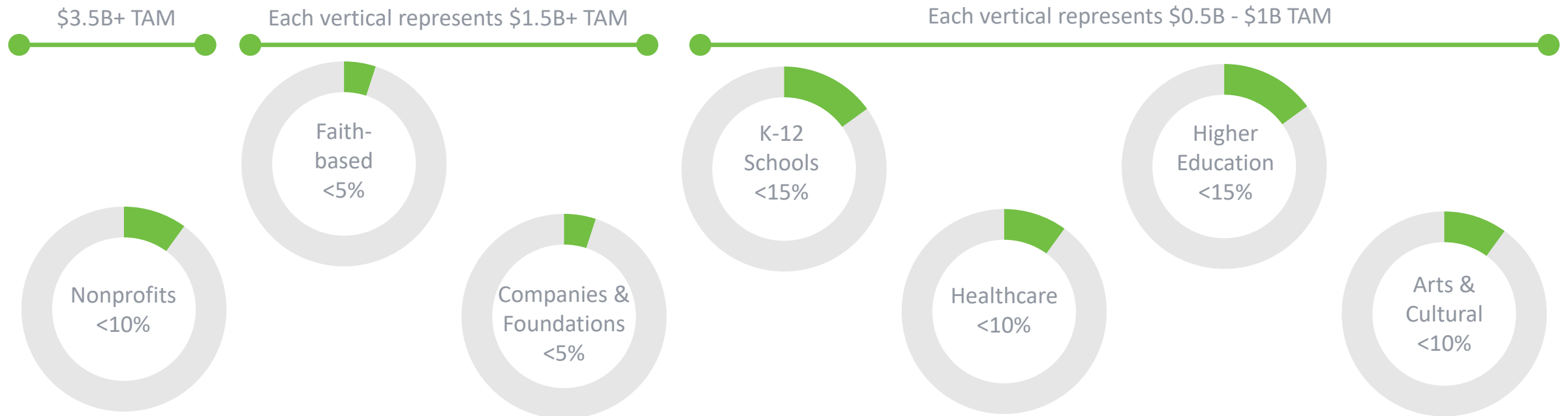
Leverage market leadership position and expand TAM into near adjacencies

Substantial TAM with significant penetration opportunity

\$10B+
2019 TAM

<10%
Revenue Penetration

Revenue Penetration by Vertical



Sources: FY 2018 Blackbaud Revenue. TAM based on IRS data, 2013 data derived from primary research, Boston Analytics and Blackbaud, Canadian Customs & Revenue Agency, Caritas, Private School Universe, Carnegie Higher Education, Guidestar; OECD, CIA World Factbook, Johns Hopkins University, NTEN 2014 Nonprofit Technology Staffing and Investments Report, Blackbaud internal data

Sales structure built to scale



Scalable Model

Global sales operations
Customer success organization
Best-in-breed back office systems



Prescriptive Selling

Vertical market focus
Integrated clouds
Bifurcate hunters vs. farmers



Sales & Marketing Efficiency

Productivity focus
Ramping sales hiring
Deploy reps in market
Expand partner channel

Substantial opportunity to improve market coverage

Early stages of strategic investments to drive future growth

Millions

of social good organizations globally

Elevated rate of sales hiring

19% increase in direct sales HC in 2018

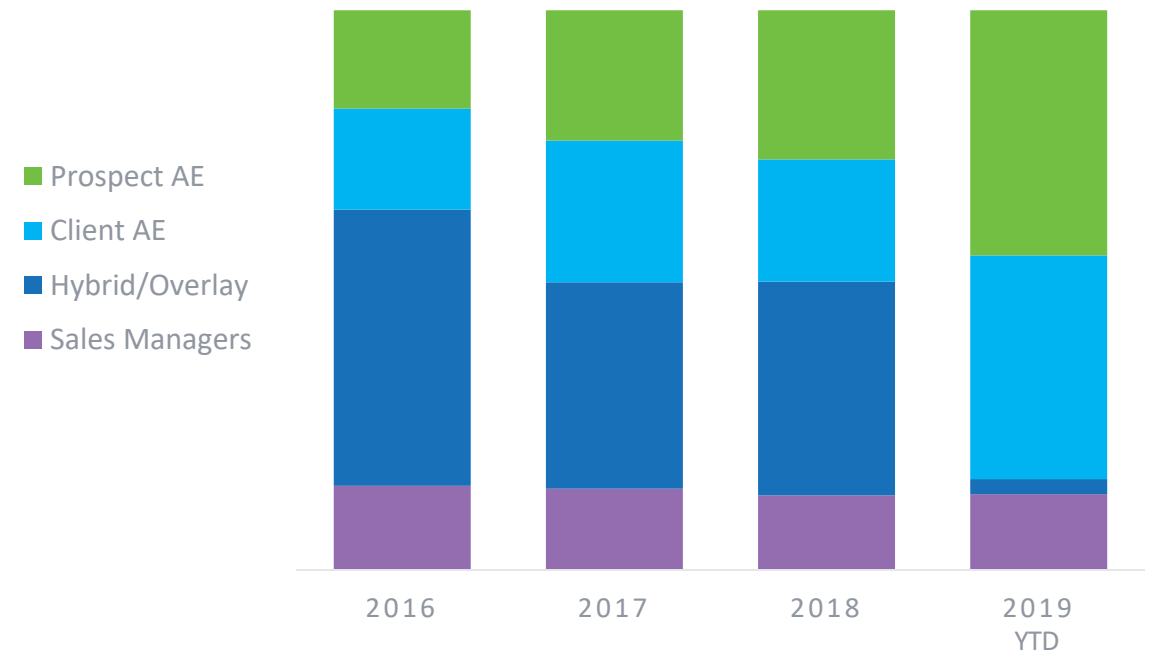
Increased focus on prospect sales

Tripled the number of AE's dedicated to prospecting

Building partner channel

Growing VAR, Strategic and ISV Programs

DIRECT SALES HEADCOUNT MIX BY ROLE



Note: Internal data. Year to date as of 6/30/2019

Progressing on initiatives to improve sales productivity

Key Opportunities

Less than half

direct sales reps on full quota
for first nine months of 2019

Below benchmark

ARR Quota : On Target Earnings

Internal Programs

Sales Leadership Framework

Centralized hiring

Sales Bench program

Weekly metric reviews

One global compensation plan

Digital Marketing and Lead Gen

Success Metrics

Time to Hire

Time to Ramp

Time in Role

Recurring : One-time

ARR : OTE

CAC Payback

Driving significant value for our customers

45K+

Customers

92%

Customer Retention



Customer

Delight customers
with innovative
cloud solutions



Culture

Built around customer
success and creating long-
term customer value



Programs

Workstreams
and executable initiatives
aligned to internal goals



Metrics

Internal retention goals
and targets. Track
outcomes over time

Note: Internal data

Improving Shareholder Value

- ✓ Unmatched commitment to the social good sector
- ✓ Rapid innovation powering integrated, purpose-built solutions differentiate from the competition
- ✓ Executing a disciplined strategy focused on accelerating financial performance

Thank You!



blackbaud®