



Blackbaud Investor Presentation

blackbaud®

TICKER: BLKB

February 10, 2020

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements in this presentation consist of, among other things, statements regarding future operating results, all of which are based on current expectations, estimates, and forecasts, and the beliefs and assumptions of the Company's management. Words such as "expects," "anticipates," "aims," "projects," "intends," "plans," "likely," "will," "should," "believes," "estimates," "seeks," variations of such words, and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. Factors that could cause actual results to differ materially from the Company's expectations expressed in this presentation include: expectations for achievement of 2020 financial guidance; risks associated with fluctuations in foreign exchange rates and the related impact on 2020 financial guidance; expectations for continuing to successfully execute the Company's growth and operational improvement strategies; expectations of future growth in the global giving software solutions market, segments within that market and the Company's total addressable market; expectations that achieving the Company's goals will extend its competitive advantage and provide improved product quality and innovative solutions for its customers; expectations that the consolidation of legacy systems into best-of-breed platforms will drive increasing operating efficiency and contribute to margin improvement; expectations that the Company's financial position provides flexibility to fuel future growth through acquisitions or other opportunities; expectations that past acquisitions have expanded the Company's customer and market opportunities; risks associated with acquisitions; risks inherent in the expansion of our international operations; risks related to the vote by the United Kingdom to leave the European Union; the possibility of reduced growth or amount of charitable giving; uncertainty regarding increased business and renewals from existing customers; risks associated with implementation of software products; the ability to attract and retain key personnel; risks related to the Company's leverage, credit facility, dividend policy and share repurchase program; lengthy sales and implementation cycles; technological changes that make the Company's products and services less competitive; risk related to the adequacy of our data security procedures and the other risk factors set forth from time to time in the Company's SEC filings. Factors that could cause or contribute to such differences include, but are not limited to, those summarized under Risk Factors in the Company's most recent annual report on Form 10-K, and any quarterly reports on Forms 10-Q thereafter, copies of which are available free of charge at the SEC's website at www.sec.gov or upon request from the Company's investor relations department. Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent the Company's beliefs and assumptions only as of the date of this presentation. Except as required by law, the Company does not intend, and undertakes no obligation, to revise or update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

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Historical Financials and Non-GAAP Financial Measures

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. In these materials, Blackbaud is presenting the following unaudited information: historical recurring and total revenue for the fiscal years ended December 31, 2019 and 2018 and the interim periods therein; calculations for recurring revenue growth and total revenue growth for the twelve-month period ended December 31, 2019 and the interim periods therein; and calculations of non-GAAP organic recurring revenue growth, non-GAAP organic revenue growth and non-GAAP organic revenue growth on a constant currency basis for the same periods.

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.

Historical Financial Statements Being Presented: In these materials, Blackbaud is presenting the following unaudited historical financial information: historical consolidated balance sheets as of the fiscal years ended December 31, 2019 and 2018 and interim consolidated balance sheets for each of the quarters within fiscal 2019 and 2018; historical consolidated statements of comprehensive income for the fiscal years ended December 31, 2019 and 2018 and interim consolidated statements of comprehensive income for each of the quarters within fiscal 2019 and 2018; historical consolidated statements of cash flows for the fiscal years ended December 31, 2019 and 2018 and interim consolidated statements of cash flows for each of the interim year-to-date periods within fiscal 2019 and 2018; and historical non-GAAP financial information for the fiscal years ended December 31, 2019 and 2018 and for each of the quarters within fiscal 2019 and 2018 as well as reconciliations of the non-GAAP measures to their most directly comparable GAAP measures and related non-GAAP adjustments. Blackbaud is providing this unaudited financial information to allow investors and analysts to more easily access and review the Company's historical consolidated financial data by including such information in one document. In order to provide comparability between periods presented, certain previously reported historical financial information has been reclassified to conform to the presentation of the most recent reporting period, which is discussed in more detail with that information. In addition, certain of the unaudited historical financial statements have been adjusted for the effects of recently adopted accounting pronouncements, which are discussed in more detail with that information.

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 in the Appendix to these materials and 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.

Key Messages



The leader in a
large and
growing market



Highly
differentiated
from the
competition



Executing a clear
four-point growth
strategy



01

Our Markets

02

Key
Differentiators

03

Strategy for
Growth

04

Financial
Strategy

Social good is a significant global sector



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

Millions
of users across
100+ countries¹

80%
of the most
influential
nonprofits²

1 out of 3
Fortune 500
companies³

30 of 32
largest nonprofit
hospitals⁴

93%
of higher education
institutions with
billion-dollar
campaigns⁵

25
of the largest
Catholic Dioceses
in the US¹

150+
experts dedicated
to arts and cultural
organizations¹

**A PROVEN
LEADER**



Among the Top 30
Largest Cloud Software
Providers Worldwide,
2019



Nonprofit CRM
Solution



Nonprofit Financial
Accounting Solution



Blackbaud's
K-12 Solutions

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

Driving significant value for our customers

\$10M

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

+335%

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



\$3.5M

raised by Brown University
in 24 hours, a 63% increase
in year over year fundraising
on #GivingTuesday

100%

participation in employee
volunteering program
achieved by Berkshire Bank

2 weeks

saved off month-end
close process for
Acero Schools in Chicago

250%

increase in
email conversion for
Feeding America

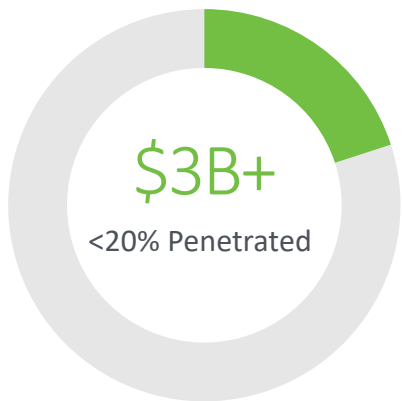
Sourced from Blackbaud [customer stories](#)

Substantial TAM with significant penetration opportunity

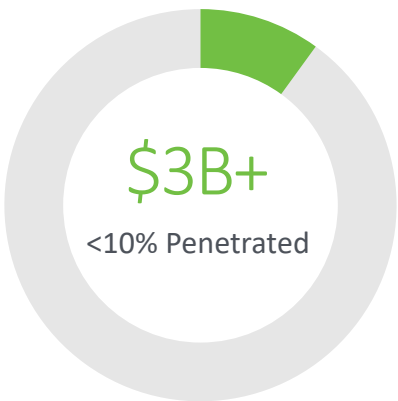
\$10B+
2020 TAM

<10%
Revenue Penetration

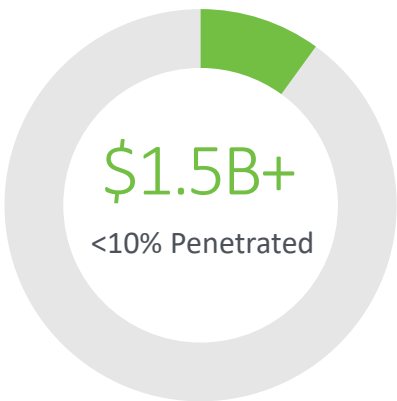
Fundraising, Relationship
Management and Engagement



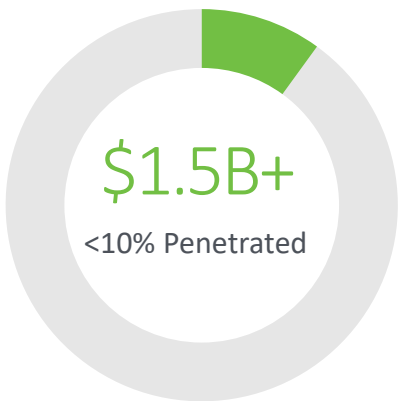
Payment Services



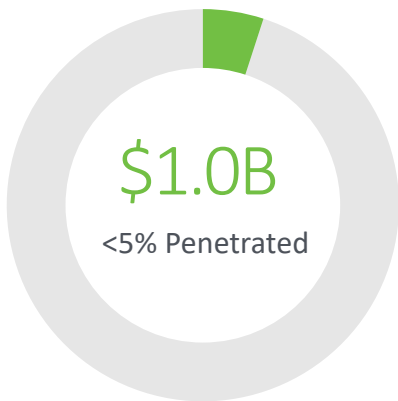
Financial Management, Grant
and Award Management



Organizational and Program
Management



Social Responsibility



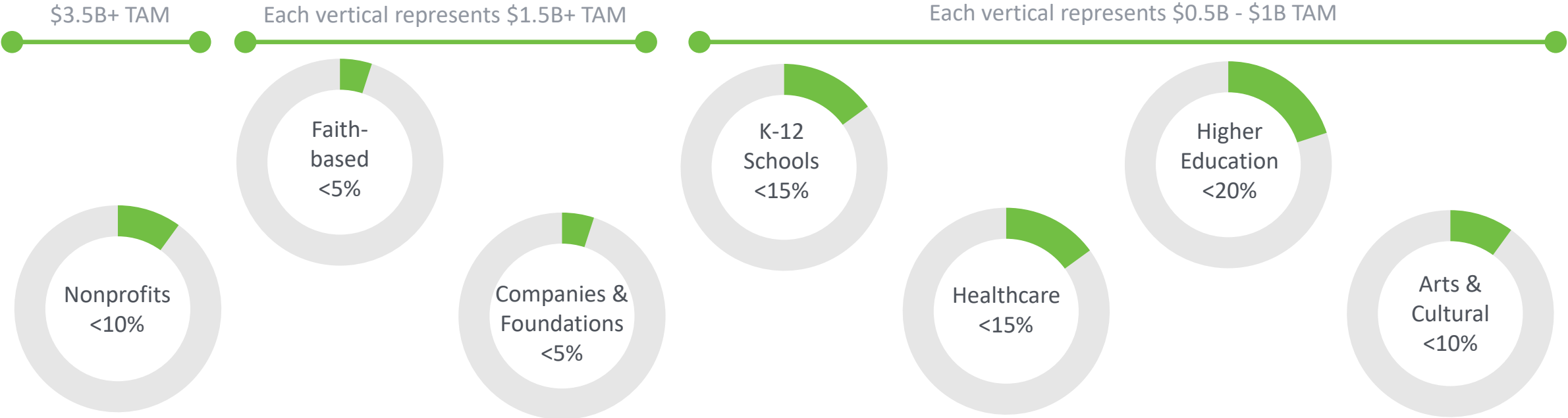
Sources: FY 2019 Blackbaud Revenue. TAM based on IRS data, Canadian Revenue Agency, Private School Universe, IPEDS, Dun & Bradstreet, HIMSS, Guidestar, Blackbaud internal data

Opportunity for growth extends across vertical markets

\$10B+
2020 TAM

<10%
Revenue Penetration

Revenue Penetration by Vertical



Sources: FY 2019 Blackbaud Revenue. TAM based on IRS data, Canadian Revenue Agency, Private School Universe, IPEDS, Dun & Bradstreet, HIMSS, Guidestar, Blackbaud internal data



01

Our Markets

02

Key
Differentiators

03

Strategy for
Growth

04

Financial
Strategy

The market's most comprehensive solutions for social good

Blackbaud is the **largest cloud software vendor** focused exclusively on the social good community¹

Only Blackbaud offers a full portfolio of **purpose-built, integrated solutions**

Highly **fragmented competition** offers single-point solutions

Large customer base with **92% unit retention**

Strong balance sheet and cash flows to support strategic acquisitions and internal product development

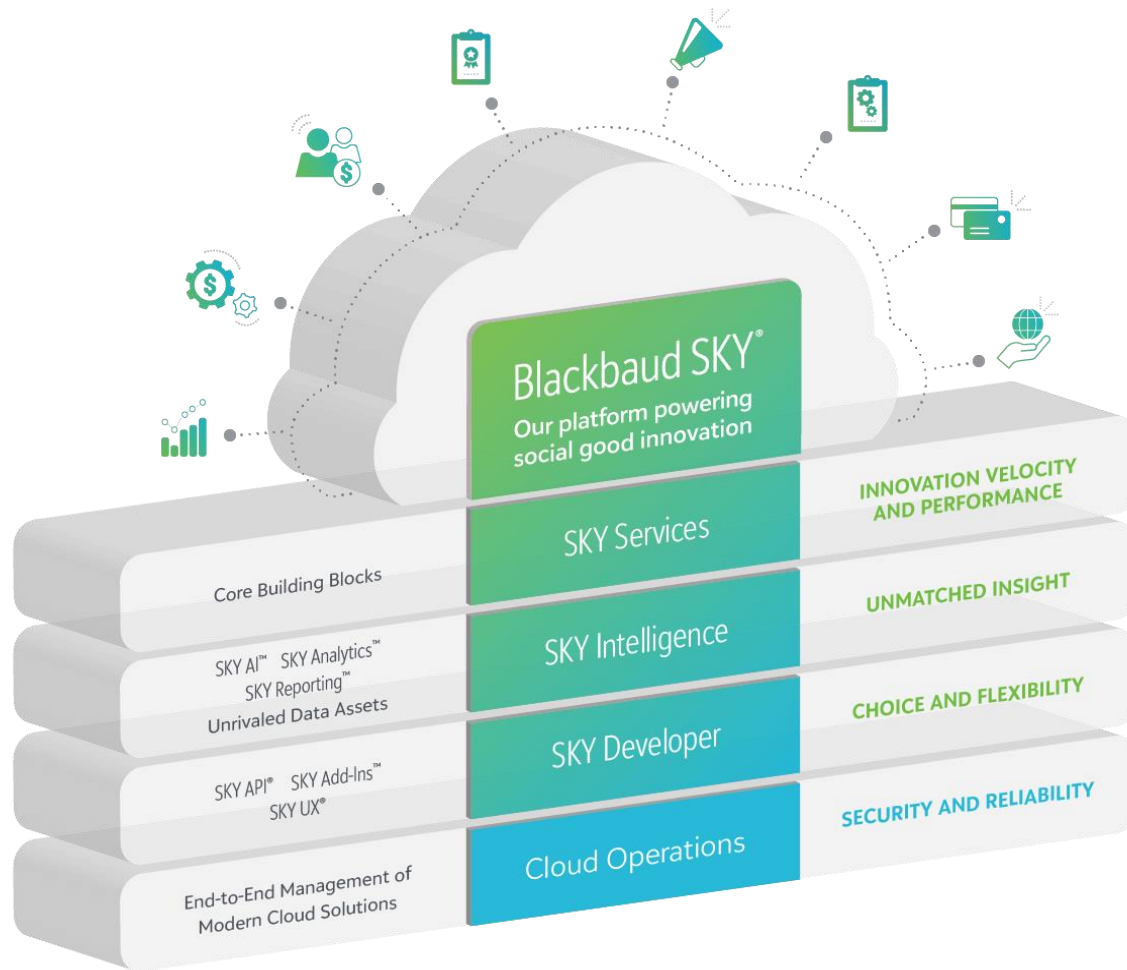


OUR COMPETITORS

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¹ IDC #29th largest cloud software provider worldwide

Built on industry leading cloud technology



Power of the Platform

Common shared components

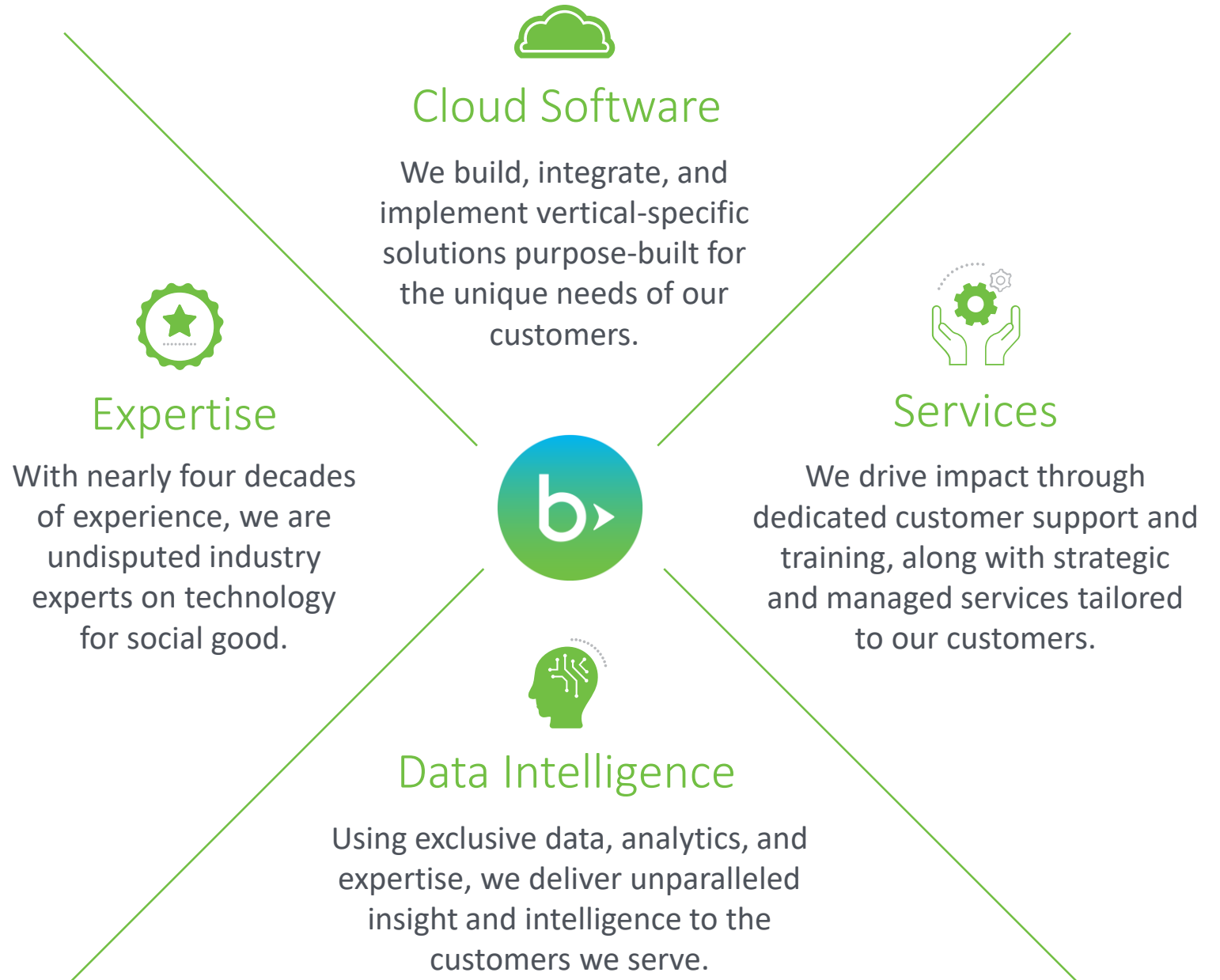
Continuous innovation and feature deployment

Accelerated time to market

Integrated capabilities

Enables a network effect

We make it
simple with one
accountable
partner



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 U.S. national
median

Note: Internal Statistics



01

Our Markets

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Key
Differentiators

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Strategy for
Growth

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Financial
Strategy

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

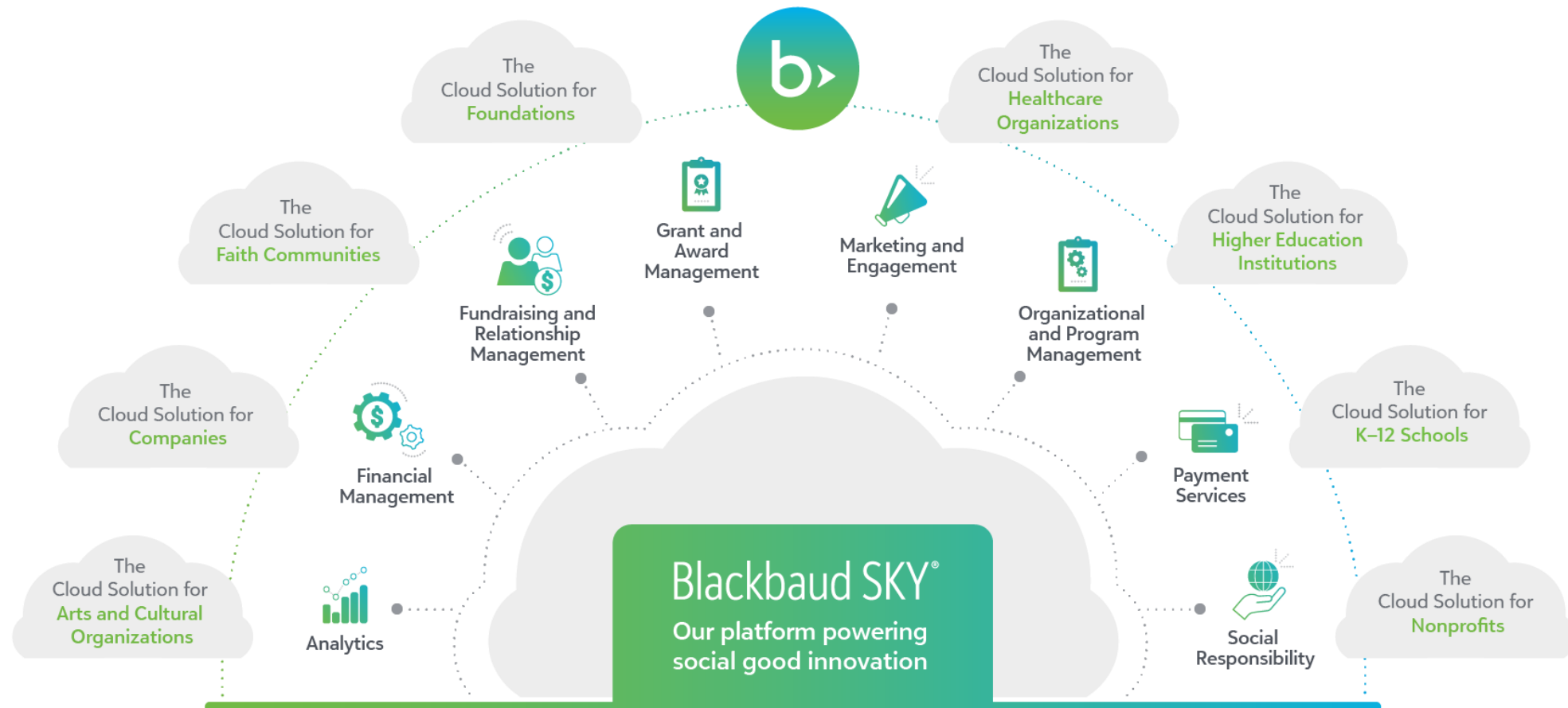
Acquiring, building, and partnering into near adjacent markets

04

Improve operating efficiency

Building a world-class operating model

Delight customers with innovative cloud solutions



Drive sales effectiveness



Scalable Model

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



Prescriptive Selling

Vertical go-to-market focus
Integrated clouds
Bifurcate hunters vs. farmers
Customer advisory councils



Go-to-Market Efficiency

Quality lead generation
Optimize market coverage
Productivity focus
Expand partner channel

Expand total addressable market

Acquiring, building, and partnering into near adjacent markets

\$4B+ in TAM added through acquisitions and new solution builds



WhippleHill



SMART TUITION



Attentive.ly

JustGiving



academicworks

Blackbaud Education Management Portfolio

Blackbaud Church Management™



Reeher



YourCause

2014

2015

2016

2017

2018

2019



Expand TAM into near adjacencies



Accelerate shift to the cloud



Accelerate revenue growth



Accretive to operating margins

Note: Criteria calls for investments to be accretive to operating margins over time.

Efficient, scalable operating model

Vertical Go-to-market

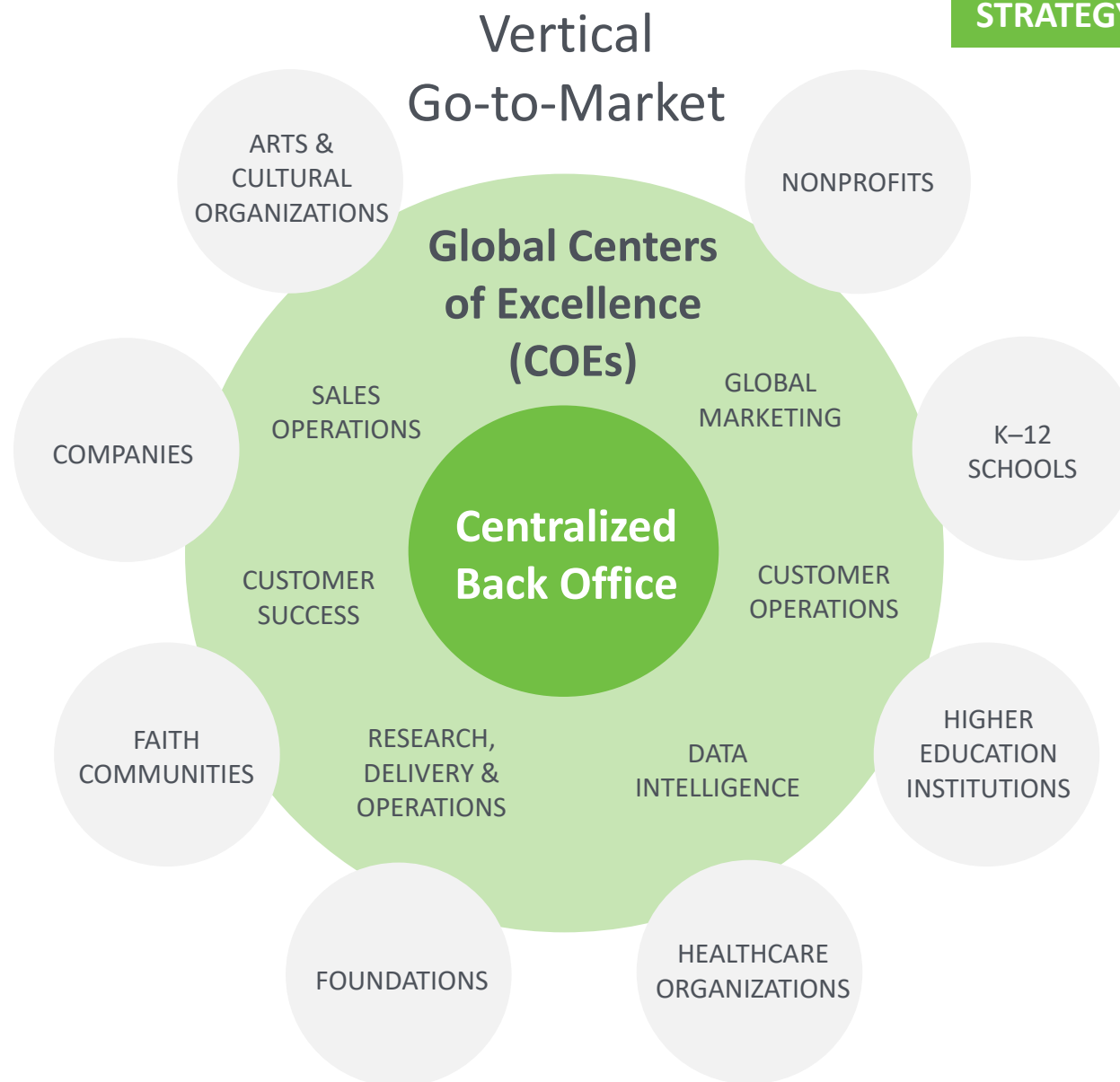
focus on customer needs and solution selling

Centers of Excellence

support functions with common systems, metrics, and measurement

Productivity Improvement

continuous improvement across all functions of the organization



01

Our Markets

02

Key
Differentiators

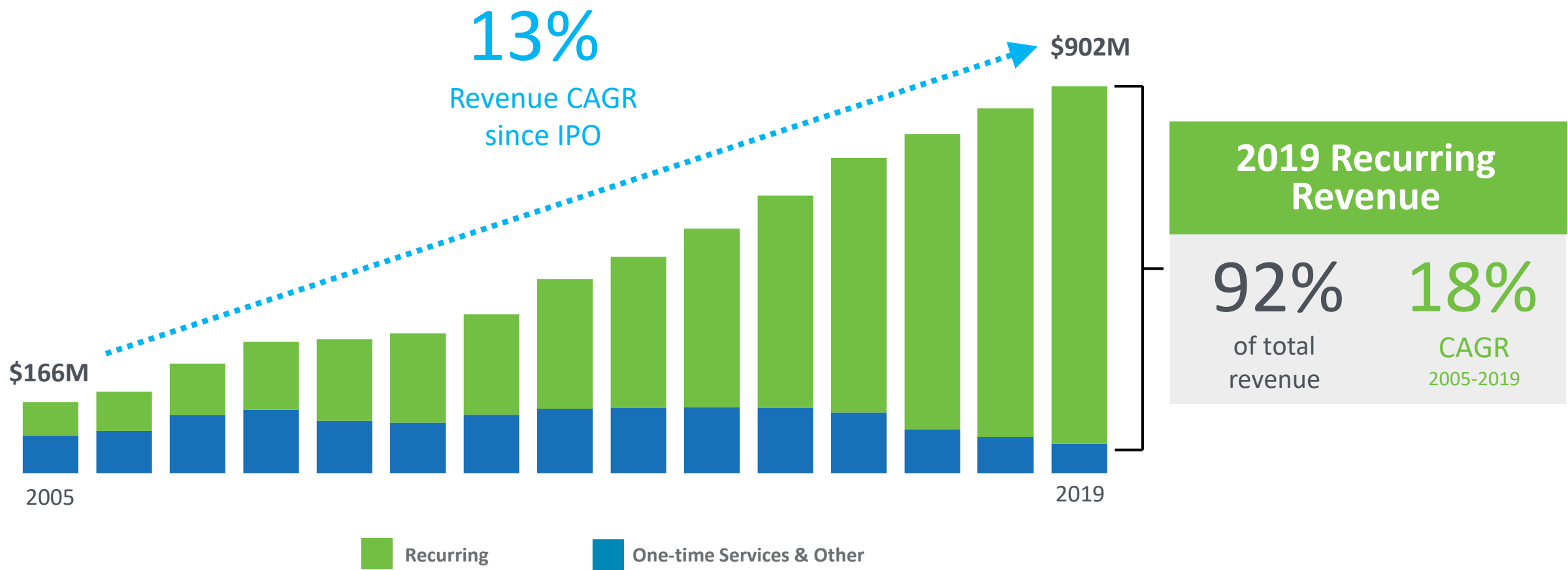
03

Strategy for
Growth

04

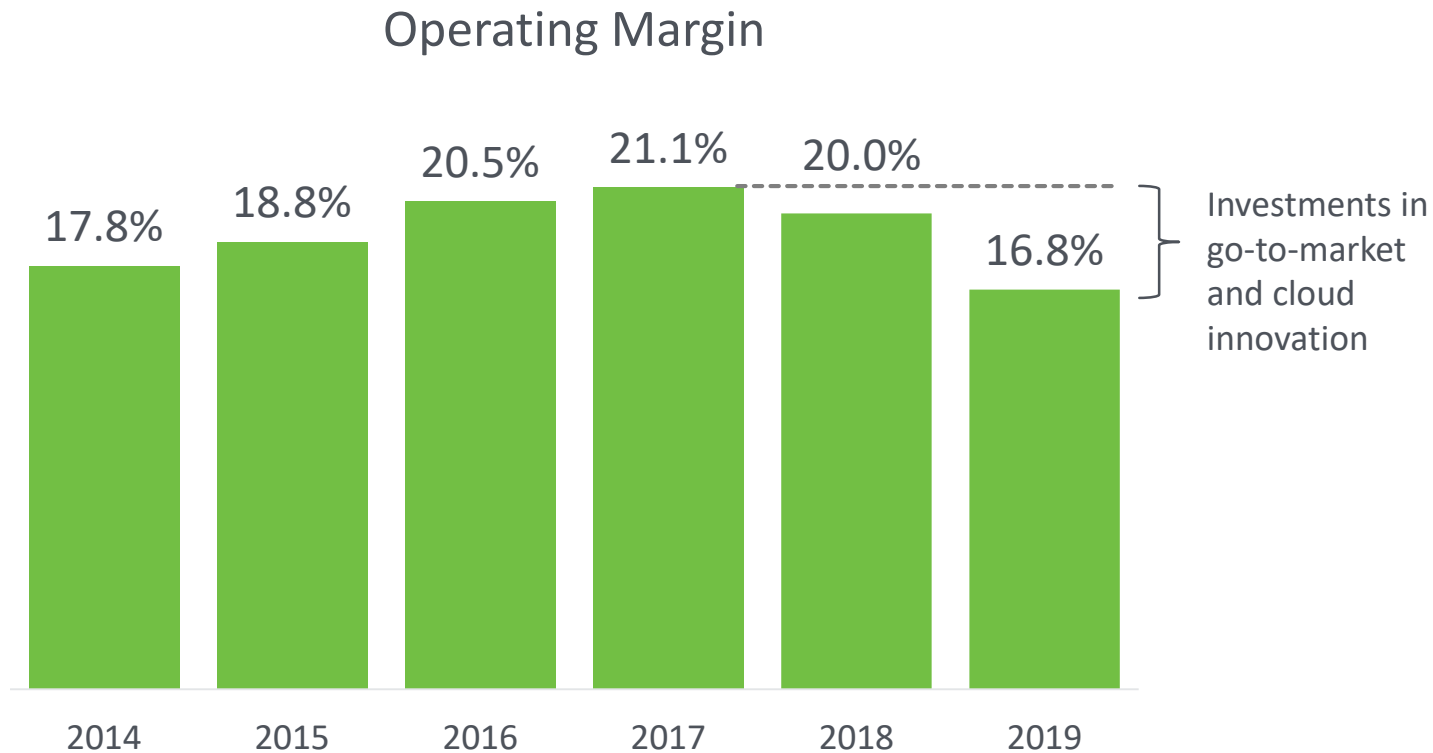
Financial
Strategy

Business model drives recurring revenue



Non-GAAP Revenue. 2016, 2017, 2018 and 2019 reflect adoption of ASC 606. Blackbaud's initial public offering was mid-year 2004; comparisons began with next full year of revenue

Balancing growth and profitability to support future growth



Operating Margin

Near term expansion depends on level of investments in:

Go-to-Market Model

Focusing on lead generation, market coverage and sales effectiveness

Engineering and Innovation

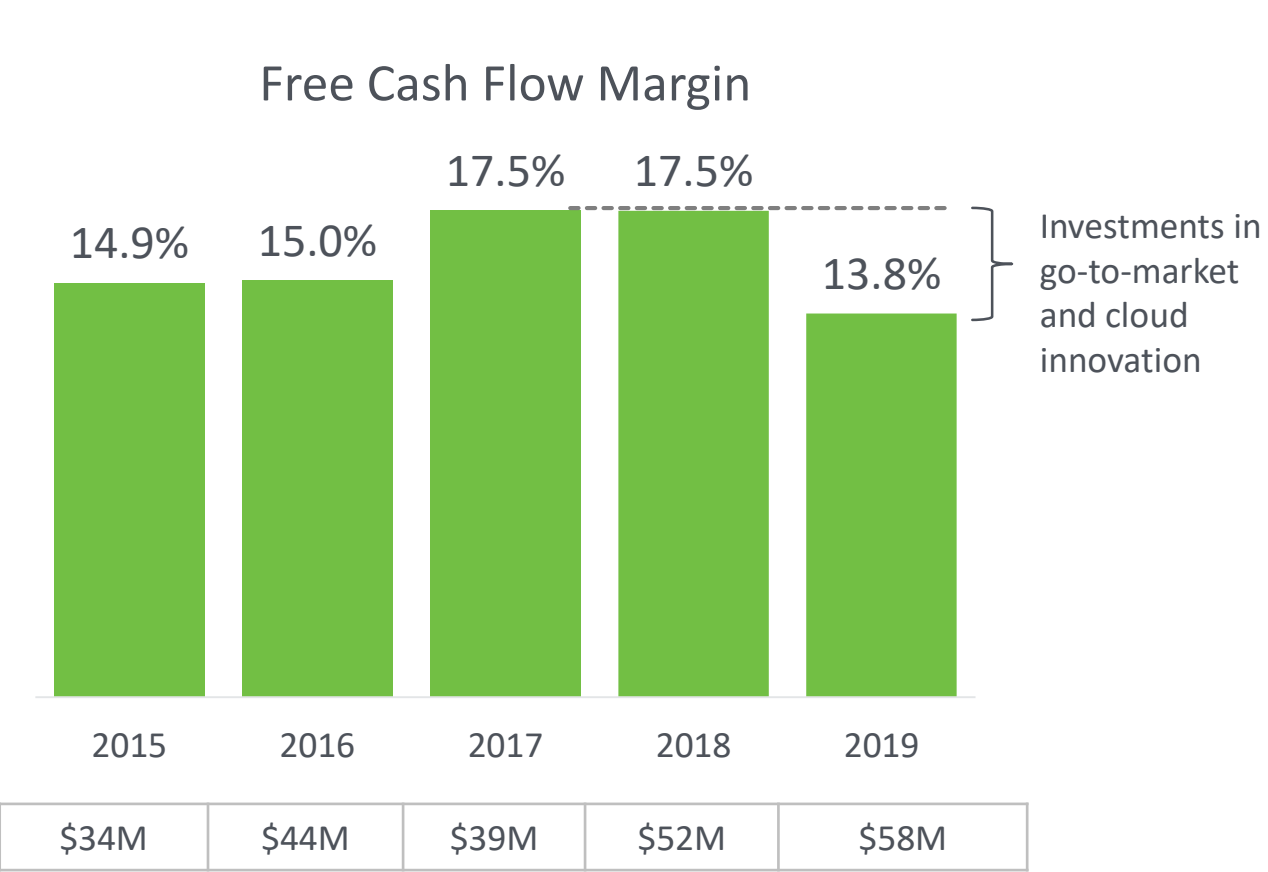
Invest in innovative cloud solutions

Migration to Public Cloud Infrastructure

Enhanced scalability and security

Non-GAAP operating margin. 2016, 2017, 2018 and 2019 reflect adoption of ASC 606

Generating healthy free cash flow margins inclusive of investments



Free Cash Flow Highlights

Strong free cash flow margins inclusive of current investments:

- Focused on go-to-market model
- Innovation and new solution builds
- Cloud infrastructure
- Global workplace strategy

Estimating a modest increase in cash taxes in 2020

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.

Maintaining a disciplined capital strategy

GROWTH AND OPERATING INITIATIVES

- Capital investments consistent with solution roadmap and strategy
- Invest in operational efficiencies
- Strategic acquisitions

MAINTAIN STRONG BALANCE SHEET

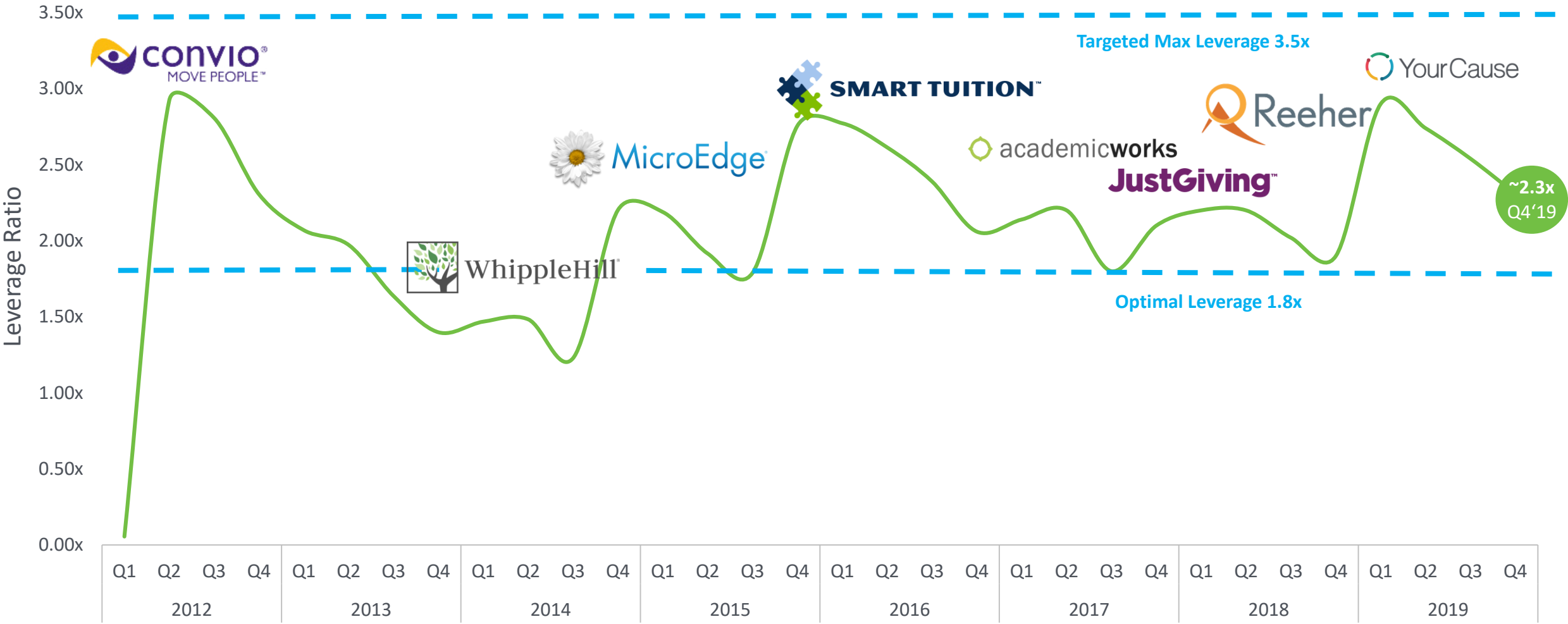
- Cash balances
- Debt maintenance
- Debt to EBITDA < 3.5X

RETURN OF CAPITAL TO SHAREHOLDERS*

- Annual dividend of \$0.48 per share
- Share repurchase—\$50M authorized and available

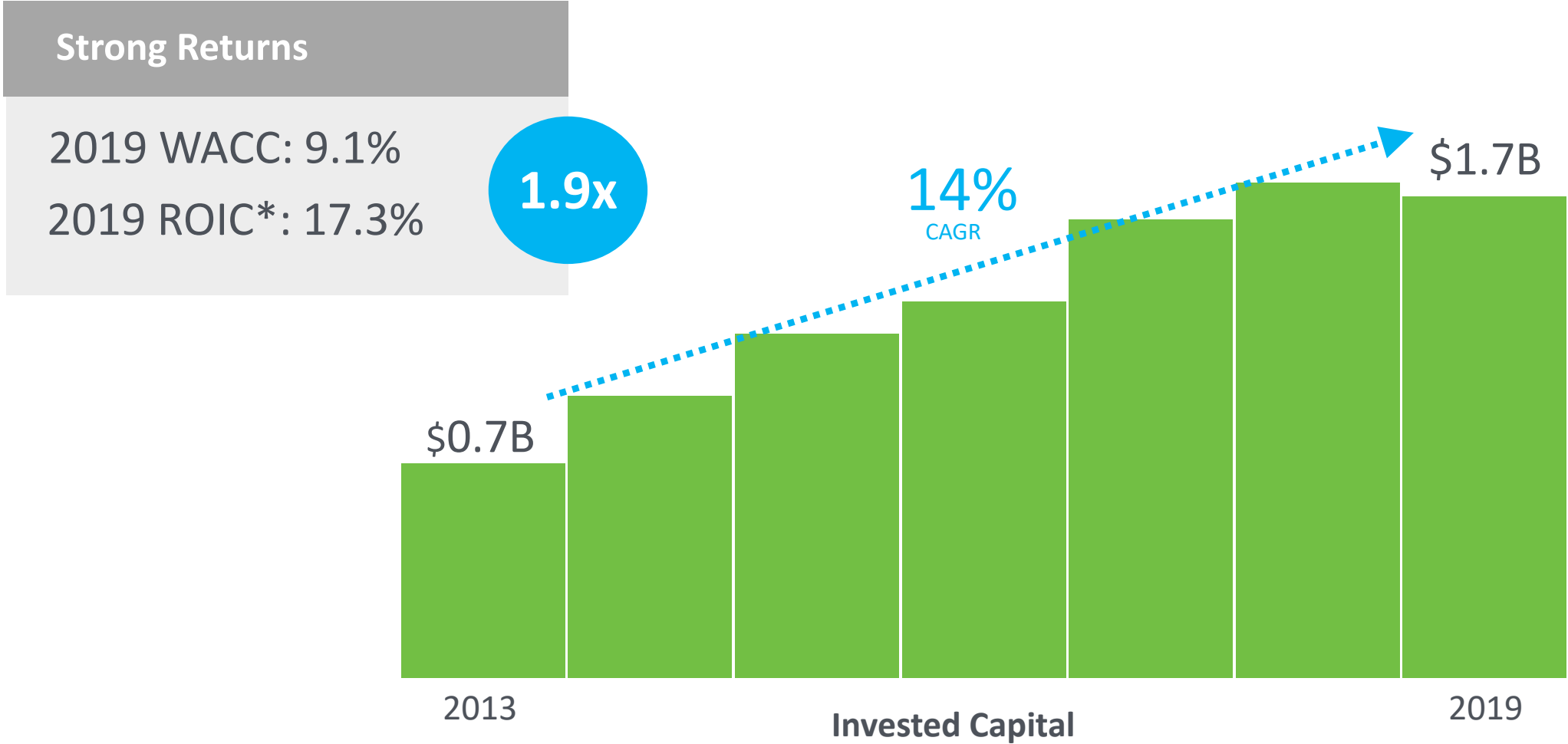
*Dividend payments are not guaranteed and our Board of Directors may decide, in its sole discretion, at any time and for any reason, not to declare or pay further dividends and/or repurchase our common stock.

Proven history of deleveraging



Note: Current covenant for leverage ratio is less than or equal to 3.5x. Calculation of debt over TTM EBITDA is based on credit agreement in place at the end of the respective reporting quarter.

Strong returns on a substantially larger investment base



*See appendix for detailed ROIC calculation; Decrease in invested capital from 2018 to 2019 driven by write-offs on the book value of fully amortized assets and facilities-related fixed assets as a part of our facilities optimization strategy

Anticipating solid financial performance in 2020

Guidance issued February 2020

		Mid-Point
Total Revenue	\$930M – \$955M	\$943M
Operating Margin	16.0%–16.5%	16.2%
Diluted EPS	\$2.20–\$2.35	\$2.28
Free Cash Flow	\$100M – \$115M	\$108M

Non-GAAP. Guidance issued 2/11/2020. Mid-point presented for illustration only, not as a prediction of 2020 performance.

Improving shareholder value



Industry leading cloud software company with an unmatched commitment to the social good sector



Rapid innovation and growing M&A capacity expanding a large, stable, and growing addressable market



Executing a disciplined strategy focused on accelerating financial performance

Appendix

Return on Invested Capital (ROIC) Calculation

(dollars in millions)

	<u>2019</u>
Total Assets	\$1,993
Less: Restricted cash and customer funds receivable	(546)
Less: Non-interest bearing current liabilities	(435)
Add: Accumulated depreciation	104
Add: Accumulated amortization of software development	38
Add: Accumulated Amortization of ROU Assets ¹	20
Add: Accumulated amortization of intangibles	239
Less: Purchase price of 2019 acquisition ²	0
Add: Research & development (excluding stock-based compensation) 3Y Expense ³	267
Invested Capital	<u>\$1,679</u>
Income from Operations	27
Add: Rent/Lease expense	28
Add: Depreciation	15
Add: Amortization of software development	21
Add: Amortization of intangibles	50
EBITDA ⁴	<u>142</u>
Add: Stock-based compensation	59
Add: R&D Exp (excl SBC)	95
Adjusted EBITDA ⁴	<u>295</u>
Less: Implied taxes (assumes 20% tax rate)	(5)
Adjusted NOPAT ⁴	<u>\$290</u>
Return on invested capital (ROIC)	<u>17.3%</u>

(1) With adoption of ASC842 and subsequent addition of right-of-use assets on the balance sheet, value of leased assets is replaced

(2) 2019 acquisition excluded as it closed on first business day of the year

(3) Sum of previous three years R&D expense excluding any stock-based compensation

(4) Non-GAAP EBITDA, Adjusted EBITDA, Adjusted NOPAT

Historical Reconciliations of GAAP and Non-GAAP Organic Revenue Growth (Unaudited)

(dollars in thousands)	Years ended		Three months ended				Year ended	Three months ended			
	12/31/2019	12/31/2018	12/31/2019	09/30/2019	06/30/2019	03/31/2019	12/31/2018	12/31/2018	09/30/2018	06/30/2018	03/31/2018
GAAP revenue	\$ 900,423	\$ 848,606	\$ 237,839	\$ 221,120	\$ 225,634	\$ 215,830	\$ 848,606	\$ 221,218	\$ 209,532	\$ 213,672	\$ 204,184
GAAP revenue growth	6.1%		7.5%	5.5%	5.6%	5.7%					
Add: Non-GAAP acquisition-related revenue ⁽¹⁾	(20,097)	5,627	(5,903)	(5,250)	(4,558)	(4,386)	5,627	571	571	1,771	2,714
Non-GAAP organic revenue ⁽²⁾	\$ 880,326	\$ 854,233	\$ 231,936	\$ 215,870	\$ 221,076	\$ 211,444	\$ 854,233	\$ 221,789	\$ 210,103	\$ 215,443	\$ 206,898
Non-GAAP organic revenue growth	3.1%		4.6%	2.7%	2.6%	2.2%					
Non-GAAP organic revenue ⁽²⁾	\$ 880,326	\$ 854,233	\$ 231,936	\$ 215,870	\$ 221,076	\$ 211,444	854,233	\$ 221,789	\$ 210,103	\$ 215,443	\$ 206,898
Foreign currency impact on Non-GAAP organic revenue ⁽³⁾	6,020	—	607	1,457	2,177	1,779	—	—	—	—	—
Non-GAAP organic revenue on constant currency basis ⁽³⁾	\$ 886,346	\$ 854,233	\$ 232,543	\$ 217,327	\$ 223,253	\$ 213,223	\$ 854,233	\$ 221,789	\$ 210,103	\$ 215,443	\$ 206,898
Non-GAAP organic revenue growth on constant currency basis	3.8%		4.8%	3.4%	3.6%	3.1%					
GAAP recurring revenue	831,609	762,181	219,820	205,227	208,468	198,094	762,181	199,930	188,656	192,749	180,846
GAAP recurring revenue growth	9.1%		9.9%	8.8%	8.2%	9.5%					
Add: Non-GAAP acquisition-related recurring revenue ⁽¹⁾	(19,804)	5,458	(5,841)	(5,490)	(4,298)	(4,175)	5,458	571	571	1,717	2,599
Non-GAAP organic recurring revenue	\$ 811,805	\$ 767,639	\$ 213,979	\$ 199,737	\$ 204,170	\$ 193,919	\$ 767,639	\$ 200,501	\$ 189,227	\$ 194,466	\$ 183,445
Non-GAAP organic recurring revenue growth	5.8%		6.7%	5.6%	5.0%	5.7%					

(1) Non-GAAP acquisition-related revenue excludes incremental acquisition-related revenue calculated in accordance with GAAP that is attributable to companies acquired in the current fiscal year. For companies acquired in the immediately preceding fiscal year, non-GAAP acquisition-related revenue 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 non-GAAP revenue from the acquisition-related deferred revenue write-down attributable to those companies.

(2) Non-GAAP organic revenue for the prior year periods presented herein may not agree to non-GAAP organic revenue presented in the respective prior period quarterly financial information solely due to the manner in which non-GAAP organic revenue growth is calculated.

(3) To determine non-GAAP organic revenue growth on a constant currency basis, revenues from entities reporting in foreign currencies were translated to U.S. Dollars using the comparable period's quarterly weighted average foreign currency exchange rates. The primary foreign currencies creating the impact are the Australian Dollar, British Pound, Canadian Dollar and EURO.

Reconciliation of GAAP to Non-GAAP Consolidated Statements of Operations (Unaudited)

Three Months Ended December 31, 2019											
(in thousands, except per share amounts)	GAAP	Acquisition-related Deferred Revenue Write-down	Stock-based Compensation Expense	Amortization of Intangibles from Business Combinations	Employee Severance	Acquisition-related Integration Costs	Acquisition-related Expenses	Restructuring	Non-GAAP Adjustments Subtotal	Non-GAAP	
Revenue											
Recurring	\$ 219,820	\$ 241	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	241	\$	220,061
One-time services and other	18,019	—	—	—	—	—	—	—	—		18,019
Total revenue	237,839	241	—	—	—	—	—	—	241		238,080
Cost of revenue											
Cost of recurring	98,975	—	(464)	(10,255)	(58)	—	—	—	(10,777)		88,198
Cost of one-time services and other	17,562	—	(353)	(544)	(29)	—	—	—	(926)		16,636
Total cost of revenue	116,537	—	(817)	(10,799)	(87)	—	—	—	(11,703)		104,834
Gross profit	121,302	241	817	10,799	87	—	—	—	11,944		133,246
<i>Recurring gross margin</i>	<i>55.0%</i>								<i>4.9%</i>		<i>59.9%</i>
<i>One-time services and other gross margin</i>	<i>2.5%</i>								<i>5.2%</i>		<i>7.7%</i>
Total gross margin	51.0%								5.0%		56.0%
Operating expenses											
Sales, marketing and customer success	58,189	—	(2,639)	—	(561)	—	—	—	(3,200)		54,989
Research and development	25,860	—	(2,841)	—	(95)	—	—	—	(2,936)		22,924
General and administrative	28,857	—	(8,715)	—	(22)	(189)	(132)	—	(9,058)		19,799
Amortization	2,085	—	—	(2,085)	—	—	—	—	(2,085)		—
Restructuring	2,725	—	—	—	—	—	—	(2,725)	(2,725)		—
Total operating expenses	117,716	—	(14,195)	(2,085)	(678)	(189)	(132)	(2,725)	(20,004)		97,712
Income from operations	3,586	241	15,012	12,884	765	189	132	2,725	31,948		35,534
Total operating margin	1.5%								13.4%		14.9%
Net Income	\$ 1,324									\$	24,549
Shares used in computing diluted earnings per share	48,573										48,573
Diluted earnings per share	\$ 0.03									\$	0.51

Note 1: The individual amounts for each quarter may not sum to full year totals due to rounding.

Note 2: We apply a non-GAAP effective tax rate of 20.0% when calculating non-GAAP net income and non-GAAP diluted earnings per share

Reconciliation of GAAP to Non-GAAP Consolidated Statements of Operations (Unaudited)

Year Ended December 31, 2019										
(in thousands, except per share amounts)	GAAP	Acquisition-related Deferred Revenue Write-down	Stock-based Compensation Expense	Amortization of Intangibles from Business Combinations	Employee Severance	Acquisition-related Integration Costs	Acquisition-related Expenses	Restructuring	Non-GAAP Adjustments Subtotal	Non-GAAP
Revenue										
Recurring	\$ 831,609	\$ 1,932	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	1,932	\$ 833,541
One-time services and other	68,814	—	—	—	—	—	—	—	—	68,814
Total revenue	900,423	1,932	—	—	—	—	—	—	1,932	902,355
Cost of revenue										
Cost of recurring	357,988	—	(1,879)	(42,565)	(601)	—	—	—	(45,045)	312,943
Cost of one-time services and other	60,436	—	(1,487)	(2,204)	(620)	—	—	—	(4,311)	56,125
Total cost of revenue	418,424	—	(3,366)	(44,769)	(1,221)	—	—	—	(49,356)	369,068
Gross profit	481,999	1,932	3,366	44,769	1,221	—	—	—	51,288	533,287
<i>Recurring gross margin</i>	<i>57.0%</i>								<i>5.5%</i>	<i>62.5%</i>
<i>One-time services and other gross margin</i>	<i>12.2%</i>								<i>6.2%</i>	<i>18.4%</i>
Total Gross Margin	53.5%								5.6%	59.1%
Operating expenses										
Sales, marketing and customer success	224,152	—	(11,203)	—	(1,451)	—	—	—	(12,654)	211,498
Research and development	106,164	—	(11,115)	—	(1,374)	—	—	—	(12,489)	93,675
General and administrative	113,414	—	(32,949)	—	(379)	(2,395)	(1,162)	—	(36,885)	76,529
Amortization	5,316	—	—	(5,316)	—	—	—	—	(5,316)	—
Restructuring	5,808	—	—	—	—	—	—	(5,808)	(5,808)	—
Total operating expenses	454,854	—	(55,267)	(5,316)	(3,204)	(2,395)	(1,162)	(5,808)	(73,152)	381,702
Income from operations	27,145	1,932	58,633	50,085	4,425	2,395	1,162	5,808	124,440	151,585
Total Operating Margin	3.0%								13.8%	16.8%
Net Income	\$ 11,908								\$	108,020
Shares used in computing diluted earnings per share	48,312									48,312
Diluted earnings per share	\$ 0.25								\$	2.24

Reconciliation of GAAP to Non-GAAP Consolidated Statements of Operations (Unaudited)

Three Months Ended December 31, 2018										
(in thousands, except per share amounts)	GAAP	Acquisition-related Deferred Revenue Write-down	Stock-based Compensation Expense	Amortization of Intangibles from Business Combinations	Employee Severance	Acquisition-related Integration Costs	Acquisition-related Expenses	Restructuring	Non-GAAP Adjustments Subtotal	Non-GAAP
Revenue										
Recurring	\$ 199,930	\$ 571	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 571	\$ 200,501
One-time services and other	21,288	—	—	—	—	—	—	—	—	21,288
Total revenue	221,218	571	—	—	—	—	—	—	571	221,789
Cost of revenue										
Cost of recurring	83,517	—	(678)	(9,990)	(32)	—	—	—	(10,700)	72,817
Cost of one-time services and other	19,779	—	(554)	(555)	(20)	—	—	—	(1,129)	18,650
Total cost of revenue	103,296	—	(1,232)	(10,545)	(52)	—	—	—	(11,829)	91,467
Gross profit	117,922	571	1,232	10,545	52	—	—	—	12,400	130,322
<i>Recurring gross margin</i>	<i>58.2%</i>								<i>5.5%</i>	<i>63.7%</i>
<i>One-time services and other gross margin</i>	<i>7.1%</i>								<i>5.3%</i>	<i>12.4%</i>
Total Gross Margin	53.3%								5.5%	58.8%
Operating expenses										
Sales, marketing and customer success	49,801	—	(2,419)	—	(408)	(5)	—	—	(2,832)	46,969
Research and development	23,338	—	(2,311)	—	(133)	—	—	—	(2,444)	20,894
General and administrative	27,962	—	(6,629)	—	60	(295)	(972)	—	(7,836)	20,126
Amortization	1,137	—	—	(1,137)	—	—	—	—	(1,137)	—
Restructuring	1,005	—	—	—	—	—	—	(1,005)	(1,005)	—
Total operating expenses	103,243	—	(11,359)	(1,137)	(481)	(300)	(972)	(1,005)	(15,254)	87,989
Income from operations	14,679	571	12,591	11,682	533	300	972	1,005	27,654	42,333
Total Operating Margin	6.6%								12.5%	19.1%
Net Income	\$ 9,334								\$	31,311
Shares used in computing diluted earnings per share	48,026									48,026
Diluted earnings per share	\$ 0.19								\$	0.65

Reconciliation of GAAP to Non-GAAP Consolidated Statements of Operations (Unaudited)

Year Ended December 31, 2018										
(in thousands, except per share amounts)	GAAP	Acquisition-related Deferred Revenue Write-down	Stock-based Compensation Expense	Amortization of Intangibles from Business Combinations	Employee Severance	Acquisition-related Integration Costs	Acquisition-related Expenses	Restructuring	Non-GAAP Adjustments Subtotal	Non-GAAP
Revenue										
Recurring	\$ 762,181	\$ 2,319	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	2,319	\$ 764,500
One-time services and other	86,425	90	—	—	—	—	—	—	90	86,515
Total revenue	848,606	2,409	—	—	—	—	—	—	2,409	851,015
Cost of revenue										
Cost of recurring	305,481	—	(2,464)	(39,877)	(504)	(4)	—	—	(42,849)	262,632
Cost of one-time services and other	76,261	—	(2,778)	(2,356)	(414)	(21)	—	—	(5,569)	70,692
Total cost of revenue	381,742	—	(5,242)	(42,233)	(918)	(25)	—	—	(48,418)	333,324
Gross profit	466,864	2,409	5,242	42,233	918	25	—	—	50,827	517,691
<i>Recurring gross margin</i>	<i>59.9%</i>								<i>5.7%</i>	<i>65.6%</i>
<i>One-time services and other gross margin</i>	<i>11.8%</i>								<i>6.5%</i>	<i>18.3%</i>
Total Gross Margin	55.0%								5.8%	60.8%
Operating expenses										
Sales, marketing and customer success	192,848	—	(9,285)	—	(800)	(22)	(21)	—	(10,128)	182,720
Research and development	98,811	—	(9,048)	—	(298)	(12)	(42)	—	(9,400)	89,411
General and administrative	106,354	—	(24,699)	—	(230)	(3,624)	(2,783)	—	(31,336)	75,018
Amortization	4,844	—	—	(4,844)	—	—	—	—	(4,844)	—
Restructuring	4,590	—	—	—	—	—	—	(4,590)	(4,590)	—
Total operating expenses	407,447	—	(43,032)	(4,844)	(1,328)	(3,658)	(2,846)	(4,590)	(60,298)	347,149
Income from operations	59,417	2,409	48,274	47,077	2,246	3,683	2,846	4,590	111,125	170,542
Total Operating Margin	7.0%								13.0%	20.0%
Net Income	\$ 44,841								\$	124,598
Shares used in computing diluted earnings per share	48,045									48,045
Diluted earnings per share	\$ 0.93								\$	2.59

Historical Consolidated Balance Sheets (Unaudited)

(in thousands)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Assets								
Current assets:								
Cash and cash equivalents	\$ 25,013	\$ 29,194	\$ 25,352	\$ 30,866	\$ 25,187	\$ 32,654	\$ 29,084	\$ 31,810
Restricted cash due to customers	170,792	295,463	179,729	418,980	219,396	354,133	243,056	545,485
Accounts receivable, net of allowance	88,911	130,509	95,858	86,595	90,727	131,277	90,700	88,868
Customer funds receivable	6,373	5,528	5,501	1,753	5,474	5,349	7,784	524
Prepaid expenses and other current assets	68,474	75,816	68,842	59,788	73,099	76,728	75,321	67,852
Total current assets	359,563	536,510	375,282	597,982	413,883	600,141	445,945	734,539
Property and equipment, net	44,647	44,531	42,901	40,031	38,757	39,569	37,285	35,546
Operating lease right-of-use assets	—	—	—	—	110,485	107,165	110,840	104,400
Software development costs, net	57,062	62,023	68,289	75,099	81,231	87,880	94,055	101,302
Goodwill	537,433	547,312	547,338	545,213	634,845	632,269	630,644	634,088
Intangible assets, net	306,776	317,220	305,394	291,617	355,751	340,615	327,089	317,895
Other assets	62,453	64,089	65,512	65,363	67,461	66,319	64,154	65,193
Total assets	\$ 1,367,934	\$ 1,571,685	\$ 1,404,716	\$ 1,615,305	\$ 1,702,413	\$ 1,873,958	\$ 1,710,012	\$ 1,992,963
Liabilities and stockholders' equity								
Current liabilities:								
Trade accounts payable	\$ 23,619	\$ 31,141	\$ 25,453	\$ 34,538	\$ 32,640	\$ 35,749	\$ 34,169	\$ 47,676
Accrued expenses and other current liabilities	40,113	46,182	44,391	46,893	54,983	60,514	63,947	73,317
Due to customers	177,165	300,991	185,230	420,733	224,870	359,482	250,840	546,009
Debt, current portion	8,576	8,576	8,576	7,500	7,500	7,500	7,500	7,500
Deferred revenue, current portion	254,877	306,365	302,840	295,991	281,082	327,299	320,982	314,335
Total current liabilities	504,350	693,255	566,490	805,655	601,075	790,544	677,438	988,837
Debt, net of current portion	458,592	471,236	416,680	379,624	576,068	553,812	495,556	459,600
Deferred tax liability	48,080	48,055	47,405	44,291	48,050	48,658	47,237	44,594
Deferred revenue, net of current portion	5,075	3,442	3,429	2,564	4,290	2,324	2,014	1,802
Operating lease liabilities, net of current portion	—	—	—	—	102,880	100,116	100,133	95,624
Other liabilities	7,516	7,474	7,027	9,388	4,302	5,802	6,177	5,742
Total liabilities	1,023,613	1,223,462	1,041,031	1,241,522	1,336,665	1,501,256	1,328,555	1,596,199
Commitments and contingencies								
Stockholders' equity:								
Preferred stock	—	—	—	—	—	—	—	—
Common stock, \$0.001 par value	59	59	59	59	60	60	60	60
Additional paid-in capital	362,113	375,949	386,657	399,241	412,937	427,950	442,803	457,804
Treasury stock, at cost	(261,710)	(264,383)	(266,597)	(266,884)	(285,284)	(286,644)	(287,163)	(290,665)
Accumulated other comprehensive loss	7,041	(1,011)	602	(5,110)	(1,452)	(9,409)	(13,665)	(5,290)
Retained earnings	236,818	237,609	242,964	246,477	239,487	240,745	239,422	234,855
Total stockholders' equity	344,321	348,223	363,685	373,783	365,748	372,702	381,457	396,764
Total liabilities and stockholders' equity	\$ 1,367,934	\$ 1,571,685	\$ 1,404,716	\$ 1,615,305	\$ 1,702,413	\$ 1,873,958	\$ 1,710,012	\$ 1,992,963

Historical Consolidated Statements of Comprehensive Income (Unaudited)

(in thousands, except share and per share amounts)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Revenue										
Recurring	\$ 180,846	\$ 192,749	\$ 188,656	\$ 199,930	\$ 762,181	\$ 198,094	\$ 208,468	\$ 205,227	\$ 219,820	\$ 831,609
One-time services and other	23,338	20,923	20,876	21,288	86,425	17,736	17,166	15,893	18,019	68,814
Total revenue	204,184	213,672	209,532	221,218	848,606	215,830	225,634	221,120	237,839	900,423
Cost of revenue										
Cost of recurring	69,079	76,350	76,535	83,517	305,481	84,711	86,657	87,645	98,975	357,988
Cost of one-time services and other	18,958	18,822	18,702	19,779	76,261	14,572	14,150	14,152	17,562	60,436
Total cost of revenue	88,037	95,172	95,237	103,296	381,742	99,283	100,807	101,797	116,537	418,424
Gross profit	116,147	118,500	114,295	117,922	466,864	116,547	124,827	119,323	121,302	481,999
Operating expenses										
Sales, marketing and customer success	45,477	48,493	49,077	49,801	192,848	55,455	55,009	55,499	58,189	224,152
Research and development	25,958	25,297	24,218	23,338	98,811	28,461	25,902	25,941	25,860	106,164
General and administrative	25,051	28,447	24,894	27,962	106,354	27,117	28,543	28,897	28,857	113,414
Amortization	1,269	1,201	1,237	1,137	4,844	1,376	1,152	703	2,085	5,316
Restructuring	811	3,688	(914)	1,005	4,590	1,953	730	400	2,725	5,808
Total operating expenses	98,566	107,126	98,512	103,243	407,447	114,362	111,336	111,440	117,716	454,854
Income from operations	17,581	11,374	15,783	14,679	59,417	2,185	13,491	7,883	3,586	27,145
Interest expense	(3,517)	(4,303)	(4,140)	(3,938)	(15,898)	(5,323)	(5,799)	(5,111)	(4,385)	(20,618)
Other income (expense), net	160	346	(147)	744	1,103	182	2,181	2,158	(463)	4,058
Income before (benefit) provision for income taxes	14,224	7,417	11,496	11,485	44,622	(2,956)	9,873	4,930	(1,262)	10,585
Income tax (benefit) provision	(3,527)	825	332	2,151	(219)	(1,834)	2,733	364	(2,586)	(1,323)
Net income (loss)	\$ 17,751	\$ 6,592	\$ 11,164	\$ 9,334	\$ 44,841	\$ (1,122)	\$ 7,140	\$ 4,566	\$ 1,324	\$ 11,908
Earnings (loss) per share										
Basic	\$ 0.38	\$ 0.14	\$ 0.24	\$ 0.20	\$ 0.95	\$ (0.02)	\$ 0.15	\$ 0.10	\$ 0.03	\$ 0.25
Diluted	\$ 0.37	\$ 0.14	\$ 0.23	\$ 0.19	\$ 0.93	\$ (0.02)	\$ 0.15	\$ 0.09	\$ 0.03	\$ 0.25
Common shares and equivalents outstanding										
Basic weighted average shares	47,019,603	47,222,657	47,279,591	47,300,931	47,206,669	47,516,912	47,714,621	47,757,769	47,777,635	47,695,383
Diluted weighted average shares	48,009,395	48,053,094	48,160,146	48,025,617	48,045,084	47,516,912	48,160,684	48,464,529	48,572,575	48,312,271
Other comprehensive income (loss)										
Foreign currency translation adjustment	6,437	(8,817)	1,047	(3,885)	(5,218)	4,590	(6,018)	(3,893)	7,962	2,641
Unrealized gain (loss) on derivative instruments, net of tax	1,079	765	566	(1,827)	583	(932)	(1,939)	(363)	413	(2,821)
Total other comprehensive income (loss)	7,516	(8,052)	1,613	(5,712)	(4,635)	3,658	(7,957)	(4,256)	8,375	(180)
Comprehensive income (loss)	\$ 25,267	\$ (1,460)	\$ 12,777	\$ 3,622	\$ 40,206	\$ 2,536	\$ (817)	\$ 310	\$ 9,699	\$ 11,728

Note 1: The individual amounts for each quarter may not sum to full year totals due to rounding.

Historical Consolidated Statements of Cash Flows (Unaudited)

(in thousands)	3 months ended 03/31/2018	6 months ended 06/30/2018	9 months ended 09/30/2018	12 months ended 12/31/2018	3 months ended 03/31/2019	6 months ended 06/30/2019	9 months ended 09/30/2019	12 months ended 12/31/2019
Cash flows from operating activities								
Net income (loss)	\$ 17,751	\$ 24,343	\$ 35,507	\$ 44,841	\$ (1,122)	\$ 6,018	\$ 10,584	\$ 11,908
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:								
Depreciation and amortization	19,820	39,847	59,993	79,566	21,724	43,113	63,998	85,693
Provision for doubtful accounts and sales returns	1,774	3,697	4,760	6,890	2,032	4,646	6,192	8,725
Stock-based compensation expense	11,092	24,953	35,683	48,274	13,726	28,755	43,621	58,633
Deferred taxes	902	1,121	1,430	(619)	(1,155)	465	(75)	(3,600)
Amortization of deferred financing costs and discount	188	376	564	752	188	376	564	752
Other non-cash adjustments	(197)	(419)	(2,085)	(1,912)	1,820	1,982	2,047	4,906
Changes in operating assets and liabilities, net of acquisition of businesses:								
Accounts receivable	5,088	(38,092)	(4,480)	2,166	(1,797)	(45,071)	(6,375)	(6,569)
Prepaid expenses and other assets	(10,052)	(18,629)	(12,372)	(5,217)	(12,107)	(12,725)	(5,129)	6,383
Trade accounts payable	(1,655)	6,327	(134)	9,487	(3,624)	216	(74)	12,900
Accrued expenses and other liabilities	(14,092)	(6,675)	(6,923)	(2,027)	(11,690)	(9,014)	(13,592)	(9,718)
Deferred revenue	(18,866)	29,545	25,888	19,184	(18,006)	26,328	20,363	12,464
Net cash provided by (used in) operating activities	11,753	66,394	137,831	201,385	(10,011)	45,089	122,124	182,477
Cash flows from investing activities								
Purchase of property and equipment	(5,771)	(9,575)	(12,910)	(14,719)	(1,152)	(6,375)	(9,597)	(11,492)
Capitalized software development costs	(7,103)	(16,359)	(26,629)	(37,629)	(11,319)	(23,206)	(34,513)	(46,874)
Purchase of net assets of acquired companies, net of cash and restricted cash acquired	(5,036)	(45,315)	(45,315)	(44,943)	(109,386)	(109,386)	(109,353)	(109,353)
Other investing activities	—	—	—	(500)	—	500	500	500
Net cash used in investing activities	(17,910)	(71,249)	(84,854)	(97,791)	(121,857)	(138,467)	(152,963)	(167,219)
Cash flows from financing activities								
Proceeds from issuance of debt	81,700	173,500	219,900	270,900	271,500	329,100	371,200	424,000
Payments on debt	(52,875)	(132,150)	(233,225)	(322,476)	(75,175)	(155,150)	(255,625)	(344,500)
Employee taxes paid for withheld shares upon equity award settlement	(22,511)	(25,184)	(27,398)	(27,685)	(18,400)	(19,760)	(20,279)	(23,781)
Proceeds from exercise of stock options	9	11	11	11	3	6	7	7
Change in due to customers	(434,640)	(309,189)	(425,218)	(188,502)	(242,885)	(107,808)	(215,942)	77,793
Customer funds receivable	(4,783)	(4,391)	(4,371)	(844)	(3,573)	(3,741)	(6,283)	1,301
Dividend payments to stockholders	(5,825)	(11,653)	(17,484)	(23,312)	(5,901)	(11,802)	(17,705)	(23,607)
Net cash (used in) provided by financing activities	(438,925)	(309,056)	(487,785)	(291,908)	(74,431)	30,845	(144,627)	111,213
Effect of exchange rate on cash, cash equivalents, and restricted cash	713	(1,606)	(285)	(2,014)	1,036	(526)	(2,240)	978
Net (decrease) increase in cash, cash equivalents, and restricted cash	(444,369)	(315,517)	(435,093)	(190,328)	(205,263)	(63,059)	(177,706)	127,449
Cash, cash equivalents, and restricted cash, beginning of period	640,174	640,174	640,174	640,174	449,846	449,846	449,846	449,846
Cash, cash equivalents, and restricted cash, end of period	\$ 195,805	\$ 324,657	\$ 205,081	\$ 449,846	\$ 244,583	\$ 386,787	\$ 272,140	\$ 577,295

Historical Reconciliations of GAAP to Non-GAAP Financial Measures (Unaudited)

(in thousands, except share and per share amounts)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
GAAP Revenue	\$ 204,184	\$ 213,672	\$ 209,532	\$ 221,218	\$ 848,606	\$ 215,830	\$ 225,634	\$ 221,120	\$ 237,839	\$ 900,423
Non-GAAP adjustments:										
Add: Acquisition-related deferred revenue write-down	348	919	571	571	2,409	716	716	259	241	1,932
Non-GAAP revenue	\$ 204,532	\$ 214,591	\$ 210,103	\$ 221,789	\$ 851,015	\$ 216,546	\$ 226,350	\$ 221,379	\$ 238,080	\$ 902,355
GAAP gross profit	\$ 116,147	\$ 118,500	\$ 114,295	\$ 117,922	\$ 466,864	\$ 116,547	\$ 124,827	\$ 119,323	\$ 121,302	\$ 481,999
GAAP gross margin	56.9%	55.5%	54.5%	53.3%	55.0%	54.0%	55.3%	54.0%	51.0%	53.5%
Non-GAAP adjustments:										
Add: Acquisition-related deferred revenue write-down	348	919	571	571	2,409	716	716	259	241	1,932
Add: Stock-based compensation expense	1,095	1,645	1,270	1,232	5,242	974	791	784	817	3,366
Add: Amortization of intangibles from business combinations	10,386	10,677	10,625	10,545	42,233	11,416	11,329	11,225	10,799	44,769
Add: Employee severance	575	12	279	52	918	1,119	(4)	19	87	1,221
Add: Acquisition-related integration costs	—	25	—	—	25	—	—	—	—	—
Subtotal	12,404	13,278	12,745	12,400	50,827	14,225	12,832	12,287	11,944	51,288
Non-GAAP gross profit	\$ 128,551	\$ 131,778	\$ 127,040	\$ 130,322	\$ 517,691	\$ 130,772	\$ 137,659	\$ 131,610	\$ 133,246	\$ 533,287
Non-GAAP gross margin	62.9%	61.4%	60.5%	58.8%	60.8%	60.4%	60.8%	59.5%	56.0%	59.1%
GAAP income from operations	\$ 17,581	\$ 11,374	\$ 15,783	\$ 14,679	\$ 59,417	\$ 2,185	\$ 13,491	\$ 7,883	\$ 3,586	\$ 27,145
GAAP operating margin	8.6%	5.3%	7.5%	6.6%	7.0%	1.0%	6.0%	3.6%	1.5%	3.0%
Non-GAAP adjustments:										
Add: Acquisition-related deferred revenue write-down	348	919	571	571	2,409	716	716	259	241	1,932
Add: Stock-based compensation expense	11,092	13,861	10,730	12,591	48,274	13,726	15,029	14,866	15,012	58,633
Add: Amortization of intangibles from business combinations	11,655	11,878	11,862	11,682	47,077	12,792	12,481	11,928	12,884	50,085
Add: Employee severance	931	100	682	533	2,246	3,421	191	48	765	4,425
Add: Acquisition-related integration costs	433	2,194	756	300	3,683	718	464	1,024	189	2,395
Add: Acquisition-related expenses	394	1,211	269	972	2,846	445	365	220	132	1,162
Add: Restructuring costs	811	3,688	(914)	1,005	4,590	1,953	730	400	2,725	5,808
Subtotal	25,664	33,851	23,956	27,654	111,125	33,771	29,976	28,745	31,948	124,440
Non-GAAP income from operations	\$ 43,245	\$ 45,225	\$ 39,739	\$ 42,333	\$ 170,542	\$ 35,956	\$ 43,467	\$ 36,628	\$ 35,534	\$ 151,585
Non-GAAP operating margin	21.1%	21.1%	18.9%	19.1%	20.0%	16.6%	19.2%	16.5%	14.9%	16.8%
GAAP income (loss) before (benefit) provision for income taxes	\$ 14,224	\$ 7,417	\$ 11,496	\$ 11,485	\$ 44,622	\$ (2,956)	\$ 9,873	\$ 4,930	\$ (1,262)	\$ 10,585
GAAP net income (loss)	\$ 17,751	\$ 6,592	\$ 11,164	\$ 9,334	\$ 44,841	\$ (1,122)	\$ 7,140	\$ 4,566	\$ 1,324	\$ 11,908
Shares used in computing GAAP diluted earnings (loss) per share	48,009,395	48,053,094	48,160,146	48,025,617	48,045,084	47,516,912	48,160,684	48,464,529	48,572,575	48,312,271
GAAP diluted earnings (loss) per share	\$ 0.37	\$ 0.14	\$ 0.23	\$ 0.19	\$ 0.93	\$ (0.02)	\$ 0.15	\$ 0.09	\$ 0.03	\$ 0.25
Non-GAAP adjustments:										
Add: GAAP income tax (benefit) provision	(3,527)	825	332	2,151	(219)	(1,834)	2,733	364	(2,586)	(1,323)
Add: Total Non-GAAP adjustments affecting income from operations	25,664	33,851	23,956	27,654	111,125	33,771	29,976	28,745	31,948	124,440
Non-GAAP income before provision for income taxes	39,888	41,268	35,452	39,139	155,747	30,815	39,849	33,675	30,686	135,025
Assumed non-GAAP income tax provision ⁽²⁾	7,978	8,254	7,090	7,828	31,149	6,163	7,970	6,735	6,137	27,005
Non-GAAP net income	\$ 31,910	\$ 33,014	\$ 28,362	\$ 31,311	\$ 124,598	\$ 24,652	\$ 31,879	\$ 26,940	\$ 24,549	\$ 108,020
Shares used in computing Non-GAAP diluted earnings per share	48,009,395	48,053,094	48,160,146	48,025,617	48,045,084	48,051,289	48,160,684	48,464,529	48,572,575	48,312,271
Non-GAAP diluted earnings per share	\$ 0.66	\$ 0.69	\$ 0.59	\$ 0.65	\$ 2.59	\$ 0.51	\$ 0.66	\$ 0.56	\$ 0.51	\$ 2.24

Note 1: The individual amounts for each quarter may not sum to full year totals due to rounding.

Note 2: We apply a non-GAAP effective tax rate of 20.0% in our determination of non-GAAP net income, which represents the GAAP effective tax rate, excluding the discrete tax effect of stock-based compensation.

Historical Reconciliations of GAAP to Non-GAAP Financial Measures (Unaudited)

(in thousands)	3 months ended 3/31/2018	6 months ended 6/30/2018	9 months ended 9/30/2018	12 months ended 12/31/2018	3 months ended 3/31/2019	6 months ended 6/30/2019	9 months ended 9/30/2019	12 months ended 12/31/2019
GAAP net cash provided by (used in) operating activities	11,753	66,394	137,831	201,385	(10,011)	45,089	122,124	182,477
Less: purchase of property and equipment	(5,771)	(9,575)	(12,910)	(14,719)	(1,152)	(6,375)	(9,597)	(11,492)
Less: capitalized software development costs	(7,103)	(16,359)	(26,629)	(37,629)	(11,319)	(23,206)	(34,513)	(46,874)
Non-GAAP free cash flow	\$ (1,121)	\$ 40,460	\$ 98,292	\$ 149,037	\$ (22,482)	\$ 15,508	\$ 78,014	\$ 124,111