

BRIGHTCOVE INC  
Form DEF 14A  
April 12, 2019  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of**  
**the Securities Exchange Act of 1934**  
**(Amendment No.    )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**BRIGHTCOVE INC.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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April 12, 2019

Dear Brightcove Stockholder:

I am pleased to invite you to attend the 2019 Annual Meeting of Stockholders (the Annual Meeting ) of Brightcove Inc. ( Brightcove ) to be held on Tuesday, May 7, 2019 at 9:00 a.m. Eastern Time at the offices of Goodwin Procter LLP, which are located at 100 Northern Avenue, Boston, MA 02210.

Details regarding the meeting and the business to be conducted are more fully described in the accompanying Notice of 2019 Annual Meeting of Stockholders (the Notice ) and Proxy Statement.

Your vote is important. Whether or not you plan to attend the Annual Meeting, I hope you will vote as soon as possible. You may vote over the Internet or in person at the Annual Meeting or, if you receive your proxy materials by U.S. mail, you also may vote by mailing a proxy card or voting by telephone. Please review the instructions on the Notice or on the proxy card regarding your voting options.

Thank you for your ongoing support of and continued interest in Brightcove. We look forward to seeing you at our Annual Meeting.

Sincerely,

Jeff Ray

*Chief Executive Officer*

**YOUR VOTE IS IMPORTANT**

In order to ensure your representation at the meeting, whether or not you plan to attend the meeting, please vote your shares as promptly as possible over the Internet by following the instructions on your Notice or, if you receive your proxy materials by U.S. mail, by following the instructions on your proxy card. Your participation will help to ensure the presence of a quorum at the meeting and save Brightcove the extra expense associated with additional solicitation. If you hold your shares through a broker, your broker is not permitted to vote on your behalf in the election of directors, unless you provide specific instructions to the broker by completing and returning any voting instruction form that the broker provides (or following any instructions that allow you to vote your broker-held shares via telephone or the Internet). For your vote to be counted, you will need to communicate your voting decision before the date of the Annual Meeting. Voting your shares in advance will not prevent you from attending the Annual Meeting, revoking your earlier submitted proxy or voting your shares in person.

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**BRIGHTCOVE INC.**

**NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS**

Notice is hereby given that Brightcove Inc. will hold its 2019 Annual Meeting of Stockholders (the Annual Meeting ) on May 7, 2019 at 9:00 a.m. Eastern Time at the offices of Goodwin Procter LLP, which are located at 100 Northern Avenue, Boston, MA 02210, for the following purposes:

To elect three Class I directors, Deborah Besemer, Kristin Frank and Scott Kurnit, to hold office until the 2022 annual meeting of stockholders and until their successors are duly elected and qualified, subject to their earlier resignation or removal;

To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019;

To cast a non-binding, advisory vote to approve the compensation of our named executive officers; and

To transact any other business that properly comes before the Annual Meeting (including adjournments and postponements thereof).

Only stockholders of record at the close of business on April 11, 2019 are entitled to notice of and to vote at the Annual Meeting as set forth in the Proxy Statement. If you plan to attend the Annual Meeting in person, you should be prepared to present photo identification, such as a valid driver's license, and verification of stock ownership for admittance. You are entitled to attend the Annual Meeting only if you were a stockholder as of the close of business on April 11, 2019 or hold a valid proxy for the Annual Meeting. If you are a stockholder of record, your ownership as of the record date will be verified prior to admittance into the meeting. If you are not a stockholder of record but hold shares through a broker, trustee, or nominee, you must provide proof of beneficial ownership as of the record date, such as an account statement or similar evidence of ownership. Please allow ample time for the admittance process.

By Order of the Board of Directors,

David Plotkin

*Chief Legal Officer*

Boston, Massachusetts

April 12, 2019

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**PROXY STATEMENT**  
**FOR THE 2019 ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD TUESDAY, MAY 7, 2019**

**GENERAL INFORMATION**

Our Board of Directors (the **Board** ) solicits your proxy on our behalf for the 2019 Annual Meeting of Stockholders (the **Annual Meeting** ) and at any postponement or adjournment of the Annual Meeting for the purposes set forth in this Proxy Statement and the accompanying Notice of 2019 Annual Meeting of Stockholders (the **Notice** ). The Annual Meeting will be held at 9:00 a.m. Eastern Time on Tuesday, May 7, 2019 at the offices of Goodwin Procter LLP, which are located at 100 Northern Avenue, Boston, MA 02210. We made this Proxy Statement available to stockholders beginning on April 12, 2019.

In this Proxy Statement the terms **Brightcove**, **the company**, **we**, **us**, and **our** refer to Brightcove Inc. The mailing address of our principal executive offices is Brightcove Inc., 290 Congress Street, Boston, MA 02210.

**Record Date**

April 11, 2019.

**Quorum**

A majority of the shares of all issued and outstanding stock entitled to vote on the record date must be present in person or represented by proxy to constitute a quorum.

**Shares Outstanding**

37,834,260 shares of common stock outstanding as of April 11, 2019.

**Voting**

There are four ways a stockholder of record can vote:

- (1) **By Internet:** You may vote over the Internet by following the instructions provided on the proxy card.
- (2) **By Telephone:** You may vote by telephone by following the instructions on the proxy card.
- (3) **By Mail:** You may complete, sign and return the accompanying proxy card in the postage-paid envelope provided.
- (4)

In Person: If you are a stockholder as of the record date, you may vote in person at the meeting. Submitting a proxy will not prevent a stockholder from attending the Annual Meeting, revoking their earlier-submitted proxy, and voting in person.

If you hold your shares through a bank or broker, please follow their instructions.

**Revoking Your Proxy**

Stockholders of record may revoke their proxies by attending the Annual Meeting and voting in person, by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with our Secretary before the vote is counted or by voting again using the telephone or Internet before the cutoff time

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(your latest telephone or Internet proxy is the one that will be counted). If you hold shares through a bank or broker, you may revoke any prior voting instructions by contacting that firm.

To vote as our Board recommends, stockholders must vote pursuant to the instructions on the Notice or on the proxy card or attend the meeting and vote in-person.

**Votes Required to Adopt Proposals**

Each share of our common stock outstanding on the record date is entitled to one vote on any proposal presented at the Annual Meeting:

For Proposal One, the election of directors, the three nominees receiving the plurality of votes entitled to vote and cast will be elected as directors.

For Proposal Two, a majority of the votes properly cast is required to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019.

For Proposal Three, a majority of the votes properly cast is required to approve the compensation of our named executive officers.

**Effect of Abstentions and Broker Non-Votes**

Votes withheld from any nominee, abstentions and broker nonvotes (*i.e.*, where a broker has not received voting instructions from the beneficial owner and for which the broker does not have discretionary power to vote on a particular matter) are counted as present for purposes of determining the presence of a quorum. Shares voting withheld have no effect on the election of directors. Abstentions have no effect on the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019, or on the non-binding, advisory vote to approve the compensation of our named executive officers.

Under the rules that govern brokers holding shares for their customers, brokers who do not receive voting instructions from their customers have the discretion to vote uninstructed shares on routine matters, but do not have discretion to vote such uninstructed shares on non-routine matters. Only Proposal Two, the ratification of the appointment of Ernst & Young LLP, is considered a routine matter where brokers are permitted to vote shares held by them without instruction. If your shares are held through a broker, those shares will not be voted on Proposals One or Three unless

you affirmatively provide the broker instructions on how to vote.

**Voting Instructions**

If you complete and submit your proxy voting instructions, the persons named as proxies will follow your instructions. If you submit proxy voting instructions but do not direct how your shares should be voted on each item, the persons named as proxies will vote **for** the election of the nominees for directors named in this proxy statement, **for** the ratification of the appointment of Ernst & Young LLP as our

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independent registered public accounting firm and **for** approval on a non-binding, advisory basis of the compensation of our named executive officers. The persons named as proxies will vote on any other matters properly presented at the Annual Meeting in accordance with their best judgment, although we have not received timely notice of any other matters that may be properly presented for voting at the Annual Meeting.

## **Voting Results**

We will announce preliminary results at the Annual Meeting. We will report final results by filing a Form 8-K within four business days after the Annual Meeting. If final results are not available at that time, we will provide preliminary voting results in the Form 8-K and will provide the final results in an amendment to the Form 8-K as soon as they become available.

## **Additional Solicitation/Costs**

We are paying for the distribution of the proxy materials and solicitation of the proxies. As part of this process, we reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to our stockholders. Proxy solicitation expenses that we will pay include those for preparation, mailing, returning and tabulating the proxies. Our directors, officers, and employees may also solicit proxies on our behalf in person, by telephone, email or facsimile, but they do not receive additional compensation for providing those services.

## **Householding**

If you are a beneficial owner of our common stock and you receive your proxy materials through Continental Stock Transfer & Trust Company ( Continental ), and there are multiple beneficial owners at the same address, you may receive fewer Notices or fewer paper copies of the Proxy Statement and the Annual Report on Form 10-K than the number of beneficial owners at that address. The rules of the Securities and Exchange Commission (the SEC ) permit Continental to deliver only one Notice, Proxy Statement and Annual Report on Form 10-K to multiple beneficial owners sharing an address, unless we receive contrary instructions from any beneficial owner at the same address.

If you receive your proxy materials through Continental and (1) you currently receive only one copy of the proxy materials at a shared address but you wish to receive an additional copy of this Proxy Statement and the Annual Report, or any future proxy statement or annual report or (2) you share an address with other beneficial owners who also receive their separate proxy materials through Continental and you wish to request delivery of a single copy of the Annual Report on Form 10-K or the proxy statement to the shared address in the future, please contact Investor Relations at Brightcove Inc., 290 Congress Street,

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Boston, MA 02210 or call (888) 882-1880.

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**PROPOSAL ONE**

**ELECTION OF DIRECTORS**

**Number of Directors; Board Structure**

Our Board is divided into three staggered classes of directors as nearly equal in number as possible. One class is elected each year at the annual meeting of stockholders for a term of three years. The term of the Class I directors, currently Deborah Besemer, Kristin Frank and Scott Kurnit, expires at the Annual Meeting. The term of the Class II directors, currently Jeff Ray and Thomas E. Wheeler, expires at the 2020 annual meeting. The term of the Class III directors, currently Gary Haroian and Diane Hessian, expires at the 2021 annual meeting. Directors are elected to hold office for a three-year term or until the election and qualification of their successors in office.

**Nominees**

Based on the recommendation of the Nominating and Corporate Governance Committee of our Board, our Board has nominated Deborah Besemer, Kristin Frank and Scott Kurnit for election as directors to serve for a three-year term ending at the 2022 annual meeting or until their successors are elected and qualified. Each of the nominees named in this proxy statement is a current member of our Board and has consented to serve if elected.

Unless you direct otherwise through your proxy voting instructions, the persons named as proxies will vote all proxies received for the election of each nominee named in this proxy statement. If any nominee is unable or unwilling to serve at the time of the Annual Meeting, the persons named as proxies may vote for a substitute nominee chosen by the present Board. In the alternative, the proxies may vote only for the remaining nominees, leaving a vacancy on the Board. The Board may fill such vacancy at a later date or reduce the size of the Board. We have no reason to believe that any of the nominees named in this proxy statement will be unwilling or unable to serve if elected as a director.

**Recommendation of the Board**

**THE BOARD RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE FOLLOWING NOMINEES NAMED IN THIS PROXY STATEMENT.**

The biographies of each of the nominees named in this proxy statement and the continuing directors below contain information regarding each such person's service as a director, business experience, director positions held currently or at any time during the last five years and the experiences, qualifications, attributes or skills that caused the Nominating and Corporate Governance Committee to determine that the person should serve as a director of the company. In addition to the information presented below regarding each such person's specific experience, qualifications, attributes and skills that led the Board and its Nominating and Corporate Governance Committee to the conclusion that he or she should serve as a director, we also believe that each of our directors has a reputation for integrity, honesty and adherence to high ethical standards. Each of our directors has demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to our company and our Board. Finally, we value our directors' experience in relevant areas of business management and on other boards of directors and board committees.

Our corporate governance guidelines also dictate that a majority of the Board be comprised of independent directors whom the Board has determined have no material relationship with the company and who are otherwise independent

directors under the published listing requirements of the NASDAQ Stock Market.

**Nominees for Election for a Three-Year Term Ending at the 2022 Annual Meeting**

*Deborah Besemer*, 64, has served as one of our directors since 2008. From May 2009 until March 2010, Ms. Besemer held the position of Chief Executive Officer of Gemvara Inc. From 1999 to 2006, Ms. Besemer



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served as President and Chief Executive Officer of BrassRing, a provider of talent management solutions. From December 1997 to July 1998, Ms. Besemer held the position of President of Systemsoft Corporation, a software company, and from June 1986 to November 1997, she was employed by Lotus Development Corporation, a software company, most recently as Executive Vice President of Worldwide Field Operations. She has served on the board of several public companies, including Double-Take Software, Inc., a provider of information availability software, Systemsoft Corporation, a software company, Eprise Corporation, a content management software company and Halogen Software (HGN), a Canadian company providing cloud-based Talent Management Software. She is a former Chairperson of the Massachusetts Software Council (now known as the Massachusetts Technology Leadership Council) and served on its Board of Trustees for nine years. Ms. Besemer holds a B.A. in French from Cedar Crest College and an M.B.A. from Rutgers University. Ms. Besemer was selected to serve on our Board due to her extensive experience in leadership and sales positions in online service companies.

*Kristin Frank*, 53, has served as one of our directors since April 2018. Ms. Frank has served as President of AdPredictive, a software company delivering the industry's first outcomes-driven customer marketing intelligence platform, since September 2018. Before joining AdPredictive, Ms. Frank spent 23 years at Viacom Inc., where she served from 2015 to 2017 as Chief Operating Officer of MTV. From 2013 to 2015, Ms. Frank served as Executive Vice President of Viacom Music and Entertainment's Connected Content Division. From 2009 to 2012, Ms. Frank served as General Manager for MTV and VH1 Digital. From 2005 to 2009, she served as Chief Operating Officer at LOGO TV. Ms. Frank currently serves on the board of Gaia, Inc., a global digital video subscription service and community and privately-held company boards of AdPredictive and Cornerstone Capital Group, an SEC-registered investment advisory that pursues financial returns alongside social impact. Ms. Frank holds a Bachelor of Business Administration in Finance from the University of Iowa. Ms. Frank was selected to serve on our Board due to her extensive knowledge of the media and data industries and leadership experience in management, operations, and digital media.

*Scott Kurnit*, 65, has served as one of our directors since 2005. Mr. Kurnit is an active angel investor, advisor and coach. Mr. Kurnit founded and served as Chairman and Chief Executive Officer of About Inc., an online resource company. Mr. Kurnit serves on the board of the Stein Eriksen Lodge and has founded three companies in addition to About Inc. He has worked at the highest levels of Warner, Viacom, News Corp., PBS, IBM and MCI companies. Mr. Kurnit holds a B.A. in sociology and communications from Hampshire College. Mr. Kurnit was selected to serve as a director on our Board due to his extensive background and leadership positions with Internet, media and technology companies.

**Directors Continuing in Office Until the 2020 Annual Meeting**

*Jeff Ray*, 63, has served as one of our directors and as our Chief Executive Officer since April 2018. From 2014 to 2017, Mr. Ray served as Chief Executive Officer, President and Chairman of Ellucian Company L.P., a software and service provider to the higher education community. From 2012 to 2014, Mr. Ray served as the Chief Executive Officer of Ventyx, Inc., which was acquired by ABB Ltd in 2010. Mr. Ray holds a B.S. in Economics with a minor in Finance from Texas A&M University. Mr. Ray was selected to serve on our Board due to the perspective and experience he brings as our Chief Executive Officer and his prior experience as an executive in the information technology services industry.

*Thomas E. Wheeler*, 73, has served as one of our directors since April 2018. Since January 2017, he has served as the Chief Executive Officer of the Shiloh Group, a telecommunications services strategy development and private investment company. From 2013 to 2017, Mr. Wheeler served as Chairman of the Federal Communication Commission. Mr. Wheeler served as Managing Director at Core Capital Partners, a venture capital firm investing in early stage Internet Protocol-based companies, from 2004 to 2013. Mr. Wheeler currently serves as a Visiting Fellow

at the Brookings Institution, and as a Senior Research Fellow at the Harvard Kennedy School. Mr. Wheeler has a B.S. in International Trade from The Ohio State University. Mr. Wheeler was selected to serve on our Board due to his extensive background and leadership positions in the public and private sectors of the telecommunications industry.

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*Gary E. Haroian*, 67, has served as one of our directors since 2014. From 2000 to 2002, Mr. Haroian served in various positions, including as Chief Financial Officer, Chief Operating Officer and Chief Executive Officer, at Bowstreet, Inc., a provider of software application tools. From 1997 to 2000, Mr. Haroian served as Senior Vice President of Finance and Administration and Chief Financial Officer of Concord Communications, Inc., a network management software company. From 1983 to 1996, Mr. Haroian served in various positions, including Chief Financial Officer, President, Chief Operating Officer and Chief Executive Officer, at Stratus Computer, Inc., a provider of continuous availability solutions. Mr. Haroian served as a director of EnerNoc, Inc., a provider of cloud-based energy intelligence software and services, from 2015 to 2017; A123 Systems, a battery systems company, from 2006 to 2012; Network Engines, Inc., a provider of server appliance solutions, from 2003 to 2011; Unica Corporation, a provider of enterprise marketing management software, from 2009 to 2010; Phase Forward Incorporated, a provider of clinical trials and drug safety software, from 2005 to 2010; Authorize.Net Holdings, Inc. (formerly known as Lightbridge, Inc.), a provider of transaction and payment processing services, from 2005 to 2007; and Embarcadero Technologies, Inc., a provider of database management solutions, from 2004 to 2006. Mr. Haroian currently serves as a director of Aspen Technology, Inc., a provider of process optimization software solutions. Prior to 1983, Mr. Haroian was a Certified Public Accountant. He holds a B.A. in Economics and a B.B.A. in Accounting from the University of Massachusetts Amherst. Mr. Haroian was selected to serve as a director on our Board due to his financial and accounting expertise from his prior extensive experience in finance roles with both public and private corporations. Mr. Haroian qualifies as an audit committee financial expert under SEC guidelines.

*Diane Hessian*, 64, has served as one of our directors since 2017. Ms. Hessian has served as Chief Executive Officer of Salient Ventures since July 2016. Previously, Ms. Hessian served as Chief Executive Officer and director of the Startup Institute from October 2014 to June 2016. From December 1999 until February 2014, Ms. Hessian served as President and Chief Executive Officer of C Space (formerly Communispace Corporation), a marketing technology company that she founded. Since March 2014, Ms. Hessian has served as Chairman of C Space. Ms. Hessian also serves on the boards of Beth Israel Deaconess Medical Center, Eastern Bank, CoachUp, Mass Challenge, the Tufts University Board of Trustees, the National Association of Corporate Directors – New England, Panera Bread and the Boston Globe Editorial Board. She is also Special Advisor to Datapoint Capital, an early-stage venture capital firm. She holds a B.A. in Economics and English from Tufts University and an M.B.A. from Harvard University. Ms. Hessian was selected to serve on our Board due to her marketing, executive leadership and oversight experience from her background as a senior executive and service on multiple boards.

**Executive Officers**

In addition to Mr. Ray, our Chief Executive Officer, who also serves as a director, our executive officers are:

*Robert Noreck*, 43, has served as our Executive Vice President and Chief Financial Officer since May 2018. From July 2017 to May 2018, Mr. Noreck served as our Senior Vice President, Finance and Sales Operations. From October 2013 through May 2016, Mr. Noreck served as our Vice President, Finance. From January 2011 through September 2013, Mr. Noreck served as our Director, Financial Planning and Analysis. From June 2016 through January 2017, Mr. Noreck served as the Executive Vice President, Finance for FloSports, Inc., a provider of live digital sports and original content. Mr. Noreck holds a B.S. in Finance from Binghamton University and an MBA from the F.W. Olin School of Business at Babson College.

*David Plotkin*, 51, has served as our Chief Legal Officer since July 2017. Mr. Plotkin also has responsibility for our customer support, customer success, business security, corporate IT and facilities operations. From July 2015 to July 2017, Mr. Plotkin served as our General Counsel. Prior to that, Mr. Plotkin served as our Vice President, Business and

Legal Affairs, and Deputy General Counsel, from August 2008 to July 2015. From July 2007 to August 2008, Mr. Plotkin was our Director, Business and Legal Affairs. Prior to joining Brightcove,

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Mr. Plotkin was a lawyer with Prince, Lobel from January 2003 to July 2007 and with Hill & Barlow from September 2000 to December 2002. Before joining Hill & Barlow, Mr. Plotkin served as a Law Clerk to United States District Judge Alvin W. Thompson from September 1999 to September 2000. Mr. Plotkin received his J.D. from Northeastern University and his B.A from The George Washington University.

## **CORPORATE GOVERNANCE**

### **Board Independence**

The Board has determined that each of our directors, except for Mr. Ray as Chief Executive Officer, has no relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and is independent within the meaning of our director independence standards and the director independence standards of NASDAQ and the SEC. Furthermore, the Board has determined that each member of each of the committees of the Board is independent within the meaning of NASDAQ's, the SEC's and our applicable committees independence standards, including Rule 10a-3(b)(1) under the Securities Exchange Act of 1934, as amended (the Exchange Act). In making that determination, the Board considered all relevant facts and circumstances, including (but not limited to) the director's commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships. There are no family relationships among any of our directors or executive officers. In addition, a majority of the members of the Board meets the independence standards of the NASDAQ Marketplace Rules.

At least annually, the Board will evaluate all relationships between Brightcove and each director in light of relevant facts and circumstances for the purposes of determining whether a material relationship exists that might signal a potential conflict of interest or otherwise interfere with such director's ability to satisfy his or her responsibilities as an independent director. Based on this evaluation, the Board will make an annual determination of whether each director is independent within the meaning of NASDAQ's, the SEC's and our applicable committees' independence standards.

### **Code of Business Conduct and Ethics**

We have adopted a Code of Business Conduct and Ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. The current version of the Code of Business Conduct and Ethics is available on our website at [investor.brightcove.com/corporate-governance](http://investor.brightcove.com/corporate-governance). A copy of the Code of Business Conduct and Ethics may also be obtained, free of charge, upon a request directed to: Brightcove Inc., 290 Congress Street, Boston, MA 02210, Attention: Chief Legal Officer. We intend to disclose any amendment or waiver of a provision of the Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on our website (available at <http://www.brightcove.com>) and/or in our public filings with the SEC.

### **Corporate Governance Guidelines**

The Board has adopted corporate governance guidelines to assist and guide its members in the exercise of its responsibilities. These guidelines should be interpreted in accordance with any requirements imposed by applicable federal or state law or regulation, NASDAQ and our certificate of incorporation and bylaws. Our corporate governance guidelines are available in the corporate governance section of our website at [investor.brightcove.com/corporate-governance](http://investor.brightcove.com/corporate-governance). Although these corporate governance guidelines have been approved by the Board, it is expected that these guidelines will evolve over time as customary practice and legal requirements change. In particular, guidelines that encompass legal, regulatory or exchange requirements as they currently exist will be deemed to be modified as and to the extent that such legal, regulatory or exchange requirements are modified. In addition, the guidelines may also be amended by the Board at any time as it deems appropriate.



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### **Board and Committee Meetings**

The Board meets on a regularly scheduled basis during the year to review significant developments affecting us and to act on matters requiring its approval. It also holds special meetings when important matters require action between scheduled meetings. Members of senior management regularly attend meetings to report on and discuss their areas of responsibility. During 2018, the Board held twelve meetings and acted by unanimous written consent on four occasions. The Board has three standing committees:

the Audit Committee, which held five meetings in 2018;

the Compensation Committee, which held nine meetings and acted by unanimous written consent on two occasions in 2018; and

the Nominating and Corporate Governance Committee, which held four meetings in 2018.

Each of the incumbent directors of the Board attended at least 75% of the aggregate of all meetings of the Board and all meetings of committees of our Board upon which they served (during the periods that they served) during 2018. The Board of Directors regularly holds executive sessions of the independent directors. Executive sessions do not include employee directors or directors who do not qualify as independent under NASDAQ and SEC rules.

### **Annual Meeting Attendance**

It is our policy that members of our Board are encouraged to attend annual meetings of our stockholders. Six of eight members of the Board attended the 2018 Annual Meeting.

### **Committees**

Our bylaws provide that the Board may delegate responsibility to committees. The Board has three standing committees: an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. The Board has also adopted a written charter for each of the three standing committees. Each committee charter is available in the corporate governance section of our website at [investor.brightcove.com/corporate-governance](http://investor.brightcove.com/corporate-governance).

#### ***Audit Committee***

Mr. Haroian, Ms. Hessian and Mr. Wheeler currently serve on the Audit Committee, which is chaired by Mr. Haroian. The Board has determined that each member of the Audit Committee is independent for Audit Committee purposes as that term is defined under Rule 10A-3 of the Exchange Act and the applicable NASDAQ Stock Market rules. Each member of the Audit Committee meets the requirements for financial literacy under the applicable rules and regulations of the SEC and NASDAQ Stock Market. The Board has designated Mr. Haroian as an audit committee financial expert, as defined under the applicable rules of the SEC. The Audit Committee's responsibilities include:

appointing, approving the compensation of, and assessing the independence of our independent registered public accounting firm;

approving auditing and permissible non-audit services, and the terms of such services, to be provided by our independent registered public accounting firm;

reviewing the internal audit plan with the independent registered public accounting firm and members of management responsible for preparing our consolidated financial statements;

reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly consolidated financial statements and related disclosures as well as our critical accounting policies and practices;



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reviewing the adequacy of our internal control over financial reporting;

establishing policies and procedures for the receipt and retention of accounting-related complaints and concerns;

recommending, based upon the Audit Committee's review and discussions with management and the independent registered public accounting firm, whether our audited consolidated financial statements shall be included in our Annual Report on Form 10-K;

monitoring the integrity of our consolidated financial statements and our compliance with legal and regulatory requirements as they relate to our consolidated financial statements and accounting matters;

preparing the Audit Committee report required by SEC rules to be included in our annual proxy statement;

reviewing all related party transactions for potential conflicts of interest and approving all such transactions; and

reviewing quarterly earnings releases and scripts.

The Audit Committee met five times during the fiscal year ended December 31, 2018. The Audit Committee operates under a written charter adopted by the Board of Directors, a current copy of which is available at the Corporate Governance section of our website at [investor.brightcove.com/corporate-governance](http://investor.brightcove.com/corporate-governance).

***Compensation Committee***

Ms. Frank, Mr. Haroian and Mr. Kurnit currently serve on the Compensation Committee, which is chaired by Ms. Frank. The Board has determined that each member of the Compensation Committee is independent as that term is defined in the applicable SEC and NASDAQ Stock Market rules. The Compensation Committee's responsibilities include:

annually reviewing and approving corporate goals and objectives relevant to the compensation of our Chief Executive Officer;

determining our Chief Executive Officer's compensation based on the Chairperson of the Board's evaluation of the performance of our Chief Executive Officer in light of such corporate goals and objectives;

reviewing and approving the compensation of our other executive officers;

reviewing and establishing our overall management compensation philosophy and policy;

overseeing and administering our compensation and similar plans;

reviewing and approving our policies and procedures for the grant of equity-based awards;

reviewing and making recommendations to the Board with respect to director compensation;

reviewing and discussing with management the compensation discussion and analysis to be included in our annual proxy statement or Annual Report on Form 10-K;

reviewing and discussing with the Board corporate succession plans for our Chief Executive Officer and other key officers;

retaining and approving the compensation of any compensation advisers; and

evaluating the independence of any such compensation advisers.

The Compensation Committee met nine times and took action by unanimous written consent two times during the fiscal year ended December 31, 2018. The Compensation Committee operates under a written charter adopted by the Board of Directors, a current copy of which is available at the Corporate Governance section of our website at [investor.brightcove.com/corporate-governance](http://investor.brightcove.com/corporate-governance).

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***Nominating and Corporate Governance Committee***

Ms. Frank, Ms. Hessian, Mr. Kurnit and Mr. Wheeler currently serve on the Nominating and Corporate Governance Committee, which is chaired by Ms. Hessian. The Board has determined that each member of the Nominating and Corporate Governance Committee is independent as that term is defined in the applicable SEC and NASDAQ Stock Market rules. The Nominating and Corporate Governance Committee's responsibilities include:

developing and recommending to the Board criteria for Board and committee membership;

establishing procedures for identifying and evaluating Board candidates, including nominees recommended by stockholders;

identifying individuals qualified to become members of the Board;

recommending to the Board the persons to be nominated for election as directors and for election to each of the Board's committees;

developing and recommending to the Board a set of corporate governance guidelines; and

overseeing the evaluation of the Board and management.

The Nominating and Corporate Governance Committee met four times during the fiscal year ended December 31, 2018. The Nominating and Corporate Governance Committee operates under a written charter adopted by the Board of Directors, a current copy of which is available at the Corporate Governance section of our website at [investor.brightcove.com/corporate-governance](http://investor.brightcove.com/corporate-governance).

***Identifying and Evaluating Director Nominees***

The Board is responsible for selecting its own members. The Board delegates the selection and nomination process to the Nominating and Corporate Governance Committee, with the expectation that other members of the Board, and of management, will be requested to take part in the process as appropriate.

Generally, the Nominating and Corporate Governance Committee identifies candidates for director nominees in consultation with management, through the use of search firms or other advisors, through the recommendations submitted by stockholders or through such other methods as the Nominating and Corporate Governance Committee deems to be helpful to identify candidates. Although the Board of Directors does not have a policy with respect to consideration of diversity in identifying director nominees, among the many other factors considered are the benefits of diversity in board composition, including with respect to age, gender, race, and specialized background. Once candidates have been identified, the Nominating and Corporate Governance Committee confirms that the candidates meet all of the minimum qualifications for director nominees established by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee may gather information about the candidates through interviews, detailed questionnaires, comprehensive background checks or any other means that the

Nominating and Corporate Governance Committee deems to be appropriate in the evaluation process. The Nominating and Corporate Governance Committee then meets as a group to discuss and evaluate the qualities and skills of each candidate, both on an individual basis and taking into account the overall composition and needs of the Board. Based on the results of the evaluation process, the Nominating and Corporate Governance Committee recommends candidates for the Board's approval as director nominees for election to the Board.

***Minimum Qualifications***

The Nominating and Corporate Governance Committee will consider, among other things, the following (and other) qualifications, skills and attributes when recommending candidates for the Board's selection as nominees for the Board and as candidates for appointment to the Board's committees: the nominee shall have the

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highest personal and professional integrity, shall have demonstrated exceptional ability and judgment, and shall be most effective, in conjunction with the other nominees to the Board, in collectively serving the long-term interests of the stockholders.

In evaluating proposed director candidates, the Nominating and Corporate Governance Committee may consider, in addition to the minimum qualifications and other criteria for Board membership approved by the Board from time to time, all facts and circumstances that it deems appropriate or advisable, including, among other things, the skills of the proposed director candidate, his or her depth and breadth of professional experience or other background characteristics, his or her independence and the needs of the Board.

## ***Stockholder Recommendations***

Stockholders may submit recommendations for director candidates to the Nominating and Corporate Governance Committee by sending the individual's name and qualifications to our Secretary at Brightcove Inc., 290 Congress Street, Boston, MA 02210, who will forward all recommendations to the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will evaluate any candidates recommended by stockholders against the same criteria and pursuant to the same policies and procedures applicable to the evaluation of candidates proposed by directors or management.

## **Stockholder Communications**

The Board provides to every securityholder the ability to communicate with the Board, as a whole, and with individual directors on the Board through an established process for securityholder communication. For a securityholder communication directed to the Board of Directors as a whole, securityholders may send such communication to the attention of the Chairperson of the Board via U.S. Mail or Expedited Delivery Service to: Brightcove Inc., 290 Congress Street, Boston, MA 02210, Attn: Chairperson of the Board.

For a securityholder communication directed to an individual director in his or her capacity as a member of the Board, securityholders may send such communication to the attention of the individual director via U.S. Mail or Expedited Delivery Service to: Brightcove Inc., 290 Congress Street, Boston, MA 02210, Attn: [Name of Individual Director].

We will forward by U.S. Mail any such securityholder communication to each director, and the Chairperson of the Board in his or her capacity as a representative of the Board, to whom such securityholder communication is addressed to the address specified by each such director and the Chairperson of the Board, unless there are safety or security concerns that mitigate against further transmission.

## **Board Leadership Structure**

Our corporate governance guidelines do not dictate a particular Board structure, and the Board is given the flexibility to select its Chairperson and our Chief Executive Officer in the manner that it believes is in the best interests of our stockholders. Accordingly, the Chairperson and the Chief Executive Officer may be filled by one individual or two. We currently separate the roles of Chief Executive Officer and Chairperson in recognition of the differences between the two roles as they are presently defined. The Chief Executive Officer is responsible for setting the strategic direction for the company and for the day-to-day leadership and performance of the company, while the Chairperson provides guidance to the Chief Executive Officer and leads the Board. The Board believes its administration of its risk oversight function has not affected the Board's leadership structure.

## **Board's Role in Risk Oversight**

The Board is involved in the oversight of risks that could affect the company. This oversight is conducted primarily through the Audit Committee, which on behalf of the Board, is charged with overseeing the principal

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risk exposures we face and our mitigation efforts in respect of these risks. The Audit Committee is responsible for interfacing with management and discussing with management the company's principal risk exposures and the steps management has taken to monitor and control risk exposures, including risk assessment and risk management policies. The Compensation Committee also plays a role in that it is charged, in overseeing our overall compensation structure, with assessing whether that compensation structure creates risks that are reasonably likely to have a material adverse effect on us.

**Risks Related to Compensation Policies and Practices**

When determining our compensation policies and practices, the Board considers various matters relevant to the development of a reasonable and prudent compensation program, including whether the policies and practices are reasonably likely to have a material adverse effect on us. We believe that the mix and design of our executive compensation plans and policies do not encourage management to assume excessive risks and are not reasonably likely to have a material adverse effect on us for the following reasons: we offer an appropriate balance of short and long-term incentives and fixed and variable amounts; our variable compensation is based on a balanced mix of criteria; and the Board and Compensation Committee have the authority to adjust variable compensation as appropriate.

**Anti-Hedging and Anti-Pledging Policies**

Our insider trading policies prohibit all directors, executive officers, and employees from buying our securities on margin, or holding such securities in a margin account and, without the prior approval by the Audit Committee which must have at least two (2) weeks to consider any request for approval, buying or selling derivatives on such securities, engaging in short sales involving such securities or pledging our securities as collateral for a loan. To date no such requests have been made or approved.

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**PROPOSAL TWO**  
**RATIFICATION OF THE APPOINTMENT OF**  
**OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We have appointed Ernst & Young LLP as our independent registered public accounting firm to perform the audit of our consolidated financial statements for the fiscal year ending December 31, 2019 and to audit the effectiveness of our internal control over financial reporting as of December 31, 2019 pursuant to the Sarbanes-Oxley Act of 2002, and we are asking you and other stockholders to ratify this appointment. Ernst & Young LLP has served as our independent registered public accounting firm since 2010.

The Audit Committee annually reviews the independent registered public accounting firm's independence, including reviewing all relationships between the independent registered public accounting firm and us and any disclosed relationships or services that may impact the objectivity and independence of the independent registered public accounting firm, and the independent registered public accounting firm's performance. As a matter of good corporate governance, the Board determined to submit to stockholders for ratification the appointment of Ernst & Young LLP. A majority of the votes properly cast is required in order to ratify the appointment of Ernst & Young LLP. In the event that a majority of the votes properly cast do not ratify this appointment of Ernst & Young LLP, we will review our future appointment of Ernst & Young LLP.

We expect that a representative of Ernst & Young LLP will attend the Annual Meeting and the representative will have an opportunity to make a statement if he or she so chooses. The representative will also be available to respond to appropriate questions from stockholders.

**Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm**

We adopted a policy on January 26, 2012 under which the Audit Committee must pre-approve all audit and permissible non-audit services to be provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval would generally be requested annually, with any pre-approval detailed as to the particular service, which must be classified in one of the four categories of services listed below. The Audit Committee may also, on a case-by-case basis, pre-approve particular services that are not contained in the annual pre-approval request. In connection with this pre-approval policy, the Audit Committee also considers whether the categories of pre-approved services are consistent with the rules on accountant independence of the SEC and the Public Company Accounting Oversight Board.

In addition, in the event time constraints require pre-approval prior to the Audit Committee's next scheduled meeting, the Audit Committee has authorized its Chairperson to pre-approve services. Engagements so pre-approved are to be reported to the Audit Committee at its next scheduled meeting.

**Audit Fees**

The following table sets forth the fees billed by Ernst & Young LLP for audit, audit-related, tax and all other services rendered for 2018 and 2017:



<b><u>Fee Category</u></b>	<b>2018</b>	<b>2017</b>
Audit Fees	\$ 935,000	\$ 957,415
Audit-Related Fees		26,000
Tax Fees	92,500	55,000
All Other Fees	3,600	1,995
Total Fees	\$ 1,031,100	\$ 1,040,410

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*Audit Fees.* Consist of aggregate fees for professional services provided in connection with the annual audit of our consolidated financial statements and the effectiveness of our internal control over financial reporting, the review of our quarterly condensed consolidated financial statements, consultations on accounting matters directly related to the audit, and comfort letters, consents and assistance with and review of documents filed with the SEC.

*Audit-Related Fees.* Consist of aggregate fees for accounting consultations and other services that were reasonably related to the performance of audits or reviews of our consolidated financial statements and were not reported above under *Audit Fees* .

*Tax Fees.* Consist of aggregate fees for tax compliance, tax advice and tax planning services including the review and preparation of our federal and state income tax returns.

*All Other Fees.* Consist of aggregate fees billed for products and services provided by the independent registered public accounting firm other than those disclosed above. These fees consisted of an amount paid for the use of an online accounting research tool.

The Audit Committee pre-approved all services performed since the pre-approval policy was adopted.

## **Recommendation of the Board**

**THE BOARD RECOMMENDS THAT YOU VOTE FOR RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2019.**

## **Report of the Audit Committee of the Board of Directors**

The information contained in this Audit Committee report shall not be deemed to be (1) soliciting material, (2) filed with the SEC, (3) subject to Regulations 14A or 14C of the Exchange Act, or (4) subject to the liabilities of Section 18 of the Exchange Act. No portion of this Audit Committee report shall be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the *Securities Act* ), or the Exchange Act, through any general statement incorporating by reference in its entirety the proxy statement in which this report appears, except to the extent that Brightcove specifically incorporates this report or a portion of it by reference. In addition, this report shall not be deemed filed under either the Securities Act or the Exchange Act.

This report is submitted by the Audit Committee of the Board. The Audit Committee consists of the three directors whose names appear below. None of the members of the Audit Committee is an officer or employee of Brightcove, and the Board has determined that each member of the Audit Committee is independent for Audit Committee purposes as that term is defined under Rule 10A-3 of the Exchange Act, and the applicable NASDAQ Stock Market rules. Each member of the Audit Committee meets the requirements for financial literacy under the applicable rules and regulations of the SEC and NASDAQ Stock Market. The Board has designated Mr. Haroian as an audit committee financial expert, as defined under the applicable rules of the SEC. The Audit Committee operates under a written charter adopted by the Board.

The Audit Committee's general role is to assist the Board in monitoring our financial reporting process and related matters. Its specific responsibilities are set forth in its charter.

The Audit Committee has reviewed the company's consolidated financial statements for 2018 and met with management, as well as with representatives of Ernst & Young LLP, the company's independent registered public accounting firm, to discuss the consolidated financial statements. The Audit Committee also discussed with members of Ernst & Young LLP the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA *Performance Standards* Vol. 1. AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

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The Audit Committee reviewed management's report on its assessment of the effectiveness of the company's internal control over financial reporting and the independent registered public accounting firm's report on the effectiveness of the company's internal control over financial reporting. The Audit Committee meets with representatives of the independent registered public accounting firm, with and without management present, to discuss the results of their examinations; their evaluations of the company's internal control, including internal control over financial reporting; and the overall quality of the company's financial reporting.

In addition, the Audit Committee received the written disclosures and the letter from Ernst & Young LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and discussed with members of Ernst & Young LLP its independence.

Based on these discussions, the financial statement review and other matters it deemed relevant, the Audit Committee recommended to the Board that the company's audited consolidated financial statements for 2018 be included in its Annual Report on Form 10-K for 2018.

Audit Committee

*Gary Haroian (Chairperson)*

*Diane Hessian*

*Thomas E. Wheeler*

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**SECURITY OWNERSHIP OF  
CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information known to us regarding the beneficial ownership of our common stock as of March 31, 2019, for:

each person known by us to be the beneficial owner of more than 5% of our common stock;

our named executive officers;

each of our directors and director nominees; and

all executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Except as noted by footnote, and subject to community property laws where applicable, we believe, based on the information provided to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.

The table lists applicable percentage ownership based on 36,776,685 shares of common stock outstanding as of March 31, 2019. Options to purchase shares of our common stock that are exercisable, and shares of our common stock that may be acquired upon the vesting of restricted stock units ( RSUs ), in each case, within 60 days of March 31, 2019, are deemed to be beneficially owned by the persons holding these options or RSUs, as applicable, for the purpose of computing percentage ownership of that person, but are not treated as outstanding for the purpose of computing any other person s ownership percentage. Unless otherwise indicated, the address for each beneficial owner is c/o Brightcove Inc., 290 Congress Street, Boston, MA 02210.

<b><u>Name of Beneficial Owner</u></b>	<b>Number of Shares Beneficially Owned</b>	<b>Percentage</b>
<i>5% Stockholders</i>		
Trigran Investments, Inc. <sup>(1)</sup>	3,425,086	9.3%
Frontier Capital Management Co., LLC <sup>(2)</sup>	2,935,864	8.0%
Tenzing Global Management LLC <sup>(3)</sup>	2,500,000	6.8%
BlackRock, Inc. <sup>(4)</sup>	2,345,456	6.4%
Archon Capital Management LLC <sup>(5)</sup>	2,222,484	6.0%
The Vanguard Group <sup>(6)</sup>	2,032,368	5.5%
Renaissance Technologies LLC <sup>(7)</sup>	2,028,351	5.5%
<i>Executive Officers and Directors</i>		

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Jeff Ray <sup>(8)</sup>	135,000	*
Andrew Feinberg <sup>(9)</sup>	74,397	*
Robert Noreck <sup>(10)</sup>	24,273	*
David Plotkin <sup>(11)</sup>	95,113	*
Deborah Besemer <sup>(12)</sup>	168,427	*
Kristin Frank <sup>(13)</sup>	9,954	*
Gary Haroian <sup>(14)</sup>	83,954	*
Diane Hessian <sup>(15)</sup>	38,794	*
Scott Kurnit <sup>(16)</sup>	152,168	*
Thomas E. Wheeler <sup>(17)</sup>	9,954	*
All executive officers and directors as a group (9 persons) <sup>(18)</sup>	717,637	1.9%

\* Represents beneficial ownership of less than 1% of our outstanding common stock.

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- (1) Beneficial ownership is as of December 31, 2018, based solely on a Schedule 13G filed jointly on February 14, 2019 with the SEC by Trigran Investments, Inc. ( Trigran ), Douglas Granat, Lawrence A. Oberman, Steven G. Simon, Bradley F. Simon and Steven R. Monieson and includes 3,425,086 shares of our common stock over which Trigran, Douglas Granat, Lawrence A. Oberman, Steven G. Simon, Bradley F. Simon and Steven R. Monieson have shared voting power and shared dispositive power. The principal address of Trigran is 630 Dundee Road, Suite 230, Northbrook, IL 60062.
- (2) Beneficial ownership is as of December 31, 2018, based solely on a Schedule 13G/A filed on February 11, 2019 with the SEC by Frontier Capital Management Co., LLC ( Frontier Capital ) and includes 1,765,509 shares of our common stock over which Frontier Capital has sole voting power and 2,935,864 shares over which Frontier Capital has sole dispositive power. The principal business address of Frontier Capital is 99 Summer Street, Boston, MA 02110.
- (3) Beneficial ownership is as of December 31, 2018, based solely on a Schedule 13D filed jointly on March 7, 2019 with the SEC by (1) Tenzing Global Management LLC ( Tenzing Global Management ); (2) Tenzing Global Investors LLC ( Tenzing Global Investors ); (3) Tenzing Global Investors Fund I LP ( Fund I ); and (4) Chet Kapoor and includes 2,500,000 shares of our common stock over which Tenzing Global Management and Chet Kapoor have shared voting power and shared dispositive power and 1,776,583 shares of our common stock over which Tenzing Global Investors and Fund I have shared voting power and shared dispositive power. Mr. Kapoor is a managing partner of Tenzing Global Management and Tenzing Global Investors, and the portfolio manager of Fund I. Mr. Kapoor is a managing partner of Tenzing Global Management and Tenzing Global Investors, and the portfolio manager of Fund I. The principal address of Tenzing Global Management, Tenzing Global Investors, Fund I and Chet Kapoor is 90 New Montgomery, Suite 650, San Francisco, CA 94105.
- (4) Beneficial ownership is as of December 31, 2018, based solely on a Schedule 13G/A filed on February 4, 2019 with the SEC by BlackRock, Inc. ( BlackRock ) and includes 2,291,030 shares of our common stock over which BlackRock has sole voting power and 2,345,456 shares over which BlackRock has sole dispositive power. The principal business address of BlackRock is 55 East 52nd Street, New York, NY 10055.
- (5) Beneficial ownership is as of December 31, 2018, based solely on a Schedule 13G filed jointly on February 14, 2019 with the SEC by Archon Capital Management LLC ( Archon ) and Constantinos Christofilis and includes 2,222,484 shares of our common stock over which Archon and Constantinos Christofilis have shared voting power and shared dispositive power. Constantinos Christofilis is the Managing Member of Archon. The principal address of Archon and Constantinos Christofilis is 1100 19<sup>th</sup> Avenue E, Seattle, WA 98112.
- (6) Beneficial ownership is as of December 31, 2018, based solely on a Schedule 13G filed on February 11, 2019 with the SEC by ( Vanguard ) and includes 70,422 shares of our common stock over which Vanguard has sole voting power and shared dispositive power and 1,961,956 shares over which Vanguard has sole dispositive power. The principal business address of Vanguard is 100 Vanguard Blvd., Malvern, PA 19355.
- (7) Beneficial ownership is as of December 31, 2018, based solely on a Schedule 13G filed jointly on February 12, 2019 with the SEC by Renaissance Technologies LLC ( Renaissance ) and Renaissance Technologies Holdings Corporation ( Renaissance Holdings ) and includes 1,999,351 shares of our common stock over which Renaissance and Renaissance Holdings have sole voting power, 2,028,314 shares of our common stock over which Renaissance and Renaissance Holdings have sole dispositive power and 37 shares over which Renaissance and Renaissance Holdings have shared dispositive power. The principal business address of Renaissance and Renaissance Holdings is 800 Third Avenue, New York, NY 10022.
- (8) Consists of (a) 25,000 shares held by Mr. Ray and (b) 110,000 shares issuable to Mr. Ray upon exercise of stock options exercisable within 60 days after March 31, 2019.
- (9) Consists of 74,397 shares issuable to Mr. Feinberg upon exercise of stock options exercisable within 60 days after March 31, 2019.
- (10) Consists of (a) 8,023 shares held by Mr. Noreck and (b) 16,250 shares issuable to Mr. Noreck upon exercise of stock options exercisable within 60 days after March 31, 2019.
- (11)

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Consists of (a) 31,282 shares held by Mr. Plotkin and (b) 63,831 shares issuable to Mr. Plotkin upon exercise of stock options exercisable within 60 days after March 31, 2019.

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- (12) Consists of (a) 96,262 shares held by Ms. Besemer, (b) 67,731 shares issuable to Ms. Besemer upon exercise of stock options exercisable within 60 days after March 31, 2019 and (c) 4,434 shares issuable to Ms. Besemer upon vesting of restricted stock units within 60 days after March 31, 2019.
- (13) Consists of (a) 2,296 shares held by Ms. Frank, (b) 6,893 shares issuable to Ms. Frank upon exercise of stock options exercisable within 60 days after March 31, 2019 and (c) 765 shares issuable to Ms. Frank upon vesting of restricted stock units within 60 days after March 31, 2019.
- (14) Consists of (a) 9,996 shares held by Mr. Haroian, (b) 69,524 shares issuable to Mr. Haroian upon exercise of stock options exercisable within 60 days after March 31, 2019 and (c) 4,434 shares issuable to Mr. Haroian upon vesting of restricted stock units within 60 days after March 31, 2019.
- (15) Consists of (a) 7,344 shares held by Ms. Hessian, (b) 27,016 shares issuable to Ms. Hessian upon exercise of stock options exercisable within 60 days after March 31, 2019 and (c) 4,434 shares issuable to Ms. Hessian upon vesting of restricted stock units within 60 days after March 31, 2019.
- (16) Consists of (a) 80,003 shares held by Mr. Kurnit, (b) 67,731 shares issuable to Mr. Kurnit upon exercise of stock options exercisable within 60 days after March 31, 2019 and (c) 4,434 shares issuable to Mr. Kurnit upon vesting of restricted stock units within 60 days after March 31, 2019.
- (17) Consists of (a) 2,296 shares held by Mr. Wheeler, (b) 6,893 shares issuable to Mr. Wheeler upon exercise of stock options exercisable within 60 days after March 31, 2019 and (c) 765 shares issuable to Mr. Wheeler upon vesting of restricted stock units within 60 days after March 31, 2019.
- (18) See footnote 8 and footnotes 10 through 17 above. Includes 435,869 shares issuable upon exercise of stock options exercisable within 60 days after March 31, 2019 and 19,266 shares issuable upon vesting of restricted stock units within 60 days after March 31, 2019.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who own more than 10% of our common stock, to file with the SEC initial reports of beneficial ownership and reports of changes in beneficial ownership. Officers, directors and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all such reports.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, we believe that for 2018, all required reports were filed on a timely basis under Section 16(a).

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**PROPOSAL THREE**

**NON-BINDING, ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

Our Board is committed to excellence in governance. As part of that commitment, and as required by Section 14A(a)(1) of the Exchange Act, our Board is providing the stockholders with an opportunity to approve, on a non-binding, advisory basis, the compensation of our named executive officers.

The following proposal, commonly known as a "say on pay" proposal, gives our stockholders the opportunity to vote to approve, on a non-binding, advisory basis, the compensation of our named executive officers. This vote is not intended to address any specific item of compensation or the compensation of any particular officer, but rather the overall compensation of our named executive officers and our compensation philosophy, policies and practices, as discussed in this proxy statement. Accordingly, we are asking our stockholders to vote for the following resolution:

RESOLVED, that the Company's stockholders approve, on a non-binding, advisory basis, the compensation of the Company's named executive officers, as disclosed in this proxy statement, including the Compensation Discussion and Analysis, compensation tables and narrative discussion.

Before you vote, we recommend that you read the Executive Compensation section of this proxy statement for additional details on our executive compensation programs and philosophy.

This vote is advisory, and therefore not binding on us, the Board or the Compensation Committee. However, our Board and Compensation Committee value the opinions of our stockholders and intend to take into account the outcome of the vote when considering future compensation decisions for our named executive officers.

**Recommendation of the Board**

**THE BOARD RECOMMENDS THAT YOU VOTE FOR APPROVAL, ON A NON-BINDING, ADVISORY BASIS, OF THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS.**

**Table of Contents****EXECUTIVE COMPENSATION****Compensation Discussion and Analysis**

This section explains how our executive compensation programs are designed and operate with respect to our named executive officers. Our named executive officers in 2018 were Jeff Ray, Chief Executive Officer from April 2018 through present, Andrew Feinberg, acting Chief Executive Officer from January 2018 through April 2018 and President and Chief Operating Officer from April 2018 through June 2018; Robert Noreck, Chief Financial Officer from May 2018 through present; Kevin Rhodes, Chief Financial Officer from January 2018 through May 2018; and David Plotkin, Chief Legal Officer from January 2018 through present.

**Executive Summary**

Our compensation strategy is designed to attract and retain high-caliber executive officers and employees, and align employee contributions with our objectives and the creation of long-term stockholder value. We intend to provide a competitive total compensation package and will share our success with our named executive officers, as well as our other employees, when our objectives are met.

Compensation for our named executive officers consists primarily of the elements identified in the following table.

<b>Compensation Element</b>	<b>Objective</b>
Base salary	To attract and retain employees and to recognize ongoing performance of job responsibilities.
Annual performance-based cash compensation	To re-emphasize corporate objectives and provide additional reward opportunities for our named executive officers (and employees generally) when key business objectives are met.
Long-term equity incentive compensation	To re-emphasize corporate objectives, reward increases in stockholder value, reinforce our focus on team success and promote retention.

Each of the elements of our executive compensation program is discussed in more detail below. Our compensation elements are designed to be flexible, to complement each other and to serve the compensation objectives described above. We have not adopted any formal or informal policies or guidelines for allocating compensation between fixed and variable compensation, cash and equity incentive awards, or short-term and long-term compensation. Our mix of compensation elements is designed to reward recent results and motivate long-term performance through a combination of short-term cash and long-term equity incentive awards.

**Determining Executive Compensation**

Our Chief Executive Officer reviews the performance of each named executive officer other than himself, and based on this review and the factors described below, makes recommendations to the Compensation Committee with respect to each named executive officer's total compensation package. The Compensation Committee then makes the final determination with regard to the total compensation package for our named executive officers, including our Chief Executive Officer. In establishing overall executive compensation levels and making specific compensation decisions for the named executive officers in 2018, the Compensation Committee considered a number of criteria, including the

executive's position, any applicable employment agreement, prior compensation levels, scope of responsibilities, prior and current period performance, attainment of individual and overall company performance objectives, external market data and retention concerns. Moreover, in setting 2018 compensation, the Compensation Committee considered the results of the stockholder

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advisory vote on the say on pay proposal presented at our 2018 Annual Meeting of Stockholders. Although the results of the say on pay vote are advisory and not binding on the Company, the Board or the Compensation Committee, the Board and the Compensation Committee value the opinions of our stockholders and take the results of the say on pay vote into account when making decisions regarding the compensation of our named executive officers. There was strong support at the 2018 annual meeting for the compensation program offered to our named executive officers with 89.6% of votes cast in favor. In light of the strong support for our executive compensation program reflected by the results of the 2018 say on pay proposal, the Compensation Committee maintained our general approach to executive compensation. However, in order to more closely align the interests of our named executive officers and our stockholders and to further incentivize achievement of our long-term financial goals, beginning in 2018, we added performance-based restricted stock units as a component of our long-term incentive program, which vest and are earned only if we achieve certain pre-determined financial metrics as described in more detail below.

In the fourth quarter of 2017, we updated our peer group for 2018 compensation to consist of the following 11 publicly-traded U.S.-based software companies:

Actua	eGain	SeaChange International
Bazaarvoice	Limelight Networks	Synacor
Carbonite	LivePerson	Telenav
ChannelAdvisor	RealNetworks	

Certain of these companies were determined to be appropriate peer companies based on the type and size of their businesses. Certain of these companies were selected for executive compensation analysis purposes because they had similar operating and/or financial metrics. These companies are also representative of the types of companies with which we compete for executive talent. We may replace some or all of these companies with others from time to time as changes in market positions and company size, including our own, may suggest more representative peer group companies. While competitive practice is an important component of our compensation philosophy, it is not the sole determinant of executive compensation and benefit practices and programs and we do not automatically target our executive compensation at a specific percentage of the peer group average.

**Elements of Compensation*****Base Salaries***

Base salaries for our named executive officers were established initially through arm's-length negotiations at the time each individual was hired, taking into account compensation surveys and internal pay equity considerations, as well as the individual's qualifications and experience. Base salaries of our named executive officers are reviewed on an annual basis by our Chief Executive Officer (for named executive officers other than himself), our Chief People Officer and our Compensation Committee and approved annually by our Compensation Committee. Adjustments to base salaries are based on an individual's performance and promotions, as well as compensation surveys, our own analysis of compensation practices at peer companies, and internal pay equity considerations. In making decisions regarding salary adjustments, our Compensation Committee also draws upon the experience that members of our Board have within our industry. We do not assign a specific weight to any single factor in making decisions regarding base salary adjustments.

For 2018, our Compensation Committee sought to set base salaries for each of our named executive officers at levels that would result in total target cash compensation that is generally at or near the 75<sup>th</sup> percentile of our peer group. In January 2018, Mr. Feinberg's base salary was increased from \$400,000 to \$417,500 as part of our annual review

program, based on his overall performance and the growth of our company. In January 2018, Mr. Plotkin's base salary was increased from \$270,400 to 308,256 as part of our annual review program, based on his overall performance, the growth of our company and to make his total cash compensation more competitive with that of similarly situated executives in our peer group. After reviewing the base salary of Mr. Rhodes, the Compensation Committee determined that no base salary adjustment was necessary for him in 2018.

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In May 2018, Mr. Noreck's base salary was increased from \$260,000 to \$300,000 in connection with his promotion to Chief Financial Officer.

The following table sets forth the base salary for our named executive officers for fiscal 2017 and 2018:

<b><u>Named Executive Officer</u></b>	<b>2017 Base Salary</b>	<b>2018 Base Salary</b>	<b>% Change</b>
Jeff Ray	\$	\$ 400,000	n/a
Andrew Feinberg	\$ 400,000	\$ 417,500	4%
Robert Noreck	\$	\$ 300,000	n/a
Kevin Rhodes	\$ 300,000	\$ 300,000	n/a
David Plotkin	\$ 270,400	\$ 308,256	14%

***Annual Performance-Based Cash Compensation***

The named executive officers, as well as other executives and certain employees, participate in our annual Performance Incentive Program, which provides an opportunity to earn a cash bonus upon achievement of performance objectives approved by our Compensation Committee. This program was established to further align individual goals with corporate goals and to increase focus on executing key business deliverables.

*Target Bonuses-Performance Incentive Program.* As with base salaries, the target annual incentive compensation opportunities (generally expressed as a percentage of base salary) for our named executive officers were established initially through arm's-length negotiations at the time each individual was hired, taking into account compensation surveys and internal pay equity considerations, as well as the individual's qualifications and experience. Adjustments to annual incentive compensation targets are based on an individual's performance and promotions, as well as compensation surveys and internal pay equity considerations. Along with base salaries, annual incentive compensation targets are reviewed on an annual basis by our Chief Executive Officer (for named executive officers other than himself), our Chief People Officer and our Compensation Committee and approved annually by our Compensation Committee. In making decisions regarding adjustments to annual incentive compensation targets, our Compensation Committee also draws upon the experience that members of our Board have within our industry. We do not assign a specific weight to any single factor in making decisions regarding adjustments to annual incentive compensation targets.

For 2018, our Compensation Committee sought to set annual incentive compensation targets for each of our named executive officers at levels that would result in total target cash compensation that is generally at or near the 75<sup>th</sup> percentile of our peer group. In May 2018, in connection with Mr. Noreck's appointment as Chief Financial Officer, the Compensation Committee approved an annual incentive compensation target increase under the Performance Incentive Program for Mr. Noreck from 30% to 50% of his base salary, to make his total target cash compensation more competitive with those of similarly situated executives in our peer group. Mr. Feinberg participated in both our Performance Incentive Program and Sales Incentive Program in 2017. For 2018, Mr. Feinberg's annual incentive compensation target under the Sales Incentive Program was rolled in to our Performance Incentive Program, which accounts for the large percentage increase in Mr. Feinberg's annual incentive compensation target under our Performance Incentive Program for 2018. The annual incentive compensation target for our Chief Executive Officer was established during arms-length negotiations in connection with his hire and the targets remained the same as 2017 for our other named executive officers.





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The following table sets forth the annual incentive compensation targets for our named executive officers under our Performance Incentive Program for fiscal 2017 and 2018:

<b>Named Executive Officer</b>	<b>2017 Target Bonus (% of base salary)</b>	<b>2018 Target Bonus (% of base salary)</b>	<b>% Change</b>
Jeff Ray		150% <sup>(1)</sup>	n/a
Andrew Feinberg	18.75%	76%	405%
Robert Noreck		50%	n/a
Kevin Rhodes	68.5%	68.5%	n/a
David Plotkin	40%	40%	n/a

(1) Pursuant to the terms of his employment agreement with us, Mr. Ray was guaranteed a minimum bonus of \$225,000 for 2018. However, Mr. Ray's bonus for 2018, determined based upon achievement of the applicable performance metrics, exceeded such guaranteed minimum amount.

*Bonus Determinations-Performance Incentive Program.* Under the Performance Incentive Program, each year (generally during the first quarter) the Board establishes company-wide financial performance objectives, which serve as the basis for determining the eligibility for and the amount of bonuses to be paid under the program. For 2018, the Board used our revenue and adjusted EBITDA (excluding bonus expense), weighted equally (50% each). We define adjusted EBITDA (excluding bonus expense) as consolidated net income (loss), calculated in accordance with GAAP, excluding our stock-based compensation expense, executive severance, merger-related expense, the amortization of acquired intangible assets, depreciation expense, other income/expense and the provision for income taxes, as well as bonus expense. The Board determines the goals for each of these objectives in consultation with management and taking into account our performance for the immediately preceding year. The Board establishes goals it believes are necessary to motivate our executives to achieve an aggressive level of growth and to drive stockholder value. Our 2018 revenue goal was \$167.0 million, compared with \$164.8 million in actual revenue for the fiscal year ended December 31, 2018. Our 2018 adjusted EBITDA (excluding bonus expense) goal was \$6.7 million, compared with \$3.8 million in actual adjusted EBITDA (excluding bonus expense) for the fiscal year ended December 31, 2018.

The above-referenced performance objectives should not be interpreted as a prediction of how we will perform in future periods. As described above, the purpose of these objectives was to establish a method for determining the payment of performance-based cash compensation. You are cautioned not to rely on these performance goals as a prediction of our future performance.

After the end of each year, the Compensation Committee reviews our actual achievement against the performance objectives and determines the amount of bonuses to be paid under the program as a whole.

*Revenue*

We must achieve at least 95% of the goal for revenue for bonuses to be paid under the program for this component. Performance at the 95% level with respect to revenue would result in bonus payouts to the named executive officers at 50% of the named executive officers' individual target bonus opportunity for revenue. Each incremental 1% of achievement from 95% to 100% of the goal for revenue increases the bonus payouts by 10%, such that performance at the 97.5% level with respect to revenue would result in bonus payouts at 75% of the individual target bonus

opportunity for revenue and performance at the 100% level with respect to revenue would result in bonus payouts at 100% of the individual target bonus opportunity for revenue.

Each incremental 1% of achievement from 100% to 102% of the goal for revenue increases the bonus payouts by 15% for this component. An incremental 1% of achievement from 102% to 103% of the goal for revenue increases the bonus payouts by 20% for this component. Each incremental 1% of achievement from 103% to 105% of the goal for revenue increases the bonus payouts by 25%, up to a maximum of 200%, for this component.

**Table of Contents***Adjusted EBITDA (excluding bonus expense)*

We must achieve at least 50% of the goal for adjusted EBITDA (excluding bonus expense) for bonuses to be paid under the program for this component. Performance at the 50% level with respect to adjusted EBITDA (excluding bonus expense) would result in bonus payouts to the named executive officers at 50% of the named executive officers individual target bonus opportunity for adjusted EBITDA (excluding bonus expense). Each incremental 10% of achievement from 50% to 100% of the goal for adjusted EBITDA (excluding bonus expense) increases the bonus payouts by 10%, such that performance at the 75% level with respect to adjusted EBITDA (excluding bonus expense) would result in bonus payouts at 75% of the individual target bonus opportunity for adjusted EBITDA (excluding bonus expense) and performance at the 100% level with respect to adjusted EBITDA (excluding bonus expense) would result in bonus payouts at 100% of the individual target bonus opportunity for adjusted EBITDA (excluding bonus expense).

Each incremental 10% of achievement from 100% to 120% of the goal for adjusted EBITDA (excluding bonus expense) increases the bonus payouts by 15% for this component. An incremental 10% of achievement from 120% to 130% of the goal for adjusted EBITDA (excluding bonus expense) increases the bonus payouts by 20% for this component. Each incremental 10% of achievement from 130% to 150% of the goal for adjusted EBITDA (excluding bonus expense) increases the bonus payouts by 25% for this component, up to a maximum of 200%, for this component.

*General*

We must achieve at least 100% of the goal for both performance objectives in order for any upward adjustments to apply. If we achieve more than 100% of the goal for either performance objective, any achievement above 100% of the goal for such objective shall increase the bonus payouts on a pro-rata basis for such component, without any upward adjustments.

For the full year in 2018, we achieved 98.7% of the goal for revenue and 56.3% of the goal for adjusted EBITDA (excluding bonus expense). This resulted in a bonus payout of 86.9% with respect to the revenue objective, weighted at 50%, and a bonus payout of 56.3% with respect to the adjusted EBITDA (excluding bonus expense) objective, weighted at 50%. As such the Compensation Committee awarded the named executive officers 71.6% of their respective full-year target bonuses for 2018.

The following table sets forth the cash bonuses awarded to our named executive officers for 2018 under the annual Performance Incentive Program:

<b><u>Named Executive Officer</u></b>	<b>2018 Performance Incentive Program Bonus</b>	
Jeff Ray <sup>(1)</sup>	\$	310,689
Andrew Feinberg <sup>(2)</sup>	\$	
Robert Noreck	\$	89,251
Kevin Rhodes <sup>(3)</sup>	\$	
David Plotkin	\$	88,274

(1) Mr. Ray's annual bonus was pro-rated to reflect his start date with the company of April 2018.

(2)

Mr. Feinberg resigned as our President and Chief Operating Officer in June 2018 and was not eligible to receive a bonus under our annual Performance Incentive Program for 2018.

- (3) Mr. Rhodes resigned as our Chief Financial Officer in May 2018 and was not eligible to receive a bonus under our annual Performance Incentive Program for 2018.

***Long-Term Equity Incentive Compensation***

Our named executive officers are eligible to receive long-term equity-based incentive awards, which are intended to align the interests of our named executive officers with the interests of our stockholders, to

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emphasize and reinforce our focus on team success and to promote retention. Since the consummation of our initial public offering, our long-term equity-based incentive compensation awards have been made in the form of stock options and restricted stock units subject to vesting based on continued employment and/or the achievement of certain performance metrics. We believe that stock options and restricted stock units are effective tools for meeting our compensation goal of increasing long-term stockholder value. Because employees are able to profit from stock options only if our stock price increases relative to the stock option's exercise price, and because the value of restricted stock units is based on the price of our common stock when the restricted stock units vest, we believe stock options and restricted stock units provide meaningful incentives to motivate employees to achieve increases in the value of our stock over time.

All stock option and restricted stock unit awards are approved by the Compensation Committee or our Board. In determining the size of a stock option grant or restricted stock unit award, the Compensation Committee or Board takes into account individual performance (generally consisting of financial performance for the year as well as a subjective, qualitative review of each named executive officer's contribution to the success of the business), internal pay equity considerations and the value of existing long-term incentive awards. Each named executive officer received an initial grant of stock options and/or restricted stock units in connection with the commencement of his employment. Our named executive officers and other employees are also eligible to receive additional grants or awards from time to time. Except for our equity award grant policy, which is described more fully below under "Other Compensation Practices and Policies", we do not have a set program for the award of these additional grants or awards, and our Compensation Committee and Board retain discretion to make stock option or restricted stock unit awards to employees at any time.

Since the consummation of our initial public offering in 2012, stock option and time-based restricted stock unit awards to our named executive officers typically vest over four years, with 25% vesting on each annual anniversary of the vesting start date, which is a date fixed by our Board or Compensation Committee when making equity awards.

Beginning in 2018, we introduced performance-based restricted stock unit awards in our executive compensation program in order to more closely align the interests of our named executive officers with those of our stockholders and to continue to drive long-term stockholder value. These restricted stock unit awards vest over a period of four years, subject to the achievement of certain performance metrics. These performance-based restricted stock units generally vest as follows: if the sum of our revenue growth rate and adjusted EBITDA margin equals or exceeds 30% (which we refer to as the "Rule of 30"), 50% of the restricted stock units will vest immediately and 50% will vest on the one year anniversary thereof. If the sum of our revenue growth and adjusted EBITDA margin equals at least 20% but less than 30%, 25% of the restricted stock units will vest immediately and 25% shall vest on the one year anniversary thereof. In such case, if the sum of our revenue growth rate and adjusted EBITDA margin thereafter equals or exceeds 30%, an additional 25% of the restricted stock units will vest immediately and the final 25% of the restricted stock units will vest on the one year anniversary thereof. The performance metric will be assessed on a trailing four-quarter basis, at the end of each quarter in the four-year performance period. Any portion of the restricted stock units that has not been earned at the end of the four-year performance period will be forfeited. All vesting of performance-based awards is subject to the grantee being an employee of ours through the applicable vesting date.

We believe these vesting schedules encourage long-term employment with our company, while allowing our executives to realize compensation in line with the value they have created for our stockholders.

In April 2018, Mr. Noreck was awarded 15,000 restricted stock units, Mr. Rhodes was granted an option to purchase 30,000 shares at an exercise price of \$7.10 per share and Mr. Plotkin was awarded 20,000 restricted stock units and granted an option to purchase 20,000 shares at an exercise price of \$7.10 per share. These awards were made as part of our annual performance review program for executives.



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In May 2018, in connection with his appointment as our Chief Executive Officer, Mr. Ray was awarded 400,000 restricted stock units and granted an option to purchase 440,000 shares at an exercise price of \$9.80. Mr. Ray's restricted stock unit award was subject to the standard Rule of 30 vesting schedule described above.

In May 2018, in connection with his transition from acting Chief Executive Officer to President and Chief Operating Officer, Mr. Feinberg was granted an option to purchase 75,000 shares at an exercise price of \$9.80 per share, to vest in full if, prior to May 31, 2018, we were to enter into a definitive agreement to be acquired. Per the terms of Mr. Feinberg's option award, since we did not enter into a definitive agreement to be acquired prior to May 31, 2018, this option terminated as of such date.

In May 2018, in connection with his appointment as our Chief Financial Officer, Mr. Noreck was awarded 45,000 restricted stock units and granted an option to purchase 40,000 shares at an exercise price of \$10.28. Mr. Noreck's restricted stock unit award is subject to the standard Rule of 30 vesting schedule described above.

In December 2018, Mr. Noreck was awarded 15,000 restricted stock units and Mr. Plotkin was awarded 115,000 restricted stock units, each as part of our annual performance review program for executives. These restricted stock unit awards are subject to the standard Rule of 30 vesting schedule described above.

In December 2018, Mr. Ray was awarded 200,000 restricted stock units as part of our annual performance review program for executives. Mr. Ray's restricted stock unit award was subject to the performance-based vesting schedule described above, but with targets of 40% and 30% rather than 30% and 20% (which we refer to as the Rule of 40).

Each option award described above, other than the option award to Mr. Feinberg, vests over four years, with 25% vesting on each annual anniversary of the vesting start date. Each option award described above has an exercise price equal to the closing price of our common stock on the date of grant. Each restricted stock unit award described above, other than the performance-based awards, also vest over four years, with 25% vesting on each annual anniversary of the vesting start date.

## ***Severance and Change in Control Benefits***

We are party to employment agreements with each of our named executive officers who are currently serving as executive officers. Such employment agreements provide certain benefits in the event of a change in control of our company and termination of employment under certain circumstances as set forth below.

If an executive's employment is terminated by us without cause (as defined in the applicable employment agreement), or if the executive resigns for good reason (as defined in the applicable employment agreement) prior to or more than 12 months (or, for Mr. Ray, prior to or more than 18 months) following a change in control (as defined in the applicable employment agreement) of the company, the executive is eligible for severance benefits in 12 equal monthly installments consisting of an amount equal to the sum of one times the executive's base salary and one times the executive's target bonus (which amounts shall cease to be paid in the event that the executive breaches any of the applicable restrictive covenants set forth in his employment agreement following termination), plus up to 12 months (or, for Mr. Ray, up to 18 months) of COBRA coverage. In such case, the vesting of each executive's then-outstanding equity awards with time-based vesting only, and performance-based restricted stock units for which the performance criteria has been met, shall accelerate by 25%. The accelerated vesting provisions described in the preceding sentence only apply for Mr. Noreck in the event of his resignation for good reason. The severance benefits described in this paragraph are contingent upon the executive executing an effective general release of claims in favor of us.

If Mr. Ray's employment is terminated by us without cause or if he resigns for good reason within 18 months following a change in control of our company, he will be eligible for severance benefits in 18 equal monthly installments consisting of an amount equal to the sum of one times his base salary and one times his



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target bonus, plus up to 18 months of COBRA coverage. In such case, the remainder of any performance-based restricted stock units held by Mr. Ray as of the date of termination shall accelerate by 25%. The severance benefits described in this paragraph are contingent upon Mr. Ray executing an effective general release of claims in favor of us.

If an executive's employment (other than Mr. Ray's) is terminated by us without cause or if the executive resigns for good reason within 12 months following a change in control of our company, the executive is eligible for severance benefits in a lump sum consisting of an amount equal to the sum of one times the executive's base salary and one times the executive's target bonus, plus an amount equal to 12 months of COBRA coverage payable in a lump sum. The severance benefits described in this paragraph are contingent upon the executive executing an effective general release of claims in favor of us.

If an executive's employment is terminated by us for cause, each applicable stock option may no longer be exercised from and after the date on which the executive received written notice from us of such termination.

The employment agreements also provide that, upon a change in control of our company, each executive's then-outstanding equity awards with time-based vesting only, and performance-based restricted stock units for which the performance criteria has been met, will fully vest.

We provide these benefits to promote retention and ease the consequences to the executive of an unexpected termination of employment. These arrangements are also intended to preserve morale and productivity in the face of the potentially disruptive impact of a change in control. These benefits also allow our named executive officers to focus on the value of strategic alternatives to stockholders without concern for the impact on their own continued employment, as each of their offices is at heightened risk of turnover in the event of a change in control.

Please refer to the discussion below under "Employment Agreements; Potential Payments upon Termination or Change in Control" for a more detailed discussion of our severance and change in control benefits.

In April 2018, in connection with Mr. Feinberg's transition from acting Chief Executive Officer to President and Chief Operating Officer, we entered into an amendment (the "Amendment") to our employment agreement with Mr. Feinberg. Pursuant to the Amendment, Mr. Feinberg agreed to continue his employment with us until at least May 31, 2018. In addition, pursuant to the terms of Mr. Feinberg's employment agreement, as amended, Mr. Feinberg was entitled to the following severance payments and benefits in connection with the termination of his employment: (a) a cash bonus under our 2018 performance incentive program at 100% of target for the first half of 2018, in an amount of \$158,750, (b) acceleration by 25% of then-outstanding and unvested stock options and 100% acceleration of restricted stock units held by Mr. Feinberg, (c) a one-time bonus of \$75,000, payable no later than June 15, 2018, (d) an amount equal to the sum of his base salary and target bonus, payable over 12 months following termination and (e) 12 months of COBRA payments.

### ***Employee Benefits***

Our named executive officers are eligible for the same benefits as are available to our employees generally. These include participation in a tax-qualified 401(k) plan with a company matching contribution equal to 25% of the first 4% of base salary earnings and group health, dental, life and disability insurance plans. The type and extent of benefits offered are intended to be competitive within our industry.

### **Other Compensation Practices and Policies**

*Perquisites and Personal Benefits.* As noted above, our named executive officers are eligible to participate in the same benefits as those offered to all full-time employees. Currently, we do not view perquisites or other

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personal benefits as a significant component of our executive compensation program. However, we have provided certain perquisites to our named executive officers in situations where we believe it is appropriate to assist an individual in the performance of his duties, to make him more efficient and effective, and for recruitment and retention purposes. In connection with his hire and pursuant to the terms of his employment agreement with us, we agreed to reimburse Mr. Ray for the following reasonable costs incurred by him, or directly pay such expenses, subject to his timely submission of applicable documentation: (i) the costs of securing and maintaining an apartment in the Greater Boston area, up to \$4,000 per month; (ii) the commuting costs for standard class air travel between Sarasota, Florida and Boston, Massachusetts (or other Company offices or customer facilities or other business locations at which Mr. Ray performs his services); and (iii) the costs of purchasing and installing high quality video equipment for Mr. Ray's home office in Florida up to a maximum cost of \$10,000. In addition, pursuant to the terms of his employment agreement, we agreed to pay or reimburse Mr. Ray for all reasonable legal fees incurred by him in connection with the preparation, negotiation and execution of his employment agreement and ancillary documents.

*Insider Trading Policy.* Our executive officers, employees and directors are subject to our insider trading policy. Under this policy, all of our executive officers, employees and directors are prohibited from engaging in transactions in publicly-traded options and other derivative securities with respect to our securities unless approved by our Audit Committee.

*Stock Ownership Policy.* In August 2018, we adopted a stock ownership policy that is applicable to non-employee directors, our Chief Executive Officer and each of our executive officers, as defined in Rule 3b-7 of the Exchange Act. The stock ownership policy requires that non-employee directors hold equity in the Company with a value equal to at least three times the director's annual Board cash retainer, the Chief Executive Officer own equity in the Company equal to at least two times his annual base salary and that all other covered executive officers own equity in the Company equal to at least one times his or her annual base salary. The stock ownership policy provides for a phase-in period, which provides that an individual subject to this policy is required to be in compliance with the minimum equity ownership requirement by the five-year anniversary of the date on which the non-employee director or executive officer first became subject to the stock ownership policy. The stock ownership policy also includes certain share retention obligations that apply to officers and directors who have not met the minimum equity ownership requirements by the end of their phase-in date or who cease to hold the minimum equity ownership at any time following such date.

*Policy Regarding the Timing of Equity Awards.* Our equity award grant policy formalizes our process for granting equity-based awards. Under our equity award grant policy, we will generally grant equity awards on a regularly scheduled basis. If extraordinary circumstances arise such that the Compensation Committee or the Board determines it is advisable to grant an equity award at a time other than as set forth below, the Compensation Committee may consider and approve any such grant. Grants of equity awards for new hires or promotions will generally be made twice per quarter. Grants approved from the start of the then-current quarter through the date we first publicly release our financial results for the previously completed quarter, shall be effective on the third trading day after we first publicly release our financial results for the previously completed quarter, which we call a grant date. Grants approved after the date we first publicly release our financial results for the previously completed quarter through the end of the then-current quarter, shall be effective on the fifth trading day after we approve such grants, which we also call a grant date. Grants of equity awards to current employees (other than in connection with a promotion) will generally be made, if at all, on an annual basis on one of the grant dates specified above. It is the intention of the Compensation Committee to consider and approve any such grants either at a meeting of the Compensation Committee, which meeting will be established in advance, with notice to the Compensation Committee in accordance with the Compensation Committee charter, or by unanimous consent in writing.

*Tax Deductibility Under Section 162(m) of the Code.* Generally, Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code ) disallows a federal income tax deduction for public corporations of remuneration in excess of \$1 million paid for any fiscal year to covered employees of the Company. With

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respect to taxable years before January 1, 2018, remuneration in excess of \$1 million was exempt from this deduction limit if it qualified as performance-based compensation within the meaning of Section 162(m). The Board and the Compensation Committee believe that stockholder interests are best served if they retain maximum flexibility to design executive compensation programs that meet stated business objectives. For that reason, while our Board and Compensation Committee have considered the potential effects of Section 162(m) of the Code on the compensation paid to our named executive officers and, in light of the constraints imposed by Section 162(m) and our desire to maintain flexibility in compensation decisions, has determined not to structure our compensation arrangements to be exempt from Section 162(m).

Effective for taxable years beginning after December 31, 2017, the Tax Cuts and Jobs Act of 2017 (a) expands the scope of Section 162(m) such that all named executive officers are covered employees and anyone who was a named executive officer in any year after 2016 will remain a covered employees for as long as he or she (or his or her beneficiaries) receive compensation from us and (b) eliminates the exception to the deduction limit for commission-based compensation and performance-based compensation except with respect to certain grandfathered arrangements in effect as of November 2, 2017 that are not subsequently materially modified. Accordingly, future compensation paid to our named executive officers in excess of \$1 million will not be deductible unless it qualifies for the transition relief applicable to certain arrangements in place as of November 2, 2017, as described above.

*Taxation of Parachute Payments.* Sections 280G and 4999 of the Code provide that executive officers and directors who hold significant equity interests and certain other service providers may be subject to significant additional taxes if they receive payments or benefits in connection with a change in control of the company that exceeds certain prescribed limits, and that the company (or a successor) may forfeit a deduction on the amounts subject to this additional tax. We have not agreed to provide any executive officer, including any named executive officers, with a gross-up or other reimbursement payment for any tax liability that the executive officer might owe as a result of the application of Sections 280G or 4999 of the Code.

*Section 409A of the Code.* Section 409A of the Code imposes additional significant taxes in the event that an executive officer, director or service provider receives deferred compensation that does not satisfy the requirements of Section 409A of the Code. Although we do not maintain a traditional nonqualified deferred compensation plan, Section 409A of the Code may apply to certain severance arrangements, bonus arrangements and equity awards. We structure all our severance arrangements, bonus arrangements and equity awards in a manner to either avoid the application of Section 409A or, to the extent doing so is not possible, to comply with the applicable requirements of Section 409A of the Code.

*Accounting for Stock-Based Compensation.* We follow Financial Accounting Standard Board ( FASB ) Accounting Standards Codification Topic ( ASC ) 718, *Compensation Stock Compensation*, for our stock-based compensation awards to employees. FASB ASC Topic 718 requires companies to measure the compensation expense for all share-based payment awards made to employees and directors, including stock options, restricted stock awards and restricted stock unit awards, based on the grant date fair value of these awards. This calculation is performed for accounting purposes and reported in the compensation tables below, even though our executive officers may never realize any value from their awards. FASB ASC Topic 718 also requires companies to recognize the compensation cost of their stock-based compensation awards in their statements of operations over the period that an executive officer is required to render service in exchange for the option or other award. Our Compensation Committee may consider the impact of FASB ASC Topic 718 when making equity-based awards.

**Table of Contents****Tabular Disclosure Regarding Executive Compensation**

The following tables provide information regarding the compensation awarded to or earned by our named executive officers during the fiscal years indicated.

**Summary Compensation Table 2018**

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)<sup>(1)</sup></b>	<b>Option Awards (\$)<sup>(1)</sup></b>	<b>Non-Equity</b>	<b>All</b>	<b>Total (\$)</b>
						<b>Incentive Plan Compensation (\$)</b>	<b>Other Compensation (\$)<sup>(2)</sup></b>	
Jeff Ray <i>Chief Executive Officer</i>	2018	288,333 <sup>(3)</sup>			1,990,384	310,689	118,974	2,708,380
Andrew Feinberg <i>Former Acting Chief Executive Officer</i>	2018	208,745 <sup>(4)</sup>		330,928	105,708		748,069	1,393,450
	2017	381,250				261,958	3,813	647,021
	2016	311,667		200,000	186,905	301,445	3,117	1,003,134
Robert Noreck <i>Chief Financial Officer</i>	2018	283,333 <sup>(5)</sup>		106,500	190,168	89,251	3,499	672,751
Kevin Rhodes <i>Former Chief Financial Officer</i>	2018	125,000 <sup>(6)</sup>			96,543		1,321	222,864
	2017	300,000	21,166			30,209	3,000	354,375
	2016	300,000		80,000	74,762	273,890	2,563	731,215
David Plotkin <i>Chief Legal Officer</i>	2018	308,256	20,000 <sup>(7)</sup>	142,000	64,356	88,274	2,933	625,819
	2017	270,400	11,150	86,760	73,106	15,890	2,704	460,010

- (1) Except as provided below, the amounts reported represent the aggregate grant date fair value of stock and option awards computed in accordance with FASB ASC Topic 718 disregarding any estimates of forfeitures. The values reported for the performance-based restricted stock units and performance-based stock option awarded in 2018 represent the grant date fair values of such awards assuming the probable outcome of the performance conditions. We determined that as of the date of the grant it was not probable, as defined under applicable accounting guidance, that the applicable performance conditions would be achieved and, accordingly, the grant date fair value of such awards is \$0. The value of the performance-based restricted stock unit awards assuming the maximum achievement of the performance conditions is \$5,328,000 for Mr. Ray, \$568,200 for Mr. Noreck and \$809,600 for Mr. Plotkin. The value of the performance-based option award granted to Mr. Feinberg in 2018 assuming the maximum achievement of the performance condition, is \$340,050. The assumptions used to calculate the value of stock and option awards are described in Note 2 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018. The amount reported in the Stock Awards column for Mr. Feinberg represents the incremental fair value attributable to the 100% acceleration

of outstanding restricted stock unit awards held by Mr. Feinberg and the amount reported in the Option Awards column for Mr. Feinberg represents the incremental fair value attributable to the acceleration of 25% of outstanding options held by Mr. Feinberg.

- (2) The amount reported for 2018 for Mr. Ray consists of (i) \$2,833 in matching contributions under the company's 401(k) matching program, (ii) \$45,600 for securing and maintaining an apartment in the Greater Boston area, (iii) \$44,803 in commuting costs for standard class air travel between Sarasota, Florida and Boston, Massachusetts (or other Company offices or customer facilities or other business locations at which he performs his services), (iv) \$4,070 for purchasing and installing high quality video equipment for Mr. Ray's home office in Florida and (v) \$21,668 as reimbursement of legal fees incurred in connection with negotiating his employment agreement with us. The amount reported for 2018 for Mr. Feinberg consists of (i) \$1,914 in matching contributions under the company's 401(k) matching program, (ii) \$732,961 in bonus and severance payments payable to Mr. Feinberg in connection with the termination of his employment pursuant to the terms of his employment agreement with us, as amended and (iii) \$13,194 as reimbursement of legal fees incurred in connection with negotiating an amendment to his employment

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- agreement with us. For Messrs. Noreck, Rhodes and Plotkin, consists of matching contributions under the company's 401(k) matching program.
- (3) Mr. Ray joined us as our Chief Executive Officer in April 2018 and received a pro-rated base salary based on an annual base salary of \$400,000.
  - (4) Mr. Feinberg resigned as our President and Chief Operating Officer in June 2018. His annual base salary was pro-rated for his partial year of employment and he was not eligible to receive a cash bonus under our Performance Incentive Program for 2018.
  - (5) Mr. Noreck's base salary was increased from \$260,000 to \$300,000 in May 2018 in connection with his promotion to Chief Financial Officer.
  - (6) Mr. Rhodes resigned as our Chief Financial Officer in May 2018. His annual base salary was pro-rated for his partial year of employment and he was not eligible to receive a cash bonus under our Performance Incentive Program for 2018.
  - (7) Consists of a discretionary bonus approved by the acting Chief Executive Officer in connection with certain strategic matters.



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## Grants of Plan-Based Awards 2018

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Possible Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>			All other Stock Awards: Number of Shares of Stock (#)	All other Option Awards: Number of Options (#)	Exercise or Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$) <sup>(3)</sup>
		Threshold	Target	Maximum	Threshold	Target	Maximum				
		(\$)	(\$)	(\$)							
Jeff Ray		300,000	600,000	1,200,000							
	5/1/18							440,000	9.80	1,990,384	
	5/1/18				200,000						
						400,000					
	12/31/18				100,000	200,000					
Andrew Feinberg		158,750	317,500	635,000							
	5/1/18					75,000			9.80		
Robert Noreck		75,000	150,000	300,000							
	4/9/18						15,000			106,500	
	5/10/18							40,000	10.28	190,168	
	5/10/18				22,500	45,000					
	12/31/18				7,500	15,000					
Kevin Rhodes		102,750	205,500	411,000							
	4/9/18							30,000	7.10	96,543	
David Plotkin		61,651	123,302	246,604							
	4/9/18							20,000	7.10	64,356	
	4/9/18						20,000			142,000	
	12/31/18				57,500	115,000					

(1)

- Represents the threshold, target and maximum performance-based incentive cash payments the named executive officers could earn pursuant to the Performance Incentive Plan for 2018, as described in Annual Performance-Based Cash Compensation above. The actual amounts earned pursuant to the Performance Incentive Program for 2018 are set forth in the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table above.
- (2) Represents the threshold (if applicable) and target number of performance-based restricted stock units granted to the named executive officers in 2018. These awards will vest and be earned only if certain performance goals are achieved as described in Long-Term Equity Incentive Compensation above. The values reported for the performance-based restricted stock units and performance-based stock option awarded in 2018 represent the grant date fair values of such awards assuming the probable outcome of the performance conditions. We determined that as of the date of the grant it was not probable, as defined under applicable accounting guidance, that the applicable performance conditions would be achieved and, accordingly, the grant date fair value of such awards is \$0. The value of such awards assuming the maximum achievement of the applicable performance conditions is reported in footnote 1 to the Summary Compensation Table above.
- (3) The valuation of stock and option awards is based on the grant date fair value computed in accordance with FASB ASC Topic 718 disregarding any estimates of forfeitures. The assumptions used to calculate the value of stock and option awards are described in Note 2 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018.

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## Outstanding Equity Awards at Fiscal Year End 2018

Name <sup>(1)</sup>	Vesting Start Date <sup>(3)</sup>	Option Awards <sup>(2)</sup>				Stock Awards				
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) <sup>(4)</sup>	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(5)</sup>	Equity Incentive Plan Awards: Number of Shares, Units or Rights That Have Not Vested (#) <sup>(6)</sup>	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$) <sup>(5)</sup>
Jeff Ray	4/11/2018		440,000		9.80				200,000	1,408,000
									100,000 <sup>(7)</sup>	704,000
Andrew Feinberg	4/1/2011	35,936 <sup>(8)</sup>			8.19					
	5/12/2011	38,461 <sup>(8)</sup>			8.19					
Robert Noreck	7/31/2017 <sup>(13)</sup>					9,375	66,000			
	7/31/2017	6,250	18,750		6.70					
	12/10/2017 <sup>(14)</sup>					11,250	79,200			
	5/3/2018		40,000		10.28				22,500	158,400
									7,500	52,800
David Plotkin	8/15/2008	192 <sup>(8)</sup>			9.31					
	2/1/2010	2,692 <sup>(8)</sup>			9.31					
	11/15/2010	518 <sup>(8)</sup>			8.19					
	12/15/2011	3,846 <sup>(8)</sup>			11.00					

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5/8/2012	2,000 <sup>(8)</sup>		16.88	5/8/2022		
7/30/2013	8,000 <sup>(8)</sup>		10.61	7/30/2023		
7/29/2014	5,000 <sup>(8)</sup>		5.97	7/29/2024		
8/4/2015	11,250	3,750	5.53	8/4/2025		
8/4/2015					1,250	8,800
9/10/2015	7,500	2,500	4.92	9/30/2025		
9/10/2015 <sup>(11)</sup>					2,500	17,600
12/10/2015	6,750	2,250	6.35	12/30/2025		
12/10/2015 <sup>(9)</sup>					750	5,280
12/10/2016	5,333	5,334	8.00	12/23/2026		
12/10/2016 <sup>(10)</sup>					2,667	18,776
9/10/2017	5,750	17,250	7.23	9/27/2027		
9/10/2017 <sup>(12)</sup>					9,000	63,360
12/10/2017 <sup>(14)</sup>	5,000	15,000	7.10	4/9/2028		
12/10/2017 <sup>(14)</sup>					15,000	105,600
					57,500	404,800

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- (1) Mr. Rhodes resigned as our Chief Financial Officer in May 2018. He did not hold any outstanding equity awards as of December 31, 2018.
- (2) Unless otherwise indicated, these stock options were granted on the date ten years prior to the expiration date and vest over four years, with 25% vesting on each anniversary of the vesting start date.
- (3) The vesting start date is a date fixed by our Board or Compensation Committee when granting time-based equity awards.
- (4) Unless otherwise indicated, these restricted stock unit awards were granted on the vesting start date and vest over four years, with 25% vesting on each anniversary of the vesting start date.
- (5) Represents the fair market value of unvested restricted stock units as of December 31, 2018 based upon the closing market price of our common stock on December 31, 2018, the last trading day of 2018, of \$7.04 per share.
- (6) Except as otherwise noted, performance-based restricted stock units vest over a period of four years, subject to the achievement of the following performance metrics. If the sum of our revenue growth rate and adjusted EBITDA margin equals or exceeds 30%, 50% of the restricted stock units will vest immediately and 50% will vest on the one year anniversary thereof. If the sum of our revenue growth and adjusted EBITDA margin equals at least 20% but less than 30%, 25% of the restricted stock units will vest immediately and 25% shall vest on the one year anniversary thereof. In such case, if the sum of our revenue growth rate and adjusted EBITDA margin thereafter equals or exceeds 30%, an additional 25% of the restricted stock units will vest immediately and the final 25% of the restricted stock units will vest on the one year anniversary thereof. The performance metric will be assessed on a trailing four quarter basis, at the end of each quarter.
- (7) This performance-based restricted stock unit award is subject to the performance-based vesting schedule described in Footnote 6, but with targets of 40% and 30% rather than 30% and 20%.
- (8) This stock option is fully vested. In connection with his termination of employment, Mr. Feinberg received 100% acceleration of outstanding restricted stock units and 25% acceleration of any unvested options held by Mr. Feinberg as of his date of termination. All stock options granted to Mr. Feinberg prior to our initial public offering are exercisable until the end of the full ten-year term of such options.
- (9) These restricted stock unit awards were granted on December 30, 2015.
- (10) These restricted stock unit awards were granted on December 23, 2016.
- (11) These restricted stock unit awards were granted on September 30, 2015.
- (12) This restricted stock unit award was granted on September 27, 2017.
- (13) This restricted stock unit award was granted on July 31, 2017.
- (14) This award was granted on April 9, 2018.

**Option Exercises and Stock Vested Table 2018**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) <sup>(1)</sup>	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) <sup>(2)</sup>
Jeff Ray				
Andrew Feinberg	94,368	132,408	52,688	381,050
Robert Noreck			6,875	53,156
Kevin Rhodes	92,500	146,949		

David Plotkin	13,833	105,648
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- (1) The value realized on exercise is based on the gain, if any, equal to the difference between the per share fair market value of the stock on the exercise date less the per share exercise price, multiplied by the number of shares for which the option was being exercised.
- (2) The value realized on vesting is based on the closing price per share of our common stock on the vesting date, multiplied by the number of restricted stock units that vested.

**Table of Contents****Pension Benefits**

We do not offer any defined benefit pension plans.

**Nonqualified Deferred Compensation**

We do not offer any nonqualified deferred compensation plans.

**Potential Payments upon Termination or Change in Control**

The information below sets forth the estimated amounts payable under existing plans and contractual arrangements assuming a termination of employment and/or change in control had occurred on December 31, 2018, based on the closing market price of our common stock on December 31, 2018, the last trading day of 2018, of \$7.04 per share. There can be no assurance that an actual triggering event would produce the same or similar results as those estimated if such event occurs on any other date or at any other price, or if any other assumption used to estimate potential payments and benefits is not correct. Due to the number of factors that affect the nature and amount of any potential payments or benefits, any actual payments and benefits may be different. These figures are based on the equity agreements and employment agreements in effect on December 31, 2018. Mr. Feinberg has been omitted from this table as he resigned as our President and Chief Operating Officer in June 2018 and the severance payments or benefits paid or payable to Mr. Feinberg under the terms of his employment agreement, as amended, are set forth in the All Other Compensation column of the Summary Compensation Table 2018 above. Mr. Rhodes has been omitted from this table as he resigned as our Chief Financial Officer in May 2018 and did not receive any severance in connection with the termination of his employment.

Name	Benefit	Termination	Resignation	Termination
		without Cause, prior to or more than 12 months (or 18 months for Mr. Ray)	for Good Reason, prior to or more than 12 months (or 18 months for Mr. Ray)	without Cause, or Resignation for Good Reason, within 12 months (or 18 months for Mr. Ray)
		Upon a Change in Control (\$)	Following a Change in Control (\$)	Following a Change in Control (\$)
Jeff Ray	Severance <sup>(1)</sup>	1,000,000	1,000,000	1,000,000
	Option / Restricted Stock Unit Acceleration <sup>(2)</sup>			1,056,000
	COBRA Premiums <sup>(3)</sup>	21,974	21,974	21,974
	Vacation Payout			
	Total Value	1,021,974	1,021,974	2,077,974

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Robert Noreck	Severance <sup>(1)</sup>		450,000	450,000	450,000
	Option / Restricted Stock Unit Acceleration <sup>(2)</sup>	151,575	37,894	37,894	
	COBRA Premiums <sup>(3)</sup>		11,478	11,478	11,478
	Vacation Payout				
	Total Value	151,575	499,372	499,372	461,478
David Plotkin	Severance <sup>(1)</sup>		431,558	431,558	431,558
	Option / Restricted Stock Unit Acceleration <sup>(2)</sup>	231,931	57,983	57,983	
	COBRA Premiums <sup>(3)</sup>		22,957	22,957	22,957
	Vacation Payout				
	Total Value	231,931	512,498	512,498	454,515

- (1) Based on 2018 salaries and annual incentive compensation targets for our named executive officers under the Performance Incentive Program.
- (2) The value of accelerated vesting of stock options and restricted stock unit awards for the named executive officers is based on the difference between (x) \$7.04, the closing market price of our common stock on December 31, 2018, and (y) the per share exercise price or purchase price of the award, if any.
- (3) Estimated based on the cost for such coverage during 2018.



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**Table of Contents****CEO Pay Ratio**

Our compensation and benefits philosophy and the overall structure of our compensation and benefit programs are broadly similar across the organization to encourage and reward all employees who contribute to our success. We strive to ensure the pay of each of our employees reflects the level of their job impact and responsibilities and is competitive within our peer group. Compensation rates are benchmarked and are generally set to be market-competitive in the country in which the jobs are performed. Our ongoing commitment to pay equity is critical to our success in supporting a diverse workforce with opportunities for all employees to grow, develop and contribute.

Under rules adopted pursuant to the Dodd-Frank Act, we are required to calculate and disclose the total compensation paid to our median paid employee, as well as the ratio of the total compensation paid to the median employee as compared to the total compensation paid to our Chief Executive Officer (the CEO Pay Ratio). The paragraphs that follow describe our methodology and the resulting CEO Pay Ratio.

We identified the median employee using our employee population on December 31, 2018 (including all employees, whether employed on a full-time, part-time, seasonal or temporary basis).

We identified the median employee by looking at annual base pay and annual target cash incentive opportunity as of December 31, 2018 for all active employees as of that date. The value of our 401(k) plan and health and welfare benefits provided was excluded as all employees, including the Chief Executive Officer, are offered the same benefits. We did not perform adjustments to the compensation paid to part-time employees to calculate what they would have been paid on a full-time basis. In identifying the median employee, we did not exclude workers in non-U.S. countries and did not make any cost-of-living adjustments. Once the median employee was identified, we calculated the median employee's annual target total direct compensation in accordance with the requirements of the Summary Compensation Table.

Our median employee compensation as calculated using Summary Compensation Table requirements was \$149,319. Our Chief Executive Officer's compensation as reported in the Summary Compensation Table was \$2,708,380. Therefore, our CEO Pay Ratio is approximately 18:1.

This information is being provided for compliance purposes and is a reasonable estimate calculated in a manner consistent with SEC rules, based on our internal records and the methodology described above. The SEC rules for identifying the median compensated employee allow companies to adopt a variety of methodologies, to apply certain exclusions and to make reasonable estimates and assumptions that reflect their employee populations and compensation practices. Accordingly, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies have different employee populations and compensation practices and may use different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios. Neither the Compensation Committee nor management of the Company used the CEO Pay Ratio measure in making compensation decisions.

**Director Compensation**

We reimburse each member of our Board who is not an employee for reasonable travel and other expenses in connection with attending meetings of the Board or committees thereof. In addition, as part of our efforts to attract and retain highly qualified individuals to our Board, we may grant equity awards to our non-employee directors upon their election to our Board.

We have adopted a non-employee director compensation policy as described below. In the first quarter of 2018, each of the non-employee members of our Board were entitled to the following equity compensation pursuant to such policy:

Upon initial election to the Board, a non-employee director will receive initial equity awards with an aggregate value of \$130,000, split equally in value between restricted stock units and options to

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purchase shares of common stock (issued with an exercise price equal to the fair market value of our common stock on the grant date), that each vest in equal quarterly installments over three years, provided, however, that all vesting ceases if the director resigns from the Board or otherwise ceases to serve as a director, unless the Board determines that the circumstances warrant continuation of vesting. The shares underlying the initial grant of restricted stock units and stock options made to any non-employee director who is first elected to the Board as of or subsequent to our initial public offering may not be sold while he/she remains a Board member.

At each annual meeting of our stockholders, each continuing non-employee director who has served as a director for at least the six months prior to such annual meeting of stockholders will receive annual equity awards with an aggregate target value of \$65,000, split equally in value between restricted stock units and options to purchase shares of common stock (issued with an exercise price equal to the fair market value of our common stock on the grant date), that each vest in full after one year, provided, however, that all vesting ceases if the director resigns from the Board or otherwise ceases to serve as a director, unless the Board determines that the circumstances warrant continuation of vesting.

Under our non-employee director compensation policy in effect during the first quarter of 2018, our Board chairperson also receives an annual cash retainer of \$50,000, and each of our other directors receives an annual cash retainer of \$30,000, for general availability and participation in meetings and conference calls of our Board. Additionally, the Audit Committee chairperson receives an annual cash retainer of \$15,000, each Audit Committee member receives an annual cash retainer of \$7,500, the Compensation Committee chairperson receives an annual cash retainer of \$10,000, each Compensation Committee member receives an annual cash retainer of \$5,000, the Nominating and Corporate Governance Committee chairperson receives an annual cash retainer of \$7,500 and each Nominating and Corporate Governance Committee member receives an annual cash retainer of \$3,000.

In April 2018, the Compensation Committee amended the non-employee director compensation policy to (i) increase the aggregate value of the equity award upon initial election to the Board from \$130,000 to \$180,000, (ii) increase the aggregate value of the equity award for each continuing non-employee director from \$65,000 to \$90,000, and (iii) increase the annual cash retainer for directors from \$30,000 to \$40,000, with each such change effective as of April 1, 2018.

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The following table provides compensation information for the fiscal year ended December 31, 2018 for each non-employee member of our Board. No member of our Board, other than Mr. Harrar, who resigned from our Board effective April 11, 2019, receives or has received separate compensation for services rendered as a member of our Board. We retained Mr. Harrar as a consultant from June 2017 through March 2018 and he received separate compensation in connection with this engagement as set forth below under the heading All Other Compensation. Further, in connection with his resignation from our Board in April 2019, Mr. Harrar's unvested stock options and restricted stock units, set to vest in full in May 2019, were accelerated and became fully vested immediately prior to his resignation. In April 2019 we also adopted a policy extending the exercise period of all currently outstanding and future awards of options held by non-employee directors, including those held by Mr. Harrar, until two years after the date of a director's resignation.

**Director Compensation Table 2018**

Name	Fees Earned or Paid in Connection with Services as a Director (\$)	Option Awards (\$)	Stock Awards (\$)	All Other Compensation	Total (\$)
Deborah Besemer	59,249	41,937	45,005		146,191
Kristin Frank <sup>(2)</sup>	32,514	90,008	90,003		212,525
Gary Haroian	67,500	41,937	45,005		154,442
Derek Harrar <sup>(3)</sup>	37,500	41,937	45,005	75,000 <sup>(4)</sup>	199,442
Diane Hessian	43,751	41,937	45,005		130,693
Scott Kurnit	45,500	41,937	45,005		132,442
David Orfao <sup>(5)</sup>	10,474				10,474
Thomas E. Wheeler <sup>(2)</sup>	34,320	90,008	90,003		214,331

(1) Represents the grant date fair value of options and RSUs awarded in the fiscal year ended December 31, 2018 in accordance with FASB ASC Topic 718 disregarding any estimates of forfeitures. The assumptions used to calculate the value of stock and option awards are described in Note 2 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018.

(2) Ms. Frank and Mr. Wheeler joined the Board in April 2018.

(3) Mr. Harrar resigned from our Board, effective April 11, 2019.

(4) Represents consulting fees earned for services as a consultant to us in connection with cost saving initiatives and other consulting services.

(5) Mr. Orfao resigned from the Board in April 2018.

The non-employee members of our Board who held such position on December 31, 2018 held the following aggregate number of shares underlying unexercised options and unvested restricted stock units as of such date:

Name	Number of Shares Underlying Unexercised Options	Number of Unvested Restricted Stock Units
Deborah Besemer	67,731	4,434
Kristin Frank	20,681	6,888
Gary Haroian	69,524	4,434
Derek Harrar	68,482	4,434

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Diane Hessian	35,435	9,025
Scott Kurnit	67,731	4,434
Thomas E. Wheeler	20,681	6,888

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**Table of Contents****Equity Compensation Plan Information**

The following table sets forth information as of December 31, 2018 regarding shares of common stock that may be issued under our equity compensation plans, consisting of our Amended and Restated 2004 Stock Option and Incentive Plan (the 2004 Plan), our 2012 Stock Incentive Plan (the 2012 Plan), our 2014 Stock Option Inducement Plan (the 2014 Plan), and our 2018 Inducement Plan (the 2018 Plan). The 2004 Plan and the 2012 Plan provide for the issuance of incentive and non-qualified stock options, restricted stock, and other equity awards to our employees, officers, directors, consultants and advisors. In conjunction with the effectiveness of the 2012 Plan, the Board voted that no further stock options or other equity-based awards may be granted under the 2004 Plan. The 2014 Plan and the 2018 Plan were approved by the Board in January 2014 and April 2018, respectively, for use exclusively in the grant of equity awards to individuals who were not previously an employee or non-employee director of the company (or following a bona fide period of non-employment), as an inducement material to such individual's entering into employment with the company, pursuant to Rule 5635(c)(4) of the Nasdaq Listing Rules.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options and RSUs</b>	<b>Weighted-average Exercise Price of Outstanding Options (\$)<sup>(1)</sup></b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans</b>
Equity compensation plans approved by stockholders <sup>(2)</sup>	4,818,487 <sup>(3)</sup>	8.21	2,077,272 <sup>(4)</sup>
Equity compensation plans not approved by stockholders	952,750 <sup>(5)</sup>	9.99	548,155
<b>Total</b>	<b>5,771,237</b>	<b>8.36</b>	<b>2,625,427</b>

- (1) The weighted-average exercise price is calculated based solely on the exercise prices of the outstanding options to purchase shares of our common stock. It does not reflect the shares of our common stock that will be issued upon the vesting of outstanding awards of RSUs, which have no exercise price.
- (2) These plans consist of the 2004 Plan and the 2012 Plan.
- (3) This number includes 212,739 shares of our common stock subject to outstanding options granted under our 2004 Plan, 1,972,167 shares of our common stock subject to outstanding options granted under our 2012 Plan and 2,633,581 shares of our common stock subject to outstanding RSU awards under our 2012 Plan.
- (4) This number includes 2,077,272 shares of our common stock available for issuance under our 2012 Plan. The number of shares available for issuance under the 2012 Plan is subject to an automatic annual increase on each January 1, by an amount equal to 4% of the number of shares of our common stock outstanding on the immediately preceding December 31, unless our overhang exceeds 30% on such December 31.
- (5) This number includes 112,750 shares of our common stock subject to outstanding options granted under our 2014 Plan, 440,000 shares of our common stock subject to outstanding options granted under our 2018 Plan, and 400,000 shares of our common stock subject to outstanding RSUs granted under our 2018 Plan.

**Rule 10b5-1 Sales Plans**

Our policy governing transactions in our securities by directors, officers and employees permits our officers, directors and certain other persons to enter into trading plans complying with Rule 10b5-1 under the Exchange Act. Generally, under these trading plans, the individual relinquishes control over the transactions once the trading plan is put into place. Accordingly, sales under these plans may occur at any time, including possibly before, simultaneously with, or immediately after significant events involving our company.

We anticipate that, as permitted by Rule 10b5-1 and our policy governing transactions in our securities, some or all of our officers, directors and employees may establish trading plans in the future. We intend to disclose the names of executive officers and directors who establish a trading plan in compliance with Rule 10b5-1 and the requirements of our policy governing transactions in our securities in our future quarterly

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and annual reports on Form 10-Q and 10-K filed with the Securities and Exchange Commission. However, we undertake no obligation to update or revise the information provided herein, including for revision or termination of an established trading plan.

**Compensation Committee Interlocks and Insider Participation**

During 2018, Ms. Besemer, Ms. Frank and Mr. Kurnit served as members of our Compensation Committee. No member of the Compensation Committee was an employee or officer of Brightcove during 2018, a former officer of Brightcove, or had any other relationship with the company requiring disclosure herein.

During the last fiscal year, none of our executive officers served as: (1) a member of the Compensation Committee (or other committee of the board of directors performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on our Compensation Committee; (2) a director of another entity, one of whose executive officers served on our Compensation Committee; or (3) a member of the Compensation Committee (or other committee of the board of directors performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on our Board.

**Report of the Compensation Committee of the Board of Directors**

The information contained in this Compensation Committee report shall not be deemed to be (1) soliciting material, (2) filed with the SEC, (3) subject to Regulations 14A or 14C of the Exchange Act, or (4) subject to the liabilities of Section 18 of the Exchange Act. No portion of this Compensation Committee report shall be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, through any general statement incorporating by reference in its entirety the proxy statement in which this report appears, except to the extent that Brightcove specifically incorporates this report or a portion of it by reference. In addition, this report shall not be deemed filed under either the Securities Act or the Exchange Act.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on the review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Compensation Committee

*Kristin Frank (Chairperson)*

*Scott Kurnit*



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**RELATED PARTY TRANSACTIONS**

**Certain Relationships and Transactions**

Other than compensation agreements and other arrangements which are discussed in Compensation Discussion and Analysis, in 2018, there was not, and there is not currently proposed, any transaction or series of similar transactions to which we were or will be a party for which the amount involved exceeds or will exceed \$120,000 and in which any director, executive officer, holder of 5% or more of any class of our capital stock or any member of their immediate family had or will have a direct or indirect material interest.

**Procedures for Approval of Related Party Transactions**

Our Board reviews and approves transactions with directors, officers and holders of 5% or more of our capital stock and their affiliates, each of whom we refer to as a related party. We have adopted a written related party transaction approval policy that governs the review of related party transactions. Pursuant to this policy, our Audit Committee shall review the material facts of all related party transactions. The Audit Committee shall take into account, among other factors that it deems appropriate, whether the related party transaction is on terms no less favorable to us than terms generally available in a transaction with an unrelated third party under the same or similar circumstances and the extent of the related party's interest in the related party transaction. Further, when stockholders are entitled to vote on a transaction with a related party, the material facts of the related party's relationship or interest in the transaction are disclosed to the stockholders, who must approve the transaction in good faith.

**TRANSACTION OF OTHER BUSINESS**

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the Annual Meeting, the persons appointed in the accompanying proxy intend to vote the shares represented thereby in accordance with their best judgment on such matters, under applicable laws.

**ADDITIONAL INFORMATION**

**Procedures for Submitting Stockholder Proposals**

*Requirements for Stockholder Proposals to be Brought Before the Annual Meeting.* Our bylaws provide that, for nominations of persons for election to our Board or other proposals to be considered at an annual meeting of stockholders, a stockholder must give written notice to our Secretary at 290 Congress Street, Boston, MA 02210, not later than the close of business 90 days, nor earlier than the close of business 120 days, prior to the first anniversary of the date of the preceding year's annual meeting. However, the bylaws also provide that in the event the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice must be delivered not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. Any nomination must include all information relating to the nominee that is required to be disclosed in solicitations of proxies for election of directors in election contests or is otherwise required under Regulation 14A of the Exchange Act, the person's written consent to be named in the proxy statement and to serve as a director if elected and such information as we might reasonably require to determine the eligibility of the person to serve as a director. As to other business, the notice must include a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, and any material interest of such stockholder (and the beneficial owner) in the proposal. The proposal must be a proper subject for stockholder action. In addition, to make a nomination or proposal, the stockholder must be of record at the time the notice is made and must provide certain information regarding itself (and the beneficial

owner),

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including the name and address, as they appear on our books, of the stockholder proposing such business, the number of shares of our capital stock which are, directly or indirectly, owned beneficially or of record by the stockholder proposing such business or its affiliates or associates (as defined in Rule 12b-2 promulgated under the Exchange Act) and certain additional information.

The advance notice requirements for the Annual Meeting are as follows: a stockholder's notice shall be timely if delivered to our Secretary at the address set forth above not earlier than January 8, 2020 and not later than the close of business on February 7, 2020. However, if the date of our 2019 Annual Meeting of Stockholders occurs more than 30 days before or 60 days after May 7, 2020, the anniversary of the 2019 Annual Meeting, a stockholder notice will be timely if it is received at the address set forth above by the later of the close of business on (1) the 90th day prior to such annual meeting or (2) the tenth day following the day on which public announcement of the date of the meeting is made.

*Requirements for Stockholder Proposals to be Considered for Inclusion in the Company's Proxy Materials.* In addition to the requirements stated above, any stockholder who wishes to submit a proposal for inclusion in our proxy materials must comply with Rule 14a-8 promulgated under the Exchange Act. For such proposals to be included in our proxy materials relating to our 2020 annual meeting of stockholders, all applicable requirements of Rule 14a-8 must be satisfied and we must receive such proposals no later than December 13, 2019. Such proposals must be delivered to our Secretary, c/o Brightcove Inc., 290 Congress Street, Boston, MA 02210.

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