SERVICESOURCE INTERNATIONAL, INC.
Form PRE 14A
March 22, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE

SECURITIES EXCHANGE ACT OF 1934

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-11(c) or §240.14a-2

SERVICESOURCE INTERNATIONAL, 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)(4) 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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Dear Fellow Stockholders:

You are cordially invited to join us for our 2018 annual meeting of stockholders, which will be held on May 16, 2018, at 9:00 a.m. local time at our Corporate Headquarters located at 717 17th Street, 5th Floor, Denver, Colorado 80202. Holders of record of our common stock as of March 19, 2018 are entitled to notice of, and to vote at, the 2018 annual meeting.

The Notice of Annual Meeting of Stockholders and the proxy statement that follow describe the business to be conducted at the meeting. We may also report on matters of current interest to our stockholders at that meeting.

We are pleased to be furnishing these materials to our stockholders via the internet. We believe this approach provides you with the information that you need while expediting your receipt of these materials, lowering our costs of delivery, and reducing the environmental impact of our annual meeting. If you would like us to send you printed copies of our proxy statement and accompanying materials, we will be happy to do so at no charge upon your request. For more information, please refer to the Notice of Internet Availability of Proxy Materials that we previously mailed to you on or about April [   ], 2018.

You are welcome to attend the meeting. However, even if you plan to attend, please vote your shares promptly and prior to the meeting to ensure they are represented at the meeting. You may submit your proxy by internet or telephone, as described in the following materials, or, if you request printed copies of these materials, by completing and signing the proxy or voting instruction card enclosed therein and returning it in the envelope provided. If you decide to attend the meeting and wish to change your proxy, you may do so automatically by voting in person at the meeting.

If your shares are held in the name of a broker, bank, trust or other nominee, you may be asked for proof of ownership of these shares to be admitted to the meeting.

We thank you for your support.

Sincerely,

Christopher M. Carrington

Chief Executive Officer

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NOTICE OF 2018 ANNUAL MEETING OF STOCKHOLDERS

DATE:	May 16, 2018
TIME:	9:00 a.m., Mountain Time
PLACE:	ServiceSource International, Inc., Corporate Headquarters 717 17th Street, 5th Floor, Denver, Colorado 80202
RECORD DATE:	March 19, 2018
ITEMS OF BUSINESS:	

1. To elect the three nominees for Class I directors listed in this proxy statement;

2. To approve an amendment to our certificate of incorporation to declassify our board of directors;

3. To approve, on an advisory basis, our 2017 executive compensation;

4. To approve, on an advisory basis, the frequency of the advisory vote on our executive compensation; and

5. To ratify the appointment of Ernst & Young LLP as our independent auditor for fiscal 2018.

We also will transact any other business that may properly come before the meeting or at any adjournments thereof. We are not aware of any other business to come before the meeting at this time.

Only stockholders of record at the close of business on March 19, 2018, or their valid proxies, are entitled to attend and vote at the meeting and any and all adjournments or postponements of the meeting.

Your vote is important. Whether or not you plan to attend the annual meeting, we encourage you read the proxy statement and to vote as promptly as possible. For specific instructions on how to vote your shares, please refer to the instructions in the section entitled How to Vote beginning on page 1 of the proxy statement.

By order of the board of directors,

Christopher M. Carrington

Chief Executive Officer

Denver, Colorado

April [ ], 2018

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 16, 2018: THIS PROXY STATEMENT AND SERVICESOURCE S 2017 ANNUAL REPORT ON FORM 10-K ARE AVAILABLE AT *IR.SERVICESOURCE.COM.* ADDITIONALLY, AND IN ACCORDANCE WITH RULES OF THE U.S. SECURITIES AND EXCHANGE COMMISSION (SEC), YOU MAY ACCESS THESE MATERIALS AT WWW.PROXYDOCS.COM/SREV.

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PROXY STATEMENT

FOR 2018 ANNUAL MEETING OF STOCKHOLDERS

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(ii) *2018 Proxy Statement*

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Proxy Statement

We are providing these proxy materials in connection with the solicitation by our board of directors of proxies to be voted at our 2018 annual meeting of stockholders, which will take place on Wednesday, May 16, 2018 at 9:00 a.m., Mountain Time, at our Corporate Headquarters located at 717 17th Street, 5th Floor, Denver, Colorado 80202. As a stockholder, you are invited to attend the annual meeting and are requested to vote on the items of business described in this proxy statement.

This proxy statement and the accompanying proxy card, notice of annual meeting and voting instructions are being distributed and made available on or about April [ ], 2018 to all stockholders of record entitled to vote at the annual meeting.

How To Vote

in advance of the annual meeting

Even if you plan to attend the annual meeting in person, please vote as promptly as possible using one of the following voting methods. Make sure you have your proxy/voting instruction card in hand and follow the instructions. You can vote in advance in one of the following three ways and in *each case*, votes must be cast prior to 5 p.m., Mountain Time on Tuesday, May 15, 2018:

VIA THE INTERNET	BY TELEPHONE	BY MAIL
Visit the website listed on your notice or proxy/voting instruction card and follow the instructions	*Call the telephone number listed on your notice or proxy/voting instruction card and follow the instructions*	*Sign, date and return your proxy/voting instruction card in the enclosed envelope if you did not receive one, you may request one by following the instructions in your notice*

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PROXY SUMMARY

Proxy Summary

This summary highlights information generally contained elsewhere in this proxy statement. This summary does not contain all of the information you should consider, and you should read the entire proxy statement carefully before voting.

Date, Time and Place of Meeting

Date:	May 16, 2018
Time:	9:00 a.m., Mountain Time
Place:	717 17th Street, 5th Floor, Denver, Colorado 80202
Record Date:	Stockholders of record as of the close of business on March 19, 2018 are entitled to attend, and to vote at, the annual meeting.
Admission Requirements:	You must bring proof that you owned ServiceSource stock on the record date in order to be admitted to the annual meeting.

Voting Matters and Board Recommendations

The following proposals will be considered at the Annual Meeting:

	Board Recommendation	More Information

Proposal 1	Election of directors	**FOR each nominee**	Page 14
Proposal 2	Vote to approve an amendment to our certificate of incorporation to declassify our board of directors	**FOR**	Page 19
Proposal 3	Advisory vote to approve executive compensation	**FOR**	Page 20
Proposal 4	Advisory vote on frequency of advisory vote on executive compensation	**1 YEAR**	Page 21
Proposal 5	Ratification of appointment of Ernst & Young LLP as independent registered public accounting firm	**FOR**	Page 22

Proposal 1: Election of Directors

Each Class I director nominee currently is up for election for a three-year term. Each director nominee is a current director and during 2017 attended at least 75% of the aggregate of all meetings of the Board and of all Board committees on which he or she sits.

Name	Director Since	Independent?	Committee Memberships
Robert G. Ashe	2013	YES	Audit Committee

			Nominating & Corporate Governance Committee (chair)
Bruce W. Dunlevie	2004	YES	None Lead Independent Director
Barry D. Reynolds	2003	YES	Compensation Committee Nominating & Corporate Governance Committee

Our board of directors recommends that stockholders vote ***FOR*** **each director nominee**.

Proposal 2: Approval of an Amendment to Certificate of Incorporation to Provide for Annual Election of All Directors

Article VI of our certificate of incorporation currently provides that the board of directors shall be classified into three classes with each class holding office for a three-year term. If our stockholders approve the declassification amendment to our certificate of incorporation, our directors would be elected to annual terms beginning at our 2019 annual meeting of stockholders. The text of the amendment, marked to show the proposed deletions and insertions, is attached as Appendix A to this proxy statement. Our board of directors recommends that stockholders vote ***FOR*** the declassification amendment.

Proposal 3: Advisory Vote to Approve Compensation of our Named Executive Officers

Stockholders will be given the opportunity to vote on an advisory resolution to approve the compensation of our named executive officers (commonly referred to as the say-on-pay vote).

Our executive compensation program is designed to drive and reward superior corporate performance, both annually and over the long-term. The board of directors believes the Company s compensation policies and practices are effective in achieving the Company s goals of paying for performance and aligning the named executive officers long-term interests with those of our stockholders. Compensation elements for our named executive officers include:

Type	Form	Terms
Cash	Base Salary	Competitively market-based
Cash	Annual Incentive Compensation	Based on achievement of board-approved performance goals

Equity	Performance-based Incentive Awards	Equity awards to our named executive officers are subject to at least two board-approved performance goals as well as a time-based vesting provision.
Other	No Perks	Our executive officers do not receive any perquisites that are not offered generally to all employees (such as 401(k) match and Company-paid disability and life insurance benefits)

Our board of directors recommends that stockholders vote, on an advisory basis, ***FOR*** our say-on-pay proposal.

Proposal 4: Advisory Vote on the Frequency of the Advisory Vote on Executive Compensation

Stockholders will be given the opportunity to vote on an advisory resolution on the frequency of the advisory vote to approve the compensation of our named executive officers (commonly referred to as the say-on-frequency vote). Currently, we hold the say-on-pay vote every year. At our 2012 annual meeting of stockholders, our board of directors recommended, and our stockholders approved, on an advisory basis, that we hold our say-on-pay vote every year. The voting options are to hold a say-on-pay vote every 1 year, every 2 years or every 3 years. Our board of directors recommends that stockholders vote, on an advisory basis, on the frequency of our say-on-pay vote to be held every 1 year (***ONE YEAR)***.

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PROXY SUMMARY

Proposal 5: Ratification of Independent Registered Public Accounting Firm

Ratify the selection of Ernst & Young LLP as the Company s independent public accounting firm for the 2018 fiscal year. Our board of directors recommends that stockholders vote ***FOR*** ratification of Ernst & Young LLP as the Company s independent auditor for the 2018 fiscal year.

Other Matters

The management and board of directors of the Company know of no other matters to be brought before the meeting. If other matters are properly presented to the stockholders for action at the meeting or any adjournments or postponements thereof, it is the intention of the proxy holders named in this proxy to vote in their discretion on all matters on which the shares of common stock represented by such proxy are entitled to vote. The entire cost of this solicitation of proxies will be borne by the Company, including expenses incurred in connection with preparing, assembling and mailing the Notice. The Company may reimburse brokers or persons holding stock in their names or in the names of their nominees for their expenses in sending the proxy materials to beneficial owners who request paper copies. Certain officers, directors and regular employees of the Company, who will receive no extra compensation for their services, may solicit proxies by mail, telephone, facsimile, email or personally.

Corporate Governance Practices at a Glance

Number of Independent Directors	**7 of 8**
Annual Election of Directors	**Proposed**

Majority Voting with Resignation in Non-Contested Elections	
Separate Roles of Chief Executive Officer and Chairperson or Lead Independent Director	
Independent Directors Meet in Executive Session without Management Present	

Code of Conduct for Directors, Officers and Employees	
Board Role in Risk Oversight	
Stock Ownership Guidelines for Named Executive Officers	
Anti-Hedging and Pledging Policy	
Executive Compensation Pay for Performance Metrics	

Board of Directors Overview

Board Member	Independent	Director Since	Committees

Robert G. Ashe	2013	Nominating / Corporate Governance (Chair), Audit
Christopher M. Carrington	2014	
Bruce W. Dunlevie*	2004	
Thomas F. Mendoza	2011	Compensation, Nominating / Corporate Governance
Gary B. Moore	2016	Compensation (Chair), Audit
Madhu Ranganathan	2017	Audit (Chair)
Barry D. Reynolds	2003	Compensation, Nominating / Corporate Governance
Richard G. Walker	2017	Nominating / Corporate Governance

*Lead Independent Director

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BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Role and Composition of the Board

Our board of directors is currently composed of eight members. Our bylaws permit our board of directors to establish by resolution the authorized number of directors, and eight directors are currently authorized. Upon the recommendation of our nominating and corporate governance committee, we are nominating Robert G. Ashe, Bruce W. Dunlevie and Barry D. Reynolds for re-election to our board of directors. If re-elected, Messrs. Ashe, Dunlevie, and Reynolds will each hold office for a three-year term until our annual meeting of stockholders to be held in 2021, as further described below.

Our certificate of incorporation and bylaws currently provide for a classified board of directors consisting of three classes of directors, each serving staggered three-year terms, as follows:

Class I Directors Term expires: 2018	Class II Directors Term expires: 2019	Class III Directors Term expires: 2020
Robert G. Ashe	Thomas F. Mendoza	Christopher M. Carrington
Bruce W. Dunlevie	Gary B. Moore	Madhu Ranganathan
Barry D. Reynolds		Richard G. Walker

Upon expiration of the term of a class of directors, directors (who are up for re-election) for that class will be up for election for three-year terms at the annual meeting of stockholders in the year in which that term expires. Each director s term continues until the election and qualification of his or her successor, or his or her earlier death, resignation or removal. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This current classification of our board of directors may have the effect of delaying or preventing changes in control of our Company. If, however, our stockholders approve Proposal 2 in this proxy statement, each member of our board of directors whose term does not immediately expire at our 2019 annual meeting will resign and be immediately re-appointed to a term that expires at our 2019 annual meeting, as further described under *Proposal Number 2 Vote to Amend our Certificate of Incorporation to Declassify our Board of Directors.* In that case, all eight directors would therefore stand for election for one-year terms beginning at our 2019 annual meeting.

Our board of directors is responsible for, among other things, overseeing the conduct of our business, reviewing and, where appropriate, approving our long-term strategic, financial and organizational goals and plans, and reviewing the performance of our Chief Executive Officer and other members of senior management.

Board Leadership Structure

Lead Independent Director

Bruce W. Dunlevie is our lead independent director. As our lead independent director, Mr. Dunlevie is responsible for helping to set the agendas for board meetings, coordinating the activities of the independent directors and presiding over board meetings if the chairperson is absent (or, as is currently the case, if the position of chairperson is not filled). In addition, the lead independent director presides over executive sessions without the presence of the non-independent directors or members of the Company s management from time to time as deemed necessary or appropriate. The role given to the lead independent director helps ensure a strong, independent and active board of directors.

Chairperson of the Board

Our board of directors has approved the current separation of the roles of chairperson of the board and Chief Executive Officer, because given the attention, time, effort, and energy that the Chief Executive Officer is required to dedicate to his or her position, and the high level of commitment required to serve as our board chairperson, a separate leadership structure is more appropriate for the Company. Accordingly, although the chairperson role would work closely with the Chief Executive Officer and other members of our management, the board chairperson would not be part of management and would not have an operating or external role or responsibility. The position of chairperson of our board of directors is currently vacant.

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BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Director Independence and Tenure

Under the rules of the NASDAQ Global Select Market (NASDAQ), where our common stock trades, independent directors must constitute a majority of a listed company s board of directors. In addition, the rules of NASDAQ require that, subject to specified exceptions, each member of a listed company s audit, compensation and nominating and corporate governance committees be independent. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. Under the rules of NASDAQ, a director will only qualify as an independent director if, in the opinion of that company s board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee, accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries, or be an affiliated person of the listed company or any of its subsidiaries.

Based upon information requested from and provided by each director concerning his background, employment and affiliations, including family relationships, our board of directors has determined that none of the following non-employee directors has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is independent as that term is defined under the rules of NASDAQ: Robert G. Ashe, Bruce W. Dunlevie, Thomas F. Mendoza, Gary B. Moore, Madhu Ranganathan, Barry D. Reynolds and Richard G. Walker. Our board of directors also determined each of the members of our audit committee, our compensation committee, and our nominating and corporate governance committee satisfy the independence standards for those committees established by the applicable rules and regulations of the SEC and NASDAQ.

In making these determinations, our board of directors considered the relationships that each non-employee director has with our Company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

Board s Role in Risk Oversight

Our board of directors, as a whole and through its committees, has responsibility for the oversight of risk management. Our senior management is responsible for assessing and managing our risks on a day-to-day basis.

Our audit committee oversees and reviews with management our policies with respect to risk assessment and risk management and our significant financial risk exposures and the actions management has taken to limit, monitor or control such exposures.

Our nominating and corporate governance committee reviews and recommends corporate governance policies and practices to reduce the risk of wrongdoing and to promote good corporate governance.

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BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Our compensation committee reviews our executive and non-executive compensation programs and practices to design compensation not to encourage unnecessary or excessive risk-taking.

Each of our committees reports to the full board of directors with respect to these matters, among others.

At periodic meetings of the board of directors and its committees and in other meetings and discussions, management reports to and seeks guidance from the board of directors and its committees with respect to the most significant risks that could affect our business, such as legal, compliance, financial, tax and audit related risks. In addition, among other matters, management provides our audit committee periodic reports on our compliance programs and efforts.

Board Committees

Our board of directors has three standing committees: an audit committee, a compensation committee and a nominating and corporate governance committee. The composition and primary responsibilities of each committee are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors.

Committee Composition

	Committee		
Board Member	**Audit**	**Compensation**	**Nominating and Corporate Governance**
Robert G. Ashe*[(1)]	M		C

Christopher M. Carrington			
Bruce W. Dunlevie*(2)			
Thomas F. Mendoza*		M	M
Gary B. Moore*(1)	M	C	
Madhu Ranganathan*(1)(3)	C		
Barry D. Reynolds*		M	M
Richard G. Walker*			M
Total Number of Meetings in Fiscal 2017	8	3	3

***** Independent Director **M** Member **C** Chair

(1) Financially Sophisticated under NASDAQ rules

(2) Lead Independent Director

(3) Audit Committee Financial Expert as defined under SEC rules

Audit Committee

Our audit committee oversees our corporate accounting and financial reporting processes and each committee member meets the financial literacy requirements under applicable rules and regulations of the SEC and NASDAQ.

Our audit committee operates under a written charter approved by our board of directors. The charter is available on our website at *www.servicesource.com* in the Corporate Governance section of our investor relations webpage.

Our audit committee is responsible for, among other things:

Members (all independent)

Madhu Ranganathan (Chair and Audit Committee Financial Expert under SEC rules and Financially Sophisticated under NASDAQ rules)

Robert G. Ashe

Gary B. Moore

- evaluating our independent registered public accounting firm s qualifications, independence and performance and approving the audit and non-audit services performed by our independent auditors;

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BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

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

reviewing the adequacy and effectiveness of our internal control policies and procedures;

discussing the scope and results of the audit with the independent registered public accounting firm and reviewing our interim and year-end operating results with management and the independent auditors;

preparing the audit committee report that the SEC requires in our annual proxy statement; and

reviewing annually the audit committee charter and the committee s performance.

Compensation Committee

Our compensation committee reviews and recommends policies relating to the compensation and benefits of our officers and employees and each committee member meets the definition of outside directors under Section 162(m) of the Internal Revenue Code of 1986, as amended and also qualifies as a non-employee director for purposes of Rule 16b-3 under the Exchange Act.

Members (all independent)

Gary B. Moore (Chair)

Thomas F. Mendoza

Barry D. Reynolds

Our compensation committee operates under a written charter approved by the board of directors. The charter is available on our website at *www.servicesource.com* in the Corporate Governance section of our investor relations webpage.

Our compensation committee is responsible for, among other things:

overseeing our compensation policies, plans and benefit programs, including the approval of stock grants;

- reviewing and approving for our executive officers: the annual base salary, the annual incentive bonus, including the specific goals and amount, equity compensation, employment agreements, severance arrangements and change of control arrangements and any other benefits, compensation or arrangements;

- preparing the compensation committee report that the SEC requires to be included in our annual proxy statement;

- administering, reviewing and making recommendations with respect to our equity compensation plans; and

- reviewing annually the compensation committee charter and the committee s performance.

See *Compensation of Non-Employee Directors* and *Executive Compensation* for a description of our processes and procedures for the consideration and determination of director and executive compensation.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee oversees and assists our board of directors in reviewing and recommending nominees for election as directors.

Our nominating and corporate governance committee operates under a written charter approved by the board of directors. The charter is available on our website at *www.servicesource.com* in the Corporate Governance section of our investor relations webpage.

Members (all independent)

Robert G. Ashe (Chair)

Thomas F. Mendoza

Barry D. Reynolds

Richard G. Walker

Our nominating and corporate governance committee is responsible for, among other things:

- evaluating and making recommendations regarding the organization and governance of our board of directors and its committees;

- establishing procedures for the submission of candidates for election to our board (including recommendations by stockholders of the Company);

- establishing procedures for identifying and evaluating nominees for director;

- creating a succession plan in the event of key executive departures;

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

- assessing the performance of members of our board of directors and making recommendations regarding committee and chair assignments; and

- recommending desired qualifications for board membership and conducting searches for potential board members.

2017 Board Meetings

During 2017, our board of directors met four times. Each of our directors attended or participated in at least 75% of the aggregate of (i) the total number of meetings of our board of directors held during the period for which he or she has been a director and (ii) the total number of meetings held by all committees of our board of directors on which he or she served during the time he or she was a member of such committee in 2017.

Executive Sessions of Independent Directors

Independent members of our board of directors convene executive sessions without the presence of our non-independent directors or members of the Company s management from time to time as deemed necessary or appropriate. Mr. Carrington does not participate in such sessions.

Compensation Committee Interlocks and Insider Participation

Messrs. Madden, Mendoza, Moore, and Reynolds served as members of our compensation committee during 2017. None of the members of our compensation committee is, or was during 2017, an officer or employee of ours. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Code of Business Conduct and Ethics

We are committed to the highest standards of integrity and ethics in the way we conduct our business. Accordingly, we adopted a Code of Business Conduct and Ethics that applies to our board of directors, officers and employees, including our Chief Executive Officer, Chief Financial Officer and other principal executive and senior financial officers. Our Code of Business Conduct and Ethics establishes our policies and expectations with respect to a wide range of business conduct, including preparation and maintenance of financial and accounting information, compliance with laws and conflicts of interest.

Under our Code of Business Conduct and Ethics, each of our employees, officers and directors is required to report suspected or actual violations to the extent permitted by law. In addition, we have adopted separate procedures concerning the receipt and investigation of complaints relating to accounting or audit matters. These procedures have been adopted and are administered by our audit committee.

Our Code of Business Conduct and Ethics is available on our website at *www.servicesource.com* in the Corporate Governance section of our investor relations webpage. We will disclose on our website any amendments to the Code of Business Conduct and Ethics, as well as any waivers of the Code of Business Conduct and Ethics, that are required to be disclosed by the rules of the SEC or NASDAQ.

Considerations in Identifying and Evaluating Director Nominees

In its evaluation of director candidates, including the members of the board of directors eligible for re-election, our nominating and corporate governance committee will consider the following:

- the current size and composition of our board of directors and the needs of the board and its respective committees;

- factors such as character, integrity, judgment, age, independence, skills, education, expertise, business acumen, business experience, length of service, understanding of our business and other commitments and the like, without assigning any particular weighting or priority to any of these factors;

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BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

- diversity of skills, backgrounds, experience, age, gender, sexual orientation and identification, cultural and ethnic composition of the board and the candidate, and historically under-represented groups that are most appropriate to the Company s long-term business needs; and

- other factors that our nominating and corporate governance committee may consider appropriate.

Our nominating and corporate governance committee requires the following minimum qualifications to be satisfied by any nominee for a position on the board:

- the highest personal and professional ethics and integrity;

- proven achievement and competence in the nominee s field and the ability to exercise sound business judgment;

- skills that are complementary to those of the existing board;

- the ability to assist and support management and make significant contributions to our success; and

- an understanding of the fiduciary responsibilities that are required of a member of the board and the commitment of time and energy necessary to diligently carry out those responsibilities.

If our nominating and corporate governance committee determines that an additional or replacement director is required, the nominating and corporate governance committee may take such measures as it considers appropriate in connection with its evaluation of a director candidate, including candidate interviews, inquiry of the person or persons making the recommendation or nomination, engagement of an outside search firm to gather additional information, or reliance on the knowledge of the members of the nominating and corporate governance committee, board or management.

Process for Recommending Candidates to the Board of Directors

Our nominating and corporate governance committee is responsible for, among other things, determining the criteria for membership to our board of directors and recommending candidates for election to the board of directors.

It is our nominating and corporate governance committee s policy to consider candidates recommended by such stockholders in the same manner as candidates recommended to the committee from other sources. See *Shareholder Proposals Director Candidate Recommendations and Director Candidate Nominations*.

Director Attendance at Annual Meetings

Although we do not have a formal policy regarding attendance by members of our board of directors at annual meetings of stockholders, we encourage, but do not require, directors to attend. The 2017 Annual Meeting of Stockholders was attended by Messrs. Carrington and Moore.

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COMPENSATION OF NON-EMPLOYEE DIRECTORS

COMPENSATION OF NON-EMPLOYEE DIRECTORS

Compensation Policy

Each independent director receives the following compensation for board services:

	Cash Compensation		Equity Compensation	
Non-Employee Directors	$20,000 Annual Cash Retainer		$350,000 initial RSU grant upon election to the board	$135,000 annual RSU grant for board service
Lead Independent Director				
Audit or Compensation Committees	$25,000 annual Chairmanship retainer	$17,500 annual membership retainer		
Nominating and Governance Committee	$10,000 annual Chairmanship retainer	$7,500 annual membership retainer		

The initial restricted stock unit (RSU) grant noted above has a three-year annual vesting schedule, and the annual grants have a one-year vesting schedule. The number of shares subject to these grants is based on the 90-day average price prior to the board member s appointment or the annual shareholder meeting, as applicable.

Pursuant to this policy, in May 2017, we granted 35,251 RSUs to each of Messrs. Ashe, Cakebread, Dunlevie, Madden, Mendoza, Moore and Reynolds under our 2011 Equity Incentive Plan. Also, pursuant to this policy, in October 2017, we granted 96,802 and 97,467 RSUs to Ms. Ranganathan and Mr. Walker, respectively, upon their joining of the board of directors, as our new director initial RSU grant. In addition, upon Ms. Ranganathan s and Mr. Walker s joining of the board of directors, we made a grant of 21,780 and 21,930 RSUs, respectively, as a pro-rata portion of the annual director RSU grant.

In addition, we reimburse non-employee directors for travel, lodging and other reasonable expenses incurred in connection with their attendance at board or committee meetings.

The 2011 Equity Incentive Plan provides that in the event we merge with or into another corporation or undergo a change of control, as defined in the 2011 Equity Incentive Plan, the successor corporation or its parent or subsidiary may assume or substitute an equivalent award for each outstanding award under the 2011 Equity Incentive Plan. If there is no assumption or substitution of the outstanding award, or if the director is terminated or asked to resign by the successor corporation, then all outstanding but unvested awards will become fully vested and exercisable.

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COMPENSATION OF NON-EMPLOYEE DIRECTORS

2017 Director Compensation

The following table sets forth information regarding compensation paid or accrued for services rendered to us by our non-employee directors during the year ended December 31, 2017.

Name	Fees Earned or Paid in Cash($)	Stock Awards ($)(1)	Total($)
Robert G. Ashe	47,500	112,098(2)	159,598
Steven M. Cakebread(3)	34,875	112,098(2)	146,973
Bruce W. Dunlevie	20,000	112,098(2)	132,098
James C. Madden(3)	41,708	112,098(2)	153,806
Thomas F. Mendoza	45,000	112,098(2)	157,098

Gary B. Moore	42,639	112,098[2]	154,737
Madhu Ranganathan[4]	10,125	417,409[5]	427,534
Barry D. Reynolds	52,944	112,098[2]	165,043
Richard G. Walker[6]	5,653	429,829[7]	435,482

(1) The amount in this column reflects the grant date fair value of the award computed in accordance with FASB ASC Topic 718. The amount does not necessarily correspond to the actual value recognized by the non-employee director. The assumptions used in the valuation of this award are consistent with the valuation methodologies specified in the notes to our consolidated financial statement included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

(2) These amounts are represented by awards of RSUs made on May 17, 2017, all of which vest on May 15, 2018, provided that the applicable director continues to serve on our board of directors as of such vesting date.

(3) Messrs. Cakebread and Madden resigned from our board of directors in October 2017.

(4) Ms. Ranganathan was appointed to our board of directors in October 2017.

(5) These amounts consist of awards of RSUs with a grant date fair value of $76,666 relating to 21,780 shares vesting on October 9, 2018 and grant date fair value of $340,743 relating to 96,802 shares vesting in three equal annual installments beginning on October 9, 2018, provided in each case that Ms. Ranganathan continues to serve on our board of directors as of such vesting date.

(6) Mr. Walker was appointed to our board of directors in October 2017.

(7) These amounts consist of awards of RSUs with a grant date fair value of $78,948 relating to 21,930 shares vesting on October 16, 2018 and grant date fair value of $350,881 relating to 97,467 shares vesting in three equal annual installments beginning on October 16, 2018, provided in each case that Mr. Walker continues to serve on our board of directors as of such vesting date.

The aggregate number of shares subject to outstanding stock options and restricted stock units at December 31, 2017 for each non-employee director was as follows:

Name	Aggregate Number of Stock Options	Aggregate Number of Stock Awards

	Outstanding as of December 31, 2017	Outstanding as of December 31, 2017
Robert G. Ashe	75,000(1)	35,251(2)
Steven M. Cakebread	284,147(1)	
Bruce W. Dunlevie		35,251(2)
James C. Madden	134,000(1)	
Thomas F. Mendoza		35,251(2)
Gary B. Moore		83,081(3)
Madhu Ranganathan		118,582(4)
Barry D. Reynolds		35,251(2)
Richard G. Walker		119,397(5)

COMPENSATION OF NON-EMPLOYEE DIRECTORS

(1) Stock options are fully vested and immediately exercisable.
(2) All of the restricted stock units vest on May 15, 2018, provided that the applicable director continues to serve on our board of directors as of such vesting date.
(3) Consists of RSUs, of which 35,251 shares vest on May 15, 2018 and 47,830 shares vest in two equal annual installments beginning on November 8, 2018, subject to Mr. Moore s continued service on our board of directors.
(4) Consists of RSUs, of which 21,780 shares vest on October 9, 2018 and 96,802 shares vest in three equal annual installments beginning on October 9, 2018, subject to Ms. Ranganathan s continued service on our board of directors.
(5) Consists of RSUs, of which 21,930 shares vest on October 16, 2018 and 97,467 shares vest in three equal annual installments beginning on October 16, 2018, subject to Mr. Walker s continued service on our board of directors.

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PROPOSAL NUMBER 1

PROPOSAL NUMBER 1 Election Of Class I Directors

Board Structure

Our board of directors is currently composed of eight members and is divided into three staggered classes of directors. Currently, at each annual meeting of stockholders, a class of directors will be elected for a three-year term to succeed the class of directors whose terms are then expiring. The terms of the directors will expire upon the election and qualification of successor directors at the annual meetings of stockholders to be held during the years 2018 for the Class I directors (who are up for re-election at this year s annual meeting), 2019 for the Class II directors, and 2020 for the Class III directors. If the declassification proposal is approved (Proposal 2), all members of our board of directors whose terms do not expire at the 2019 annual meeting have agreed to resign and immediately be reappointed to a term expiring at the 2019 annual meeting.

Our bylaws provide for a majority voting standard for the election of directors in uncontested elections. In order for a nominee to be elected in an uncontested election, the number of votes cast for such nominee s election must exceed the number of votes cast against that nominee. Broker non-votes and abstentions will have no effect on the outcome of the election. This majority voting standard includes a director resignation policy in the event such nominee does not receive majority support of the votes cast.

Information Regarding our Class I Director Nominees

Our nominating and corporate governance committee recommended, and our board of directors nominated, Robert G. Ashe, Bruce W. Dunlevie and Barry D. Reynolds as nominees for election as Class I directors at the 2018 annual meeting to hold office for a three-year term until our annual meeting of stockholders to be held in 2021.

Messrs. Ashe, Dunlevie and Reynolds have agreed to serve if elected, and management has no reason to believe that either nominee will be unavailable to serve. In the event one of the nominees is unable or declines to serve as a director at the time of the 2018 annual meeting, proxies will be voted for any nominee who may be proposed by the nominating and corporate governance committee and designated by the present board of directors to fill the vacancy.

Robert G. Ashe

Independent Director

Class I

Director, ServiceSource International, Inc.

Age: 59

Director since 2013

Nominating and Corporate Governance Committee (Chair)

Audit Committee

Robert G. Ashe has served as a member of our board of directors since March 2013. Mr. Ashe was most recently General Manager of Business Analytics at IBM, a position from which he retired in January 2012. Mr. Ashe worked at IBM from 2008 until his retirement. Prior to that, from 2004 to 2008, Mr. Ashe was President, Chief Executive Officer and Director of Cognos, a business intelligence and performance management company. He worked at Cognos from 1984 until 2008 when Cognos was acquired by IBM, holding various executive positions, including Chief Financial Officer. He currently serves on the boards of directors of MSCI Inc. (NYSE: MSCI), a provider of investment decision support tools and Shopify Inc. (NYSE: SHOP), an eCommerce company. Mr. Ashe also served on the board of directors of Halogen Software, Inc. (TSX: HGN) until May 2017, when it was acquired by Saba Software, Inc. Mr. Ashe is also a Chartered Accountant in Canada.

Board Skills and Qualifications

We believe that Mr. Ashe possesses specific attributes that qualify him to serve on our board of directors. In particular, he is an industry veteran with extensive experience in the technology sector and has intimate knowledge of how to grow innovative and market-leading businesses. Mr. Ashe also brings valuable operational expertise as the former chief executive officer and chief financial officer of a successful technology company. His experience as an accountant and as a chief financial officer of a public company qualifies Mr. Ashe to serve as a member of our audit committee.

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PROPOSAL NUMBER 1

Bruce W. Dunlevie

Lead Independent Director

Class I

General Partner, Benchmark Capital

Age: 61

Director since 2004

Bruce W. Dunlevie has served as a member of our board of directors since December 2004. Since May 1995, Mr. Dunlevie has been a General Partner of Benchmark Capital, a venture capital firm. He previously served as a member of the board of directors of Marin Software Incorporated (NYSE: MRIN), an online advertising management company, and also served as a member of the board of directors of Rambus Inc., a technology licensing company, from March 1990 to June 2011.

Board Skills and Qualifications

We believe that Mr. Dunlevie possesses specific attributes that qualify him to serve as a member of our board of directors. In particular, Mr. Dunlevie is a longstanding member of our board of directors with a deep understanding of our business and our customer base, and he has extensive experience as an investor in technology companies on behalf of Benchmark Capital. Mr. Dunlevie brings the experience of having served on the board of several other technology companies. In addition, his professional network has given us access to numerous prospective customers.

Barry D. Reynolds

Independent Director

Class I

Barry D. Reynolds has served as a member of our board of directors since January 2003. In 1998, Mr. Reynolds founded the San Francisco office of Housatonic Partners, a private equity firm, where he currently serves as a Managing Director. Previously, he worked with private equity firms including Bain Capital, Texas Pacific Group and Trident Capital, focusing on information and business services companies. Prior to becoming a principal in the private equity industry, he was a Manager with Bain & Company. At Bain, he co-founded the Principal Investor Services practice, consulting to

Managing Director, Housatonic Partners

Age: 56

Director since 2003

Compensation Committee

Nominating and Corporate Governance Committee

medium and large buyout funds and strategic buyers. Earlier in his career, Mr. Reynolds worked as an engineer for the General Electric Company. He is a director of Aegis Treatment Centers, LLC; LeadQual, LLC; Onsite Heath, Inc.; ProService Hawaii; Registria Customer Experience, LLC; and Sprout Health, LLC. Mr. Reynolds holds B.S. and M.S. degrees in Engineering from the University of California, Berkeley, and an M.B.A. from the Stanford Graduate School of Business, where he was a Ford Scholar.

Board Skills and Qualifications

We believe that Mr. Reynolds possesses specific attributes that qualify him to serve as a member of our board of directors. Mr. Reynolds has served as a member of our board longer than any other director and as a result, has a thorough understanding of our business as it has evolved over time. He also brings valuable insight as an experienced investor on behalf of his private equity firm, Housatonic Partners, and as a respected business leader.

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PROPOSAL NUMBER 1

Information Regarding our Class II and Class III Directors

The following table sets forth the names, ages and positions of our Class II and Class III directors as of March 14, 2018:

Thomas F. Mendoza

Independent Director

Class II

Vice Chairman of NetApp, Inc.

Age: 67

Director since 2011

Compensation Committee

Nominating and Corporate Governance Committee

Thomas F. Mendoza has served as a member of our board of directors since March 2011. Since March 2008, Mr. Mendoza has served as vice chairman of NetApp, Inc., a storage and data management solutions provider. From October 2000 to March 2008, Mr. Mendoza served as president of NetApp, Inc. Prior to October 2000, he served in various capacities at NetApp, Inc., including senior vice president, worldwide sales and marketing, senior vice president, worldwide sales and vice president, North American sales. He has also served as a member of the board of directors of Varonis Systems, Inc. (NASDAQ: VRNS), a data software provider, since June 2015. Mr. Mendoza has also served as a director of many other technology companies.

Board Skills and Qualifications

We believe that Mr. Mendoza has specific attributes that qualify him to serve as a member of our board, including a strong mix of operational experience and deep understanding of the technology industry that adds to our board s collective level of expertise, skill and qualifications. In particular, he brings to our board over thirty years of operational experience he gained from holding various executive positions at technology companies, including a publicly traded company. Mr. Mendoza also brings an important customer perspective to our board of directors as the vice chairman of one of our largest customers.

Gary B. Moore

Independent Director

Class II

Director, ServiceSource International, Inc.

Age: 69

Director since 2016

Compensation Committee (Chair)

Audit Committee

Gary B. Moore has served as a member of our board of directors since November 2016. He served most recently from October 2012 to June 2015 as President and Chief Operating Officer of Cisco Systems, Inc., a global leader in networking and connectivity with more than $49 billion revenue and over 70,000 employees across more than 400 offices worldwide. Prior to his promotion to this role, Mr. Moore was named the first Chief Operating Officer in Cisco s history in 2011, and joined Cisco in 2001 as Senior Vice President of the Advanced Services Division and ultimately went on to lead Cisco Global Services. Prior to joining Cisco, he was President and CEO of Netigy, a network consulting business. Mr. Moore began his career in 1973 at Electronic Data Systems (EDS) where he held a number of executive roles over a 26-year career. Additionally, he was a member of EDS s Global Operations Council where he was responsible for multiple business units, including manufacturing, retail and distribution customers globally. Mr. Moore also led the formation of EDS s joint venture with Hitachi Limited, Hitachi Data Systems, and served as its President and Chief Executive Officer during its initial three years of operations. He is a part-time Executive in Residence at The Ohio State University Fisher College of Business, working in the areas of Operational Excellence, Cyber Security and Mid-Market studies. In addition to the ServiceSource board of directors, Mr. Moore also serves on the board for privately-held vArmour Networks, Inc., Finjan Holdings, Inc. (NASDAQ: FNJN) and on KLA-Tencor Corporation s (NASDAQ: KLAC) board as a member of the compensation committee. His past board involvement includes VCE, the Smithsonian Institution, Unigraphics Solutions, A.T. Kearney, Japan Systems Limited and Hitachi Data Systems. Mr. Moore s experience also includes a four-year tour of duty with the U.S. Army.

Board Skills and Qualifications

We believe that Mr. Moore possesses several unique attributes that qualify him to serve as a member of our board of directors, including his leadership experience with one of our largest customers as well as his years of experience with business process outsourcing and IT-enabled services companies, which provide unique insights into our business and overall market trends. In addition, Mr. Moore s financial and accounting expertise qualifies him to serve as a member of our audit committee.

PROPOSAL NUMBER 1

Christopher M. Carrington

Class III

Chief Executive Officer, ServiceSource International, Inc.

Age: 57

Director since 2014

Christopher M. Carrington has served as our Chief Executive Officer since December 2014. Prior to joining us, Mr. Carrington served as Executive Vice President, Global Delivery, at Sykes Enterprises Incorporated, a business process outsourcing services and IT-enabled services company, from September 2012 to June 2014. From July 2006 to September 2012, Mr. Carrington served as President, Chief Executive Officer and a director of Alpine Access, Inc., a privately held company, which was acquired by Sykes Enterprises Incorporated in August 2012.

Board Skills and Qualifications

We believe that Mr. Carrington possesses specific attributes that qualify him to serve as a member of our board of directors, including his substantial operational and business strategy expertise gained from serving as an executive officer in the technology and services industries.

Madhu Ranganathan

Independent Director

Class III

Madhu Ranganathan has served as a member of our board of directors since October 2017. Since 2008, Ms. Ranganathan has served as the Global Chief Financial Officer of [24]7, a software and services company that uses artificial intelligence and machine learning to dramatically improve customer experiences. Prior to joining [24]7 in 2008, Ms. Ranganathan held executive leadership roles including serving as Chief Financial Officer of Rackable Systems, a server and storage company, which merged with Silicon Graphics International Corp. (NASDAQ: SGI) and is now part of Hewlett Packard Enterprises. Prior to Rackable, she served as Vice President and Corporate Controller at Redback Networks (now part of Ericsson), an advanced networking equipment

Chief Financial Officer and Executive Vice President, OpenText Corporation

Age: 53

Director since 2017

Audit Committee (Chair)

company. Ms. Ranganathan also led finance operations at emerging growth companies, Jamcracker, a services platform, and BackWeb Technologies, an e-Business software provider, including during its successful IPO. Earlier in her career, she was in public accounting with PriceWaterhouse Coopers LLP. Ms. Ranganathan currently serves on the board of directors of Watermark. She is a Chartered Accountant from India, Certified Public Accountant in California and holds an M.B.A. in Finance from the University of Massachusetts.

Board Skills and Qualifications

We believe that Ms. Ranganathan possesses specific attributes that qualify her to serve as a member of our board of directors. In particular, she brings over 20 years of financial, operational and business strength, along with Big 4 public accounting experience to the Company, which qualifies Ms. Ranganathan to serve as a member of our audit committee. She also brings deep financial and operational expertise to our board of directors.

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PROPOSAL NUMBER 1

Richard G. Walker

Independent Director

Class III

Founder, The Bison Group

Age: 54

Director since 2017

Nominating and Corporate Governance Committee

Richard G. Walker has served as a member of our board of directors since October 2017. In October 2017, he founded The Bison Group, LLC, a private partnership formed to identify and pursue acquisition opportunities in the information services category. Prior to founding The Bison Group, from April 2015 to December 2015, Mr. Walker was Executive Vice President Strategy and Corporate Development for Ascent Capital Group, Inc. (NASDAQ: ASCMA). From December 2013 to December 2016, he served as a Director and Chairman of the Board of Trusted Media Brands, Inc. (formerly known as Readers Digest Association), where he supported a new Chief Executive Officer and executive leadership team in executing a successful three-year turnaround. Previous to Ascent, from 2006 to February 2014, Mr. Walker served as a core member of the executive leadership team at IHS (now IHS Markit Ltd. (NASDAQ: INFO)), where he was instrumental in driving the strategic direction, operational execution, and organic and acquisition-related growth of the business, including in roles as Executive Vice President and Chief Financial Officer and then as Executive Vice President of Global Finance. He is a member of the boards of directors of the Presidents Leadership Class at the University of Colorado, the Capuchin-Franciscans, and Healthy LifeStars. Mr. Walker holds a B.A. in Business Accounting from the University of Colorado at Boulder and began his career as a Certified Public Accountant with Arthur Anderson. He also obtained his M.B.A. from the University of Denver Daniels College of Business.

Board Skills and Qualifications

We believe that Mr. Walker possesses specific attributes that qualify him to serve as a member of our board of directors. His years of experience in finance, strategy and operational execution and in his board leadership position provide Mr. Walker with a unique perspective on our business and competitive opportunities.

Required Vote

If a quorum is present, our Class I directors elected to the board of directors will each be elected by a vote of the majority of the votes cast. A majority of the votes cast means the number of votes cast FOR such nominee s election exceeds 50% of the number of votes cast with respect to that nominee s election.

You may vote FOR, AGAINST, or ABSTAIN with respect to each director nominee. Broker non-votes and abstentions will have no effect on the outcome of the election, although they will be counted for purposes of determining whether there is a quorum. Shares represented by executed proxies will be voted, if authority to do so is not expressly withheld (as indicated on the proxy card), for the election of Messrs. Ashe, Dunlevie, and Reynolds.

Recommendation

Our board of directors recommends a vote FOR the election to the board of directors of each of Robert G. Ashe, Bruce W. Dunlevie, and Barry D. Reynolds as a Class I director.

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PROPOSAL NUMBER 2

PROPOSAL NUMBER 2 VOTE TO AMEND OUR CERTIFICATE OF INCORPORATION TO DECLASSIFY OUR BOARD OF DIRECTORS

Based on investor feedback, the board of directors recommends that our stockholders approve an amendment to our certificate of incorporation to declassify the board of directors and provide that all directors elected at or after our 2019 annual meeting of stockholders be elected on an annual basis. The text of the amendment, marked to show the proposed deletions and insertions, is attached as Appendix A to this proxy statement.

Since our initial public offering in 2011, we have had our classified board structure. However, the board of directors recognizes that our classified board structure does not enable stockholders to express a view on each director s performance by means of an annual vote and therefore may be perceived as reducing directors accountability to stockholders. In determining to recommend the declassification of our board of directors, the board carefully considered the advantages and disadvantages of the current classified board structure and determined that it is advisable and in the best interests of the Company and our stockholders to recommend the change to declassify our board of directors.

Currently, Article VI of our certificate of incorporation provides that the board of directors shall be classified into three classes with each class holding office for a three-year term. If our stockholders approve the declassification amendment to our certificate of incorporation set forth on Appendix A of this proxy statement (the declassification amendment), our directors would be elected to annual terms beginning at our 2019 annual meeting of stockholders. The declassification amendment will become effective upon the filing of the amendment to our certificate of incorporation with the Delaware Secretary of State. Under Delaware law, the declassification amendment will not operate to remove a director or shorten the term of a director. If the declassification amendment is approved, and once the certificate of amendment is filed with the Delaware Secretary of State, each member of our board of directors whose term does not expire at our 2019 annual meeting (i.e., the Class I and Class III directors) will resign and be immediately re-appointed to a term that expires at our 2019 annual meeting. All eight directors will thereafter stand for election for one-year terms beginning at our 2019 annual meeting.

This description of the proposed amendments to our certificate of incorporation is only a summary of these amendments and is qualified in its entirety by reference to the actual text of Article VI as set forth on Appendix A.

Required Vote

The affirmative FOR vote of 66-2/3 percent of the shares present, represented and entitled to vote on the proposal is required to approve the declassification amendment to our certificate of incorporation. You may vote FOR, AGAINST or ABSTAIN on this proposal. Abstentions and broker non-votes have the same effect as a vote against the proposal. Unless marked to the contrary, executed proxies received will be voted FOR Proposal 2.

Recommendation

Our board of directors recommends a vote FOR the approval of the declassification amendment to our certificate of incorporation, as disclosed in this proxy statement.

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PROPOSAL NUMBER 3

PROPOSAL NUMBER 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION

As required under Section 14A of the Exchange Act, we are asking our stockholders to approve, on an advisory basis, the compensation of our named executive officers as described in this proxy statement. This proposal, commonly known as a say-on-pay proposal, gives our stockholders the opportunity to express their views on the compensation of our named executive officers.

The say-on-pay vote is advisory, and therefore not binding on us or our compensation committee or board of directors. The say-on-pay vote will, however, provide information to us regarding investor sentiment about our executive compensation philosophy, policies and practices, which our compensation committee will be able to consider when determining executive compensation for the remainder of the current fiscal year and beyond. Our board of directors and compensation committee value the opinions of our stockholders. To the extent there is any significant vote against the named executive officer compensation disclosed in this proxy statement, we will consider our stockholders concerns and our compensation committee will evaluate whether any actions are necessary to address those concerns.

The advisory say-on-pay vote historically has been held annually, and the Company anticipates that the next advisory say-on-pay vote will occur at the 2019 annual meeting.

Compensation Philosophy and Programs

Our executive compensation programs are designed to attract, retain and motivate top-level executive talent and to provide compensation levels and structures that are both fiscally responsible and competitive within our industry and geography. Through our compensation programs, we strive to create a culture in which executive compensation aligns with our pay-for-performance business model by rewarding our executives for results that benefit us, our customers and our stockholders. In line with our overall pay-for-performance philosophy, our practice has been to make a significant portion of an executive s total compensation performance-based, so that the executive will be rewarded through bonuses and equity if we perform well in the near term and over time. Please refer to the Executive Compensation Compensation Discussion and Analysis section for a detailed discussion of out executive compensation practices and philosophy.

Our board of directors believes that our current executive compensation program has been effective at linking executive compensation to our performance and aligning the interests of our named executive officers with those of our stockholders. We are asking our stockholders to indicate their support for the compensation of our named executive officers as described in this proxy statement by voting in favor of the following resolution:

RESOLVED, that the compensation paid to the Company s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion & Analysis, compensation tables, and narrative discussion in the Company s proxy statement, is hereby APPROVED.

Required Vote

The affirmative FOR vote of a majority of the shares present, represented and entitled to vote on the proposal is required to approve, on an advisory basis, the compensation awarded to named executive officers for the year ended December 31, 2017. You may vote FOR, AGAINST or ABSTAIN on this proposal. Abstentions have the same effect as a vote against the proposal. Broker non-votes are not deemed to be votes cast, are not included in the tabulation of voting results on this proposal, and will not affect the outcome of voting on this proposal. Unless marked to the contrary, executed proxies received will be voted FOR Proposal 3.

Recommendation

Our board of directors recommends a vote FOR, on an advisory basis, the approval of the compensation of each named executive officer, as disclosed in this proxy statement.

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PROPOSAL NUMBER 4

PROPOSAL NUMBER 4 ADVISORY VOTE ON THE FREQUENCY OF THE ADVISORY VOTE ON EXECUTIVE COMPENSATION

As required under Section 14A of the Exchange Act, every six years, stockholders are required to have the opportunity to vote, on advisory basis, on their preference of how often we hold an advisory vote to approve the compensation of our named executive officers. Under this proposal, commonly known as a say-on-frequency proposal, our stockholders may indicate whether they would prefer an advisory say-on-pay vote every 1 year, every 2 years, every 3 years, or they may abstain from voting. At our 2012 annual meeting of stockholders, our board of directors recommended, and our stockholders approved, on an advisory basis, that we hold our say-on-pay vote every year. Our board of directors recommends that stockholders vote on say-on-pay every year.

The say-on-frequency vote is advisory, and therefore not binding on us or our compensation committee or board of directors. Our board of directors and compensation committee value the opinions of our stockholders, but they may determine that it is in the best interests of the stockholders and the Company to hold an advisory say-on-pay vote more or less frequently than the option preferred by the stockholders. Our board of directors believes that our current practice of holding an advisory say-on-pay vote every year has been an effective in allowing our stockholders to provide us with their direct input on our executive compensation philosophy, policies and practices as disclosed in the proxy statement every year. Therefore, we are asking our stockholders to indicate their support for holding our say-on-pay vote every year.

The next advisory say-on-frequency vote will occur no later than at our 2024 annual meeting.

Required Vote

The option of 1 YEAR, 2 YEARS, or 3 YEARS that receives the highest number of votes cast by stockholders will be the frequency for the advisory say-on-pay vote recommended by stockholders. You may vote for 1 YEAR, for 2 YEARS, or for 3 YEARS or ABSTAIN on this proposal. Abstentions have the same effect as a vote against the proposal. Broker non-votes are not deemed to be votes cast, are not included in the tabulation of voting results on this proposal, and will not affect the outcome of voting on this proposal. Unless marked to the contrary, executed proxies received will be voted for 1 YEAR on Proposal 4.

Recommendation

Our board of directors recommends a vote for 1 YEAR for the advisory vote on the frequency of holding our say-on-pay vote, as disclosed in this proxy statement.

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PROPOSAL NUMBER 5

PROPOSAL NUMBER 5 RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our audit committee has selected Ernst & Young LLP as the independent registered public accounting firm to audit our consolidated financial statements for the year ending December 31, 2018. From January through December 2017, Ernst & Young LLP served as our independent registered public accounting firm and also provided certain audit-related services. The selection of Ernst & Young LLP as our independent registered public accounting firm was ratified by our stockholders at our 2017 annual meeting. Prior to Ernst & Young LLP, PricewaterhouseCoopers LLP served as our independent registered public accounting firm through May 5, 2016 and also provided certain audit-related services.

From January 1, 2016 through May 5, 2016, there were no disagreements with PricewaterhouseCoopers LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of PricewaterhouseCoopers LLP would have caused them to make reference to the subject matter of such disagreements in their reports on the Company s consolidated financial statements for such years, and during such period, there were no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K.

Notwithstanding the audit committee s selection of Ernst & Young LLP and even if our stockholders ratify the selection our audit committee, in its discretion, may appoint another independent registered public accounting firm at any time during the year if the audit committee believes that such a change would be in our best interests and in the best interests of our stockholders. Our audit committee is submitting the selection of Ernst & Young LLP to our stockholders because we value our stockholders views on our independent registered public accounting firm and as a matter of good corporate governance. If the appointment is not ratified by our stockholders, our audit committee may reconsider whether it should appoint another independent registered public accounting firm.

Representatives of Ernst & Young LLP are expected to attend the annual meeting, where they will be available to respond to appropriate questions and, if they desire, to make a statement.

Required Vote

Ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2018 requires the affirmative FOR vote of a majority of the shares present, represented, and entitled to vote on the proposal. You may vote FOR, AGAINST or ABSTAIN from voting on this proposal. Abstentions have the same effect as a vote against the proposal. Unless marked to the contrary, executed proxies received will be voted FOR Proposal 5.

Recommendation

Our board of directors recommends a vote FOR the ratification of the selection of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2018.

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PROPOSAL NUMBER 5

Principal Accounting Fees and Services

The following table sets forth the aggregate fees for audit services provided by Ernst & Young LLP for the years ended December 31, 2017 and December 31, 2016.

	2017	2016
Audit fees(1)	$ 1,537,279	$ 1,398,936
Audit-related fees(2)		
Tax fees(3)	$ 171,976	
All other fees(4)		
Total fees	$ 1,709,255	$ 1,398,936

(1) Consists of fees billed for professional services rendered in connection with the audit of our consolidated financial statements, review of our quarterly consolidated financial statements and services that are normally provided by our independent registered public accounting firm in connection with statutory audit and regulatory filings or engagements.

(2) Consists of fees billed for professional services rendered for consultations concerning financial accounting and reporting standards.

(3) Consists of fees billed for professional services for tax compliance and tax advice.

(4) Consists of a subscription for a proprietary reference library.

Pre-Approval of Audit and Non-Audit Services

Our audit committee pre-approves all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. The audit committee pre-approves services provided by the independent registered public accounting firm pursuant to its audit committee charter.

Report of the Audit Committee

The audit committee assists the board of directors in fulfilling its oversight responsibility over our financial reporting process. It is not the duty of the committee to plan or conduct audits or to prepare our financial statements. Management has the primary responsibility for preparing the financial statements and assuring their accuracy, effectiveness and completeness. Management is also responsible for the reporting process, including the system of internal controls. The independent registered public accounting firm is responsible for auditing our financial statements and internal control over financial reporting and expressing its opinion as to whether the statements present fairly, in accordance with accounting principles generally accepted in the United States, our financial condition, results of operations and cash flows. However, the audit committee does review and discuss the financial statements with management and the independent registered public accounting firm prior to the presentation of financial statements to our stockholders and, as appropriate, initiates inquiries into various aspects of our financial affairs.

Unless the committee has reason to question its reliance on management or the independent registered public accounting firm, the members of the committee necessarily rely on information provided to them by and on the representations made by management and the independent registered public accounting firm. Accordingly, the audit committee s oversight does not provide an independent basis to determine that management has applied appropriate accounting and financial reporting principles. Furthermore, the audit committee s authority and oversight responsibilities do not independently assure that the audits of our financial statements have been carried out in accordance with the standards of the Public Company Accounting Oversight Board or that the financial statements are presented in accordance with accounting principles generally accepted in the United States.

In this context, the committee has met and held discussions with management and the independent registered public accounting firm to review our audited 2017 consolidated financial statements (including the quality of our accounting principles). Management represented to the committee that our consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States, and the

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committee consulted with management and the independent registered public accounting firm prior to approving the presentation of the audited 2017 consolidated financial statements to stockholders. The committee discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees*, issued by the Public Company Accounting Oversight Board in Rule 3200T.

The audit committee has discussed with the independent accountant the independent accountant s independence from us and our management. As part of that review, the committee received the written disclosures and letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant s communications with the audit committee concerning independence. Based on the reviews and discussions referred to above, the audit committee recommended to the board, and the board approved, our audited consolidated financial statements for the year ended December 31, 2017 for filing with the Securities and Exchange Commission as part of the Company s Annual Report on Form 10-K. The committee has selected Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2018.

Members of the Audit Committee

Madhu Ranganathan (Chair)

Robert G. Ashe

Gary B. Moore

The Report of the Audit Committee does not constitute soliciting material and shall not be deemed to be filed or incorporated by reference into any other filing by ServiceSource under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent ServiceSource specifically incorporates the Report of the Audit Committee by reference therein.

EXECUTIVE OFFICERS

The names of our executive officers, their ages, their positions with us, and other biographical information as of March 14, 2018, are set forth below. There are no family relationships among any of our directors or executive officers.

Christopher M. Carrington

Chief Executive Officer

Age: 57

Christopher M. Carrington has served as our Chief Executive Officer since December 2014. Prior to joining us, Mr. Carrington served as Executive Vice President, Global Delivery, at Sykes Enterprises Incorporated, a business process outsourcing services and IT-enabled services company, from September 2012 to June 2014. From July 2006 to September 2012, Mr. Carrington served as President, Chief Executive Officer and a director of Alpine Access, Inc., a privately held company, which was acquired by Sykes Enterprises Incorporated in August 2012.

Brian J. Delaney

Chief Operating Officer

Age: 60

Brian J. Delaney has served as our Chief Operating Officer since June 2015. Mr. Delaney previously served as Chief Operating Officer of Stream Global Services, Inc. (Stream), a global business process outsourcing service provider, from February 2011 to March 2014. Stream was acquired in March 2014 by Convergys Corporation, where Mr. Delaney served as Chief Operating Officer from March 2014 until May 2014. From November 2008 to January 2011, Mr. Delaney served as Senior Vice President of Operations of DISH Network Corporation, a direct-broadcast satellite service provider. Mr. Delaney has also served in executive positions at TeleTech Holdings, Inc. and Ticketmaster Entertainment, Inc.

Robert N. Pinkerton

Chief Financial Officer **Age:** 54	*Robert N. Pinkerton* has served as our Chief Financial Officer since April 2015. Mr. Pinkerton has over 25 years of operational finance, capital markets and investment banking experience. Most recently, Mr. Pinkerton was Senior Vice President of Corporate Development for TeleTech Holdings, Inc. (NASDAQ: TTEC), a multi-national provider of analytics driven technology enabled services focused on customer engagement, from June 2014 to April 2015. From October 2012 to May 2014, Mr. Pinkerton was Chief Financial Officer and Interim Chief Executive Officer of T3Media, Inc., a portfolio company of Investcorp and Shamrock Capital Advisors, which offers cloud-based storage, access and licensing for enterprise-scale video libraries. He joined T3Media after being Chief Financial Officer of Alpine Access, Inc., the largest provider of home based services in the contact center industry, where he served from May 2011 until September 2012. Prior to that, Mr. Pinkerton served in various executive positions at Mix1 Beverage Company from April 2007 until June 2010. Mr. Pinkerton was also divisional CFO and Corporate Treasurer for CSG International, Inc. (NASDAQ: CSGS), a provider of billing and customer care SaaS and licensed software solutions to the top 100 global communications companies, from April 2000 to March 2007. He began his finance career as an investment banker with Paribas Merchant Banking, where he worked from 1993 to 2000, and Continental Bank, where he worked from 1989 to 1993.

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Compensation Discussion and Analysis

The Compensation Discussion and Analysis describes and analyzes our executive compensation philosophy and program in the context of the compensation paid during the last fiscal year to our Chief Executive Officer, our Chief Operating Officer, and out Chief Financial Officer (collectively referred to as our named executive officers) during 2017. Our named executive officers for 2017 are:

Name	Title
Christopher M. Carrington	Chief Executive Officer
Brian J. Delaney	Chief Operating Officer
Robert N. Pinkerton	Chief Financial Officer

This Compensation Discussion and Analysis is organized as follows:

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The following discussion and analysis of compensation arrangements of our named executive officers for 2017 should be read together with the compensation tables and related disclosures presented below. This discussion contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs.

Objectives and Principles of Our Executive Compensation

Our compensation philosophy is based on the following objectives and principles:

- attract, retain and motivate top-level executive talent;
- provide compensation levels and structures that are both fiscally responsible and competitive within our industry and geography;
- create a culture in which executive compensation aligns with our overall philosophy and pay-for-performance business model;
- maintain simplicity, transparency and ease of administration; and
- provide long-term, performance-based, equity incentive compensation to align the interests of our management team with those of our stockholders.

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2017 Compensation and Corporate Governance Highlights

We endeavor to maintain strong governance standards in our executive compensation related corporate governance policies and practices. Below is a summary of key executive compensation and corporate governance practices in place during 2017. Following that is a summary of certain other practices that, because we have not considered them to effectively drive long-term stockholder value, we have not implemented.

What We Do

- Tie pay to performance, with each named executive officer s target annual cash compensation tied to pre-established corporate performance metrics
- Tie equity compensation to performance, with each named executive officer s restricted stock unit grant tied to pre-established corporate performance metrics.
- Utilize the services of an independent compensation consultant retained directly by the compensation committee and that does not perform other services for the Company.
- Maintain stock ownership guidelines for all directors, named executive officers and Section 16 officers.
- In connection with a change of control of the Company, require a double trigger severance event (both a qualifying termination of employment in addition to a change of control of the Company) before accelerated vesting or other change of control severance benefits would be triggered for our named executive officers.

What We Do Not Do

- Provide pension arrangements or retirement plans other than our 401(k) plan to our executive officers.
- Provide for excise tax gross-ups related to change of control-related compensation.
- Permit our executive officers or directors to engage in hedging or pledging of our securities.
- Provide our executive officers perquisites that are not generally available to all of our employees.

Compensation Decision Process

Role of the Board of Directors and Compensation Committee. The role of our compensation committee is to oversee our executive plans and policies, administer our equity plans and approve all compensation for our named executive officers. For a description of the composition of our compensation committee, see *Corporate Governance and Board of Directors Board Committees Compensation Committee*.

Role of Executive Officers. Our compensation committee generally seeks input from our Chief Executive Officer and our Head of Global Human Resources when discussing executive performance and compensation levels for named executive officers (other than their own compensation). Our Head of Global Human Resources has the responsibility of advising the compensation committee and coordinating with any third-party compensation advisors. The compensation committee also works with our Chief Financial Officer to evaluate the financial, accounting and tax implications, and with our General Counsel who advises on legal matters, regarding our various compensation programs. None of our named executive officers participates in deliberations regarding his or her own compensation. Our compensation committee charter also specifies that our compensation committee deliberates and determines compensation decisions related to our Chief Executive Officer in executive session, outside of the presence of the Chief Executive Officer.

Role of Compensation Advisors. Our compensation committee has the authority to engage its own advisors to assist in carrying out its responsibilities. In prior years, our compensation committee retained an independent compensation consulting firm to provide advice to the compensation committee with respect to executive compensation decisions and comparison benchmarking. Because an independent compensation consultant provided analysis to the compensation committee in third quarter 2016, our compensation committee did not engage a third-party compensation advisor in 2017. Our compensation committee intends periodically to review the need to independently retain a compensation consultant.

2017 Advisory Vote on Executive Compensation. The advisory vote on executive compensation at our 2017 annual meeting received a favorable vote of 82% of votes cast by our stockholders. The compensation

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committee is committed to ensuring that our compensation programs are consistent with our pay-for-performance philosophy and deliver appropriate results given financial performance and business conditions. The compensation committee considers both the results of the annual advisory vote and any feedback from institutional investors in making compensation decisions. Stockholder feedback will remain an important input into the compensation committee s work on the compensation programs for us.

Benchmarking. Given that we compete for executive officer talent with companies in the technology sector and companies that provide other professional services, we relied on certain compensation benchmarking in making our compensation decisions. To determine what constitutes competitive compensation, our compensation committee:

- analyzed a group of peer companies identified in the third quarter of 2016 by our independent compensation consultant for purposes of benchmarking our levels of compensation;

- analyzed compensation data from those peer companies as well as from other available compensation surveys; and

- structured awards as part of the equity incentive element of our compensation program in a manner consistent with the prior year, which the compensation committee believed continued to be appropriate in form and amount.

The compensation committee considered compensation data and practices at public technology companies comparable to us with respect to size, complexity, financial performance and stage of development, ultimately considering two different groups of peer companies: one group of peers for benchmarking compensation levels, and another, larger group of peers for benchmarking compensation design. These peer company groups were selected at the time as they had similar financial size and valuation range relative to ServiceSource, and included industry classifications of IT Services and Professional Services.

The resulting peers used in our compensation benchmarking include the following:

CBIZ	NCI
Computer Services	Model N
Computer Task Group	Perficient
ExlService Holdings	PFSweb
Franklin Covey	QuinStreet
Harte Hanks	TeleTech (now TTEC Holdings, Inc.)
Higher One Holdings	The Hackett Group
Information Services Group	WNS (Holdings) Limited
Lionbridge Technologies	Virtusa

LivePerson

We did not automatically tie compensation to a benchmark level for each member of our executive management team. Rather, we considered a number of individualized factors that are unique to our business, including individual performance, skill set, industry knowledge and experience, prior employment history, compensation at previous companies, recruiting efforts and negotiations, retention risk and an executive s overall compensation level relative to his or her peers.

Our Compensation Program

The four elements of our executive compensation package are:

- base salary,
- variable incentive cash compensation,
- equity-based rewards, and
- employee-benefits programs.

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We view these components of compensation as related in reviewing the total compensation packages of our executive officers. We determine the appropriate level for each compensation component based in part, but not exclusively, on information from analysis of third-party compensation surveys consistent with our recruiting and retention goals, our view of internal equity and consistency and overall Company and individual performance.

We compete with many other companies in seeking to attract and retain a skilled workforce, particularly companies in the technology sector. We have not adopted any formal or informal policies or guidelines for allocating compensation between long-term and currently paid-out compensation, between cash and non-cash compensation or among different forms of non-cash compensation. However, in line with our overall pay-for-performance philosophy of rewarding our employees for results that benefit us and our customers, the compensation committee s practice has been to make a significant portion of an employee s total compensation performance-based, so that the employee will be rewarded through bonuses and equity if we perform well in the near term and over time.

On-Target Earnings Base Salary and Variable Incentive Cash Compensation

When analyzing the cash compensation of our executive leadership team, we view the total cash compensation of base salary plus the variable incentive plan compensation as the on-target earnings for each of such executive officers.

In analyzing the total cash compensation, we assume that we will meet the targets necessary for our executives to earn their on-target bonuses. We analyze on-target cash earnings as the benchmark by which to measure our named executive officers compensation compared to the comparable positions of our peer companies. When the executive compensation was last benchmarked, in the third quarter of 2016, the target compensation opportunity for each of our named executive officers was at or above the fiftieth percentile, in each case comparing such executive s on-target cash earnings to our peer companies. We did not change our named executive officers target compensation opportunity in 2017. Given our age as a Company, our size and our results of operations, and the competitive market for high-caliber executive talent particularly in certain strategic roles we believe that the on-target earnings for our named executive officers were reasonable and appropriate for 2017.

Base Salary. We establish base pay that we believe is both reasonable and competitive in relation to the market, including the benchmarking data described above. We regularly monitor competitive base pay levels and adjust base pay as appropriate. In general, a named executive officer s base pay level should reflect the executive s overall performance and contribution to us over time. We also seek to structure competitive base pay for our named executive officers based upon applicable market data analysis. As described below, we design base pay to provide the ongoing reward for each named executive officer s work and contribution and to be competitive in attracting or retaining the executive. We do not provide automatic salary increases for our executive team.

Once base pay levels are initially determined, we conduct salary reviews based upon current market data and the executive s specific performance achievements. We also take into account salary levels for their retention effect. Salaries are also determined based on negotiations with our executive officers, in particular when we are trying to hire a new executive officer and we must be competitive. We believe this pay-for-performance approach reflects our cultural values and our business model.

The following are the effective annual base salaries for each of our named executive officers for 2015, 2016 and 2017:

	Effective Annual Base Salary[1]		
Executive Officer	**2015**	**2016**	**2017**
Christopher M. Carrington	$ 500,000	$ 550,000[2]	$ 550,000
Brian J. Delaney	$ 400,000	$ 450,000[2]	$ 450,000
Robert N. Pinkerton	$ 350,000	$ 380,000[2]	$ 380,000

(1) Reflects effective annual base salary.

(2) Annual base salary was increased to this amount in September 2, 2016.

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In third quarter 2016, in part in order to support executive management retention, we evaluated the overall market competitiveness of our executive compensation in comparison to our peer group. Based on that evaluation, we approved an increase in the base salaries of our named executive officers that took effect September 2, 2016. Our compensation committee determined that the base salaries in effect on December 31, 2016, also were appropriate levels for our named executive officers in fiscal 2017.

Variable Pay. Consistent with our pay-for-performance philosophy, we link a significant portion of our named executive officers cash compensation to individual and Company performance. We design our variable pay programs to provide reasonable and competitive earnings potential relative to our industry and geography. For our named executive officers, we have implemented our corporate incentive bonus program as a motivational tool to achieve and exceed individual and Company goals by paying for outstanding results. We base our variable pay programs on a formulaic assessment of our financial and other performance, as well as considering an assessment of each individual s performance. We design our programs to avoid entitlements, and to align actual payouts with actual results based on clearly understood metrics.

Our compensation committee reviews the structure and design of our variable pay plans on an annual basis, typically at the beginning of each year. The overall business plan and related goals of our variable pay plans are determined at the start of the year, typically in February.

Corporate Incentive Plan 2017

In March 2017, our compensation committee approved the 2017 bonus targets under our Corporate Incentive Plan (the CIP). The CIP applies to certain non-commissioned employees, including our named executive officers.

For each of the named executive officers participating in the CIP, 2017 bonus targets were set as a fixed amount, which, as a percentage of base salary, ranged from 80% to 90%.

The target bonuses for our named executive officers at 100% achievement in 2017 under the CIP, as well as the actual bonuses paid to our named executive officers in 2018 for 2017 performance, are set forth below:

Named Executive Officer	Target 2017 CIP Bonus at 100% Achievement	Maximum 2017 CIP Bonus	Actual Bonus Paid in 2018 fo 2017 Fiscal Year Performan
Christopher M. Carrington	$495,000 (90% of base salary)	$ 990,000	$ 644,490

Brian J. Delaney	$382,500 (85% of base salary)	$ 478,125	$ 354,119
Robert N. Pinkerton	$304,000 (80% of base salary)	$ 380,000	$ 281,808

For our named executive officers, the CIP bonus for 2017 was paid in one annual payment after determination of the achievement of our performance targets (which occurred in 2018). Funding for the CIP bonus pool for 2017 was based upon our achieving two targets: Revenue and EBITDA margin. The weighting for each target was 50%, as further detailed below.

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Revenue and EBITDA Targets for Corporate Incentive Plan (CIP) 2017

Revenue Achievement (as a percentage of target)	Funding of bonus pool based on Revenue Achievement	EBITDA Achievement (as a percentage of target)	Funding of Bonus Pool based on EBITDA Achievement
106.59%	200% (Maximum funding level CEO only)	146.15%	200% (Maximum funding level CEO only)
102.71%	125% (Maximum funding level, named executive officers other than for CEO)	130.77%	125% (Maximum funding level, named executive officers other than for CEO)
102.17%	120%	124.62%	120%
101.63%	115%	118.46%	115%
101.09%	110%	112.31%	110%
100.54%	105%	106.15%	105%
Target Revenue Achievement	100%	Target EBITDA Achievement	100%
98.06%	95%	94.23	95%

96.12%	90%	88.46	90%
94.96%	80%	84.62	80%
93.80%	70%	80.77	70%
92.64%	60%	76.92	60%
91.47%	50%	73.08	50%
90.31%	40%	69.23	40%
<90.31%	No payment for revenue achievement	<69.23%	No payment for EBITDA achievement
Actual Revenue Target Percentage Achievement	92.7%	**Actual EBITDA Target Percentage Achievement**	152.9%
Actual Revenue Target Payout Percentage (all NEOs)	60.4%	**Actual EBITDA Target Payout Percentage**	
		Christopher M. Carrington	200.0%
		Brian J. Delaney and Robert N. Pinkerton	125.0%

As noted above, during 2017, we were below the Revenue target by 7.3%, and we exceeded the EBITDA target by 52.9%. We believe the disclosure of the actual 2017 Revenue and EBITDA targets would cause competitive harm to us. We believe these targets were challenging because they required meaningful growth and success throughout our business for 2017. Under the CIP, each named executive officer was subject to a subjective personal modifier, determined by our compensation committee, which, based on 2017 actual performance, was 100% for our chief executive officer and for our chief operating officer and chief financial officer, were 100% and 100% respectively, resulting in the total CIP bonus payments, which were made in March 2018 and are described above.

Corporate Incentive Plan 2018

On March 19, 2018, our compensation committee approved the 2018 bonus targets under our CIP. For each of the named executive officers participating in the CIP, 2018 bonus targets were set as a fixed amount, which, as a percentage of base salary, ranged from 80% to 90%.

The target bonuses for our named executive officers at 100% achievement in 2018 under the CIP are set forth below:

Named Executive Officer	Target 2018 CIP Bonus at 100% Achievement	Maximum 2018 CIP Bonus
Christopher M. Carrington	$495,000 (90% of base salary)	$ 990,000
Brian J. Delaney	$382,500 (85% of base salary)	$ 765,000
Robert N. Pinkerton	$304,000 (80% of base salary)	$ 608,000

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Revenue and EBITDA Targets for Corporate Incentive Plan (CIP) 2018

Revenue Achievement (as a percentage of target)	Funding of bonus pool based on Revenue Achievement	EBITDA Achievement (as a percentage of target)	Funding of Bonus Pool based on EBITDA Achievement
106.1%	200%	210.1%	200%
103.4%	150%	*	*
102.0%	125%	131.3%	125%
Target Revenue Achievement	100%	Target EBITDA Achievement	100%
*	*	95.8%	95%
*	*	91.6%	90%
*	*	87.4%	80%
*	*	83.2%	70%
*	*	79.0%	60%

*	*	74.8%	50%
95.1%	50%	70.6%	40%
<95.1%	No payment for revenue achievement	<70.6%	No payment for EBITDA achievement

* For each performance metric, if the applicable achievement falls between any of the thresholds, the funding relating to the performance metric will be determined by linear interpolation.

We believe the disclosure of the actual 2018 Revenue and EBITDA targets would cause competitive harm to us. We believe these targets are challenging because they require meaningful growth and success throughout our business for 2018. Under the CIP, each named executive officer will be subject to a subjective personal modifier, as determined by our compensation committee when it determines the achievement of the performance targets for the 2018 fiscal year, on the date the Company files its Annual Report on Form 10-K for the 2018 fiscal year.

Equity-Based Rewards

We design our equity programs to be both responsible and competitive in relation to the market. We monitor the market and applicable laws and regulations and adjust our equity programs as appropriate. Restricted stock units are designed to reflect and reward a high level of sustained individual performance over time, as reflected in improved overall Company value. As described in more detail below, we design equity-based compensation to help retain talent over a period of time and to provide named executive officers with a long-term reward that aligns their interests with those of our stockholders.

Equity grants to our named executive officers are intended to ensure that equity compensation remains competitive within our industry group and geography. We consider a number of factors to determine the size of all equity grants, including competitive market factors, named executive officer performance, retention value and a review of the named executive officer s overall compensation package. In addition, our compensation committee regularly reviews equity utilization, overhang and burn rate both as compared to prior years and as compared to our peers. Named executive officers whose skills and results we deem essential to our long-term success are eligible to receive higher equity grants. The decision to make such grants has traditionally been based on rewarding performance, consistent with our pay-for-performance philosophy, and the equity ownership of our named executive officers in relation to the market surveys, taking into account the number of vested stock options and restricted stock units that our named executive officers hold, the strategic importance of the particular executive to our business, and the overall situation of our Company. Our compensation committee makes all equity grants.

Currently, we have no policy in place that requires us to grant equity-based compensation on specified dates. Our compensation committee reviews equity compensation for incumbent executives annually, typically in February or March of each year.

Restricted Stock Units. We use restricted stock units as the primary vehicle for equity compensation. Restricted stock units have the benefit of reducing the dilution associated with our equity compensation programs,

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