UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2017

OR

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _________ to _________

Commission File Number: 001-35429

BRIGHTCOVE INC.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**20-1579162** **(I.R.S. Employer Identification No.)**

290 Congress Street
Boston, MA 02210
(Address of principal executive offices)

(888) 882-1880
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 23, 2017 there were 34,632,678 shares of the registrant's common stock, $0.001 par value per share, outstanding.

BRIGHTCOVE INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Brightcove Inc.
Condensed Consolidated Balance Sheets
(unaudited)

	September 30, 2017	December 31, 2016
	(in thousands, except share and per share data)	
Assets		
Current assets:		
Cash and cash equivalents	$ 22,056	$ 36,813
Accounts receivable, net of allowance of $134 and $154 at September 30, 2017 and December 31, 2016, respectively	26,296	21,575
Prepaid expenses	4,174	3,729
Other current assets	2,938	2,168
Total current assets	55,464	64,285
Property and equipment, net	9,005	9,264
Intangible assets, net	8,910	10,970
Goodwill	50,776	50,776
Deferred tax asset	123	121
Other assets	931	1,008
Total assets	$ 125,209	$ 136,424
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 6,635	$ 5,327
Accrued expenses	13,319	15,705
Capital lease liability	334	489
Equipment financing	104	307
Deferred revenue	37,376	34,665
Total current liabilities	57,768	56,493
Deferred revenue, net of current portion	166	91
Other liabilities	1,253	1,644
Total liabilities	59,187	58,228
Commitments and contingencies *(Note 9)*		
Stockholders' equity:		
Undesignated preferred stock, $0.001 par value; 5,000,000 shares authorized; no shares issued	—	—
Common stock, $0.001 par value; 100,000,000 shares authorized; 34,757,289 and 34,143,148 shares issued at September 30, 2017 and December 31, 2016, respectively	35	34
Additional paid-in capital	236,628	230,788
Treasury stock, at cost; 135,000 shares	(871)	(871)
Accumulated other comprehensive loss	(843)	(1,172)
Accumulated deficit	(168,927)	(150,583)
Total stockholders' equity	66,022	78,196
Total liabilities and stockholders' equity	$ 125,209	$ 136,424

The accompanying notes are an integral part of these condensed consolidated financial statements.

Brightcove Inc.
Condensed Consolidated Statements of Operations
(unaudited)

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
	(in thousands, except share and per share data)			
Revenue:				
Subscription and support revenue	$ 36,496	$ 36,203	$ 106,266	$ 105,936
Professional services and other revenue	2,991	2,186	9,546	5,705
Total revenue	39,487	38,389	115,812	111,641
Cost of revenue: (1) (2)				
Cost of subscription and support revenue	12,924	11,691	38,180	35,041
Cost of professional services and other revenue	3,580	2,086	10,120	5,453
Total cost of revenue	16,504	13,777	48,300	40,494
Gross profit	22,983	24,612	67,512	71,147
Operating expenses: (1) (2)				
Research and development	7,820	7,704	24,293	22,385
Sales and marketing	14,551	13,334	44,356	39,845
General and administrative	5,961	5,126	17,228	14,190
Merger-related	—	—	—	21
Total operating expenses	28,332	26,164	85,877	76,441
Loss from operations	(5,349)	(1,552)	(18,365)	(5,294)
Other income (expense), net	71	(5)	523	(127)
Loss before income taxes	(5,278)	(1,557)	(17,842)	(5,421)
Provision for income taxes	118	61	305	202
Net loss	$ (5,396)	$ (1,618)	$ (18,147)	$ (5,623)
Net loss per share - basic and diluted	$ (0.16)	$ (0.05)	$ (0.53)	$ (0.17)
Weighted-average number of common shares used in computing net loss per share	34,500,868	33,345,161	34,269,639	32,956,186
(1) Stock-based compensation included in above line items:				
Cost of subscription and support revenue	$ 117	$ 94	$ 308	$ 204
Cost of professional services and other revenue	70	69	189	158
Research and development	384	372	1,132	942
Sales and marketing	690	651	1,953	1,630
General and administrative	557	495	1,712	1,331
(2) Amortization of acquired intangible assets included in above line items:				
Cost of subscription and support revenue	$ 508	$ 507	$ 1,523	$ 1,523
Research and development	—	32	11	95
Sales and marketing	166	245	525	715

The accompanying notes are an integral part of these condensed consolidated financial statements.

Brightcove Inc.
Condensed Consolidated Statements of Comprehensive Loss
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(in thousands)		(in thousands)	
Net loss	$ (5,396)	$ (1,618)	$(18,147)	$(5,623)
Other comprehensive income:				
Foreign currency translation adjustments	72	(13)	329	(244)
Comprehensive loss	$ (5,324)	$ (1,631)	$(17,818)	$(5,867)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Brightcove Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)

	Nine Months Ended September 30,	
	2017	2016
	(in thousands)	
Operating activities		
Net loss	$(18,147)	$ (5,623)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	5,607	5,901
Stock-based compensation	5,294	4,265
Provision for reserves on accounts receivable	152	233
Changes in assets and liabilities:		
Accounts receivable	(4,816)	(1,441)
Prepaid expenses and other current assets	(1,660)	(1,720)
Other assets	94	(200)
Accounts payable	2,021	(17)
Accrued expenses	(2,874)	1,953
Deferred revenue	2,677	4,278
Net cash (used in) provided by operating activities	(11,652)	7,629
Investing activities		
Cash paid for purchase of intangible asset	—	(300)
Purchases of property and equipment, net of returns	(990)	(1,194)
Capitalized internal-use software costs	(2,091)	(2,940)
Net cash used in investing activities	(3,081)	(4,434)
Financing activities		
Proceeds from exercise of stock options	379	4,392
Payments of withholding tax on RSU vesting	(175)	(216)
Proceeds from equipment financing	—	604
Payments on equipment financing	(229)	(196)
Payments under capital lease obligation	(383)	(682)
Net cash (used in) provided by financing activities	(408)	3,902
Effect of exchange rate changes on cash and cash equivalents	384	458
Net (decrease) increase in cash and cash equivalents	(14,757)	7,555
Cash and cash equivalents at beginning of period	36,813	27,637
Cash and cash equivalents at end of period	$ 22,056	$35,192

The accompanying notes are an integral part of these condensed consolidated financial statements.

Brightcove Inc.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(in thousands, except share and per share data, unless otherwise noted)

1. Business Description and Basis of Presentation

Business Description

Brightcove Inc. (the Company) is a leading global provider of cloud services for video which enable its customers to publish and distribute video to Internet-connected devices quickly, easily and in a cost-effective and high-quality manner.

The Company is headquartered in Boston, Massachusetts and was incorporated in the state of Delaware on August 24, 2004. At September 30, 2017, the Company had nine wholly-owned subsidiaries: Brightcove UK Ltd, Brightcove Singapore Pte. Ltd., Brightcove Korea, Brightcove Australia Pty Ltd, Brightcove Holdings, Inc., Brightcove Kabushiki Kaisha (Brightcove KK), Zencoder Inc. (Zencoder), Brightcove FZ-LLC, and Cacti Acquisition LLC.

Basis of Presentation

The accompanying interim condensed consolidated financial statements are unaudited. These condensed consolidated financial statements and notes should be read in conjunction with the audited consolidated financial statements and related notes, together with Management's Discussion and Analysis of Financial Condition and Results of Operations, contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the unaudited condensed consolidated financial statements and notes have been prepared on the same basis as the audited consolidated financial statements for the year ended December 31, 2016 contained in the Company's Annual Report on Form 10-K and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the Company's financial position for the three and nine months ended September 30, 2017 and 2016. These interim periods are not necessarily indicative of the results to be expected for any other interim period or the full year.

The Company considers events or transactions that occur after the balance sheet date but prior to the issuance of the financial statements to provide additional evidence for certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated as required. The Company has evaluated all subsequent events and determined that there are no material recognized or unrecognized subsequent events requiring disclosure, other than those disclosed in this Report on Form 10-Q.

The accompanying condensed consolidated financial statements reflect the application of certain significant accounting policies as described below and elsewhere in these notes to the condensed consolidated financial statements. As of September 30, 2017, the Company's significant accounting policies and estimates, which are detailed in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, have not changed, except for the adoption of Accounting Standards Update (ASU) No. 2016-09, *Compensation – Stock Compensation*, which is discussed further in Note 7.

2. Concentration of Credit Risk

The Company has no significant off-balance sheet risk, such as foreign exchange contracts, option contracts or other foreign hedging arrangements. Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash, cash equivalents and trade accounts receivable. The Company maintains its cash and cash equivalents principally with accredited financial institutions of high credit standing. Although the Company deposits its cash with multiple financial institutions, its deposits, at times, may exceed federally insured limits. The Company routinely assesses the creditworthiness of its customers. The Company generally has not experienced any material losses related to receivables from individual customers, or groups of customers. The Company does not require collateral. Due to these factors, no additional credit risk beyond amounts provided for collection losses is believed by management to be probable in the Company's accounts receivable.

At September 30, 2017 and December 31, 2016, no individual customer accounted for 10% or more of net accounts receivable. For the three and nine months ended September 30, 2017 and 2016, no individual customer accounted for 10% or more of total revenue.

3. Concentration of Other Risks

The Company is dependent on certain content delivery network providers who provide digital media delivery functionality enabling the Company's on-demand application service to function as intended for the Company's customers and ultimate end-users. The disruption of these services could have a material adverse effect on the Company's business, financial position, and results of operations.

4. Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. Management determines the appropriate classification of investments at the time of purchase, and re-evaluates such determination at each balance sheet date. The Company did not have any short-term or long-term investments at September 30, 2017 or December 31, 2016.

Cash and cash equivalents primarily consist of cash on deposit with banks and amounts held in interest-bearing money market accounts. Cash equivalents are carried at cost, which approximates their fair market value.

Cash and cash equivalents as of September 30, 2017 consist of the following:

	September 30, 2017			
Description	Contracted Maturity	Amortized Cost	Fair Market Value	Balance Per Balance Sheet
Cash	Demand	$ 13,916	$ 13,916	$ 13,916
Money market funds	Demand	8,140	8,140	8,140
Total cash and cash equivalents		$ 22,056	$ 22,056	$ 22,056

Cash and cash equivalents as of December 31, 2016 consist of the following:

	December 31, 2016			
Description	Contracted Maturity	Amortized Cost	Fair Market Value	Balance Per Balance Sheet
Cash	Demand	$ 23,942	$ 23,942	$ 23,942
Money market funds	Demand	12,871	12,871	12,871
Total cash and cash equivalents		$ 36,813	$ 36,813	$ 36,813

5. Net Loss per Share

The following potentially dilutive common stock equivalent shares have been excluded from the computation of weighted-average shares outstanding as their effect would have been anti-dilutive (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Options outstanding	4,106	4,152	4,134	4,419
Restricted stock units outstanding	2,111	1,752	1,945	1,604
Warrants	—	21	—	26

6. Fair Value of Financial Instruments

The following tables set forth the Company's financial instruments carried at fair value using the lowest level of input as of September 30, 2017 and December 31, 2016:

	September 30, 2017			
	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Money market funds	$ 8,140	$ —	$ —	$ 8,140
Total assets	$ 8,140	$ —	$ —	$ 8,140

	December 31, 2016			
	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Money market funds	$ 12,871	$ —	$ —	$12,871
Total assets	$ 12,871	$ —	$ —	$12,871

7. Stock-based Compensation

The fair value of stock options granted was estimated at the date of grant using the following weighted-average assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Expected life in years	6.2	6.2	6.1	6.1
Risk-free interest rate	2.11%	1.35%	2.08%	1.41%
Volatility	42%	45%	42%	45%
Dividend yield	—	—	—	—
Weighted-average fair value of stock options granted	$ 3.03	$ 4.98	$ 3.07	$ 4.17

The Company recorded stock-based compensation expense of $1,818 and $1,681 for the three months ended September 30, 2017 and 2016, respectively, and $5,294 and $4,265 for the nine months ended September 30, 2017 and 2016, respectively. In July 2017, the Company entered into a separation agreement with its former Chief Executive Officer ("CEO"), which accelerated the vesting schedule of certain existing stock-based awards held by the CEO. The incremental stock-based compensation expense as a result of the modification of these stock-based awards was $186 for the three months ended September 30, 2017. Further, the vesting schedule of certain other stock-based awards held by the CEO accelerates upon a change in control of the Company on or prior to December 31, 2017, which would result in an additional $220 of stock-based compensation expense upon such change in control. As of September 30, 2017, there was $20,389 of unrecognized stock-based compensation expense related to stock-based awards that is expected to be recognized over a weighted-average period of 2.26 years.

On January 1, 2017, the Company adopted ASU No. 2016-09. ASU 2016-09 identifies areas for simplification involving several aspects of accounting for share based payments, including income tax consequences, classification of awards as either equity or liabilities, an option to make a policy election to recognize gross share based compensation expense with actual forfeitures recognized as they occur as well as certain classification changes on the statement of cash flows. In connection with the adoption of this standard, the Company changed its accounting policy to record actual forfeitures as they occur, rather than estimating forfeitures by applying a forfeiture rate. As this policy change was applied prospectively, prior periods have not been adjusted. The Company recorded a cumulative effect adjustment in the three months ended March 31, 2017, which increased accumulated deficit and additional paid-in-capital by $197.

The following is a summary of the status of the Company's stock options as of September 30, 2017 and the stock option activity during the nine months ended September 30, 2017.

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value (1)
Outstanding at December 31, 2016	4,150,584	$ 7.17		
Granted	472,727	7.00		
Exercised	(198,555)	1.91		$ 1,159
Canceled	(270,498)	8.42		
Outstanding at September 30, 2017	4,154,258	$ 7.32	6.48	$ 4,182
Exercisable at September 30, 2017	2,275,052	$ 7.22	4.93	$ 3,212

(1) The aggregate intrinsic value was calculated based on the positive difference between the fair value of the Company's common stock on September 30, 2017 of $7.20 per share, or the date of exercise, as appropriate, and the exercise price of the underlying options.

The following table summarizes the restricted stock unit activity during the nine months ended September 30, 2017:

	Shares	Weighted Average Grant Date Fair Value
Unvested by December 31, 2016	1,902,577	$ 7.84
Granted	1,154,473	6.91
Vested and issued	(415,586)	7.64
Canceled	(229,030)	8.02
Unvested by September 30, 2017	2,412,434	$ 7.40

8. Income Taxes

For the three months ended September 30, 2017 and 2016, the Company recorded income tax expense of $118 and $61, respectively. For the nine months ended September 30, 2017 and 2016, the Company recorded income tax expense of $305 and $202, respectively. The income tax expense relates principally to the Company's foreign operations.

The Company has evaluated the positive and negative evidence bearing upon the realizability of its U.S. net deferred tax assets. As required by the provisions of Accounting Standards Codification (ASC) 740, *Income Taxes*, management has determined that it is more-likely-than-not that the Company will not utilize the benefits of federal and state U.S. net deferred tax assets for financial reporting purposes. Accordingly, the net deferred tax assets are subject to a valuation allowance at September 30, 2017 and

December 31, 2016. Based on the level of historical income in Japan and future projections, the Company believes it is probable it will realize the benefits of its future deductible differences. As such, the Company has not recorded a valuation allowance against its net deferred tax assets in Japan as of September 30, 2017 and December 31, 2016. The Company's income tax return reporting periods since December 31, 2012 are open to income tax audit examination by the federal and state tax authorities. In addition, because the Company has net operating loss carryforwards, the Internal Revenue Service is permitted to audit earlier years and propose adjustments up to the amount of net operating losses generated in those years. There are currently no federal, state or foreign audits in progress.

9. Commitments and Contingencies

Legal Matters

The Company, from time to time, is party to litigation arising in the ordinary course of business. Management does not believe that the outcome of these claims will have a material adverse effect on the consolidated financial position, results of operations or cash flows of the Company based on the status of proceedings at this time.

On May 22, 2017, a lawsuit was filed against Brightcove and two individuals by Ooyala, Inc. ("Ooyala") and Ooyala Mexico S. de R.L. de C.V. ("Ooyala Mexico"). The lawsuit, which was filed in the United States District Court for the District of Massachusetts, concerns allegations that the two individuals, who are former employees of Ooyala Mexico, misappropriated customer information and other trade secrets and used that information in working for Brightcove. The complaint was amended on June 1, 2017 to remove claims against the two former employees of Ooyala Mexico. The remaining claims against Brightcove are for violation of the Defend Trade Secrets Act of 2016 (18 U.S.C. §1836), violation of the Massachusetts trade secret statute (M.G.L. c. 93, §42), violation of Massachusetts Chapter 93A (M.G.L. c. 93A, §11), and tortious interference with advantageous business relationships. Ooyala and Ooyala Mexico also filed a motion for preliminary injunction (amended at the same time the complaint was amended), seeking to enjoin Brightcove from using any of the allegedly misappropriated information or communicating with customers whose information was allegedly taken, and seeking the return of any information that was taken. On June 16, 2017, Brightcove filed an opposition to the motion for preliminary injunction, and also moved to dismiss the lawsuit. Brightcove's motion to dismiss was denied on September 6, 2017. The court has not ruled on Ooyala's motion for preliminary injunction. On October 18, 2017, the court granted the parties' motion to stay the litigation, and the litigation is currently stayed. The Company cannot yet determine whether it is probable that a loss will be incurred in connection with this complaint, nor can the Company reasonably estimate the potential loss, if any.

Guarantees and Indemnification Obligations

The Company typically enters into indemnification agreements in the ordinary course of business. Pursuant to these agreements, the Company indemnifies and agrees to reimburse the indemnified party for losses and costs incurred by the indemnified party, generally the Company's customers, in connection with patent, copyright, trade secret, or other intellectual property or personal right infringement claim by third parties with respect to the Company's technology. The term of these indemnification agreements is generally perpetual after execution of the agreement. Based on when customers first subscribe for the Company's service, the maximum potential amount of future payments the Company could be required to make under certain of these indemnification agreements is unlimited, however, more recently the Company has typically limited the maximum potential value of such potential future payments in relation to the value of the contract. Based on historical experience and information known as of September 30, 2017, the Company has not incurred any costs for the above guarantees and indemnities. The Company has received requests for indemnification from customers in connection with patent infringement suits brought against the customer by a third party. To date, the Company has not agreed that the requested indemnification is required by the Company's contract with any such customer.

In certain circumstances, the Company warrants that its products and services will perform in all material respects in accordance with its standard published specification documentation in effect at the time of delivery of the licensed products and services to the customer for the warranty period of the product or service. To date, the Company has not incurred significant expense under its warranties and, as a result, the Company believes the estimated fair value of these agreements is immaterial.

10. Debt

On November 19, 2015, the Company entered into an amended and restated loan and security agreement with a lender (the "Loan Agreement") providing for up to a $20.0 million asset based line of credit (the "Line of Credit"). Under the Line of Credit, the Company can borrow up to $20.0 million. Borrowings under the Line of Credit are secured by substantially all of the Company's assets, excluding our intellectual property. Outstanding amounts under the Line of Credit accrue interest at a rate equal to the prime rate or the LIBOR rate plus 2.5%. Under the Loan Agreement, the Company must comply with certain financial covenants, including maintaining a minimum asset coverage ratio. If the outstanding principal during any month is at least $15.0 million, the Company must also maintain a minimum net income threshold based on non-GAAP operating measures. Failure to comply with these covenants, or the occurrence of an event of default, could permit the lender under the Line of Credit to declare all amounts borrowed under the Line of Credit, together with accrued interest and fees, to be immediately due and payable. The Company was in compliance with all covenants under the Line of Credit as of September 30, 2017. As the Company has not drawn on the Line of Credit, there are no amounts outstanding as of September 30, 2017.

On December 31, 2015, the Company entered into an equipment financing agreement with a lender (the "December 2015 Equipment Financing Agreement") to finance the purchase of $604 in computer equipment. In February 2016, the Company drew down $604 under the December 2015 Equipment Financing Agreement, and the liability was recorded at fair value using a market interest rate. The Company is repaying its obligation over a two year period through January 2018, and the amount outstanding was $104 as of September 30, 2017.

11. Segment Information

Geographic Data

Total revenue from unaffiliated customers by geographic area, based on the location of the customer, was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenue:				
North America	$22,726	$23,246	$ 68,205	$ 68,913
Europe	6,097	6,412	18,177	18,843
Japan	4,129	4,243	12,416	11,447
Asia Pacific	6,363	4,136	16,490	11,495
Other	172	352	524	943
Total revenue	$39,487	$38,389	$115,812	$111,641

North America is comprised of revenue from the United States, Canada and Mexico. Revenue from customers located in the United States was $21,131 and $21,793 during the three months ended September 30, 2017 and 2016, respectively, and $63,744 and $64,615 during the nine months ended September 30, 2017 and 2016, respectively. Other than the United States and Japan, no other country contributed more than 10% of the Company's total revenue during the three and nine months ended September 30, 2017 and 2016.

As of September 30, 2017 and December 31, 2016, property and equipment at locations outside the U.S. was not material.

12. Recently Issued and Adopted Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which modifies how all entities recognize revenue, and consolidates into one ASC Topic (ASC Topic 606, *Revenue from Contracts with Customers*) the current guidance found in ASC Topic 605, and various other revenue accounting standards for specialized transactions and industries. ASU 2014-09 outlines a comprehensive five-step revenue recognition model based on the principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 may be applied using either a full retrospective approach, under which all years included in the financial statements will be presented under the revised guidance, or a modified retrospective approach, under which financial statements will be prepared under the revised guidance for the year of adoption, but not for prior years. Under the latter method, entities will recognize a cumulative catch-up adjustment to the opening balance of retained earnings at the effective date for contracts that still require performance by the entity at the date of adoption.

In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of Effective Date*, which defers the effective date of ASU 2014-09 by one year. ASU 2014-09 is now effective for annual reporting periods beginning after December 15, 2017, including interim periods within those annual reporting periods. The Company has developed an implementation plan to adopt this new guidance. As part of this plan, the Company is currently assessing the impact of the new guidance on its results of operations. Based on the Company's procedures performed to date, nothing has come to its attention that would indicate that the adoption of ASU 2014-09 will have a material impact on its revenue recognition on cloud offerings; however, further analysis is required and the Company will continue to evaluate this assessment throughout 2017. While the Company is still evaluating the impact that this guidance will have on its financial statements and related disclosures, the Company's preliminary assessment is that there will be an impact relating to the accounting for costs to acquire a contract. Under the standard, the Company will be required to capitalize certain costs, primarily commission expense to sales representatives, on its consolidated balance sheet and amortize such costs over the period of performance for the underlying customer contracts. The Company is still evaluating the impact of capitalizing costs to execute a contract.

The Company intends to adopt ASU 2014-09 on January 1, 2018. The Company has elected to apply the modified retrospective method of adoption.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842), Amendments to the FASB Accounting Standards Codification*, which replaces the existing guidance for leases. ASU 2016-02 requires the identification of arrangements that should be accounted for as leases by lessees. In general, lease arrangements exceeding a twelve month term must now be recognized as assets and liabilities on the balance sheet of the lessee. Under ASU 2016-02, a right-of-use asset and lease obligation will be recorded for all leases, whether operating or financing, while the income statement will reflect lease expense for operating leases and amortization/interest expense for financing leases. The balance sheet amount recorded for existing leases at the date of adoption of ASU 2016-02 must be calculated using the applicable incremental borrowing rate at the date of adoption. In addition, ASU 2016-02 requires the use of the modified retrospective method, which will require adjustment to all comparative periods presented in the consolidated financial statements. This guidance is effective for annual and interim periods beginning after December 15, 2018 and requires retrospective application. The Company is currently assessing the impact that adopting ASU 2016-02 will have on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which reduces the diversity in how certain transactions are classified in the statement of cash flows. ASU 2016-15 is effective for public companies for annual and interim periods beginning after December 15, 2017. Early adoption is permitted. The guidance requires application using a retrospective transition method. The adoption of ASU 2016-15 is not expected to have a material effect on the Company's consolidated financial statements or disclosures.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires an entity to reconcile and explain the period-over-period change in total cash, cash equivalents and restricted cash within its statement of cash flows. ASU 2016-18 is effective for annual and interim periods beginning after December 15, 2017. Early adoption is permitted. A reporting entity must apply the amendments in ASU 2016-18 using a full retrospective approach. The adoption of ASU 2016-18 is not expected to have a material effect on the Company's consolidated financial statements or disclosures.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2016.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. The statements contained in this Quarterly Report on Form 10-Q that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or Exchange Act. Such forward-looking statements include any expectation of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations; factors that may affect our operating results; statements related to adding employees; statements related to future capital expenditures; statements related to future economic conditions or performance; statements as to industry trends and other matters that do not relate strictly to historical facts or statements of assumptions underlying any of the foregoing. Forward-looking statements are often identified by the use of words such as, but not limited to, "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "will," "plan," "project," "seek," "should," "target," "will," "would," and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included in Item 1A of Part II of this Quarterly Report on Form 10-Q, our Annual Report on Form 10-K for the year ended December 31, 2016 and the risks discussed in our other SEC filings. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Company Overview

We are a leading global provider of cloud-based services for video. We were incorporated in Delaware in August 2004 and our headquarters are in Boston, Massachusetts. Our suite of products and services reduce the cost and complexity associated with publishing, distributing, measuring and monetizing video across devices.

Brightcove Video Cloud, or Video Cloud, our flagship product released in 2006, is the world's leading online video platform. Video Cloud enables our customers to publish and distribute video to Internet-connected devices quickly, easily and in a cost-effective and high-quality manner. Brightcove Zencoder, or Zencoder, is a cloud-based video encoding service. Brightcove Once, or Once, is an innovative, cloud-based ad insertion and video stitching service that addresses the limitations of traditional online video ad insertion technology. Brightcove Perform, or Perform, is a cloud-based service for creating and managing video player experiences. Brightcove Video Marketing Suite, or Video Marketing Suite, is a comprehensive suite of video technologies designed to address the needs of marketers to drive awareness, engagement and conversion. Brightcove Lift, or Lift, is a solution designed to defeat ad blockers, optimize ad delivery and deliver a premium TV-like viewing experience across connected platforms. Brightcove OTT Flow, powered by Accedo, or OTT Flow, is a service for media companies and content owners to rapidly deploy high-quality, direct-to-consumer, live and on-demand video services across platforms. Brightcove Enterprise Video Suite, or Enterprise Video Suite, is an enterprise-class platform for internal communications, employee training, live streaming, marketing and ecommerce videos.

Our philosophy for the next few years will continue to be to invest in our product strategy and development, sales, and go-to-market activities to support our long-term revenue growth. We believe these investments will help us address some of the challenges facing our business such as demand for our products by existing and potential customers, rapid technological change in our industry, increased competition and resulting price sensitivity. These investments include support for the expansion of our infrastructure within our hosting facilities, the hiring of additional technical and sales personnel, the innovation of new features for existing products and the development of new products. We believe this strategy will help us retain our existing customers, increase our average annual subscription revenue per premium customer and lead to the acquisition of new customers. Additionally, we believe customer growth will enable us to achieve economies of scale which will reduce our cost of goods sold, research and development and general and administrative expenses as a percentage of total revenue.

As of September 30, 2017, we had 506 employees and 4,210 customers, of which 2,097 used our volume offerings and 2,113 used our premium offerings. As of September 30, 2016, we had 471 employees and 4,647 customers, of which 2,666 used our volume offerings and 1,981 used our premium offerings.

We generate revenue by offering our products to customers on a subscription-based, software as a service, or SaaS, model. Our revenue grew from $111.6 million in the nine months ended September 30, 2016 to $115.8 million in the nine months ended September 30, 2017, primarily related to an increase in revenue from professional services engagements and to a lesser extent our subscription-based software as a service. Our consolidated net loss was $18.1 million and $5.6 million for the nine months ended September 30, 2017 and 2016, respectively. Included in consolidated net loss for the nine months ended September 30, 2017 was stock-based compensation expense and amortization of acquired intangible assets of $5.3 million and $2.1 million, respectively. Included in consolidated net loss for the nine months ended September 30, 2016 was stock-based compensation expense and amortization of acquired intangible assets of $4.3 million and $2.3 million, respectively.

For the nine months ended September 30, 2017 and 2016, our revenue derived from customers located outside North America was 41% and 38%, respectively. We expect the percentage of total net revenue derived from outside North America to increase in future periods as we continue to expand our international operations.

Key Metrics

We regularly review a number of metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions.

- *Number of Customers*. We define our number of customers at the end of a particular quarter as the number of customers generating subscription revenue at the end of the quarter. We believe the number of customers is a key indicator of our market penetration, the productivity of our sales organization and the value that our products bring to our customers. We classify our customers by including them in either premium or volume offerings. Our premium offerings include our premium Video Cloud customers (Enterprise and Pro editions), our Zencoder customers (other than Zencoder customers on month-to-month contracts and pay-as-you-go contracts), our Once customers, our Perform customers, our Video Marketing Suite customers, our Lift customers, our OTT Flow customers and our Enterprise Video Suite customers. Our volume offerings include our Video Cloud Express customers and our Zencoder customers on month-to-month contracts and pay-as-you-go contracts.

  As of September 30, 2017, we had 4,210 customers, of which 2,097 used our volume offerings and 2,113 used our premium offerings. As of September 30, 2016, we had 4,647 customers, of which 2,666 used our volume offerings and 1,981 used our premium offerings. During 2013, we shifted our go-to-market focus and growth strategy to expanding our premium customer base, as we believe our premium customers represent a greater opportunity for our solutions. Volume customers decreased since 2013 primarily due to our discontinuation of the promotional Video Cloud Express offering. As a result, we have experienced attrition of this base level offering without a corresponding addition of customers. We expect customers using our volume offerings to continue to decrease in 2017 and beyond as we continue to focus on the market for our premium solutions and adjust Video Cloud Express price levels.

- *Recurring Dollar Retention Rate*. We assess our ability to retain customers using a metric we refer to as our recurring dollar retention rate. We calculate the recurring dollar retention rate by dividing the retained recurring value of subscription revenue for a period by the previous recurring value of subscription revenue for the same period. We define retained recurring value of subscription revenue as the committed subscription fees for all contracts that renew in a given period, including any increase or decrease in contract value. We define previous recurring value of subscription revenue as the recurring value from committed subscription fees for all contracts that expire in that same period. We typically calculate our recurring dollar retention rate on a monthly basis. Recurring dollar retention rate provides visibility into our ongoing revenue. The recurring dollar retention rate decreased from 97% during the nine months ended September 30, 2016 to 90% during the nine months ended September 30, 2017. The decrease is primarily due to the loss of certain customers as well as a reduction in contract value, based on certain commodity elements being repriced within our media market.

- *Average Annual Subscription Revenue Per Premium Customer*. We define average annual subscription revenue per premium customer as the total subscription revenue from premium customers for an annual period, excluding professional services revenue, divided by the average number of premium customers for that period. We believe that this metric is important in understanding subscription revenue for our premium offerings in addition to the relative size of premium customer arrangements. We began selling our Starter edition to customers in the second quarter of 2016. We consider Starter to be a premium offering and thus include Starter customers as premium customers. Our Starter edition has a price point of $199 or $499 per month, and as of the first quarter of 2017, sales of our Starter edition have reached such a level that we have determined that the overall average annual subscription revenue per premium customer is a more meaningful metric if we exclude revenue from Starter edition customers. As such, we now disclose the average annual subscription revenue per premium customer separately for Starter edition customers and all other premium customers.

The following table includes our key metrics for the periods presented:

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Customers (at period end)		
Volume	2,097	2,666
Premium	2,113	1,981
Total customers (at period end)	4,210	4,647
Recurring dollar retention rate	90%	97%
Average annual subscription revenue per premium customer, excluding Starter edition customers (in thousands)	$ 70.0	$ 70.0
Average annual subscription revenue per premium customer for Starter edition customers only (in thousands)	$ 5.0	$ 4.0

Components of Consolidated Statements of Operations

Revenue

Subscription and Support Revenue — We generate subscription and support revenue from the sale of our products.

Video Cloud is offered in two product lines. The first product line is comprised of our premium product editions, Pro and Enterprise. All Pro and Enterprise editions include functionality to publish and distribute video to Internet-connected devices. The Enterprise edition provides additional features and functionality such as a multi-account environment and IP-restricted players. Customer arrangements are typically one year contracts, which include a subscription to Video Cloud, basic support and a pre-determined amount of video streams, bandwidth, and managed content (which includes storage). We also offer gold support or platinum support to our premium customers for an additional fee, which includes extended phone support. The pricing for our premium editions is based on the value of our software, as well as the number of users, accounts and usage, which is comprised of video streams, bandwidth and managed content. Should a customer's usage exceed the contractual entitlements, the contract will provide the rate at which the customer must pay for actual usage above the contractual entitlements. We believe that our bundled pricing approach has made it easier for our customers to purchase all of the elements required to manage, store and deliver their video assets to their viewers. Pricing for some of the non-software elements of our products, however—such as bandwidth and managed content (primarily storage)—has been subject to moderate but consistent pricing pressure as a result of competition among bandwidth and cloud infrastructure providers. This pricing pressure has not historically had a meaningful impact on our results of operations. During the nine months ended September 30, 2017, we experienced an unexpected, significant increase in the impact of the price competition among bandwidth and cloud infrastructure providers in the markets for these increasingly commoditized non-software services. As a result, our recurring dollar retention rate decreased in the nine months ended September 30, 2017. We have taken steps to reduce the portion of our revenue that is subject to such pricing pressure by bringing new solutions, such as Dynamic Delivery (formerly known as Bolt), to market. We believe that these new solutions increase the value of our software platform to customers and allow us to retain a larger portion of the customers' total contract value while reducing the revenue related to non-software elements. However, as a result of the impact of the commoditization of the non-software elements, we now expect that our subscription revenue growth rate will be impacted through the first quarter of 2018.

The second product line is comprised of our volume product edition, which we refer to as our Express edition. Our Express edition targets small and medium-sized businesses, or SMBs. The Express edition provides customers with the same basic functionality that is offered in our premium product editions but has been designed for customers who have lower usage requirements and do not typically seek advanced features and functionality. We discontinued the lower level pricing options for the Express edition and expect the total number of customers using the Express edition to continue to decrease. Customers who purchase the Express edition generally enter into month-to-month agreements. Express customers are generally billed on a monthly basis and pay via a credit card.

Zencoder is offered to customers on a subscription basis, with either committed contracts or pay-as-you-go contracts. The pricing is based on usage, which is comprised of minutes of video processed. The committed contracts include a fixed number of minutes of video processed. Should a customer's usage exceed the contractual entitlements, the contract will provide the rate at which the customer must pay for actual usage above the contractual entitlements. Zencoder customers are considered premium customers other than Zencoder customers on month-to-month contracts or pay-as-you-go contracts, which are considered volume customers.

Once is offered to customers on a subscription basis, with varying levels of functionality, usage entitlements and support based on the size and complexity of a customer's needs.

Perform is offered to customers on a subscription basis. Customer arrangements are typically one-year contracts, which include a subscription to Perform, basic support and a pre-determined amount of video streams. We also offer gold support or platinum support to our Perform customers for an additional fee, which includes extended phone support. The pricing for Perform is based on the number of users, accounts and usage, which is comprised of video streams. Should a customer's usage exceed the contractual entitlements, the contract will provide the rate at which the customer must pay for actual usage above the contractual entitlements.

Video Marketing Suite and Enterprise Video Suite are offered to customers on a subscription basis in Starter, Pro and Enterprise editions. The Pro and Enterprise customer arrangements are typically one-year contracts, which typically include a subscription to Video Cloud, Gallery, Brightcove Social (for Video Marketing Suite customers) or Brightcove Live (for Enterprise Video Suite customers), basic support and a pre-determined amount of video streams or plays, bandwidth and managed content or videos. We also generally offer gold support or platinum support to these customers for an additional fee, which includes extended phone support. The pricing for our Pro and Enterprise editions is based on the number of users, accounts and usage, which is comprised of video streams or plays, bandwidth and managed content or videos. Should a customer's usage exceed the contractual entitlements, the contract will provide the rate at which the customer must pay for actual usage above the contractual entitlements. The Starter edition provides customers with the same basic functionality that is offered in our Pro and Enterprise editions but has been designed for customers who have lower usage requirements and do not typically seek advanced features and functionality. Customers who purchase the Starter edition may enter into one-year agreements or month-to-month agreements. Starter customers with month-to-month agreements are generally billed on a monthly basis and pay via a credit card.

Lift is offered to customers on a subscription basis. Customer arrangements are typically one year contracts, which include a subscription to Lift, basic support and a pre-determined amount of video streams. We also offer gold support or platinum support to our Lift customers for an additional fee, which includes extended phone support. The pricing for Lift is based on the number of users, accounts and usage, which is comprised of video streams. Should a customer's usage exceed the contractual entitlements, the contract will provide the rate at which the customer must pay for actual usage above the contractual entitlements.

OTT Flow is offered to customers on a subscription basis, with varying levels of functionality, usage entitlements and support based on the size and complexity of a customer's needs. Customer arrangements are typically one-year contracts.

All Once, Perform, Video Marketing Suite, Enterprise Video Suite, Lift and OTT Flow customers are considered premium customers.

Professional Services and Other Revenue — Professional services and other revenue consists of services such as implementation, software customizations and project management for customers who subscribe to our premium editions. These arrangements are priced either on a fixed fee basis with a portion due upon contract signing and the remainder due when the related services have been completed, or on a time and materials basis.

Cost of Revenue

Cost of subscription, support and professional services revenue primarily consists of costs related to supporting and hosting our product offerings and delivering our professional services. These costs include salaries, benefits, incentive compensation and stock-based compensation expense related to the management of our data centers, our customer support team and our professional services staff. In addition to these expenses, we incur third-party service provider costs such as data center and content delivery network, or CDN, expenses, allocated overhead, depreciation expense and amortization of capitalized internal-use software development costs and acquired intangible assets. We allocate overhead costs such as rent, utilities and supplies to all departments based on relative headcount. As such, general overhead expenses are reflected in cost of revenue in addition to each operating expense category. The costs associated with providing professional services are significantly higher as a percentage of related revenue than the costs associated with delivering our subscription and support services due to the labor costs of providing professional services.

Cost of revenue increased in absolute dollars from the first nine months of 2016 to the first nine months of 2017. In future periods we expect our cost of revenue will increase in absolute dollars as our revenue increases. We also expect that cost of revenue as a percentage of revenue will decrease over time as we are able to achieve economies of scale in our business. However, cost of revenue as a percentage of revenue could fluctuate from period to period depending on the growth of our professional services business and any associated costs relating to the delivery of subscription services and the timing of significant expenditures. To the extent that our customer base grows, we intend to continue to invest additional resources in expanding the delivery capability of our products and other services. The timing of these additional expenses could affect our cost of revenue, both in terms of absolute dollars and as a percentage of revenue, in any particular quarterly or annual period.

Operating Expenses

We classify our operating expenses as follows:

Research and Development. Research and development expenses consist primarily of personnel and related expenses for our research and development staff, including salaries, benefits, incentive compensation and stock-based compensation, in addition to the costs associated with contractors and allocated overhead. We have focused our research and development efforts on expanding the functionality and scalability of our products and enhancing their ease of use, as well as creating new product offerings. We expect research and development expenses to increase in absolute dollars as we intend to continue to periodically release new features and functionality, expand our product offerings, continue the localization of our products in various languages, upgrade and extend our service offerings, and develop new technologies. Over the long term, we believe that research and development expenses as a percentage of revenue will decrease, but will vary depending upon the mix of revenue from new and existing products, features and functionality, as well as changes in the technology that our products must support, such as new operating systems or new Internet-connected devices.

Sales and Marketing. Sales and marketing expenses consist primarily of personnel and related expenses for our sales and marketing staff, including salaries, benefits, incentive compensation, commissions, stock-based compensation and travel costs, amortization of acquired intangible assets, in addition to costs associated with marketing and promotional events, corporate communications, advertising, other brand building and product marketing expenses and allocated overhead. Our sales and marketing expenses have increased in absolute dollars in each of the last three years. We intend to continue to invest in sales and marketing and increase the number of sales representatives to add new customers and expand the sale of our product offerings within our existing customer base, build brand awareness and sponsor additional marketing events. Accordingly, in future periods we expect sales and marketing expense to increase in absolute dollars and continue to be our most significant operating expense. Over the long term, we believe that sales and marketing expense as a percentage of revenue will decrease, but will vary depending upon the mix of revenue from new and existing customers and from small, medium-sized and enterprise customers, as well as changes in the productivity of our sales and marketing programs.

General and Administrative. General and administrative expenses consist primarily of personnel and related expenses for executive, legal, finance, information technology and human resources functions, including salaries, benefits, incentive compensation and stock-based compensation, in addition to the costs associated with professional fees, insurance premiums, other corporate expenses and allocated overhead. In future periods we expect general and administrative expenses to increase in absolute dollars as we continue to incur additional personnel and professional services costs in order to support the growth of our business. Over the long term, we believe that general and administrative expenses as a percentage of revenue will decrease.

Merger-related. Merger-related costs consisted of transaction expenses incurred as part of the acquisition of substantially all of the assets of Unicorn Media, Inc. and certain of its subsidiaries, or Unicorn, as well as costs associated with the retention of key employees of Unicorn. Approximately $1.5 million was required to be paid to retain certain key employees from the Unicorn acquisition. The period in which these services were performed varies by employee. Given that the retention amount was related to a future service requirement, the related expense was recorded as merger-related compensation expense in the consolidated statements of operations over the expected service period.

Other Expense

Other expense consists primarily of interest income earned on our cash, cash equivalents, foreign exchange gains and losses and interest expense payable on our debt.

Income Taxes

As part of the process of preparing our consolidated financial statements, we are required to estimate our taxes in each of the jurisdictions in which we operate. We account for income taxes in accordance with the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based on temporary differences between the financial reporting and income tax bases of assets and liabilities using statutory rates. In addition, this method requires a valuation allowance against net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. We have provided a valuation allowance against our existing net deferred tax assets at September 30, 2017, with the exception of the deferred tax assets related to Brightcove KK.

Stock-Based Compensation Expense

Our cost of revenue, research and development, sales and marketing, and general and administrative expenses include stock-based compensation expense. Stock-based compensation expense represents the fair value of outstanding stock options and restricted stock awards, which is recognized as expense over the respective stock option and restricted stock award service periods. For the three months ended September 30, 2017 and 2016, we recorded \$1.8 million and \$1.7 million, respectively, of stock-based compensation expense. For the nine months ended September 30, 2017 and 2016, we recorded \$5.3 million and \$4.3 million, respectively, of stock-based compensation expense. We expect stock-based compensation expense to increase in absolute dollars in future periods.

Foreign Currency Translation

With regard to our international operations, we frequently enter into transactions in currencies other than the U.S. dollar. As a result, our revenue, expenses and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the euro, British pound, Australian dollar, and Japanese yen. For the three months ended September 30, 2017 and 2016, 46% and 43%, respectively, of our revenue was generated in locations outside the United States. For the nine months ended September 30, 2017 and 2016, 45% and 42%, respectively, of our revenue was generated in locations outside the United States. During the three months ended September 30, 2017 and 2016, 28% and 29%, respectively, of our revenue was in currencies other than the U.S. dollar, as were some of the associated expenses. During each of the nine months ended September 30, 2017 and 2016, 28% of our revenue was in currencies other than the U.S. dollar, as were some of the associated expenses. In periods when the U.S. dollar declines in value as compared to the foreign currencies in which we conduct business, our foreign currency-based revenue and expenses generally increase in value when translated into U.S. dollars. We expect our foreign currency-based revenue to increase in absolute dollars and as a percentage of total revenue.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from these estimates under different assumptions or conditions.

We consider the assumptions and estimates associated with revenue recognition, allowance for doubtful accounts, software development costs, income taxes, business combinations, intangible assets, goodwill and stock-based compensation to be our critical accounting policies and estimates. There have been no material changes to our critical accounting policies since December 31, 2016.

For a detailed explanation of the judgments made in these areas, refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2016, which we filed with the Securities and Exchange Commission on February 21, 2017.

We believe that our significant accounting policies, which are more fully described in the notes to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q, have not materially changed from those described in the notes to our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2016.

Results of Operations

The following tables set forth our results of operations for the periods presented. The data has been derived from the unaudited condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q which, in the opinion of our management, reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position and results of operations for the interim periods presented. The period-to-period comparison of financial results is not necessarily indicative of future results. This information should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2016.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(in thousands, except share and per share data)			
Revenue:				
Subscription and support revenue	$ 36,496	$ 36,203	$ 106,266	$ 105,936
Professional services and other revenue	2,991	2,186	9,546	5,705
Total revenue	39,487	38,389	115,812	111,641
Cost of revenue:				
Cost of subscription and support revenue	12,924	11,691	38,180	35,041
Cost of professional services and other revenue	3,580	2,086	10,120	5,453
Total cost of revenue	16,504	13,777	48,300	40,494
Gross profit	22,983	24,612	67,512	71,147
Operating expenses:				
Research and development	7,820	7,704	24,293	22,385
Sales and marketing	14,551	13,334	44,356	39,845
General and administrative	5,961	5,126	17,228	14,190
Merger-related	—	—	—	21
Total operating expenses	28,332	26,164	85,877	76,441
Loss from operations	(5,349)	(1,552)	(18,365)	(5,294)
Other income (expense), net	71	(5)	523	(127)
Loss before income taxes	(5,278)	(1,557)	(17,842)	(5,421)
Provision for income taxes	118	61	305	202
Net loss	$ (5,396)	$ (1,618)	$ (18,147)	$ (5,623)
Net loss per share - basic and diluted	$ (0.16)	$ (0.05)	$ (0.53)	$ (0.17)
Weighted-average number of common shares used in computing net loss per share	34,500,868	33,345,161	34,269,639	32,956,186

Overview of Results of Operations for the Three Months Ended September 30, 2017 and 2016

Total revenue increased by $1.1 million, or 3%, in the three months ended September 30, 2017 compared to the three months ended September 30, 2016 due to an increase in professional services and other revenue of 37%, or $805,000, and an increase in subscription and support revenue of 1%, or $293,000. The increase in professional services revenue was primarily related to the size and number of professional services engagements during the three months ended September 30, 2017 compared to the corresponding quarter in the prior year. The increase in subscription and support revenue was primarily related to the continued growth of our customer base for our premium offerings including sales to both new and existing customers. The increases are offset by the loss of a major customer, during the first quarter of 2017, and a $556,000 reduction in revenue due to changes in foreign exchange rates compared to the exchange rates that were in effect during the three months ended September 30, 2016. In addition, our revenue from premium offerings grew by $1.6 million, or 4%, in the three months ended September 30, 2017, compared to the three months ended September 30, 2016. Our ability to continue to provide the product functionality and performance that our customers require will be a major factor in our ability to continue to increase revenue.

Our gross profit decreased by $1.6 million, or 7%, in the three months ended September 30, 2017 compared to the three months ended September 30, 2016, primarily due to increases in the cost of subscription and support revenue and the cost of professional services revenue without corresponding increases in revenue. Cost of professional services revenue increased due to a higher level of contractor costs and project hours during the three months ended September 30, 2017 compared to that of the three months ended September 30, 2016. Our ability to improve our overall gross profit will depend primarily on our ability to continue controlling our costs of delivery. Loss from operations was $5.3 million in the three months ended September 30, 2017 compared to $1.6 million in the three months ended September 30, 2016. Loss from operations in the three months ended September 30, 2017 included stock-based compensation expense and amortization of acquired intangible assets of $1.8 million and $674,000, respectively. Loss from operations in the three months ended September 30, 2016 included stock-based compensation expense and amortization of acquired intangible assets of $1.7 million and $784,000, respectively. In future periods, we expect operating income to improve from increased sales to both new and existing customers and from improved efficiencies throughout our organization as we continue to grow and scale our operations.

As of September 30, 2017, we had $22.1 million of unrestricted cash and cash equivalents, a decrease of $14.7 million from $36.8 million at December 31, 2016, due primarily to $11.7 million of cash used in operating activities, $2.1 million in capitalized internal-use software costs, and $990,000 in capital expenditures. There were also cash outflows of $383,000 in payments under capital lease obligations, $229,000 for payments on equipment financing and $175,000 in payments of withholding tax on RSU vesting.

Revenue

	Three Months Ended September 30,					
	2017		2016		Change	
Revenue by Product Line	**Amount**	**Percentage of Revenue**	**Amount**	**Percentage of Revenue**	**Amount**	**%**
	(in thousands, except percentages)					
Premium	$38,149	97%	$36,518	95%	$1,631	4%
Volume	1,338	3	1,871	5	(533)	(28)
Total	$39,487	100%	$38,389	100%	$1,098	3%

During the three months ended September 30, 2017, revenue increased by $1.1 million, or 3%, compared to the three months ended September 30, 2016, primarily due to an increase in revenue from our premium offerings, which consists of subscription and support revenue, as well as professional services and other revenue. The increase in premium revenue of $1.6 million, or 4%, is partially the result of a 7% increase in the number of premium customers from 1,981 at September 30, 2016 to 2,113 at September 30, 2017, in addition to an $805,000, or 37%, increase in professional services revenue. The increases are offset in part by the loss of a major customer and a $556,000 reduction in revenue due to changes in foreign exchange rates compared to the exchange rates that were in effect during the three months ended September 30, 2016. In the three months ended September 30, 2017, volume revenue decreased by $533,000, or 28%, compared to the three months ended September 30, 2016, as we continue to focus on the market for our premium solutions.

	Three Months Ended September 30,					
	2017		2016		Change	
Revenue by Type	**Amount**	**Percentage of Revenue**	**Amount**	**Percentage of Revenue**	**Amount**	**%**
	(in thousands, except percentages)					
Subscription and support	$36,496	92%	$36,203	94%	$ 293	1%
Professional services and other	2,991	8	2,186	6	805	37
Total	$39,487	100%	$38,389	100%	$1,098	3%

In the three months ended September 30, 2017, subscription and support revenue increased by $293,000, or 1%, compared to the three months ended September 30, 2016. The increase was primarily related to the continued growth of our customer base for our premium offerings including sales to both new and existing customers. These increases are offset in part by the loss of a major customer and a $556,000 reduction in revenue due to changes in foreign exchange rates compared to the exchange rates that were in effect during the three months ended September 30, 2016. In addition, professional services and other revenue increased by $805,000, or 37%, primarily related to the size and number of professional services engagements during the three months ended September 30, 2017 compared to the corresponding quarter in the prior year. During the three months ended September 30, 2017, the increase in professional services revenue was primarily related to an increase in OTT application development projects. Professional services and other revenue will vary from period to period depending on the number of implementations and other projects that are in process.

	Three Months Ended September 30,					
	2017		2016		Change	
Revenue by Geography	**Amount**	**Percentage of Revenue**	**Amount**	**Percentage of Revenue**	**Amount**	**%**
	(in thousands, except percentages)					
North America	$22,726	58%	$23,246	61%	$ (520)	(2)%
Europe	6,097	15	6,412	16	(315)	(5)
Japan	4,129	11	4,243	11	(114)	(3)
Asia Pacific	6,363	16	4,136	11	2,227	54
Other	172	—	352	1	(180)	(51)
International subtotal	16,761	42	15,143	39	1,618	11
Total	$39,487	100%	$38,389	100%	$1,098	3%

For purposes of this section, we designate revenue by geographic regions based upon the locations of our customers. North America is comprised of revenue from the United States, Canada and Mexico. International is comprised of revenue from locations outside of North America. Depending on the timing of new customer contracts, revenue mix from a geographic region can vary from period to period.

In the three months ended September 30, 2017, total revenue for North America decreased $520,000, or 2%, compared to the three months ended September 30, 2016. The reduction in revenue for North America is primarily related to the loss of a major customer in the first quarter of 2017 partially offset by increases in sales to new and existing customers. In the three months ended September 30, 2017, total revenue outside of North America increased $1.6 million, or 11%, compared to the three months ended September 30, 2016. The increase in revenue from international regions is primarily related to an increase in revenue in Asia Pacific. The increase in revenue from Asia Pacific is primarily related to an increase in revenue from professional services engagements related to OTT application development projects. These increases were partially offset by a $556,000 reduction in revenue due to changes in foreign exchange rates compared to the exchange rates that were in effect during the three months ended September 30, 2016.

Cost of Revenue

	Three Months Ended September 30,					
	2017		2016		Change	
Cost of Revenue	**Amount**	**Percentage of Related Revenue**	**Amount**	**Percentage of Related Revenue**	**Amount**	**%**
	(in thousands, except percentages)					
Subscription and support	$12,924	35%	$11,691	32%	$1,233	11%
Professional services and other	3,580	120	2,086	95	1,494	72
Total	$16,504	42%	$13,777	36%	$2,727	20%

In the three months ended September 30, 2017, cost of subscription and support revenue increased $1.2 million, or 11%, compared to the three months ended September 30, 2016. The increase resulted primarily from increases in network hosting services, amortization, and partner commission expenses of $509,000, $350,000, and $248,000, respectively. There were also increases in maintenance expense, employee-related expense, and costs associated with third-party software integrated with our service offering of $174,000, $106,000, and $105,000, respectively. These increases were partially offset by decreases in depreciation expense and bandwidth costs in the amounts of $162,000 and $127,000, respectively.

In the three months ended September 30, 2017, cost of professional services and other revenue increased $1.5 million, or 72%, compared to the three months ended September 30, 2016. This increase corresponds to the increase in professional services revenue and resulted primarily from increases in contractor and employee-related expenses of $1.2 million and $258,000, respectively.

Gross Profit

	Three Months Ended September 30,				Change	
	2017		2016			
Gross Profit	Amount	Percentage of Related Revenue	Amount	Percentage of Related Revenue	Amount	%
	(in thousands, except percentages)					
Subscription and support	$23,572	65%	$24,512	68%	$ (940)	(4)%
Professional services and other	(589)	(20)	100	5	(689)	(689)
Total	$22,983	58%	$24,612	64%	$(1,629)	(7)%

The overall gross profit percentage was 58% and 64% for the three months ended September 30, 2017 and 2016, respectively. The decrease is primarily due to a shift in the mix of revenue as there was an increase in revenue from professional services engagements, which has a lower gross margin than subscription and support revenue. Subscription and support gross profit decreased $940,000, or 4%, compared to the three months ended September 30, 2016 due to the loss of a major customer. Professional services and other gross profit decreased $689,000, or 689% compared to the three months ended September 30, 2016 due to the increase in mix of contractor expenses versus internal expenses in order to support various professional services projects. It is likely that gross profit, as a percentage of revenue, will fluctuate quarter by quarter due to the timing and mix of subscription and support revenue and professional services and other revenue, and the type, timing and duration of service required in delivering certain projects.

Operating Expenses

	Three Months Ended September 30,				Change	
	2017		2016			
Operating Expenses	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	%
	(in thousands, except percentages)					
Research and development	$ 7,820	20%	$ 7,704	20%	$ 116	2%
Sales and marketing	14,551	37	13,334	35	1,217	9
General and administrative	5,961	15	5,126	13	835	16
Total	$28,332	72%	$26,164	68%	$2,168	8%

Research and Development. In the three months ended September 30, 2017, research and development expense increased by $116,000, or 2%, compared to the three months ended September 30, 2016 primarily due to increases in computer maintenance and support and employee-related expenses of $146,000 and $141,000, respectively. In future periods, we expect that our research and development expense will increase in absolute dollars as we continue to add employees, develop new features and functionality for our products, introduce additional software solutions and expand our product and service offerings.

Sales and Marketing. In the three months ended September 30, 2017, sales and marketing expense increased by $1.2 million, or 9%, compared to the three months ended September 30, 2016 primarily due to employee-related expense, marketing programs, commission expense, and computer maintenance and support expenses of $865,000, $296,000, $108,000 and $106,000, respectively. These increases were partially offset by a decrease in recruiting and relocation expense of $154,000. We expect that our sales and marketing expense will increase in absolute dollars along with our revenue, as we continue to expand sales coverage and build brand awareness through what we believe are cost-effective channels. We expect that such increases may fluctuate from period to period, however, due to the timing of marketing programs.

General and Administrative. In the three months ended September 30, 2017, general and administrative expense increased by $835,000, or 16%, compared to the three months ended September 30, 2016 primarily due to increases in employee-related expense and outside legal fees of $836,000 and $185,000 respectively. These increases were offset by decreases in contractor and recruiting and relocation expenses of $137,000 and $115,000 respectively. In future periods, we expect general and administrative expense to remain relatively unchanged.

Other Income (Expense), Net

Other Income (Expense)	Three Months Ended September 30, 2017 Amount	2017 Percentage of Revenue	2016 Amount	2016 Percentage of Revenue	Change Amount	Change %
	(in thousands, except percentages)					
Interest income, net	$ 30	— %	$ 24	— %	$ 6	25%
Interest expense	(6)	—	(15)	—	9	(60)
Other income (expense), net	47	—	(14)	—	61	(436)
Total	$ 71	— %	$ (5)	— %	$ 76	(1520)%

In the three months ended September 30, 2017, interest income, net, increased by $6,000, or 25%, compared to the corresponding period of the prior year.

The interest expense during the three months ended September 30, 2017 is primarily comprised of interest paid on capital leases and an equipment financing. The increase in other income (expense), net during the three months ended September 30, 2017 was primarily due to foreign currency exchange gains recorded during the three months ended September 30, 2017 upon collection of foreign denominated accounts receivable, compared to losses recorded in the corresponding period of the prior year.

Provision for Income Taxes

Provision for Income Taxes	Three Months Ended September 30, 2017 Amount	2017 Percentage of Revenue	2016 Amount	2016 Percentage of Revenue	Change Amount	Change %
	(in thousands, except percentages)					
Provision for income taxes	$ 118	— %	$ 61	— %	$ 57	93%

In the three months ended September 30, 2017 and 2016, the provision for income taxes was primarily comprised of income tax expenses related to foreign jurisdictions.

Overview of Results of Operations for the Nine Months Ended September 30, 2017 and 2016

Total revenue increased by $4.2 million, or 4%, in the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 due to an increase in professional services and other revenue of 67%, or $3.8 million. The increase in professional services revenue was primarily related to the size and number of professional services engagements during the nine months ended September 30, 2017, compared to the corresponding period in the prior year. Subscription and support revenue remained relatively unchanged during the nine months ended September 30, 2017, compared to the corresponding period in the prior year. In addition, our revenue from premium offerings grew by $5.6 million, or 5%, in the nine months ended September 30, 2017, compared to the nine months ended September 30, 2016 primarily due to an 7% increase in the number of premium customers from 1,981 at September 30, 2016 to 2,113 at September 30, 2017. These increases are offset by a $1.9 million reduction in revenue due to changes in foreign exchange rates compared to the exchange rates that were in effect during the nine months ended September 30, 2016.

Our gross profit decreased by $3.6 million, or 5%, in the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016, primarily due to increases in the cost of subscription and support revenue and the cost of professional services revenue without corresponding increases in revenue. Cost of subscription and support revenue increased due to additional costs incurred in order to support the launch of a major customer during the second quarter of 2017. Cost of professional services revenue increased due to a higher level of contractor costs and project hours during the nine months ended September 30, 2017 compared to that of the nine months ended September 30, 2016. Our ability to improve our overall gross profit will depend primarily on our ability to continue controlling our costs of delivery. Loss from operations was $18.4 million in the nine months ended September 30, 2017 compared to $5.3 million in the nine months ended September 30, 2016. Loss from operations in the nine months ended September 30, 2017 included stock-based compensation expense and amortization of acquired intangible assets of $5.3 million and $2.1 million, respectively. Loss from operations in the nine months ended September 30, 2016 included stock-based compensation expense and amortization of acquired intangible assets of $4.3 million and $2.3 million, respectively.

Revenue

Revenue by Product Line	Nine Months Ended September 30, 2017 Amount	2017 Percentage of Revenue	2016 Amount	2016 Percentage of Revenue	Change Amount	Change %
	(in thousands, except percentages)					
Premium	$111,505	96%	$105,899	95%	$ 5,606	5%
Volume	4,307	4	5,742	5	(1,435)	(25)
Total	$115,812	100%	$111,641	100%	$ 4,171	4%

During the nine months ended September 30, 2017, revenue increased by $4.2 million, or 4%, compared to the nine months ended September 30, 2016, primarily due to an increase in revenue from our premium offerings, which consists of subscription and support revenue, as well as professional services and other revenue. The increase in premium revenue of $5.6 million, or 5%, is partially the result of a 7% increase in the number of premium customers from 1,981 at September 30, 2016 to 2,113 at September 30, 2017, in addition to a $3.8 million, or 67%, increase in professional services revenue. The increases are offset by the loss of a major customer and a $1.9 million reduction in revenue due to changes in foreign exchange rates compared to the exchange rates that were in effect during the nine months ended September 30, 2016. In the nine months ended September 30, 2017, volume revenue decreased by $1.4 million, or 25%, compared to the nine months ended September 30, 2016, as we continue to focus on the market for our premium solutions.

Revenue by Type	Nine Months Ended September 30, 2017 Amount	2017 Percentage of Revenue	2016 Amount	2016 Percentage of Revenue	Change Amount	Change %
	(in thousands, except percentages)					
Subscription and support	$106,266	92%	$105,936	95%	$ 330	0%
Professional services and other	9,546	8	5,705	5	3,841	67
Total	$115,812	100%	$111,641	100%	$4,171	4%

In the nine months ended September 30, 2017, subscription and support revenue was relatively unchanged compared to the nine months ended September 30, 2016. In addition, professional services and other revenue increased by $3.8 million, or 67%, primarily related to the size and number of professional services engagements during the nine months ended September 30, 2017 compared to the corresponding quarter in the prior year. During the nine months ended September 30, 2017, the increase in professional services revenue was primarily related to an increase in OTT application development projects.

Revenue by Geography	Nine Months Ended September 30, 2017 Amount	2017 Percentage of Revenue	2016 Amount	2016 Percentage of Revenue	Change Amount	Change %
	(in thousands, except percentages)					
North America	$ 68,205	59%	$ 68,913	62%	$ (708)	(1)%
Europe	18,177	16	18,843	17	(666)	(4)
Japan	12,416	11	11,447	10	969	8
Asia Pacific	16,490	14	11,495	10	4,995	43
Other	524	—	943	1	(419)	(44)
International subtotal	47,607	41	42,728	38	4,879	11
Total	$115,812	100%	$111,641	100%	$4,171	4%

For purposes of this section, we designate revenue by geographic regions based upon the locations of our customers. North America is comprised of revenue from the United States, Canada and Mexico. International is comprised of revenue from locations outside of North America. Depending on the timing of new customer contracts, revenue mix from a geographic region can vary from period to period.

In the nine months ended September 30, 2017, total revenue for North America decreased $708,000, compared to the nine months ended September 30, 2016. The reduction in revenue for North America is primarily related to the loss of a major customer in the first quarter of 2017 partially offset by increases in sales to new and existing customers. In the nine months ended September 30, 2017, total revenue outside of North America increased $4.9 million, or 11%, compared to the nine months ended September 30, 2016. The increase in revenue from international regions is primarily related to an increase in revenue in Asia Pacific and Japan. The increase in revenue from Asia Pacific and Japan is primarily related to an increase in revenue from professional services engagements related to OTT application development projects. These increases were partially offset by a $1.9 million reduction in revenue due to changes in foreign exchange rates compared to the exchange rates that were in effect during the nine months ended September 30, 2016.

Cost of Revenue

	Nine Months Ended September 30,				Change	
	2017		2016			
Cost of Revenue	Amount	Percentage of Related Revenue	Amount	Percentage of Related Revenue	Amount	%
	(in thousands, except percentages)					
Subscription and support	$38,180	36%	$35,041	33%	$3,139	9%
Professional services and other	10,120	106	5,453	96	4,667	86
Total	$48,300	42%	$40,494	36%	$7,806	19%

In the nine months ended September 30, 2017, cost of subscription and support revenue increased $3.1 million, or 9%, compared to the nine months ended September 30, 2016. The increase resulted primarily from increases in content delivery network, network hosting, and amortization expenses related to internal-use software of $929,000, $864,000, and $851,000, respectively. There were also increases in partner commission, maintenance, and employee-related expenses of $519,000, $378,000, and $296,000, respectively, as well as increases in costs associated with third-party software integrated with our service offering, contractor expense, and stock-based compensation expenses of $135,000, $117,000 and $104,000, respectively. These increases were partially offset by decreases in depreciation and bandwidth expenses of $814,000 and $244,000, respectively.

In the nine months ended September 30, 2017, cost of professional services and other revenue increased $4.7 million, or 86%, compared to the nine months ended September 30, 2016. This increase corresponds to the increase in professional services revenue and resulted primarily from increases in contractor, employee-related and travel expenses of $3.3 million, $1.0 million, and $123,000, respectively.

Gross Profit

	Nine Months Ended September 30,				Change	
	2017		2016			
Gross Profit	Amount	Percentage of Related Revenue	Amount	Percentage of Related Revenue	Amount	%
	(in thousands, except percentages)					
Subscription and support	$68,086	64%	$70,895	67%	$(2,809)	(4)%
Professional services and other	(574)	(6)	252	4	(826)	(328)
Total	$67,512	58%	$71,147	64%	$(3,635)	(5)%

The overall gross profit percentage was 58% and 64% for the nine months ended September 30, 2017 and 2016, respectively. The decrease is primarily due to a shift in the mix of revenue as there was an increase in revenue from professional services engagements, which has a lower gross margin than subscription and support revenue. Subscription and support gross profit decreased $2.8 million, or 4%, compared to the nine months ended September 30, 2016 due to additional costs incurred in order to support the launch of a major customer during the second quarter of 2017. In addition, professional services and other gross profit decreased $826,000, or 328% compared to the nine months ended September 30, 2016 due to the increase in mix of contractor expenses versus internal expenses in order to support various professional services projects.

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Operating Expenses

Operating Expenses	Nine Months Ended September 30, 2017 Amount	2017 Percentage of Revenue	2016 Amount	2016 Percentage of Revenue	Change Amount	Change %
	(in thousands, except percentages)					
Research and development	$24,293	21%	$22,385	20%	$1,908	9%
Sales and marketing	44,356	38	39,845	36	4,511	11
General and administrative	17,228	15	14,190	13	3,038	21
Merger-related	—	—	21	—	(21)	(100)
Total	$85,877	74%	$76,441	68%	$9,436	12%

Research and Development. In the nine months ended September 30, 2017, research and development expense increased by $1.9 million, or 9%, compared to the nine months ended September 30, 2016 primarily due to increases in employee-related, computer maintenance and support, contractor, and stock-based compensation expenses of $1.7 million, $291,000, $290,000, and $190,000, respectively. These increases were partially offset by a decrease in recruiting expense of $294,000.

Sales and Marketing. In the nine months ended September 30, 2017, sales and marketing expense increased by $4.5 million, or 11%, compared to the nine months ended September 30, 2016 primarily due to employee-related expense, marketing programs, and commission expense of $2.6 million, $899,000 and $502,000, respectively. There were also increases in computer maintenance and support, travel, and stock-based compensation expenses of $367,000, $339,000, and $323,000, respectively. These increases were partially offset by decreases in recruiting and relocation, contractor, and intangible amortization expenses of $258,000, $201,000, and $190,000, respectively.

General and Administrative. In the nine months ended September 30, 2017, general and administrative expense increased by $3.0 million, or 21%, compared to the nine months ended September 30, 2016 primarily due to increases in employee-related expense, outside legal fees, and stock-based compensation expense of $1.5 million, $990,000 and $381,000, respectively. There were also increases in tax-related, commission, travel, and computer maintenance and support expenses of $263,000, $184,000, $142,000 and $122,000 respectively. These expenses were partially offset by decreases in recruiting and relocation and contractor expenses of $206,000 and $203,000 respectively.

Merger-related. In the nine months ended September 30, 2016, merger-related expenses of $21,000 related to costs associated with the retention of certain employees of Unicorn. No such expense was incurred during the nine months ended September 30, 2017.

Other Income (Expense), Net

Other Income (Expense)	Nine Months Ended September 30, 2017 Amount	2017 Percentage of Revenue	2016 Amount	2016 Percentage of Revenue	Change Amount	Change %
	(in thousands, except percentages)					
Interest income, net	$ 92	— %	$ 74	— %	$ 18	24%
Interest expense	(22)	—	(51)	—	29	(57)
Other income (expense), net	453	—	(150)	—	603	(402)
Total	$ 523	— %	$ (127)	— %	$ 650	(512)%

In the nine months ended September 30, 2017, interest income, net, increased by $18,000, or 24%, compared to the corresponding period of the prior year. The increase is primarily due to a higher average cash balance as interest income is generated from the investment of our cash balances, less related bank fees.

The interest expense during the nine months ended September 30, 2017 is primarily comprised of interest paid on capital leases and an equipment financing. The increase in other income (expense), net during the nine months ended September 30, 2017 was primarily due to foreign currency exchange gains recorded during the nine months ended September 30, 2017 upon collection of foreign denominated accounts receivable, compared to losses recorded in the corresponding period of the prior year.

Provision for Income Taxes

Provision for Income Taxes	Nine Months Ended September 30, 2017 Amount	2017 Percentage of Revenue	2016 Amount	2016 Percentage of Revenue	Change Amount	Change %
	(in thousands, except percentages)					
Provision for income taxes	$ 305	— %	$ 202	— %	$ 103	51%

In the nine months ended September 30, 2017 and 2016, the provision for income taxes was primarily comprised of income tax expenses related to foreign jurisdictions.

Liquidity and Capital Resources

In connection with our initial public offering in February 2012, we received aggregate proceeds of approximately $58.8 million, including the proceeds from the underwriters' exercise of their overallotment option, net of underwriters' discounts and commissions, but before deducting offering expenses of approximately $4.3 million. Prior to our initial public offering, we funded our operations primarily through private placements of preferred and common stock, as well as through borrowings of $7.0 million under our bank credit facilities. In February 2012, we repaid the $7.0 million balance under our bank credit facilities. All of the preferred stock was converted into shares of our common stock in connection with our initial public offering.

Condensed Consolidated Statements of Cash Flow Data	Nine Months Ended September 30, 2017	2016
	(in thousands)	
Purchases of property and equipment	$ (990)	$ (1,194)
Depreciation and amortization	5,607	5,901
Cash flows (used in) provided by operating activities	(11,652)	7,629
Cash flows used in investing activities	(3,081)	(4,434)
Cash flows (used in) provided by financing activities	(408)	3,902

Cash and cash equivalents.

Our cash and cash equivalents at September 30, 2017 were held for working capital purposes and were invested primarily in money market funds. We do not enter into investments for trading or speculative purposes. At September 30, 2017 and December 31, 2016, we had $6.9 million and $5.9 million, respectively, of cash and cash equivalents held by subsidiaries in international locations, including subsidiaries located in Japan and the United Kingdom. It is our current intention to permanently reinvest unremitted earnings in such subsidiaries or to repatriate the earnings only when tax effective. We believe that our existing cash and cash equivalents will be sufficient to meet our anticipated working capital and capital expenditure needs over at least the next 12 months.

Accounts receivable, net.

Our accounts receivable balance fluctuates from period to period, which affects our cash flow from operating activities. The fluctuations vary depending on the timing of our billing activity, cash collections, and changes to our allowance for doubtful accounts. In many instances we receive cash payment from a customer prior to the time we are able to recognize revenue on a transaction. We record these payments as deferred revenue, which has a positive effect on our accounts receivable balances. We use days' sales outstanding, or DSO, calculated on a quarterly basis, as a measurement of the quality and status of our receivables. We define DSO as (a) accounts receivable, net of allowance for doubtful accounts, divided by total revenue for the most recent quarter, multiplied by (b) the number of days in that quarter. DSO was 61 days at September 30, 2017 and 53 days at December 31, 2016.

Cash flows (used in) provided by operating activities.

Cash (used in) provided by operating activities consists primarily of net loss adjusted for certain non-cash items including depreciation and amortization, stock-based compensation expense, the provision for bad debts and the effect of changes in working capital and other activities. Cash used in operating activities during the nine months ended September 30, 2017 was $11.7 million. The cash flow used in operating activities resulted from net losses of $18.1 million and changes in our operating assets and liabilities of $4.6 million, partially offset by net non-cash charges of $11.0 million. Uses of cash included increases in accounts receivable and prepaid expenses of $4.8 million and $1.6 million, respectively and a decrease in accrued expense of $2.9 million. These outflows were offset in part by increases in deferred revenue and accounts payable of $2.7 million and $2.0 million, respectively. Net non-cash expenses consisted primarily of $5.6 million for depreciation and amortization expense and $5.3 million for stock-based compensation expense.

Cash flows used in investing activities.

Cash used in investing activities during the nine months ended September 30, 2017 was $3.1 million consisting primarily of $2.1 million for the capitalization of internal-use software costs and $990,000 in capital expenditures to support the business.

Cash flows (used in) provided by financing activities.

Cash (used in) provided by financing activities for the nine months ended September 30, 2017 was $408,000, consisting of payments under capital lease obligation, equipment financing and withholding tax on RSU vesting of $383,000, $229,000 and $175,000, respectively, offset in part by the proceeds received on the exercise of common stock options of $379,000.

Credit facility borrowings.

On November 19, 2015, we entered into an amended and restated loan and security agreement with a lender (the “Loan Agreement”) providing for up to a $20.0 million asset based line of credit (the “Line of Credit”). Under the Line of Credit, we can borrow up to $20.0 million. Borrowings under the Line of Credit are secured by substantially all of our assets, excluding our intellectual property. Outstanding amounts under the Line of Credit accrue interest at a rate equal to the prime rate or the LIBOR rate plus 2.5%. Under the Loan Agreement, we must comply with certain financial covenants, including maintaining a minimum asset coverage ratio. If the outstanding principal during any month is at least $15.0 million, the Company must also maintain a minimum net income threshold based on non-GAAP operating measures. Failure to comply with these covenants, or the occurrence of an event of default, could permit the Lenders under the Line of Credit to declare all amounts borrowed under the Line of Credit, together with accrued interest and fees, to be immediately due and payable. We were in compliance with all covenants under the Line of Credit as of September 30, 2017.

On December 31, 2015, the Company entered into an equipment financing agreement with a lender (the “December 2015 Equipment Financing Agreement”) to finance the purchase of $604,000 in computer equipment. In February 2016, the Company drew down $604,000 under the December 2015 Equipment Financing Agreement, and the liability was recorded at fair value using a market interest rate. The Company is repaying its obligation over a two year period through January 2018, and the amount outstanding was $104,000 as of September 30, 2017.

Net operating loss carryforwards.

As of December 31, 2016, we had federal and state net operating losses of approximately $155.5 million and $57.4 million, respectively, which are available to offset future taxable income, if any, through 2035. Included in the federal and state net operating losses are deductions attributable to excess tax benefits from the exercise of non-qualified stock options of $16.9 million and $10.2 million, respectively. The tax benefits attributable to these net operating losses are credited directly to additional paid-in capital when realized. The Company has not realized any such tax benefits through December 31, 2016. We had federal and state research and development tax credits of $5.4 million and $3.5 million, respectively, which expire in various amounts through 2035. Our net operating loss and tax credit amounts are subject to annual limitations under Section 382 change of ownership rules of the U.S. Internal Revenue Code of 1986, as amended. We completed an assessment to determine whether there may have been a Section 382 ownership change and determined that it is more likely than not that our net operating and tax credit amounts as disclosed are not subject to any material Section 382 limitations.

In assessing our ability to utilize our net deferred tax assets, we considered whether it is more likely than not that some portion or all of our net deferred tax assets will not be realized. Based upon the level of our historical U.S. losses and future projections over the period in which the net deferred tax assets are deductible, at this time, we believe it is more likely than not that we will not realize the benefits of these deductible differences. Accordingly, we have provided a valuation allowance against our U.S. deferred tax assets as of September 30, 2017 and December 31, 2016.

Contractual Obligations and Commitments

Our principal commitments consist primarily of obligations under our leases for our office space and contractual commitments for capital leases and equipment financing as well as content delivery network services, hosting and other support services. Other than these lease obligations and contractual commitments, we do not have commercial commitments under lines of credit, standby repurchase obligations or other such debt arrangements.

Our contractual obligations as of December 31, 2016 are summarized in our Annual Report on Form 10-K for the year ended December 31, 2016. In addition to the obligations outlined in our Annual Report on Form 10-K, we entered into an agreement with a non-cancelable commitment in January 2017, primarily for content delivery and network storage service, with obligations of $15.8 million through December 31, 2018. As of September 30, 2017, our obligation was $4.8 million in connection with this agreement.

In July 2017, we entered into an agreement with a non-cancelable commitment effective July 1, 2017, primarily for content delivery and network storage service, with obligations of $2.5 million through September 30, 2018. In September 2017, we amended this agreement effective September 1, 2017 with total obligations of $2.6 million through January 31, 2019. As of September 30, 2017, our obligation was $2.6 million in connection with this agreement.

In August 2017, we entered into an agreement to lease a new office space in London with a non-cancelable commitment with obligations of $7.0 million through December 31, 2024.

Recent Accounting Pronouncements

For information on recent accounting pronouncements, see *Recently Issued and Adopted Accounting Standards* in the notes to the condensed consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q.

Off-Balance Sheet Arrangements

We do not have any special purpose entities or off-balance sheet arrangements.

Anticipated Cash Flows

We expect to incur significant operating costs, particularly related to service delivery costs, sales and marketing and research and development, for the foreseeable future in order to execute our business plan. We anticipate that such operating costs, as well as planned capital expenditures will constitute a material use of our cash resources. As a result, our net cash flows will depend heavily on the level of future sales, changes in deferred revenue and our ability to manage infrastructure costs.

We believe our existing cash and cash equivalents will be sufficient to meet our working capital and capital expenditures for at least the next 12 months. Our future working capital requirements will depend on many factors, including the rate of our revenue growth, our introduction of new products and enhancements, and our expansion of sales and marketing and product development activities. To the extent that our cash and cash equivalents and cash flow from operating activities are insufficient to fund our future activities, we may need to raise additional funds through bank credit arrangements or public or private equity or debt financings. We also may need to raise additional funds in the event we determine in the future to acquire businesses, technologies and products that will complement our existing operations. In the event funding is required, we may not be able to obtain bank credit arrangements or equity or debt financing on terms acceptable to us or at all.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and Qualitative Disclosures about Market Risk

We have operations both within the United States and internationally, and we are exposed to market risks in the ordinary course of our business. These risks include primarily foreign exchange risks, interest rate and inflation.

Financial instruments

Financial instruments meeting fair value disclosure requirements consist of cash equivalents, accounts receivable and accounts payable. The fair value of these financial instruments approximates their carrying amount.

Foreign currency exchange risk

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the euro, British pound and Japanese yen. Except for revenue transactions in Japan, we enter into transactions directly with substantially all of our foreign customers.

Percentage of revenues and expenses in foreign currency is as follows:

	Three Months Ended September 30,	
	2017	2016
Revenues generated in locations outside the United States	46%	43%
Revenues in currencies other than the United States dollar (1)	28%	29%
Expenses in currencies other than the United States dollar (1)	15%	17%

	Nine Months Ended September 30,	
	2017	2016
Revenues generated in locations outside the United States	45%	42%
Revenues in currencies other than the United States dollar (1)	28%	28%
Expenses in currencies other than the United States dollar (1)	15%	16%

(1) Percentage of revenues and expenses denominated in foreign currency for the three and nine months ended September 30, 2017 and 2016:

	Three Months Ended September 30, 2017		Three Months Ended September 30, 2016	
	Revenues	Expenses	Revenues	Expenses
Euro	6%	2%	7%	2%
British pound	7	6	7	6
Japanese Yen	10	3	11	5
Other	5	4	4	4
Total	28%	15%	29%	17%

	Nine Months Ended September 30, 2017		Nine Months Ended September 30, 2016	
	Revenues	Expenses	Revenues	Expenses
Euro	6%	1%	7%	2%
British pound	7	6	7	6
Japanese Yen	10	4	10	4
Other	5	4	4	4
Total	28%	15%	28%	16%

As of September 30, 2017 and December 31, 2016, we had $8.4 million and $5.6 million, respectively, of receivables denominated in currencies other than the U.S. dollar. We also maintain cash accounts denominated in currencies other than the local currency, which exposes us to foreign exchange rate movements.

In addition, although our foreign subsidiaries have intercompany accounts that are eliminated upon consolidation, these accounts expose us to foreign currency exchange rate fluctuations. Exchange rate fluctuations on short-term intercompany accounts are recorded in our consolidated statements of operations under "other income (expense), net", while exchange rate fluctuations on long-term intercompany accounts are recorded in our consolidated balance sheets under "accumulated other comprehensive income" in stockholders' equity, as they are considered part of our net investment and hence do not give rise to gains or losses.

Currently, our largest foreign currency exposures are the euro, British pound and Japanese yen, primarily because our European and Japanese operations have a higher proportion of our local currency denominated expenses. Relative to foreign currency exposures existing at September 30, 2017, a 10% unfavorable movement in foreign currency exchange rates would expose us to significant losses in earnings or cash flows or significantly diminish the fair value of our foreign currency financial instruments. For the nine months ended September 30, 2017, we estimated that a 10% unfavorable movement in foreign currency exchange rates would have decreased revenues by $3.3 million, decreased expenses by $2.0 million and decreased operating income by $1.3 million. The estimates used assume that all currencies move in the same direction at the same time and the ratio of non-U.S. dollar denominated revenue and expenses to U.S. dollar denominated revenue and expenses does not change from current levels. Since a portion of our revenue is deferred revenue that is recorded at different foreign currency exchange rates, the impact to revenue of a change in foreign currency exchange rates is recognized over time, and the impact to expenses is more immediate, as expenses are recognized at the current foreign currency exchange rate in effect at the time the expense is incurred. All of the potential changes noted above are based on sensitivity analyses performed on our financial results as of September 30, 2017 and 2016.

Interest rate risk

We had unrestricted cash and cash equivalents totaling $22.1 million at September 30, 2017. Cash and cash equivalents were invested primarily in money market funds and are held for working capital purposes. We do not use derivative financial instruments in our investment portfolio. Declines in interest rates, however, would reduce future interest income. We incurred $6,000 and $15,000 of interest expense during the three months ended September 30, 2017 and 2016, respectively, and $22,000 and $51,000 of interest expense during the nine months ended September 30, 2017 and 2016, respectively, related to interest paid on capital leases and an equipment financing. While we continue to incur interest expense in connection with our capital leases and equipment financing, the interest expense is fixed and not subject to changes in market interest rates. In the event that we borrow under our line of credit, which bears interest at the prime rate or the LIBOR rate plus the LIBOR rate margin, the related interest expense recorded would be subject to changes in the rate of interest.

Inflation risk

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of September 30, 2017, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2017, our disclosure controls and procedures were effective in ensuring that material information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, including ensuring that such material information is accumulated by and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On May 22, 2017, a lawsuit was filed against us and two individuals by Ooyala, Inc. (“Ooyala”) and Ooyala Mexico S. de R.L. de C.V. (“Ooyala Mexico”). The lawsuit, which was filed in the United States District Court for the District of Massachusetts, concerns allegations that the two individuals, who are former employees of Ooyala Mexico, misappropriated customer information and other trade secrets and used that information in working for Brightcove. The complaint was amended on June 1, 2017 to remove claims against the two former employees of Ooyala Mexico. The remaining claims against us are for violation of the Defend Trade Secrets Act of 2016 (18 U.S.C. §1836), violation of the Massachusetts trade secret statute (M.G.L. c. 93, §42), violation of Massachusetts Chapter 93A (M.G.L. c. 93A, §11), and tortious interference with advantageous business relationships. Ooyala and Ooyala Mexico also filed a motion for preliminary injunction (amended at the same time the complaint was amended), seeking to enjoin us from using any of the allegedly misappropriated information or communicating with customers whose information was taken, and seeking the return of any information that was allegedly taken. On June 16, 2017, we filed an opposition to the motion for preliminary injunction, and also moved to dismiss the lawsuit. Brightcove’s motion to dismiss was denied on September 6, 2017. The court has not ruled on Ooyala’s motion for preliminary injunction. On October 18, 2017, the court granted the parties’ motion to stay the litigation, and the litigation is currently stayed. We cannot yet determine whether it is probable that a loss will be incurred in connection with this complaint, nor can we reasonably estimate the potential loss, if any.

In addition, we are, from time to time, party to litigation arising in the ordinary course of our business. Management does not believe that the outcome of these claims will have a material adverse effect on our consolidated financial position, results of operations or cash flows based on the status of proceedings at this time.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, under the heading "Part II — Item 1A. Risk Factors," together with all of the other information in this Quarterly Report on Form 10-Q. Our business, prospects, financial condition, or operating results could be harmed by any of these risks, as well as other risks not currently known to us or that we currently consider immaterial. If any of such risks and uncertainties actually occurs, our business, financial condition or operating results could differ materially from the plans, projections and other forward-looking statements included in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report and in our other public filings. The trading price of our common stock could decline due to any of these risks, and, as a result, you may lose all or part of your investment.

There have been no material changes to the information set forth in Part I. Item 1A. "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, except for the additional risk factor set forth below:

If we do not successfully manage the transition associated with the resignation of our former Chief Executive Officer ("CEO") and the appointment of a new CEO, it could be viewed negatively by our customers and shareholders and could have an adverse impact on our business.

David Mendels resigned from his position as the Company's CEO and resigned from the Board effective July 24, 2017. Andrew Feinberg, the Company's President and Chief Operations Officer, is serving as the Company's acting CEO. The Board has an active search process underway to select the next CEO from internal and external candidates. Such leadership transitions can be inherently difficult to manage, and an inadequate transition of our CEO may cause disruption to our business, including to our relationships with customers and employees. In addition, if we are unable to attract and retain a qualified candidate to become our permanent CEO in a timely manner, our ability to meet our financial and operational goals and strategic plans may be adversely impacted, as well as our financial performance. It may also make it more difficult to retain other key employees.

ITEM 5. OTHER INFORMATION

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

We anticipate that, as permitted by Rule 10b5-1 and our policy governing transactions in our securities, some or all of our officers, directors and employees may establish trading plans in the future. We intend to disclose the names of executive officers and directors who establish a trading plan in compliance with Rule 10b5-1 and the requirements of our policy governing transactions in our securities in our future quarterly and annual reports on Form 10-Q and 10-K filed with the Securities and Exchange Commission. However, we undertake no obligation to update or revise the information provided herein, including for revision or termination of an established trading plan.

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ITEM 6. EXHIBITS

Exhibits

3.1 (1)	Eleventh Amended and Restated Certificate of Incorporation.
3.2 (2)	Amended and Restated By-Laws.
4.1 (3)	Form of Common Stock certificate of the Registrant.
10.1**	Employment Agreement dated September 20, 2017 between the Registrant and David Plotkin.
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1^	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

(1) Filed as Exhibit 3.2 to Amendment No. 5 to Registrant's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on February 6, 2012, and incorporated herein by reference.
(2) Filed as Exhibit 3.3 to Amendment No. 5 to Registrant's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on February 6, 2012, and incorporated herein by reference.
(3) Filed as Exhibit 4.1 to Amendment No. 5 to Registrant's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on February 6, 2012, and incorporated herein by reference.
^ Furnished herewith.
** Indicates a management contract or any compensatory plan, contract or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	BRIGHTCOVE INC. *(Registrant)*
Date: October 26, 2017	By: /s/ Andrew Feinberg Andrew Feinberg *Chief Executive Officer* *(Principal Executive Officer)*
Date: October 26, 2017	By: /s/ Kevin R. Rhodes Kevin R. Rhodes *Chief Financial Officer* *(Principal Financial Officer)*

Exhibit 10.1

EMPLOYMENT AGREEMENT

This Employment Agreement ("**Agreement**") is made as of the 20th day of September, 2017, between Brightcove Inc., a Delaware corporation (the "**Company**"), and David Plotkin (the "**Executive**").

WHEREAS, the Company desires to employ the Executive and the Executive desires to be employed by the Company on the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Employment.

(a) Term. The Company hereby employs the Executive and the Executive hereby accepts such employment pursuant to the terms of this Agreement until this Agreement is terminated in accordance with the provisions of Section 3. (Such period of employment shall hereinafter be referred to as the "**Term**").

(b) Position and Duties. During the Term, the Executive shall serve as the Chief Legal Officer of the Company, and shall have such powers and duties as may from time to time be prescribed by the Chief Executive Officer of the Company (the "**CEO**"), or other authorized executive, provided that such duties are consistent with the Executive's position or other positions that he may hold from time to time. The Executive shall devote his full working time and efforts to the business and affairs of the Company. Notwithstanding the foregoing, the Executive may serve on other boards of directors, with the prior written approval of the Board, or engage in religious, charitable or other community activities as long as such services and activities do not interfere with the Executive's performance of his duties to the Company as provided in this Agreement.

2. Compensation and Related Matters.

(a) Base Salary. During the Term, the Executive's initial annual base salary shall be $270,400. The Executive's base salary may be redetermined annually by the Board or the Compensation Committee. The base salary in effect at any given time is referred to herein as "**Base Salary**." The Base Salary shall be payable in a manner that is consistent with the Company's usual payroll practices for senior executives.

(b) Incentive Compensation. During the Term, the Executive shall be eligible to receive cash incentive compensation as determined by the Board or the Compensation Committee from time to time. The Executive's target management-based-on-objectives annual incentive compensation ("**MBO**") shall be forty percent (40%) percent of his Base Salary. To earn incentive compensation, the Executive must be employed by the Company on the last day of the period on which such incentive compensation is measured.

(c) Expenses. The Executive shall be entitled to receive reimbursement for all reasonable expenses incurred by him during the Term in performing services hereunder, in accordance with the policies and procedures then in effect and established by the Company for its senior executive officers.

(d) Other Benefits. During the Term, the Executive shall be entitled to continue to participate in or receive benefits under the Company's Employee Benefit Plans in effect on the date hereof. As used herein, the term "**Employee Benefit Plans**" includes, without limitation, each pension and retirement plan; supplemental pension, retirement and deferred compensation plan; savings and profit-sharing plan; stock ownership plan; stock purchase plan; stock option plan; life insurance plan; medical insurance plan; disability plan; and health and accident plan or arrangement established and maintained by the Company on the date hereof for employees of the same status within the hierarchy of the Company. The Executive shall be entitled to participate in or receive benefits under any employee benefit plan or arrangement which may, in the future, be made available by the Company to its executives and key management employees, subject to and on a basis consistent with the terms, conditions and overall administration of such plan or arrangement. Any payments or benefits payable to the Executive under a plan or arrangement referred to in this Section 2(d) in respect of any calendar year during which the Executive is employed by the Company for less than the whole of such year shall, unless otherwise provided in the applicable plan or arrangement, be prorated in accordance with the number of days in such calendar year during which he is so employed. Should any such payments or benefits accrue on a fiscal (rather than calendar) year, then the proration in the preceding sentence shall be on the basis of a fiscal year rather than calendar year.

(e) Place of Performance. Unless otherwise agreed to by the Executive and the Company, the Executive shall perform his duties for the Company from the headquarters of the Company, initially located at 290 Congress Street, 4th Floor, Boston, MA 02210; provided, however, Executive shall be required to travel to the extent reasonably required to perform his job duties.

(f) Vacation. During the Term, the Executive shall be entitled to participate in the Company's Vacation Policy. The Executive shall also be entitled to all paid holidays given by the Company to its executives.

3. Termination. The Executive's employment hereunder may be terminated without any breach of this Agreement under the following circumstances:

(a) Death. The Executive's employment hereunder shall terminate upon his death.

(b) Disability. The Company may terminate the Executive's employment if he is disabled and unable to perform the essential functions of the Executive's then existing position or positions under this Agreement with or without reasonable accommodation for a period of 180 days (which need not be consecutive) in any 12 month period. Nothing in this Section 3(b) shall be construed to waive the Executive's rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 *et seq*. and the Americans with Disabilities Act, 42 U.S.C. §12101 *et seq*.

(c) Termination by Company for Cause. The Company may terminate the Executive's employment hereunder for Cause by a vote of the Board at a meeting of the Board called and held for such purpose. For purposes of this Agreement, "**Cause**" shall mean: (i) conduct by the Executive constituting an act of misconduct in connection with the performance of his duties, including, without limitation, misappropriation of funds or property of the Company or any of its subsidiaries or affiliates other than the occasional, customary and de minimis use of Company property for personal purposes; (ii) the commission by the Executive of any felony or a misdemeanor involving moral turpitude, deceit, dishonesty or fraud, or any conduct by the Executive that would reasonably be expected to result in injury or reputational harm to the Company or any of its subsidiaries and affiliates if he were retained in his position; (iii) continued non-performance by the Executive of his duties hereunder (other than by reason of the Executive's physical or mental illness, incapacity or disability) which has continued for more than 30 days following written notice of such non-performance from the Board; (iv) a breach by the Executive of any of the provisions contained in Section 7 of this Agreement; (v) a violation by the Executive of the Company's written employment policies; or (vi) failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the destruction or failure to preserve documents or other materials known to be relevant to such investigation or the inducement of others to fail to cooperate or to produce documents or other materials in connection with such investigation.

(d) Termination Without Cause. The Company may terminate the Executive's employment hereunder at any time without Cause. Any termination by the Company of the Executive's employment under this Agreement which does not constitute a termination for Cause under Section 3(c) and does not result from the death or disability of the Executive under Section 3(a) or (b) shall be deemed a termination without Cause.

(e) Termination by the Executive. The Executive may terminate his employment hereunder at any time for any reason, including but not limited to Good Reason. For purposes of this Agreement, "**Good Reason**" shall mean that the Executive has complied with the Good Reason Process (hereinafter defined) following the occurrence of any of the following events: (i) a material diminution in the Executive's responsibilities, authority or duties; (ii) a material diminution in the Executive's Base Salary except for across-the-board salary reductions based on the Company's financial performance similarly affecting all or substantially all senior management employees of the Company; (iii) a material change in the principle geographic location at which the Executive is required to provide services to the Company; or (iv) the material breach of this Agreement by the Company. "**Good Reason Process**" shall mean that (A) the Executive reasonably determines in good faith that a "Good Reason" condition has occurred; (B) the Executive notifies the Company in writing of the first occurrence of the Good Reason condition within 30 days of the first occurrence of such condition; (C) the Executive cooperates in good faith with the Company's efforts, for a period not less than 30 days following such notice (the "**Cure Period**"), to remedy the condition; (D) notwithstanding such efforts, the Good Reason condition continues to exist; and (E) the Executive terminates his employment within 60 days after the end of the Cure Period. If the Company cures the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred.

(f) Notice of Termination. Except for termination as specified in Section 3(a), any termination of the Executive's employment by the Company or any such termination by the Executive shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "**Notice of Termination**" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon.

(g) Date of Termination. "**Date of Termination**" shall mean: (i) if the Executive's employment is terminated by his death, the date of his death; (ii) if the Executive's employment is terminated on account of disability under Section 3(b) or by the Company for Cause under Section 3(c) or by the Company without Cause under Section 3(d), the date on which a Notice of Termination is given; (iii) if the Executive's employment is terminated by the Executive under Section 3(e) without Good Reason, 30 days after the date on which a Notice of Termination is given, and (iv) if the Executive's employment is terminated by the Executive under Section 3(e) with Good Reason, the date on which a Notice of Termination is given after the end of the Cure Period. Notwithstanding the foregoing, in the event that the Executive gives a Notice of Termination to the Company, the Company may unilaterally accelerate the Date of Termination and such acceleration shall not result in a termination by the Company for purposes of this Agreement.

(h) Resignation on Termination. On the Date of Termination, the Executive shall resign from all positions with the Company and its subsidiaries. In addition, if the Executive is then serving as a member of the Board or the Board of Directors of a subsidiary, the Executive shall tender his resignation from such directorship(s) on the Date of Termination.

4. Compensation Upon Termination.

(a) Termination Generally. If the Executive's employment with the Company is terminated for any reason, the Company shall pay or provide to the Executive (or to his authorized representative or estate) any earned but unpaid base salary, incentive compensation earned and payable but not yet paid, unpaid expense reimbursements and accrued but unused vacation (the "**Accrued Benefit**") on or before the time required by law but in no event more than 30 days after the Executive's Date of Termination.

(b) Termination by the Company Without Cause or by the Executive with Good Reason. If the Executive's employment is terminated by the Company without Cause as provided in Section 3(d), or the Executive terminates his employment for Good Reason as provided in Section 3(e), then the Company shall, through the Date of Termination, pay the Executive his Accrued Benefit. In addition, subject to the Executive signing a separation agreement that includes a general release of claims in favor of the Company and related persons and entities in a form and manner satisfactory to the Company (the "**Release**") and, if applicable, the expiration of the seven-day revocation period for the Release within 60 days after the Date of Termination:

(i) the Company shall pay the Executive an amount equal to the sum of (A) one times the Executive's Base Salary and (B) one times the Executive's target incentive compensation for the then current fiscal year (the "**Severance Amount**"). The Severance Amount shall be paid out in substantially equal installments in accordance with the Company's payroll practice over twelve (12) months commencing within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, the Severance Amount shall begin to be paid in the second calendar year. Solely for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), each installment payment is considered a separate payment. Notwithstanding the foregoing, if the Executive breaches any of the provisions contained in Section 7 of this Agreement, all payments of the Severance Amount shall immediately cease;

(ii) notwithstanding anything to the contrary in any applicable option agreement or stock-based award agreement, the vesting schedule for stock options and other stock-based awards held by the Executive as of the Date of Termination shall immediately accelerate by twenty five percent (25%) and such accelerated awards shall become fully exercisable, vested and/or nonforfeitable as of the Date of Termination; and

(iii) if the Executive was participating in the Company's group health plan immediately prior to the Date of Termination, then the Company shall pay to the Executive a single lump sum cash payment equal to twelve (12) months of monthly employer contributions that the Company would have made to provide health insurance to the Executive if the Executive had remained employed by the Company.

5. Change in Control Payment. The provisions of this Section 5 set forth certain additional agreements reached between the Executive and the Company regarding the Executive's rights and obligations upon the occurrence of a Change in Control of the Company. These provisions are intended to assure and encourage in advance the Executive's continued attention and dedication to his assigned duties and his objectivity during the pendency and after the occurrence of any such event. These provisions shall apply in lieu of, and expressly supersede, the provisions of Section 4(b) regarding severance pay and benefits if a termination of employment occurs on or within 12 months after the occurrence of a Change in Control, provided that such Change in Control occurs during the Executive's employment. These provisions shall terminate and be of no further force or effect beginning twelve (12) months after the occurrence of a Change in Control.

(a) Change in Control.

(i) Upon a Change in Control of the Company, notwithstanding anything to the contrary in any applicable option agreement or stock-based award agreement, the vesting schedule for stock options and other stock-based awards held by the Executive as of the date of such Change in Control shall immediately accelerate by one hundred percent (100%) and such accelerated awards become fully exercisable, vested and/or nonforfeitable as of the date of such Change in Control.

(ii) In addition, if within twelve (12) months after a Change in Control, the Executive's employment is terminated by the Company without Cause as provided in Section 3(d) or the Executive terminates his employment for Good Reason as provided in Section 3(e), then, subject to the Executive signing a Release and, if applicable, the expiration of the seven-day revocation period for the Release within the 60 day period following the Date of Termination:

(A) the Company shall pay the Executive an amount equal to the sum of (x) one times the Executive's Base Salary and (y) one times the Executive's target annual incentive compensation for the then current fiscal year (the "**CIC Amount**"). The CIC Amount shall be paid within 60 days after the Date of Termination in a lump sum in cash; provided that if such 60 days period begins in one calendar year and ends in a second calendar year, the CIC Amount shall be paid in the second calendar year; and provided further, that if the Change in Control does not constitute a "change in ownership or effective control" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company for purposes of Section 409A of the Code, the CIC Amount shall be paid at the same time and on the same schedule as provided in Section 4(b)(i) with respect to the Severance Amount; and

(B) if the Executive was participating in the Company's group health plan immediately prior to the Date of Termination, then the Company shall pay to the Executive a single lump sum cash payment equal to twelve (12) months of monthly employer contributions that the Company would have made to provide health insurance to the Executive if the Executive had remained employed by the Company.

(b) Additional Limitation.

(i) Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Code and the applicable regulations thereunder (the "**Payments**"), would be subject to the excise tax imposed by Section 4999 of the Code, the following provisions shall apply:

(A) If the Payments, reduced by the sum of (1) the Excise Tax and (2) the total of the Federal, state, and local income and employment taxes payable by the Executive on the amount of the Payments which are in excess of the Threshold Amount, are greater than or equal to the Threshold Amount, the Executive shall be entitled to the full benefits payable under this Agreement.

(B) If the Threshold Amount is less than (x) the Payments, but greater than (y) the Payments reduced by the sum of (1) the Excise Tax and (2) the total of the Federal, state, and local income and employment taxes on the amount of the Payments which are in excess of the Threshold Amount, then the Payments shall be reduced (but not below zero) to the extent necessary so that the sum of all Payments shall not exceed the Threshold Amount. In such event, the Payments shall be reduced in the following order: (1) cash payments not subject to Section 409A of the Code; (2) cash payments subject to Section 409A of the Code; (3) equity-based payments and acceleration; and (4) non-cash forms of benefits. To the extent any payment is to be made over time (e.g., in installments, etc.), then the payments shall be reduced in reverse chronological order.

(ii) The determination as to which of the alternative provisions of Section 5(b) shall apply to the Executive shall be made by a nationally recognized accounting firm selected by the Company (the "**Accounting Firm**"), which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or the Executive. For purposes of determining which of the alternative provisions of Section 5(b) shall apply, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in the state and locality of the Executive's residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. Any determination by the Accounting Firm shall be binding upon the Company and the Executive.

(c) Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(i) "**Change in Control**" shall mean any of the following:

(A) the date any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "**Act**") (other than the Company, any of its subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its subsidiaries), together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Act) of such person, shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities having the right to vote in an election of the Board ("**Voting Securities**") (in such case other than as a result of an acquisition of securities directly from the Company); or

(B) the date a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election; or

(C) the consummation of (A) any consolidation or merger of the Company where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate more than fifty percent (50%) of the voting shares of the Company issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), or (B) any sale or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company.

(ii) "**Excise Tax**" shall mean the excise tax imposed by Section 4999 of the Code, and any interest or penalties incurred by the Executive with respect to such excise tax.

(iii) "**Threshold Amount**" shall mean three times the Executive's "base amount" within the meaning of Section 280G(b)(3) of the Code and the regulations promulgated thereunder less one dollar ($1.00).

6. Section 409A.

(a) Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive's separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of the Executive's separation from service would be considered deferred compensation subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after the Executive's separation from service, or (B) the Executive's death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule.

(b) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by the Executive during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year. Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(c) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Executive's termination of employment, then such payments or benefits shall be payable only upon the Executive's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(d) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(e) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

7. Confidential Information, Noncompetition and Cooperation.

(a) The Executive agrees to comply with the Employee Non-Competition, Non-Solicitation, Confidentiality and Assignment Agreement attached hereto as Exhibit A ("**Proprietary Information Agreement**"), the terms of which are hereby incorporated by reference into Section 7 of this Agreement.

(b) Confidentiality. The Executive understands and agrees that the Executive's employment creates a relationship of confidence and trust between the Executive and the Company with respect to all Confidential Information. At all times, both during the Executive's employment with the Company and after its termination, the Executive will keep in confidence and trust all such Confidential Information, and will not use or disclose any such Confidential Information without the written consent of the Company, except as may be necessary in the ordinary course of performing the Executive's duties to the Company.

(c) Documents, Records, etc. All documents, records, data, apparatus, equipment and other physical property, whether or not pertaining to Confidential Information, which are furnished to the Executive by the Company or are produced by the Executive in connection with the Executive's employment will be and remain the sole property of the Company. The Executive will return to the Company all such materials and property as and when requested by the Company. In any event, the Executive will return all such materials and property immediately upon termination of the Executive's employment for any reason. The Executive will not retain with the Executive any such material or property or any copies thereof after such termination.

(d) Third-Party Agreements and Rights. The Executive hereby confirms that the Executive is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Executive's use or disclosure of information or the Executive's engagement in any business. The Executive represents to the Company that the Executive's execution of this Agreement, the Executive's employment with the Company and the performance of the Executive's proposed duties for the Company will not violate any obligations the Executive may have to any such previous employer or other party. In the Executive's work for the Company, the Executive will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and the Executive will not bring to the premises of the Company any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.

(e) Litigation and Regulatory Cooperation. During and after the Executive's employment, the Executive shall cooperate fully with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while the Executive was employed by the Company. The Executive's full cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Executive's employment, the Executive also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations pursuant to this Section 7(e).

(f) Injunction. The Executive agrees that it would be difficult to measure any damages caused to the Company which might result from any breach by the Executive of the promises set forth in this Section 7, and that in any event money damages would be an inadequate remedy for any such breach. Accordingly, the Executive agrees that if the Executive breaches, or proposes to breach, any portion of this Agreement, the Company shall be entitled, in addition to all other remedies that it may have, to an injunction or other appropriate equitable relief to restrain any such breach without showing or proving any actual damage to the Company.

8. Consent to Jurisdiction. The parties hereby consent to the jurisdiction of the Superior Court of the Commonwealth of Massachusetts and the United States District Court for the District of Massachusetts. Accordingly, with respect to any such court action, the Executive (a) submits to the personal jurisdiction of such courts; (b) consents to service of process; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

9. Integration. This Agreement, including Exhibits A and B attached hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties concerning such subject matter.

10. Withholding; Taxes. All payments made by the Company to the Executive under this Agreement shall be net of any tax or other amounts required to be withheld by the Company under applicable law. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate the Executive for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit.

11. Successor to the Executive. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal representatives, executors, administrators, heirs, distributees, devisees and legatees. In the event of the Executive's death after his termination of employment but prior to the completion by the Company of all payments due him under this Agreement, the Company shall continue such payments to the Executive's beneficiary designated in writing to the Company prior to his death (or to his estate, if the Executive fails to make such designation).

12. Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

13. Survival. The provisions of this Agreement shall survive the termination of this Agreement and/or the termination of the Executive's employment to the extent necessary to effectuate the terms contained herein.

14. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

15. Notices. Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to the Executive at the last address the Executive has filed in writing with the Company or, in the case of the Company, at its main offices, attention of the Board.

16. Amendment; Amended Terms. This Agreement may be amended or modified only by a written instrument signed by the Executive and by a duly authorized representative of the Company. Every two years following the date of this Agreement, the Compensation Committee shall make recommendations for changes to the amount and type of consideration payable upon termination and/or a change of control pursuant to Sections 4 and 5 of this Agreement, respectively. Such recommendations shall be based upon on a review of information presented to the Compensation Committee by a third-party compensation consultant retained by the Compensation Committee in connection with a review of the Company's executive compensation. Executive and the Company hereby agree to negotiate in good faith any amendments to this Agreement which are necessary to give effect to any such recommendations.

17. Governing Law. This is a Massachusetts contract and shall be construed under and be governed in all respects by the laws of the Commonwealth of Massachusetts, without giving effect to the conflict of laws principles of such Commonwealth. With respect to any disputes concerning federal law, such disputes shall be determined in accordance with the law as it would be interpreted and applied by the United States Court of Appeals for the First Circuit.

18. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

19. Successor to Company. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a material breach of this Agreement.

20. Gender Neutral. Wherever used herein, a pronoun in the masculine gender shall be considered as including the feminine gender unless the context clearly indicates otherwise.

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date and year first above written.

COMPANY:

BRIGHTCOVE INC.

By: /s/ Andrew Feinberg
Name: Andrew Feinberg
Title: CEO

EXECUTIVE:

/s/ David Plotkin
David Plotkin

Signature Page to Employment Agreement

EXHIBIT A

EMPLOYEE NONCOMPETITION,
NONDISCLOSURE AND DEVELOPMENTS AGREEMENT

In consideration of and as a condition of my employment or continued employment by Brightcove Inc., its affiliates, subsidiaries, successors and assigns (collectively, the "Company"), I hereby agree with the Company as follows:

1. Noncompetition: During the period of my employment by the Company, I shall devote my full time and best efforts to the business of the Company. Further, during the period of my employment by the Company and for twelve months after the termination of such employment (for any reason whatsoever) (the "Restricted Period"), I shall not, directly or indirectly, in any geographic area where the Company does business or sells or markets its products and/or services or is actively planning to do business or sell or market its products and/or services, as of my termination of employment, (a) provide services to, become employed by, or retained as a consultant or independent contractor of, an entity that is competitive with the Company; or (b) alone or as a partner, officer, director, employee, member, consultant, independent contractor, agent or stockholder of any entity, engage in any business activity that competes with the products or services being developed, designed, manufactured, provided or sold by the Company at the time of my termination of employment. My ownership of less than 3% of the equity securities of any publicly traded Company or less than 5% of any private company will not by itself violate the terms of this Section.

2. Nonsolicitation of Customers: During the Restricted Period, I shall not, directly or indirectly, alone or as a partner, officer, director, employee, consultant, independent contractor, agent or stockholder of any entity, (i) solicit, or do business in competition with the Company, or assist any other entity that competes with the Company to solicit or do business with (a) an entity that is a customer of the Company at the time of my termination of employment from the Company or was a customer of the Company at any time within six months prior thereto; or (b) an entity that is or was known to be a prospective customer of the Company at the time of my termination of employment from the Company; or (ii) interfere with or disrupt, or assist any other person or business organization to interfere with or disrupt, any existing relationships between the Company and any customer, licensee, supplier, vendor, distributor, dealer or manufacturer of the Company.

3. Nonsolicitation/Non-hire of Employees: During the Restricted Period, I shall not, directly or indirectly, (a) hire or employ; (b) recruit or attempt to recruit, solicit or attempt to solicit, attempt to hire, interfere with or endeavor to entice away; or (c) assist any entity, business organization or person to recruit or attempt to recruit, solicit or attempt to solicit, attempt to hire, interfere with or endeavor to entice away, any person who is or was employed by the Company at any time within the six month period prior to the termination of my employment with the Company.

4. Nondisclosure Obligation: I shall not at any time, whether during or after the termination of my employment (for any reason whatsoever), reveal to any person or entity any Confidential Information of the Company or of any third parties which the Company is under an obligation to keep confidential, except to employees of the Company who need to know such information for the purposes of their employment, or as otherwise authorized by the Company in writing. "Confidential Information" includes, but is not limited to, confidential and/or proprietary

information or trade secrets concerning the business, organization or finances of the Company, including but not limited to, research and development activities, product designs, prototypes and technical specifications, show how and know how, business, financial, sales and/or marketing plans and strategies, pricing and costing policies, customer and suppliers lists and related information, nonpublic financial information, systems, source code and related unpublished documentation, compensation and other personnel-related information, processes, software programs, works of authorship, inventions, projects, plans and proposals as well as any other information as may be treated by the Company as confidential. I shall keep secret all matters entrusted to me and shall not use or rely upon, or attempt to use or rely upon, any Confidential Information except as may be required in the ordinary course of performing my duties as an employee of the Company.

5. Company Documentation: Furthermore, I agree that during my employment I shall maintain for the benefit of the Company, and shall not make, use or permit to be used, any Company Documentation otherwise than for the benefit of the Company. "Company Documentation" includes, but is not limited to, notes memoranda, reports, lists, records, drawings, sketches, specifications, software programs, data documentation or other materials of any nature and in any form, whether written, printed or in digital format or otherwise relating to any matter within the scope of the business of the Company or concerning any of its dealings or affairs, whether or not they contain or embody any Confidential Information or any Developments (as hereinafter defined). I further agree that I shall not, after the termination of my employment, use or permit others to use any such Company Documentation, and that all Company Documentation shall be and remain the sole and exclusive property of the Company. Immediately upon the termination of my employment (or earlier, if requested by the Company) I shall deliver all Company Documentation and Confidential Information in my possession, and all copies thereof, to the Company, at its main office.

6. Assignment of Inventions:

(a) If at any time or times during my employment, I shall (either alone or with others) make, conceive, create, discover, invent or reduce to practice any Development that: (i) relates to the business of the Company or any customer of or supplier to the Company or any of the products or services being developed, manufactured or sold by the Company or which may be used in relation therewith; or (ii) results from tasks assigned to me by the Company or work performed by me for the Company; or (iii) results from the use of Confidential Information; or (iv) results from the use of premises or personal property (whether tangible or intangible) owned, leased or contracted for by the Company, then all such Developments and the benefits thereof are and shall immediately become the sole and absolute property of the Company and its assigns, as works made for hire or otherwise. The term "Development" shall include, but not be limited to, any invention, modification, discovery, design, development, improvement, process, software program, work of authorship, documentation, formula, data, technique, know-how, trade secret or intellectual property right whatsoever or any interest therein (whether or not patentable or registrable under copyright, trademark or similar statutes (including but not limited to the Semiconductor Chip Protection Act) or subject to analogous protection). I shall promptly disclose to the Company (or any persons designated by it) each Development. I hereby assign all rights (including, but not limited to, rights to inventions, patentable subject matter, copyrights and trademarks) I may have or may acquire in the Developments and all benefits and/or rights resulting therefrom to the Company and its assigns without further compensation and shall communicate, without cost or delay, and without disclosing to others, all available information relating thereto (with all necessary plans and models) to the Company.

(b) I represent that the Developments identified in the Appendix attached hereto, if any, comprise all the Developments that I have made or conceived prior to my employment by the Company, which Developments are excluded from this Employee Noncompetition, Nondisclosure and Developments Agreement (the "Agreement"). I understand that it is only necessary to list the title of such Developments and the purpose thereof, but not details of the Development itself. IF THERE ARE ANY SUCH DEVELOPMENTS TO BE EXCLUDED, THE UNDERSIGNED SHOULD INITIAL HERE; OTHERWISE IT WILL BE DEEMED THAT THERE ARE NO SUCH EXCLUSIONS. _________. I understand and agree that if I incorporate into any Company product, process or machine any Developments set forth on the Appendix or otherwise made, conceived or reduced to practice by me prior to my employment with the Company, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, world-wide license to make, have made, modify, use and sell any such Development as part of or in connection with such product, process or machine.

(c) I shall, during my employment and at any time thereafter, at the request and cost of the Company, promptly sign, execute, make and do all such deeds, documents, acts and things as the Company and its duly authorized officers may reasonably require: (i) to apply for, obtain, register and vest in the name of the Company alone (unless the Company otherwise directs) patents, copyrights, trademarks or other analogous protection in any country throughout the world relating to a Development and when so obtained or vested to renew and restore the same; and (ii) to defend any judicial, opposition or other proceedings in respect of such applications and any judicial, opposition or other proceeding, petition or application for revocation of any such patent, copyright, trademark or other analogous protection.

(d) If the Company is unable, after reasonable effort, to secure my signature on any application for patent, copyright, trademark or other analogous registration or other documents regarding any legal protection relating to a Development, whether because of my physical or mental incapacity or for any other reason whatsoever, I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney-in-fact, to act for and in my behalf and stead to execute and file any such application or applications or other documents and to do all other lawfully permitted acts to further the prosecution and issuance of patent, copyright or trademark registrations or any other legal protection thereon with the same legal force and effect as if executed by me.

7. <u>Acknowledgements/Remedies Upon Breach</u>: I agree that the Company's Confidential Information, customer goodwill and workforce are vital to the success of the Company's business and have been or will be developed or attained by great efforts and expense to the Company. I acknowledge that as of the date of this Agreement and continuing thereafter, I will be provided by the Company with Confidential Information, including trade secrets, and I recognize the importance of protecting the Company's rights in and to such Confidential Information and goodwill that the Company has developed or will develop with its customers. I further agree that the restrictions set forth in this Agreement are reasonable and necessary to protect the Company's Confidential Information, its customer goodwill and its workforce. I agree that any breach of this Agreement by me will cause irreparable damage to the Company and that in the event of such breach or threatened breach the Company shall have, in addition to any and all remedies of law, the right to an injunction, specific performance or other equitable relief to prevent or cease the violation of my obligations hereunder.

8. Absence of Conflicting Agreements: I understand that the Company does not desire to acquire from me any trade secrets, know how or confidential business information that I may have acquired from others. I represent that I will not use such information in the performance of my duties for the Company and will not bring any such information onto Company premises. I also represent that I am not bound by any agreement or any other existing or previous business relationship which conflicts with or prevents the full performance of my duties and obligations to the Company during the course of employment.

9. Notification: In the event that my employment with the Company terminates for any reason, I hereby consent to notification by the Company to my new employer or any new entity to which I may provide services about my rights and obligations under this Agreement.

10. Conflict of Interest Guidelines: I hereby agree to comply with the Company's conflict of interest guidelines attached hereto as Exhibit B.

11. Severability and Reformation: I hereby agree that each provision herein shall be treated as a separate and independent clause, and the unenforceability of any clause shall in no way impair the enforceability of any of the other clauses of the Agreement. Moreover, if one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable at law, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear. I hereby further agree that the language of all parts of this Agreement shall in all cases be construed as a whole according to its fair meaning and not strictly for or against either of the parties.

12. At-Will Employment: I understand that neither this Agreement nor any other document I have signed regarding my employment with the Company constitutes an express or implied employment contract and that my employment with the Company is on an "at-will" basis. Accordingly, I understand that either the Company or I may terminate my employment at any time, for any or no reason, with or without prior notice.

13. Continued Effect. I agree and understand that any change or changes in my position, duties, salary, compensation or other terms and conditions of employment with the Company will in no manner affect the validity, enforceability or scope of this Agreement, and that I am entering into this Agreement in consideration for my employment with the Company, which employment includes any such changes that may occur after the date hereof.

14. Protected Disclosures. I understand that nothing contained in this Agreement limits my ability to file a charge or complaint with any governmental agency or other governmental or regulatory entity or making other disclosures that are protected under the anti-retaliation or whistleblower provisions of applicable federal or state law or regulation. This Agreement does not limit my ability to communicate with or participate in any investigation or proceeding that may be conducted by any governmental agency or other governmental or regulatory entity. For the avoidance of doubt, pursuant to the federal Defend Trade Secrets Act of 2016, I understand that I shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

15. Entire Agreement. This Agreement sets forth the entire agreement and understanding between the Company and me relating to the subject matter herein and merges and supersedes all prior discussions, representations, understandings and agreements by and between us, provided that this Agreement shall supplement, and shall not limit or be limited by, any other obligation I have to the Company regarding noncompetition, nonsolicitation, confidentiality, assignment of inventions and related covenants.

16. Miscellaneous. Any amendment to or modification of this Agreement, or any waiver of any provision hereof, shall be in writing and signed by the Company. Any waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of such provision or any other provision hereof. The captions of this Agreement are for reference only and do not define, limit or affect the scope of any section of this Agreement. My obligations under this Agreement shall survive the termination of my employment regardless of the reason for or manner of such termination and shall be binding upon my heirs, executors, administrators and legal representatives. The Company shall have the right to assign this Agreement to its successors and assigns, and all covenants and agreements hereunder shall inure to the benefit of and be enforceable by said successors or assigns. I acknowledge and agree that this Agreement shall be governed by and construed in accordance with the internal laws of Massachusetts without giving effect to the principles of conflicts of laws thereof and any claims or legal actions by one party against the other shall be commenced and maintained in any state or federal court located in Massachusetts and I hereby submit to the jurisdiction and venue of any such court.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as a sealed instrument as of the date first above written.

/s/ David Plotkin 9/20/17
Signature Date

David Plotkin
Name - Please Print

Address: [REDACTED]

APPENDIX A

EXCLUDED DEVELOPMENTS

EXHIBIT B

CONFLICT OF INTEREST GUIDELINES
of
BRIGHTCOVE INC.

It is the policy of Brightcove Inc. to conduct its affairs in strict compliance with the letter and spirit of the law and to adhere to the highest principles of business ethics. Accordingly, all officers, employees and independent contractors must avoid activities that conflict, or give the appearance of being in conflict, with these principles and with the interests of the Company. The following examples (which are not an exhaustive list) are potentially compromising situations that must be avoided. Any exceptions must be reported to the President of the Company and written approval for continuation must be obtained.

(a) Revealing confidential information to outsiders or misusing confidential information. Unauthorized divulging of information is a violation of this policy whether or not for personal gain and whether or not harm to the Company is intended. (The Employee Nondisclosure and Developments Agreement elaborates on this principle and is a binding agreement.)

(b) Accepting or offering gifts, excessive entertainment, favors or payments which may be deemed to constitute undue influence or otherwise be improper or embarrassing to the Company.

(c) Participating in civic or professional organizations that might involve divulging confidential information of the Company.

(d) Initiating or approving personnel actions affecting reward or punishment of employees or applicants where there is a family relationship or is or appears to be a personal or social involvement.

(e) Initiating or approving any form of personal or social harassment of employees.

(f) Investing or holding outside directorship in suppliers, customers, or competing companies, including financial speculations, where such investment or directorship might influence in any manner a decision or course of action of the Company.

(g) Borrowing from or lending to employees, customers or suppliers.

(h) Acquiring real estate of interest to the Company.

(i) Improperly using or disclosing to the Company any proprietary information or trade secrets of any former or concurrent employer or other person or entity with whom obligations of confidentiality exist.

(j) Unlawfully discussing prices, costs, customers, sales or markets with competing companies or their employees.

(k) Making any unlawful agreement with distributors with respect to prices.

(l) Improperly using or authorizing the use of any inventions which are the subject of patent claims of any other person or entity.

(m) Engaging in any conduct that is not in the best interest of the Company. Each officer, employee and independent contractor must take every necessary action to ensure compliance with these guidelines and to bring problem areas to the attention of the Company's management for its review.

Exhibit 31.1

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Andrew Feinberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Brightcove Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 26, 2017

By: /s/ Andrew Feinberg
Andrew Feinberg
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Kevin R. Rhodes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Brightcove Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2017

By: /s/ Kevin R. Rhodes
Kevin R. Rhodes
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Brightcove Inc. for the quarterly period ended September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Andrew Feinberg, as Chief Executive Officer of Brightcove Inc., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Brightcove Inc.

Date: October 26, 2017

By: /s/ Andrew Feinberg
Andrew Feinberg
Chief Executive Officer
(Principal Executive Officer)

In connection with the Quarterly Report on Form 10-Q of Brightcove Inc. for the quarterly period ended September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Kevin R. Rhodes, as Chief Financial Officer of Brightcove Inc., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Brightcove Inc.

Date: October 26, 2017

By: /s/ Kevin R. Rhodes
Kevin R. Rhodes
Chief Financial Officer
(Principal Financial Officer)