

# SIDOTI & CO

## MICRO-CAP CONFERENCE

August 14, 2024

# TODAY'S PRESENTERS



**MARC DEBEVOISE**  
CEO & Board Director



**JOHN WAGNER**  
Chief Financial Officer

# SAFE HARBOR STATEMENT

During today's presentation, we will make statements related to our business that may be considered forward-looking and are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements concerning our financial guidance for the second fiscal quarter of 2024 and the full year 2024, expected revenue, profitability and free cash flow, our position to execute on our go-to-market and growth strategy, our ability to expand our leadership position, our ability to maintain and upsell existing customers, as well as our ability to acquire new customers.

Forward-looking statements may often be identified with words such as we expect, we anticipate upcoming, or similar indications of future expectations. These statements reflect our views only as of today and should not be reflected upon as representing our views of any subsequent date. These statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from expectations, including the effect of macroeconomic conditions currently affecting the global economy. For a discussion on material risks and other important factors that could affect our actual results, please refer to those contained in our most recently filed Annual Report on Form 10-K and as updated by our other SEC filings.

Also, during the course of today's presentation, we will refer to certain non-GAAP financial measures. A reconciliation schedule shows GAAP versus non-GAAP results currently available in our press release issued after the market closed today, which can be found on our website at [www.brightcove.com](http://www.brightcove.com).

# **OUR BUSINESS, VISION & STRATEGY**

**MARC DEBEVOISE**  
CEO & Board Director

# INVESTMENT HIGHLIGHTS



Industry-defining, software-based engagement technology leader known for quality, reliability, & experience in managing all things video & streaming



End-user (streaming viewer) and end-market (enterprises and media entities) trends primed to deliver meaningful growth opportunity



Global reach and diversified client-base, with significant opportunity for expansion in multiple markets



Clear product & services innovation path, amplified by AI-driven future, funded via existing operations



New expert, experienced management team driving transformation



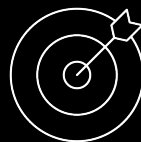
Strong, recurring SaaS revenue model + structurally EBITDA and FCF positive + debt-free balance sheet

*Undervalued company with growth opportunity in Revenue, Adj. EBITDA, FCF & shareholder returns*



## VISION

We seek to be the **most trusted streaming technology** company in the world.



## MISSION

To enable any company, brand, or creator to own their own digital future by engaging their stakeholders through the most reliable, scalable and secure video technology platform

# BRIGHTCOVE AT-A-GLANCE

Engagement Leader Managing Video Streaming *at Scale*

## CUSTOMER BASE

**~2k**

Global Customers

**~80**

Countries Served

**\$99k**

Q2 '24 ARPU

## PLATFORM

**~200M**

Unique Weekly Viewers

**~2B**

Monthly Video Streams

**100+**

Integrations

## FINANCIAL PROFILE

**\$195.5-198M**

2024 Revenue  
Guidance

**\$180M+**

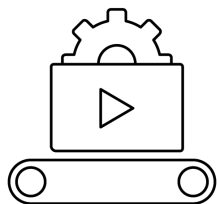
Total  
Subscription Backlog

**25%+**

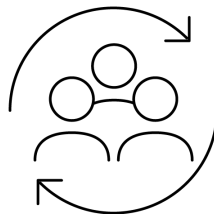
'23-24E EBITDA  
Growth

# OUR SOLUTIONS

Powering Core Functions For Customers of All Kinds



**MANAGE, DISTRIBUTE & MONETIZE CONTENT**



**COMMUNICATE & ENGAGE WITH EMPLOYEES & CUSTOMERS**



**MARKET & SELL PRODUCTS & SERVICES**





# LEADING PLATFORM

Solutions for Each Business Need

## MEDIA STUDIO

**Media Cos / Content Creators**

Maximize revenue & reduce costs

## MARKETING STUDIO

**Enterprises / Brands**

Accelerates path to purchase

## COMMUNICATIONS STUDIO

**Enterprises / Organizations**

Enables critical communications with stakeholders

Retail / Commerce Use-Case

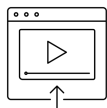
## BRIGHTCOVE VIDEO CLOUD PLATFORM

*Highly-scalable, secure, enterprise-grade*

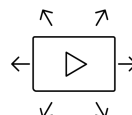
Sales Use-Case



Ingest and manage video content



Create sites, apps, channels and experiences



Distribute content across devices & platforms

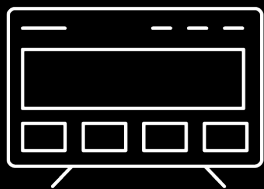


Analyze to improve performance & monetization

Powerful AI Suite (coming soon)



Expert Advisory Services



# ENTERPRISE CLIENTS

BRIGHTCOVE®

APOLLO

AARP®

3M

DELL



MOTOROLA

vmware®



paloalto®  
NETWORKS

servicenow

DocuSign



+ a b l e a u



Cigna.



United  
Healthcare



Wendy's

SUBWAY®

Johnson & Johnson

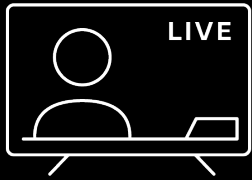
Deloitte.

McKinsey  
& Company



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~1,500 MORE GLOBALLY



# MEDIA CLIENTS

BRIGHTCOVE<sup>+</sup>

yahoo!



News Corp



USGA<sup>®</sup>



الدوري السعودي للمحترفين



A24



sky

BBC

coupang

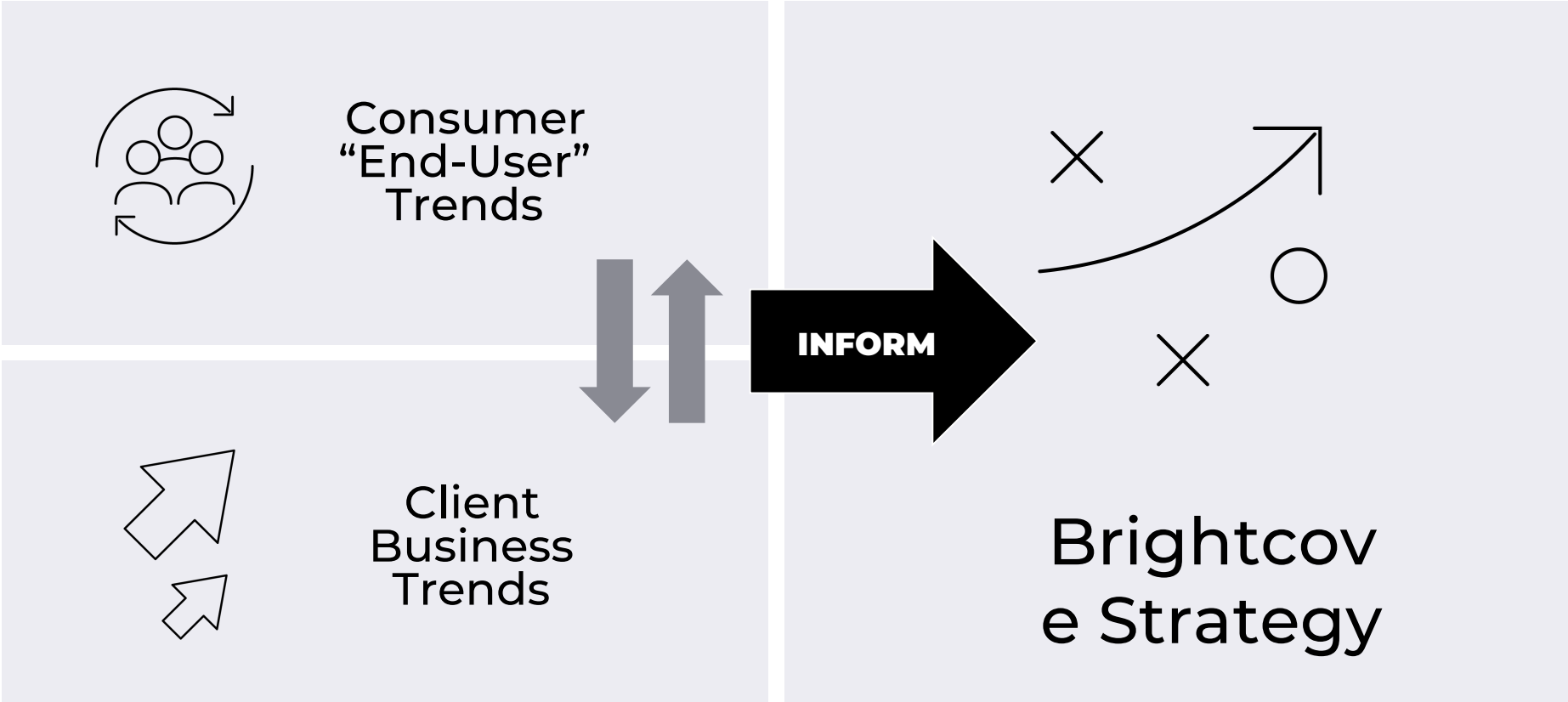
J:COM



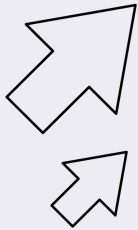
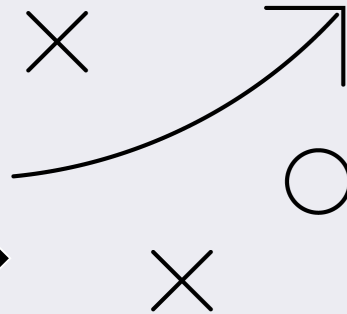
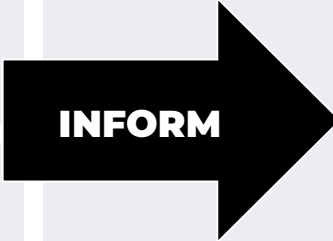
CNET

~500 MORE GLOBALLY

# MARKET DRIVEN STRATEGY



Consumer  
"End-User"  
Trends



Client  
Business  
Trends

Brightcove  
Strategy

# VIDEO DOMINATES THE INTERNET

and drives **engagement globally**

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**80%+**

**of Internet traffic  
comes from video**

**70%+**

**of Internet users  
stream video annually**

# VIDEO IS KEY

## To driving **sales and revenue**

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**+25%**

increase in budgets for  
video marketing efforts



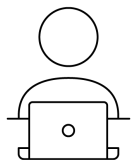
**80%+**

of sales can be credited to  
video marketing efforts

# VIDEO IS KEY

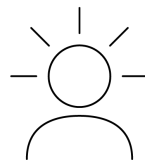
as a engager of distributed/hybrid workforces

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**33%**

of the U.S. workforce  
working in a hybrid /  
remote arrangement



**78%**

of surveyed employees who  
prefer remote / hybrid work  
environments

# STREAMING CONTINUES TO GROW

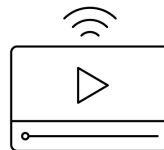
and remains the battlefield for attention in media

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# +21%

Increase year-over-year in  
streaming viewership



# +13%

Streaming's share of  
viewership over  
Broadcast & Cable



# MEDIA INDUSTRY IN TRANSFORMATION

## in continued shift to profitability

### Go-to-Market Transformation:

- ▶ New monetization models
- ▶ More modalities
- ▶ More content types
- ▶ More distribution channels and partnerships

### Cost Transformation

- ▶ Programming optimization through analytics/insights, AI & Data
- ▶ Reduced in-house tech spending in favor of outsourcing



**ESPN, Fox and Warner Bros. Discovery to launch joint sports streaming platform this year**

PUBLISHED TUE, FEB 6 2024 4:30 PM EST | UPDATED WED, FEB 7 2024 2:27 PM EST



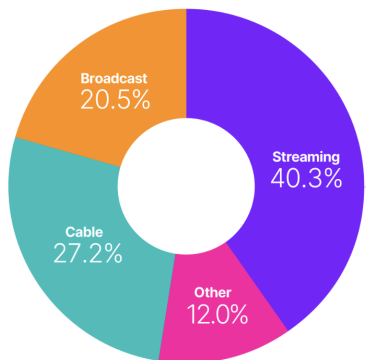
DISNEY / STREAMING / ENTERTAINMENT

**Disney's streaming business turned a profit for the first time**

# MORE CHANNELS & SERVICES

emerging as larger companies shift priorities

## LARGE NUMBER OF "NEXT SET" SERVICES



- 6.0% Other Streaming
- 9.9% YouTube
- 8.4% NETFLIX
- 3.1% prime video
- 3.0% hulu
- 2.0% Disney+
- 2.0% tubi
- 1.5% Roku Channel
- 1.4% max
- 1.2% peacock
- 1.1% Paramount+
- 0.8% plutoTV

**Examples:**

## REGIONAL LEADERS AROUND THE GLOBE



*Big company content licensing + global ambition pull back = more global steaming services*

# END-MARKET DYNAMICS

Streaming video continues to dominate and grow globally

## ENTERPRISES

- ▶ Streaming video is a key to **driving marketing, sales and revenue**
- ▶ Streaming video is key to **engaging distributed/hybrid workforces**
- ▶ Additional **new use-cases will be driven and supported by video**

## MEDIA ENTITIES

- ▶ Larger entities will continue to move pieces to **“tech outsourced”** vs. **“tech insourced”**
- ▶ **Next-tier of services** can and will thrive ... globally
- ▶ **Business model evolutions** will continue to **drive growth** and need for **new solutions**

AI likely to further increase overall video creation and distribution

# OUR GROWTH STRATEGY

Generate new & larger opportunities, improve retention, and better and more efficiently capture our addressable market

GO-TO-MARKET

**DRIVE LARGER OPPORTUNITIES VIA DIRECT SALES**

**BUILD LONG-TERM UPGRADE PATHS FOR CUSTOMERS**

**PARTNER TO SOLVE & REACH MORE**

SOLUTIONS

**DELIVER MORE COMPLETE SOLUTIONS**

**EXPAND OUR USE-CASES**

# STRATEGY IN ACTION

GO-TO-MARKET

## UPMARKET FOCUS



## UPGRADE PATHS



## PARTNERS



SOLUTIONS

## MORE COMPLETE



## USE-CASES



## PARTNERS



# OUR AI STRATEGY

Accelerate our customers' growth, optimization and efficiency with a **secure, open, intelligent, integrated** (and eventually automated) **platform**.

## STRATEGY

### GROWTH & OPTIMIZATION

Grow Audience, Drive Engagement, Increase Revenue

- ▶ Deliver analytics, insights & automation
- ▶ Create compelling content
- ▶ Personalize content
- ▶ Improve Monetization, conversion & engagement

### EFFICIENCY

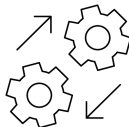
Reduce Costs & Time

- ▶ Reduce costs (content production, storage & delivery, labor)
- ▶ Improve quality of content delivery & employee engagement
- ▶ Increase speed to market



#### SECURE DATA & CONTENT INCLUSION

Your content and data are safe with us



#### DEEPLY INTEGRATED & FLEXIBLE

With our system and our customers' systems



#### AUTOMATION (engagement flywheel)

Insights to Actions to Automation



#### PARTNER ENHANCED

Utilizing best engines available

## DIFFERENTIATION

BRIGHTCOVE<sup>+</sup>

+

aws  
The image shows the AWS logo, which consists of the lowercase letters 'aws' in a white sans-serif font, with a white arrow pointing to the right underneath.

“ With Amazon Q, Brightcove is harnessing the **power of its data platform and generative AI** on AWS to improve customer service and experiences while enabling its teams to work more productively and efficiently. ”

**Matt Garman**SVP Sales, Marketing, and Global Services  
AWS

# PLATFORM & BUSINESS MODEL LEVERAGE

**SOLUTION EXPANSION**  
(New Use-cases, AI)

**LARGER CUSTOMER  
RELATIONSHIPS**

**LONGER CONTRACTS**

**USAGE BASED COSTS**  
(vs. Revenue Based)

**Consistent  
Revenue Growth**

**Retention  
Improvement**

**Gross & EBITDA  
Margin Expansion**

**Meaningful FCF  
Generation**



# FINANCIALS

**JOHN WAGNER**  
Chief Financial Officer

# SUMMARY METRICS: 1H24

REVENUE

**\$99.7**  
MILLION

ADJUSTED EBITDA

**\$8.7**  
MILLION

FREE CASH FLOW

**\$0.9**  
MILLION

9%  
of  
revenue

**~630**  
Employees

**~2k**  
Customers

# 2024 FINANCIAL FOCUS



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Focused investments on most promising opportunities to drive consistent revenue growth



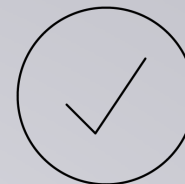
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Continue to deliver substantial improvements in **profitability**



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Continued Investment in product **innovation**



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**Delivering** on our near-term targets while **building** for our long-term ones

# RETURNING TO CONSISTENT REVENUE GROWTH

# REVENUE GROWTH: NEW BUSINESS

**NEW BUSINESS BOOKINGS**

**+55%**

YoY ('22-'23)

**NEW BUSINESS DEAL SIZE**

**+200%**

YoY ('22-'23)

*New business strength and increasing deal sizes (upmarket) in 2023 show potential to drive consistent revenue growth*

# REVENUE GROWTH: ADD-ONS

## ADD-ON BOOKINGS

# +25%

2Q24 vs Prior 4Q Avg

+37% QoQ

+8% YoY

## ADD-ON DEAL SIZE

# +30%

2Q24 vs Prior 4Q Avg

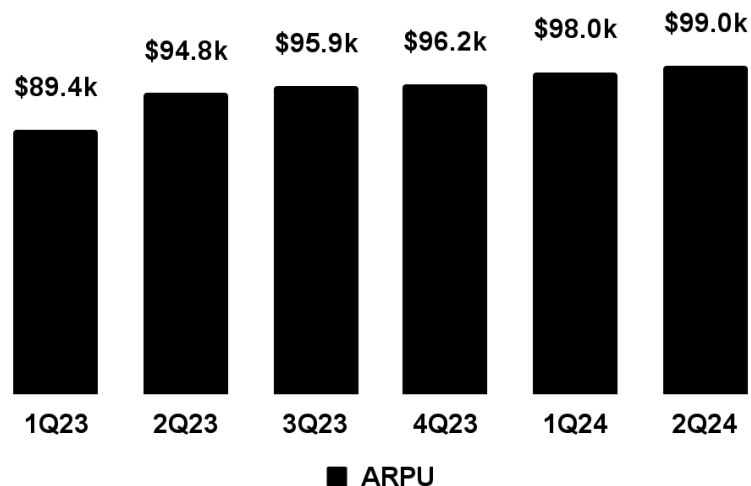
+48% QoQ

+7% YoY

*Add-On strength shows signs of returning entitlement momentum and supports goal of consistent revenue growth*

# REVENUE GROWTH: UPMARKET FOCUS

## ARPU QoQ GROWTH



RECORD-HIGH

**\$99k**

**All-time High**

**Q2'24**

**+4% YoY**

*Moving upmarket highlights product capabilities to win and retain larger customers and drive consistent revenue growth*

# REVENUE GROWTH: INCREASING COMMITMENT

## TOTAL SUBSCRIPTION BACKLOG

**+3%**

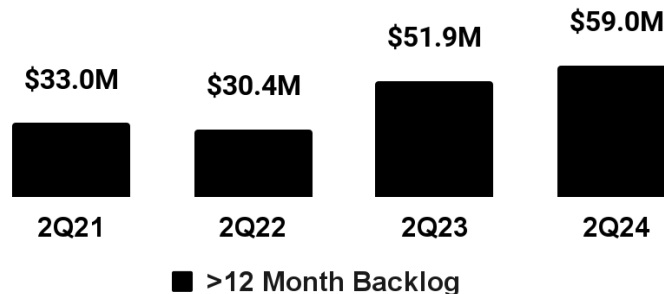
YoY

(2Q23 - 2Q24)

## > 12 MONTHS BACKLOG

RECORD-HIGH

**Growth in Multi-Year Deals driving record Backlog over 12 months**



*Increasing subscription commitment has potential to increase NRR and improve visibility toward consistent revenue growth*



# REVENUE GROWTH: TARGETS

**\$99.7M**

Actual  
1H24

**\$195.5M-\$198M**

GUIDANCE  
FY 2024

## TARGETS

- ▶ Near-term: Return to **positive single digit Revenue growth**
- ▶ Long-term: **10%+ Revenue growth**

*Long term: GTM strategic changes, operational execution and S&M and product investments support a return to consistent revenue growth*

# DELIVERING PROFITABILITY IMPROVEMENTS

# PROFITABILITY: GROSS PROFIT

## 62%

1H24

NON-GAAP  
GROSS MARGIN

(includes ~5-6% pts of D&A)

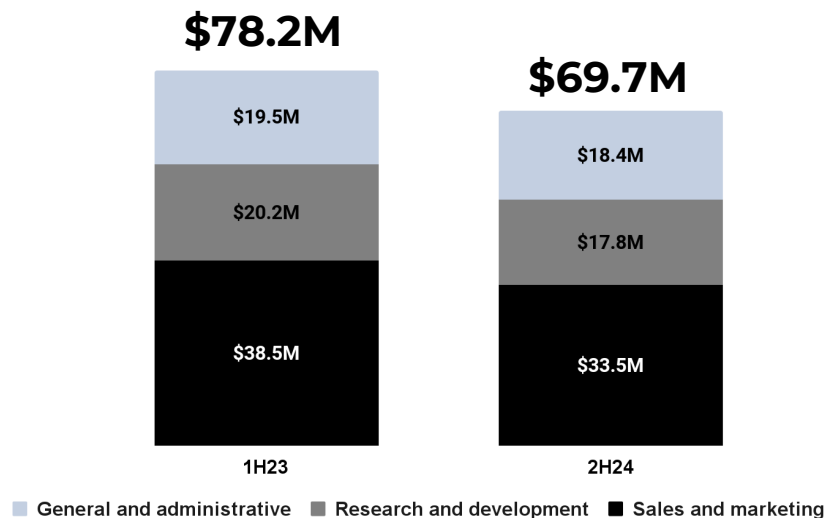
## 70%

LONG TERM TARGET

- Revenue Scale
- Architecture Optimization
- Vendor Realignment
- SW CAPEX → D&A reduction

*Pursuing several actionable paths to drive improvement in Gross Margin long term*

# PROFITABILITY: OPEX EFFICIENCY



# 70%

GAAP S&M, G&A and  
R&D functions as a % of  
Revenue

Improvement from **78%**  
in 1H23

GAAP S&M, R&D and G&A, excluding Merger-Related and Gain on Sale of Assets

***Executed meaningful OPEX optimization while leaving resources to fuel growth***

# PROFITABILITY: EBITDA IMPROVEMENTS

## EBITDA MARGIN 9% 1H24 vs 1% 1H23

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**\$11.9M**

FY 2023

**\$14.5M-\$16M**

GUIDANCE FY 2024

A 25%+ Increase at Mid-point

**20%+**

Long-term Target  
EBITDA Margin

*COGS & OPEX management driving increased profitability*

# PROFITABILITY: FREE CASH FLOW

**\$5.6M - \$8M**

expected FCF in 2024

- ▶ 25%+ YoY EBITDA Growth in Guidance mid-point
- ▶ Reduction in CAPEX YoY

***Meaningful Free Cash Flow generation expected in 2024 = 40% to 50% of EBITDA***

# **CONTINUED INNOVATION INVESTMENT**

# INNOVATION INVESTMENT: R&D + S&M

**\$21.9M** in 1H24  
R&D + CAP SW

**\$33.5M** in 1H24  
S&M

**In line with  
expected Long  
Term Return to  
Growth**

- Could Continue to operate with current OPEX at higher Revenue scale



*Level of Investment should enable us to return to growth*



# DELIVERING ON OUR TARGETS

# Q2 HIGHLIGHTS

REVENUE	TOTAL BACKLOG	ADJ EBITDA	ARPU
<b>\$49.2M</b> ABOVE HIGH-END OF GUIDANCE	<b>\$182.2M</b> +3% YoY  INCLUDING BACKLOG >12 MONTHS AT <b>\$59.0M</b>	<b>8%</b> ADJ. EBITDA MARGIN  IMPROVED VS 7% IN 2Q23	<b>RECORD-HIGH</b>  <b>\$99.0K</b> +4% YoY  ALL-TIME HIGH

# CASH BALANCE & NET INCREASE IN CASH

**\$24.2M**

Cash and cash  
equivalents

**+\$4.0M**

Operating Cash Flow (Q2)

**+\$1.8M**

Free Cash Flow (Q2)

# GUIDANCE & LT TARGETS

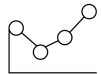
	3Q24		FY 2024		LONG TERM TARGETS
	LOW	HIGH	LOW	HIGH	
Revenue	\$48M	\$49M	\$195.5M	\$198M	+10% Revenue Growth
Non-GAAP Op Inc/(Loss)	(\$2M)	(\$1M)	(\$2.5M)	(\$1M)	
Adjusted EBITDA	\$2.5M	\$3.5M	\$14.5M	\$16M	20% EBITDA Margin
Non-GAAP EPS	(\$0.05)	(\$0.03)	(\$0.08)	(\$0.05)	

**Long-Term targets → Revenue scale, COGS & OPEX optimization**

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# Q&A

**THANK  
YOU**