



8x8

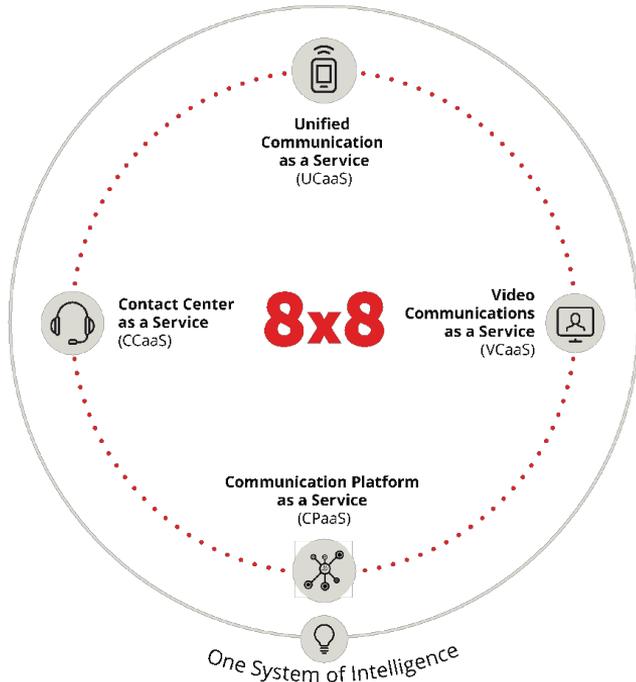
Communications.
Transformed.

EARNINGS RESULTS

First Quarter Fiscal 2020

July 30, 2019

Voice x Video x Chat x Contact Center x APIs In the Cloud.



NYSE: **EGHT**

Headquarters in San Jose, CA

+1,700 employees in 5 countries

1m+ business users in **150+ countries**

7 year Leader UCaaS Gartner Magic Quadrant

191 patents awarded

\$60B+ TAM on-premise market migrating to cloud

Financial Results vs. Guidance | Q1 Fiscal 2020

	Q1 F2020	
	GUIDANCE (May 14, 2019)	RESULTS (July 30, 2019)
TOTAL REVENUE	\$95.3m - \$96.3m	\$96.7m
<i>% Growth Y/Y</i>	15% - 16%	16.2%
SERVICE REVENUE	\$91.0m - \$92.0m	\$92.4m
<i>% Growth Y/Y</i>	16% -18%	18.2%
PRE-TAX LOSS (Non-GAAP)	(~\$17m)	(~\$14m)

Q1 Fiscal 2020 | Business Highlights

Strong and Growing Large Deals With Annual Recurring Revenue (ARR) Greater than \$100,000:

- 449 customers with Annual Recurring Revenue (ARR) greater than \$100,000, a 50% year-over-year growth
- Closed 28 new customer deals with ARR > \$100,000. These deals represented 31% of new bookings for the quarter, compared with 26% of total bookings in same period last year.

Annual Recurring Revenue (ARR):

- Total ending ARR was \$332.4m and grew 21% year-over-year
- Small business customers with revenue <\$50m comprised 62% of ending (ARR) and grew 12% year-over-year
- Mid-market customers with revenue between \$50m - \$1b comprised 25% of ending (ARR) and grew 32% year-over-year
- Enterprise customers with revenue >\$1b comprised 14% of ending (ARR) and grew 52% year-over-year

Average Annual Service Revenue Per Customer:

- Small business customers with revenue <\$50m grew 4% year-over-year at \$4,726
- Mid-market customers with revenue between \$50m - \$1b grew 18% year-over-year at \$37,527
- Enterprise customers with revenue >\$1b grew 20% year-over-year at \$154,901

Channel Momentum:

- Channel Bookings grew 86% year-over-year and represented 57% of new bookings
- 813 active channel partners including 15 Master Agents
- Launched Elev8 Partner Program, an online portal to help partners manage their business deals and drive sales

Q1 Fiscal 2020 | Business Highlights (continued ...)

Acquired Wavcell, Asia Pacific's leading communications platform to pursue CPaaS globally, and represents a natural expansion and cross-sell opportunity for 8x8 to extend unified communications (UCaaS), contact center (CCaaS), and video communication (VCaaS) into the CPaaS market.

Contact Center Continues to Resonate with Mid-Market and Enterprise Customers:

- 7 of the top 10 deals were combination deals
- Stand-alone contact center represented approximately 30% of mid-market and enterprise bookings
- Stand-alone contact center ARR grew 35% year-over-year

8x8 Contact Center: Announced new capabilities including Google AI-enabled self-service and improved IVR usage with the use of automatic speech recognition and natural language processing. Also included is Expert Finder, which combines the value of 8x8 Team Messaging and AI to search and rank message rooms based on past chats and expert interactions, including interoperability with more than 24 third-party messaging platforms such as Slack, Webex Teams, and Google Hangouts.

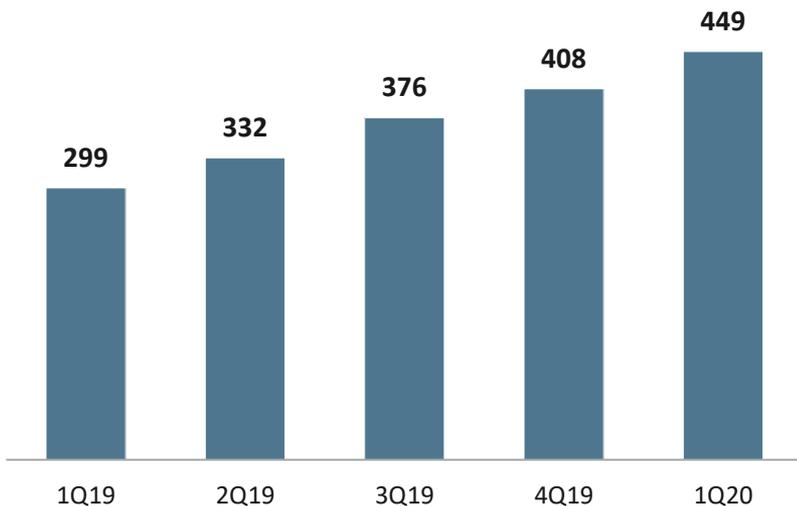
8x8 Meetings: A next-generation webRTC-based cloud video collaboration solution based on Jitsi technology acquired from Atlassian. It allows teams to collaborate effortlessly with high-definition video-conferencing accessible on mobile, desktop, and in-room devices available in X Series and 8x8 Express. Stand-alone solution available late Fall.

8x8 Express: Launched availability of a complete communications system that empowers emerging businesses to quickly and seamlessly establish a professional identity. 8x8 Express is available for purchase exclusively in 8x8's e-commerce store.

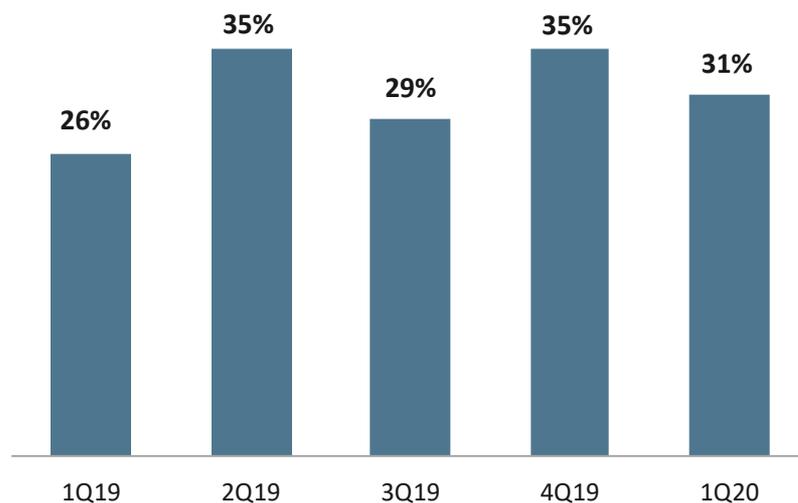
8x8 Managed Technical Services: Launched service which optimizes and manages local and wide area network performance. This service combines SD-WAN with 8x8's Premium Support to ensure world-class voice performance for customers of all sizes, particularly those that have limited IT resources.

New Bookings | Customers >\$100K ARR (Annual Recurring Revenue*)

of Customers (cumulative)



% of New Bookings

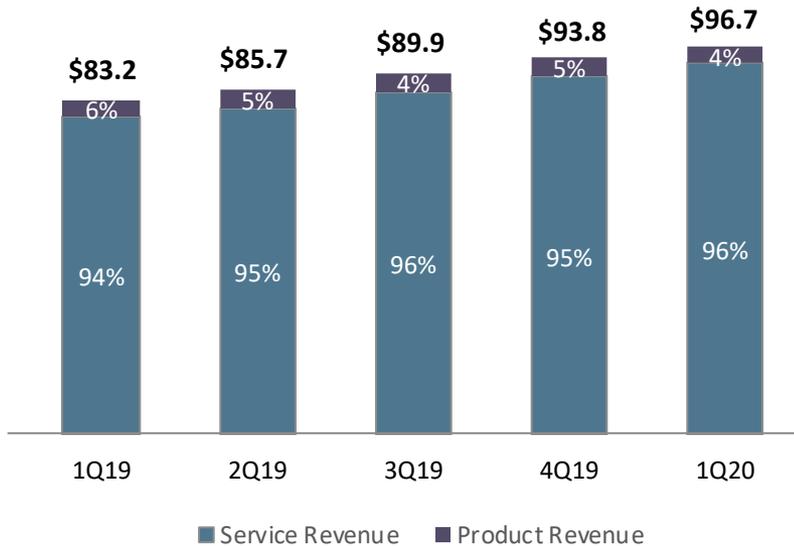


*Annual Recurring Revenue (ARR) = annualized (MRR x 12) recurring revenue (includes software subscription and prepaid usage and excludes all hardware, professional services and one-time fees)

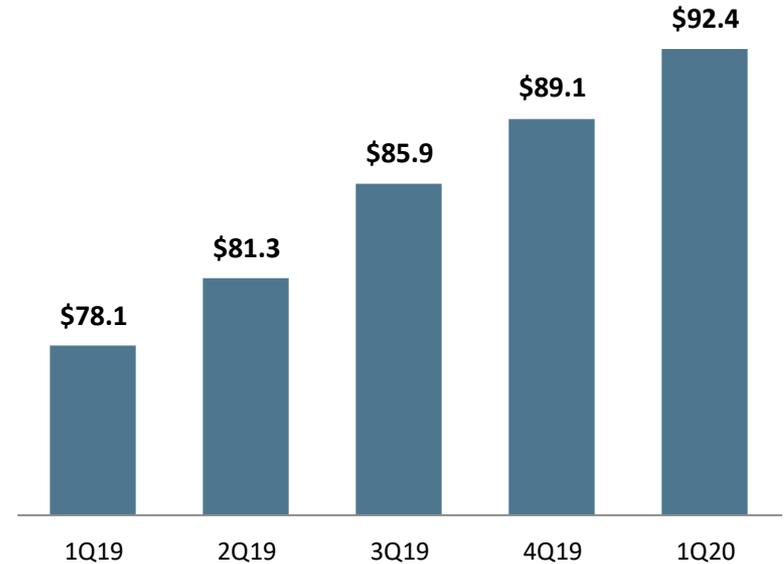
Revenue | Continued Increases in Revenue Growth

(\$ in millions)

Total Revenue

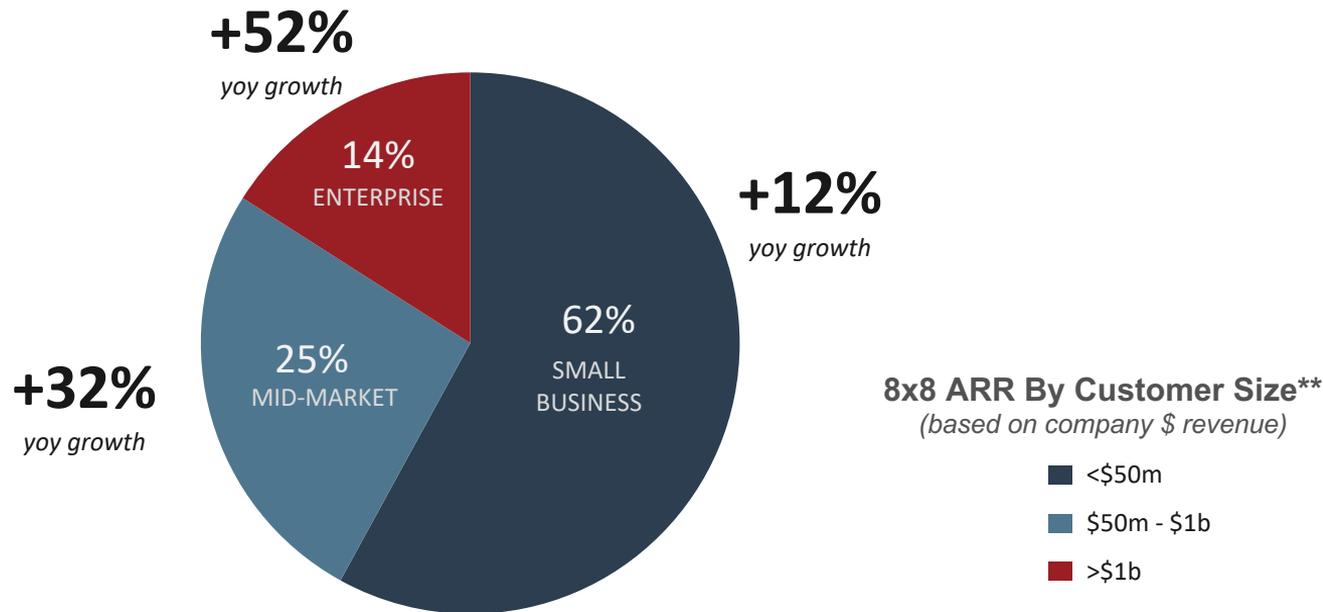


Service Revenue



Annual Recurring Revenue (ARR*) | By Customer Size

Total ARR Growth of 21% YOY with Strong Growth & Contribution From Mid-Market & Enterprise Customers

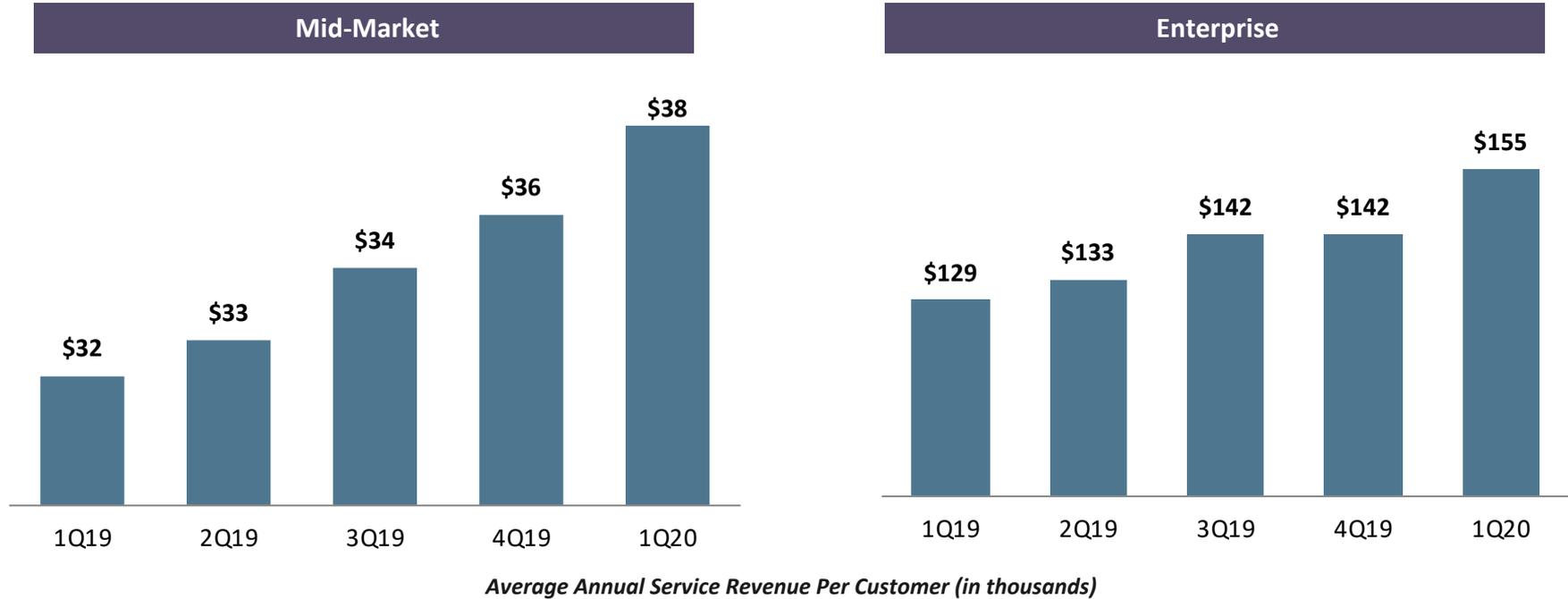


* Annual Recurring Revenue (ARR) = annualized (MRR x 12) recurring revenue (includes software subscription and prepaid usage and excludes all hardware, professional services and one-time fees)

** Customer revenue size based on 3rd party sources

Increasingly Attractive Customer Economics

Consistent Increases in Unit Level Customer Economics ... With Particular Strength in Larger Customers

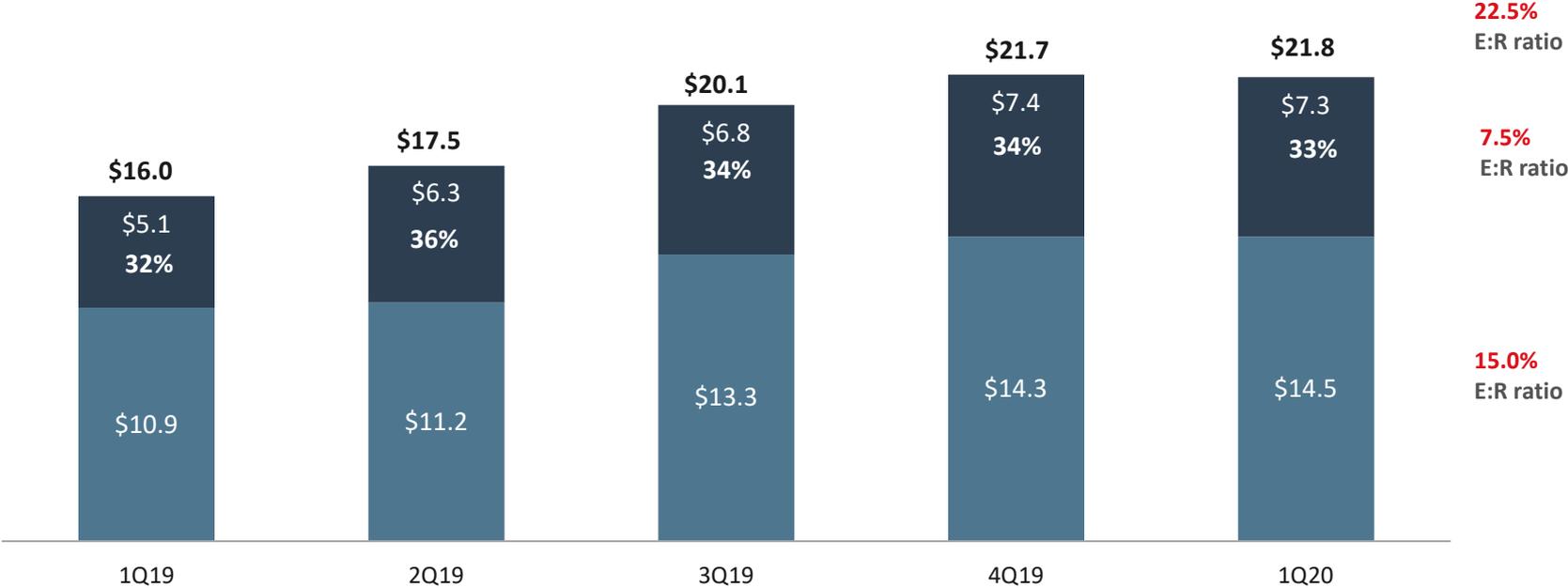


Note: Mid-Market customer with revenue between \$50m and \$1b and enterprise customer with revenue over \$1b as defined by company size

Single Technology Platform | 8x8 R&D Innovation

(\$ in millions)

Strong Continued Innovation From Large Total R&D Spend



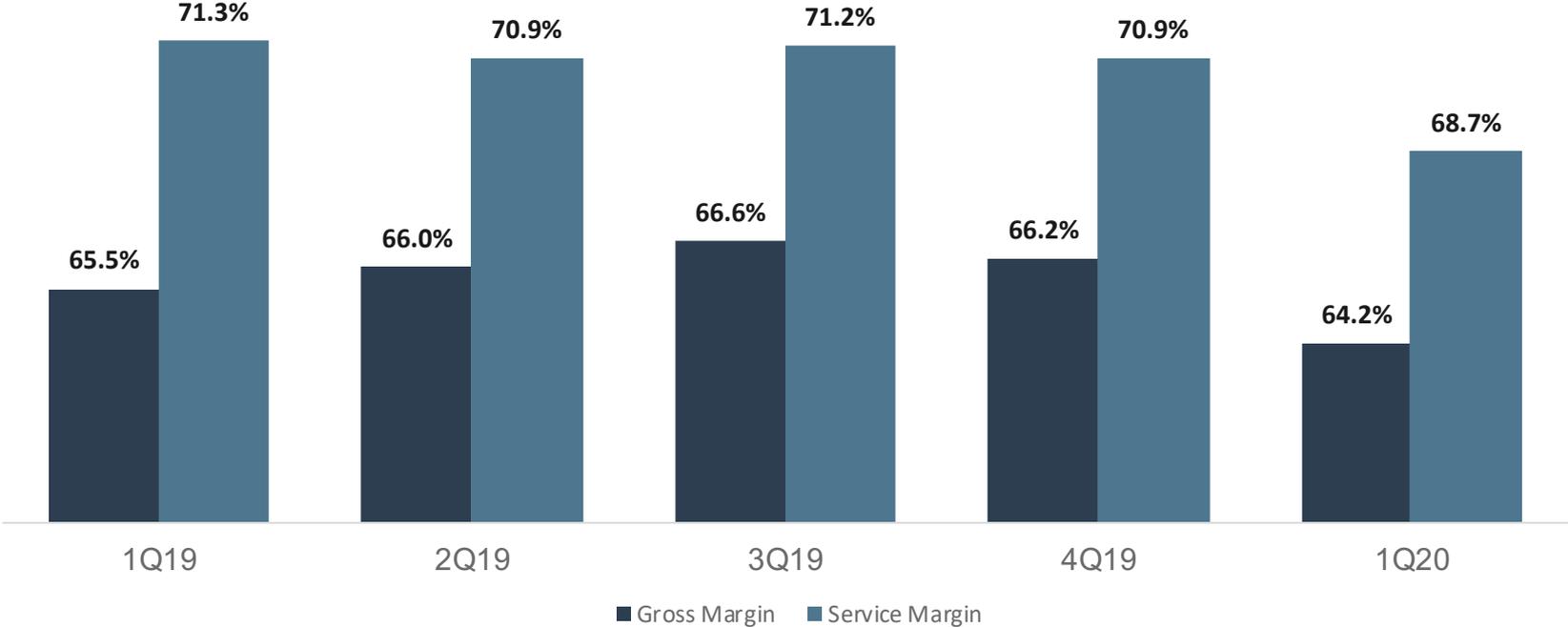
% in bar charts represents the portion of total R&D spend that is capitalized in the period

■ non-GAAP R&D Expense on P&L * ■ Capitalized Development Costs

* For a reconciliation of GAAP to Non-GAAP metrics, refer to the Appendix



Gross Margin | Consistent Recurring Non-GAAP Margins



GUIDANCE | Q2 Fiscal 2020

	Q2 F2020
TOTAL REVENUE	\$106.0m - \$107.0m
<i>% Growth Y/Y</i>	24% - 25%
SERVICE REVENUE	\$102.5m - \$103.5m
<i>% Growth Y/Y</i>	26% -27%
PRE-TAX LOSS (Non-GAAP)	(~\$16.5m)

GUIDANCE | Full-Year Fiscal 2020

	F2020
TOTAL REVENUE	~\$438m
<i>% Growth Y/Y</i>	~24%
SERVICE REVENUE	~\$420m
<i>% Growth Y/Y</i>	~26%
PRE-TAX LOSS (Non-GAAP)	(~\$53m)

Wavecell Acquisition | Leading CPaaS Platform (July 17, 2019)

Acquisition provides 8x8 with access to Asia Pacific's leading communications platform to pursue CPaaS globally, and represents a natural expansion and cross-sell opportunity for 8x8 to extend unified communications (UCaaS), contact center (CCaaS), and video communication (VCaaS) into the CPaaS market.

★ INCREASES 8x8's ADDRESSABLE MARKET TO INCLUDE CPaaS

- Adds additional **\$10+ billion in high-growth CPaaS market** to 8x8's low-penetrated comms market of \$50 billion for **\$60+ billion Total Addressable Market**
- Expands 8x8's **global voice & messaging network** with relationships and contracts across more than 190 carriers globally, including extensive coverage across Asia
- Provides sales and marketing scale to **expand globally through cross-sell** opportunity between 8x8 X Series and Wavecell core markets

★ ADDS CPaaS TECHNOLOGY TO 8x8 PLATFORM TO ENHANCE 8x8'S LEADERSHIP AS ONLY FULLY-OWNED END-TO-END CLOUD PLATFORM

- Further extends 8x8's competitive advantage as the **only fully-owned, cloud technology platform with UCaaS, CCaaS, VCaaS and CPaaS solutions** able to natively offer both pre-packaged communications, contact center and video solutions and open APIs to embed communications into an organization's core business processes
- **Deepens 8x8's technology prowess** with comprehensive elastic, cloud-native API platform; provides cloud-based tools that allows developers and enterprises to embed contextual communications in websites, apps and business workflows
- Provides SMS/text messaging and Chat App support at global scale for **unprecedented visibility into customer conversation**
- 8x8 video-embedded technology in Wavecell enables **contact center support via mobile devices** (e.g., field service workers)

★ EXPANDS 8x8's INTERNATIONAL PRESENCE

- Headquartered in Singapore with offices in Indonesia, Philippines, Thailand, and Hong Kong
- Processes **2+ billion messages** per year with coverage in **190+ countries, 290+ mobile operators and partners**, and **500+ customers** including hyper-growth Asian e-commerce, fintech and logistics businesses
- Wavecell **leadership and development teams** join 8x8

★ ATTRACTIVE TRANSACTION ECONOMICS

- **Total consideration of approximately USD \$125m**, in combination of approximately USD \$69m in cash and USD \$56m in 8x8 common stock, with USD \$12 million of common stock subject to certain vesting over a three-year period, for a **net U.S. GAAP purchase price of USD \$113 million** (subject to customary post-closing adjustments)
- Represents a **multiple of less than 4x** anticipated Wavecell calendar 2019 revenue
- Expect Wavecell business to be **accretive to 8x8's revenue growth rate** and have **minimal impact on full-year fiscal 2020 non-GAAP pre-tax loss**

Investment Highlights

Compelling TAM

\$60+ billion market in early innings of cloud migration

Unique Tech Platform

single cloud technology platform

Complete Cloud Offering

integrated unified communications, contact center, video solutions & APIs

Attractive Economics

solid customer land and expand

Strong SaaS Model

subscription revenue and visibility

Multiple Growth Drivers

channel & global expansion, cross-selling of platform, analytics

8x8

Communications.
Transformed.



APPENDIX

Reconciliation of GAAP to Non-GAAP | COR and R&D

(\$ in thousands, Unaudited)

Cost of Service Revenue:	Three Months Ended June 30,	
	2019	2018
GAAP cost of service revenue	\$31,967	\$24,549
Amortization of acquired intangible assets	\$(1,310)	\$(1,110)
Stock-based compensation expense	\$(1,731)	\$(1,026)
Non-GAAP cost of service revenue	\$28,926	\$22,413
Non-GAAP cost of service revenue as a percentage of service revenue	31.3%	28.7%
Research & Development Expense:	Three Months Ended June 30,	
	2019	2018
GAAP research and development	\$18,331	\$13,050
Stock-based compensation expense	\$(3,864)	\$(2,194)
Acquisition costs	\$(11)	\$—
Non-GAAP research and development	\$14,456	\$10,856
Non-GAAP research and development as a percentage of total revenue	15.0%	13.0%

Reconciliation of GAAP to Non-GAAP | S&M and G&A

(\$ in thousands, Unaudited)

Sales & Marketing Expense:	Three Months Ended June 30,	
	2019	2018
GAAP sales and marketing	\$53,599	\$40,495
Amortization of acquired intangible assets	\$(214)	\$(322)
Stock-based compensation expense	\$(3,921)	\$(2,398)
Non-GAAP sales and marketing	\$49,464	\$37,775
Non-GAAP sales and marketing as a percentage of total revenue	51.2%	45.4%
General & Administration Expense:	Three Months Ended June 30,	
	2019	2018
GAAP general and administration	\$19,607	\$14,833
Stock-based compensation expense	\$(4,081)	\$(3,293)
Acquisition costs	\$(1,222)	\$—
Non-recurring items	\$(722)	\$(1,501)
Non-GAAP general and administration	\$13,582	\$10,039
Non-GAAP general and administration as a percentage of total revenue	14.0%	12.1%

Reconciliation of GAAP to Non-GAAP | Net Loss / Per Share

(\$ in thousands, Unaudited)

GAAP Net Income (Loss):	Three Months Ended June 30,	
	2019	2018
GAAP net loss	\$(34,265)	\$(15,355)
Adjustments:		
Amortization of acquired intangible assets	\$1,524	\$1,432
Stock-based compensation expense	\$13,597	\$8,911
Acquisition costs	\$1,233	\$—
Debt amortization expense	\$3,173	\$—
Non-recurring items in operating expenses	\$722	\$1,501
Provision for income taxes	\$148	\$91
Non-GAAP net income (loss)	\$(13,868)	\$(3,420)
Non-GAAP tax expense (1)	\$148	\$91
Non-GAAP net income (loss) after taxes	\$(14,016)	\$(3,511)
<p>(1) The non-GAAP tax provision in fiscal years 2020 and 2019 do not have deferred income tax impact due to the full valuation allowance applied against deferred tax assets. The non-GAAP effective tax, is based on current taxes for certain U.S. states and foreign jurisdictions.</p>		
Net Income (Loss) Per Share:	Three Months Ended June 30,	
GAAP diluted net loss per share	\$(0.36)	\$(0.16)
Non-GAAP diluted net loss per share	\$(0.14)	\$(0.04)

Forward Looking Statements

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934. These statements relate to the release of new products, market demand for products, changing industry trends, business strategies, future operating performance and outlook. These forward-looking statements are predictions only, and actual events or results may differ materially from such statements depending on a variety of factors. These factors include, but are not limited to:

- Customer adoption and demand for our X-Series product line may be lower than we anticipate.
- Competitive dynamics of the UCaaS, CCaaS, CPaaS, video and other markets in which we compete may change in ways we are not anticipating.
- Third parties may assert ownership rights in our IP, which may limit or prevent our continued use of the core technologies behind our solutions.
- We may not achieve our target service revenue growth rate, or the revenue, earnings, bookings or other amounts we forecast in our guidance, for a particular quarter or for the full fiscal year of F2020, including revenue contributions from our recent acquisition of Wavecell Pte. Ltd.
- Our churn rate may be higher than we anticipate.
- The investments we make in increasing headcount, marketing X Series, e-commerce solutions, development of new products and features, and other areas of our business may not result in accelerated revenue growth.

For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see “Risk Factors” in the Forms 10-K and 10-Q filed by 8x8, Inc. with the Securities and Exchange Commission. All forward-looking statements are qualified in their entirety by this cautionary statement, and 8x8, Inc. undertakes no obligation to update publicly any forward-looking statement for any reason, except as required by law, even as new information becomes available or other events occur in the future.

Non-GAAP Measures

This presentation contains certain financial information that has not been prepared in accordance with Generally Accepted Accounting Principles (GAAP). Management uses these non-GAAP financial measures internally in analyzing the Company’s financial results and believes they are useful to investors, as a supplement to GAAP measures, in evaluating the Company’s ongoing operational performance. This information should not be considered a substitute for any measures derived in accordance with GAAP.



For tips, updates and the latest information

 8x8.com

 [@8x8](https://twitter.com/8x8)

 facebook.com/8x8Inc

 linkedin.com/company/8x8

 youtube.com/8x8Inc