

SERVICESOURCE INTERNATIONAL, INC.
Form DEF 14A
April 07, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-2

SERVICESOURCE INTERNATIONAL, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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

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

- (4) Proposed maximum aggregate value of transaction:

- (5) Total fee paid:

Fee paid previously with preliminary materials.

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

- (1) Amount Previously Paid:

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

- (3) Filing Party:

- (4) Date Filed:

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Dear Fellow Stockholders:

You are cordially invited to join us for our 2017 annual meeting of stockholders, which will be held on May 17, 2017, at 9:00 a.m. local time at our Denver Revenue Delivery Center located at 717 17th St., 5th Floor, Denver, Colorado 80202. Holders of record of our common stock as of March 20, 2017 are entitled to notice of, and to vote at, the 2017 annual meeting.

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

We are pleased to be furnishing these materials to our stockholders via the internet. We believe this approach provides you with the information that you need while expediting your receipt of these materials, lowering our costs of delivery, and reducing the environmental impact of our annual meeting. If you would like us to send you printed copies of our proxy statement and accompanying materials, we will be happy to do so at no charge upon your request. For more information, please refer to the Notice of Internet Availability of Proxy Materials that we previously mailed to you on or about April 7, 2017.

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

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

We thank you for your support.

Sincerely,

Christopher M. Carrington

Chief Executive Officer

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717 17th Street, 5th Floor

Denver, CO 80202

(720) 889-8500

NOTICE OF 2017 ANNUAL MEETING OF STOCKHOLDERS

To Be Held on May 17, 2017

We will hold the annual meeting of stockholders of ServiceSource International, Inc., a Delaware corporation, on Wednesday, May 17, 2017 at 9:00 a.m., Mountain Time, at our Denver Revenue Delivery Center located at 717 17th Street, 5th Floor, Denver, CO 80202, for the following purposes:

1. To elect the two nominees for Class III director named in this proxy statement to the board of directors to serve until our 2020 annual meeting of stockholders;
2. To approve, on an advisory basis, the compensation of the named executive officers for the year ended December 31, 2016;
3. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017; and
4. To transact any and all other business that may properly come before the meeting or at any and all adjournments or postponements of the meeting.

These items of business, including information about the director nominees, are more fully described in the proxy statement accompanying this notice. We are not aware of any other business to come before the meeting at this time.

Only stockholders of record at the close of business on March 20, 2017, or their valid proxies, are entitled to attend and vote at the meeting and any and all adjournments or postponements of the meeting.

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

By order of the Board of Directors

Christopher M. Carrington

Chief Executive Officer

Denver, Colorado

April 7, 2017

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 17, 2017:

THIS PROXY STATEMENT AND SERVICESOURCE S 2016 ANNUAL REPORT ON FORM 10-K ARE AVAILABLE AT IR.SERVICESOURCE.COM. ADDITIONALLY, AND IN ACCORDANCE WITH SEC RULES, YOU MAY ACCESS THESE MATERIALS AT WWW.PROXYDOCS.COM/SREV.

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FOR 2017 ANNUAL MEETING OF STOCKHOLDERS**

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PROXY STATEMENT

We are providing these proxy materials in connection with the solicitation by our board of directors of proxies to be voted at our 2017 annual meeting of stockholders, which will take place on Wednesday, May 17, 2017 at 9:00 a.m., Mountain Time, at our Denver Revenue Delivery Center located at 717 17th Street, 5th Floor, Denver, CO 80202. As a stockholder, you are invited to attend the annual meeting and are requested to vote on the items of business described in this proxy statement.

This proxy statement and the accompanying proxy card, notice of annual meeting and voting instructions are being distributed and made available on or about April 7, 2017 to all stockholders of record entitled to vote at the annual meeting.

HOW TO VOTE

in advance of the annual meeting

- 1. Have your notice, proxy card, or voting instruction form in hand.** You will need the paper (or e-mail) notice about our annual meeting that you received from your broker, bank or other nominee or from our transfer agent, Wells Fargo Shareowner Services, or the voting instruction form or proxy card if you received a printed copy of our proxy materials.
- 2. Choose a voting method.**

ON THE INTERNET

Go to the website identified on your notice, proxy card, or voting instruction form

Enter your control number (it is on your notice, proxy card, or voting instruction form)

Follow the instructions

BY TELEPHONE

Call the phone voting number (different shareholders use different numbers, find yours on your proxy card or voting instruction form, or follow the phone instructions on the website provided in your notice)

Follow the recorded instructions

BY MAIL

Mark your votes on your paper proxy card or voting instruction form

If you did not receive a paper proxy card or voting instruction form, you can request one by following the instructions in your notice

Sign, date, and return the proxy card or voting instruction form by mail using the enclosed envelope

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

Date, Time and Place of Meeting

Date: May 17, 2017

Time: 9:00 a.m., Mountain time

Place: 717 17th Street, 5th Floor, Denver, Colorado 80202

Record Date: Stockholders of record as of the close of business on March 20, 2017 are entitled to attend, and to vote at, the annual meeting.

Admission Requirements: You must bring proof that you owned ServiceSource stock on the Record Date in order to be admitted to the annual meeting.

Voting Matters and Board Recommendations

The following proposals will be considered at the Annual Meeting:

		Board Recommendation	More Information
Proposal 1	Election of directors	FOR each nominee	Page 20
Proposal 2	Advisory vote to approve executive compensation	FOR	Page 24
Proposal 3	Ratification of appointment of Ernst & Young LLP as independent registered public accounting firm	FOR	Page 25

Proposal 1: Election of Directors

Each Class III director nominee is up for election for a three-year term. Each director nominee is a current director and during 2016 attended at least 75% of the aggregate of all meetings of the Board and of all Board committees on which he sits.

Name	Director		Committee Memberships
	Since	Independent?	
Steven M. Cakebread	2010	YES	Audit Committee (chair)
Christopher M. Carrington	2014	NO	None

Proposal 2: Advisory Vote to Approve Compensation of our Named Executive Officers

Stockholders will be given the opportunity to vote on an advisory resolution to approve the compensation of our Named Executive Officers (NEOs) (commonly referred to as Say on Pay).

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

Type	Form	Terms
Cash	Base Salary	Competitively market-based
Cash	Annual Incentive Compensation	Based on achievement of board-approved performance goals
Equity	Performance-based Incentive Awards	Annual equity awards to our NEOs have a two-year service period and board-approved performance goals that span a one year performance period. Beginning in 2016, all equity awards to executive officers are subject to achievement of at least two performance goals.
Other	No Perks	Our executive officers do not receive any perquisites that are not offered generally to all employees (such as 401(k) match and company-paid disability and life insurance benefits)

Proposal 3: Ratification of Independent Registered Public Accounting Firm

Ratify the selection of Ernst & Young LLP as the Company's independent public accounting firm for the 2017 fiscal year.

The following table sets forth the aggregate fees for audit services provided by Ernst & Young LLP as well as PricewaterhouseCoopers LLP for the years ended December 31, 2016 and December 31, 2015. Because we changed auditors from PricewaterhouseCoopers LLP (PWC) to Ernst & Young LLP (EY) in May 2016, we have included the fees charged to us by both accounting firms in the table below.

	2016		2015
	EY	PWC	PWC
Audit fees(1)	\$ 1,398,936	\$ 359,339	\$ 1,569,294
Audit-related fees(2)			
Tax fees(3)		220,151	283,334
All other fees(4)		2,970	2,600
Total fees	\$ 1,398,936	\$ 582,460	\$ 1,855,228

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

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

Other Matters

The management and Board of Directors of the Company know of no other matters to be brought before the meeting. If other matters are properly presented to the stockholders for action at the meeting or any adjournments or postponements thereof, it is the intention of the proxy holders named in this proxy to vote in their discretion on all matters on which the shares of common stock represented by such proxy are entitled to vote. The entire cost of this solicitation of proxies will be borne by the Company, including expenses incurred in connection with

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preparing, assembling and mailing the Notice. The Company may reimburse brokers or persons holding stock in their names or in the names of their nominees for their expenses in sending the proxy materials to beneficial owners who request paper copies. Certain officers, directors and regular employees of the Company, who will receive no extra compensation for their services, may solicit proxies by mail, telephone, facsimile, email or personally.

More Information about Proxies and Voting

Proxies

A proxy is your legal designation of another person to vote the stock you own. The person you designate is your proxy, and you give the proxy authority to vote your shares by submitting the enclosed proxy card or, if available, voting by telephone or over the Internet. We have designated our Chief Executive Officer, Christopher M. Carrington; our Chief Financial Officer, Robert N. Pinkerton; and our General Counsel, Patricia A. Elias; to serve as proxies for the annual meeting.

Proxy Materials

We have elected to deliver our proxy materials electronically over the internet as permitted by the rules of the SEC. As required by those rules, we are distributing a notice of internet availability of proxy materials to our stockholders of record and beneficial owners as of the close of business on March 20, 2017. On the date of distribution of the notice, all shareholders and beneficial owners will have the ability to access all of the proxy materials at the URL address included in the notice. Additionally, the notice of annual meeting, proxy statement, and annual report are available on our website by visiting <http://ir.servicesource.com/>. These proxy materials are also available at no charge upon request. Please refer to information included in the notice of internet availability of proxy materials for additional information.

Voting Your Shares

Each share of our common stock issued and outstanding as of the close of business on March 20, 2017, the record date for the 2017 annual meeting of stockholders, is entitled to vote on all items being considered at the 2017 annual meeting. You may vote all shares owned by you as of the record date, including (i) shares held directly in your name as the stockholder of record and (ii) shares held for you as the beneficial owner in street name through a broker, bank, or other nominee. On the record date, we had 88,515,695 shares of common stock issued and outstanding.

For all matters described in this proxy statement for which your vote is being solicited, each holder of shares of common stock is entitled to one vote for each share of common stock held by such holder as of the record date.

Stockholder of Record and Beneficial Owners in Street Name

Many of our stockholders hold their shares as a beneficial owner in street name through a broker or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholder of Record

If your shares are registered directly in your name with our transfer agent, Wells Fargo Shareowner Services, you are considered with respect to those shares the *stockholder of record* and these proxy materials were sent directly to you by us. As the *stockholder of record*, you have the right to grant your voting proxy directly to our designated proxies or

to vote in person at the annual meeting. We have enclosed a proxy card for you to use with the printed proxy materials delivered to you. You may also vote on the Internet or by telephone.

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Beneficial Owner

If your shares are held in an account at a brokerage firm, bank, or other similar organization, you are considered the *beneficial owner* of shares held in street name, and the notice of annual meeting, proxy statement and annual report were forwarded to you by that organization. As the beneficial owner, you have the right to direct your broker, bank, or other nominee how to vote your shares, and you are also invited to attend the annual meeting.

Because a beneficial owner is not the *stockholder of record*, you may not vote your shares in person at the annual meeting unless you obtain a legal proxy from the broker, bank, trustee, or nominee that holds your shares giving you the right to vote the shares at the meeting. If you are a beneficial owner and do not wish to vote in person or you will not be attending the annual meeting, you may vote by following the instructions provided by your broker or other nominee.

ServiceSource's Transfer Agent

You may contact our transfer agent by mail at Wells Fargo Shareowner Services, 1110 Centre Pointe Curve, Suite 101, Mendota Heights, Minnesota 55120, or by telephoning (800) 468-9716.

Attending and Voting at the Annual Meeting

You are entitled to attend the annual meeting only if you were a stockholder as of the record date or you hold a valid proxy for the annual meeting. If you are not a stockholder of record but hold shares as a beneficial owner in street name, you should provide proof of beneficial ownership as of the record date, such as your most recent account statement prior to March 20, 2017, together with a copy of the voting instruction card provided by your broker, bank, or nominee, or other similar evidence of ownership.

If you do not comply with the procedures outlined above, you may not be admitted to the annual meeting.

Please let us know if you plan to attend the meeting by marking the appropriate box on the proxy card or, if you vote by telephone or Internet, by indicating your plans when prompted. We do not expect to webcast the annual meeting.

Shares held in your name as the stockholder of record may be voted by you in person at the annual meeting. Shares held beneficially in street name may be voted by you in person at the annual meeting only if you obtain a legal proxy from the broker, bank, or nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the annual meeting, we recommend that you also submit your proxy or voting instructions as described below so that your vote will be counted if you later decide not to attend the meeting.

Voting without Attending the Annual Meeting

By mail

Complete, sign and date the enclosed proxy card or voting instruction card and return it in the return envelope provided (which is postage prepaid if mailed in the United States). *If you are a stockholder of record and you return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote the shares represented by your proxy card in favor of the recommendations of our board of directors.*

If you are a stockholder of record and the prepaid envelope is missing, please mail your completed proxy card to ServiceSource International, Inc., Attention: Corporate Secretary, 717 17th Street, 5th Floor, Denver, CO 80202.

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If you are a beneficial owner of shares, you should have received a proxy card and voting instructions with these proxy materials from your broker, bank or other nominee holder of record. Simply complete and mail the proxy card provided to the address provided by your broker, bank or other nominee holder of record.

You may still attend the annual meeting in person even if you have already voted by proxy.

By telephone or on the Internet

If you are a stockholder of record, you may vote by following the telephone or Internet voting instructions on your proxy card.

If you are a beneficial owner of shares, your broker, bank or other holder of record may make telephone or Internet voting available to you. The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank or other nominee holder of record. Therefore, we recommend that you follow the voting instructions in the materials you receive.

Voter Confidentiality

Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within ServiceSource or to third parties, except as necessary to meet applicable legal requirements, to allow for the tabulation of votes and certification of the vote, or to facilitate a successful proxy solicitation.

Changing Votes and Revoking Proxies

You may change your vote at any time prior to the taking of the vote at the annual meeting. If you are the stockholder of record, you may change your vote by (i) granting a new proxy bearing a later date (which automatically revokes the earlier proxy) using any of the methods described above (and until the applicable deadline for each method), (ii) providing a written notice of revocation to our corporate secretary at ServiceSource International, Inc., Attention: Corporate Secretary, 717 17th Street, 5th Floor, Denver, Colorado 80202, prior to your shares being voted, or (iii) attending the annual meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request.

For shares you hold beneficially in street name, you may change your vote by submitting new voting instructions to your broker, bank, or nominee following the instructions they provided or, if you have obtained a legal proxy from your broker, bank, or nominee giving you the right to vote your shares, by attending the annual meeting and voting in person.

List of Stockholders Entitled to Vote at the Annual Meeting

The names of stockholders of record entitled to vote at the annual meeting will be available at the annual meeting and for 10 days prior to the meeting for any purpose germane to the meeting, between the hours of 9:00 a.m. and 4:30 p.m., at our Denver Revenue Delivery Center located at 717 17th Street, 5th Floor, Denver, Colorado 80202, by contacting our corporate secretary.

Quorum Requirements for Conducting Business at the Annual Meeting

A majority of the issued and outstanding shares of common stock must be present in person or represented by proxy at our annual meeting in order for the annual meeting to be held and business to be transacted.

Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum.

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A broker non-vote occurs when a broker, bank or other holder of record holding shares for a beneficial owner does not vote on a particular proposal because that holder does not have discretionary voting power for that particular item and has not received voting instructions from the beneficial owner.

If there is no quorum, a majority of the votes present at the annual meeting may adjourn the meeting to another date.

Board of Directors Recommendations for Your Vote

Our board of directors recommends that you vote your shares:

FOR each of the two nominees for Class III director named in this proxy statement.

FOR on an advisory basis, approval of the compensation of our named executive officers for the year ended December 31, 2016.

FOR the ratification of Ernst & Young LLP as our independent registered public accounting firm for the 2017 fiscal year.

Voting Requirement to Approve Each of the Proposals

Proposal	Vote Required	Discretionary Broker Voting Allowed?
Election of Class III directors	Majority of the shares present, represented and entitled to vote at the meeting	No
Advisory Vote to Approve Executive Compensation	Majority of the shares present, represented and entitled to vote at the meeting	No
Ratification of Ernst & Young LLP	Majority of the shares present, represented and entitled to vote at the meeting	Yes

If you are a beneficial owner, your broker, bank or other nominee holder of record is permitted to vote your shares on the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm, even if the record holder does not receive voting instructions from you. Your broker, bank or other nominee holder of record does not have discretionary authority to vote on the other two proposals without instructions from you, in which case a broker non-vote will occur and your shares will not be voted on this matter. Accordingly, if you are a beneficial owner, it is particularly important that you provide your instructions for voting your shares on the election of directors and the advisory compensation proposal to your broker, bank or other nominee holder of record.

Election of Class III Directors

If a quorum is present, the affirmative FOR vote of a majority of the shares present, represented and entitled to vote on the proposal is required to elect each Class III director. You may vote FOR, AGAINST, or ABSTAIN with respect to each director nominee. Broker non-votes and abstentions will have no effect on the outcome of the election, although they will be counted for purposes of determining whether there is a quorum.

In addition, you may not cumulate your votes for the election of directors.

Our bylaws provide for a majority voting standard for the election of directors in uncontested elections. In order for a nominee to be elected in an uncontested election, the number of votes cast for the nominee s

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election must exceed the number of votes cast against that nominee. Broker non-votes and abstentions will have no effect on the outcome of the election. This majority voting standard includes a director resignation policy in the event a nominee does not receive majority support of the votes cast.

In connection with our majority voting procedures, the board of directors nominates for election or re-election as director only candidates who have tendered, in advance of such nomination, an irrevocable, conditional resignation that will be effective only upon both (i) the failure to receive the required vote at the next stockholders' meeting at which they face re-election and (ii) the board of directors' acceptance of such resignation. In an uncontested election, the board of directors, after taking into consideration the recommendation of the nominating and corporate governance committee, will determine whether or not to accept the pre-tendered resignation of any nominee for director who receives a greater number of votes against such nominee's election than votes for such nominee. In the event of a contested election, the director nominees who receive the largest number of vote cast for their election will be elected as directors.

Advisory Vote on Executive Compensation

The affirmative FOR vote of a majority of the shares present, represented and entitled to vote on the proposal is required to approve, on an advisory basis, the compensation awarded to our named executive officers for the year ended December 31, 2016. You may vote FOR, AGAINST, or ABSTAIN on this proposal. Abstentions are deemed to be votes cast and have the same effect as a vote against the proposal. Broker non-votes are not deemed to be votes cast, are not included in the tabulation of voting results on this proposal, and will not affect the outcome of voting on this proposal.

Ratification of Ernst & Young LLP

The affirmative FOR vote of a majority of the shares present, represented and entitled to vote on the proposal is required to ratify the selection by our audit committee of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017. You may vote FOR, AGAINST or ABSTAIN on this proposal. Abstentions are deemed to be votes cast and have the same effect as a vote against the proposal. Broker non-votes are not deemed to be votes cast, are not included in the tabulation of voting results on this proposal, and will not affect the outcome of voting on this proposal.

Additional Matters Presented at the Annual Meeting

Other than the items of business described in this proxy statement, we are not aware of any other business to be acted upon at the annual meeting. If you grant a proxy, the persons named as proxy holders, Christopher M. Carrington, Robert N. Pinkerton and Patricia A. Elias, or any of them, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting.

If for any reason any of the nominees is not available as a candidate for director at the annual meeting, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the board of directors.

Costs of Soliciting Votes

We are soliciting proxies and will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials and soliciting votes. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone, or by electronic communication by our directors, officers and employees,

who will not receive any additional compensation for such solicitation activities. We may also reimburse brokerage firms, banks and other nominee holders of record for the cost of forwarding proxy materials to beneficial owners. In the past we have hired a third party to assist in solicitation of proxies, and we may elect to do so again this year on an as needed basis. If we do engage a third party, we will pay them a customary fee consistent with the amounts we have paid in prior years for services and for reimbursement of out-of-pocket expenses.

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Publication of Voting Results

We will announce preliminary voting results at the annual meeting. We will also disclose voting results on a Current Report on Form 8-K filed with the SEC within four business days after the annual meeting. If final voting results are not available to us in time to file a Current Report on Form 8-K, we will file a Current Report on Form 8-K to publish preliminary results and, within four business days after final results are known, file an additional Current Report on Form 8-K to publish the final results.

Householding of Proxy Material

The SEC has adopted rules that permit companies and intermediaries (such as banks and brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single copy of the notice of internet availability of proxy materials, our notice of annual meeting, proxy statement and annual report, addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies. Stockholders who participate in householding will continue to be able to access and receive separate proxy cards.

Upon written or verbal request, we will deliver promptly a separate copy of the notice of internet availability of proxy materials and, if applicable, this proxy statement and annual report to any stockholder at a shared address to which we delivered a single copy of any of these documents. To receive a separate copy or if you no longer wish to participate in householding and would prefer to receive a separate notice of annual meeting, proxy statement and annual report, please direct your written request to:

ServiceSource International, Inc.

Attention: Investor Relations

717 17th St., 5th Floor

Denver, Colorado 80202

(770) 889-8500

Stockholders who hold shares in street name should contact their brokerage firm, bank, broker-dealer or other similar organization to request information about householding.

Deadline for Stockholder Proposals and Stockholder Nominees for Director for Next Year

Stockholder Proposals

Stockholders may present proper proposals for inclusion in our proxy statement and for consideration at the next annual meeting of stockholders by submitting their proposals in writing to our corporate secretary in a timely manner. For a stockholder proposal to be considered for inclusion in our proxy statement for our 2018 annual meeting of stockholders, our corporate secretary must receive the written proposal at our principal executive offices no later than December 8, 2017. However, if we hold our 2018 annual meeting of stockholders more than 30 days before or 60 days after the one-year anniversary date of the 2017 annual meeting, we will disclose the new deadline by which stockholders proposals must be received in our earliest possible Quarterly Report on Form 10-Q or, if impracticable, by any means reasonably calculated to inform stockholders. In addition, stockholder proposals must otherwise comply

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with the requirements of Rule 14a-8 of the Securities Exchange Act of 1934. Proposals should be addressed to:

ServiceSource International, Inc.

Attn: Corporate Secretary

717 17th St., 5th Floor

Denver, Colorado 80202

Our bylaws also establish an advance notice procedure for stockholders who wish to present a proposal before an annual meeting of stockholders, but do not intend for the proposal to be included in our proxy

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statement. Our bylaws provide that the only business that may be conducted at an annual meeting is business that is:

specified in our proxy materials with respect to such meeting,

otherwise properly brought before the meeting by or at the direction of our board of directors, or

properly brought before the meeting by a stockholder of record entitled to vote at the annual meeting who has delivered timely written notice to our corporate secretary, which notice must contain the information specified in our bylaws.

To be timely for our 2018 annual meeting of stockholders, our corporate secretary must receive the written notice at our principal executive offices:

not earlier than December 8, 2017 and

not later than January 7, 2018.

In the event that we hold our 2018 annual meeting of stockholders more than 30 days before or more than 60 days after the one-year anniversary date of the 2017 annual meeting, then notice of a stockholder proposal that is not intended to be included in our proxy statement must be received no earlier than the close of business on the 120th day before such annual meeting and no later than the close of business on the later of the following two dates:

the 90th day prior to such annual meeting, or

the 10th day following the day on which public announcement of the date of such meeting is first made. If a stockholder who has notified us of his or her intention to present a proposal at an annual meeting does not appear to present his or her proposal at such meeting, we are not required to present the proposal for a vote at such meeting.

Director Candidate Recommendations

You may recommend director candidates for consideration by our nominating and corporate governance committee. Any such recommendations should include the nominee's name and qualifications for membership on our board of directors, and should be directed to the corporate secretary of ServiceSource at 717 17th St., 5th Floor, Denver, Colorado 80202. For additional information regarding stockholder recommendations for director candidates and our related requirements, see *Corporate Governance and Board of Directors Process for Recommending Candidates to the Board of Directors*.

Director Candidate Nominations

In addition, our bylaws permit stockholders to nominate directors for election at an annual meeting of stockholders. To nominate a director, the stockholder must provide the information required by our bylaws. In addition, the stockholder must give timely notice to our corporate secretary in accordance with our bylaws, which, in general, require that the notice be received by our corporate secretary within the time period described above under *Stockholder Proposals* for stockholder proposals that are not intended to be included in our proxy statement.

Availability of Bylaws

Our Bylaws have been publicly filed with the SEC and can also be found on our website at www.servicesource.com in the Corporate Governance section of our investor relations webpage. You may also contact our corporate secretary at our principal executive offices for a copy of the relevant bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates.

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CORPORATE GOVERNANCE AND BOARD OF DIRECTORS

Code of Business Conduct and Ethics

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

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

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

Role and Composition of the Board

Our board of directors is currently composed of eight members. Our bylaws permit our board of directors to establish by resolution the authorized number of directors, and eight directors are currently authorized.

Upon the recommendation of our nominating and corporate governance committee, we are nominating Steven M. Cakebread and Christopher M. Carrington for re-election to our board of directors. If re-elected, Messrs. Cakebread and Carrington will each hold office for a three-year term until our annual meeting of stockholders to be held in 2020.

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

the Class I directors are Robert G. Ashe, Bruce W. Dunlevie and Barry D. Reynolds, whose terms expire at the 2018 annual meeting of stockholders;

the Class II directors are James C. Madden, Thomas F. Mendoza, and Gary B. Moore, whose terms expire at the 2019 annual meeting of stockholders; and

the Class III directors are Steven M. Cakebread and Christopher M. Carrington, whose terms expire at the 2017 annual meeting of stockholders.

Upon expiration of the term of a class of directors, directors (who are up for re-election) for that class will be up for election for three-year terms at the annual meeting of stockholders in the year in which that term expires. Each director's term continues until the election and qualification of his or her successor, or his or her earlier death,

resignation or removal. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This classification of our board of directors may have the effect of delaying or preventing changes in control of our company.

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

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Board Leadership Structure

Lead Independent Director

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

Chairperson of the Board

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

Board's Role in Risk Oversight

Our board of directors, as a whole and through its committees, has responsibility for the oversight of risk management. Our senior management is responsible for assessing and managing our risks on a day-to-day basis. Our audit committee oversees and reviews with management our policies with respect to risk assessment and risk management and our significant financial risk exposures and the actions management has taken to limit, monitor or control such exposures, and our compensation committee oversees risk related to compensation policies. Our nominating and corporate governance committee also reviews and recommends corporate governance policies and practices to reduce the risk of wrongdoing and to promote good corporate governance. Each of our committees reports to the full board of directors with respect to these matters, among others.

In connection with its oversight of compensation-related risks, our compensation committee has reviewed an assessment by management of our compensation programs and practices for our employees, including our executive and non-executive programs and practices. In its review, the compensation committee evaluated whether our policies and programs encourage unnecessary or excessive risk-taking and controls, and how such policies and programs are structured with respect to risks and rewards, as well as controls designed to mitigate any risks. As a result of this review, the compensation committee determined any risks that may result from our compensation policies and practices for its employees are not reasonably likely to have a material adverse effect on us.

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

Director Independence

Under the rules of the NASDAQ global market, where our common stock trades, independent directors must constitute a majority of a listed company's board of directors. In addition, the rules of NASDAQ require that,

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subject to specified exceptions, each member of a listed company's audit, compensation and nominating and corporate governance committees be independent. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended. Under the rules of NASDAQ, a director will only qualify as an independent director if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

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

Based upon information requested from and provided by each director concerning his background, employment and affiliations, including family relationships, our board of directors has determined that none of the following non-employee directors has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is independent as that term is defined under the rules of NASDAQ:

Robert G. Ashe

Steven M. Cakebread

Bruce W. Dunlevie

James C. Madden

Thomas F. Mendoza

Gary B. Moore

Barry D. Reynolds

Our board of directors also determined that Messrs. Ashe, Cakebread, Moore, and Reynolds, who compose our audit committee; Messrs. Madden, Mendoza, and Reynolds who compose our compensation committee; and Messrs. Ashe, Madden, and Mendoza, who compose our nominating and corporate governance committee; satisfy the independence standards for those committees established by the applicable rules and regulations of the SEC and NASDAQ.

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

Board Committees

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

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	Audit	Compensation	Nominating and Corporate Governance
Robert G. Ashe			
Steven M. Cakebread			
Bruce W. Dunlevie			
James C. Madden			
Thomas F. Mendoza			
Gary B. Moore			
Barry D. Reynolds			

= Independent Director

= Lead Independent Director

= Committee Chair

= Committee Member

Audit Committee. Our audit committee consists of Messrs. Ashe, Cakebread, Moore, and Reynolds. All members of our audit committee meet the requirements for financial literacy established by the applicable rules and regulations of the SEC and NASDAQ. Mr. Cakebread is the chairperson of our audit committee, is our audit committee financial expert, as defined under the SEC rules implementing Section 407 of the Sarbanes-Oxley Act of 2002, and possesses financial sophistication as defined under the rules of NASDAQ. Our audit committee oversees our corporate accounting and financial reporting process and is responsible for, among other things:

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

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

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

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

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

reviewing annually the audit committee charter and the committee's performance. Our audit committee met nine times during 2016. Our audit committee operates under a written charter approved by our board of directors. The charter is available on our website at www.servicesource.com in the Corporate Governance section of our investor relations webpage.

The Audit Committee Report is included later in this proxy statement.

Compensation Committee. Our compensation committee consists of Messrs. Madden, Mendoza, and Reynolds. Mr. Madden is the chairperson of our compensation committee. All of the members of our compensation committee meet the definition of outside directors under Section 162(m) of the Internal Revenue Code of 1986, as amended. Our compensation committee reviews and recommends policies relating to the compensation and benefits of our officers and employees and is responsible for, among other things:

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

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

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

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

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

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

Our compensation committee met four times during 2016. Our compensation committee operates under a written charter approved by the board of directors. The charter is available on our website at www.servicesource.com in the Corporate Governance section of our investor relations webpage.

The Compensation Committee Report is included later in this proxy statement.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Messrs. Ashe, Madden, and Mendoza. Mr. Reynolds is the chairperson of our nominating and corporate governance committee. Our nominating and corporate governance committee oversees and assists our board of directors in reviewing and recommending nominees for election as directors and is responsible for, among other things:

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

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

establishing procedures for identifying and evaluating nominees for director;

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

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

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

Our nominating and corporate governance committee will consider recommendations of candidates for the board of directors submitted by our stockholders as described under *Process for Recommending Candidates to the Board of Directors* below.

Our nominating and corporate governance committee met three times in 2016. Our nominating and corporate governance committee operates under a written charter approved by the board of directors. The charter is available on our website at www.servicesource.com in the Corporate Governance section of our investor relations webpage.

2016 Board Meetings

During 2016, our board of directors met five times. Each of our directors attended or participated in at least 75% of the aggregate of (i) the total number of meetings of our board of directors held during the period for which he has been a director and (ii) the total number of meetings held by all committees of our board of directors on which he served during the time he was a member of such committee in 2016.

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Executive Sessions of Independent Directors

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

Compensation Committee Interlocks and Insider Participation

Messrs. Madden, Mendoza, and Reynolds served as members of our compensation committee during 2016. None of the members of our compensation committee is, or was during 2016, an officer or employee of ours. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Considerations in Identifying and Evaluating Director Nominees

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

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

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

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

other factors that our committee may consider appropriate.

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

the highest personal and professional ethics and integrity;

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

skills that are complementary to those of the existing board;

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

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

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

Process for Recommending Candidates to the Board of Directors

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

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Our nominating and corporate governance committee has established Policies and Procedures for Director Candidates, which includes the policy of considering any individual recommended as a prospective director nominee by a stockholder holding no less than 4% of the outstanding shares of common stock continuously for at least 12 months prior to the date of the submission of the recommendation. The committee will consider candidates recommended by such stockholders in the same manner as candidates recommended to the committee from other sources.

Stockholder recommendations for candidates to the board of directors must be directed in writing to ServiceSource International, Inc., Attention: Corporate Secretary, 717 17th St., 5th Floor, Denver, CO 80202, and must include the candidate's name, home and business contact information, detailed biographical data, relevant qualifications, a signed letter from the candidate confirming willingness to serve, information regarding any relationships between the candidate and us, and evidence of the recommending stockholder's ownership of our stock. Such recommendations must also include a statement from the recommending stockholder in support of the candidate, particularly within the context of the criteria for board membership, including issues of character, integrity, judgment, diversity of experience, independence, area of expertise, corporate experience, length of service, potential conflicts of interest, other commitments and personal references.

Director Attendance at Annual Meetings

Although we do not have a formal policy regarding attendance by members of our board of directors at annual meetings of stockholders, we encourage, but do not require, directors to attend. The 2016 Annual Meeting of Stockholders was attended by Mr. Carrington.

Communications with the Board of Directors

Stockholders who wish to communicate with our board of directors are welcome to do so either:

in writing, at ServiceSource International, Inc., Attention: Corporate Secretary, 717 17th St., 5th Floor, Denver, CO 80202; or

online at www.servicesource.com and clicking through Company, Investor Relations, Corporate Governance and Contact the Board.

Communications are distributed to our board of directors, or to any individual directors as appropriate, depending on the facts and circumstances outlined in the communication.

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COMPENSATION OF NON-EMPLOYEE DIRECTORS

Compensation Policy

Each independent director receives the following compensation for board services:

an annual cash retainer of \$20,000 for board service;

an annual cash retainer for serving as the chairman of the audit committee of \$25,000, for serving as chairman of the compensation committee of \$25,000 and for serving as chairman of the nominating and corporate governance committee of \$10,000;

an annual cash retainer for serving as a member of the audit committee of \$17,500, for serving as a member of the compensation committee of \$17,500 and for serving as a member of the nominating and corporate governance committee of \$7,500; and

upon first joining the board of directors, an initial restricted stock unit grant at a value of \$350,000, with a three-year annual vesting schedule;

an annual restricted stock unit grant at a value of \$135,000, with a one-year vesting schedule.

The number of shares awarded pursuant to the restricted stock unit grants is based on the 90-day average closing price of our common stock prior to the board member's appointment or the annual stockholder meeting, as applicable.

Pursuant to this policy, in June 2016, we granted 33,314 restricted stock units to each of Messrs. Ashe, Cakebread, Dunlevie, Madden, Mendoza and Reynolds under our 2011 Equity Incentive Plan. Also pursuant to this policy, in November 2016, we granted 71,745 restricted stock units to Mr. Moore upon his joining of the Board of Directors. In addition, upon Mr. Moore's joining of the Board of Directors, we made a grant to him of 13,836 restricted stock units as a pro-rata portion of the annual director grant.

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

The 2011 Equity Incentive Plan provides that in the event we merge with or into another corporation or undergo a change in control, as defined in the 2011 Equity Incentive Plan, the successor corporation or its parent or subsidiary will assume or substitute an equivalent award for each outstanding award under the 2011 Equity Incentive Plan. If there is no assumption or substitution of the outstanding award, or if the director is terminated or asked to resign by the successor corporation, then all outstanding but unvested awards will become fully vested and exercisable. In addition, the administrator will notify participants in writing or electronically that options under the 2011 Equity Incentive Plan will be exercisable for a period of time determined by the administrator, and will terminate upon expiration of such period to the extent unexercised.

2016 Director Compensation

The following table sets forth information regarding compensation paid or accrued for services rendered to us by our non-employee directors during the year ended December 31, 2016.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards \$(1)	Total (\$)
Robert G. Ashe	45,972	132,923(2)	178,895
Rishi Bajaj(4)			
Steven M. Cakebread	45,000	132,923(2)	177,923
Richard J. Campione(5)	8,333		8,333
Bruce W. Dunlevie	20,000	132,923(2)	152,923
James C. Madden	52,500	132,923(2)	185,423
Thomas F. Mendoza	45,000	132,923(2)	177,923
Gary B. Moore(6)	5,625	405,654(3)	411,279
Barry D. Reynolds	50,417	132,923(2)	183,340

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- (1) The amount in this column reflects the grant date fair value of the award computed in accordance with FASB ASC Topic 718. The amount does not necessarily correspond to the actual value recognized by the non-employee director. The assumptions used in the valuation of this award are consistent with the valuation methodologies specified in the notes to our consolidated financial statement included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.
- (2) These amounts are represented by awards of restricted stock units made on June 7, 2015, all of which vest on May 15, 2017 provided that the applicable director continues to serve on our Board of Directors as of such vesting date.
- (3) These amounts consist of awards of restricted stock units with a grant date fair value of \$65,582.64 relating to 13,836 shares vesting on November 8, 2017 and grant date fair value of \$340,071.30 relating to 71,745 shares vesting in three equal annual installments beginning on November 8, 2017, provided in each case that Mr. Moore continues to serve on our Board of Directors as of such vesting date.
- (4) Mr. Bajaj resigned from our Board of Directors on May 31, 2016. Mr. Bajaj agreed not to receive any compensation for his service on our Board.
- (5) Mr. Campione did not stand for re-election to our Board of Directors at our 2016 annual meeting, and was no longer a member of our Board of Directors as of May 31, 2016.
- (6) Mr. Moore was appointed to our Board of Directors in November 2016.
- The aggregate number of shares subject to outstanding stock options and restricted stock units at December 31, 2016 for each non-employee director was as follows:

Name	Aggregate Number of Stock Options Outstanding as of December 31, 2016	Aggregate Number of Stock Awards Outstanding as of December 31, 2016
Robert G. Ashe	75,000(1)	33,314(2)
Rishi Bajaj(5)		
Steven M. Cakebread	284,147(3)	33,314(2)
Richard J. Campione(6)		
Bruce W. Dunlevie		33,314(2)
James C. Madden	249,000(3)	33,314(2)
Thomas F. Mendoza		33,314(2)
Gary B. Moore		85,581(4)
Barry D. Reynolds		33,314(2)

- (1) One-fourth of the shares subject to the option vested on March 12, 2014 and 1/48th of the shares vest monthly thereafter, subject to Mr. Ashe's continued service on our Board of Directors.
- (2) All of the restricted stock units vest on May 15, 2017, provided that the applicable director continues to serve on our Board of Directors as of such vesting date..
- (3) Shares subject to the option are fully vested and immediately exercisable.
- (4)

These amounts are represented by awards of restricted stock units, of which 13,836 shares vest on November 8, 2017 and 71,745 shares vest in three equal annual installments beginning on November 8, 2017, subject to Mr. Moore's continued service on our Board of Directors.

- (5) Mr. Bajaj resigned from our Board of Directors effective May 31 2016.
- (6) Mr. Campione did not stand for re-election to our Board of Directors at our 2016 annual meeting, and was no longer a member of our Board of Directors as of May 31, 2016.

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Our board of directors is currently composed of eight members, and is divided into three staggered classes of directors. At each annual meeting of stockholders, a class of directors will be elected for a three-year term to succeed the class of directors whose terms are then expiring. The terms of the directors will expire upon the election and qualification of successor directors at the annual meetings of stockholders to be held during the years 2017 for the Class III directors (who are up for re-election at this year's annual meeting), 2018 for the Class I directors, and 2019 for the Class II directors.

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

Information Regarding our Class III Director Nominees

Our nominating and corporate governance committee recommended, and our board of directors nominated, Steven M. Cakebread and Christopher M. Carrington as nominees for election as Class III directors at the 2017 annual meeting.

Messrs. Cakebread and Carrington have agreed to serve if elected, and management has no reason to believe that either nominee will be unavailable to serve. In the event one of the nominees is unable or declines to serve as a director at the time of the 2017 annual meeting, proxies will be voted for any nominee who may be proposed by the nominating and corporate governance committee and designated by the present board of directors to fill the vacancy.

Name of Class III Nominees	Age	Position	Director Since
Steven M. Cakebread	65	Director, Audit Committee Chair	2010
Christopher M. Carrington	56	Chief Executive Officer and Director	2014

Steven M. Cakebread has served as a member of our board of directors since January 2010. Since October 2014, Mr. Cakebread has served as Chief Financial Officer of Yext, Inc., an internet service provider. From April 2013 to September 2014, Mr. Cakebread served as Chief Accounting Officer and Chief Financial Officer of D-Wave Systems Inc., a quantum computing company. From March 2010 to December 2012, Mr. Cakebread served as Chief Financial Officer of Pandora Media, Inc., a provider of personalized internet radio and music discovery services. From August 2009 to March 2010, Mr. Cakebread was a Principal with J. Stevens & Co. LLC, a consulting company. From February 2009 to December 2009, Mr. Cakebread served as Senior Vice President, Chief Accounting Officer and Chief Financial Officer of Xactly Corporation, a provider of on-demand sales performance management software. Mr. Cakebread also served as President and Chief Strategy Officer of salesforce.com, inc., a CRM service provider, from March 2008 to February 2009, and as salesforce.com, inc.'s Chief Financial Officer from May 2002 to March 2008. He also previously served as a member of the board of directors of Solar Winds, Inc., Inc. from January 2008 to February 2016, Care.com, Inc. from December 2013 to November 2014 and eHealth, Inc. from June 2006 to June 2012.

We believe that Mr. Cakebread possesses specific attributes that qualify him to serve as a member of our board of directors. In particular, Mr. Cakebread has deep experience in the software industry, including software-as-a-service, which gives him a strong expertise on our business model and a valuable understanding of a large segment of our customer base. Mr. Cakebread also possesses financial expertise due to his experience as Chief Financial Officer at several technology companies and his past service as director of other technology firms.

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

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

Information Regarding our Class I and Class II Directors

The following table sets forth the names, ages and positions of our Class I and Class II directors as of March 31, 2017.

Name	Age	Committee Memberships	Director Since
<i>Class I Directors</i> <i>(term expires 2018)</i>			
Robert G. Ashe	58	Nominating & Corporate Governance (chair); Audit	2013
Bruce W. Dunlevie	60	Lead Independent Director	2004
Barry D. Reynolds	55	Audit; Compensation	2003
<i>Class II Directors</i> <i>(term expires 2019)</i>			
James C. Madden	55	Compensation (chair); Nominating & Corporate Governance	2007
Thomas F. Mendoza	66	Compensation; Nominating & Corporate Governance	2011
Gary B. Moore	68	Audit	2016

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

We believe that Mr. Ashe is qualified to serve on our board of directors. He is an industry veteran with extensive experience in the technology sector and has intimate knowledge of how to grow innovative and market-leading businesses. Mr. Ashe also brings valuable operational expertise as the former chief executive officer of a successful technology company.

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

We believe that Mr. Dunlevie possesses specific attributes that qualify him to serve as a member of our board of directors. In particular, Mr. Dunlevie is a longstanding member of our board of directors with a deep understanding of our business and our customer base, and he has extensive experience as an investor in

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technology companies on behalf of Benchmark Capital. Mr. Dunlevie brings the experience of having served on the board of several other technology companies. In addition, his professional network has given us access to numerous prospective customers.

James C. Madden has served as a member of our board of directors since January 2007. In January 2012, Mr. Madden co-founded Carrick Capital Partners, LLC, a private equity firm where he serves as Managing Director. Mr. Madden was a General Partner of Accretive, LLC, a private equity firm, from January 2007 to February 2011. He has also served as a member of the board of directors of several companies, including Genpact Limited, a business process and technology management provider, since January 2005, Accolade, Inc., an integrated health care services provider, since January 2007, Axiom Law, a provider of managed services for legal processes, since March 2011 and Mavenlink, Inc., a project management solutions provider, since October 2011, and since October 2013, Everspring Partners, a provider of online enablement service for not-for-profit universities. From January 2005 to January 2007, Mr. Madden was a Special Advisor to General Atlantic LLC, a private equity firm. Mr. Madden also served as Chief Executive Officer of Exult, Inc., a provider of outsourced human resource services, from November 1998 to October 2004.

We believe that Mr. Madden possesses specific attributes that qualify him to serve as a member of our board of directors. Specifically, as the founder, Chief Executive Officer and Chairman of Exult, Inc., Mr. Madden possesses valuable operational and director experience leading a publicly traded company, and also brings the important perspective of running a company that was an external service provider of key business processes. We believe that perspective complements the technology-oriented background of most of our other board members. Mr. Madden also provides a formidable professional network, which has served us well. We also value Mr. Madden's perspective as a director of business process and technology management companies.

Thomas F. Mendoza has served as a member of our board of directors since March 2011. Since March 2008, Mr. Mendoza has served as vice chairman of NetApp, Inc., a storage and data management solutions provider. From October 2000 to March 2008, Mr. Mendoza served as president of NetApp, Inc. Prior to March 2000, he served in various capacities at NetApp, Inc., including senior vice president, worldwide sales and marketing, senior vice president, worldwide sales and vice president, North American sales. He has also served as a member of the board of directors of Varonis Systems, Inc., a data software provider, since June 2015. We believe that Mr. Mendoza has specific attributes that qualify him to serve as a member of our board of directors. In particular, he brings to our board over thirty years of operational experience he gained from holding various executive positions at technology companies, including a publicly traded company. Mr. Mendoza has also served as a director of many other technology companies.

We believe that Mr. Mendoza's strong mix of operational experience and deep understanding of the technology industry adds to our board's collective level of expertise, skill and qualifications. Mr. Mendoza also brings an important customer perspective to our board of directors as the vice chairman of one of our largest customers.

Gary B. Moore has served as a member of our board of directors since November 2016. He served most recently from October 2012 to June 2015 as President and COO of Cisco Systems, Inc., a global leader in networking and connectivity with more than \$49 billion revenue and over 70,000 employees across more than 400 offices worldwide. Prior to his promotion to this role, Moore was named the first COO in Cisco's history in 2011, and joined Cisco in 2001 as Senior Vice President of the Advanced Services Division and ultimately went on to lead Cisco Global Services. Prior to joining Cisco, Moore was President and CEO of Netigy, a network consulting business. Moore began his career in 1973 at Electronic Data Systems (EDS) where he held a number of executive roles over a 26-year career. Additionally, Moore was a member of EDS's Global Operations Council where he was responsible for multiple business units, including manufacturing, retail and distribution customers globally. Moore also led the formation of

EDS's joint venture with Hitachi Limited, Hitachi Data Systems, and served as its President and CEO during its initial three years of operations. Moore is a part-time Executive in Residence at The Ohio State University Fisher College of Business, working in the areas of

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Operational Excellence, Cyber Security and Mid-Market studies. In addition to the ServiceSource Board of Directors, Moore also serves on the board for privately-held vArmour Networks, Inc., Finjan Holdings, Inc. (NASDAQ: FNJN) and on KLA-Tencor Corporation's (NASDAQ: KLAC) board as a member of the compensation committee. His past board involvement includes VCE, the Smithsonian Institution, Unigraphics Solutions, A.T. Kearney, Japan Systems Limited and Hitachi Data Systems. Moore's experience also includes a four-year tour of duty with the U.S. Army.

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

Barry D. Reynolds has served as a member of our board of directors since January 2003. Mr. Reynolds founded the San Francisco office of Housatonic Partners, a private equity firm in 1998, and currently serves as a Managing Director of Housatonic. Previously, he worked with private equity firms including Bain Capital, Texas Pacific Group and Trident Capital, focusing on information and business services companies. Prior to becoming a principal in the private equity industry, he was a Manager with Bain & Company. At Bain, he co-founded the Principal Investor Services practice, consulting to medium and large buyout funds and strategic buyers. Earlier in his career, Mr. Reynolds worked as an engineer for the General Electric Company. He is a director of Aegis Treatment Centers, LLC; LeadQual, LLC; Onsite Heath, Inc.; ProService Hawaii; Registria Customer Experience, LLC; and Sprout Health, LLC. Mr. Reynolds holds B.S. and M.S. degrees in Engineering from the University of California, Berkeley, and an M.B.A. from the Stanford Graduate School of Business, where he was a Ford Scholar.

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

Required Vote

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

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

Recommendation

Our board of directors recommends a vote FOR the election to the board of directors of each of Steven M. Cakebread and Christopher M. Carrington as a Class III director.

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PROPOSAL NUMBER 2

ADVISORY VOTE ON EXECUTIVE COMPENSATION

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

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

The advisory say-on-pay vote occurs annually, and the next advisory vote will occur at the 2018 annual meeting.

Compensation Philosophy and Programs

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

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

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

Required Vote

The affirmative FOR vote of a majority of the shares present, represented and entitled to vote on the proposal is required to approve, on an advisory basis, the compensation awarded to named executive officers for the year ended December 31, 2016. You may vote FOR, AGAINST or ABSTAIN on this proposal. Abstentions are deemed to be votes cast and have the same effect as a vote against the proposal. Broker non-votes are not deemed to be votes cast, are not included in the tabulation of voting results on this proposal, and will not affect the outcome of voting on this proposal.

Recommendation

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

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PROPOSAL NUMBER 3
RATIFICATION OF SELECTION OF INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM

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

During the fiscal years ended December 31, 2015 and 2014, and the subsequent interim period through May 5, 2016, there were no disagreements with PricewaterhouseCoopers LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of PricewaterhouseCoopers LLP would have caused them to make reference to the subject matter of such disagreements in their reports on the Company's consolidated financial statements for such years. During the fiscal years ended December 31, 2015 and 2014, and the subsequent interim period through May 5, 2016, there were no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K.

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

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

Required Vote

Ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2017 requires the affirmative **FOR** vote of a majority of the shares present, represented, and entitled to vote on the proposal. Unless marked to the contrary, executed proxies received will be voted **FOR** ratification of the appointment of Ernst & Young LLP.

Recommendation

Our board of directors recommends a vote FOR the ratification of the selection of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2017.

* * * * *

Principal Accounting Fees and Services

The following table sets forth the aggregate fees for audit services provided by Ernst & Young LLP as well as PricewaterhouseCoopers LLP for the years ended December 31, 2016 and December 31, 2015. Because we

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changed auditors from PricewaterhouseCoopers LLP (PWC) to Ernst & Young LLP (EY) in May 2016, we have included the fees charged to us by both accounting firms in the table below.

	2016		2015
	EY	PWC	PWC
Audit fees(1)	\$ 1,398,936	\$ 359,339	\$ 1,569,294
Audit-related fees(2)			
Tax fees(3)		220,151	283,334
All other fees(4)		2,970	2,600
Total fees	\$ 1,398,936	\$ 582,460	\$ 1,855,228

- (1) Consists of fees billed for professional services rendered in connection with the audit of our consolidated financial statements, review of our quarterly consolidated financial statements and services that are normally provided by our independent registered public accounting firm in connection with statutory audit and regulatory filings or engagements.
- (2) Consists of fees billed for professional services rendered for consultations concerning financial accounting and reporting standards.
- (3) Consists of fees billed for professional services for tax compliance and tax advice.
- (4) Consists of a subscription for a proprietary reference library.

Pre-Approval of Audit and Non-Audit Services

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

Report of the Audit Committee

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

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

accordance with the standards of the Public Company Accounting Oversight Board or that the financial statements are presented in accordance with accounting principles generally accepted in the United States.

In this context, the committee has met and held discussions with management and the independent registered public accounting firm to review our audited 2016 consolidated financial statements (including the

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quality of our accounting principles). Management represented to the committee that our consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States, and the committee consulted with management and the independent registered public accounting firm prior to approving the presentation of the audited 2016 consolidated financial statements to stockholders. The committee discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees*, issued by the Public Company Accounting Oversight Board.

The audit committee has discussed with the independent accountant the independent accountant's independence from us and our management. As part of that review, the committee received the written disclosures and letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence. Based on the reviews and discussions referred to above, the audit committee recommended to the board, and the board approved, our audited consolidated financial statements for the year ended December 31, 2016 for filing with the Securities and Exchange Commission as part of the Company's Annual Report on Form 10-K. The committee has selected Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017.

Members of the Audit Committee

Steven M. Cakebread (Chair)

Robert G. Ashe

Barry D. Reynolds

Gary B. Moore

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

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The names of our executive officers, their ages, their positions with us, and other biographical information as of March 31, 2017, are set forth below. There are no family relationships among any of our directors or executive officers.

Name	Age	Position
Christopher M. Carrington	56	Chief Executive Officer and Director
Brian J. Delaney	59	Chief Operating Officer
Robert N. Pinkerton	53	Chief Financial Officer

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

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

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

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following discussion and analysis of compensation arrangements of our named executive officers for 2016 should be read together with the compensation tables and related disclosures presented below. This discussion contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs.

For 2016, our named executive officers were:

Christopher M. Carrington, our Chief Executive Officer;

Brian J. Delaney, our Chief Operating Officer; and

Robert N. Pinkerton, our Chief Financial Officer.

In addition, Gregory G. Hopkins, our Chief Customer Officer, resigned his position with the Company effective July 1, 2016. Although he is not a current executive officer of the Company, by virtue of his service for a portion of 2016 he is included in the tables showing our Named Executive Officer compensation.

Objectives and Principles of Our Executive Compensation

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

attract, retain and motivate top-level executive talent;

provide compensation levels and structures that are both fiscally responsible and competitive within our industry and geography;

create a culture in which executive compensation aligns with our overall philosophy and pay-for-performance business model;

maintain simplicity, transparency and ease of administration; and

provide long-term, performance-based, equity incentive compensation to align the interests of our management team with those of our stockholders.

2016 Compensation and Corporate Governance Highlights

We endeavor to maintain strong governance standards in our executive compensation related corporate governance policies and practices. Below is a summary of key executive compensation and corporate governance practices in place during 2016. Following that is a summary of certain other practices that, because we have not considered them to effectively drive long-term stockholder value, we have not implemented.

What We Do

Tie pay to performance, with each named executive officer's target annual cash compensation tied to pre-established corporate performance metrics.

Tie equity compensation to performance, with each named executive officer's RSU grant tied to pre-established corporate performance metrics.

Utilize the services of an independent compensation consultant retained directly by the compensation committee and that does not perform other services for the Company.

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Maintain stock ownership guidelines for all named executive officers and Section 16 officers.

In connection with a change of control of the Company, require a double trigger severance event (both a qualifying termination of employment in addition to a change of control of the Company) before accelerated vesting or other change of control severance benefits would be triggered for our named executive officers.

What We Do Not Do

Provide pension arrangements or retirement plans other than our 401(k) plan to our executive officers.

Provide for excise tax gross-ups related to change of control-related compensation.

Permit our executive officers or directors to engage in hedging or pledging of our securities.

Provide our executive officers perquisites that are not generally available to all of our employees.

Compensation Decision Process

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

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

Role of Compensation Advisors. Our compensation committee has the authority to engage its own advisors to assist in carrying out its responsibilities. For 2016, our compensation committee continued to retain Frederic W. Cook & Co, an independent compensation consulting firm, to provide advice to the compensation committee with respect to executive compensation decisions and comparison benchmarking. Working with management, Frederic W. Cook & Co met with our compensation committee and provided various data and recommendations. Pursuant to SEC rules, our compensation committee has assessed the independence of Frederic W. Cook & Co, and concluded that no conflict of interest exists that would prevent Frederic W. Cook & Co from independently representing the compensation committee. Frederic W. Cook & Co does not perform other services for us, and will not do so without the prior consent of the compensation committee. Our compensation committee intends periodically to review the need to independently retain a compensation consultant.

2016 Advisory Vote on Executive Compensation. The advisory vote on executive compensation at our 2016 annual meeting received a favorable vote of 81% of votes cast by our stockholders. The compensation committee is committed to ensuring that our compensation programs are consistent with our pay-for-performance philosophy and deliver appropriate results given financial performance and business conditions. We typically engage in discussions with our institutional investors to gather additional input and feedback on our executive compensation program, including in relation to the annual advisory vote. The compensation committee considers both the results of the annual advisory vote and the feedback from institutional investors in making compensation decisions. Stockholder feedback will remain an important input into the compensation committee's work on the compensation programs for us.

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Benchmarking. Given that we compete for executive officer talent with companies in the technology sector and companies that provide other professional services, we rely on certain compensation benchmarking in making our compensation decisions. To determine what constitutes competitive compensation, we engaged Frederic W. Cook & Co to benchmark our cash and equity compensation levels for each executive. Among other activities, Frederic W. Cook & Co:

assisted us in identifying a group of peer companies for purposes of benchmarking our levels of compensation;

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

assisted us in structuring awards as part of the equity incentive element of our compensation program, including assisting us in establishing appropriate amounts for equity incentive awards.

Frederic W. Cook & Co commenced its analysis by conducting a survey of compensation data and practices at public technology companies comparable to us with respect to size, complexity, financial performance and stage of development. Based on this analysis, Frederic W. Cook & Co recommended two different groups of peer companies: one group of peers for benchmarking compensation *levels*, and another, larger group of peers for benchmarking compensation *design*. Frederic W. Cook & Co developed selection criteria that tightened the financial size and valuation range relative to ServiceSource, while expanding industry classifications to include IT Services and Professional Services.

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

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

Frederic W. Cook & Co gathered and evaluated our compensation levels relative to compensation data from the public filings of the peer companies listed above.

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

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Our Compensation Programs

The four elements of our executive compensation package are:

base salary,

variable incentive pay,

equity-based rewards, and

employee-benefits programs.

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

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

On-Target Earnings Base Salary and Variable Incentive Compensation. When analyzing the cash compensation of our executive leadership team, we view the total cash compensation of base salary plus the variable incentive plan compensation as the on-target earnings for each of such executive officers.

In analyzing the total cash compensation, we assume that we will meet the targets necessary for our executives to earn their on-target bonuses. We analyze on-target cash earnings as the benchmark by which to measure our named executive officers' compensation compared to the comparable positions of our peer companies. As we started 2016, the target compensation opportunity for each of our named executive officers was at or above the fiftieth percentile, in each case comparing such executive's on-target cash earnings to our peer companies. Given our age as a company, our size and our results of operations, and the competitive market for high-caliber executive talent particularly in certain strategic roles we believe that the on-target earnings for our named executive officers were reasonable and appropriate for 2016.

Base Salary. We establish base pay that we believe is both reasonable and competitive in relation to the market, including the benchmarking data described above. We regularly monitor competitive base pay levels and adjust base pay as appropriate. In general, a named executive officer's base pay level should reflect the executive's overall performance and contribution to us over time. We also seek to structure competitive base pay for our named executive officers based upon applicable market data analysis. As described below, we design base pay to provide the ongoing reward for each named executive officer's work and contribution and to be competitive in attracting or retaining the

executive. We do not provide automatic salary increases for our executive team.

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

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The following are the effective annual base salaries for each of our named executive officers for 2014, 2015 and 2016:

Executive Officer	Effective Annual Base Salary(1)		
	2014	2015	2016
Christopher M. Carrington	\$ 500,000	\$ 500,000	\$ 550,000(2)
Brian J. Delaney		\$ 400,000	\$ 450,000(2)
Robert N. Pinkerton		\$ 350,000	\$ 380,000(2)
Gregory G. Hopkins		\$ 350,000	\$ 350,000(3)

(1) Reflects effective annual base salary. Actual amounts earned vary for those named executive officers that either joined or departed during the years specified as described above. Data not provided for any period in which an individual was not a named executive officer.

(2) Increased effective September 2, 2016.

(3) Mr. Hopkins resigned his position with the Company effective July 1, 2016.

In September 2016, in part in order to support executive management retention, including in response to the resignation of Mr. Hopkins as our Chief Customer Officer, we engaged Frederic W. Cook & Co. to evaluate the overall market competitiveness of our executive compensation in comparison to our peer group. Based on that evaluation, we approved an increase in the base salaries of Mr. Carrington, Mr. Delaney and Mr. Pinkerton that took effect September 2, 2016.

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

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

2016 Corporate Incentive Plan. In February 2016, our compensation committee approved the 2016 Corporate Incentive Plan (the "2016 CIP"). The 2016 CIP applies to certain non-commissioned employees, including our named executive officers.

For each of the named executive officers participating in the 2016 CIP, 2016 bonus targets originally were set as a fixed amount, which, as a percentage of base salary, ranged from 65% to 70%. In September 2016, the percentages changed to 80% to 90%.

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The target bonuses for our named executive officers at 100% achievement under the 2016 CIP, as well as the actual bonuses paid to our named executive officers in 2017 for 2016 performance, are set forth below:

Named Executive Officer	Target Bonuses at 100% Achievement		Actual Bonus Paid in 2017 for 2016 fiscal year performance
	Before September 2, 2016 Salary Increase	After September 2, 2016 Salary Increase	
Christopher M. Carrington	\$ 350,000	\$ 495,000	\$ 617,760
Brian J. Delaney	\$ 260,000	\$ 382,000	\$ 438,314
Robert N. Pinkerton	\$ 228,000	\$ 304,000	\$ 345,429
Gregory G. Hopkins	\$ 228,000	n/a	n/a

For our CEO, COO, CFO, CHRO, and our SVP of Corporate Strategy & Development, the 2016 CIP was paid in one annual payment after determination of the achievement of our performance targets (which occurred in 2017). For the other participants in the CIP program, the 2016 CIP was structured with semi-annual payments, with 70% of the annual bonus (assuming 100% funding) payable for the first half of the year and the remaining 30% (assuming 100% funding) payable after completion of the full year. Funding for the 2016 CIP was based upon our achieving two targets: revenue and EBITDA margin. The weighting for each target was 50%.

For each of our named executive officers, bonus payments were made in March 2017 for performance during the 2016 fiscal year. During 2016, we were below the Revenue target by 2.2 percentage points, and we exceeded the EBITDA target by 51.8 percentage points.

For the targets related to the specific named executive officers under the 2016 CIP, see Executive Compensation Grants of Plan-Based Awards and for the payments made under the 2016 CIP for each named executive officer, see Executive Compensation Summary Compensation Table.

2017 CIP. In March 2017, our compensation committee approved the 2017 Corporate Incentive Plan, which we refer to as the 2017 CIP. The 2017 CIP applies to certain non-commissioned employees, including our named executive officers.

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Funding for the 2017 CIP is based upon our achieving two targets: revenue and EBITDA. The weighting for each target is 50%, as illustrated below:

REVENUE 50% of CIP(1)

2017	
Revenue Achievement	
(as a percentage of target)	Funding of bonus pool
106.59%	200%
102.71%	125% (Maximum funding level, other than for CEO)
102.17%	120%
101.63%	115%
101.09%	110%
100.54%	105%
Target Revenue	100%
98.06%	95%
96.12%	90%
94.96%	80%
93.80%	70%
92.64%	60%
91.47%	50%
90.31%	40%
< 90.31%	No payment for revenue achievement

- (1) Shaded area applies solely to Chief Executive Officer the CEO's bonus is capped at 200%; the bonus for all other CIP participants is capped at 125%.

EBITDA 50% of CIP(1)

2017	
EBITDA Achievement	
(as a percentage of target)	Funding of Bonus Pool
146.15%	200%
130.77%	125% (Maximum funding level, other than for CEO)
124.62%	120%
118.46%	115%
112.31%	110%

	106.15%	105%
Target EBITDA Achievement	94.23	100%
	88.46	95%
	84.62	90%
	80.77	80%
	76.92	70%
	73.08	60%
	69.23	50%
	<69.23%	40%
		No payment for revenue
		achievement

(1) Shaded area applies solely to Chief Executive Officer the CEO's bonus is capped at 200%; the bonus for all other CIP participants is capped at 125%.

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Our CEO, COO, CFO, CHRO, and our SVP of Strategy and Corporate Development receive one payment under the 2017 CIP, after completion of the full year (there is no partial CIP payment mid-year) and determination of achievement of the performance targets. For all other CIP participants, the 2017 CIP is designed as an annual corporate incentive plan with semi-annual payments, calculated as follows:

First Half of 2017 Payment:

$(\% \text{ Forecasted Full Year Company Performance Achieved to a MAXIMUM of } 100\%) \times (\text{Individual Actual Base Earnings during the period} \times \% \text{ Individual Bonus}) \times 70\% = \text{First Half Employee Payment}$

Second Half of 2017 (H2) Payment:

$\text{H2 Payment} = (\% \text{ Actual Full Year Company Performance Achieved}) \times (\% \text{ Individual Performance Modifier}) \times (\text{Individual Actual Base Earnings} \times \% \text{ Individual Bonus}) \text{ LESS H1 2017 Payment} = \text{Second Half Employee Payment}$

The Individual Performance Modifier refers to the employee's individual performance during the year, as evaluated and measured by the employee's manager.

Although the revenue and EBITDA targets for 2017 have already been set, the disclosure of the actual targets at this early stage of the year would cause competitive harm to us. We believe these targets are challenging because they require meaningful growth and success throughout our business for 2017.

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

Restricted Stock Units. We use restricted stock units as the primary vehicle for equity compensation in addition to stock options. Restricted stock units have the benefit of reducing the dilution associated with our equity compensation programs, because we are able to grant fewer shares of stock but still incent our executive officers as the values of the restricted stock units are tied to the price of the Company's common stock and thus aligned with stockholder interests. We have typically issued our restricted stock units subject to a four-year vesting schedule. Under the vesting schedule, the restricted stock units vest in four equal annual installments beginning on a specified vesting commencement date. In September 2016, we began granting our named executive officers restricted stock units with a performance-based component as well as a time-based component to further align compensation with stockholder interests. These performance-based grants are described in more detail below.

Stock Options. Prior to 2017, we used stock option grants as the primary vehicle for equity compensation to our named executive officers and other employees. In order to promote the long-term incentive and retention features of equity compensation, our stock option grants are typically issued subject to our standard one-year cliff vesting and four-year vesting schedule. Under the vesting schedule, 25% of the stock option becomes exercisable one year after a specified vesting commencement date, and then vesting occurs monthly thereafter over the remaining three year period. On occasion, we have also granted stock options with non-standard vesting or early exercise features, mostly in case-by-case situations for senior and other employees or candidates in high demand. Starting in 2017, in response to a review of our compensation practices by Frederic W. Cook & Co, we will only issue stock options to new hires and not as part of our annual equity grants to existing employees.

We consider a number of factors to determine the size of all equity grants, including competitive market factors, named executive officer performance, retention value and a review of the named executive officer s

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overall compensation package. In addition, our compensation committee regularly reviews equity utilization, overhang and burn rate both as compared to prior years and as compared to our peers. Our compensation committee makes all equity grants.

Initial grants of stock options and restricted stock units upon hire are designed to attract experienced executives with established records of success and help retain them over the long term. The size of new hire grants has been evaluated by our compensation committee in light of the Frederic W. Cook & Co.-provided benchmarking data, and as a result of the negotiations with potential executive officers.

Subsequent grants to named executive officers are intended to ensure that equity compensation remains competitive within our industry group and geography. Named executive officers whose skills and results we deem essential to our long-term success are eligible to receive higher equity grants. The decision to make such grants has traditionally been based on rewarding performance, consistent with our pay-for-performance philosophy, and the equity ownership of our named executive officers in relation to the market surveys, taking into account the number of vested stock options and restricted stock units that our named executive officers hold, the strategic importance of the particular executive to our business, and the overall situation of our company.

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

Stock Ownership Guidelines. Our stock ownership guidelines provide that all executive officers are expected to own and retain our shares with a value that is the lower of their annual base salary or a minimum of 30,000 shares of common stock or, in the case of our chief executive officer, the lower of three times the value of his annual base salary or a minimum of 150,000 shares of common stock. For purposes of our stock ownership guidelines, vested but unexercised stock options are credited at a fifty-percent level, so that each unexercised vested stock option is treated as one half of a share of our stock. Each individual has five years to meet these stock ownership guidelines. All executive officers currently meet these guidelines.

Grant of Performance-Based Restricted Stock Units 2016

On September 2, 2016 (the Grant Date), based on information and peer group comparison by Frederic W. Cook & Co., we granted performance-based restricted stock units, or PSUs, to our named executive officers that included performance-based achievement metrics as well as a service-based vesting schedule. The performance-based conditions were the Company's revenue and EBITDA performance in fiscal year 2016 as compared to the target revenue and EBITDA approved by the Board of Directors pursuant to the 2016 CIP. The target number of PSUs subject to the grant, as well as the actual number of PSUs eligible to vest pursuant to the service-based vesting provision, are set forth below. Under the service-based vesting condition, 50% of the PSUs that have become eligible to vest will vest on the first anniversary of the Grant Date, and 50% of the PSUs that have become eligible to vest will vest on the second anniversary of the Grant Date, except as otherwise provided under certain termination and change-in-control provisions set forth in the 2011 Equity Incentive Plan.

Name	September 2016 PSU Grant Target Number of PSUs*	Actual Number of PSUs eligible to vest pursuant
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		to service condition**
Christopher M. Carrington	350,000	434,886
Brian J. Delaney	250,000	310,633
Robert N. Pinkerton	225,000	279,569

* The target number of PSUs assumes 100% achievement of both performance targets.

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** Shows the actual number of PSUs eligible to vest pursuant to the service-based vesting condition. As described above, during 2016, we were below the Revenue target by 2.2 percentage points, and we exceeded the EBITDA target by 51.8 percentage points.

Grant of Performance-Based Restricted Stock Units 2017

On April 4, 2017 (the Grant Date), our compensation committee approved a grant of performance-based restricted stock units, or PSUs, to our named executive officers that include performance-based achievement metrics as well as a service-based vesting schedule. The performance-based conditions are the Company's revenue and EBITDA performance in fiscal year 2017 as compared to the target revenue and EBITDA approved by the Board of Directors. The target number of PSUs subject to the grant, as well as the maximum number of PSUs eligible to vest pursuant to the service-based vesting provision assuming maximum achievement of both performance-based achievement metrics, are set forth below.

April 2017 PSU grant

Name	Target Number of PSUs*	Maximum Number of PSUs**
Christopher M. Carrington	350,000	525,000
Brian J. Delaney	250,000	375,000
Robert N. Pinkerton	225,000	337,500

* The number of PSUs awarded pursuant to this grant shall become eligible to vest based on the achievement of the performance-based conditions described below. Any PSUs that become eligible to vest shall do so upon the satisfaction of the service-based vesting condition described below.

** The maximum number of PSUs that could become eligible to vest is shown in this column, and assumes maximum achievement of both revenue and EBITDA performance metrics.

Under the service-based vesting condition, 50% of the PSUs that have become eligible to vest will vest on the first anniversary of the Grant Date, and 50% of the PSUs that have become eligible to vest will vest on the second anniversary of the Grant Date, except as otherwise provided under certain termination and change-in-control provisions set forth in the 2011 Equity Incentive Plan.

The performance-based conditions are the Company's revenue and EBITDA performance in fiscal year 2017 as compared to the target revenue and EBITDA approved by the Board of Directors, as set forth below. Half of the target number of PSUs are subject to the revenue performance achievement, and half of the target number of PSUs are subject to the EBITDA performance achievement. The achievement of the performance targets will be determined on the date the Company files its 10-K for the 2017 fiscal year.

2017 PSU Grant Performance Metrics

Revenue Achievement (as a percentage of target)	Number of PSUs that become eligible to vest	EBITDA Achievement (as a percentage of target)	Number of PSUs that become eligible to vest (as a percentage)
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	(as a percentage of half of target grant)		of half of target grant)
106.59%	150%	146.15%	150%
100%	100%	100%	100%
90.31%	50%	69.23%	50%
<90.31%	0%	<69.23%	0%

For each performance metric, if the applicable achievement falls between any of the thresholds, the number of PSUs that become eligible to vest for such performance metric will be determined by linear interpolation.

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For additional information on the equity-based rewards granted to our named executive officers, please see the Grants of Plan-Based Awards table.

Benefits Programs. We provide our employees with retirement, health and welfare benefits, such as our group health insurance plans, 401(k) retirement plan, life, disability and accidental death insurance plans and our 2011 Employee Stock Purchase Plan. Those plans, which are available to all employees including our named executive officers, are designed to provide a stable array of support to our employees and their families and are not performance based. Our benefits programs are generally established and adjusted by our human resources department with approval, as necessary, from senior management, the compensation committee or the board of directors, as appropriate.

Employment Agreements, Separation Agreements and Post-Employment Compensation

We have entered into employment agreements with our named executive officers, and these employment agreements contain severance and change of control benefits in favor of our named executive officers. These employment agreements were an integral part of the decision-making process for our named executive officers to join our company.

We also enter into separation agreements with our named executive officers from time to time that provide for defined separation dates, specification of the continuing role of such executives prior to separation, including, in some cases, consulting services that the individual will provide to us post-separation from employment. These separation agreements typically provide for specified payment of compensation or severance benefits, and all such payments are subject to an effective release agreement from such individual.

All of these employment and separation agreements are discussed in more detail in the Executive Compensation Employment Agreements, Separation Agreements and Potential Payments upon Termination or Change-in-Control section below. We believe that these agreements are an important recruitment and retention tool, and will incent the named executive officers to maintain continued focus and dedication to their assigned duties to maximize stockholder value, or to assist in an orderly transition of responsibilities for those executives who leave our employment while reducing the risk of any potential disputes. The terms of these agreements were determined after review by the compensation committee of our retention and transition goals for each named executive officer, as well as analysis of market data, similar agreements established in our industry. These agreements were also the result of negotiations with the executives.

Other Compensation Matters and Policies

Tax and Accounting Considerations. Internal Revenue Code Section 162(m) limits the amount that we may deduct for compensation paid to our Chief Executive Officer and to each of our four most highly compensated officers to \$1,000,000 per person, unless certain exemption requirements are met. Exemptions to this deductibility limit may be made for various forms of performance-based compensation. In addition to salary and bonus compensation, upon the exercise of stock options that are not treated as incentive stock options, the excess of the current market price over the option price, or option spread, is treated as compensation and accordingly, in any year, such exercise may cause an officer's total compensation to exceed \$1,000,000. Under certain regulations, option spread compensation from options that meet certain requirements will not be subject to the \$1,000,000 cap on deductibility, and in the past, we have granted options that we believe satisfy those requirements. Although the compensation committee cannot predict how the deductibility limit may impact our compensation program in future years, the compensation committee intends to maintain an approach to executive compensation that follows our pay-for-performance philosophy. The compensation committee has not adopted a formal policy regarding tax deductibility of compensation paid to our Chief Executive Officer and our four most highly compensated officers; however, the compensation committee intends to consider tax

deductibility under Section 162(m) as a factor in compensation decisions.

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Section 409A of the Internal Revenue Code imposes additional significant taxes in the event that an executive officer, director or other service provider receives deferred compensation that does not satisfy the requirements of Section 409A. Although we do not maintain traditional nonqualified deferred compensation plans, Section 409A may apply to certain arrangements we enter into with our executive officers, including our change of control severance arrangements. Consequently, to assist in avoiding additional tax under Section 409A, our intent is to design any such arrangements in a manner to avoid the application of Section 409A.

Adjustment or Recovery of Compensation. We do not have a formal policy regarding adjustment or recovery of awards or payments if the relevant performance measures upon which they are based are restated or otherwise adjusted in a manner that would reduce the size of the award or payment.

Compensation Risk Assessment

The compensation committee believes that although a portion of compensation provided to our executive officers is performance-based, our compensation programs do not encourage excessive or unnecessary risk taking. In fact, the design of our compensation programs encourage our executives to remain focused on both short-term and long-term strategic goals, in particular in connection with our pay-for-performance business model.

Compensation Committee Report

The compensation committee oversees our compensation policies, plans, and benefit programs. The compensation committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on such review and discussions, the compensation committee has recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

The Compensation Committee

James C. Madden (Chair)

Thomas F. Mendoza

Barry D. Reynolds

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

Table of Contents**Summary Compensation Table**

The following tables provide information regarding the compensation of our named executive officers during the year ended December 31, 2016.

Name and Principal Position	Fiscal Year	Salary (\$)(1)	Bonus (\$)	Stock Awards (\$)(2)	Option Awards (\$)(1)	Non-Equity	All	Total (\$)
						Incentive Plan Compensation (\$)(3)	Other Compensation (\$)(4)	
Christopher M. Carrington(5) Chief Executive Officer	2016	518,269		1,785,000		617,760	2,000	2,923,029
	2015	500,000				430,395	2,000	932,395
	2014	41,667		2,100,000	2,713,800	29,167		4,884,634
Brian J. Delaney(5)(7) Chief Operating Officer	2016	417,885		1,275,000		438,314	2,000	2,133,199
	2015	228,835		1,028,250	970,255	178,177	2,000	2,073,404
Robert N. Pinkerton(5)(6) Chief Financial Officer	2016	361,154		1,147,500		345,429	2,000	1,856,083
	2015	261,215			1,606,165	204,024	2,000	2,073,404
Gregory G. Hopkins(8) Former Chief Customer Officer from April 20, 2015 to July 1, 2016	2016	176,346					2,000	178,346
	2015	247,958		467,500	454,575	180,132	2,000	1,352,165

- (1) The amounts reported above are based on bi-weekly pay schedule paid one week in arrears. This column includes one week of 2016 earnings which were paid in 2017 in the amounts of \$10,577 for Mr. Carrington, \$7,308 for Mr. Pinkerton, and \$8,654 for Mr. Delaney. Excludes amounts earned in 2015 but paid in 2016 for one week of pay in the amounts of \$7,692 for Mr. Carrington, \$5,385 for Mr. Pinkerton, \$6,154 for Mr. Delaney, and \$5,385 for Mr. Hopkins.
- (2) The amounts reported in the Stock Awards and Option Awards columns reflect the aggregate grant date fair value of the stock and option awards computed in accordance with FASB ASC Topic 718. These amounts do not necessarily correspond to the actual value recognized by named executive officers. The assumptions used in the valuation of these awards are consistent with the valuation methodologies specified in the notes to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.
- (3) For 2016, the amounts in this column represent payments under the 2016 CIP earned with respect to 2016, and paid in March 2017. See the Grants of Plan-Based Awards table for additional information.
- (4) Represents matching contributions made by us with respect to the named executive officers' 401(k) contributions. We match a maximum of \$2,000 per year.
- (5) Our compensation committee approved salary increases for Messrs. Carrington, Pinkerton and Delaney on September 2, 2016. Mr. Carrington joined us as our Chief Executive Officer in December 2014. Messrs. Delaney, Pinkerton, and Hopkins became named executive officers in 2015. Therefore, information is not included for Messrs. Pinkerton, Delaney and Hopkins for 2014.
- (6) Mr. Pinkerton joined us as our Chief Financial Officer in April 2015 and received a prorated base salary based on an annual salary of \$350,000.

- (7) Mr. Delaney joined us as our Chief Operating Officer in June 2015 and received a prorated base salary based on an annual salary of \$400,000.
- (8) Mr. Hopkins joined us as our Chief Customer Officer in April 2015 and received a prorated base salary based on an annual base salary of \$350,000. Mr. Hopkins resigned in June 2016 with an effective termination date of July 1, 2016.

Table of Contents**Grants of Plan-Based Awards**

The following table presents information concerning grants of plan-based awards to each of our named executive officers during the year ended December 31, 2016.

Name	Grant Date	Threshold (\$)	Target (\$)	Maximum (\$)	Plan Awards (#)(1)	Estimated Future Payouts	Estimated Other Awards	All Other Awards	Grant Date Fair Value of Stock & Option Awards (\$)(2)
						Under Non-Equity Incentive Plan Awards	Under Equity Incentive Plan Awards	Number of Shares or Underlying Securities (#)	
Christopher M. Carrington	09/02/2016(3) 09/02/2016		495,000	990,000	434,886				2,217,919
Brian J. Delaney	09/02/2016(3) 09/02/2016		382,000	477,500	310,633				1,584,228
Robert N. Pinkerton	09/02/2016(3) 09/02/2016		304,000	380,000	279,569				1,425,802
Gregory G. Hopkins	4/20/2015(4)		227,990	284,988					

- (1) Amounts reflected in this column consist of performance-based restricted stock units (PSUs) achieved. The PSUs achieved were determined as of March 6, 2017 the date of the filing of our Report on Form 10-K for the fiscal year ended 2016. The PSUs vest in two equal annual installments on September 2, 2017 and September 2, 2018, subject to the recipient's continued employment by the Company as of such vesting date. For more information about the PSUs granted to our executive officers, please see the Compensation Discussion & Analysis section of this proxy.
- (2) Amounts in this column reflect the grant date fair value of each award computed in accordance with FASB ASC Topic 718. These amounts do not necessarily correspond to the actual value recognized by named executive officers. The assumptions used in the valuation of these awards are consistent with the valuation methodologies specified in the notes to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.
- (3) Represent cash awards granted under our 2016 CIP which were or are based on achievement of certain levels of performance for 2016. Amounts reflect the awards that were possible at the threshold, target and maximum levels of performance to the extent applicable.
- (4) Mr. Hopkins resigned in June 2016 with an effective termination date of July 1, 2016.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End**

The following table presents information concerning equity awards held by our named executive officers at the end of 2016. Unvested stock awards reported in the Grants of Plan-Based Awards table above are also included in the table below.

Name	Grant Date	Option Awards			Stock Awards		
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(1)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)
Christopher M. Carrington	09/02/2016(3)					350,000	1,988,000
	12/01/2014(4)	1,000,000	1,000,000	4.20	12/01/2024		
	12/01/2014(5)					250,000	1,420,000
Brian J. Delaney	09/02/2016(3)					250,000	1,420,000
	06/08/2015(7)	243,750	406,250	4.57	06/08/2025		
	06/08/2015(8)					168,750	958,500
Robert N. Pinkerton	09/02/2016(3)					225,000	1,278,000
	05/06/2015(6)	524,479	800,521	3.74	05/06/2025		
Gregory G. Hopkins(9)							

- (1) Number of unvested shares reflected in this column consist of performance-based restricted stock units (PSUs), shown at target achievement, because as of our fiscal year end on December 31, 2016 the actual number of shares achieved had not been set. The actual number of PSUs achieved under the performance conditions of the PSU grant were determined as of March 6, 2017, the date of the filing of our Report on Form 10-K for the 2016 fiscal year. The actual number of PSUs achieved pursuant to the performance metrics were 434,886 shares for Mr. Carrington; 279,569 shares for Mr. Pinkerton, and 310,633 shares for Mr. Delaney. The PSU grants will vest 50% on Sept. 2, 2017 and 50% on Sept. 2, 2018, subject to the recipient's continued employment by the Company as of such vesting date.
- (2) The market value is calculated using the closing price of our common stock of \$5.68 on December 30, 2016 (the last trading day of 2016), as reported on The NASDAQ Global Market, multiplied by the unvested stock amount.
- (3) The market value of the unvested shares in this column consist of PSUs shown at target achievement, because as of our fiscal year end on December 31, 2016 the actual number of shares achieved had not been set. The actual number of PSUs achieved under the performance conditions of the PSU grant were determined as of March 6, 2017, the date of the filing of our Report on Form 10-K for the 2016 fiscal year. The market value (calculated as described in note 2 above) for the actual PSUs achieved pursuant to the performance metrics is \$2,470,152 for Mr. Carrington; \$1,764,395 for Mr. Delaney; and \$1,587,952 for Mr. Pinkerton.
- (4) One-fourth of the shares subject to the option vested on December 1, 2015 and one forty-eighth of the shares vest monthly thereafter.

- (5) The restricted stock units vest quarterly on a pro rata basis over a twelve-quarter period beginning on March 1, 2016.
- (6) One-fourth shares subject to the option vest on May 6, 2016 and one forty-eighth of the shares shall vest monthly thereafter.
- (7) One-fourth of the shares subject to the option vest on June 8, 2016 and one forty-eighth of the shares shall vest monthly thereafter.
- (8) The restricted stock units vest in four equal annual installments beginning on June 8, 2016.
- (9) Mr. Hopkins resigned in June 2016 with an effective termination date of July 1, 2016.

Table of Contents**Option Exercises and Stock Vested at Fiscal Year-End**

The following table presents information regarding vested stock awards held by our named executive officers during the year ended December 31, 2016. None of our named executive officers exercised options during the year ended December 31, 2016.

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting \$(1)
Christopher M. Carrington	125,000	591,250
Brian J. Delaney	56,250	226,688
Robert N. Pinkerton		
Gregory G. Hopkins(2)		

(1) The value realized on vesting is calculated by multiplying the number of shares of stock by the market value of the underlying shares on each vesting date.

(2) Mr. Hopkins resigned in June 2016 with an effective termination date of July 1, 2016.

Equity Compensation Plan Information

The following table summarizes the number of outstanding options, warrants and rights granted to employees and directors, as well as the number of securities remaining available for future issuance, under our equity compensation plans as of December 31, 2016.

Plan Category	(a)	(b)	(c)
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders(1)	11,731,965	\$ 4.63	10,407,205
Equity compensation plans not approved by security holders			
Total	11,731,965		10,407,205

- (1) Includes the following plans: 2011 Equity Incentive Plan, 2008 Share Option Plan, 2004 Omnibus Share Plan and 2011 Employee Stock Purchase Plan. Our 2011 Equity Incentive Plan provides for annual increases in the number of shares available for issuance thereunder on the first day of each fiscal year, beginning with the 2012 fiscal year, equal to the least of (i) 3,840,000 shares of our common stock, (ii) four percent (4%) of the outstanding shares of our common stock on the last day of the immediately preceding fiscal year or (iii) such other amount as our board of directors may determine. Our 2011 Employee Stock Purchase Plan provides for annual increases in the number of shares available for issuance thereunder on the first day of each fiscal year, beginning with the 2012 fiscal year, equal to the least of (i) 1,500,000 shares of our common stock, (ii) one percent (1%) of the outstanding shares of our common stock on the last day of the immediately preceding fiscal year or (iii) such other amount as our board of directors may determine.

Other Plans

We do not have any qualified or non-qualified defined benefit plans, any traditional non-qualified deferred compensation plans or other deferred compensation plans.

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Employment Agreements, Separation Agreements and Potential Payments upon Termination or Change-in-Control

Employment Agreements

We have entered into employment agreements with Messrs. Carrington, Pinkerton, and Delaney that provide for certain severance payments and equity vesting upon termination of their employment in specified circumstances. We believe that these agreements are an important retention tool, and will incent the named executive officers to maintain continued focus and dedication to their assigned duties to maximize stockholder value. The terms of these agreements were determined after review by the compensation committee of our retention goals for each named executive officer, as well as analysis of market data, similar agreements established within our industry, and applicable law.

Christopher M. Carrington. On December 1, 2014, the Company and Mr. Carrington entered into an employment agreement (the Carrington Employment Agreement).

Base Salary and Bonus. The Carrington Employment Agreement originally provided that Mr. Carrington received an annual base salary in 2016 of \$500,000 and an annual target bonus opportunity of 70% of his base salary under the Company's Corporate Incentive Plan, or CIP. Effective September 2, 2016, Mr. Carrington's annual base salary was increased to \$550,000, with an annual target bonus opportunity of 90% of his base salary under the CIP.

Equity Compensation.

Initial Equity Grant. Pursuant to the Carrington Employment Agreement, Mr. Carrington received (i) an award of an option to purchase 2,000,000 shares of the Company's common stock, which option grant vested as to 25% on the first anniversary of the date of grant and thereafter has vested, and will continue to vest, in ratable monthly installments for 36 months and (ii) 500,000 restricted stock units (RSUs), which RSUs vested as to 25% of the shares on the first anniversary of the date of grant and thereafter have vested, and will continue to vest, in equal quarterly installments over a three year period. Vesting of the stock option and the RSU awards will be subject to Mr. Carrington's continued service with the Company through each relevant vesting date.

Performance-Based Restricted Stock Units.

On September 2, 2016, Mr. Carrington was awarded a Performance-Based Restricted Stock Unit, or PSU. The terms of the PSU provided that the number of shares awarded would be set pursuant to achievement of certain performance targets on the date of the filing of the company's report on Form 10-K for the 2016 fiscal year, and on such date, Mr. Carrington received an award of 434,886 PSUs. 50% of the PSUs awarded will vest on September 2, 2017, and the remainder will vest on September 2, 2018, subject to Mr. Carrington's continued service with the Company through each relevant vesting date.

On March 30, 2017, Mr. Carrington was awarded a Performance-Based Restricted Stock Unit, or PSU. The terms of the PSU provide that the number of shares awarded will be set pursuant to achievement of certain performance targets on the date of the filing of the Company's report on Form 10-K for the 2017 fiscal year. For more information about the PSU, please see the section entitled Compensation Discussion & Analysis.

Rights on Termination

The Carrington Employment Agreement provides that if we terminate his employment without Cause, or if he terminates his employment with us for Good Reason, he will be entitled to a lump sum payment of 12 months of his

then current base salary plus 100% of his then applicable annual target bonus. Mr. Carrington would further be entitled to a lump sum payment equal to the product of (a) 12 and (b) the amount of the monthly premium that would be required for the first month of coverage under the Consolidated Omnibus Budget

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Reconciliation Act of 1985, as amended and all applicable regulations (COBRA) assuming Mr. Carrington elected coverage for himself, and any eligible spouse and/or dependents, and whether or not Mr. Carrington actually elects COBRA continuation coverage.

If Mr. Carrington is terminated without Cause, or if he terminates his employment with us for Good Reason, Mr. Carrington's outstanding equity compensation awards shall immediately have their vesting accelerated by twelve months from the employment termination or resignation date. The Carrington Employment Agreement provides further that if we terminate his employment without Cause, or if he terminates his employment with us for Good Reason within 18 months following a Change of Control, he will be entitled to 18 months of his then current base salary plus 150% of his then applicable annual target bonus. Mr. Carrington would further be entitled to a payment equal to the product of (x) 18 and (y) the amount of the monthly premium that would be required for the first month of coverage under COBRA, assuming Mr. Carrington elected coverage for himself, and any eligible spouse and/or dependents, and whether or not Mr. Carrington actually elects COBRA continuation coverage.

If Mr. Carrington is terminated without Cause, or if he terminates his employment with us for Good Reason, within 18 months following a Change of Control, all of Mr. Carrington's outstanding equity compensation awards will immediately become vested in full. The foregoing separation payments and benefits are conditioned on Mr. Carrington executing a general release of claims in our favor. In the event any payment to Mr. Carrington provided in the Carrington Employment Agreement would constitute a parachute payment as defined in 280G(b)(2) of the Internal Revenue Code, then Mr. Carrington will be entitled to receive the amount of such payment that would provide him the greatest after-tax benefit of either the full payment or a lesser payment which would result in no portion of such severance benefits being subject to excise tax. The Carrington Employment Agreement also includes a non-solicitation covenant in favor of the Company for a period of one year following Mr. Carrington's termination of employment.

Brian J. Delaney. We entered into an employment agreement, dated June 8, 2015, with Brian J. Delaney, our Chief Operating Officer (the Delaney Employment Agreement).

Base Salary and Bonus. The Delaney Employment Agreement originally provided that Mr. Delaney received an annual base salary in 2016 of \$400,000 and an annual target bonus opportunity of \$260,000, or 65% of his base salary under the CIP. Effective September 2, 2016, Mr. Delaney's annual base salary was increased to \$450,000, with an annual target bonus opportunity of \$304,000, or approximately 85% of his base salary under the CIP.

Equity Compensation.

Initial Equity Grant. Pursuant to the Delaney Employment Agreement, Mr. Delaney received (i) an award of an option to purchase 650,000 shares of the Company's common stock, which option vested as to 25% on the first anniversary of the date of grant and thereafter has vested, and will continue to vest, in ratable monthly installments for 36 months and (ii) 225,000 RSUs, which RSUs vested as to 25% of the shares on the first anniversary of the date of grant and thereafter have vested, and will continue to vest, in equal installments on each of the second, third and fourth anniversary of the date of grant. Vesting of the stock option and the RSU awards will be subject to Mr. Delaney's continued service with the Company through each relevant vesting date.

Performance-Based Restricted Stock Units.

On September 2, 2016, Mr. Delaney was awarded a Performance-Based Restricted Stock Unit, or PSU. The terms of the PSU provided that the number of shares awarded would be set pursuant to achievement of certain performance targets on the date of the filing of the company's report on Form 10-K for the 2016 fiscal year, and on such date,

Mr. Delaney received an award of 310,633 PSUs. 50% of the PSUs awarded will vest on September 2, 2017, and the remainder will vest on September 2, 2018, subject to Mr. Delaney's continued service with the Company through each relevant vesting date.

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On March 30, 2017, Mr. Delaney was awarded a Performance-Based Restricted Stock Unit, or PSU. The terms of the PSU provide that the number of shares awarded will be set pursuant to achievement of certain performance targets on the date of the filing of the Company's report on Form 10-K for the 2017 fiscal year. For more information about the PSU, please see the section entitled "Compensation Discussion & Analysis."

Rights on Termination.

In the event that Mr. Delaney's employment is terminated by the Company without Cause, or if Mr. Delaney should resign for Good Reason, Mr. Delaney will be entitled to receive severance payments in an aggregate amount equal to nine months of his then-current annual base salary, payable over the nine-month period following Mr. Delaney termination (the "Delaney Base Salary Severance"), plus any bonus earned under the Company's Corporate Incentive Plan prior to the termination date and through the period nine months following the termination date (the "Delaney CIP Payment"), even if he is not employed on the pay-out date. In addition, Mr. Delaney's outstanding and unvested equity awards shall immediately have their vesting accelerated by 12 months from the employment termination or resignation date. Mr. Delaney will also be entitled to a lump sum payment in an amount equal to nine times the monthly premium for COBRA continuation coverage assuming Mr. Delaney elected coverage for himself, and any eligible spouse and/or dependents, and whether or not Mr. Delaney actually elects COBRA continuation coverage (and such COBRA payment, together with the Delaney Base Salary Severance and the Delaney CIP Payment, the "Delaney Severance Payments").

Additionally, if, upon or within 18 months following a Change in Control, Mr. Delaney's employment is terminated without Cause or he resigns for Good Reason, Mr. Delaney will be entitled to receive the Delaney Severance Payments set forth above. In addition, all of Mr. Delaney's then-outstanding unvested equity awards will become fully vested. In order to receive any of the severance benefits under the Delaney Employment Agreement, Mr. Delaney will be required to execute a customary release of claims in favor of the Company. The Delaney Employment Agreement also includes a non-solicitation covenant in favor of the Company for a period of one year following Mr. Delaney's termination of employment.

Robert N. Pinkerton. We entered into an employment agreement, dated April 6, 2015, with Robert N. Pinkerton, our Chief Financial Officer (the "Pinkerton Employment Agreement").

Base Salary and Bonus. The Pinkerton Employment Agreement originally provided that Mr. Pinkerton received an annual base salary in 2016 of \$350,000 and an annual target bonus opportunity 65% of his base salary under the CIP. Effective September 2, 2016, Mr. Pinkerton's annual base salary was increased to \$380,000, with an annual target bonus opportunity of 80% of his base salary under the CIP.

Equity Compensation.

Initial Option Grant. Pursuant to the terms of the Pinkerton Employment Agreement, Mr. Pinkerton received an award of an option to purchase 1,325,000 shares of the Company's common stock, which option vested as to 25% of the shares on the first anniversary of the date of grant and thereafter have vested, and will continue to vest, in ratable monthly installments for 36 months. Vesting of the stock option will be subject to Mr. Pinkerton's continued service with the Company through each relevant vesting date.

Performance-Based Restricted Stock Units.

On September 2, 2016, Mr. Pinkerton was awarded a Performance-Based Restricted Stock Unit, or PSU. The terms of the PSU provided that the number of shares awarded would be set pursuant to achievement of certain performance

targets on the date of the filing of the company's report on Form 10-K for the 2016 fiscal year, and on such date, Mr. Pinkerton received an award of 279,569 PSUs. 50% of the PSUs awarded will vest on September 2, 2017, and the remainder will vest on September 2, 2018, subject to Mr. Pinkerton's continued service with the Company through each relevant vesting date.

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On March 30, 2017, Mr. Pinkerton was awarded a Performance-Based Restricted Stock Unit, or PSU. The terms of the PSU provide that the number of shares awarded will be set pursuant to achievement of certain performance targets on the date of the filing of the Company's report on Form 10-K for the 2017 fiscal year. For more information about the PSU, please see the section entitled "Compensation Discussion & Analysis."

Rights on Termination

In the event that Mr. Pinkerton's employment is terminated by the Company without Cause, or if Mr. Pinkerton should resign for Good Reason, Mr. Pinkerton will be entitled to receive severance payments in an aggregate amount equal to nine months of his then-current annual base salary, payable over the nine-month period following Mr. Pinkerton's termination (the "Base Salary Severance"), plus any bonus earned under the Company's Corporate Incentive Plan prior to the termination date and through the period nine months following the termination date (the "CIP Payment"), even if he is not employed on the pay-out date. In addition, Mr. Pinkerton's outstanding and unvested equity awards shall immediately have their vesting accelerated by 12 months from the employment termination or resignation date. Mr. Pinkerton will also be entitled to a lump sum payment in an amount equal to 12 times the monthly premium for COBRA continuation coverage, assuming Mr. Pinkerton elected coverage for himself, and any eligible spouse and/or dependents, and whether or not Mr. Pinkerton actually elects COBRA continuation coverage (and such COBRA Payment, together with the Base Salary Severance and the CIP Payment, the "Severance Payments").

Additionally, if, upon or within 18 months following a Company Change in Control, Mr. Pinkerton's employment is terminated without Cause or he resigns for Good Reason, Mr. Pinkerton will be entitled to receive the Severance Payments set forth above. In addition, all of Mr. Pinkerton's then-outstanding unvested equity awards will become fully vested. In order to receive any of the severance benefits under the Pinkerton Employment Agreement, Mr. Pinkerton will be required to execute a customary release of claims in favor of the Company. The Pinkerton Employment Agreement also includes a non-solicitation covenant in favor of the Company for a period of one year following Mr. Pinkerton's termination of employment.

Defined Terms in the Employment Agreements.

For purposes of the employment agreements with Messrs. Carrington, Pinkerton and Delaney described above, the following definitions apply:

Change of Control means the a sale of all or substantially all of our equity interests; a merger, consolidation or similar transaction involving us following which the persons entitled to elect a majority of the members of our board of directors immediately before the transaction are not entitled to elect a majority of the members of the board of directors of the surviving entity following the transaction; or a sale of all or substantially all of our assets.

Cause means (1) the executive's commission of any felony or any crime involving fraud or dishonesty under the laws of the United States or any state thereof; (2) the executive's commission of, or participation in, a fraud or act of dishonesty against us; (3) the executive's intentional, material violation of any contract or agreement between the executive and us or any statutory duty owed to us; (4) the executive's unauthorized use or disclosure of Proprietary and Confidential Information; or (5) the executive's gross misconduct.

Good Reason means the occurrence of any one of the following events without the executive's written consent: (1) a material, adverse change in the executive's job title; (2) a material, adverse change in the executive's job responsibilities; (3) any reduction in the executives' base salary, target bonus or aggregate level of benefits; or (4) in most cases, a relocation of the executive's principal place of employment beyond the metropolitan area of Denver, Colorado; provided that in each case, the executive has notified us in writing of the event described in (1), (2), (3) or

(4) above within 90 days of such occurrence and within 30 days thereafter we have not restored the executive to the appropriate job title, responsibility, compensation or location. In the case of severance or vesting following a Change of Control, Good Reason is determined based on a change to the above factors as in effect immediately prior to a Change of Control.

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The following table summarizes the estimated payments and benefits that would be provided to our named executive officers upon termination or a change-in-control under our plans and arrangements with our named executive officers described above, assuming the triggering event took place on the last business day of 2016.

Name(1)	Termination Without Cause or Termination for Good Reason			Termination Without Cause or Termination for Good Reason within one year of a Change of Control		
	Cash Compensation (\$)	Health Care Benefits (\$)	Acceleration of Equity Vesting (\$)(2)	Cash Compensation (\$)	Health Care Benefits (\$)	Acceleration of Equity Vesting (\$)(3)
Christopher M. Carrington	1,045,000(4)	15,609(5)	2,266,500	1,567,500(6)	23,414(7)	4,888,000
Brian J. Delaney	624,000(8)	10,228(9)	1,381,250	624,000(8)	10,228(9)	2,829,438
Robert N. Pinkerton	513,000(8)	15,683(5)	1,281,625	513,000(8)	15,683(5)	2,831,011
Gregory Hopkins(10)						

- (1) All payments and benefits are subject to the executive's execution of a customary general release of all legal claims and such release becoming effective.
- (2) The amounts in this column represent the intrinsic value of the unvested shares subject to twelve months of acceleration from December 31, 2016, calculated as the sum of the market value minus the exercise price, multiplied by the number of unvested shares. Market value is equal to the closing price of our common stock of \$5.68 on December 30, 2016, the last day of trading in 2016 as reported on The NASDAQ Global Market.
- (3) The amounts in this column represent the intrinsic value of the unvested shares subject to full equity acceleration, calculated as the sum of the market value minus the exercise price, multiplied by the number of unvested shares. Market value is equal to the closing price of our common stock of \$5.68 on December 30, 2016, as reported on The NASDAQ Global Market.
- (4) The amount represents 100% of Mr. Carrington's base salary plus his 2016 CIP bonus assuming 100% achievement of all performance metrics.
- (5) Amount represents a payment equal to the value of twelve months of COBRA coverage.
- (6) Amount represents eighteen months of Mr. Carrington's base salary plus his 2016 CIP bonus assuming 150% achievement of all performance metrics.
- (7) Amount represents a payment equal to the value of eighteen months of COBRA coverage.
- (8) Amount represents nine months base salary plus nine months of 2016 CIP bonus at target.
- (9) Amount represents a payment equal to the value of nine months COBRA coverage.
- (10) Mr. Hopkins resigned his position with the Company effective July 1, 2016. No payments were made to Mr. Hopkins in connection with his departure.

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**RELATED PERSON TRANSACTIONS AND SECTION 16(A) BENEFICIAL OWNERSHIP
REPORTING COMPLIANCE**

Related Person Transactions

The following is a description of certain relationships and transactions since January 1, 2016 involving our directors, executive officers or beneficial holders of more than 5% of our capital stock, or entities affiliated with them. Compensation arrangements with our directors and named executive officers are described elsewhere in this proxy statement.

We have entered into employment arrangements with our executive officers and change of control severance arrangements with certain of our executive officers that, among other things, provides for certain severance and change in control benefits. See the section titled Executive Compensation Employment Agreements, Separation Agreements and Potential Payments upon Termination or Change-in-Control.

We have also entered into indemnification agreements with each of our directors and officers. The indemnification agreements and our certificate of incorporation and bylaws currently in effect require us to indemnify our directors and officers to the fullest extent permitted by Delaware law.

Historical Transactions

Registration Rights Agreement

GA SS Holding II LLC, controlled by General Atlantic, LLC, Benchmark Capital Partners V, L.P., controlled by Benchmark Capital, and certain entities affiliated with Housatonic Partners (together, the Significant Holders) are entitled to the following rights with respect to the registration of their shares of our common stock under the Securities Act. For the Significant Holders, these rights are provided under the terms of a Registration and Information Rights Agreement (the Registration Rights Agreement). The Registration Rights Agreement includes demand registration rights, piggyback registration rights and Form S-3 registration rights. In addition, the agreement provides for certain information rights.

Demand Registration Rights. The Significant Holders are entitled to demand registration rights. If the Significant Holders request in writing that we effect a registration that has an anticipated aggregate offering price to the public of at least \$10 million, then we will be required, at our expense, to register all registrable securities that these respective holders request to be registered. We are required to effect only two registrations for the Significant Holders pursuant to this provision of the Registration Rights Agreement. Depending on certain conditions, however, we may defer such registration for a specified number of days. The underwriters of any underwritten offering have the right to limit the number of shares registered by these holders for marketing reasons, subject to certain limitations.

Piggyback Registration Rights. The Significant Holders are entitled to piggyback registration rights. If we register any of our securities either for our own account or for the account of other security holders, after the completion of this offering the Significant Holders are entitled to include all or part of their shares in the registration at our expense. The underwriters of any underwritten offering have the right to limit the number of shares registered by these holders for marketing reasons, subject to certain limitations.

Form S-3 Registration Rights. The Significant Holders are also currently entitled to short-form registration rights. If we are eligible to file a registration statement on Form S-3, these holders have the right to have all or part of their

shares registered by us at our expense, subject to certain exceptions. The underwriters of any underwritten offering have the right to limit the number of shares registered by these holders for marketing reasons, subject to certain limitations.

The registrable securities remain subject to the Registration Rights Agreement until (i) a registration statement covering the registrable securities is declared effective and the registrable securities are disposed of

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pursuant to such registration statement or, (ii) (x) the entire amount of registrable securities held by the Significant Holders are sold in a single sale pursuant to Rule 144 of the Securities Exchange Act and (y) the Significant Holders own less than 1% of the equity securities of the Company on a fully diluted basis.

For the purposes of the Registration Rights Agreement, Registrable Securities held by a Holder will cease to be Registrable Securities for such Holder, when (i) a registration statement covering such Registrable Securities has been declared effective under the Securities Act by the Commission and such Registrable Securities have been disposed of pursuant to such effective registration statement or (ii) (x) the entire amount of the Registrable Securities owned by such Holder may be sold in a single sale, in the opinion of counsel satisfactory to the Company and such Holder, each in their reasonable judgment, without any limitation as to volume pursuant to Rule 144 (or any successor provision then in effect) under the Securities Act and (y) such Holder owns less than one percent (1%) the equity securities of the Company on a fully diluted basis.

*Letter Agreement and Registration Rights Agreement with Altai Capital Management, L.P.**Letter Agreement*

On November 13, 2014, the Company entered into a letter agreement (the Altai Letter Agreement) with Altai Capital Management, L.P. and its affiliate signatory thereto (collectively with any other affiliates Altai Capital), which collectively own more than 5% of our capital stock. The Altai Letter Agreement provided, among other things, for an increase in the size of the Board of Directors from eight to nine directors, for the appointment of Rishi Bajaj to fill the newly-created vacancy on the Board, and for certain standstill provisions relating to the purchase of ServiceSource securities by Altai and its affiliates. On May 31, 2016, Altai Capital ceased to own at least 10% of the Company s outstanding voting securities. As a result, Mr. Bajaj resigned from the Company s board of directors, and the standstill provisions expired under the terms of the Altai Letter Agreement.

Registration Rights Agreement

In connection with the Altai Letter Agreement, the Company and Altai Capital entered into a Registration Rights Agreement (the Altai Registration Rights Agreement), pursuant to which Altai Capital is entitled to demand registration rights. If Altai Capital requests in writing that the Company effect a registration that has an anticipated aggregate offering price to the public of at least \$15 million, then the Company will be required to register all registrable securities that Altai Capital requests to be registered, subject to certain conditions and limitations. The Company is required to effect only one registration if on a long-form registration statement and up to four registrations if on a short-form registration statement. Depending on certain conditions, however, the Company may defer any such registration for a specified number of days.

Under the Altai Registration Rights Agreement, Altai Capital is entitled to piggyback registration rights. If the Company registers any of its securities either for its own account or for the account of other security holders, Altai Capital is entitled to include all or part of its shares in the registration, subject to certain conditions and limitations.

Generally, all of the Company s fees, costs and expenses of registrations will be borne by the Company. However, certain costs of any shelf registration statements, in addition to underwriting discounts and commissions, will be borne by Altai Capital. The parties shall provide customary indemnification of each other in connection with any registered offering pursuant to the terms of the Registration Rights Agreement. The registrable securities remain subject to the Altai Registration Rights Agreement until (i) a registration statement covering the registrable securities is declared effective, (ii) the entire amount of registrable securities held by Altai Capital are sold in a single sale pursuant to Rule 144 of the Securities Exchange Act, (iii) Altai Capital or its affiliates own less than 1% of the outstanding common

stock of the Company, or (iv) the registrable securities cease to be outstanding.

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Policies and Procedures for Related Party Transactions

We have adopted a formal policy that our executive officers, directors, holders of more than 5% of any class of our voting securities, and any member of the immediate family of and any entity affiliated with any of the foregoing persons, are not permitted to enter into a related party transaction with us without the prior consent of our audit committee, or other independent members of our board of directors if it is inappropriate for our audit committee to review such transaction due to a conflict of interest. Any request for us to enter into a transaction with an executive officer, director, principal stockholder, or any of their immediate family members or affiliates, in which the amount involved exceeds \$120,000 must first be presented to our audit committee for review, consideration and approval. In approving or rejecting any such proposal, our audit committee is to consider the relevant facts and circumstances available and deemed relevant to the audit committee, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related party's interest in the transaction.

Section 16(a) Beneficial Ownership Reporting Compliance

Pursuant to Section 16(a) of the Exchange Act, our officers and directors and persons who beneficially own more than 10% of a registered class of our equity securities are required to file initial statements of beneficial ownership (Form 3) and statements of changes in beneficial ownership (Forms 4 and 5) with the SEC. Such persons are required by the rules of the SEC to furnish us with copies of all such forms they file. Based solely on a review of the copies of such forms furnished to us and/or written representations that no additional forms were required, we believe that during our fiscal ended December 31, 2015, all Section 16(a) filing requirements were satisfied on a timely basis.

Table of Contents**SECURITY OWNERSHIP**

The following table sets forth information as of March 1, 2017, about:

Each person who we know beneficially owns more than five percent of our common stock;

Each of our named executive officers;

Each of our directors and nominees for the board of directors; and

All of our current executive officers and directors as a group.

Unless otherwise noted below, the address of each person listed on the table is c/o ServiceSource International, Inc., 717 17th St., 5th Floor, Denver, Colorado, 80202.

We have determined beneficial ownership in accordance with the rules of the U.S. Securities and Exchange Commission. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership is based on 88,491,586 shares of common stock outstanding at March 1, 2017. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of common stock subject to options held by that person that are currently exercisable or exercisable within 60 days of March 1, 2017, and restricted stock units (RSUs) held by that person that vest within 60 days of March 1, 2017. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. Beneficial ownership representing less than one percent is denoted with an asterisk (*).

The information provided in the table is based on our records, information filed with the SEC, and information provided to us, except where otherwise noted.

	Number of Shares Beneficially Owned	Percent of Shares Outstanding
5% Stockholders:		
PRIMECAP Management Company(1)	12,898,236	14.6
Harvest Capital Strategies, LLC(2)	7,800,000	8.8
RGM Capital, LLC(3)	7,584,716	8.6
Entities affiliated with Housatonic Partners(4)	6,815,967	7.7
Altai Capital Management, L.P.(5)	6,167,359	7.0
Entities affiliated with Benchmark Capital(6)	5,850,740	6.6

Named Executive Officers and Directors:

Christopher M. Carrington(7)	1,450,065	1.6
Robert N. Pinkerton	634,895	*
Brian J. Delaney	336,177	*
Gregory Hopkins(13)	1,000	*
Robert G. Ashe(8)	166,931	*
Steven M. Cakebread(9)	341,378	*
Bruce W. Dunlevie(10)	6,142,237	6.9
James C. Madden(11)	286,251	*
Thomas F. Mendoza	117,231	*
Gary B. Moore		*
Barry D. Reynolds(12)	6,815,967	7.7
All current executive officers and directors as a group (10 persons)(14)	16,291,132	17.9

* Represents beneficial ownership of less than one percent (1%).

(1) Based on information contained in a Schedule 13G/A filed with the SEC on February 9, 2017, PRIMECAP Management Company (PRIMECAP), in its capacity as an investment advisor, has sole voting power with

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- respect to 8,546,150 shares and sole dispositive power with respect to 12,898,236 shares. The address for PRIMECAP is 225 South Lake Ave. #400, Pasadena, California 91101.
- (2) Based on information contained in a Schedule 13G filed with the SEC on February 14, 2017, Harvest Capital Strategies, LLC (Harvest Capital), in its capacity as an investment advisor, has sole voting and dispositive power with respect to all of the reported shares. The address for Harvest Capital is 600 Montgomery Street, Suite 1700, San Francisco, California 94102.
 - (3) Based on information contained in a Schedule 13G filed with the SEC on February 16, 2016, RGM Capital, LLC (RGM), in its capacity as an investment advisor, and Robert G. Moses, as the managing member of RGM, have shared voting and dispositive power with respect to all of the reported shares. The address for RGM is 9010 Strada Stell Court, Suite 105, Naples, Florida 34109.
 - (4) Based on information reported by the Housatonic entities on Schedule 13G/A filed on February 1, 2017 which included (i) 3,907,109 shares owned by Housatonic Micro Fund SBIC, L.P. (HMF SBIC); (ii) 2,780,670 shares owned by Housatonic Equity Investors IV, L.P. (HEI IV); and (iii) 128,188 shares owned by Housatonic Equity Affiliates IV, L.P. (HEA IV). Housatonic Micro Partners SBIC, L.L.C. (HMP SBIC), the general partner of HMF SBIC, has voting and investment control over the shares owned by HMF SBIC and may be deemed to own beneficially the shares owned by HMF SBIC. Housatonic Equity Partners IV, L.L.C. (HEP IV), the general partner of HEI IV and HEA IV, has voting and investment control over the respective shares owned by HEI IV and HEA IV and may be deemed to own beneficially the shares owned by HEI IV and HEA IV. The address for these entities is One Post Street, Suite 2600, San Francisco, California 94104.
 - (5) Based on information contained in a Schedule 13D/A filed with the SEC on May 31, 2016, Altai Capital Management, L.P., Altai Capital Management, LLC, Rishi Bajaj, Toby E. Symonds and Steven V. Tesoriere share voting and dispositive power with respect to all of the reported shares. The address for each of these entities is c/o Altai Capital Management, L.P., 152 West 57th Street, 10th Floor, New York, New York 10019.
 - (6) Based on information contained in a Schedule 13G/A filed with the SEC on February 17, 2017, Benchmark Capital Management Co. V, L.L.C. (BCMC V) has sole voting and dispositive power with respect to 5,850,740 shares, of which (i) 4,476,535 are directly owned by Benchmark Capital Partners V, L.P. (BCP V); (ii) 545,811 are directly owned by Benchmark Founders Fund V, L.P. (BFF V); (iii) 104,503 are directly owned by BFF V-A (BFF V-A); (iv) 82,232 are directly owned by BFF V-B (BFF V-B); and (v) 641,659 are held in nominee form for the benefit of persons associated with BCMC V. Alexandre Balkanski, Bruce W. Dunlevie, Peter Fenton, J. William Gurley, Kevin R. Harvey, Robert C. Kagle, Mitchell H. Lasky and Steven M. Spurlock are the managing members of BCMC V, the general partner of BCP V, BFF V, BFF V-A and BFF V-B, and therefore may be deemed to have shared voting and dispositive power with respect to these shares. The address for these entities is 2965 Woodside Road, Woodside, California 94062.
 - (7) Consists of (i) shares held of record by Mr. Carrington; and (ii) 666,666 shares issuable pursuant to options exercisable within 60 days of March 1, 2017.
 - (8) Consists of (i) 57,231 shares held of record by Mr. Ashe; (ii) 34,700 shares owned directly by a limited liability company controlled by Mr. Ashe; and (iii) 75,000 shares issuable pursuant to options exercisable within 60 days of March 1, 2017.
 - (9) Consists of (i) 57,231 shares held of record by Mr. Cakebread; and (ii) 284,147 shares issuable pursuant to options exercisable within 60 days of March 1, 2017.
 - (10) Consists of (i) the shares listed in footnote (6) above, which are held by the Benchmark Capital entities as described in footnote (6); (ii) 185,619 shares held of record by Mr. Dunlevie's family trust for which he serves as a trustee; and (iii) 68,627 shares owned directly by a limited liability company controlled by Mr. Dunlevie.
 - (11) Consists of 249,000 shares issuable pursuant to options exercisable within 60 days of March 1, 2017.
 - (12) Consists of the shares listed in footnote (4) above which are held by the Housatonic entities.
 - (13) Mr. Hopkins resigned effective July 1, 2016.
 - (14) Consists of (i) 16,291,132 shares held of record by our current executive officers and directors; and (ii) 2,707,624 shares issuable pursuant to options exercisable within 60 days of March 1, 2017.

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OTHER MATTERS

We know of no other matters to be submitted at the 2017 annual meeting. If any other matters properly come before the 2017 annual meeting, it is the intention of the persons named in the proxy to vote the shares they represent as the board of directors may recommend. Discretionary authority with respect to such other matters is granted by a properly submitted proxy.

THE BOARD OF DIRECTORS

Denver, Colorado

April 7, 2017

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