



8x8

First Quarter Fiscal 2019 Earnings

July 26, 2018

Forward Looking Statements

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

- Customer adoption and demand for our X-Series product line may be lower than we anticipate.
- Competitive dynamics of the UCaaS, CCaaS and other markets in which we compete may change in ways we are not anticipating.
- Third parties may assert ownership rights in our IP, which may limit or prevent our continued use of the core technologies behind our solutions.
- We may not achieve our target service revenue growth rate, or the revenue, earnings, bookings or other amounts we forecast in our guidance, for a particular quarter or for the full fiscal year of FY19.
- Our churn rate may be higher than we anticipate.
- The investments we make in increasing headcount, marketing X Series, and other areas of our business may not result in accelerated revenue growth.

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

Non-GAAP Measures

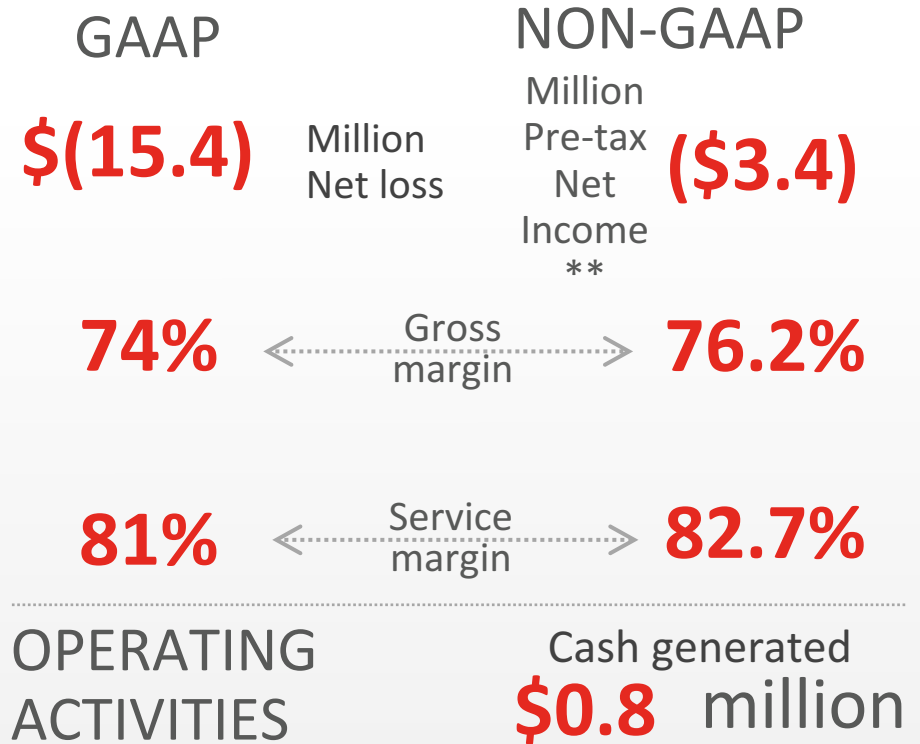
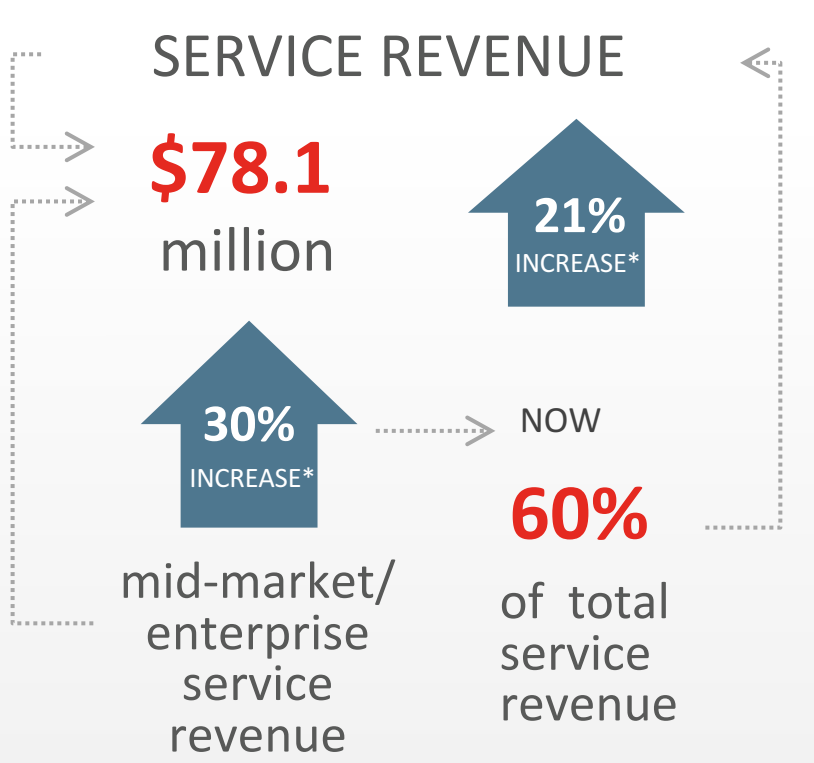
This presentation contains certain financial information that has not been prepared in accordance with Generally Accepted Accounting Principles (GAAP). Management uses these non-GAAP financial measures internally in analyzing the Company’s financial results and believes they are useful to investors,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



One cloud solution
phone x meetings x collaboration x contact center

1M+ business users
15 global data centers serving customers in 150+ countries
Global 24/7/365 follow-the-sun customer support
160+ patents

Q1 Fiscal 2019 Financial Results



*Adjusting for constant currency and excluding DXI
 ** Non-GAAP Net Income is tax effected at (3%) tax rate.

Q1 Fiscal 2019 Business Highlights

- **Continued Success in Mid-Market and Enterprise:**
 - 21 Large Enterprise Deals (>\$10,000 in MRR) representing 61% increase in new large deals closed year-over-year
 - Service revenue from customers billing (>\$1,000 in MRR) grew 30% year-over-year and represents 60% of total service revenue, excluding DXI and adjusted for constant currency
 - Service revenue from customers billing (>\$10,000 in MRR) grew 58% year-over-year and represents 27% of total MRR, excluding DXI and adjusted for constant currency
 - New monthly recurring revenue (MRR) booked from mid-market and enterprise customers increased 25% year-over-year and comprised 57% of total bookings
 - Channel Bookings grew over 50% year-over-year; 127 partners participating in Channel Enablement Program since August 2017
- **Integrated UCaaS & CCaaS (System of Engagement) Continues to Resonate:**
 - ~ 90 customer deals including 5 of the top 10 deals were combination deals

8x8 Market Recognition

8x8

Magic Quadrant Leader
UCaaS
Gartner
2013 to 2018

6x

5 Star Channel Rating
CRN 2018
Partner Program Guide



Superior Voice Quality
Tolly Group
2017



#1

Best Communications Provider
2018 Winner
Call & Contact Center Expo



Midmarket & Enterprise Global Leader
UCaaS seats
13 consecutive quarters (Q1:CY2015 – Q1:CY2018)
Synergy Research

Enterprise Communication: The Third Wave

WAVE 1 On-Premise



Contact Center



Telephony



Video Conferencing

WAVE 2 Point Cloud Products



- ★ Lower TCO
- ★ Productivity Increases

WAVE 3 One Cloud Engagement Solution

All Customer & Employee Interactions

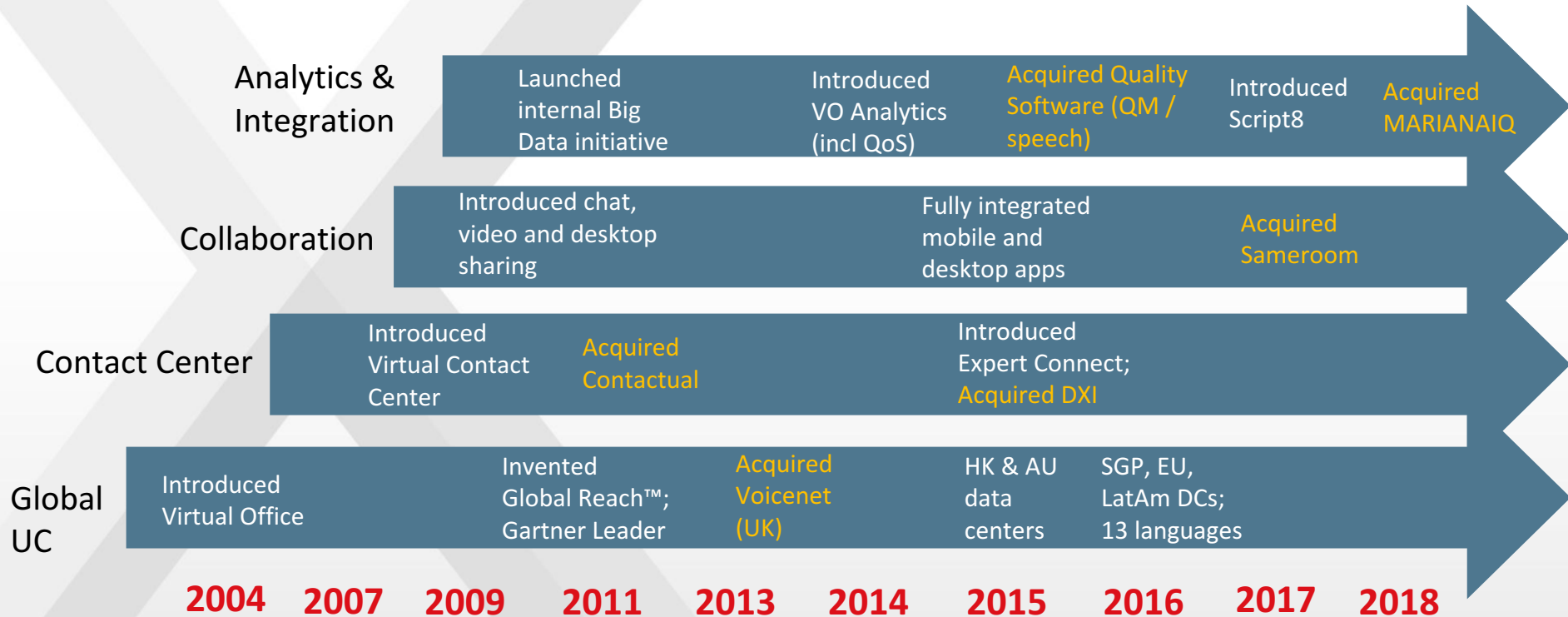
One System of Intelligence

One System of Engagement

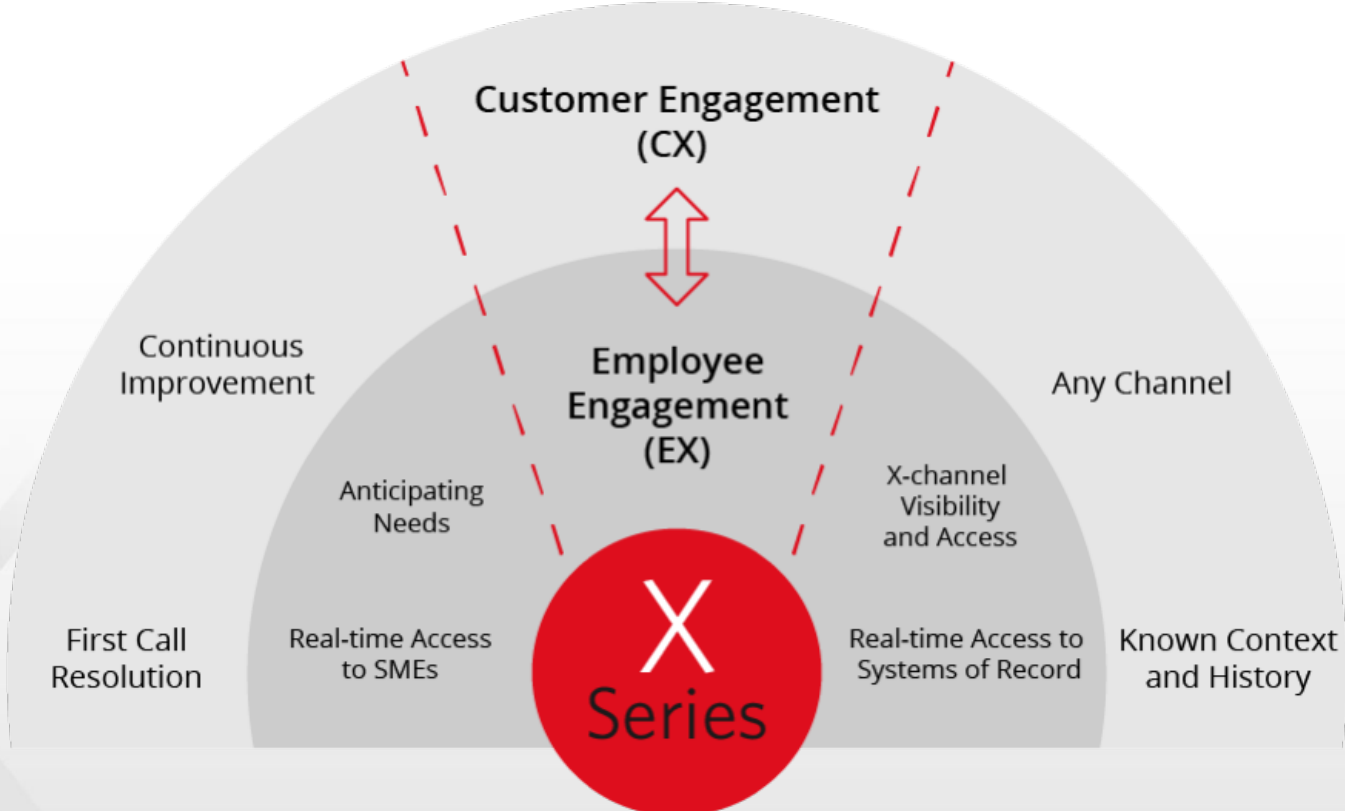
Systems of Record

- ★ Even Lower TCO
- ★ Revenue Acceleration

Anticipated this Market and Built our Company to Capture it



Exceptional Customer Experience Determined by the Employee Experience



X Series

One System of Intelligent Engagement

X2

Efficient, intelligent engagement

- One click from voice to chat to video
- Google integration
- Mobile to desk/conference phones to desktop

X4

Integrated global engagement suite with analytics

- Unlimited global calling across 14 countries
- Cross-platform team messaging
- Interaction analytics

X6

Speed to resolution

- One-click subject matter expert access
- CRM integration
- Customer engagement analytics

X8

More intelligent customer interactions

- Integrated voice, email, webchat and social
- Advanced speech and interaction analytics
- Predictive outbound campaigns
- Quality, collaborative performance mgmt

Investment Summary

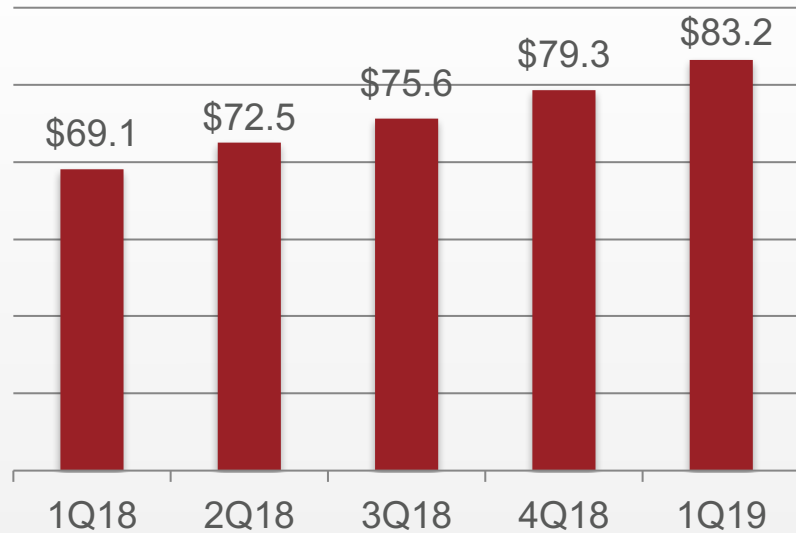
- \$40+ billion market cloud opportunity according to IDC
- Market entering 3rd wave of enterprise communications – moving beyond efficiencies to accelerating revenue growth
- Uniquely qualified to capture this opportunity – own core technology – cloud phone, contact center, conferencing and collaboration
- Well defined go-to-market strategy and solutions tailored by market segments
- Accelerating investment spend in FY 2019 to grow fiscal 2020 and beyond

Q1 Fiscal Year 2019 Financials

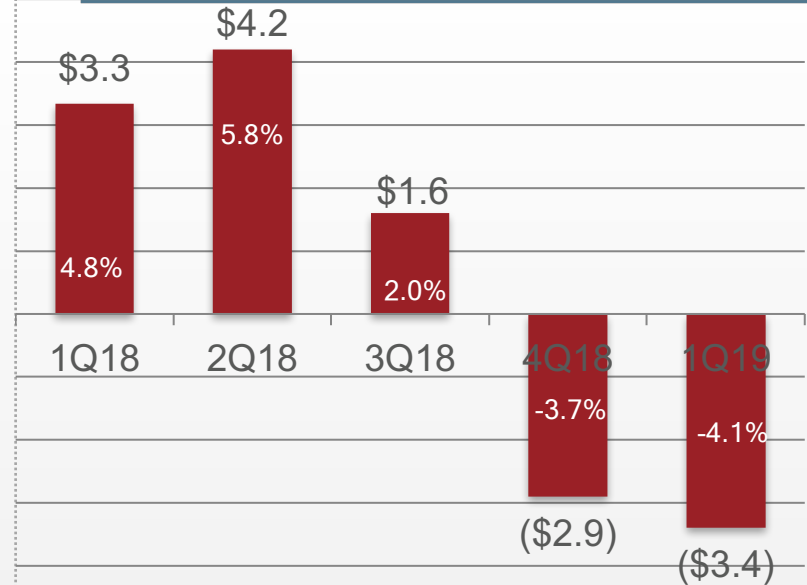


Strong Revenue Growth

Total Revenue Growth
(\$ in millions)

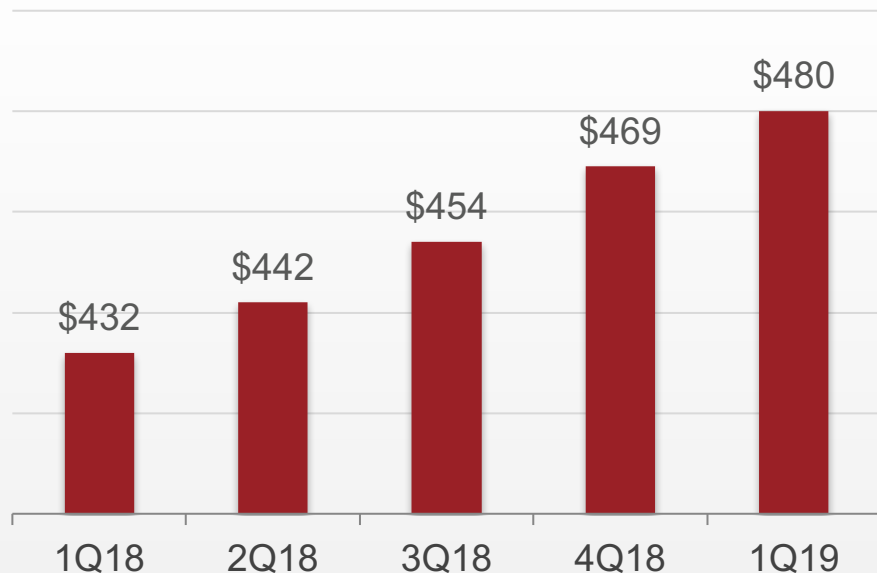


**Non-GAAP Pre-Tax Income
as % of Total Revenue** *(\$ in millions)*

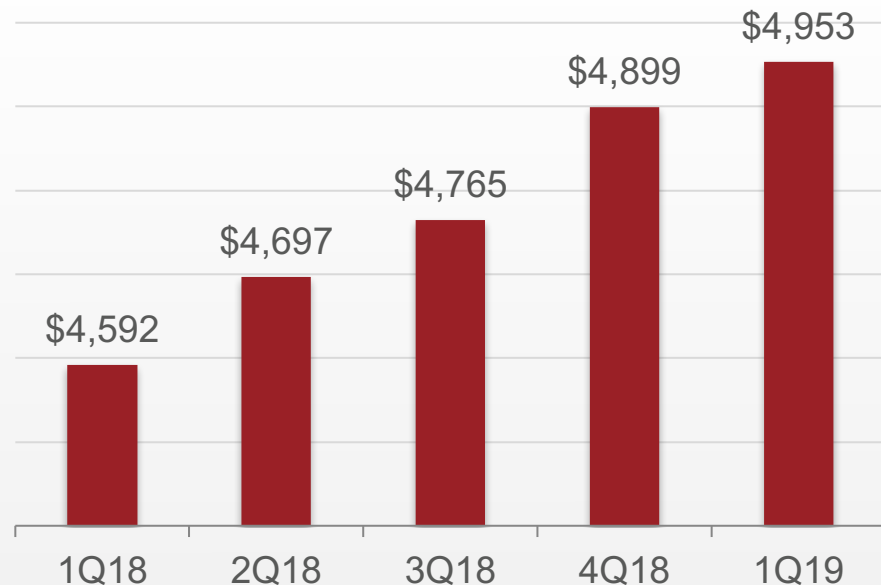


Increasing Average Monthly Service Revenue per Customer

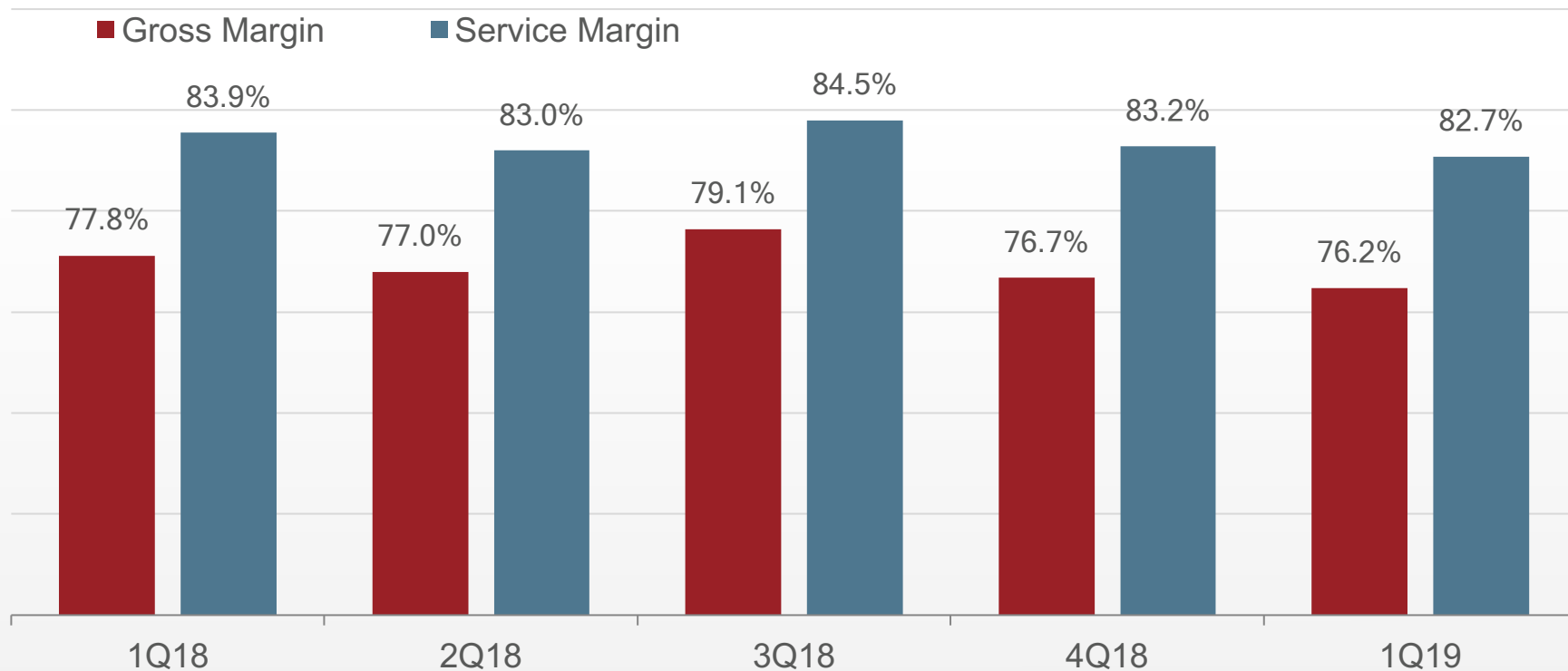
All Customers



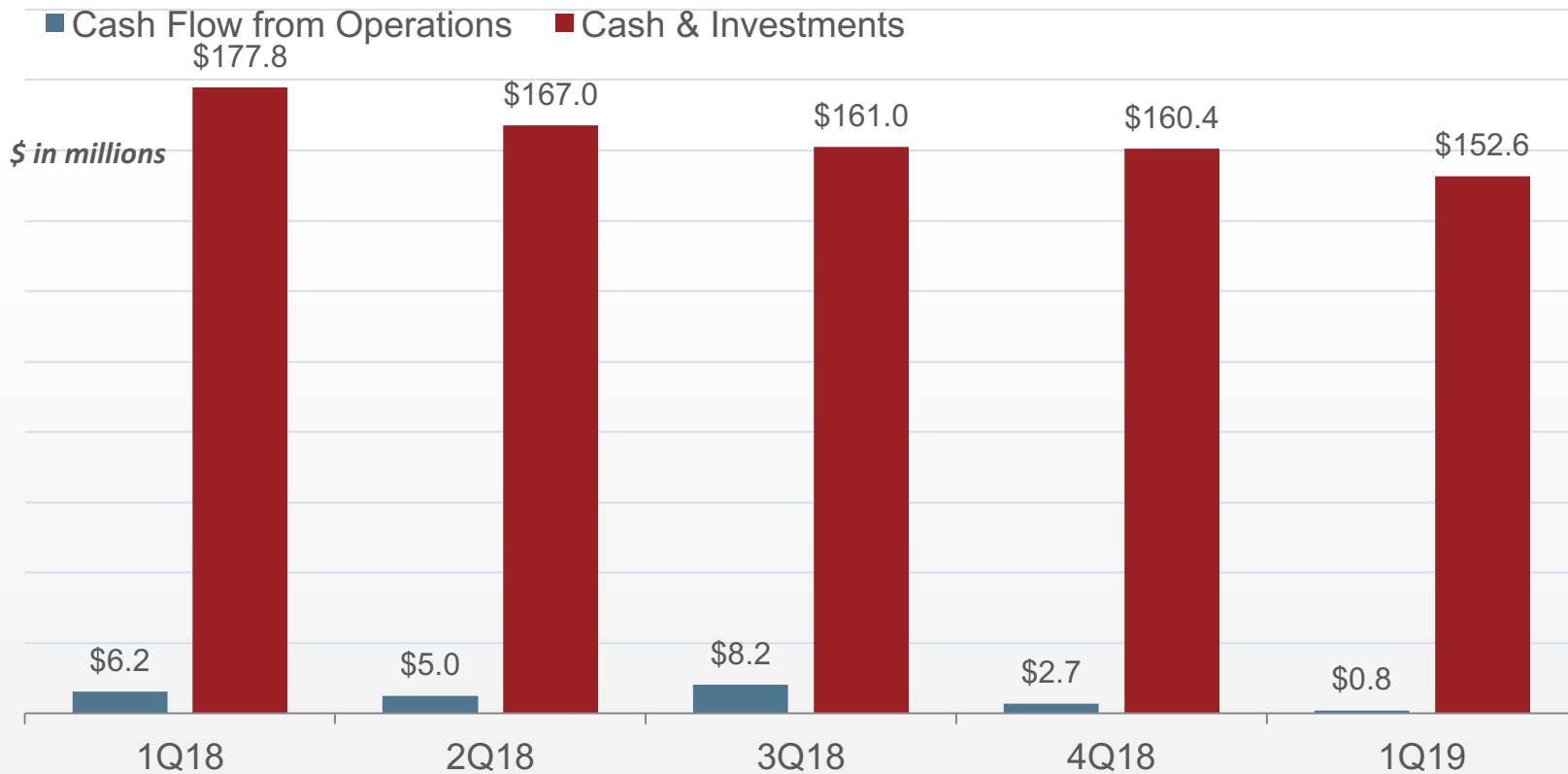
Mid-Market/Enterprise Customers



Consistently Strong Non-GAAP Margins



Strong Balance Sheet



Fiscal Full-Year 2019 Non-GAAP Financial Outlook

Service Revenue	\$333M - \$338M
Service Revenue Growth Y/Y	19% - 21%
Service Revenue Growth Y/Y excluding DXI revenue	21% - 22%
Total Revenue	\$347M - \$352M
Total Revenue Growth Y/Y	17% - 19%
Non-GAAP Pre-Tax Loss	(\$13M - \$17M)

Second Quarter Fiscal 2019 Non-GAAP Financial Outlook

Service Revenue	\$80M - \$81M
Service Revenue Growth Y/Y	18% - 19%
Service Revenue Growth Y/Y excluding DXI revenue	20% - 21%
Non-GAAP Pre-Tax Loss	(\$4M – \$5M)

GAAP to Non-GAAP Reconciliation Tables



Reconciliation of Selected GAAP Measures to NON-GAAP Measures (In Thousands, Unaudited)

Cost of Service Revenue:	Three Months Ended	
	June 30	
	2018	2017
GAAP cost of service revenue	\$15,079	\$11,662
Amortization of acquired intangible assets	(\$1,110)	(\$797)
Stock-based compensation expense	(\$458)	(\$391)
Non-recurring items	-	-
Non-GAAP cost of service revenue	\$ 13,511	\$ 10,474
Non-GAAP cost of service revenue as a percentage of service revenue	17.3%	16.1%
Research and Development:	Three Months Ended	
	June 30	
	2018	2017
GAAP research and development	\$13,110	\$7,943
Stock-based compensation expense	(\$2,194)	(\$1,337)
Non-GAAP research and development	\$10,916	\$6,606
Non-GAAP research and development as a percentage of total revenue	13.1%	9.6%

Reconciliation of Selected GAAP Measures to NON-GAAP Measures (In Thousands, Unaudited)

Sales and Marketing:	Three Months Ended	
	June 30	
	2018	2017
GAAP sales and marketing	\$53,305	\$41,110
Amortization of acquired intangible assets	(\$322)	(\$725)
Stock-based compensation expense	(\$3,845)	(\$2,647)
Non-recurring items	-	-
Non-GAAP sales and marketing	\$49,138	\$37,738
Non-GAAP sales and marketing as a percentage of total revenue	59.0%	54.6%
General and Administration:	Three Months Ended	
	June 30	
	2018	2017
GAAP general and administration	\$11,433	\$8,956
Stock-based compensation expense	(\$2,414)	(\$1,976)
Non-recurring items	(\$1,501)	(\$260)
Non-GAAP general and administration	\$7,518	\$6,720
Non-GAAP general and administration as a percentage of total revenue	9.0%	9.7%

Reconciliation of Selected GAAP Measures to NON-GAAP Measures (In Thousands, Unaudited)

Reconciliation between GAAP and non-GAAP Net Income (Loss)	Three Months Ended	
	30-Jun	
	2018	2017
Net loss	(\$15,355)	(\$2,169)
Adjustments:		
Amortization of acquired intangible assets	\$1,432	\$1,522
Stock-based compensation expense	\$8,911	\$6,351
Non-recurring items in operating expenses	\$1,501	-
Non-recurring items in other income(expenses), net	-	(\$1,133)
GAAP provision (benefit) for income taxes	\$91	(\$1,236)
Non-GAAP net income	(\$3,420)	\$3,335
Non-GAAP tax expense (1), (2)	\$91	\$100
Non-GAAP net income after taxes	(\$3,511)	\$3,235

(1) The non-GAAP tax provision in fiscal year 2019 does not have a deferred income tax impact due to the full valuation allowance applied against deferred tax assets. The non-GAAP effective tax rate of -3% for the three months ended June 30, 2018, is based on current taxes for certain states and foreign jurisdictions, and excludes the impact of the valuation allowance.

(2) The amount for the three months ended June 30, 2017 has been adjusted to conform with current period presentation.

GAAP and non-GAAP Net Income (Loss) per Share			
GAAP diluted Net Income (Loss) per Share	\$	(0.16)	\$ (0.02)
Non-GAAP diluted Net Income (Loss) per Share	\$	(0.04)	\$ 0.03

ASC 606 Reconciliation



Fiscal 2019 Outlook – Impact from ASC606

Financial Statement	<ul style="list-style-type: none">• No restatement of prior year information under modified retroactive method• Quarterly disclosures will be provided for FY19 comparing results under ASC606 versus ASC605
Revenue	<ul style="list-style-type: none">• No material differences expected
Sales & Marketing Operating Expenses	<ul style="list-style-type: none">• Large portion of sales commissions will be capitalized and amortized over five years• Estimated \$11M - \$13M lower sales and marketing operating expenses
Net Income	<ul style="list-style-type: none">• Estimated \$11M - \$13M benefit to Net Income
Cash Flow	<ul style="list-style-type: none">• No impact on cash flow

From EX to CX

The experience is everything

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