UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-37874

Everbridge, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**26-2919312**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
25 Corporate Drive, Suite 400 Burlington, Massachusetts	**01803**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (818) 230-9700

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

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

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

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

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

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

As of August 10, 2017, the registrant had 28,095,294 shares of common stock issued and outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited).

EVERBRIDGE, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in thousands, except share data)
(unaudited)

	As of June 30, 2017	As of December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 32,833	$ 60,765
Restricted cash	294	—
Short-term investments	12,435	—
Accounts receivable, net	21,876	17,812
Prepaid expenses	3,056	1,770
Other current assets	2,778	2,536
Total current assets	73,272	82,883
Property and equipment, net	2,924	2,923
Capitalized software development costs, net	9,290	8,792
Goodwill	31,052	9,676
Intangible assets, net	10,288	3,940
Other assets	232	108
Total assets	$ 127,058	$ 108,322
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 3,175	$ 2,434
Accrued payroll and employee related liabilities	8,015	7,456
Accrued expenses	2,502	1,957
Deferred revenue	58,039	51,388
Contingent liabilities	5,440	—
Other current liabilities	489	548
Total current liabilities	77,660	63,783
Long-term liabilities:		
Deferred revenue, noncurrent	1,523	1,246
Deferred tax liabilities	574	494
Other long term liabilities	554	447
Total liabilities	80,311	65,970
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value $0.001, 10,000,000 shares authorized, no shares issued or outstanding as of June 30, 2017 and December 31, 2016, respectively	—	—
Common stock, $0.001 par value, 100,000,000 shares authorized, 27,990,297 and 27,150,674 shares issued and outstanding as of June 30, 2017 and December 31, 2016, respectively	28	27
Additional paid-in capital	146,153	132,246
Accumulated deficit	(99,257)	(89,618)
Accumulated other comprehensive loss	(177)	(303)
Total stockholders' equity	46,747	42,352
Total liabilities and stockholders' equity	$ 127,058	$ 108,322

See accompanying notes to condensed consolidated financial statements.

EVERBRIDGE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Revenue	$ 25,021	$ 18,565	$ 47,865	$ 35,634
Cost of revenue	7,239	5,676	14,893	11,151
Gross profit	17,782	12,889	32,972	24,483
Operating expenses:				
Sales and marketing	11,057	8,849	21,963	17,054
Research and development	5,179	3,463	10,456	6,643
General and administrative	5,065	3,128	10,265	6,586
Total operating expenses	21,301	15,440	42,684	30,283
Operating loss	(3,519)	(2,551)	(9,712)	(5,800)
Other income (expense), net:				
Interest and investment income	77	—	128	—
Interest expense	(2)	(174)	(3)	(311)
Other income (expense), net	(6)	(34)	(38)	(28)
Total other income (expense), net	69	(208)	87	(339)
Loss before income taxes	(3,450)	(2,759)	(9,625)	(6,139)
(Provision for) benefit from income taxes	13	(45)	(14)	110
Net loss	$ (3,437)	$ (2,804)	$ (9,639)	$ (6,029)
Net loss per share attributable to common stockholders:				
Basic	$ (0.12)	$ (0.23)	$ (0.35)	$ (0.49)
Diluted	$ (0.12)	$ (0.23)	$ (0.35)	$ (0.49)
Weighted-average common shares outstanding:				
Basic	27,877,346	12,300,951	27,526,038	12,287,064
Diluted	27,877,346	12,300,951	27,526,038	12,287,064

See accompanying notes to condensed consolidated financial statements.

EVERBRIDGE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Net loss	$ (3,437)	$ (2,804)	$ (9,639)	$ (6,029)
Other comprehensive income (loss):				
Foreign currency translation adjustment, net of taxes	85	(107)	126	(366)
Total comprehensive loss	$ (3,352)	$ (2,911)	$ (9,513)	$ (6,395)

See accompanying notes to condensed consolidated financial statements.

EVERBRIDGE, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity (Deficit)
(in thousands)
(unaudited)

	Common stock		Additional paid-in capital	Accumulated deficit	Accumulated— other comprehensive income (loss)	Total
	Shares	Par value				
Balance at December 31, 2016	27,150,674	$ 27	$ 132,246	$ (89,618)	$ (303)	$ 42,352
Stock-based compensation	—	—	2,069	—	—	2,069
Issuance of common stock in follow-on offering, net	553,825	1	9,869	—	—	9,870
Exercise of stock options	202,008	—	1,115	—	—	1,115
Issuance of shares under employee stock purchase plan	83,790	—	854	—	—	854
Other comprehensive income	—	—	—	—	126	126
Net loss	—	—	—	(9,639)	—	(9,639)
Balance at June 30, 2017	27,990,297	$ 28	$ 146,153	$ (99,257)	$ (177)	$ 46,747

See accompanying notes to condensed consolidated financial statements.

EVERBRIDGE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2017	2016
Cash flows from operating activities:		
Net loss	$ (9,639)	$ (6,029)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	5,228	3,701
Loss on disposal of assets	—	74
Deferred income taxes	41	(224)
Non-cash interest expense on line of credit and term loan	—	10
Non-cash investment income	(8)	—
Provision for doubtful accounts and sales reserve	369	87
Stock-based compensation	2,044	1,378
Increase (decrease) in operating assets and liabilities:		
Accounts receivable	(2,973)	(1,601)
Prepaid expenses	(1,044)	(756)
Other assets	29	(1,214)
Accounts payable	(430)	(66)
Accrued payroll and employee related liabilities	500	263
Accrued expenses	293	(373)
Deferred revenue	2,868	3,053
Other liabilities	363	6
Net cash used in operating activities	(2,359)	(1,691)
Cash flows from investing activities:		
Capital expenditures	(505)	(346)
Proceeds from sale leaseback transaction	395	—
Payments for acquisition of business, net of acquired cash	(21,235)	—
Change in restricted cash	(294)	—
Purchase of short-term investments	(12,427)	—
Additions to capitalized software development costs	(3,044)	(3,040)
Net cash used in investing activities	(37,110)	(3,386)
Cash flows from financing activities:		
Proceeds from line of credit	—	9,500
Payments on line of credit	—	(9,000)
Principal payments on capital leases	—	(58)
Proceeds from follow-on offering, net of underwriters discount and commissions	10,444	—
Payments of public offering costs	(729)	(1,101)
Payments on notes payable	—	(2,018)
Proceeds from employee stock purchase plan	854	—
Proceeds from option exercises	1,115	185
Net cash provided by (used in) financing activities	11,684	(2,492)
Effect of exchange rates on cash and cash equivalents	(147)	39
Net decrease in cash and cash equivalents	(27,932)	(7,530)
Cash and cash equivalents—beginning of period	60,765	8,578
Cash and cash equivalents—end of period	$ 32,833	$ 1,048
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ —	$ 315
Taxes, net of refunds received	3	—
Supplemental disclosure of non-cash activities:		
Capitalized assets included in accounts payable and accrued expenses	1,335	107
Deferred offering costs in accounts payable and accrued expenses	143	126
Stock-based compensation capitalized for software development	25	28

See accompanying notes to condensed consolidated financial statements.

(1) Business and Nature of Operations

Everbridge, Inc., a Delaware corporation (together with its wholly-owned subsidiaries, referred to as "Everbridge" or the "Company"), is a global software company that provides critical event management and enterprise safety applications that enable customers to automate and accelerate the process of keeping people safe and businesses running during critical events. The Company's SaaS-based platform enables the Company's customers to quickly and reliably deliver messaging to a large group of people during critical situations. The Company's enterprise applications, such as Mass Notification, Incident Management, IT Alerting, Safety Connection, Community Engagement, CareConverge, Crisis Commander and Visual Command Center, automate numerous critical event management and enterprise safety processes. The Company generates revenue primarily from subscription fees to the Company's enterprise applications. The Company has operations in the United States, Sweden, the United Kingdom and China.

Initial and Follow-On Public Offering

On September 21, 2016, the Company completed an initial public offering ("IPO") in which the Company sold 6,250,000 shares of its common stock at the public offering price of $12.00 per share. The Company received net proceeds of $66.1 million, after deducting underwriting discounts and commissions and offering expenses paid and payable by the Company, from sales of its shares in the IPO.

In April 2017, the Company completed a follow-on public offering in which the Company sold 553,825 shares of its common stock, which included 26,825 shares sold pursuant to the exercise by the underwriters of an option to purchase additional shares, at a public offering price of $19.85 per share. In addition, 3,162,164 shares of the Company's common stock were sold by selling stockholders of the Company, which included 73,000 shares sold pursuant to the exercise of employee stock options by certain selling stockholders. The Company received net proceeds of $9.9 million, after deducting underwriting discounts and commissions and offering expenses paid and payable by the Company. The Company did not receive any proceeds from the sales by the selling stockholders.

As of June 30, 2017, 27,990,297 shares of the Company's common stock were outstanding.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. Therefore, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

The condensed consolidated balance sheet as of December 31, 2016, included herein, was derived from the audited financial statements as of that date, but does not include all disclosures including certain notes required by U.S. GAAP on an annual reporting basis.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, comprehensive loss and cash flows for the interim periods, but are not necessarily indicative of the results of operations to be anticipated for the full year 2017 or any future period.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Assets and liabilities which are subject to judgment and use of estimates include allowances for doubtful accounts, the fair value of assets acquired and liabilities assumed in business combinations, the recoverability of goodwill and long-lived assets, valuation allowances with respect to deferred tax assets, useful lives associated with property and equipment and intangible assets, contingencies, and the valuation and assumptions underlying stock-based compensation. On an ongoing basis, the Company evaluates its estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities. In addition, the Company engaged valuation specialists to assist with management's determination of the valuation of its fair values of assets acquired and liabilities assumed in business combinations.

Concentrations of Credit and Business Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents and accounts receivable.

The Company maintains cash balances at several banks. Accounts located in the United States are insured by the Federal Deposit Insurance Corporation, or FDIC, up to $250,000. From time to time, balances may exceed amounts insured by the FDIC. The Company has not experienced any losses in such amounts.

The Company's accounts receivable are generally unsecured and are derived from revenue earned from customers located in the United States, Sweden and the United Kingdom and are generally denominated in U.S. dollars, Swedish kronor or British pounds. Each reporting period, the Company reevaluates each customer's ability to satisfy credit obligations and maintains an allowance for doubtful accounts based on the evaluations. No single customer comprised more than 10% of the Company's total revenue or accounts receivable for the three or six months ended June 30, 2017 and 2016.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with original maturities of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents are recorded at cost, which approximates fair value. As of June 30, 2017, $29.7 million of the Company's cash equivalents were invested in money market funds.

Short-Term Investments

Short-term investments consist of highly liquid investments, primarily commercial paper, U.S. Treasury and U.S. agency securities, with maturities over three months from the date of purchase. Debt securities, money market funds and U.S. agency bonds that the Company has the ability and positive intent to hold to maturity are carried at amortized cost, which approximates fair value. Short-term investments of $12.4 million and none at June 30, 2017 and December 31, 2016, respectively, were classified as held-to-maturity and primarily comprised of U.S. Treasury and U.S. agency securities. All held-to-maturity securities at June 30, 2017 have maturity dates within one year.

Significant Accounting Policies

There have been no changes to the Company's significant accounting policies described in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Recently Issued Accounting Guidance, Not Yet Adopted

In January 2017, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This guidance eliminates Step 2 from the goodwill impairment test, instead requiring an entity to recognize a goodwill impairment charge for the amount by which the goodwill carrying amount exceeds the reporting unit's fair value. This guidance is effective for interim and annual goodwill impairment tests in fiscal years beginning after December 15, 2019, and early adoption is permitted. This guidance must be applied on a prospective basis. The Company expects to adopt this guidance for interim and annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company does not expect the adoption of this guidance to have a material impact on its financial position, results of operations or cash flows.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*. This guidance narrows the definition of a business. This standard provides guidance to assist entities with evaluating when a set of transferred assets and activities is a business. This guidance is effective for interim and annual reporting periods beginning after December 15, 2017, and early adoption is permitted. This guidance must be applied prospectively to transactions occurring within the period of adoption. The Company expects to adopt this guidance effective January 1, 2018. The Company does not expect the adoption of this guidance to have a material impact on its financial position, results of operations or cash flows.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This guidance requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and restricted cash. As a result, restricted cash will be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The new guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, and the new guidance is to be applied retrospectively. The Company does not expect the adoption of this guidance to have a material impact on its cash flows.

In September 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. This guidance clarifies the presentation requirements of eight specific issues within the statement of cash flows. The new guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. The adoption of this guidance is not expected to have a significant impact on the Company’s financial statements, as the Company's treatment of the relevant affected items within its consolidated statement of cash flows is consistent with the requirements of this guidance.

In February 2016, the FASB issued ASU 2016-02, *Leases*, to require lessees to recognize most leases on the balance sheet, while recognition on the statement of operations will remain similar to current lease accounting. The ASU also eliminates real estate-specific provisions and modifies certain aspects of lessor accounting. The ASU is effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted. Adoption of the ASU is modified retrospective. We are still in the process of evaluating the ASU but currently plan to adopt the ASU on January 1, 2019

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which delays the effective date of ASU 2014-09 by one year. The FASB also agreed to allow entities to choose to adopt the standard as of the original effective date. In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which clarifies the implementation guidance on principal versus agent considerations. The guidance includes indicators to assist an entity in determining whether it controls a specified good or service before it is transferred to the customers. The new revenue recognition standard will be effective for the Company in the first quarter of 2018, with the option to adopt it in the first quarter of 2017. The Company currently anticipates adopting the new standard effective January 1, 2018. The new standard also permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the modified retrospective method). The Company currently anticipates adopting the standard using the modified retrospective method. The Company is still in the process of completing its analysis on the impact this guidance will have on its consolidated financial statements and related disclosures.

(3) Accounts Receivable, Net

Accounts receivable, net is as follows (in thousands):

	As of June 30, 2017	As of December 31, 2016
Accounts receivable	$ 22,602	$ 18,231
Allowance for doubtful accounts and sales reserve	(726)	(419)
Net accounts receivable	$ 21,876	$ 17,812

Bad debt expense and sales credits reserve were $0.3 million and $0.4 million for the three and six months ended June 30, 2017, respectively, and none and $0.1 million for the three and six months ended June 30, 2016, respectively.

The following table summarizes the changes in the allowance for doubtful accounts (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Balance, beginning of period	$ (359)	$ (374)	$ (374)	$ (336)
Additions	(289)	—	(289)	(87)
Write-offs	38	—	53	49
Balance, end of period	$ (610)	$ (374)	$ (610)	$ (374)

The following table summarizes the changes in the sales reserve (in thousands):

	For the Three Months Ended June 30, 2017	For the Three Months Ended June 30, 2016	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016
Balance, beginning of period	$ (125)	$ (45)	$ (45)	$ (45)
Additions	—	—	(80)	—
Write-offs	9	—	9	—
Balance, end of period	$ (116)	$ (45)	$ (116)	$ (45)

(4) Property and Equipment

Property and equipment consisted of the following (in thousands):

	Useful life in years	As of June 30, 2017	As of December 31, 2016
Furniture and equipment	5	$ 1,653	$ 928
System hardware	5	3,320	3,320
Office computers	3	2,107	1,777
Computer and system software	3	1,560	1,478
		8,640	7,503
Less accumulated depreciation and amortization		(5,716)	(4,580)
Property and equipment, net		$ 2,924	$ 2,923

Depreciation and amortization expense for property and equipment was $0.4 million and $1.1 million for the three and six months ended June 30, 2017, respectively, and $0.4 million and $0.8 million for the three and six months ended June 30, 2016, respectively.

(5) Capitalized Software Development Costs

Capitalized software development costs consisted of the following (in thousands):

	Gross carrying amount	Amortization period	As of June 30, 2017 Accumulated amortization	Net carrying amount
Capitalized software development costs	$ 33,726	3 years	$ (24,436)	$ 9,290
Total capitalized software development costs	$ 33,726		$ (24,436)	$ 9,290

	Gross carrying amount	Amortization period	As of December 31, 2016 Accumulated amortization	Net carrying amount
Capitalized software development costs	$ 30,658	3 years	$ (21,866)	$ 8,792
Total capitalized software development costs	$ 30,658		$ (21,866)	$ 8,792

The Company capitalized software development costs of $3.1 million and $5.5 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively.

Amortization expense for capitalized software development costs was $1.1 million and $2.6 million for the three and six months ended June 30, 2017, respectively, and $1.2 million and $2.3 million for the three and six months ended June 30, 2016, respectively. Amortization of capitalized software development costs is classified within cost of revenue in the consolidated statements of operations.

The expected amortization of capitalized software development costs, as of June 30, 2017, for each of the following years is as follows (in thousands):

	Amounts
2017 (for the remaining six months)	$ 2,303
2018	3,867
2019	2,610
2020	510
	$ 9,290

(6) Fair Value Measurements

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, capital leases and accrued liabilities approximate fair value because of the short maturity of these items.

Certain assets, including long-lived assets, goodwill and intangible assets are also subject to measurement at fair value on a non-recurring basis if they are deemed to be impaired as a result of an impairment review. For the six months ended June 30, 2017 and year ended December 31, 2016, no impairments were identified.

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis at June 30, 2017 and December 31, 2016 by level within the fair value hierarchy. Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement (in thousands):

	At June 30, 2017			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
	(in thousands)			
Assets:				
Money market funds (included in cash and cash equivalents)	$ 29,724	—	—	$ 29,724
U.S. treasury securities	—	11,276	—	$ 11,276
U.S. government agency obligations	—	1,159	—	$ 1,159
Total financial assets	**$ 29,724**	**$ 12,435**	**$ —**	**$ 42,159**
Liabilities:				
Contingent consideration	—	—	$ 5,440	$ 5,440
Total financial liabilities	**$ —**	**$ —**	**$ 5,440**	**$ 5,440**

	At December 31, 2016			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
	(in thousands)			
Assets:				
Money market funds (included in cash and cash equivalents)	$ 57,032	—	—	$ 57,032
Total financial assets	**$ 57,032**	**$ —**	**$ —**	**$ 57,032**
Liabilities:				
Contingent consideration	—	—	$ 388	$ 388
Total financial liabilities	**$ —**	**$ —**	**$ 388**	**$ 388**

The Company classifies and discloses fair value measurements in one of the following three categories of fair value hierarchy:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets and liabilities.

Level 2 - Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Company's assets that are measured by management at fair value on a recurring basis are generally classified within Level 1 or Level 2 of the fair value hierarchy. The Company did not have any transfers into and out of Level 1 or Level 2 during the six months ended June 30, 2017. No assets or investments were classified as Level 3 as of June 30, 2017. The Company did not have any short-term investments as of December 31, 2016.

The Company considers all highly liquid investments purchased with a remaining maturity of three months or less to be cash equivalents. The fair value of the Company's investments in certain money market funds is their face value and such instruments are classified as Level 1 and are included in cash and cash equivalents on the consolidated balance sheets. At June 30, 2017 the Company's Level 2 securities were priced by pricing vendors. These pricing vendors utilize the most recent observable market information in pricing these securities or, if specific prices are not available for these securities, use other observable inputs like market transactions involving identical or comparable securities.

The following table summarizes the changes in Level 3 financial instruments (in thousands).

		Amount
Fair Value at December 31, 2016	**$**	**388**
Foreign currency translation		32
Contingent consideration from IDV acquisition		5,020
Balance at June 30, 2017	**$**	**5,440**

At December 31, 2016, the Company recorded the contingent consideration from the Crisis Commander acquisition under long-term other liabilities.

(7) Goodwill and Intangible Assets

Goodwill was $31.1 million and $9.7 million as of June 30, 2017 and December 31, 2016, respectively. There were no impairments recorded against goodwill during the six months ended June 30, 2017 and for the year ended December 31, 2016. The following table displays the changes in the gross carrying amount of goodwill (in thousands):

		Amount
Balance at December 31, 2016	**$**	**9,676**
Foreign currency translation		180
IDV acquisition		21,196
Balance at June 30, 2017	**$**	**31,052**

Intangible assets consisted of the following (in thousands):

	As of June 30, 2017						
		Gross carrying amount	Weighted average life (years)		Accumulated amortization		Net carrying amount
Amortizable intangible assets:							
Developed technology	$	4,035	2.79	$	(1,415)	$	2,620
Trade names and patents		2,487	5.05		(462)		2,025
Customer relationships		8,407	2.47		(2,954)		5,453
Non-compete arrangement		240	1.58		(50)		190
Total intangible assets	$	15,169		$	(4,881)	$	10,288

	Gross carrying amount	Weighted average life (years)	As of December 31, 2016 Accumulated amortization	Net carrying amount
Amortizable intangible assets:				
Developed technology	$ 1,490	3.60	$ (878)	$ 612
Trade names and patents	883	6.08	(254)	629
Customer relationships	4,779	5.00	(2,080)	2,699
Total intangible assets	$ 7,152		$ (3,212)	$ 3,940

Amortization expense for intangible assets was $0.9 million and $1.5 million for the three and six months ended June 30, 2017, respectively and $0.3 million and $0.6 million for the three and six months ended June 30, 2016, respectively.

The expected amortization of the intangible assets, as of June 30, 2017, for each of the next five years and thereafter is as follows (in thousands):

	Amounts
2017 (for the remaining six months)	$ 1,721
2018	3,269
2019	2,582
2020	1,350
2021	1,234
2022 and thereafter	132
	$ 10,288

(8) Business Combinations

The Company accounted for the IDV Solutions LLC, or IDV and Crisis Commander acquisitions using the purchase method of accounting for business combinations under ASC 805, *Business Combinations*. The total purchase price is allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date.

As the Company finalizes the fair value of assets acquired and liabilities assumed, additional purchase price adjustments may be recorded during the measurement period (a period not to exceed 12 months). Fair value estimates are based on a complex series of judgments about future events and uncertainties and rely heavily on estimates and assumptions. The judgments used to determine the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives and the expected future cash flows and related discount rates, can materiality impact our results of operations. Significant inputs used for the model included the amount of cash flows, the expected period of the cash flows and the discount rates. The finalization of the purchase accounting assessment may result in a change in the valuation of the contingent consideration and intangible assets, which may have a material impact on our results of operations and financial position.

IDV Acquisition

On January 27, 2017, the Company acquired IDV, in exchange for current cash consideration of $21.2 million, net of cash acquired and the fair value of contingent future consideration. At the date of acquisition, $2.5 million was deposited in an escrow account for fifteen months. The escrow fund is available to provide security to the Company to compensate it for losses it may incur as a result of any inaccuracy in the representations or warranties of IDV or the sellers contained in the IDV purchase agreement, any failure to comply with any covenant contained in the IDV purchase agreement or any liabilities or obligations related to the operation of IDV’s business prior to the closing of the acquisition.

In addition, in order to earn any future contingent consideration, IDV is required to meet certain billings thresholds at June 30, 2017 and December 31, 2017. At the date of the acquisition, the Company preliminarily assessed the probabilities of IDV meeting the future sales and billing thresholds and determined them to be probable. Therefore, contingent consideration was recorded as part of the purchase price allocation and the preliminary fair value of the contingent consideration was determined to be $5.0 million. IDV is a provider of threat assessment and operational visualization software located in Lansing, Michigan. The Company acquired IDV for its customer base and to complement some of the existing facets of its business with the Company’s existing customers.

The following table summarizes the allocation of the purchase consideration and the estimated fair value of the assets acquired and the liabilities assumed for the acquisition of IDV made by the Company. The purchase price allocations for IDV included in the table below are preliminary. The following table also summarizes the aggregate consideration for IDV as of June 30, 2017 (in thousands):

Assets acquired		**IDV**
Accounts receivable		1,462
Other assets		242
Property and equipment		174
Trade names		1,590
Acquired technology		2,490
Customer relationships		3,400
Non-compete arrangement		240
Goodwill		21,196
Total assets acquired	$	30,794
Liabilities assumed		
Accounts payable and accrued expenses		347
Deferred revenue		4,060
Other liabilities		132
Net assets acquired	$	26,255
Consideration paid		
Cash paid, net of cash acquired		21,235
Acquisition date fair value of contingent consideration		5,020
Total	$	26,255

The weighted average useful life of all identified acquired intangible assets is 4.26 years. The weighted average useful lives for acquired technologies, customer relationships, non-compete arrangements and trade names are 3.0 years 5.0 years, 2.0 years and 5.0 years, respectively. Identifiable intangible assets with definite lives are amortized over the period of estimated benefit using the straight-line method and the estimated useful lives of two to five years. The straight-line method of amortization represents the Company's best estimate of the distribution of the economic value of the identifiable intangible assets.

As a result of the acquisition, the Company recorded $21.2 million of goodwill. The goodwill balance is primarily attributed to the anticipated synergies from the acquisition and expanded market opportunities with respect to the integration of IDV's products with the Company's other solutions. The Company believes that the factors listed above in relation to the purchase of IDV support the amount of goodwill recorded as a result of the purchase price paid for the acquisition, in relation to other acquired tangible and intangible assets. The resulting goodwill from the IDV acquisition is deductible for income tax purposes.

For the three and six months ended June 30, 2017, the Company incurred transaction costs of $0.1 million in connection with the IDV acquisition, which were expensed as incurred and included in general and administrative expenses within the accompanying consolidated statements of operations.

Unaudited Pro Forma Financial Information

The following tables reflects the unaudited pro forma combined results of operations for the three and six months ended June 30, 2016 and the six months ended June 30, 2017 as if the acquisition of IDV had taken place on January 1, 2016, as well as the results of acquired business included in our unaudited financial information for the three months ended June 30, 2017. The unaudited pro forma financial information includes the effects of certain adjustments, including the amortization of acquired intangible assets and the associated tax effect and the elimination of the Company's and the acquiree's non-recurring acquisition related expenses:

		Revenue		**Net income (loss)**
Results of acquired business included in our three and six months ended (in thousands):				
From the acquisition date to June 30, 2017	$	3,018	$	(1,583)
For the six months ended June 30, 2017 pro forma	$	3,555	$	(2,337)
For the six months ended June 30, 2016 pro forma	$	5,118	$	(1,140)
For the three months ended June 30, 2017	$	1,670	$	(948)
For the three months ended June 30, 2016 pro forma	$	3,328	$	75

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Basic and diluted earnings per share pro forma	$ (0.03)	$ 0.01	$ (0.08)	$ (0.09)

The unaudited pro forma information presented does not purport to be indicative of the results that would have been achieved had the acquisition been consummated at January 1, 2016 nor of the results which may occur in the future. The pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable.

Crisis Commander Acquisition

On December 30, 2016, the Company completed the acquisition of Crisis Commander, a privately held SaaS mobile crisis management company based in Norsborg, Sweden. The acquisition was consummated pursuant to a purchase agreement for an initial preliminary purchase price of $2.7 million, subject to earn out payments contingent on meeting certain revenue thresholds, which are expected to be paid in March 2018.

The excess of purchase consideration over the fair value of net tangible liabilities assumed and identifiable intangible assets acquired was recorded as goodwill. The fair values assigned to tangible and identifiable intangible assets acquired and liabilities assumed are based on management’s estimates and assumptions. The estimated fair values of assets acquired and liabilities assumed may be subject to change as additional information is received. Thus, the provisional measurements of fair value have been recorded.

The goodwill balance is primarily attributed to the anticipated synergies from the acquisition and expanded market opportunities with respect to the integration of Crisis Commander’s platform with the Company's other solutions. The goodwill balance is not deductible for U.S. income tax purposes.

The assets and results of operations of Crisis Commander were not significant to the Company’s consolidated financial position or results of operations, and thus pro forma information is not presented.

(9) Stockholders’ Equity

Preferred Stock

As of June 30, 2017, the Company had authorized 10,000,000 shares of preferred stock, par value $0.001, of which no shares were outstanding.

Common Stock

As of June 30, 2017, the Company had authorized 100,000,000 shares of common stock, par value $0.001. Holders of common stock are entitled to one vote per share. At June 30, 2017 and December 31, 2016, there were 27,990,297 and 27,150,674 shares of common stock issued and outstanding, respectively.

(10) Stock Plans and Stock-Based Compensation

The Company’s 2016 Equity Incentive Plan (the “2016 Plan”) became effective on September 15, 2016. The 2016 Plan provides for the grant of incentive stock options, non-qualified stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights and performance share awards to employees, directors and consultants of the Company. A total of 3,893,118 shares of the Company’s common stock were initially reserved for issuance under the 2016 Plan, which is the sum of (1) 2,000,000 shares, (2) the number of shares reserved for issuance under the Company’s 2008 Equity Incentive Plan (the “2008 Plan”) at the time the 2016 Plan became effective (up to a maximum of 42,934 shares) and (3) shares subject to stock options or other stock awards granted under the 2008 Plan that would have otherwise returned to the Company’s 2008 Plan (up to a maximum of 1,850,184 shares). The number of shares of common stock reserved for issuance under the 2016 Plan will automatically increase on January 1 of each year, beginning on January 1, 2017, by 3% of the number of shares of the Company’s capital stock outstanding on the immediately preceding December 31, or such lesser number of shares as determined by the Company’s board of directors.

As a result of the adoption of the 2016 Plan, no further grants may be made under the 2008 Plan. The 2008 Plan provided for the grant of stock options to the Company's employees, directors and consultants. Stock option awards were granted with an exercise price equal to the fair market value of the Company's common stock at the date of grant as determined by the Company's board of directors. The option awards generally vested over four years and were exercisable any time after vesting. The stock options expire ten years after the date of grant.

2016 Employee Stock Purchase Plan

The Company's Employee Stock Purchase Plan ("2016 ESPP") became effective on September 15, 2016. A total of 500,000 shares of the Company's common stock were initially reserved for issuance under the 2016 Plan. The number of shares reserved for issuance under the 2016 ESPP will automatically increase on January 1 of each year, beginning on January 1, 2017, by the lesser of 200,000 shares of the Company's common stock, 1% of the number of shares of the Company's common stock outstanding on the immediately preceding December 31, or such lesser number of shares as determined by the Company's board of directors.

The 2016 ESPP allows eligible employees to purchase shares of the Company's common stock at a discount of up to 15% through payroll deductions of their eligible compensation, subject to any plan limitations. Except for the initial offering period, the 2016 ESPP provides for separate six-month offering periods beginning each March and September of each fiscal year.

On each purchase date, eligible employees will purchase the Company's stock at a price per share equal to 85% of the lesser of (i) the fair market value of the Company's common stock on the offering date or (ii) the fair market value of the Company's common stock on the purchase date.

For the six months ended June 30, 2017, 83,790 shares of common stock were purchased under the 2016 ESPP. The 2016 ESPP is considered compensatory for purposes of stock-based compensation expense.

Stock Options

The Company recorded stock-based compensation expense of $1.1 million and $2.1 million for the three and six months ended June 30, 2017, respectively. The Company recorded stock-based compensation expense of $0.7 million and $1.4 million for the three and six months ended June 30, 2016, respectively.

The total intrinsic value of options exercised for the three and six months ended June 30, 2017 was $3.5 million and $3.5 million, respectively. This intrinsic value represents the difference between the fair market value of the Company's common stock on the date of exercise and the exercise price of each option. Based on the fair market value of the Company's common stock at June 30, 2017, the total intrinsic value of all outstanding options was $24.4 million.

The fair value of stock option grants is determined using the Black-Scholes option pricing model with the following weighted average assumptions. In addition, the fair value per share on grant date is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
Employee Stock Options:				
Fair value per share on grant date	$24.87	$14.66	$18.05 - $24.87	$14.66
Expected term (in years)	6.00	5.29 - 6.10	6.00 - 6.11	5.29 - 6.10
Expected volatility	60%	70%	60%	70%
Risk-free interest rate	1.98%	1.28% - 1.40%	1.98% - 2.47%	1.28% - 1.86%
Dividend rate	0%	0%	0%	0%
Employee Stock Purchase Plan:				
Expected term (in years)	0.50	—	0.50	—
Expected volatility	60%	—	60%	—
Risk-free interest rate	0.45%	—	0.45%	—
Dividend rate	0%	—	0%	—

(1) The expected term represents the period that the stock-based compensation awards are expected to be outstanding. Since the Company did not have sufficient historical information to develop reasonable expectations about future exercise behavior, the Company used the simplified method to compute expected term, which reflects the average of the time-to-vesting and the contractual life;

(2) The expected volatility of the Company's common stock on the date of grant is based on the volatilities of publicly traded peer companies that are reasonably comparable to the Company's own operations;

(3) The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero coupon U.S. Treasury notes with maturities approximately equal to the expected term of the options; and

(4) The expected dividend yield is assumed to be zero as the Company has never paid dividends and has no current plans to pay any dividends on the Company's common stock.

Total unrecognized compensation cost related to nonvested stock options was approximately $8.0 million as of June 30, 2017, and is expected to be recognized over a weighted average period of 2.49 years.

A summary of activities under the 2008 Plan and the 2016 Plan is shown as follows for the year ended December 31, 2016 and the six months ended June 30, 2017:

	Stock options outstanding	Weighted average exercise price
Outstanding at December 31, 2015	1,821,722	$ 8.68
Granted	292,204	14.75
Exercised	(163,968)	4.30
Forfeited	(65,533)	8.03
Outstanding at December 31, 2016	1,884,425	10.02
Granted	284,470	19.73
Exercised	(202,008)	5.55
Forfeited	(10,810)	12.34
Outstanding at June 30, 2017	1,956,077	$ 11.88

Stock-based compensation expense is recognized over the award's expected vesting schedule, which is reduced for forfeitures.

Stock options outstanding, and options exercisable and vested are as follows:

Outstanding as of June 30, 2017	Remaining contractual life (years)	Weighted average exercise price	Exercisable as of June 30, 2017	Remaining contractual life (years)	Weighted average exercise price
1,956,077	7.90	$ 11.88	835,159	7.04	$ 8.41

Outstanding as of December 31, 2016	Remaining contractual life (years)	Weighted average exercise price	Exercisable as of December 31, 2016	Remaining contractual life (years)	Weighted average exercise price
1,884,425	7.86	$ 10.02	809,900	7.13	$ 6.81

Vested and nonvested stock option activity was as follows:

	Vested		Nonvested	
	Options outstanding	Weighted average exercise price	Options outstanding	Weighted average exercise price
Outstanding at June 30, 2017	835,159	$ 8.41	1,120,918	$ 14.47
Outstanding at December 31, 2016	809,900	$ 6.81	1,074,525	$ 12.44

Stock-Based Compensation Expense

The Company recorded the total stock-based compensation expense as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Cost of revenue	$ 60	$ 44	$ 125	$ 89
Sales and marketing	282	175	559	292
Research and development	176	91	322	176
General and administrative	583	425	1,063	849
Total	$ 1,101	$ 735	$ 2,069	$ 1,406

(11) Basic and Diluted Net Loss per Share

Basic net loss per common share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share of common stock is computed by giving effect to all potential dilutive shares of common stock. Basic and diluted net loss per share of common stock were the same for all periods presented as the impact of all potentially dilutive securities outstanding was anti-dilutive.

The following common equivalent shares were excluded from the diluted net loss per share calculation because their inclusion would have been anti-dilutive:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Stock options	1,956,077	1,953,239	1,956,077	1,953,239
Series A-1 preferred stock warrants	—	130,384	—	130,384
Convertible preferred stock	—	8,354,963	—	8,354,963
Total	1,956,077	10,438,586	1,956,077	10,438,586

The Company is required to reserve and keep available from the Company’s authorized but unissued shares of common stock a number of shares equal to the number of shares subject to outstanding awards under the 2008 Plan and the number of shares reserved for issuance under each of the 2016 Plan and 2016 ESPP.

The amount of such shares of the Company’s common stock reserved for these purposes at June 30, 2017 is as follows:

	Number of Shares
Stock options issued and outstanding	1,956,077
Additional shares available for grant under equity plans	3,162,553
Total	5,118,630

(12) Income Taxes

The Company is subject to income tax in the United States as well as other tax jurisdictions in which it conducts business. Earnings from non-U.S. activities are subject to local country income tax. The Company does not provide for US deferred income taxes on the undistributed earnings of its foreign subsidiaries as such earnings are reinvested indefinitely.

The Company’s tax provision for interim periods is determined using an estimate of its annual effective tax rate, adjusted for discrete items arising in that quarter. In each quarter, the Company updates its estimate of the annual effective tax rate, and if the estimated annual tax rate changes, the Company makes a cumulative adjustment in that quarter. The Company’s quarterly tax provision, and its quarterly estimate of its annual effective tax rate, are subject to significant volatility due to several factors, including the Company’s ability to accurately predict its pre-tax income and loss in multiple jurisdictions.

For the three months ended June 30, 2017 and 2016, the Company recorded a tax benefit for income taxes of $13,000 and a provision for income taxes of $45,000, respectively, resulting in an effective tax benefit of 0.38% and effective tax rate of 1.63%, respectively. For the six months ended June 30, 2017 and 2016, the Company recorded a provision for income taxes of $14,000 and a tax benefit of $0.1 million, respectively, resulting in an effective tax rate of 0.15% and benefit of 1.79%, respectively. During the current year periods, the effective tax rate is lower than the statutory federal tax rate as the Company was not able to benefit from its net operating losses due to its full valuation allowance.

As of June 30, 2017, the Company had gross tax-effected unrecognized tax benefits of $0.3 million, of which $0.2 million, if recognized, would favorably impact the effective tax rate. The Company's existing tax positions will continue to generate an increase in unrecognized tax benefits in subsequent periods. The Company's policy is to record interest and penalties related to unrecognized tax benefits as income tax expense. During the three and six months ended June 30, 2017 and 2016, the amounts recorded related to the accrual of interest and penalties were immaterial in each period.

(13) Segment information

The Company operates as one operating segment. Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker, or CODM, who is the Company's chief executive officer, in deciding how to allocate resources and assess the Company's financial and operational performance. While the Company has applications that address multiple use cases, all of the Company's applications operate on and leverage a single technology platform and are deployed and sold in an identical way. In addition, the Company's CODM evaluates the Company's financial information and resources and assesses the performance of these resources on a consolidated basis. As a result, the Company has determined that the Company's business operates in a single operating segment. Since the Company operates as one operating segment, all required financial segment information can be found in the consolidated financial statements.

(14) Geographic Concentrations

Revenue by location is determined by the billing address of the customer. Approximately 90% and 90% of the Company's revenue was from the United States for the three and six months ended June 30, 2017, respectively. Approximately 90% and 90% of the Company's revenue was from the United States for the three and six months ended June 30, 2016, respectively. No other individual country comprised more than 10% of total revenue for the three and six months ended June 30, 2017 and 2016. Property and equipment by geographic location is based on the location of the legal entity that owns the asset. As of June 30, 2017, more than 90% of the Company's property and equipment was located in the United States.

(15) Commitments and Contingencies

(a) Leases

The Company leases office space in Pasadena, California; San Francisco, California; Burlington, Massachusetts; Colchester, England; Windsor, England; Lansing, Michigan, Norsborg, Sweden and Beijing, China under operating leases and recognizes escalating rent expense on a straight-line basis over the expected lease term.

There were no material changes in our commitments under contractual obligations, as disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2016 and related notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, except those disclosed below.

In December 2016, the Company entered into a new lease for its executive offices in Burlington, Massachusetts that began on June 1, 2017 and will account for $7.8 million in minimum lease payments over the next five years.

In June 2017, the Company entered into a new lease for its offices in Beijing, China that will increase its future minimum lease payments beginning in July 2017 by $0.8 million over the next two years.

In June 2017, the Company entered into a new lease for its offices in Maidenhead, United Kingdom that will increase its future minimum lease payments beginning in July 2017 by $0.2 million over the next four years.

As of June 30, 2017, future minimum lease payments under non-cancelable operating leases are as follows (in thousands):

	Amounts
2017 (for the remaining 6 months)	$ 1,428
2018	2,465
2019	1,908
2020	1,744
2021	1,717
2022 and thereafter	806
Total minimum lease payments	$ 10,068

Future minimum operating lease payments have been reduced by future minimum sublease income of $0.1 million.

(b) Rent

Rent expense was $0.5 million and $1.0 million for the three and six months ended June 30, 2017, respectively and $0.4 million and $0.8 million for the three and six months ended June 30, 2016, respectively.

(c) Litigation

In the normal course of business, the Company has been subjected to various unasserted claims. The Company does not believe these will have a material adverse impact to the financial statements.

(d) Credit Facility

The Company has a revolving line of credit agreement with Western Alliance Bank, which provides for a $15.0 million revolving secured credit facility maturing on June 30, 2018. Amounts outstanding under the line of credit bear interest at the prime rate plus 0.75% with accrued interest payable on a monthly basis and outstanding and unpaid principal due upon maturity. Western Alliance Bank maintains a security interest in substantially all of the Company's tangible and intangible assets, excluding intellectual property, to secure any outstanding amounts under the loan agreement. The loan agreement contains customary events of default, conditions to borrowing and covenants, including restrictions on the Company's ability to dispose of assets, make acquisitions, incur debt, incur liens and make distributions and dividends to stockholders. The loan agreement also includes a financial covenant related to the Company's recurring revenue renewal rate. During the continuance of an event of default, Western Alliance Bank may accelerate amounts outstanding, terminate the credit facility and foreclose on the collateral.

As of June 30, 2017, no amounts had been drawn under the credit facility.

(e) Employee Contracts

The Company has entered into employment contracts with certain of the Company's executive officers which provide for at-will employment. However, under the provisions of the contracts, the Company would incur severance obligations of up to twelve months of the executive's annual base salary for certain events, such as involuntary terminations.

(16) Subsequent Events

In July 2017, the Company's board of directors granted options to purchase 659,700 shares of the Company's common stock to employees at a weighted-average exercise price of $23.60 per share. The stock options vest over periods ranging from two to four years based on continued service by the employee. The estimated total stock-based compensation expense associated with these stock options is $8.9 million and is expected to be recognized over a weighted average period of 3.9 years.

In July 2017, the Company's board of directors awarded 278,500 restricted stock units to employees. The restricted stock units vest over a period of three years based on continued service by the employee. The estimated total stock-based compensation expense associated with these restricted stock units is $6.6 million and is expected to be recognized over a weighted average period of 3.0 years.

In July 2017, the Company's board of directors awarded 278,500 performance-based restricted stock units to employees. The performance-based restricted stock units vest based on the Company achieving certain stock price thresholds which range from $35 per share to $55 per share for 30 consecutive trading days. The estimated total stock-based compensation expense associated with these restricted stock units is $7.6 million and is expected to be recognized over a weighted average period of 1.3 years.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with (i) our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and (ii) our audited consolidated financial statements and the related notes and management's discussion and analysis of financial condition and results of operations for the fiscal year ended December 31, 2016 included in our Annual Report on Form 10-K filed with the SEC on March 23, 2017. This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements are often identified by the use of words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "project," "will," "would" or the negative or plural of these words or similar expressions or variations. Such forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified herein, and those discussed in the section titled "Risk Factors", set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q and in our other SEC filings. You should not rely upon forward-looking statements as predictions of future events. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

Everbridge is a global software company that provides enterprise software applications that automate and accelerate organizations' operational response to critical events in order to keep people safe and businesses running. During public safety threats such as active shooter situations, terrorist attacks or severe weather conditions, as well as critical business events such as IT outages, cyber-attacks or other incidents such as product recalls or supply-chain interruptions, our SaaS-based platform enables our customers to quickly and reliably aggregate and assess threat data, locate people at risk and responders able to assist, automate the execution of pre-defined communications processes and track progress on executing response plans. Our customers use our platform to identify and assess hundreds of different types of threats to their organizations, people, assets or brand. Our solutions enable organizations to deliver intelligent, contextual messages to, and receive verification of delivery from, hundreds or millions of recipients, across multiple communications modalities such as voice, SMS and e-mail. Our applications enable the delivery of messages in near real-time to more than 100 different communication devices, in over 200 countries and territories, in 15 languages and dialects – all simultaneously. We delivered 1.5 billion communications in 2016. We automate the process of sending contextual notifications to multiple constituencies and receiving return information on a person's or operation's status so that organizations can act quickly and precisely. Our Critical Event Management platform is comprised of a comprehensive set of software applications that address the full spectrum of tasks an organization has to perform to manage a critical event, including Mass Notification, Incident Management, Safety Connection, IT Alerting, Visual Command Center, Crisis Commander, Community Engagement and Secure Messaging. We believe that our broad suite of integrated, enterprise applications delivered via a single global platform is a significant competitive advantage in the market for Critical Event Management solutions, which we refer to generally as CEM.

Our customer base has grown from 867 customers at the end of 2011 to more than 3,400 customers as of June 30, 2017. As of June 30, 2017, our customers were based in 34 countries and included eight of the 10 largest U.S. cities, eight of the 10 largest U.S.-based investment banks, 25 of the 25 busiest North American airports, six of the 10 largest global consulting firms, six of the 10 largest global auto makers, all four of the largest global accounting firms, four of the 10 largest U.S.-based health care providers and four of the 10 largest U.S.-based health insurers. We provide our applications to customers of varying sizes, including enterprises, small businesses, non-profit organizations, educational institutions and governmental agencies. Our customers span a wide variety of industries including technology, energy, financial services, healthcare and life sciences, manufacturing, media and entertainment, retail, higher education and professional services.

We sell all of our critical event management and enterprise safety applications on a subscription basis. We generally enter into contracts that range from one to three years in length, with an average contract duration of 2.0 years as of June 30, 2017, and generally bill and collect payment annually in advance. We derive substantially all of our revenue from subscriptions to our critical event management and enterprise safety applications. Historically, we derived more than 84% of our revenue in each of the last three fiscal years from sales of our Mass Notification application. Over 90% of the revenue that we recognized in each of the eight most recently completed quarters was generated from contracts entered into in prior quarters or renewals of those contracts; the balance of the revenue that we recognized in each such quarter was generated from contracts entered into with new customers or new contracts, other than renewals, entered into with existing customers in such quarter. Our pricing model is based on the number of applications subscribed to and, per application, the number of people, locations and things connected to our platform as well as the volume of communications. We also offer premium services including data feeds for social media, threat intelligence and weather. We generate additional revenue by expanding the number of applications that our customers subscribe to and the number of contacts and devices connected to our platform.

We generated revenue of $25.0 million and $18.6 million for the three months ended June 30, 2017 and 2016, respectively, representing a period-over-period increase of 35%.We generated revenue of $47.9 million and $35.6 million for the six months ended June 30, 2017 and 2016, respectively, representing a period-over-period increase of 34%. We had net losses of $3.4 million and $2.8 million for the three months ended June 30, 2017 and 2016, respectively. We had net losses of $9.6 million and $6.0 million for the six months ended June 30, 2017 and 2016, respectively. Our Adjusted EBITDA, which is a measure that is not calculated and presented in accordance with generally accepted accounting principles in the United States, or GAAP, was $(0.1) million and $0.1 million for the three months ended June 30, 2017 and 2016, respectively. Our Adjusted EBITDA was $(2.5) million and $(0.7) million for the six months ended June 30, 2017 and 2016, respectively. See "Other Metrics" below for a discussion of the limitations of adjusted EBITDA and a reconciliation of adjusted EBITDA to net loss, the most directly comparable financial measure calculated and presented in accordance with GAAP.

As of June 30, 2017 and December 31, 2016, 14% and 14% of our customers, respectively, were located outside of the United States and these customers generated 10% and 10% of our total revenue for the three months ended June 30, 2017 and 2016, respectively.

We have focused on rapidly growing our business and believe that the future growth of our business is dependent on many factors, including our ability to increase the functionality of our platform and applications, expand our customer base, accelerate adoption of our applications beyond Mass Notification within our existing customer base and expand our international presence. Our future growth will also depend on the growth in the market for critical event management and enterprise safety solutions and our ability to effectively compete. In order to further penetrate the market for critical event management and enterprise safety solutions and capitalize on what we believe to be a significant opportunity, we intend to continue to invest in research and development, build-out our data center infrastructure and services capabilities and hire additional sales representatives, both domestically and internationally, to drive sales to new customers and incremental sales of new applications to existing customers. Nevertheless, we expect to continue to incur losses in the near term and, if we are unable to achieve our growth objectives, we may not be able to achieve profitability.

Recent Developments

In September 2016, we closed our initial public offering, or IPO, in which we sold a total of 6,250,000 shares of our common stock. We received net cash proceeds of $66.1 million, net of underwriting discounts and commissions and other costs associated with the offering paid by us.

In December 2016, we acquired 100% of the shares of Svensk Krisledning AB, or Crisis Commander. We acquired Crisis Commander for cash consideration of approximately $2.3 million with additional time and performance-based milestones that could result in additional payments of $0.4 million. Crisis Commander is a SaaS mobile crisis management company operating out of Sweden.

In January 2017, we acquired 100% of the membership interest of IDV Solutions, LLC, or IDV. We acquired IDV for cash consideration of approximately $21.2 million, with additional time and performance-based milestones that could result in additional payments of $6.2 million. IDV is a provider of threat assessment and operational visualization software located in Lansing, Michigan.

In April 2017, we completed our follow on public offering, in which we sold a total of 553,825 shares of our common stock, which included 26,825 shares sold pursuant to the exercise by the underwriters of an option to purchase shares at a public offering price of $19.85 per share. In addition, 3,162,164 shares of our common stock were sold by certain of our existing stockholders. We received cash proceeds of $9.9 million, net of underwriting discounts and commissions and other costs associated with the offering paid or payable by us. We did not receive any of the proceeds from the sales by the selling stockholders.

Presentation of Financial Statements

Our consolidated financial statements include the accounts of our wholly-owned subsidiaries. Business acquisitions are included in our consolidated financial statements from the date of the acquisition. Our purchase accounting resulted in all assets and liabilities of acquired businesses being recorded at their estimated fair values on the acquisition dates. All intercompany balances and transactions have been eliminated in consolidation.

We report our financial results as one operating segment. Our operating results are regularly reviewed on a consolidated basis by our chief executive officer, who is our chief operating decision maker, principally to make strategic decisions regarding how we allocate our resources and to assess our consolidated operating performance.

Components of Results of Operations

Revenue

We derive substantially all of our revenue from the sale of subscriptions to our critical event management and enterprise safety applications.

We generally bill and collect payment for our subscriptions annually in advance. All revenue billed in advance of services being delivered is recorded in deferred revenue. The initial subscription period typically ranges from one to three years. We offer varying levels of customer support based on customer needs and the complexity of their businesses, including the level of usage by a customer in terms of minutes or the amount of data used to transmit the notifications. Our pricing model is based on the number of applications subscribed to and, per application, the number of people, locations and things connected to our platform as well as the volume of communications. We also offer premium services including data feeds for social media, threat intelligence and weather. We generate additional revenue by expanding the number of premium features and applications that our customers subscribe to and the number of contacts connected to our platform.

We generate an immaterial amount of revenue from set-up fees, which consist of participant process mapping, configuration, customer data migration and integration. We also sell professional services, which have been immaterial to date.

Cost of Revenue

Cost of revenue includes expenses related to the fulfillment of our subscription services, consisting primarily of employee-related expenses for data center operations and customer support, including salaries, bonuses, benefits and stock-based compensation expense. Cost of revenue also includes hosting costs, messaging costs and depreciation and amortization. As we add data center capacity and support personnel in advance of anticipated growth, our cost of revenue will increase and, if anticipated revenue growth does not occur, our gross profit will be adversely affected.

Operating Expenses

Operating expenses consist of sales and marketing, research and development and general and administrative expenses. Salaries, bonuses, stock-based compensation expense and other personnel costs are the most significant components of each of these expense categories. We include stock-based compensation expense incurred in connection with the grant of stock options within the applicable operating expense category based on the equity award recipient’s functional area.

Sales and Marketing

Sales and marketing expense primarily consists of employee-related expenses for sales, marketing and public relations employees, including salaries, bonuses, commissions, benefits and stock-based compensation expense. Sales and marketing expense also includes trade show, market research, advertising and other related external marketing expense as well as office and software related costs to support sales. We defer certain sales commissions related to acquiring new customers and amortize these expenses ratably over the term of the corresponding subscription agreement. We plan to continue to expand our sales and marketing functions to grow our customer base and increase sales to existing customers. This growth will include adding sales personnel and expanding our marketing activities to continue to generate additional leads and build brand awareness. In the near term, we expect our sales and marketing expense to increase on an absolute dollar basis as we hire new sales representatives in the United States and worldwide and grow our marketing staff.

Research and Development

Research and development expense primarily consists of employee-related expenses for research and development staff, including salaries, bonuses, benefits and stock-based compensation expense. Research and development expense also includes the cost of certain third-party services, office related costs to support research and development activities, software subscriptions and hosting costs. We capitalize certain software development costs that are attributable to developing new applications and adding incremental functionality to our platform and amortize these costs over the estimated life of the new application or incremental functionality, which is generally three years. We focus our research and development efforts on improving our applications, developing new applications and delivering new functionality. In the near term, we expect our research and development expense to increase on an absolute dollar basis as we continue to increase the functionality of our platform and applications.

General and Administrative

General and administrative expense primarily consists of employee-related expenses for administrative, legal, finance and human resource personnel, including salaries, bonuses, benefits and stock-based compensation expense. General and administrative expense also includes professional fees, insurance premiums, corporate expenses, transaction-related costs, office-related expenses, facility costs, depreciation and amortization and software license costs. In the near term, we expect our general and administrative expense to increase on an absolute dollar basis as we incur the costs associated with being a publicly traded company.

Interest and Investment Income

Interest income consists of interest earned on our cash balances held at financial institutions. Investment income consist of interest earned on our short term investments which consist of U.S. treasuries, U.S. government agency obligations and money market funds.

Interest Expense

Interest expense consists of interest on our outstanding debt obligations and interest on our capital leases.

Other Income and Expense, Net

Other expense, net consists primarily of realized foreign currency gains and losses.

Results of Operations

The following tables set forth our results of operations for the periods presented and as a percentage of our total revenue for those periods. The period-to-period comparison of our historical results is not necessarily indicative of the results that may be expected in the future.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Revenue	$ 25,021	$ 18,565	$ 47,865	$ 35,634
Cost of revenue(1) (2)	7,239	5,676	14,893	11,151
Gross profit	17,782	12,889	32,972	24,483
Operating expenses:				
Sales and marketing(1)(2)	$ 11,057	$ 8,849	$ 21,963	$ 17,054
Research and development(1) (2)	5,179	3,463	10,456	6,643
General and administrative(1) (2)	5,065	3,128	10,265	6,586
Total operating expenses	21,301	15,440	42,684	30,283
Operating loss	(3,519)	(2,551)	(9,712)	(5,800)
Other income (expenses), net	69	(208)	87	(339)
Loss before income taxes	(3,450)	(2,759)	(9,625)	(6,139)
(Provision for) benefit from income taxes	13	(45)	(14)	110
Net loss attributable to common stockholders	$ (3,437)	$ (2,804)	$ (9,639)	$ (6,029)

(1) Includes stock-based compensation expense as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Cost of revenue	$ 60	$ 44	$ 125	$ 89
Sales and marketing	282	175	559	292
Research and development	176	91	322	176
General and administrative	583	425	1,063	849
Total	$ 1,101	$ 735	$ 2,069	$ 1,406

(2) Includes depreciation and amortization of acquired intangible assets as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Cost of revenue	$ 1,514	$ 1,604	$ 3,781	$ 2,982
Sales and marketing	78	50	150	115
Research and development	46	170	92	207
General and administrative	657	84	1,205	397
Total	$ 2,295	$ 1,908	$ 5,228	$ 3,701

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Consolidated Statements of Operations, as a percentage of revenue(1)				
Revenue	100%	100%	100%	100%
Cost of revenue	29%	31%	31%	31%
Gross profit	71%	69%	69%	69%
Operating expenses:				
Sales and marketing	44%	48%	46%	48%
Research and development	21%	19%	22%	19%
General and administrative	20%	17%	21%	18%
Total operating expenses	85%	83%	89%	85%
Operating loss	(14)%	(14)%	(20)%	(16)%
Other income (expenses), net	*	(1)%	*	(1)%
Loss before income taxes	(14)%	(15)%	(20)%	(17)%
(Provision for) benefit from income taxes	*	*	*	*
Net loss attributable to common stockholders	(14)%	(15)%	(20)%	(17)%

(1) Columns may not add up to 100% due to rounding.
* Represents less than 0.5% of revenue.

Comparison of the Three Months Ended June 30, 2017 and 2016

Revenue

	Three Months Ended June 30,		Change	
	2017	2016	$	%
	(dollars in thousands)			
Revenue	$ 25,021	$ 18,565	$ 6,456	34.8%

Revenue increased by $6.5 million for the three months ended June 30, 2017 compared to the same period in 2016. The increase was due to a $4.6 million increase in sales of our historical solutions driven by expansion of our customer base from 2,981 customers as of June 30, 2016 to 3,441 as of June 30, 2017, including increased sales to larger organizations with greater numbers of contacts and locations. In addition, $1.9 million of the increase was the result of sales from Crisis Commander and IDV, which were purchased in December 2016 and January 2017, respectively.

Cost of Revenue

	Three Months Ended June 30,		Change	
	2017	2016	$	%
	(dollars in thousands)			
Cost of revenue	$ 7,239	$ 5,676	$ 1,563	27.5%
Gross margin %	71%	69%		

Cost of revenue increased by $1.6 million for the three months ended June 30, 2017 compared to the same period in 2016. The increase was due to a $0.8 million increase in employee-related costs associated with our increased headcount from 90 employees as of June 30, 2016 to 115 employees as of June 30, 2017. In addition, $0.7 million of the increase was attributed to an increase hosting, software and messaging costs and $0.1 million attributed to an increase in office related expenses to support revenue generating activities.

Gross margin percentage increased due to an decrease in amortization of acquired intangible assets and capitalized software, which was offset by our continued investment in personnel to support our growth.

Operating Expenses

Sales and Marketing Expense

	Three Months Ended June 30,		Change	
	2017	2016	$	%
	(dollars in thousands)			
Sales and marketing	$ 11,057	$ 8,849	$ 2,208	25.0%
% of revenue	44%	48%		

Sales and marketing expense increased by $2.2 million for the three months ended June 30, 2017 compared to the same period in 2016. The increase was primarily due to a $1.7 million increase in employee-related costs associated with our increased headcount from 159 employees as of June 30, 2016 to 205 employees as of June 30, 2017. The remaining increase was principally the result of a $0.2 million increase in advertising costs and a $0.3 million increase in software cost and office related expenses to support the sales team.

Research and Development Expense

	Three Months Ended June 30,		Change	
	2017	2016	$	%
	(dollars in thousands)			
Research and development	$ 5,179	$ 3,463	$ 1,716	49.6%
% of revenue	21%	19%		

Research and development expense increased by $1.7 million for the three months ended June 30, 2017 compared to the same period in 2016. The increase was primarily due to a $1.6 million increase in employee-related costs associated with our increased headcount from 116 employees as of June 30, 2016 to 155 employees as of June 30, 2017. The remaining increase was principally the result of a $0.2 million increase in hosting cost to support research and development activities. A total of $1.4 million of internally developed software costs during the three months ended June 30, 2016 and $1.6 million of internally developed software costs during the three months ended June 30, 2017 were capitalized, resulting in an decrease of the expense by $0.2 million in the 2017 period.

General and Administrative Expense

	Three Months Ended June 30,		Change	
	2017	2016	$	%
	(dollars in thousands)			
General and administrative	$ 5,065	$ 3,128	$ 1,937	61.9%
% of revenue	20%	17%		

General and administrative expense increased by $1.9 million for the three months ended June 30, 2017 compared to the same period in 2016. The increase was primarily due to a $0.9 million increase in employee-related costs associated with our increased headcount from 60 employees as of June 30, 2016 to 73 employees as of June 30, 2017. The remaining increase was due to a $0.6 million increase in depreciation and amortization attributable to our acquired intangible assets, a $0.5 million increase in cost to operate as a public company offset by a $0.1 million decrease in office related expenses to support the administrative team.

Other Income (Expense), Net

	Three Months Ended June 30,		Change	
	2017	2016	$	%
	(dollars in thousands)			
Other income (expense), net	$ 69	$ (208)	$ 277	(133.2)%
% of revenue	*	(1)%		

Other income (expense), net changed by $0.3 million for the three months ended June 30, 2017 compared to the same period in 2016 as we paid off our debt in September 2016 resulting in a $0.2 million reduction in interest expense related to our line of credit and term loan between the two periods. In addition, we earned $0.1 million in interest and investment income as a result of proceeds invested from our public offerings.

Comparison of the Six Months Ended June 30, 2017 and 2016

Revenue

	Six Months Ended June 30,		Change	
	2017	2016	$	%
	(dollars in thousands)			
Revenue	$ 47,865	$ 35,634	$ 12,231	34.3%

Revenue increased by $12.2 million for the six months ended June 30, 2017 compared to the same period in 2016. The increase was due to an $8.8 million increase in sales of our historical solutions driven by expansion of our customer base from 2,981 customers as of June 30, 2016 to 3,441 as of June 30, 2017, including increased sales to larger organizations with greater numbers of contacts and locations. In addition, $3.4 million of the increase was the result of sales from Crisis Commander and IDV which were purchased in December 2016 and January 2017, respectively.

Cost of Revenue

	Six Months Ended June 30,		Change	
	2017	2016	$	%
	(dollars in thousands)			
Cost of revenue	$ 14,893	$ 11,151	$ 3,742	33.6%
Gross margin %	69%	69%		

Cost of revenue increased by $3.7 million for the six months ended June 30, 2017 compared to the same period in 2016. The increase was primarily due to a $1.7 million increase in employee-related costs associated with our increased headcount from 90 employees as of June 30, 2016 to 115 employees as of June 30, 2017. In addition, $1.0 million of the increase was attributed to an increase hosting, software and messaging costs, $0.8 million increase in depreciation and amortization expense attributable to our acquired intangible assets and a $0.1 million increase in office related expenses to support revenue generating activities.

Gross margin percentage remained constant due to an increase in revenue, primarily offset by an increase in amortization of acquired intangible assets and capitalized software, as well as our continued investment in personnel to support our growth.

Operating Expenses

Sales and Marketing Expense

	Six Months Ended June 30,		Change	
	2017	2016	$	%
	(dollars in thousands)			
Sales and marketing	$ 21,963	$ 17,054	$ 4,909	28.8%
% of revenue	46%	48%		

Sales and marketing expense increased by $4.9 million for the six months ended June 30, 2017 compared to the same period in 2016. The increase was primarily due to a $4.1 million increase in employee-related costs associated with our increased headcount from 159 employees as of June 30, 2016 to 205 employees as of June 30, 2017. The remaining increase was principally the result of a $0.4 million increase in advertising costs and a $0.4 million increase in software cost and office related expenses to support the sales team.

Research and Development Expense

	Six Months Ended June 30,		Change	
	2017	2016	$	%
	(dollars in thousands)			
Research and development	$ 10,456	$ 6,643	$ 3,813	57.4%
% of revenue	22%	19%		

Research and development expense increased by $3.8 million for the six months ended June 30, 2017 compared to the same period in 2016. The increase was primarily due to a $3.2 million increase in employee-related costs associated with our increased headcount from 116 employees as of June 30, 2016 to 155 employees as of June 30, 2017. The remaining increase was principally the result of a $0.5 million increase in hosting and software cost to support research and development activities and a $0.2 million increase in office related expenses to support research and development activities. A total of $3.0 million of internally developed software costs during the six months ended June 30, 2016 and $3.1 million of internally developed software costs during the six months ended June 30, 2017 were capitalized, resulting in an decrease of the expense by $0.1 million in the 2017 period.

General and Administrative Expense

	Six Months Ended June 30,		Change	
	2017	2016	$	%
	(dollars in thousands)			
General and administrative	$ 10,265	$ 6,586	$ 3,679	55.9%
% of revenue	21%	18%		

General and administrative expense increased by $3.7 million for the six months ended June 30, 2017 compared to the same period in 2016. The increase was primarily due to a $1.7 million increase in employee-related costs associated with our increased headcount from 60 employees as of June 30, 2016 to 73 employees as of June 30, 2017. The remaining increase was due to a $0.8 million increase in depreciation and amortization expense attributable to our acquired intangible assets and a $0.9 million increase in cost to operate as a public company and an increase of $0.2 million in office related expenses to support the administrative team.

Other Income (Expense), Net

	Six Months Ended June 30,		Change	
	2017	2016	$	%
	(dollars in thousands)			
Other income (expense), net	$ 87	$ (339)	$ 426	(125.7)%
% of revenue	*	(1)%		

Other income (expense) decreased by $0.4 million for the six months ended June 30, 2017 compared to the same period in 2016 as we paid off our debt in September 2016 resulting in a $0.3 million reduction in interest expense related to our line of credit and term loan between the two periods. In addition, we earned $0.1 million in interest and investment income as a result of proceeds invested from our public offerings.

Other Metrics

We regularly monitor a number of financial and operating metrics in order to measure our current performance and estimate our future performance. Our other business metrics may be calculated in a manner different than similar other business metrics used by other companies.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(dollars in thousands)			
Adjusted EBITDA	$ (129)	$ 58	$ (2,453)	$ (721)
Adjusted gross margin	$ 18,133	$ 13,501	$ 34,129	$ 25,757
Free cash flow	$ (5,657)	$ (4,658)	$ (5,908)	$ (5,077)

- ***Adjusted EBITDA***. Adjusted EBITDA represents our net loss before interest and investment income and interest expense, income tax expense and benefit, depreciation and amortization expense and stock-based compensation expense. We do not consider these items to be indicative of our core operating performance. The items that are non-cash include depreciation and amortization expense and stock-based compensation expense. Adjusted EBITDA is a measure used by management to understand and evaluate our core operating performance and trends and to generate future operating plans, make strategic decisions regarding the allocation of capital and invest in initiatives that are focused on cultivating new markets for our solutions. In particular, the exclusion of certain expenses in calculating adjusted EBITDA facilitates comparisons of our operating performance on a period-to-period basis. Adjusted EBITDA is not a measure calculated in accordance with GAAP. We believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors. Nevertheless, use of adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. Some of these limitations are: (1) although depreciation and amortization are non-cash charges, the capitalized software that is amortized will need to be replaced in the future, and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements; (2) adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs; (3) adjusted EBITDA does not reflect the potentially dilutive impact of equity-based compensation; (4) adjusted EBITDA does not reflect tax payments or receipts that may represent a reduction or increase in cash available to us; and (5) other companies, including companies in our industry, may calculate adjusted EBITDA or similarly titled measures differently, which reduces the usefulness of the metric as a comparative measure. Because of these and other limitations, you should consider adjusted EBITDA alongside our other GAAP-based financial performance measures, net loss and our other GAAP financial results. The following table presents a reconciliation of adjusted EBITDA to net loss, the most directly comparable GAAP measure, for each of the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Net loss	$ (3,437)	$ (2,804)	$ (9,639)	$ (6,029)
Interest and investment (income) expense, net	(75)	174	(125)	311
Provision for (benefit from) income taxes	(13)	45	14	(110)
Depreciation and amortization expense	2,295	1,908	5,228	3,701
Stock-based compensation expense	1,101	735	2,069	1,406
Adjusted EBITDA	$ (129)	$ 58	$ (2,453)	$ (721)

- ***Adjusted Gross Margin***. Adjusted gross margin represents gross profit plus stock-based compensation and amortization of acquired intangibles. Adjusted gross margin is a measure used by management to understand and evaluate our core operating performance and trends and to generate future operating plans. The exclusion of stock-based compensation expense and amortization of acquired intangibles facilitates comparisons of our operating performance on a period-to-period basis. In the near term, we expect these expenses to continue to negatively impact our gross profit. Adjusted gross margin is not a measure calculated in accordance with GAAP. We believe that adjusted gross margin provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors. Nevertheless, our use of adjusted gross margin has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. You should consider adjusted gross margin alongside our other GAAP-based financial performance measures, gross profit and our other GAAP financial results. The following table presents a reconciliation of adjusted gross margin to gross profit, the most directly comparable GAAP measure, for each of the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Gross profit	$ 17,782	$ 12,889	$ 32,972	$ 24,483
Amortization of acquired intangibles	291	568	1,032	1,185
Stock-based compensation expense	60	44	125	89
Adjusted gross margin	$ 18,133	$ 13,501	$ 34,129	$ 25,757

- ***Free Cash Flow***. Free cash flow represents net cash provided by operating activities minus capital expenditures and capitalized software development costs. Free cash flow is a measure used by management to understand and evaluate our core operating performance and trends and to generate future operating plans. The exclusion of capital expenditures and amounts capitalized for internally-developed software facilitates comparisons of our operating performance on a period-to-period basis and excludes items that we do not consider to be indicative of our core operating performance. Free cash flow is not a measure calculated in accordance with GAAP. We believe that free cash flow provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors. Nevertheless, our use of free cash flow has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. You should consider free cash flow alongside our other GAAP-based financial performance measures, net cash provided by operating activities, and our other GAAP financial results. The following table presents a reconciliation of free cash flow to net cash for operating activities, the most directly comparable GAAP measure, for each of the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Net cash used in operating activities	$ (3,818)	$ (3,087)	$ (2,359)	$ (1,691)
Capital expenditures	(282)	(143)	(505)	(346)
Capitalized software development costs	(1,557)	(1,428)	(3,044)	(3,040)
Free cash flow	$ (5,657)	$ (4,658)	$ (5,908)	$ (5,077)

Additional Supplemental Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we provide investors with certain additional supplemental non-GAAP financial measures, including non-GAAP cost of revenue, non-GAAP gross profit, non-GAAP sales and marketing expense, non-GAAP research and development expense, non-GAAP general and administrative expense, non-GAAP total operating expenses, non-GAAP operating loss and non-GAAP net loss, which we collectively refer to as non-GAAP financial measures. These non-GAAP financial measures exclude all or a combination of the following (as reflected in the following reconciliation tables): stock-based compensation expense and amortization of acquired intangibles. The presentation of the non-GAAP financial measures is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. We use these non-GAAP financial measures for financial and operational decision-making purposes and as a means to evaluate period-to-period comparisons. We believe that these non-GAAP financial measures provide useful information about our operating results, enhance the overall understanding of past financial performance and future prospects and allow for greater transparency with respect to metrics used by our management in its financial and operational decision making. While our non-GAAP financial measures are an important tool for financial and operational decision making and for evaluating our own operating results over different periods of time, you should consider our non-GAAP financial measures alongside our GAAP financial results.

We exclude stock-based compensation expense because of varying available valuation methodologies, subjective assumptions and the variety of equity instruments that can impact our non-cash expense. We believe that providing non-GAAP financial measures that exclude stock-based compensation expense allow for more meaningful comparisons between our operating results from period to period. We believe that excluding the impact of amortization of acquired intangibles allows for more meaningful comparisons between operating results from period to period as the intangibles are valued at the time of acquisition and are amortized over a period of several years after the acquisition. Accordingly, we believe that excluding these expenses provides investors and management with greater visibility of the underlying performance of our business operations, facilitates comparison of our results with other periods and may also facilitate comparison with the results of other companies in our industry.

There are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with GAAP, may be different from non-GAAP financial measures used by other companies and exclude expenses that may have a material impact upon our reported financial results. Further, stock-based compensation expense has been and will continue to be for the foreseeable future a significant recurring expense in our business and an important part of the compensation provided to our employees.

The following table reconciles our GAAP to non-GAAP numbers for the three and six months ended June 30, 2017 and 2016:

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
	(in thousands)			
Cost of revenue	$ 7,239	$ 5,676	$ 14,893	$ 11,151
Amortization of acquired intangibles	(291)	(568)	(1,032)	(1,185)
Stock-based compensation expense	(60)	(44)	(125)	(89)
Non-GAAP cost of revenue	6,888	5,064	13,736	9,877
Gross profit	17,782	12,889	32,972	24,483
Amortization of acquired intangibles	291	568	1,032	1,185
Stock-based compensation expense	60	44	125	89
Non-GAAP gross profit	18,133	13,501	34,129	25,757
Non-GAAP gross margin	72.5%	72.7%	71.3%	72.3%
Sales and marketing expense	11,057	8,849	21,963	17,054
Stock-based compensation expense	(282)	(175)	(559)	(292)
Non-GAAP sales and marketing	10,775	8,674	21,404	16,762
Research and development expense	5,179	3,463	10,456	6,643
Stock-based compensation expense	(176)	(91)	(322)	(176)
Non-GAAP research and development	5,003	3,372	10,134	6,467
General and administrative expense	5,065	3,128	10,265	6,586
Amortization of acquired intangibles	(554)	(239)	(1,002)	(477)
Stock-based compensation expense	(583)	(425)	(1,063)	(849)
Non-GAAP general and administrative	3,928	2,464	8,200	5,260
Total operating expenses	21,301	15,440	42,684	30,283
Amortization of acquired intangibles	(554)	(239)	(1,002)	(477)
Stock-based compensation expense	(1,041)	(691)	(1,944)	(1,317)
Non-GAAP total operating expenses	$ 19,706	$ 14,510	$ 39,738	$ 28,489
Operating loss	$ (3,519)	$ (2,551)	$ (9,712)	$ (5,800)
Amortization of acquired intangibles	845	807	2,034	1,662
Stock-based compensation expense	1,101	735	2,069	1,406
Non-GAAP operating loss	$ (1,573)	$ (1,009)	$ (5,609)	$ (2,732)
Net loss	$ (3,437)	$ (2,804)	$ (9,639)	$ (6,029)
Amortization of acquired intangibles	845	807	2,034	1,662
Stock-based compensation expense	1,101	735	2,069	1,406
Non-GAAP net loss	$ (1,491)	$ (1,262)	$ (5,536)	$ (2,961)

Liquidity and Capital Resources

To date, we have financed our operations primarily through cash from operating activities, along with equity issuances and debt financing arrangements. Our principal source of liquidity is cash totaling $32.8 million as of June 30, 2017, which includes the remaining net proceeds from our initial and follow-on public offerings completed in September 2016 and April 2017, respectively. We received net proceeds of $66.1 million and $9.9 million, after deducting underwriting discounts and offering expenses paid or payable by us from our initial and follow-on public offering, respectively. Our negative working capital balance as of June 30, 2017 was primarily the result of a deferred revenue balance of $58.0 million.

We believe that our cash balances, our available borrowings under our revolving line of credit and the cash flows generated by our operations will be sufficient to satisfy our anticipated cash needs for working capital and capital expenditures for at least the next 12 months. However, our belief may prove to be incorrect, and we could utilize our available financial resources sooner than we currently expect. Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth in the section of this Quarterly Report on Form 10-Q titled “Risk Factors.” We cannot assure you that we will be able to raise additional capital on acceptable terms or at all. In addition, if we fail to meet our operating plan during the next 12 months, our liquidity could be adversely affected.

Sources of Funds

Initial and Follow-On Public Offerings

On September 21, 2016, we closed our initial public offering in which we issued and sold 6,250,000 shares of common stock at a public offering price of $12.00 per share for net proceeds of approximately $66.1 million, after deducting underwriting discounts and commissions and offering expenses paid by us.

On April 4, 2017, we closed a follow-on public offering in which we issued and sold 553,825 shares of common stock at a public offering price of $19.85 per share for net proceeds of approximately $9.9 million, after deducting underwriting discounts and commissions and offering expenses paid or payable by us.

Credit Facility

In June 2015, we entered into a loan and security agreement with Western Alliance Bank (formerly known as Bridge Bank) to provide a secured revolving line of credit that allows us to borrow up to $10.0 million for working capital and general business requirements. In February 2016, we entered into an amendment of our loan and security agreement with Western Alliance Bank to (1) increase the capacity of our revolving line of credit by $5.0 million to $15.0 million and (2) set the minimum prime rate based on which interest due is calculated at 3.25%. No other changes were made to the loan and security agreement. The loan and security agreement, as amended, allows us to borrow up to $15.0 million for working capital and general business requirements. Amounts outstanding under the line of credit bear interest at the prime rate plus 0.75% with accrued interest payable on a monthly basis and outstanding and unpaid principal due upon maturity of the credit facility in June 2018. As of June 30, 2017, the total amount available to be borrowed by us was $15.0 million and we had no outstanding balance on the revolving line of credit.

Cash Flows

The following table summarizes our cash flows for the periods indicated (in thousands):

	Six Months Ended June 30,	
	2017	2016
	(in thousands)	
Cash and cash equivalents at beginning of period	$ 60,765	$ 8,578
Cash used in operating activities	(2,359)	(1,691)
Cash used in investing activities	(37,110)	(3,386)
Cash provided by (used in) financing activities	11,684	(2,492)
Effects of exchange rates on cash	(147)	39
Cash and cash equivalents at end of period	$ 32,833	$ 1,048

Uses of Funds

Our historical uses of cash have primarily consisted of cash used for operating activities, such as expansion of our sales and marketing operations, research and development activities and other working capital needs.

Operating Activities

Our net loss and cash flows provided by operating activities are significantly influenced by our investments in headcount and infrastructure to support our growth, marketing and sponsorship expenses, and our ability to bill and collect in a timely manner. Our net loss has been significantly greater than our use of cash for operating activities due to the inclusion of non-cash expenses and charges.

Operating activities used $2.4 million in cash in the six months ended June 30, 2017, primarily from $0.3 million in cash used in operations as a result of changes in operating assets and liabilities, which was increased by $7.6 million of non-cash operating expenses and partially offset by our net loss of $9.6 million. Specifically, we recognized non-cash charges aggregating to $5.2 million for depreciation and amortization of intangible assets, capitalized software development costs and property and equipment and $2.0 million for stock-based compensation and an increase of $0.4 million for our bad debt and sales return provision. The change in operating assets and liabilities reflected a $2.9 million increase in deferred revenue, a $0.3 million increase in accrued expenses, a $0.5 million increase in accrued employee related expenses due to timing of payments to employees and a $0.4 million increase in other liabilities. These increases were partially offset by a $3.0 million increase in accounts receivable, $1.0 million increase in prepaid expenses for upfront payments made for prepaid software and insurance, and a $0.4 million decrease in accounts payable as a result of timing of payments made to vendors.

Operating activities used $1.7 million in cash in the six months ended June 30, 2016, primarily from $0.7 million in cash used in operations as a result of changes in operating assets and liabilities, which was offset by $5.0 million of non-cash operating expenses and partially increased by our net loss of $6.0 million. Specifically, we recognized non-cash charges aggregating to $3.7 million for depreciation and amortization of intangible assets, capitalized software development costs and property and equipment and $1.4 million for stock-based compensation, which was offset by a decrease of $0.2 million in our deferred tax liability balance. The change in operating assets and liabilities reflected a $1.6 million increase in accounts receivables, a $1.2 million increase in other assets due to timing of payments made for deferred initial public offering costs and commissions, a $0.8 million increase in pre-paid expenses and a $0.4 million decrease in accrued expenses. These decreases were partially offset by a $3.1 million increase in deferred revenue and a $0.3 million increase in accrued employee related expenses.

Investing Activities

Our investing activities consist primarily of capital expenditures for capitalized software development costs, business acquisition and property and equipment expenses.

Investing activities used $37.1 million in cash in the six months ended June 30, 2017, primarily from our purchase of IDV for $21.2 million and our investment in software development of $3.0 million, our purchase of property and equipment of $0.5 million, $0.3 million change in restricted cash and $12.4 million purchase of short-term investments. This was offset by cash provided of $0.4 million attributed to landlord reimbursements for tenant improvements in our Burlington, Massachusetts office lease.

Investing activities used $3.4 million in cash in the six months ended June 30, 2016, primarily from our investment in software development of $3.0 million and property and equipment of $0.3 million.

Financing Activities

Cash generated by financing activities includes proceeds from the issuance of common stock as a result of our follow-up offering and upon the exercise of employee stock options and employee stock purchase plan. Cash used in financing activities includes deferred initial public offering costs, costs associated with our follow-on public offering and payments on capital leases, notes payable and repayments of debt under our credit facilities.

Financing activities provided $11.7 million of cash in the six months ended June 30, 2017, which reflects proceeds of $10.4 million from our follow-on public offering, $0.9 million from the issuance of stock under our employee stock purchase plan and proceeds of $1.1 million from the exercise of stock options. This amount was offset by $0.7 million of cost paid in connection with our initial and follow-on public offerings.

Financing activities used $2.5 million of cash in the six months ended June 30, 2016, which reflects payment of $9.0 million on our line of credit, payments of notes payable related to our acquisitions of our HipaaBridge technology from Tapestry Telemed, LLC and Vocal Limited of $2.0 million and $1.1 million and in payments attributed to deferred initial public offering costs, offset by proceeds of $0.2 million from the exercise of stock options and proceeds from our line of credit of $9.5 million.

Critical Accounting Policies

Our condensed consolidated financial statements are prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe that the assumptions and estimates associated with revenue recognition, deferred revenue, business combinations, goodwill, software development costs and stock-based compensation have the greatest potential impact on our condensed consolidated financial statements. Therefore, we consider these to be our critical accounting policies.

There have been no material changes to our critical accounting policies as compared to the critical accounting policies disclosed in the Annual Report 10-K filed with the SEC on March 23, 3017.

Recently Issued Accounting Pronouncements

See Note 2 of the notes to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for a summary of recently issued and adopted accounting pronouncements.

Contractual Obligations and Commitments

As of June 30, 2017, there were no material changes in our commitments under contractual obligations except for scheduled payments from the ongoing business, as disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. Except as set forth below, as of June 30, 2017, the Company entered into a new lease for its research and development office in Beijing, China that will increase its future minimum lease payments beginning in July 2017 by $0.8 million over the next two years. In addition, in June 2017, the Company entered into a new lease for its sales office in Maidenhead, United Kingdom that will increase its future minimum lease payments beginning in July 2017 by $0.2 million over the next four years.

Off-Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. We do not engage in off-balance sheet financing arrangements. In addition, we do not engage in trading activities involving non-exchange traded contracts.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign exchange rates as well as, to a lesser extent, inflation.

Interest Rate Risk

We are exposed to interest rate risk in the ordinary course of our business. Our cash includes cash in readily available checking and money market accounts and marketable securities. These securities are not dependent on interest rate fluctuations that may cause the principal amount of these assets to fluctuate.

We had cash and cash equivalents of $32.8 million as of June 30, 2017, which consists entirely of bank deposits. To date, fluctuations in interest income have not been significant. We have no outstanding debt subject to interest rate risk as of June 30, 2017. Amounts outstanding under our revolving line of credit carry a variable interest rate of the prime rate, but in no event less than 3.25%, plus 0.75%. As of June 30, 2017, the applicable prime rate was 4.25%. We monitor our cost of borrowing under our revolving line of credit, if any, taking into account our funding requirements, and our expectation for short-term rates in the future.

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. Although our credit facility and term loan have variable interest rates, a hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our financial statements.

Foreign Currency Exchange Risk

We have foreign currency risks related to our revenue and operating expenses denominated in currencies other than our functional currency, the U.S. dollar, principally British pounds and Swedish kronor. Movements in foreign currencies in which we transact business could significantly affect future net earnings. We do not currently engage in any hedging activity to reduce our potential exposure to currency fluctuations, although we may choose to do so in the future. A hypothetical 10% change in foreign exchange rates during any of the periods presented would not have had a material impact on our consolidated financial statements. As our international operations grow, we will continue to reassess our approach to manage our risk relating to fluctuations in foreign currency rate.

Inflation Risk

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

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were effective at a reasonable.

Changes in Internal Control

On January 27, 2017, the Company completed the acquisition of IDV Solutions, LLC, or IDV. See Note 8, "Business Combinations," to the unaudited interim consolidated financial statements included in this Quarterly report on Form 10-Q for a discussion of the acquisition and related financial data. The Company is in the process of integrating IDV and the Company's internal controls over financial reporting. As a result of these integration activities, certain controls will be evaluated and may be changed. Excluding the IDV acquisition, there was no change in our internal control over financial reporting during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors.

We operate in a rapidly changing environment that involves a number of risks which could materially affect our business, financial condition or future results, some of which are beyond our control. In addition to the other information set forth in this Quarterly Report on Form 10-Q, the risks and uncertainties that we believe are most important for you to consider are discussed in Part I-Item 1A under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the SEC on March 23, 2017. During the three months ended June 30, 2017, there were no material changes to the risk factors that were disclosed in our Annual Report on Form 10-K for the year ended December 31, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) Recent Sales of Unregistered Equity Securities

None

(b) Use of Proceeds

Our initial public offering of common stock was effected through a Registration Statement on Form S-1 (File No. 333-2133217), which was declared or became effective on September 16, 2016. There has been no material change in the planned use of proceeds from our initial public offering as described in our final prospectus filed with the SEC pursuant to Rule 424(b) and other periodic reports previously filed with the SEC. Consistent with such prior disclosures, we used $23.5 million in cash to acquire Svensk Krisledning AB and IDV Solutions, LLC.

(c) Issuer Purchase of Equity Securities

None.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

Not applicable

Item 5. Other Information.

Not applicable

Item 6. Exhibits.

3.1(1)	Amended and Restated Certificate of Incorporation of Everbridge, Inc.
3.2(2)	Amended and Restated Bylaws of Everbridge, Inc.
10.1+*	Form of Restricted Stock Unit Award Agreement under the Everbridge, Inc. 2016 Equity Incentive Plan, as amended.
10.2+*	Employment Agreement, dated as of June 22, 2017, by and between Everbridge, Inc. and Javier Colado.
10.3+*	2017 Bonus Plan of Everbridge, Inc.
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

(1) Previously filed as Exhibit 3.1 to the Registrant’s Current Report on Form 8-K (File No. 001-37874), filed with the Securities and Exchange on September 21, 2016, and incorporated herein by reference.

(2) Previously filed as Exhibit 3.2 to the Registrant’s Current Report on Form 8-K (File No. 001-37874), filed with the Securities and Exchange on September 21, 2016, and incorporated herein by reference.

* Filed herewith.

** This certification is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

\+ Indicates management contract or compensatory plan.

SIGNATURES

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

	Company Name
Date: August 14, 2017	By: /s/ Jaime Ellertson Jaime Ellertson *Chief Executive Officer and Chairman of the Board of Directors*
Date: August 14, 2017	By: /s/ Kenneth S. Goldman Kenneth S. Goldman *Senior Vice President and Chief Financial Officer*

Exhibit Index

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EVERBRIDGE, INC.

RESTRICTED STOCK UNIT GRANT NOTICE
(2016 EQUITY INCENTIVE PLAN)

Everbridge, Inc. (the "***Company***"), pursuant to its 2016 Equity Incentive Plan (the "***Plan***"), hereby awards to Participant a Restricted Stock Unit Award for the number of shares of the Company's Common Stock ("***Restricted Stock Units***") set forth below (the "***Award***"). The Award is subject to all of the terms and conditions as set forth in this notice of grant (this "***Restricted Stock Unit Grant Notice***"), and in the Plan and the Restricted Stock Unit Award Agreement (the "***Award Agreement***"), both of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein shall have the meanings set forth in the Plan or the Award Agreement. In the event of any conflict between the terms in this Restricted Stock Unit Grant Notice or the Award Agreement and the Plan, the terms of the Plan shall control.

Participant:	______________________
Date of Grant:	______________________
Vesting Commencement Date:	______________________
Number of Restricted Stock Units:	______________________

Vesting Schedule: [ ]

Issuance Schedule: Subject to any Capitalization Adjustment, one share of Common Stock (or its cash equivalent, at the discretion of the Company) will be issued for each Restricted Stock Unit that vests at the time set forth in Section 6 of the Award Agreement.

Additional Terms/Acknowledgements: Participant acknowledges receipt of, and understands and agrees to, this Restricted Stock Unit Grant Notice, the Award Agreement and the Plan. Participant further acknowledges that as of the Date of Grant, this Restricted Stock Unit Grant Notice, the Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the acquisition of the Common Stock pursuant to the Award specified above and supersede all prior oral and written agreements on the terms of this Award, with the exception, if applicable, of (i) restricted stock unit awards or options previously granted and delivered to Participant, (ii) the written employment agreement, offer letter or other written agreement entered into between the Company and Participant specifying the terms that should govern this specific Award, and (iii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law.

By accepting this Award, Participant acknowledges having received and read the Restricted Stock Unit Grant Notice, the Award Agreement and the Plan and agrees to all of the terms and conditions set forth in these documents. Participant consents to receive Plan documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

EVERBRIDGE, INC.	**PARTICIPANT**
By: ______________________ Signature	______________________ Signature
Title: ______________________	Date: ______________________
Date: ______________________	

ATTACHMENTS: Award Agreement and 2016 Equity Incentive Plan

Everbridge, Inc.

2016 Equity Incentive Plan
Restricted Stock Unit Award Agreement

Pursuant to the Restricted Stock Unit Grant Notice (the "***Grant Notice***") and this Restricted Stock Unit Award Agreement (the "***Agreement***"), Everbridge, Inc. (the "***Company***") has awarded you ("***Participant***") a Restricted Stock Unit Award (the "***Award***") pursuant to the Company's 2016 Equity Incentive Plan (the "***Plan***") for the number of Restricted Stock Units/shares indicated in the Grant Notice. Capitalized terms not explicitly defined in this Agreement or the Grant Notice shall have the same meanings given to them in the Plan. The terms of your Award, in addition to those set forth in the Grant Notice, are as follows.

1. Grant of the Award. This Award represents the right to be issued on a future date one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 below) as indicated in the Grant Notice. As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the "***Account***") the number of Restricted Stock Units/shares of Common Stock subject to the Award. Notwithstanding the foregoing, the Company reserves the right to issue you the cash equivalent of Common Stock, in part or in full satisfaction of the delivery of Common Stock in connection with the vesting of the Restricted Stock Units, and, to the extent applicable, references in this Agreement and the Grant Notice to Common Stock issuable in connection with your Restricted Stock Units will include the potential issuance of its cash equivalent pursuant to such right. This Award was granted in consideration of your services to the Company.

2. Vesting. Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice. Vesting will cease upon the termination of your Continuous Service and the Restricted Stock Units credited to the Account that were not vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such Award or the shares of Common Stock to be issued in respect of such portion of the Award.

3. Number of Shares. The number of Restricted Stock Units subject to your Award may be adjusted from time to time for Capitalization Adjustments, as provided in the Plan. Any additional Restricted Stock Units, shares, cash or other property that becomes subject to the Award pursuant to this Section 3, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units and shares covered by your Award. Notwithstanding the provisions of this Section 3, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 3. Any fraction of a share will be rounded down to the nearest whole share.

4. Securities Law Compliance. You may not be issued any Common Stock under your Award unless the shares of Common Stock underlying the Restricted Stock Units are either (i) then registered under the Securities Act, or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award must also comply with other applicable laws and regulations governing the Award, and you shall not receive such Common Stock if the Company determines that such receipt would not be in material compliance with such laws and regulations.

5. Transfer Restrictions. Prior to the time that shares of Common Stock have been delivered to you, you may not transfer, pledge, sell or otherwise dispose of this Award or the shares issuable in respect of your Award, except as expressly provided in this Section 5. For example, you may not use shares that may be issued in respect of your Restricted Stock Units as security for a loan. The restrictions on transfer set forth herein will lapse upon delivery to you of shares in respect of your vested Restricted Stock Units.

(a) Death. Your Award is transferable by will and by the laws of descent and distribution. At your death, vesting of your Award will cease and your executor or administrator of your estate shall be entitled to receive, on behalf of your estate, any Common Stock or other consideration that vested but was not issued before your death.

(b) **Domestic Relations Orders.** Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your right to receive the distribution of Common Stock or other consideration hereunder, pursuant to a domestic relations order, marital settlement agreement or other divorce or separation instrument as permitted by applicable law that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this Award with the Company General Counsel prior to finalizing the domestic relations order or marital settlement agreement to verify that you may make such transfer, and if so, to help ensure the required information is contained within the domestic relations order or marital settlement agreement.

6. Date of Issuance.

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner. Subject to the satisfaction of the Withholding Obligation set forth in Section 11 of this Agreement, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 above, and subject to any different provisions in the Grant Notice). Each issuance date determined by this paragraph is referred to as an "***Original Issuance Date***".

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company's policies (a "***10b5-1 Arrangement***")), *and*

(ii) either (1) a Withholding Obligation does not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Withholding Obligation by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to enter into a "same day sale" commitment with a broker-dealer pursuant to Section 11 of this Agreement (including but not limited to a commitment under a 10b5-1 Arrangement) and (C) not to permit you to pay your Withholding Obligation in cash, then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Company's Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock under this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulations Section 1.409A-1(d).

(c) The form of delivery (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

7. Dividends. You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment; provided, however, that this sentence will not apply with respect to any shares of Common Stock that are delivered to you in connection with your Award after such shares have been delivered to you.

8. Restrictive Legends. The shares of Common Stock issued in respect of your Award shall be endorsed with appropriate legends as determined by the Company.

9. Execution of Documents. You hereby acknowledge and agree that the manner selected by the Company by which you indicate your consent to your Grant Notice is also deemed to be your execution of your Grant Notice and of this Agreement. You further agree that such manner of indicating consent may be relied upon as your signature for establishing your execution of any documents to be executed in the future in connection with your Award.

10. **Award not a Service Contract.**

(a) Nothing in this Agreement (including, but not limited to, the vesting of your Award or the issuance of the shares in respect of your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ or service of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the vesting schedule provided in the Grant Notice may not be earned unless (in addition to any other conditions described in the Grant Notice and this Agreement) you continue as an employee, director or consultant at the will of the Company and affiliate, as applicable (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "***reorganization***"). You acknowledge and agree that such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with the Company's right to terminate your Continuous Service at any time, with or without your cause or notice, or to conduct a reorganization.

11. **Withholding Obligation.**

(a) On each vesting date, and on or before the time you receive a distribution of the shares of Common Stock in respect of your Restricted Stock Units, and at any other time as reasonably requested by the Company in accordance with applicable tax laws, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision, including in cash, for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate that arise in connection with your Award (the "***Withholding Obligation***").

(b) By accepting this Award, you acknowledge and agree that the Company or any Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Obligation relating to your Restricted Stock Units by any of the following means or by a combination of such means: (i) causing you to pay any portion of the Withholding Obligation in cash; (ii) withholding from any compensation otherwise payable to you by the Company; (iii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 6) equal to the amount of such Withholding Obligation; provided, however, that the number of such shares of Common Stock so withheld will not exceed the amount necessary to satisfy the Withholding Obligation using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and *provided*, further, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Board or the Company's Compensation Committee; and/or (iv) permitting or requiring you to enter into a "same day sale" commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "***FINRA Dealer***"), pursuant to this authorization and without further consent, whereby you irrevocably elect to sell a portion of the shares to be delivered in connection with your Restricted Stock Units to satisfy the Withholding Obligation and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Obligation directly to the Company and/or its Affiliates. Unless the Withholding Obligation is satisfied, the Company shall have no obligation to deliver to you any Common Stock or any other consideration pursuant to this Award.

(c) In the event the Withholding Obligation arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

12. **Tax Consequences.** The Company has no duty or obligation to minimize the tax consequences to you of this Award and shall not be liable to you for any adverse tax consequences to you arising in connection with this Award. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so. You understand that you (and not the Company) shall be responsible for your own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

13. **Unsecured Obligation.** Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares or other property pursuant to this Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 6 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

14. **Notices**. Any notice or request required or permitted hereunder shall be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this Award, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

15. **Headings**. The headings of the Sections in this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement or to affect the meaning of this Agreement.

16. **Miscellaneous.**

(a) The rights and obligations of the Company under your Award shall be transferable by the Company to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award and fully understand all provisions of your Award.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

17. **Governing Plan Document**. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Your Award (and any compensation paid or shares issued under your Award) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to voluntarily terminate employment upon a resignation for "good reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company.

18. **Effect on Other Employee Benefit Plans.** The value of the Award subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating benefits under any employee benefit plan (other than the Plan) sponsored by the Company or any Affiliate except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any or all of the employee benefit plans of the Company or any Affiliate.

19. **Severability**. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

20. **Other Documents**. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act. In addition, you acknowledge receipt of the Company’s policy permitting certain individuals to sell shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

21. **Amendment.** This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that, except as otherwise expressly provided in the Plan, no such amendment materially adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the Award as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

22. **Compliance with Section 409A of the Code**. This Award is intended to be exempt from the application of Section 409A of the Code, including but not limited to by reason of complying with the “short-term deferral” rule set forth in Treasury Regulation Section 1.409A-1(b)(4) and any ambiguities herein shall be interpreted accordingly. Notwithstanding the foregoing, if it is determined that the Award fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and determined to be deferred compensation subject to Section 409A of the Code, this Award shall comply with Section 409A to the extent necessary to avoid adverse personal tax consequences and any ambiguities herein shall be interpreted accordingly. If it is determined that the Award is deferred compensation subject to Section 409A and you are a “Specified Employee” (within the meaning set forth in Section 409A(a)(2)(B)(i) of the Code) as of the date of your “Separation from Service” (as defined in Section 409A), then the issuance of any shares that would otherwise be made upon the date of your Separation from Service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the Separation from Service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of adverse taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a “separate payment” for purposes of Treasury Regulation Section 1.409A-2(b)(2).

* * * * *

This Restricted Stock Unit Award Agreement shall be deemed to be signed by the Company and the Participant upon the signing by the Participant of the Restricted Stock Unit Grant Notice to which it is attached.

Exhibit 10.2

CONTRACT OF EMPLOYMENT

THIS AGREEMENT is dated 22st June 2017.

PARTIES

(1) **EVERBRIDGE EUROPE LIMITED** (registered no. 03621410) whose office is at 6 De Grey Square, De Grey Road, Colchester, Essex, CO4 5YQ (the "Company", "we" etc).

(2) **Francisco Javier Fernandez Colado,** of 24 Emperor's Gate, London, SW7 4HS ("you", "your" etc).

IT IS AGREED as follows:

1. Definitions

1.1 In this agreement:

1.1.1 Confidential Information means information in whatever form (including, without limitation, in written, oral, visual or electronic form or on any magnetic or optical disk or memory and wherever located) relating to the business, products, affairs and finances of the Company and/or any Group Company for the time being confidential to the Company and/or any Group Company and trade secrets including, without limitation, technical data and know-how relating to the business of the Company and/or any Group Company or any of its or their suppliers, clients, customers, agents, distributors, shareholders or management, including (but not limited to) information that you create, develop, receive or obtain in connection with your employment, whether or not such information (if in anything other than oral form) is marked confidential.

1.1.2 Group Company means any company which for the time being is a subsidiary or holding company (as those expressions are defined by Section 1159 & Schedule 6 Companies Act 2006) of the Company or any subsidiary of any such holding company and any company which is not a subsidiary of the Company but whose issued Equity Share Capital (as defined in Section 548 Companies Act 2006) is owned as to at least 20% by the Company or any subsidiary of the Company or any holding company of the Company (and "Group Companies" shall be construed accordingly).

1.1.3 Intellectual Property Rights means all patents, rights to Inventions, utility models, copyright and related rights, trademarks, service marks, trade, business and domain names, rights in trade dress or get-up, rights in goodwill or to sue for passing off, unfair competition rights, rights in designs, rights in computer software, database rights, topography rights, moral rights, rights in confidential information (including know-how and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications (or rights to apply) for, and renewals or extensions of, such rights, the right to sue for past infringement and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world.

1.1.4 Invention means any invention, idea, discovery, development, improvement or innovation, whether or not patentable or capable of registration, and whether or not recorded in any medium.

1.1.5 Prospective Client means any person who had made enquiries about the Company's or any Group Company's goods or services and whose details had been recorded on any Group Company's database at any time during the Relevant Period; and/or any firm, company or person to whom, at any time during the Relevant Period the Company or any Group Company had submitted a tender, taken part in a pitch or made a presentation or with whom or which it was otherwise negotiating for the supply of goods or services.

1.1.6 Prospective Supplier means any person who at any time during the Relevant Period had submitted a tender, taken part in a pitch or made a presentation or who or which was otherwise negotiating to supply goods or services to the Company or any Group Company.

1.1.7 Relevant Period means the period of 12 months prior to and ending on Termination.

1.1.8 Restricted Business means the business of providing integrated business continuity and communications encompassing mass and emergency notification, planning, mapping, alerting, staff safety and incident management and any other business (including proposed business) of the Company and/or any Group Company with which you were involved to a material extent at any time during the Relevant Period.

1.1.9 Restricted Client means any person, firm, company or other entity who, at any time during the Relevant Period, was a client or Prospective Client of or in the habit of dealing with the Company or any Group Company; and with whom you (or anyone working under your supervision or control) had material contact at any time during the Relevant Period; or in relation to whom you had access to Confidential Information at any time during the Relevant Period.

Restricted Period means the duration of employment and for three (3) months immediately following Termination, reduced by any period that you spend on Garden Leave immediately prior to Termination.

1.1.10 Restricted Person means anyone employed or engaged by the Company or any Group Company at the level of Director or Manager or in a technical or sales position and in each case who could materially damage the interests of the Company and/or any Group Company if they were involved in any Capacity in any business concern which competes with any Restricted Business and with whom you at any time during the Relevant Period in the course of your employment.

1.1.11 Staff Handbook means the Company's or Group Company's staff handbook as amended from time to time, a copy of which is available from HR.

1.1.12 Supplier means any person, firm, company or other entity who, at any time during the Relevant Period: (1) supplied goods or services (other than those of an administrative nature and utilities) to the Company or any Group Company; or (2) was a Prospective Supplier; and in either case with whom you (or anyone working under your supervision or control) had material contact at any time during the Relevant Period or in relation to whom you had access to Confidential Information at any time during the Relevant Period.

1.1.13 Termination means the termination of your employment with the Company however caused.

1.1.14 Works means all records, reports, documents, papers, drawings, designs, transparencies, photos, graphics, logos, typographical arrangements, software programs, inventions, ideas, discoveries, developments, improvements or innovations and all materials embodying them in whatever form, including but not limited to hard copy and electronic form, prepared by you in connection with your employment.

2. Commencement of employment

2.1 Your employment with the Company commences on 17th July 2017 (the "Commencement Date").

2.2 You represent and warrant that, by entering into this agreement or performing any of your obligations under it, you will not be in breach of any court order or any express or implied terms of any contract or other obligation binding on you.

2.3 You warrant that you are entitled to work in the UK without any additional approvals and will notify the Company immediately if you cease to be so entitled at any time during your employment with the Company.

2.4 Unless previously authorised in writing by a Director you shall not work for anyone else while you are employed by the Company.

2.5 Nothing in this Agreement shall require the Company to provide any work for you and you will continue to be bound by your duty of good faith in the absence of any such work.

2.6 You consent to any Group Company monitoring and recording any use that you make of any Group Company's electronic communications systems for the purpose of ensuring that any Group Company's rules are being complied with and for legitimate business purposes.

3. Job title and duties

3.1 You are employed as a Managing Director and report to Jaime Ellertson, CEO and be a member of the SMT (Senior Management Team) unless otherwise instructed. Your duties will include all work normally associated with your job title, together with such additional duties as we may require of you to fulfil that role and meet the needs of our business.

3.2 You may be required to undertake other duties from time to time as we may reasonably require.

3.3 All documents, manuals, hardware and software provided for your use by any Group Company, and any data or documents (including copies) produced, maintained or stored on any Group Company's computer systems or other electronic equipment (including mobile phones), remain the property of the relevant Group Company.

3.4 Any Group Company's property in your possession and any original or copy documents obtained by you in the course of your employment shall be returned to the Company at any time on request and in any event prior to Termination.

4. Place of work

4.1 Your normal place of work is the Company's office, currently 6 Sheet Street, Windsor, or such other place as we may reasonably determine.

4.2 You agree to travel on the Company's business (both within the United Kingdom and abroad) as may be required for the proper performance of your duties.

4.3 We do not anticipate requiring you to work outside the UK for more than one month at a time during the term of your employment.

5. Salary and deductions

5.1 Your gross salary is £250,000 per year which shall accrue from day to day and be payable net of tax and national insurance contributions monthly in arrears on or around the last working day of each month directly in to your bank or building society account.

5.2 Your salary will be reviewed annually and may be increased from time to time at the Company's discretion without affecting the other terms of your employment. There is no obligation to award an increase. There will be no review of the salary after notice has been given by either party to terminate your employment.

5.3 We shall be entitled to deduct from your salary or other payments due to you any money which you may owe to any Group Company at any time.

6. Commission, incentive schemes and bonus/Variable Compensation

6.1 If you are entitled to commission, further details will be contained in a separate commission agreement ("Commission Agreement"). You agree that the terms, conditions and rules applicable to any Commission Agreement may be varied from time to time and you acknowledge that the terms are likely to vary from year to year or period to period or event to event. You will have no entitlement to receive commission unless a Commission Agreement for the relevant period or event has been agreed and signed by both parties and you agree that your entitlement to commission in relation to one year or period or event does not mean that you are entitled to commission in respect of any subsequent year or period or event (unless a Commission Agreement has been completed for that subsequent year or period or event).

6.2 Any bonus payment to you shall be purely discretionary and shall not form part of your contractual remuneration under this agreement. If the Company makes a bonus payment to you in respect of a particular period or event, it shall not be obliged to make subsequent bonus payments in respect of subsequent periods or events.

6.3 From time to time, the Company may introduce and operate discretionary (non-contractual) Sales Incentive Schemes. Payments from any schemes that are introduced will be based on the Company achieving its targeted profits and you achieving any personal targets or objectives as set by the Company. Incentive Schemes are subject to change or withdrawal by the Company without notice or compensation. In order to receive a payment under any Sales Incentive Scheme, you must be employed by the Company and not have tendered your resignation on the date on which the payments are due to be made. Full details of any schemes introduced or in operation will be issued to you separately.

6.4 £170,000 per annum, based on achievements tied directly to the SMT Management Incentive Plan and bookings targets.

6.5 The Company may alter the terms of any commission or bonus targets or withdraw them altogether at any time without prior notice.

6.6 Notwithstanding clauses **6.1** and **6.2**, you shall in any event have no right to commission or a bonus or a time-apportioned bonus if you have not been employed throughout the whole of the relevant commission or bonus period or until completion of any project or event to which a bonus or commission relates.

6.7 Notwithstanding **6.1** and **6.2**,, you shall in any event have no right to a bonus or a time-apportioned bonus if your employment terminates for any reason or you are under notice of termination (whether given by you or the Company) at or prior to the date when a bonus might otherwise have been payable.

6.8 Any commission and bonus payments shall not be pensionable.

7. Draw

For the first three (3) months of employment, the Company will provide you with a guaranteed (£14,167) per month non-recoverable draw. The draw is in lieu of commissions/bonus that can be from your individual compensation-plan, commissions/bonus earned in excess of the monthly draw amount will be payable to you as per your compensation plan guidelines.

8. Car Allowance

8.1 You will be eligible to receive a car allowance. The car allowance will cover any expenses incurred when travelling for business, inclusive of mileage and other operation expenses when utilising your personal automobile. An allowance of £850 per month will be paid pro rata on a monthly basis, in arrears.

9. Expenses

9.1 You shall be reimbursed promptly all reasonable expenses properly incurred in the discharge of your duties in accordance with this agreement and subject to any other instructions or regulations contained in the Staff Handbook or otherwise issued by the Company from time to time.

9.2 If required to drive for the better performance of your duties you agree to:

9.2.1 Immediately inform the Company if you are disqualified from driving;

9.2.2 at your own expense, maintain your car in a roadworthy condition with current road tax and MOT certificate if appropriate;

9.2.3 at your own expense, insure your car for business use.

10. Options and Restricted stock

A grant of 125,000 option shares (upon approval of the Board of Directors at a future scheduled Board of Directors meeting) - 4 year vest. A grant of 20,000 restricted stock units (RSU's) upon approval of the Board of Directors at a future scheduled Board of Directors meeting) that are performance based and a grant of 20,000 restricted stock units (RSU's) that are time based. – 3 year vest

11. Cell Phone Allowance

11.1 You may be eligible to receive a cell phone allowance following the Company's cell phone stipend program. An allowance in the amount of £150 per month will be paid pro rata on a quarterly basis, in arrears.

11.2 Or you may be provided with a mobile telephone to enable you to fulfil the responsibilities of your job. Generally, it should not be used for personal calls. In the event that excessive personal calls are made however, you should list these on your Monthly Expenses Form so that a deduction can be made from the expenses you are recovering. The Company reserves the right to make deductions from your salary payments for personal calls made using the Company's mobile telephone. The Company may alter the terms of company-provided mobile telephones or withdraw it altogether at any time without prior notice.

12. Driving Offences

12.1 The Company does not accept any liability for any driving or parking offences that you may commit whilst driving a company vehicle and will not pay any fines that you may incur.

13. Hours of work and rules

13.1 Your normal hours of work are between 9:00 am and 5:30 pm Monday to Friday inclusive with an unpaid lunch break of one hour. You may be required to work such additional hours as may be necessary for the proper performance of your duties without extra remuneration.

13.2 You agree that the limit on your working hours imposed by the Working Time Regulations 1998 will not apply to your employment with the Company and that your average working time may therefore exceed 48 hours in any seven-day period. You may terminate your agreement to opt out of the maximum weekly working time by giving three months' written notice to the Company of that fact at any time. Unless the "opt out" is terminated in this way, it shall remain in force until your employment with us ends.

13.3 You are required at all times to comply with our rules, policies and procedures in force from time to time including those contained in the Staff Handbook.

14. Holidays

14.1 The Company's holiday year runs between 1 January and 31 December ("Holiday Year").

14.2 You are entitled to 25 days' holiday during each Holiday Year. You will earn one (1) additional vacation day for each year of service, not to exceed a maximum of 25 days of vacation per holiday year. In addition you are entitled to take the usual bank/public holidays in England and Wales or a day in lieu where we require you to work on a bank/public holiday. All entitlement is pro rata for part time staff. You will be paid your normal salary during such holidays. If your employment commences or terminates part way through the Holiday Year, your holiday entitlement during that year of employment shall be calculated on a pro-rata basis.

14.3 The Company operates a system that you must follow for obtaining prior approval for holiday plans. Details of that system and of any changes to it from time to time will be made known to you. The Company will try to co-operate with your holiday plans wherever possible subject to the requirements of the Company. However, you must not book holidays until your request has been formally authorised in writing by your manager. Normally no more than two weeks leave can be taken at any one time.

14.4 You may not normally carry any leave forward and you must use all of your holiday entitlement by the last day of each holiday year. Unless there are exceptional circumstances as authorized with the prior written consent of HR, you may not carry your holiday entitlement forward into the next holiday year. Holiday entitlement not used by the correct date will usually be lost and under no circumstances will payment be made for holiday entitlement that is lost through not being exercised by the correct date except as provided in clause **14.6.**

14.5 During any continuous period of sickness absence of one month or more you shall only accrue statutory holiday under the Working Time Regulations 1998 and not contractual holiday (as set out in clause **14.2**).

14.6 On Termination you shall be entitled to be paid in lieu of accrued but untaken holiday save that, where such termination is pursuant to clause **16.2** or follows your resignation in breach of clause Error! Reference source not found., such accrued but untaken holiday shall be based on your minimum holiday entitlement under the Working Time Regulations 1998 only and not on your entitlement under clause **14.2**. For these purposes any paid holiday that you have taken (including any paid holiday on public holidays) shall be deemed first to be statutory paid holiday. If you have taken more holiday than your accrued entitlement at the date of termination of your employment, we shall be entitled to deduct the appropriate amount from any payments due to you. The amount of the payment in lieu or deduction shall be calculated on the basis that each day of paid holiday is equal to 1/260 of your salary.

14.7 We may require you to take any outstanding holiday entitlement during your notice period.

15. Sickness absence

15.1 If you are absent from work for any reason, you must notify your manager of the reason for and likely duration of your absence as soon as possible but no later than 9 am on the first day of absence. Any change in the estimated period of absence must be notified as soon as possible.

15.2 In all cases of absence lasting up to seven calendar days a self-certification form, which is available from the Company, must be completed on your return to work and supplied to your manager. For any period of incapacity due to sickness or injury which lasts for more than seven consecutive days, a doctor's certificate (“Fit Note”) stating the reason for absence must be obtained at your own cost and supplied to your manager. Further Fit Notes must be obtained if the absence continues for longer than the period of the original certificate.

15.3 Subject to compliance with the Company's sickness absence procedures above, you shall be entitled to statutory sick pay (“SSP”) for any periods of sickness absence. The Company may, at its sole discretion, continue to pay your basic salary (which shall be inclusive of any entitlement to SSP) for whatever period of absence it considers appropriate (“Company Sick Pay”). The continuance or not of any benefits during any period of sickness absence is also at the Company’s sole and absolute discretion. For the avoidance of doubt, payment of Company Sick Pay and/or the provision of any benefits to you (or any other employee) in relation to one or more instances of sickness absence or in relation to one or more particular types of illness or injury shall not entitle you to Company Sick Pay or any benefits in respect of any subsequent sickness absence or in relation to any similar or dissimilar illness or injury. Your qualifying days for SSP purposes are your normal days of work.

15.4 In the event that a Fit Note results in you and the Company agreeing that:

15.4.1 you can undertake some, but not all of your duties; and/or

15.4.2 you can work for some but not all of your usual working time; and/or

15.4.3 some other change be made to the terms of your employment;

any such change shall only be for a reasonable period in the circumstances. Further, any such change may result in a reduction in your salary and/or other benefits.

15.5 In the event that you refuse to return to work in accordance with the Company's reasonable interpretation of a Fit Note, neither Company Sick Pay nor SSP will be payable (unless the Company exercises its discretion to the contrary) for any such period of absence and you may be subject to the Company's disciplinary procedures.

15.6 In the event that you are injured or become ill before or during any period of holiday absence, should you seek to claim sick pay instead of holiday pay, you shall only be entitled to receive SSP.

15.7 You agree to consent to medical examinations (at our expense) by doctor(s) nominated by the Company should the Company so require at any time during your employment. You agree that any report produced in connection with any such examination may be disclosed to any Group Company and the Company may discuss the contents of the report with the relevant doctor.

15.8 Without prejudice to clause **15.3**, the Company reserves the right to terminate your employment in accord with clause **16**.

16. Termination and notice period

16.1 Subject to clause **16.2** below, the prior written notice required from the Company to terminate your employment shall be as follows:

16.1.1 Six months following the date of this agreement.

16.2 We shall be entitled to dismiss you at any time without notice or payment in lieu of notice if you commit a serious breach of your obligations as an employee, or if you cease to be entitled to work in the United Kingdom.

16.3 The Company reserves the right to pay your basic salary in lieu of all or any notice (whether such notice is given by the Company or you). but not withstanding any outstanding bonus payments.

16.4 Following service of notice by either party, or if you purport to terminate your employment in breach of contract, the Company may by written notice require you not to perform any services (or to perform only specified services) for the Company until the termination of your employment or until a specified date or until otherwise notified ("Garden Leave").

16.5 During any period of Garden Leave the Company shall:

16.5.1 be under no obligation to provide any work to or vest any powers in you;

16.5.2 be entitled to require you to take any accrued but unused holiday entitlement.

16.6 During any period of Garden Leave you shall:

16.6.1 continue to receive your salary and all contractual benefits (other than bonus or commission) in the usual way and subject to the terms of any benefit arrangement;

16.6.2 remain an employee of the Company and bound by the terms of this agreement including your duty of good faith, but have no right to perform any services for the Company;

16.6.3 not, without the prior written consent of a Director, attend your place of work or any other premises of any Group Company;

16.6.4 not, without the prior written consent of a Director, contact or deal with (or attempt to contact or deal with) any officer, employee, consultant, client, customer, supplier, agent, distributor, shareholder, adviser or other business contact of any Group Company;

16.6.5 on request, comply with the provisions of clause **17** at any time during the period of Garden Leave, save that you will either be permitted to retain possession of any item of Company property which has a legitimate private use (e.g. a Company car for which reasonable private use was allowed), or you will be provided with an alternative benefit (e.g. a car allowance instead of a Company car); and

16.6.6 (except during any periods taken as holiday in the usual way) ensure that a Director knows where you will be and how you can be contacted during each working day and you shall comply with any written requests to contact a specified employee of the Company at specified intervals.

16.7 The Company does not have a normal retirement age, although you may give notice (as per clause 16.2) of retirement at any time.

17. Obligations on Termination or otherwise on request

17.1 On Termination (howsoever arising) or at any other time on request you shall:

17.1.1 Immediately deliver to the Company all property belonging to any Group Company, including any laptop etc computer and mobile phone together with all documents, books, materials, records, keys, correspondence, credit cards, security cards, papers, and any other property belonging to any Group Company in your possession or control, and information (on whatever media and wherever located and including usernames and passwords related thereto) relating to the business or affairs of the Company or any Group Company (together with any copies of the same);

17.1.2 (after first ensuring that the relevant Group Company also has such information) irretrievably delete any information relating to the business of the Company or any Group Company stored on any magnetic or optical disk or memory and all other matter derived from sources which is in your possession or control outside any Group Company's premises;

17.1.3 immediately provide the Company with any usernames and passwords to any Group Company's social media accounts to which you have access (including LinkedIn and the like) and (immediately following Termination) amend your current status on such media to confirm that you are no longer employed by any Group Company; and

17.1.4 provide a signed statement that you have complied fully with your obligations under this clause **17**.

18. Disciplinary and grievance procedures

18.1 Your attention is drawn to the Disciplinary & Capability and Grievance Policies applicable to your employment with us, which are contained in the Staff Handbook. These procedures are not contractually binding and do not form part of your contract of employment.

18.2 If you wish to appeal against a disciplinary decision you may apply in writing to HR and if you wish to raise a grievance, you may apply in writing to your manager or HR, both in accordance with our Disciplinary & Capability and Grievance Policies.

18.3 We reserve the right to suspend you with pay in order to investigate any disciplinary allegation against you.

19. Smoking

19.1 The Company has a strict no smoking policy throughout buildings.

20. Security

20.1 Your appointment requires your consent to the Company checking, recording and reviewing telephone calls, computer files, CCTV recordings, records and e-mails and any other compliance, security or risk analysis checks the Company considers reasonably necessary.

20.2 You are responsible for the integrity and security of all work-related data, materials and equipment in your charge and for taking all the necessary anti-virus measures and strictly following the Company's IT Procedures. Failure to do so may result in disciplinary action being taken.

21. Right of Search

21.1 The Company may search individuals and their bags and cars if it has reasonable grounds to believe Company goods are missing or have reason to believe drugs or alcohol are in your possession. By signing this contract you are giving your consent.

22. Equal Opportunities

22.1 It is the Company's policy to provide employment, training, promotion, pay, benefits and other conditions of employment without regard to race, colour, ethnic origin, nationality, national origin, religion or belief, sex, sexual orientation, gender reassignment, marital status, age and/or disability unrelated to an individual's ability to perform essential job functions. It is also the Company's policy to conform to all employment standards required by law.

23. Pensions

23.1 The Company will match up to 5% into your personal pension scheme.

24. Private Medical Insurance (PMI)

24.1 The Company will offer a PMI scheme as an employee benefit for employees, their spouses and dependent children. Please note that this benefit is provided subject to the rules of the Insurer and may be withdrawn or amended at the absolute discretion of the Company.

24.2 **Life Assurance**

24.3 As soon as practicable following your commencement date, the company will offer you Life Assurance to cover 4 X your base salary. Please note that this benefit is provided subject to the rules of the insurer and may be withdrawn or amended at the absolute discretion of the Company.

25. Health and Safety

25.1 The Company recognises and accepts their responsibilities to provide a safe and healthy environment for staff. As an employee you have a duty to take reasonable care of yourself and others who may be affected by your acts whilst at work.

26. Collective agreement

26.1 There are no collective agreements which directly affect your employment.

27. Confidential information

27.1 You shall not (except in the proper course of your duties), either during your employment or at any time after Termination (however arising), use or disclose to any person, company or other organisation whatsoever (and shall use your best endeavours to prevent the publication or disclosure of) any Confidential Information. This shall not apply to:

27.1.1 any use or disclosure authorised by the Company or required by law;

27.1.2 any information which is already in, or comes into, the public domain other than through your unauthorised disclosure; or

27.1.3 any protected disclosure within the meaning of section 43A of the Employment Rights Act 1996.

28. Intellectual Property

28.1 You shall give the Company full written details of all Inventions and of all Works embodying Intellectual Property Rights made wholly or partially by you at any time during the course of your employment (and at any time since the commencement of your period of continuous employment) which relate to, or are reasonably capable of being used in, the business of any Group Company. You acknowledge that all Intellectual Property Rights subsisting (or which may in the future subsist) in all such Inventions and Works shall automatically, on creation, vest in the Company absolutely. To the extent that they do not vest automatically, you hold them on trust for the Company. You agree promptly to execute all documents and do all acts as may, in the opinion of the Company, be necessary to give effect to this clause **28.1**.

28.2 You hereby irrevocably waive all moral rights under the Copyright, Designs and Patents Act 1988 (and all similar rights in other jurisdictions) which you have or will have in any existing or future works referred to in clause **28.1**.

28.3 You hereby irrevocably appoint the Company to be your attorney to execute and do any such instrument or thing and generally to use your name for the purpose of giving the Company or its nominee the benefit of this clause **28** and acknowledge in favour of a third party that a certificate in writing signed by any Director or the Secretary of the Company that any instrument or act falls within the authority conferred by this clause **28** shall be conclusive evidence that such is the case.

29. Post Termination restrictions

29.1 In order to protect the confidential information, trade secrets and business connections of the Company and each Group Company to which you have access as a result of your employment, you covenant with the Company (for itself and as trustee and agent for each Group Company) that you shall not, without the prior written consent of the Company (such consent to be withheld only so far as may be reasonably necessary to protect the legitimate business interests of the Company and each Group Company) at any time within the Restricted Period:

29.1.1 be involved in any Capacity with any business concern which is (or intends to be) in competition with any Restricted Business;

29.1.2 in the course of any business concern which is in competition with any Restricted Business, offer to employ or engage or otherwise endeavour to entice away from the Company or any Group Company any Restricted Person; or

29.1.3 in relation to any Restricted Business, either on your own account or on behalf of any business deal with a Supplier; or

29.1.4 solicit or endeavour to entice away from the Company or any Group Company the business or custom of a Restricted Client with a view to providing goods or services to that Restricted Client in competition with any Restricted Business; or

29.1.5 be involved with the provision of goods or services to (or otherwise have any business dealings with) any Restricted Client in the course of any business concern which is in competition with any Restricted Business; or

29.1.6 at any time after Termination, represent yourself as connected with the Company or any Group Company in any Capacity.

29.2 None of the restrictions in clause **29.1** shall prevent you from:

29.2.1 holding an investment by way of shares or other securities of not more than 5% of the total issued share capital of any company, whether or not it is listed or dealt in on a recognised stock exchange; or

29.2.2 being engaged or concerned in any business concern, provided that your duties or work shall relate solely to services or activities of a kind with which you were not concerned to a material extent at any time in the Relevant Period; or

29.2.3 being engaged or concerned in any business concern insofar as your duties or work shall relate solely to geographical areas where the business concern is not in competition with any Restricted Business.

29.3 The restrictions imposed by this clause **29** apply to you acting:

29.3.1 directly or indirectly; and

29.3.2 on your own behalf or on behalf of, or in conjunction with, any firm, company or person.

29.4 If you receive an offer to be involved in a business concern in any Capacity during your employment, or prior to expiry of the Restricted Period, you shall give the person making the offer a copy of this clause **29** and shall tell the Company the identity of that person as soon as possible after accepting the offer.

29.5 Without prejudice to any claim for damages or any other remedy which may be available to the Company, the parties agree that the Company shall be entitled to seek injunctive or other equitable relief in relation to any breach of clause **29.1**, it being acknowledged that an award of damages might not be an adequate remedy in the event of such a breach.

29.6 Each of the restrictions in this clause **29** is intended to be separate and severable. If any of the restrictions shall be held to be void but would be valid if part of their wording were deleted, such restriction shall apply with such deletion as may be necessary to make it valid or effective.

29.7 You will, at the request and expense of the Company, enter into a separate agreement with any Group Company, in which agreement you agree to be bound by restrictions corresponding to those restrictions in this clause **29** (or such of those restrictions as may be appropriate) in relation to that Group Company.

30. Data protection

30.1 You confirm you have read and understood the Company's data protection policy, a copy of which is contained in the Staff Handbook. The Company may change its data protection policy at any time and will notify employees in writing of any changes.

30.2 You consent to us holding and processing, both electronically and manually, the data (including sensitive personal data, such as medical details) that we collect about you, in the course of your working relationship with us, for the purposes of the administration and management of our staff and our business and for compliance with applicable laws, procedures and regulations and to the transfer, storage and processing by us (and by any Group Companies and service providers) of such data outside the European Economic Area.

30.3 You agree to act in accordance with our obligations to other members of staff and third parties in relation to the processing of data, including sensitive personal data, as defined in the Data Protection Act 1998.

31. Change of Control

In the event of a Change in Control (as defined in the Option Plan) the vesting and the right to exercise the initial options and RSU grants shall accelerate; i) for the number of shares equal to the number of months of full-time employment as of the date of a change of control divided by forty eight (i.e., number of months of employment divided by 48), as well as, ii) the additional amount of 50% of all of your unvested (as of the date of a Change of Control after the acceleration granted in (i) above) options shall vest in full subject to the company's standard Change of Control language for its senior executives. In the event the acquirer or successor party does not assume or convert 100% of your remaining unvested shares after accelerated vesting in (i) and (ii) above as part of the Change of Control or does not offer equivalently valued new options and incentives to you, then 100% of your remaining unvested share options will vest in full immediately prior to consumption of the Change of Control.

32. Entire agreement and previous contracts

32.1 This agreement (and any documents referred to in it) constitutes the entire agreement between the parties. All other representations, arrangements, understandings and agreements, whether written or oral (if any), of or for service between you and the Company (and any Group Company) are hereby abrogated and superseded.

32.2 Nothing in this agreement shall, however, operate to limit or exclude any liability for fraud.

33. Changes to your terms of employment

33.1 Subject to provisions regarding Involuntary Termination and Termination for Good Reason in addition to notice period included in your employment agreement, if either your employment is terminated by the Company other than for Cause, or you voluntarily terminate your employment with the Company for Good Reason, then, as a severance benefit, the Company shall continue to pay you an amount equal to one-twelfth (1/12th) of your Base Salary for, without duplication, the following time period: (A) three (3) months, if and to the extent that your employment is terminated within twelve (12) months following the Effective Date; or (B) six (6) months, if and to the extent that your employment is terminated more than twelve (12) months following the Effective Date.

32.2 We reserve the right to make reasonable changes to any of your terms of employment. You will be notified in writing of any change as soon as possible and in any event within one month of the change.

34. Third party rights

34.1 The Contracts (Rights of Third Parties) Act 1999 shall only apply to this agreement in relation to any Group Company. No person other than you, the Company and any Group Company shall have any rights under this agreement and this agreement shall not be enforceable by any person other than you, the Company and any Group Company.

35. Choice of Law

35.1 This agreement shall be governed by and construed in accordance with English law and each party submits to the non-exclusive jurisdiction of the UK courts and tribunals.

SIGNED by Glynnis Kellaway, Finance Director, EMEA for and on behalf of the Company

/s/ Glynnis Kellaway

Date 6/22/2017

SIGNED by **Francisco Javier Fernandez Colado**

/s/ Javier Colada

Date 6/22/2017

Everbridge, Inc.
2017 Management Incentive Plan

Introduction

The 2017 Management Incentive Plan ("The Plan") is designed as an incentive to participants to perform at their most effective level, as a reward for strong performance and as a way of sharing in the success of the Company. The Plan is designed to be self-funded and is incorporated in the business targets and budgets.

The Plan is one element of Everbridge's total compensation package, inclusive of base salary, equity, benefits and other variable compensation plans. The Plan is designed to reinforce several concepts of performance. Specifically it rewards:

- Achievement of specific business objectives
- Increased operating profitability as a measure of Company success
- Achievement of financial goals including bookings, revenue and income targets
- Achievement of individual objectives

This Plan is CONFIDENTIAL, and details may not be disclosed by any participants.

Eligibility for Participation

Designated employees ("Participants") are eligible for inclusion in The Plan for the calendar year January 1, 2017 to December 31, 2017. Participation in The Plan is at the discretion of the Company. Employees considered for participation include management level employees and individual contributors in functions who meet established criteria. Eligibility for participation is not automatic and will be reviewed annually.

Participation for new hires designated as eligible to participate will be pro-rated based on days in The Plan during the plan year.

There is no contractual commitment on the part of the Company in relation to future years of participation and in this respect the Plan does not confer on any employees any rights to future participation or future employment, or give rise to any cause of action against the Company.

Operation of The Plan

For each Participant a fixed cash amount will be specified for the purposes of participation in The Plan. Payment under The Plan will be based on the achievement of corporate targets and/or business unit/departmental business plans. A copy of the business plan will be on file with the Human Resources Department and each participant will be provided a copy.

All Participants will receive a copy of their bonus plan worksheet and terms and conditions of The Plan. Each participant must sign a copy of The Plan document acknowledging that the document was reviewed.

Everbridge management reserves the right to modify the Plan at any time. Notification of changes to the Plan will be made in writing to affected participants. Changes may be made to the Plan periodically in order to revise goals, update strategies or correct errors.

Performance against business targets will be assessed at the end of the fiscal year once all financial results of the Company have been prepared and approved. Everbridge management will have the discretion to adjust, up or down, any employee's payout based on subjective assessment of the employee's individual performance throughout the year. Any adjustment to individual bonus payout will not increase the target bonus pool relative to the level of achievement of the Company.

All metrics will be measured independently. For most Plan elements, a minimum threshold between 85-90% must be achieved for each element to be qualified for payout. If any individual element is not achieved, other elements of the plan may still payout, if the requisite minimum threshold is met.

Payment

Bonus payments will be made annually after the official close of the operating year, estimated to occur no later than May of the year following. Payment will be made to each participant provided that the participant:

- Has not given notice to resign employment before any payment is made, and
- Remains an active employee at the time of payout.

Any payment to which participants in the following categories may be entitled will be pro-rated:

- Employees whose eligibility for participation in The Plan begins after January 1, 2017, or
- Employees who are transferred to another position, business unit, department or group within the Company during the plan year and their new position does not qualify them as eligible to participate in The Plan.
- Employees who transfer to a position and become eligible to participate in the Plan during the plan year.

Any payment in whole or in part shall be made through the Company's normal payroll process and will be net of any appropriate Income Tax, Social Security Contributions or other relevant deductions.

The Chief Executive Officer and Board of Directors of Everbridge, Inc. reserves the right to amend the plan at any time based on business conditions.

Contractual Status

Payments under The Plan are not contractual. No legally enforceable right to payment will arise under The Plan, nor any right to compensation or damages for non-payment as a result of the termination of employment (however caused), or for any other reason.

The Plan is not a guarantee of employment for a definite period of time. The participant acknowledges and understands that she or he, or Everbridge, may terminate the employment relationship at any time with or without cause.

The Plan terminates, for the participant, on the date the participant's employment with Everbridge is terminated.

This Plan shall be construed and governed in accordance with the laws of the Commonwealth of Massachusetts.

Validity

The Plan is valid only for the calendar year January 1, 2017 – December 31, 2017. At the expiration of this Plan, Everbridge will establish a new Plan for Participants.

Everbridge considers Participant performance to be critical for the success of the company. This Plan is designed to reward excellent performance and the entire Company is committed to your success.

Exhibit 31.1

CERTIFICATIONS

I, Jaime Ellertson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Everbridge, Inc.;

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

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

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

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

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

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

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

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

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

Date: August 14, 2017

By: /s/ Jaime Ellertson
Name: Jaime Ellertson
Title: Chief Executive Officer (*Principal Executive Officer*)

Exhibit 31.2

CERTIFICATIONS

I, Kenneth S. Goldman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Everbridge, Inc.;

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

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

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

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

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

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

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

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

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

Date: August 14, 2017

By: /s/ Kenneth S. Goldman
Name: Kenneth S. Goldman
Title: Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), I, Jaime Ellertson, Chief Executive Officer of Everbridge, Inc., do hereby certify that, to the best of my knowledge, the Quarterly Report on Form 10-Q of Everbridge, Inc. for the quarter ended June 30, 2017 (the “Report”):

(1) fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Everbridge, Inc. for the period presented herein.

Date: August 14, 2017

By: /s/ Jaime Ellertson
Name: Jaime Ellertson
Title: Chief Executive Officer

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Everbridge, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), I, Kenneth S. Goldman, Senior Vice President and Chief Financial Officer of Everbridge, Inc., do hereby certify that, to the best of my knowledge, the Quarterly Report on Form 10-Q of Everbridge, Inc. for the quarter ended June 30, 2017 (the "Report"):

(1) fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Everbridge, Inc. for the period presented herein.

Date: August 14, 2017	By:	/s/ Kenneth S. Goldman
		Name: Kenneth S. Goldman
		Title: Senior Vice President and Chief Financial Officer

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Everbridge, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.