UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 18, 2021

Verint Systems Inc
(Exact name of registrant as specified in its charter)

Delaware	001-34807	11-3200514
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

175 Broadhollow Road
Melville, New York 11747
(Address of principal executive offices, and zip code)

(631) 962-9600
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $.001 par value per share	**VRNT**	**The NASDAQ Stock Market, LLC (NASDAQ Global Select Market)**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

In connection with the consummation of the previously-announced spin-off (the "Spin-Off") by Verint Systems Inc. (the "Company") of its wholly-owned subsidiary, Cognyte Software Ltd. ("Cognyte"), into a separate, publicly-traded company, on January 18, 2021, Earl Shanks, a director of the Company, advised the Company of his intention to resign from the board of directors of the Company (the "Board") upon, and subject to, the consummation of the Spin-Off, as part of his transition to the Cognyte board of directors. Mr. Shanks's decision to conditionally resign from the Board was not due to a disagreement with the Company on any matter relating to the Company's operations, policies, or practices.

Also in connection with Mr. Shanks's transition to the Cognyte board of directors, the Board has accelerated the vesting of all 4,326 of Mr. Shanks's unvested Company restricted stock unit awards which were otherwise scheduled to vest on April 8, 2021 to January 21, 2021, to enable the shares underlying such awards to participate in the Spin-Off.

Item 7.01 Regulation FD Disclosure.

On January 21, 2021, the Company disclosed presentation slides that will be used in certain investor relations presentations beginning on and after that date. Copies of the presentation slides are attached as Exhibit 99.1 hereto and are incorporated by reference in their entirety into this Item 7.01.

The presentation slides attached as Exhibit 99.1 hereto are being furnished herewith and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits*.

Exhibit Number	Description
99.1	Presentation Slides
104	Cover Page Interactive Data File (embedded within XBRL document)

Cautions About Forward-Looking Statements

This report contains forward-looking statements, including statements regarding the expected spin-off. These forward-looking statements are not guarantees of future performance and they are based on management's expectations that involve a number of known and unknown risks, uncertainties, assumptions, and other important factors, any of which could cause the Company's actual results or conditions to differ materially from those expressed in or implied by the forward-looking statements. Some of the factors that could cause actual results or conditions to differ materially from current expectations include, among others, the Company's ability to successfully complete the planned spin-off of our Cyber Intelligence Solutions business, including the possibility that the spin-off transaction may not be completed in the expected timeframe or at all, that it will not achieve the benefits anticipated, or that it may negatively impact the Company's operations or stock price, including as a result of management distraction from the Company's business. The Company assumes no obligation to revise or update any forward-looking statement, except as otherwise required by law. For a detailed discussion of these risk factors, see the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2020, its Quarterly Report on Form 10-Q for the quarter ended April 30, 2020, its Quarterly Report on Form 10-Q for the quarter ended July 31, 2020, its Quarterly Report on Form 10-Q for the quarter ended October 31, 2020 and other filings the Company makes with the SEC.

Additional Information

For additional information with respect to Cognyte and the proposed spin-off, please refer to the Registration Statement on Form 20-F filed by Cognyte. The spin-off is subject to customary conditions, described in Cognyte's Registration Statement on Form 20-F. This communication shall not constitute an offer of any securities for sale nor shall there be any offer, sale or distribution of securities in any jurisdiction in which such offer, sale or distribution would be unlawful prior to appropriate registration or qualification under the securities laws of such jurisdiction.

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 hereunto duly authorized.

VERINT SYSTEMS INC.

Date: January 21, 2021

By: /s/ Peter Fante

Name: Peter Fante

Title: Chief Administrative Officer

Verint Investor Day

January 21, 2021

Forward Looking Statements

The video presentation contains "forward-looking statements," including statements regarding expectations, predictions, views, opportunities, plans, strategies, beliefs, and statements of similar effect relating to Verint Systems Inc. These forward-looking statements are not guarantees of future perf and they are based on management's expectations that involve a number of known and unknown risks, uncertainties, assumptions, and other import factors, any of which could cause our actual results to differ materially from those expressed in or implied by the forward-looking statements. The for looking statements contained in this presentation are made as of the date of this presentation and, except as required by law, Verint assumes no obli update or revise them, or to provide reasons why actual results may differ. For a more detailed discussion of how these and other risks, uncertainties assumptions could cause Verint's actual results to differ materially from those indicated in its forward-looking statements, see Verint's filings with the Securities and Exchange Commission.

Projections

This video presentation contains projected financial information with respect to Verint. Such projected financial information constitutes forward-look information, and is for illustrative purposes only and should not be relied upon as necessarily being indicative of future results. The assumptions and underlying such financial forecast information are inherently uncertain and are subject to a wide variety of significant business, economic, competitiv other risks and uncertainties. See "Forward-Looking Statements" above. Actual results may differ materially from the results contemplated by the fin forecast information contained in this presentation, and the inclusion of such information in this presentation should not be regarded as a representa any person that the results reflected in such forecasts will be achieved.

Non-GAAP Financial Measures

This video presentation includes financial measures which are not prepared in accordance with generally accepted accounting principles ("GAAP"), in certain constant currency measures. For a description of these non-GAAP financial measures, including the reasons management uses each measure reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP, please s GAAP to non-GAAP reconciliation found under the Investor Relations tab on Verint's website Verint.com.

Agenda

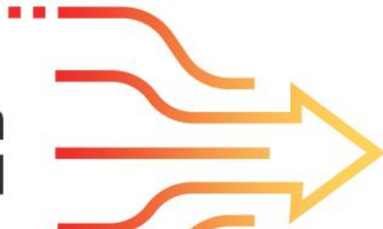
Introducing Verint: The Customer Engagement Company

Digital Transformation is Accelerating

Driving a Rapid Increase in Interactions Across the Enterprise

Recent Market Changes will have Deep and Lasting Imp

Acceleration
of Digital



Workforce

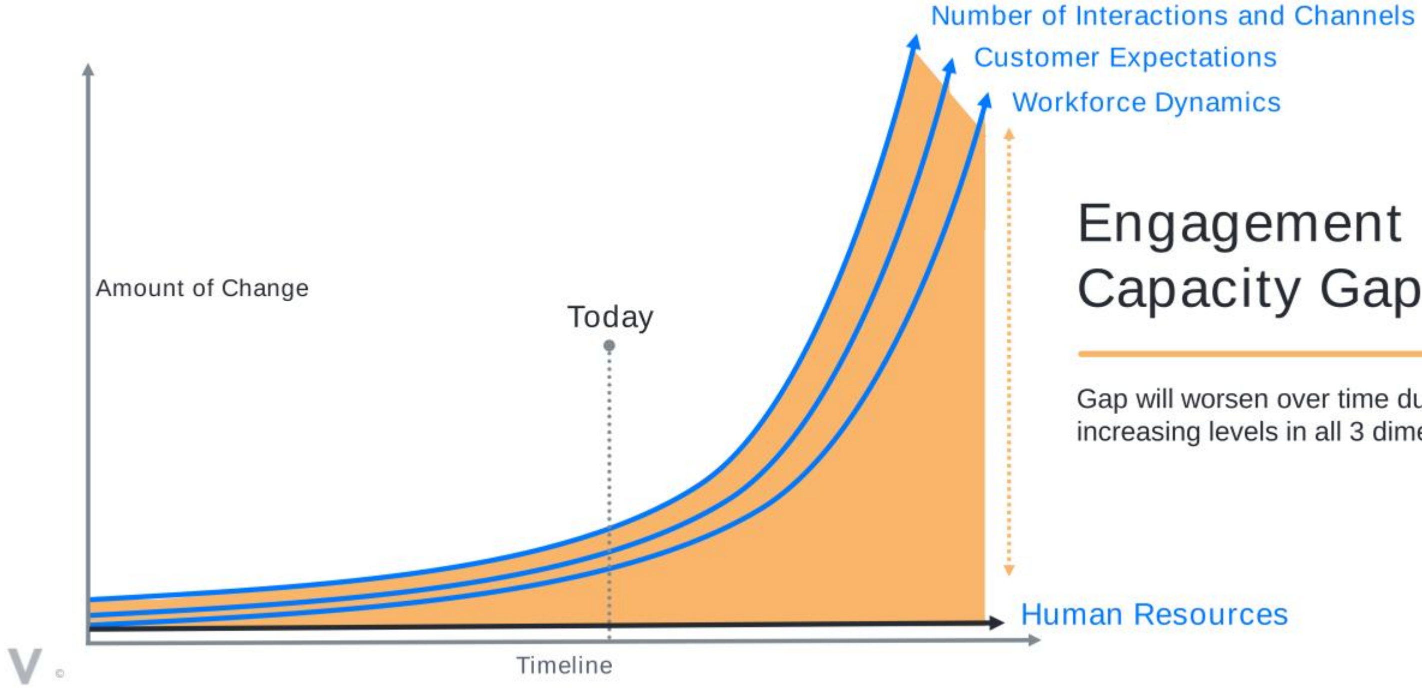
Work from Anywhere
Generational Shifts
Workforce of Humans & Bots

Consumer

Elevated Expectations
Rise of Self-Service
Choice of Journeys

The Strategic Problem for Brands

How to Drive Enduring Customer Relationships with the Same Resources given the Rapidly Changing Dynamics



Engagement Capacity Gap™

Gap will worsen over time due t
increasing levels in all 3 dimens

Verint Cloud Transition: Positive Impact to Financial Mo

Better Economics, Faster Adoption of Portfolio and Improved Visibili

FYE24 Targets

- $1 Billion of Revenue
- High Single Digit Revenue Growth
- 90% of Software Revenue Recurring

Note: Non-GAAP metrics unless otherwise noted.

How Verint is Addressing the Engagement Capacity Gap

Brands Require a Whole New Set of Capabilities for Boundless Customer Engagement™

- Power Today's Evolving and Distributed Workforce
- Listen Deeply to Drive Real-Time Action
- Breakdown the Silos Across the Enterprise
- Future Proof with an Open Platform to Rapidly Deploy Innovation
- Drive Real Business Outcomes Tha

Verint Portfolio: Our Differentiated Approach

Verint portfolio is focused on closing the Engagement Capacity Gap by connecting work, data and experiences across the enterprise

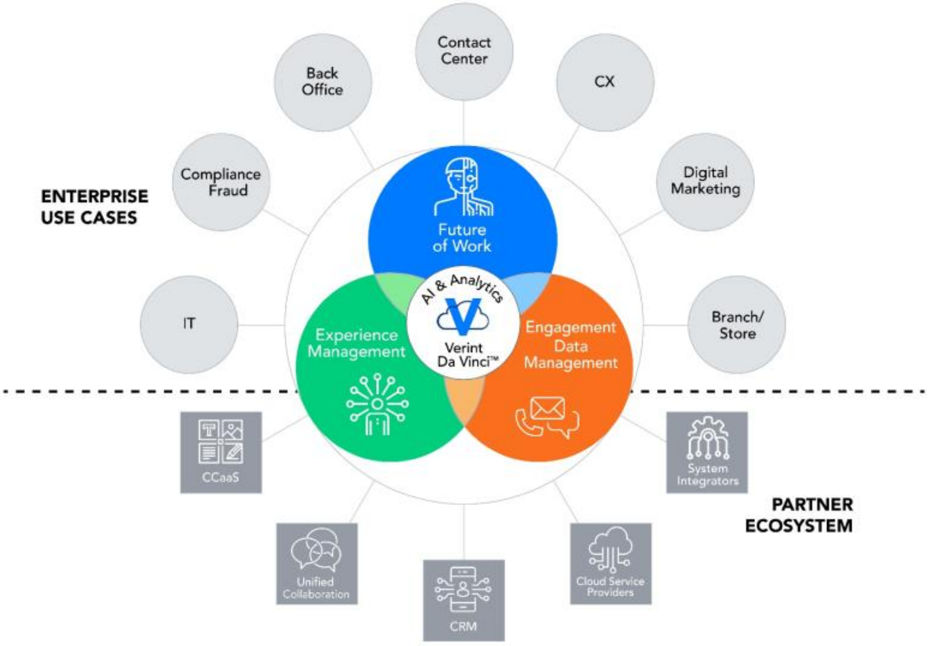
Work

Data

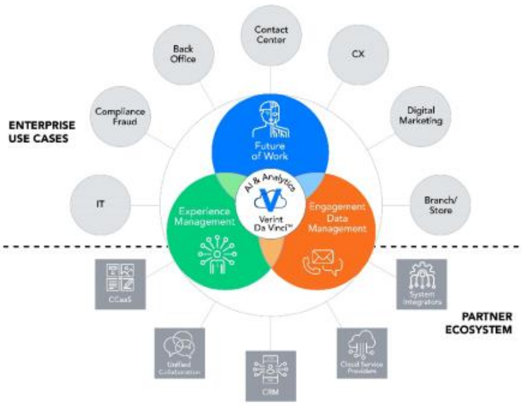
Experiences

Verint Customer Engagement Cloud Platform

Connecting Work, Data, and Experiences for Boundless Customer Engagement™



Our Open Cloud Platform



Why It Matters

- Native Cloud Architecture
- The Open Imperative
- Customer Engagement Data Hub
- Verint Da Vinci AI and Analytics
- Verint Applications as Cloud Services

Native Cloud Architecture

Platform sets the standard for next decade of Verint innovations

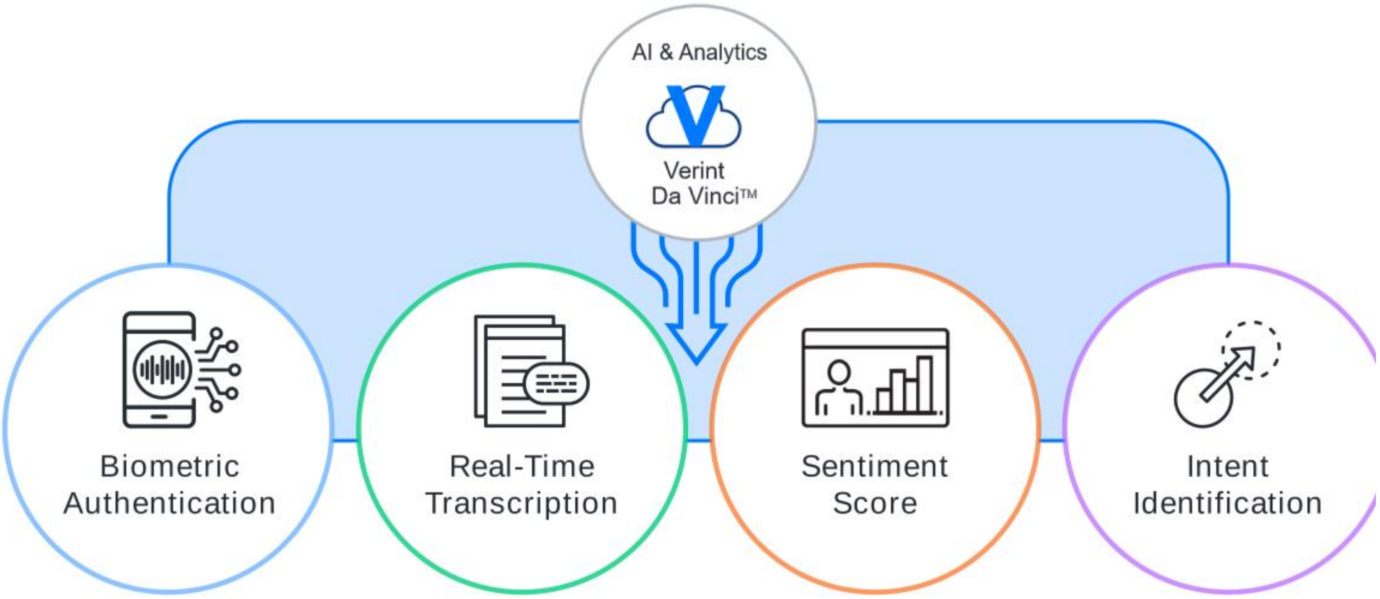
Multi-cloud Design

Accelerate Innovation

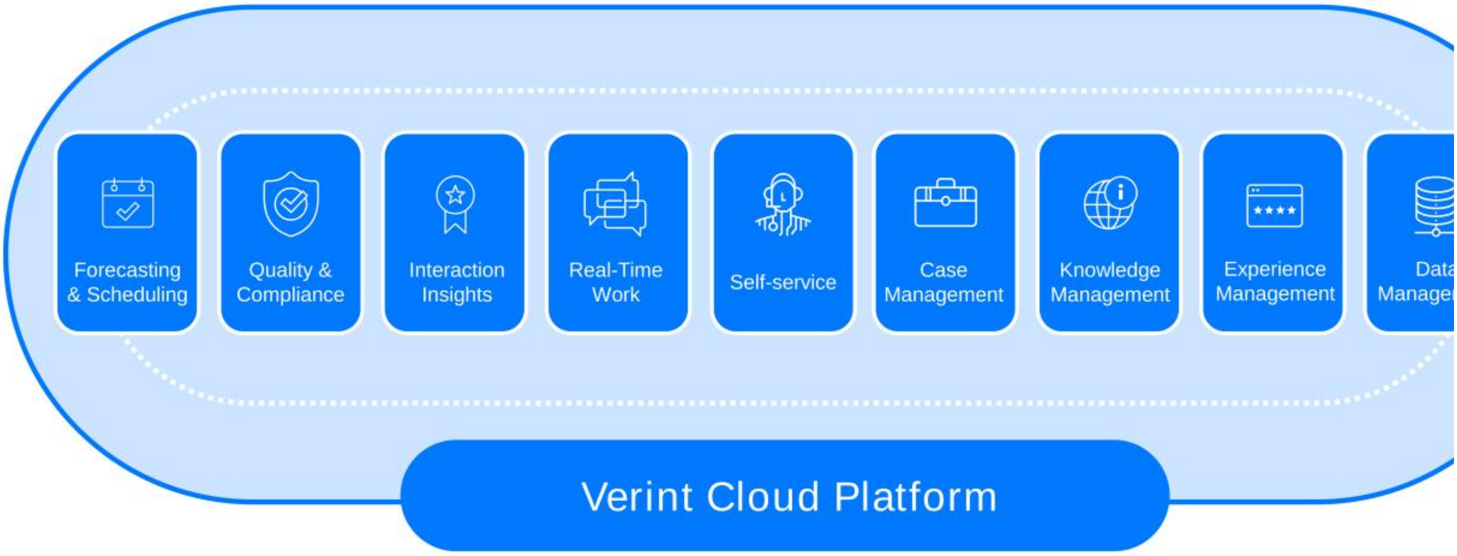
Open Extensibility

Verint Da Vinci AI & Analytics In Action

Embedded in the Verint Cloud Platform



Customer Engagement Solution Categories



Verint's Go-to-Market Growth Strategy

Go-to-Market Growth Strategy

Customer Base

New Logos

Partners

GROWTH PILLARS

Verint is Trusted by World's Most Iconic Brands

Large, Global Customer Base

- 85% of Fortune 100 companies
- 10,000 customers
- Across 175 countries

Across Many Industries

- Financial Services
- Healthcare
- Utilities
- Public Sector

Mission Critical Solutions
and
Strong Renewal Rates

Winning New Logos

Why We Win

- Openness of Cloud Platform
- Breadth and Depth of Application Portfolio
- Domain Expertise
- Partner Ecosystem

Broad Portfolio of Partners

Provides Choice and Flexibility

CCaaS and Collaboration

8x8
amazon
AVAYA
BT
cisco
Five9
odigo
OPTUS
TELUS
ttec
twilio
VONAGE

CRM

Microsoft
salesforce
Kustomer
servicenow
zendesk

Cloud Service Providers

aws
Google
IBM
Microsoft

System Integrators

accenture
Capgemini
KPMG
pwc
Telstra

Customer Engagement Market

Customer Engagement is Being Disrupted by DX

"In today's digital world, the rules of customer engagement are changing. To continue acquiring and retaining customers, organizations need to recognize this and adapt to these new dynamics."

The Digital Transformati
of Customer Service
Deloitte.

IDC
ANALYZE THE FUTURE

"By 2022, 70% of all organizations will have accelerated use of digital technologies, transforming existing business processes to drive customer engagement, employee productivity…."

Large Customer Engagement TAM

DX Investment Across Functions $1.5 Trillion

Finance
Operations
Sales
Marketing
Contact Center

HR
IT
Back-Office
Compliance
C/X

R&D
ecommerce
Branches

Fu
cus
tou

Verint TAM $65 Billion

$30 Billion
Contact Centers
(15M Knowledge Workers x $150/$200 per month)

$35 Billion
Other Touchpoints
(35M Knowledge Workers x $75/$100 |

We estimated our total addressable market for customer engagement software, the market growth rate, the number of knowledge workers and labor costs using data from t Labor Statistics, McGee Smith Analytics, Pelorus Associates and Gartner as well as company estimates of $150 to $200 per month for the amount of software that is spent worker in the contact center and half that amount for knowledge workers in other customer engagement touch points.

TAM Growth Driver: Closing the Gap

Hiring More Workers Isn't Sustainable

Knowledge workers:
- 50 million
- $2.0 trillion in labor

Significant Opportunity for Vendors that Can Help Organization Close the Engagement Capacity Gap without Increasing Labor Costs

Financial Review

Cloud Transition – FYE24 Targets

Revenue: $1.0 Billion and Growing High Single Digits

% of Software Revenue Recurring: 90%

Strong Adjusted EBITDA Margins and Free Cash Flow

Note: Non-GAAP metrics unless otherwise noted.

FYE21 Outlook – Customer Engagement

Pre-Separation Starting Point

Revenue of $835 Million with 80% of Software Revenue Recurring

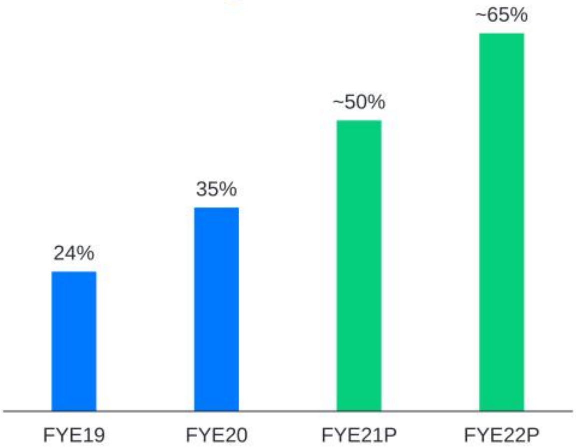
~29% Adjusted EBITDA Margins (~$240 million)

Note: Non-GAAP metrics unless otherwise noted.

New Bookings Shifting Rapidly to Cloud

FYE21 Milestone: ~50% of New Software Bookings from SaaS

% of New Software
Bookings from SaaS



FYE21 and FYE22 Shift
Mix Shift Reflects Cloud First Strate
Shift Accelerated by COVID

FYE23 and FYE24 Shift
Shift Continues But Some Custome
Remain on Perpetual Model

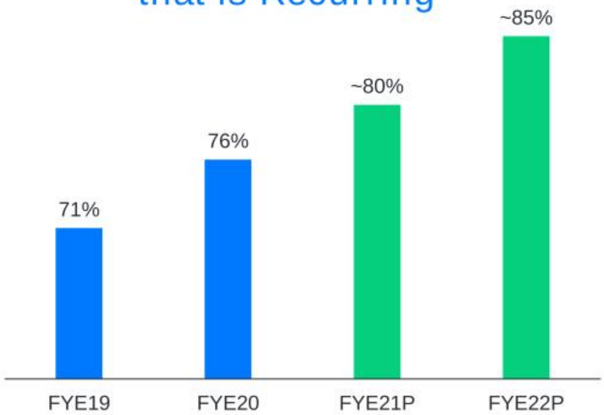
Note: Non-GAAP metrics unless otherwise noted. Software bookings measured on a new perpetual license equivalent basis.

Recurring Revenue Increasing

Expect to Reach ~90% of Software Revenue in FYE24

Benefits: Improved Visibility, Better Economics, Faster Portfolio Adop

% of Software Revenue that is Recurring



GAAP % of Software Revenue that is Recurring	70%	75%

Note: Non-GAAP metrics unless otherwise noted.

Recurring Revenue Trends

Cloud Revenue ↑

Support Revenue ↓

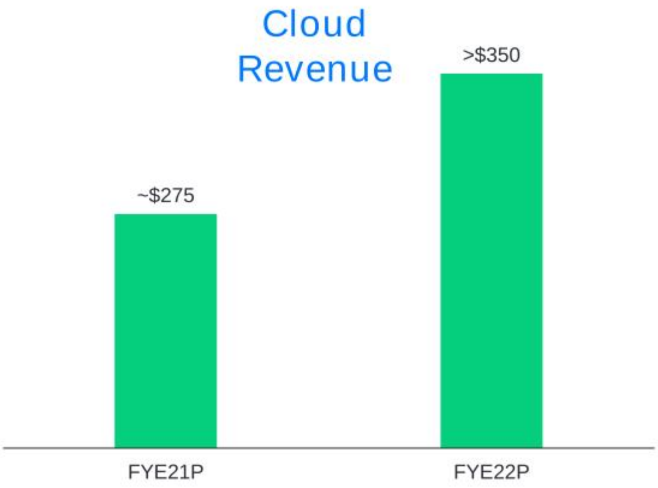
Support Conversion Opportunit

FYE21 Support Revenue: ~$300 mil

Conversions Early but Acceleratin

Cloud Revenue Growth Accelerating

Three-Year Target CAGR: ~30%



FYE21 Growth: ~20%

~15% of Growth from New Deployments

~5% of Growth from Support Conversion

FYE22 Growth: Expect Acceleration to

~15% of Growth from New Deployments

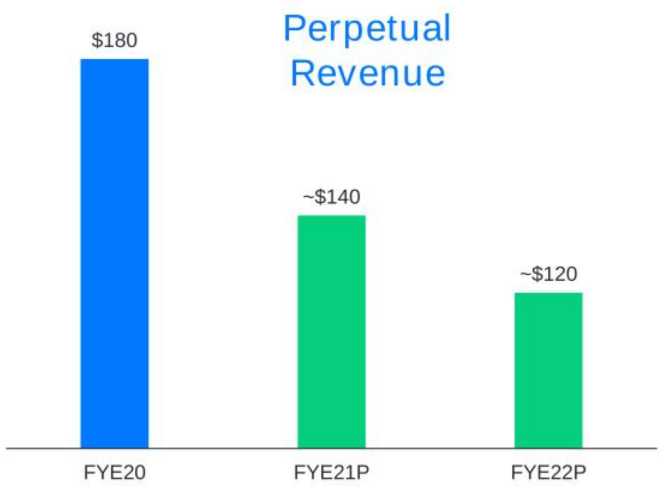
~15% of Growth from Support Conversion

FYE22 – FYE24: Targeting ~30% CA

Note: Millions of USD. Non-GAAP metrics unless otherwise noted. FYE21 20% cloud revenue growth excludes ForeSee. Cloud revenue includes unbundled SaaS support revenue which had previously been reported in support rev

Perpetual Revenue Decline Slowing Down

Trough in FYE23 Following Completion of Cloud Transition



FYE21 Decline
Decline from Cloud Transition + COV

FYE22 Decline
Decline From Ongoing Cloud Transiti

FYE23 Trough
Over $100 Million of Perpetual Rever

FYE24 Modest Growth
~10% of Total Revenue Remains Perp

Note: Non-GAAP metrics unless otherwise noted. FYE20 GAAP and Non-GAAP perpetual revenue were the same.

FYE22 Revenue Outlook

Putting it all Together

	FYE22
Total Revenue	$860 million +/- 2%
Total Revenue Growth	+3% y-o-y
Recurring Revenue	+8% y-o-y
Cloud Revenue	+30% y-o-y
Support Revenue	-13% y-o-y
Perpetual Licenses and Professional Services	-9% y-o-y
New Perpetual License Equivalent Bookings	+10% y-o-y

Note: Non-GAAP metrics unless otherwise noted.

FYE22 – FYE24 Revenue Growth Outlook

Revenue Growth Accelerates as Cloud Transition Completed

FYE22 Overall Revenue Growth Rate: Low-Single Digits

Recurring Revenue Growth of 8% with Non-Recurring Revenue Headwind

FYE23 Overall Revenue Growth Rate: Mid-Single Digits

Non-Recurring Revenue Headwind Reaches its Trough

FYE24 Overall Revenue Growth Rate: High-Single Digits

Targeting Total Revenue of $1 billion with 90% of Software Revenue Recurring

Note: Non-GAAP metrics unless otherwise noted.

Maintain Strong Adjusted EBITDA Margin Through Trans

FYE21: 29% Adjusted EBITDA Margin (~$240 million)

FYE22: One time step down due to $15 million separation dis-synergies

FYE23/FYE24: Adjusted EBITDA Growth Returns with Strong Free Cash Flow Grow

Note: Non-GAAP metrics unless otherwise noted.

Separation Model

Strong Balance Sheet Post Separation

Cash	• Nearly $600 million of cash • Cognyte spun with working capital; all other cash remains with Verint
Debt	• Approximately $795 million of debt, excluding preferred stock • Verint retains all existing debt; new revolver for Cognyte
Modest Leverage	• Net Debt/LTM EBITDA < 1.0x

Note: Net leverage excludes tranche one of the Apax preferred investment. Figures represent forecasted cash and debt position at time of separation.

FYE22 Diluted EPS Bridge

~$3.45 EPS
"As Is"

Cognyte Separation

~$2.45 EPS
Before Dis-Synergies

Separation Dis-Synergies and Inefficiencies

~$2.20 EP

Interest Expense: ~$19 million

Shares: ~73 million

Tax Rate: ~10%

Note: Non-GAAP metrics unless otherwise noted. EPS outlook does not reflect the second tranche of the APAX preferred investment which we expect to close in Q1.

Summary

Pure Play Customer Engagement Company

Large TAM and Clear Strategy

Strong Capital Structure

Positive Outlook

V


Appendix
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Financial Outlook

Our non-GAAP outlook for the year ending January 31, 2021 excludes the following GAAP measures which we are able to quantify with reasonable certainty:

- Amortization of intangible assets approximately $48 million.
- Amortization of discount on convertible notes of approximately $13 million.
- Costs to separate Verint into two independent public companies of approximately $28 million.

Our non-GAAP outlook for the year ending January 31, 2021 excludes the following GAAP measures for which we are able to provide a range of probable significance:

- Revenue adjustments are expected to be between approximately $9 million and $11 million.
- Stock-based compensation is expected to be between approximately $46 million and $52 million, assuming market prices for our common stock approximately consistent with current levels.

Our initial Post Separation non-GAAP outlook for the year ending January 31, 2022 excludes the following GAAP measures which we are able to quantify with reasonable certainty:

- Amortization of intangible assets approximately $44 million.
- Amortization of discount on convertible notes of approximately $4 million.

Our initial Post Separation non-GAAP outlook for the year ending January 31, 2022 excludes the following GAAP measures for which we are able to provide a range of probable significance:

- Revenue adjustments are expected to be between approximately $3 million and $5 million.
- Stock-based compensation is expected to be between approximately $64 million and $70 million, assuming market prices for our common stock approximately consistent with current levels.

Financial Outlook

Our non-GAAP outlook does not include the potential impact of any in-process business acquisitions that may close after the date hereof, and, unless otherwise specified, reflects foreign currency exchange rat approximately consistent with current rates.

We are unable, without unreasonable efforts, to provide a reconciliation for other GAAP measures which are excluded from our non-GAAP outlook, including the impact of future business acquisitions or acquis expenses, future restructuring expenses, and non-GAAP income tax adjustments due to the level of unpredictability and uncertainty associated with these items. For these same reasons, we are unable to ass the probable significance of these excluded items. While historical results may not be indicative of future results, actual amounts for the three ended October 31, July 31, and April 30, 2020 and years ended Ja 31, 2020, 2019, 2018 and 2017 for the GAAP measures excluded from our non-GAAP outlook appear in the GAAP to Non-GAAP Reconciliation Tables contained in this presentation.

Our non-GAAP three-year targets exclude various GAAP measures, including:

- Amortization of intangible assets.
- Stock-based compensation expenses.
- Revenue adjustments.
- Acquisition expenses.
- Restructuring expenses.

We are unable, without unreasonable efforts, to provide a reconciliation for these GAAP measures which are excluded from our non-GAAP three-year targets, due to the level of unpredictability and uncertainty associated with these items. For these same reasons, we are unable to assess the probable significance of these excluded items.

Our non-GAAP three-year targets reflect foreign currency exchange rates approximately consistent with current rates.

V

Revenue Metrics

($ in millions)	Year Ended 1/31/2019	Three Months Ended 4/30/2019	7/31/2019	10/31/2019	1/31/2020	Year Ended 1/31/2020	Three Months En 4/30/2020	7/31/2020
Software (includes cloud and support) - GAAP	$ 661.8	$ 171.0	$ 177.3	$ 185.1	$ 180.8	$ 714.3	$ 157.6	$ 175.
Perpetual revenue - GAAP	196.1	47.6	48.0	43.7	40.5	179.9	28.5	35.
Cloud revenue - GAAP	150.7	47.1	47.8	61.4	59.5	215.8	53.0	60.
Support revenue - GAAP	315.0	76.3	81.5	79.9	80.8	318.6	76.1	79.
Professional services revenue - GAAP	134.5	36.1	34.1	32.8	29.2	132.3	28.3	29.
Total revenue - GAAP	$ 796.3	$ 207.1	$ 211.4	$ 217.9	$ 210.1	$ 846.5	$ 185.9	$ 204.
% of Revenue from Software (includes cloud and support)	83.1%	82.6%	83.9%	84.9%	86.1%	84.4%	84.8%	85.8
% of Revenue from Software (includes cloud and support) that is Recurring	70.4%	72.2%	72.9%	76.4%	77.6%	74.8%	81.9%	79.5
Estimated software (includes cloud and support) revenue adjustments	15.0	8.8	7.0	6.2	4.7	26.7	3.3	3.
Estimated perpetual revenue adjustments	-	-	-	-	-	-	-	-
Estimated cloud revenue adjustments	14.7	8.6	6.9	6.1	4.6	26.3	3.2	3.
Estimated support revenue adjustments	0.3	0.2	0.1	0.1	0.1	0.3	0.1	0.
Estimated services revenue adjustments	-	-	-	-	-	-	-	-
Total estimated revenue adjustments	15.0	8.8	7.0	6.2	4.7	26.7	3.3	3.
Software (includes cloud and support) revenue - non-GAAP	$ 676.8	$ 179.8	$ 184.3	$ 191.3	$ 185.5	$ 740.9	$ 160.9	$ 178.
Perpetual revenue - non-GAAP	196.1	47.6	48.0	43.7	40.5	179.9	28.5	35.
Cloud revenue - non-GAAP	165.4	55.7	54.7	67.6	64.1	242.2	56.2	63.
Support revenue - non-GAAP	315.3	76.5	81.6	80.0	80.9	318.9	76.1	79.
Professional services revenue - non-GAAP	134.5	36.1	34.1	32.8	29.2	132.3	28.3	29.
Total revenue - non-GAAP	$ 811.3	$ 215.9	$ 218.4	$ 224.1	$ 214.8	$ 873.2	$ 189.1	$ 207.
% of Revenue from Software (includes cloud and support)	83.4%	83.3%	84.4%	85.4%	86.4%	84.9%	85.1%	86.0
% of Revenue from Software (includes cloud and support) that is Recurring	71.0%	73.5%	74.0%	77.1%	78.2%	75.7%	82.3%	79.9

Note: Amounts may not foot due to rounding.

Cloud Metrics

($ in millions)	Year Ended 1/31/2019	Three Months Ended 4/30/2019	7/31/2019	10/31/2019	1/31/2020	Year Ended 1/31/2020	Three Months 4/30/2020	7/31/202
SaaS revenue - GAAP	$ 109.6	$ 33.5	$ 33.6	$ 47.2	$ 45.0	$ 159.3	$ 38.9	$ 4
Bundled SaaS revenue - GAAP	84.7	27.2	27.2	30.1	31.4	115.9	33.4	3
Unbundled SaaS revenue - GAAP	24.9	6.3	6.4	17.1	13.6	43.4	5.5	1
Optional managed services revenue - GAAP	41.1	13.6	14.2	14.2	14.5	56.5	14.1	1
Cloud revenue - GAAP	$ 150.7	$ 47.1	$ 47.8	$ 61.4	$ 59.5	$ 215.8	$ 53.0	$ 6
Estimated SaaS revenue adjustments	12.5	8.0	6.4	5.7	4.3	24.5	2.9	[illegible]
Estimated bundled SaaS revenue adjustments	9.7	7.2	6.4	5.7	4.2	23.5	2.9	[illegible]
Estimated unbundled SaaS revenue adjustments	2.8	0.8	0.1	0.0	0.0	1.0	0.0	[illegible]
Estimated optional managed services revenue adjustments	2.2	0.6	0.5	0.4	0.4	1.9	0.3	[illegible]
Estimated cloud revenue adjustments	14.7	8.6	6.9	6.1	4.6	26.3	3.2	[illegible]
SaaS revenue - non-GAAP	122.1	41.5	40.1	52.9	49.2	183.8	41.8	4
Bundled SaaS revenue - non-GAAP	94.4	34.4	33.6	35.8	35.6	139.4	36.3	3
Unbundled SaaS revenue - non-GAAP	27.7	7.1	6.5	17.1	13.6	44.3	5.5	1
Optional managed services revenue - non-GAAP	43.3	14.2	14.6	14.7	14.9	58.4	14.4	1
Cloud revenue - non-GAAP	$ 165.4	$ 55.7	$ 54.7	$ 67.6	$ 64.1	$ 242.2	$ 56.2	$ 6

Note: Amounts may not foot due to rounding.

Supplemental Information about Non-GAAP Measures and Operating Metrics

The following tables include reconciliations of certain financial measures not prepared in accordance with Generally Accepted Accounting Principles ("GAAP"), consisting of non-GAAP revenue, non-GAAP software revenue (includes cloud and support), non-GAAP perpetual revenue, non-GAAP support revenue, non-GAAP professional services revenue, non-GAAP recurri revenue, non-GAAP nonrecurring revenue, non-GAAP cloud revenue, non-GAAP SaaS revenue, non-GAAP bundled SaaS revenue, non-GAAP unbundled SaaS revenue, non-GAAP optional managed services revenue. The tables above include a reconciliation of each non-GAAP financial measure for completed periods presented in this press release to the most directly comparable GAAP financial measure.

We believe these non-GAAP financial measures, used in conjunction with the corresponding GAAP measures, provide investors with useful supplemental information about the financial performance of our business by:

- facilitating the comparison of our financial results and business trends between periods, by excluding certain items that either can vary significantly in amount and frequency, are based upon subjective assumptions, or in certain cases are unplanned for or difficult to forecast,
- facilitating the comparison of our financial results and business trends with other technology companies who publish similar non-GAAP measures, and
- allowing investors to see and understand key supplementary metrics used by our management to run our business, including for budgeting and forecasting, resource allocation, and compensation matters.

We also make these non-GAAP financial measures available because a number of our investors have informed us that they find this supplemental information useful.
Non-GAAP financial measures should not be considered in isolation as substitutes for, or superior to, comparable GAAP financial measures. The non-GAAP financial measures we present have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP, and these non-GAAP financial measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP financial measures. These non-GAAP financial measures do not represent discretiona cash available to us to invest in the growth of our business, and we may in the future incur expenses similar to or in addition to the adjustments made in these non-GAAP financial measures Other companies may calculate similar non-GAAP financial measures differently than we do, limiting their usefulness as comparative measures.

Our non-GAAP financial measures are calculated by making the following adjustments to our GAAP financial measures:

- ***Revenue adjustments.*** We exclude from our non-GAAP revenue the impact of fair value adjustments required under GAAP relating to cloud services and customer support contracts acquired in a business acquisition, which would have otherwise been recognized on a stand-alone basis. We believe that it is useful for investors to understand the total amount of revenue that we and the acquired company would have recognized on a stand-alone basis under GAAP, absent the accounting adjustment associated with the business acquisition. Our non-GAAP revenue also reflects certain adjustments from aligning an acquired company's revenue recognition policies to our policies. We believe that our non-GAAP revenue measure helps management and investors understand our revenue trends and serves as a useful measure of ongoing business performance.
- ***Amortization of acquired technology and other acquired intangible assets***. When we acquire an entity, we are required under GAAP to record the fair values of the intangible assets of the acquired entity and amortize those assets over their useful lives. We exclude the amortization of acquired intangible assets, including acquired technology, from our non-GAAF financial measures because they are inconsistent in amount and frequency and are significantly impacted by the timing and size of acquisitions. We also exclude these amounts to provide easier comparability of pre- and post-acquisition operating results.

Supplemental Information about Non-GAAP Measures and Operating Metrics

•***Stock-based compensation expenses.*** We exclude stock-based compensation expenses related to restricted stock awards, stock bonus programs, bonus share programs, stock-based awards from our non-GAAP financial measures. We evaluate our performance both with and without these measures because stock-based compensation is typically expense and can vary significantly over time based on the timing, size and nature of awards granted, and is influenced in part by certain factors which are generally beyond our c as the volatility of the price of our common stock. In addition, measurement of stock-based compensation is subject to varying valuation methodologies and subjective assumptio therefore we believe that excluding stock-based compensation from our non-GAAP financial measures allows for meaningful comparisons of our current operating results to our hi operating results and to other companies in our industry.

•***Amortization of convertible note discount.*** Our non-GAAP financial measures exclude the amortization of the imputed discount on our convertible notes. Under GAAP, cert convertible debt instruments that may be settled in cash upon conversion are required to be bifurcated into separate liability (debt) and equity (conversion option) components in that reflects the issuer's assumed non-convertible debt borrowing rate. For GAAP purposes, we are required to recognize imputed interest expense on the difference between ou non-convertible debt borrowing rate and the coupon rate on our 1.50% convertible notes. This difference is excluded from our non-GAAP financial measures because we believe expense is based upon subjective assumptions and does not reflect the cash cost of our convertible debt.

• ***Change in fair value of future tranche right.*** On December 4, 2019, we entered into an Investment Agreement with an affiliate of Apax Partners (the "Apax Investor"), wher Investor agreed to make an investment in us of up to $400.0 million of convertible preferred stock. In connection with the Apax Investor's first $200.0 million investment on May 7 200,000 shares of Series A Preferred Stock), we determined that our obligation to issue, and the Apax Investor's obligation to purchase, up to 200,000 shares of Series B Prefe upon the completion of the spin-off of our Cyber Intelligence Solutions business and other customary closing conditions (the "Future Tranche Right") meets the definition of a free financial instrument. This Future Tranche Right is reported at fair value as an asset or liability on our consolidated balance sheet, and is remeasured at fair value each reporting p settlement, with changes in its fair value recognized within other income (expense), net on the consolidated statement of operations. We are excluding this change in fair value of Tranche Right from our non-GAAP financial measures because it is unusual in nature, can vary significantly in amount, and is unrelated to our ongoing operations.

• ***Separation expenses.*** On December 4, 2019, we announced our intention to separate into two independent publicly traded companies: one which will consist of our Custom Engagement Solutions business, and one which will consist of our Cyber Intelligence Solutions business. We are incurring significant expenses to prepare for this separation, in party advisory, accounting, legal, consulting, and other similar services related to the separation as well as costs associated with the operational separation of the two businesse those related to human resources, brand management, real estate, and information technology to the extent not capitalized. Separation expenses also include incremental cash i related to the reorganization of legal entities and operations in order to effect the separation. These costs are incremental to our normal operating expenses and are being incurr a result of the separation transaction. Accordingly, we are excluding these separation expenses from our non-GAAP financial measures in order to evaluate our performance on basis.

Supplemental Information about Non-GAAP Measures and Operating Metrics

Customer Engagement Revenue Metrics and Operating Metrics

Software (includes cloud and support) includes software licenses, appliances, SaaS and optional managed services. Recurring Software Revenue includes SaaS, optional managed service and support revenue.

Cloud revenue, on both a GAAP and non-GAAP basis, primarily consists of SaaS and optional managed services. A portion of our revenue associated with unbundled SaaS is included withi support revenue. We expect this amount to become larger and more meaningful over time and intend to include it in our cloud revenue and exclude it from our support revenue.

SaaS revenue includes bundled SaaS, software with standard managed services and unbundled SaaS that we account for as term licenses where managed services are purchased separately.

Optional Managed Services is recurring services that are intended to improve our customers operations and reduce expenses.

New SaaS Annual Contract Value (ACV) includes the annualized contract value of all new SaaS contracts received within the period; in cases where SaaS is offered to partners through usage-based contracts, we include the incremental value of usage contracts over a rolling four quarters.

New Perpetual License Equivalent Bookings are used to normalize between perpetual and SaaS bookings and measure overall software growth. We calculate new perpetual license equivalent bookings by multiplying New SaaS ACV bookings (excluding bookings from maintenance conversions, except for the uplift) by a conversion factor of 2.0 and adding that amount to perpetual license bookings. The conversion factor of 2.0 is an estimate that is derived from an analysis of our historical bookings and may change over time. Management uses perpetual license equivalent bookings to understand our performance, including our software growth and SaaS/perpetual license mix. This metric should not be viewed in isolation from other operating metrics that we make available to investors. The New Perpetual License Equivalent Bookings calculation was adjusted in Q4 FY2020 for the full year to exclude bookings from maintenance conversion, except for uplift.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP measure defined as net income (loss) before interest expense, interest income, income taxes, depreciation expense, amortization expense, revenue adjustments, restructuring expenses, acquisition expenses, and other expenses excluded from our non-GAAP financial measures as described above. We believe that adjusted EBITDA is also commonly used by investors to evaluate operating performance between companies because it helps reduce variability caused by differences in capital structures, income taxes, stock based compensation accounting policies, and depreciation and amortization policies. Adjusted EBITDA is also used by credit rating agencies, lenders, and other parties to evaluate our creditworthiness.

Net Debt

Net Debt is a non-GAAP measure defined as the sum of long-term and short-term debt on our consolidated balance sheet, excluding unamortized discounts and issuance costs, less the sum of cash and cash equivalents, restricted cash, restricted cash equivalents, restricted bank time deposits, and restricted investments (including long-term portions), and short-term investments. We use this non-GAAP financial measure to help evaluate our capital structure, financial leverage, and our ability to reduce debt and to fund investing and financing activities, and believe that it provides useful information to investors.