

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

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2020

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 001-35108

SERVICESTOURCE INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware

81-0578975

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

**707 17th Street, 25th Floor
Denver, Colorado**

80202

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code **(720) 889-8500**

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

Title of each class	Trading Symbol	Name of each exchange on which registered
<u>Common Stock, \$0.0001 Par Value</u>	<u>SREV</u>	<u>The Nasdaq Stock Market LLC</u>

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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 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 every Interactive Data File required to be submitted 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 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 definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The aggregate market value of voting and non-voting common stock held by non-affiliates of the registrant as of June 30, 2020, the last business day of the Registrant's most recently completed second fiscal quarter, was approximately \$83.6 million. Shares of common stock held by each executive officer, director and holder of 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status does not reflect a determination that such persons are affiliates of the registrant for any other purpose.

As of February 18, 2021, there were approximately 97,263,099 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2021 annual meeting of stockholders are incorporated by reference in Part III of this annual report on Form 10-K. Such proxy statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates. Except with respect to information specifically incorporated by reference in this Form 10-K, the proxy statement is not deemed to be filed as part of this Form 10-K.

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FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K (this “annual report”) includes estimates, projections, statements relating to our business plans, objectives, and expected operating results that are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements may appear throughout this annual report. These forward-looking statements are generally identified by the words “believe,” “project,” “target,” “forecast,” “expect,” “anticipate,” “estimate,” “intend,” “strategy,” “future,” “opportunity,” “plan,” “may,” “should,” “will,” “would,” “will be,” “will continue,” “will likely result,” and variations of such words or similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that may cause actual results to differ materially. Factors that could cause or contribute to such differences include, but are not limited to, those identified elsewhere in this annual report, including the risks and uncertainties related to the impact and duration of the COVID-19 pandemic in “Risk Factors” (Part I, Item 1.A. of this Form 10-K) and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (Part II, Item 7 of this Form 10-K). Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events, or otherwise, except as required by applicable law.

“ServiceSource,” “the Company,” “we,” “us,” or “our”, as used herein, refer to ServiceSource International, Inc. and its wholly owned subsidiaries, unless the context indicates otherwise.

For a summary of commonly used industry terms and abbreviations used in this annual report, see the Glossary of Terms.

PART I

ITEM 1. BUSINESS

About ServiceSource

ServiceSource is a leading provider of BPaaS solutions that enable the transformation of go-to-market organizations and functions for global technology clients. We design, deploy, and operate a suite of innovative solutions and complex processes that support and augment our clients’ B2B customer acquisition, engagement, expansion and retention activities. Our clients - ranging from Fortune 500 technology titans to high-growth disruptors and innovators - rely on our holistic customer engagement methodology and process excellence, global scale and delivery footprint, and data analytics and business insights to deliver trusted business outcomes that have a meaningful and material positive impact to their long-term revenue and profitability objectives. Through our unique integration of people, process and technology - leveraged against our more than 20 years of experience and domain expertise in the cloud, software, hardware, medical device and diagnostic equipment, and industrial IoT sectors - we effect and transact billions of dollars of B2B commerce in more than 175 countries on our clients’ behalf annually.

Our services are delivered globally by approximately 2,800 professionals speaking 45 languages. Our net revenue was \$194.6 million for the year ended December 31, 2020.

Our Market Opportunity

Our clients operate in rapidly changing and dynamic environments where they face increasing pressure to gain market share, expand globally, accelerate revenue growth, and streamline operating expenses. In an era of more intense competition, rapid technology disruption, and lower customer switching costs, the most successful B2B companies are recognizing the imperative of a customer-centric mindset. Enabling and delivering a superior customer experience is mission-critical for these companies, yet many lack the appropriate internal resources and capabilities required for longstanding success. Increasingly, they are seeking strategic partners and thought leaders who possess the requisite expertise and proven competencies to enhance the loyalty and lifetime value of their customers by accelerating their go-to-market transformation strategies. Against this market opportunity backdrop, we believe ServiceSource is uniquely positioned and competitively differentiated to benefit from the following dynamics:

- *Consumerization of B2B commerce.* In today’s hyper-connected digital economy, individuals have become accustomed to engaging with B2C brands through channels and interactions that are efficient, effective and effortless. These individuals are bringing their consumer expectations into the workplace, fundamentally reshaping how companies market, sell to and engage with their business customers. The majority of business buyers expect their B2B customer experiences to mirror their B2C encounters and are willing to award a greater share of wallet and higher loyalty to vendors who can meet these raised expectations. While factors such as price, quality and feature functionality remain important considerations, leading B2B companies recognize that durable competitive advantage is increasingly based on facilitating interactions that are proactive, predictive and personalized across all touchpoints of the customer journey. We believe more companies are turning to external specialists like ServiceSource to structure,

deploy and operate integrated solutions and processes that can holistically address and serve the unique and heightened demands of this emerging consumerization trend.

- *Deployment of customer-centric models that disrupt legacy go-to-market channels.* Technology companies have relied for decades on a variety of third-party intermediaries to reach their mid-market customers. For many companies, 50% - 75% or more of their revenue has historically been attributed to indirect channels, including distributors, resellers, system integrators, and managed service providers, among others. These legacy routes to market are rapidly losing relevance due to the consumerization of IT, the growth of as-a-service offerings, the proliferation of cloud delivery and distribution models, and the rapid adoption of subscription and consumption-based billing plans. In light of these shifts and driven by a growing desire for greater customer insight and intimacy, more companies are deprioritizing investments away from these indirect channels, while assigning more focus to direct-to-consumer pathways. We believe these organizations are looking to strategic thought leaders such as ServiceSource who can help them reimagine their go-to-market strategies, accelerate their channel transformation initiatives, and design and manage new customer-centric operating models that will enable them to grow closer to their customers.
- *Emergence of customer experience as a competitive differentiator.* Increased global competition, lower barriers to entry and shortened product lifecycles are prompting technology companies to reassess their competitive advantage and reevaluate their core competencies. While areas such as intellectual property, engineering, research and development, and product development still remain core, successful forward-thinking organizations realize and appreciate the positive impact of a well-orchestrated customer experience on their revenue and profitability objectives. While these companies are attempting to allocate greater resources to build internal customer-facing capacity in areas including demand generation and conversion, account management, and customer success management, they are often encumbered by pre-existing organizational dynamics, departmental silos, and corporate inertia. We believe more companies will increasingly seek to partner with differentiated BPaaS providers like ServiceSource who can help them to more rapidly scale their customer experience initiatives with a value-driven and outcomes-based business case. Our clients choose us to help them drive greater customer engagement, trust, and loyalty given our integrated solution suite, demonstrable track record, proven process improvement methodology, global scale and infrastructure, and data expertise and insights.

Our Strategy and Solutions

Our strategy is to drive client success by bringing the world’s greatest brands closer to their customers through people-powered, digitally-enabled solutions and data-driven insights. We are pioneers in the CJX™ market and believe our solution scope, process expertise and global operating scale position us as a category leader. Our unified CJX™ solution suite spans the pre- and post-sale B2B customer journey and is deployed through a holistic model that enables our clients to more efficiently and effectively identify, land, adopt, expand and renew their customers and end-users.

The ServiceSource CJX™ solution suite has been built on three primary solution pillars, encompassing digital sales, customer success, and channel management, all underpinned by enabling competencies centered around our highly trained people, proprietary processes, and best-in-class technologies. Depending on our clients’ needs, we can provide our solutions and motions on a fully integrated basis or we can design and deploy them on a discrete, á la carte basis to address our clients’ unique requirements.



Digital sales. Through our digital sales solution, we help our clients accelerate their acquisition and expansion efforts across both net-new and installed-base customer accounts. Our core motions of demand qualification, demand conversion, and account management are designed to drive higher quality leads, improved pipeline hygiene, greater marketing and sales funnel velocity, better sales conversion rates, higher net expansion rates, and increased consumption for our clients' products and services.

- *Demand qualification.* We serve as a seamless extension to our clients' advertising, marketing, and digital demand generation activities. Through proactive customer interaction and leveraged with our data analytics expertise, our business development reps digitally engage with marketing-generated leads to evaluate and score their budget, authority, need, and timing to progress them through the funnel into sales-qualified and sales-accepted leads.
- *Demand conversion.* We serve as a high velocity augmentation to our clients' inside sales teams, allowing for enhanced coverage and increased conversion of their sales pipeline. Our sales development reps are extensively trained on our clients' products, services, and features, and are experts at value- and persona-based selling. Through omnichannel media - including voice, chat, email, video, and social - our teams nurture leads, educate prospects, and conduct sales demos to convert qualified opportunities into confirmed orders and closed bookings for our clients.
- *Account management.* We serve as a natural complement to our clients' installed-based account management sales motions. Our highly-skilled digital sales professionals develop, formulate, and implement account-based sales plans to identify and execute expansion selling opportunities, driving high margin incremental revenue for our clients through higher cloud consumption levels, upsell and cross-sell rates, multi-year conversions, and service and support attach rates.

Customer success. Through our customer success solution, we are an integrated component of our clients' customer experience strategies and engagement efforts. Our core motions of onboarding, adoption, and renewals management are uniquely tailored and customized to improve the satisfaction, referenceability, loyalty, retention and lifetime value of our clients' customers.

- *Onboarding.* Our onboarding experts engage and communicate with our clients' new customers to ensure they are positioned for success from the first day of their relationship. We confirm subscriptions were successfully activated, downloads were successfully installed, assets and entitlements were successfully provisioned, and payments and credits were successfully applied. Where required, we further triage and support the coordination of our clients' technical support and professional services resources to drive higher initial customer satisfaction and issue resolution outcomes.
- *Adoption.* Our adoption specialists are thoroughly trained and well-versed in the full range of features and functionality of our clients' products, services and solutions. Leveraging telemetry from a variety of data feeds complemented with proactive real-time customer interaction, we ensure that our clients' customers are appropriately educated, informed and empowered on how they can best achieve faster speed-to-value and return-on-investment for their subscription or purchase.
- *Renewals management.* Our renewals representatives are equipped with our industry-leading high-performance sales methodology and complemented by best-in-class technology and processes to manage revenue that may be at risk of loss for our clients. Our systems and global teams cleanse, validate, enhance and supplement our clients' CRM and ERP data in order to proactively configure, price, quote and sell customer contracts that are nearing expiration or cancellation. Through extensive integration with our clients' internal systems, teams and processes, we deliver performance outcomes that allow our clients to recognize lower customer churn and attrition, enhanced contract renewal rates, and higher revenue retention metrics.

Channel management. Through our channel management solution, we support the full lifecycle management of our clients' indirect channels and routes to market. Our core motions of partner recruitment, partner onboarding and enablement, and partner success management are designed to increase partner mindshare, productivity, and sales of our clients' products and services across both one-tier and two-tier distribution channel models.

- *Partner recruitment.* Our partner recruitment specialists are dedicated to identifying, vetting, and recruiting new distributors, value-added resellers, resellers, system integrators, managed service providers, agents and related third parties to join our clients' channel partner programs. Through intensive research and proactive outreach, we ensure that our clients have an opportunity to expand their partner organizations with firms that are best positioned to more effectively market, sell and support our clients' offerings in their respective regions and territories.
- *Partner onboarding and enablement.* Our partner onboarding specialists are thoroughly trained in the program design, tiering levels and criteria, and incentives available to partners through our clients' channel programs. Through early engagement, intervention, and training, we promote greater program awareness, understanding, and focus for new partners, equipping them to achieve better early outcomes with our clients.

- *Partner success management.* Our partner success managers support our clients' partners in developing and formulating quarterly and annual performance objectives, analyzing and forecasting sales and renewals pipelines, and identifying and resolving barriers to their success. Through ongoing engagement and interaction with our clients' indirect partners, we proactively manage the relationships to ensure higher levels of success for our clients, the partners, and their mutual customers.

Our CJX™ solution suite is provided to our clients primarily through a unique outcomes-based, pay-for-performance model that ensures optimal alignment to their business growth priorities, return-on-investment mandates and customer experience objectives. Through this model, our clients pay us commissions that are either flat-rate or variable based on the bookings and/or revenue we generate on their behalf. For engagements where other pricing options are more appropriate, including our professional services, sales enablement and data management services, our clients pay us through either fixed-fee or full-time employee-based pricing models. Oftentimes our client contracts incorporate multiple pricing models to most appropriately balance our assessment of the data quality, operational complexity and risk-reward profile of the engagement. For the year ended December 31, 2020, 73% of our revenue was derived from pay-for-performance pricing arrangements and 27% was derived from fixed-fee or full-time employee-based pricing arrangements.

Our relationship with our clients begins in the pre-sales process and continues through the lifecycle of our engagement:

- *Sales performance analysis.* We typically begin engagements with our prospective clients by conducting a SPA. Through our SPA process, we conduct in-depth executive interviews and data analysis to understand a client's unique challenges and desired business outcomes, evaluate and benchmark its performance against those outcomes, analyze opportunities for improvement using proprietary analytical models, and deliver expertise and recommendations to drive an enhanced customer experience, improved operational KPIs, and targeted financial gains.
- *Business case, pricing and contract structuring.* We use our reservoir of data, benchmarks, and best practices to estimate the critical components of the business case, to calculate our ability to improve our clients' performance based on our extensive track record of execution for similar engagements, to scope and design an optimal delivery model, and to derive an appropriate value-based pricing structure and contractual arrangement.
- *Data integration, implementation and launch.* Once we have entered into a contract with a client, we deploy our professional services to rapidly integrate our tools and platforms with our clients' systems, while our data and ops services teams ensure that high velocity data feeds are appropriately configured, mapped, loaded, enabled, and enhanced. Our talent acquisition teams launch a highly selective recruiting and onboarding process, while our learning and development teams build and deliver a robust training curriculum and certification program.
- *Performance and execution.* Following the implementation and ramp of an engagement, we leverage our reporting platform, data reservoir, and performance optimization tools to continuously monitor, measure, analyze, benchmark, and enhance the performance of our teams to ensure we are positioned to deliver against the business case and exceed our clients' expectations.
- *Client benchmarking and continuous improvement.* Our extensive platform and the accumulation of more than 20 years of experience serve as the foundation for benchmarking our clients' performance against internal parity rates, industry peers, and previous performance periods. We generally conduct monthly and quarterly business review meetings and host frequent executive steering reviews with our clients to assess our results, identify potential process gaps, determine opportunities for continuous improvement, and make recommendations that we believe will allow our clients and us to achieve higher levels of performance and efficiencies.

Markets We Serve

We target our solutions exclusively to B2B technology companies and focus on chosen market segments where we have deep domain expertise, proven competencies and best practices, robust executive relationships, and the ability to leverage existing client references and advocacy.

- *Cloud and SaaS.* In this segment, we serve companies who provide their solutions via public, private, or hybrid cloud delivery models, including SaaS, PaaS, and IaaS vendors. Within this market, customers and end-users typically purchase from our clients through a recurring subscription or a consumption-based utility billing model. IDC, a market research firm, estimates the total global market for cloud software was approximately \$205 billion in 2020 with a forecasted 16% compound annual growth rate through 2024.
- *Software.* Our clients in this segment include companies who primarily provide their software in an on premise environment, where our clients' customers and end-users typically pay for a defined number of licenses or subscribers, as well as related software support, maintenance and service contracts. We have developed extensive expertise in a variety of software sub-sectors, supporting vendors of application and system software, collaboration software, CRM software, cyber-security software, open source operating system software, and virtualization software, among others.

IDC estimates the total global market for software license and maintenance was approximately \$300 billion in 2020, while the software subscription market was approximately \$260 billion in 2020 with a forecasted 17% compound annual growth rate through 2024.

- *Hardware.* In this segment, we serve companies who provide IT hardware and related assets, including data center systems (servers, storage, gateways, and arrays), networking and communications equipment (switches, routers, access points, and appliances), and computing equipment and peripherals (workstations, PCs, thin-clients, and imaging devices), among others. Within this segment, our services are primarily directed at selling, renewing, and extending hardware maintenance and support contracts on our clients' behalf. IDC estimates the total global market for hardware maintenance and support was approximately \$64 billion in 2020 with a forecasted 2% compound annual growth rate through 2024.
- *Medical device and diagnostic equipment.* Our clients in this segment include companies who provide products, software and services to the healthcare and medical field, including vendors of radiology and diagnostic imaging equipment, surgical and laboratory instruments, and healthcare IT software, among others. Fortune Business Insights, a market research firm, estimates the total global medical device market was approximately \$432 billion in 2020 with a forecasted 5% compound annual growth rate through 2028.
- *Industrial IoT.* In this segment, we serve companies who provide hardware, sensors, software and related services to monitor and automate smart and connected devices for manufacturing environments, process control applications, and energy and utility customers, among others. Grand View Research, a market research firm, estimates the total global market for industrial IoT applications was approximately \$215 billion 2020 with a forecasted 35% compound annual growth rate through 2025.

Our Clients

We seek to build long-term, durable relationships with leading companies and high-growth innovators within each of our target markets, where our strategy, solutions, and capabilities provide a compelling client value proposition and opportunity for us to drive enduring client success and trusted business outcomes. We typically enter into multi-year contracts with our clients with average terms ranging from two to four years. Our client contracts are generally comprised of a master services agreement, which is a framework agreement that defines broad governing terms, supplemented by one or multiple order forms or statements of work that outline detailed terms, conditions, pricing, description of services and definition of scope. While most of our contracts may be terminated for convenience with relatively short notice, often subject to the payment of an early termination fee by the client, our top 10 client relationships range in duration from 8 to 14 years, with an average tenure of approximately 11 years.

During the year ended December 31, 2020, our top ten clients each generated more than \$4.0 million in revenue and represented a combined 78% of our total net revenue, and four clients each represented over 10% of our revenue during this period. A relatively small number of clients may continue to account for a significant portion of our revenue for the foreseeable future. The loss of revenue from any of our significant clients for any reason may cause a significant decrease in our revenue.

Human Capital

We believe our people are our greatest asset and central to the success of ServiceSource and our clients. Through our core values of trust, caring, collaboration, and dedication, we direct our efforts and invest extensive resources to ensure we attract, hire, develop, incentivize, promote, and retain a world-class workforce. We are committed to building a culture that inspires success for our people and fostering a workplace environment that promotes trust, diversity, and inclusion while providing multiple avenues for continuous personal and professional development.

As of December 31, 2020, we had approximately 2,800 employees worldwide, of which nearly all were full-time, with 70% located outside of the U.S. Our employees are not covered by collective bargaining agreements.

Employee health and well-being. We believe a loyal and productive workforce requires a holistic approach to caring for the whole self. We provide a variety of programs and benefits to support the physical, mental, emotional, and spiritual health and well-being of our employees.

We are committed to the health and safety of our employees. To keep our employees safe during the COVID-19 pandemic, we created a dedicated crisis team to proactively implement business continuity plans and quickly transitioned to a 100% work-from-home model. As a result of this successful work-from-home implementation, we have shifted to a virtual-first operating model whereby our employees will continue to primarily work from their home offices and our facilities will be used for collaboration, innovation, and connection. Additionally, this model includes virtual sourcing, hiring, and onboarding for new employees as well as a process for driving performance and culture in a virtual environment.

Inclusion and diversity. We believe high-performing organizations are defined by policies and practices that encourage and celebrate an inclusive and diverse workforce. We have adopted metrics that measure the racial, ethnic, and gender diversity of

our organization and practices to ensure our organization is representative of the communities we serve. We are committed to equal pay for equal work, and continually monitor and analyze our compensation programs for equality.

In 2020, we further advanced our gender equality initiative with women representing half of our total employee base and more than one-third of our leadership ranks.

Benefits. We offer a complete set of benefits for our employees, including competitive base salaries, annual cash bonuses and an equity incentive program, as well as comprehensive health benefits, retirement plans, and a generous time off policy. For our U.S.-based employees, we offer 12 weeks of paid parental (maternal and paternal) leave, providing important support for our employees as they strive to care for, bond with and welcome new family members and integrate family life with work life. In addition, every employee receives a day of birthday time off, to enable that employee to celebrate on a day during the month of their birth.

Community engagement and involvement. We are active and involved members in the communities in which our employees live and work, and we promote a culture of volunteering and giving back. Every employee globally receives eight hours of paid volunteer time off annually, which encourages our employees to serve the communities in which we live and work. Through our paid volunteer time off program, our employees collectively volunteered more than 5,300 hours supporting a variety of charitable causes and organizations in their communities during 2020.

Training, development, and performance. In July 2020, we launched CJX™ University, a world-class learning and development platform designed to help employees grow and develop in their careers. Since launch, our employees have logged more than 18,000 training hours. Additionally, we hold bi-annual unrated performance reviews, designed to encourage employees to have conversations with their managers relating to their areas of strength and growth opportunities and allowing for a plan for future career progression and development.

Competition and Our Competitive Strengths

The market for our BPaaS services and CJX™ solution suite is dynamic and evolving. Historically, B2B companies have managed their customer acquisition, engagement, expansion, and retention efforts internally and have relied upon a variety of third-party technologies and tools - including enterprise resource planning software, customer relationship management software, customer success management software, business intelligence software, channel management software, customer experience management software, and sales enablement software - from vendors such as Adobe, Gainsight, Medallia, Oracle, SAP, salesforce.com, and XANT, to enable their in-house teams and workflows. Some companies have made further investments in this area using firms such as Accenture, Deloitte Digital and McKinsey & Company for customer experience design and digital transformation consulting services for their go-to-market organizations. These internally developed solutions represent the primary alternative to our integrated approach of combining people, processes and technology to provide a purpose-built, end-to-end optimized solution.

We believe we are the only company of scale exclusively focused on serving the unique requirements of B2B technology companies with a solution suite that addresses the entirety of the customer journey experience continuum. Within the broader BPaaS market, at times we may compete with larger, more diversified and less-focused companies such as Cognizant, Convergys, Genpact, TTEC, and Webhelp, as well as smaller companies offering more narrow point solutions such as MarketStar and N3 Results.

We believe our principal competitive strengths and differentiators include our:

- 20+ year track record of innovation and market leadership;
- B2B technology industry domain expertise;
- ability to drive client success and value;
- scope and completeness of our solution;
- robust global delivery footprint and infrastructure;
- extensive geographic and language coverage model;
- outcomes-based, pay-for-performance pricing;
- data-driven insights, best practices and benchmarks;
- speed and agility;
- experience and quality of our leadership team;
- reputation and referenceable client base; and
- size and financial stability of our operations.

Although we currently have few direct competitors that offer integrated solutions at our scale, we expect competition and competitive pressure, from both new and existing competitors, to increase in the future.

Our Intellectual Property

We believe our ability to innovate is a key driver of value for our clients and our business. The solutions we provide to our clients often include a variety of proprietary tools, technologies, processes, methodologies, and expertise which comprise our intellectual property. In addition, our intellectual property includes patents, trademarks, and copyrights, as well as various trade secrets, which we believe provide us with a competitive advantage in the marketplace. We protect our intellectual property by leveraging U.S. and foreign patent, trademark, copyright, and trade secret laws, in addition to entering into non-competition, confidentiality, non-disclosure, and related intellectual property protection agreements with our clients, employees, contractors and suppliers.

Partnerships and Alliances

We routinely enter into partnerships and alliances with companies that can enhance our solutions, differentiate our capabilities, advance our technologies and tools, and complement our sales and marketing activities. These relationships include strategic go-to-market alliances, joint-selling agreements, “white-labeled” technology integrations and business transformation and consulting partners.

Additional Information

Our predecessor company was founded in 1999 and we were formed as a Delaware limited liability company in 2002 and converted to a Delaware corporation in 2011. Additional information about us is available on our website at <http://www.servicesource.com>. The information on our website is not incorporated into this annual report by reference and is not a part of this Form 10-K. We make available free of charge on our website our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after those reports are electronically filed with, or furnished to, the SEC. In addition, the SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>. From time to time, we may use our website as a channel of distribution of material information about our company. Financial and other important information regarding our business is routinely posted on and accessible at <http://ir.servicesource.com>.

ITEM 1A. RISK FACTORS

Investing in our common stock involves risk. Our operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows and the trading price of our common stock. You should carefully consider the risks described below and the other information in this Annual Report on Form 10-K.

Risks Related to Our Business and Industry

Our business and growth depend substantially on clients renewing their agreements with us and expanding their use of our solution for additional available markets. Any decline in our client renewals, termination of ongoing engagements or failure to expand their relationships with us could harm our future operating results.

In order for us to improve our operating results and grow, it is important that our clients renew their agreements with us when the initial contract term expires and that we expand our client relationships to add new market opportunities and the related revenue management opportunity. Our clients may elect not to renew their contracts with us after the expiration of their initial term, which typically vary between one and two years, or may elect to otherwise terminate our services, and we cannot assure you that our clients will renew service contracts with us at the same or higher level of service, if at all, or provide us with the opportunity to manage additional revenue management opportunities. Although our renewal rates have been historically higher than those achieved by our clients prior to their use of our solution, some clients have still elected not to renew their agreements with us. Our clients’ renewal rates may decline or fluctuate as a result of a number of factors, many of which are beyond our control, including their satisfaction or dissatisfaction with our solution and results, our pricing, mergers and acquisitions affecting our clients or their end customers, the effects of economic conditions or reductions in our clients’ or their end customers’ spending levels. If our clients do not renew their agreements with us, renew on less favorable terms, terminate their services with us or fail to contract with us for additional services, our revenue may decline and our operating results may be adversely affected.

Our revenue will decline if there is a decrease in the overall demand for our clients’ products and services.

A majority of our revenue is based on a pay-for-performance model, which means that we are paid a commission based on the service contracts we sell on behalf of our clients. If a client’s products or services fail to appeal to its end customers, our revenue will decline for our work with that client. In addition, if end customer demand decreases for other reasons, such as

negative news regarding our clients or their products, unfavorable economic conditions, shifts in strategy by our clients away from promoting the service contracts we sell in favor of selling their other products or services to their end customers, or if end customers experience financial constraints and terminate or fail to renew the service contracts we sell, we may experience a decrease in our revenue as the demand for our clients' service contracts declines. Similarly, if our clients come under economic pressure, they may be more likely to terminate their contracts with us or seek to restructure those contracts.

The ongoing COVID-19 pandemic may have material adverse effect on our business, financial position, results of operations and/or cash flows.

We face various risks related to health epidemics, pandemics and similar outbreaks, including the global outbreak of COVID-19. The continued spread of COVID-19 has led to disruption and volatility in the global capital markets, which increases the cost of capital and adversely impacts access to capital. If significant portions of our workforce are unable to work effectively, including because of illness, lack of available internet capacity, or other restrictions in connection with the COVID-19 pandemic, our operations may be impacted.

If our performance falls short of our estimates, our client relationships will be at risk, our revenue will suffer and our ability to grow could be harmed.

A majority of our business depends on driving new or renewal revenue for our clients, and we then receive a commission on the new or renewal revenue that we generate on our clients' behalf. In some cases, our commission rates vary depending on our performance—for example, if we overperform compared to our estimates then we may receive a higher commission. In addition, our clients rely on us to accurately forecast our performance, especially because we drive revenue on their behalf. These forecasts are based upon the data our clients provide to us, and are subject to significant business, economic and competitive uncertainties and are based on assumptions and estimates that may not prove to be accurate. In addition, these forecasted expectations are based upon historical trends and data that may not be true in subsequent periods. If our performance for a particular client is lower than anticipated, then our revenue for that client will also be lower than projected. If our performance falls short of expectations across a broad range of clients, or if our performance falls below expectations for a particularly large client, then the impact on our revenue and our overall business will be significant. In the event our performance is lower than expected for a given client, our margins will suffer because we will have already incurred a certain level of costs in both personnel and infrastructure to support the engagement. This risk is compounded by the fact that many of our client relationships can be terminated by the client if we fail to meet certain specified sales targets, including bookings rates, over a sustained period of time. If our performance falls to a level at which our revenue and client contracts are at risk, then our financial performance will decline and we may have difficulty attracting and retaining new clients.

We depend on a limited number of clients for a significant portion of our revenue, and the loss of business from one or more of our key clients could adversely affect our results of operations.

Our top ten clients accounted for 78% of our revenue for the year ended December 31, 2020, and four clients each represented over 10% of our revenue during this period. A relatively small number of clients may continue to account for a significant portion of our revenue for the foreseeable future. The loss of revenue from any of our significant clients for any reason, including the failure to renew our contracts, termination of some or all of our services, a change of relationship with any of our key clients, or the acquisition of one of our significant clients, may cause a significant decrease in our revenue.

If we cannot efficiently implement our offering for clients, we may be delayed in generating revenue, fail to generate revenue and/or incur significant costs.

In general, our client engagements are complex and we must undertake lengthy and significant work to implement our offerings. We generally incur sales and marketing expenses related to the commissions owed to our sales representatives and make upfront investments in technology and personnel to support the engagements one to three months before we begin selling end customer contracts on behalf of our clients. Each client's situation may be different, and unanticipated difficulties and delays may arise as a result of our failure, or that of our client, to meet implementation responsibilities. If the client implementation process is not executed successfully or if execution is delayed, we could incur significant costs without generating revenue, and our relationships with some of our clients and operating results may be adversely impacted.

Because competition for our target employees is intense, we may be unable to attract and retain the highly skilled employees we need to support our planned growth.

To continue to execute on our growth plan, we must attract and retain highly qualified sales representatives, engineers and other key employees in the international markets in which we have operations. Competition for these personnel is intense, especially for highly educated, qualified sales representatives with multiple language skills. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled key employees with appropriate qualifications. We may incur significant costs to attract and retain highly skilled key employees, and we may lose new employees to our competitors or other companies before we realize the benefit of our investment in

recruiting and training them. If we fail to attract new sales representatives, engineers and other key employees, or fail to retain and motivate our most successful employees, our business and future growth prospects could be harmed.

If our security measures are breached or fail, resulting in unauthorized access to client data, our solution may be perceived as insecure, the attractiveness of our solution to current or potential clients may be reduced and we may incur significant liabilities.

Our solution involves the storage and transmission of the proprietary information and protected data that we receive from our clients. We rely on proprietary and commercially available systems, software, tools and monitoring, as well as other processes, to provide security for processing, transmission and storage of such information. Despite the implementation of these security measures, our systems may still be vulnerable. If our security measures are breached or fail as a result of third-party action, employee negligence, error, malfeasance or otherwise, unauthorized access to client or end customer data may occur. Techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, and we may be unable to anticipate these techniques or implement adequate protective measures. Our security measures may not be effective in preventing these types of activities, and the security measures of our third-party data centers and service providers may not be adequate.

Our client contracts generally provide that we will indemnify our clients for data privacy breaches caused by our acts or omissions. If a data privacy breach occurs, we could face contractual damages, damages and fees arising from our indemnification obligations, penalties for violation of applicable laws or regulations, possible lawsuits by affected individuals and significant remediation costs and efforts to prevent future occurrences. Insurance may not be able to cover these costs in full, in particular if the damages are large. In addition, whether there is an actual or a perceived breach of our security, the market perception of the effectiveness of our security measures could be harmed significantly and we could lose current or potential clients.

We may be liable to our clients or third parties if we make errors in providing our solution or fail to properly safeguard our clients' confidential information.

The solution we offer is complex, and we make errors from time to time. These may include human errors made in the course of managing the sales process for our clients as we interact with their end customers, or errors arising from our technology solution as it interacts with our clients' systems and the disparate data contained on such systems. For example, our employees enter codes to classify their interactions with our clients' end customers, and incorrect code entry could result in our clients' end customer not receiving the service or solution they requested, which in turn could lead to customer dissatisfaction or termination causing our client relationships to suffer and our revenue and our clients' revenue to decline. The costs incurred in correcting any material errors may be substantial. Any claims based on errors could subject us to exposure for damages, significant legal defense costs, adverse publicity and reputational harm, regardless of the merits or eventual outcome of such claims.

We conduct operations in a number of countries and are subject to risks of international operations.

Outside of the U.S., we conduct operations in Bulgaria, Ireland, Japan, Malaysia, the Philippines, Singapore and the United Kingdom. In 2020, approximately 43% of our revenue was related to operations located outside of the U.S. In addition, 70% of our employees are located in offices outside of the U.S. We expect to continue our international growth, with international revenue accounting for an increased portion of total revenue in the future. Our international operations involve risks that differ from or are in addition to those faced by our U.S. operations. These risks include different employment laws and rules and related social and cultural factors; different regulatory and compliance requirements, including in the areas of privacy and data protection, anti-bribery and anti-corruption, trade sanctions, marketing and sales and other barriers to conducting business; cultural and language differences; diverse or less stable political, operating and economic environments and market fluctuations; and civil disturbances or other catastrophic events that affect business activity (including the ongoing coronavirus outbreak). If we are not able to efficiently adapt to or effectively manage our business in markets outside of the U.S., our business prospects and operating results could be materially and adversely affected. Although we have business continuity plans in place for our operations, an extended period of civil unrest that halts or significantly impedes operations could have a material adverse effect on our business.

Laws or public perception may eliminate or restrict our ability to use revenue delivery centers not located in the U.S., which could have a material adverse impact on our business and results of operations.

The issue of companies outsourcing services to organizations operating in other countries is a politically sensitive topic and has been under heightened scrutiny in many countries, including the U.S. We provide our outsourced customer success and revenue growth solutions in several non-U.S. locations, including the Philippines and Malaysia, and our growth strategy includes increasing reliance on these "offshore" revenue delivery centers. Many organizations and public figures in the U.S. have publicly expressed concern about a perceived association between offshore outsourcing providers and the loss of jobs in the U.S., and the topic of offshore outsourcing has recently received a great deal of negative attention from the U.S. executive

branch. Because of negative public perception about offshore outsourcing, measures aimed at limiting or restricting offshore outsourcing by U.S. companies are periodically considered in the U.S. Congress. Current or prospective clients may elect to perform such services themselves or may be discouraged from transferring these services from onshore to offshore providers to avoid negative perceptions that may be associated with using an offshore provider. Any slowdown or reversal of existing industry trends towards offshore outsourcing, including due to the enactment of any legislation restricting offshore outsourcing by U.S. companies, would harm our ability to provide certain of our services to our clients at a competitive and cost-effective price point and would have a material adverse effect on our business and results of operations.

Changes in the legal and regulatory environment that affect our operations, including laws and regulations relating to the handling of personal data, data security and cross-border data flows, may impede the adoption of our services, disrupt our business or result in increased costs, legal claims, or fines against us.

We are subject to a wide variety of laws and regulations in the U.S. and the other jurisdictions in which we operate, and changes in the level of government regulation of our business have the potential to materially alter our business practices with resultant increases in costs and decreases in profitability. Depending on the jurisdiction, those changes may come about through new legislation, the issuance of new regulations or changes in the interpretation of existing laws and regulations by a court, regulatory body or governmental official. Sometimes those changes have both prospective and retroactive effect, which is particularly true when a change is made through reinterpretation of laws or regulations that have been in effect for some time.

Our international operations and global client base relies increasingly on the movement of data across national boundaries. Legal requirements relating to the collection, storage, handling and transfer of personal data continue to evolve, and additional regulation in those areas, some of it potentially difficult and costly for us to accommodate, is frequently proposed and occasionally adopted. Laws in many countries and jurisdictions, particularly in the European Union and Canada, govern the requirements related to how we store, transfer or otherwise process the private data provided to us by our clients. For example, in the European Union, the GDPR imposes substantial requirements regarding the handling of personal data. The GDPR, as well as other data privacy, cyber security and data localization laws and regulations, has changed in recent years and is likely to continue to evolve in the future. Although we have implemented measures designed to comply with the laws and regulations applicable to our business, our ongoing efforts to comply with the GDPR and other changes in laws and regulations (such as the California Consumer Privacy Act that became effective in January 2020) may entail substantial expenses and divert resources from other initiatives. These changes have in the past increased, and may continue to increase, our cost of providing our services, could limit us from offering solutions in certain jurisdictions, could adversely affect our sales cycles, and could impact our new technology innovation. In addition, the centralized nature of our information systems at the data and operations centers that we use requires the routine flow of data relating to our clients and their respective end customers across national borders, both with respect to the jurisdictions within which we have operations and the jurisdictions in which we provide services to our clients. If this flow of data becomes subject to new or different restrictions, our ability to serve our clients and their respective end customers could be seriously impaired for an extended period of time.

We also have entered into various model contracts and related contractual provisions to enable these data flows. For any jurisdictions in which these measures are not recognized or otherwise not compliant with the laws of the countries in which we process data, or where more stringent data privacy laws are enacted irrespective of international treaty arrangements or other existing compliance mechanisms, we could face increased compliance expenses and face penalties for violating such laws or be excluded from those markets altogether, in which case our operations could be materially damaged.

Consolidation in the technology sector could harm our business in the event that our clients are acquired and their contracts are canceled.

Consolidation among technology companies in our target market has been robust in recent years, and this trend poses a risk for us. Acquisitions of our clients could lead to cancellation of our contracts with those end customers by the acquiring companies and could reduce the number of our existing and potential clients. If mergers and acquisitions take place within our customer base, some of the acquiring companies may terminate, renegotiate and/or elect not to renew our contracts with the companies they acquire, which would reduce our revenue. In addition, acquisitions in our customer base may adversely impact our revenue even if the contract is not terminated. The sales we make on behalf of our customers are processed through our customers' billing and quoting platforms. If our customers are acquired or merge with another company and as a result, their billing platforms or the procedures for processing closed sales are changed or slowed down, we will be unable to close our sales and our closure rate will fall, and therefore our revenue and our ability to keep our customers, could suffer.

We enter into long-term, commission-based contracts with our clients, and our failure to correctly price these contracts may negatively affect our profitability.

We enter into long-term contracts with our clients that are priced based on multiple factors determined in large part by the performance analysis we conduct for our clients. These factors include opportunity size, anticipated booking rates and expected commission rates at various levels of sales performance. Some of these factors require forward-looking assumptions that may prove incorrect. If our assumptions are inaccurate, or if we otherwise fail to correctly price our client contracts, particularly

those with lengthy contract terms, then our revenue, profitability and overall business operations may suffer. Further, if we fail to anticipate any unexpected increase in our cost of providing services, including the costs for employees, office space or technology, we could be exposed to risks associated with cost overruns related to our required performance under our contracts, which could have a negative effect on our margins and earnings.

A substantial portion of our business consists of supporting our clients' channel partners in the sale of service contracts. If those channel partners become unreceptive to our solution, our business could be harmed.

Many of our clients, including some of our largest clients, sell service contracts through their channel partners and engage our solution to help those channel partners become more effective at selling service contract renewals. In this context, the ultimate buyers of the service contracts are end customers of those channel partners, who then receive the actual services from our clients. In the event our clients' channel partners become unreceptive to our involvement in the renewals process, those channel partners could discourage our current or future clients from engaging our solution to support channel sales. This risk is compounded by the fact that large channel partners may have relationships with more than one of our clients or prospects, in which case the negative reaction of one or more of those large channel partners could impact multiple client relationships. Accordingly, with respect to those clients and prospective clients who sell service contracts through channel partners, any significant resistance to our solution by their channel partners could harm our ability to attract or retain clients, which would damage our overall business operations.

We face long sales cycles to secure new client contracts, making it difficult to predict the timing of specific new client relationships.

We face a variable selling cycle to secure new client agreements, typically spanning a number of months and requiring our effort to obtain and analyze our prospect's business through the service performance analysis, for which we are not paid. We recently have also experienced a lengthening of our sales cycles reflecting the hiring of a number of new sales personnel in the past eighteen months who are new to selling our solution as well as slower decision making by a few end customers as well as other end customers considering renewals of large, multi-year contracts. This has adversely affected the conversion rates of new client contracts. Moreover, even if we succeed in developing a relationship with a potential new client, the scope of the potential subscription or service revenue management engagement frequently changes over the course of the business discussions and, for a variety of reasons, our sales discussions may fail to result in new client acquisitions. Consequently, we have only a limited ability to predict the timing and size of specific new client relationships.

The length of time it takes our newly hired sales and customer success representatives to become productive could adversely impact our success rate, the execution of our overall business plan and our costs.

It can take twelve months or longer before our internal sales and customer success representatives are fully trained and productive in selling our solution to prospective clients. This long ramp period presents a number of operational challenges as the cost of recruiting, hiring and carrying new sales and customer success representatives cannot be offset by the revenue such new sales representatives produce until after they complete their long ramp periods. Given the length of the ramp period, we often cannot determine if a sales and customer success representative will succeed until he or she has been employed for a year or more. If we cannot reliably develop our sales and customer success representatives to a productive level, or if we lose productive representatives in whom we have heavily invested, our future growth rates and revenue will suffer.

Our revenue and earnings are affected by foreign currency exchange rate fluctuations.

In 2020, approximately 43% of our revenue was generated outside of the U.S., as compared to 42% of our revenue in 2019. As a result of our continued focus on international markets, we expect that revenue derived from international sources will continue to represent a significant portion of our total revenue in the future.

A portion of the sales commissions earned from our international clients is paid in foreign currencies. As a result, fluctuations in the value of these foreign currencies may make our solution more expensive or cause resulting fluctuations in cost for international clients, which could harm our business. We currently do not undertake hedging activities to manage these currency fluctuations. Even if we were to implement hedging strategies to mitigate this risk, these strategies might not eliminate our exposure to foreign exchange rate fluctuations and would involve costs and risks of their own, such as ongoing management time and expense, external costs to implement the strategies and potential accounting implications. In addition, if the effective price of the contracts we sell to end customers were to increase as a result of fluctuations in the exchange rate of the relevant currencies, demand for such contracts could fall, which in turn would reduce our revenue.

The exit of the United Kingdom from the European Union could adversely affect our business.

In January 2020, the United Kingdom formally left the European Union, an action referred to as Brexit. Several political, legal, regulatory, and economic factors which are currently unknown will influence Brexit's impact on our business. We have a revenue delivery center in Liverpool, United Kingdom, and Brexit has, and could continue to, create uncertainty in our employee base relating to immigration and other cross-border matters. Brexit could lead to economic and legal uncertainty,

including significant volatility in currency exchange rates, reduced customer demand for our services, and increasingly divergent laws and regulations as the United Kingdom determines which European Union laws to replace or replicate. In addition, Brexit could cause a shift or increase in data privacy regulations for data transfers between the United Kingdom and European Union. Any of these effects of Brexit, among others, could adversely affect our operations in the United Kingdom and our financial results.

Claims by others that we infringe or violate their intellectual property could force us to incur significant costs and require us to change the way we conduct our business.

Our services or solutions could infringe the intellectual property rights of others, impacting our ability to deploy our services or solutions with our clients. From time to time, we receive letters from other parties alleging, or inquiring about, possible breaches of their intellectual property rights. These claims could require us to cease activities, incur expensive licensing costs, or engage in costly litigation, each of which could adversely affect our business and results of operations.

In addition, we may incorporate open source software into our technology solution. The terms of many open source licenses have not been interpreted by U.S. or foreign courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our commercialization of any of our solutions that may include open source software. As a result, we will be required to analyze and monitor our use of open source software closely. As a result of the use of open source software, we could be required to seek licenses from third parties in order to develop such future products, re-engineer our products, discontinue sales of our solutions or release our software code under the terms of an open source license to the public. Given the nature of open source software, there is also a risk that third parties may assert copyright and other intellectual property infringement claims against us based on any use of such open source software. These claims could result in significant expense to us, which could harm our business.

Interruption of operations at our data centers and revenue delivery centers could have a materially adverse effect on our business.

If we experience a temporary or permanent interruption in our operations at one or more of our data or revenue delivery centers, through natural disaster, casualty, operating malfunction, cyberattack, sabotage or other causes, we may be unable to provide the services we are contractually obligated to deliver. Failure to provide contracted services could result in contractual damages or clients' termination or renegotiation of their contracts. Although we maintain disaster recovery and business continuity plans and precautions designed to protect our company and our clients from events that could interrupt our delivery of services, there is no guarantee that such plans and precautions will be effective or that any interruption will not be prolonged. Any prolonged interruption in our ability to provide services to our clients for whom our plans and precautions fail to adequately protect us could have a material adverse effect on our business, results of operation and financial condition.

We are dependent on the continued participation and level of service of our third-party platform provider. Any failure or disruption in this service could materially and adversely affect our ability to manage our business effectively.

We rely on salesforce.com to provide the platform supporting many of our technologies and AWS to support a significant portion of our data storage. If salesforce.com or AWS stops supporting our technologies or if they fail to provide a platform that consistently and adequately supports our solution, including as a result of errors or failures in their systems or events beyond their control, or refuse to provide their platforms on terms acceptable to us or at all and we are not able to find suitable alternatives, our business may be materially and adversely affected.

We may be subject to state, local and foreign taxes that could harm our business.

We operate revenue delivery centers in multiple locations. Some of the jurisdictions in which we operate, such as Ireland, give us the benefit of either relatively low tax rates, tax holidays or government grants, in each case, that are dependent on how we operate or how many jobs we create and employees we retain. We plan on utilizing such tax incentives in the future, as opportunities are made available to us. Any failure on our part to operate in conformity with applicable requirements to remain qualified for any such tax incentives or grants may result in an increase in our taxes. In addition, jurisdictions may choose to increase rates at any time due to economic or other factors. Any such rate increases may harm our results of operations.

We may lose sales or incur significant costs should various tax jurisdictions impose taxes on either a broader range of services or services that we have performed in the past. We may be subject to audits of the taxing authorities in the jurisdictions where we do business that would require us to incur costs in responding to such audits. Imposition of such taxes on our services could result in substantial unplanned costs, would effectively increase the cost of such services to our clients and may adversely affect our ability to retain existing clients or to gain new clients in the areas in which such taxes are imposed.

We may incur material restructuring charges.

We continually evaluate ways to reduce our operating expenses and adapt to changing industry and market conditions through new restructuring opportunities, including more effective utilization of our assets, workforce and operating facilities. We have

recorded restructuring charges in the past and we may incur material restructuring charges in the future. The risk that we incur material restructuring charges may be heightened during economic downturns or with expanded global operations.

We have incurred indebtedness in connection with our business and may incur additional indebtedness in the future.

In July 2018, we entered into a \$40.0 million Revolver that allows us to borrow against our domestic receivables as defined in the credit agreement. As of February 24, 2021, we had \$15.0 million of borrowings under the Revolver through a one-month Eurodollar borrowing at an effective interest rate of 2.12% maturing at the end of February 2021. An additional \$11.2 million was available for borrowing under the Revolver as of February 24, 2021. The Eurodollar borrowings may be extended upon maturity, converted into a base rate borrowing upon maturity or require an incremental payment if the Company's borrowing base decreases below the current amount outstanding during the term of the Eurodollar borrowing. We may incur additional indebtedness in connection with financing acquisitions, strategic transactions or for other purposes.

If we are unable to secure additional borrowing options in the future, it may have an adverse effect on our business.

The Revolver matures in July 2021 and we are subject to the risks normally associated with debt obligations, including the risk that we will be unable to refinance our indebtedness, or that the terms of such refinancing will not be as favorable as the terms of our indebtedness. If we are unable to generate sufficient cash flow or otherwise obtain funds necessary to make required payments or otherwise refinance any debt that we incur, our business could suffer.

Our financial condition and results of operations could suffer if there is an impairment of goodwill.

We are required to test goodwill annually or more frequently if certain circumstances change that would more-likely-than-not indicate the carrying value of the reporting unit may not be recoverable. As of December 31, 2020, our goodwill was \$6.3 million. When the carrying value of a reporting unit exceeds its fair value, an impairment loss equal to the difference is recorded. This would result in incremental expenses for that period, which would reduce any earnings or increase any loss for the period in which the impairment was determined to have occurred. Declines in our level of revenues or declines in our operating margins, or sustained declines in our stock price, increase the risk that goodwill may become impaired in future periods. Our goodwill impairment analysis is sensitive to changes in key assumptions used in our analysis, such as expected future cash flows and our stock price. If the assumptions used in our analysis are not realized, it is possible that an impairment charge may need to be recorded in the future. We cannot accurately predict the amount and timing of any impairment of goodwill.

If we were to experience an ownership change, we could be limited in our ability to use NOLs arising prior to the ownership change to offset future taxable income. In addition, our ability to use NOLs to reduce future tax payments may be limited if our taxable income does not reach sufficient levels.

As of December 31, 2020, we had net operating losses of \$316.7 million. If we were to experience an "ownership change," as determined under Section 382 of the IRC, our ability to offset taxable income arising after the ownership change with net operating losses arising prior to the ownership change would be limited, possibly substantially. In addition, our ability to use our net operating losses is dependent on our ability to generate taxable income, and the net operating losses could expire before we generate sufficient taxable income to make use of our net operating losses.

General Risk Factors

Anti-takeover provisions contained in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our certificate of incorporation, bylaws and Delaware law contain provisions that could have the effect of rendering more difficult or discouraging an acquisition deemed undesirable by our board of directors. Our corporate governance documents include provisions:

- authorizing blank check preferred stock, which could be issued by our board of directors without stockholder approval, with voting, liquidation, dividend and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- limiting the ability of our stockholders to call and bring business before special meetings and to take action by written consent in lieu of a meeting;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors;
- controlling the procedures for the conduct and scheduling of stockholder meetings;
- providing the board of directors with the express power to postpone previously scheduled annual meetings and to cancel previously scheduled special meetings;

- limiting the determination of the number of directors on our board and the filling of vacancies or newly created seats on the board to our board of directors then in office; and
- providing that directors may be removed by stockholders only for cause.

These provisions, alone or together, could delay hostile takeovers and changes in control or changes in our management. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation law, which limits the ability of stockholders owning in excess of 15% of our outstanding common stock to merge or combine with us.

Any provision of our certificate of incorporation, bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our stock, our stock price and trading volume could decline.

The trading market for our common stock could depend in part on the research and reports that securities or industry analysts publish about us or our business, which in part depends on our market capitalization. If analysts downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price could also likely decline. If analysts cease coverage of us, the trading price and trading volume of our stock could be negatively impacted. As of December 31, 2020, the Company is not aware of any active analyst coverage.

Because we currently do not intend to pay dividends, stockholders will benefit from an investment in our common stock only if it appreciates in value.

We currently intend to retain our future earnings, if any, for use in the operation of our business and do not expect to pay any cash dividends in the foreseeable future on our common stock. As a result, the success of an investment in our common stock will depend upon any future appreciation in its value. There is no guarantee that our common stock will appreciate in value or even maintain the price at which stockholders have purchased their shares.

Our business or the value of our common stock could be negatively affected as a result of actions by activist stockholders.

Our company values constructive input from investors and regularly engages in dialogues with stockholders regarding strategy and performance. Our board of directors and management team are committed to acting in the best interests of all of our stockholders. There is no assurance that the actions taken by our board of directors and management in seeking to maintain constructive engagement with stockholders will be successful.

Activist stockholders who disagree with the composition of our board of directors, our strategy, or the way our company is managed may seek to effect change through various strategies that range from private engagement to publicity campaigns, proxy contests, efforts to force transactions not supported by our board of directors, and litigation. Responding to some of these actions can be costly and time-consuming, may disrupt our operations and divert the attention of our board of directors, management, and employees. Such activities could interfere with our ability to execute our strategic plan and to attract and retain qualified executive leadership and could cause concern to our current or potential clients. The perceived uncertainty as to our future direction resulting from activist strategies could also affect the market price and volatility of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company leases the office space that houses its corporate headquarters located in Denver, Colorado. The Company also leases additional office space for its U.S. offices in California and Tennessee, and international offices in Bulgaria, Ireland, Japan, Malaysia, Philippines, Singapore and the United Kingdom.

ITEM 3. LEGAL PROCEEDINGS

The information required by this item is incorporated by reference from the information contained in “Note 11 — Commitments and Contingencies” in Notes to the Consolidated Financial Statements in Part II, Item 8.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded on The Nasdaq Stock Market LLC under the symbol “SREV.”

Holders

As of January 31, 2021, there were 53 holders of record of our common stock. A substantially greater number of holders of our common stock are “street name” or beneficial holders, whose shares are held by banks, brokers and other financial institutions.

Dividends

We have never declared or paid cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our common stock in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following MD&A should be read in conjunction with our annual Consolidated Financial Statements and notes thereto appearing elsewhere in this annual report on Form 10-K. MD&A contains forward-looking statements. See "Forward-Looking Statements" and "Item 1A. Risk Factors" for a discussion of the uncertainties, risks and assumptions associated with these statements. Actual results may differ materially from those contained in any forward-looking statements.

Overview

ServiceSource is a leading provider of BPaaS solutions that enable the transformation of go-to-market organizations and functions for global technology clients. We design, deploy, and operate a suite of innovative solutions and complex processes that support and augment our clients' B2B customer acquisition, engagement, expansion and retention activities. Our clients - ranging from Fortune 500 technology titans to high-growth disruptors and innovators - rely on our holistic customer engagement methodology and process excellence, global scale and delivery footprint, and data analytics and business insights to deliver trusted business outcomes that have a meaningful and material positive impact to their long-term revenue and profitability objectives. Through our unique integration of people, process and technology - leveraged against our more than 20 years of experience and domain expertise in the cloud, software, hardware, medical device and diagnostic equipment, and industrial IoT sectors - we effect and transact billions of dollars of B2B commerce in more than 175 countries on our clients' behalf annually.

Factors Affecting our Performance

We generate a significant portion of our revenue from a limited number of clients. The loss of revenue from any of our top clients for any reason, including the failure to renew our contracts, termination of some or all of our services, or a change of relationship with any of our key clients or their acquisition, may cause a significant decrease in our revenue.

Our business is geographically diversified. During 2020, 57% of our net revenue was earned in NALA, 28% in EMEA and 15% in APJ, compared to 58% in NALA, 26% in EMEA and 16% in APJ during 2019. All of NALA's revenue represents revenue generated within the U.S. Net revenue for a particular geography generally reflects commissions earned from sales of service contracts managed from our revenue delivery center in that geography. Predominantly all of the service contracts sold and managed by our revenue delivery centers relate to end customers located in the same geography.

Sales Cycle. We sell our integrated solution through our sales organization. At the beginning of the sales process, our quota-carrying sales representatives contact prospective clients and educate them about our offerings. Educating prospective clients about the benefits of our solutions can take time, as many of these prospects have not historically relied upon integrated solutions like ours for service revenue management, nor have they typically put out a formal request for proposal or otherwise made a decision to focus on this area. As part of our sales process, our solutions design team performs a service performance analysis of our prospect's service revenue. This includes an analysis of best practices and benchmarks the prospect's service revenue against industry peers. Through this process, which typically takes several weeks, we are able to assess the characteristics and size of the prospect's service revenue, identify potential areas of performance improvement, and formulate our proposal for managing the prospect's service revenue. The length of our sales cycle for a new client, inclusive of the service performance analysis process and measured from our first formal discussion with the client until execution of a new client contract, is typically six months and has decreased in recent periods.

Implementation Cycle. After entering into an engagement with a new client, and to a lesser extent after adding an engagement with an existing client, we incur sales and marketing expenses related to the commissions owed to our sales personnel. These commissions are based on realized revenue that the contract delivers over time and on the estimated total annual contract value. Commission amounts based on realized revenue are expensed in the period the related revenue is recognized by the Company. Upfront commissions based on estimated total annual contract value are capitalizable as contract acquisition costs and expensed ratably over the expected life of the applicable contract or five years if the contract is between the Company and one of its long-standing clients. We also make upfront investments in technology and personnel to support the engagement. These upfront commissions and investments are typically incurred one to three months before we begin generating sales and recognizing revenue. Accordingly, in a given quarter, an increase in new clients, and, to a lesser extent, an increase in engagements with existing clients, or a significant increase in the contract value associated with such new clients and engagements, will negatively impact our gross margin and operating margins until we begin to achieve anticipated sales levels associated with the new engagements, which is typically two to three quarters after we begin selling contracts on behalf of our clients.

Although we expect new client engagements to contribute to our operating profitability over time, in the initial periods of a client relationship, our near-term profitability can be negatively impacted by slower-than anticipated growth in revenues for these engagements as well as the impact of the upfront costs we incur, the lower initial level of associated service sales team productivity and lack of mature data and technology integration with the client. As a result, an increase in the mix of new

clients as a percentage of total clients may initially have a negative impact on our operating results. Similarly, a decline in the ratio of new clients to total clients may positively impact our near-term operating results.

Contract Terms. A significant portion of our revenue comes from our pay-for-performance model. Under our pay-for-performance model, we earn commissions based on the value of service contracts we sell on behalf of our clients. In some cases, we earn additional performance-based commissions for exceeding pre-determined service performance targets.

Our new client contracts typically have an initial term between one and two years. Our contracts generally require our clients to deliver a minimum value of qualifying service revenue contracts for us to renew on their behalf during a specified period. To the extent that our clients do not meet their minimum contractual commitments over a specified period, they may be subject to fees for the shortfall. Our client contracts are cancelable with relatively short notice and can be subject to the payment of an early termination fee by the client. The amount of this fee is based on the length of the remaining term and value of the contract.

Merger and Acquisition Activity. Our clients, particularly those in the technology sector, participate in an active environment for mergers and acquisitions. Large technology companies have maintained active acquisition programs to increase the breadth and depth of their product and service offerings and small and mid-sized companies have combined to better compete with large technology companies. A number of our clients have merged, purchased other companies or been acquired by other companies. We expect merger and acquisition activity to continue to occur in the future.

The impact of these transactions on our business can vary. Acquisitions of other companies by our clients can provide us with the opportunity to pursue additional business to the extent the acquired company is not already one of our clients. Similarly, when a client is acquired, we may be able to use our relationship with the acquired company to build a relationship with the acquirer. In some cases, we have been able to maintain our relationship with an acquired client even where the acquiring company handles its other service contract renewals through internal resources. In other cases, however, acquirers have elected to terminate or not renew our contract with the acquired company.

Seasonality. We experience a seasonal variance in our revenue which is typically higher in the fourth quarter when many of our clients' products come up for renewal, and for the third quarter of the year which is typically lower as a result of lower or flat renewal volume corresponding to the timing of our customers' product sales particularly in the international regions. The impact of this seasonal fluctuation can be amplified if the economy as a whole is experiencing disruption or uncertainty, leading to deferral of some renewal decisions.

Foreign currency. Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Euro, British Pound, Singapore Dollar, Philippine Peso, Bulgarian Lev and Malaysian Ringgit. To date, we have not entered into any foreign currency hedging contracts, but may consider entering into such contracts in the future. We believe our operating activities act as a natural hedge for a substantial portion of our foreign currency exposure because we typically collect revenue and incur costs in the currency in the location in which we provide our solution from our revenue delivery centers. As our international operations grow, we will continue to reassess our approach to managing our risk relating to fluctuations in currency rates. See Item.1A. "Risk Factors" for a description of the risks associated with fluctuations of the foreign currency exchange rate in our foreign operations.

Inflation. We do not believe that inflation has a material effect on our business, financial condition or results of operations as of December 31, 2020 and December 31, 2019. Nonetheless, 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.

Impact of the COVID-19 Pandemic. With the global outbreak of COVID-19 and the declaration of a pandemic by the World Health Organization on March 11, 2020, we created a dedicated crisis team to proactively implement our business continuity plans. By March 19, 2020, more than 95% of our employees had moved from an in-office to a work-from-home environment and as of April 1, 2020, we transitioned to a 100% virtual operating model. As a result of this successful work-from-home implementation, we have shifted to a virtual-first operating model whereby our employees will continue to primarily work from their home offices and our facilities will be used for collaboration, innovation, and connection. Additionally, this model includes virtual sourcing, hiring, and onboarding for new employees as well as a process for driving performance and culture in a virtual environment. As a result of the implementation of these business continuity measures, we have not experienced material disruptions in our operations.

We believe we have sufficient liquidity on hand to continue business operations during this volatile period. As of December 31, 2020, we had total available liquidity of \$45.2 million consisting of cash on hand and availability under our Revolver. See "Liquidity and Capital Resources" for additional information.

There was no material adverse impact on the results of operations for the year ended December 31, 2020 resulting from COVID-19. We have incurred and expect to continue to incur costs directly related to the COVID-19 pandemic such as costs for enhanced cleaning of our facilities, investing capital to allow our employees to function in our virtual, work-from-home

operating model and increased paid time off costs resulting from employees taking less paid time off. However, we are benefiting and will continue to benefit from decreases in certain costs related to our facilities and reduced travel and entertainment costs with our virtual-first operating model. We do not currently anticipate that these items will have a material adverse impact on our overall business and financial results.

During 2020, ServiceSource received various grants from the Singapore government, including the Job Support Scheme, which assists enterprises in retaining their local employees during the COVID-19 pandemic. ServiceSource received approximately \$1.3 million from the grant during the year ended December 31, 2020 and is expected to receive an additional \$0.2 million through July 2021. There are no conditions to repay the grants.

The situation surrounding COVID-19 remains fluid and the potential for a negative impact on our financial condition and results of operations increases the longer the virus impacts the economic activity in the U.S. and globally. See Part I, Item 1A - "Risk Factors" for additional information.

Basis of Presentation

Net Revenue

Substantially all of our net revenue is attributable to commissions we earn from the sale of renewals of maintenance, support and subscription agreements on behalf of our clients. We generally invoice our clients for our selling services on a monthly basis for sales commissions, and on a quarterly basis for certain performance sales commissions. We do not set the price, terms or scope of services in the service contracts with end customers and do not have any obligations related to the underlying service contracts between our clients and their end customers. We also generate revenues from selling professional services for which we are the principal. Professional services involve providing data integration at scale with our systems and processes, combined with client data enhancement, enablement and optimization. We typically invoice our clients for professional services on a monthly basis.

Cost of Revenue and Gross Profit

Our cost of revenue includes employee compensation, technology costs, including those related to the delivery of our cloud-based technologies, and allocated overhead expenses. Employee compensation includes salary, bonus, commissions, benefits, and stock-based compensation for our dedicated service sales teams. Allocated overhead expenses include depreciation, amortization of internal-use software associated with our selling services revenue technology platform and cloud applications, and costs for facilities and information technology. Allocated overhead expenses for facilities consist of rent, maintenance, and compensation of personnel in our facilities departments. Our allocated overhead expenses for information technology include costs associated with third-party data centers where we maintain our data servers, compensation of our information technology personnel and the cost of support and maintenance contracts associated with computer hardware and software. To the extent our client base or business with our existing client base expands, we may need to hire additional service sales personnel and invest in infrastructure to support such growth. Our cost of revenue may fluctuate significantly and increase or decrease on an absolute basis and as a percentage of revenue in the near term, including for the reasons discussed under, "Factors Affecting Our Performance-Implementation Cycle."

Operating Expenses

Sales and Marketing

Sales and marketing expenses primarily consist of employee compensation expense and sales commissions paid to our sales and marketing employees, amortization of contract acquisition costs, marketing programs and events and allocated overhead expenses which consist of depreciation, amortization of internally developed software, and facility and technology costs. We sell our solutions through our global sales organization, which is organized across three geographic regions: NALA, EMEA and APJ. Our commission plans generally provide multiple payments of commissions to our sales representatives based in part on the execution of a client contract and then on a percentage of revenue recorded during the first one to three years of the contract term. Commissions paid as a percentage of recorded revenue is contingent on the sales representatives' continued employment. We generally capitalize the amounts payable for obtaining a contract and amortize ratably to sales and marketing expense over the contract term for new clients or five years for long-standing client relationships. Revenue based commissions are generally expensed to sales and marketing expense each quarter as revenue is recorded.

Research and Development

Research and development expenses primarily consist of employee compensation expense, third-party consultant costs and allocated overhead expenses which consist of depreciation, amortization of internally developed software, and facility and technology costs. We focus our research and development efforts on developing new products and applications related to our technology platform. We capitalize certain expenditures related to the development and enhancement of internal-use software related to our technology platform.

General and Administrative

General and administrative expenses primarily consist of employee compensation expense for our executive, human resources, finance and legal functions and expenses for professional fees for accounting, tax and legal services, as well as allocated overhead expenses, which consist of depreciation, amortization of internally developed software, facility and technology costs.

Restructuring and Other Related Costs

Restructuring and other related costs primarily consist of employee severance payments and related benefits and legal fees and charges related to lease termination costs. During 2019 and 2020, the Company announced restructuring efforts resulting in a reduction of headcount and office lease costs. As of December 31, 2020, the Company does not expect to incur additional restructuring charges related to the 2019 restructuring effort and expects to incur additional costs through 2021 related to the 2020 restructuring effort.

Interest and Other Expense, Net

Interest and other expense, net consists of interest expense associated with our Revolver, imputed interest from finance lease payments, interest income earned on our cash and cash equivalents, amortization of debt issuance costs and foreign exchange gains and losses.

Provision for Income Tax Expense

We account for income taxes using an asset and liability method, which requires the recognition of taxes payable or refundable for the current year and deferred tax assets and liabilities for the expected future tax consequences of temporary differences that currently exist between the tax basis and the financial reporting basis of our taxable subsidiaries' assets and liabilities using the enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in operations in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

We evaluate our ability to realize the tax benefits associated with deferred tax assets on a jurisdictional basis. This evaluation utilizes the framework contained in ASC 740 wherein management analyzes all positive and negative evidence available at the balance sheet date to determine whether all or some portion of our deferred tax assets will not be realized. Under this guidance, a valuation allowance must be established for deferred tax assets when it is more-likely-than-not (a probability level of more than 50 percent) that they will not be realized. In assessing the realization of our deferred tax assets, we consider all available evidence, both positive and negative, and place significant emphasis on guidance contained in ASC 740, which states that "a cumulative loss in recent years is a significant piece of negative evidence that is difficult to overcome."

We account for unrecognized tax benefits using a more-likely-than-not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. We establish reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. We record an income tax liability, if any, for the difference between the benefit recognized and measured and the tax position taken or expected to be taken on our tax returns. To the extent that the assessment of such tax positions change, the change in estimate is recorded in the period in which the determination is made. The reserves are adjusted in light of changing facts and circumstances, such as the outcome of a tax audit. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate.

Key Financial Results – Full Year Ended December 31, 2020

- GAAP revenue was \$194.6 million, compared with \$216.1 million reported for the year ended December 31, 2019.
- GAAP net loss was \$18.5 million or \$0.19 per diluted share, compared with GAAP net loss of \$18.7 million or \$0.20 per diluted share reported for the year ended December 31, 2019.
- Adjusted EBITDA, a non-GAAP financial measure, was \$4.3 million compared with \$4.2 million reported for the year ended December 31, 2019. See "Non-GAAP Financial Measurements" below for a reconciliation of Adjusted EBITDA from net loss.
- Ended the year with \$36.3 million of cash and cash equivalents and restricted cash and \$15.0 million of borrowings under the Company's \$40.0 million Revolver.

Results of Operations

For the Year Ended December 31, 2020 Compared to the Year Ended December 31, 2019

Net Revenue, Cost of Revenue and Gross Profit

	For the Year Ended December 31,					
	2020		2019		\$ Change	% Change
	Amount (in thousands)	% of Net Revenue	Amount (in thousands)	% of Net Revenue		
Net revenue	\$ 194,601	100 %	\$ 216,135	100 %	\$ (21,534)	(10)%
Cost of revenue	137,041	70 %	153,155	71 %	(16,114)	(11)%
Gross profit	\$ 57,560	30 %	\$ 62,980	29 %	\$ (5,420)	(9)%

Net revenue decreased by \$21.5 million, or 10%, for the year ended December 31, 2020 compared to the same period in 2019, primarily due to client churn and lower bookings.

Cost of revenue decreased \$16.1 million, or 11%, for the year ended December 31, 2020 compared to the same period in 2019, primarily due to the following:

- \$10.9 million decrease in employee related costs associated with a reduction in headcount, the receipt of the Singapore government grant, and lower travel and entertainment expenditures, partially offset by increased paid time off costs resulting from employees taking less paid time off during the global pandemic;
- \$3.6 million decrease in facility related costs primarily related to sublease income, reduced headcount and transitioning to a virtual-first operating model; and
- \$2.7 million decrease in information technology costs due to an increase in capitalizable software development activity and lower headcount; partially offset by
- \$1.3 million increase in depreciation and amortization expense.

Operating Expenses

	For the Year Ended December 31,					
	2020		2019		\$ Change	% Change
	Amount (in thousands)	% of Net Revenue	Amount (in thousands)	% of Net Revenue		
Operating expenses:						
Sales and marketing	\$ 24,999	13 %	\$ 30,009	14 %	\$ (5,010)	(17)%
Research and development	5,602	3 %	4,848	2 %	754	16 %
General and administrative	41,970	22 %	43,208	20 %	(1,238)	(3)%
Restructuring and other related costs	1,542	1 %	1,929	1 %	(387)	(20)%
Total operating expenses	\$ 74,113	38 %	\$ 79,994	37 %	\$ (5,881)	(7)%

Sales and Marketing

Sales and marketing expense decreased \$5.0 million, or 17%, for the year ended December 31, 2020 compared to the same period in 2019, primarily due to a \$3.9 million decrease in employee related costs associated with a reduction in headcount, lower bookings, and lower travel and entertainment expenditures, a \$0.4 million decrease in information technology cost, a \$0.3 million decrease in marketing cost, and a \$0.3 million decrease in facility costs related to sublease income and transitioning to a virtual-first operating model.

Research and Development

Research and development expense increased \$0.8 million, or 16%, for the year ended December 31, 2020 compared to the same period in 2019, primarily due to a \$1.1 million reduction in third party capitalizable software development costs, partially offset by a \$0.5 million decrease in information technology and facility costs related to sublease income and transitioning to a virtual-first operating model.

General and Administrative

General and administrative expense decreased \$1.2 million, or 3%, for the year ended December 31, 2020 compared to the same period in 2019, primarily due to the following:

- \$1.2 million decrease in employee related costs associated with a reduction in headcount and lower travel and entertainment expenditures and recruiting costs, partially offset by merit increases and increased paid time off costs resulting from employees taking less paid time off during the global pandemic; and
- \$0.8 million decrease in depreciation and amortization expense; and
- \$0.7 million decrease in professional fees; partially offset by
- \$1.2 million increase in information technology support and facility costs due to lower headcount in cost of revenue; and
- \$0.2 million increase due to the settlement of the legal contingency in 2019.

Restructuring and Other Related Costs

Restructuring and other related costs decreased \$0.4 million, or 20%, for the year ended December 31, 2020 compared to the same period in 2019 due to decreased costs incurred during the year ended December 31, 2020 related to the restructuring efforts resulting in a reduction of headcount and office lease costs compared to the year ended December 31, 2019.

Interest and Other Expenses, Net

	For the Year Ended December 31,					
	2020		2019		\$ Change	% Change
	Amount (in thousands)	% of Net Revenue	Amount (in thousands)	% of Net Revenue		
Interest expense	\$ (608)	— %	\$ (388)	— %	\$ (220)	(57)%
Other expense, net	\$ (671)	— %	\$ (838)	— %	\$ 167	20 %

Interest expense increased \$0.2 million, or 57%, for the year ended December 31, 2020 compared to the same period in 2019 primarily due to borrowings on the Revolver during 2020.

Other expense, net decreased \$0.2 million, or 20%, for the year ended December 31, 2020 compared to the same period in 2019 primarily due to a foreign currency fluctuations.

Income Tax Provision

	For the Year Ended December 31,					
	2020		2019		\$ Change	% Change
	Amount (in thousands)	% of Net Revenue	Amount (in thousands)	% of Net Revenue		
Provision for income tax expense	\$ (709)	— %	\$ (443)	— %	\$ (266)	(60)%

Provision for income tax expense resulted primarily from profitable jurisdictions where no valuation allowance has been provided. Income tax expense increased \$0.3 million, or 60%, for the year ended December 31, 2020 compared to 2019, due to an increase in profitable operations in certain foreign jurisdictions.

Liquidity and Capital Resources

Our primary operating cash requirements include the payment of compensation and related employee costs and costs for our facilities and information technology infrastructure. Historically, we have financed our operations from cash provided by our operating activities. We believe our existing cash and cash equivalents will be sufficient to meet our working capital and capital expenditure needs over the next twelve months.

We have considered the effects of the COVID-19 pandemic, including customer purchasing and renewal decisions in our assessment of the sufficiency of our liquidity and capital resources. We will continue to monitor our financial position as pandemic-related challenges develop over time.

As of December 31, 2020, we had cash and cash equivalents of \$34.0 million, which primarily consist of demand deposits and money market mutual funds. Included in cash and cash equivalents was \$6.7 million held by our foreign subsidiaries used to satisfy their operating requirements. We consider the undistributed earnings of ServiceSource Europe Ltd. and ServiceSource International Singapore Pte. Ltd. permanently reinvested in foreign operations and have not provided for U.S. income taxes on such earnings. As of December 31, 2020, the Company had no unremitted earnings from our foreign subsidiaries.

In July 2018, the Company entered into a \$40.0 million Revolver that allows it and the other Borrowers named therein to borrow against its domestic receivables as defined in the Credit Agreement. The Revolver matures July 2021 and bears interest at a variable rate per annum based on the greater of the prime rate, the Federal Funds rate plus 0.50% or the one-month LIBOR rate plus 1.00%, plus, in each case, a margin of 1.00% for base rate borrowings or 2.00% for Eurodollar borrowings.

As of December 31, 2020, the Company had \$15.0 million of borrowings under the Revolver through a one-month Eurodollar borrowing at an effective interest rate of 2.15% maturing January 2021. An additional \$11.2 million was available for borrowing under the Revolver as of December 31, 2020. The Eurodollar borrowings may be extended upon maturity, converted into a base rate borrowing upon maturity or require an incremental payment if the Company's borrowing base decreases below the current amount outstanding during the term of the Eurodollar borrowing.

Subsequent to December 31, 2020, the one-month \$15.0 million Eurodollar borrowing was extended at an effective interest rate of approximately 2.12% maturing at the end of February 2021.

The obligations under the Credit Agreement are secured by substantially all the assets of the Borrowers and certain of their subsidiaries, including pledges of equity in certain of the Company's subsidiaries. The Revolver has financial covenants which the Company was in compliance with as of December 31, 2020 and 2019.

Letters of Credit and Restricted Cash

In connection with two of our leased facilities, the Company is required to maintain two letters of credit totaling \$2.3 million. The letters of credit are secured by \$2.3 million of cash in money market accounts, which are classified as restricted cash in "Other assets" in the Consolidated Balance Sheets.

Cash Flows

The following table presents a summary of our cash flows:

	For the Year Ended December 31,	
	2020	2019
	(in thousands)	
Net cash provided by operating activities	\$ 401	\$ 12,445
Net cash used in investing activities	(7,855)	(10,106)
Net cash provided by (used in) financing activities	14,301	(859)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	96	124
Net change in cash and cash equivalents and restricted cash	<u>\$ 6,943</u>	<u>\$ 1,604</u>

Depreciation and amortization expense were comprised of the following:

	For the Year Ended December 31,	
	2020	2019
	(in thousands)	
Internally developed software amortization	\$ 7,701	\$ 5,802
Property and equipment depreciation	6,224	7,647
Total depreciation and amortization	<u>\$ 13,925</u>	<u>\$ 13,449</u>

Operating Activities

Net cash provided by operating activities decreased \$12.0 million during the year ended December 31, 2020 compared to the same period in 2019, primarily as a result of decreased revenue and higher supplier payments during the current period compared to the prior period related to operating costs accrued for previously.

Investing Activities

Net cash used in investing activities decreased \$2.3 million during the year ended December 31, 2020 compared to the same period in 2019, due to decreased cash outflows from purchases of property and equipment during the year ended December 31, 2020.

Financing Activities

Net cash provided by financing activities increased \$15.2 million during the year ended December 31, 2020 compared to the same period in 2019, primarily as a result of \$15.0 million in net cash inflows from borrowings on the Revolver during the year ended December 31, 2020.

Off-Balance Sheet Arrangements

As of December 31, 2020 and 2019, we did not have any relationships with other entities or financial partnerships such as entities often referred to as structured finance or special-purpose entities, which have been established for facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

General

The preparation of financial statements in conformity with GAAP requires management to use judgment in the application of accounting policies, including making estimates and assumptions. If our judgment or interpretation of the facts and circumstances relating to various transactions had been different or different assumptions were made, it is possible that different accounting policies would have been applied, resulting in different financial results or a different presentation of our financial statements. Our discussion and analysis of financial condition and results of operations is based on our Consolidated Financial Statements, which have been prepared in accordance with GAAP. Estimates, judgments and assumptions are based on historical experiences that we believe to be reasonable under the circumstances. From time to time, we re-evaluate those estimates and assumptions.

The Company's significant accounting policies are described in Notes to the Consolidated Financial Statements, "Note 2 — Summary of Significant Accounting Policies." These policies were followed in preparing the Consolidated Financial Statements as of and for the year ended December 31, 2020 and are consistent with the year ended December 31, 2019.

The Company has identified the following as critical accounting policies. These accounting policies have the most significant impact on our financial condition and results of operations and require management's most difficult, subjective and/or complex estimates.

Revenue Recognition

The Company derives its revenues primarily from selling and professional services. Revenue is recognized in accordance with ASC 606 when performance obligations identified in a contract are satisfied, which is achieved through the transfer of control of the services to our client.

Selling Services

Selling services primarily consist of variable fees earned from the following categories of selling motions: (1) digital sales, (2) customer success, and (3) channel management.

Professional Services

Professional services primarily consist of fixed fees for providing data integration at scale with our systems and processes, combined with client data enhancement, enablement and optimization. Professional services revenues from fixed consideration are recognized based on proportional performance over the performance period which is typically concluded within 90 days of contract execution.

Multiple Arrangements

The Company enters into contracts with multiple performance obligations that incorporate fixed consideration, pay-for-performance commissions and variable bonus commissions. Judgment is required to estimate the amount of variable consideration to include when estimating the total contract consideration and how to allocate the consideration if one of the distinct performance obligations is not sold at SSP.

Performance Obligations

Revenue is measured based on the consideration specified in a contract. Individual services within a single contract are accounted separately if they are distinct. The total contract consideration, or transaction price, is allocated between the separate services identified in the contract based on their SSP. SSP is determined based on a cost plus margin analysis for selling

services and a standard hourly rate card for professional services. For professional services that are contractually priced differently from SSP, the Company estimates SSP using a standard hourly rate card and allocates a portion of the total contract consideration to reflect professional services revenue at SSP.

The Company's performance obligations are satisfied over time and revenue is recognized based on monthly or quarterly time increments and the variable volume of closed bookings during the period at the contractual commission rates for selling services, or proportional performance during the period at SSP for professional services. Because the client simultaneously receives and consumes the benefit of the Company's selling services as provided, the time increment output method depicts the measure of progress in transferring control of the services to the client.

While multiple selling motions in a contract are performed at various times and patterns throughout the month or quarter and the number of closed bookings vary in any given period, each time increment of a service activity is substantially the same and has the same pattern of transfer to the client, and therefore, represents a series of distinct performance obligations that form a single performance obligation. As a result, the Company allocates all variable consideration in a contract to the selling services performance obligation in accordance with the variable consideration allocation exception provisions in ASC 606 (less amounts for which it is probable a significant reversal of revenue will occur when the uncertainties related to the variability are resolved) and applies a single measure of progress to record revenue in the period based on when the output of the variable number of closed bookings occurs or when the variable performance metric is achieved.

Our revenue contracts often include promises to transfer services involving multiple selling motions to a client. Determining whether those services are considered distinct performance obligations and qualify as a series of distinct performance obligations that represent a single performance obligation requires significant judgment. Also, due to the continuous nature of providing services to our clients, judgment is required in determining when control of the services is transferred to the client.

A significant portion of our contracts is based on a pay-for-performance model that provides the Company with commissions and revenue based on a volume of closed bookings each time period and variable consideration if certain performance targets are achieved during a given period of time (such as exceeding quarterly closure rate thresholds or achieving absolute dollar volume sales targets). Significant judgment is required to determine if this type of variable consideration should be constrained, and to what extent, until the risk of a significant revenue reversal is not probable.

Stock-Based Compensation

Stock-based compensation expense for RSUs and PSUs is determined using the fair value of our common stock on the date of grant and is recognized on a straight-line basis over the vesting period. PSU compensation expense is only recorded if it is probable the performance conditions will be met.

Impairment of Goodwill

We evaluate goodwill for possible impairment at least annually or if indicators of impairment arise, such as significant changes in key factors including the industry and competitive environment, stock price, actual revenue performance year over year, EBITDA and cash flow generation that would more-likely-than-not indicate the carrying amount of such assets may not be recoverable. Significant judgments are required to estimate the fair value of the reporting unit which include estimating future cash flows. Changes in these estimates and assumptions could materially affect the determination of fair value for the reporting unit which could trigger impairment.

Income Taxes

We account for income taxes using an asset and liability method, which requires the recognition of taxes payable or refundable for the current year and deferred tax assets and liabilities for the expected future tax consequences of temporary differences that currently exist between the tax basis and the financial reporting basis of our taxable subsidiaries' assets and liabilities using the enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in operations in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

We regularly assess the need for a valuation allowance against our deferred tax assets. In making that assessment, we consider both positive and negative evidence related to the likelihood of realization of the deferred tax assets on a jurisdictional basis to determine, based on the weight of available evidence, whether it is more-likely-than-not that some or all of the deferred tax assets will not be realized. Examples of positive and negative evidence include future growth, forecasted earnings, future taxable income, the mix of earnings in the jurisdictions in which we operate, historical earnings, taxable income in prior years, if carryback is permitted under the law and prudent and feasible tax planning strategies. In the event we were to determine that we would not be able to realize all or part of our net deferred tax assets in the future, an adjustment to the deferred tax assets valuation allowance would be charged to earnings in the period in which we make such a determination, or goodwill would be adjusted at our final determination of the valuation allowance related to an acquisition within the measurement period. If we

later determine that it is more-likely-than-not that the net deferred tax assets would be realized, we would reverse the applicable portion of the previously provided valuation allowance as an adjustment to earnings at such time.

We account for unrecognized tax benefits using a more-likely-than-not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. We establish reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. We record an income tax liability, if any, for the difference between the benefit recognized and measured and the tax position taken or expected to be taken on our tax returns. We recognize interest accrued and penalties related to unrecognized tax benefits in the income tax provision. To the extent that the assessment of such tax positions change, the change in estimate is recorded in the period in which the determination is made. The reserves are adjusted in light of changing facts and circumstances, such as the outcome of a tax audit. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate.

Recent Accounting Pronouncements

See Notes to the Consolidated Financial Statements “Note 2 — Summary of Significant Accounting Policies” in Item 8. Financial Statements and Supplementary Data for a full description of recent accounting pronouncements including the expected dates of adoption and the anticipated impact to our Consolidated Financial Statements.

Non-GAAP Financial Measurements

ServiceSource believes net income (loss), as defined by GAAP, is the most appropriate financial measure of our operating performance; however, ServiceSource considers Adjusted EBITDA to be useful supplemental, non-GAAP financial measure of our operating performance. We believe Adjusted EBITDA can assist investors in understanding and assessing our operating performance on a consistent basis, as it removes the impact of the Company's capital structure and other non-cash or non-recurring items from operating results and provides an additional tool to compare ServiceSource's financial results with other companies in the industry, many of which present similar non-GAAP financial measures.

EBITDA consists of net income (loss) plus provision for income tax expense (benefit), interest and other expense (income), net and depreciation and amortization. Adjusted EBITDA consists of EBITDA plus stock-based compensation, restructuring and other related costs, amortization of contract acquisition costs related to the initial adoption of ASC 606 and costs attributable to establishing a litigation reserve.

This non-GAAP measure should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP.

The following table presents the reconciliation of "Net loss" to Adjusted EBITDA:

	For the Year Ended December 31,	
	2020	2019
	(in thousands)	
Net loss	\$ (18,541)	\$ (18,683)
Provision for income tax expense	709	443
Interest and other expense, net	1,279	1,226
Depreciation and amortization	13,925	13,449
EBITDA	(2,628)	(3,565)
Stock-based compensation	4,865	5,162
Restructuring and other related costs	1,542	1,929
Amortization of contract acquisition asset costs - ASC 606 initial adoption	605	976
Litigation reserve	(74)	(256)
Adjusted EBITDA	\$ 4,310	\$ 4,246

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to smaller reporting companies as defined by Rule 12b-2 of the Exchange Act.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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ServiceSource International, Inc.
Consolidated Balance Sheets
(in thousands, except per share and par value amounts)

	December 31,	
	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 34,006	\$ 27,089
Accounts receivable, net	38,890	41,754
Prepaid expenses and other	9,275	7,296
Total current assets	82,171	76,139
Property and equipment, net	29,948	36,149
ROU assets	29,798	36,396
Contract acquisition costs	872	1,602
Goodwill	6,334	6,334
Other assets	3,490	4,844
Total assets	<u>\$ 152,613</u>	<u>\$ 161,464</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,204	\$ 4,392
Accrued expenses	3,217	3,366
Accrued compensation and benefits	18,342	16,700
Revolver	15,000	—
Operating lease liabilities	10,797	9,652
Other current liabilities	1,209	2,218
Total current liabilities	49,769	36,328
Operating lease liabilities, net of current portion	25,975	33,716
Other long-term liabilities	1,593	2,983
Total liabilities	<u>77,337</u>	<u>73,027</u>
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value; 20,000 shares authorized and none issued and outstanding	—	—
Common stock; \$0.0001 par value; 1,000,000 shares authorized; 97,248 shares issued and 97,127 shares outstanding as of December 31, 2020; 94,972 shares issued and 94,851 shares outstanding as of December 31, 2019	10	9
Treasury stock	(441)	(441)
Additional paid-in capital	379,696	374,525
Accumulated deficit	(304,607)	(286,066)
Accumulated other comprehensive income	618	410
Total stockholders' equity	75,276	88,437
Total liabilities and stockholders' equity	<u>\$ 152,613</u>	<u>\$ 161,464</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

ServiceSource International, Inc.
Consolidated Statements of Operations
(in thousands, except per share amounts)

	For the Year Ended December 31,	
	2020	2019
Net revenue	\$ 194,601	\$ 216,135
Cost of revenue	137,041	153,155
Gross profit	<u>57,560</u>	<u>62,980</u>
Operating expenses:		
Sales and marketing	24,999	30,009
Research and development	5,602	4,848
General and administrative	41,970	43,208
Restructuring and other related costs	1,542	1,929
Total operating expenses	<u>74,113</u>	<u>79,994</u>
Loss from operations	(16,553)	(17,014)
Interest and other expense, net	(1,279)	(1,226)
Loss before provision for income taxes	(17,832)	(18,240)
Provision for income tax expense	(709)	(443)
Net loss	<u>\$ (18,541)</u>	<u>\$ (18,683)</u>
Net loss per common share:		
Basic and diluted	<u>\$ (0.19)</u>	<u>\$ (0.20)</u>
Weighted-average common shares outstanding:		
Basic and diluted	<u>95,787</u>	<u>93,882</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

ServiceSource International, Inc.
Consolidated Statements of Comprehensive Loss
(in thousands)

	For the Year Ended December 31,	
	2020	2019
Net loss	\$ (18,541)	\$ (18,683)
Other comprehensive income		
Foreign currency translation adjustments	208	8
Other comprehensive income	208	8
Comprehensive loss	\$ (18,333)	\$ (18,675)

The accompanying notes are an integral part of these Consolidated Financial Statements.

ServiceSource International, Inc.
Consolidated Statements of Stockholders' Equity
(in thousands)

	Common Stock		Treasury Shares/Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2018	92,895	\$ 9	(121)	\$ (441)	\$ 369,246	\$ (267,383)	\$ 402	\$ 101,833
Net loss	—	—	—	—	—	(18,683)	—	(18,683)
Other comprehensive income	—	—	—	—	—	—	8	8
Stock-based compensation	—	—	—	—	5,238	—	—	5,238
Issuance of common stock, RSUs	1,814	—	—	—	—	—	—	—
Proceeds from the exercise of stock options and ESPP	263	—	—	—	223	—	—	223
Net cash paid for payroll taxes on RSU releases	—	—	—	—	(182)	—	—	(182)
Balance at December 31, 2019	94,972	9	(121)	(441)	374,525	(286,066)	410	88,437
Net loss	—	—	—	—	—	(18,541)	—	(18,541)
Other comprehensive income	—	—	—	—	—	—	208	208
Stock-based compensation	—	—	—	—	4,919	—	—	4,919
Issuance of common stock, RSUs	1,845	1	—	—	(1)	—	—	—
Proceeds from the exercise of stock options and ESPP	431	—	—	—	414	—	—	414
Net cash paid for payroll taxes on RSU releases	—	—	—	—	(161)	—	—	(161)
Balance at December 31, 2020	97,248	\$ 10	(121)	\$ (441)	\$ 379,696	\$ (304,607)	\$ 618	\$ 75,276

The accompanying notes are an integral part of these Consolidated Financial Statements.

ServiceSource International, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	For the Year Ended December 31,	
	2020	2019
Cash flows from operating activities:		
Net loss	\$ (18,541)	\$ (18,683)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	13,925	13,449
Amortization of contract acquisition costs	1,003	1,504
Amortization of ROU assets	9,841	9,715
Stock-based compensation	4,865	5,162
Restructuring and other related costs	1,460	1,866
Other	71	(168)
Net changes in operating assets and liabilities:		
Accounts receivable, net	3,232	12,449
Prepaid expenses and other assets	(82)	(1,558)
Contract acquisition costs	(266)	(442)
Accounts payable	(3,213)	2,441
Accrued compensation and benefits	(97)	(646)
Operating lease liabilities	(10,195)	(8,678)
Accrued expenses	(107)	(102)
Other liabilities	(1,495)	(3,864)
Net cash provided by operating activities	<u>401</u>	<u>12,445</u>
Cash flows from investing activities:		
Purchases of property and equipment	(7,855)	(10,106)
Net cash used in investing activities	<u>(7,855)</u>	<u>(10,106)</u>
Cash flows from financing activities:		
Repayment on finance lease obligations	(952)	(900)
Proceeds from Revolver	27,000	—
Repayment of Revolver	(12,000)	—
Proceeds from issuance of common stock	414	223
Payments related to minimum tax withholdings on RSU releases	(161)	(182)
Net cash provided by (used in) financing activities	<u>14,301</u>	<u>(859)</u>
Effect of exchange rate changes on cash and cash equivalents and restricted cash	96	124
Net change in cash and cash equivalents and restricted cash	6,943	1,604
Cash and cash equivalents and restricted cash, beginning of period	29,383	27,779
Cash and cash equivalents and restricted cash, end of period	<u>\$ 36,326</u>	<u>\$ 29,383</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 517	\$ 264
Income taxes paid, net	\$ 448	\$ 166
Supplemental disclosures of non-cash activities:		
Purchases of property and equipment accrued in accounts payable and accrued expenses	\$ 8	\$ 8
ROU assets obtained in exchange for new lease liabilities	\$ 2,271	\$ 20,038
Increase in operating lease liabilities related to the adoption of ASC 842	\$ —	\$ 32,104
Increase in ROU assets related to the adoption of ASC 842	\$ —	\$ 29,526
Decrease in prepaids and other assets related to the adoption of ASC 842	\$ —	\$ (749)
Decrease in other liabilities related to the adoption of ASC 842	\$ —	\$ (3,327)

The accompanying notes are an integral part of these Consolidated Financial Statements.

ServiceSource International, Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****Note 1 — The Company**

ServiceSource is a leading provider of BPaaS solutions that enable the transformation of go-to-market organizations and functions for global technology clients. We design, deploy, and operate a suite of innovative solutions and complex processes that support and augment our clients' B2B customer acquisition, engagement, expansion and retention activities. Our clients - ranging from Fortune 500 technology titans to high-growth disruptors and innovators - rely on our holistic customer engagement methodology and process excellence, global scale and delivery footprint, and data analytics and business insights to deliver trusted business outcomes that have a meaningful and material positive impact to their long-term revenue and profitability objectives. Through our unique integration of people, process and technology - leveraged against our more than 20 years of experience and domain expertise in the cloud, software, hardware, medical device and diagnostic equipment, and industrial IoT sectors - we effect and transact billions of dollars of B2B commerce in more than 175 countries on our clients' behalf annually.

"ServiceSource," "the Company," "we," "us," or "our", as used herein, refer to ServiceSource International, Inc. and its wholly owned subsidiaries, unless the context indicates otherwise.

For a summary of commonly used industry terms and abbreviations used in this annual report on Form 10-K, see the Glossary of Terms.

Note 2 — Summary of Significant Accounting Policies***Basis of Presentation***

The accompanying Consolidated Financial Statements include the accounts of ServiceSource International, Inc. and its wholly owned subsidiaries and have been prepared in accordance with GAAP and with the instructions to Form 10-K. All intercompany balances and transactions have been eliminated in consolidation.

The CEO manages and allocates resources on a company-wide basis as a single segment that is focused on service offerings which integrate data, processes and cloud technologies.

Use of Estimates

The preparation of the Consolidated Financial Statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amount of net revenue and expenses during the reporting period.

The Company bases its estimates and judgments on historical experience and on various assumptions that it believes are reasonable under the circumstances. The Company has considered the effects of the COVID-19 pandemic in determining its estimates. However, future events are difficult to predict and subject to change, especially with the risks and uncertainties related to the impact of the COVID-19 pandemic, which could cause estimates and judgments to require adjustment. Actual results and outcomes may differ from our estimates.

Reclassifications

Certain items on the Consolidated Statements of Cash Flows for the year ended December 31, 2019 have been reclassified to conform to the current year presentation. These reclassifications did not affect the Consolidated Balance Sheet, Consolidated Statements of Operations, Consolidated Statements of Comprehensive Loss or Consolidated Statements of Stockholders' Equity.

Significant Risks and Uncertainties

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company is also exposed to market risks, including the effects of changes in foreign currency exchange rates and interest rates.

Cash is maintained in demand deposit accounts at U.S., European and Asian financial institutions that management believes are credit worthy. Deposits in these institutions may exceed the amount of insurance provided on these deposits.

Fair Value of Financial Instruments

The Company accounts for certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value guidance establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. An asset or liability's level is based upon the lowest level of input that is significant to the fair value measurement. The guidance requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;

Level 3: Inputs that are generally unobservable and typically reflect management's estimates or assumptions that market participants would use in pricing the asset or liability.

The carrying amount of financial instruments including cash and cash equivalents, restricted cash, accounts receivable, accounts payable, accrued expenses and other current liabilities approximate their fair value due to their short-term maturities.

Cash Equivalents and Restricted Cash

Cash equivalents consist of highly liquid investments with original maturities of three months or less at the time of purchase and are classified as a Level 1 investment.

Restricted cash consists of cash in money market accounts that are used to secure letters of credit in connection with two of our leased facilities. Restricted cash is recorded within "Other assets" in the Consolidated Balance Sheets and is classified as a Level 1 investment. The Company had restricted cash of \$2.3 million as of December 31, 2020 and 2019.

Foreign Currency Translation and Remeasurement

Assets and liabilities of non-U.S. subsidiaries that operate in a local currency environment, where that local currency is the functional currency, are translated to U.S. dollars at exchange rates at the balance sheet date. Net revenue and expenses are translated at monthly average exchange rates. The Company accumulates net translation adjustments in equity as a component of accumulated other comprehensive income. For non-U.S. subsidiaries whose functional currency is the U.S. dollar, transactions that are denominated in foreign currencies are remeasured in U.S. dollars, and any resulting gains and losses are reported in "Interest and other expense, net" in the Consolidated Statements of Operations. Foreign currency transaction losses were approximately \$0.9 million and \$0.7 million for the years ended December 31, 2020 and 2019, respectively.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are derived from services performed for clients located primarily in the U.S., Europe and Asia. The Company attempts to mitigate the credit risk in its trade receivables through its ongoing credit evaluation process and historical collection experience. The Company performs a periodic review for specific aging evaluation allowance for doubtful accounts based upon the expected collectability of its accounts receivable, which takes into consideration an analysis of historical bad debts, customers' timeliness on payment and other available information.

Accounts receivable are stated at their carrying values net of an allowance for doubtful accounts, if applicable. The Company evaluates the ongoing collectability of its accounts receivable based on a number of factors such as the credit quality of its clients, the age of accounts receivable balances, collections experience, current economic conditions and other factors that may affect a client's ability to pay. In circumstances where the Company is aware of a specific client's inability to meet its financial obligations to the Company, a specific allowance for doubtful accounts is estimated and recorded, which reduces the recognized receivable to the estimated amount that management believes will ultimately be collected. Account balances are charged off against the allowance when it is probable that the receivable will not be recovered. The allowance for doubtful accounts as of December 31, 2020 and 2019, and recoveries and reductions to revenue for the years ended December 31, 2020 and 2019, were insignificant.

Property and Equipment

The Company records property and equipment at cost, less accumulated depreciation and amortization. Depreciation is recorded using the straight-line method over the estimated useful lives for each asset class.

When assets are disposed, the cost and related accumulated depreciation and amortization are written-off and any gain or loss on sale or disposal is reported in "General and administrative" expense in the Consolidated Statements of Operations.

Lease Asset Retirement Obligations

The fair value of a liability for an ARO is recognized in the period in which it is incurred. The Company's AROs are associated with leasehold improvements at our international office locations, which, at the end of a lease, are contractually obligated to be removed. AROs were approximately \$1.5 million and \$1.4 million as of December 31, 2020 and 2019, respectively. Accretion expense was insignificant for the years ended December 31, 2020 and 2019.

Capitalized Internal-Use Software

Expenditures related to software developed or obtained for internal use are capitalized and amortized over a period of two to seven years on a straight-line basis. The Company capitalizes direct external costs associated with developing or obtaining internal-use software. In addition, the Company also capitalizes certain payroll and payroll-related costs for employees or professional fees for consultants who are directly associated with the development of such applications. Costs associated with preliminary project stage activities, training, maintenance, and all other post-implementation stage activities are expensed as incurred and are recorded in "Research and development" expenses in the Consolidated Statements of Operations. Capitalized costs related to internal-use software under development are treated as construction-in-progress until the program, feature or functionality is ready for its intended use, at which time amortization commences.

Goodwill Impairment

Goodwill represents the excess of the purchase price over the estimated fair market value of net identifiable assets of acquired businesses. The Company evaluates goodwill for possible impairment at least annually or whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. This evaluation includes a preliminary assessment of qualitative factors to determine whether it is necessary to compare the fair value of the reporting unit with its carrying value. If there are indicators of impairment, the fair value of the reporting unit is compared to its carrying value. If the carrying value of the reporting unit exceeds its fair value, an impairment loss equal to the difference is recorded. The carrying value of goodwill for the year ended December 31, 2020 and 2019 was \$6.3 million. No impairment was recorded for the years ended December 31, 2020 and 2019.

Impairment of Long-Lived Assets

The Company evaluates the recoverability of its long-lived assets whenever events or changes in circumstances indicate the carrying amount of the long-lived asset may not be recoverable. Recoverability of these assets is measured by comparison of their carrying amounts to future undiscounted cash flows the assets are expected to generate. If the long-lived asset is impaired, an impairment is recognized for the amount by which the carrying value of the asset exceeds its fair value. No impairment was recorded for the years ended December 31, 2020 and 2019.

Comprehensive Loss

We report comprehensive loss in our Consolidated Statements of Comprehensive Loss. Amounts reported in "Accumulated other comprehensive income" consist of foreign currency translation adjustments from subsidiaries with a functional currency other than the U.S. dollar.

Revenue Recognition

The Company provides a comprehensive suite of selling and professional services to its clients.

Selling services consists of sales earned from the following categories of selling motions:

- *Digital sales* activities include demand qualification, demand conversion, and account management;
- *Customer success* activities include onboarding, adoption, and renewals management; and
- *Channel management* efforts include partner recruitment, partner onboarding and enablement, and partner success management.

Professional services involve providing data integration at scale with our systems and processes, combined with client data enhancement, enablement and optimization.

The Company derives all of its revenue from contracts with clients. Revenue is measured based on the consideration specified in a contract. The Company's contracts generally contain one to two distinct performance obligations that are sold on a variable and/or fixed consideration basis. These two distinct performance obligations are identified as selling services and professional services. Selling services are generally invoiced on a monthly or quarterly basis with standard 30-day payment terms over the length of the contract, typically one to three years. Professional services are generally invoiced upfront upon obtaining a client contract and are typically fulfilled within 90 days.

The Company recognizes revenue when it satisfies the performance obligations identified in the contract, which is achieved through the transfer of control of the services to the client. The timing of satisfying performance obligations and the receipt of client consideration can be different and will give rise to contract assets and contract liabilities. Contract assets relate to the Company's conditional rights to consideration for services provided but not yet billable at the reporting date. Accounts receivable balances reflected in the Consolidated Balance Sheet represent the Company's unconditional rights to consideration for services provided. Contract asset amounts are transferred to accounts receivables when the rights become unconditional, typically in the same period control of services is transferred to the client and the amount is contractually billable. Contract liabilities primarily relate to the advance consideration received from clients for fixed consideration contracts where transfer of control of the services has not yet occurred. Contract liability balances generally convert to revenue upon either the satisfaction of professional services obligations or when services under fixed consideration contracts are transferred to the client, typically within six months of being recorded. These contract balances are reflected in "Prepaid expenses and other", "Other assets" and "Other current liabilities" in the Consolidated Balance Sheets.

The Company accounts for individual services within a single contract separately if they are distinct. A service is distinct if it is separately identifiable from other services in the contract and if a client can benefit from the service on its own or with other resources that are readily available to the client. Determining whether these services are considered distinct performance obligations and qualify as a series of distinct performance obligations that represent a single performance obligation requires significant judgment. The total contract consideration, or transaction price, is allocated between the separate services identified in the contract based on their SSP. SSP is determined based on a cost-plus margin analysis for selling services and a standard hourly rate card for professional services. For professional services that are contractually priced differently from SSP, the Company estimates the SSP using a standard hourly rate card and allocates a portion of the total contract consideration to reflect professional services revenue at SSP.

The Company's performance obligations are satisfied over time and revenue is recognized based on monthly or quarterly time increments and the variable volume of closed bookings during the period at the contractual commission rates for selling services, or proportional performance during the period at SSP for professional services. Due to the continuous nature of providing services to our clients, judgment is required in determining when control of the services is transferred to the client. Because the client simultaneously receives and consumes the benefit of the Company's selling and professional services as provided, the time increment output method depicts the measure of progress in transferring control of the services to the client. A significant portion of the Company's contracts is based on a pay-for-performance model in which commission revenue is based on a volume of closed bookings each time period. At each reporting period, the Company makes an estimate of this revenue for amounts that have yet to be invoiced, which was \$16.3 million and \$16.6 million as of December 31, 2020 and 2019, respectively. These accrued revenue balances are reflected in "Accounts Receivable" in the Consolidated Balance Sheets.

While multiple selling motions in a contract are performed at various times and patterns throughout the month or quarter and the number of closed bookings vary in any given period, each time increment of a service activity is substantially the same and has the same pattern of transfer to the client, and therefore, represents a series of distinct performance obligations that form a single performance obligation. As a result, the Company allocates all variable consideration in a contract to the selling services performance obligation in accordance with the variable consideration allocation exception provisions in ASC 606, (less amounts for which it is probable a significant reversal of revenue will occur when the uncertainties related to the variability are resolved) and applies a single measure of progress to record revenue in the period based on when the output of the variable number of closed bookings occurs or when the variable performance metric is achieved. Judgment is required to estimate the amount of variable consideration to include when estimating the total contract consideration and how to allocate the consideration if one of the distinct performance obligations is not sold at SSP. In addition, judgment is required to determine if the variable consideration should be constrained, and to what extent, until the risk of a significant revenue reversal is not probable. The Company applies the optional disclosure exemptions related to variable consideration and the requirement to disclose the remaining transaction price allocated to a wholly unsatisfied promise to transfer a distinct service that forms part of a single performance obligation.

Significant estimates and judgments for revenue recognition include: (1) identifying and determining distinct performance obligations in contracts with clients, (2) determining the timing of the satisfaction of performance obligations, (3) estimating the timing and amount of variable consideration in a contract, (4) determining SSP for each performance obligations and the methodology to allocate the total contract consideration to the distinct performance obligations, and (5) determining and measuring variable revenue that has yet to be invoiced as of period end.

Our revenue contracts often include promises to transfer services involving multiple selling motions to a client. Determining whether those services are considered distinct and qualify as a series of distinct services that represent a single performance obligation requires significant judgment. Also, due to the continuous nature of providing services to our clients, judgment is required in determining when control of the services is transferred to the client.

We also enter into contracts with multiple performance obligations that incorporate fixed consideration, pay-for-performance commissions and variable bonus commissions. Judgment is required to estimate the amount of variable consideration to include when estimating the total contract consideration and how to allocate the consideration if one of the distinct performance obligations is not sold at SSP.

Contract Acquisition Costs

To obtain contracts with clients, the Company pays its sales team commissions partly based on the estimated value of the contract. Because these sales commissions are incurred and paid upon contract execution and would not have been incurred or payable otherwise, they are considered incremental costs to acquire the contract; and if recoverable, are capitalized as contract acquisition costs in the period the contract is executed. Capitalized sales commissions are amortized to "Sales and marketing" expense in the Consolidated Statements of Operations based on the transfer of services over the contract term, generally one to three years for a new client or five years for long-standing client relationships. The contract acquisition costs asset is evaluated for recoverability and impairment each reporting period. For initial amortization periods one year or less, the Company recognizes any incremental costs of obtaining contracts as expense when the cost is incurred. These costs are included in "Sales and marketing" expense in the Consolidated Statements of Operations.

Stock-Based Compensation

The Company issues stock-based awards to employees and directors and offered an ESPP until its expiration in February 2021.

Stock options are recorded at fair value on the date of grant date using the Black-Scholes option-pricing model and generally vest ratably over a three to four-year period. Vested options may be exercised up to ten years from the grant date, as defined in the 2020 Plan. Vested but unexercised options expire 90 days after termination of employment with the Company. Stock-based compensation expense is amortized on a straight-line basis over the service period during which the right to exercise such options fully vests.

RSUs are recorded at fair value on the date of grant and amortized on a straight-line basis over the service period during which the stock vests. RSUs generally vest ratably over three to four years with vesting contingent upon employment of the Company.

PSUs are stock-based awards in which the number of shares ultimately received by the employee ranges from 0% to 150% of the participant's target award depending on the Company's achievement of specified Adjusted EBITDA and net bookings targets. PSU expense is based on a fixed grant date fair value and adjusted based on the estimated achievement of the performance metrics and recognized on a straight-line basis over the vesting period.

The Company estimates the fair value of purchase rights under the ESPP using the Black-Scholes option-pricing model and the straight-line attribution approach.

The fair value of stock options and purchase rights under the ESPP was determined by the Company using the methods and assumptions discussed below. Each of these inputs is subjective and generally requires significant judgment to determine.

Expected Term - The expected term represents the period that the Company's share-based awards are expected to be outstanding. The Company calculates the expected term based on the average of the weighted-average vesting term and contractual term.

Expected Volatility - The expected volatility is based on the historical stock volatility of the Company's own common shares.

Risk-Free Interest Rate - The risk-free interest rate is based on the implied yield on U.S. Treasury zero-coupon issues for each option grant date with maturities approximately equal to the option's contractual term.

Expected Dividend Yield - The Company has not paid dividends on its common shares nor does it expect to pay dividends in the foreseeable future.

See "Note 7 — Stock-Based Compensation" for additional information.

Income Taxes

The Company accounts for income taxes using an asset and liability method, which requires the recognition of taxes payable or refundable for the current year and deferred tax assets and liabilities for the expected future tax consequences of temporary differences that currently exist between the tax basis and the financial reporting basis of our taxable subsidiaries' assets and liabilities using the enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in operations in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

The Company files U.S. federal and state and foreign income tax returns in jurisdictions with varying statutes of limitations. In the normal course of business the Company is subject to examination by taxing authorities throughout the world. These audits include questioning the timing and amount of deductions, the allocation of income among various tax jurisdictions and compliance with federal, state, local and foreign tax laws. The Company accounts for unrecognized tax benefits using a more-likely-than-not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. The Company establishes reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. The Company records an income tax liability, if any, for the difference between the benefit recognized and measured and the tax position taken or expected to be taken on our tax returns. The Company recognizes interest accrued and penalties related to unrecognized tax benefits in the income tax provision.

Net Loss Per Common Share

Basic net income (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net income per share is computed by dividing income available to common shareholders by the weighted-average number of shares of common stock outstanding during the period increased to include the number of additional shares of common stock that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include outstanding stock options, shares to be purchased under the Company's ESPP, non-vested RSUs and PSUs. The dilutive effect of potentially dilutive securities is reflected in diluted earnings per share by application of the treasury stock method. Under the treasury stock method, an increase in the fair market value of the Company's common stock can result in a greater dilutive effect from potentially dilutive securities.

Potential shares of common stock that are not included in the determination of diluted net income per share because they are anti-dilutive for the periods presented consist of stock options, non-vested RSUs and PSUs, and shares to be purchased under our ESPP.

The Company excluded from diluted earnings per share the weighted-average common share equivalents related to 3.3 million and 7.3 million shares for the years ended December 31, 2020 and 2019, respectively, because their effect would have been anti-dilutive.

Government Assistance

During 2020, ServiceSource received various grants from the Singapore government, including the Job Support Scheme, which assists enterprises in retaining their local employees during the COVID-19 pandemic. ServiceSource received approximately \$1.3 million from these grants during the year ended December 31, 2020 and is expected to receive an additional \$0.2 million through July 2021. There are no conditions to repay the grants. Government grants are recognized in the Company's Consolidated Statements of Operations during the same period that the expenses related to the grant are incurred if there is reasonable assurance the grant will be received, and the Company has complied with any conditions attached to the grant.

New Accounting Standards Issued but Not yet Adopted

Income Taxes

In December 2019, the FASB issued an ASU that simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in ASC 740 related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. This ASU is effective for annual periods and interim periods for those annual periods beginning after December 15, 2020, with early adoption permitted. Based on our current analysis, the Company does not expect the adoption to have a material impact on the Consolidated Financial Statements. The Company will adopt this standard effective January 1, 2021.

Financial Instruments - Credit Losses

In June 2016, the FASB issued an ASU that amends the measurement of credit losses on financial instruments and requires measurement and recognition of expected versus incurred credit losses for financial assets held. This ASU is effective for annual periods and interim periods for those annual periods beginning after December 15, 2022, with early adoption permitted. This standard will apply to the Company's accounts receivable and contract assets. Based on our current analysis, the Company does not expect the adoption to have a material impact on the Consolidated Financial Statements as credit losses from trade receivables have historically been insignificant. The Company will adopt this standard effective January 1, 2023.

Note 3 — Consolidated Financial Statement Details

Property and equipment, net were comprised of the following:

	Depreciable Life	December 31,	
		2020	2019
		(in thousands)	
Computers and equipment	2 - 5 years	\$ 17,904	\$ 18,707
Software ⁽¹⁾	2 - 7 years	60,771	63,557
Furniture and fixtures	7 years	10,727	10,041
Leasehold improvements	Lesser of estimated useful life or life of lease	17,823	18,395
Finance leases		2,880	3,480
Property and equipment		110,105	114,180
Less: accumulated depreciation and amortization		(80,157)	(78,031)
Property and equipment, net		\$ 29,948	\$ 36,149

⁽¹⁾ Includes capitalized internally developed software as follows (in thousands):

Balance as of January 1, 2019	\$ 18,879
Capitalized costs	6,340
Amortization expense	(5,802)
Balance as of December 31, 2019	19,417
Capitalized costs	5,076
Amortization expense	(7,701)
Balance as of December 31, 2020	\$ 16,792

Depreciation and amortization expense related to property and equipment, which includes amortization expense for internally developed software and finance leases, was \$13.9 million and \$13.4 million during the years ended December 31, 2020 and 2019, respectively.

The following table presents long-lived assets by geographic location:

	December 31,	
	2020	2019
	(in thousands)	
NALA	\$ 24,420	\$ 28,283
APJ	4,456	6,580
EMEA	1,072	1,286
Property and equipment, net	\$ 29,948	\$ 36,149

Note 4 — Debt
Revolving Line of Credit

In July 2018, the Company entered into a \$40.0 million Revolver that allows it and the other Borrower named therein to borrow against their domestic receivables as defined in the Credit Agreement. The Revolver matures July 2021 and bears interest at a variable rate per annum based on the greater of the prime rate, the Federal Funds rate plus 0.50% or the one-month LIBOR rate plus 1.00%, plus, in each case, a margin of 1.00% for base rate borrowings or 2.00% for Eurodollar borrowings.

As of December 31, 2020, the Company had \$15.0 million of borrowings under the Revolver through a one-month Eurodollar borrowing at an effective interest rate of 2.15% maturing January 2021. An additional \$11.2 million was available for borrowing under the Revolver as of December 31, 2020. The Eurodollar borrowings may be extended upon maturity, converted into a base rate borrowing upon maturity or require an incremental payment if the borrowing base decreases below the current amount outstanding during the term of the Eurodollar borrowing.

Subsequent to December 31, 2020, the one-month \$15.0 million Eurodollar borrowing was extended at an effective interest rate of approximately 2.12% maturing at the end of February 2021.

The obligations under the Credit Agreement are secured by substantially all the assets of the Borrower and certain of their subsidiaries, including pledges of equity in certain of the Company's subsidiaries. The Revolver has financial covenants which the Company was in compliance with as of December 31, 2020 and 2019.

Interest Expense

Interest expense related to the amortization of debt issuance costs and interest expense associated with the Company's debt obligation was \$0.5 million and \$0.2 million for the years ended December 31, 2020 and 2019, respectively.

Note 5 — Leases

The Company has operating leases for office space and finance leases for certain equipment under non-cancelable agreements with various expiration dates through May 2030. Certain office leases include the option to extend the term between one to seven years and certain office leases include the option to terminate the lease upon written notice within one year after lease commencement. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

During 2020, the Company entered into a 22-month sublease agreement with a third-party for one floor of its Manila office space through October 2021, extended its lease for two of its five floors in the Kuala Lumpur office space through December 2023, and extended its lease for one of its three floors in the Sofia office space through February 2026.

Subsequent to December 31, 2020, the Company entered into a sublease agreement through the end of the original lease term with a third party for two floors of its Manila office space, with total sublease income of approximately \$1.4 million.

The Company recognizes rent expense and sublease income on a straight-line basis over the lease period and accrues for rent expense and sublease income incurred but not paid.

Supplemental income statement information related to leases was as follows:

	For the Year Ended December 31,	
	2020	2019
	(in thousands)	
Operating lease cost	\$ 12,264	\$ 12,000
Finance lease cost:		
Amortization of leased assets	744	709
Interest on lease liabilities	88	163
Total finance lease cost	832	872
Sublease income	(3,599)	(2,166)
Net lease cost	\$ 9,497	\$ 10,706

Supplemental balance sheet information related to leases was as follows:

	December 31,	
	2020	2019
(in thousands)		
Operating leases:		
ROU assets	\$ 29,798	\$ 36,396
Operating lease liabilities	\$ 10,797	\$ 9,652
Operating lease liabilities, net of current portion	25,975	33,716
Total operating lease liabilities	\$ 36,772	\$ 43,368
Finance leases:		
Property and equipment	\$ 2,880	\$ 3,480
Accumulated depreciation	(1,963)	(1,823)
Property and equipment, net	\$ 917	\$ 1,657
Other current liabilities	\$ 608	\$ 952
Other long-term liabilities	63	671
Total finance lease liabilities	\$ 671	\$ 1,623

Lease term and discount rate information was as follows:

	For the Year Ended December 31,	
	2020	2019
Weighted-average remaining lease term (in years):		
Operating lease	5.7	5.9
Finance lease	1.0	1.8
Weighted-average discount rate:		
Operating lease	6.2 %	6.4 %
Finance lease	6.5 %	8.0 %

Maturities of lease liabilities were as follows as of December 31, 2020:

	Operating Leases	Operating Subleases	Finance Leases	Total
(in thousands)				
2021	\$ 12,846	\$ (3,560)	\$ 633	\$ 9,919
2022	9,291	(2,538)	64	6,817
2023	4,306	(623)	—	3,683
2024	3,004	—	—	3,004
2025	3,045	—	—	3,045
Thereafter	11,510	—	—	11,510
Total lease payments	44,002	(6,721)	697	37,978
Less: interest	(7,230)	—	(26)	(7,256)
Total	\$ 36,772	\$ (6,721)	\$ 671	\$ 30,722

Note 6 — Revenue Recognition

The following tables present the disaggregation of revenue from contracts with our clients:

Revenue by Performance Obligation

	For the Year Ended December 31,	
	2020	2019
	(in thousands)	
Selling services	\$ 190,906	\$ 213,897
Professional services	3,695	2,238
Total revenue	<u>\$ 194,601</u>	<u>\$ 216,135</u>

Revenue by Geography

Revenue for each geography generally reflects commissions earned from sales of service contracts managed from revenue delivery centers in that geography and subscription sales and professional services to deploy the Company's solutions. Predominantly all the service contracts sold and managed by the revenue delivery centers relate to end customers located in the same geography. All NALA revenue represents revenue generated within the U.S.

	For the Year Ended December 31,	
	2020	2019
	(in thousands)	
NALA	\$ 111,085	\$ 125,660
EMEA	54,975	55,801
APJ	28,541	34,674
Total revenue	<u>\$ 194,601</u>	<u>\$ 216,135</u>

Revenue by Contract Pricing

	For the Year Ended December 31,	
	2020	2019
	(in thousands)	
Variable consideration	\$ 142,355	\$ 146,192
Fixed consideration	52,246	69,943
Total revenue	<u>\$ 194,601</u>	<u>\$ 216,135</u>

Four of our clients represented 15%, 15%, 11% and 11% of our revenue, respectively, for the year ended December 31, 2020.

Contract Assets and Liabilities

As of December 31, 2020, contract assets and liabilities were \$0.5 million and \$0.4 million, respectively. As of December 31, 2019, contract assets were insignificant and contract liabilities were \$0.8 million.

Transaction Price Allocated to Remaining Performance Obligations

As of December 31, 2020, assuming none of the Company's current contracts with fixed consideration are renewed, the Company estimates receiving approximately \$35.9 million in future selling services fixed consideration and approximately \$0.4 million in professional services fixed consideration.

Contract Acquisition Costs

As of December 31, 2020 and 2019, capitalized contract acquisition costs were \$0.9 million and \$1.6 million, respectively. The Company recorded amortization expense related to capitalized contract acquisition costs of \$0.8 million and \$1.3 million for the year ended December 31, 2020 and 2019, respectively.

Impairment recognized on contract costs was insignificant for the years ended December 31, 2020 and 2019.

Note 7 — Stock-Based Compensation**2020 Equity Incentive Plan**

The 2020 Plan was approved by the Company's stockholders on May 14, 2020 and expires March 4, 2025. The 2020 Plan provides for the Company's common stock to be issued pursuant to permitted awards, which include, but are not limited to, options, stock appreciation rights, restricted stock units, performance stock units and other cash and stock-based awards. As of December 31, 2020, 3.5 million shares were available for grant under the 2020 Plan.

On May 14, 2020, following the approval of the 2020 Plan, the Company's board of directors terminated the 2011 Plan with the effect that no additional awards may be issued under the 2011 Plan and all outstanding awards under the 2011 Plan shall continue and be unaffected by the termination of the 2011 Plan.

2020 PSU Awards

During May 2020 and prior to expiration of the 2011 Plan, the Company granted PSUs to certain executives under the 2011 Plan. The aggregate target number of shares outstanding as of December 31, 2020 subject to these awards is 0.7 million, with an aggregate grant date fair value of \$0.9 million. The number of shares ultimately received related to these awards ranges from 0% to 150% of the executive's target award depending on the Company's achievement of specified Adjusted EBITDA and net bookings targets over a two-year performance period and will vest on the third anniversary of the grant date.

Stock-Based Compensation Expense

The following table presents stock-based compensation expense as allocated within the Company's Consolidated Statements of Operations:

	For the Year Ended December 31,	
	2020	2019
	(in thousands)	
Cost of revenue	\$ 389	\$ 538
Sales and marketing	1,416	1,772
Research and development	57	41
General and administrative	3,003	2,811
Total stock-based compensation	<u>\$ 4,865</u>	<u>\$ 5,162</u>

The above table does not include capitalized stock-based compensation related to internal-use software that was insignificant for the years ended December 31, 2020 and 2019.

Fair Value of Equity Compensation

The Black-Scholes option-pricing model assumptions for stock options were as follows:

	For the Year Ended December 31,	
	2020	2019
Expected term (in years)	5.0	5.0
Expected volatility	56%	55% - 59%
Risk-free interest rate	0.75%	1.39% - 2.57%
Expected dividend yield	— %	— %
Weighted-average grant date fair value	\$ 0.63	\$ 0.47

The Black-Scholes option-pricing model assumptions for purchase rights under the ESPP were as follows:

	For the Year Ended December 31,	
	2020	2019
Expected term (in years)	0.5 - 1.0	0.5 - 1.0
Expected volatility	53% - 60%	39% - 97%
Risk-free interest rate	0.12% - 1.52%	1.67% - 2.47%
Expected dividend yield	— %	— %

Stock Awards

A summary of the Company's stock option activity and related information was as follows:

	Shares (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Intrinsic Value (in thousands)
Outstanding as of December 31, 2019	4,146	\$ 2.16		1,580
Granted	20	\$ 1.32		
Exercised	(212)	\$ 1.20		
Expired and/or forfeited	(924)	\$ 2.60		
Outstanding as of December 31, 2020	<u>3,030</u>	<u>\$ 2.09</u>	5.15	<u>\$ 1,372</u>
Exercisable as of December 31, 2020	<u>2,437</u>	<u>\$ 2.31</u>	5.25	<u>\$ 983</u>

	For the Year Ended December 31,	
	2020	2019
	(in thousands)	
Fair value of options vested	\$ 733	\$ 865
Intrinsic value of options exercised	\$ 46	\$ —

As of December 31, 2020, there was \$0.3 million of unrecognized compensation expense related to stock options, which is expected to be recognized over a weighted-average period of 1.8 years.

A summary of the Company's RSU and PSU activity and related information was as follows:

	Units (in thousands)	Weighted-Average Grant Date Fair Value
Non-vested as of December 31, 2019	5,305	\$ 1.88
Granted	5,617	\$ 1.43
Vested ⁽¹⁾	(1,944)	\$ 1.95
Forfeited	(1,963)	\$ 1.70
Non-vested as of December 31, 2020	<u>7,015</u>	<u>\$ 1.55</u>

⁽¹⁾ 1,845 shares of common stock were issued for RSUs and PSUs vested and the remaining 99 shares were withheld for taxes.

	For the Year Ended December 31,	
	2020	2019
	(in thousands)	
Fair value of RSUs and PSUs vested	\$ 2,940	\$ 2,076

As of December 31, 2020, there was \$7.5 million of unrecognized compensation expense related to RSUs and PSUs, which is expected to be recognized over a weighted-average period of 2.0 years.

Note 8 — Restructuring and Other Related Costs

The Company has undergone restructuring efforts to better align its cost structure with its business and market conditions. These restructuring efforts include severance and other employee costs, lease and other contract termination costs and asset impairments. Severance and other employee costs include severance payments, related employee benefits, stock-based compensation related to the accelerated vesting of certain equity awards and employee-related legal fees. Lease and other contract termination costs include charges related to lease consolidation and abandonment of spaces no longer utilized and the cancellation of certain contracts with outside vendors. Asset impairments include charges related to leasehold improvements and furniture in spaces vacated or no longer in use. The restructuring plans and future cash outlays are recorded in "Accrued expenses" and "Other long-term liabilities" in the Consolidated Balance Sheets as of December 31, 2020 and 2019.

During 2020, the Company announced a restructuring effort to align with its virtual-first operating model and reduce the operating cost structure resulting in a reduction of headcount and office lease costs. The Company recognized charges related to this restructuring effort of \$0.8 million for the year ended December 31, 2020 and expects to incur approximately \$1.0 million in additional costs through 2021.

The following table presents a reconciliation of the beginning and ending fair value liability balance related to the 2020 restructuring effort:

	<u>Severance and Other Employee Costs</u>	<u>Lease Termination Costs</u>	<u>Total</u>
	(in thousands)		
Balance as of January 1, 2020	\$ —	\$ —	\$ —
Restructuring and other related costs	780	59	839
Cash paid	(442)	—	(442)
Balance as of December 31, 2020	<u>\$ 338</u>	<u>\$ 59</u>	<u>\$ 397</u>

During 2019, the Company announced a restructuring effort resulting in a reduction of headcount and office lease costs. The Company recognized charges related to this restructuring effort of \$0.7 million and \$1.9 million for the year ended December 31, 2020 and 2019, respectively. The Company does not expect to incur additional restructuring charges related to the 2019 restructuring.

The following table presents a reconciliation of the beginning and ending fair value liability balance related to the 2019 restructuring effort:

	<u>Severance and Other Employee Costs</u>	<u>Lease Termination Costs</u>	<u>Total</u>
	(in thousands)		
Balance as of January 1, 2019	\$ —	\$ —	\$ —
Restructuring and other related costs	1,806	123	1,929
Cash paid	(1,624)	(123)	(1,747)
Balance as of December 31, 2019	182	—	182
Restructuring and other related costs	703	—	703
Cash paid	(866)	—	(866)
Change in estimates and non-cash charges	(19)	—	(19)
Balance as of December 31, 2020	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

In May 2017, the Company announced a restructuring effort resulting in a headcount reduction and the reduction of office space in four locations. The Company does not expect to incur additional restructuring charges related to the May 2017 restructuring.

The following table presents a reconciliation of the beginning and ending fair value liability balance related to the May 2017 restructuring effort:

	Severance and Other Employee Costs	Lease and Other Contract Termination Costs	Asset Impairments	Total
	(in thousands)			
Balance as of January 1, 2017	\$ —	\$ —	\$ —	\$ —
Restructuring and other related costs	3,483	2,939	886	7,308
Cash paid	(3,060)	(1,185)	—	(4,245)
Change in estimates and non-cash charges	—	—	(886)	(886)
Acceleration of stock-based compensation expense in additional paid-in capital	(352)	—	—	(352)
Balance as of December 31, 2017	71	1,754	—	1,825
Restructuring and other related costs	120	89	—	209
Cash paid	(188)	(1,133)	—	(1,321)
Change in estimates and non-cash charges	(3)	252	—	249
Balance as of December 31, 2018	—	962	—	962
Cash paid	—	(183)	—	(183)
Change in estimates and non-cash charges	—	(63)	—	(63)
Balance as of December 31, 2019	—	716	—	716
Cash paid	—	(182)	—	(182)
Change in estimates and non-cash charges	—	(63)	—	(63)
Balance as of December 31, 2020	\$ —	\$ 471	\$ —	\$ 471

Note 9 — Income Taxes

Loss from continuing operations before provision for income taxes for the Company's domestic and international operations was as follows:

	For the Year Ended December 31,	
	2020	2019
	(in thousands)	
U.S.	\$ (18,278)	\$ (9,877)
International	446	(8,363)
Loss before provision for income taxes	\$ (17,832)	\$ (18,240)

The income tax provision consisted of the following:

	For the Year Ended December 31,	
	2020	2019
	(in thousands)	
Current:		
Federal	\$ 121	\$ 181
Foreign	559	189
State and local	43	58
Total current income tax provision	723	428
Deferred:		
Federal	(13)	65
Foreign	7	(6)
State and local	(8)	(44)
Total deferred income tax provision	(14)	15
Income tax provision	\$ 709	\$ 443

The following table provides a reconciliation of income taxes provided at the federal statutory rate of 21% for the years ended December 31, 2020 and 2019 to the income tax provision:

	For the Year Ended December 31,	
	2020	2019
	(in thousands)	
U.S. income tax at federal statutory rate	\$ (3,745)	\$ (3,830)
State income taxes, net of federal benefit	(1,575)	238
Share-based compensation	277	2,241
Foreign tax rate differential	(1,749)	374
Permanent differences	3,355	403
Tax credits	—	(136)
Valuation allowance	3,756	1,128
Other, net	390	25
Income tax provision	\$ 709	\$ 443

In November 2015, the Philippine Economic Zone Authority granted a four-year tax holiday to the Company's Philippine affiliate, commencing with its fiscal year beginning January 1, 2016. The earnings per share benefit in 2020 and 2019 was not material. The Company has applied for the tax holiday extension, however, as of December 31, 2020 the extension has not been granted. Therefore, the Company included tax on modified gross receipts in the current income tax calculation.

In December 2013, Malaysia granted a ten-year tax holiday to the Company's Malaysia affiliate, commencing with its fiscal year beginning January 1, 2014. This resulted in a tax benefit in fiscal 2013 of approximately \$0.2 million from the elimination of the Malaysia subsidiary's deferred tax liabilities. The earnings per share benefit in 2019 and 2020 was not material.

The following table provides the effect of temporary differences that created deferred income taxes as of December 31, 2020 and 2019. Deferred tax assets and liabilities represent the future effects on income taxes resulting from temporary differences and carryforwards at the end of the respective periods:

	December 31,	
	2020	2019
(in thousands)		
Deferred tax assets:		
Accrued liabilities	\$ 5,710	\$ 6,576
Share-based compensation	864	879
Net operating loss carryforwards	84,450	81,533
Tax credits	7,310	7,410
Amortization of tax intangibles	—	525
Interest	187	123
Total deferred tax assets	98,521	97,046
Deferred tax liabilities:		
Property and equipment	(3,423)	(5,037)
ROU assets	(3,704)	(4,631)
Amortization of tax intangibles	(232)	—
Other, net	(533)	(583)
Total deferred tax liabilities	(7,892)	(10,251)
Net deferred tax assets	90,629	86,795
Less: valuation allowance	(90,899)	(87,078)
Net deferred tax liabilities	\$ (270)	\$ (283)

As of December 31, 2020 and 2019, management assessed the realizability of deferred tax assets and evaluated the need for a valuation allowance for deferred tax assets on a jurisdictional basis. This evaluation utilizes the framework contained in ASC 740 wherein management analyzes all positive and negative evidence available at the balance sheet date to determine whether all or some portion of the Company's deferred tax assets will not be realized. Under this guidance, a valuation allowance must be established for deferred tax assets when it is more-likely-than-not that the asset will not be realized. In assessing the realization of the Company's deferred tax assets, management considers all available evidence, both positive and negative.

In concluding on the evaluation, management placed significant emphasis on guidance in ASC 740, which states that "a cumulative loss in recent years is a significant piece of negative evidence that is difficult to overcome." Based upon available evidence, it was concluded on a more-likely-than-not basis that all deferred tax assets were not realizable as of December 31, 2020. Accordingly, a valuation allowance of \$90.9 million has been recorded to offset this deferred tax asset. The valuation allowance decreased \$3.8 million and \$1.3 million for the years ended December 31, 2020 and 2019, respectively.

The Company also maintains a deferred tax liability related to indefinite lived intangible assets in jurisdictions which the Company does not have indefinite lived deferred tax assets, as reversal of the taxable temporary difference cannot serve as a source of income for realization of the non-indefinite deferred tax assets, because the deferred tax liability will not reverse until the asset is sold or written down due to impairment.

ASC 842

The Company adopted ASC 842 on January 1, 2019. Under ASC 842, the Company is required to recognize the assets and liabilities that arise from most operating leases on the balance sheet. Upon adoption, no change in retained earnings was recorded related to income taxes as the Company maintains a full valuation allowance. As of the implementation date, an adjustment of \$4.6 million was recorded as a deferred tax liability and an adjustment of \$4.6 million was recorded as a deferred tax asset.

Operating Loss and Tax Credit Carryforwards

As of December 31, 2020, the Company had \$2.7 million of U.S. federal research and development credits which expire beginning in 2031 and \$3.7 million of California research and development credits which do not expire. The Company also has \$0.5 million of California Enterprise Zone Credits which expire beginning in 2023 if not utilized and \$1.3 million of other state tax credits which expire beginning in 2024 if not utilized.

As of December 31, 2020, the Company had net operating loss carryforwards of approximately \$316.7 million for federal income tax purposes of which \$52.0 million can be carried forward indefinitely and the remaining \$264.8 million will expire at various dates beginning in 2024. The Company has \$248.6 million in state net operating losses. These losses are available to reduce taxable income and expire at various dates beginning in 2021. The Company also has foreign net operating loss carryforwards of approximately \$15.4 million of which \$14.6 million is indefinitely available to reduce taxable income and will expire in 2025.

Utilization of the Company's net operating loss and tax credit carryforwards may be subject to a substantial annual limitation due to the ownership change limitations provided by the IRC and similar state provisions. Such an annual limitation could result in the expiration or elimination of the net operating loss and tax credit carryforwards before utilization. Management believes that the limitation will not limit utilization of the carryforwards prior to their expiration.

The Company acquired U.S. federal net operating loss carryforwards of Scout Analytics, Inc. upon the acquisition of that entity in January 2014, subject to the ownership change limitations. Acquired U.S. federal net operating losses from Scout total approximately \$30.2 million net of amounts unavailable due to ownership change limitations, which is included in the total U.S. federal net operating loss above.

The Company's 2016 through 2020 tax years generally remain subject to examination by federal, state and foreign tax authorities. As the Company has incurred losses in most jurisdictions, the taxing authorities can generally challenge 2006 through 2015 losses to determine either the amount of the carryforward deduction reported in the open year or the amount of an net operating loss deduction that is absorbed in a closed year and supports the determination of the available net operating loss deduction for the open year under examination.

Uncertain Tax Positions

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

Balance as of January 1, 2019	\$	944
Additions based on tax positions related to the current year		20
Balance as of December 31, 2019		964
Additions based on tax positions related to the current year		12
Reductions for tax positions of prior years		(11)
Balance as of December 31, 2020	\$	965

As of December 31, 2020, the Company had a liability for unrecognized tax benefits of \$1.0 million, none of which, if recognized, would affect the Company's effective tax rate. The Company does not expect its unrecognized tax benefits to change significantly over the next 12 months.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. During the years ended December 31, 2020 and 2019, interest and penalties recognized were insignificant.

Note 10 — Employee Benefit Plan

The Company maintains a 401(k) defined contribution plan that covers eligible employees. Employer matching contributions, which may be discontinued at the Company's discretion, were approximately \$1.3 million and \$1.5 million during the years ended December 31, 2020 and 2019, respectively.

Note 11 — Commitments and Contingencies

Letter of Credit

In connection with two of our leased facilities, the Company is required to maintain two letters of credit totaling \$2.3 million. The letters of credit are secured by \$2.3 million of cash in money market accounts, which are classified as restricted cash in "Other assets" in our Consolidated Balance Sheets.

Non-cancelable Service Contract Commitments

Future minimum payments under non-cancelable service contract commitments were as follows:

	December 31, 2020
	(in thousands)
2021	\$ 10,385
2022	9,699
2023	7,993
2024	821
Thereafter	—
Total	<u>\$ 28,898</u>

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of ServiceSource International, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of ServiceSource International, Inc. (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 24, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Measurement of revenue accruals

Description of the Matter As more fully described in Note 2 to the consolidated financial statements, a significant portion of the Company's contracts is based on a pay-for-performance model in which commission revenue is based on a volume of closed bookings each time period. Significant judgment is required to estimate such accrued commission revenue at year end for amounts that the Company has not yet invoiced. At December 31, 2020, the Company recorded \$16.3 million of accrued commission revenue.

Auditing accrued commission revenue was subjective and involved significant audit effort due to the amount of the commission revenue accrual and the subjectivity applied in our audit procedures, including the testing of closed bookings which is an underlying assumption of the accrual.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls relating to accrued commission revenue, including management's review of the completeness and accuracy of data used in the accrual. For example, we tested the Company's controls over management's review of the underlying data used in the commission revenue accrual and controls over management's review of the amounts subsequently invoiced compared to the amounts accrued.

To test the Company's calculation of the commission revenue accrual, our audit procedures included, among others, testing the completeness and accuracy of underlying data used in the calculation, and comparing the commission revenue accrual to actual invoices for closed bookings approved subsequent to year end. We also performed analytical procedures by developing expectations of the amount of the commission revenue accrual for which actual invoices have not been approved as of the financial statement issuance date based on historical activity.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2016.

Denver, Colorado

February 24, 2021

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of ServiceSource International, Inc.

Opinion on Internal Control over Financial Reporting

We have audited ServiceSource International, Inc.'s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, ServiceSource International, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the two years in the period ended December 31, 2020, and the related notes and our report dated February 24, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Denver, Colorado

February 24, 2021

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this annual report on Form 10-K.

In designing and evaluating our disclosure controls and procedures, management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on management's evaluation, our CEO and CFO concluded that as of December 31, 2020 our disclosure controls and procedures are designed to, and are effective to, provide at a reasonable assurance level that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosures.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2020 based on the guidelines established in *Internal Control-Integrated Framework* (2013) issued by the COSO. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

Based on the results of our evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2020. The effectiveness of our internal control over financial reporting as of December 31, 2020 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended December 31, 2020 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 CEO and CFO, do not expect that our disclosure controls or our internal control over financial reporting will prevent 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. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. 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. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. 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 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.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding our directors is incorporated by reference from the information contained under the caption “Election of Directors” in our 2021 Proxy Statement. Information regarding our current executive officers is incorporated by reference from information contained under the caption “Executive Officers” in our 2021 Proxy Statement. Information regarding Section 16 reporting compliance is incorporated by reference from information contained under the caption “Section 16(a) Beneficial Ownership Reporting Compliance” in our 2021 Proxy Statement. Information regarding the Audit Committee of our Board of Directors and information regarding an Audit Committee financial expert is incorporated by reference from information contained under the caption “Board Committees” in our 2021 Proxy Statement. Information regarding our code of ethics is incorporated by reference from information contained under the caption “Code of Business Conduct and Ethics” in our 2021 Proxy Statement. Information regarding our implementation of procedures for stockholder nominations to our Board of Directors is incorporated by reference from information contained under the caption “Delinquent Section 16(a) Reports” in our 2021 Proxy Statement.

We intend to disclose any amendment to our code of ethics, or waiver from, certain provisions of our code of ethics as applicable for our directors and executive officers, including our principal executive officer, principal financial and accounting officer, chief accounting officer, and controller, or persons performing similar functions, by posting such information on our website at <http://www.servicesource.com>.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference from the information contained under the captions “Compensation Discussion and Analysis” and “Executive Compensation” in our 2021 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Other than information regarding securities authorized for issuance under equity compensation plans, which is set forth in the Notes to the Consolidated Financial Statements above, the information required by this item is incorporated by reference from the information contained under the caption “Security Ownership” in our 2021 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference from the information contained under the captions “Related Person Transactions” and “Delinquent Section 16(a) Reports” and “Director Independence” in our 2021 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference from the information contained under the caption “Principal Accountant Fees and Services” in our 2021 Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial Statements

Consolidated Financial Statements filed as part of this annual report are listed under Part II, Item 8 of this Form 10-K.

(2) Financial Statement Schedules

No schedules are required because either the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Consolidated Financial Statements or the notes thereto.

(3) Exhibits

The exhibits listed on the accompanying Exhibit Index immediately preceding the signature page are filed as part of, or are incorporated by reference into, this annual report on Form 10-K.

ITEM 16. FORM 10-K SUMMARY

None.

GLOSSARY OF TERMS

The following abbreviations or acronyms used in this Form 10-K are defined below:

Abbreviations or acronyms	Definition
2011 Plan	2011 Equity Incentive Plan
2020 Plan	2020 Equity Incentive Plan
2021 Proxy Statement	Proxy statement for our 2021 annual meeting of stockholders
APJ	Asia Pacific-Japan
ARO	Asset retirement obligation
ASC 606	Accounting Standards Codification Topic 606, Revenue from Contracts with Customers
ASC 740	Accounting Standards Codification Topic 740, Income Taxes
ASC 842	Accounting Standards Codification Topic 842, Leases
ASU	Accounting Standards Update
AWS	Amazon Web Services
B2B	Business-to-business
B2C	Business-to-consumer
Borrowers	ServiceSource International, Inc. and ServiceSource Delaware, Inc.
BPaaS	Business Process-as-a-Service
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CJX™	Customer journey experience trademark
COVID-19	Coronavirus disease 2019
CRM	Customer relationship management
COSO	Committee of Sponsoring Organizations of the Treadway Commission
EMEA	Europe, Middle East and Africa
ERP	Enterprise resource planning
ESPP	2011 Employee Stock Purchase Plan
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
GAAP	United States Generally Accepted Accounting Principles
GDPR	General Data Protection Regulation
IaaS	Infrastructure-as-a-service
IDC	International Data Corporation
IoT	Internet of things
IRC	Internal Revenue Code of 1986, as amended
IRS	Internal Revenue Service
KPI	Key performance indicator
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
NALA	North America and Latin America
PaaS	Platform-as-a-service
PSU	Performance-based restricted stock unit
Revolver	Senior secured revolving line of credit
ROU	Right-of-use
RSU	Restricted stock unit
SaaS	Software-as-a-service
SEC	Securities and Exchange Commission
SPA	Sales performance analysis
SSP	Stand-alone selling price
U.S.	United States

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Certificate of Incorporation of the Company filed May 22, 2018	10-Q	001-35108	3.1	08/06/2018	
3.2	Amended and Restated Bylaws of the Company dated March 28, 2016	8-K	001-35108	3.2	03/31/2016	
4.1	Registration and Information Rights Agreement dated as of December 8, 2006, between the Registrant and GA SS Holding LLC, SLLC Holdings, Inc., Housatonic Micro Fund SBIC, LP and Housatonic Equity Investors SBIC, LP	S-1/A	333-171271	4.1	02/25/2011	
4.2	Specimen common stock certificate of the Registrant	S-1/A	333-171271	4.3	03/11/2011	
4.3	Description of Capital Stock	10-K	001-35108	4.3	02/19/2020	
10.1	Form of Director and Executive Officer Indemnification Agreement	S-1	333-171271	10.1	12/20/2010	
10.2†	Employment and Confidential Information Agreement dated as of January 22, 2019, between the Company and Gary B. Moore	8-K	001-35108	10.1	01/28/2019	
10.3	Revolving Loan Credit Agreement, dated as of July 30, 2018, among ServiceSource International, Inc. and ServiceSource Delaware, Inc., as Borrowers, and Compass Bank, as Lender	8-K	001-35108	10.1	08/02/2018	
10.4†	Non-employee Director Deferred Compensation Plan	10-Q	001-35108	10.1	05/07/2020	
10.5†	2011 Equity Incentive Plan and forms of agreements thereunder	S-8	333-173116	4.4	03/28/2011	
10.6†	2011 Equity Incentive Plan form of Restricted Stock Award Agreement	8-K	001-35108	10.1	02/10/2012	
10.7†	2011 Equity Incentive Plan form of Share Option Award Agreement (adopted October 2019)	10-Q	001-35108	10.1	10/29/2019	
10.8†	2011 Equity Incentive Plan form of Restricted Stock Award Agreement (adopted October 2019)	10-Q	001-35108	10.2	10/29/2019	
10.9†	2011 Employee Stock Purchase Plan and form of agreement thereunder	S-8	333-173116	4.5	03/28/2011	
10.10†	2020 Equity Incentive Plan	S-8	333-239211	10.1	06/16/2020	
10.11†	2020 Equity Incentive Plan form of Performance Stock Unit Award Agreement	10-Q	001-35108	10.2	07/29/2020	
10.12†	2020 Equity Incentive Plan form of Restricted Stock Award Agreement					X
10.13†	2020 Equity Incentive Plan form of Share Option Award Agreement					X
10.14†	CFO Transition Agreement					X

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10.15†	Employment and Confidential Information Agreement dated as of November 16, 2017, between the Company and Chad W. Lyne	X
21.1	List of subsidiaries	X
23.1	Consent of Ernst & Young LLP	X
24.1	Power of Attorney (included on the Signatures page of this Annual Report on Form 10-K).	X
31.1	Certification of Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X
31.2	Certification of Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
101.INS	Inline XBRL Instance Document	X
101.SCH	Inline XBRL Taxonomy Extension Schema	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase	X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase	X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase	X
104	Cover Page Interactive Data File, formatted in Inline XBRL (included in Exhibit 101)	X

† Indicates a management contract or compensatory plan.

* These exhibits are furnished with this Annual Report on Form 10-K and are not deemed filed with the Securities and Exchange Commission and are not incorporated by reference in any filing of the Registrant under the Securities Act of 1933 or the Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in such filings.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

SERVICESTOURCE INTERNATIONAL, INC.

Dated: February 24, 2021 By: /s/ GARY B. MOORE

Gary B. Moore

Chief Executive Officer and Director (Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Patricia Elias, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution, each with power to act alone, to sign and execute on behalf of the undersigned any and all amendments to this Annual Report on Form 10-K, and to perform any acts necessary in order to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requested and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or their or his or her substitutes, shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the ServiceSource International, Inc. and in the capacities and on the dates indicated.

<u>Date</u>	<u>Signature</u>	<u>Title</u>
February 24, 2021	<u>/s/ GARY B. MOORE</u> Gary B. Moore	Chief Executive Officer and Director (<i>Principal Executive Officer</i>)
February 24, 2021	<u>/s/ CHAD W. LYNE</u> Chad W. Lyne	Chief Financial Officer (<i>Principal Financial and Accounting Officer</i>)
February 24, 2021	<u>/s/ ANDREW M. BAKER</u> Andrew M. Baker	Director
February 24, 2021	<u>/s/ JOHN R. FERRON</u> John R. Ferron	Director
February 24, 2021	<u>/s/ JOHN R. HARRIS</u> John R. Harris	Director
February 24, 2021	<u>/s/ JOHN A. MEYER</u> John A. Meyer	Director
February 24, 2021	<u>/s/ JANE OKUN BOMBA</u> Jane Okun Bomba	Director
February 24, 2021	<u>/s/ ROBIN L. SMITH</u> Dr. Robin L. Smith	Director
February 24, 2021	<u>/s/ RICHARD G. WALKER</u> Richard G. Walker	Director

Note: Do not sign and return this document to the Company. By **clicking on the [“ACCEPT” box]**, you acknowledge that you have read the information below and agree to be bound by the terms of the Plan and Agreement, including the Appendix. **To avoid cancellation of the Restricted Stock Units, you must provide such acceptance within ninety (90) days of the Grant Date, as set forth in Section 11 of the Restricted Stock Unit Award Terms and Conditions.**

**ServiceSource International, Inc.
2020 Equity Incentive Plan**

Restricted Stock Unit Award Agreement

Dear %%FIRST_NAME_MIDDLE_NAME_LAST_NAME%%-

We are pleased to inform you that ServiceSource International, Inc. (the “Company”) has made an award of restricted stock units to you (the “Restricted Stock Units”) as indicated in this Restricted Stock Unit Award Agreement (this “Agreement”). The award of Restricted Stock Units is made pursuant to the Company’s 2020 Equity Incentive Plan (the “Plan”) and is subject to and governed by the Plan generally. All capitalized terms not defined herein shall have the meanings given to such terms in the Plan.

Grant Date	%%OPTION_DATE, 'MM/DD/YYYY'%%-
Vesting Commencement Date	%%VEST_BASE_DATE%%-
Number of Restricted Stock Units	%%TOTAL_SHARES_GRANTED, '999,999,999'%%-

Vesting Schedule	Except as set forth below, your Restricted Stock Units shall vest in accordance with the vesting schedule set forth below, subject to your continued employment or service with the Company or its Subsidiaries through each applicable date.
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Vesting Schedule

One third (1/3) of the Restricted Stock Units will vest on each of the first three (3) anniversaries of the Vesting Commencement Date.

Any unvested Restricted Stock Units shall be automatically forfeited immediately upon the termination of your employment or service with the Company or its Subsidiaries for any or no reason. The Administrator shall determine in its discretion whether and when your employment or service has ended (including as a result of any leave of absence).

Restricted Stock Unit Award Terms and Conditions

The following terms and conditions apply to the Restricted Stock Units granted to you by the Company, as specified in the accompanying Restricted Stock Unit Award Agreement (the “Award Agreement”).

1. **Award of Restricted Stock Units.** The Company has issued to you the number of Restricted Stock Units set forth above in the Award Agreement, effective on the Grant Date, and subject to the terms and conditions set forth in the Award Agreement and the Restricted Stock Unit Award Terms and Conditions, including any special terms and conditions for your country of residence contained in the Appendix to these Restricted Stock Unit Award Terms and Conditions (together, the “Award Documents”), and the Plan (which is incorporated herein by reference).

2. **Restricted Stock Units Non-Transferable.** Restricted Stock Units (and related rights) may not be sold, assigned, alienated, transferred by gift or otherwise, pledged, hypothecated, or otherwise disposed of, by operation of law or otherwise. Any attempt to assign, alienate, transfer, pledge, sell or otherwise dispose of the Restricted Stock Units or its related rights shall be ineffective and, if any such attempt is made, the Restricted Stock Units will be forfeited and all of your rights under the Plan and the Award Documents shall immediately terminate without any payment or consideration by the Company.

3. **Vesting.** Unless otherwise provided in the Plan, your Restricted Stock Units shall vest in accordance with the Vesting Schedule set forth in the Award Agreement.

4. **Payment.** Payment in respect of vested Restricted Stock Units shall be made at the time(s) and in the form(s) set forth in the Award Agreement. Any distribution or delivery to be made to you under the Award Documents will, if you are then deceased, be made to the administrator or executor of your estate. Any such administrator or executor must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

5. **Termination of Service; Forfeiture.** Upon the termination of your Continuous Service for any reason, any Restricted Stock Units that have not vested in accordance with Section 3 and the Award Agreement shall immediately be forfeited. Upon forfeiture, you shall have no further rights with respect to such Restricted Stock Units. If you reside outside of the United States, in the event of termination of your employment or service (regardless of the reason for such termination and whether or not in breach of employment laws in the country where you reside or are employed or provide services or the terms of your employment agreement, if any, and whether or not later found to be invalid), your right to vest in the Restricted Stock Units under the Plan, if any, will terminate effective as of the date that you are no longer actively providing services and will not be extended by any notice period mandated under employment laws in the country where you reside or are employed or provide services (e.g., active employment would not include any contractual notice period or any period of “garden leave” or similar period mandated in the country in which you reside or are employed or provide services or the terms of your employment agreement, if any); the Administrator shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the Restricted Stock Units (including whether or not you may still be considered as actively providing services while on an approved leave of absence).

6. Tax Treatment; Section 409A. You may incur tax liability as a result of the receipt of Restricted Stock Units and payments thereunder. You should consult your own tax adviser for tax advice. You acknowledge that the Administrator, in the exercise of its sole discretion and without your consent, may amend or modify the Award Documents in any manner, and delay the payment of any amounts thereunder, to the minimum extent necessary to satisfy the requirements of Section 409A. The Company will provide you with notice of any such amendment or modification. This Section 6 does not, and shall not be construed so as to, create any obligation on the part of the Company to adopt any such amendments or to take any other actions or to indemnify you for any failure to do so.

7. Tax Withholding. You shall make appropriate arrangements with the Company to provide for payment of all federal, state, local or foreign taxes of any kind required by law to be withheld in respect of your Restricted Stock Units. Such arrangements may include, but are not limited to, the payment of cash directly to the Company, withholding by the Company from other cash payments of any kind otherwise due you, withholding from proceeds of the sale of Shares acquired upon exercise either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization without further consent), or share withholding as described below. Subject to the prior approval of the Administrator, which may be withheld by the Administrator in its sole discretion, you may be permitted to satisfy the statutory withholding obligations, in whole or in part, (i) by having the Company withhold shares otherwise issuable to you or (ii) by delivering to the Company shares of Common Stock already owned by you. The shares delivered or withheld shall have an aggregate Fair Market Value not in excess of the minimum statutory total tax withholding obligations. In addition, to the extent provided by the Plan, you may elect to have the Company perform additional voluntary tax withholding through the withholding or delivery of shares up to the maximum statutory tax rates in your applicable jurisdictions. The Fair Market Value of the shares used for tax withholding purposes shall be determined by the Company as of the date on which taxation occurs. Shares used for tax withholding purposes must be vested and cannot be subject to any repurchase, forfeiture, or other similar requirements. Any election to withhold or deliver shares shall be irrevocable, made in writing, signed by you, and shall be subject to any restrictions or limitations that the Administrator, in its sole discretion, deems appropriate. Further, if you become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, you acknowledge that the Company and/or its Subsidiaries (or former employer, as applicable) may be required to withhold or account for federal, state, local or foreign taxes of any kind in more than one jurisdiction.

8. Acknowledgements. If you reside outside the U.S., the following additional provisions shall apply:

a. the Restricted Stock Units and the Shares subject to the Restricted Stock Units are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or you, and are outside the scope of your employment or service contract, if any;

b. the Restricted Stock Units and the Shares subject to the Restricted Stock Units are not intended to replace any pension rights; and

c. no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from termination of your employment or services by the Company or its Subsidiaries (whether or not in breach of employment laws in the country where you resides and whether or not later found to be invalid) and in consideration of the Restricted Stock Units to which

you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company or its Subsidiaries, waive your ability, if any, to bring any such claim, and releases the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims.

9. Personal Information. The Company and its Subsidiaries may collect, store, disclose, use, or otherwise process certain personal information about you for the purpose of managing and administering the Plan, such as your name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares or directorships held in the Company, details of all Restricted Stock Units and other equity awards or any other entitlement to shares awarded, canceled, purchased, vested, unvested or outstanding in your favor (“Data”). The Company and/or its Subsidiaries may disclose Data among themselves as necessary for the purpose of implementation, administration and management of your participation in the Plan and the Company and/or any of its Subsidiaries may each further disclose Data to any third parties assisting the Company in the implementation, administration and management of the Plan, including E*Trade and the Plan recordkeeper. These recipients may be located throughout the world, including the United States. You understand and agree that these parties may receive, possess, use, retain, transfer, and otherwise process the Data, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer or disclosure of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares on your behalf to a broker or other third party with whom you may elect to deposit any shares acquired pursuant to the Plan. Notwithstanding anything to the contrary in this Section 9, you acknowledge and agree that the Company and its Subsidiaries may also collect, store, use, disclose, and otherwise process your Data where such processing is necessary to comply with a legal obligation, for the Company or its Subsidiaries’ legitimate business purposes, or with your consent if applicable law requires consent. You may, at any time, request to access, correct, delete or restrict processing of your Data by contacting the Company in writing. Applicable law may allow or require the Company to refuse to provide you with access to, correct, or restrict processing of some or all of the Data that the Company or its Subsidiaries hold about you, or the Company or its Subsidiaries may have destroyed, erased, or made such Data anonymous in accordance with applicable record retention obligations and practices. If the Company cannot provide you with access to, delete or restrict processing of your Data, the Company will inform you of the reasons why, subject to any legal or regulatory restrictions. For more information on the processing of your Data, contact your human capital representative.

10. Other Employee Benefits. Except as specifically provided otherwise in any relevant employee benefit plan, program, or arrangement, the Restricted Stock Units evidenced hereby are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

11. Electronic Delivery. BY YOUR ELECTRONIC ACCEPTANCE OF THIS AWARD, YOU HEREBY CONSENT TO ELECTRONIC DELIVERY OF THE PLAN, AND ANY DISCLOSURE OR OTHER DOCUMENTS RELATED TO THE PLAN, INCLUDING FUTURE AWARD DOCUMENTS (COLLECTIVELY, THE “PLAN DOCUMENTS”). THE COMPANY

MAY DELIVER THE PLAN DOCUMENTS ELECTRONICALLY TO YOU BY E-MAIL, BY POSTING SUCH DOCUMENTS ON ITS INTRANET WEBSITE OR BY ANOTHER MODE OF ELECTRONIC DELIVERY AS DETERMINED BY THE COMPANY IN ITS SOLE DISCRETION. YOU ACKNOWLEDGE THAT YOU ARE ABLE TO ACCESS, VIEW AND RETAIN AN E-MAIL ANNOUNCEMENT INFORMING YOU THAT THE PLAN DOCUMENTS ARE AVAILABLE IN HTML, PDF OR SUCH OTHER FORMAT AS THE COMPANY DETERMINES IN ITS SOLE DISCRETION. If you do not accept the Award documents within ninety (90) days of the Grant Date, the Award documents will be null and void following the ninetieth (90th) day after the Grant date and you will have no right or claim to the Award.

12. Notices. Any notice required or permitted to be given hereunder shall be in writing and shall be given by hand delivery, by e-mail, by facsimile, or by first class registered or certified mail, postage prepaid, addressed, if to the Company, to its Corporate Secretary, and if to you, to your address now on file with the Company, or to such other address as either may designate in writing. Any notice shall be deemed to be duly given as of the date delivered in the case of personal delivery, e-mail, or facsimile, or as of the second day after enclosed in a properly sealed envelope and deposited, postage prepaid, in a United States post office, in the case of mailed notice.

13. Amendment. The Award Documents may be amended by the Administrator at any time without your consent if such amendment is not materially adverse to your rights hereunder or is otherwise permitted herein. In all other cases, the Award Documents may not be amended or otherwise modified unless evidenced in writing and signed by the Company and by you.

14. Relationship to Plan. Nothing in the Award Documents shall alter the terms of the Plan. If there is a conflict between the terms of the Plan and the terms of the Award Documents, the terms of the Plan shall prevail.

15. Construction; Severability. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of these Restricted Stock Unit Award Terms and Conditions. The invalidity or unenforceability of any provision of the Award Documents shall not affect the validity or enforceability of any other provision thereof, and each other provision thereof shall be severable and enforceable to the extent permitted by law.

16. Waiver. Any provision contained in the Award Documents may be waived, either generally or in any particular instance, by the Administrator appointed under the Plan, but only to the extent permitted under the Plan.

17. Binding Effect. The Award Documents shall be binding upon and inure to the benefit of the Company and to you and your respective heirs, executors, administrators, legal representatives, successors and assigns.

18. Rights to Employment. Nothing contained in the Award Documents shall be construed as giving you any right to be retained in the employ or service of the Company or any of its Subsidiaries and the Award Documents are limited solely to governing the parties' rights and obligations with respect to the Restricted Stock Units.

19. Governing Law. The Award Documents shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the choice of law principles thereof.

20. Company Policies to Apply; Potential Clawback. The sale of any shares of Common Stock received as payment under the Restricted Stock Units is subject to the Company's policies regulating securities trading by employees, all relevant federal and state securities laws and the listing requirements of any stock exchange on which the shares of the Company's Common Stock are then traded. In addition, participation in the Plan and receipt of remuneration as a result of the Restricted Stock Units is subject in all respects to any laws, regulations, or Company compensation policies related to clawback that may be in effect from time to time.

21. Section 409A Compliance. The Restricted Stock Units granted hereunder are intended to comply with or be exempt from the requirements of Section 409A, and the Award Documents shall be interpreted and administered in a manner consistent with such intent. You shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on you in connection with the Restricted Stock Units granted hereunder (including any taxes and penalties under Section 409A), and neither the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold you harmless from any or all of such taxes or penalties.

22. Language. If you have received any of the Award Documents or any other document related to the Restricted Stock Units and/or the Plan translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

23. Appendix. Notwithstanding any provisions in the Award Agreement and these Restricted Stock Unit Award Terms and Conditions, the Restricted Stock Units shall be subject to any special terms and conditions set forth in the Appendix for your country of residence. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country shall apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with the relevant laws concerning the issuance or sale of Shares or to facilitate the administration of the Plan. The Appendix constitutes part of the Award Documents.

Appendix to the Restricted Stock Unit Award Terms and Conditions

This Appendix to the Restricted Stock Unit Award Terms and Conditions includes additional terms and conditions that govern participation in the ServiceSource International, Inc. 2020 Equity Incentive Plan (the “Plan”) if you reside in one of the countries listed herein. This Appendix forms part of the Restricted Stock Unit Award Agreement (including the accompanying Restricted Stock Unit Award Terms and Conditions) (the “Award Documents”). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Award Documents and the Plan.

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time you vest in the Restricted Stock Units and acquire Shares or when you subsequently sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your situation, and the Company is not in a position to assure you of any particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you is currently working, transfer employment to another country after the Restricted Stock Units are granted, or are considered a resident of another country for local law purposes, the information contained herein may not be applicable to you. In addition, the Company shall, in its sole discretion, determine to what extent the terms and conditions included herein will apply to you.

CANADA

Terms and Conditions

For Participants who are directors, the following terms and conditions apply to the Award Documents and the Plan:

Termination of Continuous Status as a Director. The following provision replaces the last sentence of Section 5 of the Restricted Stock Unit Award Terms and Conditions:

Your continuous status as a director shall be considered terminated for vesting purposes as of the earlier of (a) the date on which your continuous status as a director is terminated; (b) the date that you receive notice of termination of your continuous status as a director from the Company; or (c) the date that you are no longer actively serving as a director of the Company, regardless of any notice period or period of pay in lieu of such notice required under applicable employment law; the Board shall have the exclusive discretion to determine when your continuous status as a

director is terminated for purposes of the Restricted Stock Units (including whether you may still be considered to be actively serving as a director while on a leave of absence).

Notifications

Securities Law Information. You are permitted to sell Shares acquired under the Plan, provided that the resale of the Shares takes place outside of Canada through the facilities of a stock exchange on which the shares are listed. The Shares are currently listed on the NASDAQ Global Select Market.

Foreign Assets Reporting Information. You are required to report any foreign property (including Restricted Stock Units and Shares) on form T1135 (Foreign Income Verification Statement) if the total value of the foreign property exceeds C\$100,000 at any time in the year. The form must be filed by April 30 of the following year. You Are advised to consult with your personal legal advisor to ensure compliance with applicable reporting obligations.

IRELAND

Notifications

Director Notification Obligation. You acknowledge that if you are a director, shadow director or secretary of the Company's Irish Subsidiary, with interest representing 1% or more of the Company's voting share capital, you must notify the Irish Subsidiary in writing within five business days of receiving or disposing of an interest in the Company (e.g., the Restricted Stock Units, Shares, etc.), or within five business days of becoming aware of the event giving rise to the notification requirement or within five business days of becoming a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of your spouse or children under the age of 18 (whose interests will be attributed to you if you are a director, shadow director or secretary).

JAPAN

Notifications

Foreign Assets Reporting Obligation. You are required to report details of any assets held outside of Japan to the tax authorities on an annual basis as of December 31 (including Shares acquired under the Plan), to the extent such assets have a total net fair market value exceeding ¥100 million. Such report will be due by March 15 each year. You should consult with your personal tax advisor to determine if the reporting obligation applies to your personal situation.

MALAYSIA

Notifications

Insider Trading Notification. You understand that Malaysian insider-trading rules exist, which may impact your acquisition or disposal of Shares under the Plan. Under the Malaysian

insider-trading rules, you are prohibited from acquiring or disposing of Shares or rights to acquire Shares (e.g., the Restricted Stock Units) when in possession of information which is not generally available, and which you know or should know will have a material effect on the price of Shares once such information is generally available.

Director Notification. If you are a director of a Subsidiary in Malaysia, you are subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify the Malaysian Subsidiary in writing when you receive an interest in the Company (e.g., the Restricted Stock Units, Shares). In addition, you must notify the Malaysian Subsidiary when you sell shares of the Company (including when you sell Shares acquired under the Plan). These notifications must be made within 14 days of acquiring or disposing of any interest in the Company.

SINGAPORE

Notifications

Director Notification Obligation. You acknowledge that if you are a director, associate director or shadow director of a Singapore Subsidiary, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore Subsidiary in writing when you receive an interest (e.g., the Restricted Stock Units or Shares) in the Company or any Subsidiary within two business days of (i) its acquisition or disposal, (ii) any change in previously disclosed interest (e.g., when the Shares are sold), or (iii) becoming a director.

Securities Law Information. You understand that the Restricted Stock Units are being granted pursuant to the “Qualifying Person” exemption under section 273(1)(f) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”). You further understand that neither the Plan nor any of the Award Documents have been lodged or registered as a prospectus with the Monetary Authority of Singapore. You understand and acknowledge that the Restricted Stock Units are subject to section 257 of the SFA and you will not be able to make any subsequent sale of Shares in Singapore, or any offer of such subsequent sale of the Shares acquired upon vesting of the Restricted Stock Units, unless such sale or offer in Singapore is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

Insider Trading Information. You should be aware of the Singaporean insider trading rules, which may impact the acquisition or disposal of Shares or rights to Shares under the Plan. Under the Singaporean insider trading rules, you are prohibited from acquiring or selling Shares or rights to Shares (e.g., Restricted Stock Units) when in possession of information which is not generally available and which you know or should know will have a material effect on the price of Shares once such information is generally available.

UNITED KINGDOM

Terms and Conditions

For Services Providers who are Employees, the following additional terms and conditions apply to the Agreement. These terms and conditions, as well as the provisions related to withholding contained in the Agreement, do not apply if Participant is a Consultant who is self-employed.

Tax Reporting and Payment Liability. The following provision supplements Sections 6 and 7 of the Restricted Stock Unit Award Terms and Conditions:

You agree that if the Company does not withhold or otherwise collect the full amount of income tax that you owe due to the vesting of the Restricted Stock Units or release, assignment or cancellation of the Restricted Stock Units (the “Chargeable Event”) from you within ninety (90) days after the Chargeable Event or such other period as required by U.K. law (the “Due Date”), then the amount that should have been withheld or collected shall constitute a loan owed by you to the Company, effective on the Due Date. You agree that the loan will bear interest at the then-current Official Rate of Her Majesty’s Revenue & Customs (“HMRC”) and it will be immediately due and repayable by you and the Company and/or its Subsidiaries may recover it at any time thereafter by any of the means referred to in Section 7 of the Restricted Stock Unit Award Terms and Conditions.

Notwithstanding the foregoing, if you are an executive officer or director (as within the meaning of Section 13(k) of the Exchange Act), the terms of the provision above will not apply. In the event that you are an executive officer or director and income tax is not collected from or paid by you by the Due Date, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and National Insurance Contributions (“NICs”) may be payable. You understand that you will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company for the value of the employee NICs due on this additional benefit. You acknowledge that you will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or its Subsidiaries (as applicable) for the value of any employee NICs due on this additional benefit which the Company or its Subsidiaries may recover from you by any of the means referred to in Section 7 of the Restricted Stock Unit Award Terms and Conditions or Section 9.1 of the Plan.

Joint Election. As a condition of participation in the Plan, you agree to accept any liability for secondary Class 1 NICs which may be payable by the Company and/or any of its Subsidiaries in connection with the Restricted Stock Units and any event giving rise to federal, state, local or foreign taxes of any kind (the “Employer’s NICs”). Without limitation to the foregoing, you agree to enter into a joint election with the Company (the “Joint Election”), the form of such Joint Election being formally approved by HMRC, and to execute any other consents or elections required to accomplish the transfer of the Employer’s NICs to you. You further agree to execute such other joint elections as may be required between you and any

successor to the Company and/or any of its Subsidiaries. You further agree that the Company and/or its Subsidiaries may collect the Employer's NICs from you by any of the means set forth in Section 7 of the Restricted Stock Unit Award Terms and Conditions or Section 9.1 of the Plan.

(Joint Election Form below)

**SERVICESTRACE INTERNATIONAL, INC.
2020 EQUITY INCENTIVE PLAN**

**Important Note on the Joint Election to Transfer
Employer National Insurance Contributions**

As a condition of participation in the ServiceSource International, Inc. 2020 Equity Incentive Plan (the “Plan”) and the Restricted Stock Units that have been granted to you by ServiceSource International, Inc. (the “Company”), you are required to enter into a joint election to transfer to you any liability for employer national insurance contributions (the “Employer NICs”) that may arise in connection with the grant of the Restricted Stock Units or in connection with future restricted stock units granted to you by the Company under the Plan (the “Joint Election”).

If you do not agree to enter into the Joint Election, the grant of the Restricted Stock Units will be worthless and you will not be able to vest in the Restricted Stock Units or receive any benefit in connection with the Restricted Stock Units.

By entering into the Joint Election:

- **you agree that any liability for Employer’s NICs that may arise in connection with or pursuant to the vesting of the Restricted Stock Units (and the acquisition of Shares) or other taxable events in connection with the Restricted Stock Units will be transferred to you; and**
- **you authorize the Company and/or your employer to recover an amount sufficient to cover this liability by any method set forth in the Restricted Stock Units Agreement and/or the Joint Election.**

By accepting the Restricted Stock Units through the Company’s online acceptance procedure, you are agreeing to be bound by the terms of the Joint Election.

**Please read the terms of the Joint Election carefully before
accepting the Award Agreement
and the Joint Election.**

**Please print and keep a copy of the Joint Election
for your records.**

**SERVICESTRACE INTERNATIONAL, INC.
2020 EQUITY INCENTIVE PLAN**

Election To Transfer the Employer's National Insurance Liability to the Employee

This Election is between:

- A. The individual who has obtained authorized access to this Election (the “Employee”), who is employed by one of the employing companies listed in the attached schedule (the “Employer”) and who is eligible to receive stock options and/or restricted stock units (“Awards”) pursuant to the ServiceSource International, Inc. 2020 Equity Incentive Plan (the “Plan”), and
- B. ServiceSource International, Inc., with its registered offices at 707 17th Street, Suite 2500, Denver, Colorado 80202, U.S.A. (the “Company”), which may grant Awards under the Plan and is entering into this Election on behalf of the Employer.

I. INTRODUCTION

- 1. This Election relates to the employer's secondary Class 1 National Insurance Contributions (the “Employer's Liability”) which may arise on the occurrence of a chargeable event within paragraph 3B(1A)(a) of Schedule 1 of the Social Security Contributions and Benefits Act 1992 (“SSCBA”), including:
 - (a) the acquisition of securities pursuant to stock options and/or restricted stock units (within section 477(3)(a) of the Income Tax (Earnings and Pensions) Act 2003 (“ITEPA”));
 - (b) the assignment (if applicable) or release of the stock options and/or restricted stock units (within section 477(3)(b) of ITEPA);
 - (c) the receipt of any other benefit in money or money’s worth in connection with the stock options and/or restricted stock units (within section 477(3)(c) of ITEPA); and/or
 - (d) post-acquisition charges relating to shares acquired under the stock options and/or restricted stock units (within section 427 of ITEPA), each a “Chargeable Event.” This Election is made in accordance with paragraph 3B(1) of Schedule 1 to SSCBA.
- 2. This Election applies to all Awards granted to the Employee under the Plan on or after the Grant Date up to the termination date of the Plan.
- 3. This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the SSCBA, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.
- 4. This Election does not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of

Part VII of ITEPA (employment income: securities with artificially depressed market value).

II. THE ELECTION

The Employee and the Company jointly elect that the entire liability of the Employer to pay the Employer's Liability on the Chargeable Event is hereby transferred to the Employee. The Employee understands that, by clicking the ["ACCEPT" box], he or she will become personally liable for the Employer's Liability covered by this Election.

III. PAYMENT OF THE EMPLOYERS' LIABILITY

1. The Employee hereby authorizes the Company and/or the Employer to collect the Employer's Liability from the Employee at any time after the Chargeable Event:
 - (a) by deduction from salary or any other payment payable to the Employee at any time on or after the date of the Chargeable Event; and/or
 - (b) directly from the Employee by payment in cash or cleared funds; and/or
 - (c) by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive in respect of the Awards; and/or
 - (d) by any other means specified in the applicable award agreement.
2. The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities to the Employee in respect of the Awards until full payment of the Employer's Liability is received.
3. The Company agrees to remit the Employer's Liability to HM Revenue & Customs on behalf of the Employee within 14 days after the end of the UK tax month during which the Chargeable Event occurs (or within 17 days if payments are made electronically).

IV. DURATION OF ELECTION

1. The Employee and the Company agree to be bound by the terms of this Election regardless of whether the Employee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.
2. This Election will continue in effect until the earliest of the following:
 - (a) the Employee and the Company agree in writing that it should cease to have effect;
 - (b) on the date the Company serves written notice on the Employee terminating its effect;
 - (c) on the date HM Revenue & Customs withdraws approval of this Election; or
 - (d) after due payment of the Employer's Liability in respect of the entirety of the Awards to which this Election relates or could relate, such that the Election ceases to have effect in accordance with its terms.

Acceptance by the Employee

The Employee acknowledges that, by clicking on the ["ACCEPT" box], the Employee agrees to be bound by the terms of this Election.

SCHEDULE OF EMPLOYER COMPANIES

The following are employer companies to which this Election may apply:

SSI Europe UK Limited

Registered Office:	5 New Street Square, London, United Kingdom, EC4A 3TW
Company Registration Number:	7253138
Corporation Tax District:	CT Operations (Large & Complex CRM) 16 North Government Buildings Ty Glas Llanishen Cardiff CF14 5FP
Corporation Tax Reference:	42508 00092
PAYE District:	Customer Operations Employer Office BP4009 Chillingham House Benton Park View Newcastle upon Tyne NE98 1ZZ
PAYE Reference:	083/WA49060

Note: Do not sign and return this document to the Company. By **clicking on the [“ACCEPT” box]**, you acknowledge that you have read the information below and agree to be bound by the terms of the Plan and Agreement, including the Appendix. **To avoid cancellation of the Option, you must provide such acceptance within ninety (90) days of the Grant Date, as set forth in Section 14 of the Option Award Terms and Conditions.**

ServiceSource International, Inc.

2020 Equity Incentive Plan

Stock Option Award Agreement

Dear %%FIRST_NAME_MIDDLE_NAME_LAST_NAME%%-

We are pleased to inform you that ServiceSource International, Inc. (the “Company”) has granted to you an option (the “Option”) to purchase the number of shares of the Company’s Common Stock (“Shares”) indicated in this Stock Option Award Agreement (this “Agreement”) at the exercise price set forth below, pursuant to the Company’s 2020 Equity Incentive Plan (the “Plan”). The grant of the Option is subject to and governed by the Plan generally, and all capitalized terms not defined herein shall have the meanings given to such terms in the Plan.

Grant Date	%%OPTION_DATE%%-
Vesting Commencement Date	%%VEST_BASE_DATE%%-
Shares of Common Stock Covered by Option	%%TOTAL_SHARES_GRANTED,'999,999,999'%%-
Type of Option	Non-Qualified Stock Option
Exercise Price	%%OPTION_PRICE,'\$999,999,999.99'%% per Share, which is intended to be no less than the Fair Market Value per Share on the Grant Date.
Vesting Schedule	Except as set forth below, your Option shall vest in accordance with the following schedule, subject to your continued employment or service with the Company or its Subsidiaries through each applicable vesting date. <u>Vesting Schedule</u> The Option will vest and become exercisable as to one-third (1/3 rd) of the Shares covered by the Option on each of the first three (3) anniversaries of the Vesting Commencement Date.
Expiration Date	Ten (10) years from the Grant Date.

Termination of Employment or Service

Any unvested portion of the Option shall automatically be forfeited immediately upon the termination of your employment or service with the Company or its Subsidiaries for any or no reason.

Any vested portion of the Option shall expire as follows:

General

In the event of your termination of employment or service with the Company or its Subsidiaries for any reason other than death, Disability, or for Cause, the vested portion of your Option shall expire three (3) months after the last day that you are employed by, or provided services to, the Company or its Subsidiaries; provided, however, that in the event of your death during this post-termination period, those persons entitled to exercise the Option pursuant to the laws of descent and distribution shall have one (1) year following the date of your death within which to exercise the vested portion of your Option. In no event may the Option be exercised after the Expiration Date.

Death or Disability

In the event of your termination of employment or service with the Company or its Subsidiaries as a result of death or Disability, the vested portion of your Option will expire twelve (12) months after the last day that you were employed by, or provided services to, the Company or a Subsidiary. In no event may the Option be exercised after the Expiration Date.

Cause

In the event of your termination of employment or service with the Company or its Subsidiaries for Cause, the entirety of the Option, whether vested or unvested, shall automatically be forfeited immediately upon such termination.

The Administrator shall determine in its discretion whether and when your employment or service has ended, including as a result of any leave of absence.

Other Terms and Conditions

Are set forth in the accompanying Option Award Terms and Conditions and the Plan.

Online Acceptance of Stock Option Award Agreement

By your online acceptance, you and the Company agree that the Option granted hereby is granted under and governed by the terms and conditions of the Plan and of this Agreement (including the accompanying Option Award Terms and Conditions) (the "Award Documents"). You hereby represent and acknowledge that you been provided the opportunity to review the Plan and the Award Documents in their entirety, and you hereby agree to accept as binding, conclusive, and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and the Award Documents

Option Award Terms and Conditions

The following terms and conditions apply to the Option granted to you by the Company, as specified in the accompanying Stock Option Award Agreement (the "Award Agreement").

1. **Award of Option.** The Company has issued to you an Option covering the number of Shares set forth above in the Award Agreement, at the exercise price set forth in the Award Agreement. The Award is effective on the Grant Date and is subject to the terms and conditions set forth in the Award Agreement and these Option Award Terms and Conditions, including any special terms and conditions for your country of residence contained in the Appendix to these Option Award Terms and Conditions (together, the "Award Documents"), and the Plan (which is incorporated herein by reference).

2. **Vesting.** Unless otherwise provided in the Plan, your Option shall vest and become exercisable in accordance with the Vesting Schedule set forth in the Award Agreement. As the Option becomes exercisable for one or more installments, the installments shall accumulate, and the Option shall remain exercisable for the accumulated installments until the Option expires or terminates in accordance with the terms hereof or the terms of the Plan.

3. **Notice of Exercise.** Your Option, to the extent vested, may be exercised on any business day on which the Company is generally open for business by delivery of written or electronic notice to an officer, employee, or agent of the Company designated by the Administrator, on a written or electronic form specified by the Company or its designated agent. The written or electronic notice shall specify the number of Shares for which the Option is exercised and shall specify the manner in which the Shares should be registered and the manner in which you are paying the exercise price and satisfying applicable tax withholding requirements. The notice of exercise will be effective when it is received. Anyone exercising the Option after your death must provide appropriate documentation to the satisfaction of the Company that the individual is entitled to exercise the Option.

4. **Payment of Exercise Price; Issuance of Shares.** The exercise price may be paid as set forth in Section 6.4 of the Plan. Upon receipt of the exercise price, the Company shall issue the purchased Shares to you in the manner set forth in your notice of exercise, in written or electronic format as selected by the Administrator in its discretion.

5. **Term; Expiration Date.** Your Option shall expire at 5:00 P.M. Mountain Time on the Expiration Date set forth in the Award Agreement, unless sooner terminated in accordance with the Award Agreement (such as upon your termination of employment or service) or the terms of the Plan.

6. **Investment Representations.** The Administrator may require you (or your estate or heirs) to represent and warrant in writing that the individual exercising the Option is acquiring Shares for investment and without any present intention to distribute such Shares, and to make such other representations as are deemed necessary or appropriate by the Company.

7. **Stockholder Rights.** You and your estate or heirs shall not have any rights as a stockholder of the Company until you become the holder of record of such Shares, and adjustments shall be made for dividends or other distributions or other rights as to which there is a record date prior to the date you become the holder of record of such Shares solely as provided in the Plan.

8. Additional Requirements. The transfer of any Shares hereunder shall be effective only at such time as the Company shall have determined that the issuance and delivery of such Shares is in compliance with all applicable laws and the requirements of any securities exchange on which the Shares are then traded. You acknowledge that Shares acquired upon exercise of the Option may bear such legends as the Company deems appropriate to comply with applicable federal, state or foreign securities laws. In connection therewith and prior to the issuance of the Shares, you may be required to deliver to the Company such other documents as may be reasonably necessary to ensure compliance with applicable laws.

9. Tax Treatment; Section 409A. You may incur tax liability as a result of the exercise of your Option. You should consult your own tax adviser for tax advice. You acknowledge that the Administrator, in the exercise of its sole discretion and without your consent, may amend or modify the Award Documents in any manner and delay the payment of any amounts payable pursuant to the exercise of your Option to the minimum extent necessary to satisfy the requirements of Section 409A. The Company will provide you with notice of any such amendment or modification. This Section 9 does not, and shall not be construed so as to, create any obligation on the part of the Company to adopt any such amendments or to take any other actions or to indemnify you for any failure to do so.

10. Tax Withholding. You shall make appropriate arrangements with the Company to provide for payment of any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to your Option. Such arrangements may include, but are not limited to, the payment of cash directly to the Company, withholding by the Company from other cash payments of any kind otherwise due to you, withholding from proceeds of the sale of Shares acquired upon exercise either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization without further consent) or Share withholding as described below. Subject to the prior approval of the Administrator, which may be withheld by the Administrator in its sole discretion, you may be permitted to satisfy the statutory withholding obligations, in whole or in part, (i) by having the Company withhold Shares otherwise issuable to you, or (ii) by delivering to the Company Shares already owned by you. The Shares delivered or withheld shall have an aggregate fair market value not in excess of the maximum statutory rates in your applicable jurisdictions. The fair market value of the Shares used to satisfy the withholding obligation shall be determined by the Company as of the date on which taxation occurs. Shares used to satisfy any tax withholding obligation must be vested and cannot be subject to any repurchase, forfeiture, or other similar requirements. Any election to withhold Shares shall be irrevocable, made in writing, signed by you, and shall be subject to any restrictions or limitations that the Administrator in its sole discretion deems appropriate. Further, if you become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, you acknowledge that the Company (or former employer, as applicable) may be required to withhold or account for any federal, state, local or foreign taxes of any kind in more than one jurisdiction.

11. Acknowledgements. If you reside outside the U.S., the following additional provisions shall apply:

- a. the Option and the Shares subject to the Option are not intended to replace any pension rights;
- b. no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from termination of your employment or service by the Company or its

Subsidiaries (whether or not in breach of employment laws in the country where you resides or are employed or provide services or the terms of your employment agreement, if any, and whether or not later found to be invalid) and in consideration of the grant of the Option to which you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company or its Subsidiaries, waive your ability, if any, to bring any such claim, and release the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claims;

c. in the event of termination of your employment or service (regardless of the reason for such termination and whether or not in breach of employment laws in the country where you reside or are employed or provide services or the terms of your employment agreement, if any, and whether or not later found to be invalid), your right to vest in the Option under the Plan, if any, will terminate effective as of the date that you are no longer actively providing services and will not be extended by any notice period mandated under employment laws in the country where you reside or are employed or provide services (e.g., active employment would not include any contractual notice period or any period of “garden leave” or similar period mandated under employment laws in the country in which you reside or are employed or provide services or the terms of your employment agreement, if any); furthermore, in the event of termination of your employment (whether or not in breach of employment laws in the country where you reside or are employed or provide services or the terms of your employment agreement, if any, and whether or not later to be found invalid), your right to exercise the Option after termination of employment or service, if any, will be measured by the date of termination of your active services and will not be extended by any notice period mandated under employment laws in the country in which you reside or are employed or provide services or the terms of your employment agreement, if any; the Administrator shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the Option grant (including whether you may still be considered actively providing services while on an approved leave of absence);

d. the Option and the Shares subject to the Option are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or its Subsidiaries, and are outside the scope of your employment or service contract, if any; and

e. neither the Company nor any Subsidiary or Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the Option or of any amounts due to you pursuant to the exercise of the Option or the subsequent sale of any Shares acquired upon exercise.

12. Personal Information. The Company and its Subsidiaries may collect, store, disclose, use, or otherwise process certain personal information about you for the purpose of managing and administering the Plan, such as your name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares or directorships held in the Company, details of all Options and other equity awards or any other entitlement to shares awarded, canceled, purchased, vested, unvested or outstanding in your favor (“Data”). The Company and/or its Subsidiaries may disclose Data among themselves as necessary for the purpose of implementation, administration and management of your participation in the Plan and

the Company and/or any of its Subsidiaries may each further disclose Data to any third parties assisting the Company in the implementation, administration and management of the Plan, including E*Trade Financial Services, Inc. and the Plan recordkeeper. These recipients may be located throughout the world, including the United States. You understand and agree that these parties may receive, possess, use, retain, transfer, and otherwise process the Data, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer or disclosure of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares on your behalf to a broker or other third party with whom you may elect to deposit any shares acquired pursuant to the Plan. Notwithstanding anything to the contrary in this Section 12, you acknowledge and agree that the Company and its Subsidiaries may also collect, store, use, disclose, and otherwise process your Data where such processing is necessary to comply with a legal obligation, for the Company or its Subsidiaries' legitimate business purposes, or with your consent if applicable law requires consent. You may, at any time, request to access, correct, delete or restrict processing of your Data by contacting the Company in writing. Applicable law may allow or require the Company to refuse to provide you with access to, delete or restrict processing of some or all of the Data that the Company or its Subsidiaries hold about you, or the Company or its Subsidiaries may have destroyed, erased, or made such Data anonymous in accordance with applicable record retention obligations and practices. If the Company cannot provide you with access to, delete or restrict processing of your Data, the Company will inform you of the reasons why, subject to any legal or regulatory restrictions. For more information on the processing of your Data, contact your human capital representative.

13. Other Employee Benefits. Except as specifically provided otherwise in any relevant employee benefit plan, program, or arrangement, the Option evidenced hereby is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

14. Electronic Delivery. BY YOUR ELECTRONIC ACCEPTANCE OF THIS AWARD, YOU HEREBY CONSENT TO ELECTRONIC DELIVERY OF THE PLAN, AND ANY DISCLOSURE OR OTHER DOCUMENTS RELATED TO THE PLAN, INCLUDING FUTURE AWARD DOCUMENTS (COLLECTIVELY, THE "PLAN DOCUMENTS"). THE COMPANY MAY DELIVER THE PLAN DOCUMENTS ELECTRONICALLY TO YOU BY E-MAIL, BY POSTING SUCH DOCUMENTS ON ITS INTRANET WEBSITE OR BY ANOTHER MODE OF ELECTRONIC DELIVERY AS DETERMINED BY THE COMPANY IN ITS SOLE DISCRETION. YOU ACKNOWLEDGE THAT YOU ARE ABLE TO ACCESS, VIEW AND RETAIN AN E-MAIL ANNOUNCEMENT INFORMING YOU THAT THE PLAN DOCUMENTS ARE AVAILABLE IN EITHER HTML, PDF OR SUCH OTHER FORMAT AS THE COMPANY DETERMINES IN ITS SOLE DISCRETION. If you do not accept the Award documents within ninety (90) days of the Grant Date, the Award documents will be null and void following the ninetieth (90th) day after the Grant date and you will have no right or claim to the Award.

15. Notices. Any notice required or permitted to be given hereunder shall be in writing and shall be given by hand delivery, by e-mail, by facsimile, or by first class registered or certified mail, postage prepaid, addressed, if to the Company, to its Corporate Secretary, and if to you, to your address now on file with the Company, or to such other address as either may designate in writing. Any notice shall be deemed to be duly given as of the date delivered in the case of personal delivery,

e-mail, or facsimile, or as of the second day after enclosed in a properly sealed envelope and deposited, postage prepaid, in a United States post office, in the case of mailed notice.

16. Amendment. Except as provided herein, the Award Documents may not be amended or otherwise modified unless evidenced in writing and signed by the Company and you.

17. Relationship to Plan. Nothing in the Award Documents shall alter the terms of the Plan. If there is a conflict between the terms of the Plan and the terms of the Award Documents, the terms of the Plan shall prevail.

18. Construction; Severability. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of the Award Documents. The invalidity or unenforceability of any provision of the Award Documents shall not affect the validity or enforceability of any other provision hereof, and each other provision hereof shall be severable and enforceable to the extent permitted by law.

19. Waiver. Any provision contained in the Award Documents may be waived, either generally or in any particular instance, by the Administrator appointed under the Plan, but only to the extent permitted under the Plan.

20. Binding Effect. The Award Documents shall be binding upon and inure to the benefit of the Company and to you and your respective heirs, executors, administrators, legal representatives, successors and assigns.

21. Rights to Employment or Service. Nothing contained in the Award Documents shall be construed as giving you any right to be retained in the employ or service of the Company or any of its Subsidiaries and the Award Documents are limited solely to governing your rights and obligations with respect to your Option.

22. Governing Law. The Award Documents shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the choice of law principles thereof.

23. Company Policies to Apply; Potential Clawback. The sale of any shares of Common Stock received as a result of the exercise of your Option is subject to the Company's policies regulating securities trading by employees, all relevant federal and state securities laws and the listing requirements of any stock exchange on which the shares of the Company's Common Stock are then traded. In addition, your participation in the Plan and your receipt of remuneration as a result of the Option granted to you is subject in all respects to any laws, regulations or Company compensation policies related to clawback that may be in effect from time to time.

24. Section 409A Compliance. The Option granted hereunder are intended to be exempt from the requirements of Section 409A, and the Award Documents shall be interpreted and administered in a manner consistent with such intent. You shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on you in connection with the Option granted hereunder (including any taxes and penalties under Section 409A), and neither the Company nor any of its affiliates shall have any obligation to indemnify or otherwise hold you harmless from any or all of such taxes or penalties.

25. Disqualifying Disposition. If the Option granted hereunder is an “incentive stock option” within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, and you dispose of any of the Shares acquired upon exercise of the Option within two (2) years from the date the Option was granted or within one (1) year after the date of exercise of the Option, then, in order to provide the Company with the opportunity to claim the benefit of any income tax deduction, you shall promptly notify the Company of the dates of acquisition and disposition of such Shares, the number of Shares so disposed of, and the consideration, if any, received for such Shares.

26. Language. If you have received any of the Award Documents or any other document related to the Option and/or the Plan translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

27. Appendix. Notwithstanding any provisions in the Award Agreement and these Option Award Terms and Conditions, the Option shall be subject to any special terms and conditions set forth in the Appendix for your country of residence. Moreover, if you relocate to one of the countries included in the Appendix during the life of the Option, the special terms and conditions for such country shall apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with the relevant laws concerning the issuance or sale of Shares or to facilitate the administration of the Plan. The Appendix constitutes part of the Award Documents.

Appendix to the Option Award Terms and Conditions

This Appendix to the Option Award Terms and Conditions includes additional terms and conditions that govern participation in the ServiceSource International, Inc. 2020 Equity Incentive Plan (the “Plan”) if you reside in one of the countries listed herein. This Appendix forms part of the Stock Option Award Agreement (including the accompanying Option Award Terms and Conditions) (the “Award Documents”). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Award Documents and the Plan.

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time you exercise the Option and acquire Shares or when you subsequently sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your situation, and the Company is not in a position to assure you of any particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you is currently working, transfer employment to another country after the Option is granted, or are considered a resident of another country for local law purposes, the information contained herein may not be applicable to you. In addition, the Company shall, in its sole discretion, determine to what extent the terms and conditions included herein will apply to you.

CANADA

Terms and Conditions

For Participants who are directors, the following terms and conditions apply to the Award Documents and the Plan:

Termination of Continuous Status as a Director. The following provision replaces Section 11(c) of the Option Award Terms and Conditions:

Your continuous status as a director shall be considered terminated for vesting and other purposes as of the earlier of (a) the date on which your continuous status as a director is terminated; (b) the date that you receive notice of termination of your continuous status as a director from the Company; or (c) the date that you are no longer actively serving as a director of the Company, regardless of any notice period or period of pay in lieu of such notice required under applicable employment law; the Board shall have the exclusive discretion to determine when your continuous status as a director is terminated for purposes of the Option (including

whether you may still be considered to be actively serving as a director while on a leave of absence).

For Participants who are employees, the following additional terms and conditions apply to the Award Documents and Plan:

Termination of Engagement as a Service Provider. The following provision replaces Section 11(c) of the Option Award Terms and Conditions:

Your engagement as an employee or consultant shall be considered terminated for vesting and other purposes as of the earlier of (a) the date that you are terminated; (b) the date that you receive notice of termination from the Company or its Subsidiary; or (c) the date that you are no longer actively providing services to the Company or its Subsidiaries, regardless of any notice period or period of pay in lieu of such notice required under applicable employment law; the Administrator shall have the exclusive discretion to determine when your engagement as an employee or a consultant is terminated for purposes of the Option (including whether you may still be considered to be actively providing services while on a leave of absence).

Notifications

Securities Law Information. You are permitted to sell Shares acquired under the Plan, provided that the resale of the Shares takes place outside of Canada through the facilities of a stock exchange on which the shares are listed. The Shares are currently listed on the NASDAQ Global Select Market.

IRELAND

Notifications

Director Notification Obligation. You acknowledge that if you are a director, shadow director or secretary of the Company's Irish Subsidiary, with interest representing 1% or more of the Company's voting share capital, you must notify the Irish Subsidiary in writing within five business days of receiving or disposing of an interest in the Company (e.g., the Option, Shares, etc.), or within five business days of becoming aware of the event giving rise to the notification requirement or within five business days of becoming a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of your spouse or children under the age of 18 (whose interests will be attributed to you if you are a director, shadow director or secretary).

JAPAN

Notifications

Foreign Assets Reporting Obligation. You are required to report to the tax authorities on an annual basis the details of any assets held outside of Japan as of December 31 (including Shares acquired under the Plan), to the extent such assets have a total net fair market value exceeding ¥100 million. Such report will be due by March 15 each year. You should consult

with your personal tax advisor to determine if the reporting obligation applies to your personal situation.

MALAYSIA

Notifications

Insider Trading Information. You understand that Malaysian insider-trading rules exist, which may impact your acquisition or disposal of Shares under the Plan. Under the Malaysian insider-trading rules, you are prohibited from acquiring or disposing of Shares or rights to acquire Shares (e.g., the Option) when in possession of information which is not generally available, and which you know or should know will have a material effect on the price of Shares once such information is generally available.

Director Notification Obligation. If you are a director of a Subsidiary in Malaysia, you are subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify the Malaysian Subsidiary in writing when you receive an interest in the Company (e.g., the Option, Shares). In addition, you must notify the Malaysian Subsidiary when you sell Shares of the Company (including when you sell Shares acquired under the Plan). These notifications must be made within 14 days of acquiring or disposing of any interest in the Company.

SINGAPORE

Notifications

Director Notification Obligation. You acknowledge that if you are a director, associate director or shadow director of a Singapore Subsidiary, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore Subsidiary in writing when you receive an interest (e.g., the Option or Shares) in the Company or any Subsidiary within two business days of (i) its acquisition or disposal, (ii) any change in previously disclosed interest (e.g., when the Shares are sold), or (iii) becoming a director.

Securities Law Information. You understand that the Option is being granted pursuant to the “Qualifying Person” exemption under section 273(1)(f) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”). You further understand that neither the Plan nor the Award Documents have been lodged or registered as a prospectus with the Monetary Authority of Singapore. You understand and acknowledge that the Option is subject to section 257 of the SFA and you will not be able to make any subsequent sale of Shares in Singapore, or any offer of such subsequent sale of the Shares acquired upon exercise, unless such sale or offer in Singapore is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

Insider Trading Information. You should be aware of the Singapore insider trading rules, which may impact the acquisition or disposal of Shares or rights to Shares under the Plan. Under

the Singapore insider trading rules, you are prohibited from selling Shares when in possession of information which is not generally available and which you know or should know will have a material effect on the price of Shares once such information is generally available.

UNITED KINGDOM

Terms and Conditions

For Participants who are employees, the following additional terms and conditions apply to the Award Documents and the Plan. These terms and conditions, as well as the provisions related to withholding contained in the Award Documents and the Plan, do not apply to you if you are a consultant who is self-employed.

Tax Reporting and Payment Liability. The following provision supplements Sections 9 and 10 of the Option Award Terms and Conditions:

You agree that if the Company or its Subsidiaries do not withhold or otherwise collect the full amount of income tax that you owe due to the exercise of the Option or release, assignment or cancellation of the Option (the "**Chargeable Event**") from you within ninety (90) days after the Chargeable Event or such other period as required by U.K. law (the "**Due Date**"), then the amount that should have been withheld or collected shall constitute a loan owed by you to the Company, effective on the Due Date. You agree that the loan will bear interest at the then-current Official Rate of Her Majesty's Revenue & Customs ("**HMRC**") and it will be immediately due and repayable by you and the Company and/or its Subsidiaries may recover it at any time thereafter by any of the means referred to in Section 10 of the Option Award Terms and Conditions or Section 9.1 of the Plan.

Notwithstanding the foregoing, if you are an executive officer or director (as within the meaning of the Exchange Act), the terms of the provision above will not apply. In the event that you are an executive officer or director and income tax is not collected from or paid by you by the Due Date, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and National Insurance Contributions ("**NICs**") (including employer's NICs, as defined below) may be payable. You acknowledge that you will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or its Subsidiaries (as applicable) for the value of any employee NICs due on this additional benefit which the Company or the Subsidiaries may recover from you by any of the means referred to in Section 10 of the Option Award Terms and Conditions or Section 9.1 of the Plan.

Joint Election. As a condition of participation in the Plan, you agree to accept any liability for secondary Class 1 NICs which may be payable by the Company and/or its Subsidiaries in connection with the exercise of the Option and any event giving rise to Tax-Related Items (the "**Employer's NICs**"). Without limitation to the foregoing, you agree to enter into a joint election with the Company (the "**Joint Election**"), the form of such Joint Election being formally approved by HMRC, and to execute any other consents or elections required to accomplish the transfer of the Employer's NICs to you. You further agree to execute such other

joint elections as may be required between you and any successor to the Company and/or any of its Subsidiaries. You further agree that the Company and/or its Subsidiaries may collect the Employer's NICs from you by any of the means set forth in Section 10 of the Option Award Terms and Conditions or Section 9.1 of the Plan.

If you do not enter into a Joint Election, if approval of the Joint Election has been withdrawn by HMRC or if such Joint Election is jointly revoked by you and the Company or its Subsidiary, as applicable, the Company, in its sole discretion and without any liability to the Company or its Subsidiaries, may choose not to issue or deliver any shares to you upon exercise of the Option.

(Joint Election Form below)

**SERVICESTRACE INTERNATIONAL, INC.
2020 EQUITY INCENTIVE PLAN**

**Important Note on the Joint Election to Transfer
Employer National Insurance Contributions**

As a condition of participation in the ServiceSource International, Inc. 2020 Equity Incentive Plan (the “Plan”) and the Option that has been granted to you by ServiceSource International, Inc. (the “Company”), you are required to enter into a joint election to transfer to you any liability for employer national insurance contributions (the “Employer NICs”) that may arise in connection with the grant of the Option or in connection with future options granted to you by the Company under the Plan (the “Joint Election”).

If you do not agree to enter into the Joint Election, the grant of the option will be worthless and you will not be able to exercise the Option or receive any benefit in connection with the Option.

By entering into the Joint Election:

- **you agree that any liability for Employer’s NICs that may arise in connection with or pursuant to the exercise of the Option (and the acquisition of Shares) or other taxable events in connection with the Option will be transferred to you; and**
- **you authorize the Company and/or your employer to recover an amount sufficient to cover this liability by any method set forth in the Option Agreement and/or the Joint Election.**

By accepting the Option through the Company’s online acceptance procedure, you are agreeing to be bound by the terms of the Joint Election.

**Please read the terms of the Joint Election carefully before
accepting the Award Agreement
and the Joint Election.**

**Please print and keep a copy of the Joint Election
for your records.**

**SERVICESTRACE INTERNATIONAL, INC.
2020 EQUITY INCENTIVE PLAN**

Election To Transfer the Employer's National Insurance Liability to the Employee

This Election is between:

- A. The individual who has obtained authorized access to this Election (the “Employee”), who is employed by one of the employing companies listed in the attached schedule (the “Employer”) and who is eligible to receive stock options and/or restricted stock units (“Awards”) pursuant to the ServiceSource International, Inc. 2020 Equity Incentive Plan (the “Plan”), and
- B. ServiceSource International, Inc., with its registered offices at 707 17th Street, Suite 2500, Denver, Colorado 80202, U.S.A. (the “Company”), which may grant Awards under the Plan and is entering into this Election on behalf of the Employer.

I. INTRODUCTION

- 1. This Election relates to the employer's secondary Class 1 National Insurance Contributions (the “Employer's Liability”) which may arise on the occurrence of a chargeable event within paragraph 3B(1A)(a) of Schedule 1 of the Social Security Contributions and Benefits Act 1992 (“SSCBA”), including:
 - (a) the acquisition of securities pursuant to stock options and/or restricted stock units (within section 477(3)(a) of the Income Tax (Earnings and Pensions) Act 2003 (“ITEPA”));
 - (b) the assignment (if applicable) or release of the stock options and/or restricted stock units (within section 477(3)(b) of ITEPA);
 - (c) the receipt of any other benefit in money or money’s worth in connection with the stock options and/or restricted stock units (within section 477(3)(c) of ITEPA); and/or
 - (d) post-acquisition charges relating to shares acquired under the stock options and/or restricted stock units (within section 427 of ITEPA), each a “Chargeable Event.” This Election is made in accordance with paragraph 3B(1) of Schedule 1 to SSCBA.
- 2. This Election applies to all Awards granted to the Employee under the Plan on or after the Grant Date up to the termination date of the Plan.
- 3. This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the SSCBA, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.
- 4. This Election does not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of

Part VII of ITEPA (employment income: securities with artificially depressed market value).

II. THE ELECTION

The Employee and the Company jointly elect that the entire liability of the Employer to pay the Employer's Liability on the Chargeable Event is hereby transferred to the Employee. The Employee understands that, by clicking the ["ACCEPT" box], he or she will become personally liable for the Employer's Liability covered by this Election.

III. PAYMENT OF THE EMPLOYERS' LIABILITY

1. The Employee hereby authorizes the Company and/or the Employer to collect the Employer's Liability from the Employee at any time after the Chargeable Event:
 - (a) by deduction from salary or any other payment payable to the Employee at any time on or after the date of the Chargeable Event; and/or
 - (b) directly from the Employee by payment in cash or cleared funds; and/or
 - (c) by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive in respect of the Awards; and/or
 - (d) by any other means specified in the applicable award agreement.
2. The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities to the Employee in respect of the Awards until full payment of the Employer's Liability is received.
3. The Company agrees to remit the Employer's Liability to HM Revenue & Customs on behalf of the Employee within 14 days after the end of the UK tax month during which the Chargeable Event occurs (or within 17 days if payments are made electronically).

IV. DURATION OF ELECTION

1. The Employee and the Company agree to be bound by the terms of this Election regardless of whether the Employee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.
2. This Election will continue in effect until the earliest of the following:
 - (a) the Employee and the Company agree in writing that it should cease to have effect;
 - (b) on the date the Company serves written notice on the Employee terminating its effect;
 - (c) on the date HM Revenue & Customs withdraws approval of this Election; or
 - (d) after due payment of the Employer's Liability in respect of the entirety of the Awards to which this Election relates or could relate, such that the Election ceases to have effect in accordance with its terms.

Acceptance by the Employee

The Employee acknowledges that, by clicking on the ["ACCEPT" box], the Employee agrees to be bound by the terms of this Election.

SCHEDULE OF EMPLOYER COMPANIES

The following are employer companies to which this Election may apply:

SSI Europe UK Limited

Registered Office:	5 New Street Square, London, United Kingdom, EC4A 3TW
Company Registration Number:	7253138
Corporation Tax District:	CT Operations (Large & Complex CRM) 16 North Government Buildings Ty Glas Llanishen Cardiff CF14 5FP
Corporation Tax Reference:	42508 00092
PAYE District:	Customer Operations Employer Office BP4009 Chillingham House Benton Park View Newcastle upon Tyne NE98 1ZZ
PAYE Reference:	083/WA49060

TRANSITION AGREEMENT

THIS TRANSITION AGREEMENT (this “**Transition Agreement**”) is made as of November 13, 2020 (the “**Effective Date**”), by and between Richard Walker (“**Employee**”) and ServiceSource International, Inc. (the “**Company**”).

WHEREAS, Employee has resigned his employment with the Company without Good Reason (as defined in Employee’s Employment Agreement with the Company dated as of November 12, 2018 (the “**Employment Agreement**”)) and the Company and Employee have mutually agreed that Employee’s final date of employment shall be December 15, 2020 (the “**End Date**”); and

WHEREAS, the Company and Employee desire to transition Employee’s job responsibilities as needed by the Company; and

WHEREAS, Employee and the Company desire to enter into an agreement whereby Employee will continue to perform services for the Company and cooperate with the Company throughout the transition process.

NOW, THEREFORE, the parties agree as follows, in consideration of the mutual covenants and obligations contained herein, and intending to be legally held bound:

1. **Employee’s Duties.** Employee agrees to make himself reasonably available by phone or other method reasonably requested by the Company through the End Date or such earlier time specified by the Company (the “**Transition Period**”) to answer questions and provide such transition support and input on the Company’s business as the Company’s Board of Directors, Chief Executive Officer, or members of the finance and accounting team may reasonably request from time to time. Following the Transition Period, Employee shall cease to be employed by the Company and any affiliate of the Company, and shall remain a member of the Company’s Board of Directors through the end of the current term or until his earlier resignation or removal. Employee agrees to cooperate with and assist the Company after the Transition Period with any investigation, lawsuit, arbitration, or other proceeding to which the Company is subjected. Employee will make himself available for preparation for, and attendance of, hearings, proceedings or trial, including pretrial discovery and trial preparation. Employee further agrees to perform all acts and execute any documents that may be necessary to carry out the provisions of this Section.

2. **Employee’s Compensation.** During the Transition Period, (a) Employee’s employee benefits will remain at their present levels as permitted by the terms of any applicable employee benefit plans and the Company’s Amended and Restated 2011 Equity Incentive Plan and 2020 Equity Incentive Plan, as applicable, and (b) the Company will continue to pay Employee’s base salary at the rate of \$400,000 per annum in accordance with the Company’s payroll practices. Following the conclusion of the Transition Period, and contingent on Employee’s timely execution, delivery, and non-revocation of the Release as set forth in Section 5 below and all other requirements of this Transition Agreement, the Company will pay Employee a one-time bonus in the amount of \$150,000, less applicable tax and other required withholdings (the “**Transition Bonus**”).

3. **Other Agreements.**

(a) Nothing in this Transition Agreement changes Employee’s continuing obligations under (i) the Employment Agreement and (ii) the Proprietary Information and Invention Assignment Agreement executed by Employee in favor of the Company on or about November 14, 2018 (the “**Confidential Information Agreement**”). Notwithstanding anything to the contrary, the Company reserves the right to terminate Employee’s employment for: (1) Cause (as defined in the Employment Agreement) as result of Employee’s actions from and after the Effective Date and through the End Date or because of the Company learning of any facts or circumstances that constitute, under clauses (i)-(v) of Section 9(c)(i) of the Employment Agreement, Cause; or (2) material breach of Employee’s obligations under this Transition Agreement. In the event that Employee’s employment is terminated before the End Date as set forth in this Section 3(a), the Transition Bonus shall not be owed to Employee.

4. Initial Release.

(a) Employee on his own behalf and on behalf of anyone acting by, under or through Employee including his heirs, assigns, executors, agents and representatives hereby generally releases and discharges the Company and its predecessors, successors (by merger or otherwise), parents, subsidiaries, affiliates and assigns, together with each and every of their present, past and future officers, managers, directors, stockholders, members, general partners, limited partners, employees and agents and the successors, assigns, heirs and executors of same (herein collectively referred to as the "Releasees") from any and all suits, causes of action, complaints, obligations, demands, common law or statutory claims of any kind, whether in law or in equity, direct or indirect, known or unknown (hereinafter "Claims"), which Employee ever had or now has against the Releasees, or any one of them occurring up to and including the Effective Date including, but not limited to, any Claims arising out of Employee's employment by the Company or the termination thereof and Employee's change of responsibilities.

(b) Notwithstanding Section 4(a), Employee is not releasing Claims to enforce this Transition Agreement. Further, this Agreement does not prohibit Employee from filing a claim or participating in an investigation with the Equal Employment Opportunity Commission or similar state agency, but Employee waives any right to personal recovery in connection with such a claim.

(c) Employee acknowledges and agrees that this Transition Agreement waives all claims under the Age Discrimination in Employment Act of 1967 as amended by the Older Workers Benefit Protection Act ("**OWBPA**") (the Age Discrimination in Employment Act of 1967 and the OWBPA shall be referred to collectively as the "**ADEA**") and that this waiver of ADEA claims (the "**ADEA Waiver**") is knowing and voluntary. Employee specifically agrees that: (i) this Transition Agreement and the ADEA Waiver are written in a manner which he understands; (ii) the ADEA Waiver specifically relates to rights or claims under the ADEA; (iii) Employee waives rights or claims under the ADEA in exchange for consideration in addition to anything of value to which he is already entitled; and (iv) Employee is hereby advised in writing by this Transition Agreement to consult with an attorney prior to executing this Transition Agreement.

5. Post-Transition Period Release. Employee hereby agrees to execute and deliver to the Company the Release in substantially the form as attached to Exhibit A (the "**Release**") within thirty (30) days following the completion of the Transition Period, and provided that Employee (a) reasonably performs his obligations under Section 1, (b) has not and does not breach the Confidential Information Agreement or commit Cause prior to or during Transition Period and (c) Employee does not revoke the Release, Employee shall receive the Transition Bonus.

6. Severability. The provisions contained in this Transition Agreement will each constitute a separate agreement independently supported by good and adequate consideration, and will each be severable from the other provisions of the Agreement. If any court determines that any term, provision, or portion of this Transition Agreement is void, illegal, or unenforceable, the other terms, provisions and portions of this Transition Agreement will remain in full force and effect, and the terms, provisions, and portions that are determined to be void, illegal, or unenforceable will either be limited so that they will remain in effect to the extent permissible by law.

7. Entire Agreement. This Transition Agreement sets forth the entire understanding between Employee and the Company regarding the subject matter of this Transition Agreement and supersedes all prior agreements and communications, whether oral or written, between Employee and the Company regarding the subject matter of this Transition Agreement. This Transition Agreement will not be modified except by a written agreement between the parties.

8. Governing Law, Waiver of Jury Trial. This Agreement shall be governed by the laws of the State of Colorado applicable to contracts entered into by residents of Colorado and fully performed in Colorado. EACH OF THE PARTIES HERETO HEREBY VOLUNTARILY AND IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION OR OTHER PROCEEDING BROUGHT IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

9. **Review Period; Advice of Counsel; Revocation Period.** Employee acknowledges and understands that he is acting of his own free will, that he has been afforded a reasonable time to read and review the terms of this Transition Agreement, and that he is voluntarily entering into this Transition Agreement with full knowledge of its provisions and effects. Employee intends that this Transition Agreement shall not be subject to any claim for duress. Employee further acknowledges that he has been given at least twenty-one (21) days within which to consider this Transition Agreement and that if he decides to execute this Transition Agreement before the twenty-one day period has expired, he does so voluntarily and waives the opportunity to use the full review period. Employee agrees that any changes to the Transition Agreement, including material changes, will not restart the review period. Employee further acknowledges and understands that he has seven (7) days following his execution of this Transition Agreement (the “Revocation Period”) to revoke his acceptance of the Agreement, with the Agreement not becoming effective until the Revocation Period has expired, and that, to be effective, any revocation must be in writing, signed by Employee, and received by the Company’s Chief Employee Officer prior to the expiration of the Revocation Period. This Transition Agreement shall not become effective until the seven (7) day Revocation Period has expired without Employee revoking his acceptance.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, Employee, acknowledging that he is acting of his own free will after having had the opportunity to seek the advice of counsel and a reasonable period of time to consider the terms of this Transition Agreement, and the Company, have caused the execution of this Transition Agreement as of this day and year written below.

Employee:

Richard Walker

Signed: /s/ RICHARD G. WALKER

Company:

ServiceSource International, Inc.

Signed: /s/ PATRICIA ELIAS

Name: Patricia Elias

Title: General Counsel

EXHIBIT A

RELEASE

THIS RELEASE (this “**Agreement**”) is made on the 15th day of December, 2020 by and between Richard Walker (“**Employee**”), and ServiceSource International, Inc., a Delaware corporation (the “**Company**”). Employee and the Company are sometimes individually referred to in this Agreement as a “**Party**” and collectively as the “**Parties**.”

WHEREAS, the Company desires to provide to Employee certain severance benefits in conjunction with the termination of Employee’s employment with the Company as described in the Transition Agreement between the Company and Employee dated November 13, 2020 (the “**Transition Agreement**”) on the condition that Employee executes and does not revoke this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and mutual covenants and obligations contained herein, Employee and the Company, each intending to be legally held bound, agree as follows:

1. **Employee’s Last Day of Employment.** Employee and the Company acknowledge that Employee’s last day of employment with the Company was December 15, 2020 (the “**End Date**”).

2. **Consideration.** In consideration for a release of claims and other promises in this Release Agreement and provided that Employee has not revoked this Agreement as described in Section 21, the Company shall pay Employee a one-time bonus in the amount of \$150,000 (less applicable taxes and withholdings) (the “**Transition Bonus**”):

4. **Employee’s Release.** Subject to Section 5, Employee, for himself and any one acting by, under or through Employee, hereby generally forever and irrevocably releases and discharges the Company and its predecessors, successors (by merger or otherwise), parents, subsidiaries, affiliates and assigns, together with each and every present, past and future officers, directors, members, stockholders, general partners, limited partners, employees and agents of each of the foregoing and the heirs and executors of same (collectively, the “**Releasees**”) from any and all suits, causes of action, complaints, obligations, demands and common law or statutory claims of any kind, whether in law or in equity, direct or indirect, known or unknown, which Employee ever had or now has against the Releasees, or any one or more of them arising out of or relating to any matter, thing or event occurring up to and including the date of this Agreement (collectively, “**Claims**”). This release specifically includes, but is not limited to:

(a) any and all Claims for wages and benefits including, without limitation, salary, commissions, stock options, stock, royalties, license fees, health and welfare benefits, severance pay, vacation pay, and bonuses (except to the extent set forth in Section 2 and to the extent such Claims cannot be waived by law);

(b) any and all Claims for wrongful discharge, breach of contract, whether express or implied, and for breach of implied covenant of good faith and fair dealing;

(c) any and all Claims for alleged employment discrimination, harassment or retaliation on the basis of race, color, religion, sex, national origin, genetic information, veteran status, disability and/or handicap, and ancestry in violation of any federal, state or local statute, ordinance, judicial precedent or executive order, including but not limited to Claims for discrimination under the following statutes: Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e, et seq.; the Civil Rights Act of 1866, 42 U.S.C. § 1981; the Civil Rights Act of 1991; the Rehabilitation Act of 1972, as amended, 29 U.S.C. § 701, et seq.; the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq.; the Genetic Information Non-Discrimination Act, 42 U.S.C. § 2000ff, et seq., the Pennsylvania Human Relations Act; the Family and Medical Leave Act of 1993, 29 U.S.C. § 2601, et seq.; the Fair Labor Standards Act, as amended, 29 U.S.C. § 201, et seq.; the Fair Credit Reporting Act, as amended, 15 U.S.C. § 1681, et seq.; and the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. § 1000, et seq. or any comparable or similar state statute or local ordinance;

(d) any and all Claims under the Age Discrimination in Employment Act of 1967 as amended by the Older Workers Benefit Protection Act (“**OWBPA**”) (the Age Discrimination in Employment Act of 1967 and the OWBPA shall be referred to collectively as the “**ADEA**”);

(e) any and all Claims under any federal or state statute relating to employee benefits or pensions;

(f) any and all Claims in tort, including but not limited to, any claims for wrongful termination, assault, battery, misrepresentation, defamation, interference with contract or prospective economic advantage, intentional or negligent infliction of emotional distress, duress, loss of consortium, invasion of privacy and negligence;

(g) any and all other Claims under federal, state or local laws; and

(h) any and all Claims for damages of any kind;

(i) any and all Claims for attorneys’ fees and costs.

5. Exceptions to Claims. Notwithstanding Section 4, Employee is not releasing Claims to enforce this Agreement. Further, this Agreement does not prohibit Employee from filing a claim or participating in an investigation with the Equal Employment Opportunity Commission or similar state agency, but Employee waives any right to personal recovery in connection with such a claim.

6. ADEA Acknowledgement. Employee acknowledges and agrees that his waiver of Claims under the ADEA (the “**ADEA Waiver**”) is knowing and voluntary, and specifically agrees that: (a) this Agreement and the ADEA Waiver are written in a manner which he understands; (b) the ADEA Waiver specifically relates to rights or claims under the ADEA; (c) Employee waives rights or claims under the ADEA in exchange for consideration in addition to anything of value to which he is already entitled; and (d) Employee is hereby advised in writing by this Agreement to consult with an attorney prior to executing this Agreement.

7. Additional Acknowledgment. Employee understands that the release of Claims extends to all of the aforementioned Claims and potential Claims which arose on or before the date of this Agreement, whether now known or unknown, suspected or unsuspected, and that the scope of this release constitutes an essential term of this Agreement. Employee further understands and acknowledges the significance and consequences of this Agreement and of each specific release and waiver, and expressly consents that this Agreement shall be given full force and effect to each and all of its express terms and provisions, including those relating to unknown and uncompensated Claims, if any, as well as those relating to any other Claims specified herein.

8. No Disparagement; No Application. Employee will not disparage any Releasees or otherwise take any action that could reasonably be expected to adversely affect the personal or professional reputation of any Releasee. The current members of the Company’s Board of Directors and the Company’s current Chief Financial Officer, Chief Commercial Officer and General Counsel will not, and will not direct any other person to, disparage Employee or otherwise take any action that could reasonably be expected to adversely affect Employee’s personal or professional reputation. The Company will provide only neutral reference information (date of hire and position) to inquiries that are directed to the Company’s Human Resources department.

9. Restrictive Covenants. Employee acknowledges that: (a) he continues to be bound by and will comply with all of his post-employment obligations to the Company under the Proprietary Information and Invention Assignment Agreement executed by Employee in favor of the Company on November 14, 2018 (the “**Confidential Information Agreement**”) and Section 8 (Proprietary and Confidential Information (Including Trade Secrets) of the Employment Agreement; and (b) nothing in this Agreement relieves Employee from his continuing obligations to the Company under the Confidential Information Agreement and Section 8 of the Employment Agreement between Employee and the Company dated as of November 12, 2018 (the “**Employment Agreement**”). Pursuant to the federal Defend Trade Secrets Act of 2016 (the “**DTSA**”), the Company gives notice to the Employee that the Employee has immunity for the confidential disclosure of a trade secret when reporting a suspected violation of law

to the government or when making a disclosure in a lawsuit alleging retaliation, provided that such disclosure is made in accordance with the DTSA. The Employee will not be held criminally or civilly liable under federal or state trade secret law for the disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if the Employee files a retaliation lawsuit against the Company for reporting a suspected violation of law, the Employee may disclose the trade secret to his attorney and use the trade secret information in the court proceeding, so long as the Employee (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order. The Employee acknowledges that by virtue of this immunity notice being provided to the Employee, if the Employee discloses the Company's trade secrets, other than as permitted under the DTSA, the Company may pursue exemplary damages or attorneys' fees from the Employee in an action by the Company against the Employee for disclosure of its trade secrets.

10. **Remedies.** All remedies at law or in equity shall be available to the Releasees for the enforcement of this Agreement. This Agreement may be pleaded as a full bar to the enforcement of any Claim that Employee may assert against the Releasees, except for the Claims described in Section 5.

11. **No Admission.** Neither the execution of this Agreement by the Company, nor the terms hereof, constitute an admission by the Company of liability to Employee.

12. **Severability.** If any term or provision of this Agreement shall be held to be invalid or unenforceable for any reason, then such term or provision shall be ineffective to the extent of such invalidity or unenforceability without invalidating the remaining terms or provisions hereof, and such term or provision shall be deemed modified to the extent necessary to make it enforceable.

13. **Review Period; Advice of Counsel; Revocation Period.** Employee acknowledges and understands that he is acting of his own free will, that he has been afforded a reasonable time to read and review the terms of this Agreement, and that he is voluntarily entering into this Agreement with full knowledge of its provisions and effects. Employee intends that this Agreement shall not be subject to any claim for duress. Employee further acknowledges that he has been given at least twenty-one (21) days within which to consider this Agreement and that if he decides to execute this Agreement before the twenty-one day period has expired, he does so voluntarily and waives the opportunity to use the full review period. Employee agrees that any changes to the Agreement, including material changes, will not restart the review period. Employee further acknowledges and understands that he has seven (7) days following his execution of this Agreement (the "Revocation Period") to revoke his acceptance of the Agreement, with the Agreement not becoming effective until the Revocation Period has expired, and that, to be effective, any revocation must be in writing, signed by Employee, and received by the Company's Chief Employee Officer prior to the expiration of the Revocation Period. This Agreement shall not become effective until the seven (7) day Revocation Period has expired without Employee revoking his acceptance.

14. **Permitted Conduct.** Nothing in this Agreement restricts or prohibits Employee from initiating communications directly with, responding to any inquiries from, providing testimony before, providing information to, reporting possible violations of law or regulation to, or assisting with an investigation directly with any governmental agency or entity or self-regulatory authority (including the Securities and Exchange Commission), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. Employee does not need the prior authorization of the Company to engage in such communications, respond to such inquiries, provide such information or documents or to make any such reports or disclosures. Employee is not required to notify the Company that Employee has engaged in such communications, responded to such inquiries or made such reports or disclosures.

15. **Employee's Representations.** Employee represents and warrants that he has not assigned any claim that he purports to release hereunder and that he has the full power and authority to enter into this Agreement and bind each of the persons and entities that Employee purports to bind. Employee further represents and warrants that he has no knowledge of the existence of any lawsuit, charge, or proceeding against any Releasee arising out of or

otherwise connected with any of the matters herein released. In the event that any such lawsuit, charge, or proceeding has been filed, Employee immediately will take all actions necessary to withdraw or terminate that lawsuit, charge, or proceeding, unless the requirement for such withdrawal or termination is prohibited by applicable law. Employee admits, acknowledges, and agrees that Employee has been fully and finally paid or provided all wages, compensation, vacation, leave (whether paid or unpaid), bonuses, stock, shares, membership units, stock options, equity, or other benefits from the Company which are or could be due to Employee under the terms of Employee's employment with the Company, or otherwise. Employee represents and acknowledges that he has complied with all obligations under the Confidential Information Agreement and Section 8 of the Employment Agreement, including any obligation to return property, documents, data and information to the Company upon his separation from the Company.

16. Amendments. Neither this Agreement nor any term of this Agreement may be orally changed, waived, discharged, or terminated, except by a written agreement signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

17. Governing Law, Waiver of Jury Trial. This Agreement shall be governed by the laws of the State of Colorado applicable to contracts entered into by residents of Colorado and fully performed in Colorado. EACH OF THE PARTIES HERETO HEREBY VOLUNTARILY AND IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION OR OTHER PROCEEDING BROUGHT IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

18. Fees and Costs. The parties shall bear their own attorneys' fees and costs incurred in the negotiation and preparation of this Agreement.

19. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be considered an original instrument and all of which, when taken together, shall constitute one and the same instrument.

20. Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous discussions, understandings and negotiations between Employee and the Company with respect to its subject matter including the Transition Agreement with the Employee dated November 13, 2020 and the Employment Agreement (except as set forth herein) but excluding Section 8 of the Employment Agreement, the Confidential Information Agreement and the Amended and Restated Indemnification Agreement between the Company and Employee dated October 9, 2017, each which shall continue to survive in accordance with their respective terms. This Agreement shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors and permitted assigns of each of Employee and the Company. The Company may assign its rights under this Agreement. No other assignment is permitted except by written permission of the parties.

(signature page follows)

IN WITNESS WHEREOF, Employee, acknowledging that he is acting of his own free will after having had the opportunity to seek the advice of counsel and a reasonable period of time to consider the terms of this Agreement, and the Company have caused the execution of this Agreement as of the date(s) written below.

Employee:

Richard Walker

Signed: /s/ RICHARD G. WALKER

Company:

ServiceSource International, Inc.

Signed: /s/ PATRICIA ELIAS

Name: Patricia Elias

Title: General Counsel

**AMENDED AND RESTATED
EMPLOYMENT AND CONFIDENTIAL INFORMATION AGREEMENT**

This Amended and Restated Employment and Confidential Information Agreement (the “**Agreement**”) by and between ServiceSource International, Inc. (“**ServiceSource**” or the “**Company**”) and Chad W. Lyne (“**Executive**”) is entered into and is effective as of November 16, 2017 (the “**Effective Date**”).

Recitals

WHEREAS, Executive has been employed as the Company’s Senior Vice President, Strategy since April 18, 2016, and effective as of such date, Executive and Company entered into that certain Employment and Confidential Information Agreement (the “Original Agreement”);

WHEREAS, Executive is a key employee of the Company and the Company benefits from the knowledge, experience, expertise and advice of Executive to manage its business for the benefit of the Company;

WHEREAS, ServiceSource and Executive desire to amend and restate the Original Agreement and enter into this Agreement to encourage Executive to devote and continue to devote full attention and dedication to the success of ServiceSource, to provide for the protection of the proprietary information of ServiceSource, and to provide specified compensation to Executive in the event of certain events leading to the termination of Executive’s employment by ServiceSource.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements of the parties contained herein, the parties acknowledge and agree as follows:

1. DUTIES.

(a) Responsibilities. Executive’s title is Senior Vice President, Strategy, reporting to ServiceSource’s Chief Executive Officer. Executive shall be responsible for and expected to perform all duties and tasks as is typical for the Senior Vice President, Strategy of a publicly-traded company, and shall perform any additional duties as directed by the Chief Executive Officer.

(b) Loyal and Full Time Performance of Duties. While employed by ServiceSource, Executive shall devote his full professional time and attention to the performance of his duties, and shall not directly or indirectly engage in any Competitive Activity. For the purpose of this Agreement, “**Competitive Activity**” is any activity which is the same as or directly competitive with a principal line of business of ServiceSource during Executive’s employment by ServiceSource. As of the date of this Agreement, Competitive Activities include the provision of renewals management, outsourced inside sales, and customer engagement business process outsourcing.

(c) ServiceSource Policies. Executive agrees to abide by ServiceSource’s rules, regulations, policies and practices, as they may from time to time be adopted or modified by ServiceSource at its sole discretion, provided Executive first has been notified of such rules, regulations, policies and practices. ServiceSource’s written rules, policies, practices and procedures shall be binding on Executive unless superseded by or in conflict with this Agreement.

2. EMPLOYMENT AT-WILL. Executive and ServiceSource acknowledge and agree that during Executive's employment with ServiceSource the parties intend to strictly maintain an at-will employment relationship. This means that at any time during the course of Executive's employment with ServiceSource, Executive is entitled to resign with or without cause and with or without advance notice. Similarly, ServiceSource specifically reserves the same right to terminate Executive's employment at any time with or without cause and with or without advance notice. Nothing in this Agreement or the relationship between the parties now or in the future may be construed or interpreted to create an employment relationship for a specific length of time or a right to continued employment. Executive and ServiceSource understand and agree that only ServiceSource's Chief Executive Officer possesses the authority to alter the at-will nature of Executive's employment status, and that any such change may be made only by an express written employment contract signed by ServiceSource's Chief Executive Officer. No implied contract concerning any employment-related decision or term or condition of employment can be established by any other statement, conduct, policy or practice.

3. CASH COMPENSATION: BASE SALARY AND TARGET BONUS. In consideration for the services and covenants described in this Agreement, ServiceSource agrees to pay Executive an annual base salary of two hundred and seventy-five thousand dollars (\$275,000), paid on ServiceSource's normal payroll dates, subject to all applicable withholdings. In addition, Executive will be eligible for a potential annual target Corporate Incentive Plan ("CIP") bonus amount equal to sixty percent (60%) of his base salary (as of the date hereof, one hundred sixty-five thousand dollars). The CIP is a discretionary incentive program that ServiceSource funds based on the achievement of business results and individual objectives established by ServiceSource and may also be subject to applicable performance requirements as determined by the Board of Directors of ServiceSource (the "**Board of Directors**") or its Compensation Committee in their sole discretion.

Except as otherwise specifically provided in this Agreement, Executive must be employed as of the date of the scheduled bonus payment in order to be eligible for any form of bonus payment. In no event shall any such bonus be paid after the later of (i) the fifteenth (15th) day of the third (3rd) month following the close of ServiceSource's fiscal year in which any such bonus is earned or (ii) March 15 following the calendar year in which any such bonus is earned.

Executive's annual base salary and potential annual target CIP bonus amount may be changed from time to time by mutual agreement of Executive and ServiceSource, and any such mutually-agreed upon change shall be deemed to supersede and replace this Section 3.

4. EQUITY COMPENSATION. Executive will be eligible to participate in the ServiceSource International, Inc. 2011 Equity Incentive Plan (the "**Equity Incentive Plan**") and the ServiceSource International, Inc. 2011 Employee Stock Purchase Plan (the "**Employee Stock Purchase Plan**"), subject to the requirements of the applicable plan.

5. BENEFITS. As a full-time employee, Executive shall be entitled to all of the benefits provided to ServiceSource employees, in accordance with any benefit plan or policy adopted by ServiceSource from time to time during the existence of this Agreement. Executive's rights and those of Executive's dependents under any such benefit plan or policy shall be governed solely by the terms of such plan or policy. ServiceSource reserves the right to cancel or change the benefit plans and policies it offers to its employees at any time. ServiceSource reserves to itself or its designated administrators exclusive authority and discretion to determine all issues of eligibility, interpretation and administration of each such benefit plan or policy.

6. PAID TIME OFF. Per Company policy, Executive will not accrue paid time off or be required to track or report paid time off. Instead, time off is left to the mutual agreement of Executive and the Chief Executive Officer.

7. PROPRIETARY AND CONFIDENTIAL INFORMATION (INCLUDING TRADE SECRETS). Executive acknowledges that his employment with ServiceSource allows him access to Proprietary and Confidential Information. Executive understands that Proprietary and Confidential Information includes customer and applicant lists, whether written or solely a function of memory, databases, business files, contracts and all other information used in the day-to-day operation of ServiceSource that is not known to persons not employed by ServiceSource and that ServiceSource undertakes efforts to maintain its secrecy. Executive understands and agrees that the Proprietary and Confidential Information is confidential information that the law treats as privileged, therefore protecting an employer from use without consent.

(a) Definition. “**Proprietary and Confidential Information**” is defined as all information and any idea in whatever form, tangible or intangible, of a confidential or secret nature that pertains in any manner to the business of ServiceSource. As used in this Agreement, the term “**Confidential Information**” includes any and all non-public information relating to ServiceSource or its business, operations, financial affairs, performance, assets, pricing and pricing strategies, technology, research and development, processes, products, contracts, customers, licensees, sublicensees, suppliers, personnel, plans or prospects, whether or not in written form and whether or not expressly designated as confidential, including any such information consisting of or otherwise relating to trade secrets, know-how, technology (including software and programs), designs, drawings, photographs, samples, processes, license or sublicense arrangements, formulae, proposals, product specifications, customer lists or preferences, referral sources, marketing or sales techniques or plans, operating manuals, service manuals, financial information or projections, lists of suppliers or distributors or sources of supply.

Proprietary and Confidential Information includes both information developed by Executive for ServiceSource and information Executive obtained while in ServiceSource’s employment. All Proprietary and Confidential Information, whether created by Executive or other employees, shall remain the property of ServiceSource.

(b) Non-Disclosure and Return. Executive agrees that he will not, under any circumstances, or at any time, whether as an individual, partnership, or corporation, or employee, principal, agent, partner or shareholder thereof, in any way, either directly or indirectly, divulge, disclose, copy, use, divert or attempt to divulge, disclose, copy, use or divert ServiceSource’s Proprietary and Confidential Information, except to the extent authorized and necessary to carry out Executive’s responsibilities during employment with ServiceSource, or as required by law. Upon termination of Executive’s employment with ServiceSource, Executive shall immediately return to ServiceSource all property in Executive’s possession or control that belongs to ServiceSource, including all property in electronic form and all copies of Proprietary and Confidential Information.

(c) Former Employer Information. Executive agrees that Executive will not, during Executive’s employment with ServiceSource, improperly use or disclose any proprietary information or trade secrets of any former or concurrent employer or other person or entity and that Executive will not bring onto the premises of ServiceSource any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity. Executive represents and warrants to ServiceSource that Executive is not in breach of any agreement with any former Employer by accepting employment with ServiceSource.

(d) Third Party Information. Executive recognizes that ServiceSource may have received and in the future may continue to receive from third parties their confidential or proprietary information as they may so designate, subject to a duty on ServiceSource’s part to maintain the confidentiality of such information and to use it only for certain limited purposes. Executive agrees to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person,

firm or corporation or to use it except as necessary in carrying out Executive's work for ServiceSource consistent with ServiceSource's agreement with such third party.

(e) Notification to New Employer. In the event that Executive's employment with ServiceSource ends, Executive consents to notification by ServiceSource to any subsequent employer of Executive's rights and obligations under this Agreement.

(f) No Solicitation of Clients Using Proprietary and Confidential Information. Executive acknowledges and agrees that the names, addresses, and contact information of ServiceSource's clients and all other confidential information relating to those clients, have been compiled by ServiceSource at great expense and represent a real asset of ServiceSource. Executive further understands and agrees that this information is deemed confidential by ServiceSource and constitutes trade secrets of ServiceSource. Executive understands that this information has been provided to Executive in confidence, and Executive agrees that the sale or unauthorized use or disclosure of any of ServiceSource's trade secrets obtained by Executive during employment with ServiceSource constitutes unfair competition. Executive agrees and promises not to engage in any unfair competition with ServiceSource. Executive further agrees not to, directly or indirectly, during or after termination of employment, make known to any person, firm, or company any Proprietary and Confidential Information concerning any of the clients of ServiceSource. In addition, Executive shall not use any such Proprietary and Confidential Information to solicit, take away, or attempt to call on, solicit or take away any of the clients of ServiceSource on whom Executive called or whose accounts Executive had serviced during employment with ServiceSource, whether on Executive's own behalf or for any other person, firm, or ServiceSource.

(g) No Solicitation of Employees. Executive understands and acknowledges that as an employee of ServiceSource he has certain fiduciary duties to ServiceSource that would be violated by the solicitation and/or encouragement of ServiceSource employees to leave the employ of ServiceSource. Executive therefore agrees that he will not, either during his employment or for a period of one year after his employment has terminated, solicit any of ServiceSource's employees for a competing business or otherwise induce or attempt to induce such employees to terminate employment with ServiceSource, either directly or through any third parties. Executive agrees that any such solicitation during such one-year period would constitute unfair competition.

(h) Assignment of Rights. All Proprietary and Confidential Information and all patents, patent rights, copyrights, trade secret rights, trademark rights and other rights (including intellectual property rights) owned by or otherwise belonging to ServiceSource anywhere in the world in connection therewith, is and shall be the sole property of the ServiceSource. Executive hereby assigns to ServiceSource any and all rights, title and interest Executive may have or acquire in ServiceSource's Proprietary and Confidential Information and ServiceSource's property.

8. SEVERANCE BENEFITS.

(a) Termination Without Cause or Resignation for Good Reason. If ServiceSource terminates Executive's employment without Cause or if Executive resigns for Good Reason (as such terms are defined below) then the following will apply:

(i) Base Salary Severance. Executive shall receive nine months of Executive's then-current base salary, paid out in the Company's normal pay cycle over the nine-month period following termination (the "Severance Period") and subject to all applicable withholding requirements. This severance payment will only be paid so long as Executive does not engage in any Competitive Activity during the Severance Period.

(ii) CIP Payment. Executive will be paid for CIP earned while an employee prior to the termination date and through the period nine (9) months following the termination date, even if not employed on the pay-out date as required by the CIP plan. Such payment will be made at the same time and at the same percentage as other similarly situated employees. For example, if Executive is terminated on September 1, 2018, Executive would receive a CIP payment as if Executive were employed through May 2019. Such payment will be paid out per the normal pay cycle (and prior to the latest dates of payment set forth in Section 3, above) in or around February and August based on Company achievement per the applicable plan, and accordingly all such CIP payments shall be treated as “short-term deferrals” exempt from the requirements of Code Section 409A.

(iii) COBRA Coverage. Executive shall be entitled to receive an additional lump-sum payment (less applicable withholding taxes) equal to the product obtained by multiplying nine by the amount of the monthly premium that would be required for the first month of coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended and all applicable regulations (referred to collectively as “COBRA”), with the premium calculated on the assumption that the Executive in fact elects coverage for himself, and any eligible spouse and/or dependents of the Executive that were enrolled in the applicable Company health plan immediately prior to his last date of employment. Executive will be eligible for this payment without regard to whether he actually elects COBRA continuation coverage. Such payments shall be made on the fifty-third (53rd) day following Executive’s employment termination date.

(b) Termination Without Cause or Resignation for Good Reason Following a Change in Control (Equity Acceleration). If ServiceSource or a successor should terminate Executive’s employment without Cause or Executive should resign from his employment for Good Reason, in either case within 18 (eighteen) months following a “Change in Control” (as defined below), then, in addition to the benefits set forth above in Section 8(a), all of Executive’s outstanding equity compensation awards (including all stock options, restricted stock, restricted stock units and any other equity compensation awards) shall immediately have their vesting accelerated 100%, so as to become fully vested.

(c) Definitions: For purposes of this Section 8:

(i) “Cause” shall mean the occurrence of any of the following events: (i) Executive’s commission of any felony or any crime involving fraud or dishonesty under the laws of the United States or any state thereof; (ii) Executive’s commission of, or participation in, a fraud or act of dishonesty against ServiceSource; (iii) Executive’s willful violation of any contract or agreement between Executive and ServiceSource or any statutory duty owed to ServiceSource; (iv) Executive’s unauthorized use or disclosure of Proprietary and Confidential Information; or (v) Executive’s gross misconduct; and

(ii) “**Good Reason**” shall mean the occurrence of any one of the following events, without Executive’s written consent: (1) a material adverse change in Executive’s job title as offered in this Agreement, including the assignment of the same job title at the divisional level of any lesser organizational unit (for the avoidance of doubt, Executive having the same position as offered in this Agreement for a division or subsidiary of ServiceSource or of the surviving entity following a Change of Control, rather than having that job title for the entire surviving parent entity, would be Good Reason); (2) a material adverse change in Executive’s duties, authorities or job responsibilities that is not commensurate with the role as offered in this Agreement; (3) a relocation of Executive’s principal place of employment beyond the metropolitan area of Denver, Colorado (though frequent travel to ServiceSource’s global locations is an inherent part of the job); (4) a change in reporting relationship to any individual other than ServiceSource’s Chief Financial Officer or Chief Executive Officer, or (5) any material reduction in Executive’s base salary, target bonus or aggregate level of benefits; *provided* that Executive has notified ServiceSource in writing of the event described in (1), (2), (3), (4), or (5) above within ninety (90) days after the occurrence of such event, ServiceSource (or its successor) has within thirty (30) days thereafter failed to restore Executive to the appropriate job title, duties, authorities, responsibility, location, reporting relationship, salary, target commissions or benefits and Executive actually terminates employment within thirty (30) days following the expiration of ServiceSource’s thirty (30)-day cure period described above; and

(iii) “**Change of Control**” shall mean the occurrence of one of the following events: a sale of all or substantially all of the shares of stock of ServiceSource; a merger, consolidation or similar transaction involving ServiceSource following which the persons entitled to elect a majority of the members of the Board of Directors of ServiceSource immediately before the transaction are not entitled to elect a majority of the members of the Board of Directors of ServiceSource or the surviving entity following the transaction; or a sale of all or substantially all of the assets of ServiceSource. As applied relative to a Change of Control, the Good Reason standards will all be based from terms in effect immediately prior to the Change of Control. Notwithstanding the foregoing, a transaction shall not constitute a Change of Control unless the transaction qualifies as a “change in control event” within the meaning of Section 409A.

(d) Release. Notwithstanding the foregoing, the severance benefits described in this Section 8 are subject to Executive’s execution and delivery of a binding general separation and release of claims agreement, which includes language consistent with Schedule A, and such release shall become effective, binding and irrevocable in accordance with its terms within fifty-two (52) days following the termination date. No severance payments or vesting acceleration under this Agreement shall be paid or provided unless and until the release becomes effective. Any severance payment to which Executive is entitled that would otherwise be paid on or prior to the 52nd day following the termination date shall be withheld and shall instead be paid by ServiceSource in full on the fifty-third (53rd) day following Executive’s employment termination date or such later date as is required to avoid the imposition of additional taxes under Code Section 409A and the regulations and guidance thereunder, and any applicable state law equivalent (together, “**Section 409A**”). The foregoing shall not apply to CIP earned prior to the Executive’s termination, the payment of which shall not be delayed by this subsection.

(e) Section 409A Compliance. Notwithstanding any provision to the contrary herein, no Deferred Payments (as defined below) that become payable under this Agreement by reason of Executive's termination of employment with ServiceSource (or any successor entity thereto) will be made unless such termination of employment constitutes a "separation from service" within the meaning of Section 409A. Further, if Executive is a "specified employee" of ServiceSource (or any successor entity thereto) within the meaning of Section 409A on the date of Executive's termination of employment (other than a termination of employment due to death), then the Deferred Payments that are payable within the first six (6) months following Executive's termination of employment, shall be delayed until the first payroll date that occurs on or after the date that is six (6) months and one (1) day after the date of Executive's termination of employment, when they shall be paid in full arrears. All subsequent Deferred Payments, if any, will be paid in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive's employment termination but prior to the six (6) month anniversary of his employment termination, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 409A-2(b)(2) of the Treasury Regulations (for avoidance of doubt, the foregoing shall be interpreted to provide as well that any payments to be made in installments shall be deemed to be a series of separate payments). For the purposes of this Agreement, "**Deferred Payment**" means any severance pay or benefits to be paid or provided to Executive (or Executive's estate or beneficiaries) pursuant to this Agreement and any other severance payments or separation benefits, that in each case, when considered together, are considered deferred compensation under Section 409A. The foregoing provisions and all payments and benefits under this Agreement are intended to be exempt from or comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms herein will be interpreted to so comply or be exempt. ServiceSource and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

(f) Termination of Employment for Other Reasons. The above severance benefits in this Section 8 shall not be paid or provided in the event of the termination of Executive's employment due to Executive's death, disability or resignation (other than a resignation for Good Reason upon or following a Change in Control as set forth above), or the termination of his employment by ServiceSource or its successor for Cause (as defined above). For purposes of clarity, a termination by reason of Executive's death or disability shall not be deemed a termination without "Cause" under this Agreement.

9. SEVERABILITY. In the event that any provision of this Agreement is determined by a court of competent jurisdiction to be illegal, invalid or unenforceable to any extent, such term or provision shall be enforced to the fullest extent permissible under the law and all remaining terms and provisions hereof shall continue in full force and effect.

10. MODIFICATION OF AGREEMENT. This Agreement may be modified only in writing by mutual agreement of ServiceSource and Executive. Any such writing must specifically state that it is intended to modify the parties' Agreement and state which specific provision or provisions this writing intends to modify. Such written modification will only be effective if signed by ServiceSource's Chief Executive Officer, Chief Human Resources Officer, or Chief Financial Officer.

Any attempt to modify this Agreement orally, or by a writing signed by any person other than ServiceSource's Chief Executive Officer, Chief Human Resources Officer, or Chief Financial Officer, or by any other means, shall be null and void. This Agreement is intended to be the final and complete statement of the parties' agreement concerning the legal nature of their employment relationship in any and all disputes arising from that relationship.

12. COMPLETE AND VOLUNTARY AGREEMENT. This Agreement constitutes the entire understanding of the parties on the subject covered. The parties expressly warrant that they have read and fully understand this Agreement; that they have had the opportunity to consult with legal counsel of their own choosing to have the terms of this Agreement fully explained to them; that they are not executing this Agreement in reliance on any promises, representations or inducements other than those contained herein; and that they are executing this Agreement voluntarily, free of any duress or coercion.

13. DISPUTE RESOLUTION. This Agreement shall be governed by Colorado law, without regard to its principles of conflicts of laws. Any dispute arising from this Agreement shall be subject to the exclusive jurisdiction of state and federal courts located in Denver, Colorado, and each party hereby waives any and all objections to that venue. The prevailing party in any such dispute shall recover its reasonable attorneys' fees and costs from the losing party, including any fees or costs arising from an appeal.

14. SUCCESSORS AND ASSIGNS. This Agreement will be binding upon Executive's heirs, executors, administrators and other legal representatives and will be for the benefit of ServiceSource, its successors, and its assigns.

15. GOLDEN PARACHUTE BEST AFTER TAX RESULTS. If any of the payments to Executive (prior to any reduction, below) provided for in this Agreement, together with any other payments which Executive has the right to receive from ServiceSource or any corporation which is a member of an "affiliated group" as defined in Section 1504(a) of the Internal Revenue Code of 1986, as amended ("**Code**"), without regard to Section 1504(b) of the Internal Revenue Code), of which ServiceSource is a member (the "**Payments**") would constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code), and if the Safe Harbor Amount is greater than the Taxed Amount, as determined on a net, after-tax basis as described below, then the total amount of such Payments shall be reduced to the Safe Harbor Amount. The "**Safe Harbor Amount**" is the largest portion of the Payments that would result in no portion of the Payments being subject to the excise tax set forth at Section 4999 of the Code ("**Excise Tax**"). The "**Taxed Amount**" is the total amount of the Payments (without any reduction, above) notwithstanding that all or some portion of the Payments may be subject to the Excise Tax. Solely for the purpose of comparing which of the Safe Harbor Amount and the Taxed Amount is greater, the determination of each such amount, shall be made on an after-tax basis, taking into account all applicable federal, state and local employment taxes, income taxes, and, if applicable, the Excise Tax (all of which shall be computed at the highest applicable marginal rate regardless of Executive's actual marginal rate). If a reduction of the Payments to the Safe Harbor Amount is necessary, then the reduction shall occur in the following order: reduction of cash payments; cancellation of accelerated vesting of equity awards the value of which is **not** determined under Q&A 24(c) of the 280G Treasury Regulations; cancellation of accelerated vesting of equity awards the value of which **is** determined under Q&A 24(c) of the 280G Treasury Regulations; and reduction of employee benefits. In the event that acceleration of vesting of a category of equity awards is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date on which awards of such category would have vested absent the change in control transaction. If two or more equity awards of the same category are granted on the same date, and reduction of acceleration is required under this paragraph, each award will be reduced on a pro-rata basis. In no event shall

Executive have any discretion with respect to the ordering of payment reductions. ServiceSource and its tax advisors shall make all determinations and calculations required to be made to effectuate this paragraph at ServiceSource's expense.

SERVICESOURCE INTERNATIONAL, INC.

EXECUTIVE

By: /s/ PATRICIA ELIAS

Name: Patricia Elias

Title: General Counsel

/s/ CHAD W. LYNE

Chad W. Lyne

Schedule A
Form of Release

In exchange for the consideration provided by ServiceSource International, Inc. or its successor (the “Company”) to the undersigned current or former employee of the Company (the “Employee”) under this Agreement or the employment agreement between the Company and the Employee, that Employee is not otherwise entitled to receive, and subject to the Company’s compliance with its post-termination obligations to Employee, Employee hereby generally and completely releases the Company and its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to my signing this Agreement. This general release includes: (1) all claims arising out of or in any way related to Employee’s employment with the Company or the termination of that employment; (2) all claims related to Employee’s compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (3) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (4) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (5) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (“**ADEA**”), the Family and Medical Leave Act; the Employee Retirement Income Security Act; any state labor code; the Equal Pay Act, of 1963, as amended. Notwithstanding the above, it is understood and agreed to by the parties that neither party is waiving rights relative to compliance with those terms of the Employment Agreement and Company’s Proprietary Confidential Information Agreement that impose duties on either party upon and following Employee’s termination of employment.

ADEA Waiver and Release. Employee acknowledges that Employee knowingly and voluntarily waives and releases any rights Employee may have under the ADEA, as amended. Employee also acknowledges that the consideration given for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which Employee was already entitled. Employee further acknowledges that Employee has been advised by this writing, as required by the ADEA, that: (a) his waiver and release does not apply to any rights or claims that may arise after the execution date of this Agreement; (b) Employee has been advised that he has the right to consult with an attorney prior to executing this Agreement; (c) Employee has been given twenty-one (21) days to consider this Agreement; (d) Employee has seven (7) days following the execution of this Agreement by the parties to revoke the Agreement; and (e) this Agreement will not be effective until the date upon which the revocation period has expired, which will be the eighth day after this Agreement is executed by Employee, provided that the Company has also executed this Agreement by that date (“**Effective Date**”). *The parties acknowledge and agree that revocation by Employee of the ADEA Waiver and Release is not effective to revoke his waiver or release of any other claims pursuant to this Agreement.*

SUBSIDIARIES OF SERVICESOURCE INTERNATIONAL, INC.

SUBSIDIARIES	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION
ServiceSource International, Inc.	Delaware
ServiceSource Delaware, Inc.	Delaware
ServiceSource Europe, Ltd.	Ireland
SSI Europe UK Limited	United Kingdom
ServiceSource International Singapore Pte. Ltd.	Singapore
ServiceSource International Malaysia SDN. BHD.	Malaysia
ServiceSource International Japan G.K.	Japan
ServiceSource International Philippines, Inc.	Philippines
ServiceSource International Bulgaria EOOD	Bulgaria

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-173116) pertaining to the:
 - ServiceSource International, Inc. 2011 Equity Incentive Plan
 - ServiceSource International, Inc. 2011 Employee Stock Purchase Plan
 - ServiceSource International, LLC 2008 Share Option Plan
 - ServiceSource International, LLC 2004 Omnibus Share Plan
- (2) Registration Statement (Form S-8 No. 333-181104) pertaining to the:
 - ServiceSource International, Inc. 2011 Equity Incentive Plan
 - ServiceSource International, Inc. 2011 Employee Stock Purchase Plan
- (3) Registration Statement (Form S-8 No. 333-188652) pertaining to the:
 - ServiceSource International, Inc. 2011 Equity Incentive Plan
 - ServiceSource International, Inc. 2011 Employee Stock Purchase Plan
- (4) Registration Statement (Form S-8 No. 333-194440) pertaining to the:
 - ServiceSource International, Inc. 2011 Equity Incentive Plan
 - ServiceSource International, Inc. 2011 Employee Stock Purchase Plan
- (5) Registration Statement (Form S-8 No. 333-202809) pertaining to the:
 - ServiceSource International, Inc. 2011 Equity Incentive Plan
 - ServiceSource International, Inc. 2011 Employee Stock Purchase Plan
- (6) Registration Statement (Form S-8 No. 333-210014) pertaining to the:
 - ServiceSource International, Inc. 2011 Equity Incentive Plan
 - ServiceSource International, Inc. 2011 Employee Stock Purchase Plan
- (7) Registration Statement (Form S-8 No. 333-216472) pertaining to the:
 - ServiceSource International, Inc. 2011 Equity Incentive Plan
 - ServiceSource International, Inc. 2011 Employee Stock Purchase Plan
- (8) Registration Statement (Form S-8 No. 333-223413) pertaining to the:
 - ServiceSource International, Inc. 2011 Equity Incentive Plan
 - ServiceSource International, Inc. 2011 Employee Stock Purchase Plan
- (9) Registration Statement (Form S-8 No. 333- 239211) pertaining to the:
 - ServiceSource International, Inc. 2020 Equity Incentive Plan

of our reports dated February 24, 2021, with respect to the consolidated financial statements of ServiceSource International, Inc., and the effectiveness of internal control over financial reporting of ServiceSource International, Inc. included in this Annual Report (Form 10-K) of ServiceSource International, Inc. for the year ended December 31, 2020.

/s/ Ernst & Young LLP

Denver, Colorado
February 24, 2021

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Chad W. Lyne, certify that:

1. I have reviewed this annual report on Form 10-K of ServiceSource International, 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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) 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
 - (d) 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 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 controls over financial reporting.

Dated: February 24, 2021

By:

/s/ CHAD W. LYNE

Chad W. Lyne

Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gary B. Moore, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the annual report of ServiceSource International, Inc. on Form 10-K for the fiscal year ended December 31, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of ServiceSource International, Inc.

Dated: February 24, 2021

By: /s/ GARY B. MOORE

Gary B. Moore
Chief Executive Officer and Director
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Chad W. Lyne, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the annual report of ServiceSource International, Inc. on Form 10-K for the fiscal year ended December 31, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of ServiceSource International, Inc.

Dated: February 24, 2021

By:

/s/ CHAD W. LYNE

Chad W. Lyne

Chief Financial Officer

(Principal Financial and Accounting Officer)