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

FORM 10-Q

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

For the quarterly period ended September 30, 2019

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

SERVICESOURCE INTERNATIONAL, INC.

(Exact name of registrant as specified in our 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)

(720) 889-8500

(Registrant's telephone number, including area code)

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

(Title of each class)	(Trading Symbol)	(Name of each exchange on which registered)
Common Stock, $0.0001 Par Value	**SREV**	**The Nasdaq Stock Market LLC**

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T 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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
	Emerging growth company

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

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

As of October 24, 2019, 94,495,042 shares of common stock of ServiceSource International, Inc. were outstanding.

SERVICESOURCE INTERNATIONAL, INC.
Form 10-Q
For the Fiscal Quarter EndedSeptember 30, 2019

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

	September 30, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 23,143	$ 26,535
Accounts receivable, net	43,792	54,284
Prepaid expenses and other	5,217	5,653
Total current assets	72,152	86,472
Property and equipment, net	37,629	36,593
Contract acquisition costs	1,778	2,660
Right-of-use assets	38,519	—
Goodwill	6,334	6,334
Other assets	4,806	4,521
Total assets	$ 161,218	$ 136,580
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,557	$ 2,424
Accrued expenses	3,829	3,380
Accrued compensation and benefits	17,089	15,509
Operating lease liabilities	8,509	—
Other current liabilities	1,806	6,894
Total current liabilities	32,790	28,207
Operating lease liabilities, net of current portion	35,370	—
Other long-term liabilities	3,287	6,540
Total liabilities	71,447	34,747
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, $0.001 par value; 20,000 shares authorized and none issued and outstanding	—	—
Common stock; $0.0001 par value; 1,000,000 shares authorized; 94,599 shares issued and 94,478 shares outstanding as of September 30, 2019; 92,895 shares issued and 92,774 shares outstanding as of December 31, 2018	9	9
Treasury stock	(441)	(441)
Additional paid-in capital	373,486	369,246
Accumulated deficit	(283,574)	(267,383)
Accumulated other comprehensive income	291	402
Total stockholders' equity	89,771	101,833
Total liabilities and stockholders' equity	$ 161,218	$ 136,580

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)
(unaudited)

	For the Three Months Ended September 30, 2019	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2019	For the Nine Months Ended September 30, 2018
Net revenue	$ 53,395	$ 57,173	$ 161,264	$ 176,869
Cost of revenue	37,871	39,949	115,696	124,136
Gross profit	15,524	17,224	45,568	52,733
Operating expenses:				
Sales and marketing	7,499	8,622	22,934	27,112
Research and development	1,165	1,395	3,702	4,691
General and administrative	10,129	12,907	32,081	38,953
Restructuring and other related costs	630	—	1,836	209
Total operating expenses	19,423	22,924	60,553	70,965
Loss from operations	(3,899)	(5,700)	(14,985)	(18,232)
Interest and other expense, net	(419)	(1,058)	(967)	(6,680)
Impairment loss on investment securities	—	—	—	(1,958)
Loss before income taxes	(4,318)	(6,758)	(15,952)	(26,870)
Provision for income tax (expense) benefit	(119)	133	(239)	(294)
Net loss	$ (4,437)	$ (6,625)	$ (16,191)	$ (27,164)
Net loss per common share				
Basic and diluted	$ (0.05)	$ (0.07)	$ (0.17)	$ (0.30)
Weighted-average common shares outstanding:				
Basic and diluted	94,228	92,113	93,637	91,271

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

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Net loss	$ (4,437)	$ (6,625)	$ (16,191)	$ (27,164)
Other comprehensive income (loss)				
Available for sale securities:				
Unrealized loss on short-term investments	—	(5)	—	(705)
Reclassification adjustment for impairment loss included in net loss	—	—	—	1,958
Net change in available for sale debt securities	—	(5)	—	1,253
Foreign currency translation adjustments	73	(112)	(111)	(48)
Other comprehensive income (loss)	73	(117)	(111)	1,205
Comprehensive loss	$ (4,364)	$ (6,742)	$ (16,302)	$ (25,959)

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

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

	Common Stock		Treasury Shares/Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Shares	Amount	Shares	Amount				
Balance at January 1, 2019	92,895	$ 9	(121)	$ (441)	$ 369,246	$ (267,383)	$ 402	$ 101,833
Net loss	—	—	—	—	—	(5,719)	—	(5,719)
Other comprehensive income	—	—	—	—	—	—	76	76
Stock-based compensation	—	—	—	—	1,564	—	—	1,564
Issuance of common stock, restricted stock units	229	—	—	—	—	—	—	—
Proceeds from the exercise of stock options and employee stock purchase plan	139	—	—	—	141	—	—	141
Balance at March 31, 2019	93,263	$ 9	(121)	$ (441)	$ 370,951	$ (273,102)	$ 478	$ 97,895
Net loss	—	—	—	—	—	(6,035)	—	(6,035)
Other comprehensive loss	—	—	—	—	—	—	(260)	(260)
Stock-based compensation	—	—	—	—	1,269	—	—	1,269
Issuance of common stock, restricted stock units	947	—	—	—	—	—	—	—
Net cash paid for payroll taxes on restricted stock unit releases	—	—	—	—	(19)	—	—	(19)
Balance at June 30, 2019	94,210	$ 9	(121)	$ (441)	$ 372,201	$ (279,137)	$ 218	$ 92,850
Net loss	—	—	—	—	—	(4,437)	—	(4,437)
Other comprehensive income	—	—	—	—	—	—	73	73
Stock-based compensation	—	—	—	—	1,203	—	—	1,203
Issuance of common stock, restricted stock units	265	—	—	—	—	—	—	—
Proceeds from the exercise of stock options and employee stock purchase plan	124	—	—	—	82	—	—	82
Balance at September 30, 2019	94,599	$ 9	(121)	$ (441)	$ 373,486	$ (283,574)	$ 291	$ 89,771

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

	Common Stock		Treasury Shares/Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2017	90,380	$ 8	(121)	$ (441)	$ 359,347	$ (246,207)	$ (598)	$ 112,109
Cumulative effect of ASC 606 - initial adoption	—	—	—	—	—	3,709	—	3,709
Adjusted balance at January 1, 2018	90,380	$ 8	(121)	$ (441)	$ 359,347	$ (242,498)	$ (598)	$ 115,818
Net loss	—	—	—	—	—	(11,652)	—	(11,652)
Other comprehensive income	—	—	—	—	—	—	1,527	1,527
Stock-based compensation	—	—	—	—	3,223	—	—	3,223
Issuance of common stock, restricted stock units	84	—	—	—	—	—	—	—
Proceeds from the exercise of stock options and employee stock purchase plan	119	—	—	—	353	—	—	353
Net cash paid for payroll taxes on restricted stock unit releases	—	—	—	—	(53)	—	—	(53)
Balance at March 31, 2018	90,583	$ 8	(121)	$ (441)	$ 362,870	$ (254,150)	$ 929	$ 109,216
Net loss	—	—	—	—	—	(8,887)	—	(8,887)
Other comprehensive loss	—	—	—	—	—	—	(205)	(205)
Stock-based compensation	—	—	—	—	3,525	—	—	3,525
Issuance of common stock, restricted stock units	1,207	—	—	—	—	—	—	—
Proceeds from the exercise of stock options and employee stock purchase plan	32	—	—	—	94	—	—	94
Net cash paid for payroll taxes on restricted stock unit releases	—	—	—	—	(364)	—	—	(364)
Balance at June 30, 2018	91,822	$ 8	(121)	$ (441)	$ 366,125	$ (263,037)	$ 724	$ 103,379
Net loss	—	—	—	—	—	(6,625)	—	(6,625)
Other comprehensive loss	—	—	—	—	—	—	(117)	(117)
Stock-based compensation	—	—	—	—	2,540	—	—	2,540
Issuance of common stock, restricted stock units	790	1	—	—	—	—	—	1
Proceeds from the exercise of stock options and employee stock purchase plan	123	—	—	—	312	—	—	312
Net cash paid for payroll taxes on restricted stock unit releases	—	—	—	—	(349)	—	—	(349)
Balance at September 30, 2018	92,735	$ 9	(121)	$ (441)	$ 368,628	$ (269,662)	$ 607	$ 99,141

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

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

	For the Nine Months Ended September 30,	
	2019	**2018**
Cash flows from operating activities:		
Net loss	$ (16,191)	$ (27,164)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	10,158	13,398
Amortization of debt discount and issuance costs	56	5,843
Amortization of contract acquisition costs	1,239	1,361
Amortization of premium on short-term investments	—	(1,204)
Amortization of right-of-use assets	7,222	—
Stock-based compensation	3,985	9,033
Restructuring and other related costs	1,785	470
Impairment loss on investment securities	—	1,958
Other	(256)	74
Net changes in operating assets and liabilities		
Accounts receivable, net	10,238	7,322
Prepaid expenses and other assets	507	180
Contract acquisition costs	(362)	(955)
Accounts payable	(365)	(2,204)
Accrued compensation and benefits	(1)	(2,037)
Operating lease liabilities	(6,949)	—
Accrued expenses	316	(5,146)
Other liabilities	(4,144)	4,356
Net cash provided by operating activities	7,238	5,285
Cash flows from investing activities:		
Acquisition of property and equipment	(9,243)	(12,484)
Purchases of short-term investments	—	(480)
Sales of short-term investments	—	133,920
Maturities of short-term investments	—	4,240
Net cash (used in) provided by investing activities	(9,243)	125,196
Cash flows from financing activities:		
Repayment on finance lease obligations	(666)	(278)
Repayment of convertible notes	—	(150,000)
Debt issuance costs	—	(192)
Proceeds from revolving line of credit	—	32,000
Proceeds from issuance of common stock	223	759
Payments related to minimum tax withholdings on restricted stock unit releases	(19)	(766)
Net cash used in financing activities	(462)	(118,477)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	125	134
Net change in cash and cash equivalents and restricted cash	(2,342)	12,138
Cash and cash equivalents and restricted cash, beginning of period	27,779	52,633
Cash and cash equivalents and restricted cash, end of period	$ 25,437	$ 64,771
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 203	$ 2,341
Supplemental disclosures of non-cash activities:		
Acquisition of property and equipment accrued in accounts payable and accrued expenses	$ 1	$ 260
Increase in contract acquisition costs and benefit to accumulated deficit related to adoption of ASC 606	$ —	$ 3,346
Increase in prepaid expenses and other, other liabilities and benefit to accumulated deficit related to adoption of ASC 606	$ —	$ 363
Increase in operating lease liabilities related to the adoption of ASC 842	$ 41,760	$ —
Increase in right-of-use assets related to the adoption of ASC 842	$ 39,183	$ —
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	$	(3,308)	$	—

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

ServiceSource International, Inc.

Notes to Consolidated Financial Statements

(unaudited)

Note 1 — The Company

ServiceSource International, Inc. is a global leader in outsourced, performance-based customer success and revenue growth solutions. Through our people, processes and technology, we grow and retain revenue on behalf of our clients — some of the world's leading business-to-business companies — in more than 45 languages. Our solutions help our clients strengthen their customer relationships, drive improved customer adoption, expansion and retention and minimize churn. Our technology platform and best-practice business processes combined with our highly-trained, client-focused revenue delivery professionals and data from 20 years of operating experience enable us to provide our clients greater value for our customer success services than attained by our clients' in-house customer success teams.

"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.

The Company's pay-for-performance model allows its clients to pay for the services through either flat-rate or variable commissions based on the revenue generated by the Company on their behalf. Fixed-fee arrangements are typically used in quick deployments to address discrete target areas of our clients' needs. The Company also earns revenue through its professional services teams, who assist clients with data optimization. The Company's corporate headquarters is located in Denver, Colorado. The Company has additional U.S. offices in California and Tennessee, and international offices in Bulgaria, Ireland, Japan, Malaysia, Philippines, Singapore and the United Kingdom.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying interim unaudited Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, these financial statements do not include all the information required by GAAP for annual financial statements. The unaudited Consolidated Balance Sheet as of December 31, 2018 has been derived from the Company's audited annual Consolidated Financial Statements included in our annual report on Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission on February 28, 2019. In the opinion of management, these Consolidated Financial Statements reflect all adjustments, including normal recurring adjustments, management considers necessary for a fair presentation of the Company's financial position, operating results, and cash flows for the interim periods presented. These Consolidated Financial Statements and accompanying notes should be read in conjunction with our audited Consolidated Financial Statements and the notes thereto for the year ended December 31, 2018, included in our annual report on Form 10-K. Interim results are not necessarily indicative of results for the entire year.

Principles of Consolidation

The accompanying unaudited interim Consolidated Financial Statements include the accounts of ServiceSource International, Inc. and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

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's significant accounting judgments and estimates include, but are not limited to: revenue recognition, the valuation and recognition of stock-based compensation, the recognition and measurement of current and deferred income tax assets and liabilities and uncertain tax positions, the provision for bad debts and impairment of goodwill and long-lived assets.

The Company bases its estimates and judgments on historical experience and on various assumptions that it believes are reasonable under the circumstances. However, future events are subject to change and estimates and judgments routinely require adjustment. Actual results and outcomes may differ from our estimates.

Reclassifications

Certain items on the Consolidated Statements of Cash Flows for thenine months ended September 30, 2018 have been reclassified to conform to the current year presentation. These reclassifications did not affect the Company's Consolidated Balance Sheet as of December 31, 2018 or the Company's Consolidated Statements of Operations, Consolidated Statements of Comprehensive Loss or Consolidated Statements of Stockholders' Equity for the nine months ended September 30, 2018.

New Accounting Standards Issued but Not yet Adopted

Financial Instruments - Credit Losses

In June 2016, the Financial Accounting Standard Board ("FASB") issued an Accounting Standard Update ("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. In November 2018, the FASB issued an update to this ASU clarifying receivables arising from operating leases are accounted for using the lease guidance in Accounting Standards Codification Topic 842 Leases ("ASC 842"), and not as financial instruments. This ASU is effective for annual periods and interim periods for those annual periods beginning after December 15, 2019, with early adoption permitted. This standard will apply to the Company's accounts receivables and contract assets. Based on our current analysis the Company does not expect the adoption to have a material impact on its Consolidated Financial Statements as credit losses associated from trade receivables have historically been insignificant. The Company will adopt this standard effective January 1, 2020.

New Accounting Standards Adopted

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires the recognition of assets and liabilities arising from lease transactions on the balance sheet and requires significant additional disclosures about the amount, timing, and uncertainty of cash flows from leases. Substantially all leases, including current operating leases, will be recognized by lessees on their balance sheet as a lease asset for its right to use the underlying asset and a lease liability for the corresponding lease obligation. The standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. ASU 2016-02 initially required entities to adopt the standard using a modified retrospective transition method. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842) Targeted Improvements, which provide transition practical expedients allowing companies to adopt the new standard with a cumulative effect adjustment as of the beginning of the year of adoption with prior year comparative financial information and disclosures remaining as previously reported. The Company adopted this standard effective January 1, 2019 and elected the package of practical expedients, accounting for leases with contractual terms less than 12 months as short-term leases and the transition relief option to apply legacy GAAP to periods prior to the standard’s effective date. Upon initial adoption of the standard, the Company recorded a $29.5 million right-of-use asset ("ROU") and a $32.1 million operating lease liability to the Consolidated Balance Sheets as of January 1, 2019.

Cloud Computing Implementation Costs

In August 2018, the FASB issued ASU 2018-15, cloud computing implementation costs, that provides guidance on the accounting for implementation costs incurred in a cloud computing arrangement that is a service contract. The standard aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The accounting for the service element of a hosting arrangement that is a service contract is not affected by the new standard. This ASU is effective for annual periods and interim periods for those annual periods beginning after December 15, 2019, with early adoption permitted. The Company early adopted this standard effective January 1, 2019 and the effects of this standard were applied prospectively to eligible costs incurred on or after January 1, 2019. The adoption of this standard did not have a material impact on the Company’s Consolidated Financial Statements.

New Accounting Policies upon Adoption of ASC 842

Leases

At the inception of a contract, the Company determines whether the contract is or contains a lease. ROU assets represent the Company's right to use an underlying asset over the lease term and lease liabilities represent our remaining payment obligation under the lease. ROU assets and liabilities are recognized upon the lease commencement based on the present value of lease payments over the lease term. ROU assets are adjusted for any prepaid or accrued lease payments and unamortized lease incentives or initial direct costs. As most of the Company's leases do not provide an implicit rate, the Company uses an incremental borrowing rate, the variable interest rate on the revolving line of credit (the "Revolver"), and other information available at the lease commencement in determining the present value of lease payments. The Company's lease terms include options to extend or terminate the lease when it is reasonably certain it will exercise the option. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense and sublease income is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease and non-lease components, which are accounted for separately. See "Note 6 — Leases" for additional information.

Note 3 — Fair Value of Financial Instruments

The Company follows a three-tier fair value hierarchy, which is described in detail in the Company's Annual Report on Form 10-K for the year ended December 31, 2018. There were no transfers between levels during thenine months ended September 30, 2019 and 2018.

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

Short-term investments consist of readily marketable debt securities with a remaining maturity of more than three months from the time of purchase. The Company liquidated its investment securities during the first half of 2018 to repay the $150.0 million convertible notes that matured August 1, 2018. Based on the Company's decision to sell these investment securities, an other-than-temporary impairment occurred and a $2.0 million impairment loss was recorded in the Consolidated Statements of Operations for the nine months ended September 30, 2018.

The Company recognized realized gains from the sale of available-for-sale securities of$0.03 million and losses of $0.2 million from the sale of available-for-sale securities for the nine months ended September 30, 2018. No realized gains or losses were recognized for thethree months ended September 30, 2018. Gains and losses on available-for-sale securities are recorded in "Interest and other expense, net" in the Consolidated Statements of Operations.

The Company had restricted cash in "Other assets" in the Consolidated Balance Sheets as ofSeptember 30, 2019 and December 31, 2018 of $2.3 million and $1.2 million, respectively. Restricted cash is classified within Level 1.

Note 4 — Other Current and Long-Term Liabilities

Other current liabilities were comprised of the following:

	September 30, 2019	December 31, 2018
	(in thousands)	
Finance lease obligations	$ 962	$ 954
Contract liability	336	873
Other liabilities	238	198
Legal reserve	192	3,750
Employee stock purchase plan withholdings	78	384
Deferred rent	—	735
Total	$ 1,806	$ 6,894

Other long-term liabilities were comprised of the following:

	September 30, 2019	December 31, 2018
	(in thousands)	
Asset retirement obligations	$ 1,393	$ 1,368
Finance lease obligations	893	1,510
Accrued restructuring costs	532	716
Deferred tax liability	348	268
Other accrued costs	121	105
Deferred rent	—	2,573
Total	$ 3,287	$ 6,540

Note 5 — Debt

Revolving Line of Credit

In July 2018, the Company entered into a $40.0 million senior secured Revolver that allows us to borrow against our 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 September 30, 2019, the Company did not have any borrowings outstanding on the Revolver and therefore has no future obligations.

The obligations under the credit agreement are secured by substantially all assets of the borrowers and certain of their subsidiaries, including pledges of equity in certain of the Company's subsidiaries. The Revolver has covenants with which the Company was in compliance as of September 30, 2019 and December 31, 2018.

Deferred Debt Issuance Costs

Discounts and premiums to the principal amounts are included in the carrying value of debt and amortized to "Interest and other expense, net" over the remaining life of the underlying debt. Unamortized debt issuance costs related to the Revolver were $0.1 million and $0.2 million as of September 30, 2019 and December 31, 2018, respectively. The amortization of all premiums and discounts related to the convertible notes that matured August 2018 was $0.8 million and $5.3 million for the three and nine months ended September 30, 2018, respectively.

Interest expense related to the amortization of debt issuance costs, interest expense associated with the Company's debt obligations and accretion of the Company's debt discount was $0.04 million and $1.1 million for the three months ended September 30, 2019 and 2018, respectively, and $0.1 million and $7.1 million for the nine months ended September 30, 2019 and 2018, respectively.

Note 6 — Leases

The Company has operating leases for office space and finance leases for certain equipment under non-cancelable agreements with various expiration dates through April 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 to eight years after lease commencement. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

In July 2019, the Company entered into a sublease with a third-party for its San Francisco office space leased during 2018 through the remaining term of the lease, November 30, 2023. In January 2018, the Company entered into a sublease with a third-party for its San Francisco office space leased during 2015 through the remaining term of the lease, November 30, 2022. 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.

Rent expense for the three and nine months ended September 30, 2018 was $3.1 million and $8.9 million, respectively. Sublease income for the three and nine months ended September 30, 2018 was $0.5 million and $1.1 million, respectively.

Supplemental income statement information related to leases was as follows:

	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
	(in thousands)	
Operating lease cost	$ 2,897	$ 8,894
Finance lease cost:		
Amortization of leased assets	164	486
Interest on lease liabilities	41	127
Total finance lease cost	205	613
Sublease income	(602)	(1,538)
Net lease cost	$ 2,500	$ 7,969

Supplemental balance sheet information related to leases was as follows:

	September 30, 2019
	(in thousands)
Operating leases:	
Right-of-use assets	$ 38,519
Operating lease liabilities	$ 8,509
Operating lease liabilities, net of current portion	35,370
Total operating lease liabilities	$ 43,879
Finance leases:	
Property and equipment	$ 3,443
Accumulated depreciation	(1,581)
Property and equipment, net	$ 1,862
Other current liabilities	$ 962
Other long-term liabilities	893
Total finance lease liabilities	$ 1,855

Lease term and discount rate information related to leases was as follows:

	September 30, 2019
Weighted-average remaining lease term (in years):	
Operating lease	5.9
Finance lease	2.0
Weighted-average discount rate:	
Operating lease	6.5%
Finance lease	8.1%

Maturities of lease liabilities were as follows as ofSeptember 30, 2019:

	Operating Leases	Operating Sublease	Finance Leases
		(in thousands)	
Remainder of 2019	$ 2,249	$ (624)	$ 268
2020	12,009	(2,554)	1,040
2021	11,900	(2,631)	633
2022	8,467	(2,538)	64
2023	3,532	(623)	—
Thereafter	16,029	—	—
Total lease payments	54,186	(8,970)	2,005
Less: interest	(9,426)	—	(150)
Less: tenant improvements reimbursement	(881)	—	—
Total	$ 43,879	$ (8,970)	$ 1,855

Note 7 — Commitments and Contingencies

Letter of Credit

In connection with two of our leased facilities, the Company is required to maintaintwo 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.

Litigation

The Company is subject to various legal proceedings and claims arising in the ordinary course of our business, including the cases discussed below. Although the results of litigation and claims cannot be predicted with certainty, the Company is currently not aware of any litigation or threats of litigation in which the final outcome could have a material adverse effect on our business, operating results, financial position or cash flows. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources and other factors. The Company records a contingent liability when it is probable that a loss has been incurred and the amount is reasonably estimable in accordance with accounting for contingencies. As of September 30, 2019 and December 31, 2018, the Company accrued a $0.2 million and $3.8 million, respectively, reserve relating to our potential liability for currently pending disputes, reflected in "Other current liabilities" in the Consolidated Balance Sheets.

On August 23, 2016, the United States District Court for the Middle District of Tennessee granted conditional class certification in a lawsuit originally filed on September 21, 2015 by three former senior sales representatives. The lawsuit, Sarah Patton, et al v. ServiceSource Delaware, Inc., asserts a claim under the Fair Labor Standards Act alleging that certain non-exempt employees in our Nashville location were not paid for all hours worked and were not properly paid for overtime hours worked. The complaint also asserts claims under Tennessee state law for breach of contract and unjust enrichment. A settlement of all claims was reached. The Company anticipates settlement payments will be completed by the end of 2019.

Non-cancelable Service Contract Commitments

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

	September 30, 2019
	(in thousands)
Remainder of 2019	$ 1,327
2020	9,467
2021	8,362
2022	7,650
2023	8,237
Thereafter	—
Total	$ 35,043

Note 8 — Revenues, Contract Asset and Liability Balances and Contract Acquisition Costs

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

Revenue by Performance Obligation

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
	(in thousands)			
Professional services	$ 732	$ 652	$ 1,557	$ 3,351
Selling services	52,663	56,521	159,707	173,518
Total revenue	$ 53,395	$ 57,173	$ 161,264	$ 176,869

Revenue by Geography

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
	(in thousands)			
APJ	$ 8,324	$ 9,093	$ 26,343	$ 25,943
EMEA	12,918	13,822	39,972	44,013
NALA	32,153	34,258	94,949	106,913
Total revenue	$ 53,395	$ 57,173	$ 161,264	$ 176,869

Revenue by Contract Pricing

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
	(in thousands)			
Fixed consideration	$ 15,818	$ 19,668	$ 54,375	$ 58,093
Variable consideration	37,577	37,505	106,889	118,776
Total revenue	$ 53,395	$ 57,173	$ 161,264	$ 176,869

Contract Balances

Once the Company obtains a client contract, 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. As of September 30, 2019 and December 31, 2018, the contract asset balance totaled $0.1 million and $0.2 million, respectively, and the contract liability balance totaled $0.3 million and $0.9 million, respectively. Contract assets and contract liabilities are reflected in "Prepaid expenses and other", "Other assets" and "Other current liabilities" in the Consolidated Balance Sheets.

Transaction Price Allocated to Remaining Performance Obligations

The Company maintains contracts with fixed consideration that are generally with long-standing client relationships and typically renew annually. Assuming none of the Company’s current contracts with fixed consideration are renewed, we estimate receiving approximately $56.0 million in future selling services fixed consideration as of September 30, 2019. Professional services revenues from fixed consideration are based on proportional performance which is typically concluded within 90 days of contract execution. The Company typically bills professional services upfront upon obtaining a client contract. As of September 30, 2019, we estimate $1.0 million in professional services fixed consideration revenue to be recognized through the remainder of2019.

Contract Acquisition Costs

Certain commissions paid to the Company's sales team upon obtaining a client contract are incremental and recoverable, and capitalized as contract acquisition costs. Under the transition guidance, the Company recorded a $3.3 million contract acquisition asset and corresponding offset to the opening accumulated deficit balance related to previously expensed sales commissions. The Company expensed $1.5 million of the $3.3 million of contract acquisition asset during 2018 and will expense the remainder of the asset over the next five years as follows: $0.1 million remaining in 2019, $0.6 million in 2020 and $0.3 million in 2021 and beyond. The Company recorded $0.3 million and $0.8 million, respectively, in amortization expense for the three and nine months ended September 30, 2019 and $0.3 million and $1.2 million, respectively, of amortization for the three and nine months ended September 30, 2018 related to amounts capitalized upon the adoption of ASC 606.

Subsequent to the adoption of ASC 606, the Company capitalized an additional$0.3 million and $1.1 million as of September 30, 2019 and December 31, 2018, respectively, of sales commissions as contract acquisition costs related to contracts obtained during the period. The Company recorded amortization expense of $0.1 million and $0.5 million, respectively, for the three and nine months ended September 30, 2019 and $0.1 million for the three and nine months ended September 30, 2018 related to the amounts capitalized. As of September 30, 2019, the weighted-average remaining amortization period related to these capitalized costs was approximately 2.4 years.

Impairment recognized on contract costs was insignificant for the three and nine months ended September 30, 2019 and 2018.

Applying the practical expedient for 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" in the Consolidated Statements of Operations.

Note 9 — Stockholders' Equity

Stock-Based Compensation Expense

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
	(in thousands)			
Cost of revenue	$ 126	$ 194	$ 414	$ 752
Sales and marketing	518	717	1,390	2,436
Research and development	12	24	24	146
General and administrative	523	1,560	2,157	5,699
Total stock-based compensation	$ 1,179	$ 2,495	$ 3,985	$ 9,033

The above table does not include capitalized stock-based compensation related to internal-use software of$0.02 million and $0.05 million for the three and nine months ended September 30, 2019 and $0.05 million and $0.3 million for the three and nine months ended September 30, 2018, respectively.

Stock Awards

The following table summarizes information related to stock options:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Intrinsic Value
	(in thousands)			(in thousands)
Outstanding as of December 31, 2018	7,516	$ 3.34		$ —
Granted	576	$ 0.95		
Expired and/or forfeited	(3,829)	$ 4.22		
Outstanding as of September 30, 2019	4,263	$ 2.22	8.15	$ —
Exercisable as of September 30, 2019	1,047	$ 5.12	4.87	$ —

The weighted-average fair value of options granted during the nine months ended September 30, 2019 and 2018 was $0.47 and $1.75, respectively. As of September 30, 2019, there was $1.6 million of unrecognized compensation expense related to stock options granted under the 2011 Equity Incentive Plan (the "2011 Plan"), which is expected to be recognized over a weighted-average period of 2.5 years.

The following table summarizes information related to restricted stock units and performance-based restricted stock units:

	Units	Weighted-Average Grant Date Fair Value
	(in thousands)	
Non-vested as of December 31, 2018	5,669	$ 3.29
Granted	2,908	$ 1.10
Vested[(1)]	(1,461)	$ 3.78
Forfeited	(1,195)	$ 3.79
Non-vested as of September 30, 2019	5,921	$ 1.99

[(1)] 1,441 thousand shares of common stock were issued for restricted stock units vested and the remaining 20 thousand shares were withheld for taxes.

As of September 30, 2019, there was $9.5 million of unrecognized compensation expense related to non-vested restricted stock units and performance-based restricted stock units granted under the 2011 Plan, which is expected to be recognized over a weighted-average period of 2.5 years.

Potential shares of common stock that are not included in the determination of diluted net loss per share because they are anti-dilutive for the periods presented consist of stock options, unvested restricted stock and shares to be purchased under our 2011 Employee Stock Purchase Plan. The Company excluded from diluted earnings per share the weighted-average common share equivalents related to 7.9 million and 7.3 million shares for the three months ended September 30, 2019 and 2018, respectively, and 8.4 million and 6.7 million shares for the nine months ended September 30, 2019 and 2018, respectively, because their effect would have been anti-dilutive.

Note 10 — Income Taxes

The Company is subject to taxation in the U.S. and various state and foreign jurisdictions. Earnings from non-U.S. activities are subject to local country income tax. The Company computes its quarterly income tax provision by using a forecasted annual effective tax rate and adjusts for any discrete items arising during the quarter. The primary difference between the effective tax rate and the federal statutory tax rate relates to the valuation allowances on the Company's net operating losses and foreign tax rate differences. The "Provision for income tax expense" in the Consolidated Statements of Operations primarily consists of income and withholding taxes for foreign and state jurisdictions where the Company has profitable operations, as well as valuation allowance adjustments for certain U.S. tax jurisdictions. No tax benefit was provided for losses incurred in the U.S., Ireland and Singapore because those losses are offset by a full valuation allowance. The tax years 2011 through 2019 generally remain subject to examination by federal, state and foreign tax authorities.

The gross amount of the Company's unrecognized tax benefits was $1.0 million and $0.9 million as of September 30, 2019 and December 31, 2018, respectively, 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 three and nine months ended September 30, 2019 and 2018, interest and penalties recognized were insignificant.

Note 11 — Restructuring and Other Related Costs

The Company has undergone restructuring efforts to better align its cost structure with our 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", "Accrued compensation and benefits" and "Other long-term liabilities" in our Consolidated Balance Sheets as of September 30, 2019 and December 31, 2018.

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 $0.6 million and $1.8 million for the three and nine months ended September 30, 2019, respectively, and expects to incur additional costs through 2020.

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

	Severance and Other Employee Costs	Lease Termination Costs	Total
	(in thousands)		
Balance as of January 1, 2019	$ —	$ —	$ —
Restructuring and other related costs	1,713	123	1,836
Cash paid	(1,270)	(123)	(1,393)
Balance as of September 30, 2019	$ 443	$ —	$ 443

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 recognized charges related to this restructuring effort of $0.2 million for the three and nine months ended September 30, 2018. The Company does not expect to incur additional restructuring charges related to the May 2017 restructuring as of September 30, 2019.

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	—	(134)	—	(134)
Change in estimates and non-cash charges	—	(51)	—	(51)
Balance as of September 30, 2019	$ —	$ 777	$ —	$ 777

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with our unaudited Consolidated Financial Statements and notes thereto which appear elsewhere in this quarterly report on Form 10-Q.

This report, including this MD&A, 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 report. These forward-looking statements are generally identified by the words "believe," "project," "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 report and those discussed in the sections of our Annual Report on Form 10-K entitled "Forward Looking Statements" and "Risk Factors" and in our other filings with the Securities and Exchange Commission ("SEC"). Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events, or otherwise.

Overview

ServiceSource International, Inc. is a global leader in outsourced, performance-based customer success and revenue growth solutions. Through our people, processes and technology, we grow and retain revenue on behalf of our clients — some of the world's leading business-to-business companies — in more than 45 languages. Our solutions help our clients strengthen their customer relationships, drive improved customer adoption, expansion and retention and minimize churn. Our technology platform and best-practice business processes combined with our highly-trained, client-focused revenue delivery professionals and data from 20 years of operating experience enable us to provide our clients greater value for our customer success services than attained by our clients' in-house customer success teams.

"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.

Key Financial Results for the Three Months Ended September 30, 2019

- GAAP revenue was $53.4 million compared with $57.2 million reported for the same period in 2018.
- GAAP net loss was $4.4 million or $0.05 per diluted share, compared with GAAP net loss of $6.6 million or $0.07 per diluted share reported for the same period in 2018.
- Adjusted EBITDA was $1.1 million compared with Adjusted EBITDA of $3.1 million reported for the same period in 2018. See "Non-GAAP Financial Measurements" below for a reconciliation of Adjusted EBITDA from "Net loss."
- Ended the quarter with $25.4 million of cash and cash equivalents and restricted cash and no borrowings under the Company's $40.0 million revolving line of credit.

Results of Operations

For the Three Months Ended September 30, 2019 Compared to the Same Period Ended September 30, 2018

Net Revenue, Cost of Revenue and Gross Profit

Net revenue is primarily attributable to commissions we earn from the sale of renewals of maintenance, support and subscription agreements on behalf of our clients. We also generate revenues from selling professional services. Historically, we earned a small percentage of our total revenue from the sale of subscriptions to our cloud-based applications.

Cost of revenue includes employee compensation, technology costs, including those related to the delivery of our cloud-based technologies and allocated overhead costs.

	For the Three Months Ended September 30,					
	2019		2018			
	Amount	% of Net Revenue	Amount	% of Net Revenue	$ Change	% Change
	(in thousands)		(in thousands)		(in thousands)	
Net revenue	$ 53,395	100%	$ 57,173	100%	$ (3,778)	(7)%
Cost of revenue	37,871	71%	39,949	70%	(2,078)	(5)%
Gross profit	$ 15,524	29%	$ 17,224	30%	$ (1,700)	(10)%

Net revenue decreased $3.8 million, or 7%, for the three months ended September 30, 2019 compared to the same period in 2018, primarily due to client churn and lower bookings.

Cost of revenue decreased $2.1 million, or 5%, for the three months ended September 30, 2019 compared to the same period in 2018, primarily due to a decrease in employee related costs associated with lower revenue attainment, reduction in headcount and lower travel and entertainment expenditures.

Operating Expenses

	For the Three Months Ended September 30,					
	2019		2018			
	Amount	% of Net Revenue	Amount	% of Net Revenue	$ Change	% Change
	(in thousands)		(in thousands)		(in thousands)	
Operating expenses:						
Sales and marketing	$ 7,499	14%	$ 8,622	15%	$ (1,123)	(13)%
Research and development	1,165	2%	1,395	2%	(230)	(16)%
General and administrative	10,129	19%	12,907	23%	(2,778)	(22)%
Restructuring and other related costs	630	1%	—	—%	630	100 %
Total operating expenses	$ 19,423	36%	$ 22,924	40%	$ (3,501)	(15)%

Sales and Marketing

Sales and marketing expenses primarily consist of compensation expenses and sales commissions for our sales and marketing staff, amortization of contract acquisition costs, allocated expenses and marketing programs and events.

Sales and marketing expenses decreased $1.1 million, or 13%, for the three months ended September 30, 2019 compared to the same period in 2018, primarily due to a decrease in employee related costs associated with reduction in headcount, lower revenue attainment and lower travel and entertainment expenditures.

Research and Development

Research and development expenses primarily consist of employee compensation expense, allocated costs and the cost of third-party service providers.

Research and development expenses decreased $0.2 million, or 16%, for the three months ended September 30, 2019 compared to the same period in 2018, primarily due to a decrease in information technology costs.

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 expenses, which consist of depreciation, amortization of internally developed software, facility and technology costs.

General and administrative expenses decreased $2.8 million, or 22%, for the three months ended September 30, 2019 compared to the same period in 2018, primarily due to the following:

- $2.5 million decrease in legal reserves;
- $0.8 million decrease in employee related costs primarily due to changes in executive management, lower travel and entertainment expenditures and lower recruiting costs; and
- $0.3 million decrease in professional fees; partially offset by
- $0.7 million increase in information technology support costs.

Restructuring and Other Related Costs

Restructuring and other related costs primarily consist of severance, other employee costs and lease termination costs.

Restructuring and other related costs increased $0.6 million for the three months ended September 30, 2019 compared to the same period in 2018, due to costs incurred related to the restructuring effort to better align our cost structure with current business and market conditions, resulting in a headcount reduction in our sales, marketing and research and development teams and reduction in office lease costs.

Other Expenses

Interest and other expense, net primarily consists of amortization of debt issuance costs, interest expense associated with the Company's debt obligations, accretion of the Company's debt discount, interest income earned on our cash and cash equivalents and marketable securities, imputed interest from our finance lease payments and foreign exchange gains and losses.

	For the Three Months Ended September 30,					
	2019		2018			
	Amount	% of Net Revenue	Amount	% of Net Revenue	$ Change	% Change
	(in thousands)		(in thousands)		(in thousands)	
Interest expense	$ (91)	— %	$ (1,173)	(2)%	$ 1,082	(92)%
Other (expense) income, net	$ (328)	(1)%	$ 115	— %	$ (443)	*

* Not considered meaningful.

Interest expense decreased $1.1 million, or 92%, for the three months ended September 30, 2019 compared to the same period in 2018, primarily due to the maturity and payoff of our $150.0 million convertible notes in August 2018.

Other (expense) income, net decreased $0.4 million for the three months ended September 30, 2019 compared to the same period in 2018, primarily due to foreign currency fluctuations.

Provision for Income Tax (Expense) Benefit

	For the Three Months Ended September 30,					
	2019		2018			
	Amount	% of Net Revenue	Amount	% of Net Revenue	$ Change	% Change
	(in thousands)		(in thousands)		(in thousands)	
Provision for income tax (expense) benefit	$ (119)	— %	$ 133	—%	$ (252)	*

* Not considered meaningful.

Provision for income tax (expense) benefit resulted primarily from profitable jurisdictions where no valuation allowance has been provided.Provision for income tax (expense) benefit increased $0.3 million for the three months ended September 30, 2019 compared to the same period in 2018, due to a increase in profitable operations in certain foreign jurisdictions.

For the Nine Months Ended September 30, 2019 Compared to the Same Period Ended September 30, 2018

Net Revenue, Cost of Revenue and Gross Profit

	For the Nine Months Ended September 30,					
	2019		2018			
	Amount	% of Net Revenue	Amount	% of Net Revenue	$ Change	% Change
	(in thousands)		(in thousands)		(in thousands)	
Net revenue	$ 161,264	100%	$ 176,869	100%	$ (15,605)	(9)%
Cost of revenue	115,696	72%	124,136	70%	(8,440)	(7)%
Gross profit	$ 45,568	28%	$ 52,733	30%	$ (7,165)	(14)%

Net revenue decreased $15.6 million, or 9%, for the nine months ended September 30, 2019 compared to the same period in 2018, primarily due to client churn and lower bookings.

Cost of revenue decreased $8.4 million, or 7%, for the nine months ended September 30, 2019 compared to the same period in 2018, primarily due to the following:

- $5.9 million decrease in employee related costs driven by lower revenue attainment, reduction in headcount and lower travel and entertainment expenditures;
- $4.1 million decrease in depreciation and amortization expense primarily due to internally developed software fully amortized as of July 2018; and
- $0.6 million decrease in professional service fees; partially offset by
- $2.1 million increase in information technology support and facilities costs.

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Operating Expenses

	For the Nine Months Ended September 30,					
	2019		2018			
	Amount	% of Net Revenue	Amount	% of Net Revenue	$ Change	% Change
	(in thousands)		(in thousands)		(in thousands)	
Operating expenses:						
Sales and marketing	$ 22,934	14%	$ 27,112	15%	$ (4,178)	(15)%
Research and development	3,702	2%	4,691	3%	(989)	(21)%
General and administrative	32,081	20%	38,953	22%	(6,872)	(18)%
Restructuring and other related costs	1,836	1%	209	—%	1,627	*
Total operating expenses	$ 60,553	38%	$ 70,965	40%	$ (10,412)	(15)%

* Not considered meaningful.

Sales and Marketing

Sales and marketing expenses decreased $4.2 million, or 15%, for the nine months ended September 30, 2019 compared to the same period in 2018, primarily due to a decrease in employee related costs driven by lower revenue attainment, reduction in headcount and lower travel and entertainment expenditures.

Research and Development

Research and development expenses decreased $1.0 million, or 21%, for the nine months ended September 30, 2019 compared to the same period in 2018, primarily due to a decrease in employee related costs driven by our restructuring effort to better align our cost structure with current business and market conditions as well as a decrease in bonus expense due to lower revenue attainment.

General and Administrative

General and administrative expenses decreased $6.9 million, or 18%, for the nine months ended September 30, 2019 compared to the same period in 2018, primarily due to the following:

- $5.4 million decrease in employee related costs primarily due to changes in executive management, decrease in bonus expense due to lower revenue attainment and decreases in temporary labor, recruiting costs and travel and entertainment expenditures;
- $2.5 million decrease in legal reserves; and
- $1.2 million decrease in professional service fees; partially offset by
- $1.5 million increase in information technology support costs; and
- $0.8 million increase in depreciation and amortization expense.

Restructuring and Other Related Costs

Restructuring and other related costs increased $1.6 million for the nine months ended September 30, 2019 compared to the same period in 2018, due to costs incurred related to the restructuring effort to better align our cost structure with current business and market conditions, resulting in a headcount reduction in our sales, marketing and research and development teams and reduction in office lease costs.

Other Expenses

	For the Nine Months Ended September 30,					
	2019		2018			
	Amount	% of Net Revenue	Amount	% of Net Revenue	$ Change	% Change
	(in thousands)		(in thousands)		(in thousands)	
Interest expense	$ (303)	— %	$ (7,301)	(4)%	$ 6,998	(96)%
Other (expense) income, net	$ (664)	— %	$ 621	— %	$ (1,285)	*
Impairment loss on investment securities	$ —	— %	$ (1,958)	(1)%	$ 1,958	(100)%

* Not considered meaningful.

Interest expense decreased $7.0 million, or 96%, for the nine months ended September 30, 2019 compared to the same period in 2018, primarily due to the maturity and payoff of our $150.0 million convertible notes in August 2018.

Other (expense) income, net decreased $1.3 million for the nine months ended September 30, 2019 compared to the same period in 2018, primarily due to a decrease in interest income earned on our short-term investments and foreign currency fluctuations.

During 2018, we determined to liquidate the majority of our investment securities to have sufficient cash on hand to repay our $150.0 million convertible notes due August 1, 2018. Based on our decision to sell these investment securities, we determined an other-than-temporary impairment occurred as of March 31, 2018. Consequently, a $2.0 million impairment loss was recorded in our Consolidated Statements of Operations for nine months ended September 30, 2018.

Provision for Income Tax Expense

	For the Nine Months Ended September 30,					
	2019		2018			
	Amount	% of Net Revenue	Amount	% of Net Revenue	$ Change	% Change
	(in thousands)		(in thousands)		(in thousands)	
Provision for income tax expense	$ (239)	— %	$ (294)	— %	$ 55	(19)%

Provision for income tax expense resulted primarily from profitable jurisdictions where no valuation allowance has been provided. Provision for income tax expense decreased $0.1 million, or 19% for the nine months ended September 30, 2019 compared to the same period in 2018, due to a decrease in profitable operations in certain foreign jurisdictions.

Liquidity and Capital Resources

Our primary operating cash requirements include the payment of compensation and related costs and costs for our facilities and information technology infrastructure. Historically, we have financed our operations from cash provided by our operating activities and cash proceeds from the exercise of stock options and our employee stock purchase plan. We believe our existing cash and cash equivalents and available funds from our senior secured revolving line of credit (the “Revolver”) will be sufficient to meet our working capital and capital expenditure needs over the next twelve months.

As of September 30, 2019, we had cash and cash equivalents of $23.1 million, which primarily consisted of demand deposits and money market mutual funds. Included in cash and cash equivalents was $7.1 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 September 30, 2019, we had no unremitted earnings from our foreign subsidiaries.

During 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. 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. Proceeds from the Revolver are used for working capital and general corporate purposes.

As of September 30, 2019, we did not have any borrowings outstanding under the Revolver. Obligations under the credit agreement are secured by substantially all assets of the borrowers and certain of their subsidiaries, including pledges of equity in certain of our subsidiaries. The Revolver has covenants with which we are in compliance as of September 30, 2019 and December 31, 2018.

Letter of Credit and Restricted Cash

In connection with two of our leased facilities, we are 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.

Cash Flows

The following table presents a summary of our cash flows:

	For the Nine Months Ended September 30,	
	2019	2018
	(in thousands)	
Net cash provided by operating activities	$ 7,238	$ 5,285
Net cash (used in) provided by investing activities	(9,243)	125,196
Net cash used in financing activities	(462)	(118,477)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	125	134
Net change in cash and cash equivalents and restricted cash	$ (2,342)	$ 12,138

Our total depreciation and amortization expense was comprised of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
	(in thousands)			
Purchased intangible asset amortization	$ —	$ —	$ —	$ 85
Internally developed software amortization	1,524	1,680	4,190	7,556
Property and equipment depreciation	1,640	1,974	5,968	5,757
Total depreciation and amortization	$ 3,164	$ 3,654	$ 10,158	$ 13,398

Operating Activities

Net cash provided by operating activities increased $2.0 million for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018, primarily as a result of improved cash collections from customers during the current period compared to the prior period and lower cash payments made during the current period compared to the prior period related to operating costs previously accrued for; offset by a decrease in Adjusted EBITDA.

Investing Activities

Net cash provided by investing activities decreased $134.4 million for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018, primarily as a result of a decrease in cash inflows from the sale and maturity of our short-term investments during 2018, offset by a decrease in cash outflows related to the acquisition of property and equipment during the nine months ended September 30, 2019.

Financing Activities

Net cash used in financing activities decreased $118.0 million for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018, primarily as a result of the maturity and payoff of our $150.0 million convertible notes in August 2018, offset by proceeds from our Revolver.

Off-Balance Sheet Arrangements

As of September 30, 2019 we did not have any off balance sheet arrangements.

Contractual Obligations and Commitments

Our contractual obligations primarily consist of obligations under operating and finance leases for office space and certain equipment and non-cancelable service contracts.

The following table summarizes future payments of our contractual obligations as ofSeptember 30, 2019:

	Total	Less than 1 year	1- 3 years	4- 5 years	More than 5 years
			(in thousands)		
Finance lease obligations	$ 1,855	$ 962	$ 893	$ —	$ —
Operating lease obligations	43,879	8,020	18,845	5,049	11,965
Operating sublease income	(8,970)	(2,535)	(5,301)	(1,134)	—
Service contracts	35,043	8,427	24,557	2,059	—
Restructuring and other related costs	1,220	688	491	41	—
Total[1]	$ 73,027	$ 15,562	$ 39,485	$ 6,015	$ 11,965

[1] Excluded from the table is the income tax liability we recorded for the difference between the benefit recognized and measured and the tax position taken or expected to be taken on our tax returns. As of September 30, 2019, our liability for unrecognized tax benefits was$1.0 million. A reasonable estimate of the amounts and periods of related future payments cannot be made at this time.

The contractual commitment amounts in the table above are associated with agreements that are enforceable and legally binding, which specify significant terms, included payment terms, related services and the approximate timing of the transaction. Obligations under contracts that we may cancel without a significant penalty are not included in the above table.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. ("GAAP") requires management to use judgment in the application of accounting policies, including making estimates and assumptions. The Company's significant accounting policies and estimates are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2018. These policies were followed in preparing the Consolidated Financial Statements for the three and nine months ended September 30, 2019 and are consistent with the year endedDecember 31, 2018, except for the new accounting policies related to the adoption and application of Accounting Standards Codification Topic 842, Lease Accounting (“ASC 842") as of January 1, 2019.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, see Note 2 - "Summary of Significant Accounting Policies" 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 a 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 (benefit) expense, interest and other expense, net and depreciation and amortization. Adjusted EBITDA consists of EBITDA plus non-cash stock-based compensation, amortization of contract acquisition costs related to the initial adoption of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), restructuring and other related costs, impairment loss on investment securities and litigation reserve.

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

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The following table presents the calculation of Adjusted EBITDA reconciled from "Net loss":

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
	(in thousands)			
Net loss	$ (4,437)	$ (6,625)	$ (16,191)	$ (27,164)
Provision for income tax expense (benefit)	119	(133)	239	294
Interest and other expense, net	419	1,058	967	6,680
Depreciation and amortization	3,164	3,654	10,158	13,398
EBITDA	(735)	(2,046)	(4,827)	(6,792)
Stock-based compensation	1,179	2,495	3,985	9,033
Amortization of contract acquisition asset costs - ASC 606 initial adoption	277	367	789	1,213
Restructuring and other related costs	630	—	1,836	209
Impairment loss on investment securities	—	—	—	1,958
Litigation reserve	(256)	2,250	(256)	2,250
Adjusted EBITDA	$ 1,095	$ 3,066	$ 1,527	$ 7,871

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no significant changes in our market risk exposures associated with foreign currency risk, inflation risk and interest rate risk for the nine months ended September 30, 2019, as compared with those discussed in our annual report on Form 10-K for the fiscal year ended December 31, 2018.

The effective interest rate on our Revolver was 6.00% as of September 30, 2019. As of September 30, 2019, we did not have any borrowings outstanding on the Revolver, therefore a 1% increase in the effective interest rate would not increase interest expense. We may incur additional expense in future periods if we borrow on the Revolver.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, 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 Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this report (the "Evaluation Date").

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 chief executive officer and chief financial officer concluded that our disclosure controls and procedures are designed to, and are effective to, provide assurance at a reasonable 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 chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

There has not been any change in our internal control over financial reporting during the quarter covered by this report that materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For a discussion of legal proceedings in which we are involved, see Note 7 - Commitments and Contingencies" to the Consolidated Financial Statements in Item 1.

Item 1A. Risk Factors

A summary of factors which could affect results and cause results to differ materially from those expressed in any forward-looking statements made by us, or on our behalf, see “Risk Factors” in Part 1, Item 1A of our annual report on Form 10-K for the year ended December 31, 2018. There have been no material changes in the nature of these factors since December 31, 2018.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description of Document
10.1*	2011 Equity Incentive Plan form of Share Option Award Agreement (adopted October 2019)
10.2*	2011 Equity Incentive Plan form of Restricted Stock Award Agreement (adopted October 2019)
31.1*	Certification of Principal Executive Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed or Furnished herewith.

SIGNATURES

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

SERVICESOURCE INTERNATIONAL, INC.
(Registrant)

Date:	October 29, 2019	By:	/s/ RICHARD G. WALKER
			Richard G. Walker Chief Financial Officer *(Principal Financial and Accounting Officer)*

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 Option Agreement, including the Appendix. **To avoid cancellation of the Award, you must provide such acceptance within ninety (90) days of the Date of Grant, as set forth in Section 10 of this Agreement.**

SERVICESOURCE INTERNATIONAL, INC.

2011 EQUITY INCENTIVE PLAN

GLOBAL STOCK OPTION AGREEMENT

Unless otherwise defined herein, the terms defined in the ServiceSource International, Inc. (the "Company") 2011 Equity Incentive Plan (the "Plan") shall have the same defined meanings in the Option Agreement.

I. NOTICE OF GRANT

Name:

You have been granted an option to purchase shares of Common Stock of the Company ("Shares"), subject to the terms and conditions of the Plan and the Option Agreement, as follows:

Grant Number:

Grant Date:

Vesting Commencement Date:

Exercise Price per Share:

Total Number of Shares Granted:

Total Exercise Price:

Type of Option: Nonstatutory Stock Option

Term/Expiration Date: 10 Years from the Grant Date

Vesting Schedule:

Subject to accelerated vesting as set forth in duly authorized written agreements by and between the Optionee and the Company, this Option may be exercised, in whole or in part, in accordance with the following schedule:

[Insert Vesting Schedule]

II. AGREEMENT

1. Grant of Option.

The Company hereby grants to the optionee (the "Optionee") named in the Notice of Grant section of the Global Stock Option Agreement (the "Notice of Grant"), an option (the "Option") to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per share set forth in the Notice of Grant (the "Exercise Price"), subject to the terms and conditions of the Global Stock Option Agreement, including any special terms and conditions for the Optionee's country of residence contained in the Appendix (as defined below) (together, the "Option Agreement") and the Plan (which is incorporated herein by reference). In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Option Agreement, the terms and conditions of the Plan shall prevail.

2. Exercise of Option.

(a) Right to Exercise. This Option is exercisable during its term and following the one-year anniversary of the Grant Date in accordance with the Vesting Schedule set out in the Notice of Grant and the applicable provisions of the Plan and this Option Agreement, subject to the Optionee's remaining a Service Provider on each vesting date. For the avoidance of doubt, under no circumstances is any portion of the Option exercisable prior to the one-year anniversary of the Grant Date, whether or not such portion vested. Any portion of the Option that vests prior to the one-year anniversary of the Grant Date shall become exercisable upon the one-year anniversary of the Grant Date, subject to the terms and conditions of the Notice of Grant and the Option Agreement.

(b) Post-Termination Exercise Period. Unless otherwise provided in Section 2(c), if the Optionee ceases to be a Service Provider, then this Option may be exercised, but only to the extent vested on the date of such cessation as a Service Provider, until the earlier of (i) ninety days after the date upon which the Optionee ceases to be a Service Provider, or (ii) the original ten-year Option term.

(c) Termination for Cause. Notwithstanding any other provision of this Option Agreement or the Plan, in the event that the Optionee is terminated for Cause (as defined herein), the Option shall terminate in its entirety, whether vested or unvested, and the Optionee shall have no further rights with respect to such Option.

For purposes of this Option Agreement, "Cause" means the occurrence of any of the following events, as determined by the Company in its sole discretion: (i) the Optionee's commission of, or participation in, acts of dishonesty, fraud, misrepresentation or other acts of moral turpitude; (ii) the Optionee's intentional, material violation of any contract or agreement between the Optionee and the Company or the Company's Subsidiary or affiliate employing the Optionee (the "Employer") or any statutory duty owed to the Company or the Employer; (iii) the Optionee's unauthorized use or disclosure of the proprietary or confidential information of the Company or the Employer, or (iv) the Optionee's gross failure to perform, refusal to perform, or neglect in the performance of, his or her duties, functions or responsibilities.

(d) Method of Exercise. This Option may be exercised with respect to all or any part of any vested Shares by giving the Company or any third-party stock option plan administrator designated by the Company written or electronic notice of such exercise, in the form designated by the Company or the Company's designated third-party stock option plan administrator, specifying the number of Shares as to which this Option is exercised and accompanied by payment of the aggregate Exercise Price and any Tax-Related Items (as defined in Section 5 below) as to all exercised Shares.

This Option shall be deemed to be exercised upon receipt by the Company or any third-party stock option plan administrator designated by the Company of such fully executed exercise notice accompanied by such aggregate Exercise Price.

No Shares shall be issued pursuant to the exercise of this Option unless such issuance and exercise complies with applicable laws, as determined by the Company.

(e) Payment of Exercise Price. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee: (i) cash; or (ii) check; or (iii) delivery of a properly executed exercise notice together with such other documentation as the Administrator and a broker designated by the Company, if applicable, shall require to effect an exercise of the Option and delivery to the Company of the sale proceeds required to pay the Exercise Price.

3. Non-Transferability of Option.

This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of the Optionee only by the Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

4. Term of Option.

This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option Agreement.

5. Tax Consequences.

Regardless of any action the Company or the Optionee's employer takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Optionee's participation in the Plan and legally applicable to the Optionee ("Tax-Related Items"), the Optionee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Optionee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Optionee further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including but not limited to, the grant, vesting or exercise of the Option, the issuance of Shares pursuant to the exercise of the Option, the sale of Shares acquired under the Plan or the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Optionee's participation in the Plan to reduce or eliminate the Optionee's liability for Tax-Related Items or to achieve any particular tax result. Further, if the Optionee becomes subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable or tax withholding event, as applicable, the Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Optionee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Optionee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(i) withholding from the Optionee's wages or other cash compensation paid to the Optionee by the Company and/or the Employer; or

(ii) 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 the Optionee's behalf pursuant to this authorization without further consent).

The Company may withhold or account for Tax-Related Items by considering maximum applicable rates, in which case the Optionee will receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in Shares.

Finally, the Optionee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Optionee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Optionee fails to comply with his or her obligations in connection with the Tax-Related Items.

6. Entire Agreement; Governing Law and Venue.

The Plan is incorporated herein by reference. The Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and the Optionee. This Option Agreement is governed by the internal substantive laws, but not the choice of law rules, of California. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the Option or the Option Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Francisco City and County, California, or the federal courts for the United States for the Northern District of California and no other courts, where this grant is made and/or to be performed.

7. Acknowledgements. The Optionee acknowledges the following:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;

(b) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;

(c) all decisions with respect to future option grants, if any, will be at the sole discretion of the Company;

(d) the Optionee's participation in the Plan shall not create a right to further employment with the Company or the Employer and shall not interfere with the ability of the Company or the Employer to terminate the Optionee's employment relationship at any time;

(e) the Optionee is voluntarily participating in the Plan;

(f) the Option and the Shares subject to the Option are not part of normal or expected compensation or salary for purposes of, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer, or any Subsidiary or affiliate of the Company;

(g) the Option grant and the Optionee's participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Company or any Subsidiary or affiliate of the Company;

(h) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(i) the value of the Shares acquired upon exercise may increase or decrease, even below the Exercise Price; and

(j) for Optionees who reside outside the U.S., the following additional provisions shall apply:

(i) the Option and the Shares subject to the Option are not intended to replace any pension rights;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from termination of the Optionee's employment by the Company or the Employer (whether or not in breach of employment laws in the country where the Optionee resides or is employed or the terms of the Optionee's employment agreement, if any, and whether or not later found to be invalid) and in consideration of the grant of the Option to which the Optionee is otherwise not entitled, the Optionee irrevocably agrees never to institute any claim against the Company or the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company and the Employer 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, the Optionee 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;

(ii) in the event of termination of the Optionee's employment (regardless of the reason for such termination and whether or not in breach of employment laws in the country where the Optionee resides or is employed or the terms of the Optionee's employment agreement, if any, and whether or not later found to be invalid), the Optionee's right to vest in the Option under the Plan, if any, will terminate effective as of the date that the Optionee is no longer actively providing services and will not be extended by any notice period mandated under employment laws in the country where the Optionee resides or is employed (*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 the Optionee resides or is employed or the terms of the Optionee's employment agreement, if any); furthermore, in the event of termination of the Optionee's employment (whether or not in breach of employment laws in the country where the Optionee resides or is employed or the terms of the Optionee's employment agreement, if any, and whether or not later to be found invalid), the Optionee's right to exercise the Option after termination of employment, if any, will be measured by the date of termination of the Optionee's active services and will not be extended by any notice period mandated under employment laws in the country in which the Optionee resides or is employed or the terms of the Optionee's employment agreement, if any; the Administrator shall have the exclusive discretion to determine when the Optionee is no longer actively providing services for purposes of the Option grant (including whether the Optionee may still be considered actively providing services while on an approved leave of absence);

(iii) 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 the Employer, and are outside the scope of the Optionee's employment or service contract, if any; and

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

8. No Advice Regarding Grant.

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Optionee’s participation in the Plan or the Optionee's acquisition or sale of the underlying Shares. The Optionee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

9. Data Privacy.

The Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee’s personal data as described in this Option Agreement and any other Option grant materials by and among, as applicable, the Employer, the Company and its Subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing the Optionee’s participation in the Plan.

The Optionee understands that the Company and the Employer may hold certain personal information about the Optionee, including, but not limited to, the Optionee’s name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Optionee’s favor, for the exclusive purpose of implementing, administering and managing the Plan (“Data”).

The Optionee understands that Data will be transferred to E*Trade Financial Services, Inc. or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Optionee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Optionee’s country. The Optionees that reside outside the United States understand that they may request a list with the names and addresses of any potential recipients of the Data by contacting their local human resources representatives. The Optionee authorizes the Company, E*Trade Financial Services, Inc. and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purpose of implementing, administering and managing his or her participation in the Plan. The Optionee understands that Data will be held only as long as is necessary to implement, administer and manage the Optionee’s participation in the Plan. The Optionees who reside outside the United States understand that they may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing their local human resources representative. The Optionee understands that the Optionee is providing the consents herein on a purely voluntary basis. The Optionee further understand that if the Optionee does not consent or later seeks to revoke consent, the Optionee’s employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing consent is that the Company will not be able to grant the Optionee Options or other equity awards or administer or maintain such awards, and therefore such refusal or withdrawal may affect the Optionee’s ability to participate in the Plan. For more information on the consequences of the Optionee's refusal to consent or withdrawal of consent, the Optionee understands that he or she may contact his or her local human resources representative.

10. Electronic Delivery.

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

By electronically accepting this Agreement and participating in the Plan, the Participant agrees to be bound by the terms and conditions of the Plan and this Agreement, including the Appendix. If the Participant does not accept this Agreement within ninety (90) days of the Date of Grant, this Agreement will be null and void following the ninetieth (90^{th}) day after the Date of Grant and the Participant will have no right or claim to the Award.

11. Language.

If the Optionee has received this Option Agreement 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.

12. Severability.

The provisions of this Option Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

13. Appendix.

Notwithstanding any provisions in the Option Agreement, the Option shall be subject to any special terms and conditions set forth in the Appendix for the Optionee's country of residence. Moreover, if the Optionee relocates 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 the Optionee, 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 Option Agreement.

14. Imposition of Other Requirements.

The Company reserves the right to impose other requirements on the Option and the Shares acquired upon exercise of the Option, to the extent the Company determines it 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, and to require the Optionee to accept any additional agreements or undertakings that may be necessary to accomplish the foregoing.

15. Waiver.

The Optionee acknowledges that a waiver by the Company of breach of any provisions of this Option Agreement shall not operate or be construed as a waiver of any other provision of this Option Agreement, or of any subsequent breach by the Optionee or any other Participant.

Exhibit 10.2

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 Award, you must provide such acceptance within ninety (90) days of the Date of Grant, as set forth in Section 18 of this Agreement.**

SERVICESOURCE INTERNATIONAL, INC.

2011 EQUITY INCENTIVE PLAN

GLOBAL RESTRICTED STOCK UNIT AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the ServiceSource International, Inc. 2011 Equity Incentive Plan (the "Plan") shall have the same defined meanings in the Agreement.

I. NOTICE OF GRANT OF RESTRICTED STOCK UNIT

Name:

You have been granted an Award of Restricted Stock Units ("RSUs"), subject to the terms and conditions of the Plan and the Agreement, as follows:

Date of Grant:

Vesting Commencement Date:

Total Number of RSUs Granted:

Vesting Schedule: The RSUs awarded by this Agreement shall vest in accordance with the following schedule:

[INSERT VESTING SCHEDULE]

II. AGREEMENT

1. Grant of Restricted Stock Unit.

The Company hereby grants to the Participant named in the Notice of the Grant of Restricted Stock Units attached as Part I of this Restricted Stock Unit Award Agreement ("Notice of Grant") an Award of RSUs, as set forth in the Notice of Grant and subject to the terms and conditions in the Restricted Stock Unit Agreement, including any special terms and conditions for the Participant's country of residence contained in the Appendix (as defined below) (together, the "Agreement") and the Plan (which is incorporated herein by reference).

2. Company's Obligation.

Each RSU represents the right to receive a Share on the vesting date. Unless and until the RSUs vest, the Participant will have no right to receive Shares under such RSUs. Prior to actual distribution of Shares pursuant to any vested RSUs, such RSUs will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

3. Vesting Schedule.

The RSUs awarded by this Agreement will vest in accordance with the schedule set forth in your online E*Trade account.

4. Forfeiture upon Termination as Employee, Director or Consultant.

Notwithstanding any contrary provision of this Agreement or the Notice of Grant, if the Participant terminates as a Service Provider for any or no reason prior to vesting, the unvested RSUs awarded by this Agreement will thereupon be forfeited at no cost to the Company. If the Participant resides outside of the United States, in the event of termination of Participant's employment (regardless of the reason for such termination and whether or not in breach of employment laws in the country where the Participant resides or is employed or the terms of the Participant's employment agreement, if any, and whether or not later found to be invalid), Participant's right to vest in the RSUs under the Plan, if any, will terminate effective as of the date that the Participant is no longer actively providing services and will not be extended by any notice period mandated under employment laws in the country where the Participant resides or is employed (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 the Participant resides or is employed or the terms of the Participant's employment agreement, if any); the Administrator shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the Award (including whether or not the Participant may still be considered as actively providing services while on an approved leave of absence).

5. Payment after Vesting.

Any RSUs that vest in accordance with paragraph 3 will be paid to the Participant (or in the event of the Participant's death, to his or her estate) in Shares, provided that to the extent determined appropriate by the Company, the minimum statutorily required local, foreign, federal, and state withholding of Tax-Related Items (as defined in paragraph 7 below) with respect to such RSUs will be paid by reducing the number of vested RSUs actually paid to the Participant.

6. Payments after Death.

Any distribution or delivery to be made to the Participant under this Agreement will, if the Participant is then deceased, be made to the administrator or executor of the Participant's 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.

7. Responsibility for Taxes.

Regardless of any action the Company or the Subsidiary employing the Participant (the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including but not limited to, the grant, vesting or settlement of the RSUs, the issuance of Shares upon settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or any Dividend Equivalents; and (2) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the Participant's participation in the Plan to reduce or eliminate the Participant's liability for Tax-Related Items or to achieve any particular tax result. Further, if the Participant becomes subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or the Employer, or their respective agents to satisfy the obligations with regard to all Tax-Related Items by withholding in Shares to be issued upon vesting/settlement of the RSU; provided that the Company only withholds the amount of Shares necessary to satisfy the minimum withholding amount. Alternatively, should such method be impermissible or impractical in a particular jurisdiction, the Company may, in its sole discretion, use one or a combination of the following methods:

(i) withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or the Employer; or

(ii) 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 the Participant's behalf pursuant to this authorization without further consent).

If the Participant is subject to the short-swing profit rules of Section 16(b) of the Exchange Act, then withholding shall only be by withholding in Shares or the Participant shall be entitled to elect the method of withholding from the alternatives above.

If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the vested RSU, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of Participant's participation in the Plan.

Finally, the Participant shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

8. Rights as Stockholder.

Neither the Participant nor any person claiming under or through the Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Participant or Participant's broker designated by the Company.

9. No Effect on Employment.

The terms of the Participant's employment with the Company and its Subsidiaries will be determined from time to time by the Company or the Employer (as the case may be). The terms of this Agreement shall not affect the rights of the Company or the Employer to terminate or change the terms of the employment of the Participant at any time for any reason whatsoever, with or without good cause or notice, unless otherwise provided in an employment agreement.

10. Grant is Not Transferable.

Except to the limited extent provided in paragraph 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

11. Acknowledgements. The Participant acknowledges the following:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;

(b) the Award is voluntary and occasional and does not create any contractual or other right to receive future awards of RSUs, or benefits in lieu of RSUs, even if RSUs have been awarded in the past;

(c) all decisions with respect to future awards, if any, will be at the sole discretion of the Company;

(d) the Participant's participation in the Plan shall not create a right to further employment with the Company or the Employer;

(e) the Participant is voluntarily participating in the Plan;

(f) the Award and the Shares subject to the Award are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer, or any Subsidiary or affiliate of the Company;

(g) the Award and the Participant's participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Company or any Subsidiary or affiliate of the Company;

(h) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(i) for Participants who reside outside the U.S., the following additional provisions shall apply:

(i) the Award and the Shares subject to the Award are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and are outside the scope of the Participant's employment or service contract, if any;

(ii) the Award and the Shares subject to the Award are not intended to replace any pension rights; and

(iii) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from termination of the Participant's services by the Company or the Employer (whether or not in breach of employment laws in the country where the Participant resides and whether or not later found to be invalid) and in consideration of the Award of RSUs to which the Participant is otherwise not entitled, the Participant irrevocably agrees never to institute any claim against the Company or the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company and the Employer 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, the Participant 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.

12. No Advice Regarding Award.

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

13. Data Privacy.

The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in this Agreement and any other Award materials by and among, as applicable, the Employer, the Company and its Subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.

The Participant understands that the Company and the Employer may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

The Participant understands that Data will be transferred to E*Trade Financial Services, Inc., or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participants who reside outside the U.S. understand that they may request a list with the names and addresses of any potential recipients of the Data by contacting the Participant's local human resources representative. The Participant authorizes the Company, its designated Plan broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purpose of implementing, administering and managing his or her participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participants who reside outside the U.S. understand that they may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing their local human resources representative. The Participant understands that he or she is providing the consents herein on a purely voluntary basis. If the Participant does not consent or later seeks to revoke his or her consent, the Participant's employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing consent is that the Company would not be able to grant the Participant RSUs or other equity awards or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing his or her consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he or she may contact his or her local human resources representative.

14. Binding Agreement.

Subject to the limitation on the transferability of this grant contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

15. Additional Conditions to Issuance of Stock.

If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any local, foreign, state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to the Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. The Company will make all reasonable efforts to meet the requirements of any such local, foreign, state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority.

16. Plan Governs.

This Agreement and the Notice of Grant are subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement or the Notice of Grant and one or more provisions of the Plan, the provisions of the Plan will govern.

17. Governing Law and Venue.

This Agreement is governed by the internal substantive laws, but not the choice of law rules, of California. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the Award or the Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Francisco City and County, California, or the federal courts for the United States for the Northern District of California and no other courts, where this grant is made and/or to be performed.

18. Electronic Delivery.

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

By electronically accepting this Agreement and participating in the Plan, the Participant agrees to be bound by the terms and conditions of the Plan and this Agreement, including the Appendix. If the Participant does not accept this Agreement within ninety (90) days of the Date of Grant, this Agreement will be null and void following the ninetieth (90^{th}) day after the Date of Grant and the Participant will have no right or claim to the Award.

19. Language.

If the Participant has received this Agreement or any other document related to the Award 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.

20. Severability.

The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

21. Appendix.

Notwithstanding any provisions in the Agreement, the Award shall be subject to any special terms and conditions set forth in the Appendix for the Participant's country of residence. Moreover, if the Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country shall apply to the Participant, 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 Agreement.

22. Imposition of Other Requirements.

The Company reserves the right to impose other requirements on the Award of RSUs and the Shares acquired upon vesting of the RSUs, to the extent the Company determines it is necessary or advisable in order to comply with the relevant laws or concerning the issuance or sale of Shares or to facilitate the administration of the Plan, and to require the Participant to accept any additional agreements or undertakings that may be necessary to accomplish the foregoing.

23. Waiver.

The Participant acknowledges that a waiver by the Company or breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement or of any subsequent breach by the Participant or any other employee.

Exhibit 31.1

**CERTIFICATION PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gary B. Moore, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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.

Date: October 29, 2019

By: /s/ GARY B. MOORE

Name: Gary B. Moore

Title: Chief Executive Officer *(Principal Executive Officer)*

Exhibit 31.2

**CERTIFICATION PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Richard G. Walker, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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.

Date:	October 29, 2019	By:	/s/ RICHARD G. WALKER
			Name: Richard G. Walker
			Title: Chief Financial Officer *(Principal Financial and Accounting Officer)*

Exhibit 32.1

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

Based on my knowledge, 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 Quarterly Report of ServiceSource International, Inc. on Form 10-Q for the quarter ended September 30, 2019, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of ServiceSource International, Inc.

Date:	October 29, 2019	By:	/s/ GARY B. MOORE
			Name: Gary B. Moore
			Title: Chief Executive Officer *(Principal Executive Officer)*

Exhibit 32.2

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

Based on my knowledge, I, Richard G. Walker, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of ServiceSource International, Inc. on Form 10-Q for the quarter ended September 30, 2019, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of ServiceSource International, Inc.

Date:	October 29, 2019	By:	/s/ RICHARD G. WALKER
			Name: Richard G. Walker
			Title: Chief Financial Officer (Principal Financial and Accounting Officer)