



# Investor Day Presentation

**November 14, 2018**



# Safe Harbor Statement

This presentation contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements regarding the company's overall business, market leadership, total addressable market, expectations regarding product development milestones, future marketing initiatives, future sales and expenses and revenue guidance for 2018 and 2019. These forward-looking statements are made as of the date of this presentation and are based on current expectations, estimates, forecasts and projections as well as the beliefs and assumptions of management. Words such as "expect," "anticipate," "should," "believe," "target," "project," "goals," "estimate," "potential," "predict," "may," "will," "could," "intend," variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond the company's control. The company's actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to: the company's ability to maintain and increase sales; the availability of funding for the company's customers to purchase the company's solutions; the complexity, expense and time associated with contracting with government entities; the company's ability to maintain and expand coverage of existing public safety customer accounts and further penetrate the public safety market; the company's ability to sell its solutions into new markets; the lengthy sales cycle for the company's solutions; changes in federal funding available to support local law enforcement; the company's ability to innovate and expand its product development, the company's ability to deploy and deliver its solutions; and the company's ability to maintain and enhance its brand. In addition, other factors that could impact actual results to differ from the forward-looking statements we make are described in the reports we file with the Securities and Exchange Commission (available at [www.sec.gov](http://www.sec.gov)), particularly in the Risk Factors section of our latest Quarterly Report on Form 10-Q. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons why actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.



# Agenda

- Welcome & Executive Summary – Ralph Clark
- Technology – Paul Ames
- Day in the Life of a Project Manager – Joe Hawkins
- Marketing – Sam Klepper
- Sales – Gary Bunyard
- Financials – Alan Stewart
- Question & Answer Session - All
- Tour of Incident Review Center

Webcast Participants: E-Mail for Questions: [jhorne@marketstreetpartners.com](mailto:jhorne@marketstreetpartners.com)



# Executive Summary

**Ralph Clark**  
**November 14, 2018**



Our Purpose:

*To earn the trust of police departments to help them provide equal protection to all communities and thus reduce gun violence*



# At a Glance


ShotSpotter is the leading provider of **GUNFIRE DETECTION SOLUTIONS** that help law enforcement and security personnel rapidly identify, locate, and respond to gun violence.

Our solution is a strategic resource allocation tool that enables an effective and efficient response to **PREVENTING AND REDUCING GUN VIOLENCE.**

Offered as an easy to acquire and use hosted solution sold on an **ANNUAL SUBSCRIPTION BASIS.**

**13,000+** Sensors deployed, as of September 30, 2018  
**90+** Municipalities and cities  
**>650** Square miles under contract as of September 30, 2018

**>99k**  alerts sent in 2017  
**>700k**  gunshots in our database

 **35%**  
YoY revenue growth (Q3 '18)



# Gun Violence

Many urban communities are under siege due to gun violence.  
Yet, residents call police

**LESS THAN 20% OF THE TIME**<sup>(1)</sup>

- When they do call, the information is usually **late, inaccurate and incomplete.**

---

**Active Shooter Incidents becoming an increasingly tragic reality.**

- Often **3-5 minutes before the first 911** call.
- Rapid law enforcement and EMT response can save lives.

1. The Brookings Institute, 2016

# Strategic Initiatives

1



## **Expand Internationally**

- ~200 cities in Latin America, South Africa, Europe
- Leverage Cape Town Success

2



## **Expand SecureCampus solutions**

- ~1,900 campuses with 2,000+ students in the U.S.<sup>(1)</sup>
- Nine campus deployments to date

3



## **Drive Intelligent City Solutions**

- Relationships with Verizon, AT&T & GE
- Reseller Arrangements eg Verizon

4



## **Core solutions extensions / TAM Expansion**

- HunchLab acquisition/ShotSpotter Missions (predictive)
- Case management
- Highway deployment

5



## **Targeted strategic M&A**

- Selectively review strategic adjacencies / targets
- HunchLab Acquisition


***We believe our current addressable market represents a \$1.3B annual revenue opportunity***

1. Source: National Center for Education Statistics



# Our Growth Strategy

- Driving deeper into an under penetrated TAM without any real competitive headwinds
- Approaching the tipping point where Gunshot Detection (GDS) technology is viewed as a standard of care
- Building the technology platform and organizational resiliency to accommodate significant growth
- ShotSpotter Revenue Characteristics
  - High growth due to large under-penetrated market with no real competition
  - Long term and sticky due to customer trust
  - Strong customer partnerships
  - High contribution due to COGS scale, low customer acquisition costs and low cost to serve economics
- Increasingly diversified from contribution from International, Security and Missions



## Our Sustainable Competitive Moat

1. **Core Technology backed by 32 issued patents**
2. **Experience Curve/Tribal Knowledge 20 years**
3. **Trusted brand with customers evidenced by NPS**



# Technology

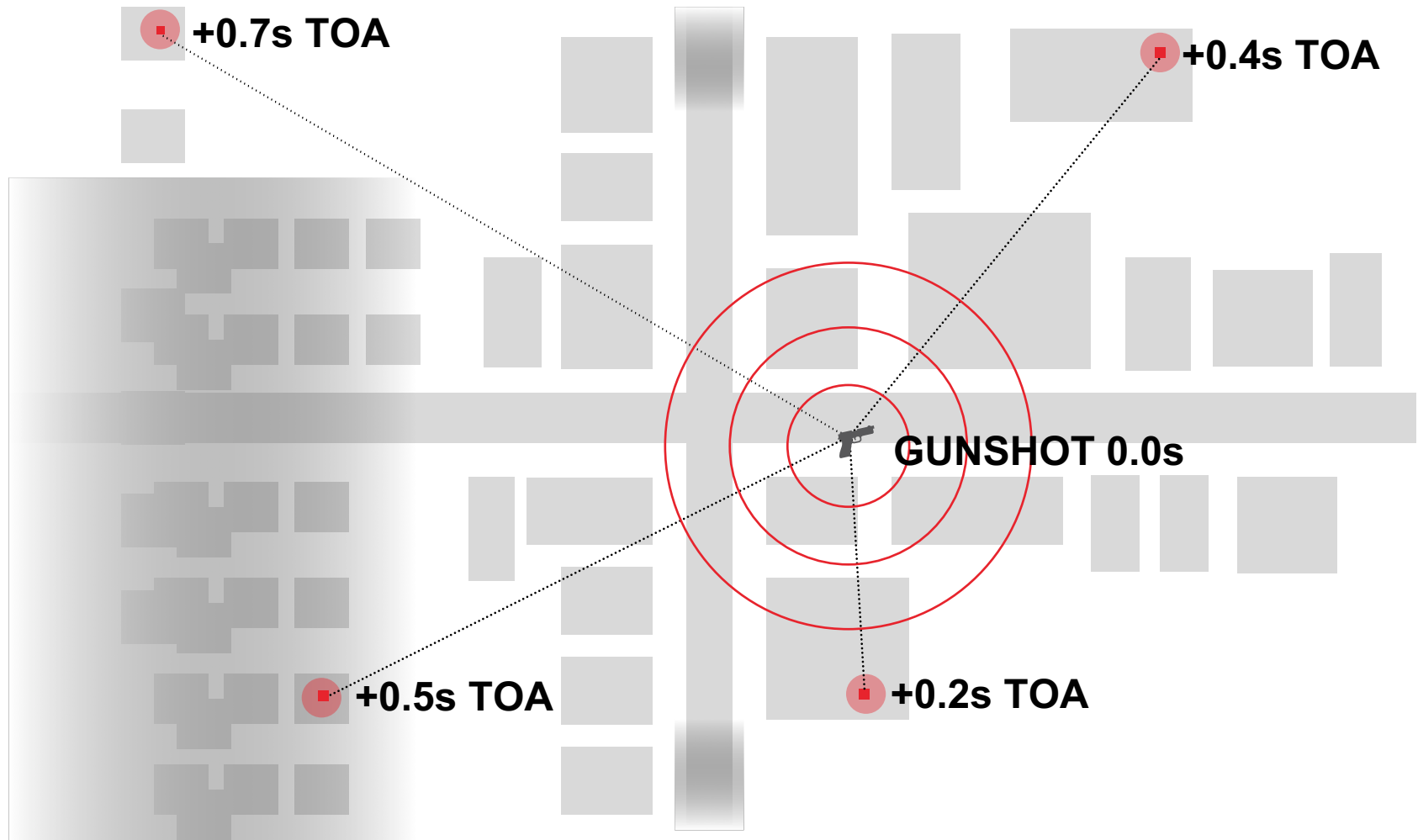
**Paul Ames**

**November 14, 2018**



# ShotSpotter Basics

# Sensor array and time-of-arrival



# End-to-end

- Sensors listen for impulsive sounds
- Sensor analyzes impulsive sound, time stamps and sends to the cloud
- In the cloud we calculate the origin of the impulsive sound using time-of-arrival and location of the sensors
- Using AI techniques we machine classify the impulsive sound
- The impulsive sound location, machine classification and audio snippet are sent to humans for review
- Human verified gunshots are pushed to first responders within 60 seconds of trigger pull



# Applications

# Applications

## Agency

- Respond for officers in the field
- Dispatch for communication centers
- Investigate for crime analysts and detectives
- Missions for crime analysts, patrol and command
- Admin for agency super-users

## Internal ShotSpotter

- Review for Incident Review Center
- Dashboard for visibility into service delivery

# Applications


A simple, unambiguous and consistent user experience across all devices is critical for first responders

## Responsive and mobile

Our applications are designed to work on any device form factor and built using a single code base for iOS, Android, web browser and Windows desktop

# Respond

13:19



308 Warwick Av  
Oakland, CA  
TODAY 06:53:05  
AREA West/14X  
CAD 0205  
ROUNDS 2

1118 South Saint Louis Avenue  
Chicago, IL  
TODAY 06:04:50  
AREA 1133  
CAD  
ROUNDS 7

6245 Avenal Av  
Oakland, CA  
TODAY 05:25:50  
AREA East/27Y  
CAD 0178  
ROUNDS 7

4302 West Gladys Avenue  
Chicago, IL  
TODAY 04:49:18  
AREA 1131  
CAD  
ROUNDS 3

1257 50th Av  
Oakland, CA  
TODAY 04:24:27  
AREA East/26X  
CAD 181110000...  
ROUNDS 1

9251 S Indiana Ave  
Chicago, IL  
TODAY  
AREA  
CAD  
ROUNDS

24HOURS

47 RESULTS

SINGLE

respond.shotspotter.com/main/95-398616

Zoom Outlook Project Patrol Admin Portal Review People Jira Confluence ECO SST Contacts Deployment Projects SLA Security TriNet Dev Technology iOS Daily Ames

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TODAY 06:53:05  
AREA West/14X  
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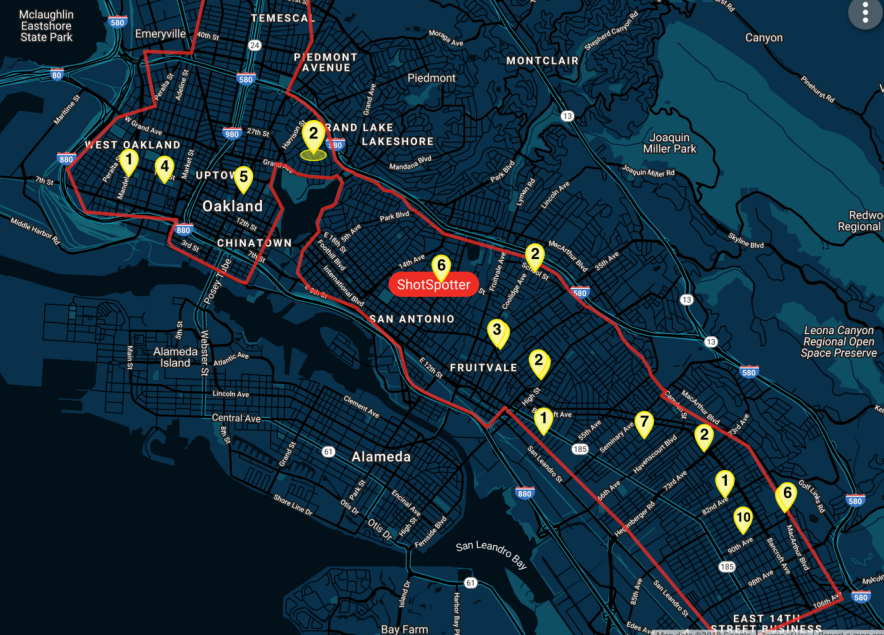
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45 RESULTS


24 HOURS



Zoom Out

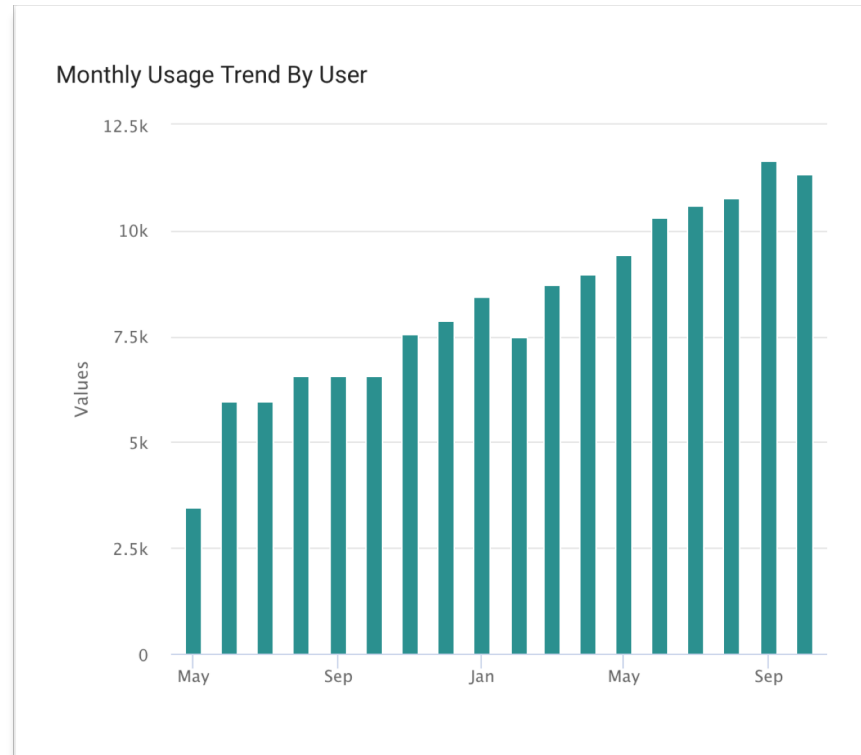
Zoom In

Single

 ShotSpotter

18

# 2018 Respond Adoption

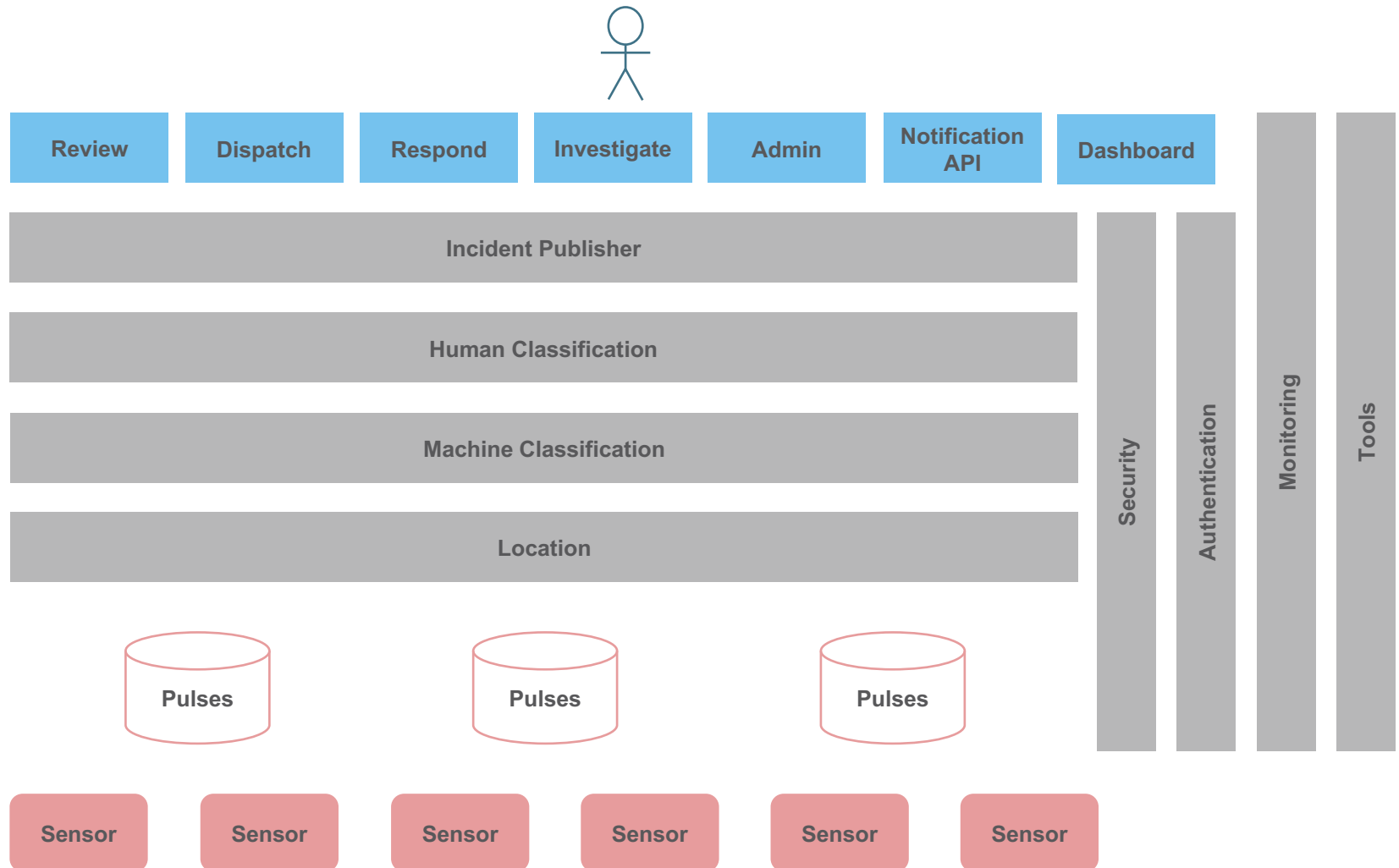


As of October 31, 2018  
(plus 2.7k unique monthly flex console users)

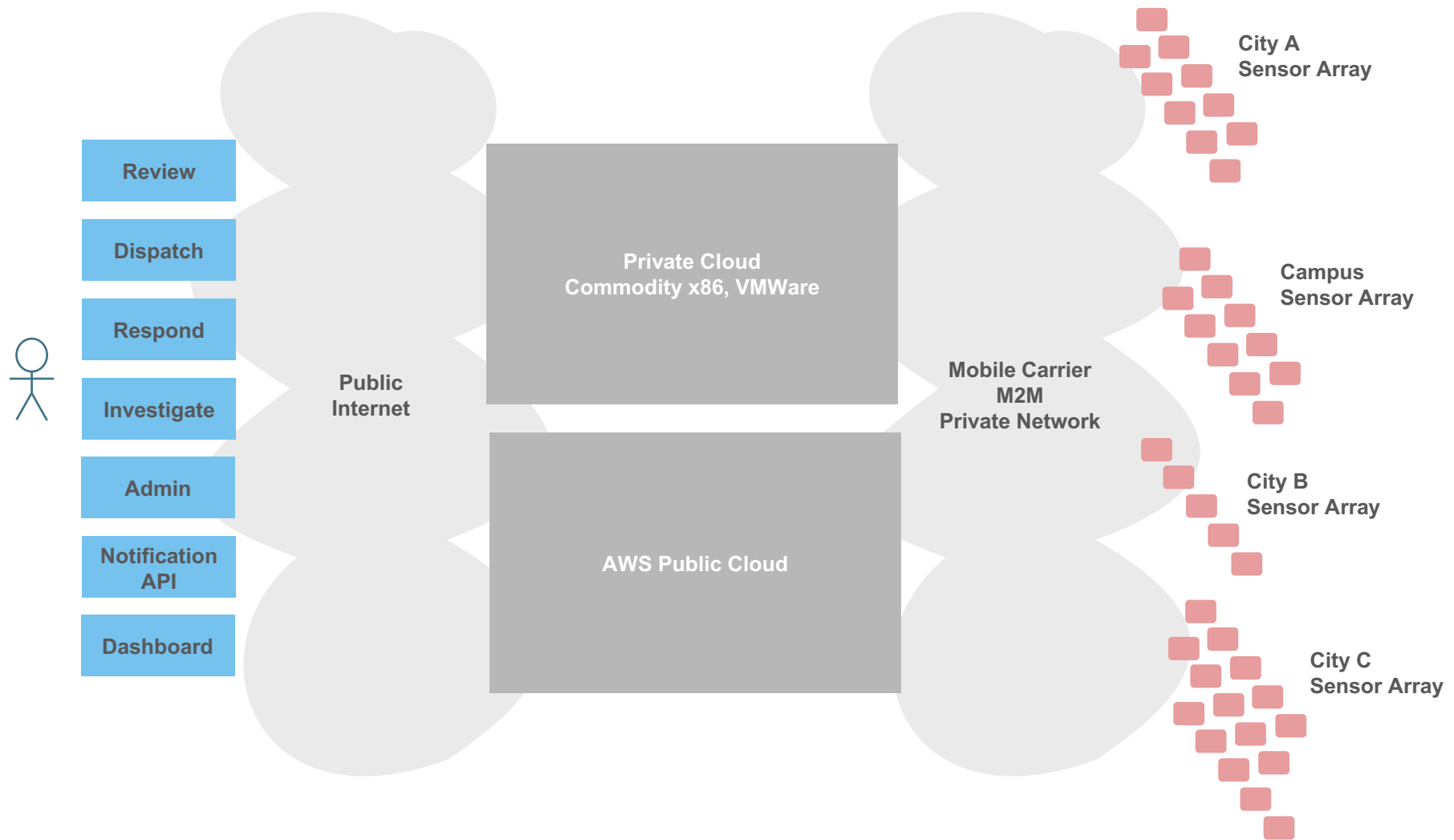
# Architecture



# Architecture



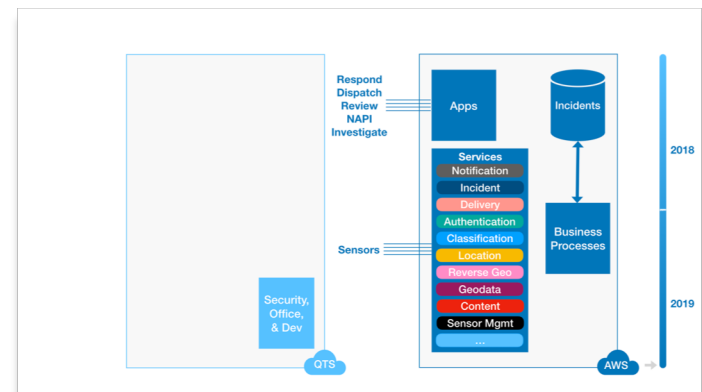
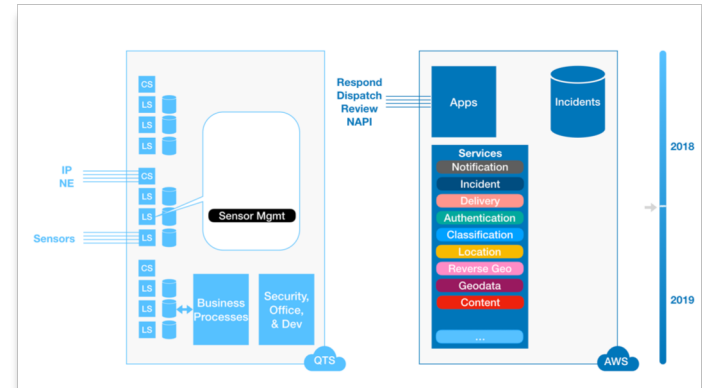
# Hybrid cloud



# 2018 Focus

# ShotSpotter 2.0 Services Migration

- Description
  - AWS deployed infrastructure
- Benefits
  - Horizontal scaling, vertical elasticity
  - Availability, Disaster Recovery
  - Security
  - Performance
  - Platform for future enhancements
- Current Status
  - Incrementally deploying completed services
  - Halfway point

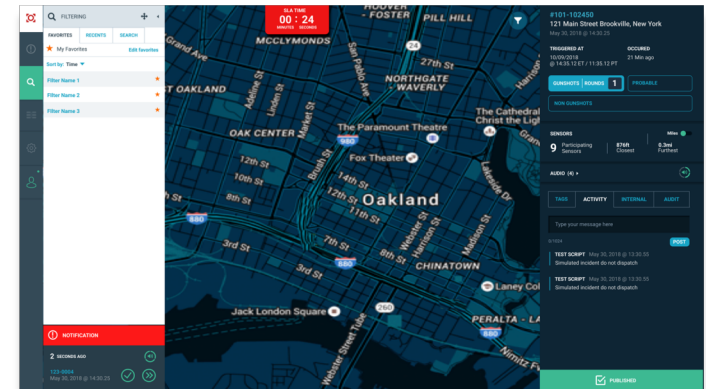
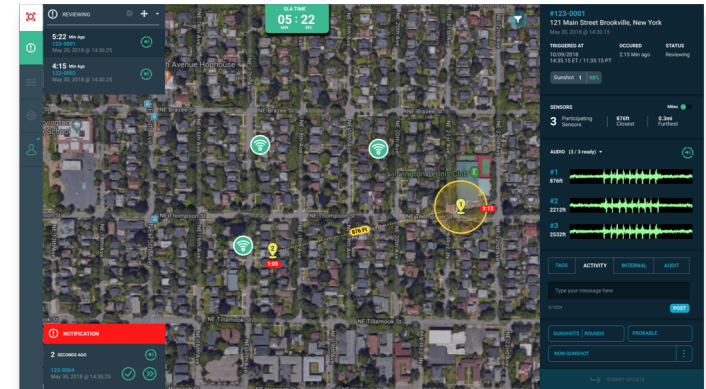


# Classification Service

- Implemented as an 'ensemble classifier' comprising a Resnet convolutional neural network image classifier and an improved Naïve Bayes probabilistic classifier
- Internal data analysis indicates classification accuracy up more than 30 percentage points
- July 4<sup>th</sup>, 2018
  - Best performance to date
  - Suppression decisions driven by cost/benefit calculations
  - 90%+ of the least likely to be gunfire incidents suppressed during peak traffic periods
  - 40% reduction in human reviews over previous year
- Greater than 99.9% service availability since deployment
- Future: Training set of 1 million incidents, optimized class specific classifiers, auto publish on high confidence, dynamic suppression based on reviewer workload

# Review App v1.0

- Description
  - New incident review tool for IRC
- Benefits
  - Improve quality and speed of reviews: proximal incidents, context switching, single sign-on and single/multi-app
  - Basic review workflow
  - Eliminates Silverlight
- Current Status
  - Design complete
  - Development in progress
- Future
  - Peer review workflow, individual shot locations, Voronoi overlay, etc.





# 2019 Focus



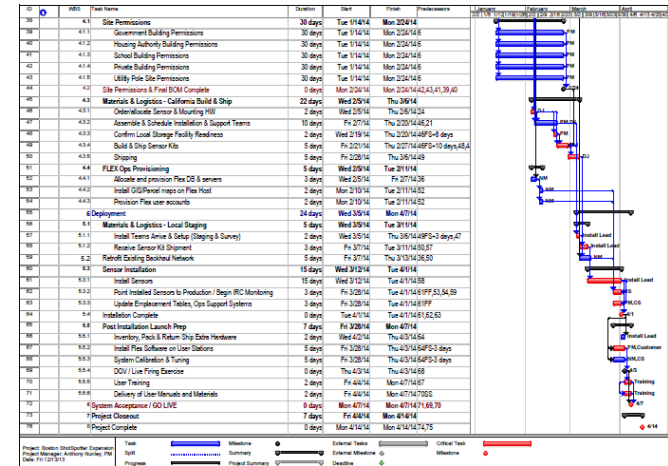
# Project Management A Day in the Life

**Joe Hawkins**  
**November 14, 2018**



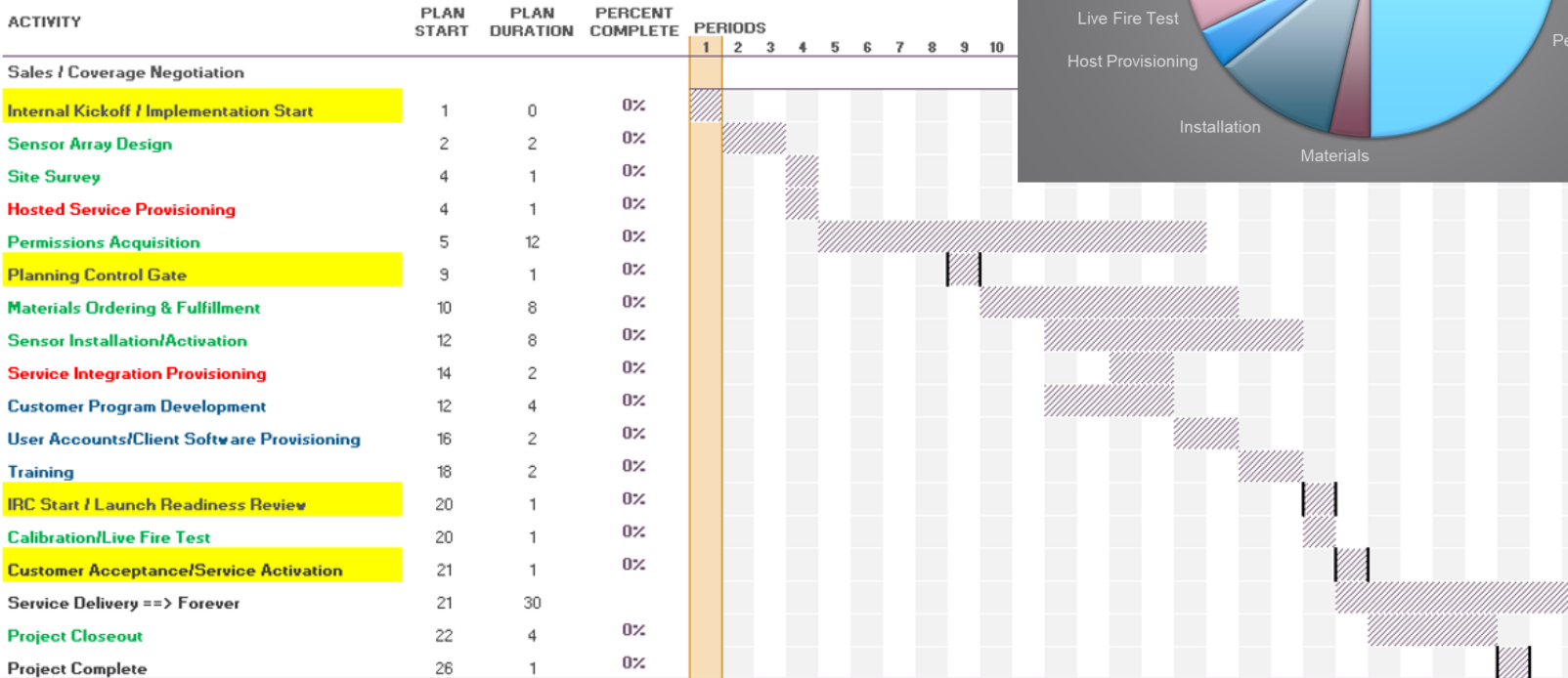
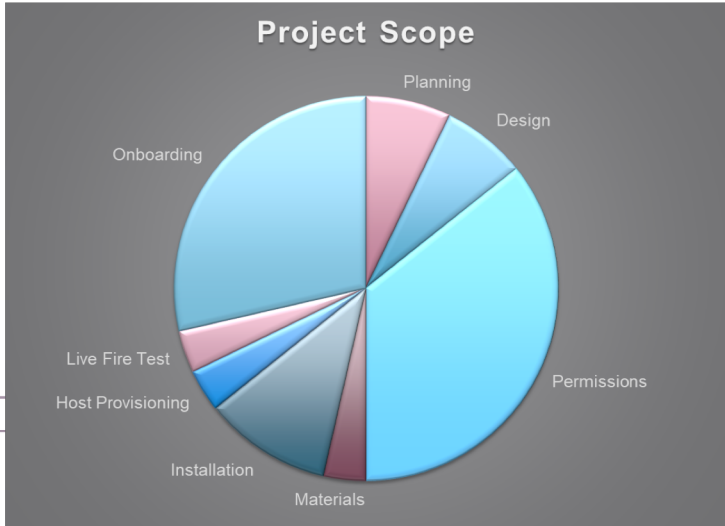
# Project Management Overview

- Seven person team
  - 35 years collective experience
  - Multiple, concurrent projects
- Plan, coordinate and lead all aspects of bringing new service to customers, from Contract execution to Service Activation
  - Primary customer contact during deployment project
  - Team leader (matrix management) internally
    - Network Services & Operations Engineering
    - Field Service & Logistics
    - Customer Success & Training
    - Customer & Technical Support
- Design sensor arrays (density, coverage, exclusions (aka “hints”)), select sites (emplacements) for sensors, secure “Permissions”
- Plan and manage Live Fire Test
- Launch Readiness Review (internally) and Customer Acceptance



100

- Multi-disciplinary, parallel work effort
- Permissions acquisition = critical path
- Control gates



# Project Team

Role	Primary Responsibilities
Project Manager	Project Manager/Team Leader Sensor Array Design, Permissions, Live Fire Test
Customer Success	Customer Onboarding
Network Operations	Hosted service provisioning Sensor network management
Field Services	Sensor installation & management
Supply Chain	Materials purchasing, supply & logistics
Customer Support	API integration Prepare for service delivery

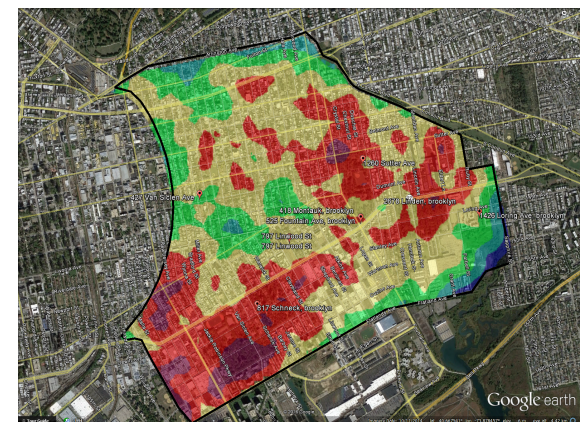
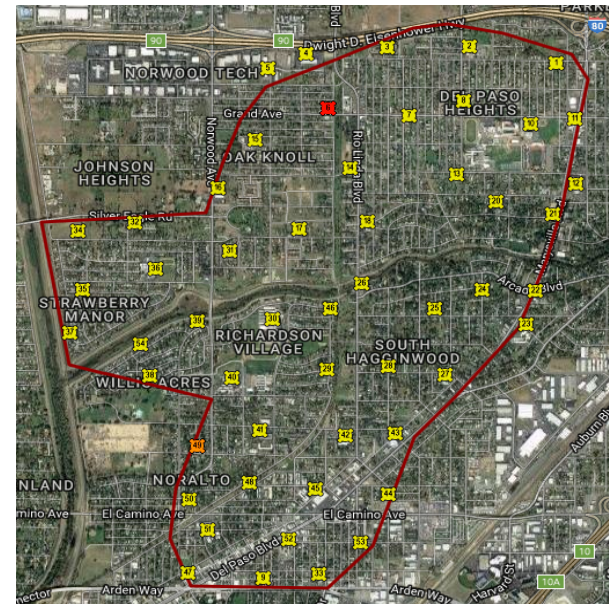
## Extended Team Members

- Operations Engineering
- Logistics
- Installation Teams
- Field Systems Manager
- Training
- Tech Support Engineers
- SOC
- Finance
- Engineering
- Sales Director



# Sensor Array Design

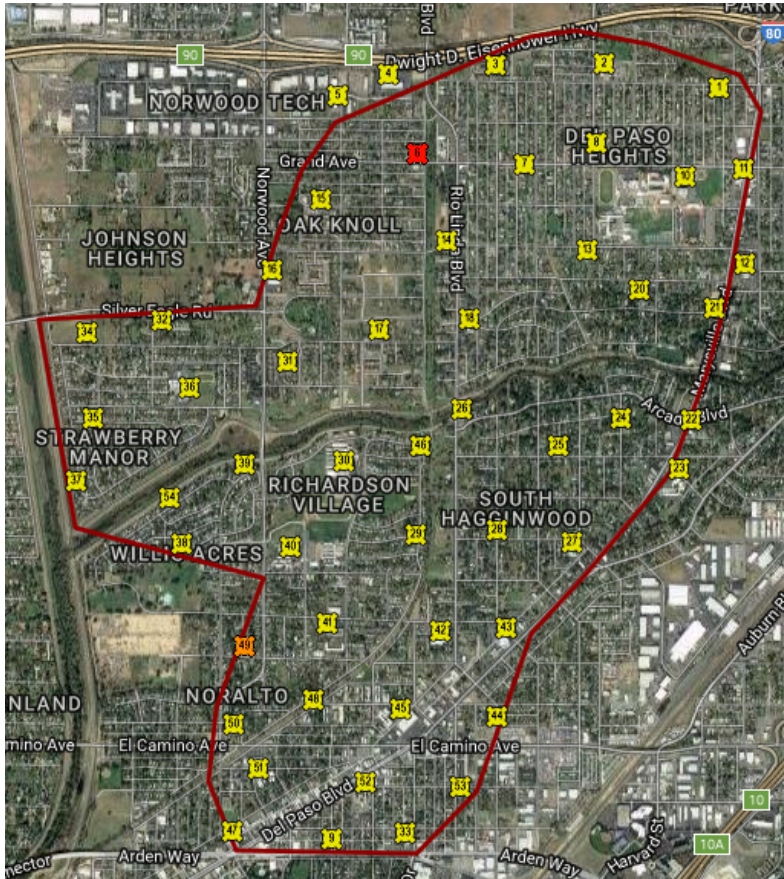
- Principles
  - Performance (SLA+)
  - Cost (capex vs opex)
  - Overbuild (R&R, serviceability, cost shift)
- Practices: Art & Science
  - Environmental Factors & Sound Propagation
  - Emplacements: Suitable, Math-Friendly
    - Density, geometry and spacing
    - Hearing to the horizon
  - Tools: Heat Maps, Surveys and more
- Practical Considerations & Real World Constraints



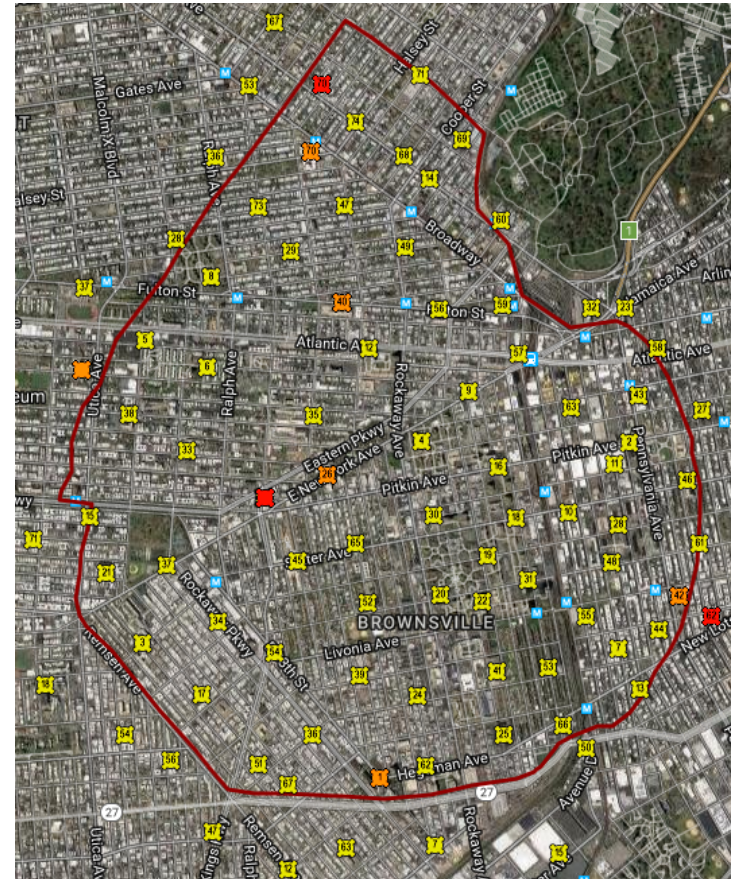


# Sensor Array Design

Residential / Suburban (17/sm<sup>2</sup>)



Urban / Densely Built (25/sm<sup>2</sup>)





# Marketing

**Sam Klepper**

**November 14, 2018**





# Marketing/Lead Generation

# Healthcare Initiative

- Goal
  - Convert institutions in target cities into advocates and funders
- Value prop
  - Patient outcomes (ROI), employee safety and community partnership
- Entry point
  - Trauma surgeons help gain access to CEO
- Asset Creation
  - Research summaries, pitch deck, testimonials, video, whitepaper, webpage
- Timing
  - Q1 Launch in 3+ cities



Berkshire  
Health Systems



VIDANT HEALTH™



Cooper Health Trauma team including:  
Deviney Rattigan MD, Joshua P.  
Hazelton\* DO, Anna Goldenberg DO

**AAST Podium Presentation: September 27, 2018**  
[The Association for the Surgery of Trauma]

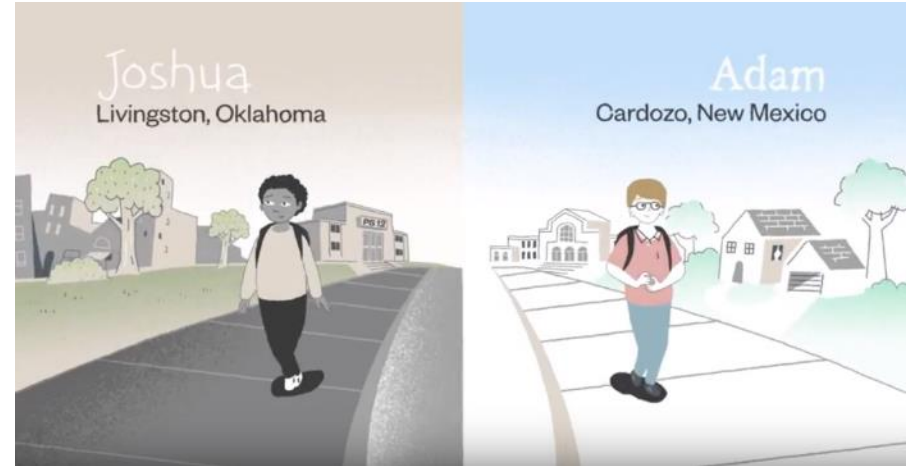
**Use of ShotSpotter™ Detection Technology  
Decreases Transport Time for Patients Sustaining  
Gunshot Wounds**



**Cooper**  
University Hospital

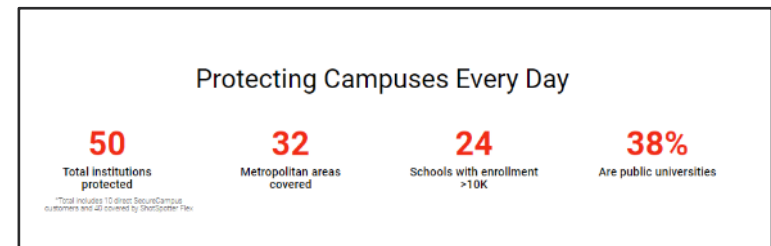
# Community Engagement

- Goal
  - Activate community members in target cities to put pressure on city and PD to move forward with ShotSpotter
- Message
  - Educate on Public Safety Gap and how to take action
- Asset Creation
  - Animated video
  - Companion articles and videos about gun violence solutions
  - Surveys on public perception of gun violence and police response
- Timing
  - Q1 launch with 3-5 city emphasis



# Campus Lead Gen Initiative

- Targeting
  - Completed ideal customer profile and scoring
- Messaging
  - Proactive mindset
- Content
  - Upgraded website, articles from customers, webinar, case studies, new video
- Campaign
  - Call down and email program



# ShotSpotter Missions Overview

## Background

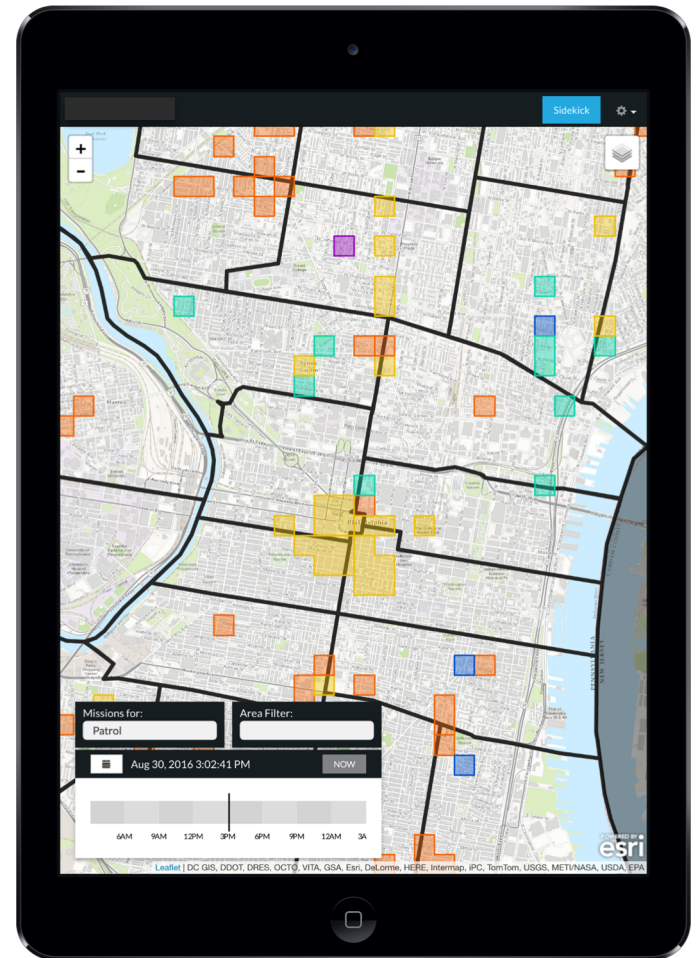
- Acquired product in late October
- 3 small players in category with limited resources to develop and sell

## Opportunity

- ShotSpotter brings significant LEO brand equity
- Sales and marketing infrastructure
- Product development resources
- Natural product tie with gunshot detection

## TAM

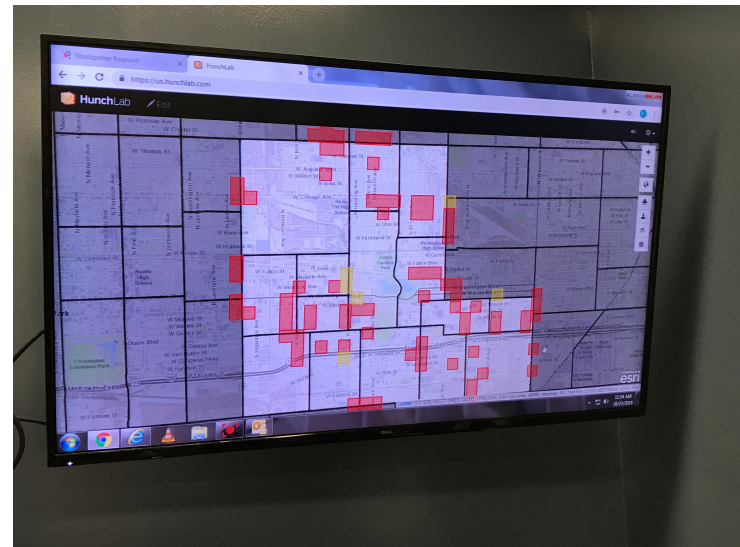
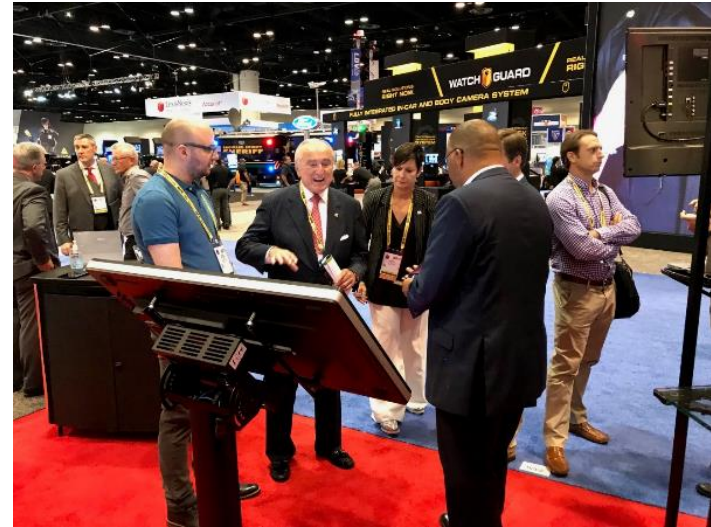
- We estimate domestic TAM to be ~\$100M - focused on cities with population 25k+
- Tiered annual subscription based on service population





# Our Focus

- Launched at IACP
- Initial sales focus on ShotSpotter installed base
- GTM materials
  - Content
  - Internal training
  - Pricing
- Product roadmap development
  - Customer research
  - Partnering with key innovation customers



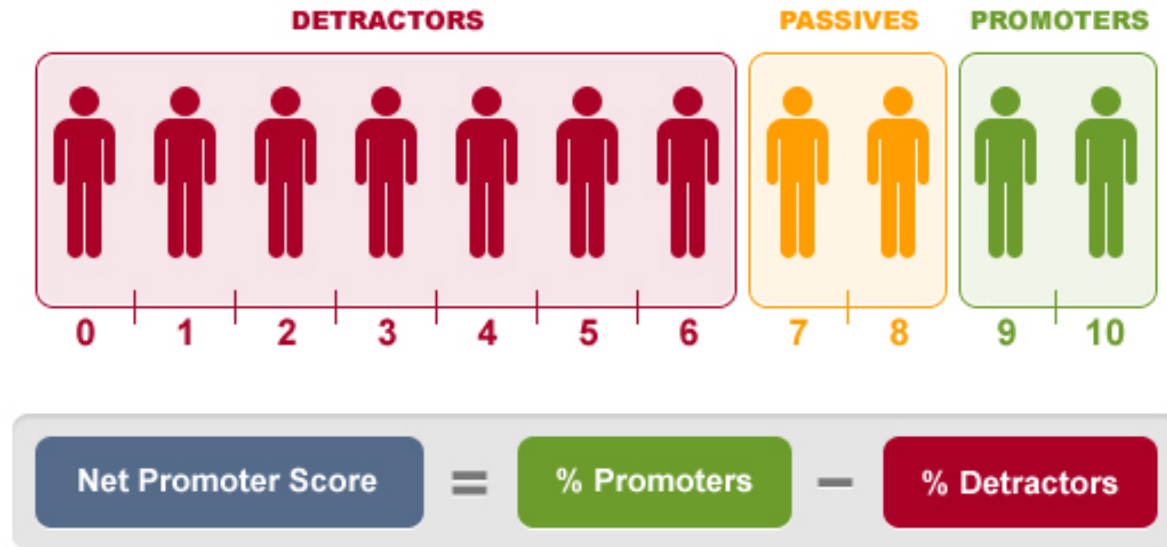
# Net Promoter Survey

# How NPS is Used

- Quantitative measurement of customer sentiment that can impact sales and renewals
- Identify accounts we can use as references and/or for testimonials
- Identify and rectify issues
- Tied to companywide bonuses

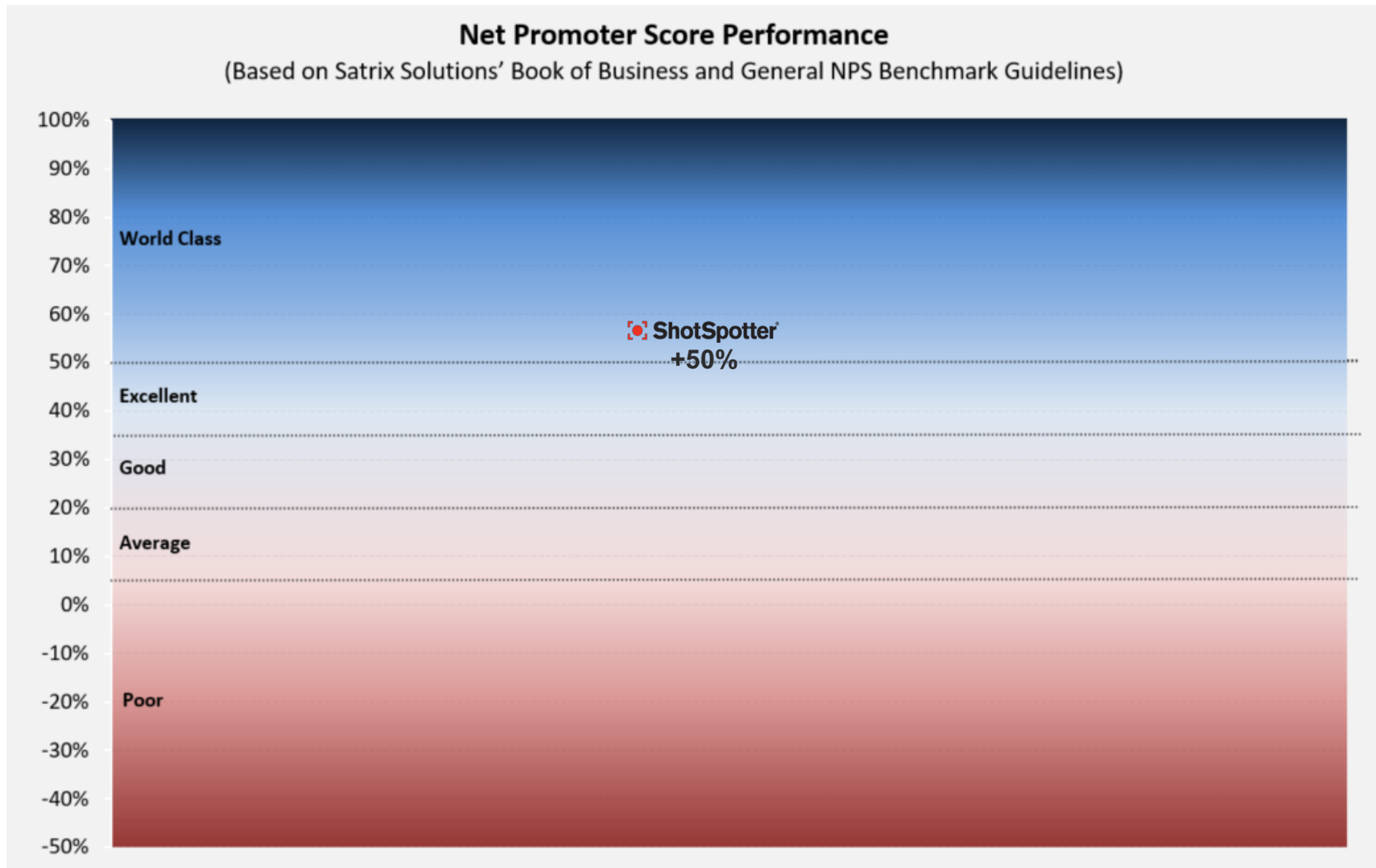


# Net Promoter Survey (NPS)



Score range: -100% to +100%

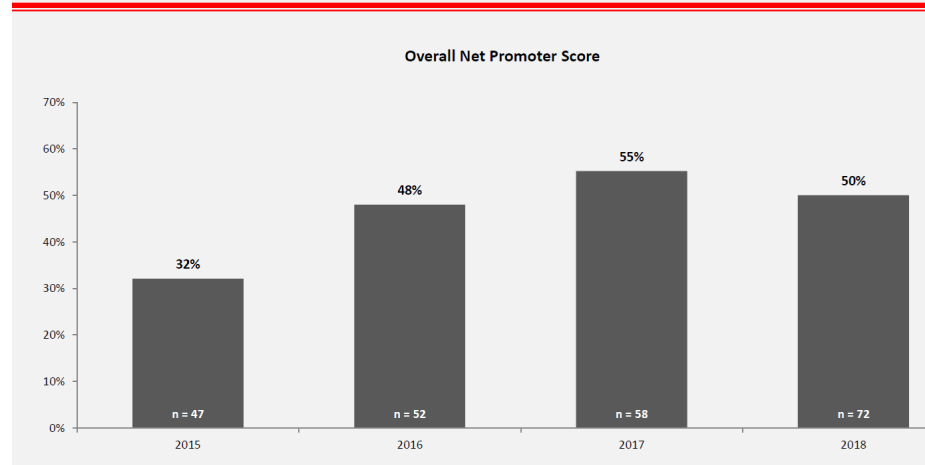
# NPS Benchmarking



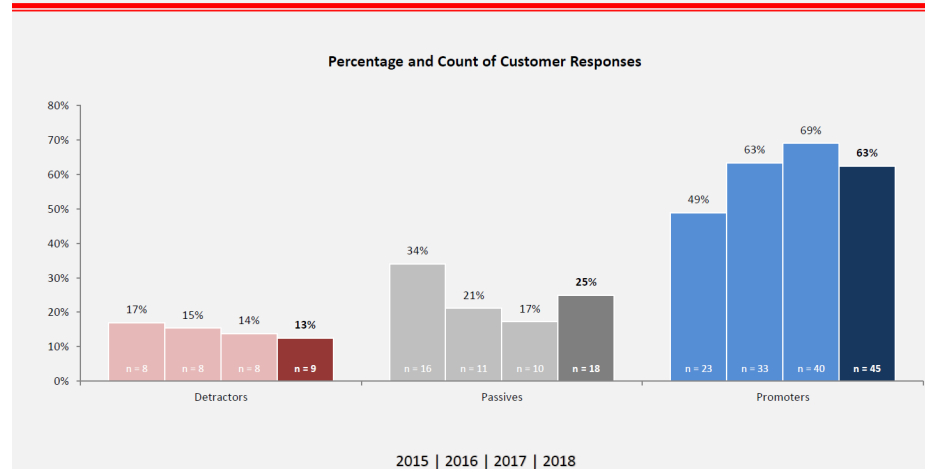
# NPS Summary of Results

- All-time high response rate of 91%
- NPS score +50%
  - -5ppt from 2017
  - +18ppt from 2015
- Detractors slightly down 1ppt (13%), but Passives up 6ppts vs. last year
- Decision maker (DM) scores slightly higher vs. last year (8.5 v 8.4)
- More influencers participated vs. prior year and their scores lower (8.6 v 9.2)

Net Promoter Score – Trend



Net Promoter Response Category – Trend



# Selected Promoter Comments

“ShotSpotter has become an **integral part of our crime prevention strategy**. The positive outcomes are immeasurable.”

“The Technology supersedes others and has **helped make the community safe again**.”

“Over the past 4 years I have had a great working relationship with the product and the staff at ShotSpotter and have **nothing but compliments** to share.”

“A **must have tool** to law enforcement.”

“**The system just works!** It is a valuable tool to provide law enforcement with previously missing data on gunfire.”

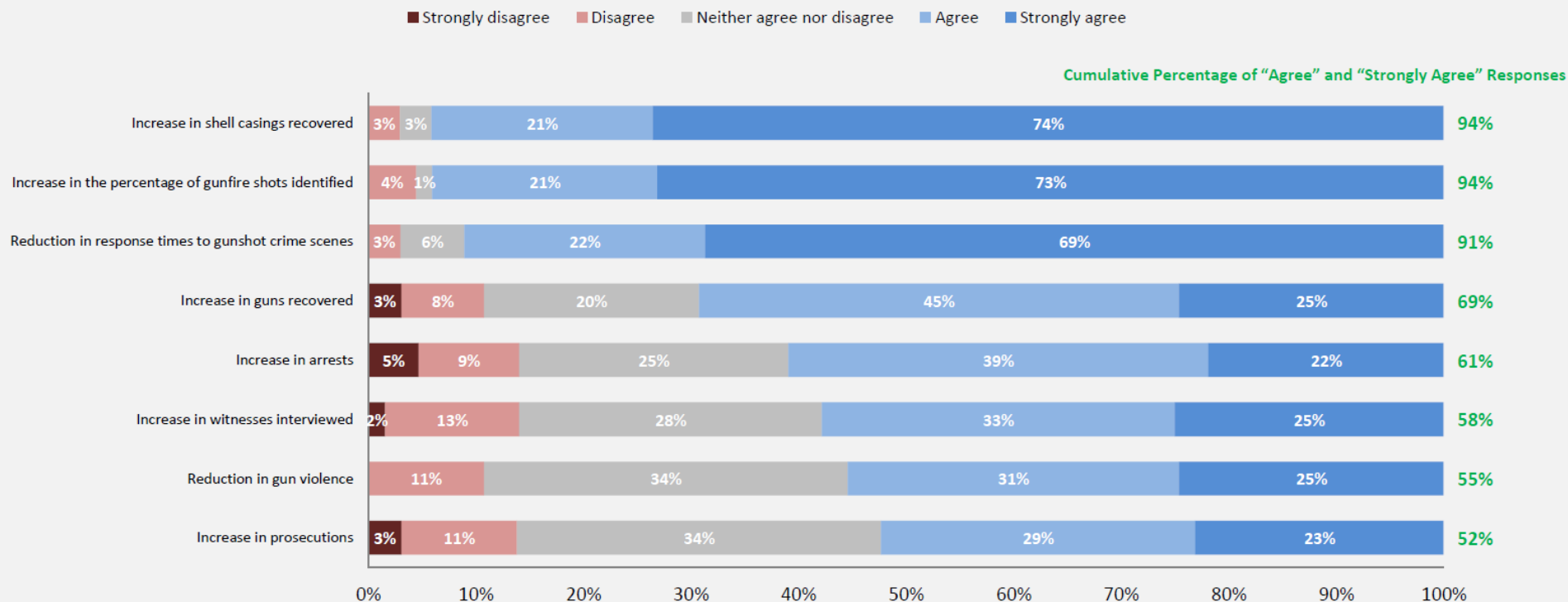
“**Excellent service** and support.”

“Tremendous **officer safety tool**.”

“It is **effective in reducing crime and improving community perception**.”

“ShotSpotter has **deterred gun violence** within the ShotSpotter zoned area.”

## Percentage of Responses – Distribution



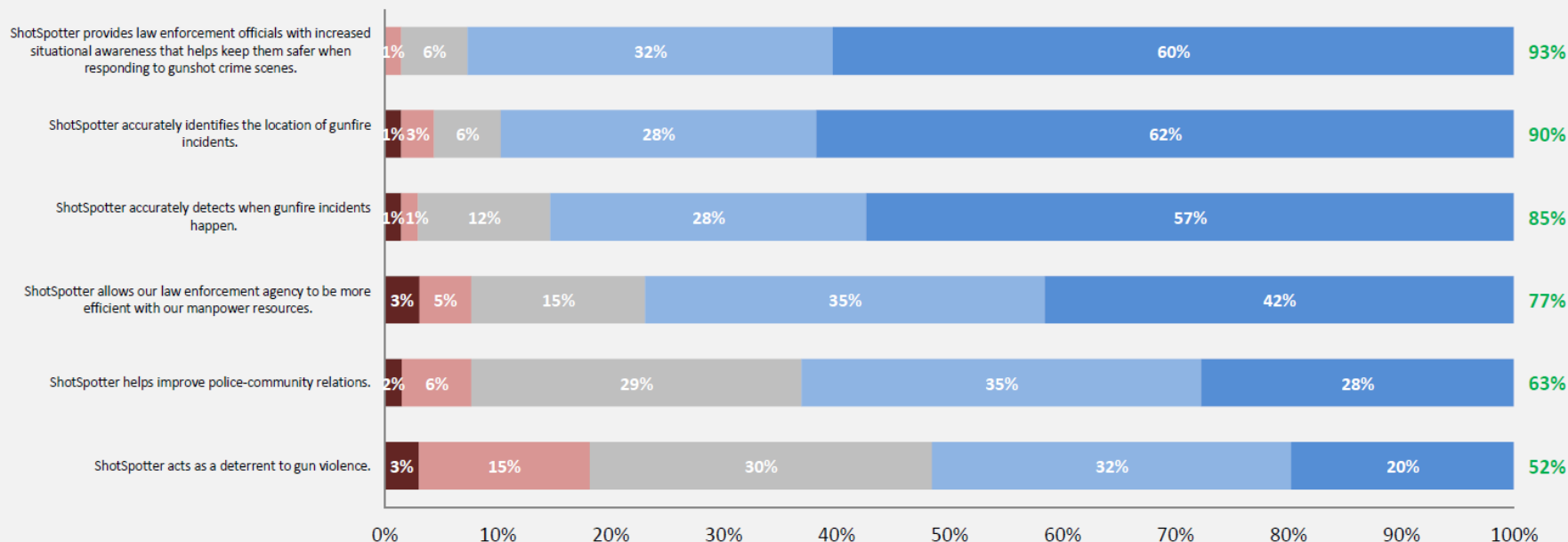
## Relative to 2017

- Shell casings recovered +2 ppts overall and +10ppt strongly agree
- Shots identified +3ppt and +10ppts strongly agree
- Guns recovered +15ppts and arrests +7ppts
- Reduction in gun violence +21ppts (revised question formerly “casualties”)
- Prosecutions +10ppts

## Percentage of Responses – Distribution

Strongly disagree Disagree Neither agree nor disagree Agree Strongly agree

Cumulative Percentage of “Agree” and “Strongly Agree” Responses



## Relative to 2017

- Keeps officers safer + 17ppts
- More efficient use of resources +4ppts
- Improves police-community relations -> 63% (new question)
- Deters gun violence -> 52% (new question)

# SecureCampus® Mini-NPS Study

## Results

- 67% response rate
- NPS +83%, no detractors
- 100% likely to renew

## Feedback

- The **technology is superb**. Great product and I very good team to work with
- This is the **best technology rollout I have had in over 10 years** of being a campus police chief.
- ShotSpotter has **given us a higher confidence in our rapid response to potential gunfire**. In this urban environment, having the advantage of knowing and responding to events is critical.
- It has **solved a nagging issue** we have with rumor control an the frequency of actual shots being fired on campus.
- We have had a **great collaborative relationship** - it is ongoing and the communication has been great when there have been issues, questions, and support.

# 2019 Product Strategy



# ShotSpotter Usage by Time & Dept.

## Pre Crime

- Crime forecasting and missions for **patrol + analysts + command staff**
- Patrol resource allocation for **chief + command staff**

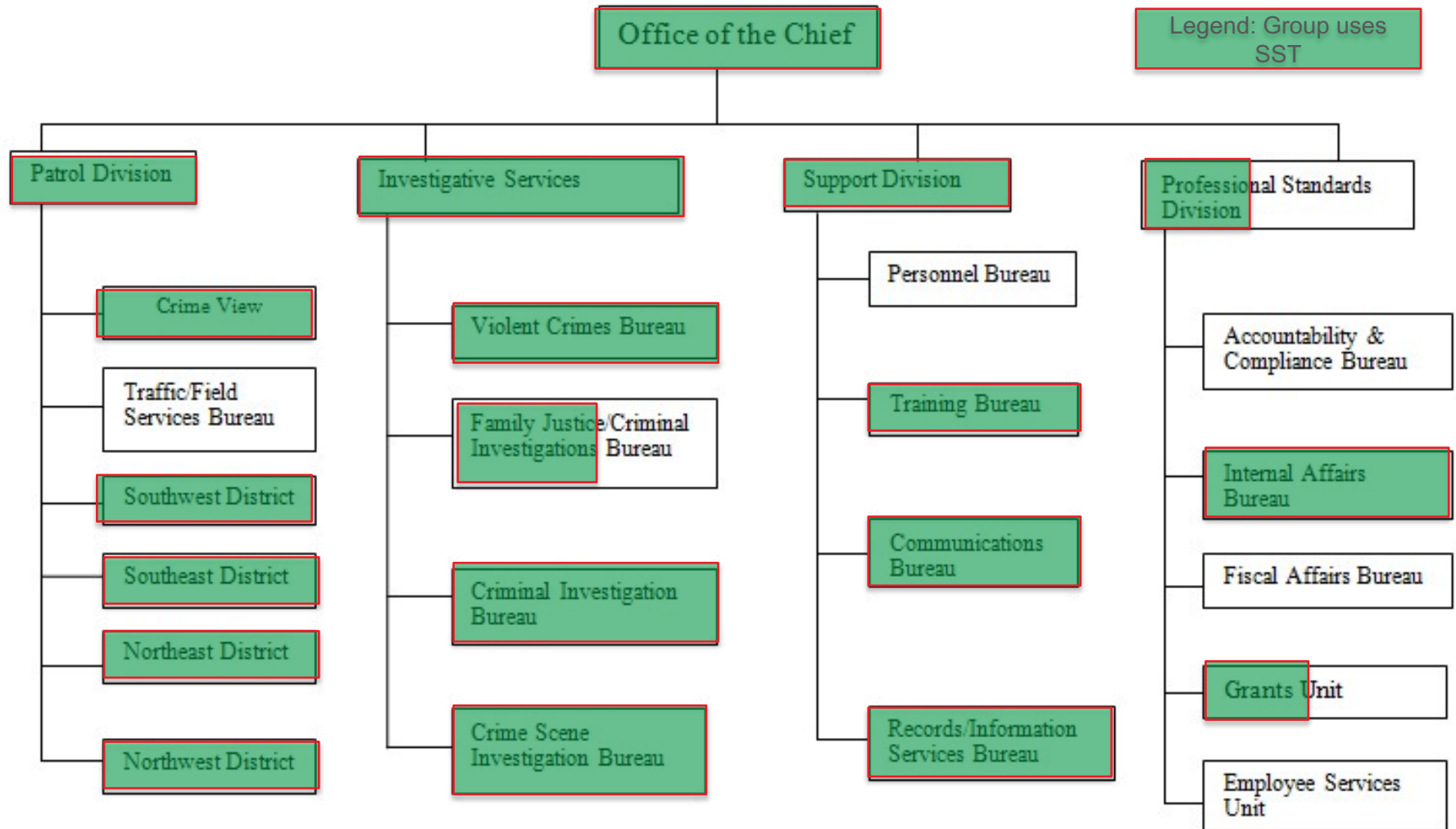
## Real-time Crime

- Cop to dot for **patrol + special units + PSAP**
- Device integration enhances intelligence for **PSAP + RTCC**

## Post-Crime

- Evidence collection, witness ID for **patrol + investigators + analysts (NIBIN)**
- Forensic reporting for **IA + prosecution + records**
- Media for **PIO**
- Resource allocation and procedures for **chief + command staff**

# ShotSpotter Uses Across Agency



# Product Goals and Key Investments 2019

## Increase NPS

- Improve accuracy
- Improve investigative capabilities
- Increase app adoption

## Increase Revenue Per Customer

- Enhance Missions
- Research new product ideas

## Support Customer Growth

- Transform legacy platform into ShotSpotter 2.0
- Support International requirements



# Sales & Customer Success

**Gary Bunyard**  
**November 14, 2018**



# ShotSpotter Sales Model

# ShotSpotter Sales Model



**Security**

**Campus**

**Respond to  
Active Shooters**

**Campus  
Community**

**Campus &  
Surrounding  
Neighborhoods**

**Protect Faculty  
& Students**

**Public Safety**

**Neighborhoods  
with Persistent  
Gunfire**

**Reduce Gun  
Violence**

# ShotSpotter Sales Model



Regional Sales Director

Director Security Solutions

Director Public Safety Solutions

Security Sales Support

Public Safety Sales Support

Director Sales Operations

# ShotSpotter - Territory Sales Model



# Regional Sales Territories



100

- TAM Analysis - Total Addressable Market



# Regional Territory Business Plans

- TAM Analysis - Total Addressable Market

- **General Forces**

- Business Objectives
- Existing Customers
  - Ranked
  - Remediation Plans
- Account Review Plan
- Sales Funnel
  - Existing Customers
  - New Customers
- Sales Commits
  - Existing Customers
  - New Customers
- Profile - Top 5 Opportunities
- General Challenges
- Business Outlook

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## Sample Forces:

- Recent ShotSpotter Activations
- Gun Violence Trends
- Net Promoter Activities
- Anchor Cities
- Economics
- Recent Press
- Regional/National Events

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## **Business Objectives:**

- Public Safety Bookings
- New Public Safety Miles
- Annual Subscription Renewals
- Security Bookings

# Regional Territory Business Plans

- TAM Analysis - Total Addressable Market

- General Forces

- Business Objectives

- **Existing Customers**

- **Ranked**

- **Remediation Plans**

- Account Review Plan

- Sales Funnel

- Existing Customers

- New Customers

- Sales Commits

- Existing Customers

- New Customers

- Profile - Top 5 Opportunities

- General Challenges

- Business Outlook

Ranking	Account	Annual Value
1		
2		
3		
4		
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9		
10		

# Regional Territory Business Plans


- TAM Analysis - Total Addressable Market
- General Forces
- Business Objectives
- Existing Customers
  - Ranked
  - Remediation Plans
- **Account Review Plan**
- Sales Funnel
  - Existing Customers
  - New Customers
- Sales Commits
  - Existing Customers
  - New Customers
- Profile - Top 5 Opportunities
- General Challenges
- Business Outlook

---

## Account Review Plans by Quarter:

- Account
- Date
- Executive Assigned
- Status

# Regional Territory Business Plans

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  - **Sales Funnel**
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  - Sales Commits
    - Existing Customers
    - New Customers
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  - General Challenges
  - Business Outlook
- 
- Qualifying
  - Active Opportunity
  - Proposal Submitted
  - Proposal Approved
  - Contract Negotiation



# Regional Territory Business Plans

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  - **Existing Customers**
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## Sales Forecast:

- Current Quarter & Next Quarter
- Opportunity:
  - Account
  - Sq Miles
  - Est Value
  - Est Close Date
  - Next Steps

# Regional Territory Business Plans

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  - Existing Customers
  - New Customers
- **Profile - Top 5 Opportunities**
- General Challenges
- Business Outlook

Account
General Status
Estimated Value
Miles
New or Expansion
Estimated Close Date
Exec/Command Contacts
Proponents
Funding Status
Green Flags
Red Flags
Plans

# Regional Territory Business Plans

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  - New Customers
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  - Existing Customers
  - New Customers
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- **General Challenges**
- Business Outlook

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## Sample Challenges:

- Funding
- Competitive
- Lead Generation
- Media Coverage
- Elections
- Administration Changes

# Regional Territory Business Plans

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- General Challenges
- **Business Outlook**

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## Business Outlook:

- Each Annual Quota Objective
- YtD Actuals vs YtD Plan
- Year-End Projections
- Year-End % of Plan

# ShotSpotter Sales Lifecycle

# ShotSpotter Sales Lifecycle



# Customer Success Program

# ShotSpotter Customer Success Team

***Mission:*** Ensure that every ShotSpotter customer maximizes the value (success) of the ShotSpotter gunshot detection & location service.





# ShotSpotter Customer Success Team

- Senior Director - Captain Denver Police Department – 37 yrs
- ATF Special Agent - 26 years
  - NIBIN National Coordinator – 15 years
- ATF Special Agent in Charge – 25 years
- Assistant Chief, Miami Gardens PD – 28 years
- Commander, Milwaukee PD – 25 years
- Training – Sgt., San Jose PD - 29 years
- Crime Analyst – East Palo Alto PD - 15 years experience

# Maximize Customer Success

## Customer Onboarding Program

Best Practices

User Training

Analytics: Metrics/KPIs

Go Live Support

Post Go Live Check Points

## Ongoing Consultative Services

Annual Account Reviews

# ShotSpotter Account Review Program

- How are you doing in achieving your goals with respect to gun violence reduction?
- How is ShotSpotter doing in helping you achieve those goals?
- How can ShotSpotter better serve you in achieving those goals?

# 2018 Account Reviews

Q1	Q2	Q3	Q4
New York, NY	Savannah, GA	East Chicago, IN	Atlantic City, NJ
Newark, NJ	Miami Gardens, FL	San Diego, CA	St. Louis Metro PD, MO
Camden, NJ	Fresno, CA	Peoria, IL	St. Louis County, MO
Trenton, NJ	San Pablo, CA	Pittsburgh, PA	East Orange, NJ
	Metropolitan Police DC	South Bend, IN	Plainfield, NJ
			Minneapolis, MN
			Milwaukee, WI
			Long Beach, NY
			Westport, NY
			Chicago District 009
			San Francisco, CA
			Chicago District 011
			Chicago District 010
			Chicago District 007
			San Jose, CA
			Chicago District 015
		Wilmington, DE	Chicago District 006
		Riviera Beach, FL	San Mateo County, CA
		Palm Beach County, FL	Redwood City, CA
		Louisville, KY	Glendale, AZ
			Kansas City, MO
			Omaha, NE
			Denver, CO
			Baton Rouge, LA

## Summary:

- Completed 65 reviews thru 10/31/18
- Created 160 Action Items from these reviews
- Kicked off district level reviews in Chicago
- Have 12 more reviews to complete by year-end



# Financial Update

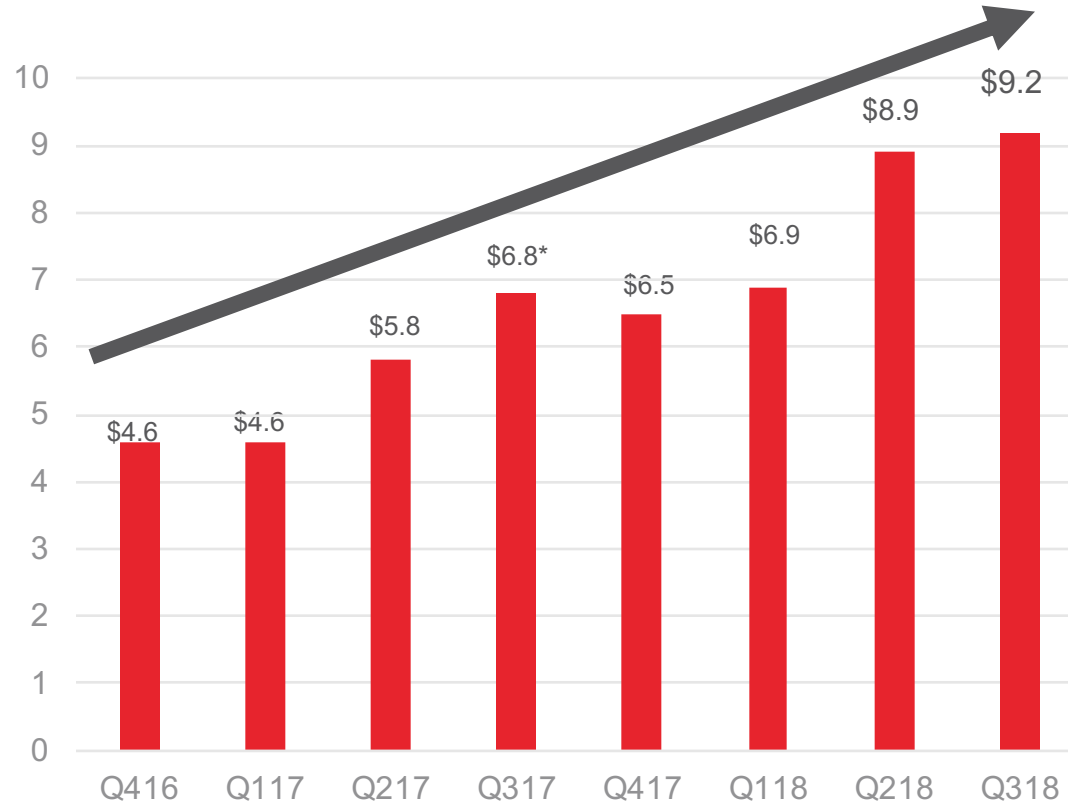
**Alan Stewart**  
**November 14, 2018**



# Financial Highlights

- ✓ Annual subscription-based SaaS revenue
- ✓ Low customer acquisition costs - In 2017 only \$0.34 per \$1 of annual. contract revenue
- ✓ Rapid payback of installation costs
- ✓ Low variable costs
- ✓ High margin
- ✓ Significant operating leverage
- ✓ Low customer attrition/churn ➤ High revenue retention – 141% in 2017
- ✓ Goal of cultivating 10+ year relationships ➤ High lifetime value of a customer

# SaaS Recurring Revenue Model



Revenues in millions of dollars

\*Includes ~\$900K in revenue from termination of Puerto Rico/USVI

Nearly  
**100%**  
of revenue is subscription-based

**141%**  
annual revenue retention rate (2017)

# Attractive Customer Acquisition Economics

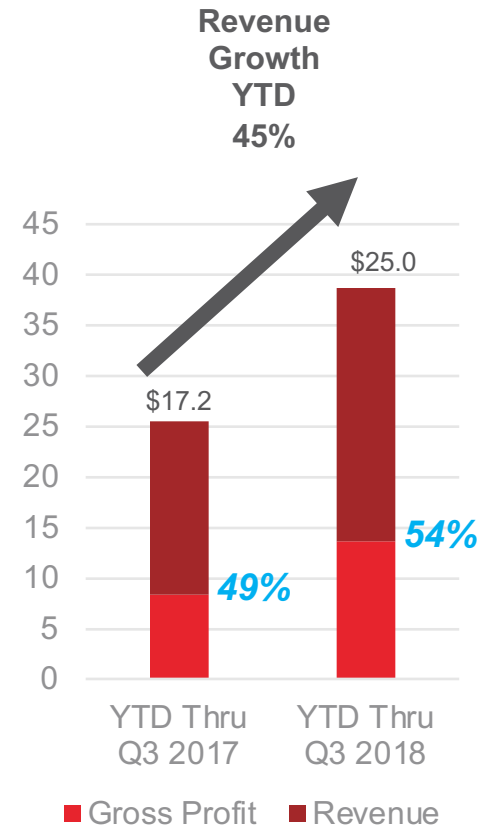
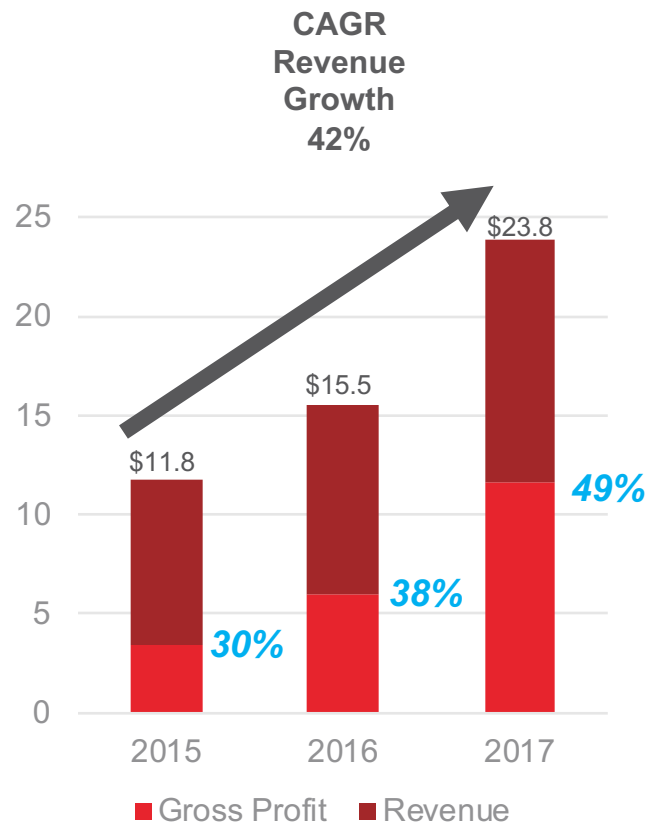
In 2017 the company spent **34¢** to generate **\$1** of new annualized revenue

WHILE ACHIEVING  
**141%** REVENUE RETENTION



# Strong Revenue Growth & Operating Leverage

Revenue and Gross Profit in millions of dollars and Gross Margin in percent of Revenue

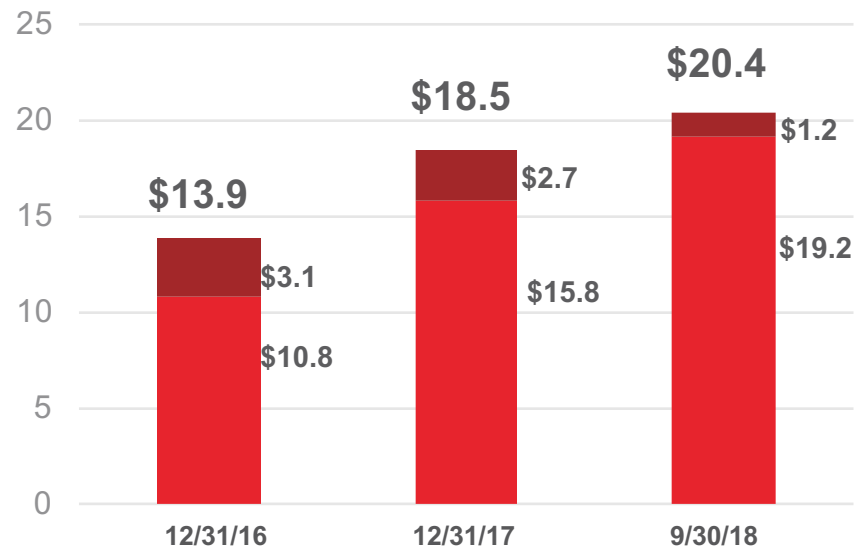


# Strong Deferred Revenue Growth & Balance Sheet

Total Deferred Revenue  
in millions of dollars

Long-term Deferred Revenue →

Short-term Deferred Revenue →



Strong Balance Sheet - >\$12 million in Cash as of 11/14/18  
Untapped Line of Credit - \$10M with potential to grow to \$25M

# Financial Highlights

- Q3 2018
  - Revenues up 35% to \$9.2M
    - 36 net new miles in Q3 (up from 17 in Q3 2017); 3 new cities and 2 new campuses/sites
  - Gross Profit of 55%
  - Deferred Rev was \$20.35M (ST - \$19.2M, LT - \$1.2M)
  - Cash Flow from Ops – Provided \$3.4M
  - Current Cash Balance is > \$12M (After litigation and acquisition)
  - Net Income – (\$1.4M);
    - Includes ~\$1.4M in one-time charges (COGS & G&A)
  - Project Patrol Successfully Completed - HunchLab (ShotSpotter Missions)
  - Bank Line of Credit Successfully Completed - \$10M - potential to grow to \$25M
- 2018
  - Raised Revenue Guidance to \$34.4-\$34.6M;
  - Still on-track for Q4 profitability
- 2019
  - Initial Revenue Guidance - \$45 - \$47 million

# Financials: Selected Income Statement Data & KPIs

\$ 000's	YEAR ENDED 12/31		PERCENTAGE		YTD THROUGH		PERCENTAGE YTD	
	2016	2017	2016	2017	Q317	Q318	Q317	Q318
Revenue	\$15,507	\$23,763	100.0%	100.0%	\$17,244	\$25,045	100.0%	100.0%
Gross profit	5,958	11,600	38.4	48.8	8,424	13,618	48.9	54.4
<b>Operating expenses</b>								
Sales and marketing	4,475	6,179	28.9	26.0	4,269	6,202	24.8	24.8
Research & development	4,093	4,159	26.4	17.5	3,024	3,687	17.5	14.7
General & administrative	2,362	5,595	15.2	23.5	3,206	6,764	18.6	27.0
<b>Total operating expenses</b>	<b>10,930</b>	<b>15,933</b>	<b>70.5</b>	<b>67.0</b>	<b>10,499</b>	<b>16,653</b>	<b>60.9%</b>	<b>66.5%</b>
Operating loss	\$(4,972)	\$(4,333)	(32.1%)	(18.2%)	(2,075)	(3,035)	(12.0%)	(12.1%)
Adjusted EBITDA*	\$(2,909)	\$(4,957)	(18.6%)	(20.9%)	(3,730)	1,458	(21.6%)	5.82%
Revenue retention rate	127.0%	141.0%						
Marketing spend per \$1.00 of new annualized contract value**	\$0.28	\$0.34						

\*Adjusted EBITDA - All in (000's) - 12/31/16 NL (\$6,860) plus net interest \$1,317, D&A of \$2,551 and SBC of \$83 = (\$2,909)  
12/31/17 NL (\$9,980) plus net interest \$1,114, income taxes of \$160, D&A of \$3,121, and SBC of \$628 = (\$4,957)

YTD Q3 2017 NL (\$7,477) plus net interest \$1,167, D&A of \$2,274 and SBC of \$306 = (\$3,730)

YTD Q3 2018 NL (\$3,027) less net interest \$72, less Income tax benefit of \$32, Plus D&A of \$2,766 and SBC of \$1,823 = \$1,458

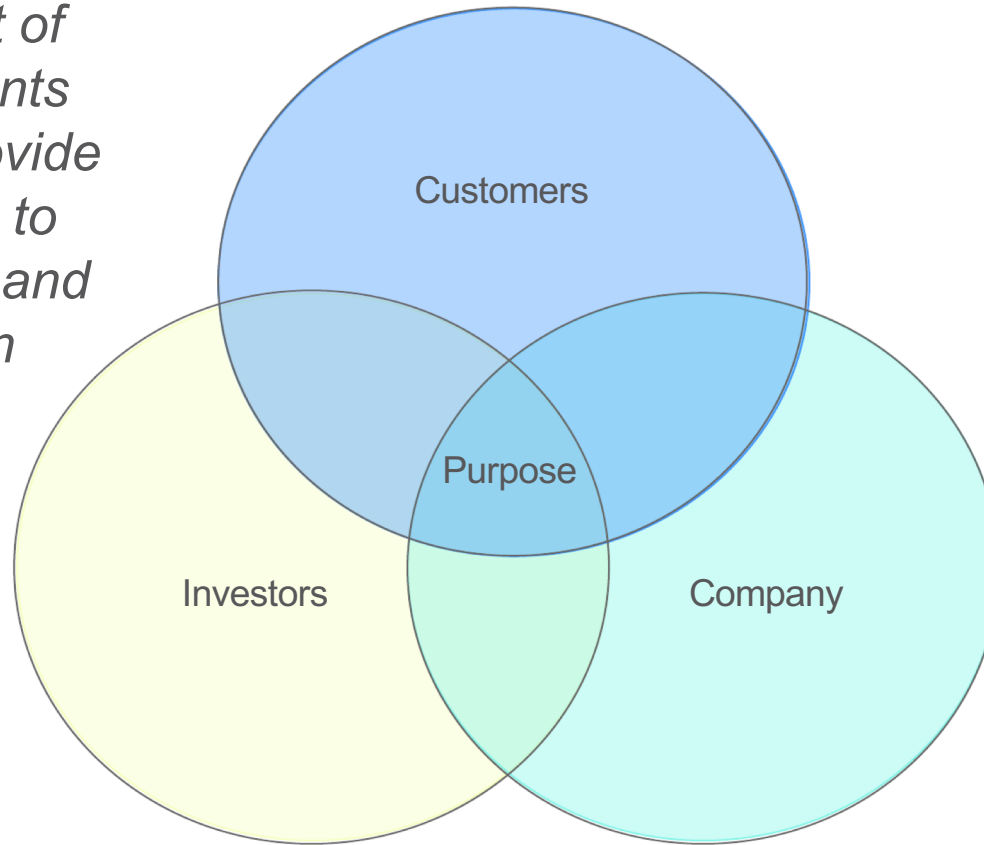
\*\* Values for 2016 and 2017 were calculated under ASC 605

# Attractive Long-Term Model

	2017	MEDIUM-TERM	LONG-TERM
Gross profit margin	49%	61-65%	65%+
Operating expenses as a % of revenue			
Sales and marketing	26%	22%	13% - 15%
Research and development	18%	14%	8% - 10%
General and administrative	<u>24%</u>	<u>19%</u>	<u>10% - 13%</u>
Total operating expenses as a % of revenue	67%	55%	31% - 38%
Operating margin	(18%)	8%+	25%+

# Purpose

*To earn the trust of police departments to help them provide equal protection to all communities and thus, reduce gun violence.*



# Question & Answer Session

# Incident Review Center Tour