INSTRUCTURE INC
Form DEF 14A
April 08, 2019

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to § 240.14a-12
Instructure, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

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No fee required.
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1. Title of each class of securities to which transaction applies:

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8. Filing Party:

9. Date Filed:

INSTRUCTURE, INC.

6330 South 3000 East, Suite 700

Salt Lake City, UT 84121

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On May 24, 2019

Dear Instructure Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Instructure, Inc., a Delaware corporation (the "Company"). The meeting will be held on Friday, May 24, 2019 at 10:00 a.m. local time at the Company's executive offices located at 6330 South 3000 East, Suite 700, Salt Lake City, UT, 84121 for the following purposes:

1. To elect the seven nominees for director named herein to the Board of Directors to hold office until the next Annual Meeting and their successors are duly elected and qualified.
2. To approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in the proxy statement.
3. To ratify the selection by the Audit Committee of the Board of Directors of Ernst & Young LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2019.
4. To conduct any other business properly brought before the meeting.

These items of business are more fully described in the proxy statement accompanying this Notice.

The record date for the Annual Meeting is March 26, 2019. Only stockholders of record at the close of business on that date may vote at the meeting or any adjournment thereof.

By Order of the Board of Directors

Matthew A. Kaminer
Executive Vice President, General Counsel and Secretary

Salt Lake City, UT

April 8, 2019

You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please complete, date, sign and return the proxy mailed to you, or vote over the telephone or the internet as instructed in these materials, as promptly as possible in order to ensure your representation at the meeting. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

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6330 South 3000 East, Suite 700

Salt Lake City, UT 84121

PROXY STATEMENT

FOR THE 2019 ANNUAL MEETING OF STOCKHOLDERS

To Be Held On May 24, 2019

QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING

Why did I receive a notice regarding the availability of proxy materials on the internet?

Pursuant to rules adopted by the Securities and Exchange Commission (the "SEC"), we have elected to provide access to our proxy materials over the internet. Accordingly, we have sent you a Notice of Internet Availability of Proxy Materials (the "Notice") because the Board of Directors of Instructure, Inc. (the "Company," "Instructure" "we," us" or "our") soliciting your proxy to vote at the 2019 Annual Meeting of Stockholders (the "Annual Meeting"), including at any adjournments or postponements of the meeting. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the internet or to request a printed copy may be found in the Notice.

We intend to mail the Notice on or about April 8, 2019 to all stockholders of record entitled to vote at the Annual Meeting.

Will I receive any other proxy materials by mail?

We may send you a proxy card, along with a second Notice, on or after April 16, 2019.

How do I attend the Annual Meeting?

The meeting will be held on Friday, May 24, 2019 at 10:00 a.m. local time at the Company's executive offices located at 6330 South 3000 East, Suite 700, Salt Lake City, UT, 84121. For directions to the Company's executive offices, please call us at (800) 203-6755. Information on how to vote in person at the Annual Meeting is discussed below.

Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on March 26, 2019 will be entitled to vote at the Annual Meeting. On this record date, there were 36,247,727 shares of common stock outstanding and entitled to vote.

Stockholder of Record: Shares Registered in Your Name

If on March 26, 2019 your shares were registered directly in your name with Instructure's transfer agent, Computershare Trust Company N.A., then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card or vote by proxy over the telephone or on the internet as instructed below to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on March 26, 2019 your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in "street name" and the Notice is being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

What am I voting on?

There are three matters scheduled for a vote:

- election of seven directors;
- approval, on an advisory basis, of the compensation of the Company's named executive officers, as disclosed in this proxy statement; and
- ratification of selection by the Audit Committee of the Board of Directors of Ernst & Young LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2019.

What if another matter is properly brought before the meeting?

The Board of Directors knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on those matters in accordance with their best judgment.

How do I vote?

You may either vote "For" all the nominees to the Board of Directors or you may "Withhold" your vote for any nominee you specify. For each of the other matters to be voted on, you may vote "For" or "Against" or abstain from voting.

The procedures for voting are as follows:

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote in person at the Annual Meeting, vote by proxy over the telephone, vote by proxy through the internet or vote by proxy using a proxy card that you may request or that we may elect to deliver at a later time. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the Annual Meeting and vote in person even if you have already voted by proxy.

- To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive.
- To vote using the proxy card, simply complete, sign and date the proxy card that may be delivered and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.
- To vote over the telephone, dial toll-free 1-800-652-VOTE (8683) using a touch-tone phone and follow the recorded instructions. You will be asked to provide the company number and control number from the Notice. Your telephone vote must be received by 11:59 p.m., Eastern Daylight Time on May 23, 2019 to be counted.
- To vote through the internet, go to http://www.investorvote.com/INST to complete an electronic proxy card. You will be asked to provide the company number and control number from the Notice. Your internet vote must be received by 11:59 p.m. Eastern Daylight Time on May 23, 2019 to be counted.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a Notice containing voting instructions from that organization rather than from us. Simply follow the voting instructions in the Notice to ensure that your vote is counted. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

Internet proxy voting will be provided to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your internet access, such as usage charges from internet access providers and telephone companies.

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of common stock you own as of March 26, 2019.

What happens if I do not vote?

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record and do not vote by completing your proxy card, by telephone, through the internet or in person at the Annual Meeting, your shares will not be voted.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner and do not instruct your broker, bank, or other agent how to vote your shares, the question of whether your broker or nominee will still be able to vote your shares depends on whether the New York Stock Exchange ("NYSE") deems the particular proposal to be a "routine" matter. Brokers and nominees can use their discretion to vote "uninstructed" shares with respect to matters that are considered to be "routine," but not with respect to "non-routine" matters. Under the rules and interpretations of the NYSE, "non-routine" matters are matters that may substantially affect the rights or privileges of stockholders, such as mergers, stockholder proposals, elections of directors (even if not contested), executive compensation (including any advisory stockholder votes on executive compensation and on the frequency of stockholder votes on executive compensation), and certain corporate governance proposals, even if management-supported. Ratification of the selection of auditors is considered a "routine" matter. Accordingly, your broker or nominee may not vote your shares on Proposal Nos. 1 or 2 without your instructions, but may vote your shares on Proposal 3 even in the absence of your instructions.

What if I return a proxy card or otherwise vote but do not make specific choices?

If you return a signed and dated proxy card or otherwise vote without marking voting selections, your shares will be voted as follows:

- "For" the election of each nominee for director;
- "For" an advisory resolution approving named executive officer compensation; and
- "For" the ratification of the selection by the Audit Committee of the Board of Directors of Ernst & Young LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2019.

If any other matter is properly presented at the meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his best judgment.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one Notice?

If you receive more than one Notice, your shares may be registered in more than one name or in different accounts. Please follow the voting instructions on the Notices to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Stockholder of Record: Shares Registered in Your Name

Yes. You can revoke your proxy at any time before the final vote at the meeting. If you are the record holder of your shares, you may revoke your proxy in any one of the following ways:

- You may submit another properly completed proxy card with a later date.
- You may grant a subsequent proxy by telephone or through the internet.
- You may send a timely written notice that you are revoking your proxy to Instructure's Secretary at 6330 South 3000 East, Suite 700, Salt Lake City, UT 84121.
- You may attend the Annual Meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

Your most current proxy card or telephone or internet proxy is the one that is counted.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

When are stockholder proposals and director nominations due for next year's annual meeting?

To be considered for inclusion in next year's proxy materials, your proposal must be submitted in writing by December 10, 2019, to our Corporate Secretary at 6330 South 3000 East, Suite 700, Salt Lake City, UT 84121, and must comply with all applicable requirements of Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); provided, however, that if our 2020 Annual Meeting of Stockholders is held before April 24, 2020 or after June 23, 2020, then the deadline is a reasonable amount of time prior to the date we begin to print and mail our proxy statement for the 2020 Annual Meeting of Stockholders. If you wish to submit a proposal (including a director nomination) at the 2020 Annual Meeting of Stockholders that is not to be included in next year's proxy materials, the proposal must be received by our Corporate Secretary not later than the close of business on February 24, 2020, nor earlier than the close of business on January 25, 2020; provided, however, that if our 2020 Annual Meeting of Stockholders is held before April 24, 2020 or after June 23, 2020, then the proposal must be received no earlier than the close of business on the 120th day prior to such meeting and not later than the close of business on the later of the 90th day prior to such meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. You are also advised to review our bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

How are votes counted?

Votes will be counted by the inspector of election appointed for the meeting, who will separately count, for the proposal to elect directors, votes "For," "Withhold" and broker non-votes. Abstentions on Proposal Nos. 2 and 3 will be counted towards the vote and will have the same effect as "Against" votes. Broker non-votes have no effect on the outcome of the vote for any proposal.

What are "broker non-votes"?

As discussed above, when a beneficial owner of shares held in "street name" does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed by the NYSE to be "non-routine," the broker or nominee cannot vote the shares. These unvoted shares are counted as "broker non-votes."

How many votes are needed to approve each proposal?

- For the election of directors, the seven nominees receiving the most "For" votes from the holders of shares present in person or represented by proxy and entitled to vote on the election of directors will be elected. Only votes "For" or "Withhold" will affect the outcome.
- For the approval of the advisory vote to approve named executive officer compensation, Proposal No. 2 must receive "For" votes from the holders of a majority of shares present in person or represented by proxy and entitled to vote on the matter. If you abstain from voting, it will have the same effect as an "Against" vote. Broker non-votes will have no effect.
- For the ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2019, must receive "For" votes from the holders of a majority of shares present in person or represented by proxy and entitled to vote on the matter. If you "Abstain" from voting, it will have the same effect as an "Against" vote. Broker non-votes will have no effect, however, Proposal No. 3 is considered a routine matter, and therefore no broker non-votes are expected to exist in connection with Proposal No. 3.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders holding at least a majority of the voting power of the outstanding shares of stock entitled to vote are present at the meeting in person or represented by proxy. On the record date, there were 36,247,727 shares outstanding and entitled to vote.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of the voting power of the outstanding shares of stock entitled to vote present at the meeting in person or represented by proxy may adjourn the Annual Meeting to another date.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. In addition, final voting results will be published in a current report on Form 8-K that we expect to file within four business days after the Annual Meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after the meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an amended Form 8-K to publish the final results.

Proposal No. 1

Election Of Directors

Instructure's Board of Directors currently consists of seven directors. All seven nominees are currently serving as directors and are standing for re-election. Each director to be elected and qualified will hold office until the next annual meeting of stockholders and until his or her successor is elected, or, if sooner, until the director's death, resignation or removal. It is the Company's policy to invite nominees for directors to attend the Annual Meeting. Three of the directors attended the 2018 Annual Meeting of Stockholders.

Each of Joshua L. Coates, Steven A. Collins, William M. Conroy, Ellen Levy, Kevin Thompson and Lloyd G. Waterhouse were previously elected as directors by the stockholders of the Company at the 2018 Annual Meeting of Stockholders. Daniel T. Goldsmith was appointed by the then current members of the Board of Directors on October 29, 2018 to fill a vacant seat.

Directors are elected by a plurality of the votes of the holders of shares of common stock present in person or represented by proxy and entitled to vote on the election of directors. Accordingly, the seven nominees receiving the highest number of affirmative votes will be elected. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the seven nominees named below. If any nominee becomes unavailable for election as a result of an unexpected occurrence, your shares will be voted for the election of a substitute nominee proposed by Instructure. Each person nominated for election has agreed to serve if elected. The Company's management has no reason to believe that any nominee will be unable to serve.

Nominees

The following is a brief biography of each nominee for director and a discussion of the specific experience, qualifications, attributes or skills of each nominee that led the Nominating and Corporate Governance Committee to recommend that person as a nominee for director, as of the date of this proxy statement.

The Nominating and Corporate Governance Committee seeks to assemble a board that, as a whole, possesses the appropriate balance of professional and industry knowledge, financial expertise and high-level management experience necessary to oversee and direct the Company's business. To that end, the Committee has identified and evaluated nominees in the broader context of the Board of Directors' overall composition, with the goal of recruiting members who complement and strengthen the skills of other members and who also exhibit integrity, collegiality, sound business judgment and other qualities that the Committee views as critical to effective functioning of the Board of Directors. The brief biographies below include information, as of March 31, 2019, regarding the specific and particular experience, qualifications, attributes or skills of each director or nominee that led the Committee to believe that that nominee should continue to serve on the Board of Directors. However, each of the members of the Committee may have a variety of reasons why he or she believes a particular person would be an appropriate nominee for the Board of Directors, and these views may differ from the views of other members.

Name	Age	Position(s)
Daniel T. Goldsmith	44	Chief Executive Officer
Joshua L. Coates	45	Director
Steven A. Collins	54	Director
William M. Conroy	59	Director
Ellen Levy	49	Director
Kevin Thompson	53	Director
Lloyd G. Waterhouse	67	Director

Daniel T. Goldsmith has served as our Chief Executive Officer since January 2019 and as a member of our board of directors since October 2018. From June 2018 to December 2018, Mr. Goldsmith served as our President. From March 2016 to June 2018, Mr. Goldsmith served as Executive Vice President of Global Accounts of Veeva Systems Inc., a cloud provider for life sciences. From January 2014 to March 2016, Mr. Goldsmith served as Chief Strategy Officer of Veeva, and from April 2010 to January 2014, he served as General Manager, Europe and Emerging Markets at Veeva. Prior to his time at Veeva, Mr. Goldsmith held leadership positions at Accenture, PricewaterhouseCoopers and IBM. Mr. Goldsmith holds a B.S. degree in mechanical engineering from the University of Rochester.

The Nominating and Corporate Governance Committee believes that Mr. Goldsmith is qualified to serve on our Board of Directors due to his role as our Chief Executive Officer and his extensive background in the software industry.

Joshua L. Coates has served as a member of our Board of Directors since January 2010 and as Executive Chairman of our Board of Directors since January 2019. From October 2010 to October 2018, Mr. Coates served as our Chief Executive Officer. From 2007 to 2009, Mr. Coates served as Chief Technology Officer of the advanced development group at EMC Corporation, a provider of online information backup and recovery services. In 2005, Mr. Coates founded Berkeley Data Systems, which operated mozy.com, an online storage company, where he served as Founder and Chief Executive Officer until it was acquired by EMC in 2007. In 1999, Mr. Coates founded Scale Eight, a software company, where he served as Founder, Chief Technology Officer and member of the board of directors. Mr. Coates holds a B.S. in computer science from University of California, Berkeley.

The Nominating and Corporate Governance Committee believes that Mr. Coates is qualified to serve on our Board of Directors due to his extensive knowledge of our Company and his extensive background in the software industry.

Steven A. Collins has served as a member of our Board of Directors since May 2014. From 2011 to February 2014, Mr. Collins served as the Executive Vice President and Chief Financial Officer of ExactTarget Inc., a cross-channel digital marketing company. From 2003 to 2011, Mr. Collins was with NAVTEQ Corporation, a digital mapping company, and served as the Vice President of Finance and the Senior Vice President of Finance & Accounting prior to being named Chief Financial Officer. Mr. Collins currently serves on the board of directors of Shopify, Inc. Mr. Collins previously served on the board of directors of Mulesoft, Inc. Mr. Collins holds a B.S. in industrial engineering from Iowa State University and an M.B.A. from the Wharton School of the University of Pennsylvania. Mr. Collins is a Certified Public Accountant.

The Nominating and Corporate Governance Committee believes that Mr. Collins is qualified to serve on our Board of Directors due to his software industry experience, including his experience in finance.

William M. Conroy has served as a member of our Board of Directors since May 2013. Since March 2011, Mr. Conroy has served as President of Conroy Advisors, LLC, a consulting company. From March 2010 to March 2011, he served as Solutions Executive in the information management organization of IBM. From 2002 to 2010, Mr. Conroy served as President, Chief Executive Officer and a member of the board of directors of Initiate Systems, Inc., a software company, until it was acquired by IBM in 2010. From 2001 to 2002, he served as President and Chief Operating Officer of Click Commerce, Inc., a business applications company. From 2000 to 2001, he served as a Partner with Insight Capital Group, a global private equity firm. From 1997 to 2000, Mr. Conroy served as Executive Vice President and Chief Operating Officer of TenFold Corporation, a software company. Prior to joining TenFold, he served in various capacities at Oracle Corporation, most recently as group vice president. Mr. Conroy holds a B.S. in business administration from Bowling Green State University.

The Nominating and Corporate Governance Committee believes that Mr. Conroy is qualified to serve on our Board of Directors due to consulting and investment experience and his service on the boards of directors of other companies in the information technology industry.

Ellen Levy has served as a member of our Board of Directors since August 2015. Since April 2012, Dr. Levy has served as Managing Director of Silicon Valley Connect, LLC, a management consulting company. From 2008 to April 2012, Dr. Levy served in various roles at LinkedIn Corporation, a professional social networking internet service, serving most recently as Vice President Strategic Initiatives since March 2010. From 2006 to 2008, Dr. Levy served as the Executive Director of the Media X Program at Stanford University. Prior to 2006, Dr. Levy served as Vice President of Corporate Development and Strategy at startups in both the consumer internet industry and the online publishing industry, as well as having held roles in both PriceWaterhouse Coopers' Technology Core Consulting Group and at Apple Computer. Dr. Levy currently serves on the board of directors of Walker & Dunlop, Inc. Dr. Levy holds a B.A. from the University of Michigan and an M.A. and Ph.D. in cognitive psychology from Stanford University.

The Nominating and Corporate Governance Committee believes that Dr. Levy is qualified to serve on our Board of Directors due to her experience working with software and other technology companies.

Kevin Thompson has served as a member of our Board of Directors since November 2016. Mr. Thompson is currently President and Chief Executive Officer of SolarWinds Inc., an enterprise information technology infrastructure management software company, and has held several positions since he joined the Company in 2006. Prior to joining SolarWinds, Mr. Thompson was Chief Financial Officer of Surgient, Inc., a software company, from November 2005 until March 2006 and was Senior Vice President and Chief Financial Officer at SAS Institute, a business intelligence software company, from September 2004 until November 2005. From October 2000 until August 2004, Mr. Thompson served as Executive Vice President and Chief Financial Officer of Red Hat, Inc., an enterprise software company. Mr. Thompson currently serves on the board of directors of SolarWinds, Inc. and BlackLine, Inc. Mr. Thompson holds a B.B.A. from the University of Oklahoma.

The Nominating and Corporate Governance Committee believes that Mr. Thompson is qualified to serve on our Board of Directors due to his extensive experience working with software and other technology companies.

Lloyd G. Waterhouse has served as a member of our Board of Directors since August 2015. Since October 2017, Mr. Waterhouse has served as the Chief Executive Officer of McGraw-Hill Education, a learning sciences company, a position he also held from June 2012 to April 2014. From 2006 to December 2007, Mr. Waterhouse served as Chief Executive Officer and President of Harcourt Education Group, a global education company, and served as an independent director and consultant from August 2004 to September 2006. From 2001 to 2004, he served as Chief Executive Officer and Chairman of Reynolds and Reynolds Co., a leading provider of integrated solutions to automotive retailers. From May 2010 to February 2016, Mr. Waterhouse served on the board of directors of SolarWinds, Inc. Mr. Waterhouse holds a B.S. in finance from Pennsylvania State University and an M.B.A. from Youngstown State University.

The Nominating and Corporate Governance Committee believes that Mr. Waterhouse is qualified to serve on our Board of Directors due to his experience as a senior executive, particularly within the education industry, and as a director of publicly traded companies.

The Board Of Directors Recommends

A Vote In Favor Of Each Named Nominee.

INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Independence Of The Board Of Directors

As required under the NYSE listing standards, a majority of the members of a listed company's Board of Directors must qualify as "independent," as affirmatively determined by the Board of Directors. The Board of Directors consults with the Company's counsel to ensure that the Board of Director's determinations are consistent with relevant securities and other laws and regulations regarding the definition of "independent," including those set forth in pertinent listing standards of NYSE, as in effect from time to time.

Consistent with these considerations, after review of all relevant identified transactions or relationships between each director, or any of his or her family members, and the Company, its senior management and its independent auditors, the Board of Directors has affirmatively determined that all of the directors are, except for Messrs. Coates and Goldsmith, independent directors within the meaning of the applicable NYSE listing standards. In making this determination, the Board of Directors found that none of these directors had a material or other disqualifying relationship with the Company. The Board of Directors also considered Mr. Conroy's prior consulting relationship with the Company in making the determination that Mr. Conroy is independent. Mr. Conroy's consulting relationship with the Company was terminated in 2016. Mr. Goldsmith, our Chief Executive Officer, by virtue of his current employment with Instructure is not considered an independent director. Mr. Coates, our prior Chief Executive Officer, by virtue of his recent employment with Instructure is not considered an independent director.

Board Leadership Structure

In accordance with our Corporate Governance Guidelines, a copy of which is posted on our website at https://ir.instructure.com/investors/governance/default.aspx, our Board of Directors does not have a policy as to whether the positions Chairman of the Board and Chief Executive Officer should be separate. Our Board of Directors believes that it should have the flexibility to make this determination as circumstances require and in a manner that it believes is best to provide appropriate leadership for the Company. The Board of Directors believes that its current leadership structure, with Mr. Coates serving as Executive Chairman, is appropriate because it enables the Board, as a whole, to engage in oversight of management, promote communication and collaboration between management and the Board, and oversee governance matters, while allowing our Chief Executive Officer to focus on his primary responsibility, the operational leadership and strategic direction of the Company In addition, the Company believes that it is advantageous to have an Executive Chairman with an extensive history with and knowledge of the Company (as is the case with Mr. Coates, the Company's former Chief Executive Officer) as compared to a relatively less informed independent Chairman.

Role Of The Board Of Directors In Risk Oversight

One of the Board of Director's key functions is informed oversight of the Company's risk management process. The Board of Directors does not have a standing risk management committee, but rather administers this oversight function directly through the Board of Directors as a whole, as well as through various Board of Directors standing committees that address risks inherent in their respective areas of oversight. In particular, our Board of Directors is responsible for monitoring and assessing strategic risk exposure, including a determination of the nature and level of risk appropriate for the Company. Our Audit Committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The Audit Committee also monitors compliance with legal and regulatory requirements, in addition to oversight of the performance of our internal audit function. Our Audit Committee reviews the Company's major risk exposures, including with respect to cybersecurity, with management on a quarterly basis, during which the audit committee has the opportunity to review and direct the Company's risk management process. Our Nominating and Corporate Governance Committee monitors the effectiveness of our corporate governance guidelines, including whether they are successful in preventing illegal or improper liability-creating conduct. Our Compensation Committee assesses and monitors whether any of our compensation programs, policies and practices has the potential to encourage excessive risk-taking.

Meetings Of The Board Of Directors

The Board of Directors met six times during 2018. All directors attended at least 75% of the aggregate number of meetings of the Board of Directors and of the committees on which they served that were held during the portion of the last year for which they were directors or committee members, respectively.

As required under applicable NYSE listing standards, the Company's non-management directors meet in regularly scheduled executive sessions at which only non-management directors are present. The Chairs of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee alternate presiding over the executive sessions.

Information Regarding Committees Of The Board Of Directors

The Board of Directors has several committees, including an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The following table provides membership and meeting information for 2018 for each such committees:

Name	Audit	Compensation	Nominating and Corporate Governance
Joshua L. Coates			
Steven A. Collins	X*	X	
William M. Conroy		X*	X
Daniel T. Goldsmith			
Ellen Levy		X	X
Jim Steele(1)		X	
Kevin Thompson	X		
Lloyd G. Waterhouse	X		X*
Total meetings in 2018	7	7	3

* Committee Chairperson

(1) Mr. Steele, a former director, was a member of the Compensation Committee from January 2018 until May 2018, when he did not stand for re-election at our 2018 annual meeting of stockholders.

Audit Committee

The Audit Committee of the Board of Directors was established by the Board of Directors in accordance with Section 3(a)(58)(A) of the Exchange Act, to oversee the Company's corporate accounting and financial reporting processes and audits of its financial statements. The primary purpose of the Audit Committee is to discharge the responsibilities of our Board of Directors with respect to our accounting, financial and other reporting and internal control practices and to oversee our independent registered accounting firm. Specific responsibilities of our Audit Committee include:

- selecting a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- helping to ensure the independence and performance of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent accountants, our interim and year-end operating results;
-

developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;

- reviewing our policies on risk assessment and risk management;

- reviewing related party transactions;
- obtaining and reviewing a report by the independent registered public accounting firm at least annually, that describes our internal quality-control procedures, any material issues with such procedures, and any steps taken to deal with such issues when required by applicable law; and
- approving (or, as permitted, pre-approving) all audit and all permissible non-audit service to be performed by the independent registered public accounting firm.

Our Audit Committee consists of Messrs. Collins, Thompson and Waterhouse, each of whom satisfies the independence requirements under the NYSE listing standards and Rule 10A-3(b)(1) of the Exchange Act. The chairman of our Audit Committee is Mr. Collins. Our Board of Directors has determined that Mr. Collins is an “audit committee financial expert” within the meaning of SEC regulations. Our Board of Directors has also determined that each member of our Audit Committee has the requisite financial expertise required under the applicable requirements of the NYSE. In arriving at this determination, the Board of Directors has examined each Audit Committee member’s scope of experience and the nature of their employment in the corporate finance sector.

The Audit Committee met seven times during 2018. The Board of Directors has adopted a written Audit Committee charter that is available to stockholders on the Company’s website at https://ir.instructure.com/investors/governance/default.aspx.

Compensation Committee

The Compensation Committee of the Board of Directors acts on behalf of the Board of Directors to review, adopt and oversee the Company’s compensation strategy, policies, plans and programs, including:

- reviewing and approving, or recommending that our Board of Directors approve, the compensation of our executive officers;
- reviewing and recommending to our Board of Directors the compensation of our non-employee directors;
- administering our stock and equity incentive plans;
- selecting independent compensation consultants and other advisors and assessing whether there are any conflicts of interest with any of the committee’s compensation advisors;
- reviewing and approving, or recommending that our Board of Directors approve, incentive compensation and equity incentive plans, severance agreements, change-of-control protections and any other compensatory arrangements for our executive officers and other senior management, as appropriate;
- reviewing and establishing general policies relating to compensation and benefits of our employees;
- reviewing our overall compensation philosophy; and
- reviewing with management our Compensation Discussion and Analysis and considering whether to recommend that it be included in the appropriate securities and exchange commission and other filings.

The Compensation Committee currently consists of Messrs. Collins and Conroy and Dr. Levy. Mr. Steele, a former director, was a member of the Compensation Committee during 2018. All members of our Compensation Committee are independent as independence is currently defined in NYSE Listed Company Manual Section 303A.02 as applied to compensation committee members. In addition, our Board of Directors has determined each of Messrs. Collins and Conroy and Dr. Levy to be independent under the rules and regulations of the SEC, a “non-employee director” as defined in Rule 16b-3 promulgated under the Exchange Act. Further, our Board of Directors has determined that each of Mr. Collins and Dr. Levy to be an “outside director” as that term is defined in Section 162(m) of the Internal Revenue Code, or the Code.

The Compensation Committee met seven times during 2018. The Board of Directors has adopted a written Compensation Committee charter that is available to stockholders on the Company’s website at https://ir.instructure.com/investors/governance/default.aspx.

Compensation Committee Interlocks and Insider Participation

As noted above, the Company’s Compensation Committee currently consists of Messrs. Collins and Conroy and Dr. Levy. Mr. Steele, a former director, was a member of the Compensation Committee during 2018. None of the members of the Compensation Committee or Mr. Steele is currently or has been at any time one of our officers or employees. None of our executive officers currently serves, or has served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee of the Board of Directors oversees our corporate governance function. The primary functions of this committee include:

- identifying, evaluating and selecting, or recommending that our Board of Directors approve, nominees for election to our Board of Directors;
- evaluating the performance of our Board of Directors and of individual directors;
- reviewing developments in corporate governance practices;
- evaluating the adequacy of our corporate governance practices and reporting;
- reviewing management succession plans; and
- developing and making recommendations to our Board of Directors regarding corporate governance guidelines and matters.

The Nominating and Corporate Governance Committee consists of Messrs. Conroy and Waterhouse and Dr. Levy. All members of the Nominating and Corporate Governance Committee are independent as independence is currently defined in NYSE Listed Company Manual Section 303A.02.

The Nominating and Corporate Governance Committee met three times during 2018. The Board of Directors has adopted a written Nominating and Corporate Governance Committee charter that is available to stockholders on the Company’s website and https://ir.instructure.com/investors/governance/default.aspx.

The Nominating and Corporate Governance Committee believes that candidates for director should have certain minimum qualifications, including the ability to read and understand basic financial statements, being over 21 years of age and having the highest personal integrity and ethics. The Nominating and Corporate Governance Committee also intends to consider such factors as possessing relevant expertise upon which to be able to offer advice and guidance to management, having sufficient time to devote to the affairs of the Company, demonstrated excellence in his or her field, having the ability to exercise sound business judgment and having the commitment to rigorously represent the long-term interests of the Company’s stockholders. However, the Nominating and Corporate Governance Committee retains the right to modify these qualifications from time to time. Candidates for director nominees are reviewed in the context of the current composition of the Board of Directors, the operating requirements of the Company and the long-term interests of stockholders. In conducting this assessment, the Nominating and Corporate Governance Committee typically considers diversity, age, skills and such other factors as it deems appropriate, given the current needs of the Board of Directors and the Company, to maintain a balance of knowledge, experience and capability.

The Nominating and Corporate Governance Committee reviews each directors' overall service to the Company during his or her term, including the number of meetings attended, level of participation, quality of performance and any other relationships and transactions that might impair the directors' independence. The Committee also takes into account any results of the Board of Director's self-evaluation, which we intend to conduct annually. In the case of new director candidates, the Nominating and Corporate Governance Committee also determines whether the nominee is independent for NYSE purposes, which determination is based upon applicable NYSE listing standards, applicable SEC rules and regulations and the advice of counsel, if necessary. The Nominating and Corporate Governance Committee then uses its network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. The Nominating and Corporate Governance Committee conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the Board of Directors. The Nominating and Corporate Governance Committee meets to discuss and consider the candidates' qualifications and then selects a nominee for recommendation to the Board of Directors.

The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders. The Nominating and Corporate Governance Committee does not intend to alter the manner in which it evaluates candidates, including the minimum criteria set forth above, based on whether or not the candidate was recommended by a stockholder. Stockholders who wish to recommend individuals for consideration by the Nominating and Corporate Governance Committee to become nominees for election to the Board of Directors may do so by delivering a written recommendation to the Nominating and Corporate Governance Committee at the following address: 6330 South 3000 East, Suite 700 Salt Lake City, UT 84121. Submissions must include the full name of the proposed nominee, a description of the proposed nominee's business experience for at least the previous five years, complete biographical information, a description of the proposed nominee's qualifications as a director and a representation that the nominating stockholder is a beneficial or record holder of the Company's stock. Any such submission must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected.

Stockholder Communications With The Board Of Directors

Stockholders or interested parties who wish to communicate with our board of directors or with an individual director may do so by mail to our board of directors or the individual director, care of our Secretary at 6330 South 3000 East, Suite 700 Salt Lake City, UT 84121. The communication should indicate that it contains a stockholder or interested party communication. All such communication will be forwarded to the director or directors to whom the communications are addressed.

Code Of Ethics

The Company has adopted the Code of Business Conduct and Ethics that applies to all officers, directors and employees. The Code of Business Conduct and Ethics is available on the Company's website at https://ir.instructure.com/investors/governance/default.aspx. If the Company makes any substantive amendments to the Code of Business Conduct and Ethics or grants any waiver from a provision of the Code to any executive officer or director, the Company will promptly disclose the nature of the amendment or waiver on its website.

Corporate Governance Guidelines

The Board of Directors has documented the governance practices followed by the Company by adopting Corporate Governance Guidelines to assure that the Board of Directors will have the necessary authority and practices in place to review and evaluate the Company's business operations as needed and to make decisions that are independent of the Company's management. The guidelines are also intended to align the interests of directors and management with those of the Company's stockholders. The Corporate Governance Guidelines set forth the practices the Board of Directors intends to follow with respect to board composition and selection, board meetings and involvement of senior management, Chief Executive Officer performance evaluation and succession planning, and board committees and compensation. The Corporate Governance Guidelines may be viewed at https://ir.instructure.com/investors/governance/default.aspx.

Proposal No. 2

Advisory Vote On Named Executive Officer Compensation

Pursuant to Section 14A of the Exchange Act, we are asking our stockholders to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with SEC rules. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement.

The compensation of our named executive officers is disclosed in the Compensation Discussion and Analysis, the compensation tables and the related narrative disclosure contained on pages 24 to 33 of this proxy statement. As discussed in those disclosures, we believe that our compensation policies and decisions are appropriately designed to align the interests of our named executive officers with those of our stockholders, to emphasize strong pay-for-performance principles and to enable us to attract and retain talented and experienced executives to lead the Company in a competitive environment.

Applying these philosophies, the Compensation Committee of our Board has set specific compensation goals designed to help the Company achieve our short-term and long-term business and performance objectives. The Compensation Committee uses a competitive market analysis when determining base salary and total cash compensation and in awarding long-term equity compensation. With respect to 2018, the Compensation Committee evaluated our executive compensation levels against competitive market data which consisted of a blend of software companies included in the Radford Global Technology Survey with annual revenue ranging from $50 million to $499 million as well as a group of companies that Compensia identified as our peers (the "Peer Review Report").

The Compensation Committee believes that each of the base salary and total cash compensation applicable to our named executive officers should be at approximately the 50th percentile of the respective base salary and total cash compensation data contained in the Peer Review Report and has used these reference points as guidance in its decision-making. To determine the level of each component of an executive's target total cash compensation, the Compensation Committee first considers the prior year's base salary and total cash compensation. The Compensation Committee then considers the relevant base salary and total cash compensation target information in its competitive market analysis to ascertain the percentile that the prior year's salary and total cash compensation target represents, respectively. After taking this information into consideration, the Compensation Committee then sets each such executive's base salary and total cash compensation with reference to the 50th percentile of the base salary and total cash compensation for comparable positions identified in the competitive market analysis.

In 2018, base salaries, potential performance-based bonuses, and the target total cash compensation, assuming achievement of performance goals, of our named executive officers each ranged from the 40th to 60th percentile of the market data in the Peer Review Report.

With regard to long-term equity incentive compensation, the Compensation Committee sets the long-term equity compensation of the named executive officers with an eye toward the 50th percentile of the comparative long-term equity compensation data contained in the Peer Review Report. In 2018, the value of such compensation awarded to our named executive officers, calculated using Black-Scholes-Merton valuation methodology for stock option awards, ranged from the 43rd percentile to the 72nd percentile of the comparable market data contained in the Peer Review Report. Such a valuation is necessarily sensitive to movement in the stock price of the target stock.

In summary, the elements of our executive compensation program as well as the amount of compensation paid to our named executive officers emphasize strong pay-for-performance principles and provide reasonable compensation to our named executive officers.

Unless our Board modifies its policy on the frequency of future advisory votes on the compensation of our named executive officers, the next advisory vote on the compensation of our named executive officers will be held at the 2020 Annual Meeting of Stockholders. In addition, our stockholders will be able to indicate by advisory vote at our 2024 Annual Meeting of Stockholders their preference as to the frequency of future advisory votes.

For these reasons, the Board is asking stockholders to support the compensation of the Company's named executive officers as described in this proxy statement by casting a non-binding advisory vote "FOR" the following resolution:

"RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company's Proxy Statement for the 2019 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2018 Summary Compensation Table and the other related tables and disclosure."

While the advisory vote we are asking you to cast is non-binding, the Compensation Committee and the Board value the views of our stockholders and will take into account the outcome of the vote when considering future compensation decisions for our executive officers.

Advisory approval of this proposal requires the vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting.

The Board Of Directors Recommends

A Vote In Favor Of Proposal No. 2

Proposal No. 3

Ratification Of Selection Of Independent Registered Public Accounting Firm

The Audit Committee of the Board of Directors has selected Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2019, and has further directed that management submit the selection of its independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. Ernst & Young LLP has audited the Company's financial statements since 2012. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither the Company's Bylaws nor other governing documents or law require stockholder ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm. However, the Audit Committee of the Board of Directors is submitting the selection of Ernst & Young LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee of the Board of Directors will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee of the Board of Directors in its discretion may direct the appointment of different independent auditors at any time during the year if they determine that such a change would be in the best interests of the Company and its stockholders.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote on the matter at the Annual Meeting will be required to ratify the selection of Ernst & Young LLP.

Principal Accountant Fees And Services

The following table represents aggregate fees billed to the Company for 2018 and 2017, by Ernst & Young LLP, the Company's principal accountant.

	2018	2017
Audit Fees	$891,611 (1)	$1,266,900 (2)
Tax Fees(3)	15,450	20,000
All Other Fees(4)	6,905	2,790
Total Fees	$913,966	$1,289,690

(1) Includes the aggregate fees related to the integrated audit of our annual consolidated financial statements, reviews of our interim financial statements, services rendered in connection with the filing of our registration statements, and the issuance of comfort letters and consents.

(2) Includes the aggregate fees related to the integrated audit of our annual consolidated financial statements, adoption of the new accounting standard ASC 606, reviews of our interim financial statements, and services rendered in connection with the filing of our registration statements.

(3) Includes fees for Ernst & Young LLP's review of our Section 382 analysis.

(4) Includes fee for subscription to Ernst & Young LLP's accounting research tool.

All fees described above were pre-approved by the Audit Committee.

In connection with the audit of the 2018 financial statements, the Company entered into an engagement agreement with Ernst & Young LLP that sets forth the terms by which Ernst & Young LLP will perform audit services for the Company. That agreement is subject to alternative dispute resolution procedures and an exclusion of punitive damages.

Pre-approval Policies And Procedures

The Charter of the Audit Committee provides for the pre-approval of audit and non-audit services rendered by the Company's independent registered public accounting firm, Ernst & Young LLP. The Audit Committee generally pre-approves specified services in the defined categories of audit services, audit-related services and tax services up to specified amounts. Pre-approval may also be given as part of the Audit Committee's approval of the scope of the engagement of the independent auditor or on an individual, explicit, case-by-case basis before the independent auditor is engaged to provide each service. The pre-approval of services may be delegated to one or more of the Audit Committee's members, but the decision must be reported to the full Audit Committee at its next scheduled meeting.

The Audit Committee has determined that the rendering of services by Ernst & Young LLP is compatible with maintaining the principal accountant's independence.

The Board Of Directors Recommends

A Vote In Favor Of Proposal No. 3.

Report of the Audit Committee of the Board of Directors[(1)]

The Audit Committee has reviewed and discussed the audited financial statements for the year ended December 31, 2018 with management of the Company. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed pursuant to applicable requirements of the Public Company Accounting Oversight Board ("PCAOB") and the SEC. The Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm required by PCAOB Ethics and Independence Rule 3526, Communications with Audit Committees Concerning Independence, regarding the auditor's independence, and has discussed with the independent registered public accounting firm the accounting firm's independence.

Based on the foregoing, the Audit Committee has recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Mr. Steven A. Collins (chairman)
Mr. Lloyd G. Waterhouse
Mr. Kevin B. Thompson

(1) The material in this report is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Security Ownership Of

Certain Beneficial Owners and Management

The following table sets forth information with respect to the beneficial ownership of our common stock as of February 28, 2019 by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our common stock;
- each of our named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

We have based our calculation of beneficial ownership on 35,193,296 shares of common stock outstanding on February 28, 2019. This table is based upon information supplied by officers, directors and principal stockholders, filings filed with the SEC pursuant to Section 16 of the Exchange Act and Schedules 13D and 13G filed with the SEC. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Shares of common stock issuable under options or warrants that are exercisable within 60 days after February 28, 2019 are deemed beneficially owned and such shares are used in computing the percentage ownership of the person holding the options or warrants, but are not deemed outstanding for the purpose of computing the percentage ownership of any other person. The information contained in the following table is not necessarily indicative of beneficial ownership for any other purpose, and the inclusion of any shares in the table does not constitute an admission of beneficial ownership of those shares.

Unless otherwise indicated below, to our knowledge, all persons named in the table have sole voting and dispositive power with respect to their shares of common stock, except to the extent authority is shared by spouses under community property laws. Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Instructure, Inc., 6330 South 3000 East, Suite 700, Salt Lake City, UT 84121.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned	
Greater than 5% stockholders			
Nine Ten Partners LP(1)	3,219,920	9.0	%
JPMorgan Chase & Co.(2)	2,318,418	6.5	
BlackRock, Inc.(3)	2,198,719	6.1	
William E. Oberndorf	2,133,653	5.9	
Foxhaven Asset Management, LP(4)	2,001,428	5.6	
Directors and Named Executive Officers			
Daniel T. Goldsmith (5)	4,928	*	
Joshua L. Coates(6)	2,828,974	7.9	
Steven B. Kaminsky(7)	213,812	*	
Matthew A. Kaminer(8)	165,617	*	
Mitchell E. Macfarlane	1,365	*	
Steven A. Collins(9)	42,923	*	
William M. Conroy(10)	110,083	*	
Ellen Levy	18,279	*	

Kevin Thompson	14,053	*	
Lloyd G. Waterhouse	45,718	*	
All current executive officers and directors as a group (10 persons)[11]	3,444,794	9.6	%

*Represents beneficial ownership of less than one percent

(1) Includes 3,219,920 shares held by Nine Ten Partners L.P. ("NTP LP"). Nine Ten Capital Management LLC is the investment adviser of NTP LP and may be deemed to have sole voting and investment power with respect to the shares held by NTP LP. Brian Bares, James Bradshaw and Russell Mollen are the control persons of Nine Ten GP L.P., the general partner of NTP LP, and may be deemed to have sole voting and investment power with respect to the shares held by NTP LP. The address for each of these entities is 12600 Hill Country Blvd, Suite R-230, Austin, TX 78738.

(2) Includes 2,318,418 shares held by JPMorgan Chase & Co., with respect to which JPMorgan Chase & Co. holds sole voting power. JPMorgan Chase & Co. holds sole investment power over 2,101,172 shares. The address for JPMorgan Chase & Co. is 270 Park Avenue, New York, NY 10017.

(3) Includes 2,129,090 shares held by Blackrock, Inc., with respect to which Blackrock, Inc. holds sole voting power. Blackrock, Inc. holds sole investment power over 2,198,719. The address for Blackrock, Inc. is 55 East 52nd Street, New York, NY 10055

(4) Includes 2,001,428 shares held for the accounts of Foxhaven Master, Foxway LP ("Foxway"), and Foxlane, LP ("Foxlane") (collectively, the "Foxhaven Funds"). Foxhaven Asset Management, LP ("Foxhaven") is a registered investment adviser that directs the voting and disposition of the shares of common stock directly owned by the Foxhaven Funds. Foxhaven Capital GP, LLC ("Foxhaven GP") is the general partner of the Foxhaven Funds. As a result, Foxhaven and Foxhaven GP may be deemed to have voting and dispositive power over the shares of Common Stock held for the accounts of the Foxhaven Funds. Michael Pausic and Nicholas Lawler are managing members of the general partner of Foxhaven and Foxhaven GP and may be deemed to have voting and dispositive power with respect to the shares of common stock directly owned by the Foxhaven Funds. The address for each of the Foxhaven Funds is 550 E Water Street, Suite 888, Charlottesville, VA 22902.

(5) Includes 4,928 shares of stock issuable pursuant to restricted stock units that vest within 60 days of February 28, 2019.

(6) Includes (a) 5,500 shares held by Mr. Coates, with respect to which Mr. Coates holds sole voting and investment power, (b) 2,664,474 shares held by Grizzly Peak, LLC (635,000 of which shares are pledged as security for a loan), with respect to which Mr. Coates holds sole voting and investment power, (c) 115,250 shares held by The Joshua L. and CeliAnne C. Coates Trust (105,250 of which shares are pledged as security for a loan), with respect to which Mr. Coates holds shared voting and investment power and (d) 43,750 shares held by The Coates Equity Trust (35,424 of which shares are pledged as security for a loan), with respect to which Mr. Coates holds shared voting and investment power.

(7) Includes (a) 155,006 shares held by Mr. Kaminsky, with respect to which Mr. Kaminsky holds sole voting and investment power, (b) 51,872 shares issuable pursuant to stock options exercisable within 60 days of February 28, 2018, and (c) 6,934 shares of stock issuable pursuant to restricted stock units that vest within 60 days of February 28, 2019.

(8) Includes (a) 24,109 shares held by Mr. Kaminer, with respect to which Mr. Kaminer holds sole voting and investment power, (b) 751 shares held by Mr. Kaminer's spouse, with respect to which Mr. Kaminer's spouse holds sole voting and investment power, (c) 100 shares held by Mr. Kaminer's son, with respect to which Mr. Kaminer holds sole voting and investment power, (d) 100 shares held by Mr. Kaminer's son, with respect to which Mr. Kaminer holds sole voting and investment power, (e) 136,139 shares issuable pursuant to stock options exercisable within 60 days of February 28, 2018, and (f) 4,418 shares of stock issuable pursuant to restricted stock units that vest within 60 days of February 28, 2019.

(9) Represents 42,923 shares issuable pursuant to stock options exercisable within 60 days of February 28, 2019.

(10) Includes 110,083 shares held by Conroy Investments, LLC, with respect to which Mr. Conroy holds sole voting and investment power.

(11) Includes (a) 3,444,794 shares held by our directors, executive officers and affiliated entities, (b) 230,934 shares issuable pursuant to stock options exercisable by our directors and executive officers within 60 days of February 28, 2019, and (c) 16,687 shares of stock issuable pursuant to restricted stock units that vest within 60 days of February 28, 2019.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than ten percent of a registered class of the Company's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the year ended December 31, 2018, all Section 16(a) filing requirements applicable to its officers, directors and greater than ten percent beneficial owners were complied with.

Executive Officers

The following table sets forth certain information with respect to our executive officers as of March 31, 2019. Biographical information with regard to Mr. Goldsmith and Mr. Coates is presented under “Proposal No. 1—Election of Directors” in this proxy statement.

Name	Age	Position(s)
Executive Officers		
Steven B. Kaminsky	59	Chief Financial Officer
Matthew A. Kaminer	45	Executive Vice President, General Counsel and Secretary
Marta DeBellis	49	Chief Marketing Officer

Executive Officers

Steven B. Kaminsky has served as our Chief Financial Officer since May 2012. From March 2008 to May 2012, Mr. Kaminsky served as Chief Financial Officer at Radisphere National Radiology Group, Inc., a provider of standards-based radiology delivery solutions for health systems. Beginning in 2005, he served as Chief Financial Officer at Plan Data Management, a healthcare technology company, which was acquired by TriZetto Group, Inc., a healthcare technology company, in 2006, after which Mr. Kaminsky served as Vice President of Finance and Internal Audit until 2008. From 2002 to 2005, Mr. Kaminsky served as Chief Financial Officer at ReefEdge, Inc., a software company. Prior to 2002, he held positions at McDonalds Corporation and Ernst & Young LLP. Mr. Kaminsky holds a B.S. in accounting from University of Illinois at Urbana-Champagne, an M.B.A. from University of California, Los Angeles and is a Certified Public Accountant (inactive).

Matthew A. Kaminer has served as our Executive Vice President, General Counsel and Secretary since May 2015. From July 2013 to May 2015, Mr. Kaminer served as General Counsel and Secretary at Collective Inc., a video and mobile advertising company. From June 2011 to July 2013, he served as General Counsel and Secretary at Epocrates, Inc., a healthcare information company. From March 2010 to June 2011, Mr. Kaminer served as General Counsel for MediMedia USA, Inc., a provider of specialty healthcare communications, publishing and medical education. From 2004 to 2009, Mr. Kaminer served as Assistant General Counsel and Chief Privacy Officer at WebMD Health Corp., a medical information company. Mr. Kaminer holds a B.S. in computer science from Pennsylvania State University and a J.D. from George Washington University.

Marta DeBellis has served as our Chief Marketing Office since February 2019. From September 2013 to February 2019, Ms. DeBellis served as Vice President of Marketing at Adobe, Inc. From July 2006 to September 2011, she served as Vice President, Group Account Director at MRM/McCann, a digital agency. Prior to 2006, Ms. DeBellis served in a variety of roles at Intel, Inc., a computer hardware company. Ms. DeBellis holds a B.S. in in Electrical and Computer Engineering from the University of Wisconsin-Madison.

Executive Compensation

Compensation Discussion and Analysis

Our compensation discussion and analysis describes our executive compensation program and the decisions in 2018 regarding compensation for our named executive officers, who were:

- Daniel T. Goldsmith, our current Chief Executive Officer (our “CEO”);
- Joshua L. Coates, our former Chief Executive Officer;
- Steven B. Kaminsky, our Chief Financial Officer;
- Matthew A. Kaminer, our Executive Vice President, General Counsel and Secretary; and
- Mitchell E. Macfarlane, our former Chief Operating Officer.

Overview

Our executive compensation program is designed to provide our named executive officers with meaningful incentives and rewards, while effectively balancing the short-term and long-term interests of our stockholders with our ability to attract and retain talented executives. The Compensation Committee of our Board has the primary responsibility for establishing our executive compensation philosophy and determining the specific components and levels of each named executive officer’s compensation. Our executive compensation program is based on four guiding principles, as set forth by the Compensation Committee. We have created a compensation program that combines short-term and long-term components, cash and equity and fixed and performance-based contingent payments, in the proportions we believe achieve these four guiding principles:

- enhance stockholder value by aligning the financial interests of our named executive officers with those of our stockholders;
- enable us to attract, motivate and retain the people needed to define and create industry-leading products and services;
- integrate compensation closely with the achievement of our business and performance objectives; and
- reward the individual performance that contributes to our short-term and long-term success.

An important element of our compensation philosophy is to provide our named executive officers with compensation packages that are competitive with the compensation offered to the executives in comparable positions in technology companies of similar size and industries in order to attract dynamic and innovative executives to lead our strategic initiatives. As such, the Compensation Committee utilizes and relies significantly on a competitive market analysis when determining the size, components and mix of our named executive officers’ compensation packages.

Historically, our named executive officers’ target annual compensation has consisted of three principal components: (a) base salary, (b) a performance-based cash bonus and (c) long-term equity incentive compensation. The base salary component had primarily been designed to provide a predictable level of financial stability. The performance-based cash bonus has been designed to reward the achievement of the short-term goals contained in our operating plan. The base salary and performance-based cash bonus have been referred to as the cash component of the compensation plan. The equity compensation component is primarily designed to incentivize and retain our executives and to reward the achievement of our long-term financial and strategic objectives.

Role of the Compensation Committee

Our Board has delegated to the Compensation Committee the responsibility for developing our compensation philosophy, designing our executive compensation program, determining the specific components and levels of each named executive officer’s compensation and overseeing equity awards under our equity incentive plans. On an annual basis, the Compensation Committee approves the individual compensation packages for each of our named executive officers.

Results of Most Recent Stockholder Advisory Vote on Executive Compensation

Approximately 99.8% of the votes cast in the 2018 "say-on-pay" stockholder advisory vote on the compensation of our named executive officers in 2017 approved our executive compensation as described in our 2018 definitive proxy statement. The Compensation Committee considered the result of the stockholder advisory vote as an endorsement of its compensation policies, practices and philosophy for our named executive officers.

The Compensation Committee considers the results of the say-on-pay vote on our executive compensation program as part of its annual executive compensation review. Our Board values the opinions of our stockholders, and the Compensation Committee will continue to consider the outcome of future say-on-pay votes, as well as any feedback received throughout the year, when making compensation decisions for the named executive officers. The next say-on-pay vote on the compensation of the named executive officers will take place at the Annual Meeting.

Role of Compensation Consultant

The Compensation Committee believes that it is important to be informed as to the current compensation practices of comparable public companies with which we compete for talent. To that end, with respect to 2018, the Compensation Committee evaluated our executive compensation levels against competitive market data which consisted of a blend of software companies included in the Radford Global Technology Survey with annual revenue ranging from $50 million to $499 million as well as a group of companies that Compensia identified as our peers (the "Peer Review Report") as a comparative framework when making decisions with respect to our executive compensation program.

The Compensation Committee has the authority under its charter to engage its own advisors to assist in carrying out its responsibilities. The Compensation Committee typically engages an external compensation consultant to advise it on current market practices, and we expect that it will continue to do so in the future to ensure that our executive compensation program is market competitive and properly aligned with our business strategy. From time to time, representatives of such consultant may attend meetings (or portions of meetings) of the Compensation Committee to present information and answer questions.

Since 2014, the Compensation Committee has engaged Compensia to provide executive compensation advisory services in support of its annual evaluation of our executive compensation program. These services have included assisting with providing competitive market data, providing requested compensation analyses and establishing a peer group of companies.

In the third quarter of 2017, Compensia updated the previously-provided executive cash and equity compensation analyses to provide the Compensation Committee with a detailed market assessment of long-term incentive compensation practices and retention analysis for each of our named executive officers, as well as an overview of market trends. Compensia based its analysis on the competitive market data as noted above.

Compensation Committee Processes and Procedures

The Compensation Committee meets at least two times annually and with greater frequency if necessary. The agenda for each meeting is usually developed by the Chair of the Compensation Committee, in consultation with management. The Compensation Committee meets regularly in executive session. However, from time to time, various members of management and other employees as well as outside advisors or consultants may be invited by the Compensation Committee to make presentations, to provide financial or other background information or advice or to otherwise participate in Compensation Committee meetings.

The Chief Executive Officer may not participate in, or be present during, any deliberations or determinations of the Compensation Committee regarding his compensation or individual performance objectives.

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The charter of the Compensation Committee grants the Compensation Committee full access to all books, records, facilities and personnel of the Company. In addition, under the charter, the Compensation Committee has the authority to obtain, at the expense of the Company, advice and assistance from compensation consultants and internal and external legal, accounting or other advisors and other external resources that the Compensation Committee considers necessary or appropriate in the performance of its duties. The Compensation Committee has direct responsibility for the oversight of the work of any consultants or advisers engaged for the purpose of advising the Committee. In particular, the Compensation Committee has the sole authority to retain, in its sole discretion, compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve the consultant's reasonable fees and other retention terms.

Under the charter, the Compensation Committee may select, or receive advice from, a compensation consultant, legal counsel or other advisor to the Compensation Committee, other than in-house legal counsel and certain other types of advisers, only after taking into consideration six factors, prescribed by the SEC and NYSE, that bear upon the adviser's independence; however, there is no requirement that any adviser be independent.

In addition, the Compensation Committee may form and delegate authority to subcommittees as appropriate, including, but not limited to, a subcommittee composed of one or more members of the Board of Directors or officers of the Company to grant stock awards under the Company's equity incentive plans to certain non-officer employees.

During 2015, our Board of Directors engaged Compensia to evaluate our short-term and long-term executive compensation programs, non-employee director compensation and executive severance plans. Based on these evaluations and other considerations, we adopted a non-employee director compensation policy and approved a form of change of control and severance agreement for our executive officers. Our Board of Directors amended and restated our non-employee director compensation policy in February 2019. Our non-employee director compensation policy is described under "Director Compensation" below and our change in control and severance agreements is described under "Change in Control and Severance Agreements" below.

The Compensation Committee has engaged Compensia annually since 2014 to provide executive compensation advisory services in support of its annual evaluation of our executive compensation program. In the fourth quarter of 2017, our Compensation Committee requested that Compensia update its evaluation of our long-term incentive compensation program to provide updated market equity refresh grant levels. Our Compensation Committee considered the analysis performed by Compensia in approving equity refresh grant levels for certain of our named executive officers in January 2018. Further, in January 2018, the Compensation Committee reviewed and updated the components of the executive bonus plan and related target bonus opportunities to ensure alignment with Company performance goals, such as business and financial performance and customer happiness.

Elements of Compensation and 2018 Determinations

Our executive compensation program has historically consisted of three principal components: a base salary, a performance-based cash bonus plan (together with base salary, "total cash compensation"), and long-term equity incentive compensation. The long-term equity incentive compensation has consisted of stock options and restricted stock units that vest over time if the executive remains employed with the Company. We also provide our named executive officers with certain other benefits including severance and change-of-control benefits, the ability to participate in our 401(k) plan, the ability to participate in our employee stock purchase plan and other employee benefit plans that are generally available to all other eligible employees.

Cash Compensation

Overview. The cash component of our executive compensation program has served a two-fold purpose. Base salaries are intended to provide financial stability, predictability and security of compensation for our named executive officers for fulfilling their core job responsibilities, while the performance-based cash bonus plan has been intended to incentivize and reward the achievement of predetermined corporate short-term objectives that are aligned with our strategic plan as well as individual performance. In addition, the performance-based cash bonuses have been used to further motivate and reward our named executive officers for achieving corporate growth and financial performance goals that exceed industry levels and, thus, maximize stockholder value in accordance with the Company's long term strategic plans. The Compensation Committee's objective has been for each named executive officer (other than Mr. Coates) to be able to realize approximately the 50th percentile for comparable positions in base salary, target performance-based cash bonus and total cash compensation, assuming achievement of applicable corporate objectives and full payment based on his or her performance (and, correspondingly, payment in full of the executive's target performance-based cash bonus).

With the exception of Mr. Coates, to determine the level of each component of an executive's target total cash compensation, the Compensation Committee first considered the prior year's base salary, performance-based cash bonus target and total cash compensation. The Compensation Committee then considered the relevant base salary, performance-based cash bonus target and total cash compensation target information in its competitive market analysis to ascertain the percentile that the prior year's salary, performance-based cash bonus target and total cash compensation target represents, respectively. After taking this information into consideration, the Compensation Committee then set each such executive's base salary and performance-based cash bonus target with reference to the 50th percentile of the base salary and total cash compensation for comparable positions identified in the competitive market analysis.

Adjustments in total cash compensation targets may then be made based on such factors as an executive's duties and responsibilities and his or her position in the Company, an executive's individual contributions, as well as management's financial forecasts for the upcoming year.

2018 Base Salary and Total Cash Compensation Determination. In determining base salary compensation for our named executive officers, other than Mr. Coates, for 2018, the Compensation Committee used its objective of base salary compensation in the 50th percentile as guidance and targeted total cash compensation in the 50th percentile, including performance-based cash compensation elements, in each case as compared to the Peer Review Report. The following table sets forth, for each named executive officer, base salary and total targeted cash compensation for 2018, the percentile the base salary and total targeted cash compensation compares to the Peer Review Report, total targeted cash compensation for 2017, and the percentage increase the total targeted cash compensation for 2018 represents from the total targeted cash compensation for 2017:

Name	2018 Base Salary	2018 Base Salary as a Percentile Compared to the Peer Review Report		2018 Targeted Total Compensation	2018 Total Targeted Compensation as a Percentile Compared to the Peer Review Report		2017 Targeted Total Compensation	Total Targeted Compensation Increase from 2017 to 2018	
Daniel T. Goldsmith [1]	$440,000	55.3	%	$ 880,000	56.9	%			
Joshua L. Coates	1	0	%	1	0	%	1	0	%
Steven B. Kaminsky	321,000	44.6	%	497,550	44.2	%	444,000	12.1	%

Matthew A. Kaminer	276,000	44.8	%	386,400	43.2	%	348,300	10.9	%
Mitchell E. Macfarlane	300,000	41.2	%	465,000	37.6	%	420,000	10.7	%

(1)Mr. Goldsmith was hired in June 2018; therefore 2017 compensation information is not applicable.

Joshua L. Coates. As part of its annual review of his compensation, the Compensation Committee considered whether it would be appropriate to continue to honor Mr. Coates' request for a nominal base salary. Although this arrangement conserves our cash resources and allows Mr. Coates to continue to signal his confidence in our business, the Compensation Committee revisited whether the lack of meaningful cash compensation would encourage excessive or unnecessary risk-taking behavior. In particular, the Compensation Committee noted that a large portion of Mr. Coates' personal wealth continued to be tied directly to our stock performance, thereby mitigating the risk of him focusing disproportionately on short-term results, and balancing the lack of meaningful cash compensation. Based on this determination, our Compensation Committee approved the continued payment of a nominal base salary to Mr. Coates.

Performance-Based Cash Bonus Determination. The Compensation Committee approved the 2018 Executive Bonus Plan in January 2018 (the "2018 Bonus Plan"). Under the 2018 Bonus Plan, performance-based cash bonuses were to be earned based on our actual performance as measured against certain financial performance criterion as selected by the Compensation Committee (the "Corporate Targets") as well as individual performance. Each named executive officer was eligible to earn his or her annual performance-based cash bonus target (the "Incentive Target") based on the combined weighted percentage achievement level of each of the Corporate Targets as well as his or her individual performance, with a maximum percentage achievement level of 150 percent of each named executive officers Incentive Target.

For 2018, the Compensation Committee selected various Corporate Targets and allocated a certain percentage of each executive's target annual cash bonus opportunity to the achievement of each Corporate Target, as well as a component of individual performance, as follows:

Component	Weighting	
Revenue	30	%
Gross Margin Percentage	15	%
Operating Income	15	%
Customer Happiness	15	%
Net Revenue Retention	15	%
Individual Performance	10	%
Total	100	%

In general, we consider our Corporate Targets for 2018 to have been challenging but achievable. In January 2019, the Compensation Committee met and determined that the weighted average achievement of the Corporate Targets was 103 percent and that each named executive officer should receive 100 percent of the portion of his or her performance-based bonus that was based on individual performance. Thereby, the Compensation Committee determined that each named executive officer earned 103 percent of his or her Incentive Target. In January 2019, our Compensation Committee approved certain changes to our executive compensation philosophy, which affected the payment of our executives' 2018 performance-based cash bonus. The Compensation Committee determined that, consistent with our new compensation philosophy, the 2018 performance-based cash bonus amounts would be paid in the form of restricted stock units ("RSUs") instead of cash. The RSUs vest in equal installments on March 1, 2019 and September 1, 2019. To accommodate for the delayed vesting of the RSUs, the Compensation Committee set the value of the RSUs at 125 percent of the amount of the performance-based cash bonus earned. This change from cash bonuses to a payment in the form of an RSU is in line with an overall change to our executive compensation philosophy. For more information regarding the changes to our executive compensation programs in 2019, please see the section of the Compensation Discussion and Analysis titled "Changes in 2019 Executive Compensation." The following table sets forth, for each named executive officer, such officer's Incentive Target, the maximum possible Incentive Target that could be earned by such officer, the total Incentive Target earned by such officer (expressed in dollars), the percentage of the total Incentive Target earned by such officer and the RSU grants in lieu of paying cash bonuses, which were paid in 2019:

Name	Incentive Target	Maximum Possible Incentive Target	Incentive Target Earned	Percentage Earned	Number of Shares Subject to RSU Grant
Daniel T. Goldsmith[1]	$256,667	$320,834	$263,853 [2]	103 %	8,620
Joshua L. Coates[3]	—	—	—	—	—
Steven B. Kaminsky	176,550	220,688	181,493		