

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM 8-K**

CURRENT REPORT

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

Date of Report (Date of earliest event reported) February 29, 2016

**BENEFITFOCUS, INC.**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-36061

(Commission File Number)

46-2346314

(IRS Employer Identification No.)

100 Benefitfocus Way, Charleston, South Carolina 29492

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (843) 849-7476

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

**Item 8.01. Other Events.**

Attached hereto as Exhibit 99.1 and incorporated herein by reference is a presentation that Benefitfocus, Inc. plans to use with various investors and analysts.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Presentation of February 2016.

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SIGNATURE

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

**BENEFITFOCUS, INC.**

Date: February 29, 2016

/s/ Milton A. Alpern  
Milton A. Alpern, Chief Financial Officer

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# BENEFITFOCUS®

All Your Benefits. One Place.®

Investor Presentation  
February 2016



# Safe Harbor

This presentation may include forward-looking statements related to the future business and financial performance of Benefitfocus and future events or developments involving Benefitfocus. These statements may be identified by words such as “expects,” “looks forward to,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “may,” “might,” “will,” “could,” “would,” “should,” “targets,” “projects” or words of similar meaning. Forward-looking statements can involve a number of risks and uncertainties that could cause actual results to differ materially from those explicit or implicit in the forward-looking statements, including our continuing losses and need to achieve profitability, fluctuations in our financial results, general economic risks, management of growth, the immature and volatile market for our products and services, the need to innovate and deliver useful products and services, ability to compete effectively, reliance on key personnel, privacy, security, regulatory changes, and other risks associated with our business as set forth from time to time in our filings with the SEC. Some of the products and/or product features discussed in this presentation may be works in progress and not yet generally available for sale. Benefitfocus assumes no obligation and does not intend to update any forward-looking statements.



# COMPANY OVERVIEW

*Shawn Jenkins, Chief Executive Officer and Co-Founder*

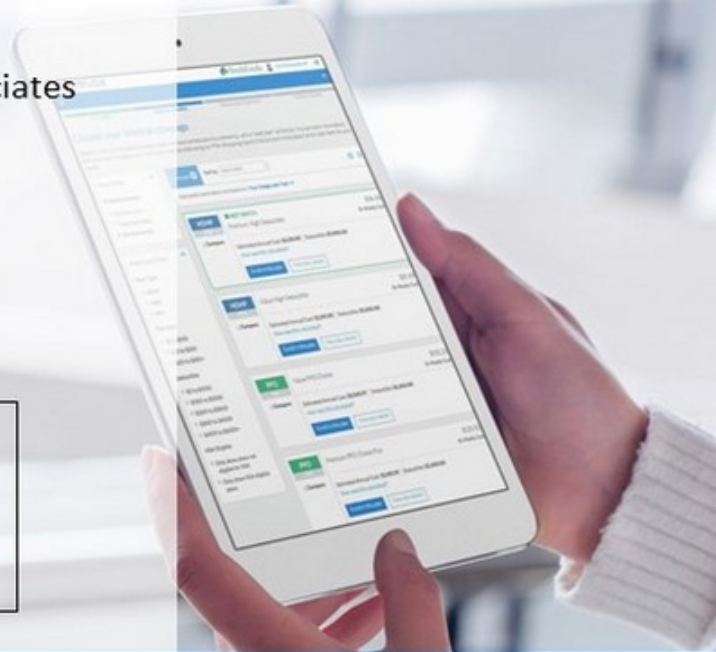
# BENEFITFOCUS®

Founded in 2000 | NASDAQ: BNFT | 1,400+ Associates

Charleston | Greenville | San Francisco | Tulsa

\$185M+ in 2015 Revenue

SOC 2 Certified | PCI Compliant



#### **Our Client Base includes:**

- 720+ Large Employers
- 50+ Insurance Carriers
- 27 Private Exchanges

#### **Our Platform Supports:**

- 1,500+ Data Exchanges
- 100+ Benefit Types



# INVESTMENT HIGHLIGHTS

Rapidly growing  
**Blue-chip customer base**



Our powerful platform makes for a **CATEGORY LEADER** in benefits

**Network and partner ecosystem drives high retention**

**SaaS-based financial model**



## Massive Market Opportunity

across four market segments



**EXPERIENCED,** founder-led management team







# Transforming the Massive Employer Benefits Industry by Moving It to the Cloud

- Massive market opportunity
- SaaS model with significant revenue visibility
- Strong revenue growth
- 100% cloud-based technology

# Continued Momentum

## The Business

- Ten strong and successful public quarters
- Revenue growth of 31% in 2014 and 35% in 2015

## Employer Market

- Strong sales momentum in core large employer market (1,000+)
- 723 large employer customers, more than 100% from IPO, 170 new employer customers in 2015

## Private Exchanges

- Established market leadership in high growth market (27 private exchanges)
- Expanded partnership and investment by Mercer reinforces opportunity

## Margin Improvement

- 840 bps gross margin improvement YoY
- Certified 3rd party systems integrators
- Outsourcing lower margin services enhances Benefitfocus' gross margin profile

# We're experiencing a period of unprecedented change

## Trends impacting the Benefits Function

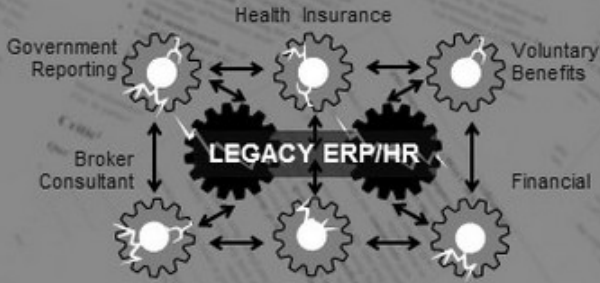
-  Rapid expansion of regulatory and cost pressure as a result of the ACA
-  Four generations of talent converging in the workforce
-  The war for top talent is heating back up in the marketplace

## Implications for Benefits Leaders

-  Focus on Employee/Plan "Fit" to manage the cost curve
-  Tools to simplify the complex while removing manual workflows
-  Plan design evolves beyond traditional benefits to strengthen value proposition

# Transforming the Way Benefits are Managed

## The Old Way



- Paper-based and legacy
- Slow and frustrating
- Fragmented data

## The Benefitfocus Way



**Cloud-based**  
**Simple and fast**  
**All Your Benefits.**  
**One Place.**

# Our Market Overview

**\$1.6**  
trillion



Amount spent on  
health care in 2011<sup>1</sup>

**96**  
percent



Percent of employers  
with 50+ employees  
offering health  
insurance in 2013<sup>2</sup>

**31**  
percent

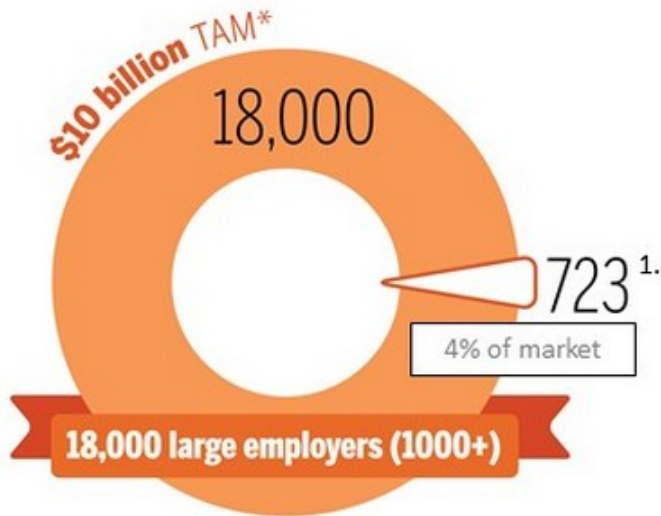


Benefits as a percent  
of total employee  
compensation<sup>3</sup>

1. EBRI.org: Tabulation from Dept. of Commerce, Bureau of Economic Analysis, National Income and Product Accounts of the US and Department of Labor, BLS, CPI
2. Kaiser Family Foundation: Percent of Private Sector Establishment That Offer Health Insurance to Employees, by Firm Size (2013)
3. EBRI.org: EBRI Databook on Employee Benefits, Chapter 3, Employer Costs per Hour Worked for Employee Compensation, Civilian Workers, Selected Years, 2007-2013 (2013)



# Employer Market Opportunity



1. Number of large employer customers as of December 31, 2015  
\* TAM estimated by Benefitfocus



Accelerating adoption of cloud-based software models

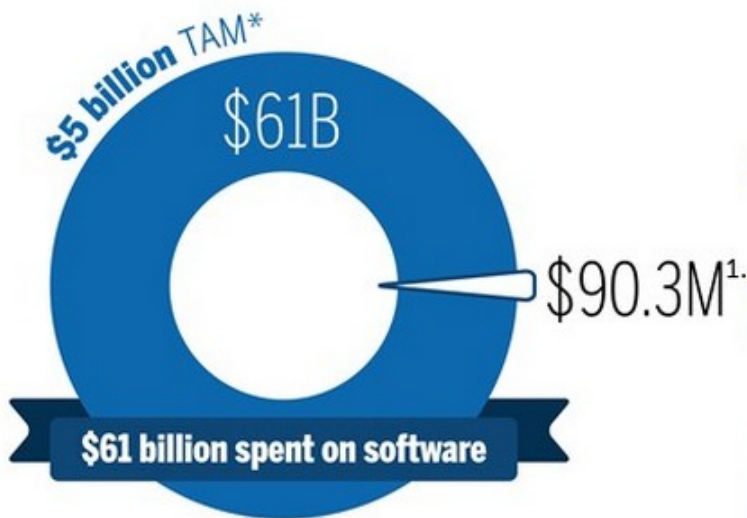


Shifting from defined benefit to defined contribution



Driving better employee engagement

# Insurance Carrier Market Opportunity



Leading the shift from manual to automated processes



Reducing administrative costs and increasing ROI



Adapting to post-reform landscape

1. LTM revenue in Insurance Carrier segment as of December 31, 2015  
\* TAM estimated by Benefitfocus



# Multiple Distribution Channels

## Direct Sales

- Large employer (1,000+ employees) and Carrier markets
- Land and Expand strategy in both segments
- New product offerings in employer segment

## Channel Partners

- Mercer Marketplace\* – More than 1.4 million lives. Equity investment and expanded commercial relationship
- SAP – Reseller of Benefitfocus Marketplace as SAP's U.S. Benefits Admin platform
  - On SAP U.S. price list
  - Complement to market-leading core HCM application
- 27 private exchanges

## Benefitstore

- Voluntary benefit product offerings provided through Benefitfocus Marketplace
  - Critical Illness
  - Accident
  - Auto & Home
  - Many others...
- Commission-based revenue model
- Tremendous opportunity to monetize consumer segment

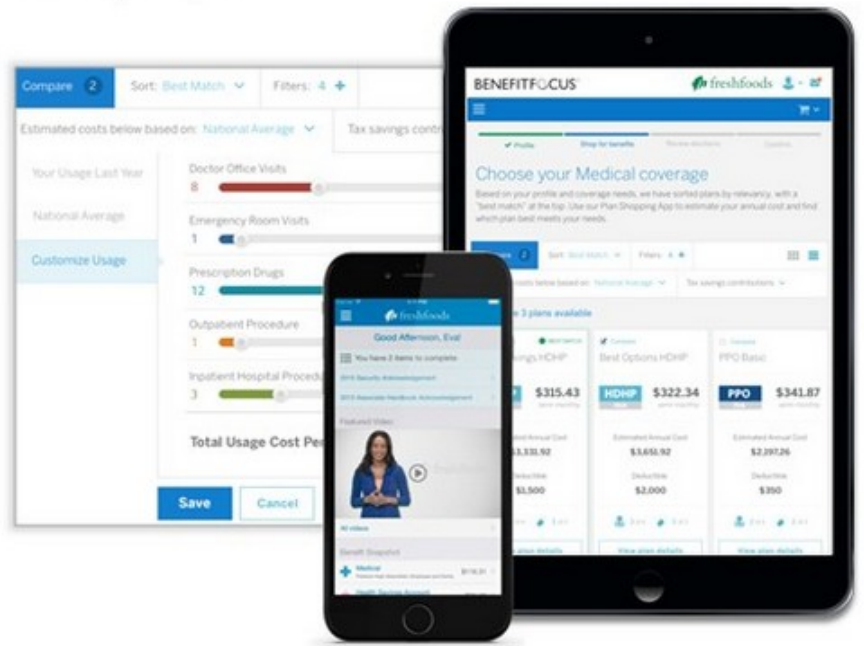
## System Integrators

- Trained and certified third party partners performing customer implementations
- Future reseller opportunities
- Adds another powerful element to our Benefitfocus Economy

\* Revenue from Mercer was \$13.6 million for the year ended December 31, 2015 from the time they became a related party in February 2015.

# Products and Services for Employers

- Benefitfocus Marketplace
- Communication Portal
- ACA Compliance & Reporting
- Core & Advanced Analytics
- eBilling & Payment
- Video
- Benefits Service Center
- Benefitstore
- Implementation Services
- Integrations
- Benefitfocus University



# Products and Services for Carriers

eEnrollment

eBilling

eSales

eExchange

Marketplace for Carriers

Individual Marketplace

Small Group Marketplace

Large Group Marketplace

Retiree Marketplace

Core & Advanced Analytics

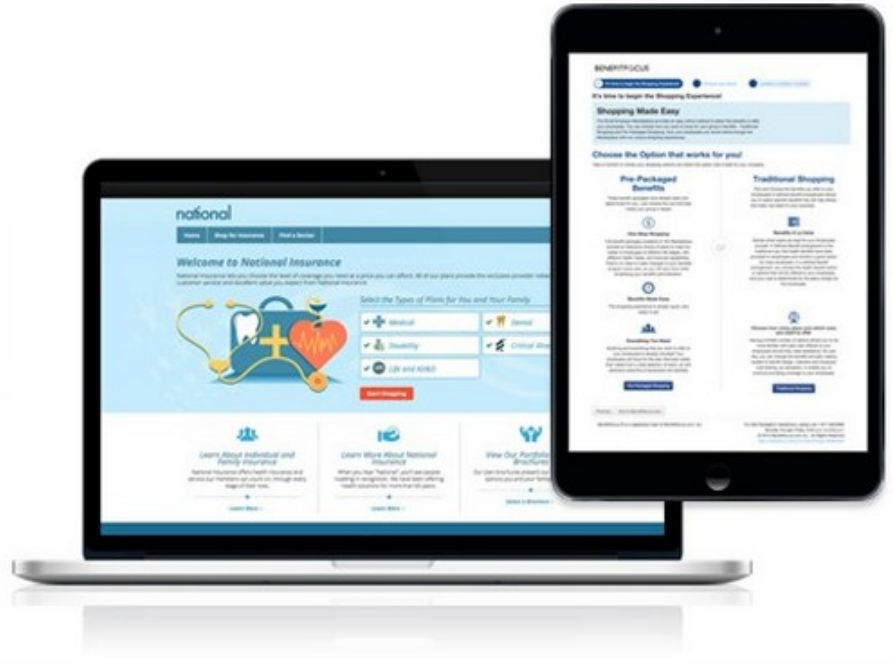
Benefits Service Center

Integrations

Benefitstore

Implementation Services

Video



# The Benefitfocus Marketplace for Private Exchanges

*One Platform for All Segments*

- Enrollment and Administration
- Data and Analytics
- Multi-carrier, multi-products
- Billing and Payment
- Decision Support
- Group Shopping
- Customer support
- Branding

**Individual  
Small Employer  
Large Employer  
Retiree**



# Benefitfocus Product Planning & Release Schedule

4

releases per year

8

quarter roadmap

60

months  
(The Next Five Octobers)







# ECOSYSTEM to ECONOMY



# Why We Win (Increasingly Automated & Agile)

Competitive Factors	Internal Solutions*	Niche/HR Outsourcers*	ERP*	Benefitfocus	Why We Win
Technology Leadership					<ul style="list-style-type: none"> <li>• Software as a Service</li> <li>• Rapid deployment</li> </ul>
Domain Expertise					<ul style="list-style-type: none"> <li>• Benefits leadership</li> <li>• Command of healthcare complexities</li> <li>• Breadth and depth of functionality</li> </ul>
Network Effect					<ul style="list-style-type: none"> <li>• Real-time data exchange</li> <li>• Insurance carrier and employer relationships</li> <li>• Broad apps ecosystem</li> </ul>
Configuration & Integration					<ul style="list-style-type: none"> <li>• Seamless implementation</li> <li>• Highly configurable</li> </ul>
User Interface					<ul style="list-style-type: none"> <li>• Engaging user-experience</li> <li>• Mobile-first design</li> </ul>

\* Estimated by Benefitfocus



# We're in the Post ACA World

## Benefitfocus Supports ACA Compliance

- ✓ Cost containment
- ✓ Communicating the value of the benefits program
- ✓ Consumer Choice
- ✓ Compliance
- ✓ System modernization to support changing strategies
- ✓ Measurement and data driven insights
- ✓ Interoperability among business partners





# Positioned for Significant Long-Term Growth

Lead & Pioneer Cloud-based Benefits Software

*Healthcare Reform Tailwind*



- Rapidly expand our customer base
- Extend our suite of applications
- Deepen relationships with existing customers
- Maintain benefits software leadership position
- Further develop our partner ecosystem
- Target new markets, including international expansion

# FINANCIAL OVERVIEW

*Milt Alpern, Chief Financial Officer*

# Financial Highlights

All of These Trends are Happening Simultaneously

## Growth

- Growth across both business segments
- Adding new employer customers at rapid pace
- In 2015, total revenue grew 35% and employer revenue grew 53%

## Visibility

- Software subscription model provides significant recurring revenue base
- Visibility in professional services
- Strong customer revenue retention

## Margin

- Recent investments driving future leverage in software gross margin
- 840 bps margin improvement in 2015
- Professional services margin benefitting from greater scale and shorter CRP
- Confident that our model is highly scalable

# Sustained Revenue Growth

Maintain Leadership Position as a High Growth Company  
Through Land and Expand Strategy

## LAND

- 18,000+ large employers
- Carriers
- Channel

**EXPAND** value and provide more product offerings to customer base

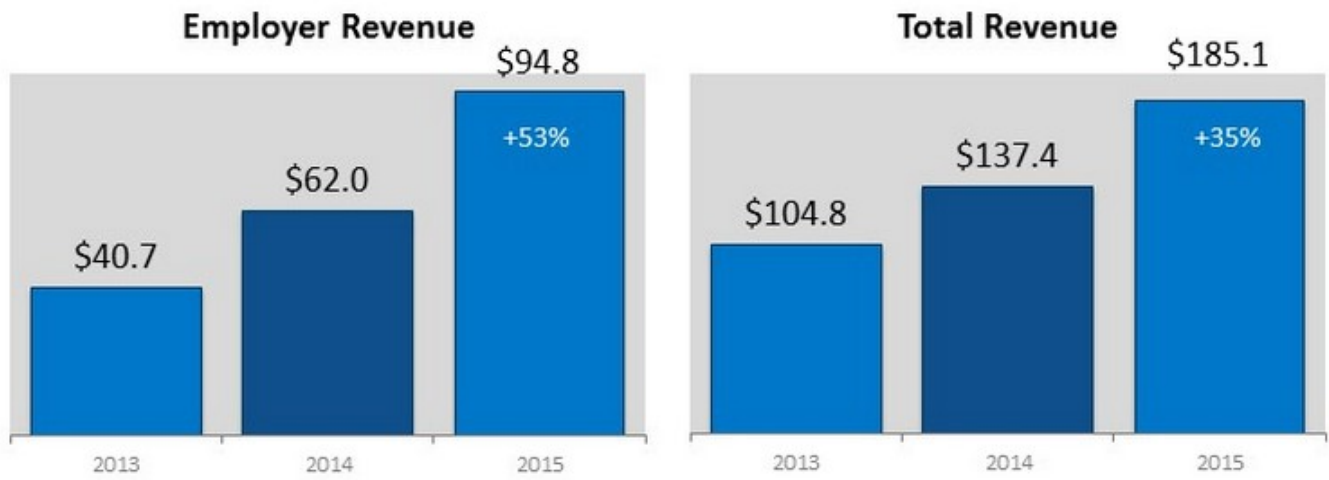
- Benefitfocus Marketplace
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- eBilling & Payment
- Benefits Service Center
- Benefitstore
- ACA Compliance & Reporting
- Video

# Operational Improvement

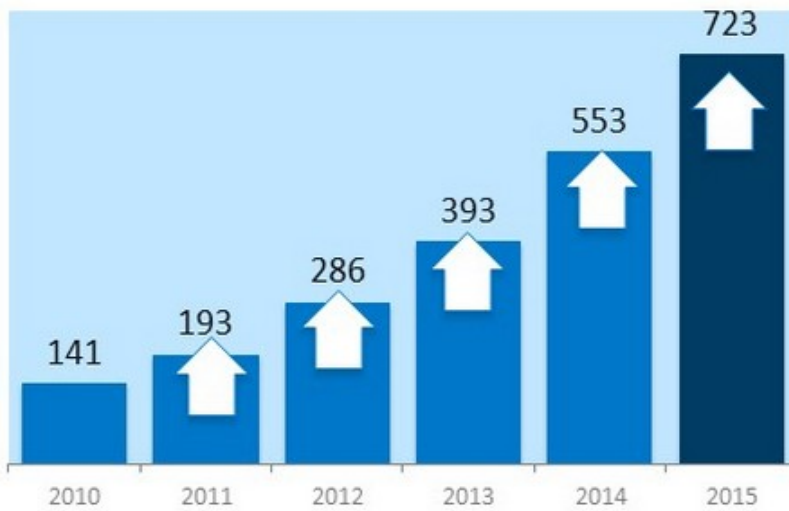
- Gross Margin Improvement (840 bps)
  - Continuous delivery and support process improvement efforts are underway
  - System integrator program will expand our implementation capacity and gross margin
  - Increasing our use of global resources improves cost effectiveness
  - Continuing to enhance our product for partner exchange opportunities (Mercer and others)
- EBITDA positive – Q4 2016



## Rapid Employer Business Revenue Growth (*\$ in millions*)



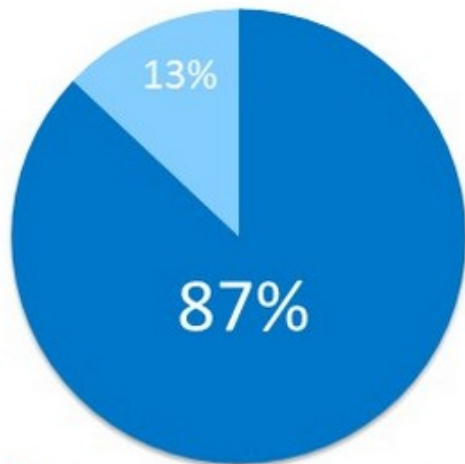
## Proven Growth Track Record In Employer Segment



- 723 of 18,000 potential large employers under contract
  - 4% penetrated
- 95%+ revenue retention rate
- 50%+ of total revenue
- Employer segment growth drivers
  - New customers (land)
  - Customer base (expand)



# Revenue Recognition Creates Highly Visible Recurring Revenue Model



● Software Revenue ● Professional Services

*Revenue by Type 2015*

**90+%** Visibility into the next 12 months

# Long-Term Financial Model

	2015	Long-Term Target
GAAP Gross Margin	44%	65 – 70%
GAAP Software Margin	64%	75+%
Research & Development	28%	10-15%
Sales & Marketing	32%	25-30%
General & Administrative	14%	8-10%
Adjusted EBITDA Margin	-17%	20+%

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