



Benefitfocus

Investor Day

Welcome to Benefitfocus Investor Day 2022

Our broadcast will begin shortly



Benefitfocus[®]
Investor Day

Investor and Analyst Day

May 10, 2022





Benefitfocus
Investor Day



Welcome



Our Agenda

Welcome	Doug Kuckelman, VP Investor Relations
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Vision & Return to Profitable Growth	Matt Levin, President & CEO
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Product Enhancements & Strategy	Tina Provancal, Chief Product Officer
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<i>Break</i>	
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Service Excellence	Sue Leary, Chief Customer Officer
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Sales & Marketing	Craig Maloney, Chief Commercial Officer
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<i>Break</i>	
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Forward Looking Financials & Capital Allocation Guidance	Alpana Wegner, Chief Financial Officer
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Q&A	
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Closing Thoughts	Matt Levin, President & CEO
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Optional: Lunch & Product Demo Station	
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Disclaimer

Safe Harbor

Except for historical information, all of the statements, expectations, and assumptions contained in this presentation are forward-looking statements. Actual results might differ materially from those explicit or implicit in the forward-looking statements. Important factors that could cause actual results to differ materially include: our need to achieve consistent GAAP profitability; fluctuations in our financial results; our ability to maintain our culture and recruit, integrate and retain qualified personnel, including on our board of directors; our ability to compete effectively and implement our growth strategy; market developments and opportunities; the need to innovate and provide useful products and services; risks related to changing healthcare and other applicable regulations; the immature and volatile nature of the market for our products and services; privacy, security and other risks associated with our business; management of growth; volatility and uncertainty in the global economy and financial markets in light of the evolving COVID-19 pandemic and war in Ukraine; and the other risk factors set forth from time to time in our SEC filings, copies of which are available free of charge within the Investor Relations section of the Benefitfocus website at <https://investor.benefitfocus.com/sec-filings> or upon request from our Investor Relations Department. Benefitfocus assumes no obligation and does not intend to update these forward-looking statements, except as required by law.

Disclaimer

Non-GAAP Financial Measures

The company uses certain non-GAAP financial measures in this presentation, including non-GAAP gross profit, operating income/loss, net loss/income, net loss/income per common share, adjusted EBITDA and free cash flow. Generally, a non-GAAP financial measure is a numerical measure of a company's performance or financial position that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP.

Non-GAAP gross profit, operating income/loss, net loss/income and net loss/income per common share exclude stock-based compensation expenses, amortization of acquisition-related intangible assets, transaction and acquisition-related costs expensed, expense related to the impairment of goodwill, intangible assets and long-lived assets, gain or loss on extinguishment of debt, and costs not core to our business. We define adjusted EBITDA as net loss before net interest, taxes, and depreciation and amortization expense, adjusted to eliminate stock-based compensation expense; transaction and acquisition-related costs expensed; restructuring costs; impairment of goodwill, intangible assets and long-lived assets; gain or loss on extinguishment of debt; other costs not core to our business; and loss on settlement of lawsuits. We define free cash flow as cash provided by or used in operating activities less capital expenditures, adjusted to eliminate cash paid for restructuring costs. Please note that other companies might define their non-GAAP financial measures differently than we do.

Management presents these non-GAAP financial measures in this presentation because it considers them to be important supplemental measures of performance. Management uses these non-GAAP financial measures for planning purposes, including analysis of the company's performance against prior periods, the preparation of operating budgets and to determine appropriate levels of operating and capital investments. Management believes that these non-GAAP financial measures provide additional insight for analysts and investors in evaluating the company's financial and operational performance. Management also intends to provide these non-GAAP financial measures as part of the company's future earnings discussions and, therefore, their inclusion should provide consistency in the company's financial reporting.



Matt Levin

President & CEO

20+ years health care, benefits,
and technology experience

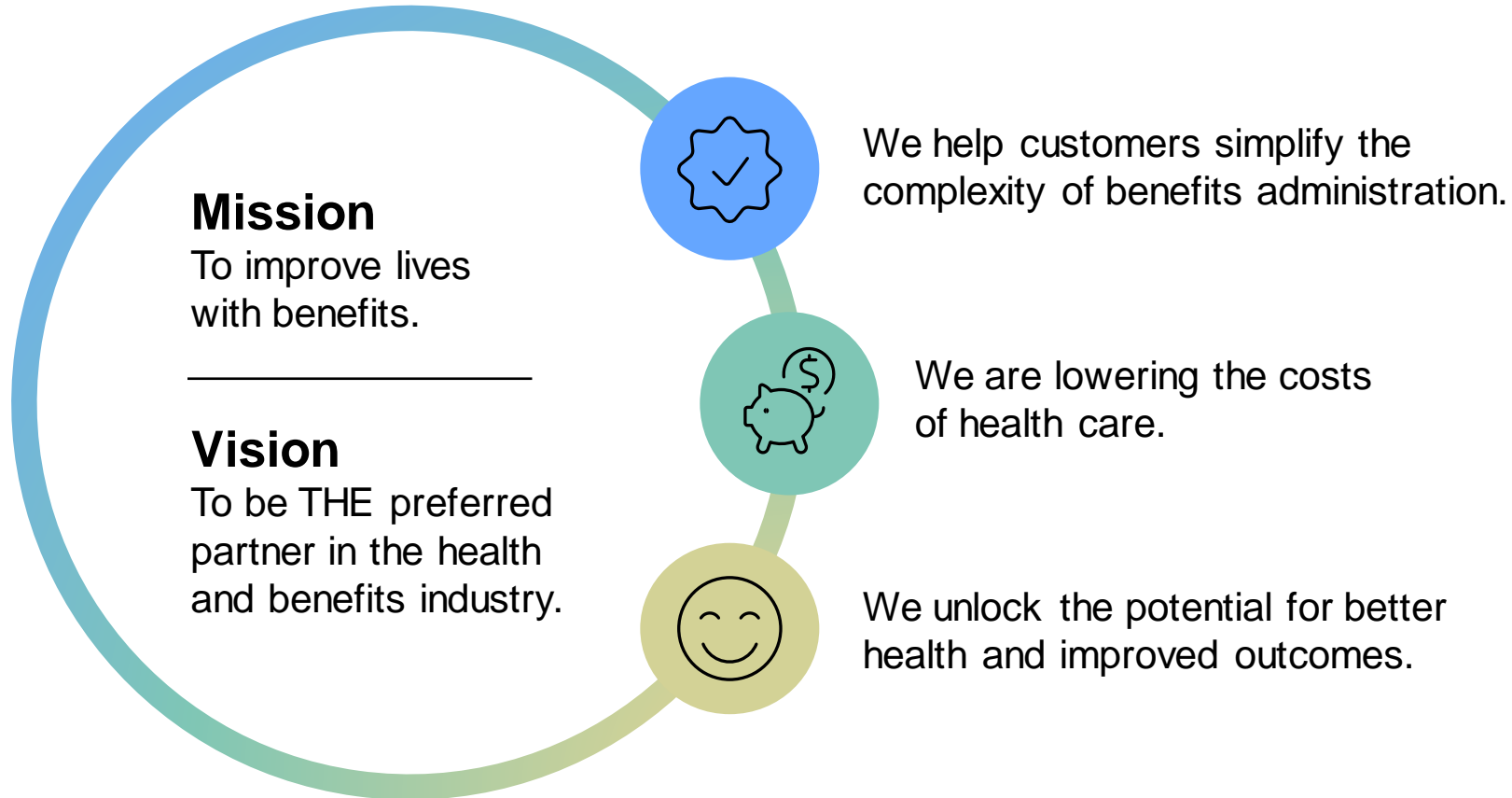
Expertise in corporate development
and strategic planning

Proven track record developing
and executing growth strategies

Compelling Investment Thesis

 Large and Growing TAM	<ul style="list-style-type: none"> ✓ Expanding presence in large, growing and underpenetrated addressable market with opportunity to grow into adjacencies ✓ Favorable industry tailwinds
 Differentiated & Scalable Technology	<ul style="list-style-type: none"> ✓ Leveraging differentiated, scalable technology platform and capabilities to solve complex problems across Employers and Health Plans
 Durable Business Model	<ul style="list-style-type: none"> ✓ Attractive, durable business model supported by subscription revenue and repositioned for sustainable growth ✓ Strong heritage in the industry and long-lasting customer relationships
 Transformation Growth Strategy	<ul style="list-style-type: none"> ✓ Strengthening the core ✓ Growing with intent ✓ Increasing operational efficiency
 Unrivaled Leadership Team	<ul style="list-style-type: none"> ✓ Tenured management team with deep industry experience executing the business transformation

Simplified Benefits Administration Drives Improved Health and Outcomes



Seasoned Team of Results-Driven Industry Veterans



Matt Levin
President & CEO



Tina Provancal
Chief Product Officer



Sue Leary
Chief Customer Officer



Craig Maloney
Chief Commercial Officer



Alpana Wegner
Chief Financial Officer



Kristin Adams
Chief People Officer



Tim Sand
SVP, Customer
Operations



Ana Perez
Chief Marketing Officer




Greg Mercer
SVP, Sales

~200 combined years of industry experience

AON

 **Accolade**

 **Fidelity**
INVESTMENTS

 **maestro health**

 **MASSACHUSETTS**

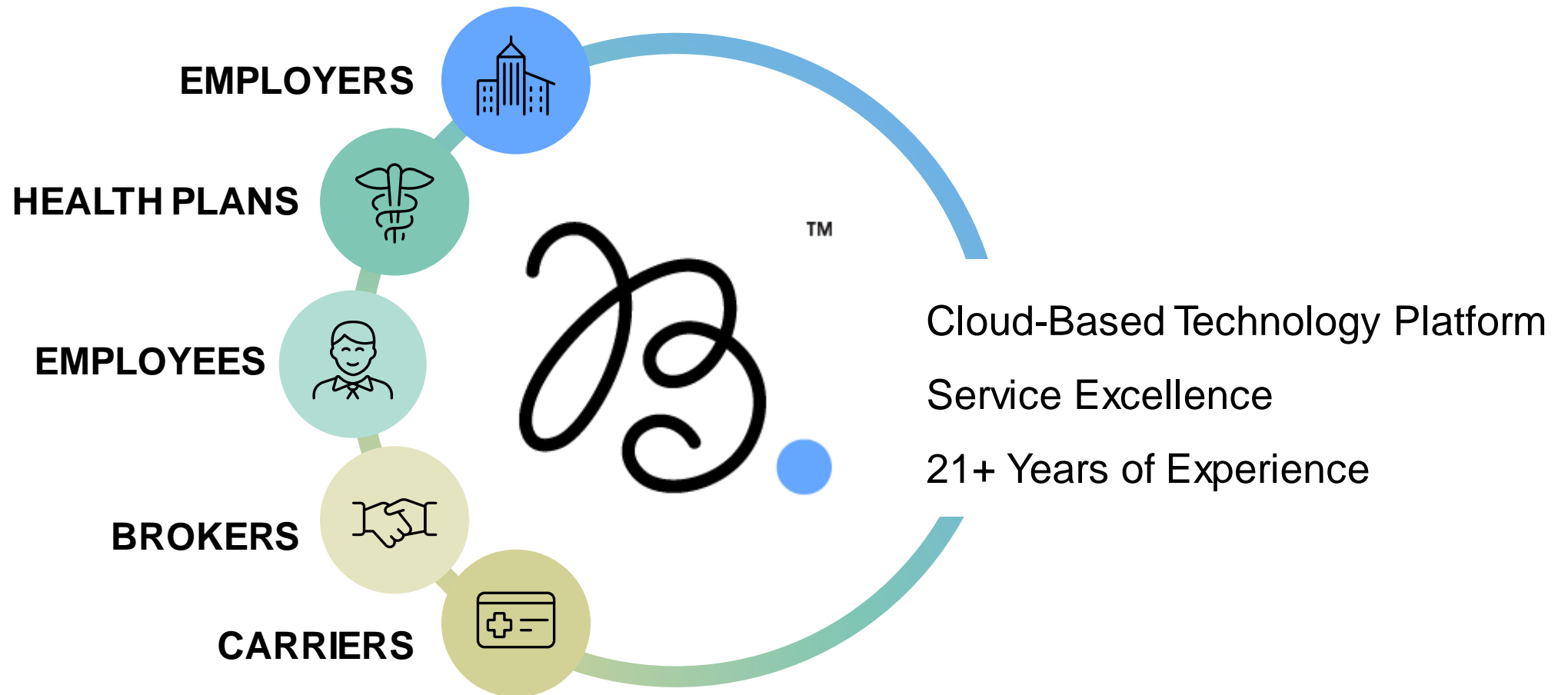
 **OPTUM Financial™**

 **TELADOC.**

wtw

 *Joined within last 12 months*

Uniquely Positioned to **Solve Complex Benefits Administration Problems** for Our Customers

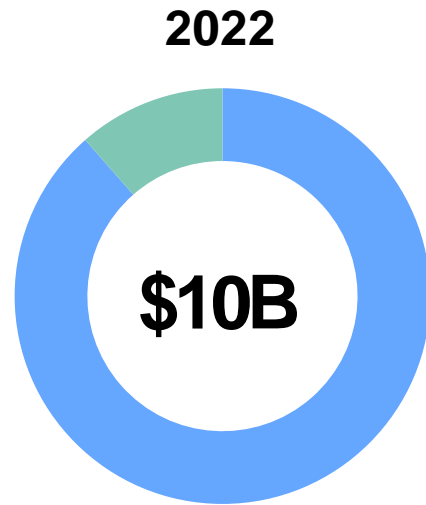


Massive Market Opportunity; With Room to Grow

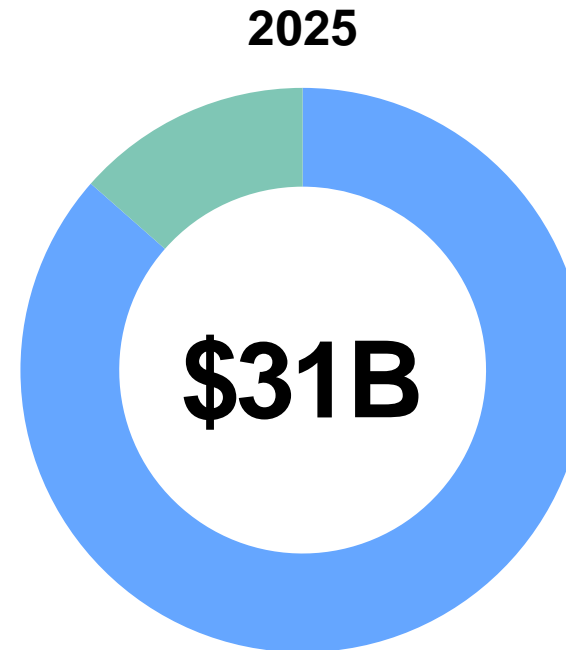
Health Plan
penetration
17%

Employer
penetration
2%

■ Employer
■ Health Plan



2022 Core TAM Drivers
Enrollment
Admin Services
Voluntary/Platform
Data/Health Insights



2025 TAM with Adjacencies
Advocacy & Navigation
New Data Products
Individual Platform Expansion



Source: US Census (2019), Salesforce (internal CRM), Hoovers (2019)

Partner of Choice for a Diversified Customer Base

25M Lives
1 of every 12 U.S. Employees

Employers

We serve

560+ Employer Customers
50+ Enterprise Customers

We work with

50+ Brokers

Health Plans

~60% of the Blues
35+ Health Plan Customers

100+ Carrier Partners

Evolving Industry Dynamics Unlock Growth Opportunities

Problems We Are Solving

Increasing health care costs for Employers

7.6%

Annual increase in healthcare costs for employers¹

High administrative burden for Health Plans and Employers

\$1T

Spent on administrative costs²

Demand for quality benefits is now a differentiator

98%

Of leaders plan to newly offer or expand at least one employee benefit to help improve retention, health and productivity³

Our Differentiated Value Proposition

- ✓ Lower health care costs
- ✓ Reduce administrative and operational costs

- ✓ Increased access to tools, data and customer service
- ✓ Reduce administrative and operational costs
- ✓ Higher member retention and satisfaction

- ✓ Recruit and retain talent with enhanced benefits
- ✓ User-friendly enrollment solutions
- ✓ Enable employees to maximize benefit elections

Sources: 1. Willis Towers Watson 11/21; 2. WFAE 09/21; 3. Harvard Business Review 04/21

Executing Against Our Three Pillar Strategy

Strengthening the Core

Investing in service excellence to achieve higher customer retention and references

Innovating on a strong technology platform to meet our customers' new and evolving needs

Execution of plan led by industry veterans with proven transformational expertise

Growing with Intent

Deploying capital to expand and enhance core product capabilities

Leveraging data assets to deliver industry-leading, tech-enabled services and insights

Moving up market by targeting larger, higher-value customers

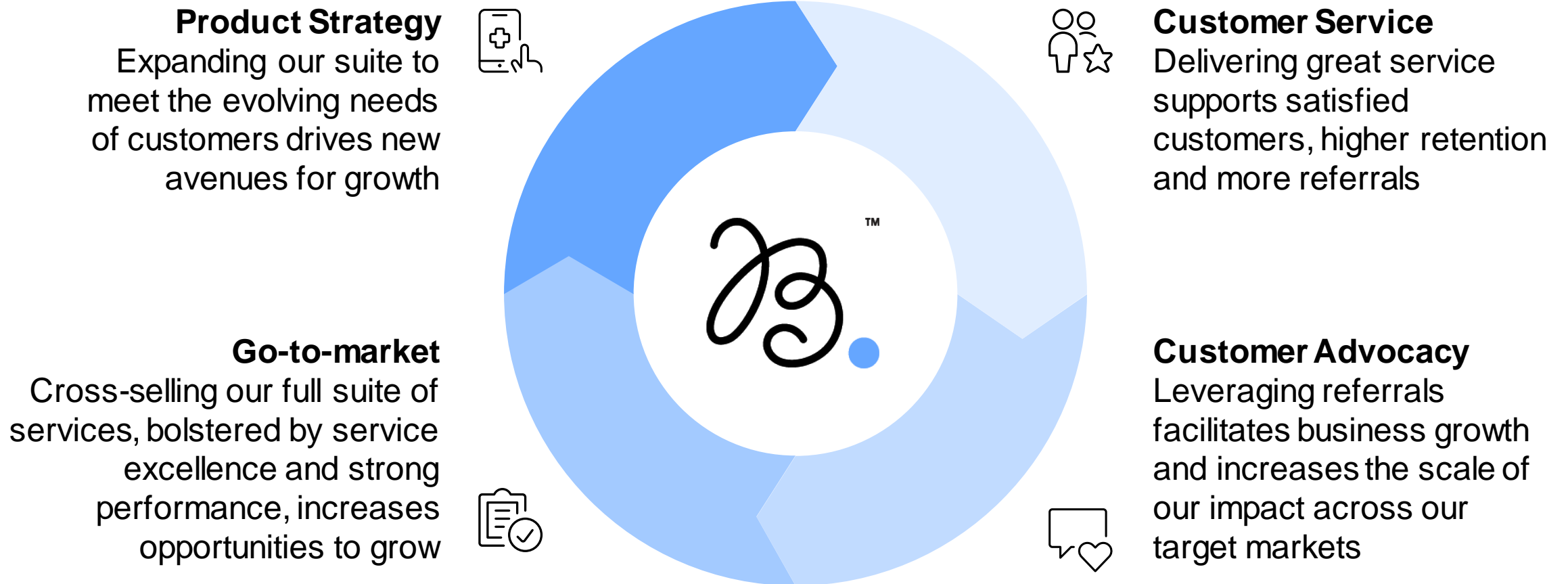
Increasing Operational Efficiency

Automating processes to drive stronger software gross margins

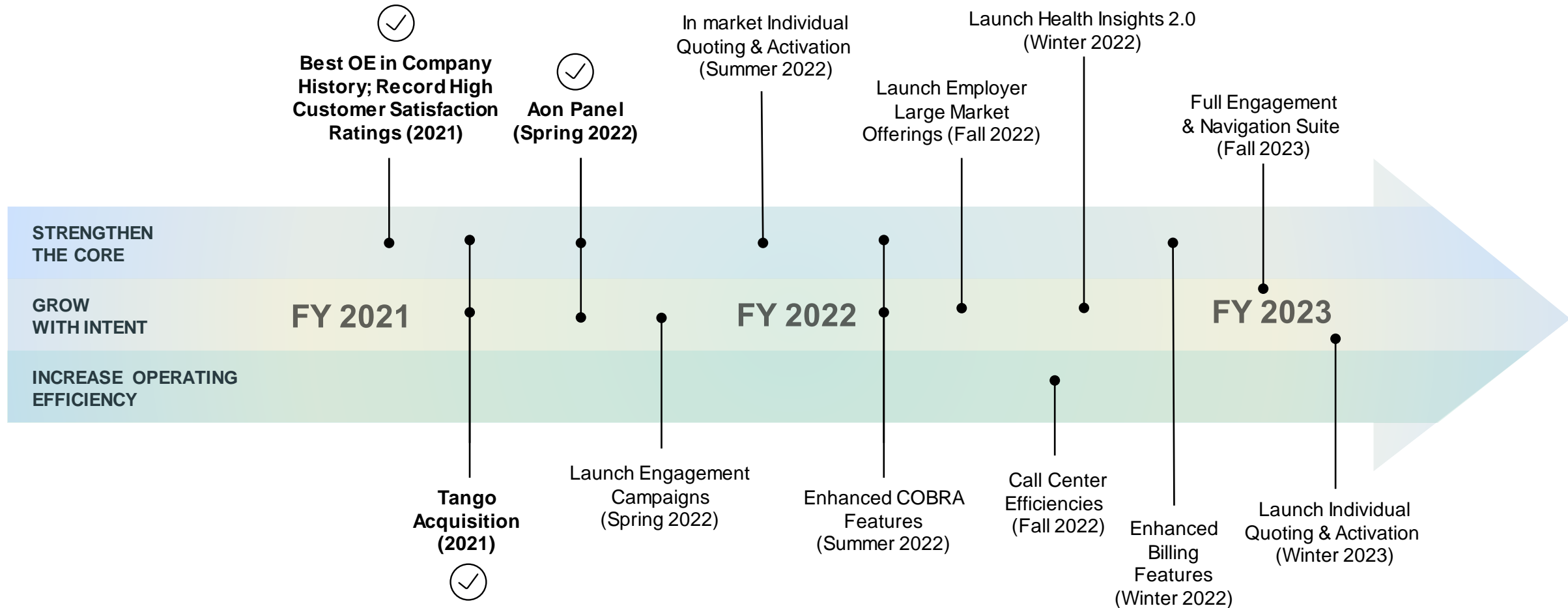
Optimizing sales and marketing organization, resulting in increased EBITDA

Sustaining margins while executing revenue growth strategy

Putting the Benefitfocus Flywheel In Motion



Delivering On Our Commitments With Momentum



Compelling Investment Thesis

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Tina Provancal

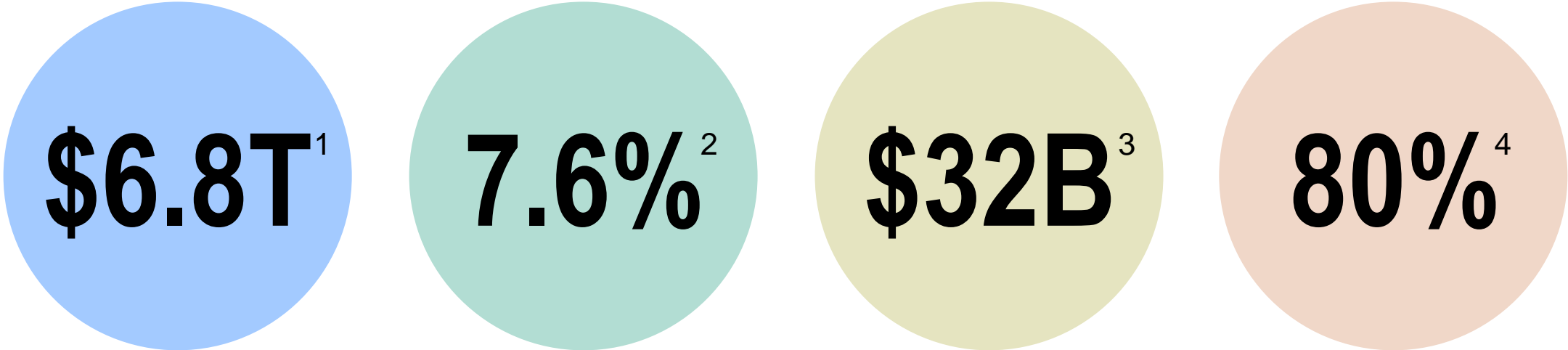
Chief Product Officer

25+ years of industry experience

Benefits design, administration,
business transformation, clinical advocacy

Consultant and co-creator with
health plans and employers

Health Care is Costly and Increasingly Complex



\$6.8T¹

Projected US
healthcare spend 2030

7.6%²

Increase in
benefit costs

\$32B³

Unnecessary
ER spend

80%⁴

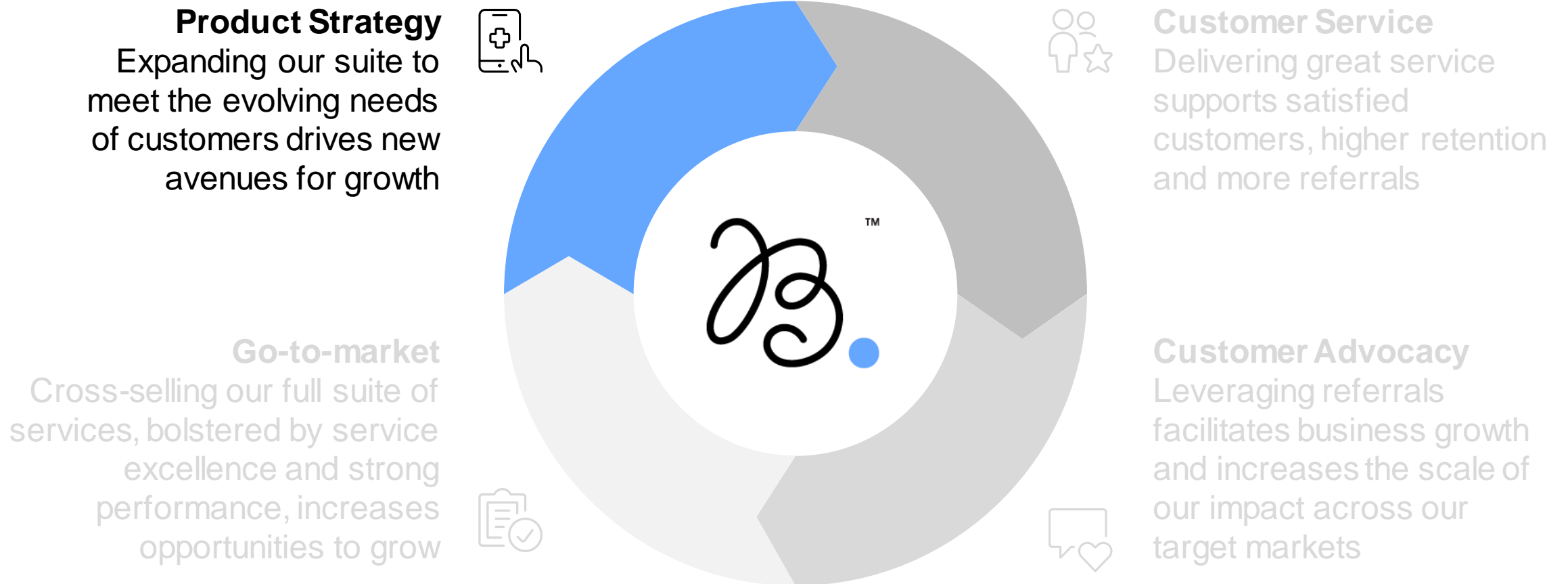
People choose the
wrong medical plan

Sources: 1. CMS 3/22, 2. Willis Towers Watson 11/21, 3. United Healthcare 7/19, 4. NerdWallet 10/19

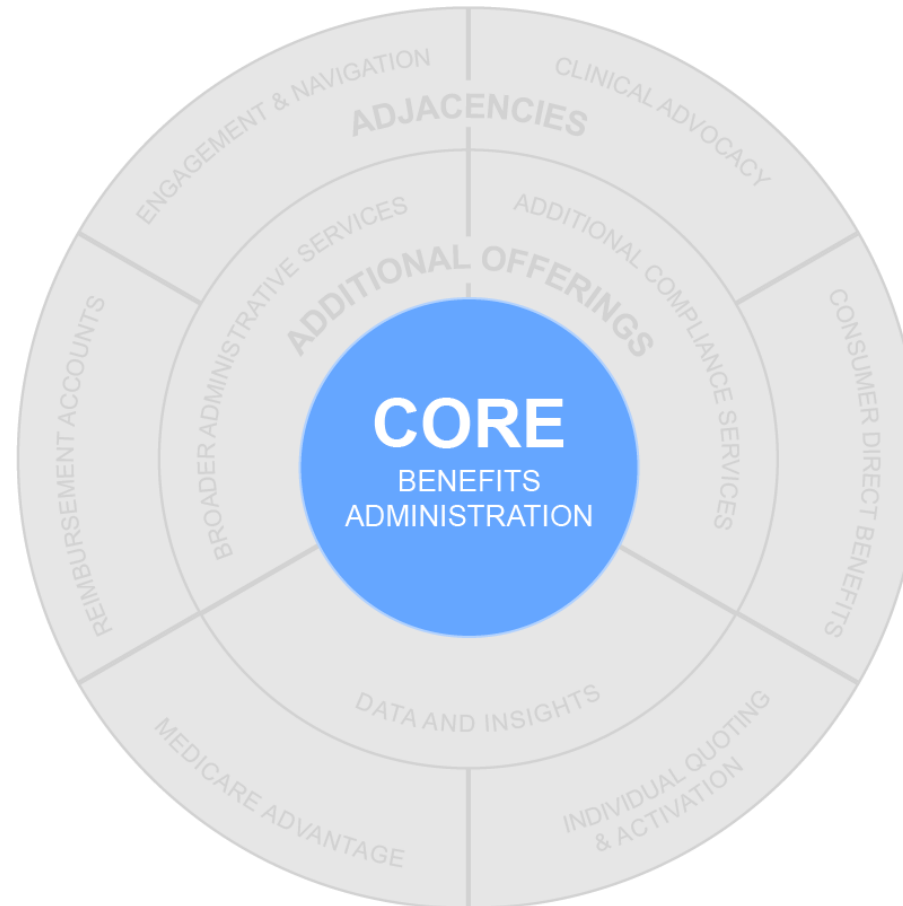
Help People Get the Most Out of Their Benefits



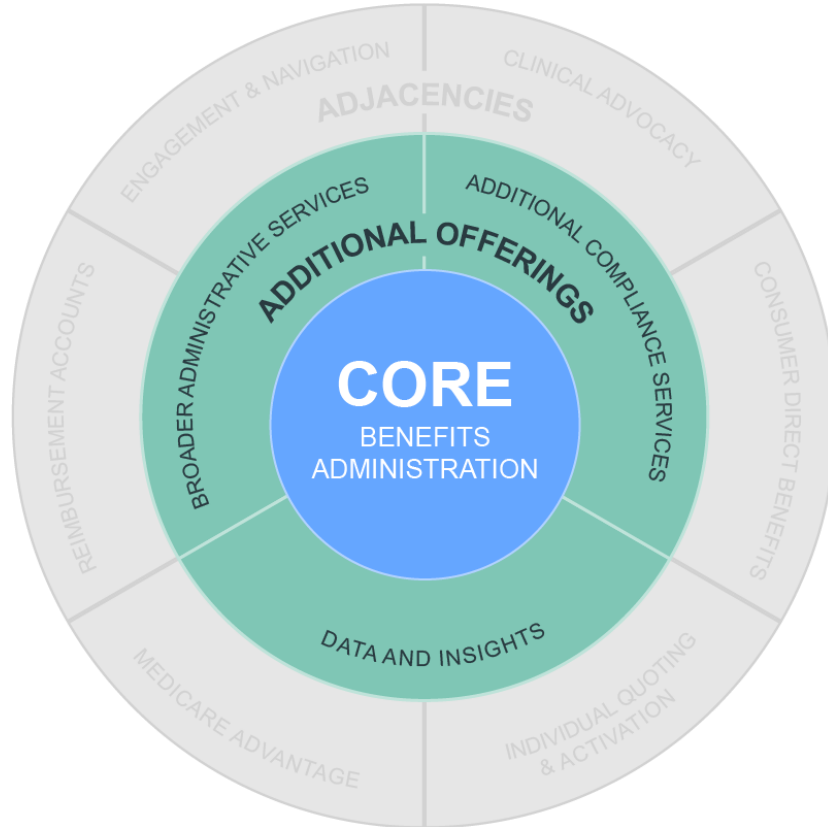
Enhancing Capabilities to Support Growth



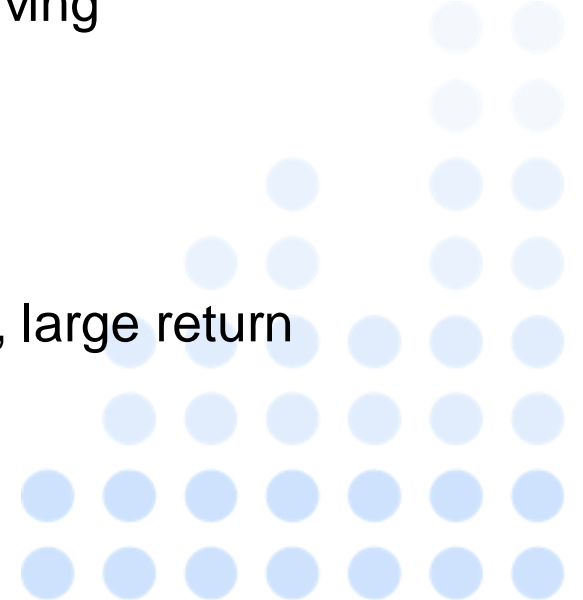
Building on Our Comprehensive Solution Set



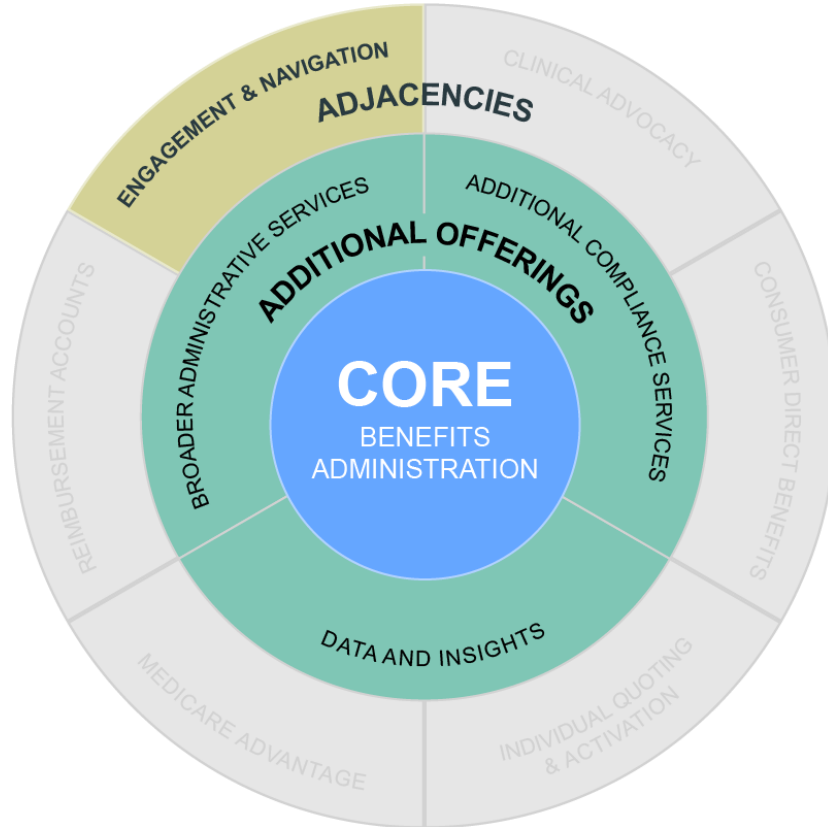
Stronger and Expanded Core Capabilities



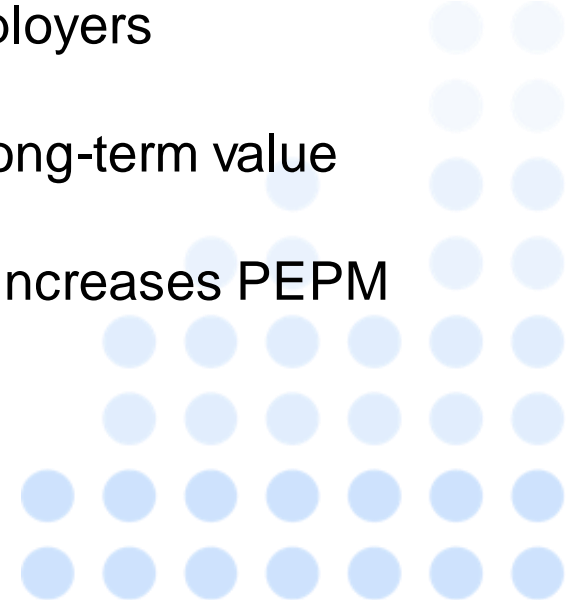
- Deliver industry-leading administrative and compliance services
- Increase automation driving operational efficiencies
- Accessing more TAM
- Moderate development, large return



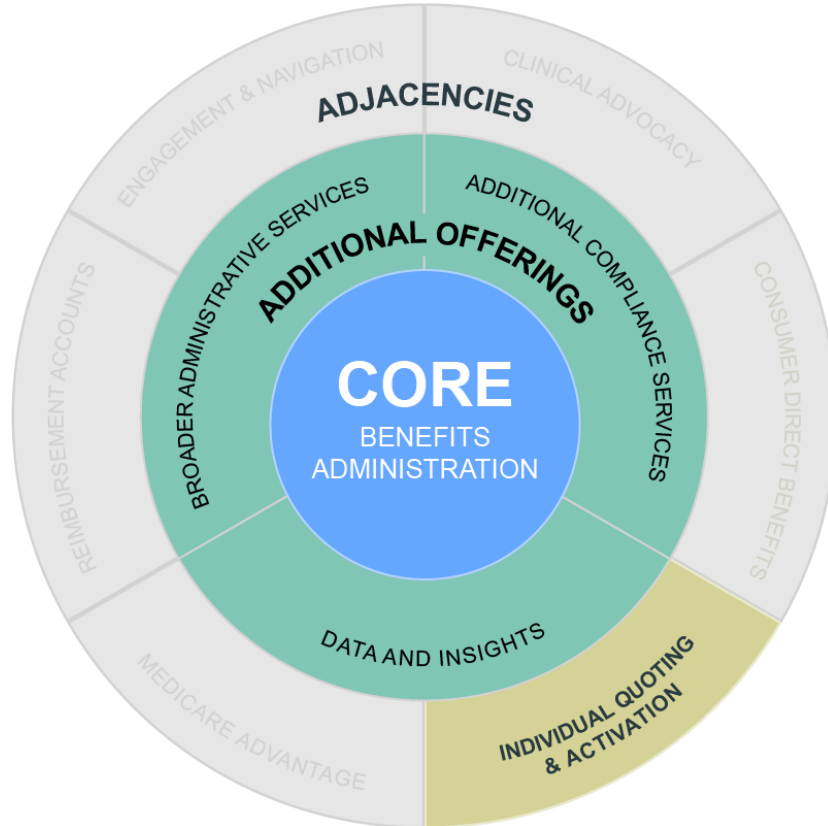
Improved Engagement and Health Navigation



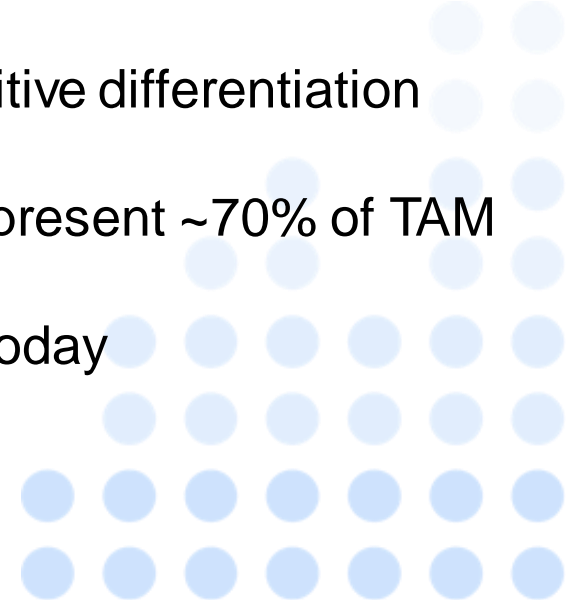
- Deep personalization and decision support
- Critical need for all employers
- Designed to generate long-term value
- Natural adjacency that increases PEPM



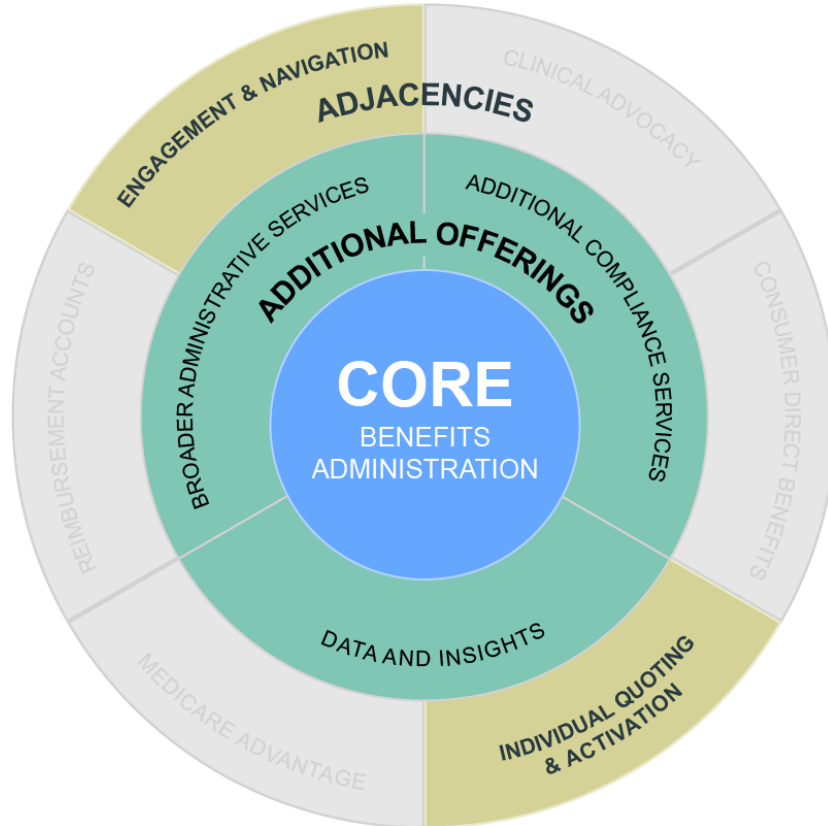
Extension Into Individual Market



- Leverage existing capabilities to win in adjacent, fast-growing market
- Opportunity for competitive differentiation
- Top 10 Health Plans represent ~70% of TAM
- 4 of 10 are customers today



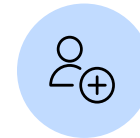
Addressing a Large and Expanding Opportunity



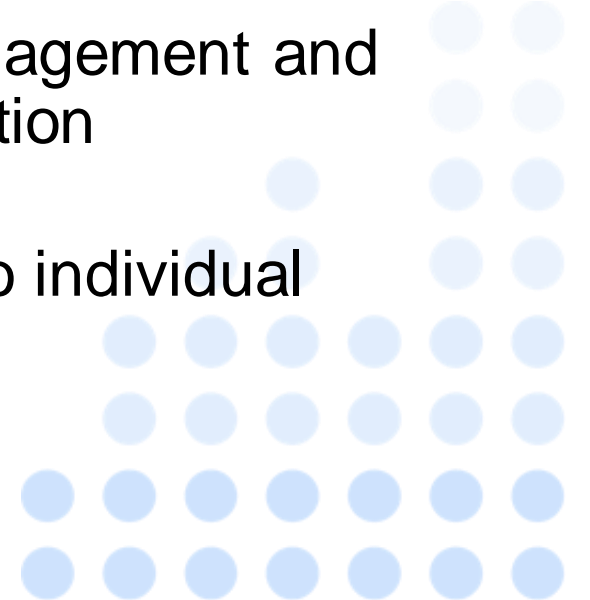
Stronger and expanded core capabilities



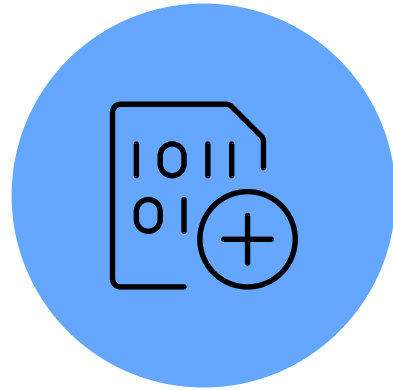
Improved engagement and health navigation



Extension into individual market



Product Differentiation Unlocks Customer Value



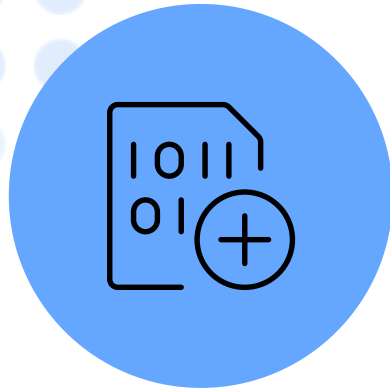
Technology



Data



Experience



Technology

An agile and scalable technology platform that accelerates innovation.

Cloud-native

to allow for dynamic scaling and distributed processing.

Modern platform

to reduce maintenance costs and enable greater focus on innovation.

Single codebase architecture

to enable fast implementations and accelerated product development and innovation.

Low-code/no-code development tools

to increase collaboration and speed in our releases.



Data

Access to differentiated data for insights that empower outcomes.

Real-time access to insights

to empower actionable strategies that deliver health care ROI for our customers.

Leveraging AI and ML

to advance existing personalization capabilities and expand into additional insight offerings.

Defense-in-depth security model

to secure critical data, mitigate cyber risk and maintain PCI, SOC, and HITRUST certifications.



Experience

An intuitive user experience designed to maximize engagement.

Real-time member data

to deliver personalized interactions that drive benefits satisfaction and decision support.

Omni-channel

to enable a seamless user experience and drive greater health and benefit engagement.

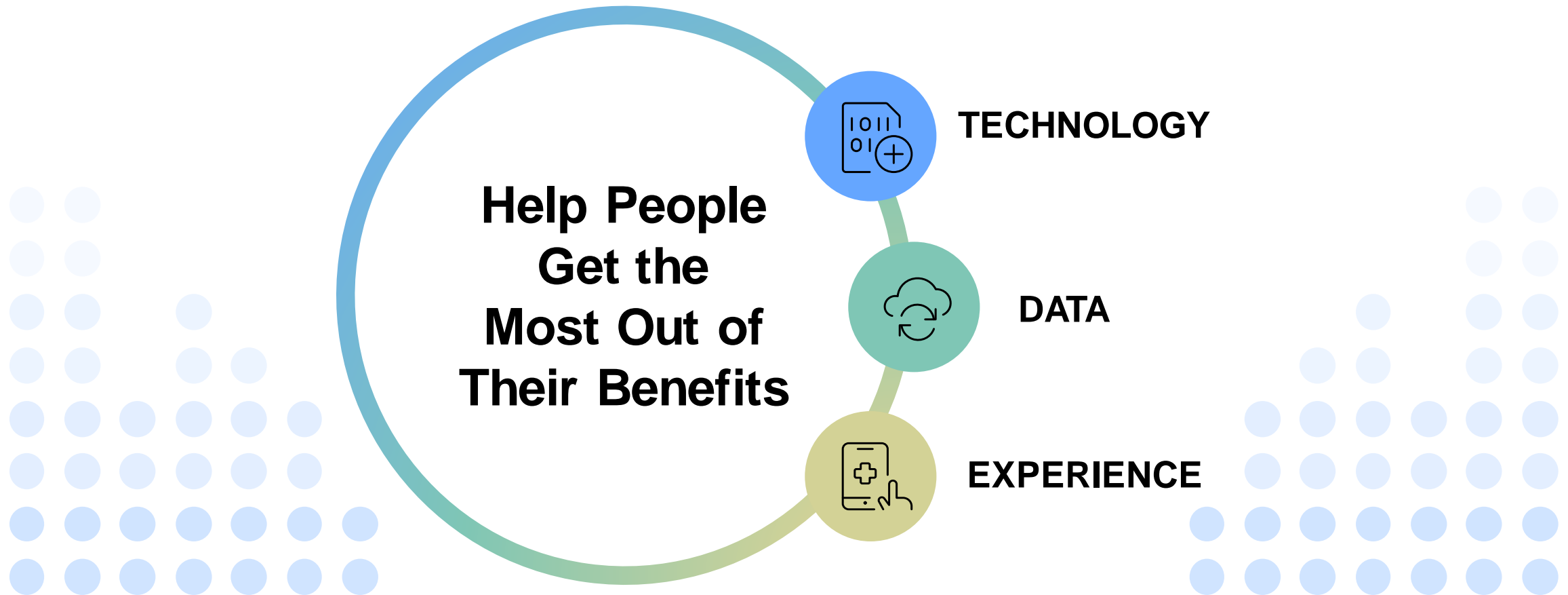
Self-service capabilities

to help educate and support users anytime, anywhere.



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Uniquely Positioned to Unlock Customer Value and Transform Our Growth Strategy





Key Takeaways

We have a large and expanding opportunity to become the preferred partner for benefit administration, driving long-term value for customers and shareholders.

We are executing on a product strategy to deliver growth in existing markets and unlock new larger addressable markets.

Our technology and robust data insights, combined with our intuitive customer experience, sets us up for driving highly differentiated value.

Break

Our broadcast will begin again shortly





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Sue Leary

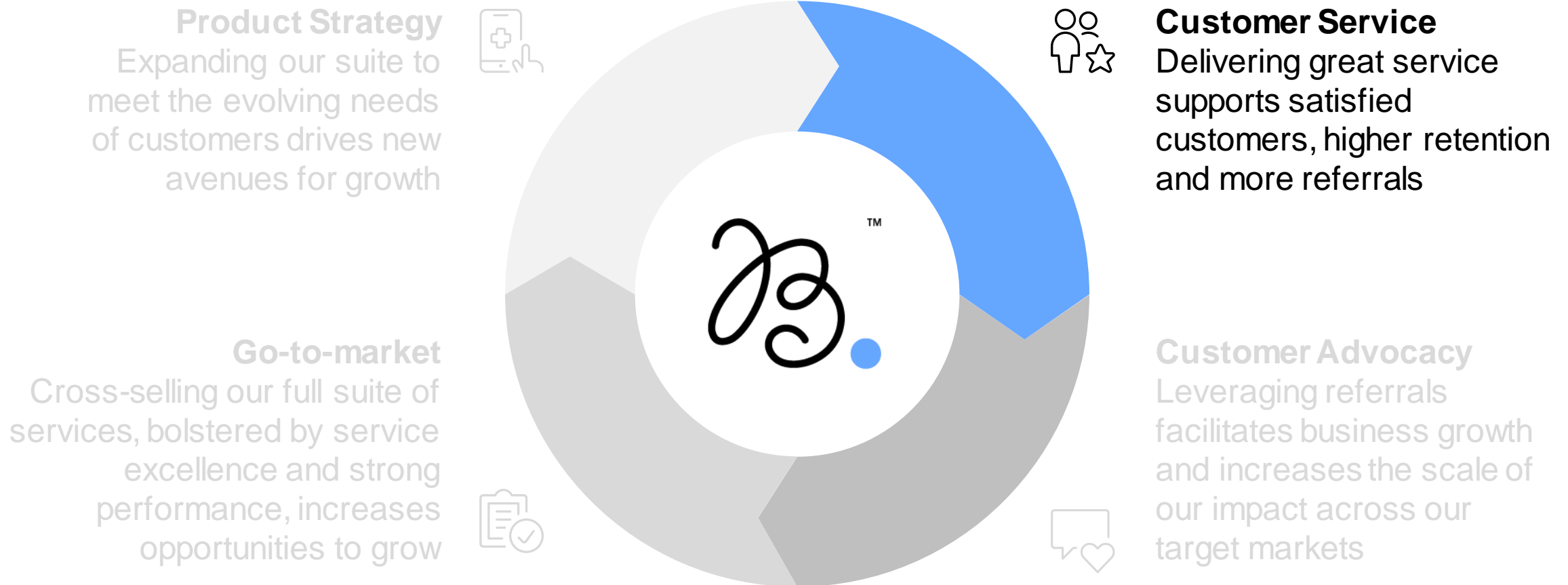
Chief Customer Officer

25+ experience in service & delivery

Deep background in Health Plans

Extensive service experience in
growth-focused businesses

Driving Retention and Referrals Within the Flywheel

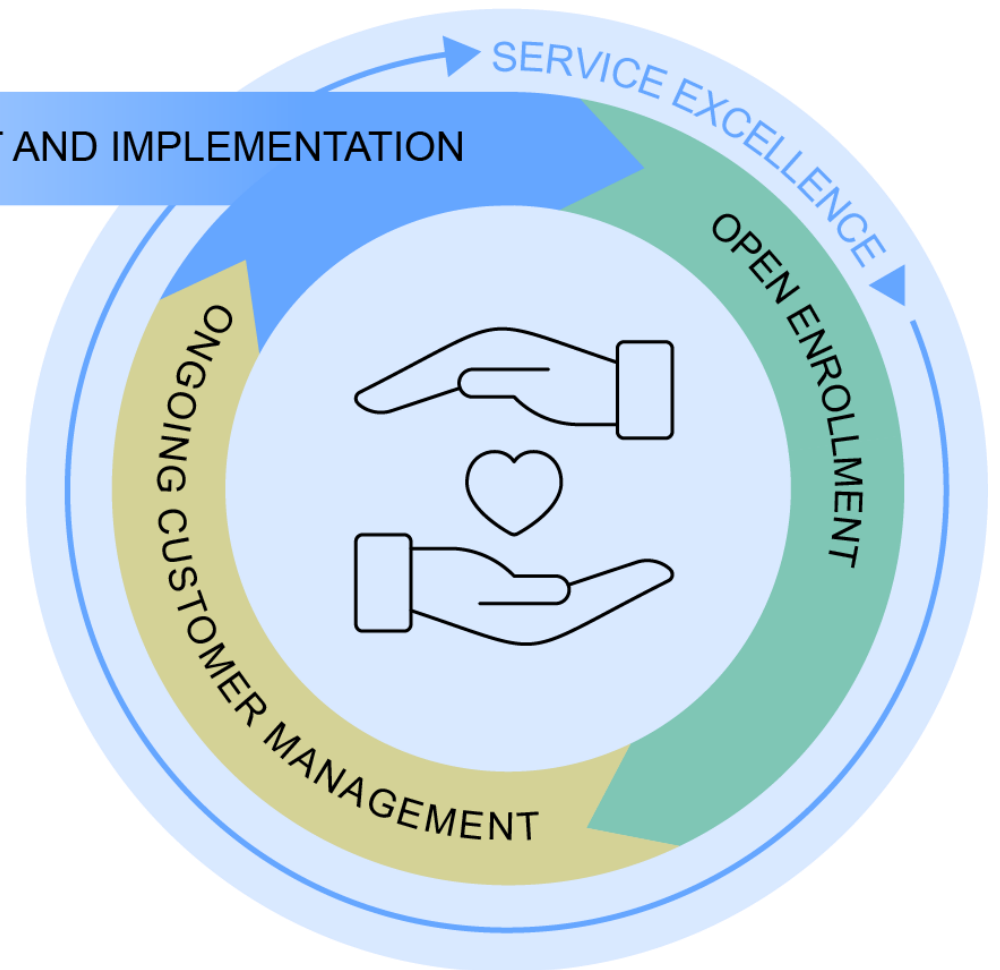




Job #1 Customer Retention



Enabling Excellence Throughout the Customer Journey



Service Excellence Focus Areas

Implementation

Providing insights and best practices

Understanding and alignment of customer business goals

Standardizing for a simplified experience

Enhancing customer visibility and proactive transparency

Open Enrollment

Enabling the customer's health and benefits strategy

Optimizing core and voluntary benefit enrollment

Executing with high quality data

Customer Management

Building deep, long-standing account relationships

Serving as a strategic partner for planning and executing benefit strategy

Streamlining customer interactions through enablement and automation

Service Excellence Focus Areas

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Strategic Actions Delivering Record Success Metrics

 **100%**


on-time

OE start for health plans

 **99%**

on time

OE start for employers
enrollment eligibility delivery
payroll data delivery

 **95%**

customer satisfaction
rating

 **19M**

enrollments during
2021 OE



Source: Benefitfocus

Service Excellence Focus Areas

Implementation

Providing insights and best practices

Understanding and alignment of customer business goals

Standardizing for a simplified experience

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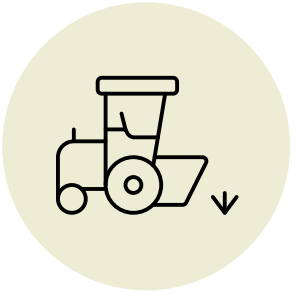
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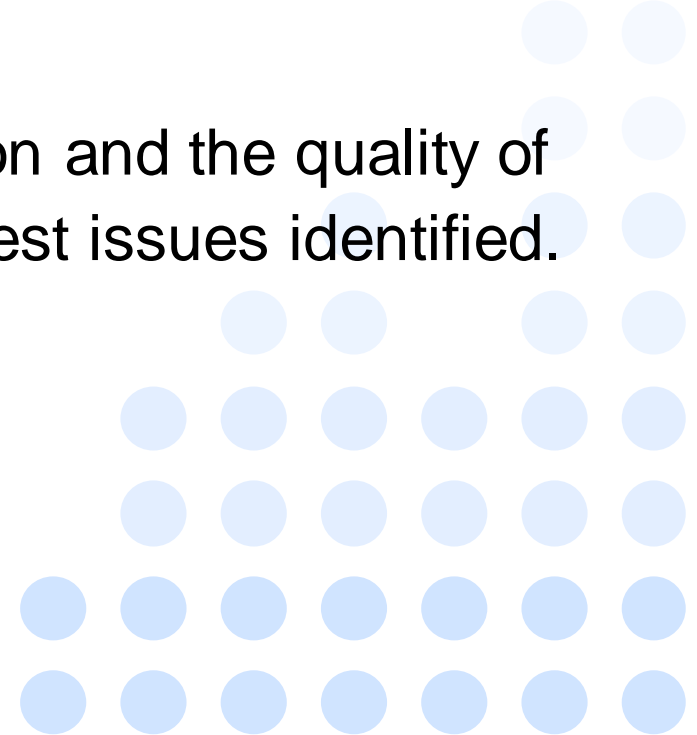


Large Equipment Retailer 46,000 employees

“

I am SO pleased with my Open Enrollment configuration and the quality of the set up and quick turnaround and feedback on the test issues identified. Benefitplace OE is the least of my concerns right now.”

Health and Wellbeing Director





Key Takeaways

Delivering service excellence is a top priority, and a key point of differentiation for Benefitfocus.

We are focused on three key areas to maximize retention and satisfaction: implementations, ongoing customer support and open enrollment.

We have made tremendous progress across the last year and will continue to enhance our model to maximize retention and growth.



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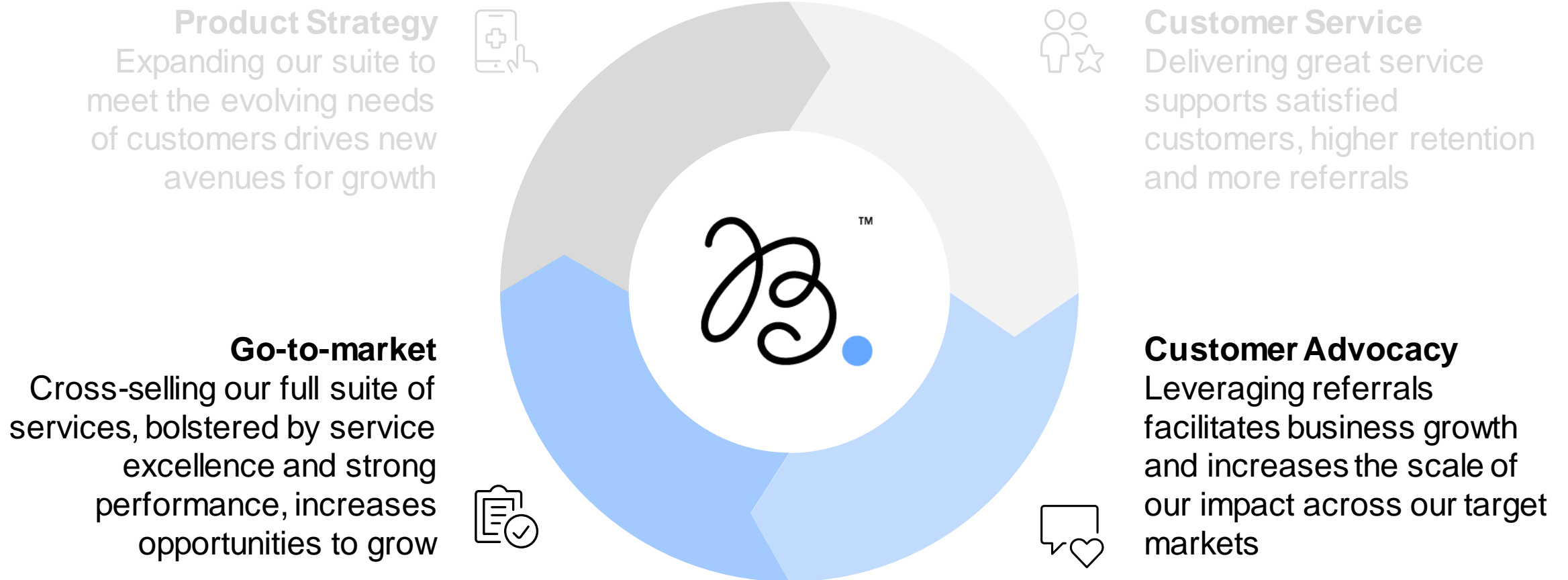
Craig Maloney Chief Commercial Officer

30+ years of industry experience

SaaS/Ben Admin, Channel
Partnerships, Voluntary Benefits

Track record of leading high growth
organizations

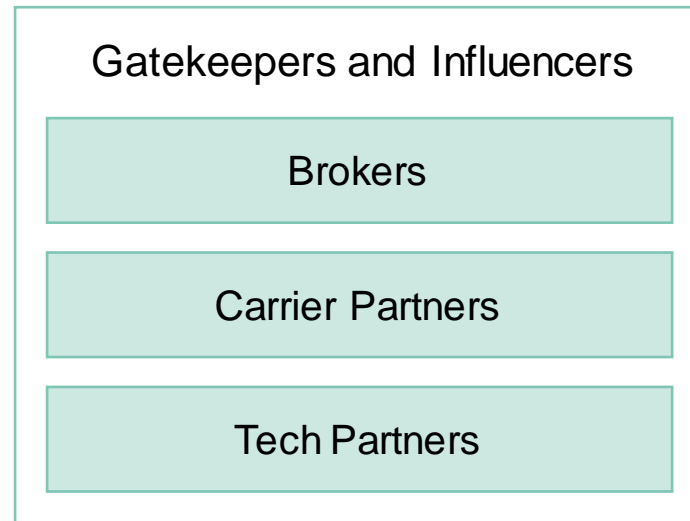
Unlocking Growth Within the Flywheel



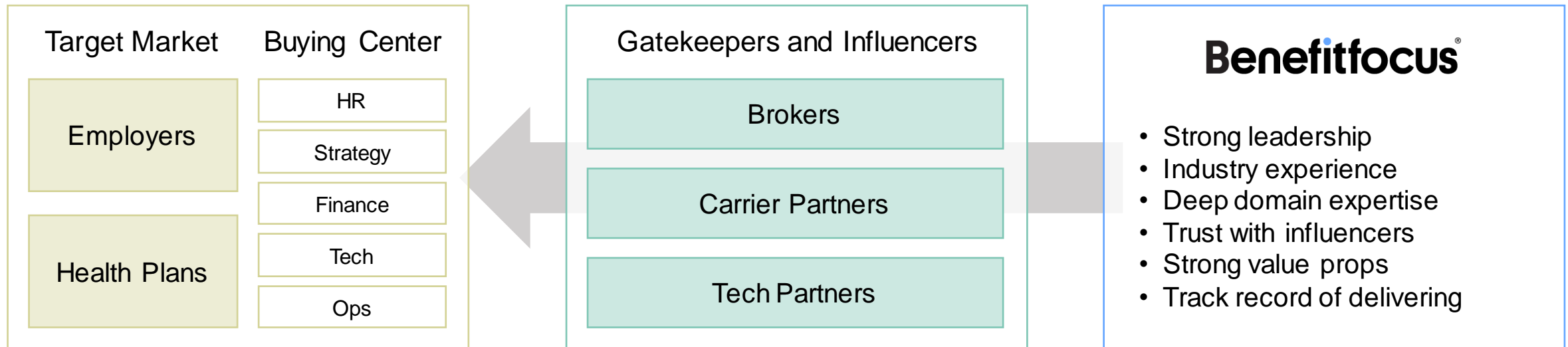
Uniquely Positioned to Win In a Complex Ecosystem



Uniquely Positioned to Win In a Complex Ecosystem



Uniquely Positioned to Win In a Complex Ecosystem



We Have a Strong Customer Base from Which to Capture More of the TAM



AMERICAN EAGLE



qualtrics^{XM}



Boston
Scientific

blackbaud[®]



BIG LOTS!

Northwestern
University

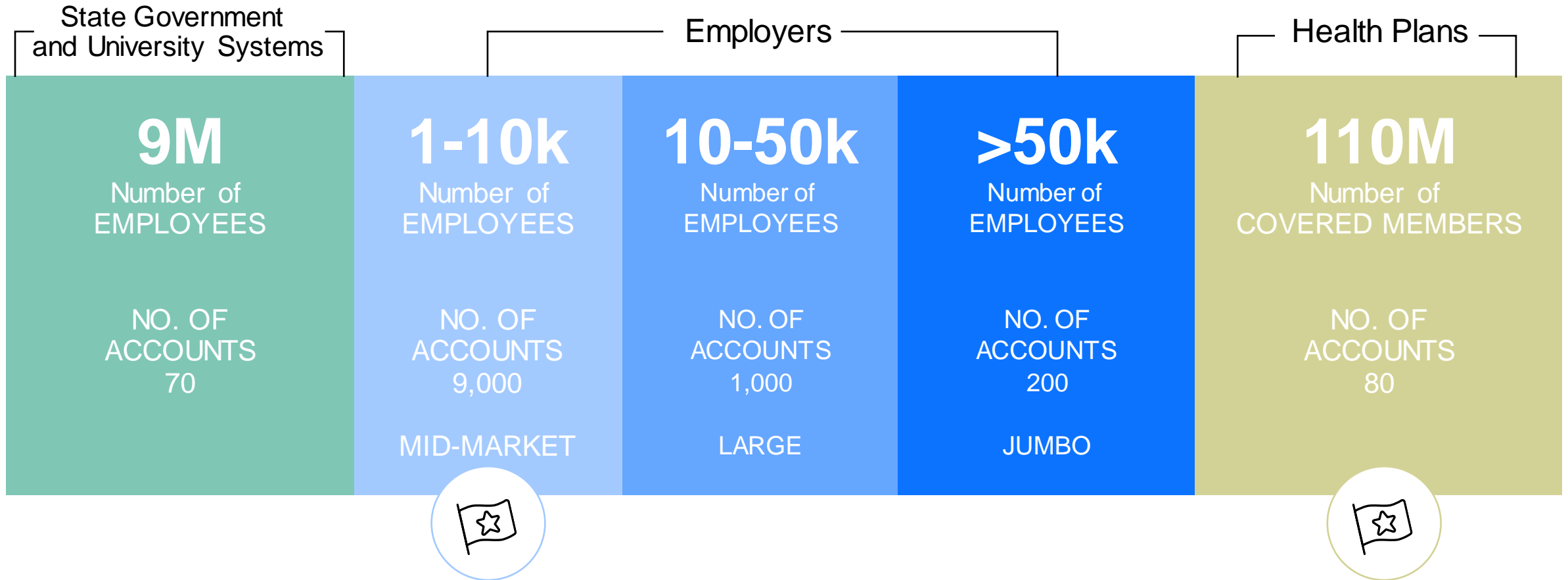


THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.



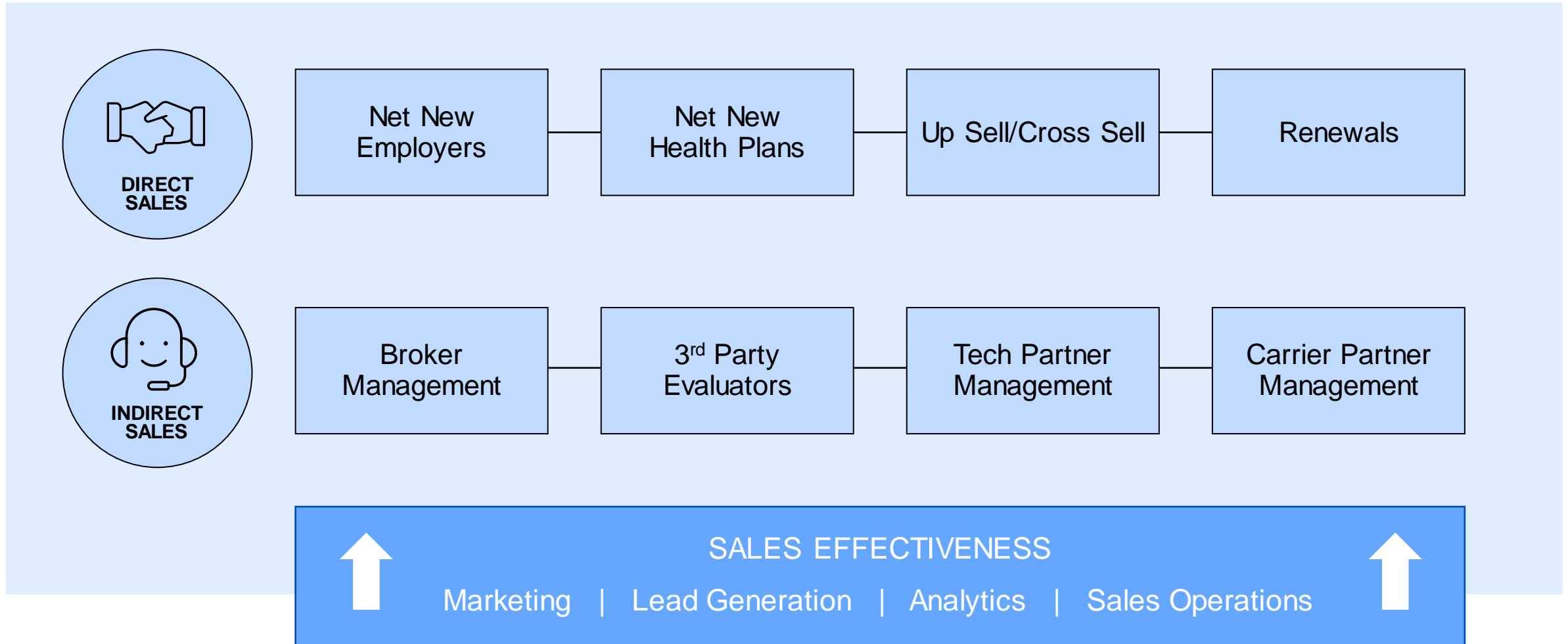
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We Have a Massive Growth Opportunity

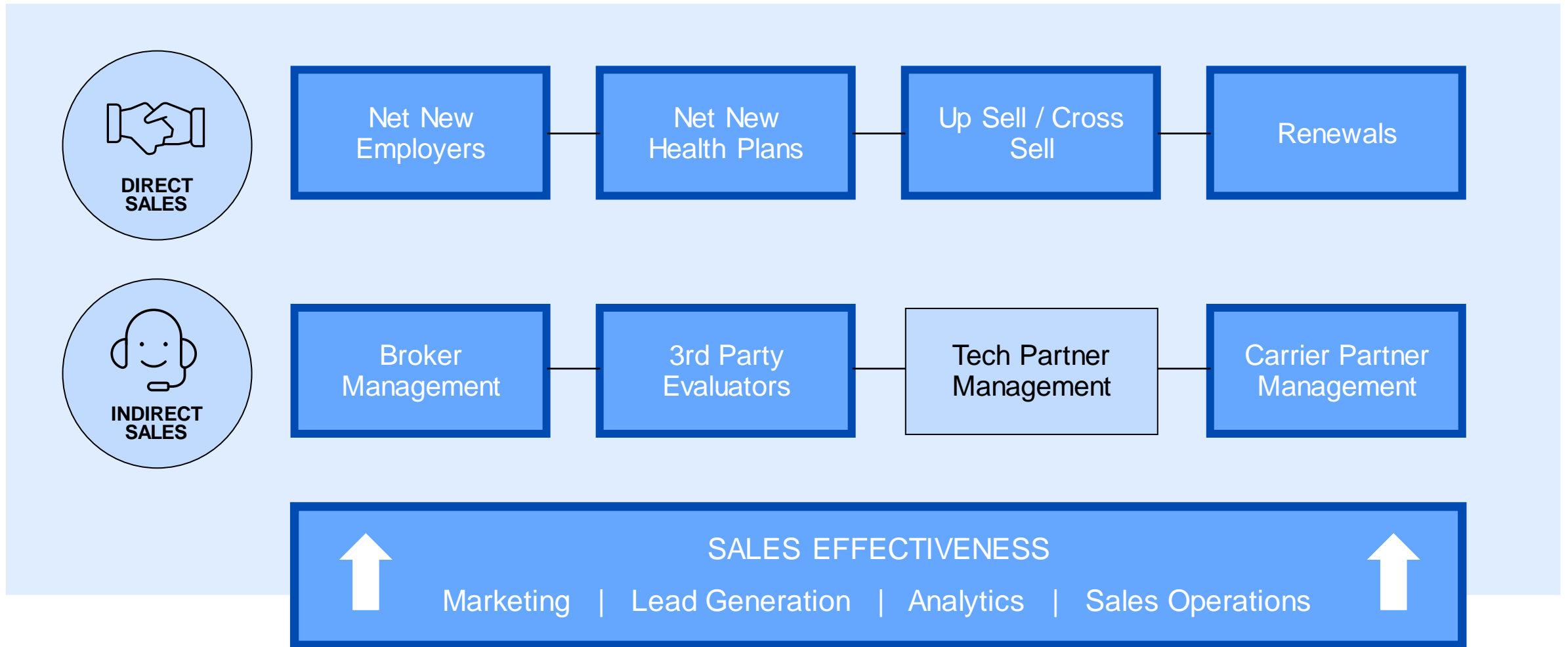


Source: US Census (2019), Salesforce (internal CRM), Hoovers (2019)

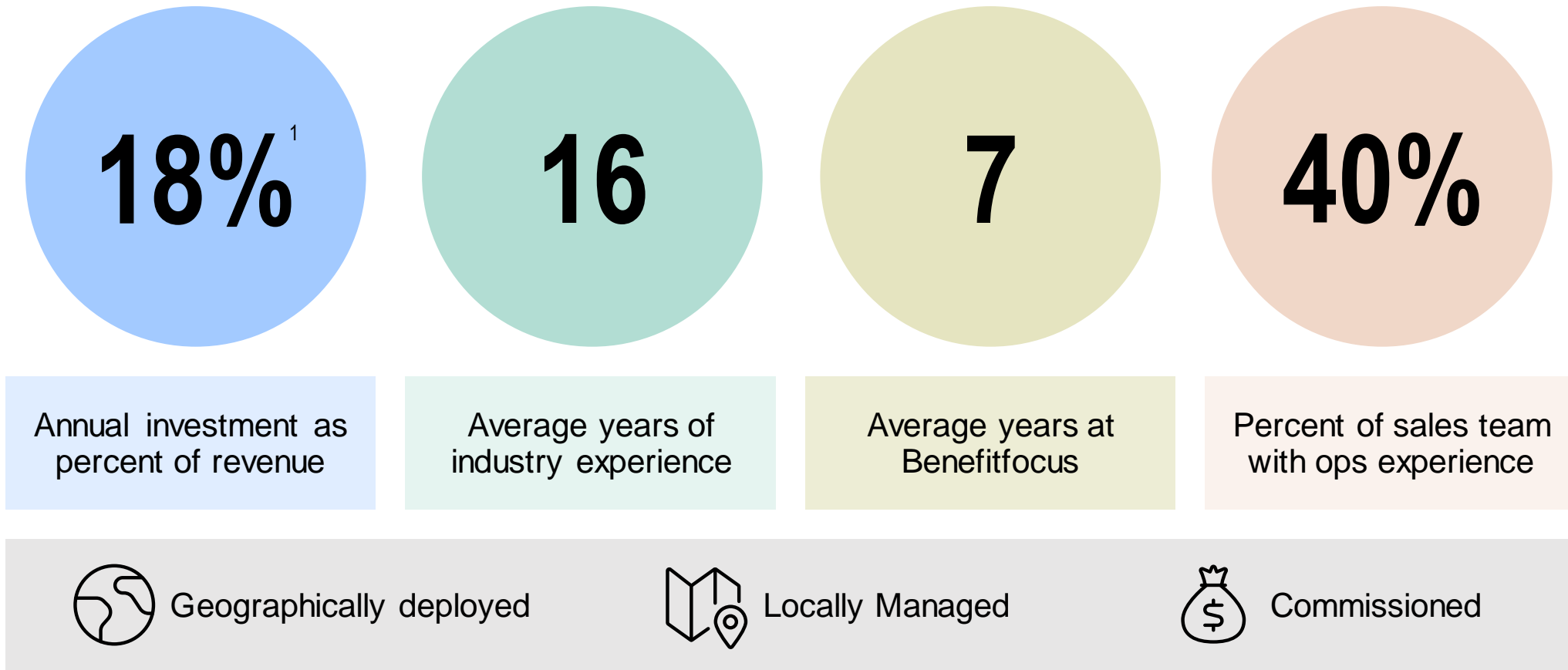
Our Sales and Marketing Org Aligns to Our Growth Strategy



Our Sales and Marketing Org Aligns to Our Growth Strategy




Our Sales and Marketing Organization is Experienced and Tenured






1. Source: Benefitfocus 2021 Form 10-K




Channel Management is a Priority to Unlock Growth...

PARTNERS	BROKER
Role	Gatekeeper Influencer
Value Outcomes	New leads Referenceability Lower cost of sale
Examples	 LOCKTON® AON

Channel Management is a Priority to Unlock Growth...

PARTNERS	BROKER	CARRIERS
Role	Gatekeeper Influencer	Influencer Advocate
Value Outcomes	New leads Referenceability Lower cost of sale	New leads Product development Service integration
Examples	 LOCKTON AON	 securian FINANCIAL  MetLife

Channel Management is a Priority to Unlock Growth...

PARTNERS	BROKER	CARRIERS	TECH PARTNERS
Role	Gatekeeper Influencer	Influencer Advocate	Platform Integrator 3rd Party Distribution
Value Outcomes	New leads Referenceability Lower cost of sale	New leads Product development Service integration	New leads Platform integrations Lower Implementation Cost
Examples			

...And Early Results Are Strong

Brokers	
✓	Prospecting Activities +300% YOY
✓	Appointed to Lockton Ben Admin Panel
✓	Appointed to Aon Ben Admin Panel
✓	Launched Benefitfocus Consulting Advisory Board

Carrier Partner	
✓	100% Partner Referenceable
✓	100% Partner Retention
✓	System Integration Programs with Top 15
✓	Business Reviews and Shared Marketing Plans

Customer Case Studies – The Flywheel In Action



- Large health care organization
- Original annual contract value of \$630,000
- Collaboration with broker to identify opportunities/green space
- Upsell "Renewal Bundle" to add services and broaden scope by \$350,000
- Increase annual revenue by **55%**

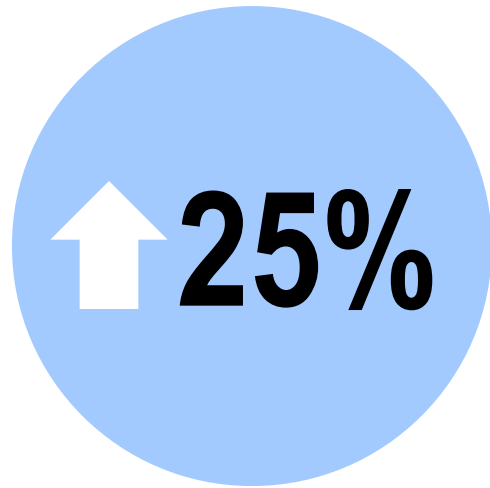


- Large school district
- Collaboration with national broker. Broker initiated lead
- Closed the deal 60 days later for \$204,000
- Early success led to a reference to sister district and second win for \$271,000

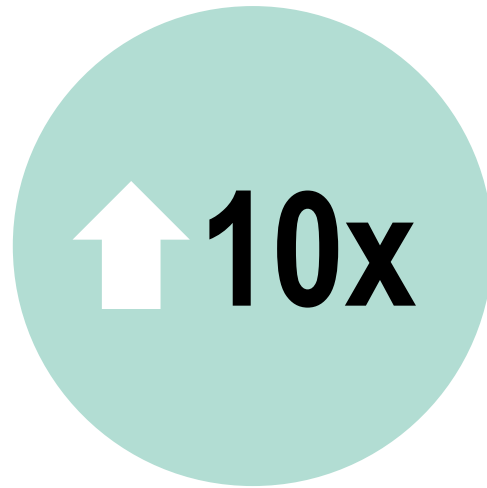


- Mid-market retailer
- Original contract \$187,000
- Tango ACA solution upsold to solve immediate need
- Increase in annual revenue of **14%**

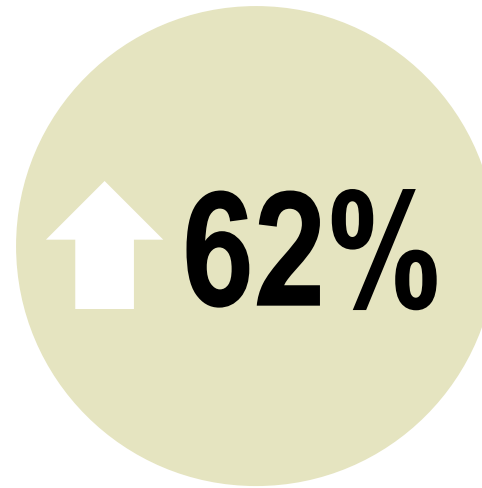
Go-To-Market Progress and Proof Points



Total Qualified
Pipeline YoY



ACA
Pipeline YoY



SAP Qualified
Pipeline YoY



Voluntary Benefit
Pilot Enrollments



Key Takeaways

Benefitfocus is uniquely positioned to win in a complex ecosystem.

The TAM is large with significant green space.

Our go-to-market teams are now aligned to capture meaningful share.

Channel management is a priority within our growth strategy.

Break

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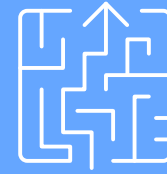
Alpana Wegner Chief Financial Officer

20+ years finance and accounting
leadership experience

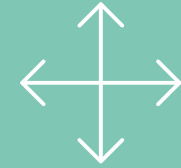
Experience in SaaS and tech industry

Strategic, operational and
P&L ownership experience

Accountability and Focus Accelerates Growth and Drives Scale



A Winning
Strategy



Innovative Product
Roadmap

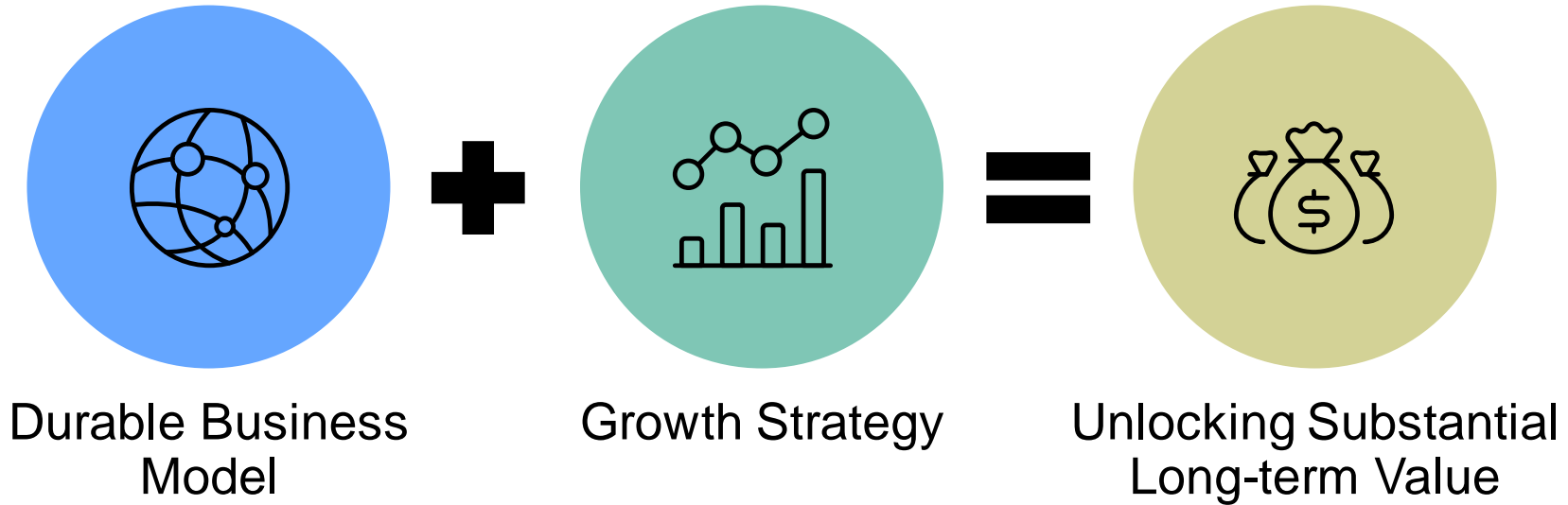


Delivering Service
Excellence

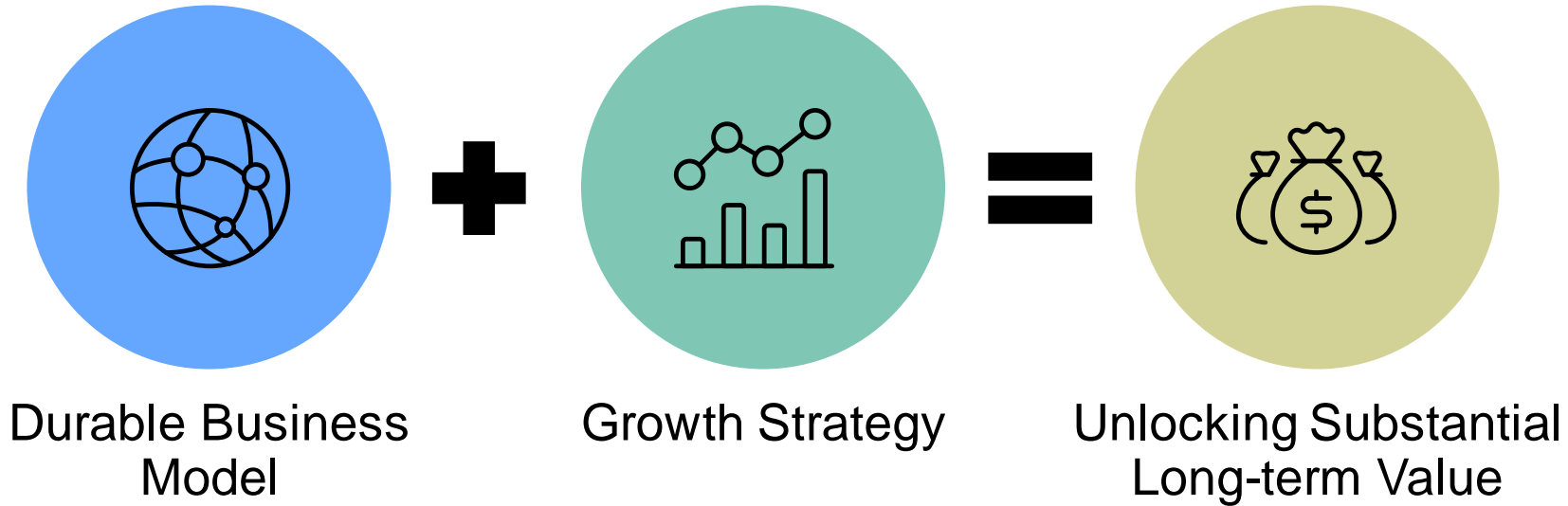


Effective GTM
Strategy

Unlocking Value



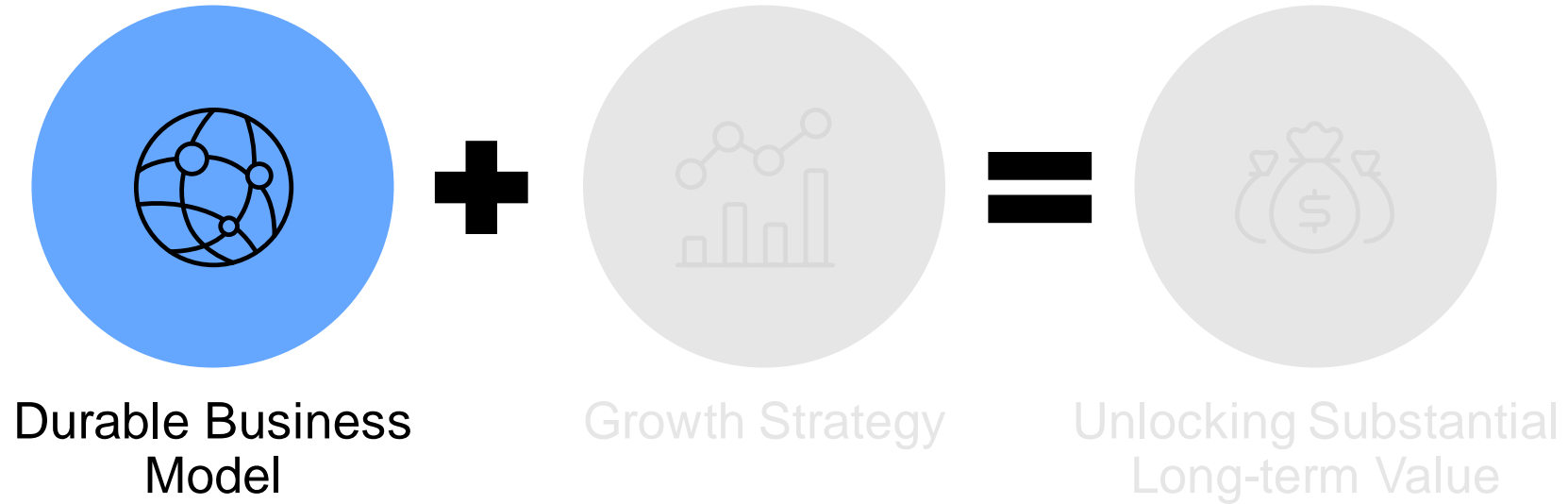
Unlocking Value



Double-digit revenue growth

Mid 20% Adjusted EBITDA margin

Unlocking Value

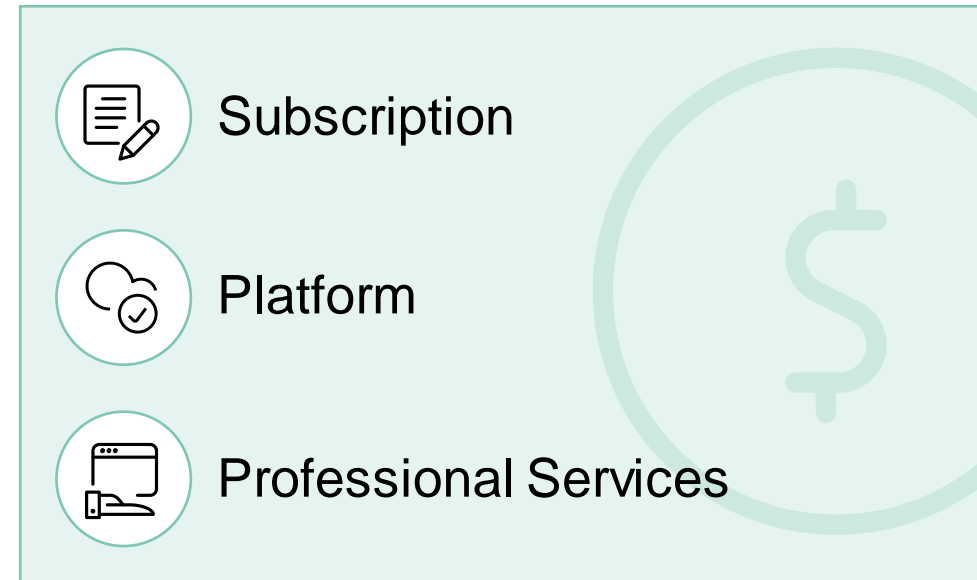


Strength in a Diversified Revenue Profile

Markets We Serve

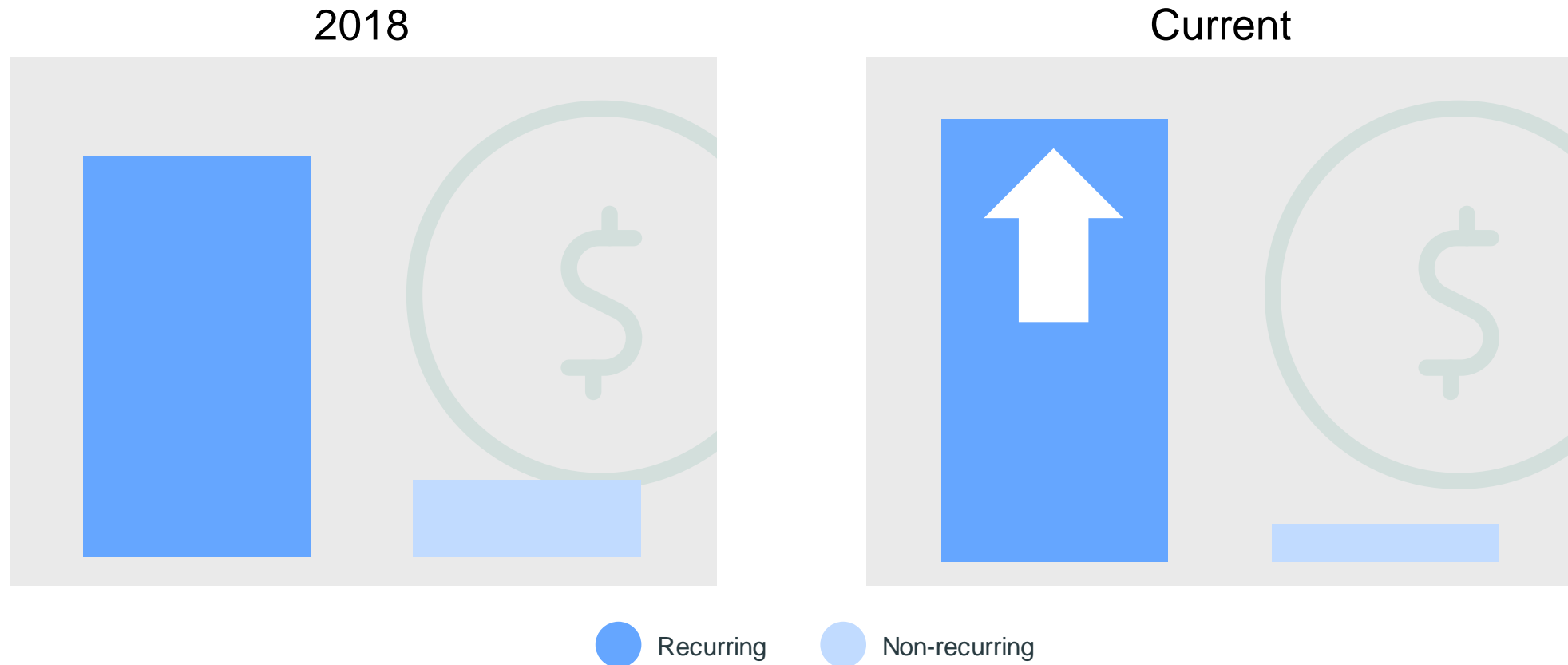


Revenue Sources



Highly Recurring Revenue With Increasing Predictability

90% Recurring revenue



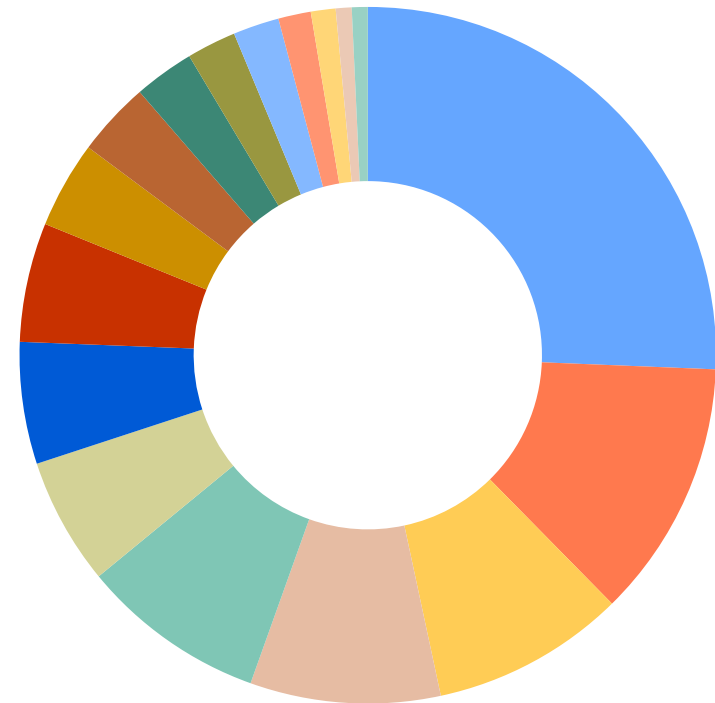
Stability in the Customer Base Improving

60% multi-year ARR
renewals

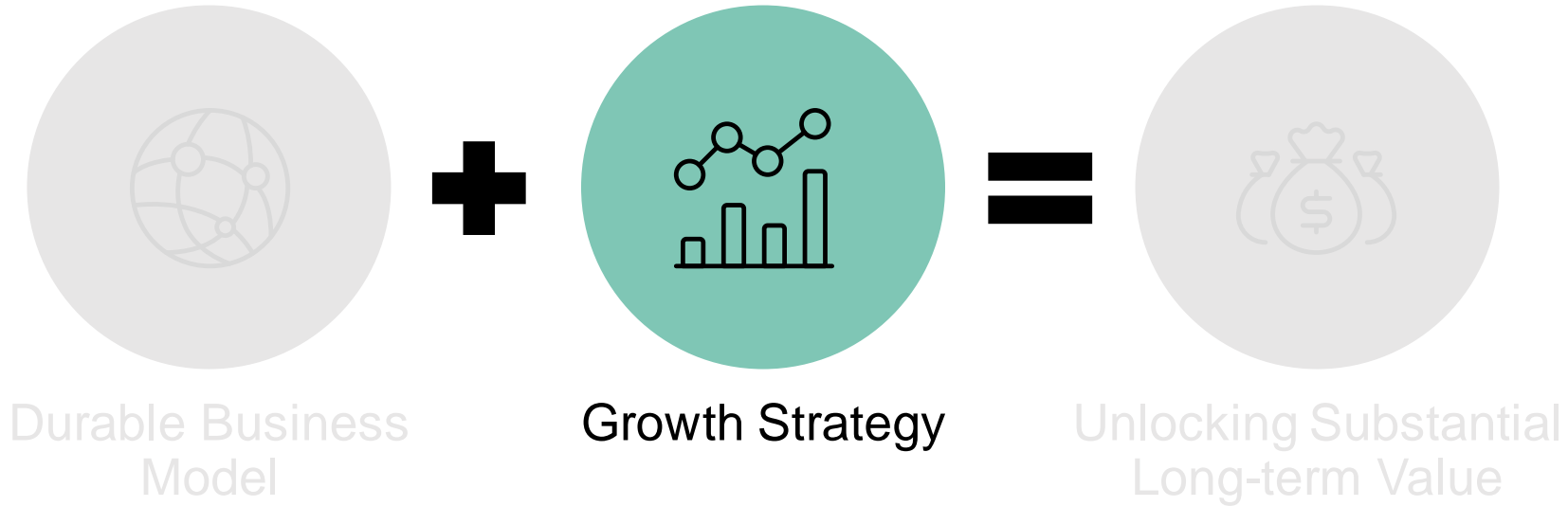
90%+ customers with
contract minimums

20% increase in average
employer group size YoY

**Employers Distributed Across
Multiple Industries**



Business Model to Unlock Value at Benefitfocus



Paths to Revenue Growth

1

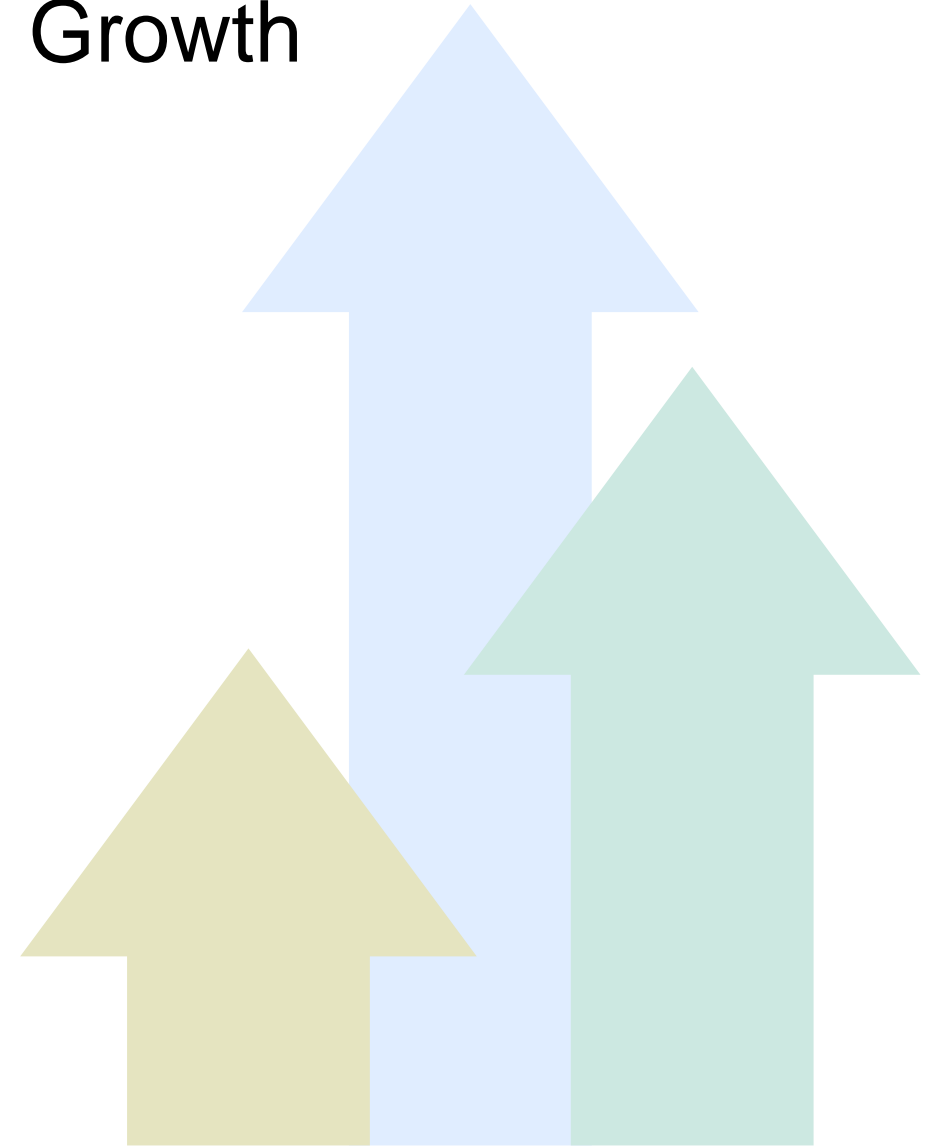
Improve revenue retention

2

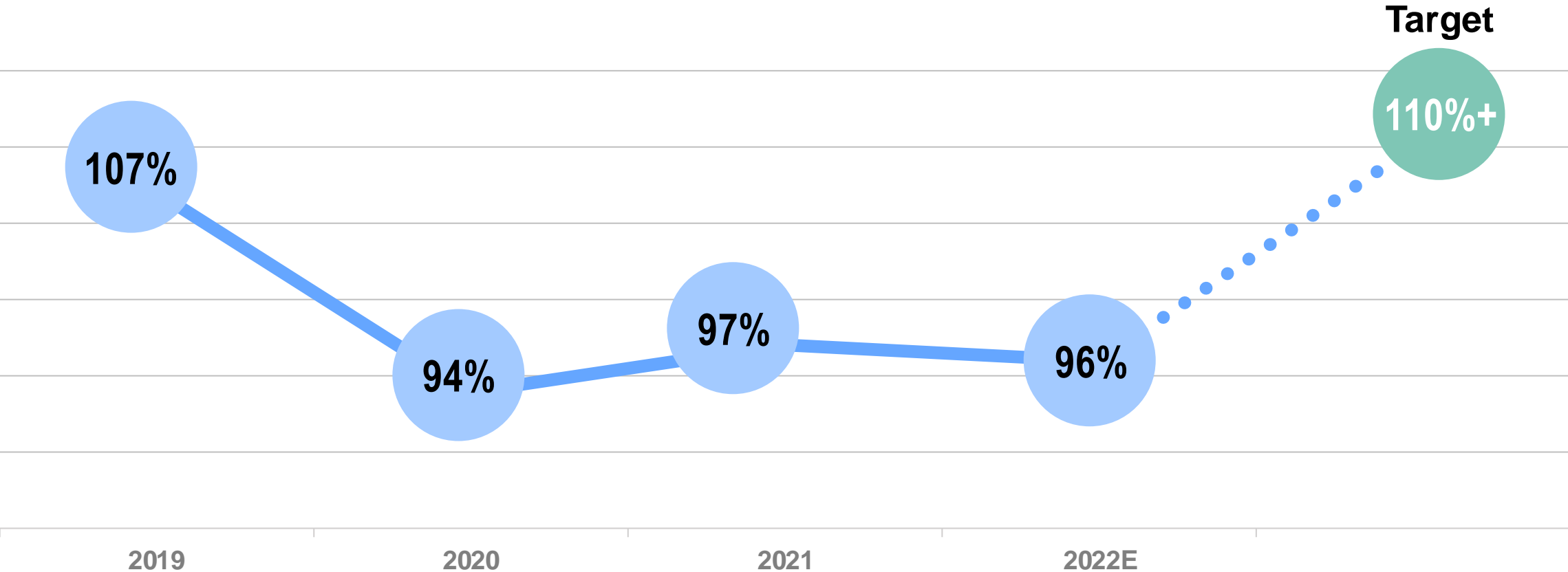
Cross sell and upsell to existing customers

3

Win new customers

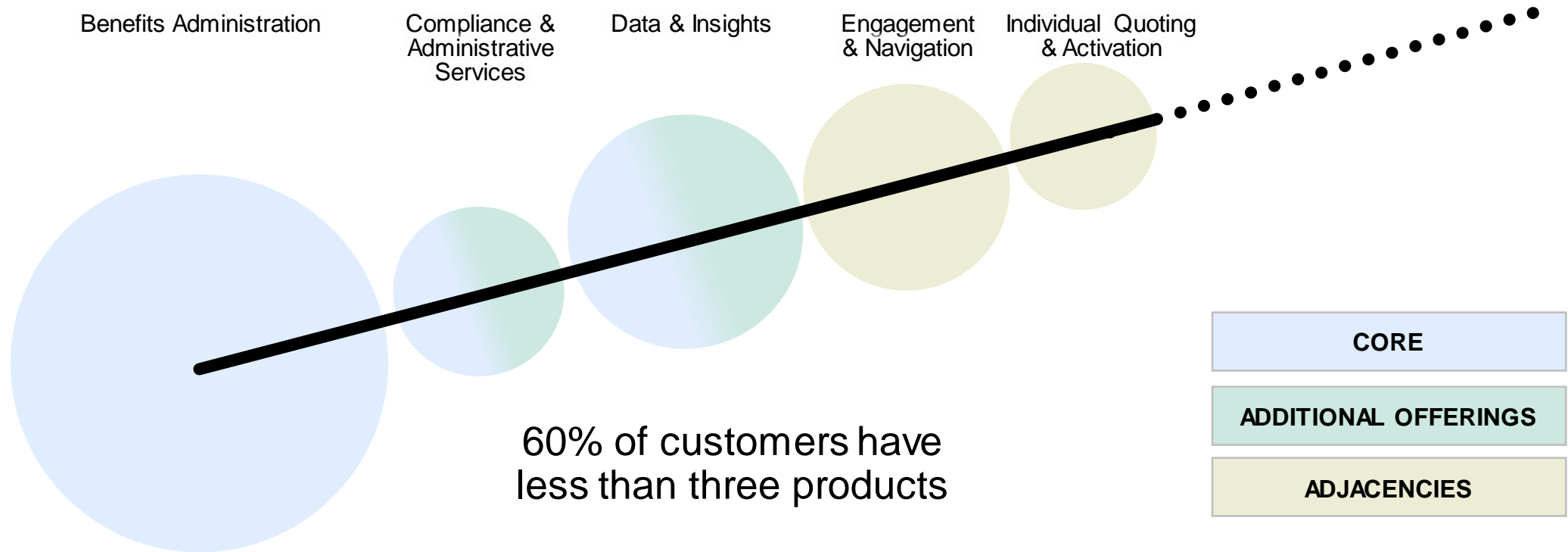


Strengthening the Core Drives Improved Net Software Revenue Retention

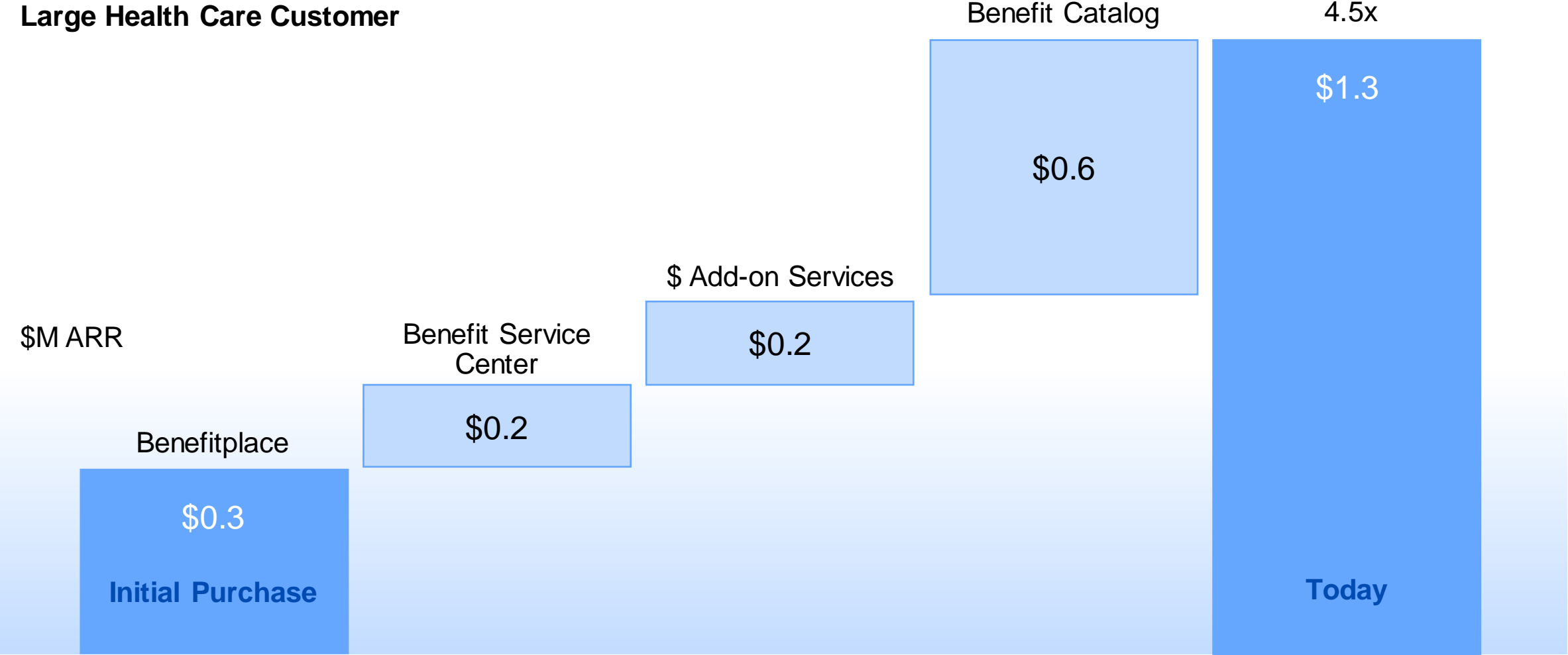


Additional detail is being provided from prior disclosed amounts.

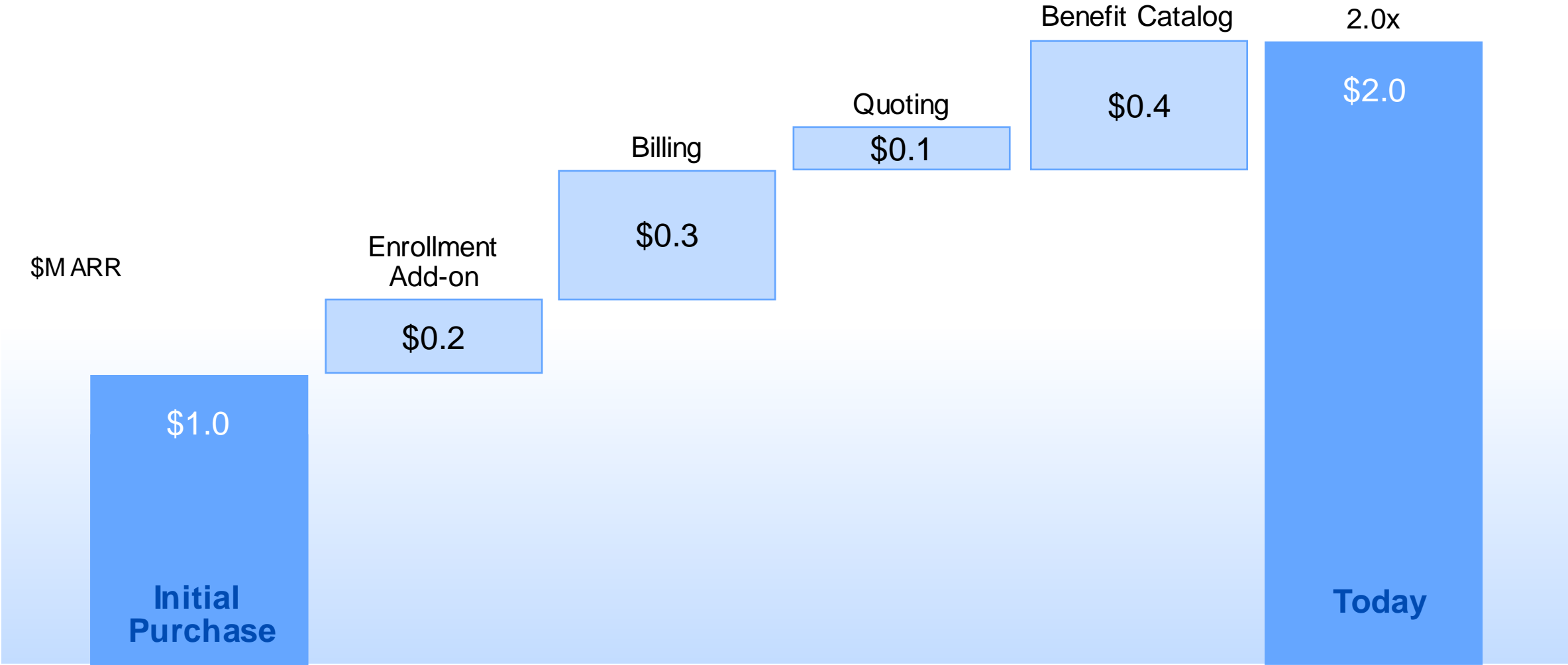
Opportunity to Expand ARR Per Customer by 3.5x as we Add Initial Adjacencies



Employer Case Study – Expanding ARR

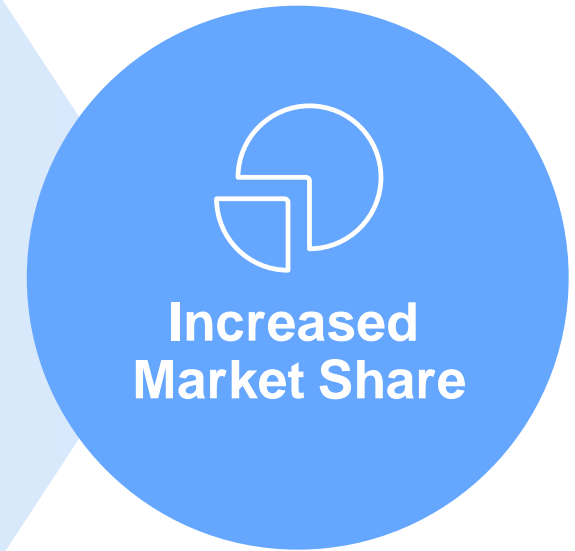


Health Plan Case Study – Expanding ARR

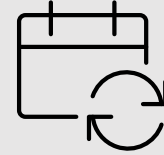


Strategy to Win New Customers

- Strengthened channel relationships
- Increased customer references
- Differentiated technology and services
- New product offerings to meet evolving needs

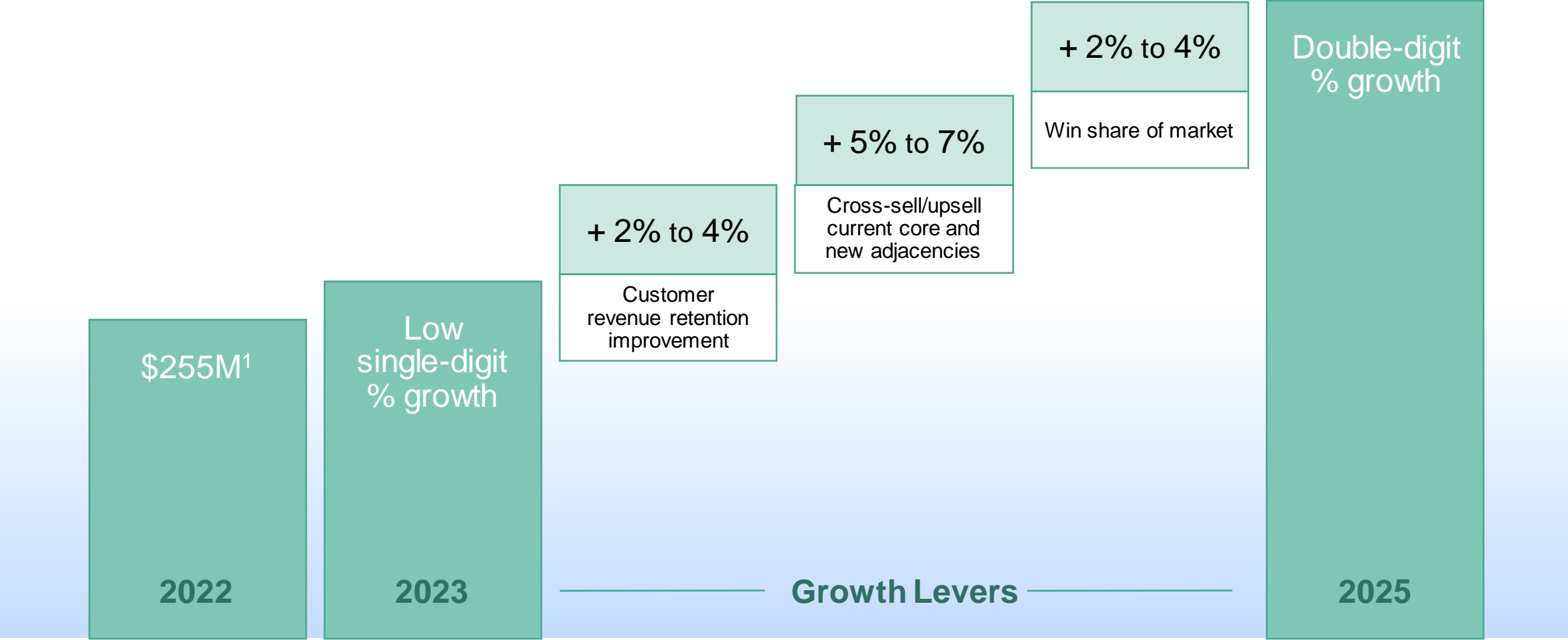


New Metric - Total Contracted ARR



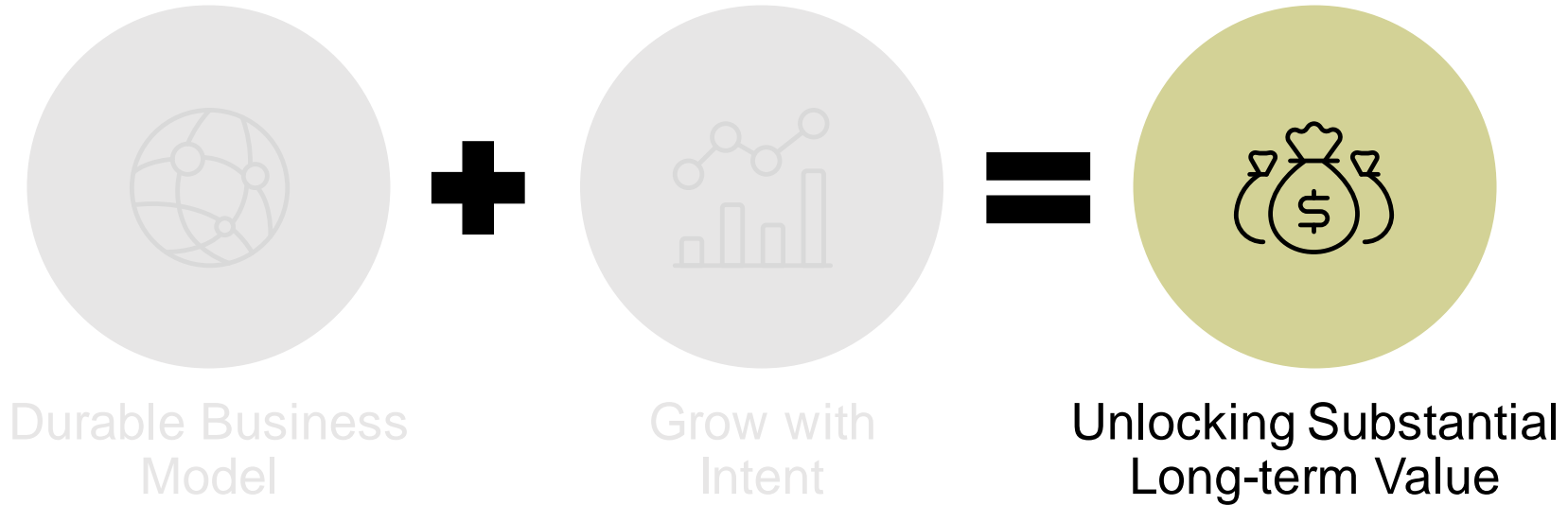
Total Contracted ARR is defined as the annual recurring subscription revenue under contract with a customer.

Accelerate Revenue Through Execution of Growth Strategy



1. Based on mid-point of 2022 revenue guidance provided 5/3/22

Business Model to Unlock Value at Benefitfocus

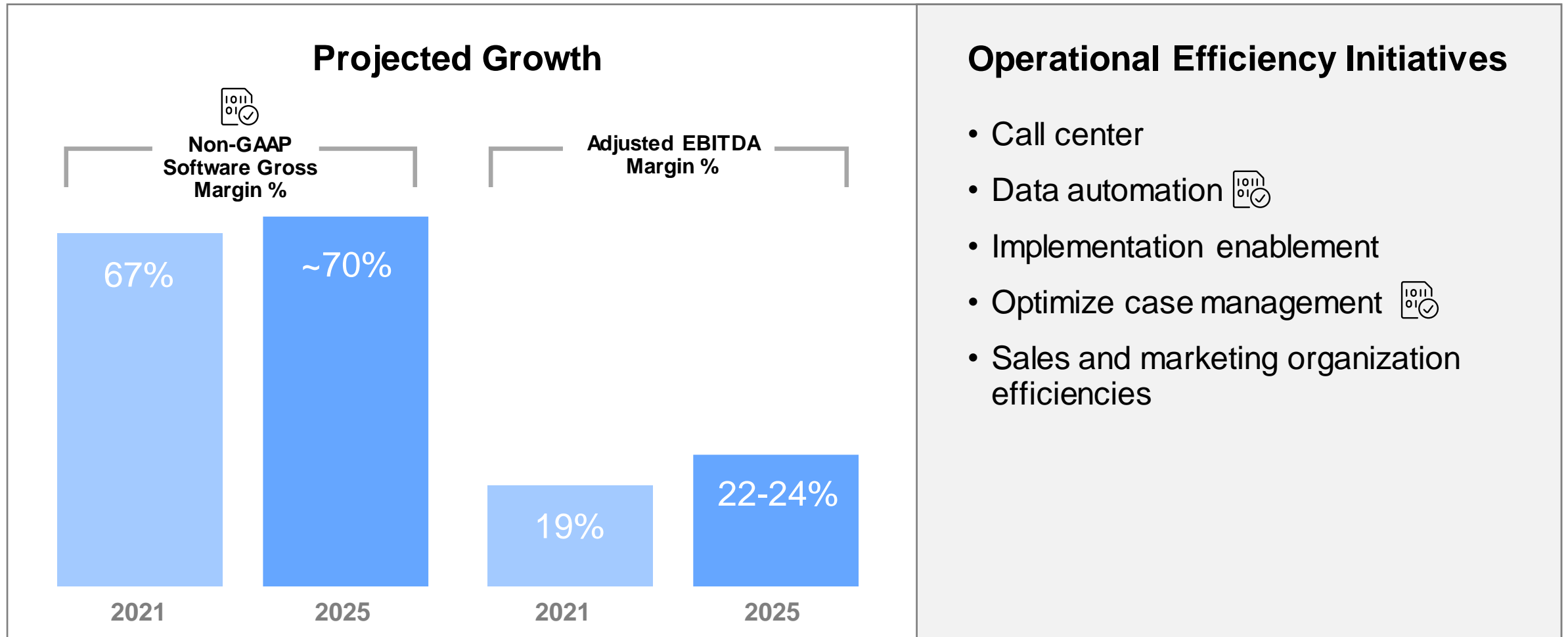


Medium-term Financial Targets

Key Line Items	2021	2025E
Revenue Growth	(2%)	10-12%
Recurring Revenue Mix ¹	90%+	90%+
Software Services Gross Margin	67%	70%+
Adjusted EBITDA Margin	19%	22-24%

1. Recurring Revenue includes Software Services and Benefit Service Center (recurring Professional Services)

Near-term Self-funded Growth Results In Long-term Scale



Disciplined Capital Allocation Strategy

Capital Allocation Framework

Focused on highest and best use of free cash flow to create sustainable value

Prudently re-investing in the business for future growth

Investing inorganically to extend market and product leadership

Opportunistically repurchasing debt and equity

	March 31, 2021
Cash, Cash Equivalents and Restricted Cash	\$59M
Convertible Debt	\$121M
Fixed Lease Obligations	\$80M
Debt to Adjusted EBITDA Ratio ¹	4.4x
Net Debt and Fixed Lease Obligations to Adjusted EBITDA Ratio ²	3.2x

1. Convertible debt and fixed lease obligations as of March 31, 2022 divided by TTM Q1 2022 Adjusted EBITDA.

2. Net Debt plus fixed lease obligations as of March 31, 2022 divided by TTM Q1 2022 Adjusted EBITDA.

ESG at Benefitfocus Highlights

Environmental

- >80% of 2021 revenues derived from energy-efficient cloud services

Social

- Driving increased diversity across the organization from the board through the entire organization
- Recognized as one of the Best Employers for Diversity

Governance

- Independent chair and seven of nine directors independent
- Enhancement made including actively de-staggering board





Key Takeaways

Durable business model gives us a strong foundation for growth

Clear path for growth that translates to increased ARR

Executing on our growth strategy unlocks long-term shareholder value



Benefitfocus
Investor Day



Q&A



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Thank you



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Investor and Analyst Day

May 10, 2022

