

BENEFITFOCUS **Investor Day**

BENEFITFOCUS®
All Your Benefits. One Place.®



Safe Harbor

Forward-looking Statement

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 fluctuations in those results, the immature and volatile market for our products and services, general economic risks, our ability to achieve growth targets and manage growth, the need to innovate and deliver useful products and services, our ability to compete effectively, reliance on key personnel, privacy, cybersecurity, 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 services, products and other 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.

Non-GAAP Financial Measures

The company uses certain non-GAAP financial measures. 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. Please note that other companies might define their non-GAAP financial measures differently than we do.

Non-GAAP gross profit excludes stock-based compensation expenses, amortization of acquisition-related intangible assets, transaction costs expensed, if any, and costs not core to our business, if any.

We define adjusted EBITDA as net loss before net interest, taxes, and depreciation and amortization expense, adjusted to eliminate stock-based compensation expense, expense related to the impairment of goodwill and intangible assets, transaction costs expensed, and costs not core to our business.

We define free cash flow as cash flow from operations less purchase of property and equipment.

Management presents these non-GAAP financial measures in this release 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. Non-GAAP financial measures have limitations as an analytical tool. Investors are encouraged to review the reconciliation of the non-GAAP measures to their most directly comparable GAAP measures provided in this release, including in the accompanying tables.

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Today's Agenda



Vision & Strategic Plan

Ray August
President & CEO



Consumer & Platform Strategy

Annmarie Fini
SVP, Platform Strategy



Growth Execution Strategy

Rob Dahdah
EVP, Global Sales & Marketing

Break and Demonstrations (15 minutes)



Digitization & Value Creation

Bill Pieroni
CEO, ACORD



Financial Update

Jonathon Dussault
CFO

Q&A Session - Ray August, Jonathon Dussault

Closing Thoughts - Ray August

Demonstrations Open

BENEFITFOCUS Investor Day

Vision and Strategy

Ray August, President & CEO

December 18, 2018

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BENEFITFOCUS®



Themes for Today

	Consumer Empowerment	Consumers are the economic drivers of the benefits industry
	Everyone Wins	Our multidimensional marketplace creates economic value across the entire benefits and insurance ecosystem
	Changing the Game	Our BenefitsPlace offering is transforming the industry with 23M+ consumers, 150K+ employers and a strong seller network
	Proven Results	We exceeded our targets for four consecutive quarters and have established a new foundation for accelerated growth

Our New Foundation

New Leadership Team



Bringing together a seasoned team of industry leaders

Strategic Optimization



Leveraging the power of the network to transform our business strategy

Distribution Shift



Shifting focus to consumer lives and ARPU and leveraging channel partners and brokers

Financial Discipline & Controls



Improving recurring revenue growth, cash flow and gross margin







Our Vision



Platform + Community = Change the World

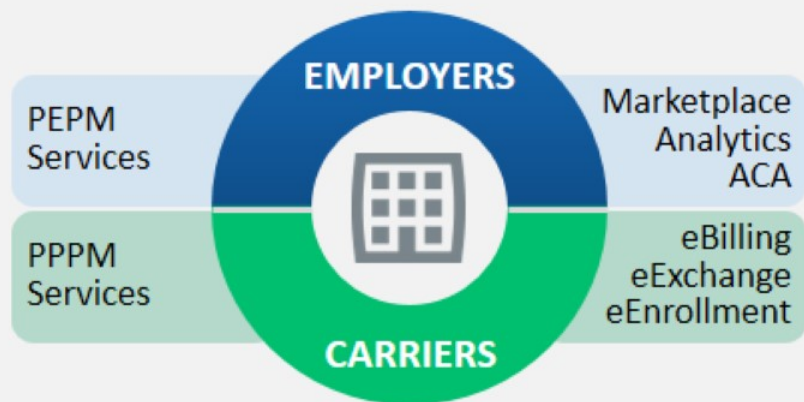
Benefitfocus creates peace of mind on the world's largest benefits platform. Today, we connect over 150,000 employers and more than 23 million consumers with the industry's leading brokers, carriers and the largest ERP provider. Tomorrow, we will transform how all consumers acquire and use products to protect their health, wealth and lifestyle.

The Platform Economy Creates New Opportunities

The Amazon logo, featuring the word "amazon" in a bold, black, sans-serif font. A curved orange arrow is positioned below the letters "a" and "z", pointing from the "a" to the "z".The Airbnb logo, consisting of a red outline of a stylized "A" made of two interlocking loops, followed by the word "airbnb" in a lowercase, red, sans-serif font.The Uber logo, featuring the word "Uber" in a bold, black, sans-serif font.The BenefitFocus logo, featuring the word "BENEFITFOCUS" in a blue, sans-serif font. The "O" in "FOCUS" is replaced by a blue circular icon containing a white stylized "C" or a copyright symbol. A registered trademark symbol (®) is located at the top right of the word.

We Have Shifted Our Economic Model

Two Distinct Markets



Multidimensional Marketplace



Uniquely Qualified to Deliver a Marketplace Solution



Critical Mass



High-quality Products



Unparalleled Technology and Scale



Comprehensive Data and Knowledge



Everyone Wins

World's Largest Benefits Platform

BENEFITFOCUS

BenefitsPlace™



"Everyone Wins"

|----- Buyers -----|



Consumers

- Best price
- Choice
- Peace of mind
- Trusted vendors

**Network
Effect**



Employers

- More benefits
- Variety
- Superior quality
- Lower price
- Efficiency

PEPM

|----- Sellers -----|



Brokers

- Premium service
- Greater access
- Serving employers as trusted advisor
- Data & insights

Commissions



Suppliers

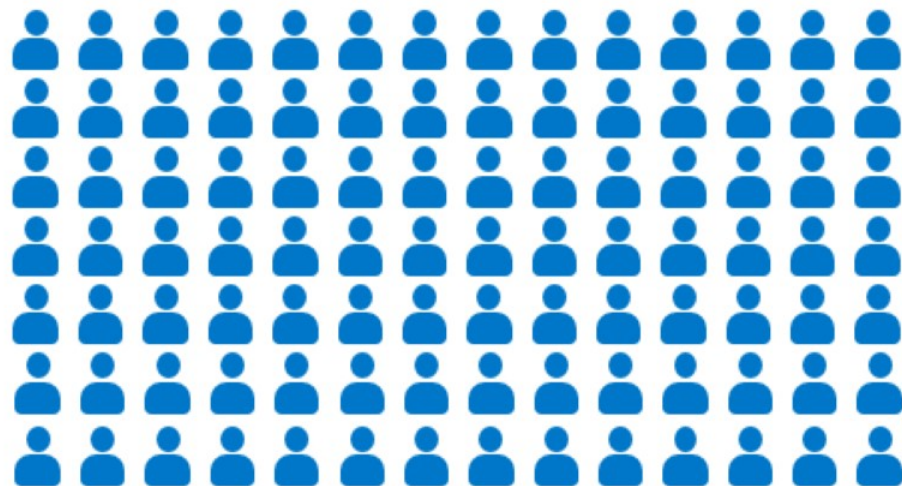
- More revenue
- Consumer access
- Data access
- Operational efficiency

**% of
Premium**

Critical Mass – Low-friction Access to Consumers

13M+ Consumers Enroll on Our Platform

|----- 150,000+ Employers -----|



DIRECT

BROKERS



Companies with 2 to 600,000+ employees

\$49B

Annual Premium
Purchased

\$3.4B

Voluntary
Benefit Premium
Purchased

Critical Mass – Leading Billing and Analytics Solution

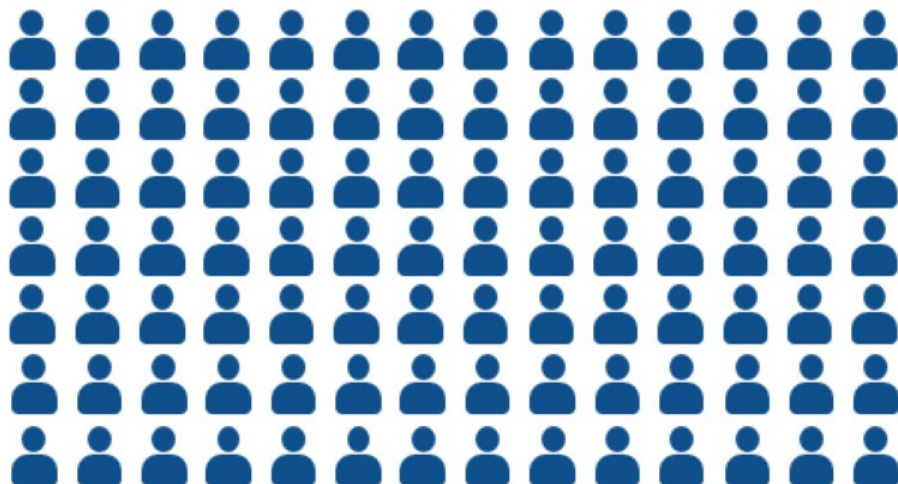
\$70B+

Billed by medical carriers on platform

200+

Brokers use our analytics solution

10M+ Consumers via Billing & Analytics





The Network Effect in Action



Lives Growth is Just the Beginning



- Direct Sales Force
- SAP Partnership
- Mercer Partnership
- State Government
- Medical Carriers / Aggregators

High Quality Products from Innovative Providers



Unparalleled Technology and Scale

Powerful Cloud-based, SaaS Platform

Configurable & Extensible	Performance & Scalability	Automation & Quality
<ul style="list-style-type: none">• Single code base• 2,200 integrations• Predefined APIs• Multi-channel app	<ul style="list-style-type: none">• 99.9% availability• <1s response• Horizontal scaling	<ul style="list-style-type: none">• Approx. \$85M technology spend• Automation in every aspect of platform• Leading data standards

**CYBERSECURITY**

Comprehensive Benefits Data and Knowledge



CONSUMER DATA

- Age
- Family
- Health
- Wealth
- Claims



EMPLOYER DATA

- Participation
- Placement
- Peer group data
- Pay information
- Industry insights
- Claims



SUPPLIER DATA

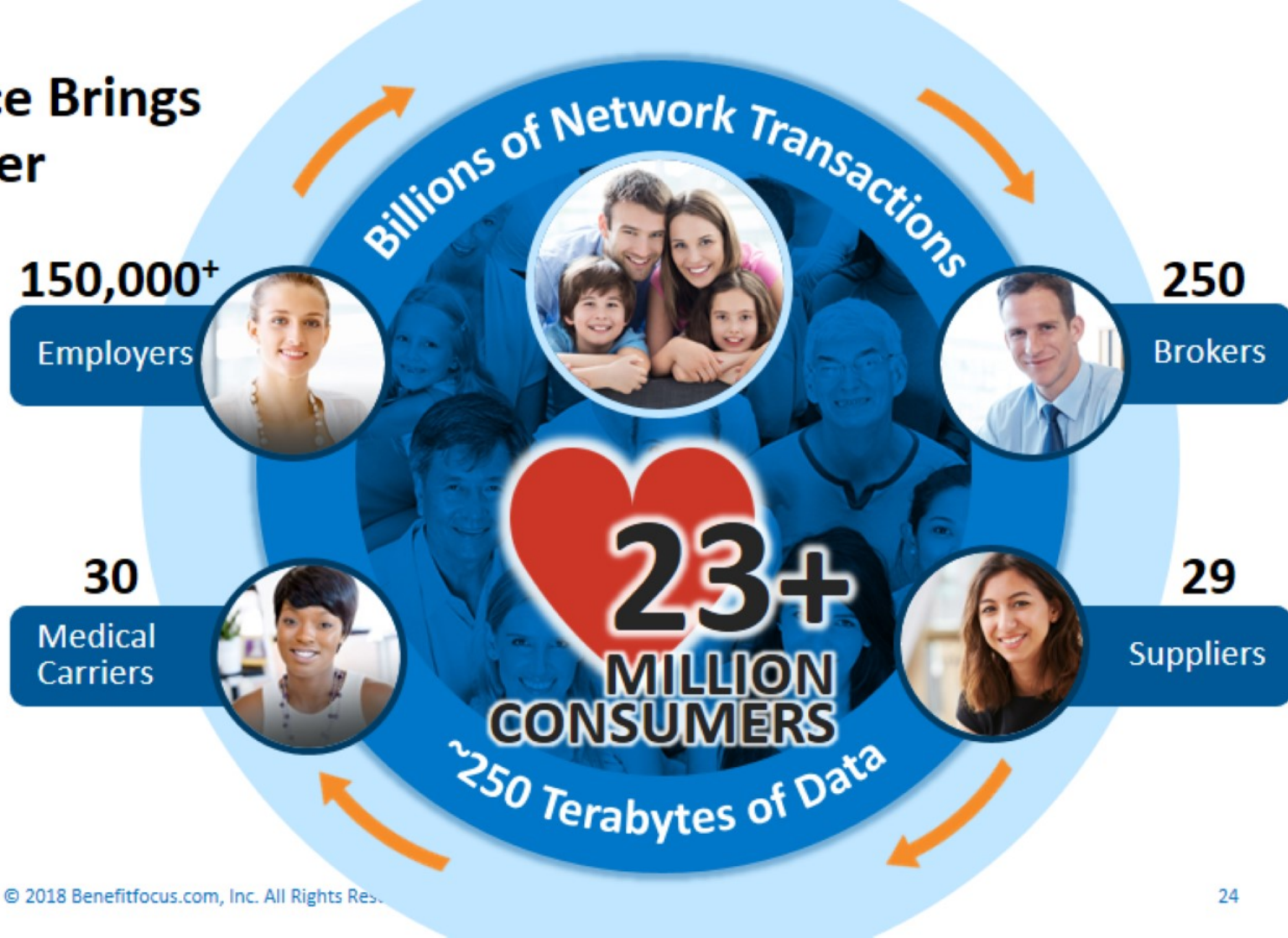
- Demographics
- Plan design
- Products
- Brokers
- Carriers
- Claims

~250 Terabytes of Data

Moments that Matter

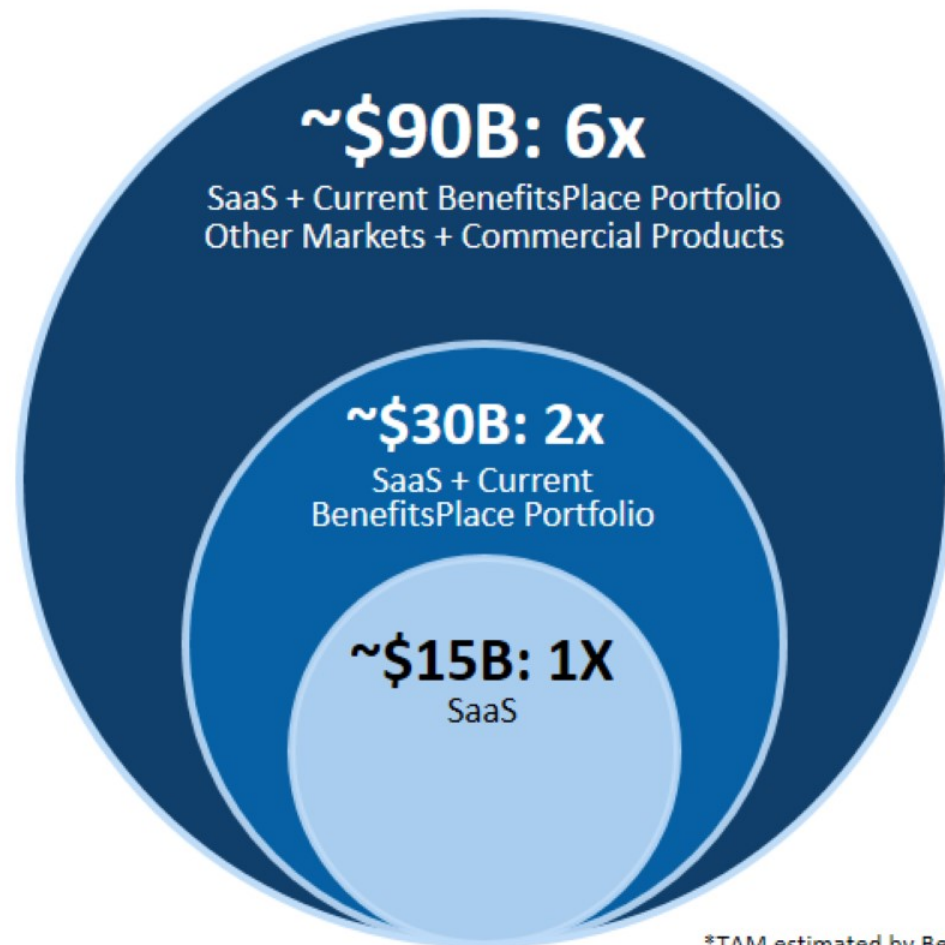


BenefitsPlace Brings It All Together

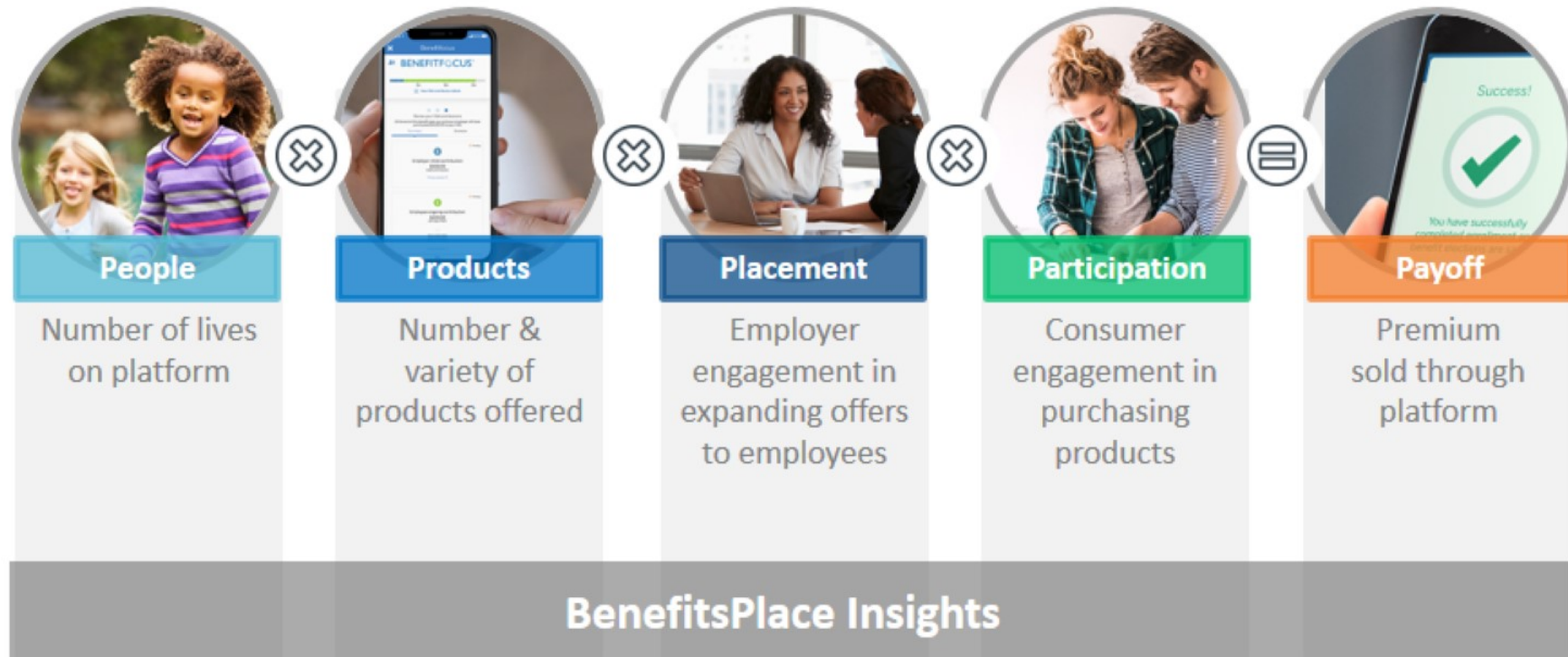


Large Core Market

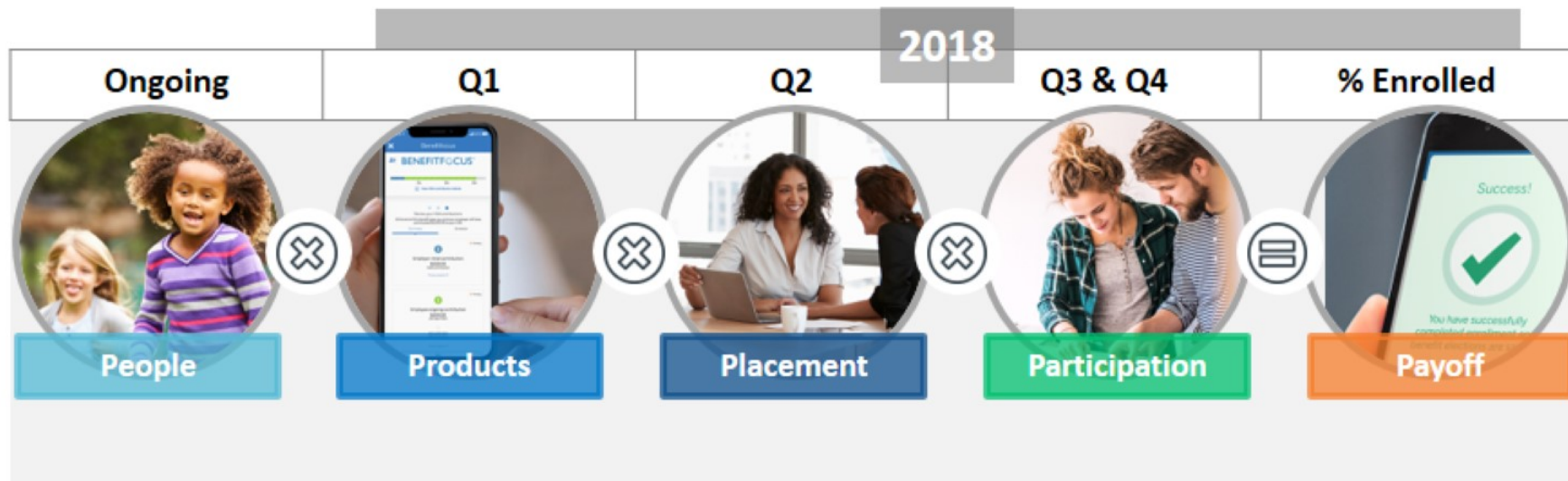
Significant Growth Opportunity



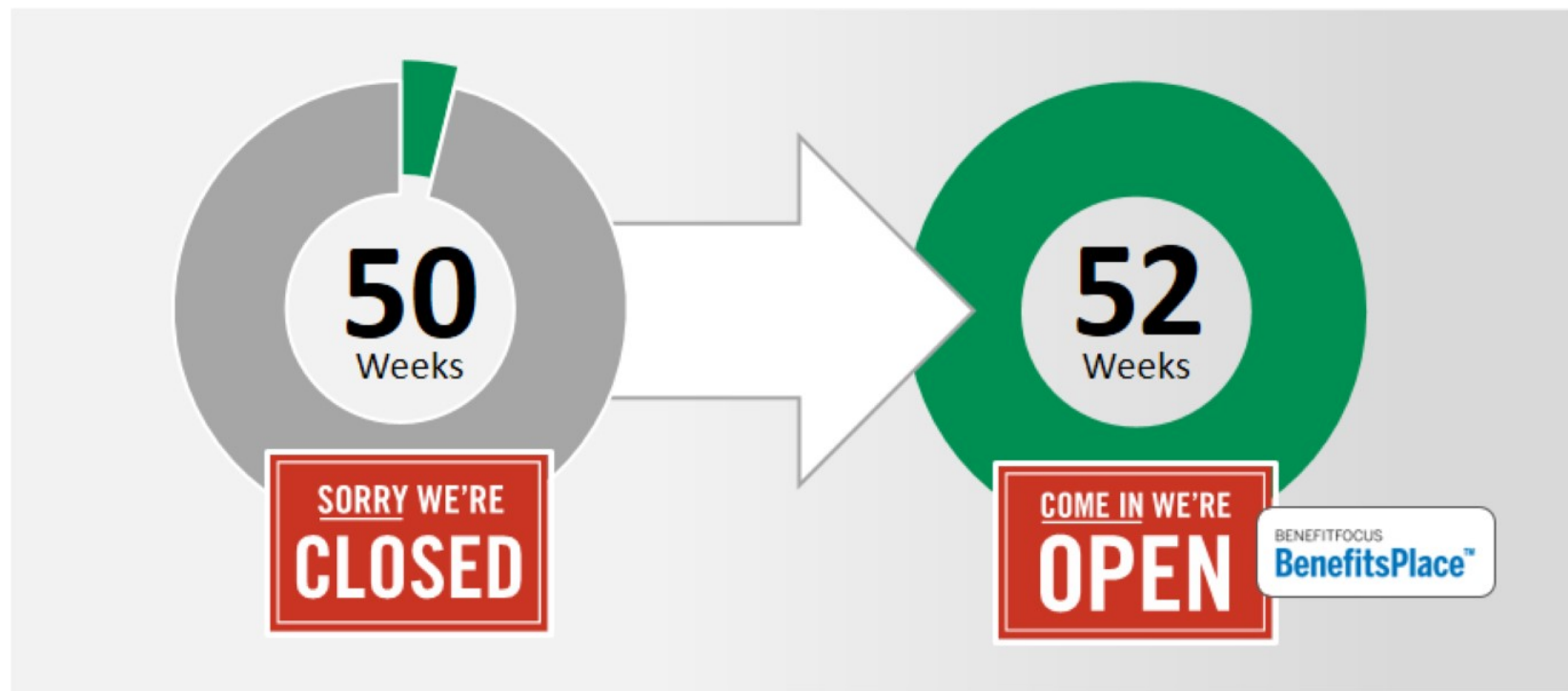
Entire Company Aligned to Deliver Value & Accelerate Growth



Traditional Benefits Enrollment is Focused on Carriers' Needs



BenefitsPlace Provides Consumers Access to Benefits All Year Long



BenefitsPlace Already Delivering Results Since March 2018 Market Launch



We Are Delivering On Our Three Strategic Priorities

1

Improve sales execution

2

Expand revenue opportunities

3

Strengthen our core

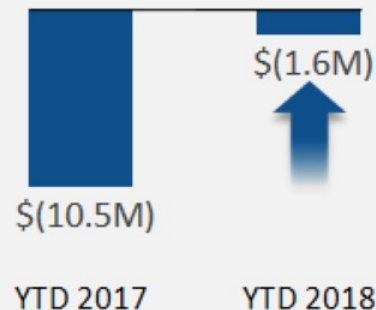
Delivering on Our Three Strategic Priorities

Priority 3: Strengthen our Core – YTD Q3-18

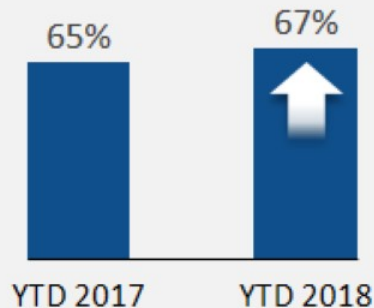
Non-GAAP
Gross Margin
up **420+ bps**



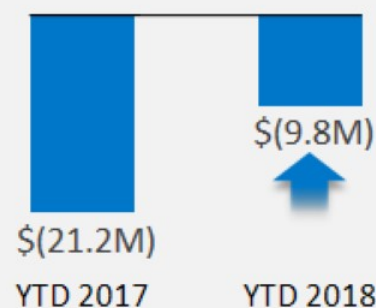
Adj. EBITDA
Margin
up **530+ bps**



Non-GAAP
Software
Gross Margin
up **~180 bps**



Improved
Free Cash Flow
Trajectory



Revenue Growth is Accelerating into 2019

2018 Subscription Bookings Plus BenefitsPlace Drive Future Revenue



1. Mid-point of 2018 guidance

2. Mid-point of 2019 revenue outlook provided on 3Q-18 earnings call

6-point Plan to Achieve our Next Phase of Growth



ADD LIVES

Leverage distribution strategy



INCREASE ARPU

Expand revenue opportunity via upsell, cross-sell and product expansion



STRENGTHEN CORE

Drive margin and operational excellence



LEVERAGE DATA

Leverage our extensive network



M&A

Acquire new products and services to drive lives and ARPU



GLOBALIZATION

Utilize voluntary benefits to increase lives and ARPU

Key Takeaways

- Building on a solid foundation
- Changing the game with BenefitsPlace
- Accelerating growth and performance



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Investor Day

Our Consumer and Platform Strategy

Annmarie Fini

Senior Vice President, Platform Strategy

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Key Topics

1

Consumer-centric network

2

Personalizing the consumer experience

3

BenefitsPlace value drivers

Choosing and Understanding Benefits Is a Challenge

Do I need benefits?

How do I know what's covered?

Is my family protected if I get sick?

What happens to my benefits if I leave my company?

How much have I spent toward my deductible?

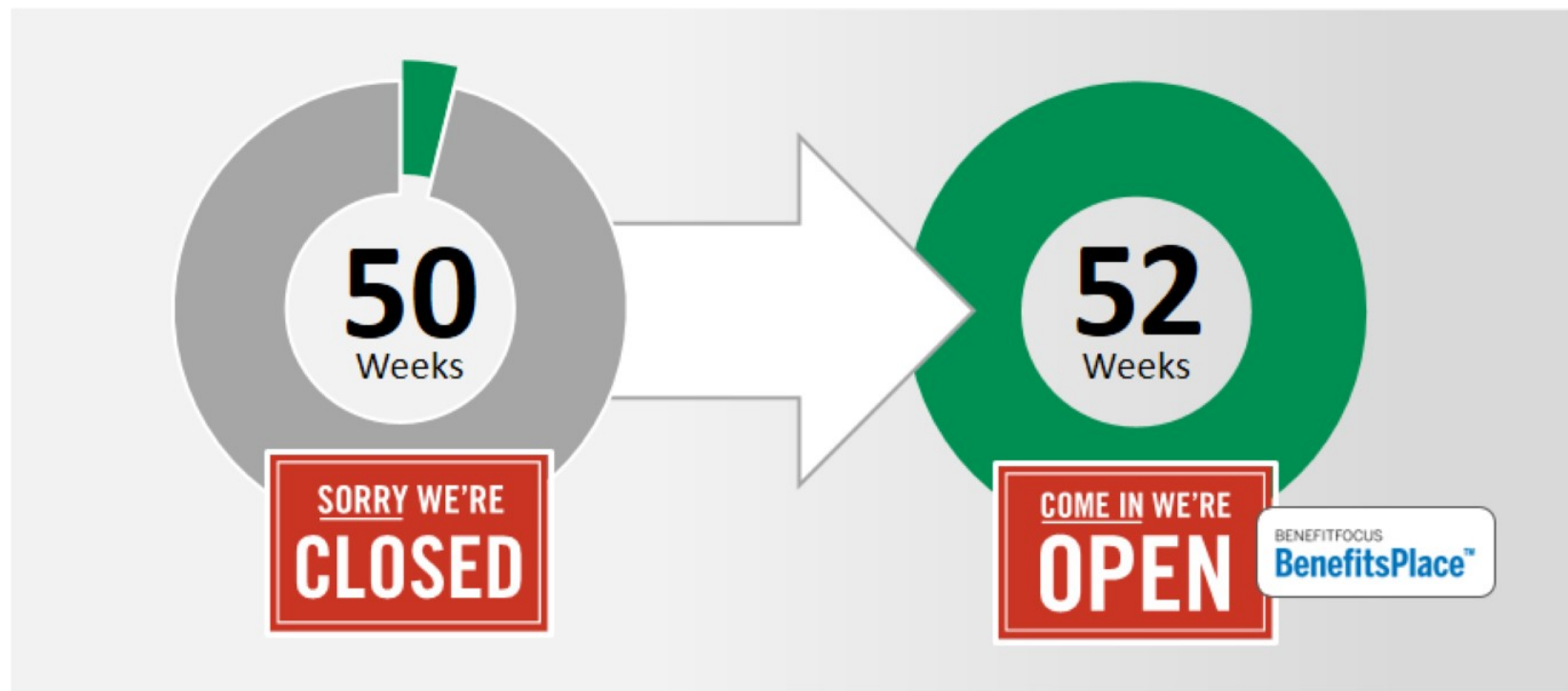
What are the differences among an HSA, FSA and HRA?

What medical plan should I select?



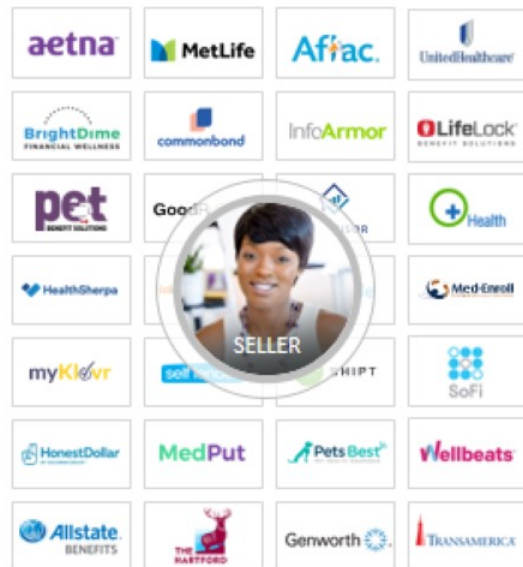
We are all driven by the moments that matter.

Revolutionizing the Industry with Access to Benefits All Year



Seamless Process from Seller to Consumer

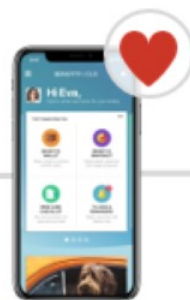
How Sellers Sell



How Buyers Buy



CURATED PRODUCTS



Mobile



Desktop



How Consumers Pay

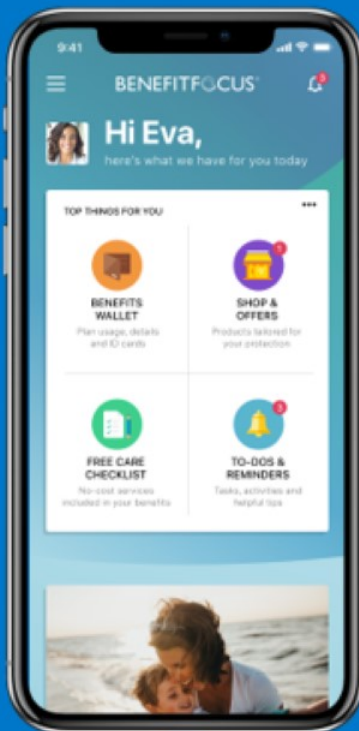


Benefitfocus Wallet



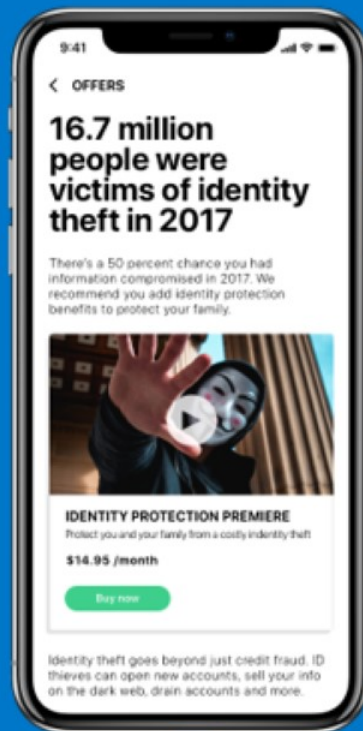
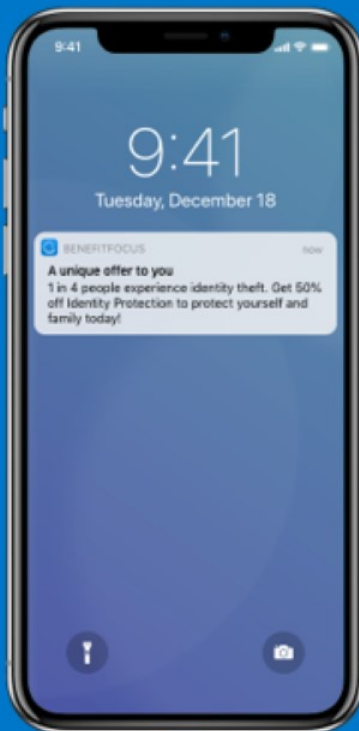
A Personalized Experience

...for the moments that matter



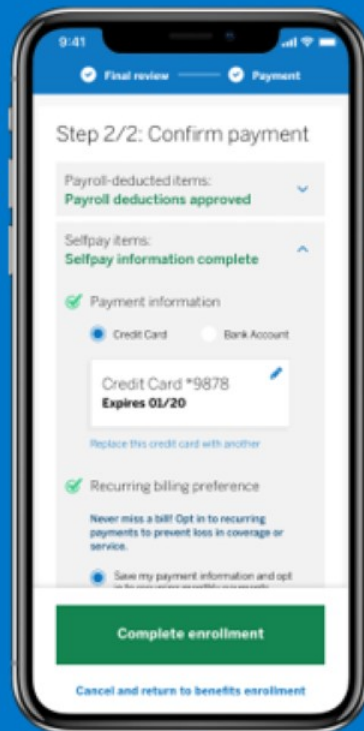
Meaningful Communication

...timely push notifications



Payment Options

...through the Benefitfocus Wallet

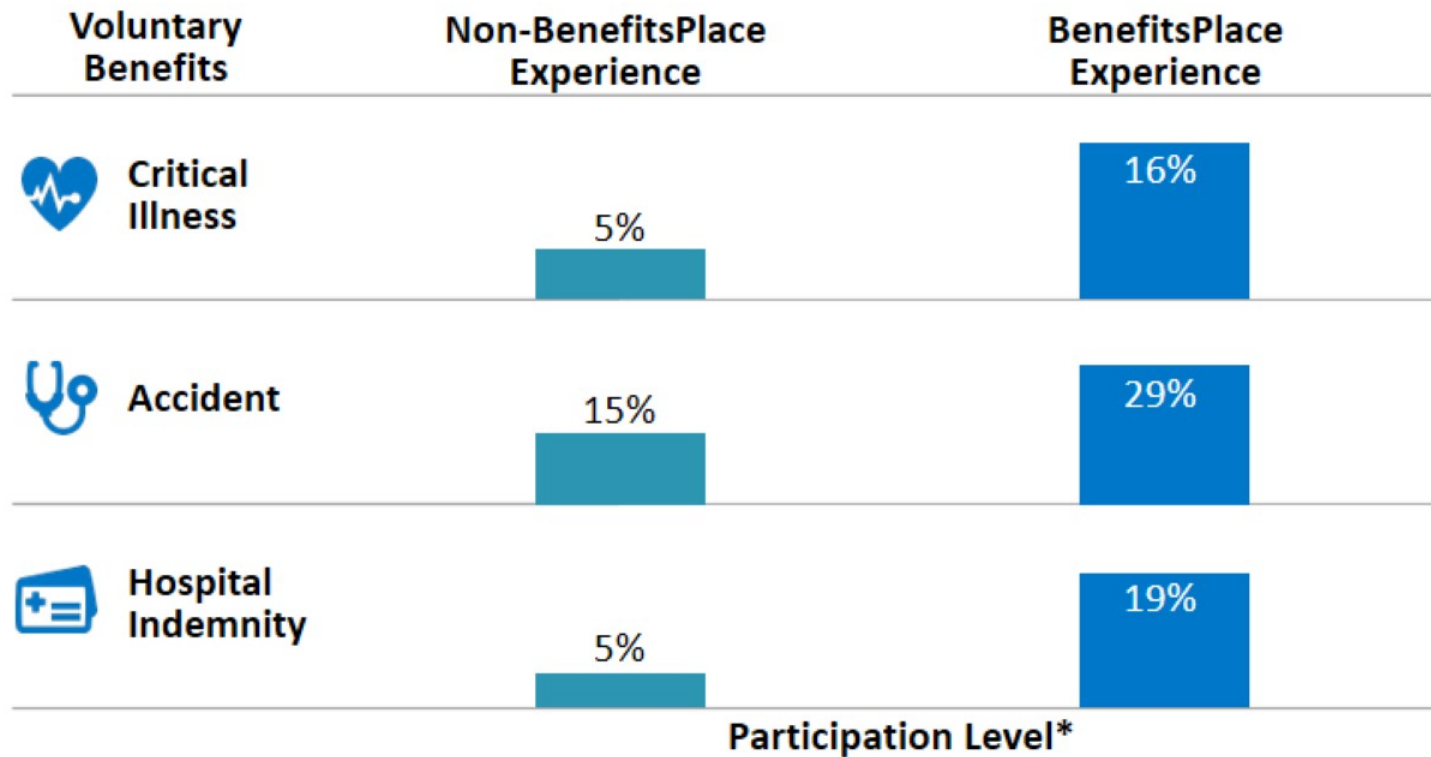


BenefitsPlace Insights

...powerful results for all users



BenefitsPlace Drives 2-4x Higher Enrollment Outcomes



*Results may vary by customer; representative sample

BenefitsPlace – A Holistic Approach to Benefits

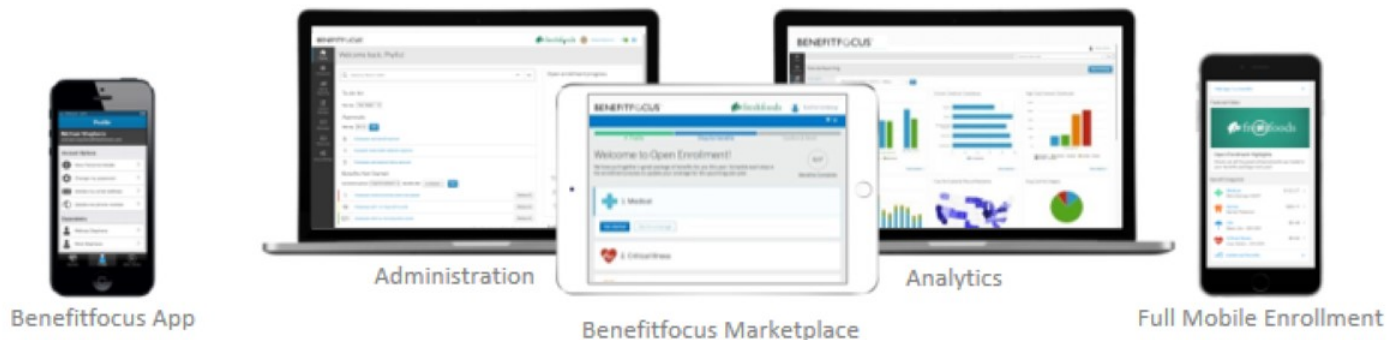
Current Benefits



Potential Future Benefits



Our Strong Foundation



18+ Years of Innovation



Key Takeaways

1

A strong foundation for a consumer-centric network where everyone wins

2

Data analytics and insights deliver personalized consumer experiences

3

BenefitsPlace significantly increases participation in voluntary benefits

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Growth Execution Strategy

Rob Dahdah

Executive VP, Global Sales and Marketing

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Key Topics

1

Market strategy and distribution model

2

Strategic pivots and impact to lives and ARPU

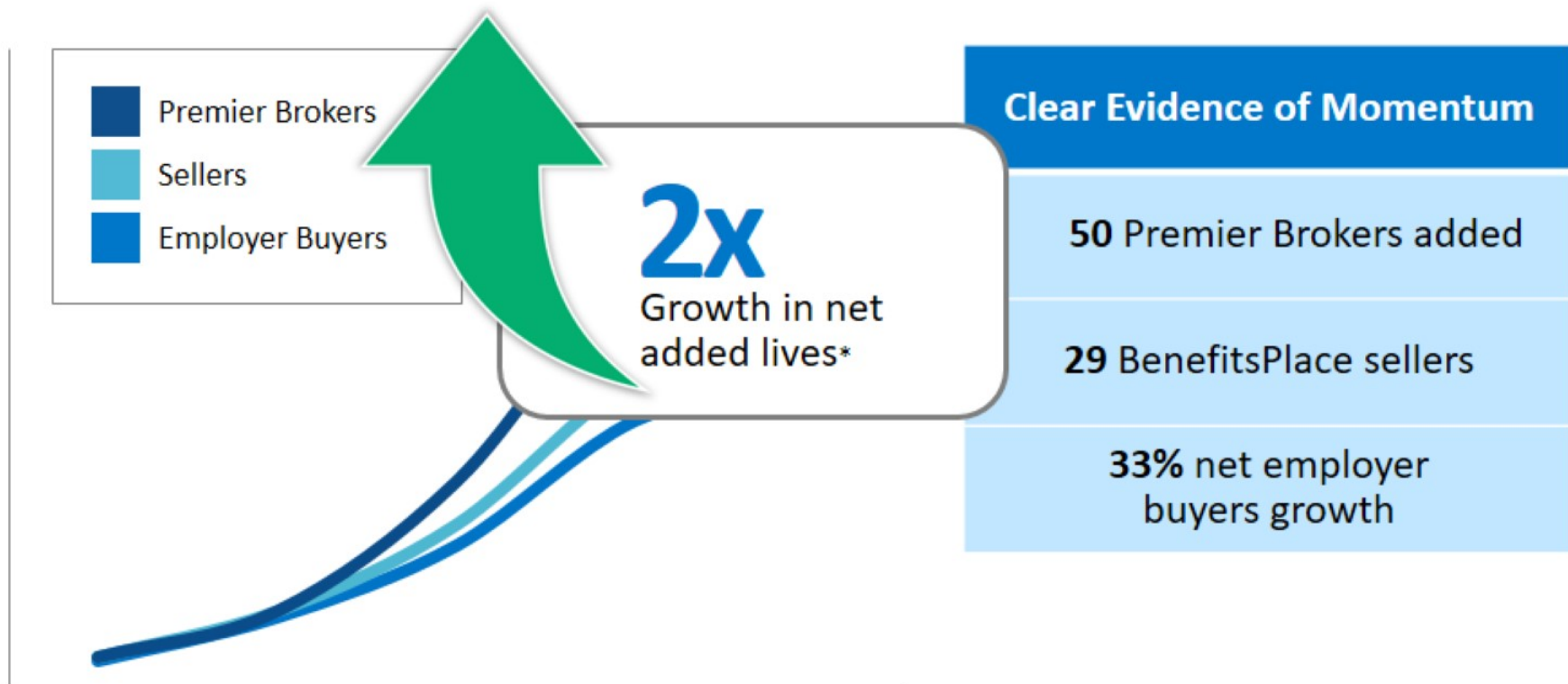
3

Differentiated value proposition

Direct and Indirect Sales Channels Align to Create Value



Strong YoY Growth – Buyer/Seller Additions Since Q3 '17

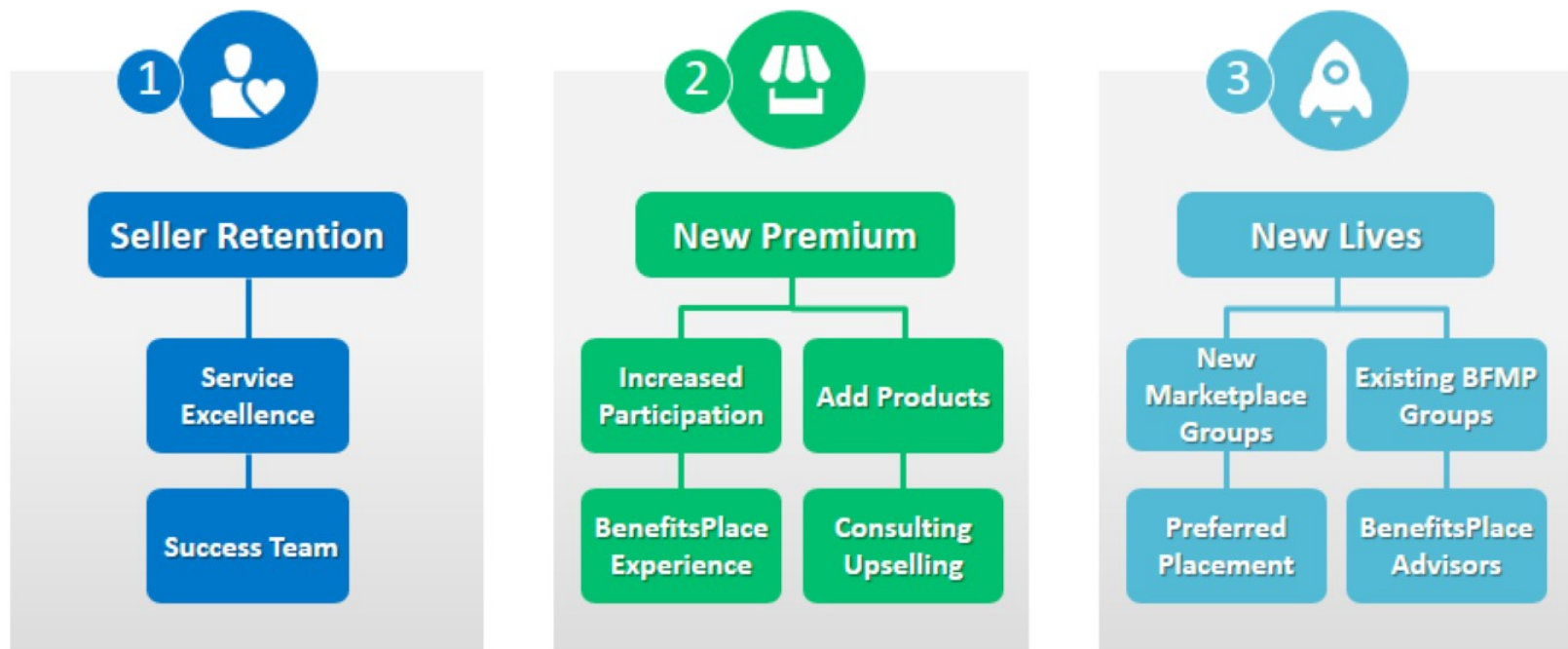


* Indicates net benefit eligible lives

BenefitsPlace is a Unique Transaction-based Model



A 3-pillar Seller Growth Strategy with BenefitsPlace



Driving Growth by Deepening Broker Relationships

Partnering with our broker community to deliver a world-class benefits experience for our shared clients and for every consumer on our platform



50

Premier Brokers

Grow business via
Premier Broker
program



400

Large Employers

Clear & easy white
glove service



2M

Lives

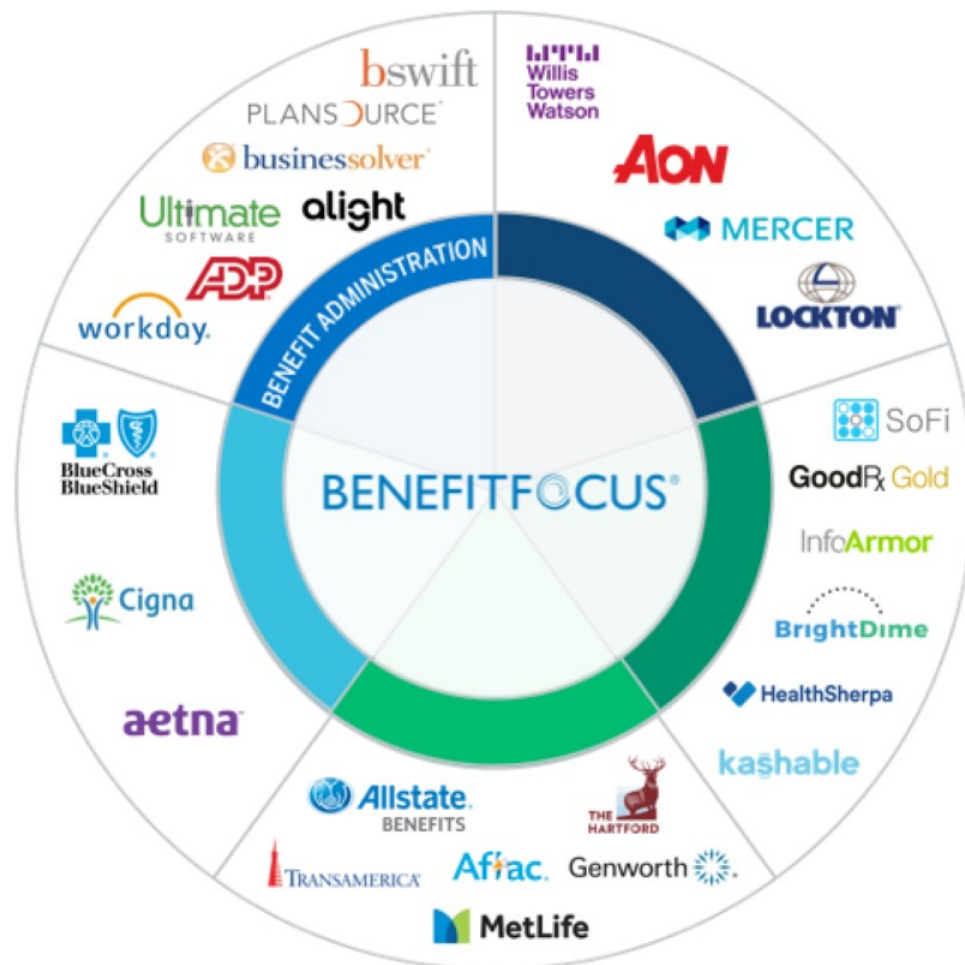
Customized insights
into business via
analytics & tools

BENEFITFOCUS
Broker Advisory Council

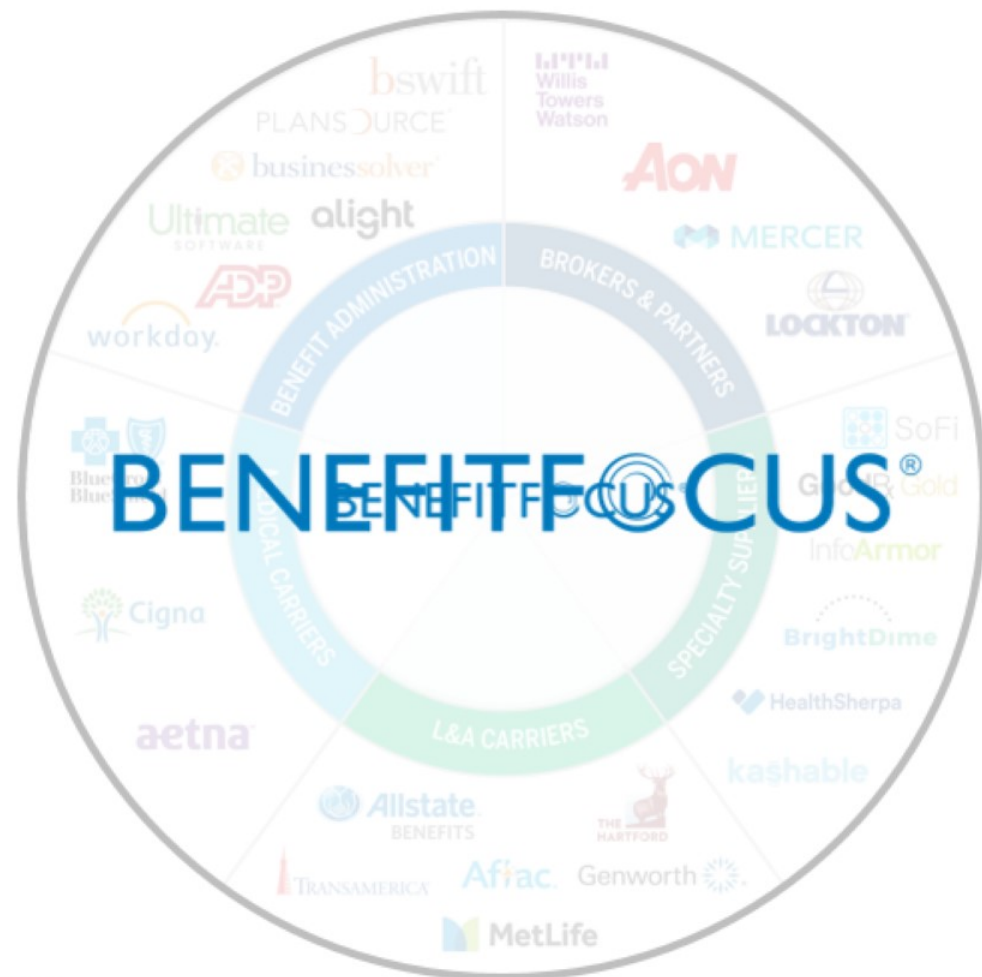
Recognition
programs

Benefitfocus
ONE PLACE 365

From Ben Admin Software to Connected Consumer Platform



From Ben Admin Software to Connected Consumer Platform



Key Takeaways

1

We have a diversified go-to-market strategy and our distribution model drives growth in lives and ARPU expansion

2

Our strategic pivots have removed headwinds to enable all segments of our distribution model to contribute to lives growth and ARPU expansion

3

Our platform connects employers of all sizes and 23+ million consumers with marquee sellers, enhancing our value proposition to channel partners and brokers

**When the
consumer wins,
everyone wins...**

Demonstration



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Digitization & Value Creation Benefitfocus Investor Day

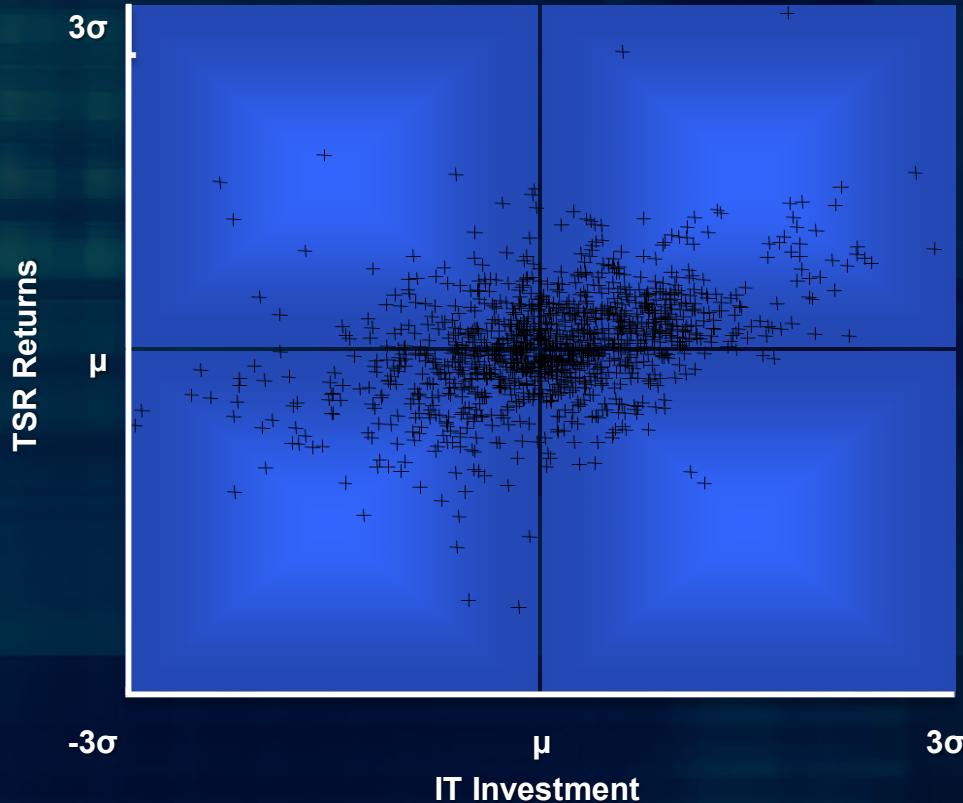
Bill Pieroni
ACORD President & CEO

New York
December 18, 2018

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Digitization & Value Creation

IT Spend vs. TSR



- No measurable correlation
 - Spend less
 - Follow, don't lead
 - Focus on vulnerabilities
- Strategic & tactical drivers
- Single variable vs. enterprise

- **Methodology & Assessment**
- **Classification & Outcomes**
- **Implications & Imperatives**



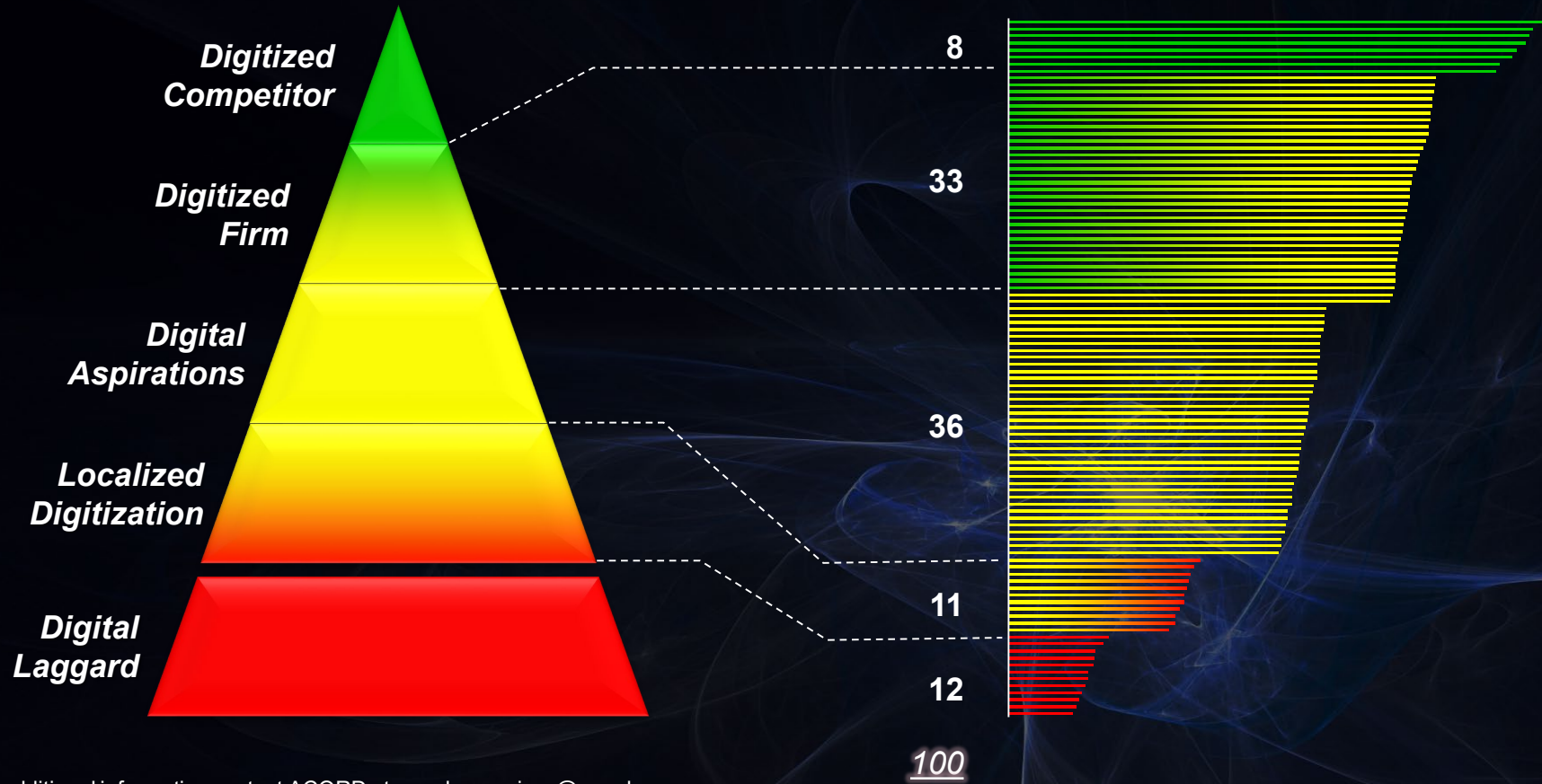
- **100 carriers – \$1.7T GWP, 40% of global**
- **7+ years – TSR, Revenue, EBITDA**
- **Digital Maturity vs. Performance**



Digitization & Value Creation

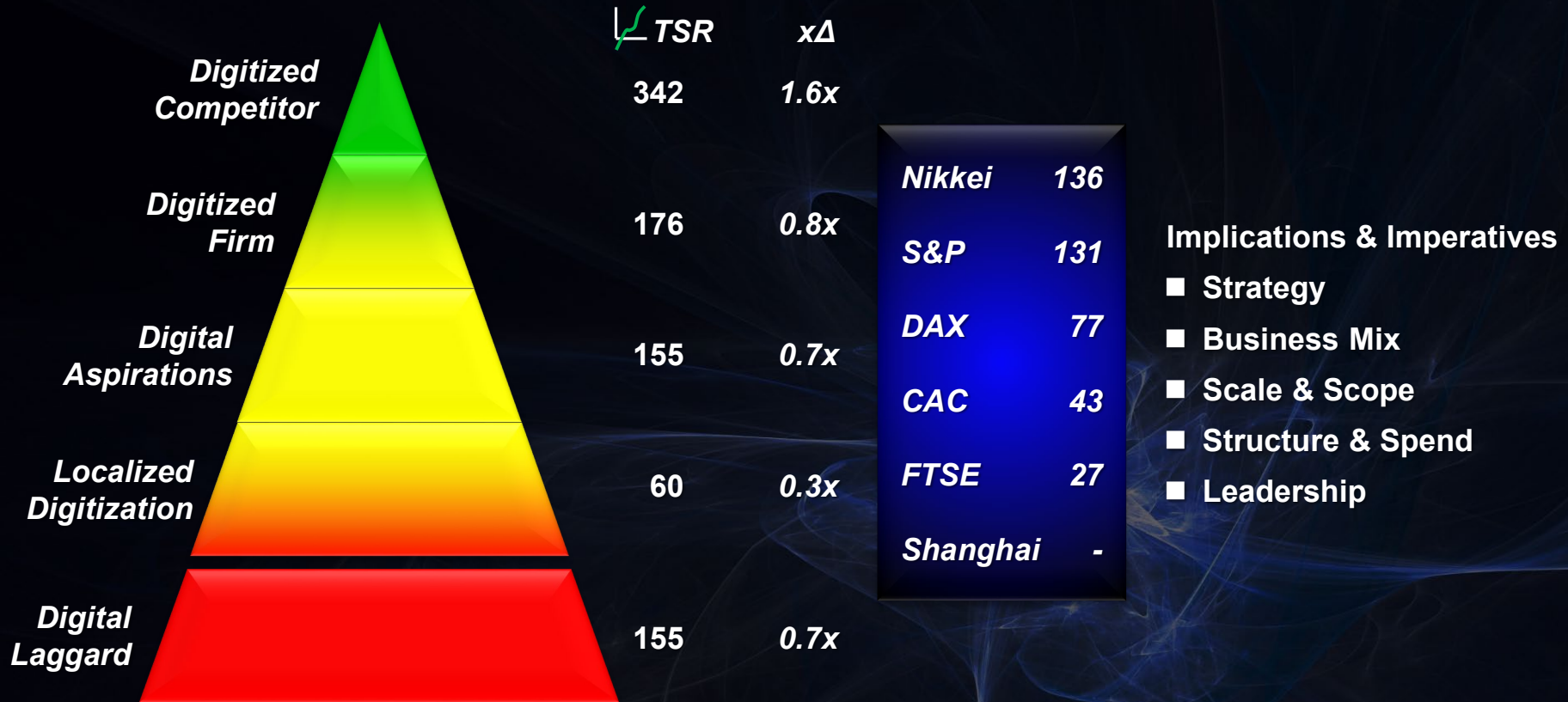
Study: Classification & Outcomes

ACORD



Digitization & Value Creation

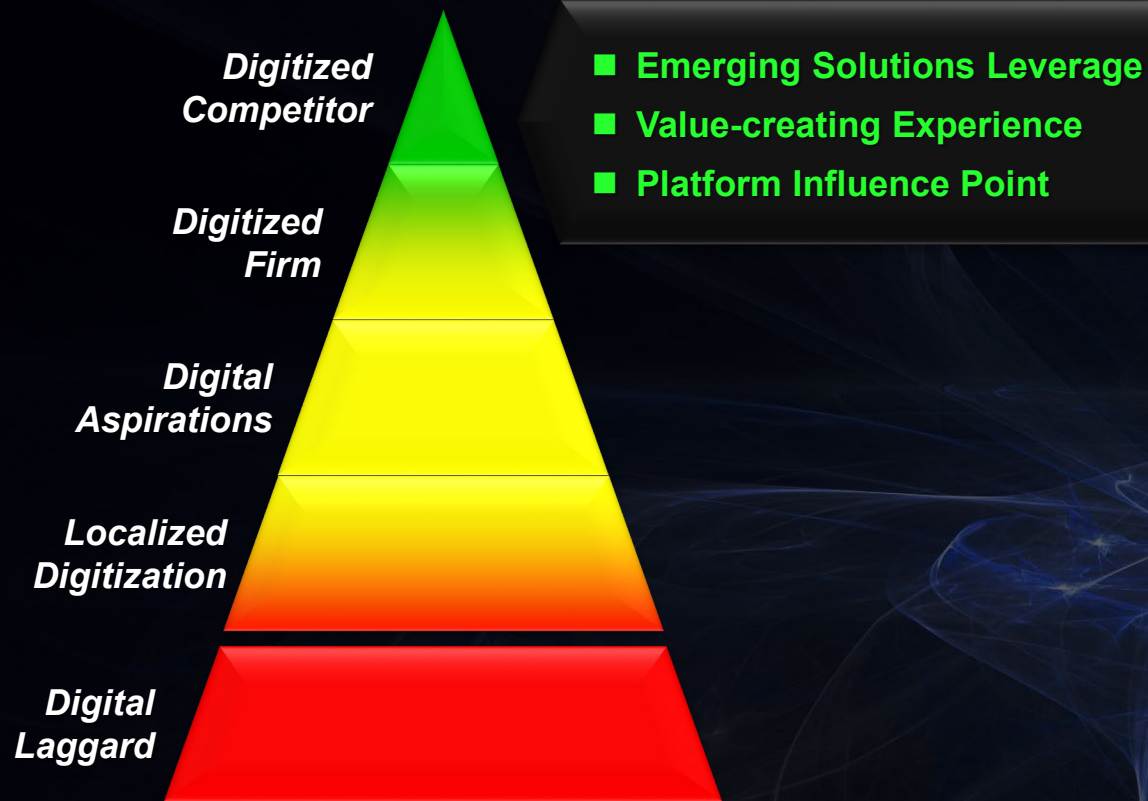
Study: Classification & Outcomes, 2010-Q3 2018



Digitization & Value Creation

Study: Implications & Imperatives

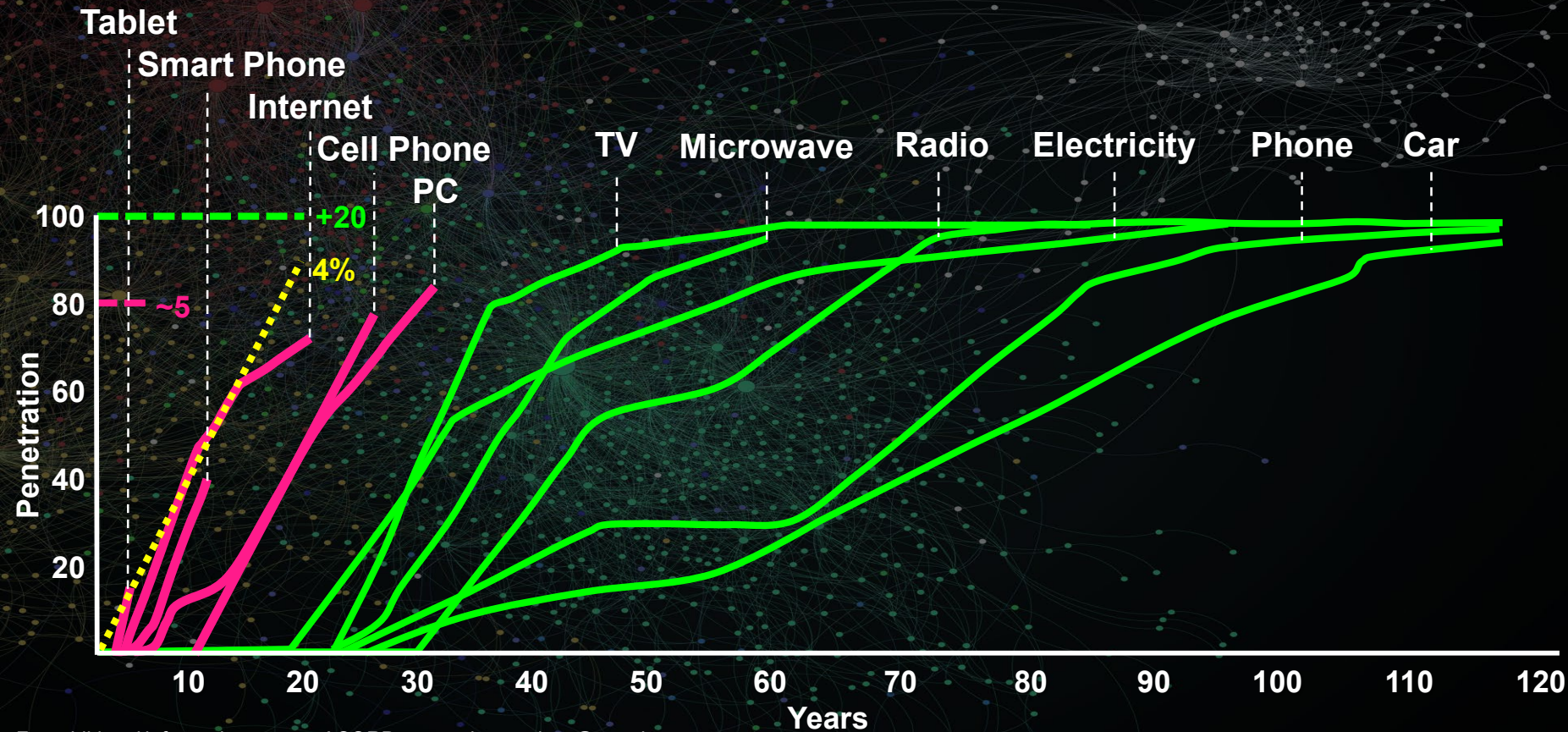
ACORD



Digitization & Value Creation

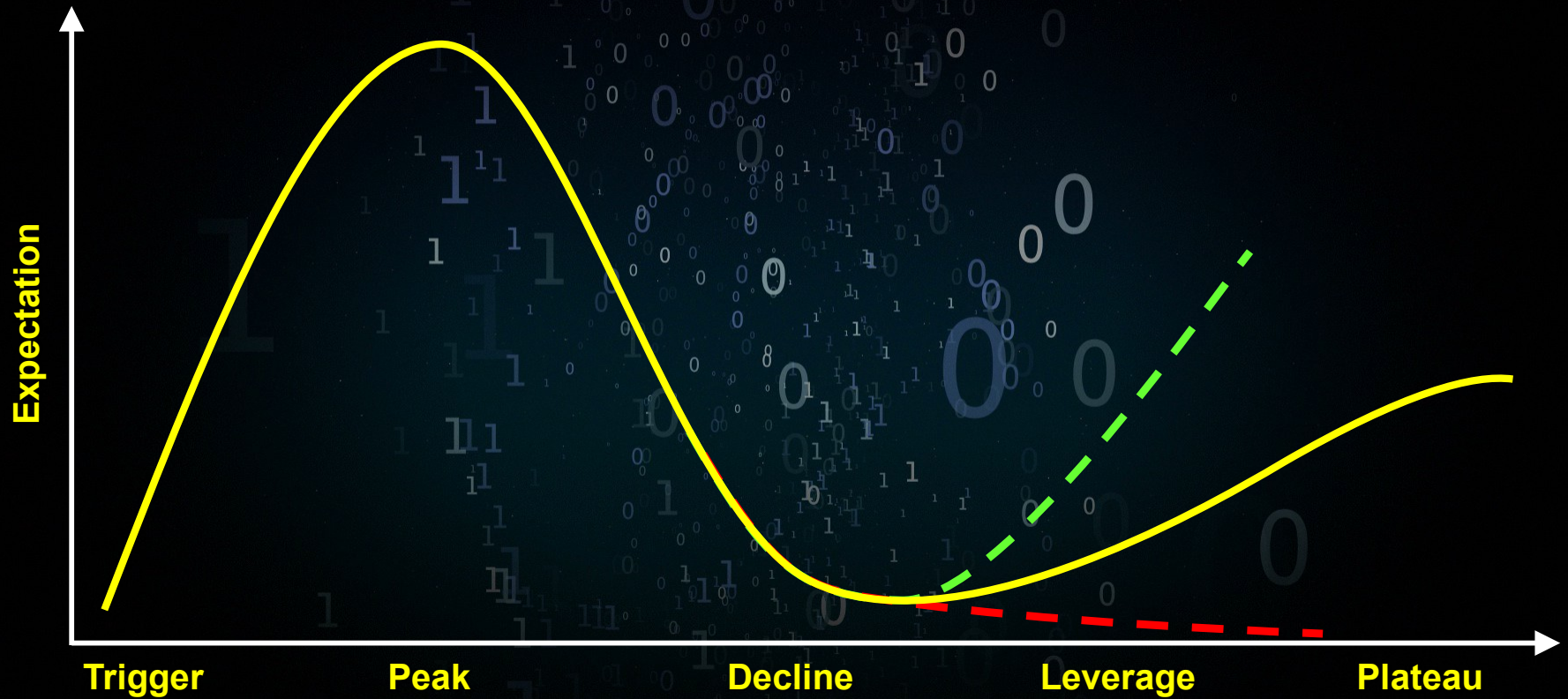
Emerging Solutions Leverage: Years vs. Penetration (%)

ACORD



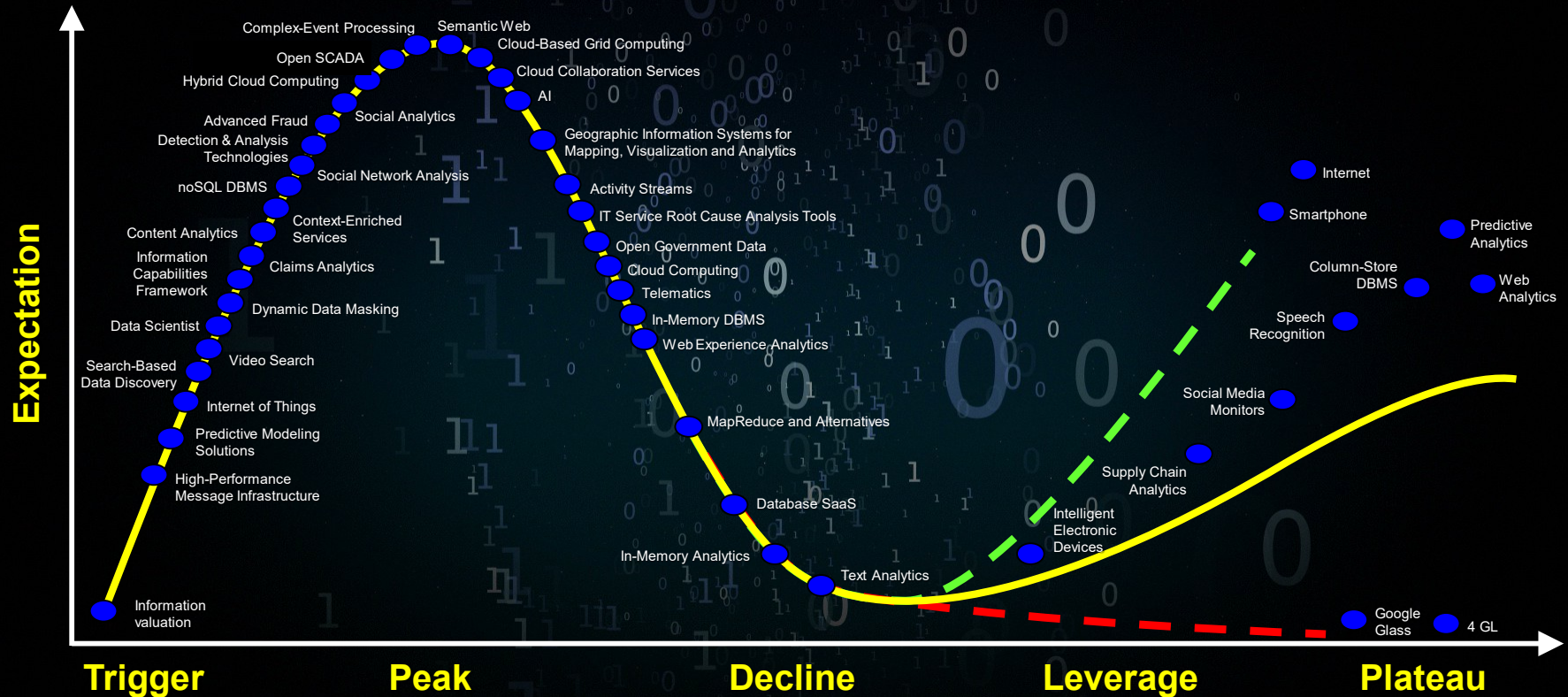
Digitization & Value Creation
Emerging Solutions Leverage: Innovation Diffusion

ACORD



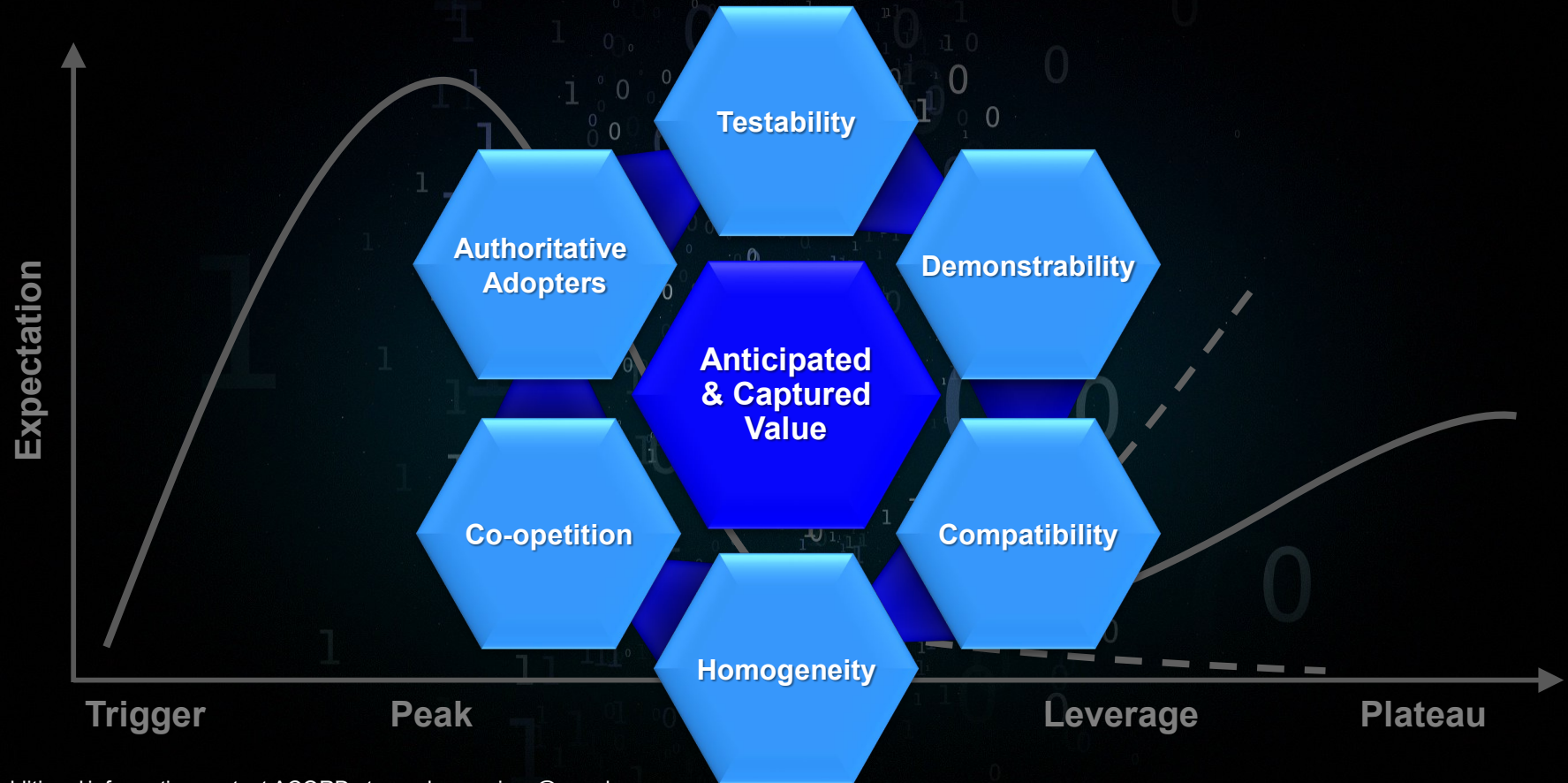
Digitization & Value Creation

Emerging Solutions Leverage: Innovation Diffusion



Digitization & Value Creation
Emerging Solutions Leverage: Viability Framework

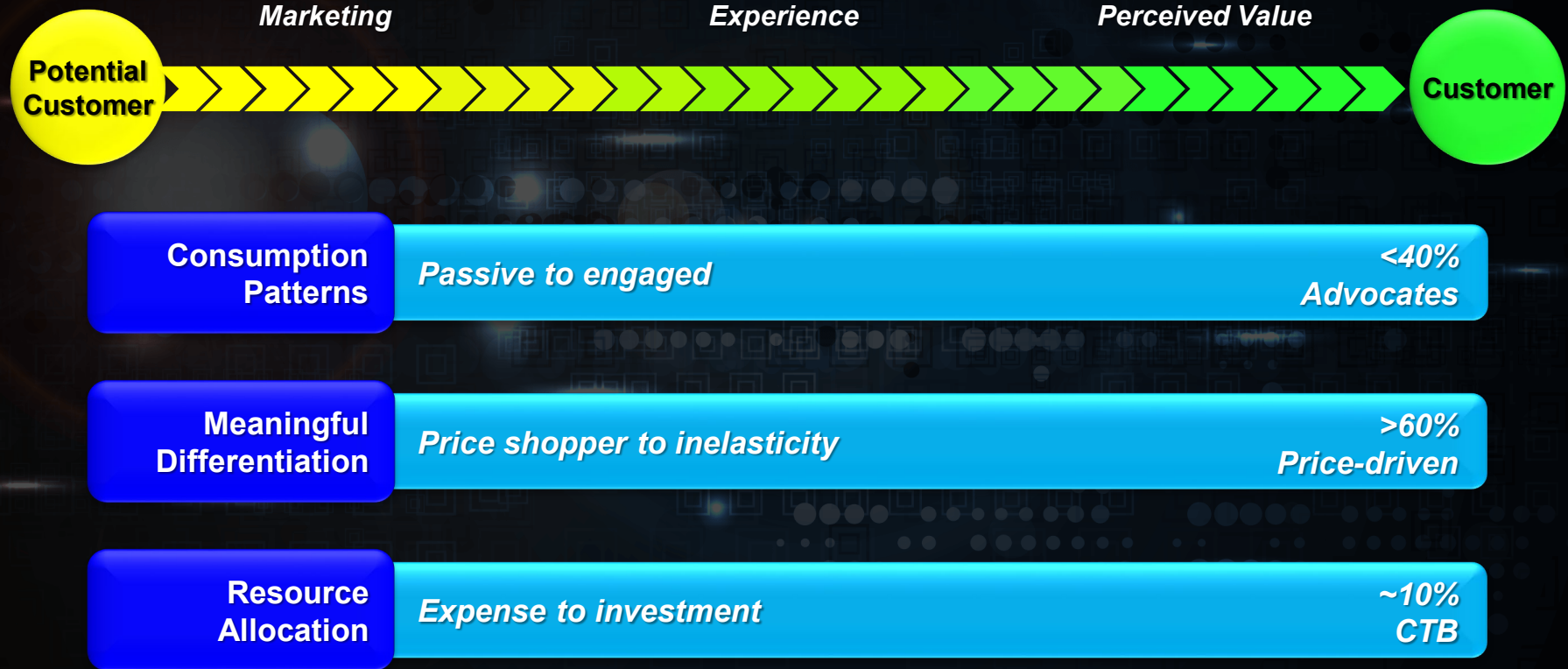
ACORD



Digitization & Value Creation

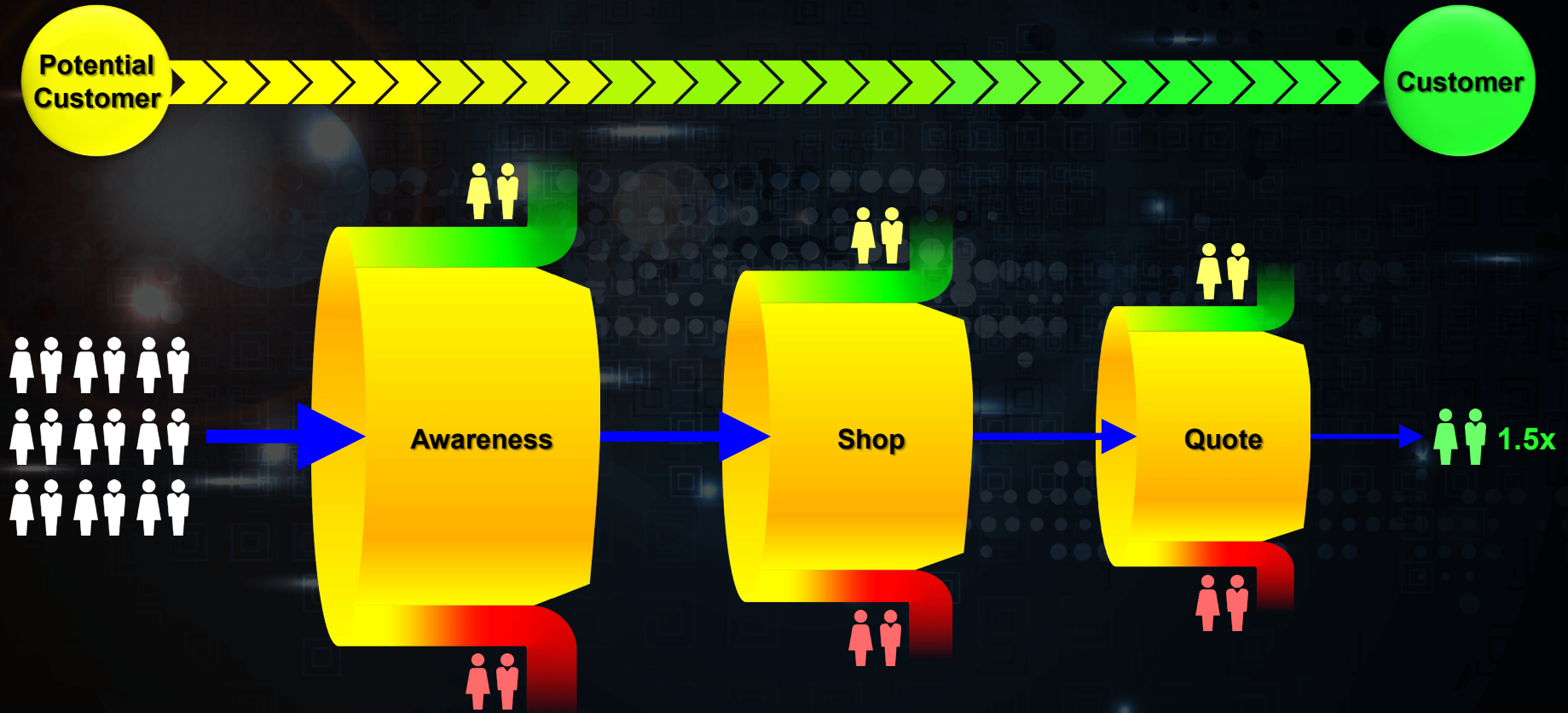
Value-creating Experience: Selected Imperatives

ACORD



Digitization & Value Creation
Value-creating Experience: Digital Journey

ACORD



Digitization & Value Creation
Platform Influence Point: Traditional Value Chain

ACORD



➤ *Value creation is relatively fixed and linear*

Winning Platforms

Value is captured by occupying influence points in networked ecosystems



Capacity & Competency: *Enable focus on differentiated advantage while delivering value beyond capabilities of any single participant*

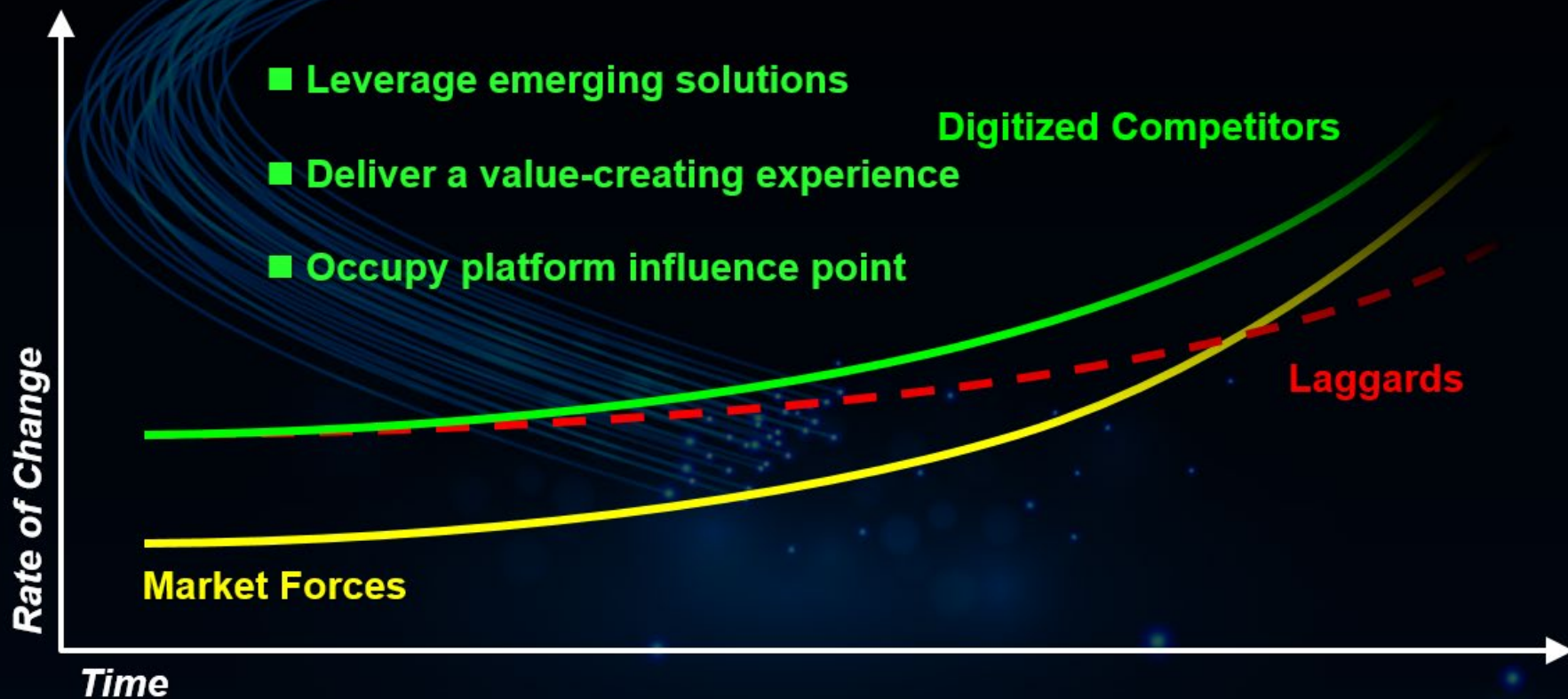


Leveraged Growth: *Open value-creating new growth paths beyond traditional organic or M&A options*



Distributed Innovation: *Empower participants to learn, co-evolve, and work cooperatively and competitively*

➤ **Value creation increases and is dynamic**



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Financial Update

Jonathon Dussault, CFO

December 18, 2018

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Key Topics

1 Business fundamentals

2 Performance visibility

3 Measuring success

We Are Delivering On Our Three Strategic Priorities

1

Improve sales execution

2

Expand revenue opportunities

3

Strengthen our core

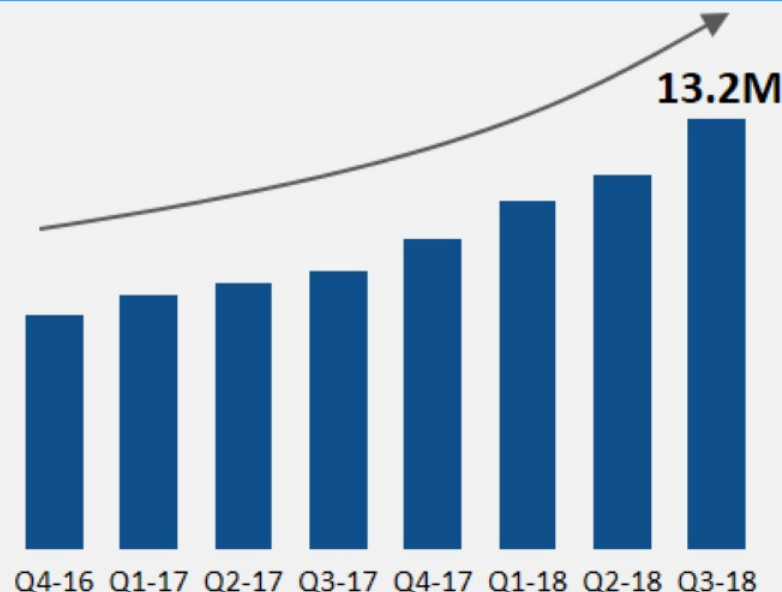
Delivering on Our Three Strategic Priorities

Priority 1: Improve Sales Execution

Solid Results

- ✓ 4 consecutive quarters of strong execution
- ✓ 15%+ year-over-year growth in benefit eligible install base
- ✓ Efficient realignment of our sales engine

Growth in Net Benefit Eligible Lives¹



1. Net benefit eligible lives includes carrier and employer enrollment subscriptions with standard contracting, plus their estimated dependents. This figure excludes lives from other subscription related contracts.

Delivering on Our Three Strategic Priorities

Priority 2: Expand Revenue Opportunities

Solid Results

- ✓ Diversified incremental revenue with BenefitsPlace
- ✓ Increase install base adoption
- ✓ Premier Broker program – signed 50 broker partners

BenefitsPlace Partners

YTD 2018



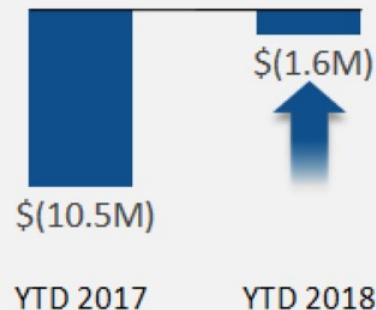
Delivering on Our Three Strategic Priorities

Priority 3: Strengthen our Core – YTD Q3-18

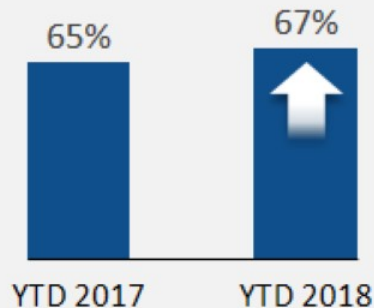
Non-GAAP
Gross Margin
up **420+ bps**



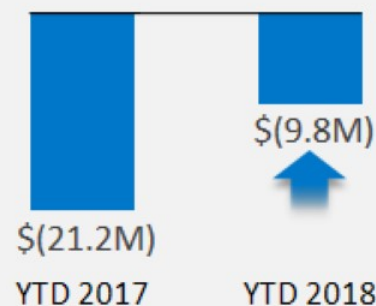
Adj. EBITDA
Margin
up **530+ bps**



Non-GAAP
Software
Gross Margin
up **~180 bps**



Improved
Free Cash Flow
Trajectory



Revenue Growth is Accelerating into 2019

2018 Subscription Bookings Plus BenefitsPlace Drive Future Revenue

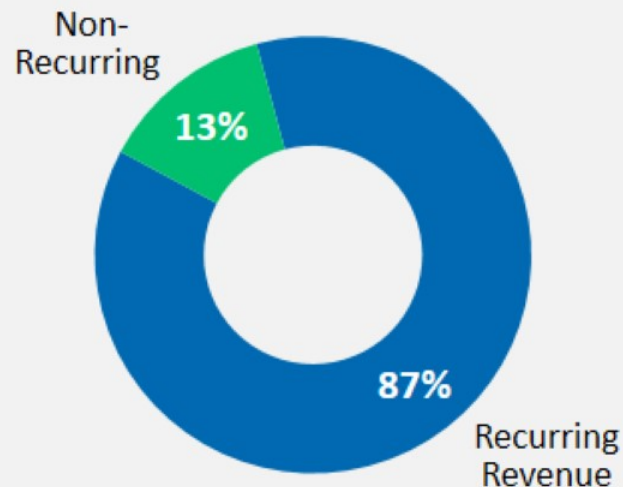


1. Mid-point of 2018 guidance

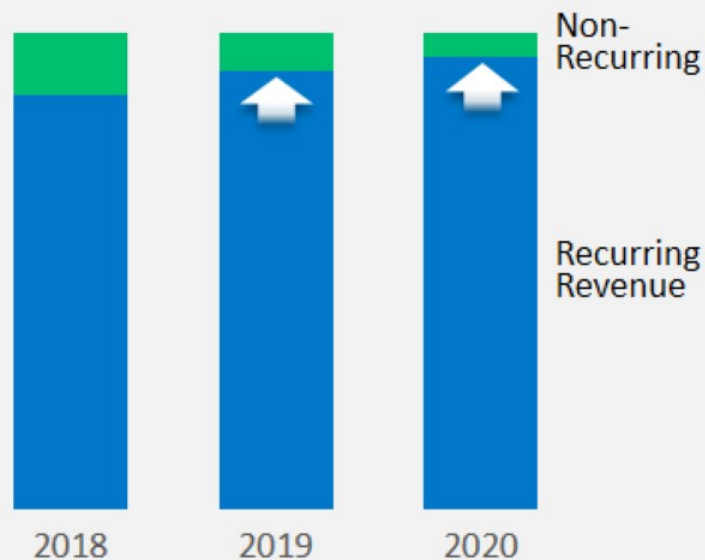
2. Mid-point of 2019 revenue outlook provided on 3Q-18 earnings call

Highly Recurring Revenue Drives Strong Visibility

Estimated 2018 Revenue Mix
95%+ Software Revenue Retention

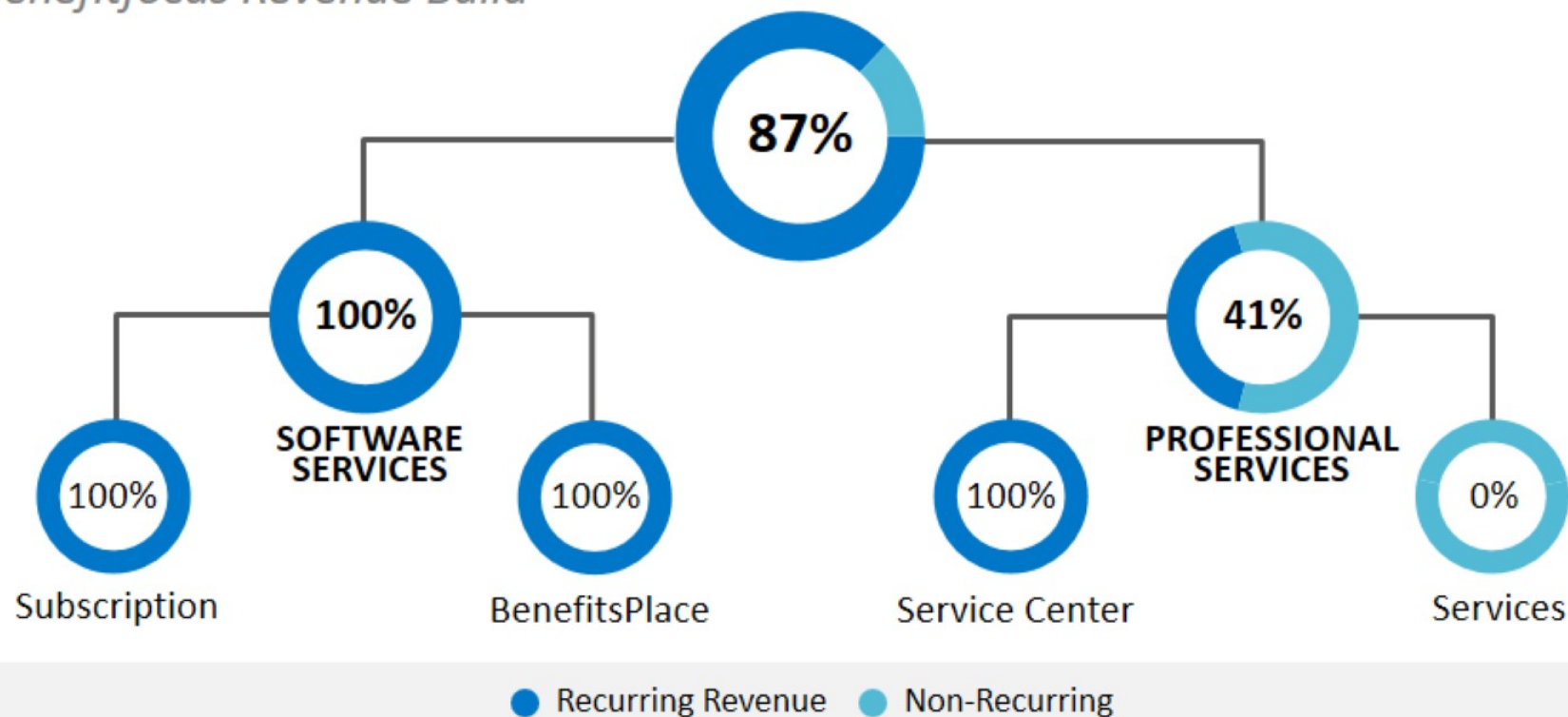


Revenue Mix Trajectory



Diversified and Highly Predictive Revenue Stream

Benefitfocus Revenue Build¹

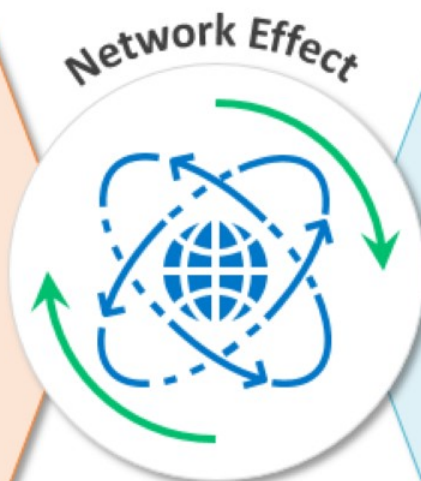


1. Based upon estimated 2018 results

Key Revenue Drivers

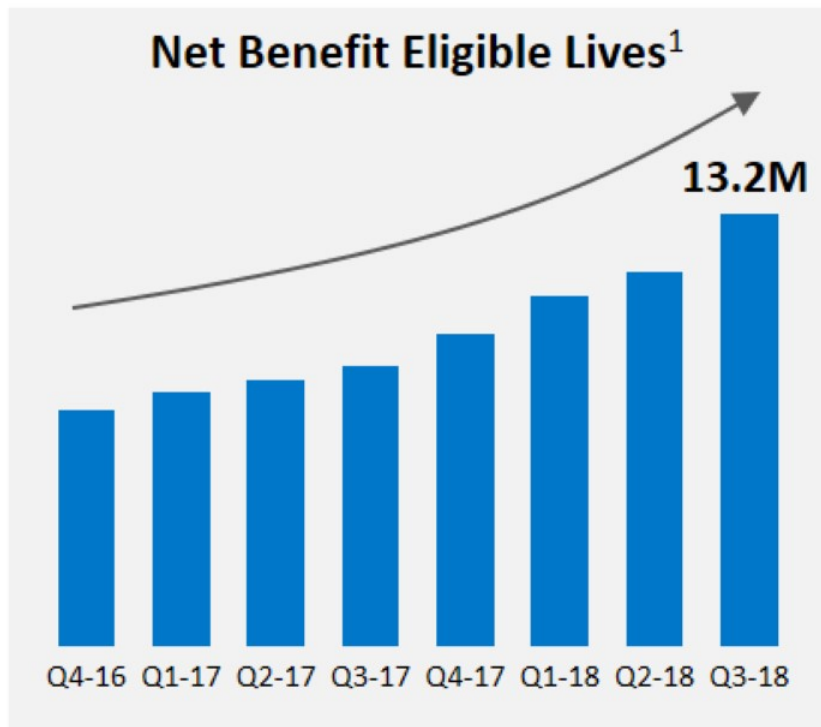


- Employer direct
- Vertical focus
- Channel partners
- Brokers
- Medical carriers



- Innovative new products
- Penetrating install base
- Improve adoption of existing BenefitsPlace products
- Increase participation
- Launch new BenefitsPlace products

New Measure: Benefit Eligible Lives – Growth Accelerating



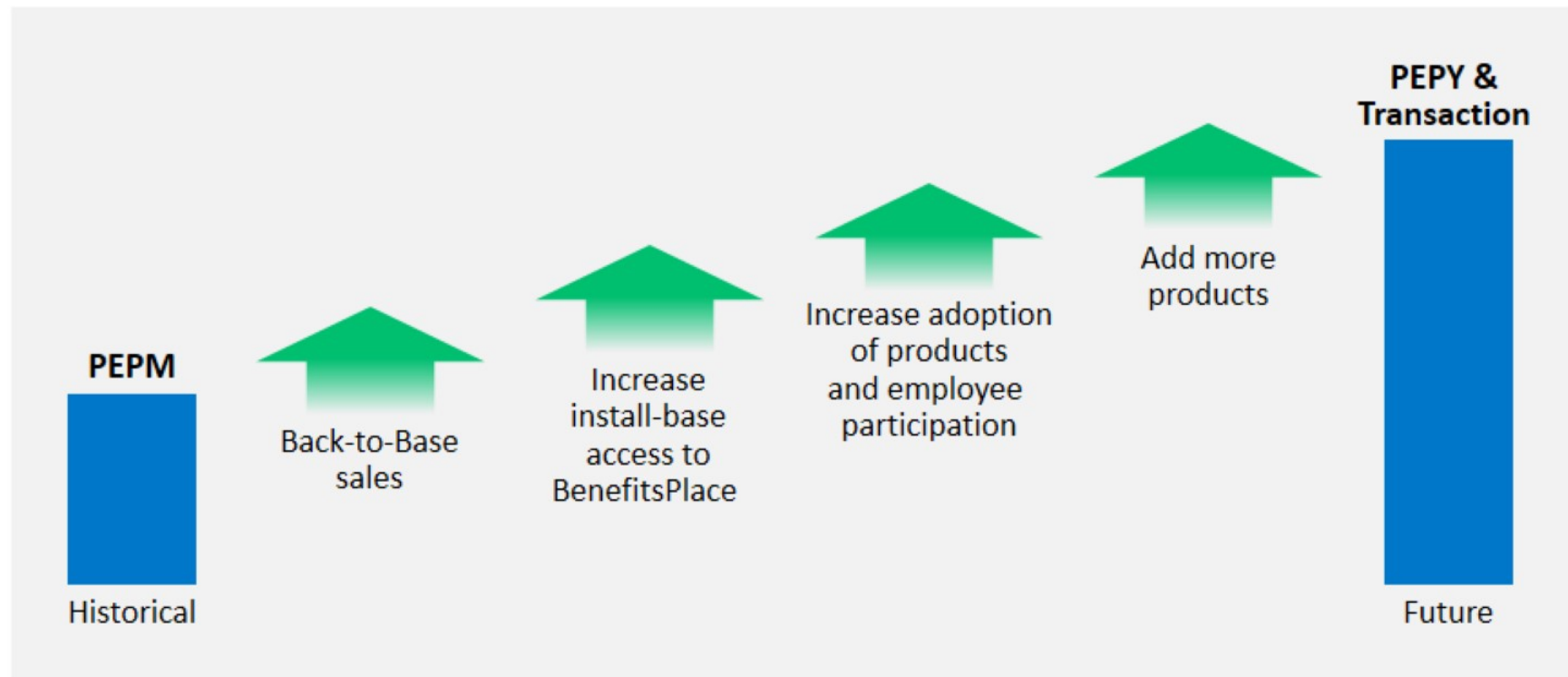
1. Net benefit eligible lives includes carrier and employer enrollment subscriptions with standard contracting, plus their estimated dependents. This figure excludes lives from other subscription related contracts.

Highly correlated to subscription revenue

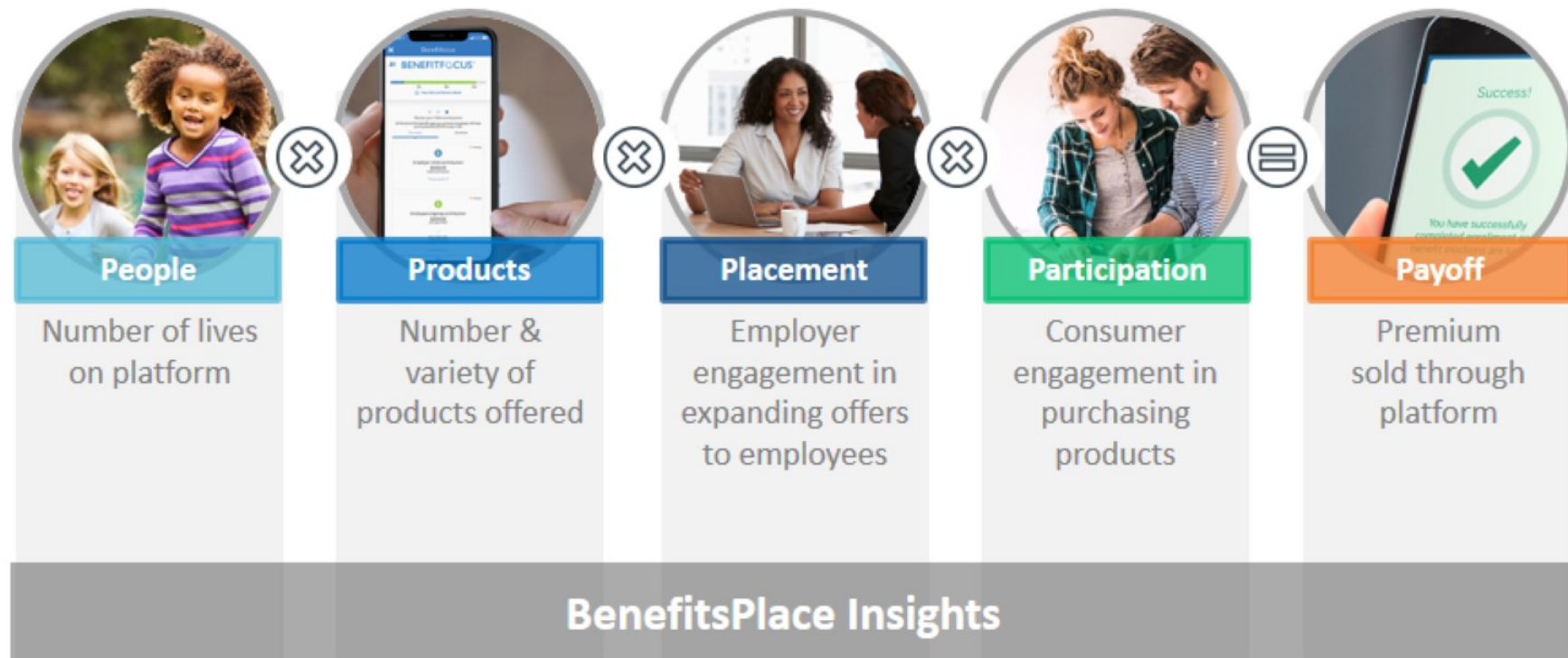
Foundation for transaction revenue opportunity

Less than 50% of net benefit eligible individuals had access to BenefitsPlace this past open enrollment

Multiple Drivers for ARPU Expansion

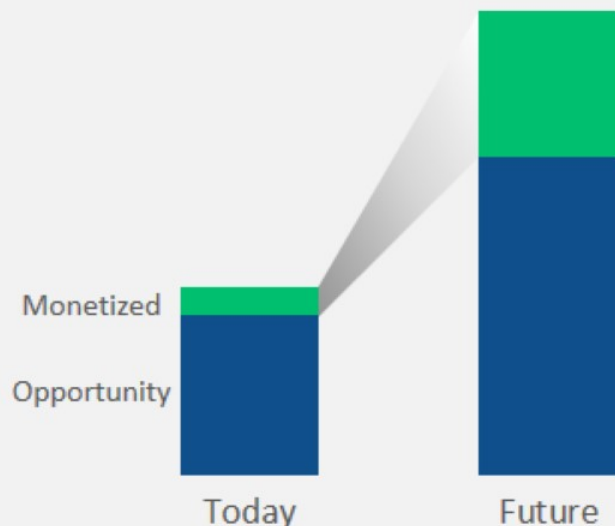


Entire Company Aligned to Deliver Value and Accelerate Growth



More Products + Higher Participation + Better Data = Faster Revenue Growth

Growth in Premiums



Non-medical benefit premium
transacted on our platform

\$3B⁺

BenefitsPlace transacted
premium at the conclusion
of open enrollment

\$600M⁺

BenefitsPlace Creates Win/Win Relationships – Case Study

The Company / Need

- Large employer with dispersed workforce, 16k benefit eligible lives, > \$1B revenue
- Customer since 2014

The Solution

- BenefitsPlace for 3 offerings

Results

- Participation skyrocketed
- Employees have protection they need
- Carrier partners increased premiums sold

Increase in Premiums Sold by Carrier Partners

Accident insurance

+44%

Short-term disability

+39%

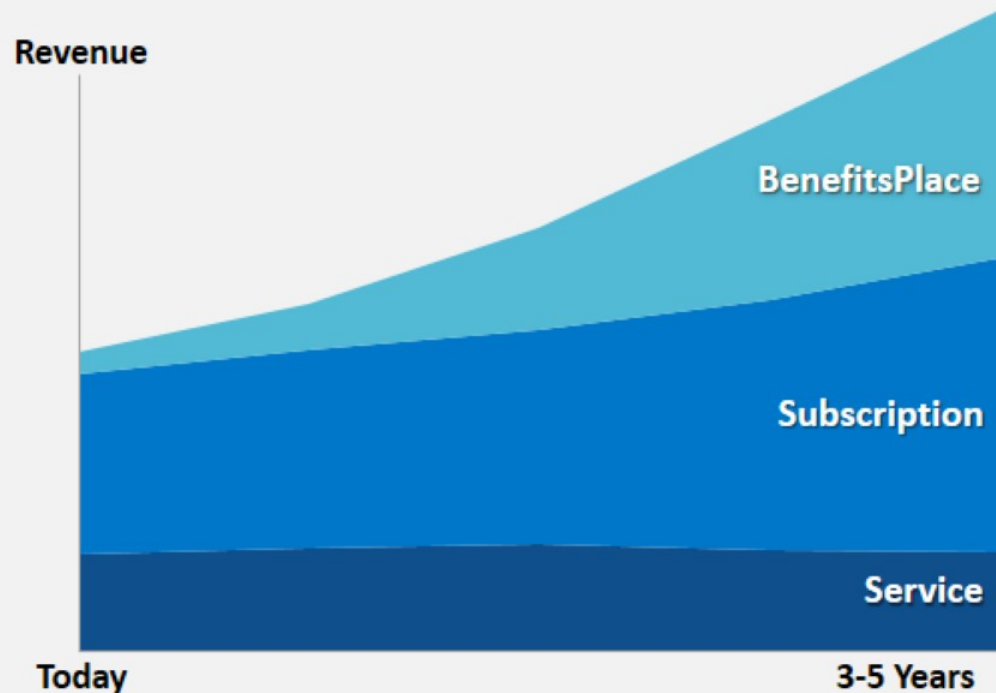
Critical illness for employees

+22%

Critical illness for spouses

+18%

Profile of Benefitfocus 3-5 Years Out






Growth Profile by Segment

High growth

Diversified, high margin
recurring revenue streams

Strong retention and
high visibility

New Model to Deliver Attractive Long-Term Financial Targets

	2018E	2019E	Target
Revenue Growth	8% ¹	Mid-to-High Teens ²	20% ⁺
Gross Margin			65% ⁺
Adjusted EBITDA Margin*	3% ¹		25% ⁺

1. Mid-point of 2018 guidance

2. Outlook provided on 3Q-18 earnings call

* See important disclosures on non-GAAP financial measures on slide 2 and GAAP to Non-GAAP reconciliation in the appendix.

Key Takeaways

1

The fundamentals of our business are strong

2

Recurring and repeatable revenue streams provide high visibility into our 2019 revenue targets

3

Our holistic strategy sets the stage for acceleration across all key metrics and positive free cash flow



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