

SERVICESOURCE INTERNATIONAL, INC.
Form DEF 14A
April 04, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

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-11(c) or §240.14a-2

SERVICESOURCE INTERNATIONAL, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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- (1) Title of each class of securities to which transaction applies:
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- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
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- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

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Dear Fellow Stockholders:

You are cordially invited to join us for our 2019 annual meeting of stockholders, which will be held on May 14, 2019, at 3:00 p.m. local time at our Corporate Headquarters located at 717 17th Street, 5th Floor, Denver, Colorado 80202. Holders of record of our common stock as of March 19, 2019 are entitled to notice of, and to vote at, the 2019 annual meeting.

The Notice of Annual Meeting of Stockholders and the proxy statement that follow describe the business to be conducted at the meeting. We may also report on matters of current interest to our stockholders at that meeting.

We are pleased to be furnishing these materials to our stockholders via the internet. We believe this approach provides you with the information that you need while expediting your receipt of these materials, lowering our costs of delivery, and reducing the environmental impact of our annual meeting. If you would like us to send you printed copies of our proxy statement and accompanying materials, we will be happy to do so at no charge upon your request. For more information, please refer to the Notice of Internet Availability of Proxy Materials that we are mailing to you on or about April 4, 2019.

You are welcome to attend the meeting. However, even if you plan to attend, please vote your shares promptly and prior to the meeting to ensure they are represented at the meeting. You may submit your proxy by internet or telephone, as described in the following materials, or, if you request printed copies of these materials, by completing and signing the proxy or voting instruction card enclosed therein and returning it in the envelope provided. If you decide to attend the meeting and wish to change your proxy, you may do so automatically by voting in person at the meeting.

If your shares are held in the name of a broker, bank, trust or other nominee, you may be asked for proof of ownership of these shares to be admitted to the meeting.

We thank you for your support.

Sincerely,

Gary B. Moore

Chief Executive Officer

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NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS

DATE: May 14, 2019
TIME: 3:00 p.m., Mountain Time
PLACE: ServiceSource International, Inc., Corporate Headquarters 717 17th Street, 5th Floor, Denver, Colorado 80202
RECORD DATE: March 19, 2019
ITEMS OF BUSINESS:

1. To elect the seven nominees for director as listed in this proxy statement;
 2. To authorize our board of directors, in its discretion, to amend our certificate of incorporation to effect a reverse stock split of our common stock in a ratio of not less than one-for-four and not more than one-for-six, to be determined by the board of directors;
 3. To approve, on an advisory basis, our 2018 executive compensation; and
 4. To ratify the appointment of Ernst & Young LLP as our independent auditor for fiscal 2019.
- We also will transact any other business that may properly come before the meeting or at any adjournments thereof. We are not aware of any other business to come before the meeting at this time.

Only stockholders of record at the close of business on March 19, 2019, or their valid proxies, are entitled to attend and vote at the meeting and any and all adjournments or postponements of the meeting.

Your vote is important. Whether or not you plan to attend the annual meeting, we encourage you read the proxy statement and to vote as promptly as possible. For specific instructions on how to vote your shares, please refer to the instructions in the section entitled **How to Vote** beginning on page 1 of the proxy statement.

By order of the board of directors,

Gary B. Moore

Chief Executive Officer

Denver, Colorado

April 4, 2019

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 14, 2019: THIS PROXY STATEMENT AND SERVICESOURCE S 2018 ANNUAL REPORT ON FORM 10-K ARE AVAILABLE AT *IR.SERVICESOURCE.COM*. ADDITIONALLY, AND IN ACCORDANCE WITH RULES OF THE U.S. SECURITIES AND EXCHANGE COMMISSION (SEC), YOU MAY ACCESS THESE MATERIALS AT WWW.PROXYDOCS.COM/SREV.

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Proxy Statement

We are providing these proxy materials in connection with the solicitation by our board of directors of proxies to be voted at our 2019 annual meeting of stockholders, which will take place on Tuesday, May 14, 2019 at 3:00 p.m., Mountain Time, at our Corporate Headquarters located at 717 17th Street, 5th Floor, Denver, Colorado 80202. As a stockholder, you are invited to attend the annual meeting and are requested to vote on the items of business described in this proxy statement.

This proxy statement and the accompanying proxy card, notice of annual meeting and voting instructions are being distributed and made available on or about April 4, 2019 to all stockholders of record entitled to vote at the annual meeting.

How To Vote

in advance of the annual meeting

Even if you plan to attend the annual meeting in person, please vote as promptly as possible using one of the following voting methods. Make sure you have your proxy/voting instruction card in hand and follow the instructions. You can vote in advance in one of the following three ways and in *each case*, votes must be cast prior to 5 p.m., Mountain Time on Monday, May 13, 2019:

VIA THE INTERNET

Visit the website listed on your notice or proxy/voting instruction card and follow the instructions

BY TELEPHONE

Call the telephone number listed on your notice or proxy/voting instruction card and follow the instructions

BY MAIL

Sign, date and return your proxy/voting instruction card in the enclosed envelope if you did not receive one, you may request one by following the instructions in your notice

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PROXY SUMMARY

Proxy Summary

This summary highlights information generally contained elsewhere in this proxy statement. This summary does not contain all of the information you should consider, and you should read the entire proxy statement carefully before voting.

Date, Time and Place of Meeting

Date: May 14, 2019
Time: 3:00 p.m., Mountain Time
Place: 717 17th Street, 5th Floor, Denver, Colorado 80202
Record Date: Stockholders of record as of the close of business on March 19, 2019 are entitled to attend, and to vote at, the annual meeting.

Admission

You must bring proof that you owned ServiceSource stock on the record date in order to be admitted to the annual meeting.

Requirements:**Voting Matters and Board Recommendations**

The following proposals will be considered at the annual meeting:

| | | Board Recommendation | More Information |
|-------------------|---|-------------------------|---------------------|
| Proposal 1 | <u>Election of directors</u> | FOR each nominee | Page 12 |
| Proposal 2 | <u>Vote to authorize the board of directors, in its discretion, to amend our certificate of incorporation to effect a reverse stock split</u> | FOR | Page 18 |

| | | | |
|-------------------|--|------------|---------|
| Proposal 3 | <u>Advisory vote to approve executive compensation</u> | FOR | Page 25 |
|-------------------|--|------------|---------|

| | | | |
|-------------------|--|------------|---------|
| Proposal 4 | <u>Ratification of appointment of Ernst & Young LLP as independent registered public accounting firm</u> | FOR | Page 26 |
|-------------------|--|------------|---------|

Other Matters

The management and board of directors of the Company know of no other matters to be brought before the meeting. If other matters are properly presented to the stockholders for action at the meeting or any adjournments or postponements thereof, it is the intention of the proxy holders named in this proxy to vote in their discretion on all matters on which the shares of common stock represented by such proxy are entitled to vote. The entire cost of this solicitation of proxies will be borne by the Company, including expenses incurred in connection with preparing, assembling and mailing the Notice. The Company may reimburse brokers or persons holding stock in their names or in the names of their nominees for their expenses in sending the proxy materials to beneficial owners who request paper copies. Certain officers, directors and regular employees of the Company, who will receive no extra compensation for their services, may solicit proxies by mail, telephone, facsimile, email or personally.

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Annual Election of Directors

Majority Voting with Resignation in Non-Contested Elections

Independent Directors Meet in Executive Session without Management Present

Code of Conduct for Directors, Officers and Employees

Board Role in Risk Oversight

Stock Ownership Guidelines for Named Executive Officers and Directors

Anti-Hedging and Pledging Policy

Executive Compensation Pay for

Performance Metrics

Board of Directors Overview

The members of our board of directors as of March 19, 2019 are:

| Board Member | Independent | Director Since | Committees |
|---------------------------|-------------|----------------|--|
| Robert G. Ashe | | 2013 | Nominating & Corporate Governance (Chair), Audit |
| Christopher M. Carrington | | 2014 | |
| Bruce W. Dunlevie* | | 2004 | Compensation (Chair) |
| John R. Ferron | | 2019 | Audit |
| Thomas F. Mendoza | | 2011 | Compensation, Nominating & Corporate Governance |
| Gary B. Moore** | | 2016 | - |
| Madhu Ranganathan | | 2017 | Audit (Chair), Nominating & Corporate Governance |
| Richard G. Walker | | 2017 | - |

* Lead Independent Director

** Chairman of the board of directors

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BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Role and Composition of the Board

As of March 19, 2019, our board of directors is composed of eight members. Upon the recommendation of our nominating and corporate governance committee, we are nominating Robert G. Ashe, Bruce W. Dunlevie, John R. Ferron, Thomas F. Mendoza, Gary B. Moore, Madhu Ranganathan and Richard G. Walker for re-election to our board of directors. If re-elected, Messrs. Ashe, Dunlevie, Ferron, Mendoza, Moore and Walker, and Ms. Ranganathan, will each hold office for a one (1) year term until our annual meeting of stockholders to be held in 2020. Mr. Carrington has not been nominated for re-election at our annual meeting.

Each director's term continues until the election and qualification of his or her successor, or his or her earlier death, resignation or removal. Our board of directors is responsible for, among other things, overseeing the conduct of our business, reviewing and, where appropriate, approving our long-term strategic, financial and organizational goals and plans, and reviewing the performance of our Chief Executive Officer and other members of senior management.

Board Leadership Structure

Chairperson of the Board

Our board of directors currently has no established policy on whether the roles of Chief Executive Officer and Chairperson of the board of directors should be separated. Our board of directors believes that it is most appropriate to make that determination based on the Company's circumstances. In November 2018, Mr. Moore was appointed as our executive Chairman. In December 2019, in connection with Mr. Moore's appointment as our Chief Executive Officer, our board of directors determined that the most effective leadership model for the Company is for Mr. Moore to serve as both Chairman and Chief Executive Officer. The board of directors believes its current structure is functioning effectively. The board of directors does not believe that introducing a separate Chairman at this time would provide appreciably better direction for the Company.

Lead Independent Director

Mr. Dunlevie is our lead independent director. As our lead independent director, he is responsible for helping to set the agendas for board meetings, coordinating the activities of the independent directors and presiding over board meetings if the chairperson is absent. In addition, the lead independent director presides over executive sessions without the presence of the non-independent directors or members of the Company's management from time to time as deemed necessary or appropriate. The role given to the lead independent director helps ensure a strong, independent and active board of directors.

Director Independence and Tenure

Under the rules of the NASDAQ Global Select Market (NASDAQ), where our common stock trades, independent directors must constitute a majority of a listed company s board of directors. In addition, the rules of NASDAQ require that, subject to specified exceptions, each member of a listed company s audit, compensation and nominating and corporate governance committees be independent. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. Under the rules of NASDAQ, a director will only qualify as an independent director if, in the opinion of that company s board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee, accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries, or be an affiliated person of the listed company or any of its subsidiaries.

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BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that none of the following non-employee directors has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is independent as that term is defined under the rules of NASDAQ: Robert G. Ashe, Bruce W. Dunlevie, John R. Ferron, Thomas F. Mendoza, and Madhu Ranganathan. Our board of directors also determined each of the members of our audit committee, our compensation committee, and our nominating and corporate governance committee satisfy the independence standards for those committees established by the applicable rules and regulations of the SEC and NASDAQ.

In making these determinations, our board of directors considered the relationships that each non-employee director has with our Company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

Board's Role in Risk Oversight

Our board of directors, as a whole and through its committees, has responsibility for the oversight of risk management. Our senior management is responsible for assessing and managing our risks on a day-to-day basis.

Our audit committee oversees and reviews with management our policies with respect to risk assessment and risk management and our significant financial risk exposures and the actions management has taken to limit, monitor or control such exposures.

Our nominating and corporate governance committee reviews and recommends corporate governance policies and practices to reduce the risk of wrongdoing and to promote good corporate governance.

Our compensation committee reviews our executive and non-executive compensation programs and practices to design compensation not to encourage unnecessary or excessive risk-taking.

Each of our committees reports to the full board of directors with respect to these matters, among others.

At periodic meetings of the board of directors and its committees and in other meetings and discussions, management reports to and seeks guidance from the board of directors and its committees with respect to the most significant risks that could affect our business, such as legal, compliance, financial, tax and audit related risks. In addition, among other matters, management provides our audit committee periodic reports on our compliance programs and efforts.

Board Committees

Our board of directors has three standing committees: an audit committee, a compensation committee and a nominating and corporate governance committee. The composition and primary responsibilities of each committee are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors.

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BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Committee Composition

| Board Member | Committee | | |
|--|-----------|--------------|-------------------------------------|
| | Audit | Compensation | Nominating and Corporate Governance |
| Robert G. Ashe ^{*(1)} | M | | C |
| Christopher M. Carrington | | | |
| Bruce W. Dunlevie* | | C | |
| John R. Ferron ^{*(1)} | M | | |
| Thomas F. Mendoza* | | M | M |
| Gary B. Moore | | | |
| Madhu Ranganathan ^{*(1)(2)} | C | | M |
| Richard G. Walker | | | |
| Total Number of Meetings in Fiscal 2018 | 8 | 3 | 2 |

* Independent Director M Member C Chair

(1) Financially Sophisticated under NASDAQ rules

(2) Audit Committee Financial Expert as defined under SEC rules

Audit Committee

Our audit committee oversees our corporate accounting and financial reporting processes and each committee member meets the financial literacy requirements under applicable rules and regulations of the SEC and NASDAQ.

Members (all independent)*

Our audit committee operates under a written charter approved by our board of directors. The charter is available on our website at www.servicesource.com in the Corporate Governance section of our investor relations webpage.