



The Platform for the  
Connected Home and Business

**November 2017**



# Safe harbor statement



## Forward-Looking Statements

This presentation contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical fact contained in this presentation, including, but not limited to, statements regarding our possible or expected future results of operations, our financial position, our business strategy, our product development plans, including product and feature releases and related benefits, our competitive position, addressable markets, industry trends, potential growth opportunities, our ability to successfully expand in existing markets including internationally, our ability to attract new subscribers, development and growth in our partner ecosystem, and our future financial performance, including our target financial model and expected future revenue, are forward-looking statements. Any such statements are not guarantees of future performance, but are based on our assumptions, expectations and beliefs as of the date of this presentation and are subject to substantial risks, uncertainties, assumptions, and changes in circumstances that may cause our actual results, performance, or achievements to differ materially from those expressed or implied in any forward-looking statement. Investors should not place undue reliance on our forward-looking statements. For more information about factors that may cause our actual results to differ materially from these forward-looking statements, please refer to the reports we file with the Securities and Exchange Commission (the "SEC") from time to time, including our most recent Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on March 16, 2017, our most recent Quarterly Report on 10-Q for the quarter ended September 30, 2017, filed with the SEC on November 9, 2017 and our subsequent filings with the SEC. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

The information in this presentation on new products, features or functionality is intended to outline our general product direction. The information on new products, features, and functionality is not a commitment, promise or legal obligation to deliver any feature or functionality. The development, release, and timing of any features or functionality described for our products remains at our sole discretion.

## Non-GAAP Financial Measures

This presentation also contains certain non-GAAP financial measures as defined by the SEC rules. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. As required by Regulation G, we have provided a reconciliation of those measures to their most directly comparable GAAP measures, which is available in the Appendix slides to this presentation. Please refer to our November 8, 2017 press release for information as to why we believe these non-GAAP financial measures are useful to investors and others in assessing our operating results. We urge investors not to rely on any single financial measure to evaluate our business.

# AGENDA

Company Overview

Market Opportunity

Alarm.com Solution

Competitive Advantages

Growth Drivers

Financial Overview



**ALARM.COM®**

Smart Home and Business  
Solutions to intelligently protect,  
monitor and manage properties  
worldwide

## COMPANY OVERVIEW

- Founded in 2000
- IPO in June 2015; NASDAQ: ALRM
- Go-to-market via 7,000+ service provider partners
- 5 million+ subscribers
- Connect business acquired in March 2017
- 791 employees



Note: Data as of September 30, 2017

# Key Investment Highlights



**Large & Growing  
Market**



**SaaS Recurring  
Revenue Model**



**Market Leader  
& Innovator**



**Strong Growth &  
Profitable**

# Market Leading Innovation





# Leading Platform for the Intelligently Connected Property



"Another impressive app from Alarm.com."

## THE WALL STREET JOURNAL.

"Alarm.com's cellular connection withstands line cuts and power outages..."



"Security opens door to truly connected home. Improved security systems make your home smarter."



"Alarm.com's enterprise services support the end-to-end needs of Smart Home Security Dealers."



"One of the coolest integrations we saw was all the smart home stuff you can control through Alarm.com."

FEATURED IN:



The New York Times



THE WALL STREET JOURNAL.



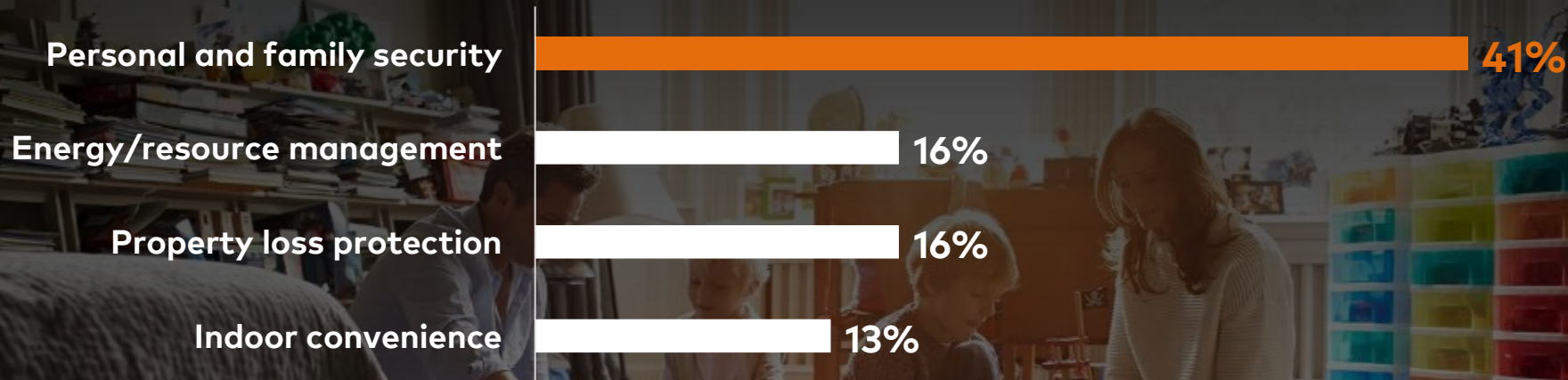
# MARKET OPPORTUNITY





# Smart Home Considerations

Americans Perceive Security as a Top Benefit of a Smart Home System



Who installs, integrates and supports a security-centric smart home system?

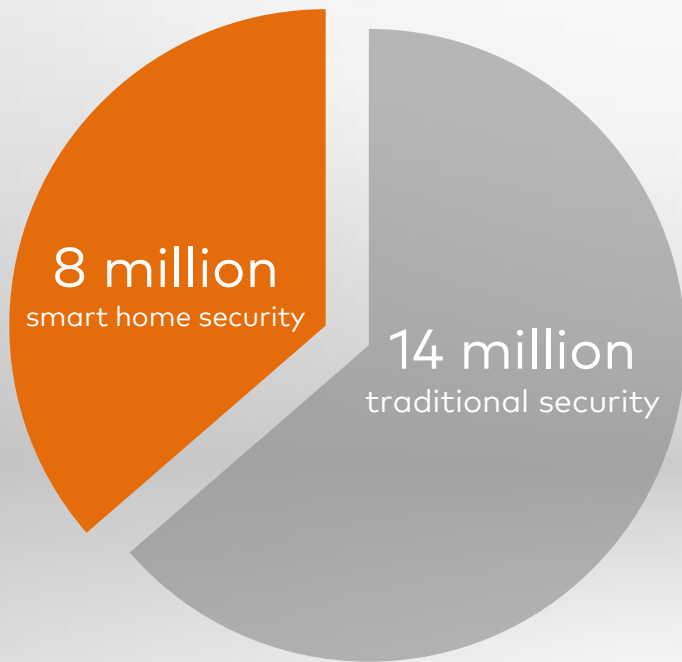
Who can create and manage a tightly controlled ecosystem for these devices to work well together?

How can the data from these devices be leveraged?

# Home Security Market - 2016

## ACCOUNT TYPES

(North American households)



### SMART HOME SECURITY

- Controlled and managed via mobile apps
- High subscriber value and engagement

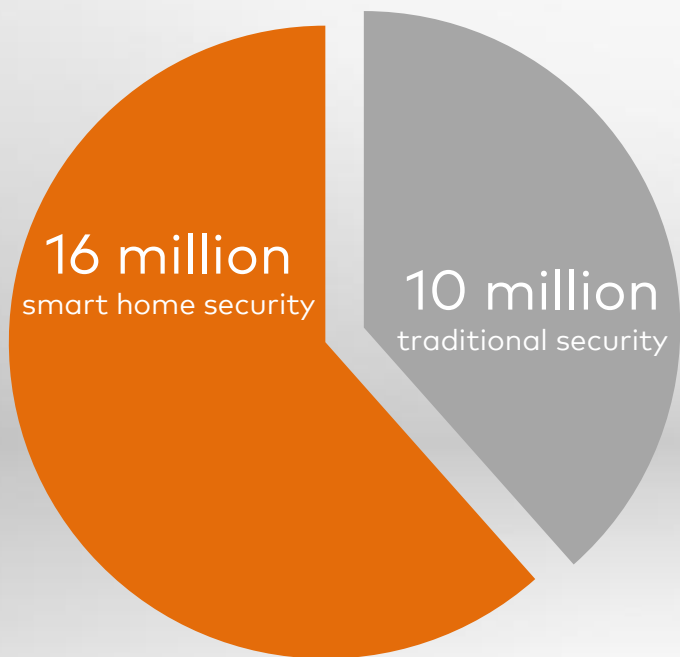
### TRADITIONAL SECURITY

- Controlled and managed locally
- Limited capabilities and low engagement

# Projected Home Security Market in 2021

## ACCOUNT TYPES

(North American households)



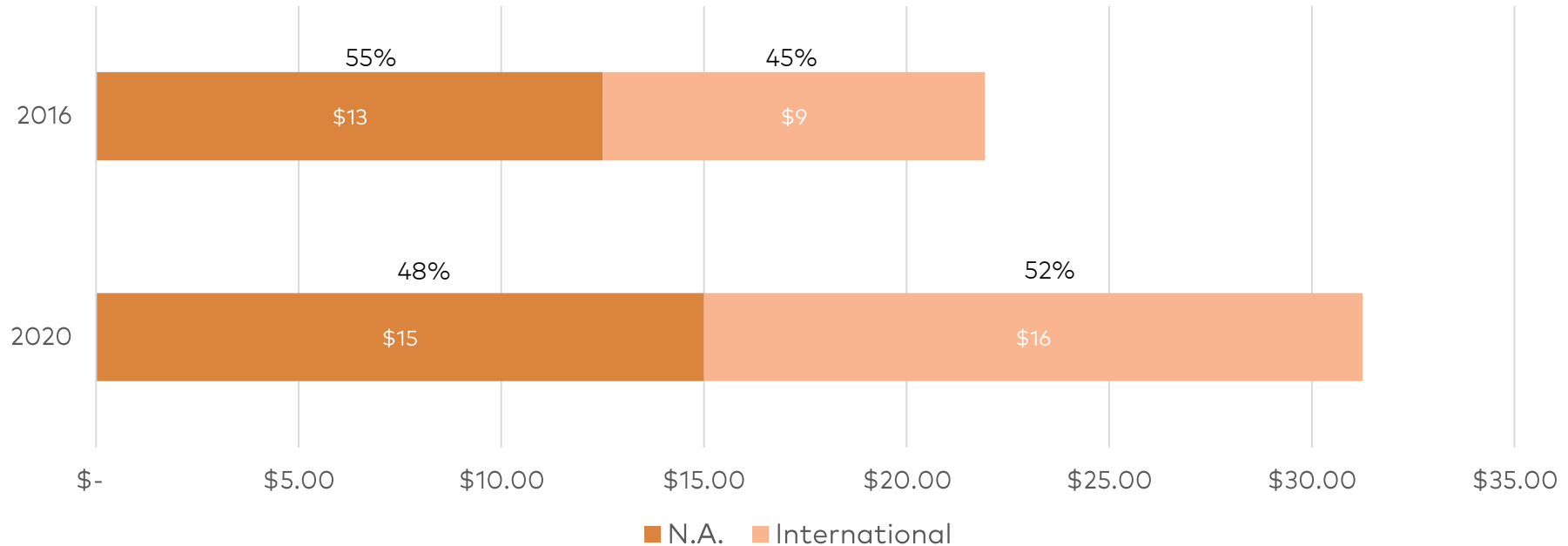
## SMART HOME ADOPTION

### DRIVEN BY THE SECURITY CHANNEL

- Nearly two-thirds of smart home devices are attached to a centralized controller provided by a security company

# Residential Security Projected to Grow Globally

Residential Security Market (\$B)



# ALARM.COM SOLUTION





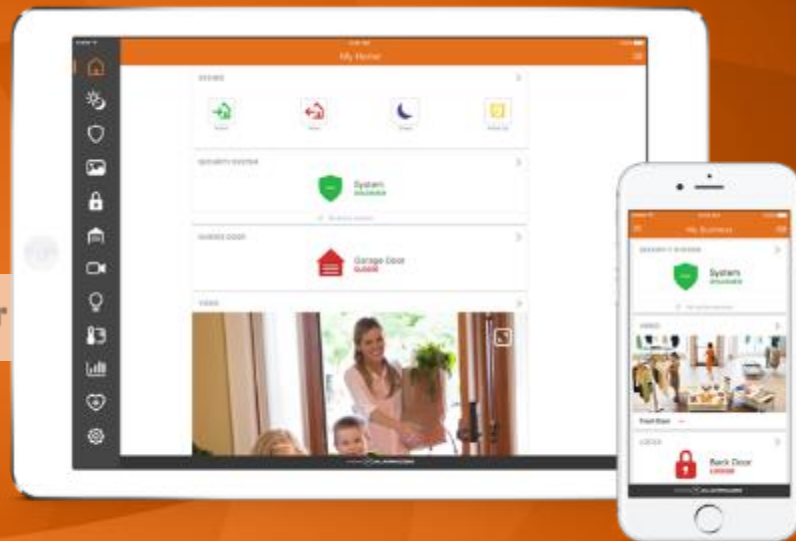
"Users prefer these Smart Home applications over DIY device specific apps"



# Powering the Smart Home and Business



powered by  **ALARM.COM**



**Aeotec**  
SmartThings

**AXIS**  
COMMUNICATIONS

**DSC**

**FORTREZ Z**

 **interlogix**

 **JASCO**

**Kwikset**

 **legrand**

**LiftMaster**

 **LUTRON**

 **NORTEK**  
SECURITY & CONTROL

 **Qolsys**  
SECURITY OF LIFE

**QUALCOMM**

 **rachio**

**RAIN BIRD**

**SCHLAGE**

**SKYBELL HD**  
WI-FI VIDEO DOORBELL

 **WATER**  
CORPORATION

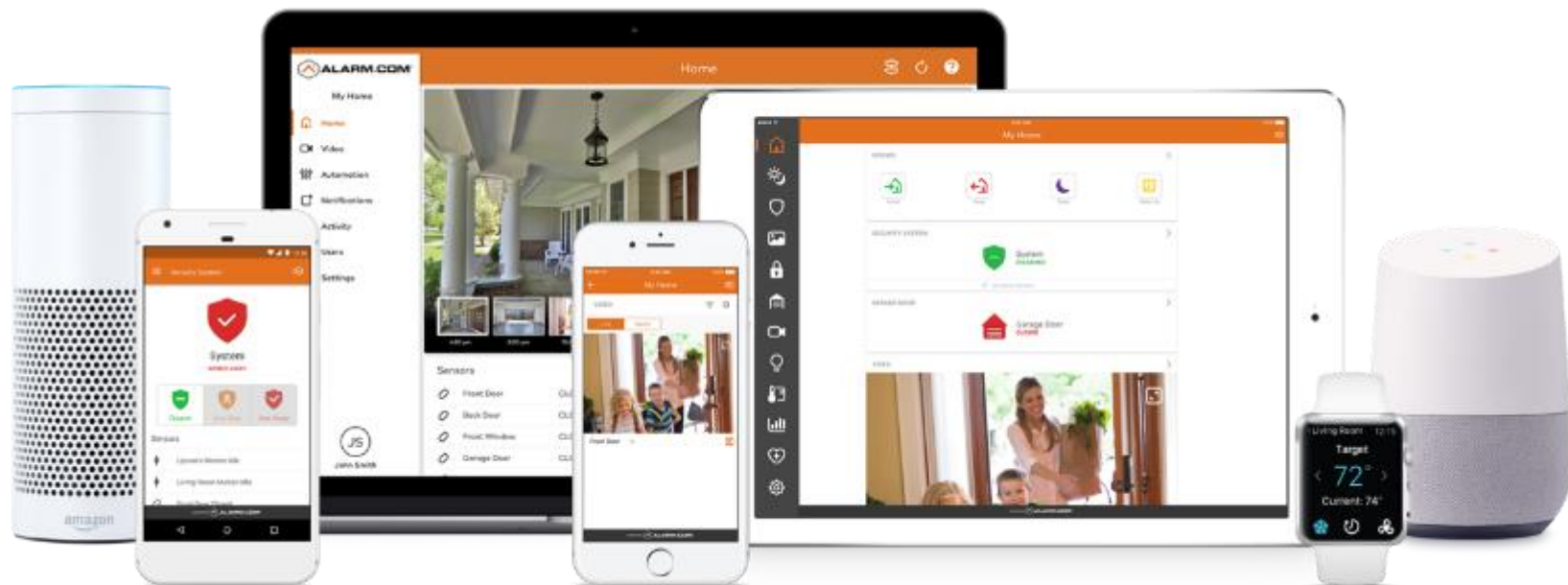
**verizon**

 **Westinghouse**  
INNOVATION YOU CAN BE SURE OF

**Yale**



# Unified Customer Experience



# Intelligent Solutions



# Go to Market Strategy



# Turn-Key Business Platform

## Sales & Marketing

Customer Acquisition



## Installation & Support

Customer Service



## Business Intelligence

Retention & Upsell

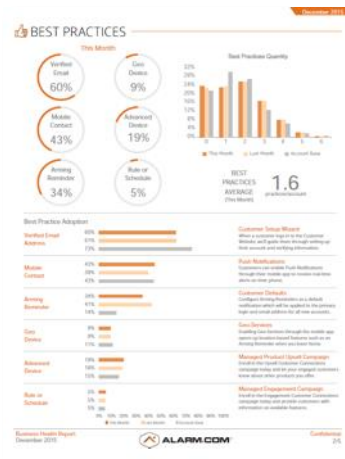


# Partner First Analytics

Descriptive to Prescriptive Analytics

Integrated into Dealer Tools

Maximize customer engagement and account quality



# COMPETITIVE ADVANTAGES





# Competitive Advantages

## DIY, RETAIL PRODUCTS

Point  
products

Basic device  
integrations

Difficult to install  
and maintain

## SMART HOME SECURITY PLATFORMS

Limited service  
and functionality

Closed device  
ecosystems

Lack support tools  
and resources



Analytics platform and  
data-driven services

Open device ecosystem

Trusted service provider  
network and support services



# GROWTH DRIVERS



# Compelling growth drivers



Add more subscribers!

(Currently 5 million +)



Add New Service Providers!

(Currently 7,000 +)



Upsell and cross sell existing subscribers

(Smart Home Products & Services)



Expand Commercial



Grow International



Add Verticals  
Property Mgmt.  
& Vacation  
Rental, Demand  
Response,  
Wellness, Etc

# Growth Opportunities

## Global Markets

Commercial Services

Property Management

Energy Management



**1.4B-1.5B**  
households  
worldwide



**5.3%**  
Global smart home  
penetration

# International Presence



# Growth Opportunities

Global Markets

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**Commercial**

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Property Management

---

Energy Management



**~4 million**  
target properties  
in US



High penetration of  
traditional services



# Smarter Business Security

2015



2017

Alarm.com business activations have  
grown over **200%** since 2015

# Growth Opportunities

Global Markets

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Commercial Services

---

**Property Management**

---

Energy Management



**27 million**  
Multi-family  
units



**16 million**  
Single-family rental  
households

**~1 million**  
Vacation rental  
properties



# High Growth Potential for Untapped Vacation Rental and Property Management Markets



Vertical solution focused on bringing enterprise scale home automation to property managers and owners of short and long-term rental housing units.



Leverages ADC platform to provide a differentiated solution through system security and reliability, intelligent device interoperability and enterprise-grade control.



Enables property managers to reduce risks, improve operational efficiency, and enhance their asset for greater tenant satisfaction.

# Valued Solutions



## Security "Standard of Care"

- No "floating" keys
- Audit every access
- Add & delete users immediately



## Operational Control

- Faster turn-over days
- Real time status & control
- Enterprise site management



## Delighted Guests

- Direct-to-house check-in
- Remote checkout
- Comfortable arrival temperature



## Happy Homeowners

- Reduce energy costs
- Smart Home Leadership
- Fund keyless



## Competitive Differentiator

- Guests expect Smart Home
- Homeowners will do it without you

# Growth Opportunities

Global Markets

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Commercial Services

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Property Management

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**Energy Management**



**>4 million**  
smart thermostats  
sold in 2015



**>32 million**  
smart thermostats  
in 2020

## Grid Edge

### Mercury DERMS Platform



Peak Reduction



Load Shift



Solar Shifting and Firming



Voltage and Frequency Response



Customer Enrollment



Monitoring and Reporting

Utility

Customer

### Thermostats

nest

ecobee

Honeywell

ALARM.COM

LUX™

EMERSON

Carrier

vivint.

Radio Thermostat

### Water heaters

Rheem

ACSmith.  
INNOVATION HAS A FLAME

sonnen

SUNVERGE

### Electric vehicles

-chargepoint+

### Solar inverters

solar edge

SMA

# FINANCIAL OVERVIEW



# Q3'17 Snapshot – Continued Strong Execution

## Year-over-Year Growth

Results include the contribution of the Connect and Piper acquisitions, closed in March 2017.



488%

\$15.1m

NET  
INCOME



170%

\$47.2m

LTM CASH  
FLOW FROM  
OPERATING  
ACTIVITIES



33%

\$90m

TOTAL  
REVENUE



39%

\$61.9m

SaaS & LICENSE  
REVENUE



350 bps

65%

GROSS MARGIN



65%

\$19.5m

ADJUSTED EBITDA  
(NON-GAAP)



44%

\$13.3m

NET INCOME  
(NON-GAAP)



385%

\$36.6m

LTM FREE CASH  
FLOW

# Strong Balance Sheet

(\$ in millions)

## Balance Sheet as of September 30, 2017

Cash	\$ <del>777.8</del> 4.6
Accounts Receivable	41.2
Inventory	13.6
Other Assets	15.8

Total Current Assets	155.2
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Other Assets	219.5
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Total Assets	<u><u>\$<del>777.8</del>74.7</u></u>
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Current Liabilities	49.1
Long-Term Debt	72.0
Other LT Liabilities	23.7

Total Liabilities	<u><u>\$<del>777.8</del>44.8</u></u>
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Shareholder Equity	229.9
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Total Liabilities & Shareholders Equity	<u><u>\$<del>777.8</del>74.7</u></u>
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## Key Balance Sheet Metrics:

A/R DSO	41
Inventory Turns	7x

Quick Ratio	3.2
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LT Debt to Adj. EBITDA Ratio	1.0
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LT Debt to Equity Ratio	31%
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## Notes:

Average number of days to collect A/R  
Average times inventory turns in a year

Current Assets / Current Liabilities

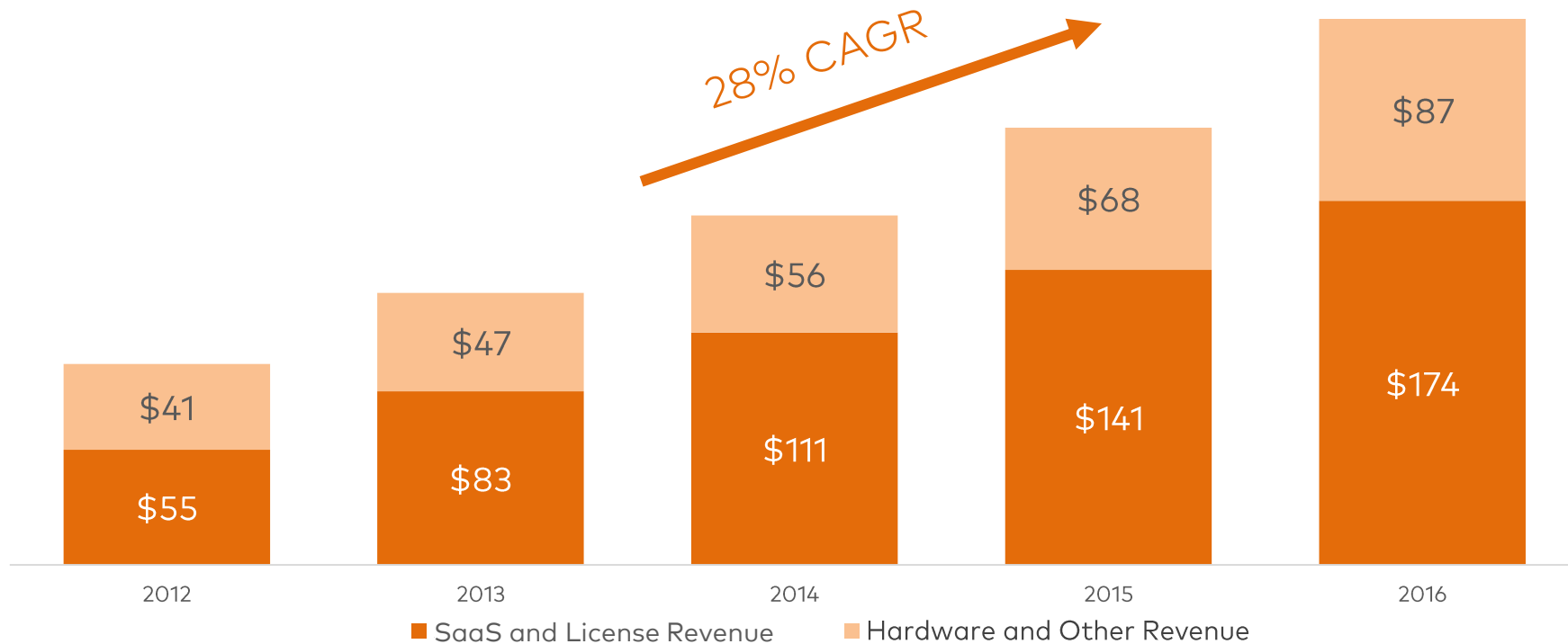
Debt Coverage Ratio (LT Debt / Adj. EBITDA)

LT Debt / Shareholders Equity



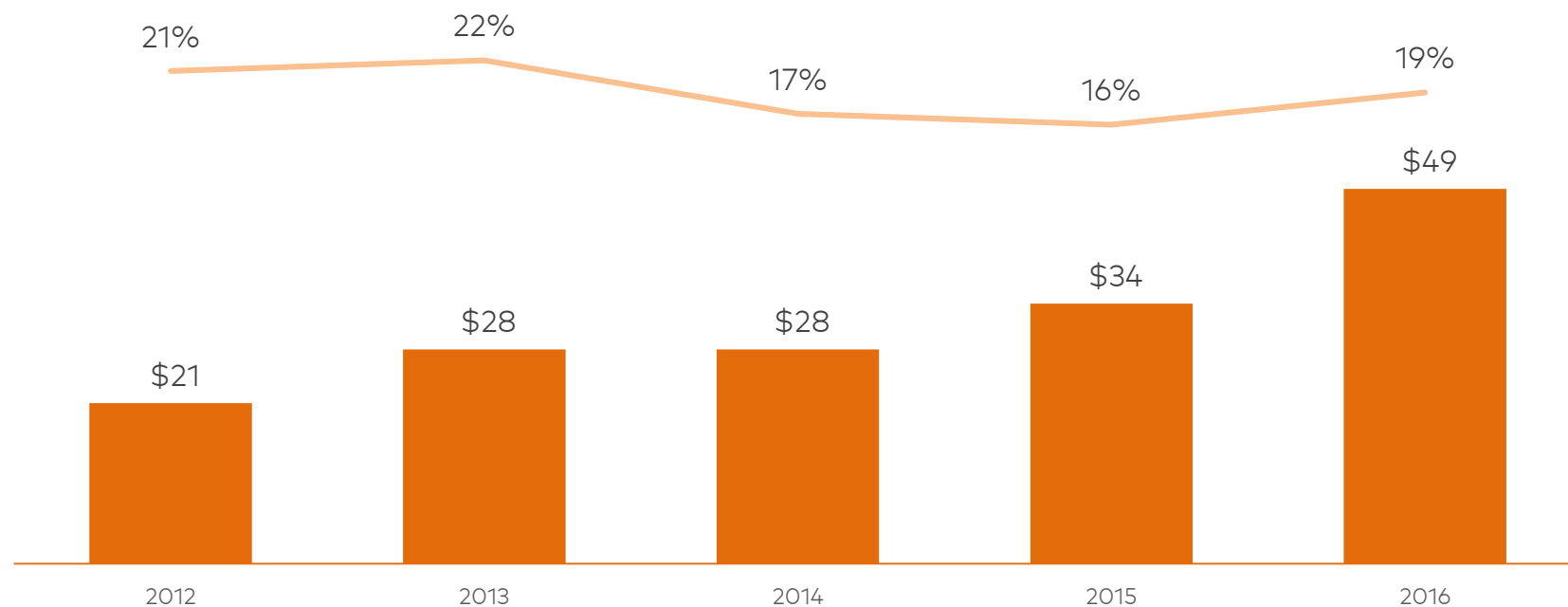
# Consistent Revenue Growth

(\$ in millions)



# Track Record of Profitability

(\$ in millions)



Note: We define Adjusted EBITDA as net income before interest and other income / (expense), net, provision for income taxes, amortization and depreciation expense, stock-based compensation expense, acquisition-related expense and legal costs incurred in connection with non-ordinary course litigation, particularly costs involved in ongoing intellectual property litigation.

Adj. EBITDA

Adj. EBITDA margin

# Key Financial Highlights

## Scale



- Highly scalable platform
- 5 million+ subscribers
- 35 million+ connected devices
- 30 billion+ data points processed in 2016

## Growing



- Strong compound annual revenue growth
- TAM expanding with Smart Home Adoption

## Recurring



- High SaaS and license recurring revenue model
- SaaS and license revenue renewal rate of 93%

## Profitable

- Strong cash flow and profitable
- Increased operating leverage as business scales
- Favorable unit Economics: CLTV/CAC ratio of 5.8 LTM; payback of S&M in 12 months

# APPENDIX



# Investor Data Sheet

## Alarm.com Holdings, Inc.

### Select Financial Data | Fiscal Year End December 31, | (\$ in thousands)

Statement of Operations Data:	2014	2015	2016	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
SaaS and license revenue	\$111,515	\$140,936	\$173,540	\$38,689	\$40,012	\$42,010	\$44,630	\$46,888	\$50,226	\$58,928	\$61,924
Hardware and other revenue	55,797	67,952	87,566	18,232	19,031	22,413	23,216	22,906	23,968	27,060	28,038
<b>Total revenue</b>	<b>167,312</b>	<b>208,888</b>	<b>261,106</b>	<b>56,921</b>	<b>59,043</b>	<b>64,423</b>	<b>67,846</b>	<b>69,794</b>	<b>74,194</b>	<b>85,988</b>	<b>89,962</b>
Cost of SaaS and license revenue	23,007	25,722	30,229	6,628	6,781	7,211	7,787	8,450	8,092	8,500	9,545
Cost of hardware and other revenue	44,172	51,652	69,151	13,481	14,335	17,972	18,579	18,265	18,543	21,335	22,288
<b>Total cost of revenue</b>	<b>67,179</b>	<b>77,374</b>	<b>99,380</b>	<b>20,109</b>	<b>21,116</b>	<b>25,183</b>	<b>26,366</b>	<b>26,715</b>	<b>26,635</b>	<b>29,835</b>	<b>31,833</b>
Net income	\$13,502	\$11,768	\$10,154	\$3,275	\$2,738	\$1,873	\$2,567	\$2,976	\$3,963	\$9,865	\$15,103
Net income (loss) per share, diluted	\$0.14	\$(0.30)	\$0.21	\$0.07	\$0.06	\$0.04	\$0.05	\$0.06	\$0.08	\$0.20	\$0.31
Weighted-average common shares outstanding - diluted	3,890,121	24,108,362	47,875,522	47,353,327	47,303,896	47,523,187	48,319,952	48,025,847	48,758,774	49,000,553	49,259,701
<b>Balance Sheet Data (as of):</b>											
Cash and cash equivalents	\$42,572	\$128,358	\$140,634	\$128,358	\$135,845	\$134,164	\$135,050	\$140,634	\$63,150	\$68,916	\$84,640
<b>Non-GAAP financial measures<sup>1</sup>:</b>											
Adjusted EBITDA <sup>1</sup>	\$28,321	\$34,370	\$49,034	\$9,768	\$10,823	\$12,079	\$11,821	\$14,311	\$14,103	\$15,881	\$19,478
Adjusted net income <sup>1</sup>	17,082	20,577	31,138	6,595	6,124	7,132	9,260	9,057	7,822	10,654	13,335
Adjusted net income attributable to common stockholders <sup>1</sup>	4,143	7,066	31,126	6,587	6,119	7,130	9,257	9,055	7,821	10,651	13,330

<sup>1</sup> Adjusted EBITDA, adjusted net income and adjusted net income attributable to common stockholders are non-GAAP financial measures - see next page for reconciliation to GAAP.

# Investor Data Sheet

Alarm.com Holdings, Inc.

## Non-GAAP Reconciliations | Fiscal Year Ended December 31 | (\$ in thousands)

	2014	2015	2016	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
<b>Adjusted EBITDA:</b>											
Net income	\$13,502	\$11,768	\$10,154	\$3,275	\$2,738	\$1,873	\$2,567	\$2,976	\$3,963	\$9,865	\$15,103
<b>Adjustments:</b>											
Interest expense and other income / (expense), net	681	526	(323)	336	(70)	(41)	(90)	(122)	(21)	537	316
Provision for income tax	6,817	5,697	4,227	1,116	1,593	976	358	1,300	543	(4,506)	(5,018)
Amortization and depreciation	3,991	5,808	6,490	1,438	1,591	1,613	1,659	1,627	2,864	4,846	5,071
Stock-based compensation expense	3,267	4,124	4,001	669	852	942	1,086	1,121	1,313	1,915	1,906
Acquisition-related expense	—	100	11,098	100	570	2,040	3,187	5,301	3,648	1,973	221
Litigation expense	63	6,347	13,387	2,834	3,549	4,676	3,054	2,108	1,793	1,251	1,879
Total adjustments	14,819	22,602	38,880	6,493	8,085	10,206	9,254	11,335	10,140	6,016	4,375
<b>Adjusted EBITDA</b>	<b>\$28,321</b>	<b>\$34,370</b>	<b>\$49,034</b>	<b>\$9,768</b>	<b>\$10,823</b>	<b>\$12,079</b>	<b>\$11,821</b>	<b>\$14,311</b>	<b>\$14,103</b>	<b>\$15,881</b>	<b>\$19,478</b>
<b>Adjusted Net Income:</b>											
Net income, as reported	\$13,502	\$11,768	\$10,154	\$3,275	\$2,738	\$1,873	\$2,567	\$2,976	\$3,963	\$9,865	\$15,103
Provision for income tax	6,817	5,697	4,227	1,116	1,593	976	358	1,300	543	(4,506)	(5,018)
Income before income taxes	20,319	17,465	14,381	4,391	4,331	2,849	2,925	4,276	4,506	5,359	10,085
<b>Adjustments:</b>											
Other income / (expense), net	485	348	(513)	286	(111)	(88)	(139)	(175)	(237)	(137)	(342)
Amortization	1,568	2,151	1,750	561	498	435	435	382	1,493	3,530	3,682
Stock-based compensation expense	3,267	4,124	4,001	669	852	942	1,086	1,121	1,313	1,915	1,906
Acquisition-related expense	—	100	11,098	100	570	2,040	3,187	5,301	3,648	1,973	221
Litigation expense	63	6,347	13,387	2,834	3,549	4,676	3,054	2,108	1,793	1,251	1,879
Non-GAAP adjusted income before income taxes	25,702	30,535	44,104	8,841	9,689	10,854	10,548	13,013	12,516	13,891	17,431
Income tax <sup>1</sup>	(8,620)	(9,958)	(12,966)	(2,246)	(3,565)	(3,722)	(1,288)	(3,956)	(4,694)	(3,237)	(4,096)
<b>Non-GAAP adjusted net income</b>	<b>\$17,082</b>	<b>\$20,577</b>	<b>\$31,138</b>	<b>\$6,595</b>	<b>\$6,124</b>	<b>\$7,132</b>	<b>\$9,260</b>	<b>\$9,057</b>	<b>\$7,822</b>	<b>\$10,654</b>	<b>\$13,335</b>
<b>Non-GAAP adjusted net income per share - diluted</b>	<b>\$1.07</b>	<b>\$0.27</b>	<b>\$0.65</b>	<b>\$0.14</b>	<b>\$0.13</b>	<b>\$0.15</b>	<b>\$0.19</b>	<b>\$0.19</b>	<b>\$0.16</b>	<b>\$0.22</b>	<b>\$0.27</b>
<b>Effective tax rate</b>	<b>33.5 %</b>	<b>32.6 %</b>	<b>29.4 %</b>	<b>25.4 %</b>	<b>36.8 %</b>	<b>34.3 %</b>	<b>12.2 %</b>	<b>30.4 %</b>	<b>37.5 %</b>	<b>23.3 %</b>	<b>23.5 %</b>

<sup>1</sup> Income tax is calculated at the quarterly effective tax rate for all periods prior to Q1 2017. Income tax for each quarter in 2017 is calculated using the effective tax rate excluding the impact of the new accounting standard for employee share-based transactions.

# Investor Data Sheet

## Alarm.com Holdings, Inc.

### Non-GAAP Reconciliations | Fiscal Year Ended December 31 | (\$ in thousands)

	2014	2015	2016	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
<b>Adjusted net income attributable to common stockholders:</b>											
Net income (loss) attributable to common stockholders, as reported	\$563	(\$7,219)	\$10,142	\$3,267	\$2,733	\$1,871	\$2,564	\$2,974	\$3,960	\$9,860	\$15,097
Provision for income taxes	6,817	5,697	4,227	1,116	1,593	976	358	1,300	543	(4,506)	(5,018)
Income attributable to common stockholders before taxes	7,380	(1,522)	14,369	4,383	4,326	2,847	2,922	4,274	4,503	5,354	10,079
<b>Adjustments:</b>											
Dividends paid to participating securities	—	18,987	—	—	—	—	—	—	—	—	—
Other income / (expense), net	485	348	(513)	286	(111)	(88)	(139)	(175)	(237)	(137)	(342)
Amortization	1,568	2,151	1,750	561	498	435	435	382	1,493	3,530	3,682
Stock-based compensation expense	3,267	4,124	4,001	669	852	942	1,086	1,121	1,313	1,915	1,906
Acquisition-related expense	—	100	11,098	100	570	2,040	3,187	5,301	3,648	1,973	221
Litigation expense	63	6,347	13,387	2,834	3,549	4,676	3,054	2,108	1,793	1,251	1,879
Non-GAAP adjusted income attributable to common stockholders before income	12,763	30,535	44,092	8,833	9,684	10,852	10,545	13,011	12,513	13,886	17,425
Income tax <sup>1</sup>	(8,620)	(9,958)	(12,966)	(2,246)	(3,565)	(3,722)	(1,288)	(3,956)	(4,692)	(3,235)	(4,095)
Less: income allocated to participating securities	—	(13,511)	—	—	—	—	—	—	—	—	—
<b>Non-GAAP adjusted net income attributable to common stockholders</b>	<b>\$4,143</b>	<b>\$7,066</b>	<b>\$31,126</b>	<b>\$6,587</b>	<b>\$6,119</b>	<b>\$7,130</b>	<b>\$9,257</b>	<b>\$9,055</b>	<b>\$7,821</b>	<b>\$10,651</b>	<b>13,330</b>
<b>Effective tax rate</b>	<b>33.5 %</b>	<b>32.6 %</b>	<b>29.4 %</b>	<b>25.4 %</b>	<b>36.8 %</b>	<b>34.3 %</b>	<b>12.2 %</b>	<b>30.4 %</b>	<b>37.5 %</b>	<b>23.3 %</b>	<b>23.5 %</b>

<sup>1</sup> Income tax is calculated at the quarterly effective tax rate for all periods prior to Q1 2017. Income tax for each quarter in 2017 is calculated using the effective tax rate excluding the impact of the new accounting standard for employee share-based transactions.



# Supplemental Financial Data

Alarm.com Holdings, Inc.

Supplemental Financial Data | Fiscal Year Ended December 31 | (\$ in thousands)

	2014	2015	2016	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
<b>Supplemental Financial Data:</b>											
SaaS and license revenue	\$111,515	\$140,936	\$173,540	\$38,689	\$40,012	\$42,010	\$44,630	\$46,888	\$50,226	\$58,928	\$61,924
Hardware and other revenue	55,797	67,952	87,566	18,232	19,031	22,413	23,216	22,906	23,968	27,060	28,038
<b>Total revenue</b>	<b>167,312</b>	<b>208,888</b>	<b>261,106</b>	<b>56,921</b>	<b>59,043</b>	<b>64,423</b>	<b>67,846</b>	<b>69,794</b>	<b>74,194</b>	<b>85,988</b>	<b>89,962</b>
Cost of SaaS and license revenue	23,007	25,722	30,229	6,628	6,781	7,211	7,787	8,450	8,092	8,500	9,545
Cost of hardware and other revenue	44,172	51,652	69,151	13,481	14,335	17,972	18,579	18,265	18,543	21,335	22,288
<b>Total cost of revenue</b>	<b>67,179</b>	<b>77,374</b>	<b>99,380</b>	<b>20,109</b>	<b>21,116</b>	<b>25,183</b>	<b>26,366</b>	<b>26,715</b>	<b>26,635</b>	<b>29,835</b>	<b>31,833</b>
Sales and marketing	25,836	32,240	38,980	7,835	8,976	9,851	10,705	9,448	10,314	11,899	10,426
General and administrative	26,113	35,473	57,926	9,477	13,129	14,191	14,804	15,802	15,375	13,450	12,974
Research and development	23,193	40,002	44,272	13,335	9,970	10,777	11,477	12,048	14,521	20,062	19,257
Amortization and depreciation	3,991	5,808	6,490	1,438	1,591	1,613	1,659	1,627	2,864	4,846	5,071
<b>Total operating expenses</b>	<b>79,133</b>	<b>113,523</b>	<b>147,668</b>	<b>32,085</b>	<b>33,666</b>	<b>36,432</b>	<b>38,645</b>	<b>38,925</b>	<b>43,074</b>	<b>50,257</b>	<b>47,728</b>
Operating income	21,000	17,991	14,058	4,727	4,261	2,808	2,835	4,154	4,485	5,896	10,401
Interest expense	(196)	(178)	(190)	(50)	(41)	(47)	(49)	(53)	(216)	(674)	(658)
Other income / (expense), net	(485)	(348)	513	(286)	111	88	139	175	237	137	342
Income before income taxes	20,319	17,465	14,381	4,391	4,331	2,849	2,925	4,276	4,506	5,359	10,085
Provision for income taxes	6,817	5,697	4,227	1,116	1,593	976	358	1,300	543	(4,506)	(5,018)
<b>Net income</b>	<b>\$13,502</b>	<b>\$11,768</b>	<b>\$10,154</b>	<b>\$3,275</b>	<b>\$2,738</b>	<b>\$1,873</b>	<b>\$2,567</b>	<b>\$2,976</b>	<b>\$3,963</b>	<b>\$9,865</b>	<b>\$15,103</b>
<b>Stock-based compensation expense data:</b>											
Sales and marketing	\$338	\$372	\$536	\$112	\$141	\$151	\$130	\$114	\$113	\$65	\$181
General and administrative	1,862	2,486	1,430	180	227	236	444	523	569	755	584
Research and development	1,067	1,266	2,035	377	484	555	512	484	631	1,095	1,141
<b>Total stock-based compensation expense</b>	<b>\$3,267</b>	<b>\$4,124</b>	<b>\$4,001</b>	<b>\$669</b>	<b>\$852</b>	<b>\$942</b>	<b>\$1,086</b>	<b>\$1,121</b>	<b>\$1,313</b>	<b>\$1,915</b>	<b>\$1,906</b>
<b>As a percent of revenue:</b>											
Cost of SaaS and license revenue as a percentage of SaaS and license revenue	21%	18%	17%	17%	17%	17%	17%	18%	16%	14%	15%
Cost of hardware and other revenue as a percentage of hardware and other revenue	79%	76%	79%	74%	75%	80%	80%	80%	77%	79%	79%
Sales and marketing	15%	15%	15%	14%	15%	15%	16%	14%	14%	14%	12%
General and administrative	16%	17%	22%	17%	22%	22%	22%	23%	21%	16%	14%
Research and development	14%	19%	17%	23%	17%	17%	17%	17%	20%	23%	21%
Amortization and depreciation	2%	3%	2%	3%	3%	3%	2%	2%	4%	6%	6%
<b>Total operating expenses</b>	<b>47%</b>	<b>54%</b>	<b>57%</b>	<b>56%</b>	<b>57%</b>	<b>57%</b>	<b>57%</b>	<b>56%</b>	<b>58%</b>	<b>58%</b>	<b>53%</b>
<b>Operating income</b>	<b>13%</b>	<b>9%</b>	<b>5%</b>	<b>8%</b>	<b>7%</b>	<b>4%</b>	<b>4%</b>	<b>6%</b>	<b>6%</b>	<b>7%</b>	<b>12%</b>
<b>Net income</b>	<b>8%</b>	<b>6%</b>	<b>4%</b>	<b>6%</b>	<b>5%</b>	<b>3%</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>	<b>11%</b>	<b>17%</b>



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