



Leading provider of gunfire detection solutions  
enabling law enforcement to deter gun violence



**JULY**  
**2018**

# Safe Harbor Statement

This presentation contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements regarding the company's overall business, market leadership, total addressable market, expectations regarding future sales and expenses and revenue guidance for 2018. These forward-looking statements are made as of the date of this presentation and were based on current expectations, estimates, forecasts and projections as well as the beliefs and assumptions of management. Words such as "expect," "anticipate," "should," "believe," "target," "project," "goals," "estimate," "potential," "predict," "may," "will," "could," "intend," variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond the company's control. The company's actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to: the company's ability to maintain and increase sales; the availability of funding for the company's customers to purchase the company's solutions; the complexity, expense and time associated with contracting with government entities; the company's ability to maintain and expand coverage of existing public safety customer accounts and further penetrate the public safety market; the company's ability to sell its solutions into new markets; the lengthy sales cycle for the company's solutions; changes in federal funding available to support local law enforcement; the company's ability to deploy and deliver its solutions; and the company's ability to maintain and enhance its brand. In addition, other factors that could impact actual results to differ from the forward-looking statements we make are described in the reports we filed with the Securities and Exchange Commission (the "SEC") (available at [www.sec.gov](http://www.sec.gov)), particularly in the Risk Factors section of our latest Quarterly Report on Form 10-Q. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons why actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.



# I. SUMMARY



# At a Glance

ShotSpotter is the leading provider of **GUNFIRE DETECTION SOLUTIONS** that help law enforcement and security personnel rapidly identify, locate, and respond to gun violence.

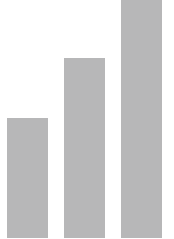
Our solution is a strategic resource allocation tool that enables an effective and efficient response to **PREVENTING AND REDUCING GUN VIOLENCE.**

Offered as an easy to acquire and use hosted solution sold on an **ANNUAL SUBSCRIPTION BASIS.**

**12,000+** Sensors deployed **90** In Municipalities and cities

**550** Square miles under contract as of March 31, 2018

**>99k**  alerts sent in 2017 **>700k**  gunshots in our database

 **51%** YoY revenue growth (Q1 '18)



# Investor Highlights



## Large Target Market

- ~ 1,400 US cities<sup>(1)</sup>; ~ 200 cities overseas<sup>(1)</sup>; ~5,000+ campuses<sup>(1)</sup> and ~1,800 transportation hubs<sup>(1)</sup>
- ~\$1.2B estimated annual spend



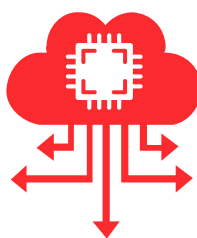
## Industry Leader

- The market leader in acoustic gunshot detection solutions; No real competitors
- Over 90 cities and municipalities covering over 550 square miles (under contract) as of March 31, 2018



## Proprietary Advanced Technology

- 31 issued patents and advanced acoustic sensor/analytic platform
- **24/7/365** coverage delivering real-time, precise, and actionable alerts



## Attractive SaaS Model

- Recurring, high-margin revenue; strong projected revenue growth
- High 141% Revenue Retention Rate (2017)
- High sales & marketing efficiency of \$0.34 sales & marketing spend per \$1.00 of new sales (2017)



## Proven Growth Strategy

- Expand public safety customer base and further penetrate existing customers
- Leverage brand recognition to grow security solutions business (campus, etc.)
- Partner with “Smart Cities” solution providers (ATT/GE/Verizon) to develop new use-cases and applications

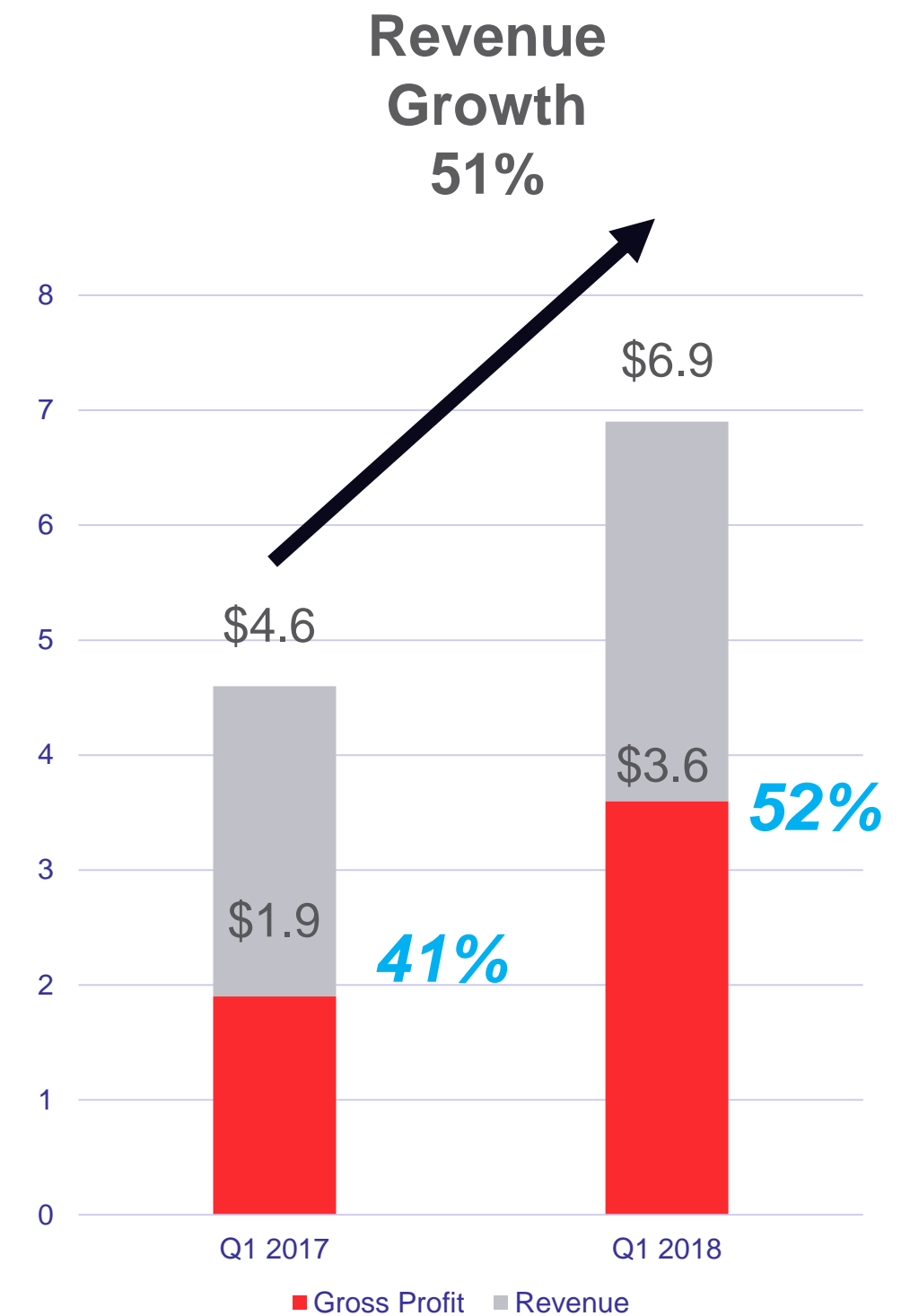
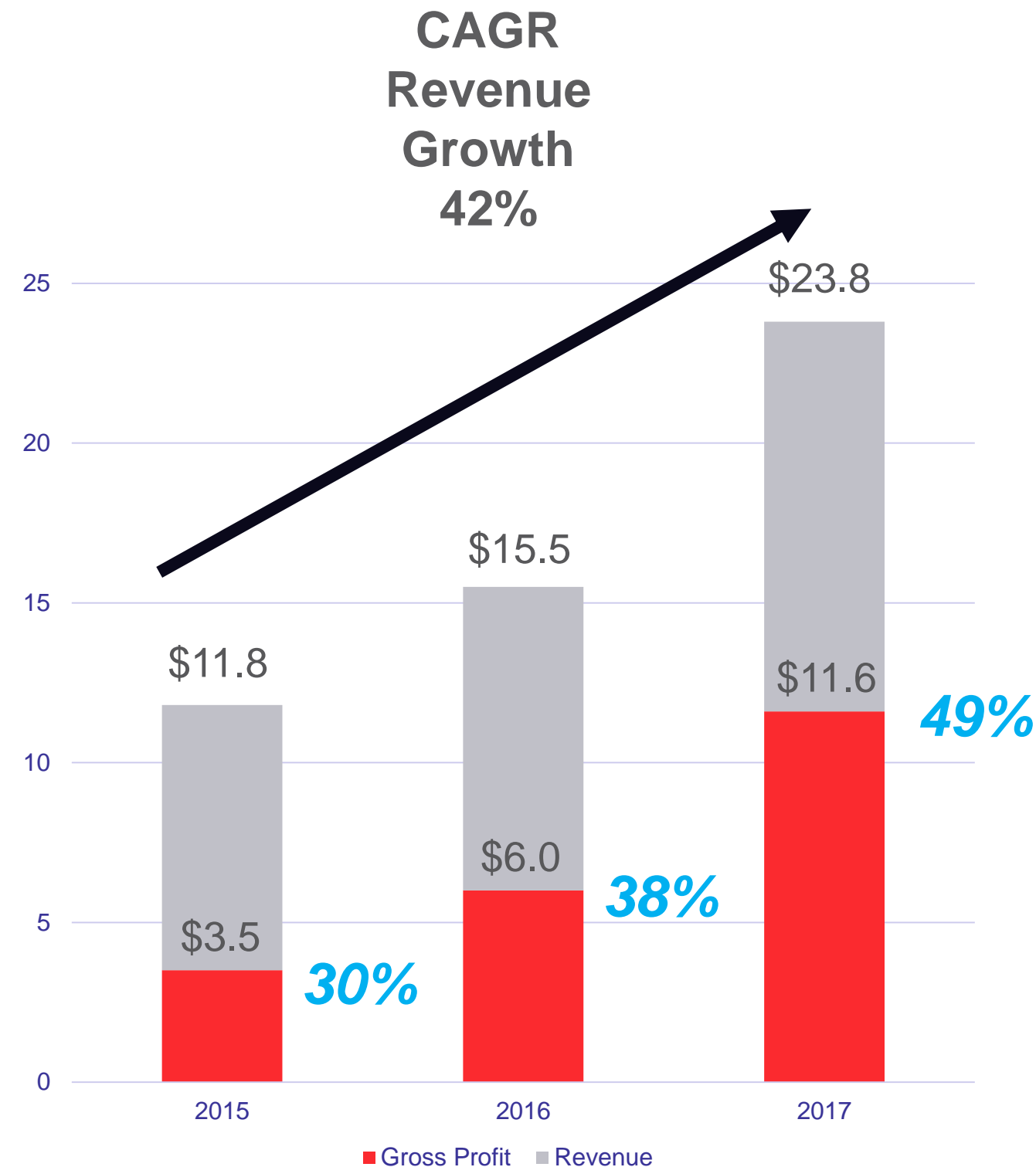


1. Includes US cities with 4+ homicides per 100,000 residents in 2015; overseas cities consists of outside the US with at least 500,000 residents; campuses consists of college campuses and airports in the US; transportation hubs includes [airports bus terminals etc.]



# Strong Revenue Growth and Operating Leverage

Revenue and Gross Profit in millions of dollars and Gross Margin in percent of Revenue



# II. INDUSTRY OVERVIEW



# Gun Violence

Many urban communities are under siege due to gun violence.

Yet, residents call police

**LESS THAN 20% OF THE TIME<sup>(1)</sup>**

- When they do call, the information is usually **late, inaccurate and incomplete.**

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**Active Shooter Incidents becoming an increasingly tragic reality.**

- Often **3-5 minutes before the first 911** call.
- Rapid law enforcement and EMT response can save lives.





# Total Addressable Market (TAM)



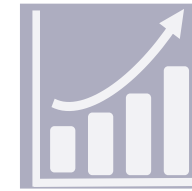
## CORE DOMESTIC PUBLIC SAFETY MARKET OPPORTUNITY

- Currently in 90 cities and municipalities representing 550 square miles sold as of March 31, 2018; 6 miles covered per city
- We estimate 1,400 domestic cities x 400,000 / year = **~\$560 million annually**

### EXISTING DEPLOYMENTS IN 10 OF TOP 25 CITIES IN THE U.S.

Cities	Sq. Miles	Opportunities
Chicago	100+	Philadelphia
NYC	60	Los Angeles
Washington DC	19	Dallas
San Francisco	13	Puerto Rico
Denver	13	Seattle
Boston	12	Houston
Jacksonville	5	Charlotte
Baltimore	5/10	
Atlanta	4	
San Diego	4	

*We estimate we are only ~5% penetrated in our core market opportunity*



## GROWTH DRIVERS & ADDITIONAL OPPORTUNITIES

1



### Expand Internationally

- ~200 cities in Latin America, South Africa, Europe
- Leverage Cape Town Success

2



### Expand SecureCampus solutions

- ~1,900 campuses with 2,000+ students in the U.S.<sup>(1)</sup>
- Nine (9) campus deployments to date

3



### Drive Intelligent City Solutions

- Relationships with Verizon, AT&T & GE

4



### Core solutions extensions / TAM Expansion

- Analysis / Reporting / Predictive (BIG DATA)
- Case management
- Highway deployment

5



### Targeted strategic M&A

- Selectively review strategic adjacencies / targets

*We believe our total addressable market represents a \$1.2B annual revenue opportunity*



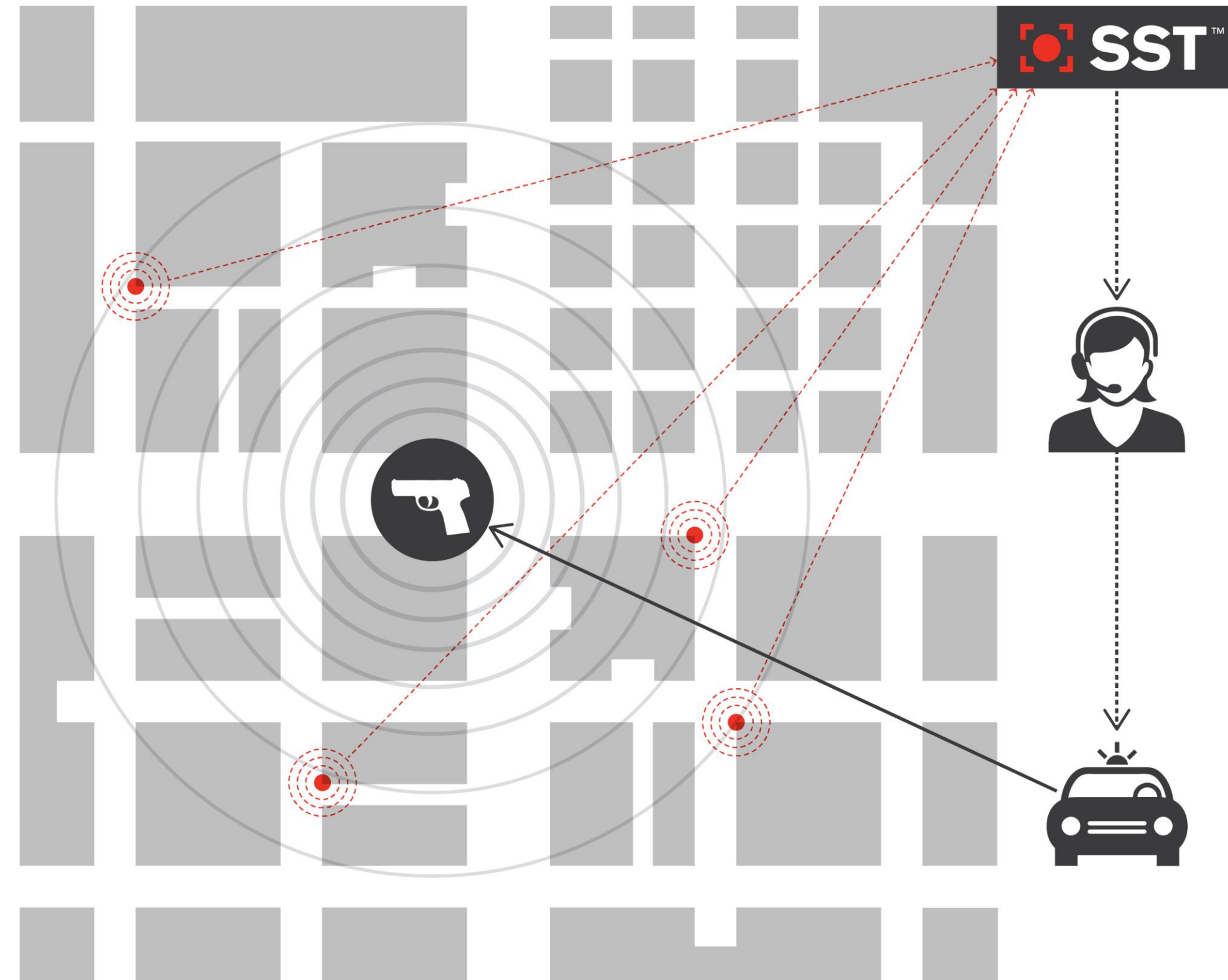
1. Source: National Center for Education Statistics

# III. SOLUTIONS



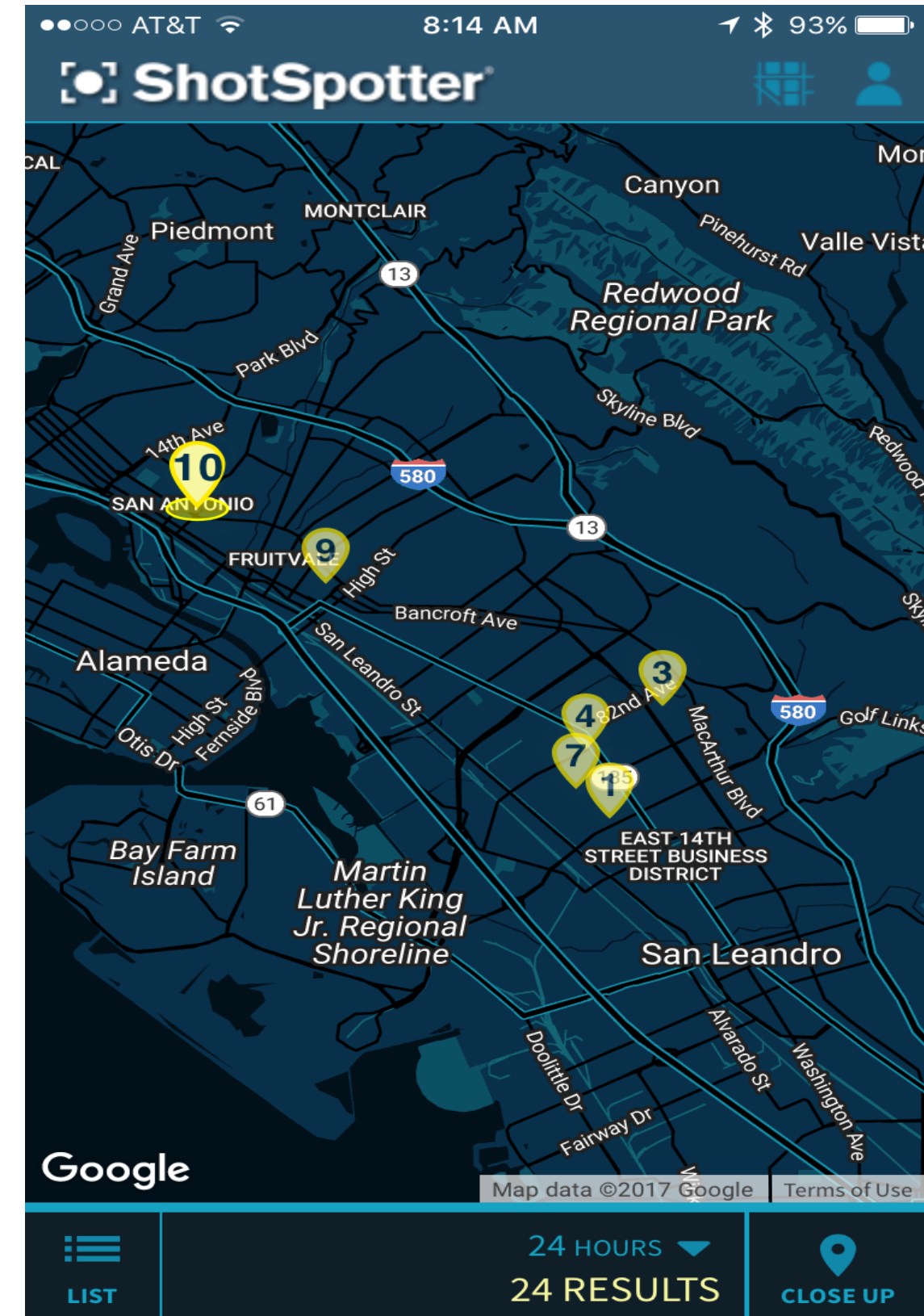
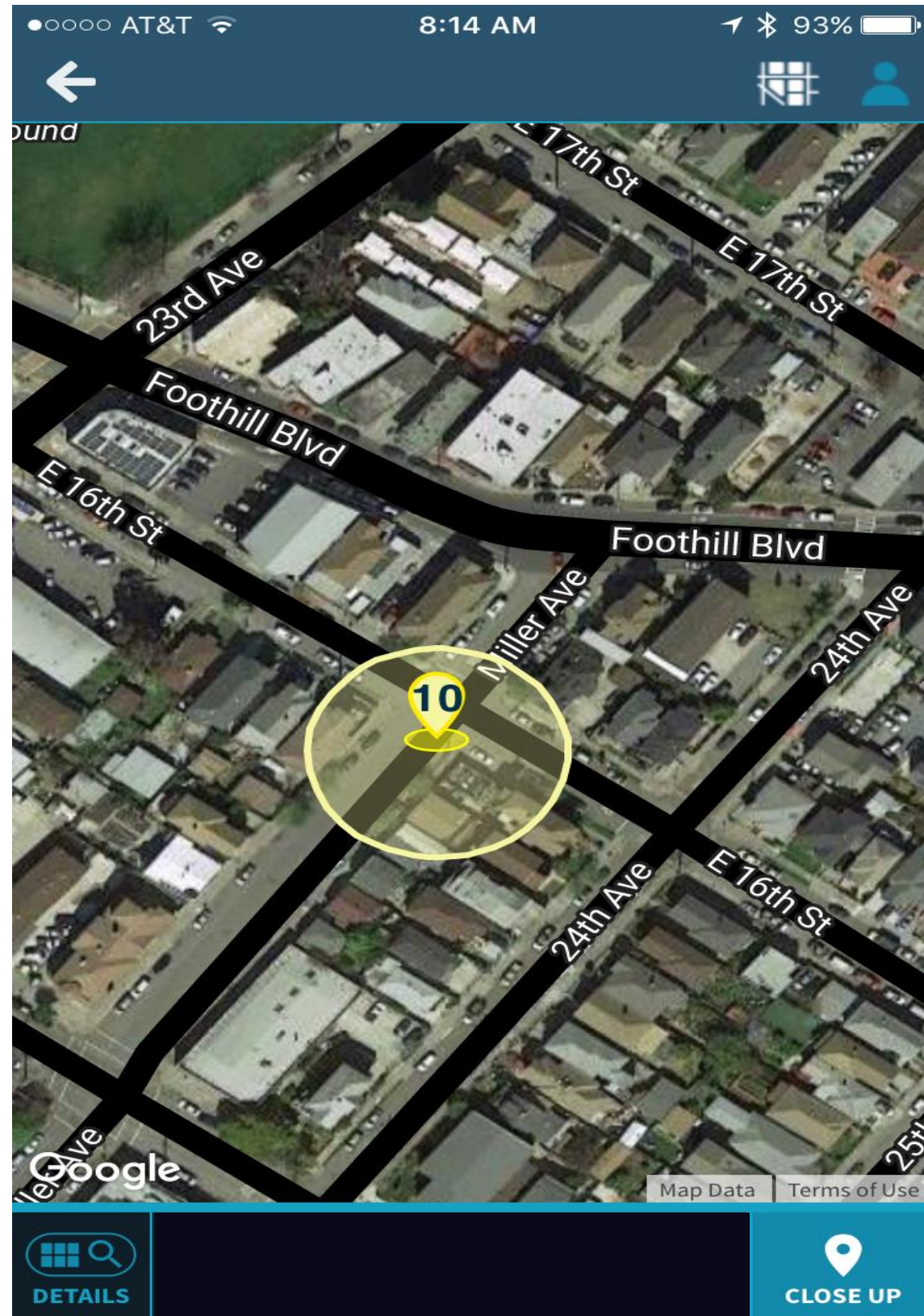
# How Our Solutions Work

- 1 A gun is fired. The sound of the explosion (impulse) radiates in a sphere.
- 2 Multiple sensors in the coverage area are triggered and time stamped based on impulse detection.
- 3 Based on the multiple time stamps, the location of the gunfire is triangulated within seconds. ShotSpotter's software and acoustic experts review and qualify data for outdoor gunfire.
- 4 A qualified alert is then sent to subscribers as well as video management systems.
- 5 Officers arrive to precise gunshot location with faster response time and greater situational awareness and preparation.
- 6 Post incident data can include analysis of aggregated data for resource allocation or specific alert data in a court accepted Detailed Forensic Report.





# ShotSpotter Alerts









# IV. CUSTOMERS & GROWTH





# Select Customers

CUSTOMERS	SST BRANDED SOLUTION	SMART CITY PARTNERS
            		    
    		





# Land and Expand Strategy

## Chicago Tribune

6 more Chicago police districts to get gunshot detection technology



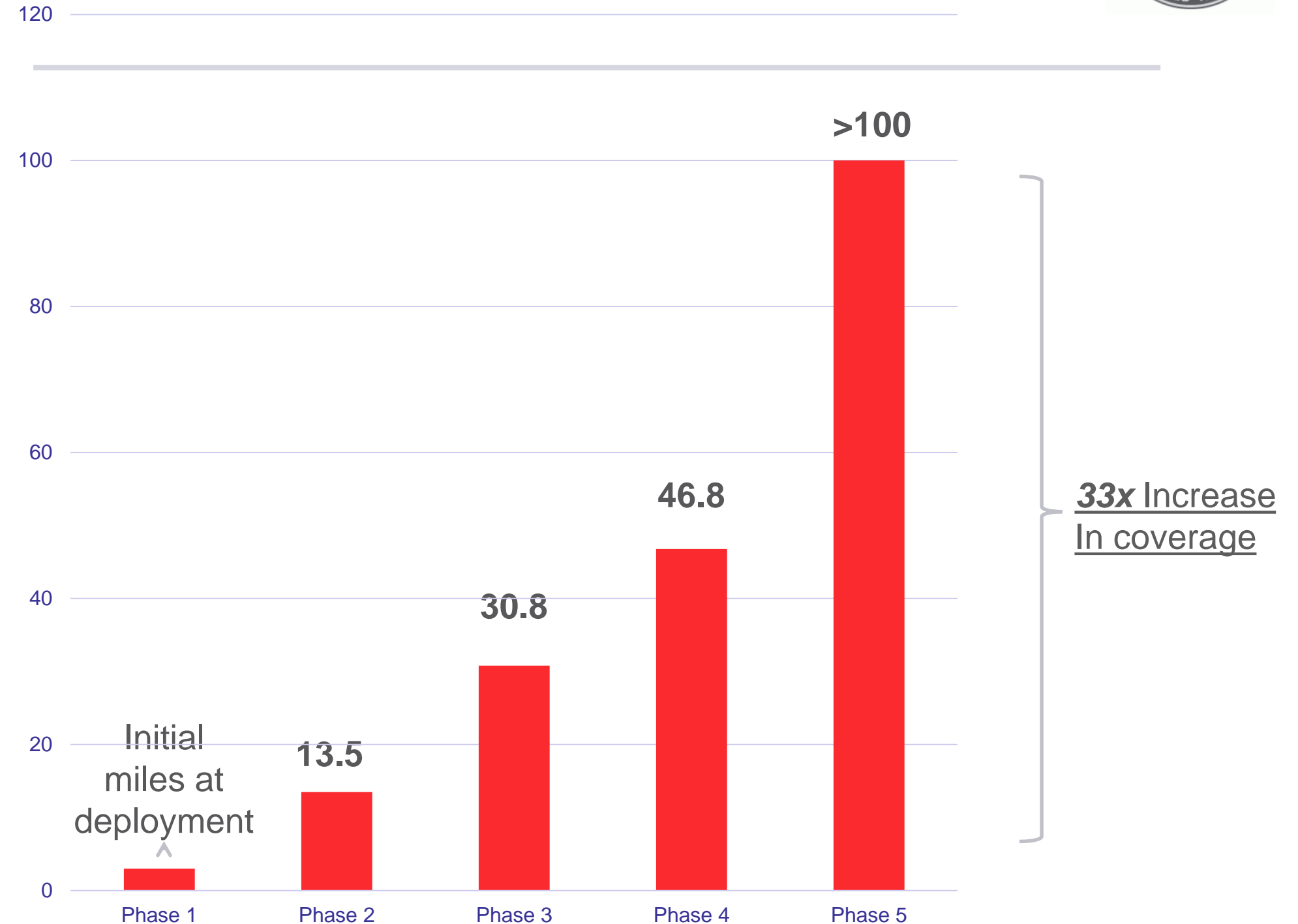
Chicago police Superintendent Eddie Johnson and commanders tout advances in technology that could help officers pinpoint gunfire instantly as part of their newest efforts to combat gun violence plaguing the city. (Zbigniew Bzdak/Chicago Tribune)

By **Jeremy Gorner** · Contact Reporter  
Chicago Tribune

The [Chicago Police Department](#) will be expanding its gunshot detection capabilities and their integration with other crime-fighting technology into six patrol districts, a police spokesman said [Friday night](#).

This means that more than half of the city's 22 patrol districts will be using ShotSpotter and other technology to help Chicago police better predict where shootings may occur, in the hopes of allowing officers to respond more quickly to violence.

## CHICAGO LIVE MILE INCREASE



Executed Phases Through 5/2/18



# Media Coverage

ShotSpotter was mentioned

# 14,000+

times in national and local  
print and broadcast media in  
2017 alone

The New York Times

NEW YORK POST

THE WALL STREET JOURNAL.

POLITICO



HARVARD  
BUSINESS SCHOOL  
CASE STUDY

The  
Economist

NY DAILY NEWS

FOX26 KMPH  
NEWS

CHICAGO SUN-TIMES

CBS Chicago

CONNECTICUT POST

THE DAILY ORANGE

The San Diego Union-Tribune

CBS 12  
WEST PALM BEACH WPEC

INTERNATIONAL BUSINESS TIMES



ELEMENTARY

CSI:  
CRIME SCENE INVESTIGATION

BONES

CASTLE



# V. BUSINESS MODEL / FINANCIALS / KPIs

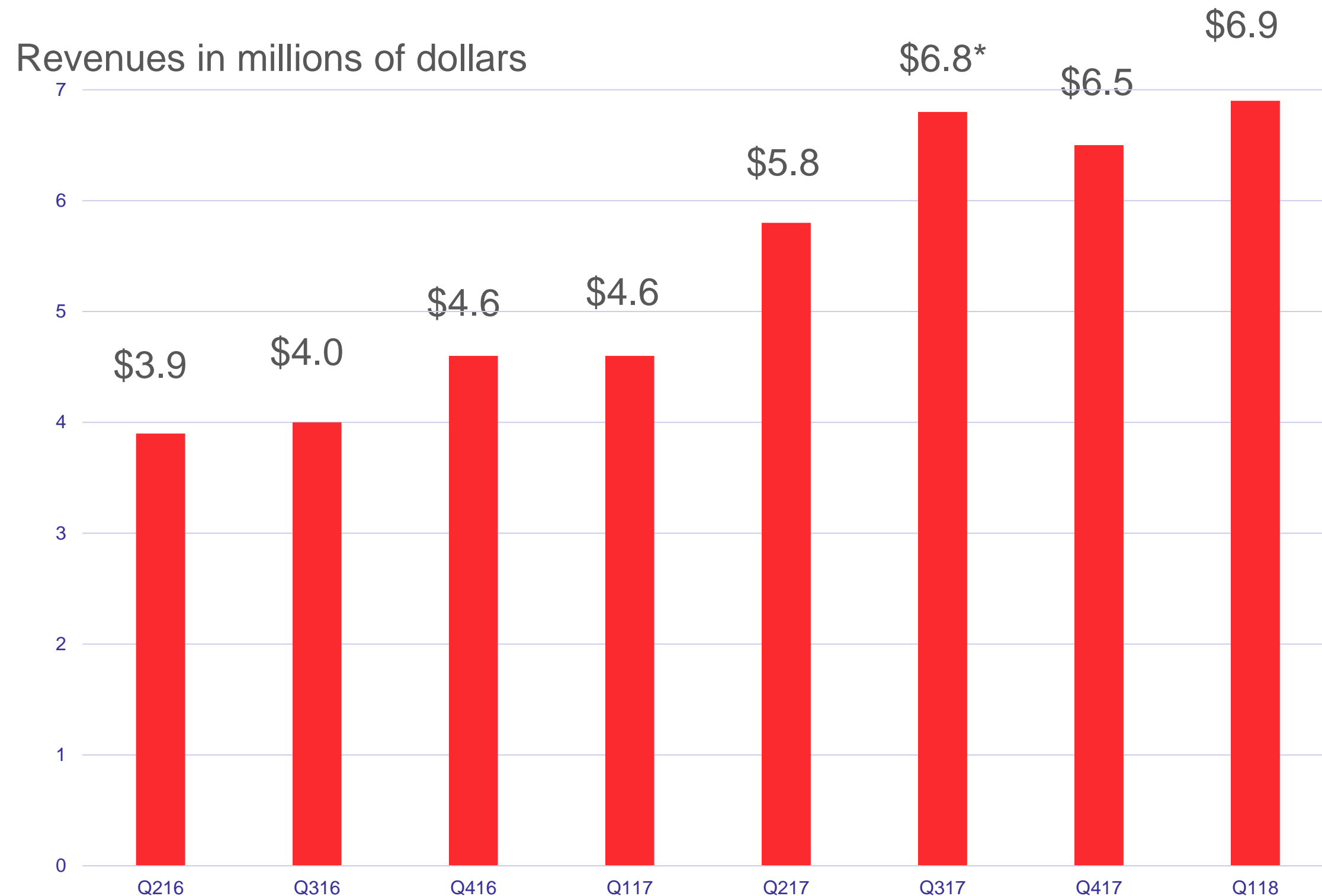


# Financial Highlights

- ✓ Annual subscription-based SaaS revenue
- ✓ Low customer acquisition costs – Only \$0.34 per \$1 of annualized contract revenue
- ✓ High margin and low variable costs
- ✓ Rapid payback of installation costs
- ✓ Significant operating leverage
- ✓ Low customer attrition/churn ➡ High revenue retention – 141% in 2017
- ✓ Goal of cultivating 10+ year relationships ➡ High lifetime value of a customer



# SaaS Recurring Revenue Model



Nearly

# 100%

of revenue is subscription-based

# 141%

annual revenue retention rate (2017)

\*Includes ~\$900K in revenue from termination of Puerto Rico/USVI



# Attractive Customer Economics

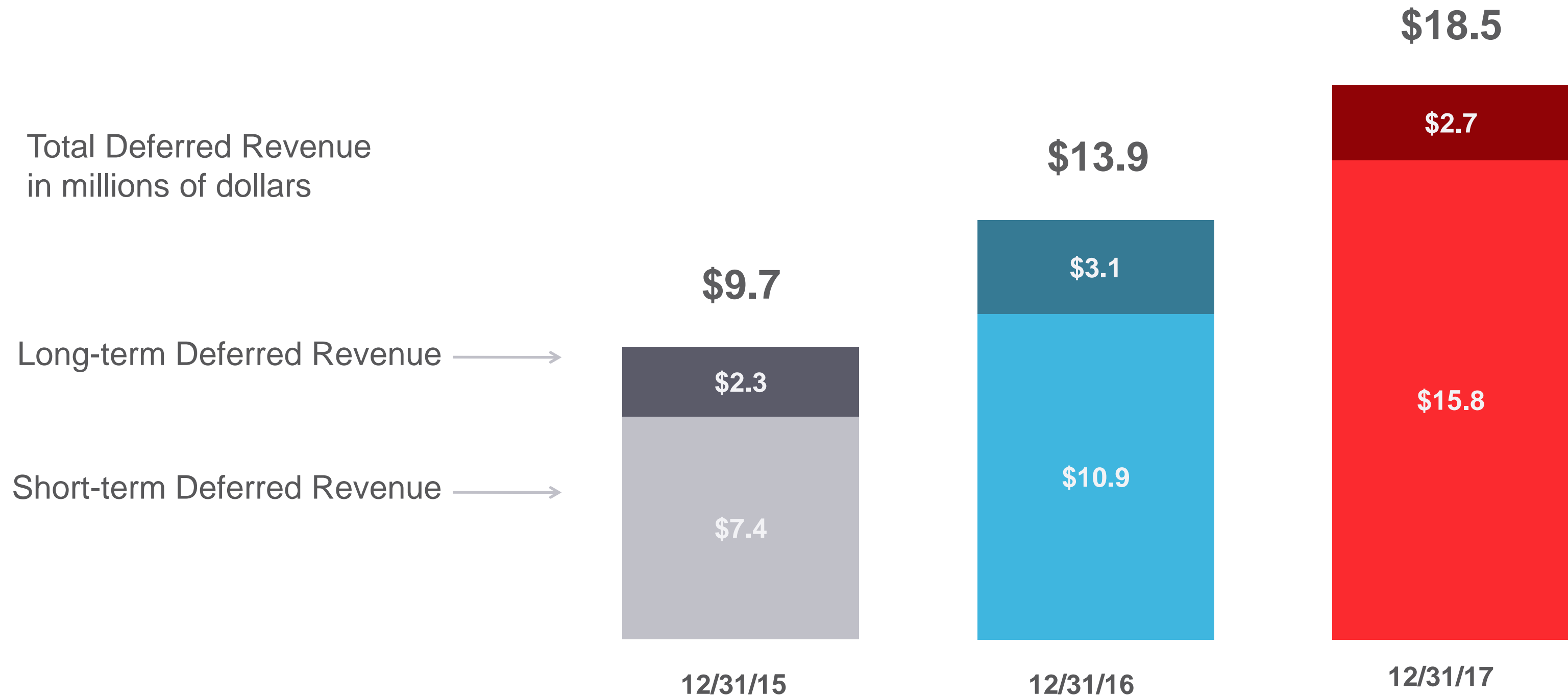
In 2017 the company spent **34¢** to generate **\$1** of new annualized revenue

WHILE ACHIEVING  
**141%** REVENUE RETENTION





# Strong Deferred Revenue Growth



# Financials: Selected Income Statement Data & KPIs

\$ 000's	YEAR ENDED 12/31		PERCENTAGE		QUARTER ENDED		PERCENTAGE	
	2016	2017	2016	2017	Q117	Q118	Q117	Q118
Revenue	\$15,507	\$23,763	100.0%	100.0%	\$4,562	\$6,907	100.0%	100.0%
Gross profit	5,958	11,600	38.4	48.8	1,887	3,599	41.0	52.0
Operating expenses								
Sales and marketing	4,475	6,179	28.9	26.0	1,108	1,554	24.0	22.0
Research and development	4,093	4,159	26.4	17.5	1,034	1,236	23.0	18.0
General and administrative	<u>2,362</u>	<u>5,595</u>	<u>15.2</u>	<u>23.5</u>	<u>930</u>	<u>2,028</u>	<u>20.0</u>	<u>29.0</u>
Total operating expenses	10,930	15,933	70.5	67.0	3,072	4,818	67%	70%
Operating loss	\$(4,972)	\$(4,333)	(32.1%)	(18.2%)	\$(1,185)	\$(1,219)	(26.0%)	(18.0%)
Revenue retention rate	127.0%	141.0%						
Marketing spend per \$1.00 of new annualized contract value	\$0.28	\$0.34						

