

BLACKBAUD INC
Form DEF 14A
April 30, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
SCHEDULE 14A
(RULE 14a-101)
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

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-12.

BLACKBAUD, INC.

(Name of Registrant as Specified in its Charter)
N/A

(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) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notice of 2014
Annual Meeting
and
Proxy Statement



April 30, 2014

Fellow Blackbaud Stockholders:

As stewards of our Company, we are committed to achieving sustainable long-term performance and creating stockholder value through the execution of a strong business model. With that in mind, the Board of Directors is pleased with the Company's progress. In 2013, the Company:

- Increased annual revenue by 13% from \$447.4 million in 2012 to \$503.8 million in 2013;
- Grew recurring revenue to approximately 70% of total revenue in 2013;
- Provided returns to stockholders by paying \$22.1 million in dividends;
- Generated cash flow from operations of \$107.2 million during 2013, an increase of 56% compared to \$68.7 million in 2012;
- Increased income from operations by 165% from \$19.4 million in 2012 to \$51.5 million in 2013;
- Reduced our debt balance by \$62.6 million;
- Increased our worldwide customer base to more than 29,000 customers in over 69 countries;
- Grew our Enterprise CRM customer base with another 19 new CRM customers;
- Completed the integration of Convio's operations and a realignment of our workforce as well as moved most of our San Diego, California operations to our Austin, Texas location; and
- Successfully managed our CEO transition, culminating in our announcement in November 2013 of our new CEO, Michael P. Gianoni.

We are equally committed to continuing stockholder communication and engagement to better understand your views on our Company and, in particular, our executive compensation. In 2013, as we do every year, we reviewed our executive compensation programs with our Compensation Committee's independent outside compensation consultant, Compensia Inc. As a demonstration of the Company's constant focus on pay-for-performance, in 2013 the Company continued its practice of making annual grants to certain named executive officers of performance-based restricted stock units that vest upon both the passage of time and attainment of defined performance goals.

Our compensation decisions reinforce our strong pay-for-performance compensation philosophy. We remain committed to providing competitive, performance-based compensation opportunities to our executive officers, who collectively are responsible for making our Company successful.

We appreciate your investment in Blackbaud and value your input and continued support.

The Board of Directors of Blackbaud, Inc.

2000 Daniel Island Drive, Charleston, SC 29492 T 800.443.9441 F 843.216.6100 www.blackbaud.com

2000 Daniel Island Drive
Charleston, South Carolina 29492

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD JUNE 23, 2014

Fellow Blackbaud Stockholders:

The 2014 Annual Meeting of Stockholders of Blackbaud, Inc. will be held on Monday, June 23, 2014 at 4:00 p.m. EDT at our corporate headquarters located at 2000 Daniel Island Drive, Charleston, South Carolina 29492, to take action on the following business:

1. To elect the two Class A directors named in the Proxy Statement, each for a three-year term expiring in 2017;
2. To approve, on an advisory basis, the 2013 executive compensation of our named executive officers;
3. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014; and
4. To transact such other business as may properly come before the meeting or any adjournment thereof.

These matters are more fully described in the Proxy Statement accompanying this Notice.

If you were a stockholder of record of Blackbaud common stock as of the close of business on April 25, 2014, you are entitled to receive this Notice and vote at the Annual Meeting of Stockholders and any adjournments or postponements thereof. A list of stockholders eligible to vote at the meeting will be available during our regular business hours at our principal office in Charleston, South Carolina for the ten days prior to the meeting for review for any purposes related to the meeting.

We are pleased to take advantage of the Securities and Exchange Commission rules that allow us to furnish proxy materials, including this Notice, the Proxy Statement (including an electronic Proxy Card for the meeting) and our 2013 Annual Report to Stockholders via the Internet. Taking advantage of these rules allows us to lower the cost of delivering annual meeting materials to our stockholders and reduce the environmental impact of printing and mailing these materials.

You are cordially invited to attend the meeting in person. However, to assure your representation at the meeting, you are urged to vote by proxy by following the instructions contained in the accompanying Proxy Statement. You may revoke your proxy in the manner described in the Proxy Statement at any time before it has been voted at the meeting. Any stockholder attending the meeting may vote in person even if he or she has returned a proxy. Your vote is important. Whether or not you plan to attend the meeting, we hope that you will vote as soon as possible.

By order of the Board of Directors of Blackbaud,
Inc.

Jon W. Olson
Vice President, General Counsel and Secretary

Charleston, South Carolina
Dated: April 30, 2014

TABLE OF CONTENTS

<u>Information Concerning Solicitation and Voting</u>	<u>1</u>
<u>Questions and Answers about the 2014 Annual Meeting of Stockholders</u>	<u>2</u>
<u>Proposal 1—Election of Directors</u>	<u>4</u>
<u>Corporate Governance Matters</u>	<u>7</u>
<u>Proposal 2—Advisory Vote to Approve Executive Compensation</u>	<u>10</u>
<u>Proposal 3—Ratification of Appointment of Independent Registered Public Accounting Firm</u>	<u>11</u>
<u>Audit Committee Report</u>	<u>12</u>
<u>Security Ownership of Certain Beneficial Owners and Management</u>	<u>14</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>15</u>
<u>Executive Compensation and Other Matters</u>	<u>16</u>
<u>Compensation Discussion and Analysis</u>	<u>16</u>
<u>Summary Compensation Table</u>	<u>32</u>
<u>Equity Compensation Plan Information</u>	<u>35</u>
<u>Grants of Plan-Based Awards for 2013</u>	<u>36</u>
<u>Outstanding Equity Awards at 2013 Fiscal Year-End</u>	<u>37</u>
<u>Option Exercises and Stock Vested in 2013</u>	<u>38</u>
<u>Director Compensation for Fiscal Year 2013</u>	<u>42</u>
<u>Compensation Committee Interlocks and Insider Participation</u>	<u>43</u>
<u>Transactions with Related Persons</u>	<u>44</u>
<u>Stockholder Proposals</u>	<u>44</u>
<u>Delivery of Documents to Stockholders Sharing an Address</u>	<u>45</u>
<u>Annual Report on Form 10-K</u>	<u>45</u>
<u>Other Matters</u>	<u>45</u>
<u>Directions to the 2014 Annual Meeting of Stockholders</u>	<u>46</u>
<u>Form of Proxy Card</u>	<u>47</u>

Table of Contents

BLACKBAUD, INC.

PROXY STATEMENT
2014 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD JUNE 23, 2014

Information Concerning Solicitation and Voting

We are furnishing this Proxy Statement to the holders of our common stock in connection with the solicitation of proxies on behalf of the Board of Directors for use at the Annual Meeting of Stockholders to be held on Monday, June 23, 2014 at 4:00 p.m. EDT, at our headquarters located at 2000 Daniel Island Drive, Charleston, South Carolina 29492, or at any adjournment or postponement thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders. Only stockholders of record at the close of business on April 25, 2014 are entitled to notice of and to vote at the meeting.

In accordance with the rules of the Securities and Exchange Commission (the "SEC"), instead of mailing a printed copy of our proxy materials to each stockholder of record, we are now furnishing proxy materials, including the Notice, this Proxy Statement, our 2013 Annual Report to Stockholders, including financial statements, and a Proxy Card for the meeting, by providing access to them on the Internet to save printing costs and benefit the environment. These materials were first available on the Internet on April 30, 2014. We mailed a Notice of Internet Availability of Proxy Materials on or about April 30, 2014 to our stockholders of record and beneficial owners as of April 25, 2014, the record date for the meeting. This Proxy Statement and the Notice of Internet Availability of Proxy Materials contain instructions for accessing and reviewing our proxy materials on the Internet and for voting by proxy over the Internet. You will need to obtain your own Internet access if you choose to access the proxy materials and/or vote over the Internet. If you prefer to receive printed copies of our proxy materials, the Notice of Internet Availability of Proxy Materials contains instructions on how to request the materials by mail. You will not receive printed copies of the proxy materials unless you request them. If you elect to receive the materials by mail, you may also vote by proxy on the Proxy Card or Voter Instruction Card that you will receive in response to your request.

Each holder of common stock is entitled to one vote for each share held as of the record date with respect to all matters that may be considered at the meeting. Stockholders' votes will be tabulated by persons appointed by the Board of Directors to act as inspectors of election for the meeting.

We bear the expense of soliciting proxies. We have retained AST Phoenix Advisors to assist in the solicitation of proxies with respect to shares of our common stock held of record by brokers, nominees and institutions and, in certain cases, by other holders. The anticipated cost of the services of AST Phoenix Advisors is \$9,000 plus expenses. Our directors, officers or employees may also solicit proxies personally or by telephone, e-mail, facsimile or other means of communication. We do not intend to pay additional compensation for doing so. We might reimburse banks, brokerage firms and other custodians, nominees and fiduciaries representing beneficial owners of our common stock, for their expenses in forwarding soliciting materials to those beneficial owners.

Table of Contents

Questions and Answers about the 2014 Annual Meeting of Stockholders

Q: Who may vote at the meeting?

The Board of Directors set April 25, 2014 as the record date for the meeting. If you owned our common stock at the close of business on April 25, 2014, you may attend and vote at the meeting. Each stockholder is entitled to one vote for each share of common stock held on all matters to be voted on. As of April 25, 2014, there were 46,160,187 shares of our common stock outstanding and entitled to vote at the meeting.

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

If your shares are registered directly in your name with our transfer agent, American Stock Transfer and Trust Company LLC, you are considered the stockholder of record. As the stockholder of record, you have the right to vote in person at the meeting. You will need to present a form of personal photo identification in order to be admitted to the 2014 Annual Meeting of Stockholders.

If your shares are held in a brokerage account or by another nominee or trustee, you are considered the beneficial owner of shares held in street name. In that case, the Notice of Internet Availability or proxy materials have been forwarded to you by your broker, bank or other holder of record who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by using the voting instructions included in the Notice of Internet Availability or proxy materials.

Q: What is the quorum requirement for the meeting?

A majority of our outstanding shares as of the record date must be present at the 2014 Annual Meeting of

A: Stockholders in order to hold the meeting and conduct business. This is called a quorum. Your shares will be counted as present at the meeting if you:

- Are present and entitled to vote in person at the meeting; or
- Have voted by telephone, Internet, or properly submitted a Proxy Card or Voter Instruction Card.

If you are present in person or by proxy, but abstain from voting on any or all proposals, your shares are still counted as present and entitled to vote. Each proposal listed in this Proxy Statement identifies the votes needed to approve or ratify the proposed action.

Q: What proposals will be voted on at the meeting?

A: The three proposals to be voted on at the 2014 Annual Meeting of Stockholders are as follows:

1. To elect the two Class A directors named in the Proxy Statement, each for a three-year term expiring in 2017;
2. To approve, on an advisory basis, the 2013 compensation of our named executive officers; and
3. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014.

We will also consider any other business that properly comes before the meeting. As of the record date, we are not aware of any other matters to be submitted for consideration at the meeting. If any other matters are properly brought before the meeting, the persons named in the Proxy Card or Voter Instruction Card will vote the shares they represent using their best judgment.

Table of Contents

Q: How may I vote my shares in person at the meeting?

If you are a stockholder of record, you have the right to vote in person at the 2014 Annual Meeting of Stockholders. You will need to present a form of personal photo identification in order to be admitted to the meeting. If you are a beneficial owner of shares held in street name, you are also invited to attend the meeting.

A: Because a beneficial owner is not a stockholder of record, however, you may not vote these shares in person at the meeting unless you obtain a legal proxy from your broker, bank, nominee, or trustee that holds your shares, giving you the right to vote the shares at the meeting.

Q: How can I vote my shares without attending the meeting?

If your common stock is held by a broker, bank or other nominee, they should send you instructions that you

A: must follow in order to have your shares voted. If you hold shares in your own name, you may vote by proxy in any one of the following ways:

• Via the Internet by accessing the proxy materials on the secured website <http://www.astproxyportal.com/ast/25567> and following the voting instructions on that website;

• Via telephone by calling toll free 1-800-PROXIES (1-800-776-9437) in the United States or 1-718-921-8500 outside the United States and following the recorded instructions; or

• By requesting that printed copies of the proxy materials be mailed to you pursuant to the instructions provided in the Notice of Internet Availability of Proxy Materials and completing, dating, signing and returning the Proxy Card that you receive in response to your request.

The Internet and telephone voting procedures are designed to authenticate stockholders' identities by use of a control number to allow stockholders to vote their shares and to confirm that stockholders' instructions have been properly recorded. Voting via the Internet or telephone must be completed by 11:59 p.m. EDT on June 22, 2014. Of course, you can always come to the meeting and vote your shares in person. If you submit or return a Proxy Card without giving specific voting instructions, your shares will be voted as recommended by the Board of Directors.

Q: How can I change my vote after submitting it?

A: If you are a stockholder of record, you can revoke your proxy before your shares are voted at the meeting by:

• Filing a written notice of revocation bearing a later date than the proxy with our Corporate Secretary at 2000 Daniel Island Drive, Charleston, South Carolina 29492 at or before the taking of the vote at the meeting;

• Duly executing a later-dated proxy relating to the same shares and delivering it to our Corporate Secretary at 2000 Daniel Island Drive, Charleston, South Carolina 29492 at or before the taking of the vote at the meeting;

• Attending the meeting and voting in person (although attendance at the meeting will not in and of itself constitute a revocation of a proxy); or

• If you voted by telephone or via the Internet, voting again by the same means prior to 11:59 EDT on June 22, 2014 (your latest telephone or Internet vote, as applicable, will be counted and all earlier votes will be superseded).

If you are a beneficial owner of shares held in street name, you may submit new voting instructions by contacting your bank, broker, nominee or trustee. You may also vote in person at the meeting if you obtain a legal proxy from them.

Q: Where can I find the voting results of the meeting?

A: We will announce the preliminary voting results at the 2014 Annual Meeting of Stockholders. We will publish the final results in a Form 8-K filed with the SEC within four business days of the meeting.

Q: For how long can I access the proxy materials on the Internet?

The Notice, Proxy Statement, Proxy Card, 2013 Annual Report to Stockholders and Annual Report on Form

A: 10-K for the fiscal year ended December 31, 2013 are also available, free of charge, in PDF and HTML format at <http://proxy.blackbaud.com> and will remain posted on this website at least until the conclusion of the meeting.

Table of ContentsPROPOSAL ONE
ELECTION OF DIRECTORS

Nominees

The Board of Directors consists of seven members and is divided into three classes, the members of which each serve for a staggered three-year term. The term of office of one class of directors expires each year in rotation so that one class is elected at each annual meeting for a full three-year term. Our Class A directors, Timothy Chou and Joyce M. Nelson, have been nominated to fill a three-year term expiring in 2017. The two other classes of directors, who were elected or appointed for terms expiring at the annual meetings in 2015 and 2016, respectively, will remain in office. If you are a stockholder of record, unless you mark your Proxy Card otherwise, the proxy holders will vote the proxies received by them for the two Class A nominees named below, each of whom is currently a director and each of whom has consented to be named in this Proxy Statement and to serve if elected. In the event that any nominee is unable or declines to serve as a director at the time of the meeting, your proxy will be voted for any nominee designated by the Board of Directors to fill the vacancy. We do not expect that any nominee will be unable or will decline to serve as a director.

If you are a beneficial owner of shares held in street name and you do not provide your broker with voting instructions, your broker may not vote your shares on the election of directors. Therefore, it is important that you vote. The name of and certain information regarding each Class A nominee as of April 25, 2014 is set forth below, together with information regarding our directors remaining in office. This information is based on data furnished to us by the nominees and directors. There are no family relationships among our directors, director nominees or executive officers. The business address for each nominee for matters regarding Blackbaud is 2000 Daniel Island Drive, Charleston, South Carolina 29492.

Name	Director Since	Age	Position(s) With Blackbaud
Class A Nominees for Terms Expiring in 2017			
Timothy Chou	June 2007	59	Director
Joyce M. Nelson	September 2012	63	Director
Class B Directors with Terms Expiring in 2015			
Andrew M. Leitch	February 2004	70	Chairman of the Board of Directors
George H. Ellis	March 2006	65	Director
David G. Golden	July 2010	55	Director
Class C Directors with Terms Expiring in 2016			
Michael P. Gianoni	January 2014	53	President, Chief Executive Officer and Director
Sarah E. Nash	July 2010	60	Director

The Board of Directors unanimously recommends that stockholders vote FOR the two Class A director nominees listed above.

Class A Director Nominees

Timothy Chou has served on the Board of Directors since June 2007. From November 1999 until January 2005, he served as President of Oracle On Demand, a division of Oracle Corporation, a provider of enterprise software and computer hardware products and services. Prior to that, Mr. Chou served as Chief Operating Officer of Reasoning, Inc., an information technology services firm, and as Vice President, Server Products, of Oracle Corporation. He served as a director of Embarcadero Technologies, Inc. from July 2000 to June 2007. Mr. Chou is the author of "The End of Software" and is a lecturer at Stanford University. Mr. Chou holds a BS in Electrical Engineering from North Carolina State University and MS and PhD degrees in Electrical Engineering from the University of Illinois Urbana-Champaign. Among other experience, qualifications, attributes and skills, Mr. Chou's knowledge and experience in the software-as-a-service and cloud computing industry and in senior leadership roles in large organizations in the information technology industry led to the conclusion of our Nominating and Corporate Governance Committee and of our full Board that he should serve as a director of our Company in light of our business and structure.

Joyce M. Nelson joined the Board of Directors in September 2012. From October 2011 to September 2012, Ms. Nelson served served as a special consultant to the in-coming President and Chief Executive Officer of the National Multiple Sclerosis Society (“NMSS”), a nonprofit organization focused on multiple sclerosis. From November 2004 to October 2011 Ms. Nelson served as President and Chief Executive Officer of NMSS. From December 1991 to November 2004 she led NMSS's national field services and fund raising departments. From June 1985 to December 1991 she lead the Mid America (Greater Kansas City)

Table of Contents

chapter of NMSS. From September 1983 to June 1985 she oversaw fundraising activities for the Northern California Chapter of NMSS. Ms. Nelson was previously on the board of directors of NMSS and the Multiple Sclerosis International Federation, as well as the advisory board to the North Park University School of Non-Profit Management. Ms. Nelson holds a BA in English from North Park University. Among other experience, qualifications, attributes and skills, Ms. Nelson's experience as a CEO, her knowledge and experience in the nonprofit industry and the senior leadership roles she played in a large nonprofit organization led to the conclusion of our Nominating and Corporate Governance Committee and of our full Board that she should serve as a director of our Company in light of our business and structure.

Other Directors Not Up for Re-election at this Meeting

Michael P. Gianoni has served as our President, Chief Executive Officer and a member of the Board of Directors since January 2014. Prior to joining us, he served as Executive Vice President and Group President, Financial Institutions at Fiserv, Inc., a global technology provider serving the financial services industry, from January 2010 to December 2013. He joined Fiserv as President of its Investment Services division in December 2007, where he was responsible for product, technology, sales, finance, operations and strategy. Mr. Gianoni was Executive Vice President and General Manager of CheckFree Investment Services, which provided investment management solutions to financial services organizations, from June 2006 until December 2007 when CheckFree was acquired by Fiserv. From May 1994 to November 2005, he served as Senior Vice President of DST Systems Inc., a global provider of technology-based service solutions, where he led various divisions focused on developing new platforms while ensuring stronger operational controls. Mr. Gianoni holds an AS in electrical engineering from Waterbury State Technical College, a BS with a business concentration from Charter Oak State College and an MBA from the University of New Haven. Mr. Gianoni's unique experience and perspective on the technology industry and our business led to the conclusion of our Nominating and Corporate Governance Committee and of our full Board that he should serve as a director of our Company in light of our business and structure.

Andrew M. Leitch was appointed to the Board of Directors in February 2004 and has served as our Chairman since July 2009. Mr. Leitch was with Deloitte & Touche LLP, an accounting firm, for over 27 years, last serving as the Vice Chairman of the Management Committee, Hong Kong from September 1997 to March 2000. Mr. Leitch has served on the board of directors of the following public companies: STR Holdings, Inc. (since November 2009); Cardium Therapeutics, Inc. (since August 2007); L & L Energy, Inc. (from February 2011 to August 2011); and Aldila, Inc. (from May 2004 to February 2010). Mr. Leitch also serves as director of several private companies. He is a CPA in the State of New York and a Chartered Accountant in Ontario, Canada. Among other experience, qualifications, attributes and skills, Mr. Leitch's experience in auditing and accounting, as well as on boards of directors and management skills, led to the conclusion of our Nominating and Corporate Governance Committee and of our full Board that he should serve as a director of our Company in light of our business and structure.

George H. Ellis joined the Board of Directors in March 2006. Mr. Ellis has been Chief Financial Officer of The Studer Group L.L.C., a private company in the health care industry, since September 2011. Prior to that, from July 2006 to August 2011, Mr. Ellis was Chief Financial Officer of Global 360, Inc., now OpenText, a private company offering business process management services. Since April 2010, Mr. Ellis has served on the board of Liquidity Se