UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 15, 2016

AVID TECHNOLOGY, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**1-36254**	**04-2977748**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

75 Network Drive, Burlington, Massachusetts 01803
(Address of Principal Executive Offices)   (Zip Code)

(978) 640-6789
(Registrant’s Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01 Regulation FD Disclosure.

The Company has on Tuesday, March 15, 2016, after market, provided an investor update on the Company's 2016 Guidance ("2016 Guidance Presentation"). The investor update was released on Avid's website, www.avid.com, and can be accessed on http://ir.avid.com. Furnished herewith as Exhibit 99.1 is the 2016 Guidance Presentation and as Exhibit 99.2 the written script for the 2016 Guidance Presentation (“Script”).

Non-GAAP and Operational Measures. The attached 2016 Guidance Presentation and Script include non-GAAP operating income (loss), non-GAAP operating expenses, non-GAAP revenue, non-GAAP gross margin, non-GAAP net income per share, non-GAAP adjusted EBITDA, and non-GAAP adjusted free cash flow. Non-GAAP operating income (loss), non-GAAP operating expenses, non-GAAP gross margin and non-GAAP net income per share exclude restructuring costs, stock based compensation, amortization and impairment of intangibles as well as other unusual items such as costs related to the restatement, M&A related activity, efficiency program and impact of significant legal settlements. Avid defines non-GAAP revenue as GAAP revenue plus revenue eliminated through the application of purchase accounting which requires acquired deferred revenue to be recorded at fair value rather than the amount paid by customers. Avid defines adjusted EBITDA as non-GAAP operating income (loss) excluding depreciation and all amortization expense. Avid defines non-GAAP adjusted free cash flow as GAAP operating cash flow less capital expenditures and excludes from free cash flow payments or receipts related to M&A, significant legal settlements, restructuring, restatement or other non-operational or non-recurring events.

These non-GAAP measures reflect how Avid manages its businesses internally. Avid’s non-GAAP measures may vary from how other companies present non-GAAP measures. Non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles. This non-GAAP information supplements, and is not intended to represent a measure of performance in accordance with, disclosures required by generally accepted accounting principles, or GAAP. Non-GAAP financial measures should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP.

The attached 2016 Guidance Presentation and Script also include operational measures, such as bookings, marketed booking, recurring revenue bookings and revenue backlog. Definitions of these measures are included in the supplemental financial and operational data sheet available on our investor relations webpage at ir.avid.com.

Limitation on Incorporation by Reference. The information furnished in Item 7.01, including the 2016 Guidance Presentation and Script attached hereto as Exhibit 99.1 and Exhibit 99.2, respectively, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Cautionary Note Regarding Forward-Looking Statements. Except for historical information contained in this Form 8-K, the 2016 Guidance Presentation attached as Exhibit 99.1 hereto and the Script attached as Exhibit 99.2 hereto, the Form 8-K, 2016 Guidance Presentation and Script contain forward-looking statements that involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. Please refer to the cautionary notes in the 2016 Guidance Presentation and Script regarding these forward-looking statements.

Item 9.01. Financial Statements and Exhibits.

The following exhibits shall be deemed to be furnished, and not filed:

(d) *Exhibits*.

Exhibit Number	Description
99.1*	2016 Guidance Presentation Slides dated March 15, 2016
99.2*	Script for 2016 Guidance Presentation dated March 15, 2016

[*Document furnished herewith]

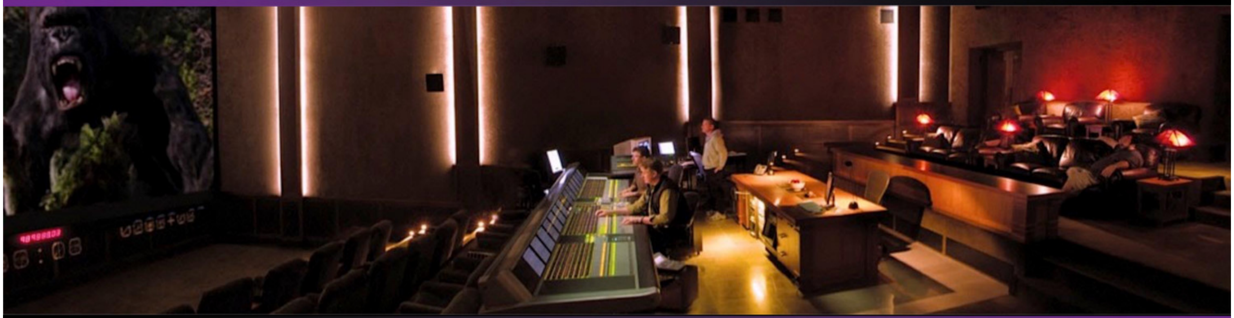
SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AVID TECHNOLOGY, INC.
(Registrant)

Date: March 15, 2016

By: /s/ John W. Frederick
Name: John W. Frederick
Title: Executive Vice President, Chief Financial Officer and Chief Administrative Officer



Avid 2016 Financial Guidance

March 15, 2016

Safe Harbor

The information provided in this presentation includes forward-looking statements that involve risks and uncertainties, including, among other things, our anticipated results of operations and financial performance during 2016 which are based on certain assumptions regarding key factors and trends, including, for example a market growth of approximately 3% during 2016, realization of identified efficiency programs and market based cost inflation. Other forward-looking statements include, without limitation, statements regarding our financial statements or other information included herein based upon or otherwise incorporating judgments or estimates relating to future performance such as future operating results and expenses; earnings; bookings; backlog; revenue backlog conversion rate; product mix and free cash flow; our long-term and recent cost savings initiatives and the anticipated benefits therefrom; our future strategy and business plans; our product plans, including products under development, such as cloud and subscription based offerings; our liquidity and ability to raise capital; the anticipated benefits of the Orad acquisition, including estimated synergies, including effects on future financial and operating results; and our liquidity. The guidance for 2016 is inherently uncertain and subject to numerous risks and uncertainties. Our actual future results of operations and cash flows could differ materially from those discussed in this presentation.

For additional information, including a discussion of some of the key risks and uncertainties associated with these forward-looking statements, please see the "Forward Looking Statements" section of our press release issued today as well as the Risk Factors and Forward-Looking Statements sections of the Company's 2015 Annual Report on Form 10-K. Copies of these filings are available from the SEC, the Avid Technology web site or the Company's Investor Relations Department.

Any forward-looking information relayed in this presentation speaks only as of March 15, 2016, and Avid expressly disclaims any obligation or undertaking to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

2016 Financial Guidance Model

Agenda

- 2016 Guidance and Trending
- Planning Assumptions and Factors
- Financial Modeling
  - Revenue
  - Expense
  - Adjusted Free Cash Flow
- Appendix
  - 2016 Full Year Guidance Metrics
  - Q1 2016 Guidance

2016 At-a-Glance

2016 will be a year focused on capitalizing on efficiency gains to achieve a leaner more directed cost structure and driving platform-enabled growth

Bookings
$500-536 million ($538 million in 2015)

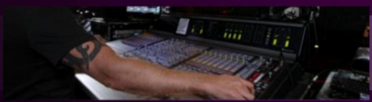
Revenue
$500-525 million ($506 million in 2015)

Adjusted EBITDA
$60-75 million (up 9%-36%)

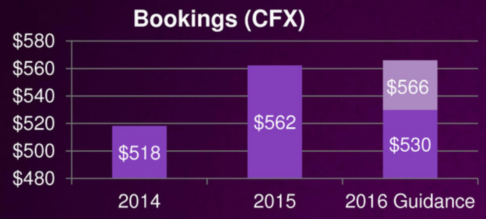
Adjusted Free Cash Flow
$2-12 million ($37 - $47 million increase)

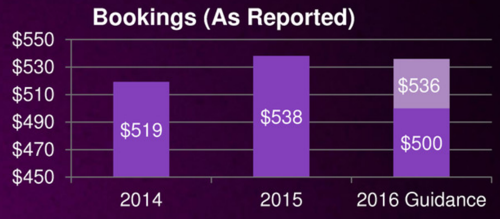
Focused investments on high growth and strategic areas, including Alliances and Orad

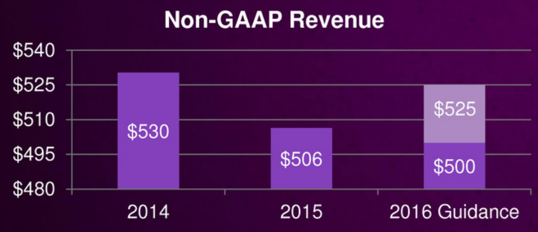
Efficiency program resulting from platform strategy, silo elimination and completion of talent alignment targeting $68 million of annual savings

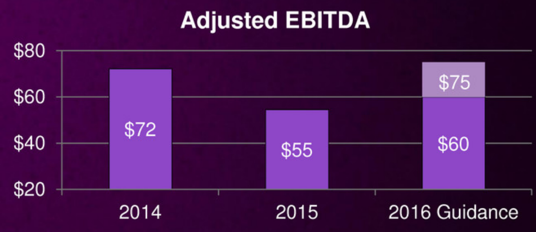


Financial Trending



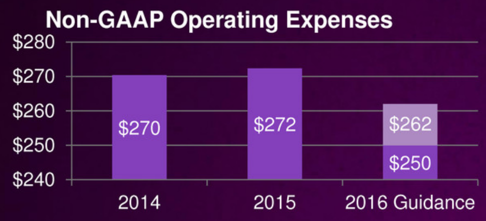


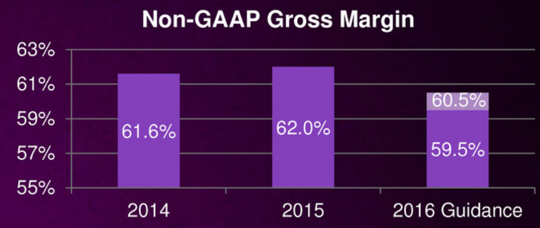


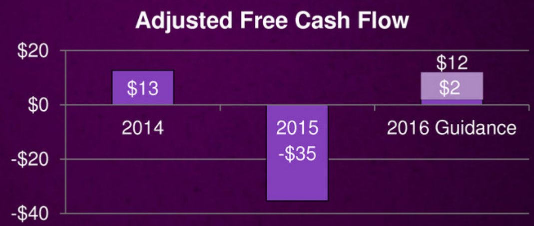


Platform Drives Growth and Efficiency Gains Resulting in Improved Financial Performance

Financial Trending







Platform Drives Growth and Efficiency Gains Resulting in Improved Financial Performance

Planning Assumptions and Considerations

Planning Foundation

Anticipated Market Conditions

- Media tech market rebounds from slow 2015 and grows at historical pace (3-4%)
- Reflects weaker dollar to start year but rates assumed to stay constant for remainder of year
- Continued shift to IP solutions
- Challenges remain for hardware focused competitors
- Workflow and asset management becomes more important

Bookings Growth

- Continued focus on platform sales
- Grow wallet share of existing customers
  - Optimize Orad, launch key new products & services
  - Develop alliance partnerships to provide more products to cross and up-sell
- Further leverage reseller network
- Expand customer ecosytem

Key Assumptions

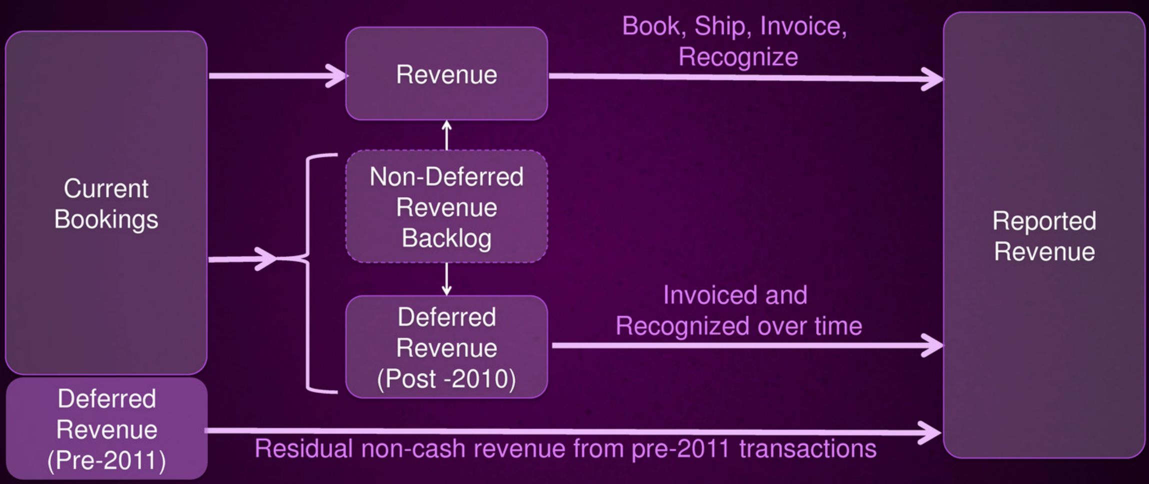
- **Revenue $33 million lower reflecting less pre-2011 revenue**
- **$269 million rolling in from revenue backlog**
  - **$25 million of which is pre-2011 revenue**
- Assumed cost inflation of 3%
- Restatement spending complete

Cost Initiatives

- Completion of Phases1 and execution of Phase 2 efficiency programs
  - Talent alignment
  - Platform enabled labor efficiencies
  - Facility rationalization
- All identified cost actions completed by end of 2016

Revenue Modeling

Revenue Model



The ratio of revenue vs backlog/deferred revenue is heavily **product mix** dependent

Revenue Backlog

$M	Dec 31, 2015 Backlog	Expected Revenue Amortization Timing 2016	2017	2018	2019>
Pre-2011 Deferred Revenue	$ 26	$ 25	$ 1	$ 0	$ -
Post-2010 Deferred Revenue	323	148	76	48	51
Deferred Revenue	**348**	**173**	**77**	**48**	**51**
Backlog	204	96	42	20	46
Total Revenue Backlog	**$ 552**	**$ 269**	**$ 118**	**$ 68**	**$ 97**

Software revenue accounting rules changed on January 1, 2011
- New rules allow for unbundling of multiple element arrangements
- Resulted in deferral of less revenue

Amortization of deferred revenue relatively fixed
- Business practice changes could impact timing of future revenue

Non-Deferred Revenue Backlog reflects bookings that have not yet been invoiced
- Products not yet shipped
- Professional services not yet delivered
- Future years of multi-year support contracts

Revenue Conversion Model

Backlog Amortization is baseline of revenue model

Revenue Backlog Amortization	2014	2015	2016 Guidance Low	2016 Guidance High
Pre-2011 Transactions	$92	$58	$25	$25
Post -2010 Transactions	127	158	148	148
Non-Deferred Revenue Backlog	37	83	96	96
Revenue From Backlog Amortization	**$256**	**$299**	**$269**	**$269**

Bookings conversion is impacted by mix of products (for example):
- Software versus non-software
- Annual versus multi-year contracts
- Subscription & Cloud Adoption

	2014	2015	2016 Guidance Low	2016 Guidance High
Bookings	$519	$538	$500	$536
Bookings Conversion Rate Estimate	**53%**	**38%***	**46%**	**48%**
Revenue from Current Year Bookings	**$274**	**$207**	**$231**	**$256**

Revenue = Revenue backlog amortization + Current period bookings conversion

	2014	2015	2016 Guidance Low	2016 Guidance High
Revenue	**$530**	**$506**	**$500**	**$525**

* 2015 Model assumed bookings conversion of 46-47%. Actual 2015 conversion impacted by 10 year Sinclair transaction & strong multi-year contract bookings

Cost and Expense Modeling

Platform Drives 2016 Efficiency Gain Program

Efficiency Gain Opportunities

- Platform benefits allow more innovation at lower cost through shared service model
- Mature platform allows redundant siloes to be eliminated
- Benefits from organizational alignment and facilities rationalization

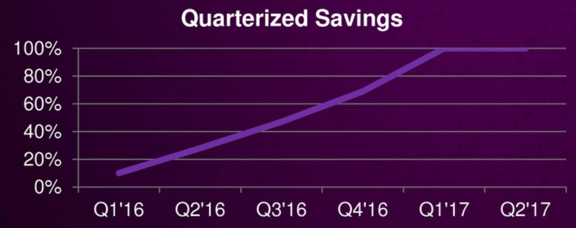
Efficiency Gain Program

- $68 million of annualized run rate savings with $40-$45 reflected in 2016
- Full annualized savings expected to be in run-rate as we exit 2016
- Total program expected to cost approximately $25 million, to be paid through Q2 2017
- Roughly 75/25 split between operating expense and cost of sales

2016 Efficiency Gains

	2016 Impact	Total Annualized Efficiency Gains
Personnel Related	$26-$27	$ 44
Facility and Infrastructure Related	$3-4	7
Marketing Programs	$1-2	3
Contractor and Consultants	$6-7	8
Other Vendor Related	$4-5	6
Total Savings	$40-45	$ 68

- $68 million of Annualized Savings Expected in run rate by beginning of 2017
- $40-$45 expected to be reflected in 2016 results
- Approximately 2/3 relate to personnel related savings



- Savings impact increases throughout 2016
- Percentages to left reflect how much of the total $68 million savings is expected to be reflected in that quarter.

Non-GAAP Operating Expense Bridging Considerations

2015 Non-GAAP Operating Expense: $272 million

Full Year Impact of Orad Expenses: $8-10 million

Annual Merit and Cost Inflation: $5-8 million

2016 Impact of Efficiency Program: $40-45 million

Non-GAAP Operating Expense Impact of Efficiencies: ~75%

2016 Guidance: $250 – 262 million

Cash Flow Modeling

Key 2016 Cash Flow Drivers

Sources

- Full year impact of 2015 efficiency actions
- Current year cash impact from 2016 efficiency program
- New product releases impacting 2nd half
- Conversion of higher backlog entering 2016, including Sinclair payment
- Improving product mix

Uses

- New debt service cost
- Continued transition to recurring revenue model
- Investments in Tier 3 digital marketing strategy
- Cost of 2016 efficiency program (excluded from free cash flow)

Anticipated improvement in 2016 free cash flow will be primarily driven by execution of efficiency gain program

Full Year 2016 Cash Flow Modeling Assumptions

Cash Collections	2016 Guidance	2016 Cash Conversion Rate
Opening Accounts Receivable	$59	100%
Backlog Conversion		
2016 Revenue from Backlog	$96	80-90%
2017 Revenue collected in 2016	$42	45-50%
2016 Bookings	$500-$536	60%-63%

Cash Disbursements	
Cost of Sales	$198-213
Operating Expenses	$250-262
Less: Depreciation	($16)-($17)
CapEx	$17-19
Cash Taxes	$2-4
Cash Interest	$6-8
Working Capital Change (excl. Pre-2011)	$0

Q1 2016 Cash Flow Modeling Assumptions

Cash Collections	Q1 2016 Guidance	2016 Cash Conversion Rate
Opening Accounts Receivable	$59	90-95%
Backlog Conversion		
Q1 2016 Revenue from Backlog	$30-$35	80-85%
Q2-Q4 2016 Revenue collected in Q1	$61-$66	5-10%
Q1 2016 Bookings	$100-$112	25-28%

Cash Disbursements	
Cost of Sales	$47-$51
Operating Expenses	$64-$66
Less: Depreciation	($4.0)-($4.3)
CapEx	$3.5-$4.0
Cash Taxes	$0.5-$1.0
Cash Interest	$0.1-$0.3
Working Capital Change (excl. Pre-2011) *	$10-$15

* Q1 working capital change primarily related to inventory purchases in advance of new product releases

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Appendix

2016 Full Year Guidance

Bookings	Bookings (CFX)
$500 -$536M	$530 -$566M

Revenue	Operating Expenses
$500 - $525M	$250-$262M

Adjusted EBITDA	Adjusted Free Cash Flow
$60 - $75M 12%-14% Adjusted EBITDA Margin	$2 - 12M

2016 Full Year Guidance – Supporting Metrics

Gross Margin	Capital Expenditures
59.5% - 60.5%	$17-$19M

Depreciation	Cash Taxes
$16-$17M	$2-4M

Q1 2016 Guidance

Bookings	Bookings (CFX)
$100 -$112M	$108 -$118M

Revenue	Operating Expenses
$120 - $125M	$64-$66M

Adjusted EBITDA	Adjusted Free Cash Flow
$11 - $14M 9%-11% Adjusted EBITDA Margin	($15) – ($9M)

Title Page -1

Hi, I’m Tony Callini, Senior Vice President Finance at Avid. In this presentation I want to share our financial guidance for 2016 for both the full year and the first quarter. Throughout 2016, we will update full year guidance as appropriate and provide specific financial guidance for the upcoming quarter. Although, it’s inherently difficult to evaluate the progress of a transformation based on quarterly results, we recognize the difficulty for public investors and analysts and so we’ll now start providing quarterly guidance beginning in Q1.

But, before we get into the presentation, let me first remind you of some cautionary points.

Page 2 - Cautionary Language - legal to update

The information provided in this presentation includes forward-looking statements that involve risks and uncertainties, including, among other things, our anticipated financial performance during 2016 which are based on certain assumptions regarding key factors and trends, including, for example, market growth rates and cost inflation rates. Other forward-looking statements in this presentation include statements ; about future operating results and expenses; earnings; bookings; backlog; revenue backlog conversion rate; product mix and free cash flow; our long-term and recent cost savings initiatives and the anticipated benefits therefrom; our future strategy and business plans; our product plans, including products under development; expectations regarding our customers’ adoption of subscription-based products; our liquidity and ability to raise capital; and the anticipated benefits of the Orad acquisition. The guidance for 2016 is inherently uncertain and subject to numerous risks and uncertainties. Our actual future results of operations and cash flows could differ materially from those discussed in this presentation. For a discussion of some of the key risks and uncertainties associated with these forward-looking statements, please see the “Forward Looking Statements” section of our press release issued today as well as the risk factors described in the filings made by Avid with the SEC. Avid expressly disclaims any obligation or undertaking to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

Page 3- Financial Guidance Model - Agenda

In this presentation, I’ll review 2016 guidance and how it compares to recent actual results and talk about some of the planning assumptions that went into this year’s plan. I’ll also go a level deeper on each of revenue, expenses and cash flow to provide visibility into how we think about each of these metrics.

Page 4 2016 At a Glance

As we talked about in our Q4 2015 earnings call …. 2016 will be a year focused on capitalizing on efficiency gains to achieve a leaner, more directed cost structure and driving platform-enabled growth. As a reminder, the key financial metrics that we believe best demonstrate our progress are bookings, Adjusted EBITDA and Adjusted Free Cash Flow. Also, as we get closer to the end of the pre-2011 revenue run-off, we’d further include non-gaap revenue as one of the key metrics.

In 2016, we’ll continue to make strategic investments in those areas that we think will drive the most value and growth for us, even as we execute on our efficiency programs, which are designed to take $68 million of costs out of the organization.

Please refer to the appendix for the complete list of financial guidance for both full year and the first quarter of 2016.

Page 5: Financial Trending (1 of 2):

Let me now put our full year 2016 guidance in historical perspective.

We look at bookings on both an as reported and constant currency basis. In both instances, the high end of our range for 2016 is about flat with 2015. It’s important to remember that in 2015, we signed a record 10 year deal with Sinclair Broadcast Group that provides a challenging comp for 2016. As we continue to turn on growth engines that are enabled by the platform, we’re able to make up much of the gap to the strong 2015 bookings results. I’ll also be touching on some market factors in a moment that helps us think about bookings growth.

The non-gaap revenue guidance of $500 to $525 million compares to $506 million in 2015 and $530 million in 2014. As you know, we continue to work through the pre-2011 revenue run-off from the accounting restatement. To help put the non-gaap revenue results in context, there is $33 million less revenue in 2016 from pre-2011 amortization. Further, if you combine the headwinds from 2015 and 2014, there is $67 million less pre-2011 revenue this year than there was in 2014. In a moment, I’ll take you through one way to model revenue for 2016.

We expect Adjusted EBITDA to be between $60 and $75 million, which is a 9 to36% increase over the $55 million of adjusted EBITDA in 2015. Again, the pre-2011 revenue amortization provides a material headwind for us each year as that revenue is 100% margin. So again, to help put this in context, we are expect to increase Adjusted EBITDA by $5 to $20 million, even while absorbing a $33 million adjusted EBITDA reduction from pre-2011 revenue.

Page 6: Financial Trending (2 of 2):

Non-GAAP Operating expenses are expected to decrease by 4-8% as compared to 2015. I’ll walk you through a detailed expense bridge later in the presentation, but a factor in the 2015 to 2016 expense bridge is a full year of Orad in the 2016 results. As a reminder, we closed the Orad acquisition at the very end of June 2015, so there were effectively only two quarters of expenses in our 2015 results. The other key feature this year is the execution of the planned operational efficiency program. While we expect $68 million of annualized savings by the end of 2016, we estimate that $40-$45 million of those will be reflected in our full year 2016 results. I’ll also talk about how we expect those savings to roll in over the course of 2016.

Non-GAAP gross margin is expected to be between 59.5% and 60.5% in 2016. This is down a bit as compared to 2015 reflecting the roll-off of $33 million of 100% margin pre-2011 revenue as well as growth in our alliance business, which has an inherently lower gross margin due to the nature of the revenue sharing arrangements with our Alliance partners.

Adjusted free cash flow is expected to be between $2 million and $12 million, which represents a $37 million to $47 million improvement from 2015. I’ll spend more time on the cash flow model shortly, but the primary bridging items between 2015 and 2016 relate to lower costs, an improved bookings mix toward more immediate cash generating transactions and the roll in of prior year recurring revenue bookings that are now cash converting.

Page 7 - Planning Assumptions and Considerations - Intro slide

I'll now talk in a bit more detail about some of the key assumptions and planning considerations that went into our 2016 financial plan.

Page 8 - Planning Foundation

First, there are some external and market based factors that go into our annual planning. 2015 was a slower year for media technology spending as reflected in the results of many others in our industry. In fact, a leading media tech research firm, estimated that broadcast spend decreased over 4% in 2015 but expect a rebound to over 3% in 2016. We've included an assumption for market based growth in 2016.

As you've seen, over the year, we have been negatively impacted by a stronger dollar. Going into 2016, we've assumed a slightly weaker dollar and we've maintained that exchange rate level through the rest of the year. We'll be monitoring currency closely and while we have some natural hedges with costs denominated in foreign currencies, we could have some exposure if the dollar strengthens.

As it relates to general media tech trends, we expect a continued shift to more IP based solutions, which plays right into our strengths. Conversely, we anticipate that those market participants that have a heavy hardware bias will continue to struggle as more customers look for software oriented solutions, specifically around workflow and asset management.

Those market conditions help inform how we think about our own bookings growth. We overlay those market factors with our own internal areas of focus, which Louis discussed in more depth during his fourth quarter business update.

We'll continue to focus on platform adoption which helps to inform future cross sales and upselling. To help drive those cross and up sales and expand our share of our customers wallet, we're focused on optimizing the Orad solutions, launching new products and services and developing an Alliance partner program to attach new 3rd party products and applications to the platform. We also expect to drive more productivity out of our newly reworked reseller network. Finally, we'll be working to expand our customer ecosystem by accessing other vendor's customer bases with our complementary, but non-competitive product offerings.

Moving to some of the key planning assumptions and factors, we'll have $33 million less of pre-2011 revenue this year as it continues to amortize. As a reminder, this will be our last full year of material pre-2011 revenue. As disclosed in our Q4 press release schedules, we expect to have $269 million of revenue roll in from backlog at the end of 2015. That is, there is $269 million of revenue that we have already booked that is scheduled to be reflected as revenue in our income statement in 2016. Of that, about $25 million relates to pre-2011, but the remainder is revenue from bookings sold after 2010.

On the cost side, we've modeled in typical inflation of about 3%. We've also assumed no incremental spending on restatement related activities. As I mentioned earlier, although all of the actions related to the $68 million efficiency program will be completed by the end of the year, we expect $40-$45 million of those efficiencies to be reflected in this year's results, with the rest being reflected fully in 2017.

Page 9 - Revenue Modeling

Let me now shift over to a deeper dive into our guidance assumptions starting with non-gaap revenue.

Page 10 - Revenue Model

Last year, we shared a video presentation on how to think about our revenue model. We understand that the impact of the restatement can make it challenging to model revenue. We've updated that model for this year's guidance, but I would suggest reviewing that presentation which is still available on our investor relations website. The flowchart on this slide summarizes how bookings convert to revenue. At a high level, in any period a new booking could convert directly into revenue, be reflected as deferred revenue or become non-deferred revenue backlog since we have not yet billed or received the cash. That deferred revenue or non-deferred revenue backlog would then convert to revenue once the earnings process is complete.

Page 11 - Revenue Backlog

We provide revenue backlog as one of our standard disclosures. Revenue backlog includes all bookings that have not yet been converted into revenue. We also disclose how we expect that backlog to roll into revenue over time and you can see here that of the total backlog, we expect $269 million to be reflected in 2016 revenue with the rest converting in the years after.

Page 12 - Revenue Conversion Model

If we then recall the same revenue model that we provided last year and update it with inputs from our disclosed revenue backlog and 2016 guidance, you can see how these inputs can convert to 2016 non-gaap revenue. At its simplest level, there are two components of revenue in a given year: the roll in of revenue backlog and the conversion of current year bookings. Given the mix and timing of 2016 anticipated bookings, we expect between roughly 46 and 48% of this year's bookings to also be reported as revenue in 2016. This compares with a conversion rate of 53% in 2014 and 38% in 2015. As a reminder, we had guided to a revenue conversion rate of 46-47% in 2015 in our video presentation. The accelerated shift to recurring revenue and the record 10 year Sinclair contract helped to drive the 2015 conversion rate lower than we had originally anticipated. While we continue to expect the recurring revenue transition to continue, our 2016 guidance does not assume a similar Sinclair sized transaction and we expect the conversion rate to be closer to what we expected going into 2015.

Page 13 - Cost and Expense Modeling

Given the significant amount of cost work that we are executing on this year, I thought it would also be helpful to provide some bridging considerations and some more guidance on how the cost savings are expected to roll in.

Page 14 - Platform Drives 2016 Efficiency Program

We've talked a lot about our $68 million efficiency gain program already, but I'd like to share some insight on how the maturity of the platform allows us to be more efficient as an organization. The power of a platform based on a shared service model is that it allows more innovation at lower cost - adding both our applications as well as apps from others to our customer's ecosystem - quickly and efficiently.

We're also in the final phases of the organizational alignment and facility rationalization program and we'll be seeing the benefits in an increasing amount through the year.

As I mentioned earlier, we expect about $40 to $45 million of the total $68 million of savings to be reflected in our 2016 results with the remainder to be in our exit 2016 run rate. We anticipate that it will cost us about $25 million of cash costs to fully execute on the program. Most of that will be incurred and spent in 2016, but there will be a tail into the first half of 2017 of certain of these one-time expenses.

Finally, for modeling purposes, we estimate that about 75% of the cost savings will be in operating expenses with the remainder reflected in costs of sales.

Page 15 - 2016 Efficiency Gains

Going a level deeper on the efficiency program, we've broken both the total program savings of $68 million and the anticipated 2016 impact into categories. You'll see that about two thirds are personnel related with the remainder spread among other spend categories.

In the chart at the bottom, we have provided some high level information on the timing of the cost savings. The percentages provided reflect how much of the total $68 million of annualized savings we expect to realize in a given quarter. You'll see, naturally, that the realization increases over the course of the year until Q1 2017 where we expect to realize the full benefit of the efficiency gains.

Page 16 - Non-GAAP Operating Expense Bridging Considerations

Finally, we've provided some bridging considerations from 2015 non-gaap operating costs to 2016. One might reasonably wonder, why the change from year to year is not closer to the $40 to $45 million of savings that we expect to realize from the cost program. It's important to remember that we will have a full year of Orad operating expenses as compared to the half year of expenses in 2015. We also anticipate between $5 and $8 million of inflation related headwinds primarily attributable to annual merit increases and typical contractual CPI related increases in vendor contracts. When you take those two headwinds and about 75% of the expected 2016 impact of the cost program which represents our estimate of how much of the 2016 operational efficiencies impact will be reflected in operating expenses as opposed to cost of sales, you can more clearly bridge to the non-gaap operating expense guidance of $250 to $262 million. It should be noted that, of course, there are other bridging items like changes in depreciation, investments in strategic initiatives and the full year roll in of savings executed on during 2015, but these items largely offset.

Page 17 - Cash Flow Modeling

The last area that I'll provide a deeper dive on is Adjusted Free Cash Flow. As you can see in our guidance, we expect a material improvement in Adjusted Free Cash flow generation from a use of $35 million in 2015 to generation of $2 to $12 million in 2016.

Page 18 - Key 2016 Cash Flow Drivers

We've highlighted some of the key cash flow driver considerations for 2016 with the most impactful being the execution of the efficiency programs, which include the full year cash savings from what we executed on last year as well as the 2016 impact of executing this year's operational efficiencies program, which will also generation cash improvements.

Influencing collection expectations are the planned launch of new products in 2016 that is expected to more materially convert to cash in the 2nd half of the year. We also will get the benefit of the 2nd and 3rd years of recurring revenue transactions that we booked over the past few years as well as expectations around an improved product mix that will cash convert more quickly. If you remember back to the revenue model, last year we had about 38% of our bookings convert to revenue and this year we expect between 46 and 48% of bookings to convert to revenue. Now, while revenue conversion does not necessarily mean cash conversion, there is a directional correlation that can be made specifically as it relates to the component of backlog that doesn't relate to deferred revenue, e.g. product or services that hasn't been delivered or converted to cash yet.

We will also have some headwinds this year as it relates to increased debt service costs between interest and term loan amortization. And while we expect improved product mix, we also do anticipate a continue shift to recurring revenue which has a short term tempering impact on cash, partially offset by the roll-in of transactions to be delivered in the period from backlog Of course, we will have to fund our key 2016 strategic initiatives like the digital strategy and the efficiency program itself.

Page 19 - Full Year Cash Modeling

As a way to think about 2016 cash flow, we've offered some similar modeling tools to how we presented revenue and expenses.

We've tried to present a view on where we see our cash flow breakeven point, that is how much in cash collections we need in a given period to break even from a cash flow perspective. We have tried to anchor this slide against numbers you may have seen in our GAAP financials or in tables related to reconciling our non-GAAP results to their nearest Non-GAAP measure.

On the cash collections side; in 2016, collections will come from one of three sources: (1) Accounts receivable at the beginning of the year, (2) non-deferred revenue backlog related to product that were delivered or services that we've rendered which are then invoiced during the year and (3) 2016 bookings invoiced during the year. If you apply a conversion rate to each of these categories, you'll get a reasonable estimate to what collections could be in 2016. On the disbursement side, using the guidance provided already for 2016, you get a good estimate of what cash expenses could be. This also assumes no material working capital change, excluding the amortization of pre-2011 deferred revenue.

Page 20 - Q1 Cash Modeling

We provided the same inputs and assumptions for Q1 2016, which are tied to the financial guidance we provided. We've attempted to address normal seasonal working capital requirements. Over and above that, we anticipate buying up to an additional $10 million of inventory in Q1 related to new products that will be release and delivered to customers later in the year as well.

Page 21: Conclusion

This concludes our presentation. We hope you have found this helpful. Thank you