

submit and post such files). YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant on June 30, 2015 (based on the closing sale price of \$56.95 on that date) was approximately \$2,047,562,190. Common stock held by each officer and director and by each person known to the registrant who owned 10% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares of the registrant's common stock outstanding as of February 8, 2016 was 46,971,656.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2016 Annual Meeting of Stockholders currently scheduled to be held June 15, 2016 are incorporated by reference into Part III hereof. Such definitive Proxy Statement will be filed with the Securities and Exchange Commission no later than 120 days after the conclusion of the registrant's fiscal year ended December 31, 2015.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including the documents incorporated herein by reference, contains forward-looking statements that anticipate results based on our estimates, assumptions and plans that are subject to uncertainty. These "forward-looking statements" are made subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements consist of, among other things, trend analyses, statements regarding future events, future financial performance, our anticipated growth, the effect of general economic and market conditions, our business strategy and our plan to build and grow our business, our operating results, our ability to successfully integrate acquired businesses and technologies, the effect of foreign currency exchange rate and interest rate fluctuations on our financial results, the impact of expensing stock-based compensation, the sufficiency of our capital resources, our ability to meet our ongoing debt and obligations as they become due, and potential litigation involving us, all of which are based on current expectations, estimates, and forecasts, and the beliefs and assumptions of our management. Words such as "believes," "seeks," "expects," "may," "might," "should," "intends," "could," "would," "likely," "will," "targets," "plans," "anticipates," "aims," "projects," "estimates," or any such words and similar expressions are also intended to identify such forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions that are difficult to predict. Accordingly, they should not be viewed as assurances of future performance, and actual results may differ materially and adversely from those expressed in any forward-looking statements.

Important factors that could cause actual results to differ materially from our expectations expressed in forward-looking statements include, but are not limited to, those summarized under "Item 1A. Risk factors" and elsewhere in this report and in our other SEC filings. Forward-looking statements represent our management's beliefs and assumptions only as of the date of this Annual Report on Form 10-K. We undertake no obligation to update or revise any forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, whether as a result of new information, future events or otherwise.

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PART I.

Item 1. Business

Description of Business

We are a leading provider of software and services for the global philanthropic community. Our customers use our cloud-based and on-premises software solutions and related services to help increase donations, reduce fundraising costs, improve communications with constituents, manage their finances and optimize operations. Since our incorporation as a New York corporation in 1981, we have been dedicated to developing software and services that help this industry grow and operate more efficiently. Our solutions are designed to meet the needs of nonprofits, foundations and other charitable giving organizations, and academic institutions - from large, multi-national organizations to small, emerging entities. We reincorporated as a South Carolina corporation in 1991 and reincorporated as a Delaware corporation in 2004. With recent acquisitions, we have expanded our addressable market to include institutions involved with the entire spectrum of giving activities, such as nonprofits, K-12 private and higher education institutions, healthcare organizations, foundations and other charitable giving entities and corporations. Using Blackbaud technology, these organizations raise, invest, manage and award more than \$100 billion each year. At the end of 2015, we had approximately 35,000 active customers located in over 60 countries using our solutions. Our customers serve as a constant source of inspiration to us, and we are extremely proud to play a part in their success.

Market Overview

The philanthropic industry is significant and our addressable market is substantial and growing

There were approximately 1.7 million U.S. nonprofit organizations registered with the Internal Revenue Service in 2014, including approximately 1.1 million charitable 501(c)(3) organizations reported in 2014. We estimate there are over 3 million charities internationally outside the U.S. The nonprofit market represents the third largest workforce category in the U.S. behind retail and manufacturing. Nonprofit organizations receive fees for services they provide, which are estimated at more than \$1.5 trillion annually with nonprofit expenses also amounting to more than \$1.5 trillion. According to Giving USA 2015, donations to U.S. nonprofit organizations in 2014 were \$358.4 billion, amounting to 2.1% of U.S. GDP, a 7.1% increase from 2013. The average annual rate of change in total giving dollars over the last 40 years was 6.8%.

Our estimated current total addressable market ("TAM") is \$6.3 billion. This includes an expansion in 2015 from our acquisition of Smart, LLC ("Smart Tuition") into K-12 tuition and financial aid management; a new and near adjacency within the education market. The total market expansion created by our recent acquisitions of Smart Tuition, WhippleHill Communications, Inc. ("WhippleHill") and MicroEdge Holdings, LLC ("MicroEdge") is estimated to be in excess of \$1.5 billion.

Traditional methods of fundraising are often costly and inefficient

Many nonprofits use manual methods or stand-alone software applications not specifically designed to manage fundraising. Such methods are often costly and inefficient because of the difficulties in effectively collecting, sharing, and using donation-related information. Furthermore, general purpose software applications frequently have limited functionality and do not efficiently integrate multiple databases. Some nonprofit organizations have developed proprietary software, but doing so is expensive, requiring on-site technical personnel for development, implementation and maintenance.

The nonprofit industry faces particular operational challenges

Nonprofit organizations must efficiently:

- Solicit funds and build relationships with major donors;
- Garner small cash contributions from numerous contributors;
- Manage and develop complex relationships with large numbers of constituents;
- Communicate their accomplishments and the importance of their mission online and offline;
- Comply with complex accounting, tax and reporting requirements that differ from those for traditional businesses;

Solicit cash and in-kind contributions from businesses to help raise money or deliver products and services;
Provide a wide array of programs and services to individual constituents; and

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Improve the data collection and information sharing capabilities of their employees, volunteers and donors by creating and providing distributed access to centralized databases.

Because of these challenges, we believe nonprofit organizations can benefit from software applications and services specifically designed to serve their particular needs.

Corporations, grant making institutions and foundations also face unique challenges

The market segments addressed by our MicroEdge acquisition, which include corporations, grant making institutions and foundations, face their own unique challenges, including the need to:

Quantify and improve the impact of their grants;

Cultivate better relationships with grantees;

Achieve better internal collaboration and alignment with board members, reviewers, and other stakeholders;

Illustrate the impact of their corporate philanthropy efforts to the communities they serve;

Engage employees in meaningful volunteering, giving and other activities;

Ensure that their philanthropic efforts align with their business initiatives;

Manage all of a foundation's activities, including fundraising and accounting;

Expand the reach of their fundraising efforts; and

Cultivate new and existing donors.

Strategy

Our objective is to maintain and extend our position as a leading provider of software and services for the global philanthropic community, supporting their missions from fundraising to outcomes. Our key strategies for achieving this objective are to:

Delight our customers

We intend to make our customers' experience with us effective, efficient and satisfying from their initial interest in our solutions and services, through their decision to purchase, engage with customer support and utilize solution enhancements. We continue to focus on initiatives aimed at improving the consistency and quality of user experience across the offerings we provide to our customers. We continue to evolve the manner in which we package and sell our offerings to provide high quality and value combined with flexibility to meet the different needs of our existing and prospective customers. For example, we are increasing the number of our cloud-based solutions sold under a subscription pricing model, which can make it easier for customers to purchase our solutions. In addition, we are continuing to integrate value-adding capabilities such as payment processing, analytics and business intelligence into our suite of solutions to better address our customers' needs with comprehensive offerings. We will continue to focus on providing the highest level of solution support, enhancing our existing solutions and developing new solutions and services designed to help our customers to be more effective and achieve their missions.

Execute on our Five Point Growth Strategy

During 2014, we introduced and began executing on a five point growth strategy. In 2015, these strategies evolved to account for progress to date and future outlook and are as follows:

1. Integrated and Open Solutions in the Cloud

We will continue to transition our business to predominantly serve customers through a subscription-based cloud delivery model, enabling lower cost of entry, greater scalability and lower total cost of ownership to our customers. There is a concerted effort underway to optimize our portfolio of solutions and integrate powerful capabilities — such as built in data, analytics, payment processing and tailored user-specific experiences — to bring even greater value and performance to our customers. In 2015, we announced the general availability of Raiser's Edge NXT™, Financial Edge NXT™, and we introduced Blackbaud SKY™, which is our new, innovative cloud technology architecture for the global philanthropic community.

2. Drive Sales Effectiveness

We are making investments to increase the effectiveness of our sales organization, to expand our direct sales and customer success teams and to introduce indirect sales with the announcement of a value added reseller ("VAR") program, launching in the first quarter of 2016.

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3. Expand TAM into Near Adjacencies with Acquisitions

We will continue to evaluate compelling opportunities to acquire companies, technologies and/or services. We will be guided by our acquisition criteria for considering attractive assets, which expand our total addressable market, provide entry into new and near adjacencies, accelerate our shift to the cloud, accelerate revenue growth, are accretive to margins and present synergistic opportunities.

4. Streamline Operations

We have largely completed the installations of single best-in-breed back-office solutions to standardize operations utilizing scalable tools and systems. Our focus is now shifting towards optimizing those systems, as well as operational excellence and quality initiatives focused on streamlining processes to gain efficiency and scalability.

5. Execute our 3-Year Margin Improvement Plan

In 2014, we implemented a 3-year operating margin improvement plan designed to increase our operating effectiveness and efficiency and improve non-GAAP operating margins 300 to 600 basis points on a constant currency basis from our 2014 baseline of 17.5%, by the time we exit 2017.

Attract Top Talent and Actively Engage Employee Base

Our customer's passion is our purpose, and we have incredible customers whose missions make the world a better place for all of us. Driven by this purpose, our employees come to work every day knowing they can make a real difference with our customers, and thus the world. Collaboration, innovation and high standards are core to our culture and help enable the great work we do. We strive to hire the best employees and provide a workplace where their talents and potential are realized. Our employees' engagement is a focus of every leader at Blackbaud, and we continually work to understand what matters and to make our workplace better. We believe people with a passion for purpose can join our team and have a unique career experience. Our leaders are committed to our employees' personal and career development and continually work to improve the training and tools provided to their teams.

Build our Reputation as an Industry Thought Leader

In our nearly 35 years of experience in the philanthropic market, we have gained significant insight into the market and industry segments in which we operate. We produce a wide range of thought leadership materials, including blogs, monthly indices and white papers, which provide insights and guidance to the philanthropic community. We also participate in a number of industry forums where we exchange views and engage with industry and governmental leaders. Our annual user conference, bbcon™, is used in part as a forum to offer thought leadership to our customers, as well as other market specific user conferences such as our annual K-12 conference. We intend to expand these activities and further build our reputation as a thought leader within the industry.

Operating Structure

The markets we serve are very diverse, with organizations that range from small, local charities to large, multinational relief organizations. The needs of our customers can vary greatly according to their size and function. To better serve our customers' unique and wide-ranging operations, we organize our operating structure into three operating units: the General Markets Business Unit (the "GMBU"), the Enterprise Customer Business Unit (the "ECBU") and the International Business Unit (the "IBU").

Following is a description of each of our operating units, each of which is a reportable segment for financial accounting purposes:

• The GMBU is focused on marketing, sales, delivery and support to all emerging and mid-sized prospects and customers in North America.

• The ECBU is focused on marketing, sales, delivery and support to large and/or strategic prospects and customers in North America.

• The IBU is focused on marketing, sales, delivery and support to all prospects and customers outside of North America.

Each operating unit contains specialized sales, services, support, marketing and finance functions. We believe this structure allows us to be more responsive to the needs of fundamentally different customer segments and to focus on developing solutions appropriate for these unique markets while leveraging the infrastructure of our broader organization and shared

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technology in a cost-effective manner. It also allows us to develop highly customized approaches to marketing and selling our solutions in the markets we serve.

During 2015, we generated revenue in three reportable segments (the GMBU, the ECBU and the IBU) and in four geographic regions (United States, Canada, Europe and Australia), as described in more detail in Note 16 of our consolidated financial statements. It is impracticable for us to identify our total assets by segment. Summarized below is our percentage of total revenue for each of our principal solution and service groups:

Percentage of Total Revenue

Years ended December 31,

	2015		2014		2013	
Subscriptions	52.0	%	46.7	%	42.2	%
Maintenance	24.1	%	26.1	%	27.5	%
Services	20.8	%	22.7	%	25.1	%

Solutions and Services

We offer a full spectrum of cloud-based and on-premises solutions as well as a resource network that empowers and connects organizations of all sizes. Blackbaud's portfolio of software and services support nonprofit fundraising and relationship management, digital marketing, advocacy, accounting, payments and analytics, as well as grant management, corporate social responsibility ("CSR"), and education. We offer the global philanthropic community a complete system to meet any need with the market-leading constituent relationship management ("CRM") system and online engagement platforms, backed by our analytic services that we are leveraging to make our software "smarter." In most cases, the core of our solution portfolio centers around a CRM system, which seamlessly integrates with other applications to help our customers conduct activities vital to advancing their missions, such as managing finances, analyzing prospects and market data, effectively communicating with current and prospective supporters and promoting their cause online and offline. Our solutions can be combined with a range of consulting, training and professional services, maintenance and technical support as well as payment processing, analytic and business intelligence services. In addition, we offer solutions that stretch across the spectrum of giving activities, including CSR programs, grant management, employee involvement, foundation management and other philanthropic activities. With the acquisition of Smart Tuition in October 2015, we expanded our suite of solutions that help K-12 schools improve back-office processes, enhance communication with parents and eliminate inefficiencies and now offer easy to use, anywhere-accessible solutions that support tuition and financial aid management. Smart Tuition's solution suite, which includes Smart Tuition, Smart Aid and Smart for Dioceses, serves thousands of schools and over 300,000 families.

We provide solutions and services in the following areas that address many of the technological and business process needs of our customers:

• Fundraising & Relationship Management;

• Analytics & Business Intelligence;