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

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 31, 2019

OR

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

For the transition period from__________ to __________

Commission File Number: 001-38828

SEACHANGE INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	**04-3197974**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
50 Nagog Park, Acton, MA	**01720**
Address of Principal Executive Offices	**Zip Code**

(978) 897-0100

Registrant's Telephone Number, Including Area Code

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 Par Value	SEAC	The Nasdaq Global Select Market
Series A Participating Preferred Stock Purchase Rights	SEAC	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES ☒ NO ☐

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares outstanding of the registrant's Common Stock on November 29, 2019 was 36,842,985.

SEACHANGE INTERNATIONAL, INC.

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PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements

SEACHANGE INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited, amounts in thousands, except share data)

	October 31, 2019	January 31, 2019
Assets		
Current assets:		
Cash, cash equivalents and restricted cash	$ 5,887	$ 20,317
Marketable securities	5,332	4,020
Accounts receivable, net of allowance for doubtful accounts of $659 and $577 at October 31, 2019 and January 31, 2019, respectively	13,953	19,267
Unbilled receivables	5,962	5,448
Inventory	204	924
Prepaid expenses and other current assets	6,213	6,033
Total current assets	37,551	56,009
Property and equipment, net	6,577	7,192
Operating lease right-of-use assets	2,438	—
Marketable securities, long-term	2,536	6,339
Intangible assets, net	2,682	—
Goodwill	9,795	8,753
Unbilled receivables, long-term	10,723	—
Other assets	237	450
Total assets	$ 72,539	$ 78,743
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 4,077	$ 4,503
Accrued expenses	9,151	7,762
Deferred revenue	6,045	8,104
Total current liabilities	19,273	20,369
Deferred revenue, long-term	1,724	2,642
Operating lease liabilities, long-term	2,056	—
Taxes payable, long-term	422	429
Deferred tax liabilities, long-term	—	203
Total liabilities	23,475	23,643
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Common stock, $0.01 par value; 100,000,000 shares authorized at October 31, 2019 and January 31, 2019; 36,970,975 shares issued and 36,830,485 shares outstanding at October 31, 2019, 35,946,100 shares issued and 35,905,610 outstanding at January 31, 2019	369	359
Additional paid-in capital	243,926	242,442
Treasury stock, at cost; 140,490 shares at October 31, 2019 and 40,490 shares at January 31, 2019	(147)	(5)
Accumulated other comprehensive loss	(1,903)	(3,393)
Accumulated deficit	(193,181)	(184,303)
Total stockholders' equity	49,064	55,100
Total liabilities and stockholders' equity	$ 72,539	$ 78,743

The accompanying notes are an integral part of these unaudited, consolidated financial statements.

SEACHANGE INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Unaudited, amounts in thousands, except per share data)

	For the Three Months Ended October 31,		For the Nine Months Ended October 31,	
	2019	2018	2019	2018
Revenue:				
Product	$ 13,524	$ 8,268	$ 26,671	$ 12,821
Service	7,020	10,343	21,170	32,626
Total revenue	20,544	18,611	47,841	45,447
Cost of revenue:				
Product	466	1,723	4,414	2,539
Service	4,386	5,600	13,939	16,428
Total cost of revenue	4,852	7,323	18,353	18,967
Gross profit	15,692	11,288	29,488	26,480
Operating expenses:				
Research and development	4,033	4,727	12,060	15,770
Selling and marketing	3,859	4,165	9,674	11,635
General and administrative	3,265	3,881	11,664	13,356
Severance and restructuring costs	2,282	1,030	3,152	1,620
Total operating expenses	13,439	13,803	36,550	42,381
Income (loss) from operations	2,253	(2,515)	(7,062)	(15,901)
Other expense, net	(161)	(2,087)	(2,030)	(4,898)
Income (loss) before income taxes	2,092	(4,602)	(9,092)	(20,799)
Income tax benefit	(53)	(775)	(214)	(2,421)
Net income (loss)	$ 2,145	$ (3,827)	$ (8,878)	$ (18,378)
Net income (loss) per share, basic	$ 0.06	$ (0.11)	$ (0.24)	$ (0.52)
Net income (loss) per share, diluted	$ 0.06	$ (0.11)	$ (0.24)	$ (0.52)
Weighted average common shares outstanding, basic	36,751	35,747	36,606	35,668
Weighted average common shares outstanding, diluted	37,752	35,747	36,606	35,668
Comprehensive income (loss):				
Net income (loss)	$ 2,145	$ (3,827)	$ (8,878)	$ (18,378)
Other comprehensive income, net of tax:				
Foreign currency translation adjustment	59	923	1,399	2,354
Unrealized gains (losses) on marketable securities	31	3	91	(15)
Total other comprehensive income	90	926	1,490	2,339
Comprehensive income (loss)	$ 2,235	$ (2,901)	$ (7,388)	$ (16,039)

The accompanying notes are an integral part of these unaudited, consolidated financial statements.

SEACHANGE INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited, amounts in thousands except share data)

	Common Stock Number of Shares	Common Stock Par Value	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balances at July 31, 2019	36,811,061	$ 367	$ 243,514	$ (147)	$ (1,993)	$ (195,326)	$ 46,415
Issuance of common stock pursuant to vesting of restricted stock units	138,134	1	(1)	—	—	—	—
Issuance of common stock pursuant to ESPP purchases	4,634	—	11	—	—	—	11
Issuance of common stock pursuant to exercise of stock options	17,146	1	45	-	-	-	46
Stock-based compensation expense	—	—	357	—	—	—	357
Unrealized gains on marketable securities	—	—	—	—	31	—	31
Foreign currency translation adjustment	—	—	—	—	59	—	59
Net income	—	—	—	—	—	2,145	2,145
Balances at October 31, 2019	36,970,975	$ 369	$ 243,926	$ (147)	$ (1,903)	$ (193,181)	$ 49,064
Balances at July 31, 2018	35,769,447	$ 358	$ 241,297	$ (5)	$ (4,021)	$ (160,852)	$ 76,777
Issuance of common stock pursuant to vesting of restricted stock units	20,675	—	—	—	—	—	—
Issuance of common stock pursuant to ESPP purchases	4,977	-	8	-	-	-	8
Stock-based compensation expense	—	—	769	—	—	—	769
Unrealized gains on marketable securities	—	—	—	—	3	—	3
Foreign currency translation adjustment	—	—	—	—	923	—	923
Net loss	—	—	—	—	—	(3,827)	(3,827)
Balances at October 31, 2018	35,795,099	$ 358	$ 242,074	$ (5)	$ (3,095)	$ (164,679)	$ 74,653

SEACHANGE INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited, amounts in thousands except share data)

	Common Stock		Additional	Treasury	Accumulated Other	Accumulated	Total
	Number of Shares	Par Value	Paid-in Capital	Stock	Comprehensive Loss	Deficit	Stockholders' Equity
Balances at January 31, 2019	35,946,100	$ 359	$ 242,442	$ (5)	$ (3,393)	$ (184,303)	$ 55,100
Issuance of common stock pursuant to acquisition of Xstream	541,738	5	869	-	-	-	874
Issuance of common stock pursuant to vesting of restricted stock units	453,538	4	(4)	-	-	-	—
Issuance of common stock pursuant to ESPP purchases	12,453	-	20	-	-	-	20
Issuance of common stock pursuant to exercise of stock options	17,146	1	45	-	-	-	46
Repurchases of common stock	—	—	—	(142)	—	—	(142)
Stock-based compensation expense	—	—	554	—	—	—	554
Unrealized gains on marketable securities	—	—	—	—	91	—	91
Foreign currency translation adjustment	—	—	—	—	1,399	—	1,399
Net loss	—	—	—	—	—	(8,878)	(8,878)
Balances at October 31, 2019	36,970,975	$ 369	$ 243,926	$ (147)	$ (1,903)	$ (193,181)	$ 49,064

	Common Stock		Additional	Treasury	Accumulated Other	Accumulated	Total
	Number of Shares	Par Value	Paid-in Capital	Stock	Comprehensive Loss	Deficit	Stockholders' Equity
Balances at January 31, 2018	35,634,984	$ 356	$ 239,423	$ (5)	$ (5,434)	$ (148,620)	$ 85,720
Adjustment resulting from the adoption of ASC 606	—	—	—	—	—	2,319	2,319
Issuance of common stock pursuant to exercise of stock options	20,937	—	56	—	—	—	56
Issuance of common stock pursuant to vesting of restricted stock units	126,384	1	(1)	—	—	—	—
Issuance of common stock pursuant to ESPP purchases	12,794	1	25	—	—	—	26
Stock-based compensation expense	—	—	2,571	—	—	—	2,571
Unrealized losses on marketable securities	—	—	—	—	(15)	—	(15)
Foreign currency translation adjustment	—	—	—	—	2,354	—	2,354
Net loss	—	—	—	—	—	(18,378)	(18,378)
Balances at October 31, 2018	35,795,099	$ 358	$ 242,074	$ (5)	$ (3,095)	$ (164,679)	$ 74,653

The accompanying notes are an integral part of these unaudited, consolidated financial statements.

SEACHANGE INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, amounts in thousands)

	For the Nine Months Ended October 31,	
	2019	2018
Cash flows from operating activities:		
Net loss	$ (8,878)	$ (18,378)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	1,622	2,251
Provision for bad debts	480	—
Stock-based compensation expense	554	2,571
Deferred income taxes	(203)	(702)
Unrealized foreign currency transaction gain	1,399	2,354
Other	97	27
Changes in operating assets and liabilities:		
Accounts receivable	5,456	9,100
Unbilled receivables	(11,215)	(4,957)
Inventory	720	(43)
Prepaid expenses and other current assets and other assets	469	(2,107)
Accounts payable	(1,079)	2,401
Accrued expenses and other liabilities	535	(9,153)
Deferred revenue	(2,977)	(7,060)
Other operating activities	—	2,424
Net cash used in operating activities	(13,020)	(21,272)
Cash flows from investing activities:		
Purchases of property and equipment	(252)	(328)
Cash paid for acquisitions, net	(3,838)	—
Purchases of marketable securities	(852)	(8,510)
Proceeds from sales and maturities of marketable securities	3,343	6,649
Net cash used in investing activities	(1,599)	(2,189)
Cash flows from financing activities:		
Proceeds from issuance of common stock	66	82
Repurchases of common stock	(142)	—
Other financing activities	—	(44)
Net cash (used in) provided by financing activities	(76)	38
Effect of exchange rate on cash and cash equivalents	265	1,859
Net decrease in cash, cash equivalents and restricted cash	(14,430)	(21,564)
Cash, cash equivalents and restricted cash at beginning of period	20,317	43,661
Cash, cash equivalents and restricted cash at end of period	$ 5,887	$ 22,097
Supplemental disclosure of cash flow information		
Income taxes paid	$ 454	$ 2,908
Non-cash activities:		
Fair value of common stock issued in acquisition	$ 874	$ —

The accompanying notes are an integral part of these unaudited, consolidated financial statements.

1. Nature of Business and Basis of Presentation

SeaChange International, Inc. ("we" or the "Company"), a Delaware corporation, was founded on July 9, 1993. We are an industry leader in the delivery of multiscreen, advertising and premium over-the-top ("OTT") video management solutions. Our software products and services are designed to empower video providers to create, manage and monetize the increasingly personalized, highly engaging experiences that viewers demand.

Liquidity

We continue to realize the savings related to our restructuring activities. During fiscal 2019, we made significant reductions to our headcount as part of our ongoing restructuring effort from which we expected to generate annualized savings of approximately $6 million. In fiscal 2020, we continue to streamline our operations and closed our service organizations in Ireland and the Netherlands in order to generate annualized savings of approximately $6 million. These measures are important steps in restoring us to profitability and positive cash flow. We believe that existing cash and investments and cash expected to be provided by future operating results, augmented by the plans highlighted below (see Note 9), are adequate to satisfy our working capital, capital expenditure requirements and other contractual obligations for at least the next 12 months.

If our expectations are incorrect, we may need to raise additional funds to fund our operations, to take advantage of unanticipated strategic opportunities or to strengthen our financial position. In the future, we may enter into other arrangements for potential investments in, or acquisitions of, complementary businesses, services or technologies, which could require us to seek additional equity or debt financing. If adequate funds are not available or are not available on acceptable terms, we may not be able to take advantage of market opportunities, to develop new products or to otherwise respond to competitive pressures.

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). We consolidate the financial statements of our wholly-owned subsidiaries and all intercompany transactions and account balances have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current year presentation.

The accompanying unaudited consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles in U.S. GAAP have been omitted pursuant to applicable rules and regulations. In the opinion of management, all adjustments of a normal recurring nature which were considered necessary for a fair presentation have been included. The year-end consolidated balance sheet data as of January 31, 2019 was derived from our audited consolidated financial statements and may not include al disclosures required by U.S. GAAP. Certain prior period amounts on the consolidated statements of operations have been reclassified to conform with current period presentation. Such reclassifications had no impact on net income or accumulated deficit. The results of operations for the three months and nine months ended October 31, 2019 are not necessarily indicative of the results to be expected for the entire year. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2019, filed with the SEC on April 12, 2019.

2. Significant Accounting Policies

Use of Estimates

The preparation of these consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and disclosure of contingent assets and liabilities. Significant estimates and assumptions reflected in these consolidated financial statements include, but are not limited to, those related to revenue recognition, allowance for doubtful accounts, goodwill and intangible assets, right-of-use operating leases, impairment of long-lived assets, accounting for income taxes, the valuation of stock-based awards, and ongoing legal matters. We base our estimates on historical experience, known trends and other market-specific or relevant factors that are believed to be reasonable under the circumstances. On an ongoing basis, management evaluates its estimates as there are changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results may differ from those estimates or assumptions.

Business Combinations

We account for acquisitions of entities that include inputs and processes and have the ability to create outputs as business combinations. We allocate the purchase price of the acquisition to the tangible assets acquired, liabilities assumed, and identifiable intangible assets acquired based on their estimated fair values. The excess of the purchase price over those fair values is recorded as goodwill. Acquisition-related expenses and restructuring costs are expensed as incurred. During the measurement period, we record adjustments to provisional amounts recorded for assets acquired and liabilities assumed with the corresponding offset to goodwill. After the measurement period, which could be up to one year after the transaction date, subsequent adjustments are recorded to the Company's consolidated statements of operations.

Cash, cash equivalents and restricted cash

Cash and cash equivalents include cash on hand and on deposit and highly liquid investments in money market mutual funds, government sponsored enterprise obligations, treasury bills, commercial paper and other money market securities with remaining maturities at the date of purchase of 90 days or less. All cash equivalents are carried at cost, which approximates fair value. Restricted cash represents cash that is restricted as to withdrawal or usage and consists primarily of cash held as collateral in relation to obligations set forth by our landlords.

The following table provides a summary of cash, cash equivalents and restricted cash that constitutes the total amounts shown in the consolidated statements of cash flows as of October 31, 2019 and 2018:

	As of October 31,	
	2019	2018
	(Amounts in thousands)	
Cash and cash equivalents	$ 5,598	$ 21,554
Restricted cash	289	543
Total cash, cash equivalents and restricted cash	$ 5,887	$ 22,097

Concentration of Credit Risk and of Significant Customers

Financial instruments which potentially expose us to concentrations of credit risk include cash and cash equivalents, marketable securities and accounts receivable. We have cash investment policies which, among other things, limit investments to investment-grade securities. We restrict our cash equivalents and marketable securities to repurchase agreements with major banks and U.S. government and corporate securities which are subject to minimal credit and market risk. We perform ongoing credit evaluations of our customers.

We sell our software products and services worldwide primarily to service providers consisting of operators, telecommunications companies, satellite operators and broadcasters. Two customers accounted for 13% each of total revenue in the third quarter of fiscal 2020 and four customers accounted for 13%, 12%, 10%, and 10% each of total revenue in the third quarter of fiscal 2019. No one customer accounted for 10% or more of total revenue in the first nine months of fiscal 2020 and two customers accounted for 16% and 12% each of total revenue in the first nine months of fiscal 2019. Three customers accounted for 14%, 14%, and 12% each of the accounts receivable balance as of October 31, 2019. Two customers accounted for 44% and 15% of the accounts receivable balance as of January 31, 2019.

Marketable Securities

Our investments in debt securities are classified as available-for-sale and are carried at fair value, with the unrealized gains and losses, net of tax, reported as a component of accumulated other comprehensive loss in stockholders' equity. Realized gains and losses and declines in value determined to be other than temporary are based on the specific identification method and are included as a component of other expense, net in the consolidated statements of operations and comprehensive income (loss).

We evaluate our investments with unrealized losses for other-than-temporary impairment. When assessing investments for other-than-temporary declines in value, we consider such factors as, among other things, how significant the decline in value is as a percentage of the original cost, how long the market value of the investment has been less than its original cost, our ability and intent to retain the investment for a period of time sufficient to allow for any anticipated recovery in fair value and market conditions in general. If any adjustment to fair value reflects a decline in the value of the investment that we consider to be "other than temporary," we reduce the investment to fair value through a charge to the consolidated statement of operations and comprehensive income (loss). No such adjustments were necessary during the periods presented.

Fair Value Measurements

Certain assets and liabilities are carried at fair value under U.S. GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

Our cash equivalents and marketable securities are carried at fair value determined according to the fair value hierarchy described above. The carrying values of our accounts and other receivables, unbilled receivables, accounts payable and accrued expenses approximate their fair values due to the short-term nature of these assets and liabilities.

Goodwill and Acquired Intangible Assets

We record goodwill when consideration paid in a business acquisition exceeds the value of the net assets acquired. Our estimates of fair value are based upon assumptions believed to be reasonable at that time but that are inherently uncertain and unpredictable. Assumptions may be incomplete or inaccurate and unanticipated events or circumstances may occur, which may affect the accuracy or validity of such assumptions, estimates or actual results. Goodwill is not amortized, but rather is tested for impairment annually on August 1st of each year, or more frequently if facts and circumstances warrant a review, such as the ones mentioned in impairments of long-lived assets below. We have determined that there is a single reporting unit for the purpose of conducting this goodwill impairment assessment. We assess both the existence of potential impairment and the amount of impairment loss by comparing the fair value of the reporting unit with its carrying amount, including goodwill. Through October 31, 2019, we have recorded accumulated goodwill impairment charges of $54.8 million.

Intangible assets are recorded at their estimated fair values at the date of acquisition. We amortize acquired intangible assets over their estimated useful lives based on the pattern of consumption of the economic benefits or, if that pattern cannot be readily determined, on a straight-line basis.

Impairment of Long-Lived Assets

Long-lived assets primarily consist of property, plant and equipment and intangible assets with finite lives. Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. Recoverability of long-lived assets or groups of assets is assessed based on a comparison of the carrying amount to the estimated future undiscounted cash flows. If estimated future undiscounted net cash flows are less than the carrying amount, the asset is considered impaired and expense is recorded at an amount required to reduce the carrying amount to fair value. Determining the fair value of long-lived assets includes significant judgment by management and different judgments could yield different results.

We assess the useful lives and possible impairment of existing recognized long-lived assets whenever events or changes in circumstances occur that indicate that it is more likely than not that an impairment has occurred. We test long-lived assets for impairment by comparing the carrying amount to the sum of the net undiscounted cash flows expected to be generated by the asset whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the carrying amount of the asset exceeds its net undiscounted cash flows, then an impairment loss is recognized for the amount by which the carrying amount exceeds its fair value. We use a discounted cash flow approach or other methods, if appropriate, to assess fair value. Factors considered important which could trigger a review include:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for our overall business;
- identification of other impaired assets within a reporting unit;
- significant negative industry or economic trends;
- a significant decline in our stock price for a sustained period; and
- a decline in our market capitalization relative to net book value.

Determining whether a triggering event has occurred involves significant judgment. (see Note 6).

Revenue Recognition

Our revenue is derived from sales of hardware, software licenses, professional services, and maintenance fees related to the hardware and our software licenses.

Our contracts often contain multiple performance obligations. For contracts with multiple performance obligations, we account for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. If the transaction price contains discounts or we expect to provide future price concessions, these elements are considered when determining the transaction price prior to allocation. Variable fees within the transaction price are estimated and recognized as revenue when we satisfy our performance obligations to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur. If the contract grants the client the option to acquire additional products or services, we assess whether or not any discount on the products and services is in excess of levels normally available to similar clients and, if so, we account for that discount as an additional performance obligation. For Framework, which is our end-to-end software delivery platform solution, we have identified a single support service obligation which includes software upgrades and updates, installation services, and technical support.

Hardware

Historically, we have concluded that hardware is either (1) a distinct performance obligation as the client can benefit from the product on its own or (2) a combined performance obligation with software licenses. This conclusion is dependent on the nature of the promise to the customer. In either scenario, hardware revenue is included in product revenue in our consolidated statement of operations and comprehensive income (loss) and is typically recognized at a point in time when control is transferred to the customer, which is defined as the point in time when the client can use and benefit from the hardware. Hardware sold with our Framework software bundle is considered a distinct performance obligation. In situations where the hardware is distinct, it is delivered before services are provided and is functional without services, therefore the point in time when control is transferred is upon delivery or acceptance by the customer.

Software Licenses

Historically, we have concluded that our software licenses are either (1) a distinct performance obligation as the client can benefit from the software on its own or (2) a combined performance obligation with hardware, depending on the nature of the promise to the customer. In either scenario, software license revenue is included in product revenue in our consolidated statement of operations and comprehensive income (loss) and is typically recognized at a point in time when control is transferred to the client, which is defined as the point in time when the client can use and benefit from the license. The software license is delivered before related services are provided and is functional without services, updates, and technical support. Framework software bundles include software and support, both of which are considered distinct performance obligations in regard to revenue recognition and related consideration is allocated under the residual method.

Maintenance

Maintenance revenue, which is included in services revenue in our consolidated statements of operations and comprehensive income (loss), includes revenue from client support and related professional services. Client support includes software upgrades on a when and-if available basis, telephone support, bug fixes or patches and general hardware maintenance support. Maintenance is priced as a percentage of the list price of the related software license and hardware. We determined the standalone selling price of maintenance based on this pricing relationship and observable data from standalone sales of maintenance.

We have identified three separate distinct performance obligations of maintenance:

- Software upgrades and updates;
- Technical support; and
- Hardware support.

These performance obligations are distinct within the contract and, although they are not sold separately, the components are not essential to the functionality of the other components. Each of the performance obligations included in maintenance revenue is a stand ready obligation that is recognized ratably over the passage of the contractual term for products sold on a standalone basis.

Services

Historically, our services revenue, excluding maintenance revenue, is comprised of software license implementation services, engineering services, training and reimbursable expenses. We have concluded that services are distinct performance obligations, with the exception of engineering services. Engineering services may be provided on a standalone basis or bundled with a license when we are providing custom development.

The standalone selling price for services in time and materials contracts is determined by observable prices in standalone services arrangements and recognized as revenue as the services are performed based on an input measure of hours incurred to total estimated hours.

We estimate the standalone selling price for fixed price services based on estimated hours adjusted for historical experience at time and material rates charged in standalone services arrangements. Revenue for fixed price services is recognized over time as the services are provided based on an input measure of hours incurred to total estimated hours.

For Framework deals we have identified a single support service obligation which includes software upgrades and updates, installations services, and technical support. We determine the stand-alone selling price for Framework services based on a cost-plus model as market and other observable inputs are seldom present based on the proprietary nature of the Company's products and services.

Contract Modifications

We occasionally enter into amendments to previously executed contracts that constitute contract modifications. We assess each of these contract modifications to determine:

- If the additional products and services are distinct from the product and services in the original arrangement; and
- If the amount of consideration expected for the added products and services reflects the standalone selling price of those products and services.

A contract modification meeting both criteria is accounted for as a separate contract. A contract modification not meeting both criteria is considered a change to the original contract and is accounted for on either a prospective basis as a termination of the existing contract and the creation of a new contract, or a cumulative catch-up basis.

Significant Judgments

Our contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. Once we determine the performance obligations, we determine the transaction price, which includes estimating the amount of variable consideration to be included in the transaction price, if any. We then allocate the transaction price to each performance obligation in the contract based on a relative standalone selling price method. The corresponding revenue is recognized as the related performance obligations are satisfied as discussed in the revenue categories above.

Judgment is required to determine the standalone selling price for each distinct performance obligation. We determine standalone selling price based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, we estimate the standalone selling price taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations. In instances where stand-alone selling price is not directly observable, such as when we don't sell the product or service separately, we determine the stand-alone selling price based on a cost-plus model as market and other observable inputs are seldom present based on the proprietary nature of the Company's products and services.

Our contracts do not generally include a variable component to the transaction price. With certain statements of work, we explicitly state that we are to be reimbursed for reasonable travel and entertainment expenses incurred as part of the delivery of professional services. In the cases when we are entitled to collect all travel and entertainment expenses incurred, an estimate of the fulfillment costs is made at the onset of the contract in order to determine the transaction price. The revenue associated with travel and entertainment expenses is then recognized over time along with the professional services.

Some of our contracts have payment terms that differ from the timing of revenue recognition, which requires us to assess whether the transaction price for those contracts include a significant financing component. We have elected the practical expedient that permits an entity to not adjust for the effects of a significant financing component if we expect that at the contract inception, the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. For those contracts in which the period exceeds the one-year threshold, this assessment, as well as the quantitative estimate of the financing component and its relative significance, requires judgment. We estimate the significant financing component provided to our customers with extended payment terms by determining the present value of the future payments by applying a discount rate that reflects the customer's creditworthiness.

Contract Balances

Contract assets consist of unbilled revenue, which is recognized as work progresses in accordance with agreed-upon contractualterms, either at periodic intervals or upon achievement of contractual milestones. Unbilled receivables expected to be billed and collected within one year are classified as current assets or long-term assets if expected to be billed and collected after one year. Contract liabilities consist of deferred revenue and customer deposits that arise when amounts are billed to or collected from customers in advance of revenue recognition.

Costs to Obtain and Fulfill a Contract

We recognize an asset for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. We have determined that commissions and special incentive payments ("Spiffs") for hardware and software maintenance and support and professional services paid under our sales incentive programs meet the requirements to be capitalized under ASC 340-40. Costs to obtain a contract are amortized as selling and marketing expense over the expected period of benefit in a manner that is consistent with the transfer of the related goods or services to which the asset relates. The judgments made in determining the amount of costs incurred include whether the commissions are in fact incremental and would not have occurred absent the customer contract and the estimate of the amortization period. The commissions and Spiffs related to professional services are amortized over time as work is completed. The commissions and Spiffs for hardware and software maintenance are amortized over the life of the contract. These costs are periodically reviewed for impairment. We determined that no impairment existed as of October 31, 2019 or 2018. We have elected to apply the practical expedient and recognize the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that we otherwise would have recognized is one year or less.

We capitalize incremental costs incurred to fulfill our contracts that (i) relate directly to the contract, (ii) are expected to generate resources that will be used to satisfy our performance obligation under the contract, and (iii) are expected to be recovered through revenue generated under the contract. Contract fulfillment costs include direct labor for support services, software enhancements, reimbursable expenses and professional services for customized software development costs. The revenue associated with the support services, software enhancements and reimbursable expenses is recognized ratably over time; therefore, the costs associated are expensed as incurred. The professional services associated with the customized software are not recognized until completion. As such, the professional services costs are capitalized and recognized upon completion of the services.

Leases

We account for our leases in accordance with ASC 842,*Leases*. A contract is accounted for as a lease when we have the right to control the asset for a period of time while obtaining substantially all of the asset's economic benefits. We determine if an arrangement is a lease or contains an embedded lease at inception. For arrangements that meet the definition of a lease, we determine the initial classification and measurement of our right-of-use operating lease asset and corresponding liability at the lease commencement date. We determine the classification and measurement of a modified lease at the date it is modified. The lease term includes only renewal options that are reasonably assured to exercise. The present value of lease payments is typically determined by using the Company's estimated secured incremental borrowing rate for the associated lease term as interest rates implicit in the leases are not normally readily determinable. Management's policy is to utilize the practical expedient to not record leases with an original term of twelve months or less on our consolidated balance sheets, and lease payments are recognized in the consolidated statements of operations and comprehensive income (loss) on a straight-line basis over the lease term.

Our existing leases are for facilities, automobiles and equipment. None of our leases are with related parties.In addition to rent, office leases may require us to pay additional amounts for taxes, insurance, maintenance and other expenses, which are generally referred to as non-lease components. As a practical expedient, we account for the non-lease components together with the lease components as a single lease component for all of our leases. Only the fixed costs for leases are accounted for as a single lease component and recognized as part of a right-of-use asset and liability.

Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of unrestricted common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing net income (loss) by the sum of the weighted average number of unrestricted common shares outstanding during the period and the weighted average number of potential common shares from the assumed exercise of stock options and the vesting of shares of restricted and deferred common stock units using the "treasury stock" method when the effect is not anti-dilutive. In periods in which we report a net loss, diluted net loss per share is the same as basic net loss per share.

The number of common shares used in the computation of diluted net income per share for the period presented includes the effect of the following potentially outstanding common shares (in thousands):

	For the Three Months Ended October 31, 2019
Stock options	390
Restricted stock units	159
Deferred stock units	324
Performance stock units	128
	1,001

The number of common shares used in the computation of diluted net income (loss) per share for the periods presented does not include the effect of the following potentially outstanding common shares because the effect would have been anti-dilutive:

	For the Three Months Ended October 31,		For the Nine Months Ended October 31,	
	2019	2018	2019	2018
	(Amounts in thousands)			
Stock options	1,011	3,204	2,820	3,259
Restricted stock units	—	419	130	389
Deferred stock units	—	218	201	111
Performance stock units	—	575	112	527
	1,011	4,416	3,263	4,286

Recently Adopted Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-13, *"Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement."* ASU 2018-13 modifies the disclosure requirements on fair value measurements. We adopted ASU 2018-13 on February 1, 2019, which did not have a material impact to our consolidated financial statements.

In June 2018, the FASB issued ASU 2018-07, *"Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting."* ASU 2018-07 expands the scope of Topic 718 to include all share-based payment transactions for acquiring goods and services from nonemployees. We adopted ASU 2018-07 on February 1, 2019, which did not have a material impact to our consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, *"Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income."* On December 22, 2017, the U.S. federal government enacted a tax bill, H.R.1, *An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018 ("Tax Cuts and Jobs Act")*, which requires deferred tax liabilities and assets to be adjusted for the effect of a change in tax laws. ASU 2018-02 allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Reform Act. We adopted ASU 2018-02 effective February 1, 2019 and elected not to reclassify the income tax effects stranded in other comprehensive income to retained earnings and, as a result, there was no impact to our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. In July 2018, the Financial Accounting Standards Board issued ASU 2018-11 to amend ASU 2016-02 and provide an additional (and optional) transition method to adopt the new lease standard. This transition method allows entities to apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption instead of using the original modified retrospective transition method of adoption which requires the restatement of all prior-period financial statements. Under this new transition method, the comparative periods in the financial statements will continue to be presented in accordance with prior U.S. GAAP. On February 1, 2019, we adopted the new lease standard on a prospective basis using the new transition method under ASU 2018-11. Under this guidance, as of February 2019, we recognized right-of-use assets and operating lease liabilities of $1.7 million for all leases with lease terms of more than 12 months. There was no impact to retained earnings as of that date. In addition, we adopted the guidance by electing the following practical expedients: (1) We did not reassess whether any expired or existing contracts contained leases, (2) We did not reassess the lease classification for any expired or existing leases, and (3) We excluded variable payments from the lease contract consideration and recorded those as incurred. The adoption of the standard did not have a material impact on our results of operations or cash flows. Our future commitments under lease obligations and additional disclosures are summarized in Note 8.

Recently Issued Accounting Pronouncement

In June 2016, the FASB issued ASU No. 2016-13,*Financial Instruments—Credit Losses (Topic 326)*, which introduces a new methodology for accounting for credit losses on financial instruments, including available-for-sale debt securities and accounts receivable. The guidance establishes a new "expected loss model" that requires entities to estimate current expected credit losses on financial instruments by using all practical and relevant information. Any expected credit losses are to be reflected as allowances rather than reductions in the amortized cost of available-for-sale debt securities. ASU 2016-13 is effective in the first quarter of our fiscal 2021. We are currently evaluating if this guidance will have a material effect to our consolidated financial statements.

3. Fair Value Measurements

The following tables set forth our financial assets that were accounted for at fair value on a recurring basis. There were no fair value measurements of our financial assets using level 3 inputs for the periods presented:

		Fair Value at October 31, 2019 Using	
	Total	Level 1	Level 2
	(Amounts in thousands)		
Assets:			
Cash equivalents	$ 1,118	$ -	$ 1,118
Marketable securities:			
U.S. Treasury Notes and bonds	6,610	6,610	—
Corporate bonds	1,258	—	1,258
Total	$ 8,986	$ 6,610	$ 2,376

		Fair Value at January 31, 2019 Using	
	Total	Level 1	Level 2
	(Amounts in thousands)		
Assets:			
Cash equivalents	$ 2,887	$ 2,724	$ 163
Marketable securities:			
U.S. Treasury Notes and bonds	7,072	7,072	—
U.S. Agency bonds	992	—	992
Corporate bonds	2,295	—	2,295
Total	$ 13,246	$ 9,796	$ 3,450

Cash equivalents include money market funds and U.S. treasury bills.

Marketable securities by security type consisted of the following:

	As of October 31, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Amounts in thousands)			
U.S. Treasury Notes and bonds	$ 6,512	$ 98	$ —	$ 6,610
Corporate bonds	1,255	3	—	1,258
	$ 7,767	$ 101	$ -	$ 7,868

	As of January 31, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Amounts in thousands)			
U.S. Treasury Notes and bonds	$ 7,055	$ 17	$ —	$ 7,072
U.S. Agency bonds	1,001	—	(9)	992
Corporate Bonds	2,308	—	(13)	2,295
	$ 10,364	$ 17	$ (22)	$ 10,359

As of October 31, 2019, marketable securities consisted of investments that mature within one year, with the exception of investments with a fair value of $2.5 million that mature between one and three years.

4. Consolidated Balance Sheet Detail

Inventory

Inventory consists of the following:

	As of	
	October 31, 2019	January 31, 2019
	(Amounts in thousands)	
Components and assemblies	$ 161	$ 763
Finished products	43	161
Total inventory	$ 204	$ 924

Property and equipment, net

Property and equipment, net consists of the following:

	As of	
	October 31, 2019	January 31, 2019
	(Amounts in thousands)	
Buildings	$ 3,467	$ 3,467
Land	2,780	2,780
Computer equipment, software and demonstration equipment	9,804	12,316
Service and spare components	1,158	1,158
Office furniture and equipment	437	738
Leasehold improvements	153	531
	17,799	20,990
Less: Accumulated depreciation and amortization	(11,222)	(13,798)
Total property and equipment, net	$ 6,577	$ 7,192

Accrued expenses

Accrued expenses consist of the following:

	As of	
	October 31, 2019	January 31, 2019
	(Amounts in thousands)	
Accrued employee compensation and benefits	$ 3,785	$ 2,161
Accrued professional fees	1,214	1,521
Sales tax and VAT payable	746	1,502
Current obligation - right of use operating leases	511	—
Accrued restructuring (Note 9)	1,959	653
Accrued other	936	1,925
Total accrued expenses	$ 9,151	$ 7,762

5. Acquisition

On February 6, 2019, we acquired all of the outstanding stock of Xstream A/S ("Xstream") for $4.6 million in cash and 541,738 shares of common stock for a total transaction value of $5.4 million. Xstream provides a managed service, OTT video solution that serves more than five million active subscribers globally.

The acquisition has been accounted for as a business combination and, in accordance with ASC 805,*Business Combinations*, we have recorded the assets acquired and liabilities assumed at their respective fair values as of the acquisition date. The following table summarizes the preliminary purchase price allocation recorded

Estimated fair value of consideration:	
Cash	$ 4,552
Stock consideration	874
Total purchase price	$ 5,426

Estimated fair value of assets acquired and liabilities assumed:	
Cash and cash equivalents	$ 714
Other current assets	927
Other long-term assets	152
Finite-life intangible assets	3,648
Goodwill	1,221
Current liabilities	(1,236)
Allocated purchase price	$ 5,426

The significant intangible assets identified in the preliminary purchase price allocation discussed above include developed technology and customer relationships, which are amortized over their respective useful lives on a straight-line basis. Amortization of existing technology is included within research and development and amortization of customer relationships is included within sales and marketing expense. To value the developed technology asset, we utilized the income approach, specifically a discounted cash-flow method known as the multi-period excess earnings method. Customer relationships represent the underlying relationships with certain customers to provide ongoing services for products sold. We utilized the income approach, specifically the distribution method, a subset of the excess-earnings method to value the customer relationships.

The following table presents the estimated fair values and useful lives of the identifiable intangible assets acquired:

	Useful Life	Fair Value
		(amounts in thousands)
Customer contracts	3 years	$ 2,273
Existing technology	3 years	1,375
		$ 3,648

Goodwill was recognized for the excess purchase price over the fair value of the net assets acquired.The goodwill reflects the value of the synergies the Company expects to realize and the assembled workforce. Goodwill from the Xstream acquisition is included within the Company’s one reporting unit and is included in the Company’s enterprise-level annual review for impairment. Goodwill resulting from the Xstream acquisition is not deductible for tax purposes.

The purchase price has been allocated to the tangible and intangible assets acquired and liabilities assumed based upon the respective estimates of fair value as of the date of the acquisition, which remains preliminary in regards to the intangibles valuation, and using assumptions that the Company’s management believes are reasonable given the information then available. The final allocation of the purchase price may differ materially from the information presented in these consolidated financial statements. Any changes to the preliminary estimates of the fair value of the assets acquired and liabilities assumed will be recorded as adjustments to those assets and liabilities and residual amounts will be allocated to goodwill.

The revenues and loss before income taxes from Xstream included in our consolidated results for the nine months ended October 31, 2019 were $2.9 million and $1.7 million, respectively. The Xstream results include expenses resulting from purchase accounting that include amortization of intangibles. We have not presented pro forma results of operations for the Xstream acquisition because it is not material to the Company's consolidated results of operations, financial position, or cash flows.

6. Goodwill and Intangible Assets

Goodwill represents the difference between the purchase price and the estimated fair value of identifiable assets acquired and liabilities assumed. We are required to perform impairment tests related to our goodwill annually, which we perform during the third quarter of each fiscal year or if we identify certain triggering events or circumstances that would more likely than not reduce the estimated fair value of the goodwill below its carrying amount. The following table represents the changes in goodwill since January 31, 2019:

	Goodwill (Amounts in thousands)
Balance as of January 31, 2019	$ 8,753
Goodwill arising from the Xstream acquisition	1,221
Cumulative translation adjustment	(179)
Balance as of October 31, 2019	$ 9,795

Intangible assets, net, consisted of the following at October 31, 2019:

	As of October 31, 2019			
	Gross	Accumulated Amortization	Cumulative translation Adjustment	Net
	(Amounts in thousands)			
Finite-lived intangible assets:				
Acquired customer contracts	$ 2,273	$ 555	$ (48)	$ 1,670
Acquired existing technology	1,375	338	(25)	1,012
Total finite-lived intangible assets	$ 3,648	$ 893	$ (73)	$ 2,682

As a result of our impairment analysis in the fourth quarter of fiscal 2019, the carrying value of our intangible assets was zero as of January 31, 2019.

We recognized amortization expense of intangible assets in cost of revenue and operating expense categories as follows:

	For the Three Months Ended October 31,		For the Nine Months Ended October 31,	
	2019	2018	2019	2018
	(Amounts in thousands)		(Amounts in thousands)	
Cost of revenue	$ —	356	$ —	$ 534
Selling and marketing	185	380	555	525
Research and development	110	58	338	139
	$ 295	$ 794	$ 893	$ 1,198

Future estimated amortization expense of acquired intangibles as of October 31, 2019 is as follows:

For the Fiscal Years Ended January 31,		Estimated Amortization Expense
		(Amounts in thousands)
2020	$	300
2021		1,191
2022		1,191
Total	$	2,682

7. Commitments and Contingencies

Litigation

Certain conditions may exist as of the date the consolidated financial statements are issued which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. We assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against us, or unasserted claims that may result in such proceedings, we evaluate the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in our consolidated financial statements. If our assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability and an estimate of the range of possible losses, if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed, unless they involve guarantees, in which case the guarantees would be disclosed.

Indemnification and Warranties

We provide indemnification, to the extent permitted by law, to our officers, directors, employees and agents for liabilities arising from certain events or occurrences while the officer, director, employee or agent is, or was, serving at our request in such capacity. With respect to acquisitions, we provide indemnification to, or assume indemnification obligations for, the current and former directors, officers and employees of the acquired companies in accordance with the acquired companies' governing documents. As a matter of practice, we have maintained directors' and officers' liability insurance including coverage for directors and officers of acquired companies.

We enter into agreements in the ordinary course of business with customers, resellers, distributors, integrators and suppliers. Most of our historical agreements require us to defend and/or indemnify the other party against intellectual property infringement claims brought by a third-party with respect to our products. From time to time, we also indemnify customers and business partners for damages, losses and liabilities they may suffer or incur relating to personal injury, personal property damage, product liability, and environmental claims relating to the use of our products and services or resulting from the acts or omissions of us, our employees, authorized agents or subcontractors. From time to time, we have received requests from customers for indemnification of patent litigation claims. Management cannot reasonably estimate any potential losses, but these claims could result in material liability for us. There are no current pending legal proceedings, in the opinion of management that would have a material adverse effect on our financial position, results from operations and cash flows. There is no assurance that future legal proceedings arising from ordinary course of business or otherwise, will not have a material adverse effect on our financial position, results from operations or cash flows.

We warrant that our products, including software products, will substantially perform in accordance with our standard published specifications in effect at the time of delivery. In addition, we provide maintenance support to our customers and therefore allocate a portion of the product purchase price to the initial warranty period and recognize revenue on a straight-line basis over that warranty period related to both the warranty obligation and the maintenance support agreement. When we receive revenue for extended warranties beyond the standard duration, it is deferred and recognized on a straight-line basis over the contract period. Related costs are expensed as incurred.

Facilities Leases

In December 2019, we entered into an operating sublease agreement that commences on December 2, 2019, relocating our corporate headquarters to Waltham, Massachusetts. The subleased space is approximately 17,000 square feet with an initial sublease term of 63 months, and an option allowing us to extend the term for 36 additional months. The total minimum rent obligation under the initial sublease agreement is approximately $3.1 million.

In October of 2019, we entered into an agreement with our landlord to lease additional storage, office and parking space at our current facility in Poland and increase the term of our existing leases to February 2025. The monthly cost of the additional leased space is approximately 8,000 EUR.

As discussed in Note 9, in October 2019 we commenced with a plan to consolidate our Netherlands and Ireland operations and vacate our Netherlands and Ireland facilities by providing four- and six-month notices, respectively, to our landlords to terminate our lease agreements.

8. Operating Leases

The Company has noncancelable operating leases for facilities, automobiles and equipment expiring at various dates through 2023 and thereafter. As discussed in Note 2, the Company adopted ASC 842 as of February 1, 2019 on a prospective basis using the transition method under ASU 2018-11. In accordance with this method, the Company recognized a right of use asset and an operating lease liability of $1.7 million as of February 1, 2019.

The components of lease expense for the three and nine months ended October 31, 2019 are as follows:

	Three Months Ended October 31, 2019	Nine Months Ended October 31, 2019
	(Amounts in thousands)	
Operating lease cost	$ 199	$ 611
Short term lease cost	3	17
Total lease cost	$ 202	$ 628

Supplemental cash flow information related to the Company’s operating leases was as follows:

	Nine Months Ended October 31, 2019
	(Amounts in thousands)
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 611
Right-of-use assets obtained in exchange for lease obligations	
Operating leases	$ 2,952

Supplemental balance sheet information related to the Company's operating leases was as follows:

	October 31, 2019
	(Amounts in thousands)
Operating lease right-of-use assets	$ 2,438
Current portion, operating lease liabilities	511
Operating lease liabilities, long term	2,056
Total operating lease liabilities	$ 2,567
Weighted average remaining lease term (years)	4.9
Weighted average incremental borrowing rate	5.1 %

The current portion, operating lease liabilities is included in the balance of accrued expenses at October 31, 2019. Rent payments for continuing operations were approximately $0.2 million and $0.6 million for the three and nine months ended

October 31, 2019. Future minimum lease payments for operating leases, with initial or remaining terms in excess of one year at October 31, 2019, are as follows:

For the fiscal years ended January 31,	Payments for Operating Leases (Amounts in thousands)
2020	$ 192
2021	573
2022	545
2023	526
2024	516
Thereafter	497
Total lease payments	2,849
Less interest	282
Total operating lease liabilities	$ 2,567

9. Severance and Restructuring Costs

During the three and nine months ended October 31, 2019,we incurred severance and restructuring costs of $2.3 million and $3.2 million, respectively, primarily for employee-related benefits for terminated employees, partially offset by the reversal of operating lease liabilities. In September 2018, we announced that we implemented cost-savings actions during the third quarter of fiscal 2019 (the “2019 Restructuring Program”). The primary element of this restructuring program was staff reductions across all of our functions and geographic areas and the program was substantially completed at the end of the first six months of fiscal 2020. In addition, as we continue to streamline our operations, in October 2019, we closed our service organizations in Ireland and the Netherlands resulting in restructuring charges of $1.9 million.

The following table shows the change in accrued restructuring balances since January 31, 2019 primarily related to our 2019 Restructuring Program, reported as a component of other accrued expenses on the consolidated balance sheets:

	Employee-Related Benefits	Closure of Leased Facilities	Other Restructuring	Total
	(Amounts in thousands)			
Accrued balance as of January 31, 2019	$ 653	$ —	$ —	$ 653
Restructuring charges incurred	2,713	107	211	3,031
Cash payments	(1,401)	—	(211)	(1,612)
Other charges	(6)	(107)	—	(113)
Accrued balance as of October 31, 2019	$ 1,959	$ —	$ —	$ 1,959

10. Stock Repurchase Program

On June 6, 2019, the Board authorized a share repurchase program of up to $5.0 million of then-outstanding shares of the Company over the next year. Under the share repurchase program, the Company is authorized to repurchase, from time to time, outstanding shares of common stock in accordance with applicable laws both on the open market, including under trading plans established pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended and in privately negotiated transactions.

The following table provides a summary of the Company’s stock repurchase activities for the nine months ended October 31, 2019 (in thousands, except per share amounts):

	For the Nine Months Ended October 31, 2019
Shares repurchased	100
Average cost per share	$ 1.42
Value of shares repurchased	$ 142

11. Stock-based Compensation Expense

Equity Plans

2011 Compensation and Incentive Plan.

Our 2011 Compensation and Incentive Plan (the "2011 Plan") provides for the grant of incentive stock options, nonqualified stock options, restricted stock, restricted stock units ("RSUs"), deferred stock units ("DSUs"), performance stock units ("PSUs") and other equity based non-stock option awards as determined by the plan administrator to our officers, employees, consultants and directors. We may satisfy awards upon the exercise of stock options or the vesting of stock units with newly issued shares or treasury shares. The Board of Directors is responsible for the administration of the 2011 Plan and determining the terms of each award, award exercise price, the number of shares for which each award is granted and the rate at which each award vests. In certain instances, the Board of Directors may elect to modify the terms of an award. The number of shares authorized for issuance under the 2011 Plan is 9,300,000. Additionally, outstanding awards under the 2005 Equity Compensation and Incentive Plan that, since adoption of the 2011 Plan, expire, terminate, or are surrendered or canceled without having been fully exercised are available for issuance under the 2011 Plan. As of October 31, 2019, there were 2,667,216 shares available for future grant.

Nonemployee members of the Board of Directors may elect to receive DSUs in lieu of RSUs. The number of units subject to the DSUs is determined as of the grant date and shall fully vest one year from the grant date. The shares underlying the DSUs are not vested and issued until the earlier of the director ceasing to be a member of the Board of Directors (provided such time is subsequent to the first day of the succeeding fiscal year) or immediately prior to a change in control.

Option awards may be granted to employees at an exercise price per share of not less than 100% of the fair market value per common share on the date of the grant. Option awards granted under the 2011 Plan generally vest over a period of one to three years and expire ten years from the date of the grant.

We have a Long-Term Incentive ("LTI") Program, adopted in fiscal 2016, under which the named executive officers and other of our key employees may receive long-term equity-based incentive awards, which are intended to align the interests of our named executive officers and other key employees with the long-term interests of our stockholders and to emphasize and reinforce our focus on team success. Long-term equity-based incentive compensation awards are made in the form of stock options, RSUs and PSUs subject to vesting based in part on the extent to which employment continues.

2015 Employee Stock Purchase Plan

Under our 2015 Employee Stock Purchase Plan (the "ESPP), six-month offering periods begin on October 1 and April 1 of each year during which eligible employees may elect to purchase shares of our common stock according to the terms of the offering. On each purchase date, eligible employees can purchase our stock at a price per share equal to 85% of the closing price of our common stock on the exercise date, but no less than par value. The maximum number of shares of our common stock authorized for sale under the ESPP is 1,150,000 shares, of which 1,080,726 remain available under the ESPP as of October 31, 2019. Under the ESPP, 12,453 and 14,398 shares were purchased during the first nine months of fiscal 2020 and fiscal 2019, respectively.

Award Activity

In the third quarter of fiscal 2020, we granted 425,000 option awards with a combined fair value totaling $1.2 million.

Market-Based Options

Our former CEO was granted 800,000 market-based options issued in fiscal 2016 and fiscal 2017. These stock options vest in approximately equal increments based upon the closing price of our common stock achieving a certain level and continued service conditions We measured the grant-date fair value of these options using a Monte Carlo simulation model and recognized the associated expense over the requisite service period. The fair value of these stock options was $2.1 million, which was recognized over three years. In February 2019, these options were cancelled upon the resignation of our CEO, at which time we reversed $0.5 million of stock-based compensation expense related to the final performance period for a portion of the grant.

We have not granted additional market-based options since fiscal 2017.

Stock-based Compensation

We recognized stock-based compensation expense within the accompanying consolidated statements of operations and comprehensive loss as follows:

	For the Three Months Ended October 31,		For the Nine Months Ended October 31,	
	2019	2018	2019	2018
	(Amounts in thousands)		(Amounts in thousands)	
Cost of revenue	$ (21)	$ 1	$ (2)	$ 1
Research and development	92	46	242	154
Sales and marketing	101	100	92	334
General and administrative	185	622	222	2,082
	$ 357	$ 769	$ 554	$ 2,571

Stock-based compensation expense in the amount of $0.1 million for modifications to awards was recorded in the three months ended October 31, 2019. A credit to stock-based compensation in the amount of $0.6 million for modifications to awards was recorded in the nine months ended October 31, 2019. As of October 31, 2019, unrecognized stock-based compensation expense related to unvested stock options was approximately $1.7 million, which is expected to be recognized over a weighted average period of 2.5 years. As of October 31, 2019, unrecognized stock-based compensation expense related to unvested RSUs and DSUs was $0.9 million, which is expected to be recognized over a weighted average amortization period of 1.5 years. As of October 31, 2019, unrecognized stock-based compensation expense related to unvested PSUs was $0.04 million, which is expected to be recognized over a weighted average amortization period of 1.0 year.

12. Revenues from Contracts with Customers

Disaggregated Revenue

The following table shows our revenue disaggregated by revenue stream for the three and nine months ended October 31, 2019 and 2018

	For the Three Months Ended October 31,		For the Nine Months Ended October 31,	
	2019	2018	2019	2018
	(Amounts in thousands)		(Amounts in thousands)	
Product	$ 13,524	$ 8,268	$ 26,671	$ 12,821
Professional services	1,124	2,948	5,050	11,011
Maintenance - first year	541	514	1,820	1,632
Maintenance - renewal	5,355	6,881	14,300	19,983
Total revenue	$ 20,544	$ 18,611	$ 47,841	$ 45,447

Transaction Price Allocated to Future Performance Obligations

The aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied or are partially satisfied as of October 31, 2019 is $30.8 million. This amount includes amounts billed for undelivered services that are included in deferred revenue.

13. Segment Information, Significant Customers and Geographic Information

We have determined that we operate in one segment.

Geographic Information

The following summarizes revenue by customers' geographic locations:

	For the Three Months Ended October 31,				For the Nine Months Ended October 31,			
	2019	%	2018	%	2019	%	2018	%
	(Amounts in thousands, except percentages)				(Amounts in thousands, except percentages)			
Revenue by customer's geographic locations:								
North America (1)	$ 12,472	61%	$ 10,534	57%	$ 28,128	59%	$ 23,580	52%
Europe and Middle East	6,870	33%	3,876	21%	12,564	26%	13,757	30%
Latin America	907	4%	3,863	21%	6,086	13%	6,934	15%
Asia Pacific	295	1%	338	2%	1,063	2%	1,176	3%
Total revenue	$ 20,544		$ 18,611		$ 47,841		$ 45,447	

(1) Includes total revenue for the United States for the periods shown as follows:

	For the Three Months Ended October 31,		For the Nine Months Ended July 31,	
	2019	2018	2019	2018
	(Amounts in thousands, except percentages)		(Amounts in thousands, except percentages)	
US Revenue	$ 10,425	$ 8,124	$ 23,489	$ 19,013
% of total revenue	51 %	44 %	49 %	42 %

The following summarizes long-lived assets by geographic locations:

	As of October 31, 2019	%	As of January 31, 2019	%
	(Amounts in thousands, except percentages)			
Long-lived assets by geographic locations (1):				
North America	$ 17,267	76%	$ 7,148	93%
Europe and Middle East	5,344	24%	446	6%
Asia Pacific	46	0%	48	1%
Total long-lived assets by geographic location	$ 22,657		$ 7,642	

(1) Excludes long-term marketable securities and goodwill.

14. Income Taxes

Each interim period is considered an integral part of the annual period and, accordingly, we measure our income tax expense using an estimated annual effective tax rate. A company is required, at the end of each interim reporting period, to make its best estimate of the annual effective tax rate for the full fiscal year and use that rate to provide for income taxes on a current year-to-date basis, as adjusted for discrete taxable events that occur during the interim period.

We recorded an income tax benefit of $0.1 million and $0.2 million in the for the three and nine months ended October 31, 2019, respectively, and we recorded income tax benefits of $0.8 million and $2.4 million for the three and nine months ended October 31, 2018, respectively. Our effective tax rate in fiscal 2020 and in future periods may fluctuate on a quarterly basis as a result of changes in our jurisdictional forecasts where losses cannot be benefitted due to the existence of valuation allowances on our deferred tax assets, changes in actual results versus our estimates, or changes in tax laws, regulations, accounting principles or interpretations thereof.

We review all available evidence to evaluate the recovery of deferred tax assets, including the recent history of losses in all tax jurisdictions, as well as its ability to generate income in future periods. As of October 31, 2019, due to the uncertainty related to the ultimate use of certain deferred income tax assets, we have recorded a valuation allowance on certain deferred assets.

The U.S. Tax Cuts and Job Act (the “2017 Tax Act”) introduced significant changes to U.S. income tax law. Changes include, but are not limited to, a corporate tax rate decrease from 35% to 21% effective for tax years beginning after December 31, 2017, the transition of U.S. international taxation from a worldwide tax system to a territorial system and a one-time tax on the mandatory deemed repatriation of cumulative foreign earnings (the “Transition Tax”) as of December 31, 2017.

We file income tax returns in the U.S. federal jurisdiction, various state jurisdictions and various foreign jurisdictions. We have closed out an audit with the Internal Revenue Service (“IRS”) through fiscal 2013; however, the taxing authorities will still have the ability to review the propriety of certain tax attributes created in closed years if such tax attributes are utilized in an open tax year, such as our federal research and development credit carryovers.

On March 4, 2019, our Board approved and adopted a Tax Benefits Preservation Plan to potentially limit our ability to use net operating loss carryforwards and certain other tax attributes (“NOLs”) to reduce our potential future federal income tax obligations. In connection with the Tax Benefits Preservation Plan, we declared a dividend of one preferred share purchase right for each share of our common stock issued and outstanding as of March 15, 2019 to our stockholders of record on that date. The Tax Benefits Preservation Plan expires no later than March 4, 2022, and was approved by our stockholders at our 2019 annual meeting of stockholders on July 11, 2019.

15. Subsequent Event

On November 4, 2019, we entered into a Purchase and Sale Agreement and Escrow Instructions (the “Agreement”) for the sale of our Corporate headquarters in Acton, Massachusetts for $0.6 million. The sale is expected to close in the fourth quarter of our fiscal year 2020, and the Agreement contains a seller license provision to allow us to remain in our current facility for up to six months from the closing date as we relocate our headquarters. We expect to recognize a loss of approximately $5.3 million upon consummation of the sale. The building’s net cost basis of approximately $5.9 million is classified in Property and equipment, net on our balance sheet at October 31, 2019.

Effective as of December 3, 2019, Mark Bonney retired as a Class I Director and Chairman of the Board of SeaChange. Mr. Bonney had served as a director since August 2017, Executive Chair from April 4, 2019 to October 1, 2019, and independent Chairman of the Board from October 1, 2019 to his resignation. Robert Pons has been appointed Chairman of the Board.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Form 10-Q contains or incorporates forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, and such statements involve risks and uncertainties. The following information should be read in conjunction with the unaudited consolidated financial information and the notes thereto included in this Form 10-Q. You should not place undue reliance on these forward-looking statements. Actual events or results may differ materially due to competitive factors and other factors referred to in Part I, Item 1A. "Risk Factors" in our Form 10-K for our fiscal year ended January 31, 2019 and elsewhere in this Form 10-Q. These factors may cause our actual results to differ materially from any forward-looking statement. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which we operate, and management's beliefs and assumptions. We undertake no obligation to publicly update or revise the statements in light of future developments. In addition, other written or oral statements that constitute forward-looking statements may be made by us or on our behalf. Words such as "expect," "seek," "anticipate," "intend," "plan," "believe," "could," "estimate," "may," "target," "project," or variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict.

Business Overview

SeaChange International, Inc., a Delaware corporation founded on July 9, 1993, is an industry leader in the delivery of multiscreen, advertising and premium over the top ("OTT") video management solutions, headquartered in Acton, Massachusetts. Our software products and services facilitate the aggregation, licensing, management and distribution of video and advertising content for service providers, telecommunications companies, satellite operators and broadcasters. We sell our software products and services worldwide, primarily to service providers including: operators, such as Liberty Global, plc. ("LGI"), Altice NV, Cox Communications, Inc. and Rogers Communications, Inc.; telecommunications companies, such as Verizon Communications, Inc., AT&T, Inc. and Frontier Communications Corporation; satellite operators such as Direct TV and Dish Network Corporation; and broadcasters.

Our software products and services are designed to empower video providers to create, manage and monetize the increasingly personalized, highly engaging experiences that viewers demand. Using our products and services, we believe customers can increase revenue by offering services such as video-on-demand ("VOD") programming on a variety of consumer devices, including televisions ("TVs"), mobile telephones ("smart phones"), personal computers ("PCs"), tablets and OTT streaming players. Our solutions enable service providers to offer other interactive television services that allow subscribers to receive personalized services and interact with their video devices, thereby enhancing their viewing experience. Our products also allow our customers to insert advertising into broadcast and VOD content.

SeaChange serves an exciting global marketplace where multiscreen viewing is increasing, consumer device options are evolving rapidly and viewing habits are shifting. The primary driver of our business is enabling the delivery of video assets in the changing multiscreen television environment. Through strategic collaborations, we have expanded our capabilities, products and services to address the delivery of content to devices other than television set-top boxes, namely PCs, tablets, smart phones and OTT streaming players. We believe that our strategy of expanding into adjacent product lines will also position us to further support and maintain our existing service provider customer base. Providing our customers with more scalable software platforms enables them to further reduce their infrastructure costs, improve reliability and expand service offerings to their customers. Additionally, we believe we are well positioned to capitalize on new customers entering the multiscreen marketplace and increasingly serving adjacent markets. Our core technologies provide a foundation for software products and services that can be deployed in next generation video delivery systems capable of increased levels of subscriber activity across multiple devices.

We have historically sold and licensed our products and services on a standalone basis. Commencing February 2019, we adopted a value-based selling approach as part of which we offer our customers the ability to license all of our product and services, including specified upgrades, for a fixed period of time for a fixed price which we refer to as Framework deals.

In February 2019, we acquired Xstream A/S, a leading OTT media cloud platform provider with its primary operations in Warsaw, Poland. Xstream provides a managed service, OTT video solution that serves more than five million active subscribers globally. Xstream's MediaMaker video platform has enhanced the SeaChange end-to-end video Framework. We used the acquisition of Xstream to accelerate our penetration in OTT and new market segments with a software-as-a-service ("SaaS") revenue model and fully cloud-based end-to-end video platform that operates in a hosted managed service environment.

In May 2016, we acquired DCC Labs, a developer of set-top and multiscreen device software. This acquisition enabled us to optimize the operations of our In-Home business and centralize our worldwide engineering team in Warsaw, Poland.

We have initiated restructuring programs in the past three years to improve operations and optimize our cost structure. Our restructuring programs in 2017 included the wind down of the Timeline Labs operations, inclusive of an impairment charge of long-lived assets related to the Timeline Labs operations, the reorganization of our engineering teams and other company-wide-cost savings initiatives resulting in annualized cost savings of $38.0 million and aggregate charges of $9.0 million. In addition, in fiscal 2019 we implemented the 2019 Restructuring Program and incurred restructuring charges in excess of $2.0 million in taking steps to further reduce our operating costs, primarily through staff reductions across all of our functions and geographic areas, which resulted in annual cost savings of $6.0 million. In fiscal 2020, we incurred an additional $1.9 million in restructuring charges in connection with closing our Ireland and Netherlands service organizations in the continued streamlining of our operations. We expect the cash layout to be incurred in the fourth quarter of fiscal 2020 and the first quarter of fiscal 2021. Annualized cost savings from this initiative is expected to be approximately $6.0 million.

Notwithstanding the success of our restructuring programs, during the fourth quarter of fiscal 2019, we experienced a decline in stock price and actual operating results and, accordingly, revised our forecasts. These events triggered an impairment review, as a result of which we determined that the carrying value of goodwill and certain long-lived assets exceeded their fair value, such that we recorded a $17.0 million impairment charge to reduce the carrying value of our building, included in property, plant and equipment, the remaining net book value of our intangible assets and our goodwill to fair value. The impact of this impairment charge is excluded from our non-GAAP operating results included in this report.

In January 2019, we announced the appointment of Yossi Aloni as Senior Vice President and Chief Commercial Officer.In February 2019, Edward Terino resigned as our Chief Executive Officer and as a Director, effective February 24, 2019, and we created an interim Office of the CEO, to provide ongoing leadership and oversight of the day-to-day operations of the Company. The Office of the CEO included Yossi Aloni, Chief Commercial Officer; Peter Faubert, Chief Financial Officer; Marek Kielczewski, Chief Technology Officer; and David McEvoy, General Counsel. On April 4, 2019, we appointed our existing Director, Mark Bonney, to serve as Executive Chair. The Executive Chair serves as Chairman of the Board and principal executive officer. In connection with that appointment, the Office of the CEO was eliminated, and Mr. Markey resigned as Chairman of the Board. Effective May 5, 2019, Mary Cotton resigned from our Board and on May 6, 2019, Royce E. Wilson advised the Board that he would not stand for re-election. Effective August 29, 2019, Yossi Aloni was appointed as our Chief Executive Officer and Mr. Bonney resigned as our principal executive officer though remained our Executive Chair until October 1, 2019 at which time Mr. Bonney continued serving as our independent Chairman of the Board. Concurrent with the appointment of Mr. Aloni as our Chief Executive Officer, Chad Hassler was appointed our Chief Commercial Officer and Senior Vice President. Mr. Hassler previously served as our head of North America Sales. Effective September 15, 2019, William Markey resigned from our Board. Effective October 8, 2019, Peter Faubert resigned as our Chief Financial Officer and Michael Prinn was appointed as the Chief Financial Officer, Senior Vice President and Treasurer. On October 31, 2019, Mr. Aloni was appointed to our Board.

On February 28, 2019, we entered into a Cooperation Agreement with TAR Holdings LLC and Karen Singer (collectively, “TAR Holdings”). Pursuant to the Cooperation Agreement, TAR Holdings was limited to not owning more than 20.7% of our outstanding common stock. Pursuant to the Cooperation Agreement, we agreed to set the size of the Board at eight members, appoint Robert Pons to the Board as a Class II Director with a term to expire at the 2019 annual meeting of stockholders, and appoint Jeffrey Tuder to the Board as a Class III Director with a term to expire at the 2020 annual meeting of stockholders. Mr. Pons and Mr. Tuder were accordingly appointed to our Board upon execution of the Cooperation Agreement on February 28, 2019. On August 8, 2019, we amended the Cooperation Agreement to permit TAR Holdings, together with its affiliates, to own up to 25.0% of our securities.

On March 4, 2019, our Board approved and adopted a Tax Benefits Preservation Plan to potentially limit our ability to use net operating loss carryforwards and certain other tax attributes (“NOLs”) to reduce our potential future federal income tax obligations. In connection with the Tax Benefits Preservation Plan, we declared a dividend of one preferred share purchase right for each share of our common stock issued and outstanding as of March 15, 2019 to our stockholders of record on that date. The Tax Benefits Preservation Plan expires no later than March 4, 2022. On August 8, 2019, we amended the Tax Benefits Preservation Plan to permit TAR Holdings, together with its affiliates, to own up to 25.0% of our securities.

Results of Operations

The following discussion summarizes the key factors our management believes are necessary for an understanding of our consolidated financial statements.

Revenue and Gross Profit

The components of our total revenue and gross profit are described in the following table:

	For the Three Months Ended October 31, 2019	For the Three Months Ended October 31, 2018	Change $	Change %	For the Nine Months Ended October 31, 2019	For the Nine Months Ended October 31, 2018	Change $	Change %
	(Amounts in thousands, except for percentage data)				(Amounts in thousands, except for percentage data)			
Revenue:								
Product	$ 13,524	$ 8,268	$ 5,256	63.6 %	$ 26,671	$ 12,821	$ 13,850	108.0 %
Service	7,020	10,343	(3,323)	(32.1 %)	21,170	32,626	(11,456)	(35.1 %)
Total revenue	20,544	18,611	1,933	10.4 %	47,841	45,447	2,394	5.3 %
Cost of product revenue	466	1,723	(1,257)	(73.0 %)	4,414	2,539	1,875	73.8 %
Cost of service revenue	4,386	5,600	(1,214)	(21.7 %)	13,939	16,428	(2,489)	(15.2 %)
Total cost of revenue	4,852	7,323	(2,471)	(33.7 %)	18,353	18,967	(614)	(3.2 %)
Gross profit	$ 15,692	$ 11,288	$ 4,404	39.0 %	$ 29,488	$ 26,480	$ 3,008	11.4 %
Gross product profit margin	96.6 %	79.2 %		17.4 %	83.5 %	80.2 %		3.3 %
Gross service profit margin	37.5 %	45.9 %		(8.3 %)	34.2 %	49.6 %		(15.5 %)
Gross profit margin	76.4 %	60.7 %		15.7 %	61.6 %	58.3 %		3.4 %

Two customers accounted for 13% each of total revenue in the third quarter of fiscal 2020 and four customers accounted for 10%-25% of total revenue in the third quarter of fiscal 2019. No one customer accounted for 10% of more of total revenue in the first nine months of fiscal 2020 and two customers accounted for 16% and 12% of total revenue in the first nine months of fiscal 2019. See Part I Item I, Note 2, *"Summary of Significant Accounting Policies,"* to this Form 10-Q for more information.

International revenue accounted for 49% and 56% of total revenue in the three months ended October 31, 2019 and 2018, respectively. For the nine months ended October 31, 2019 and 2018, international revenues accounted for 51% and 58% of total revenues, respectively. The decrease in international sales as a percentage of total revenue in the three and nine months ended October 31, 2019 as compared to the same period in fiscal 2019, is primarily due to a decrease in revenue generated from one major customer in EMEA during fiscal 2020 compared to fiscal 2019.

Product Revenue

Product revenue increased by $5.3 million and $13.9 million for the three and nine months ended October 31, 2019, respectively, as compared to the three and nine months ended October 31, 2018. The increase for the three and nine months ended October 31, 2019 was primarily due to revenue generated from our new Framework offering partially offset by lower individual product sales and upgrades as a result of shift in our go-to-market sales to our end to end Framework solution.

Service Revenue

Service revenue decreased by $3.3 million and $11.5 million for the three and nine months ended October 31, 2019, respectively, as compared to the three and nine months ended October 31, 2018. The decrease for the three and nine months ended October 31, 2019 was primarily due to a decrease in our legacy professional service revenue related to our individual product sales and upgrades and also a reduction to maintenance and support revenue provided on post warranty contracts as customers continue to provide their own solutions and legacy products are decommissioned.

Gross Profit and Margin

Cost of revenue consists primarily of the cost of resold third-party products and services, purchased components and subassemblies, labor and overhead relating to the assembly, testing and implementation and ongoing maintenance of complete systems.

Our gross profit margin increased by 16% for the three months ended October 31, 2019 compared to the three months ended October 31, 2018 primarily due to a shift to our end to end Framework model during the period. Product profit margin increased by 17% for the three months ended October 31, 2019 compared to the three months ended October 31, 2018, primarily due to a shift to our end to end Framework model and a decrease in lower margin hardware sales. Service profit margins decreased by 8% for the three months ended October 31, 2019 compared to the three months ended October 31, 2018, primarily due to lower service revenue to absorb our fixed costs from professional services and maintenance and support revenue during the three months ended October 31, 2019 as customers continue to provide their own solutions and legacy products are decommissioned.

Our gross profit margin increased by 3% for the nine months ended October 31, 2019 compared to the nine months ended October 31, 2018 primarily due to a shift to our end to end Framework model during the period. Product profit margin increased by 3% for the nine months ended October 31, 2019 compared to the nine months ended October 31, 2018, primarily due to an increase inhigher margin hardware sales related to Framework. Service profit margins decreased by 15% for the nine months ended October 31, 2019 compared to the nine months ended October 31, 2018, primarily due to lower service revenue to absorb our fixed costs from professional services and maintenance and support revenue during the nine months ended October 31, 2019 as customers continue to provide their own solutions and legacy products are decommissioned.

Operating Expenses

Research and Development

Research and development expenses consist of salaries and related costs, including stock-based compensation, for personnel in software development and engineering functions as well as contract labor costs, depreciation of development and test equipment and an allocation of related facility expenses. The following table provides information regarding the change in research and development expenses during the periods presented:

	For the Three Months Ended October 31,		Change		For the Nine Months Ended October 31,		Change	
	2019	2018	$	%	2019	2018	$	%
	(Amounts in thousands, except for percentage data)				(Amounts in thousands, except for percentage data)			
Research and development expenses	$ 4,033	$ 4,727	$ (694)	(14.7%)	$ 12,060	$ 15,770	$ (3,710)	(23.5%)
% of total revenue	19.6%	25.4%			25.2%	34.7%		

Research and development expenses decreased by $0.7 million for the three months ended October 31, 2019 as compared to the same period in fiscal 2019primarily due to a decrease in labor costs associated with the lower headcount resulting from the cost-savings efforts implemented as part of our restructuring programs in fiscal 2019.

Research and development expenses decreased by $3.7 million for the nine months ended October 31, 2019 as compared to the same period in fiscal 2019primarily due to a $2.3 million decrease in labor costs associated with the lower headcount and a $1.5 million decrease in contract labor resulting from the cost-savings efforts implemented as part of our restructuring programs in fiscal 2019 partially offset by a $0.4 million increase in bonus expense.

Selling and Marketing

Selling and marketing expenses consist of salaries and related costs, including stock-based compensation, for personnel engaged in selling and marketing functions, as well as commissions, travel expenses, certain promotional expenses and an allocation of related facility expenses. The following table provides information regarding the change in selling and marketing expenses during the periods presented:

	For the Three Months Ended October 31,		Change		For the Nine Months Ended October 31,		Change	
	2019	2018	$	%	2019	2018	$	%
	(Amounts in thousands, except for percentage data)				(Amounts in thousands, except for percentage data)			
Selling and marketing expenses	$ 3,859	$ 4,165	$ (306)	(7.3%)	$ 9,674	$ 11,635	$ (1,961)	(16.9%)
% of total revenue	18.8%	22.4%			20.2%	25.6%		

Selling and marketing expenses decreased by $0.3 million for the three months ended October 31, 2019 as compared to the same period in fiscal 2019, primarily due to a decrease in labor costs associated with lower headcount from the cost-saving efforts implemented as part of our restructuring programs in fiscal 2019.

Selling and marketing expenses decreased by $2.0 million for the nine months ended October 31, 2019 as compared to the same period in fiscal 2019, primarily due to a decrease of $0.4 million decrease in professional fees and a $1.4 million decrease in labor costs associated with lower headcount from the cost-saving efforts implemented as part of our restructuring programs in fiscal 2019.

General and Administrative

General and administrative expenses consist of salaries and related costs, including stock-based compensation, for personnel in executive, finance, legal, human resources, information technology and administrative functions, as well as legal and accounting services, insurance premiums and an allocation of related facilities expenses. The following table provides information regarding the change in general and administrative expenses during the periods presented:

	For the Three Months Ended October 31,		Change		For the Nine Months Ended October 31,		Change	
	2019	2018	$	%	2019	2018	$	%
	(Amounts in thousands, except for percentage data)				(Amounts in thousands, except for percentage data)			
General and administrative expenses	$ 3,265	$ 3,881	$ (616)	(15.9%)	$ 11,664	$ 13,356	$ (1,692)	(12.7%)
% of total revenue	15.9%	20.9%			24.4%	29.4%		

General and administrative expenses decreased by $0.6 million for the three months ended October 31, 2019 as compared to the three months ended October 31, 2018, primarily due to a decrease in stock-based compensation related to terminations and labor costs associated with lower headcount from the cost-saving efforts implemented as part of our restructuring programs in fiscal 2019.

General and administrative expenses decreased by $1.7 million for the nine months ended October 31, 2019 as compared to the nine months ended October 31, 2018, primarily due to a $0.8 million decrease in professional fees and a $1.3 million decrease in labor costs associated with lower headcount from the cost-saving efforts implemented as part of our restructuring programs in fiscal 2019, partially offset by an increase of $0.5 million in bad debt expense.

Severance and Restructuring Costs

Severance and other restructuring costs increased $1.3 million and $1.5 million for the three and nine months ended October 31, 2019, respectively, as compared to the same periods of fiscal 2019. The increases are primarily related to the closing of our service organizations in Ireland and the Netherlands. Charges in the three and nine months ended October 31, 2019 also include cost reduction initiatives put in place during the second half of fiscal 2019 (the “2019 Restructuring Program”).

Other Expense, Net

The table below provides detail regarding our other expense, net:

	For the Three Months Ended October 31,		Change		For the Nine Months Ended October 31,		Change	
	2019	2018	$	%	2019	2018	$	
	(Amounts in thousands, except for percentage data)				(Amounts in thousands, except for percentage data)			
Interest income, net	$ 67	$ 77	$ (10)	(13.0%)	$ 240	$ 222	$ 18	8.1%
Foreign exchange gain (loss), net	17	(2,103)	2,120	>(100.0%)	(2,064)	(5,038)	2,974	(59.0%)
Miscellaneous expense, net	(245)	(61)	(184)	>100.0%	(206)	(82)	(124)	>100.0%
	$ (161)	$ (2,087)	$ 1,926		$ (2,030)	$ (4,898)	$ 2,868	

The principal component of other expense, net were miscellaneous expenses of $0.2 million for the three months ended October 31, 2019 and a foreign exchange loss of $2.1 million for the nine months ended October 31, 2019. The principal component of other expense, net for the three and nine months ended October 31, 2018 was a foreign exchange loss of $2.1 million and $5.0 million, respectively. Our foreign exchange loss, net is primarily due to the revaluation of intercompany notes.

Income Tax Provision (Benefit)

We recorded income tax benefits of $0.1 million and $0.2 million for the three and nine months ended October 31, 2019, respectively, and income tax benefits of $0.8 million and $2.4 million for the three and nine months ended October 31, 2018, respectively. Our effective tax rate in fiscal 2020 and in future periods may fluctuate on a quarterly basis, as a result of changes in our jurisdictional forecasts where losses cannot be benefitted due to the existence of valuation allowances on our deferred tax assets, variance in actual results from our estimates, or changes in tax laws, regulations, accounting principles or interpretations thereof.

The 2017 Tax Act introduced significant changes to U.S. income tax law. Changes include, but are not limited to, a corporate tax rate decrease from 35% to 21% effective for tax years beginning after December 31, 2017, the transition of U.S. international taxation from a worldwide tax system to a territorial system and a one-time tax on the mandatory deemed repatriation of cumulative foreign earnings (the “Transition Tax”) as of December 31, 2017.

We review all available evidence to evaluate the recovery of deferred tax assets, including the recent history of losses in all tax jurisdictions, as well as its ability to generate income in future periods. As of October 31, 2019, due to the uncertainty related to the ultimate use of certain deferred income tax assets, we have recorded a valuation allowance on certain deferred assets.

We file income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and various foreign jurisdictions. We have closed out an audit with the Internal Revenue Service (“IRS”) through fiscal 2013. We are no longer subject to U.S. federal examinations before fiscal 2015. However, the taxing authorities will still have the ability to review the propriety of certain tax attributes created in closed years if such tax attributes are utilized in an open tax year, such as our federal research and development credit carryovers.

Non-GAAP Measures

We define non-GAAP income (loss) from operations as U.S. GAAP operating income (loss) plus stock-based compensation expenses, amortization of intangible assets, non-operating expense professional fees and severance and other restructuring costs. We discuss non-GAAP income (loss) from operations in our quarterly earnings releases and certain other communications, as we believe non-GAAP operating income (loss) from operations is an important measure that is not calculated according to U.S. GAAP. We use non-GAAP income (loss) from operations in internal forecasts and models when establishing internal operating budgets, supplementing the financial results and forecasts reported to our Board of Directors, determining a component of bonus compensation for executive officers and other key employees based on operating performance and evaluating short-term and long-term operating trends in our operations. We believe that the non-GAAP income (loss) from operations financial measures assist in providing an enhanced understanding of our underlying operational measures to manage the business, to evaluate performance compared to prior periods and the marketplace, and to establish operational goals. We believe that the non-GAAP financial adjustments are useful to investors because they allow investors to evaluate the effectiveness of the methodology and information used by management in our financial and operational decision-making.

Non-GAAP income (loss) from operations is a non-GAAP financial measure and should not be considered in isolation or as a substitute for financial information provided in accordance with U.S. GAAP. This non-GAAP financial measure may not be computed in the same manner as similarly titled measures used by other companies. We expect to continue to incur expenses similar to the financial adjustments described above in arriving at non-GAAP income (loss) from operations and investors should not infer from our presentation of these non-GAAP financial measures that these costs are unusual, infrequent or non-recurring. The following table includes the reconciliations of our U.S. GAAP income (loss) from operations, the most directly comparable U.S. GAAP financial measure, to our non-GAAP income (loss) from operations for the three and nine months ended October 31, 2019 and 2018:

	For the Three Months Ended October 31,		For the Nine Months Ended October 31,	
	2019	2018	2019	2018
	(Amounts in thousands)		(Amounts in thousands)	
GAAP income (loss) from operations	$ 2,253	$ (2,515)	$ (7,062)	$ (15,901)
Amortization of intangible assets	295	383	893	1,198
Stock-based compensation	357	769	554	2,571
Professional fees - other	-	50	1,180	50
Severance and other restructuring costs	2,282	1,030	3,152	1,620
Non-GAAP income (loss) from operations	$ 5,187	$ (283)	$ (1,283)	$ (10,462)

Liquidity and Capital Resources

The following table includes key line items of our consolidated statements of cash flows:

	For the Nine Months Ended October 31,	
	2019	2018
	(Amounts in thousands)	
Net cash used in operating activities	$ (13,020)	$ (21,272)
Net cash used in investing activities	(1,599)	(2,189)
Net cash (used in) provided by financing activities	(76)	38
Effect of exchange rate changes on cash, cash equivalents and restricted cash	265	1,859
Net decrease in cash, cash equivalents and restricted cash	$ (14,430)	$ (21,564)

Historically, we have financed our operations and capital expenditures primarily with our cash and investments. Our cash, cash equivalents and marketable securities totaled $13.8 million at October 31, 2019.

In fiscal 2019 we implemented the 2019 Restructuring Program and incurred restructuring charges in excess of $2.0 million in taking steps to further reduce our operating costs, primarily through staff reductions across all of our functions and geographic areas, which resulted in annual cost savings of $6.0 million. In fiscal 2020 we incurred an additional $1.9 million in restructuring charges in connection with closing our Ireland and Netherlands service organizations in the continued streamlining of our operations. Annualized cost savings from this initiative is expected to be approximately $6.0 million.

We believe that existing cash and investments and cash expected to be provided by future operating activities, augmented by the plans highlighte above, are adequate to satisfy our working capital, capital expenditure requirements and other contractual obligations for at least the next 12 months.

If our expectations are incorrect, we may need to raise additional funds to fund our operations, to take advantage of unanticipated strategic opportunities or to strengthen our financial position. In the future, we may enter into other arrangements for potential investments in, or acquisitions of, complementary businesses, services or technologies, which could require us to seek additional equity or debt financing. If adequate funds are not available or are not available on acceptable terms, we may not be able to take advantage of market opportunities, to develop new products or to otherwise respond to competitive pressures.

Net cash used in operating activities

Net cash used in operating activities was $13.0 million for the nine months ended October 31, 2019. This cash used in operating activities was primarily the result of our net loss of $8.9 million and changes in working capital, which includes a $11.2 million increase in unbilled receivables, partially offset by a $5.5 million decrease in accounts receivables due to the timing of customer payments.

Net cash used in investing activities

Net cash used in investing activities was $1.6 million for the nine months ended October 31, 2019. Cash used in investing activities was primarily due to $3.8 million of net cash used in the acquisition of Xstream, partially offset by a $2.5 million receipt of net cash related to the timing of purchases, sales and maturities of marketable securities.

Net cash used in financing activities

Net cash used in financing activities was $0.1 million for the nine months ended October 31, 2019 related to the repurchase of common stock.

Critical Accounting Policies and Significant Judgments and Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by our management.

Other than the impact of the adoption ofASU 2016-02, *"Leases (Topic 842)* as disclosed in Note 2 to our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q, there have been no material changes to our critical accounting policies and estimates from those disclosed in our financial statements and the related notes and other financial information included in our Annual Report on Form 10-K on file with the Securities and Exchange Commission.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the Securities and Exchange Commission.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 to our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q.

ITEM 3. Quan titative and Qualitative Disclosures About Market Risk

We are a smaller reporting company, as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, for this reporting period and are not required to provide the information required under this item.

ITEM 4. Controls and Procedures

Evaluation of disclosure controls and procedures. We maintain "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and chief financial officer, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in internal control over financial reporting. There were no changes in our internal controls over financial reporting during the three months ended October 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

We enter into agreements in the ordinary course of business with customers, resellers, distributors, integrators and suppliers. Most of our historical agreements require us to defend and/or indemnify the other party against intellectual property infringement claims brought by a third party with respect to our products. From time to time, we also indemnify customers and business partners for damages, losses and liabilities they may suffer or incur relating to personal injury, personal property damage, product liability, and environmental claims relating to the use of our products and services or resulting from the acts or omissions of us, our employees, authorized agents or subcontractors. Management cannot reasonably estimate any potential losses, but these claims could result in material liability for us (see Note 7).

ITEM 1A. Risk Factors

In addition to other information set forth in this Form 10-Q, you should carefully consider the risk factors discussed in Part I, "Item 1A. Risk Factors" in our Form 10-K for the fiscal year ended January 31, 2019, which could materially affect our business, financial conditions, and results of operations. The risks described in our Form 10-K are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

ITEM 5. Other Information

On November 4, 2019, we entered into a Purchase and Sale Agreement and Escrow Instructions (the "Agreement") with Calare Properties, Inc. ("Calare") for the sale of the building that houses our corporate headquarters in Acton, Massachusetts for $0.6 million. The Agreement contains a seller license provision with Calare to allow us to remain in our current facility for up to six months from the Agreement closing date for $4,000 per month, exclusive of taxes, utilities and other operating costs. We intend to provide the required 60 days' notice to Calare to terminate the seller license provision upon our transition to new headquarters.

ITEM 6. Exhibits

(a) Exhibits

The following list of exhibits includes exhibits submitted with this Form 10-Q as filed with the SEC and those incorporated by reference to other filings.

Index to Exhibits

No.	Description
10.1	Offer letter, dated as of September 6, 2019, by and between SeaChange International, Inc. and Michael Prinn
10.2	Change-in-Control Severance Agreement, dated as of October 8, 2019, by and between SeaChange International, Inc. and Michael Prinn
31.1	Certification Pursuant to Rule 13a-14(a) of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification Pursuant to Rule 13a-14(a) of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

SIGNATURES

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

Dated: December 5, 2019

SEACHANGE INTERNATIONAL, INC.

by: /s/ YOSSI ALONI
Yossi Aloni
Chief Executive Officer

by: /s/ MICHAEL PRINN
Michael Prinn
Chief Financial Officer, Senior Vice President and Treasurer

Exhibit 10.1

SeaChange

SeaChange International
50 Nagog Park
Acton, MA 01720, USA
+1.978.897.0100
www.seachange.com

September 6, 2019

Michael Prinn

Dear Michael,

Congratulations! I am pleased to confirm our offer to you with SeaChange International, Inc. (the "Company) as Chief Financial Officer, Treasurer, and Corporate Secretary reporting to Yossi Aloni, President & Chief Executive Officer. Your expected start date is October 1, 2019 (your "Start Date"). The starting salary for this position is $300,000 (less, of course, all required payroll taxes, deductions and withholdings), which will be paid bi-weekly at the rate of $11,538.46. We expect that you will perform any and all duties and responsibilities typically associated with your position, and any other duties assigned to you, in a satisfactory manner and to the best of your abilities at all times.

You will be eligible to participate each fiscal year in the Company's Short-Term Incentive Plan ("STI"). Such compensation will be based on the achievement of certain defined financial goals. For the current fiscal year your STI award will be prorated from your Start Date through January 31, 2020 with a guarantee for this fiscal year only of a minimum payout of $50,000. The targeted payout under the STI is 50% of your annual base salary.

All awards under the STI are paid in cash. Your STI goals for the current fiscal year will be provided under separate cover.

As equity compensation the Compensation Committee of the SeaChange Board of Directors (the "Compensation Committee") has resolved that you be granted a one-time option to purchase 100,000 shares of the Company's common stock. The exercise price of such option shall be the fair market value of the stock, as determined by the closing sales price for our stock (or the closing bid, if no sales were reported) on the Nasdaq Stock Market on the date the option is granted which will be your Start Date.

The grant, vesting and exercise of any option or any other equity vehicle shall at all times be subject to and governed by the Company's Amended and Restated 2011 Compensation and Incentive Plan.

The foregoing equity award is subject to Board approval, and the Company reviews them annually and reserves the right to modify the programs, including goals and targets, at its sole discretion at any time.

You will also be eligible each year for a Long-Term Equity Award (the "LTI Award"), based upon the achievement of certain long-term goals.

You will also be eligible, on your Start Date, on the same basis as other employees of the Company. Additionally, you will be eligible to participate in and to receive benefits under a 401(k) Plan and any Company group medical, dental, life, disability or other group insurance plan(s). Your eligibility to participate in and receive any particular benefit is subject to, and governed solely by, the applicable plan document. The Company has an unlimited time-off policy. Time off is to be pre-approved by your supervisor and is to be used in accordance with the Company's policies as in effect from time to time. The company also provides you with time off in observance of certain holidays as determined at the beginning of each fiscal year. The Company reserves the right to modify, change or terminate its benefits and benefit plans from time to time in its sole discretion.

If your employment with SeaChange is terminated by SeaChange without Cause (other than on account of death or Disability) and you are not entitled to payment pursuant to your Change in Control Agreement in connection therewith, subject to your execution of a general release and satisfaction agreement, in form and substance acceptable to the SeaChange, which shall Include, without limitation, a noncompete provision of one year, you will be entitled to (i) a one-time payment in an amount equal to the sum of 12 months of Base Salary, payable over 12 months in equal monthly instalments, subject to applicable withholding, and (ii) an amount of your Annual Bonus determined based on performance targets prorated to the date of termination and based on actual performance through date of termination (with the RSU portion of the Annual Award to be subject to vesting on the last day of the following fiscal year). Capitalized terms used in this paragraph not otherwise defined in this letter shall have the meanings assigned to such terms in the Change in Control Agreement.

With the exception of the matters outlined in the attached Change in Control Agreement, please be advised that neither this letter nor its terms, constitutes a contract of employment, or a guarantee of employment for a specific period of time.

As a condition of your employment with the Company, you must sign and return the enclosed Employee Nondisclosure and Developments Agreement prior to your Start Date.

Neither this letter nor its terms constitute a contract of employment or a guarantee of employment for a specific period of time. Your employment will be at-will, and both you and the Company will have the right to terminate the employment relationship at any time, with or without reason or notice.

This offer is contingent upon the satisfactory presentation of appropriate documentation of your legal right to work in the United States. Original documentation (of the type set forth on the enclosed list) must be presented at orientation; photocopies cannot be accepted. Your employment with SeaChange Is also contingent upon a completed successful background and reference check, which may include a criminal history review.

This offer constitutes the complete agreement between you and the Company, contains all of the terms of your proposed employment with the Company and supersedes any prior agreements, representations or understandings (whether written, oral or implied) between you and the Company. No variations, modifications or amendments to this offer shall be deemed valid unless reduced to writing and signed by the Company and you, provided that your employment will remain at-will unless otherwise set forth in a writing signed by the Company's Chief Executive Officer.

If you have any questions or require clarification, please contact me. To indicate acceptance of these terms, please sign and return a copy of this letter (via fax, pdf or regular mail).

We look forward to you becoming a part of our SeaChange Team!

Sincerely,

Yossi Aloni
President & Chief Executive Officer

Enclosures:

Employee Nondisclosure and Developments Agreement)
Form of Change in Control Agreement

I accept the above employment offer and agree to its terms and conditions. By accepting this offer of employment, I acknowledge that no prior employment obligations or other contractual restrictions exist which preclude my employment with SeaChange International. I represent that I am not relying on any representations made to me by anyone other than as set forth *above.*

Accepted: ,

/s/ Michael Prinn Date: 9/6/19

Michael Prinn

EMPLOYEE NONDISCLOSURE AND DEVELOPMENTS AGREEMENT

In consideration and as a condition of my employment by SeaChange International, Inc. (the "Company"), as well as my access to Company confidential and proprietary business Information, I hereby agree with the Company as follows:

1. During the period of my employment by the Company (the "Employment Period"), I will devote my full time and best efforts to the business of the Company.

2. During the period of my employment by the Company and for one (1) year thereafter (and regardless of the reason for my termination), I agree that I will not, directly *or* indirectly, solicit or hire (or attempt to solicit *or* hire) any employee, consultant *or* independent contractor of the Company, assist in such solicitation *or* hiring in any way, or in any way encourage, induce or solicit any such employee, consultant or independent contractor to terminate his *or* her relationship with the Company.

3. (a) I will not at any time, whether during or after the Employment Period, reveal to any person or entity any confidential information concerning the organization, business or finances of the Company or of any third party which the Company is under an obligation to keep confidential (including but not limited to confidential information respecting inventions, products, designs, methods, know-how, techniques, systems, processes, software programs, works of authorship, customer lists, projects, plans and proposals), except as may be required in the ordinary course of performing my duties as an employee of the Company, and I shall keep secret all matters entrusted to me and shall not use *or* attempt to use any such information in any manner which may injure or cause loss or may be calculated to injure *or* cause loss, whether directly or Indirectly, to the Company. Further, I agree that during and after the Employment Period I shall not make, use or permit to be used any notes, memoranda, reports, lists, records, drawings, sketches, specifications, software programs, data, documentation or other materials of any nature relating to any matter within the scope of the business of the Company or concerning any of its dealings or affairs otherwise than for the benefit of the Company, it being agreed that all of the foregoing shall be and remain the sole and exclusive property of the Company, and that immediately upon the termination of my employment I shall deliver all of the foregoing, and all copies thereof, to the Company, at its main office.

(b) I further agree that during the term of my employment by the Company and at any time following the termination of my employment by the Company for any *or* no reason, whether voluntary or involuntary, with or without cause, I will not disclose to others, use or publish (other than as may be required by my duties while employed by the Company in the ordinary course of the Company's business) any Company Trade Secrets. The term "Trade Secrets" shall be given its broadest possible interpretation under the law of Massachusetts and under the Defend Trade Secrets Act of 2016, and shall include (without limitation) all forms and types of financial, business, scientific, technical, economic, or engineering Information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, that is compiled, *or* memorialized physically, electronically, graphically, photographically, or in writing by the Company.

(c) I acknowledge and understand that: (i) I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; (II) I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed In a lawsuit or other proceeding, if such filing is made under seal; (iii) if I file a lawsuit for retaliation for reporting a suspected violation of law I may disclose the trade secret to my attorney and use the trade secret information in the court proceeding, provided I file any document containing the trade secret under seal and do not disclose the trade secret, except pursuant to court order.

(d) I understand that, notwithstanding the forgoing, this Agreement does not limit my ability to communicate with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, any agency Inspector General, or any other federal, state or local governmental agency or commission ("Government Agencies"), Including to report possible violations of federal law or regulation or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice, to any Government Agency.

4. If at any time or times during my employment, I shall (either alone or with others) make, conceive, create, discover, invent or reduce to practice any Invention, modification, discovery, design, development, improvement, process, software program, work of authorship, documentation, formula, data, technique, know-how, trade secret or intellectual property right whatsoever or any interest therein (whether or not patentable or registerable under copyright, trademark or similar statutes or subject to analogous protection) (herein called "Developments") that (I) relates to the business of the Company or any customer of or supplier to the Company or any of the products or services being developed, manufactured or sold by the Company or which may be used in relation therewith, (ii) results from tasks assigned me by the Company or (iii) results from the use of premises or personal property (whether tangible or intangible) owned, leased or contracted for by the Company, then:

(a) such Developments and the benefits thereof are and shall immediately become the sole and absolute property of the Company and its assigns, as works made for hire or otherwise;

(b) I shall promptly disclose to the Company (or any persons designated by it) each such Development;

(c) as may be necessary to ensure the Company's ownership of such Developments, I hereby assign any rights (including, but not limited to, any copyrights and trademarks) I may have or acquire in the Developments and benefits and/or rights resulting therefrom to the Company and its assigns without further compensation; and

(d) I shall communicate, without cost or delay, and without disclosing to others the same, all available information relating thereto (with all necessary plans and models) to the Company.

5. I will, during and after the Employment Period, at the request and cost of the Company, promptly sign, execute, make and do all such deeds, documents, acts and things as the Company and Its duly authorized agents may reasonably require:

(a) to apply for, obtain, register and vest in the name of the Company alone (unless the Company otherwise directs) letters patent, copyrights, trademarks or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; and

(b) to defend any judicial, opposition or other proceedings in respect of such applications and any judicial, opposition or other proceedings or petitions or applications for revocation of such letters patent, copyright, trademark or other analogous protection.

In the event the Company is unable, after reasonable effort, to secure my signature on any application for letters patent, copyright or trademark registration or other documents regarding any legal protection relating to a Development, whether because of my physical or mental incapacity or for any other reason whatsoever, I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney-in-fact, to act for and in my behalf and stead to execute and file any such application or applications or other documents and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent, copyright or trademark registrations or any other legal protection thereon with the same legal force and effect as if executed by me.

6. I represent that the Developments identified in the pages, if any, attached hereto as Exhibit A comprise all the unpatented and unregistered copyrightable Developments which I have made, conceived or created prior to the Employment Period, which Developments are excluded from this Agreement. I understand that It is only necessary to list the title and purpose of such Developments but not details thereof.

7. I agree that any breach of this Agreement by me will cause irreparable damage to the Company and that in the event of such breach the Company shall have, in addition to any and all remedies of law, the right to an Injunction, specific performance or other equitable relief to prevent the violation of my obligations hereunder.

8. I understand that this Agreement does not create an obligation on the Company or any other person or entity to continue my employment.

9. No claim of mine against the Company shall serve as a defense against the Company's enforcement of any provision of this Agreement.

10. I represent that my performance of all of the terms of this Agreement and as an employee of the Company does not and will not breach any agreement between me and any prior employer. I have not entered into, and I agree I will not enter into, any agreement, either written or oral, in conflict with the terms of this Agreement.

11. Any waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of such provision or any other provision hereof.

12. I hereby agree that each provision herein shall be treated as a separate and independent clause, and the unenforceability of any one clause shall in no way impair the enforceability of any of the other clauses herein. Moreover, if one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable at law, such provision or provisions shall be construed by the appropriate Judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear.

13. My obligations under this Agreement shall survive the termination of my employment regardless of the manner of such termination and shall be binding upon my heirs, executors, administrators and legal representatives.

14. The term "Company" shall include SeaChange International, Inc. and any of its subsidiaries, subdivisions, affiliates and assigns. The Company shall have the right to assign this Agreement to its successors and assigns, and all covenants and agreements hereunder shall inure to the benefit of and be enforceable by said successors or assigns.

15. I acknowledge that my covenants in this Agreement are given in exchange for, among other things, my employment and the terms and conditions of such employment. My covenants are not tied to my present role, title or responsibilities. Therefore, the covenants in this Agreement shall survive any change in my role, title, responsibilities, compensation, benefits, or any other term or condition of my employment.

16. For the one (1) year period after the termination of my employment, and regardless of the reasons for such termination, I agree to provide a copy of this Agreement to any employer, prospective employer or other prospective recipient of my services; and I authorize the Company to provide a copy of this Agreement to any person or entities that may or does employ or do business with, or consider employing or doing business with, me in the future.

17. This Agreement shall be governed by and construed in accordance with the internal laws of the Commonwealth of Massachusetts. Any claims or legal actions by one party against the other arising out of the relationship between the parties contemplated herein (whether or not arising under this Agreement) shall be governed by the laws of the Commonwealth of Massachusetts and shall be commenced and maintained only and exclusively in any state or federal court located in Massachusetts, and both parties hereby consent to the Jurisdiction and venue of any such court. Both parties further agree that any such dispute shall be tried by a judge alone, and both parties hereby waive and forever renounce the right to a trial before a civil jury in any such dispute.

18. I understand and agree that in the event I breach or fail to honor any term of this Agreement, and the Company is successful in whole or in part in any legal or equitable action to defend its rights under or to enforce any terms of this Agreement, I shall be required to reimburse the Company for all costs, expenses and reasonable attorneys' fees associated with such action.

19. This Agreement supersedes any and all prior oral and/or written agreements, and sets forth the entire agreement, between me and the Company with respect to the subject matter hereof.

< *This section is intentionally left blank.*>

20. This Agreement may be executed in counterparts, each of which will be deemed an original but all of which will constitute one and the same instrument.

Very truly yours,

Silvia DeMelo,
Global Human Resources Director

Intending to be legally bound hereby, I have signed this Agreement under seal as of the day and year written below. I hereby acknowledge that I have been advised and am aware of my right to consult with an attorney prior to signing this Agreement.

By:	/s/ Michael D. Prinn	Date:	9/6/19
Name:	Michael D. Prinn		

EXHIBIT A

Prior Developments

TO: **SeaChange International, Inc.**

FROM: **Michael Prinn**

DATE: ______________________________

SUBJECT: **Previous Inventions**

1. Except as listed in Section 2 below, the following is a complete 11st of all inventions, copyrighted works or improvements relevant to the subject matter of my employment by **SeaChange International, Inc.** (the **"Company")** that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my engagement by Company:

☑ No Inventions or improvements.

☐ See below:
N/A

Additional sheets attached.

2, Due to a prior confidentiality agreement, I cannot complete the disclosure under Section 1 *above* with respect to Inventions or improvements generally listed below, the proprietary rights and duty of confidentiality with respect to which I owe to the following party(ies):

	Invention or Improvement	Party(ies)	Relationship
1.	None	None	None
2.			
3.			

☐ Additional sheets attached.

CHANGE IN CONTROL SEVERANCE AGREEMENT

THIS CHANGE IN CONTROL SEVERANCE AGREEMENT (this "Agreement"), dated as of October 8, 2019, by and between SeaChange International, Inc., with its principal place of business at 50 Nagog Park, Acton, MA 01720 (the "Company"), and Michael Prinn (the "Executive").

WHEREAS, the Executive is employed as the Company's Chief Financial Officer;

WHEREAS, the Company considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel, and recognizes that, as is the case with many publicly held corporations, the possibility of a change in control may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the distraction or departure of management personnel to the detriment of the Company and its stockholders; and

WHEREAS, the Board of Directors of the Company has determined that appropriate steps should be taken to reinforce and encourage the Executive's continued attention and dedication to the Executive's assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company, although no such change is presently known to be contemplated.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1

DEFINITIONS

Except as may otherwise be specified or as the context may otherwise require, the following terms shall have the respective meanings set forth below whenever used herein:

"Annual Bonus" shall mean the Executive's target annual bonus (excluding any annual target long-term incentive compensation opportunity) for the Company's fiscal year in which the Covered Termination occurs.

"Base Salary" shall mean the annual base rate of regular compensation of the Executive immediately before a Covered Termination, or if greater, the highest annual rate at any time during the 12-month period immediately preceding the Covered Termination.

"Board" shall mean the Board of Directors of the Company.

"Cause" shall mean (i) the Executive's engaging in willful and repeated gross negligence or gross misconduct, (ii) the Executive's breaching of a material fiduciary duty to the Employer, or (iii) the Executive's being convicted of a felony, in either case, to the demonstrable and material injury to the Employer. For purposes hereof, no act, or failure to act, on the Executive's part, shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that any act or omission was in the best interest of the Employer.

"Change in Control" shall mean the first to occur, after the date hereof, of any of the following:

(i) the members of the Board at the beginning of any consecutive 12-calendar-month period (the "Incumbent Directors") cease for any reason other than due to death to constitute at least a majority of the members of the Board; provided that any director whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the members of the Board then still in office who were members of the Board at the beginning of such 12-calendar-month period, shall be deemed to be an Incumbent Director;

(ii) any consolidation or merger of the Company where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Securities Exchange Act), directly or indirectly, shares of Stock representing in the aggregate 50% or more of the combined voting power of the securities of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any);

(iii) there shall occur (A) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportion as their ownership of the Company immediately prior to such sale or (B) the approval by stockholders of the Company of any plan or proposal for the liquidation or dissolution of the Company; or

(iv) any corporation or other legal person, pursuant to a tender offer, exchange offer, purchase of stock (whether in a market transaction or otherwise) or other transaction or event acquires securities representing 40% or more of the combined voting power of the voting securities of the Company, or there is a report filed on Schedule 13D or Schedule 14D-1 (or any successor schedule, form or report), each as promulgated pursuant to the U.S. Securities Exchange Act, disclosing that any "person" (as such term is used in Section 13(d)(3) or Section 14(d)(2) of the Securities Exchange Act) has become the "beneficial owner" (as such term is used in Rule 13d-3 under the Securities Exchange Act) of securities representing 40% or more of the combined voting power of the voting securities of the Company.

Notwithstanding the foregoing, none of the foregoing event(s) shall constitute a Change in Control unless such event(s) constitutes a "change in the ownership or effective control" or a change "in the ownership of a substantial portion of the assets," in each case within the meaning of Section 409A(a)(2)(A)(v) of the Code and any regulations and other guidance in effect from time-to-time thereunder.

Upon the occurrence of a Change in Control as provided above, no subsequent event or condition shall constitute a Change in Control for purposes of this Agreement, with the result that there can be no more than one Change in Control hereunder.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Company" shall mean, subject to Section 6.1(a), SeaChange International, Inc., a Delaware corporation.

"Covered Termination" shall mean if, within the two (2) year period immediately following a Change in Control, the Executive (i) is terminated by the Employer without Cause (other than on account of death or Disability), or (ii) terminates the Executive's employment with the Employer for Good Reason. The Executive shall not be deemed to have been terminated for purposes of this Agreement merely because the Executive ceases to be employed by the Employer and becomes employed by a new employer involved in the Change in Control; provided that such new employer shall be bound by this Agreement as if it were the Employer hereunder with respect to the Executive. It is expressly understood that no Covered Termination shall be deemed to have occurred merely because, upon the occurrence of a Change in Control, the Executive ceases to be employed by the Employer and does not become employed by a successor to the Employer after the Change in Control if the successor makes an offer to employ the Executive on terms and conditions which, if imposed by the Employer, would not give the Executive a basis on which to terminate employment for Good Reason.

"Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Cause, the date of receipt of the Notice of Termination for Cause or any later date specified therein (which date shall be not more than thirty (30) days after giving such notice), as the case may be; (ii) if the Executive's employment is terminated by the Executive for Good Reason, the 30th day following receipt by the Company of the Notice of Termination for Good Reason; (iii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the date on which the Company notifies the Executive of such termination, (iv) if the Executive's employment is terminated by reason of death or Disability, the date of death of the Executive or the date on which it is determined that the Executive has a Disability, as the case may be, and (v) if the Executive's employment is terminated by the Executive without Good Reason (and not due to Disability), the date of receipt of the Notice of Termination (which date shall be not more than thirty (30) days after giving such notice). Notwithstanding the foregoing, in no event shall the Date of Termination with respect to a Covered Termination occur until the Executive experiences a separation from service within the meaning of Section 409A of the Code, and the date on which such separation from service takes place shall be the Date of Termination.

"Disability" shall mean the occurrence after a Change in Control of the incapacity of the Executive due to physical or mental illness, whereby the Executive shall have been absent from the full-time performance of the Executive's duties with the Employer for six (6) consecutive months or, in any one (1) year period, for an aggregate of six (6) months.

"Employer" shall mean the Company (if and for so long as the Executive is employed thereby) and each Subsidiary which may now or hereafter employ the Executive or, where the context so requires, the Company and such Subsidiaries collectively. A subsidiary which ceases to be, directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with the Company prior to a Change in Control (other than in connection with and as an integral part of a series of transactions resulting in a Change in Control) shall, automatically and without any further action, cease to be (or be part of) the Employer for purposes hereof.

"Good Reason" shall mean, without the express written consent of the Executive, the occurrence after a Change in Control of any of the following circumstances:

(i) the material reduction of the Executive's title, authority, duties or responsibilities, or the assignment to the Executive of any duties inconsistent with Executive's position, authority, duties or responsibilities from those in effect immediately prior to the Change in Control;

(ii) a requirement that the Executive report to anyone other than the Board and/or the chief executive officer of the acquiring entity and/or the chief business officer of the applicable business unit of the acquiring company;

(iii) a material reduction in the budget over which the Executive retains authority from that which exists as of immediately prior to the Change in Control;

(iv) a reduction in the Executive's Base Salary as in effect immediately before the Change in Control;

(v) a material reduction in the Executive's annual bonus opportunity or annual target long-term incentive compensation opportunity (whether payable in cash, shares of Stock or a combination thereof) as in effect on the Change in Control; provided, that for the avoidance of doubt, a material reduction of such annual target long-term incentive compensation opportunity shall not be deemed to occur if such opportunity becomes payable solely in cash;

(vi) the Company's requiring the Executive to be based at any other geographic location more than 50 miles from that location at which the Executive primarily performed Executive's services immediately prior to the occurrence of a Change in Control, except for required travel on the Company's business to an extent substantially consistent with Executive's business travel obligations immediately prior to such Change in Control;

(vii) the failure of the Company to obtain a reasonable agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 6.1(a);

(viii) the failure of the Company to pay the Executive any amounts due hereunder; or

(ix) any material breach by the Company of this Agreement, including but not limited to a breach of the obligation under Section 2 of this Agreement.

For avoidance of doubt, whether there has been a reduction of an annual bonus opportunity or an annual target long-term incentive compensation opportunity under clause (v) above shall take into account, without limitation, any target, minimum and maximum amounts payable and the attainability and otherwise the reasonableness of any performance hurdles, goals and other measures, each considered relative to the corresponding element with respect to the Executive in the period prior to the Change in Control.

Notwithstanding anything to the contrary contained herein, the Executive's termination of employment will not be treated as for Good Reason as the result of the occurrence of any event specified in the foregoing clauses (i) through (ix) unless, within ninety (90) days following the occurrence of such event, the Executive provides written notice to the Company of the occurrence of such event, which notice sets forth the nature of the event and the Executive terminates employment on the 30th day following receipt by the Company of such notice.

"Notice of Termination" shall mean a notice given by the Employer or Executive, as applicable, which shall indicate the date of termination and the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provisions so indicated.

"Person" shall have the meaning ascribed thereto by Section 3(a)(9) of the Securities Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof (except that such term shall not include (i) the Company or any of its Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportion as their ownership of stock of the Company, or (v) such Executive or any "group" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act) which includes the Executive).

"Securities Exchange Act" shall mean the Securities Exchange Act of 1934, asamended. "Stock" shall mean the common stock, $.01 par value, of theCompany.

"Subsidiary" shall mean any entity, directly or indirectly, through one or more intermediaries, controlled by the Company.

Section 2

CHANGE IN CONTROL SEVERANCE BENEFITS

2.1 Cash Severance. If a Covered Termination occurs, then, subject to the provisions ofSection 2.3(b) and Section 4 below, the Company shall pay to the Executive an amount equal to the sum of: (a) one (1) times the Executive's Base Salary, (b) 150% of the Annual Bonus, plus (c) $62,000.

2.2 Accelerated Vesting for Equity Awards. The vesting of the Executive's Equity Awards shall be governed by thisSection 2.2. The term "Equity Award" shall mean stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares or any other form of award that is measured with reference to the Stock.

(a) If an Executive's Equity Award (other than a Performance-Vested Equity Award, as defined below) is continued, assumed or substituted and at any time on and after the Change in Control and the Executive suffers a Covered Termination, then the vesting and exercisability of all such unvested Equity Awards held by the Executive shall be accelerated in full and any reacquisition rights held by the Company with respect to any such Equity Award shall lapse in full, in each case, upon such termination. A "Performance-Vested Equity Award" means any Equity Award that provides for vesting upon achieving a goal based on business criteria (including but not limited to stock price) that applies to the Executive, a business unit, division, Subsidiary, affiliate, the Company or any combination of the foregoing. Any accelerated vesting of a Performance-Vested Equity Award in connection with a Change in Control shall be determined under the terms of the underlying award agreement and the plan under which the Executive received such award.

(b) For avoidance of doubt, no change shall be made to any Equity Award (including, without limitation, any substitution or assumption of an Equity Award) that adversely affects the Executive unless it is consented to in writing by the Executive or is permitted under the terms of the plan under which the Equity Award was granted by the Company to the Executive.

2.3 (a) The payments and benefits provided for in Section 2.1 and Section 2.2 shall (except as otherwise expressly provided therein or as provided inSection 2.3(b) or Section 2.4(b), or as otherwise expressly provided hereunder) be made on the business day coinciding with or next following the 10th day following the Date of Termination with respect to a Covered Termination (the "Payment Date").

Notwithstanding any other provision of this Agreement, if the Executive is a "specified employee" as defined in Section 409A of the Code, any payment under this Agreement that would constitute deferred compensation for purposes of Section 409A of the Code that is payable on account of the Executive's separation from service shall be made in accordance with Section 2.4(b) hereof.

(b) Notwithstanding any other provision of this Agreement to the contrary, no payment or benefit otherwise provided for under or by virtue of the foregoing provisions of this Agreement shall be paid or otherwise made available unless, on or before the Payment Date, the Executive has executed and not revoked a valid, binding and irrevocable general release of claims in favor of the Employer, in form and substance reasonably acceptable to the Employer. Failure by the Executive to timely deliver (and not revoke) a valid and binding release shall result in the forfeiture of all payments and benefits under this Agreement.

2.4 The Company and the Executive acknowledge and agree that the payments and benefits described in Section 2.1, Section 2.2 and Section 3.1 of this Agreement (the "Deferred Compensation") may constitute a "nonqualified deferred compensation plan" that is subject to Section 409A of the Code. The Company and the Executive intend to administer the Deferred Compensation in a manner that at all times is either exempt from or complies in form and operation with the applicable limitations and standards of Section 409A of the Code. Therefore, notwithstanding anything else contained herein, the following limitations are expressly imposed with respect to the Deferred Compensation.

(a) The Executive's entitlement to receive or begin receiving payment of the Deferred Compensation is conditioned upon the Executive's separation from service. For this purpose, the Executive shall have separated from service if and only if his level of services to the Company and its affiliates decreases and is expected to remain at a level equal to twenty percent (20%) or less of the average level of services performed by the Executive during the immediately preceding 36-month period.

(b) If the Executive is a "specified employee" as defined in Section 409A of the Code with respect to the Company upon his separation from service, then any payment required hereunder, to the extent such payment would constitute deferred compensation for purposes of Section 409A of the Code that is payable on account of the Executive's separation from service, shall be deferred and shall not be paid to the Executive until the date that is the later of (1) the date such payment is due under the terms of this Agreement, or (2) 6 months and 1 day following the date of the Executive's separation from service.

(c) It is intended that each installment, if any of the payments and benefits constituting Deferred Compensation shall be treated as a separate "payment" for purposes of Section 409A of the Code. Neither the Company nor the Executive shall have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A of the Code.

Section 3

PARACHUTE TAX PROVISIONS

3.1 If all, or any portion, of the payments and benefits provided under this Agreement, if any, either alone or together with other payments and benefits which the Executive otherwise receives or is entitled to receive from the Company or its affiliates (collectively, the "Total Payments") would constitute an excess "parachute payment" within the meaning of Section 280G of the Code (whether or not under an existing plan, arrangement or other agreement) and would result in the imposition on the Executive of an excise tax under Section 4999 of the Code (the "Excise Tax"), then the Executive shall be paid or provided, as the case may be, the Total Payments unless the after-tax amount that would be retained by the Executive (after taking into account any and all applicable federal, state and local excise, income or other taxes payable by the Executive, including the Excise Tax) is less than the after-tax amount that would be retained by the Executive (after taking into account any and all applicable federal, state and local excise, income or other taxes payable by the Executive, other than the Excise Tax) if the Executive were instead to be paid or provided, as the case may be, the maximum amount of the Total Payments that the Executive could receive without being subject to the Excise Tax (the "Reduced Payments"), in which case the Executive shall be entitled only to the Reduced Payments. After- tax amounts under this Section 3.1 shall be calculated at the highest marginal individual income tax rate as set forth in the Code as in effect at the time of employment termination, subject to any adjustment that the 280G Firm (as defined in Section 3.2 below) deems appropriate to reflect the phase out of any deductions, exclusions or exemptions with respect to compensation payable to the Executive by the Company.

3.2 The amount or amounts (if any) payable under this Section 3 shall be determined, at the sole cost of the Company, by the 280G Firm, whose determination or determinations shall be final and binding on all parties. The "280G Firm" for purposes of this Section 3 shall be an accounting firm or law firm of national reputation that is selected for this purpose by the Company's Chief Executive Officer prior to a Change in Control. In order to assess whether payments under this Agreement or otherwise qualify as reasonable compensation that is exempt from being a parachute payment under Section 280G of the Code, the 280G Firm may retain the services of an independent valuation expert. The Company will direct the 280G Firm to submit any determination it makes under Section 3 and provide detailed supporting calculations and any valuation report, if applicable, to both the Executive and the Company as soon as reasonably practicable.

3.3 If the 280G Firm determines that one or more reductions are required under Section 3, the 280G Firm shall also determine which of the Total Payments shall be reduced to the extent necessary so that no portion thereof shall be subject to the excise tax imposed by Section 4999 of the Code, and the Company shall pay only the Reduced Payments to the Executive. The 280G Firm shall make reductions required under Section 3 of this Agreement in a manner that maximizes the net after-tax amount payable to the Executive as follows: first, by reducing or eliminating the portion of the Total Payments that are payable in cash; second, by reducing or eliminating the portion of the Total Payments that are not payable in cash (other than Total Payments as to which Treasury Regulations Section 1.280G-1 Q/A 24(c) (or any successor provision thereto) applies ("Q&A-24(c) Payments")); and, third, by reducing or eliminating Q/A- 24(c) Payments. In the event that any Q&A-24(c) Payment or acceleration is to be reduced, such Q/A-24(c) Payment shall be reduced or cancelled in the reverse order of the date of grant of the awards.

3.4 As a result of the uncertainty in the application of Section 280G at the time that the 280G Firm makes its determinations under this Section 3, it is possible that amounts will have been paid or distributed to the Executive that should not have been paid or distributed (collectively, the "Overpayments"), or that additional amounts should be paid or distributed to the Executive (collectively, the "Underpayments"). If the 280G Firm determines, based on either the assertion of a deficiency by the Internal Revenue Service against the Company or the Executive which assertion the 280G Firm believes has a high probability of success or controlling precedent or substantial authority, that an Overpayment has been made, the Executive must repay the Overpayment to the Company, without interest. If the 280G Firm determines, based upon controlling precedent or substantial authority, that an Underpayment has occurred, the 280G Firm will notify the Executive and the Company of that determination and the amount of that Underpayment will be paid promptly by the Company to the Executive.

3.5 The Executive will provide the 280G Firm access to, and copies of, any books, records, and documents in the Executive's possession as reasonably requested by the 280G Firm, and otherwise cooperate with the 280G Firm in connection with the preparation and issuance of the determinations and calculations contemplated by Section 3. Cooperation may include, among other things, being interviewed in order for the 280G Firm to assess whether any payments may be exempt from being parachute payments by virtue of qualifying as reasonable compensation for purposes of Section 280G of the Code.

Section 4

RESTRICTIVE COVENANTS

4.1 The Executive shall remain subject to the restrictive covenants set forth in the Employee Noncompetition, Nondisclosure and Developments Agreement ("Noncompete Agreement") following a Change in Control or any termination of employment thereafter. The Executive acknowledges that the covenants contained in the Noncompete Agreement are reasonable and necessary to protect the legitimate interests of the Company and its affiliates, that the Company would not have entered into this Agreement in the absence of such restrictions under the Noncompete Agreement, and that any violation of any provision of the Noncompete Agreement will result in irreparable injury to the Company. The Executive further represents and acknowledges that: (i) the Executive has been advised by the Company to consult Executive's own legal counsel in respect of this Agreement and the Noncompete Agreement, and (ii) the Executive has had full opportunity, prior to execution of this Agreement, to review thoroughly this Agreement and the Noncompete Agreement with Executive's counsel.

Section 5

TERM OF AGREEMENT

5.1 The Agreement shall terminate on December 31, 2019, provided, however, that the term of this Agreement shall be automatically extended thereafter for successive four (4)) year periods unless, at least ninety (90) days prior to the termination date of the then current succeeding four- year extended term of this Agreement, either party has notified the other party that the term hereunder shall expire at the end of the then-current term. Notwithstanding the foregoing, if a Change in Control occurs before the expiration of the term of this Agreement as described above, the term of this Agreement shall automatically be extended until the second anniversary of such Change in Control.

5.2 The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after its expiration shall survive any such expiration.

5.3 This Agreement shall not affect any rights of the Company or the Executive prior to a Change in Control or any rights of the Executive granted in any other agreement, plan or arrangements. The rights, duties and benefits provided hereunder shall only become effective upon a Change in Control. If the employment of the Executive by the Company is terminated for any reason prior to a Change in Control, this Agreement shall thereafter be of no further force and effect.

Section 6

MISCELLANEOUS

6.1 (a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform under the terms of this Agreement in the same manner and to the same extent that the Company and its affiliates would be required to perform it if no such succession had taken place (provided that such a requirement to perform which arises by operation of law shall be deemed to satisfy the requirements for such an express assumption and agreement), and in such event the Company (as constituted prior to such succession) shall have no further obligation under or with respect to this Agreement. Failure of the Company to obtain such assumption and agreement with respect to the Executive prior to the effectiveness of any such succession shall be a breach of the terms of this Agreement with respect to the Executive and shall entitle the Executive to compensation from the Employer (as constituted prior to such succession) in the same amount and on the same terms as the Executive would be entitled to hereunder were the Executive's employment terminated for Good Reason following a Change in Control, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business or assets as aforesaid which assumes and agrees (or is otherwise required) to perform this Agreement. Nothing in this Section 6.1(a) shall be deemed to cause any event or condition which would otherwise constitute a Change in Control not to constitute a Change in Control.

(b) Notwithstanding Section 6.1(a), the Company shall remain liable to the Executive upon a Covered Termination after a Change in Control if the Executive is not offered continuing employment by a successor to the Employer on a basis which would not constitute a termination for Good Reason.

(c) This Agreement, and the Executive's and the Company's rights and obligations hereunder, may not be assigned by the Executive or, except as provided in Section 6.1(a), the Company, respectively; any purported assignment by the Executive or the Company in violation hereof shall be null andvoid.

(d) The terms of this Agreement shall inure to the benefit of and be enforceable by the personal or legal representatives, executors, administrators, permitted successors, heirs, distributees, devisees and legatees of the Executive. If the Executive shall die while an amount would still be payable to the Executive hereunder if they had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there is no such designee, the Executive's estate.

6.2 The Executive shall not be required to mitigate damages or the amount of any payment or benefit provided for under this Agreement by seeking other employment or otherwise, nor will any payments or benefits hereunder be subject to offset in the event the Executive does mitigate.

6.3 The Employer shall pay all reasonable legal fees and expenses incurred in a legal proceeding, including any arbitration pursuant to Section 6.10 or otherwise, by the Executive in seeking to obtain or enforce any right or benefit provided by this Agreement. Such payments are to be made within twenty (20) days after the Executive's request for payment accompanied with such evidence of fees and expenses incurred as the Employer reasonably may require; provided that if the Executive institutes a proceeding and the judge or other decision-maker presiding over the proceeding affirmatively finds that the Executive has failed to prevail substantially, the Executive shall pay Executive's own costs and expenses (and, if applicable, return any amounts theretofore paid on the Executive's behalf under this Section 6.3).

6.4 For the purposes of this Agreement, notice and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when hand delivered or mailed by United States certified or registered express mail, return receipt requested, postage prepaid, if to the Executive, addressed to the Executive at his or her respective address on file with the Company; if to the Company, addressed to SeaChange International, Inc., 50 Nagog Park, Acton, MA 01720, and directed to the attention of its Chief Financial Officer; if to the Board, addressed to the Board of Directors, c/o 50 Nagog Park, Acton, MA 01720, and directed to the Company's Chief Financial Officer; or to such other address as any party may have furnished to the others in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

6.5 Unless otherwise determined by the Employer in an applicable plan or arrangement, no amounts payable hereunder upon a Covered Termination shall be deemed salary or compensation for the purpose of computing benefits under any employee benefit plan or other arrangement of the Employer for the benefit of its employees.

6.6 Other than as set forth in a Performance-Vested Equity Award(s) to which the Executive is party with the Company, this Agreement is the exclusive arrangement with the Executive applicable to payments and benefits in connection with a change in control of the Company (whether or not a Change in Control), and supersedes any prior arrangements involving the Company or its predecessors or affiliates relating to any change in control (whether or not a Change in Control). This Agreement shall not limit any right of the Executive to receive any payments or benefits under an employee benefit or executive compensation plan of the Employer, initially adopted as of or after the date hereof, which are expressly contingent thereunder upon the occurrence of a change in control (including, but not limited to, the acceleration of any rights or benefits thereunder); provided that in no event shall the Executive be entitled to any payment or benefit under this Agreement which duplicates a payment or benefit received or receivable by the Executive under any severance or similar plan or policy of the Employer, and in any such case the Executive shall only be entitled to receive the greater of the two payments.

6.7 Any payments hereunder shall be made out of the general assets of the Employer. The Executive shall have the status of general unsecured creditor of the Employer.

6.8 Nothing in this Agreement shall confer on the Executive any right to continue in the employ of the Employer or interfere in any way (other than by virtue of requiring payments or benefits as may expressly be provided herein) with the right of the Employer to terminate the Executive's employment at any time.

6.9 The Employer shall be entitled to withhold from any payments or deemed payments any amount of tax withholding required by law.

6.10 The Executive may elect to have any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement (other than with respect to an alleged breach of a restrictive covenant under Section 4 above) that is not resolved by the Employer submitted to binding arbitration under the Federal Arbitration Act in Boston, Massachusetts, administered by the American Arbitration Association under its Employment Dispute Resolution Rules, subject to any additional terms and conditions as may be agreed to by the Executive and the Employer. The determination of the arbitrator(s) shall be conclusive and binding on the Employer and Executive and judgment may be entered on the arbitrator(s)' award in any court having jurisdiction. The arbitration provisions hereof shall, with respect to such controversy or dispute, survive the termination of this Agreement. This Section 6.10 shall be administered in accordance with the disputed payment provisions of Treasury Regulation Section 1.409A-3(g).

6.11 This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any such right, power or privilege nor any single or partial exercise of any such right, power or privilege, preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

6.12 The Executive agrees that he will be subject to any compensation clawback or recoupment policies that may be applicable to him as an executive officer of the Company, as in effect from time to time and as approved by the Board or a duly authorized committee thereof, whether or not approved before or after the effective date of this Agreement.

6.13 The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement which shall remain in full force and effect.

6.14 The use of captions in this Agreement is for convenience. The captions are not intended to and do not provide substantive rights.

6.15 THIS AGREEMENT SHALL BE CONSTRUED, ADMINISTERED AND ENFORCED ACCORDING TO THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW, EXCEPT TO THE EXTENT PREEMPTED BY FEDERAL LAW.

[The remainder of this page is left intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have signed their names, effective as of the date first above written.

SEACHANGE INTERNATIONAL, INC.

By:	/s/ Yossi Aloni
Name:	Yossi Aloni
Title:	President and Chief Executive Officer

EXECUTIVE:

By:	/s/ Michael Prinn
Name:	Michael Prinn

Exhibit 31.1

CERTIFICATION

I, Yossi Aloni, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SeaChange International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a – 15(f) and 15d – 15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2019

By: /s/ YOSSI ALONI
Yossi Aloni
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Michael D. Prinn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SeaChange International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a – 15(f) and 15d – 15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2019

By: /s/ MICHAEL D. PRINN
Michael D. Prinn
Chief Financial Officer, Senior Vice President and Treasurer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SeaChange International, Inc. (the "*Company*") on Form 10-Q for the period ending October 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), I, Yossi Aloni, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 5, 2019

/s/ YOSSI ALONI
Yossi Aloni
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SeaChange International, Inc. (the "*Company*") on Form 10-Q for the period ending October 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), I, Peter R. Faubert, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 5, 2019

/s/ MICHAEL D. PRINN

Michael D. Prinn
Chief Financial Officer, Senior Vice President and Treasurer
(Principal Financial and Accounting Officer)