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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

_____, Individually and on Behalf
of All Others Similarly Situated,

Plaintiff,

vs.

EVERBRIDGE, INC., DAVID
MEREDITH, PATRICK BRICKLEY,
and JAIME ELLERTSON,

Defendants.

) Case No.

) CLASS ACTION

) COMPLAINT FOR VIOLATION OF
THE FEDERAL SECURITIES LAWS

) DEMAND FOR JURY TRIAL

1 Plaintiff _____ (“Plaintiff”), individually and on behalf of all others
2 similarly situated, alleges the following based on personal knowledge as to
3 Plaintiff and Plaintiff’s own acts, and upon information and belief as to all other
4 matters based upon the investigation conducted by and through Plaintiff’s
5 attorneys, which included, among other things, a review of press releases and other
6 public statements issued by Everbridge, Inc. (“Everbridge” or the “Company”),
7 Everbridge’s filings with the U.S. Securities and Exchange Commission (“SEC”),
8 transcripts of Everbridge conference calls with analysts, media and analyst
9 reports about the Company, and discussions with former Everbridge employees.
10 Plaintiff believes that substantial additional evidentiary support will exist for the
11 allegations set forth herein after a reasonable opportunity for discovery.

12 **JURISDICTION AND VENUE**

13 1. The claims asserted herein arise under Sections 10(b) and 20(a) of the
14 Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78j(b) and 78t(a),
15 and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5. This
16 Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§
17 1331 and 1337, and Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

18 2. Venue is proper in this District pursuant to Section 27 of the Exchange
19 Act, 15 U.S.C. § 78aa, and 28 U.S.C. § 1391(b). Everbridge transacts business in this
20 District, and the Company’s West Coast headquarters are located within this District
21 at 155 North Lake Avenue, Suite 900, Pasadena, California 91101.

22 3. In connection with the acts alleged in this complaint, Defendants, directly
23 or indirectly, used the means and instrumentalities of interstate commerce, including,
24 but not limited to, the mails, interstate telephone communications, and the facilities
25 of the national securities markets.

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SUMMARY OF THE ACTION

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2 4. This is a securities class action on behalf of all persons or entities who
3 purchased or otherwise acquired Everbridge common stock between November 4,
4 2019 and February 24, 2022, inclusive (the “Class Period”). The action is brought
5 against Everbridge and certain of its officers for violations of the Exchange Act and
6 SEC Rule 10b-5 promulgated thereunder.

7 5. Everbridge is a global software company that provides enterprise
8 software applications to automate and accelerate organizations’ operational response
9 to “critical events” in order to keep people safe and organizations running. The events
10 for which the software is designed to operate include public safety threats,
11 Information Technology (“IT”) outages, cyber-attacks, product recalls or supply-chain
12 interruptions. As of December 31, 2021, Everbridge had over 6,100 customers,
13 comprising public and private corporations, small businesses, non-profit
14 organizations, educational institutions and governmental agencies based in over 75
15 countries.

16 6. Shortly before and throughout the Class Period, Everbridge engaged in an
17 unusual buying spree, purchasing nine separate companies. During that same time,
18 Defendants misled investors regarding both the significant problems Everbridge was
19 encountering by its multiple acquisitions and the extent to which the revenues it
20 obtained from those acquired companies were being used to mask increasingly
21 stagnant organic growth.

22 7. Defendants misled investors when they were specifically asked whether
23 in fact the Company was experiencing any integration problems with respect to its
24 acquisition of numerous other companies during the Class Period, saying, for
25 example, as to one acquired company, xMatters, that “integration is just starting, but
26 it’s already going great,” and two months later that integration was “probably ahead of
27 schedule.” In fact, however, upon information and belief, Everbridge was unable to
28 effect complete integration of these acquired companies as their products required

1 multiple, different systems, running on different internal databases, with dedicated
2 legacy sales staffs trained and operating differently than those originally with
3 Everbridge, leading many to leave the Company.

4 8. As well, during the Class Period, Defendants led investors to expect
5 every quarter and fiscal year that it would achieve revenue growth over and above
6 30%, with acquisitions making up only about 5% of that aggregate figure, and in each
7 such reporting period they boasted that the Company had exceeded its own guidance.
8 However, Everbridge's publicly available financial statements did not break out
9 aggregate revenue amounts by business segment. The result was a lack of
10 transparency as to the extent to which organic growth was lagging and the Company
11 was only able to continue with this pattern by acquiring other companies and using
12 their legacy revenues to fill in the gaps.

13 9. Both of these related misleading courses of action, in combination with
14 each other, were unsustainable. The failure to fully integrate the acquired companies
15 with Everbridge, and the increasing complexity its products introduced into the
16 Company's offerings, rendered it increasingly difficult to pitch a single, coherent
17 system to Chief Information Officers of prospective customers. The eventual result
18 was a drop off of organic sales to such an extent that it could no longer be
19 camouflaged with the revenues from additional acquisitions. Combined with this
20 event was the collapse of Defendants' persistent effort to falsely portray the COVID
21 pandemic as a "net-net" positive for Everbridge, including the misrepresentation that
22 the pandemic had not diminished the size of deals that Everbridge was able to secure
23 with customers or, later, that such an effect had been reversed.

24 10. The truth regarding Everbridge's failed growth strategy was partially
25 revealed through a press release issued after the close of the regular trading session on
26 December 9, 2021. On that date, the Company disclosed that Defendant David
27 Meredith had unexpectedly resigned as Chief Executive Officer ("CEO"), without
28 providing a reason for his decision. The Company also provided 2022 revenue growth

1 guidance of between 20%-23%, well below the expected baseline of 30%. One
2 analyst, Raymond James, stated in its December 16, 2021 report that “[w]hile we
3 don’t have exact details on the xMatters and Anvil [the two most recent acquisitions]
4 contributions to revenue growth next year, we believe the guidance implies organic
5 revenue growth in the high teens range.” On this news, Everbridge’s common stock
6 price fell almost by half, a price decline of \$52.37 per share, or 45.4%, to close at
7 \$63.00 per share on December 10, 2021.

8 11. Then, on February 24, 2022, after the close of regular trading, the full
9 truth was revealed. On that date, Everbridge announced its financial results for the
10 fourth quarter and full year 2021, as well as its guidance for the first quarter and full
11 year 2022. As to revenue, the Company guided only 20% growth in the first quarter
12 of 2022 and a scant 15%-17% growth for the full year, even lower than the
13 disappointing guidance previously issued in December 2021. Further, in an earnings
14 call with analysts that same day, the new interim co-CEO, Vernon Irvin, disclosed for
15 the first time, despite prior representations to the contrary, that “these products and
16 businesses” obtained from Everbridge’s buying binge “have created incremental
17 product line complexity that produce integration challenges and have complicated our
18 go-to-market efforts.” He also stated that Everbridge will pause engaging in any new
19 M&A activity to focus on product integration, as well as significantly “simplify” and
20 reduce its product offerings. Further, Irvin disclosed that in its international public
21 warning business, Everbridge was “seeing meaningful contraction in the size of
22 countrywide deals as compared to the wins that we are seeing over the past couple of
23 years.”

24 12. Defendant Patrick Brickley, the other interim co-CEO, stated that the
25 focus on product integration and simplification would alone result in an approximate
26 \$17 million of revenue loss. He also disclosed that the decline in deal sizes “has been
27 exacerbated by lingering effects of COVID,” and that it would result in another \$15
28

1 million reduction in revenues. On all this news, Everbridge’s common stock price fell
2 another \$15.68 per share, or 33.9%, to close at \$30.61 per share on February 25, 2022.

3 13. As a result of Defendants’ wrongful acts and omissions, and the
4 precipitous decline in the market value of the Company’s common stock, Plaintiff and
5 other Class members have suffered significant losses and damages.

6 **PARTIES**

7 14. Plaintiff _____ purchased Everbridge common stock during the
8 Class Period, as set forth in the certification attached hereto, and was damaged as the
9 result of Defendants’ wrongdoing as alleged in this complaint.

10 15. Defendant Everbridge is a Delaware corporation, based in Burlington,
11 Massachusetts with its West Coast headquarters located at 155 North Lake Avenue,
12 Suite 900, Pasadena, California 91101. The Company’s common stock is listed on the
13 NASDAQ Global Market (“NASDAQ”) under the ticker symbol “EVBG.”

14 16. Defendant David Meredith (“Meredith”) served as CEO of Everbridge as
15 of July 15, 2019 and during all relevant times prior to December 9, 2021, on which
16 date he unexpectedly resigned from that post.

17 17. Defendant Patrick Brickley (“Brickley”) served as Senior Vice President
18 and Chief Financial Officer (“CFO”) of Everbridge as of March 1, 2019, months
19 before the start of the Class Period, including during all relevant times. After
20 December 9, 2021, he also served as interim co-CEO.

21 18. Defendant Jaime Ellertson (“Ellertson”) served as Executive Chairman of
22 the Board of Directors of Everbridge during all relevant times, preceding Meredith as
23 CEO before July 15, 2019.

24 19. Defendants Meredith, Brickley and Ellertson are collectively referred to
25 hereinafter as the “Individual Defendants.” The Individual Defendants, because of
26 their positions with the Company, possessed the power and authority to control the
27 contents of Everbridge’s reports to the SEC, press releases, and presentations to
28 securities analysts, money portfolio managers and institutional investors, *i.e.*, the

1 market. The Individual Defendants were provided with copies of the Company's
2 reports and press releases alleged herein to be misleading prior to, or shortly after,
3 their issuance and had the ability and opportunity to prevent their issuance or cause
4 them to be corrected. Because of their positions and access to material non-public
5 information available to them, the Individual Defendants knew that the adverse facts
6 specified herein had not been disclosed to, and were being concealed from, the public,
7 and that the positive representations that were being made were then materially false
8 and/or misleading. The Individual Defendants are liable for the false statements
9 pleaded herein, as those statements were each "group-published" information, the
10 result of the collective actions of the Individual Defendants.

11 20. Everbridge and the Individual Defendants are collectively referred to
12 herein as "Defendants."

13 **SUBSTANTIVE ALLEGATIONS**

14 **Background**

15 21. Based in Burlington, Massachusetts, while maintaining a West Coast
16 headquarters in Pasadena, California, Everbridge is a software provider using in the
17 vast majority of its transactions with customers a "SaaS," or software as a service,
18 model. As its name implies, SaaS is a way of delivering applications over the Internet
19 that are intended to be used as a service. Instead of installing and maintaining
20 software, a customer accesses it through the Internet, with the provider, in this case
21 Everbridge, delivering all software and hardware management.

22 22. Everbridge's value proposition to its customers---business as well as non-
23 profit enterprises, educational institutions, and public agencies of municipal, state,
24 federal and foreign governments---is that its products will improve their operational
25 response to a variety of physical and digital risks and dangers, thereby safeguarding
26 their employees, customers, assets, supply chains and operations. The Company
27 separates its product offerings into three categories. The first is Mass Notification,
28 applications designed to communicate to an entire defined population in the event of a

1 threat or emergency. The second category comprises applications intended to monitor
2 potential threats and/or proactively manage any that are active, including providing an
3 automated response. Finally, Everbridge sells an application, under the name Critical
4 Event Management (“CEM”), that is a suite of various of its products, created to
5 provide a purported integrated response to risks and threats.

6 23. Everbridge derived a substantial, even if declining, portion of its
7 revenues during the Class Period from sale of its Mass Notification products – 61%,
8 50%, and 42% respectively in 2019, 2020, and 2021. Though considered the
9 Company’s core service offering, Defendant Brickley stated at a March 5, 2020
10 Company conference presentation that “we knew pre-IPO, that you can’t really go
11 public and sustain on just the mass notification opportunity” as it was “not growing
12 super quickly.”

13 24. Everbridge sold all of its applications during the Class Period on a
14 subscription basis, pursuant to contracts of 1-3 years, with an average range during
15 each of the years during that period of 1 to 2 years. In turn, it derived most of its
16 revenues from either payments pursuant to new contracts or renewals of existing
17 contracts, with such amounts representing 90%, 89%, and 89% of total revenue in
18 2019, 2020, and 2021, respectively. Defendant Brickley stated at a June 19, 2019
19 shareholder/analyst conference that “[a]s a result, we have great visibility and
20 predictability into the future, and we continue to have that.” On average throughout
21 the Class Period, the Company represents that its renewals were at 110% of the
22 original contract amount.

23 25. The remainder of its revenues, needed to show revenue growth, came
24 from new clients and cross-selling and up-selling additional and new products to its
25 existing client base. The guidance that the Company provided, for each fiscal quarter
26 and year, was, as Defendant Ellertson stated at the February 18, 2020 fourth quarter
27 2019 earnings call, “30% to 35% growth on an annualized basis. And that’s
28

1 comprised of organic growth plus a couple of percentage points, not much different
2 than what we said historically, 3% to 7% from M&A.”

3 26. With regard to Everbridge’s M&A purchases, prior to the Class Period, at
4 a February 28, 2019 Company conference, Defendant Ellertson claimed that “We
5 don’t buy revenue typically.” The Company’s Form 10-K for fiscal year 2019, filed
6 on February 28, 2020, stated that “[w]e plan to continue to selectively pursue
7 acquisitions of complementary businesses, technologies and teams that allow us to
8 penetrate new markets and add features and functionalities to our platform.”

9 27. Regardless of their respective merits, from near the beginning of the
10 Class Period to its end, Everbridge engaged in a flurry of acquisitions, purchasing nine
11 new companies, all of which, alone or together enabled the Company to beat analyst
12 consensus estimates and its own revenue guidance because of acquired revenue. The
13 acquired companies during the Class Period were:

14	COMPANY NAME	DATE OF ACOUISITION	ASSET ACQUIRED
15			
16	NC4 Inc. and NC4 Public Sector	August 1, 2019	Real time intelligence and analyst team
17			
18	One2Many Group B.V.	March 23, 2020	Cell broadcast technology to enhance the Company’s public warning applications
19			
20	Connexient, Inc.	March 31, 2020	Technology assets to broaden support for Internet of Things (“IoT”) applications
21			
22	CNL Software Limited	March 31, 2020	Technology assets to broaden support for IoT applications
23			
24	Techwan SA	May 27, 2020	Strategic technology assets
25			
26	SnapComms Limited	September 30, 2020	Internal communications software
27			
28	Red Sky Technologies Inc.	January 15, 2021	E911 incident response solutions platform
	xMatters Holdings, Inc.	May 7, 2021	Service reliability platforms

COMPANY NAME	DATE OF ACQUISITION	ASSET ACQUIRED
The Anvil Group Limited	November 16, 2021	Travel risk management, operational resiliency and occupational health solutions platforms

28. Throughout the Class Period, certain analysts expressed skepticism as to the extent to which Everbridge’s ever-increasing guidance and results provided an accurate reflection of organic growth. Thus, at the February 18, 2020 fourth quarter 2019 earnings call, one analyst asked the following question:

But if I look at your revenue guidance, it seems like you’re guiding below the 30% mark organically, which will be below the commentary that Jaime spoke about earlier for sustainable 30% growth with M&A in addition to that. Are there any one-timers that we should be thinking about or just timing of revenue recognition that are impacting fiscal ‘20?

Ellertson responded by obscuring the difference between organic growth and contributions from recently acquired companies, saying, “So when you look at the second half of Q4 and what we said to expect from NC4 and you adjust for that, you’ll see that we’ve had strong organic growth. And as I said earlier, as we head into 2020, we’ve really integrated NC4 and Risk Center into our entire product offering. And so it’s difficult to break that out.”

29. Relatedly, throughout the Class Period, Defendants insisted that Everbridge had been successfully integrating all of its acquisitions, without any hint of any trouble in doing so. At a June 10, 2021 corporate presentation, Meredith made the following claim relating to all of Everbridge’s acquisitions: “[a]nd I would say we’ve been really good about getting the capabilities integrated.” Similarly, on the November 9, 2021 third quarter 2021 earnings call, Brickley said as to the xMatters acquisition, “We’ve integrated the people. We’ve integrated the sales. We’ve

1 integrated the funnels. We're integrating the technology. So we don't break it out.
2 But so far, so good."

3 30. Defendants further made representations to the investing public during
4 the Class Period as to the extent to which its sales were being adversely affected by
5 disruptions caused by the COVID pandemic. While advertizing vaguely as to certain
6 customers who were delaying purchases or payments, Defendants consistently used
7 the term "net-net" to misleadingly suggest that the pandemic was on the whole a
8 positive for the Company. That is, Everbridge developed and offered to customers a
9 COVID Shield solution, providing, among other things contact tracing capabilities, as
10 well as a return-to-work solution. Through most of the Class Period, Defendants
11 claimed that both the revenue and additional clients it obtained by these offerings
12 outweighed any negative drag on its business.

13 31. At a March 23, 2020 shareholder/analyst call, when asked if the
14 pandemic was making it "more difficult to sell," Meredith said "net-net, I think we're
15 just getting – we're very busy. We're getting a lot of engagement, and we're working
16 harder than we've ever worked. And the system is producing at volumes that are
17 much higher than we've ever had to produce at." On the August 6, 2020 second
18 quarter 2020 earnings call, Brickley said that while Everbridge had received some
19 requests from customers for changes in payment terms, "I don't anticipate that it's
20 adding anything materially new to our billings dynamic." Meredith further asserted
21 that "I don't think it impacts deal sizes" and that "I would say the net-net of it is,
22 overall, the sales funnel pipeline is stronger overall." At another corporate
23 presentation on May 12, 2020, Brickley similarly said "net-net, it should be a
24 positive."

25 32. Based on the material misrepresentations and omissions that Defendants
26 made throughout the Class Period, investors in Everbridge were led to believe that the
27 Company was experiencing healthy organic growth, that it was successfully and
28 seamlessly integrating the unusually high number of companies it had acquired during

1 this time into its business, that the multiple new offerings obtained from these
2 acquisitions were enhancing its ability to make new sales to customers, rather than
3 hindering such efforts, and that Everbridge was experiencing a net positive affect on
4 its revenues during the COVID pandemic.

5 **MISLEADING STATEMENTS ABOUT EVERBRIDGE’S ABILITY**
6 **TO EXCEED ITS GUIDANCE**

7 33. The Class Period begins on November 4, 2019, the day Everbridge issued
8 a press release announcing financial results for the third quarter ended September 30,
9 2019. In the press release, Defendant Meredith was quoted saying “We exceeded our
10 guidance ranges for revenue and profitability in the third quarter, with continued
11 demand for our Critical Event Management Suite and Public Warning solutions.”

12 34. During the related earnings call on the same day, Defendant Ellertson
13 stated, “Our Q3 results exceeded the high end of our guidance ranges.” Following up
14 on that statement, Meredith emphasized the point, saying “As Jaime indicated, **we**
15 **beat our financial guidance** for the third quarter, **continuing the track record we’ve**
16 **achieved every quarter** since our IPO over 3 years ago. Revenue was \$52.5 million,
17 representing growth of 35%, including contribution from our NC4 acquisition.”
18 Defendant Brickley also claimed that “we are pleased to again deliver a financial
19 performance that exceeded our guidance ranges, and we believe we are entering the
20 fourth quarter with strong business momentum across the board.”

21 35. While Defendants acknowledged that revenues from the NC4 contributed
22 to the third quarter results, the statements contained in ¶¶ 33-34 above as to the
23 continuation of a track record of beating the Company’s own financial guidance, and
24 therefore evidence of the growing attraction of Everbridge’s CEM suite and its other
25 products, are materially misleading, reflecting a manipulation of that guidance.

26 36. At the August 5, 2019 earnings call for its second quarter ended June 30,
27 2019, Defendant Brickley provided third quarter guidance for revenue of between
28 \$51.3 million to \$51.6 million, which was the basis for the consensus analyst estimate

1 of \$51.4 million. On the same call, Brickley said that “[g]iven that certain
2 components of the transaction will not be finalized until the end of the third quarter,
3 and that purchase accounting cannot be completed until then, we will not be updating
4 our guidance for the acquisition until our third quarter call.” At the same time,
5 however, he also said that “[o]ur outlook for the rest of the year includes a minimal
6 contribution to revenue for **known NC4 contracts**, most of which will be recognized
7 in Q4.” In other words, while as yet to be completed purchase accounting could affect
8 part of the financial results for the rest of the year, the Company was nonetheless
9 aware of the legacy revenue the deal would bring in from “known contracts,” some of
10 which would be included in Everbridge’s third quarter results, and that the guidance
11 Brickley provided accounted for that revenue. However, on the third quarter call on
12 November 4, 2019, at the beginning of the Class Period, Brickley revealed that the
13 third quarter results “included a better-than-expected contribution of approximately \$2
14 million from our acquisition of NC4.” Notably, no explanation was provided for that
15 purportedly surprise additional revenue from NC4, including whether additional
16 contracts beyond those that had been “known” were discovered. Also notable was
17 that, given that third quarter 2019 revenue exceeded guidance by only slightly more
18 than \$1 million, absent that surprise \$2 million of another company’s sales results (or
19 any amount over what had purportedly been expected), Everbridge would have come
20 in only at or *below* both its own guidance and possibly that of the Wall Street
21 consensus estimate.

22 **FALSE AND MISLEADING STATEMENTS ABOUT**
23 **INTEGRATION OF ACQUISITIONS**

24 37. On Everbridge’s third quarter 2019 earnings call on September 4, 2019,
25 an analyst sought to get information as to what financial contribution NC4 provided
26 beyond its legacy revenues, only to be met with evasion. He asked “[i]n terms of
27 contributions from NC4 in the quarter, I believe you said it was roughly \$2 million of
28 revenue. But any color on the impact to billings at all in the quarter?” Brickley’s

1 response was “No, as we said, there’s the revenue contribution with the upcoming 10-
2 Q, there’ll be more detail in terms of deferred, but you also would have seen some of
3 that in a recently filed 8-K for the legacy business. So we would just say that we’re
4 really thrilled with the acquisition. It’s meeting our strategic objectives. And **as we**
5 **integrate and rightsize that business**, which will continue to happen through Q4 and
6 as we head into next year, we’re very excited about the contribution that it has, not
7 just financially, but more importantly, strategically.”

8 38. Also during the November 4, 2019 earnings call, Brickley stated that
9 “[n]ow that we’ve closed the acquisition of NC4 and are **well down the path of**
10 **rightsizing and integrating that business**, we are updating our expectations for the
11 revenue contribution from NC4 this year to be approximately \$4.5 million.”

12 39. During the February 18, 2020 fourth quarter 2019 earnings call, Brickley
13 went further, claiming “[a]nd because **NC4 is now fully integrated** into Risk Center
14 and it’s not sold separately, it’s impossible to attribute a revenue contribution from it
15 alone.” Ellertson repeated this representation, saying “we’ve **really integrated NC4**
16 **and Risk Center** into our entire product offering. And so it’s difficult to break that
17 out.”

18 40. On the March 23, 2020 shareholder/analyst call, Meredith claimed that
19 “if you look at the **acquisitions that we have done with Connexient, one2many and**
20 **others**, we now have over 225 out-of-the-box **integrations**. So we now truly can be
21 that **unified enterprise-wide operating system** to allow you to operate across your
22 business, your organization globally, and that’s very powerful and that’s very sticky.”

23 41. During the first quarter 2021 earnings call on May 10, 2021, Meredith
24 further stated that, “[n]ew **CEM product features** and capabilities announced in the
25 first quarter, combined with our recently closed **acquisition of xMatters** further
26 support this approach. In our first quarter, this strategy **continued to drive greater**
27 **market acceptance of our CEM platform** as illustrated by larger wins.”

28

1 42. At a June 10, 2021 Company conference, Meredith exclaimed “So we’re
2 really excited. **The integration is just starting, but it’s already going great.** We’ve
3 been getting pulled in more and more from our customers. And they’re saying, we
4 really want a common operating system in a single pane of glass across all digital and
5 physical.” Going further, he said generally as to Everbridge’s ability to seamlessly
6 integrate new acquisitions that “[h]istorically, we’ve, I think, been pretty prudent
7 about what we paid. And I would say **we’ve been really good about getting the**
8 **capabilities integrated.**”

9 43. During the August 9, 2021 second quarter 2021 earnings call, Meredith
10 further represented that:

11 And speaking of cybersecurity, with cyber and ransomware attacks
12 regularly making news headlines, our timing for executing the
13 acquisition of xMatters could not have been better. **Our integration**
14 **plans are on schedule** and the combination of Everbridge and xMatters
15 solutions to deliver the leading digital and physical critical event
16 management platform is already performing ahead of our initial
17 expectations, and we expect this trend to continue.

18 Indeed, on the same call, Meredith went even further, stating that:

19 They understand our space and the strategic fit of digital plus
20 physical is resonating well with customers. And so based on our internal
21 expectations, what we thought we’d do on sales, like we’re doing better.
22 And so we certainly are going to try to continue that. **We are**
23 **integrating.** We did have an ITA business previously. So we’re
24 integrating those teams. **They’ve already been integrated.**

25 Brickley added at the same conference that “[p]ipeline as it relates to xMatters, well,
26 we’ve been integrating the businesses practically since before the acquisition began.”

27 44. At the November 9, 2021 third quarter 2021 earnings call, Meredith
28 represented that “[t]here’s an increased awareness of the importance of CEM. And

1 we're **doing a better job of bundling together our different CEM capabilities** into
2 deals, and that's manifesting itself in the ASPs [average selling prices] and the large
3 deals." Specifically addressing the xMatters acquisition, he further stated:

4 Obviously with the xMatters platform. It was many years of
5 development, really nice system interface functionality use cases digital
6 operations. It's – it really adds a lot of capability to what we were doing
7 with our IT Alerting. And we're already doing integrations, right? **So**
8 **we've got that integrated now with our crisis management module,**
9 **we've got [it] integrated with our employee communications module,**
10 **integrated with our Visual Command Center.** So people are seeing
11 the value of it coming together over time and giving us really positive
12 feedback.

13 Brickley added that "it's performing as expected. We've integrated the people.
14 We've integrated the sales. We've integrated the funnels. We're integrating the
15 technology. So we don't break it out. But so far, so good."

16 45. During a November 30, 2021 Company conference, Brickley responded
17 to a question as to the status of the xMatters acquisition using similar language to
18 what he had said during the earnings call, claiming that "[w]e've begun that
19 technological integration. We've locked up key hires, and we're retaining them. And
20 so, so far, so good."

21 46. The statements contained in ¶¶ 36-45 were materially false and/or
22 misleading when made because Defendants failed to disclose that Everbridge
23 struggled to integrate the new businesses it acquired as, upon information and belief,
24 the products of the acquired companies required multiple, different systems to operate,
25 running on different internal databases, with dedicated sales staff who operated with
26 different procedures and different sales software, some located in different time zones.
27 The inability to integrate the sales staff of the acquired companies led to most of them
28 leaving the Company, taking with them crucial knowledge relating to the acquired

1 products and prior successful efforts to sell them. With each new company that was
2 acquired, these problems multiplied, and Everbridge’s focus was taken off particular
3 difficult integration issues pertinent to prior acquisitions. These problems, and the
4 increasing complexity of Everbridge’s product line, created increasing difficulty in the
5 Company’s ability to pitch a single, coherent system and sell its products to new and
6 existing customers.

7 **FALSE AND MISLEADING STATEMENTS**
8 **ABOUT IMPACTS FROM COVID**

9 47. During the Company’s first quarter 2020 earnings call on May 5, 2020,
10 Meredith was asked, “So just on individual Mass Notification sales, has there been
11 any impact to go-to-market as a result of the shift to remote work, like are customers
12 holding off until they’re back in the office? Or is it more difficult selling without
13 being on site? Or on the other hand, have you seen this increase due to COVID?”
14 Meredith responded by saying, “So I think – net-net, I think we’re just getting – we’re
15 very busy. We’re getting a lot of engagement, and we’re working harder than we’ve
16 ever worked. And the system is producing at volumes that are much higher than
17 we’ve ever had to produce at. But this is why we built a scalable cloud-based system,
18 and it’s working the way it’s supposed to.”

19 48. Also, on the May 5, 2020 earnings call, an analyst asked Brickley if
20 Everbridge was experiencing “actually a pull forward in demand? And could that
21 actually create some tougher compares or growth headwinds in either the back half of
22 the year or beginning the next year?” Brickley acknowledged that COVID had
23 “impacted our business in the last few weeks of the quarter,” but also stated that there
24 were “cross-currents” and on balance saw the pandemic having a positive impact on
25 the Company:

26 And I think . . . Some deals were very clearly pulled forward from future
27 quarters, where it was very vivid of the urgency to upsell to CEM, get it
28 turned on and help customers, even some of those in the hardest-hit

1 verticals, to manage through the impact of COVID to spin down their
2 operations quickly and effectively, and further to be able to spin them
3 back up as quickly and effectively as possible when that – when the time
4 is right.

5 So we saw that. We also saw a couple of examples of folks who
6 said they're a little too busy dealing with COVID to implement a
7 solution that helps them deal with COVID. And so that's part of what I
8 think as –so we got the kind of the upfront, and there's a whole lot of
9 increased awareness and interests and a lot of inbound interests. And
10 then I think for a number of those folks, who were too overwhelmed in
11 those last couple of weeks of March, they'll – eventually, things will
12 come down for them, and they'll be able to come back around.

13 So we **think, net-net, it's an acceleration of our -- when we**
14 **came in, so 2020 thinking was an opportunity for us, a strategic**
15 **opportunity**, create this category, increase awareness of CEM, increase
16 awareness of Everbridge. **We think this has just accelerated that.**
17 **Everything that's relevant to COVID, it's a critical event.**
18 Everything that our software does to help customers through COVID,
19 helps them through other critical situations as well. **So net-net, it**
20 **should be positive.**

21 49. During Everbridge's second quarter 2020 earnings call on August 6,
22 2020, Brickley was asked if because of COVID and other "macro" events the
23 Company was seeing any changes in its billing. Brickley stated that "[w]e're
24 continuing to see that we are high up on the totem pole when it comes to the
25 organizations that are in distressed verticals or the most distressed verticals, reaching
26 out to their vendors and their partners for payment term requests because **while we've**
27 **certainly received some of such requests, it seems like we're receiving far less**
28 **than a number of my peers are.** So I think that bodes well, and it's never a question

1 of whether [they] can pay. So there's some of that out there, but **I don't anticipate**
2 **that it's adding anything materially new to our billings dynamic.**"

3 50. When asked on the same call if the COVID pandemic was affecting deal
4 sizes, Meredith claimed it was not, saying, "**I don't think it impacts deal sizes.** I
5 do – I think that emphasis placed on certain use cases that are more relevant now than
6 other use cases. So there are some use cases that in normal times, they would be more
7 focused on. And – but I would say **the net-net of it is, overall, the sales funnel**
8 **pipeline is stronger overall.** And where – the sales cycles are getting shorter, but we
9 are – it's a different set of use cases that are of primary interest at this time versus
10 something that would have been 9 months ago."

11 51. Similarly, during an August 12, 2020 Company conference presentation,
12 Meredith said, "[a]nd there's some things that help us with COVID, there's some
13 things that make it very difficult with COVID, depends on the use case. **But the**
14 **overall trend continues to be up and to the right** and we think people will be more
15 aware in time that, wow, this is a big category, and we understand what Everbridge
16 has been aiming for all along. So I think people are coming around, and I think that
17 will become more evident."

18 52. The statements contained in ¶¶ 47-51 were materially false and/or
19 misleading when made because Defendants failed to disclose that the COVID
20 pandemic did in fact have, and continued to have throughout that part of the Class
21 Period starting when the pandemic began, a material impact on the size of the deals
22 that Everbridge was able to obtain, with a negative effect on revenue growth. Indeed,
23 Brickley admitted as much at a December 2, 2021 Company conference presentation,
24 saying:

25 So when COVID really started to kick in, in March of 2020, I think there
26 was a great expectation that we were going to be like Zoom, like
27 everyone is going to need the alerting and I think our stock ran really far
28 really fast. And what happened was – I had mentioned that the **majority**

1 **of our revenues from corporate – well, corporate’s starting to pump**
2 **the brakes**, and we had a lot of large deals in the pipeline where they
3 said, “I no longer want the full platform right now, just give me a
4 component of the platform that I can take and use specifically during
5 COVID, and then we’ll grow from there.” And so what the impact of
6 that, **as COVID kicked in, was our ASPs dropped.**

7 We have been optimizing our go-to-market – since we’ve been
8 building out this platform, we’ve been to optimize our go-to-market to
9 sell at higher prices to sell multiple products.

10 And we had gotten our ASP up from what used to be \$25,000,
11 \$30,000. We’ve gotten up to \$80,000, \$90,000, and then COVID hit,
12 and it dropped back down closer to 60%. **And so that bled into**
13 **revenue**, it’s ratable recurring revenue. **So there’s only so much you**
14 **can do if your initial sale is a lot lower priced than it used to be.**

15 53. Nonetheless, Brickley wholly mitigated the effect of these admissions.
16 First, he ended with yet another discussion as to the purported “tailwind” effect of
17 greater awareness of Everbridge’s value to a wider audience that COVID brought.
18 More importantly, for investors concerned about Everbridge’s share price, Brickley
19 claimed that “we’re seeing ASPs return,” that “deals were coming back,” in both the
20 corporate space and, even if “a bit more slowly,” with regard to deals with
21 governments and health care entities. Further, even more significantly, while
22 estimating 2021 revenue growth at “35%, 36%,” Brickley relieved any anxiety that
23 shareholders may have had by saying “[n]ext year, we’re going to do better.”

24 **THE TRUTH IS REVEALED**

25 54. On December 9, 2021, just one week later, Defendants partially revealed
26 the true state of its business through a press release that contained two shocking
27 announcements. First, Everbridge announced that Meredith had resigned from his
28 post as CEO, providing no explanation for this decision. Brickley and Vernon Irvin,

1 Everbridge’s Chief Revenue Officer, were appointed as interim co-CEOs pending the
2 appointment of someone to permanently fill that spot. Second, Everbridge reduced
3 revenue guidance for 2022 to 20%-23% growth, well below its historic forecasts of
4 30% plus revenue growth. On this news, Everbridge’s common stock price fell
5 \$52.37 per share, or almost by half, 45.4%, to close at \$63 per share on December 10,
6 2021.

7 55. Truist Securities wrote in its December 23, 2021 report that “The
8 company’s 20%-23% initial growth outlook is certainly disappointing and is counter
9 to at least a mid-20% organic growth narrative with acquisitions that drive total
10 growth of 30%-plus.” Indeed, Raymond James stated in its December 16, 2021 report
11 that, “[w]hile we don’t have exact details on the xMatters and Anvil contributions to
12 revenue growth next year, we believe the guidance implies organic revenue growth in
13 the high teens range.” Indeed, Northland Capital Markets stated in its December 10,
14 2021 report that the lowered guidance was also “a little at odds with macro trends”
15 which would be expected to benefit a threat mitigation company, “such as a continued
16 barrage of critical events, the uncertainty remaining around Covid, strong public
17 safety investments in other areas, digital transformation plans, and the rise of the CSO
18 within companies.”

19 56. Finally, J.P.Morgan noted in its report dated December 13, 2021 that
20 Meredith’s sudden departure was at odds with the continued positive gloss that he and
21 the other Defendants had put on Everbridge’s growth potential throughout the Class
22 Period. By resigning as CEO, Meredith left on the table approximately 34% of the
23 restricted stock units that were awarded to him that remained unvested, and
24 approximately 55% of the remaining unvested performance-based compensation. The
25 latter depended on the Company’s compounded annual growth rate over the 12
26 quarters ended September 30, 2022. Accordingly, JP Morgan made the cogent
27 observation that, “[w]hat we found is that [Meredith] is leaving a decent amount on
28 the table with his departure. If the decision was solely his to make, it does raise the

1 question on whether he was lacking confidence in earning the remaining performance-
2 based incentive.” That Meredith later took the position of CEO of privately held
3 Boomi, an intelligent connectivity and automation company, does not lessen the
4 saliency of that question.

5 57. On February 24, 2022, Everbridge revealed the full truth to investors
6 about its failed acquisition strategy and slowing organic growth to investors. On that
7 date, the Company issued a press release announcing both fourth quarter 2021 results
8 and guidance for the 2022 first quarter and full year. First quarter revenue growth was
9 forecasted as only 20% and full year growth was again substantially reduced, this time
10 to 15% to 17%. Co-CEO Irvin was quoted as saying “We are taking decisive actions
11 to streamline, integrate and reduce complexity in our key offerings, which we expect
12 to drive sustainable growth in the years ahead.” Everbridge officers further explained
13 during the related earnings call why these measures were being taken, including
14 disclosing for the first time material facts that were wholly at variance with
15 Defendants’ representations throughout the Class Period.

16 58. Irvin began by saying that “our management team, together with the
17 Board, conducted a comprehensive review of our strategy and operations.” The
18 review, however, was apparently focused on matters that during the Class Period the
19 Defendants had discussed extensively with investors and analysts, independently and
20 in answer to questions posed to them, and as to which they presumably were
21 intimately familiar.

22 59. Irvin stated that this review resulted in the conclusion that “certain
23 acquired technologies” had created a “**barrier to upsell and cross-sell from**
24 **increased complexity**, and **incomplete integrations** and pushed out demand for
25 travel-related solutions, as well as smaller deal size for international public warning
26 wins that are having **adverse impacts** on business, our go-to-market strategy and sales
27 organization,” He further stated that “the number of acquisitions completed in 2020
28 and 2021,” along with their products and businesses “have created **incremental**

1 **product line complexity that produce integration challenges** and have complicated
2 our go-to-market efforts.”

3 60. Irvin further stated that as to Everbridge’s international public warning
4 business, “is seeing **meaningful contraction in the size of countrywide deals** as
5 compared to the wins that we are seeing over the past couple of years. These deals
6 saw contractions, coupled with long-dated public warning implementation timelines,
7 suggest to us that our near-term wins for large- and medium-sized countrywide public
8 warning deals will be smaller than previously estimated.” Indeed, contrary to what
9 had just been stated at the December 2, 2021 corporate conference, that “we’re seeing
10 ASPs return,” and that “deals were coming back,” and that 2022 revenue growth
11 would be better than 2021, Irvin stated that the Company’s “current revenue outlook
12 for 2022” was influenced by “lowering ASPs, and longer implementation time.”

13 61. Brickley expanded upon these revelations, acknowledging that “we were
14 well down a path of selling dozens of solutions that were **not always tightly**
15 **integrated**. We were selling them to multiple buyers. And as Vernon said, that was
16 **confusing to customers and to our sellers.**” As to the decline in the Company’s
17 international deal sizes, contrary to what he had said at the December 2, 2021
18 corporate conference presentation, Brickley made no mention of ASPs and deal sizes
19 “coming back,” or that COVID was “net-net” a positive for the Company. He did,
20 however, acknowledge, also contrary to his prior statements and that of Meredith, that
21 “contraction in deal sizes has been exacerbated by lingering effects of COVID.”

22 62. The action plan from this review was to “paus[e] material new M&A and
23 instead prioritiz[e] development efforts to focus on accelerating product integrations
24 across our existing acquired assets.” In addition, Everbridge intends to “simplif[y] our
25 product offerings, moving from several dozen individual product – point products to
26 focus on 4 strategic CEM solutions.” In particular, the Company will “deemphasize
27 certain smaller, nonstrategic products that don’t fit cleanly into our CEM and public
28 warning focus areas. While these products do deliver some stand-alone revenue, they

1 are a distraction to our primary focus and **negatively impact our sellers’ overall**
2 **productivity.”**

3 63. Brickley estimated that there would be a total \$32 million hit to revenues.
4 First, he estimated that the renewed focus on integration and simplification would
5 create a \$17 million “headwind” to revenue. Second, “countrywide pricing trends in
6 certain markets and elongated implementation time lines” would result in a second
7 \$15 million headwind.

8 64. On this news, Everbridge’s common stock price fell an additional \$15.68
9 per share, to close at \$30.61 per share on February 25, 2022.

10 65. As a result of Defendants’ wrongful acts and omissions, and the
11 precipitous decline in the market value of the Company’s common stock, Plaintiff and
12 other Class members have suffered significant losses and damages.

13 **ADDITIONAL SCIENTER ALLEGATIONS**

14 66. During the Class Period, as alleged herein, the Individual Defendants
15 acted with scienter in that the Individual Defendants knew or were reckless as to
16 whether the public documents and statements issued or disseminated in the name of
17 the Company during the Class Period were materially false and misleading; knew or
18 were reckless as to whether such statements or documents would be issued or
19 disseminated to the investing public; and knowingly and substantially participated or
20 acquiesced in the issuance or dissemination of such statements or documents as
21 primary violations of the federal securities laws.

22 67. The Individual Defendants permitted Everbridge to release these false
23 and misleading statements and failed to file the necessary corrective disclosures,
24 which artificially inflated the value of the Company’s common stock.

25 68. As set forth herein, the Individual Defendants, by virtue of their receipt
26 of information reflecting the true facts regarding Everbridge, their control over,
27 receipt, and/or modification of Everbridge’s allegedly materially misleading
28 statements and omissions, and/or their positions with the Company that made them

1 (d) the misrepresentations alleged would tend to induce a reasonable
2 investor to misjudge the value of the Company's common stock; and

3 (e) Plaintiff and other members of the Class purchased Everbridge
4 common stock between the time Defendants misrepresented or failed to disclose
5 material facts and the time the true facts were disclosed, without knowledge of the
6 misrepresented or omitted facts.

7 72. At all relevant times, the markets for Everbridge common stock were
8 efficient for the following reasons, among others:

9
10 (a) as a regulated issuer, Everbridge filed periodic public reports with
11 the SEC;

12 (b) Everbridge regularly communicated with public investors via
13 established market communication mechanisms, including through regular
14 disseminations of press releases on the major news wire services and through other
15 wide-ranging public disclosures, such as communications with the financial press,
16 securities analysts, and other similar reporting services;

17 (c) Everbridge was followed by several securities analysts employed
18 by major brokerage firm(s) who wrote reports that were distributed to the sales force
19 and certain customers of their respective brokerage firm(s) and that were publicly
20 available and entered the public marketplace; and

21 (d) Everbridge common stock was actively traded in an efficient
22 market, and Everbridge common stock was traded on the NASDAQ Global Market
23 under the ticker symbol "EVBG."

24 73. As a result of the foregoing, the market for Everbridge common stock
25 promptly digested current information regarding Everbridge from publicly available
26 sources and reflected such information in Everbridge's common stock price(s). Under
27 these circumstances, all purchasers of Everbridge common stock during the Class
28

1 Period suffered similar injury through their purchase of Everbridge common stock at
2 artificially inflated prices and the presumption of reliance applies.

3 74. Further, to the extent that the Defendants concealed or improperly failed
4 to disclose material facts with regard to the Company, Plaintiff is entitled to a
5 presumption of reliance in accordance with *Affiliated Ute Citizens of Utah v. United*
6 *States*, 406 U.S. 128, 153 (1972).

7 **NO SAFE HARBOR**

8 75. The statutory safe harbor provided for forward-looking statements under
9 certain circumstances does not apply to any of the allegedly false statements pleaded
10 in this Complaint. The statements alleged to be false and misleading herein all relate
11 to then-existing facts and conditions. In addition, to the extent certain of the
12 statements alleged to be false may be characterized as forward looking, they were not
13 identified as “forward-looking statements” when made and there were no meaningful
14 cautionary statements identifying important factors that could cause actual results to
15 differ materially from those in the purportedly forward-looking statements. In the
16 alternative, to the extent that the statutory safe harbor is determined to apply to any
17 forward-looking statements pleaded herein, Defendants are liable for those false
18 forward-looking statements because at the time each of those forward-looking
19 statements were made, the speaker had actual knowledge that the forward-looking
20 statement was materially false or misleading, and/or the forward-looking statement
21 was authorized or approved by an executive officer of Everbridge who knew that the
22 statement was false when made.

23 **CLASS ACTION ALLEGATIONS**

24 76. Plaintiff brings this action as a class action pursuant to Rule 23 of the
25 Federal Rules of Civil Procedure on behalf of all persons or entities who purchased or
26 otherwise acquired Everbridge common stock between November 4, 2019 and
27 February 24, 2022, inclusive (the “Class”). Excluded from the Class are Defendants,
28 members of the immediate family of each of the Individual Defendants, any

1 subsidiary or affiliate of Everbridge, and the directors and officers of Everbridge and
2 their families and affiliates at all relevant times.

3 77. The members of the Class are so numerous that joinder of all members is
4 impracticable. The disposition of their claims in a class action will provide substantial
5 benefits to the parties and the Court. As of February 22, 2022, Everbridge had
6 39,428,257 shares of common stock outstanding.

7 78. There is a well-defined community of interest in the questions of law and
8 fact involved in this case. Questions of law and fact common to the members of the
9 Class which predominate over questions which may affect individual Class members
10 include:

- 11 (a) Whether the Exchange Act was violated by Defendants;
- 12 (b) Whether Defendants omitted and/or misrepresented material facts;
- 13 (c) Whether Defendants' statements omitted material facts necessary
14 in order to make the statements made, in light of the circumstances under which they
15 were made, not misleading;
- 16 (d) Whether Defendants knew or recklessly disregarded that their
17 statements were false and misleading;
- 18 (e) Whether the price of Everbridge common stock was artificially
19 inflated; and
- 20 (f) The extent of damage sustained by Class members and the
21 appropriate measure of damages.

22 79. Plaintiff's claims are typical of those of the Class because Plaintiff and
23 the Class sustained damages from Defendants' wrongful conduct.

24 80. Plaintiff will adequately protect the interests of the Class and has retained
25 counsel experienced in securities class action litigation. Plaintiff has no interests that
26 conflict with those of the Class.

27 81. A class action is superior to other available methods for the fair and
28 efficient adjudication of this controversy.

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COUNT I

**For Violation of Section 10(b) of the Exchange Act
and Rule 10b-5 Against All Defendants**

82. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

83. During the Class Period, Defendants disseminated or approved the false statements specified above, which they knew or recklessly disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

84. Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 in that they:

- (a) Employed devices, schemes, and artifices to defraud;
- (b) Made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (c) Engaged in acts, practices, and a course of business that operated as a fraud or deceit upon Plaintiff and others similarly situated in connection with their purchases of Everbridge common stock during the Class Period.

85. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Everbridge common stock. Plaintiff and the Class would not have purchased Everbridge common stock at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by Defendants' misleading statements.

86. As a direct and proximate result of these Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their purchases of Everbridge common stock during the Class Period.

1 **COUNT II**

2 **For Violation of Section 20(a) of the Exchange Act**
3 **Against the Individual Defendants**

4 87. Plaintiff repeats and realleges each and every allegation contained in the
5 foregoing paragraphs as if fully set forth herein.

6 88. The Individual Defendants acted as controlling persons of Everbridge
7 within the meaning of Section 20(a) of the Exchange Act. By virtue of their positions
8 and their power to control public statements about Everbridge, the Individual
9 Defendants had the power and ability to control the actions of Everbridge and its
10 employees. By reason of such conduct, Defendants are liable pursuant to Section
11 20(a) of the Exchange Act.

12 **PRAYER FOR RELIEF**

13 WHEREFORE, Plaintiff prays for judgment as follows:

- 14 A. Declaring this action to be a proper class action pursuant to Federal Rule
15 of Civil Procedure 23;
- 16 B. Awarding Plaintiff and the members of the Class damages and interest;
- 17 C. Awarding Plaintiff's reasonable costs, including attorneys' fees; and
- 18 D. Awarding such equitable/injunctive or other relief as the Court may deem
19 just and proper.

20 **JURY DEMAND**

21 Plaintiff demands a trial by jury.
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