

Qumu Corp
Form DEF 14A
April 09, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant x

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Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Qumu Corporation
(Name of Registrant as Specified In Its Charter)

N/A
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Qumu Corporation
510 1st Avenue North, Suite 305
Minneapolis, Minnesota 55403
(612) 638-9100

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held May 10, 2018

TO THE SHAREHOLDERS OF
QUMU CORPORATION:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Qumu Corporation, a Minnesota corporation, will be held on Thursday, May 10, 2018, at 10:30 a.m. (Minneapolis, Minnesota time) at the 3rd Floor of the IDS Center, 80 South Eighth Street, Minneapolis, Minnesota 55402, for the following purposes:

1. To elect seven (7) directors to serve until the next Annual Meeting of Shareholders or until their respective successors have been elected and qualified;
2. To approve, on a non-binding advisory basis, the compensation paid to our named executive officers;
3. To approve amendments to the Qumu Corporation Second Amended and Restated 2007 Stock Incentive Plan, including an amendment to increase the number of shares authorized for issuance by 500,000 shares; and
4. To ratify and approve the appointment of KPMG LLP as the independent registered public accounting firm for Qumu Corporation for the year ending December 31, 2018.

You may also view the live webcast of the Annual Meeting of Shareholders online at www.qumu.com by following the link under "About" for "Investor Relations" and then "Annual Meeting Materials."

Only holders of record of Qumu Corporation's common stock at the close of business on March 29, 2018 are entitled to notice of and to vote at the Annual Meeting or any adjournments thereof.

Whether or not you plan to attend the meeting in person, please vote by proxy over the internet, by telephone or by mailing the enclosed proxy card as soon as possible.

By Order of the Board of Directors,

Vern Hanzlik
President and Chief Executive Officer
April 9, 2018

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING,
PLEASE VOTE YOUR SHARES IN ONE OF THE WAYS
DESCRIBED IN THE PROXY STATEMENT AS PROMPTLY AS POSSIBLE.

IMPORTANT NOTICE REGARDING AVAILABILITY
OF PROXY MATERIALS FOR THE
2018 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON THURSDAY, MAY 10, 2018

We are making our proxy materials available electronically via the internet. You may access the following proxy materials at www.qumu.com by following the link under "About" for "Investors" and then "Annual Meeting Materials":
~~Notice of 2018 Annual Meeting of Shareholders to be held on Thursday, May 10, 2018;~~
~~Proxy Statement for 2018 Annual Meeting of Shareholders to be held on Thursday, May 10, 2018; and~~
~~Annual Report on Form 10-K for the year ended December 31, 2017.~~

These proxy materials are available free of charge and will remain available through the conclusion of the Annual Meeting. Additionally, we will not collect information, such as "cookies," that would allow us to identify visitors to the site.

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Qumu Corporation
510 1st Avenue North, Suite 305
Minneapolis, Minnesota 55403
(612) 638-9100

PROXY STATEMENT

Solicitation of Proxies

The accompanying proxy is solicited on behalf of the Board of Directors (the “Board”) of Qumu Corporation (“we” or “Qumu”) for use at the Annual Meeting of Shareholders to be held on Thursday, May 10, 2018, at 10:30 a.m. (Minneapolis, Minnesota time) at the 3rd Floor of the IDS Center, 80 South Eighth Street, Minneapolis, Minnesota 55402, and at any postponements or adjournments thereof (the “Annual Meeting”). The mailing of this proxy statement to our shareholders commenced on or about April 9, 2018.

Cost and Method of Solicitation

This solicitation of proxies to be voted at the Annual Meeting is being made by our Board of Directors. The cost of this solicitation of proxies will be borne by us. In addition to solicitation by mail, our officers, directors and employees may solicit proxies by telephone or in person. We may also request banks and brokers to solicit their customers who have a beneficial interest in our common stock registered in the names of nominees and will reimburse such banks and brokers for their reasonable out-of-pocket expenses.

Voting

The total number of shares outstanding and entitled to vote at the Annual Meeting as of March 29, 2018 consisted of 9,377,797 shares of common stock, \$0.01 par value. Each share of common stock is entitled to one vote. Only shareholders of record at the close of business on March 29, 2018 will be entitled to vote at the Annual Meeting. All shareholders are cordially invited to attend the Annual Meeting in person. Whether or not you expect to attend the Annual Meeting, please complete, date, sign and return the enclosed proxy as promptly as possible (or follow instructions to grant a proxy to vote by means of telephone or internet) in order to ensure your representation at the Annual Meeting. A return envelope (which is postage prepaid if mailed in the United States) is enclosed for that purpose. Even if you have given your proxy, you may still vote in person if you attend the Annual Meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the Annual Meeting, you must bring to the Annual Meeting a letter from the broker, bank or other nominee confirming your beneficial ownership of the shares. Additionally, in order to vote at the Annual Meeting, you must obtain from the record holder a proxy issued in your name.

Live Webcast of the Annual Meeting

If you are unable to attend the Annual Meeting in person, you can listen to the meeting live via the internet at www.qumu.com by following the link under “About” for “Investor Relations” and then “Annual Meeting Materials.” The webcast starts at 10:30 a.m. Central Time and a replay will be available until May 24, 2018.

Differences Between Shareholder of Record and Beneficial Owners

You are a shareholder of record if at the close of business on the record date your shares were registered directly in your name with Wells Fargo Shareowner Services, our transfer agent.

You are a beneficial owner if at the close of business on the record date your shares were held by a bank, brokerage firm or other nominee and not in your name. Being a beneficial owner means that, like many of our shareholders, your shares are held in “street name.” As the beneficial owner, you have the right to direct your broker or nominee how to vote your shares by following the voting instructions your broker or other nominee provides. If you do not provide your broker or nominee with instructions on how to vote your shares, your broker or nominee will be able to vote your shares with respect to only one of the proposals being presented to shareholders at the Annual Meeting.

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Record holders should review the additional information below under “Casting Your Vote as a Record Holder.” Street name holders should review the additional information below under “Casting Your Vote as a Street Name Holder.”

Quorum and Voting Requirements

A quorum, consisting of a majority of the shares of common stock entitled to vote at the Annual Meeting, must be present, in person or by proxy, before action may be taken at the Annual Meeting.

Proposal 1 relates to the election of directors. Directors are elected by a plurality of the votes cast at the Annual Meeting by holders of common stock voting for the election of directors. This means that since shareholders will be electing seven directors, the seven nominees receiving the highest number of votes will be elected. You may either vote “FOR” or “WITHHOLD” authority to vote for each nominee for the Board of Directors. If you withhold authority to vote for the election of one of the directors, it has the same effect as a vote against that director.

The affirmative vote of the holders of the majority of the shares present and entitled to vote is required for approval of Proposal 2: Advisory Vote to Approve Named Executive Officer Compensation. You may vote “FOR,” “AGAINST” or “ABSTAIN” on Proposal 2.

The affirmative vote of the holders of the majority of the shares present and entitled to vote is required for approval of Proposal 3: Approval of Amendments to Amended and Restated 2007 Stock Incentive Plan. You may vote “FOR,” “AGAINST” or “ABSTAIN” on Proposal 3.

The affirmative vote of the holders of the majority of the shares present and entitled to vote is required for approval of Proposal 4: Ratification of Independent Registered Public Accounting Firm. You may vote “FOR,” “AGAINST” or “ABSTAIN” on Proposal 4.

Abstentions will be counted for purposes of calculating whether a quorum is present at the Annual Meeting, but are not counted for the purposes of determining whether shareholders have approved that matter. Therefore, if you abstain from voting on Proposals 2, 3 or 4, it has the same effect as a vote against that proposal. A “broker non-vote” occurs when a broker or other nominee does not receive voting instructions from the beneficial owner and does not have the discretion to direct the voting of the shares. Broker non-votes will be counted for purposes of calculating whether a quorum is present at the Annual Meeting, but will not be counted for purposes of determining the number of votes present and entitled to vote with respect to a particular proposal. Thus, a broker non-vote will not affect the outcome of the vote on a proposal that requires a plurality of votes cast (Proposal 1) or the approval of a majority of the votes present and entitled to vote (Proposals 2, 3 and 4).

So far as our management is aware, no matters other than those described in this proxy statement will be acted upon at the Annual Meeting. In the event that any other matters properly come before the Annual Meeting calling for a vote of shareholders, the persons named as proxies in the enclosed form of proxy will vote in accordance with their best judgment.

Casting Your Vote as a Record Holder

If you are the shareholder of record and you do not vote proxy card, by telephone, via the internet or in person at the Annual Meeting, your shares will not be voted at the Annual Meeting. If you are a record holder and you vote your shares, the individuals named on the proxy card will vote your shares as you have directed. If you just sign and submit your proxy without voting instructions, your shares will be voted “FOR” each director nominee identified in Proposal 1, “FOR” Proposal 2, “FOR” Proposal 3 and “FOR” Proposal 4.

Casting Your Vote as a Street Name Holder

If you are a street name holder and you do not vote proxy card, by telephone, via the internet or in person at the Annual Meeting, your broker or nominee may vote your shares only on those proposals on which it has discretion to vote. Your broker is entitled to vote in its discretion on Proposal 4: Ratification of Independent Registered Public Accounting Firm.

If you hold your shares in street name and do not vote or do not provide voting instructions to your broker or nominee, your shares will not be voted on any proposal on which your broker does not have discretionary authority to

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vote. This is sometimes called a “broker non-vote.” Brokers and nominees do not have discretionary authority to vote on any proposal except Proposal 4: Ratification of Independent Registered Public Accounting Firm.

As a result, if you hold your shares in street name and do not vote or do not provide voting instructions to your broker or nominee, no votes will be cast on your behalf on Proposal 1: Election of Directors, Proposal 2: Advisory Vote to Approve Named Executive Officer Compensation or Proposal 3: Approval of Amendments to the Second Amended and Restated 2007 Stock Incentive Plan.

Make your vote count! Instruct your broker how to cast your vote!

Because of these broker voting rules, all street name holders are urged to provide instructions to their brokers or nominees on how to vote their shares at the Annual Meeting.

Revoking a Proxy

You may change your vote and revoke your proxy at any time before it is voted by:

• Sending a written statement to that effect to the Secretary of Qumu Corporation;

• Submitting a properly signed proxy card with a later date;

• If you voted by telephone or through the internet, by voting again either by telephone or through the internet prior to the close of the voting facility; or

• Voting in person at the Annual Meeting.

All shares represented by valid, unrevoked proxies will be voted at the Annual Meeting and any adjournment(s) or postponement(s) thereof. Our principal offices are located at 510 1st Avenue North, Suite 305, Minneapolis, Minnesota 55403, and our telephone number is (612) 638-9100.

Annual Meeting and Special Meetings; Bylaw Amendments

This 2018 Annual Meeting of Shareholders is a regular meeting of our shareholders and has been called by our Board of Directors in accordance with our bylaws. Under our bylaws, special meetings of our shareholders may be held at any time and for any purpose and may be called by our President, Treasurer, two or more directors or by a shareholder or shareholders holding 10% or more of the voting power of all shares entitled to vote on the matters to be presented to the meeting, except that a special meeting for the purpose of considering any action to directly or indirectly facilitate or affect a business combination, including any action to change or otherwise affect the composition of the Board of Directors for that purpose, must be called by 25% or more of the voting power of all shares entitled to vote. The business transacted at a special meeting is limited to the purposes as stated in the notice of the meeting. For business to be properly brought before a regular meeting of shareholders, a written notice containing the required information must be timely submitted. For more information, please review our bylaws and the section of this proxy statement entitled “Shareholder Proposals for 2019 Annual Meeting.”

Our bylaws may be amended or altered by a vote of the majority of the whole Board at any meeting. The authority of the Board is subject to the power of our shareholders, exercisable in the manner provided by Minnesota law, to adopt or amend, repeal bylaws adopted, amended, or repealed by the Board. Additionally, the Board may not make or alter any bylaws fixing a quorum for meetings of shareholders, prescribing procedures for removing directors or filling vacancies in the Board of Directors, or fixing the number of directors or their classifications, qualifications, or terms of office, except that the Board may adopt or amend any bylaw to increase their number.

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OWNERSHIP OF VOTING SECURITIES BY PRINCIPAL HOLDERS AND MANAGEMENT

The following table sets forth certain information as of March 29, 2018 with respect to our common stock beneficially owned by (i) each director and each nominee for director, (ii) each person known to us to beneficially own more than five percent of our common stock, (iii) each executive officer named in the Summary Compensation Table (the “named executive officers”), and (iv) all current executive officers and directors as a group.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned (1)	Percent of Outstanding
Harbert Discovery Fund LP (2) 2100 Third Avenue North, Suite 600 Birmingham, AL 35203	1,200,329	12.8%
Palologic Value Management, L.P. (3) 5310 Harvest Road, Suite 110 Dallas, TX 75230	934,500	10.0%
ESW Capital, LLC (4) 401 Congress Avenue, Suite 2650 Austin, TX 78701	925,000	9.9%
Renaissance Technologies LLC (5) 800 Third Avenue New York, NY 10022	699,921	7.5%
Dolphin Limited Partnership III, L.P. (6) 1117 East Putnam Avenue One Hundred and Fifty Riverside, CT 06878	580,500	6.2%
Vern Hanzlik (7)(8)(9)	330,508	3.5%
Robert F. Olson (7)(8)(11)	114,405	1.2%
Daniel R. Fishback (7)(8)(12)	66,560	*
Thomas F. Madison (7)(8)(13)	145,185	1.6%
Kimberly K. Nelson (7)(8)	71,560	*
Donald T. Netter (6)(7)(14)	605,500	6.5%
Justin A. Orlando (7)	63,060	*
David G. Ristow (9)	—	*
Peter J. Goepfrich (9)(10)(15)	13,050	*
All current executive officers and directors as a group (8 persons)	1,396,778	15.0%

* Less than one percent

(1) Includes the following number of shares that could be acquired within 60 days of March 29, 2018 upon the exercise of stock options: Mr. Hanzlik, 198,750 shares; Mr. Olson, no shares; Mr. Fishback, no shares; Mr. Madison, 7,500 shares; Ms. Nelson, no shares; Mr. Netter, no shares; Mr. Orlando, no shares; Mr. Ristow, no shares; Mr. Goepfrich, no shares; and all current directors and executive officers as a group, 206,250 shares.

Also includes the following number of shares that could be acquired within 60 days of March 29, 2018 upon settlement of restricted stock units previously granted to non-employee directors: Mr. Olson, 25,000 shares; Mr. Fishback, 25,000 shares; Mr. Madison, 25,000 shares; Ms. Nelson, 25,000 shares; Mr. Netter, 25,000 shares; Mr. Orlando, 25,000 shares; and all non-employee directors as a group, 150,000 shares.

(2) Based on an Amendment No. 4 to Schedule 13D filed on December 21, 2017 by the following reporting persons:

(i) Harbert Discovery Fund, LP (the “Harbert Fund”), (ii) Harbert Discovery Fund GP, LLC (the “Fund GP”), (iii) Harbert Fund Advisors, Inc. (“HFA”), (iv) Harbert Management Corporation (“HMC”), (v) Jack Bryant, (vi) Kenan Lucas, and (vii) Raymond Harbert. The reporting persons disclose that Jack Bryant and Kenan Lucas are directors

and co-portfolio managers of the Fund GP, which serves as general

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partner of the Harbert Fund. Raymond Harbert is the controlling shareholder, Chairman and Chief Executive Officer of HMC, the managing member of the Fund GP. Mr. Harbert also serves as the Chairman, Chief Executive Officer and Director of HFA, an indirect, wholly owned subsidiary of HMC, which provides the Harbert Fund with certain operational and administrative services. The reporting persons report that they have shared voting and dispositive power over the shares indicated above as of December 19, 2017.

(3) Based on a Schedule 13D filed on December 29, 2017 in which the reporting persons indicate that Palogic Value Management, L.P. has shared voting and dispositive power over 934,500 shares as of December 19, 2017.

Based upon a Schedule 13G dated February 28, 2018 filed on in which the reporting person indicates that ESW Capital, LLC has beneficial ownership over 925,000 shares of common stock issuable upon the exercise of an outstanding warrant and Joseph A. Liemandt is the sole voting member of ESW Capital, LLC.

(5) Based on an Amendment No. 4 to Schedule 13G filed on February 14, 2018 in which Renaissance Technologies LLC reports sole voting and dispositive power over 676,565 shares and shared dispositive power over 23,356 shares as of December 29, 2017. Renaissance Technologies Holdings Corporation is the majority owner of Renaissance Technologies LLC.

Based on an Amendment No. 3 to Schedule 13D filed on July 22, 2015 by Dolphin Limited Partnership III, L.P. (“Dolphin III”), Dolphin Associates III, LLC, Dolphin Holdings Corp. III (“Dolphin Holdings III”), and Donald T. Netter in which the reporting persons report that Dolphin III holds the shares indicated above as of July 20, 2015 and Form 4 beneficial ownership report dated June 29, 2017. Dolphin III is controlled by Dolphin Associates III, LLC, which is in turn controlled by Dolphin Holdings III. Mr. Netter serves as Senior Managing Director of Dolphin Holdings III. In the Schedule 13D, each reporting person specifically disclaims beneficial ownership of the shares reported therein that he or it does not directly own, except to the extent of his or its pecuniary interest therein.

(7) Currently serves as our director.

(8) Nominee for election as a director.

(9) Named executive officer.

(10) Resigned as Chief Financial Officer effective November 6, 2017.

(11) Includes 47,845 shares held by the Robert F. Olson Revocable Trust of which Mr. Olson and his spouse are trustees.

(12) Includes 21,650 shares held by the Fishback Family Revocable Trust, of which Mr. Fishback is a trustee.

Includes 98,060 shares held by the Thomas F. Madison Revocable Trust, of which Mr. Madison is a trustee and (13) includes 14,625 shares held in nine trust accounts established for the benefit of Mr. Madison’s nine grandchildren and of which Mr. Madison is sole trustee.

Includes shares held by Dolphin III (see footnote 6 for a description of the relationship between Mr. Netter and (14) Dolphin III). Mr. Netter specifically disclaims beneficial ownership of the shares held by Dolphin III, except to the extent of his pecuniary interest therein.

Mr. Goepfrich resigned on November 6, 2017. Information based upon company records and Form 4 beneficial (15) ownership report dated March 8, 2017. Includes 13,050 shares held by Rebecca Braun Revocable Trust of which Mr. Goepfrich and his spouse are trustees.

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PROPOSAL 1:

ELECTION OF DIRECTORS

Seven directors will be elected at the Annual Meeting to serve until the next Annual Meeting of Shareholders or until their successors have been elected and shall qualify. Proxies cannot be voted for a greater number of persons than the number of nominees named. The Board of Directors has nominated for election the seven persons named below. Each nominee is currently a director of Qumu. All nominees except Messrs. Lucas and Cox were elected by the shareholders at our 2017 Annual Meeting of Shareholders.

Pursuant to our bylaws and the Standstill Agreement with Harbert Discovery Fund, LP and its affiliates, we have set the authorized number of directors at seven effective immediately following the Annual Meeting.

Voting of Proxies

Unless otherwise directed, the persons named in the accompanying proxy card will vote the proxies held by them in favor of the nominees named below as directors. Should any nominee for director become unable to serve as a director for any reason, the proxies have indicated they will vote for such other nominee as the Board of Directors may propose. The Board of Directors has no reason to believe that any candidate will be unable to serve if elected and each has consented to being named a nominee.

We know of no arrangements or understandings between a director or nominee and any other person pursuant to which he or she has been selected as a director or nominee. There is no family relationship between any of the nominees, our directors or our executive officers.

The Standstill Agreement provides that Harbert Discovery Fund, LP and its affiliates, Harbert Discovery Fund GP, LLC, Harbert Fund Advisors, Inc. and Harbert Management Corporation (collectively, "Harbert") will vote all of the shares of our common stock that Harbert beneficially owns in favor of the election of each nominee named below and in accordance with the recommendations of our Board of Directors with respect to all other proposals presented to shareholders at the Annual Meeting. See "Corporate Governance – Summary of Standstill Agreement" below for a summary of the Standstill Agreement with Harbert.

Information Regarding Nominees

The process undertaken by the Governance Committee in recommending qualified director candidates is described below under "Corporate Governance – Director Nominations" on page 12 of this proxy statement. In recommending the following nominees, the Governance Committee found that all of our directors contribute to the Board's effectiveness through their wealth of business experience, high quality backgrounds including demonstrated personal and professional ethics and integrity, commitment to Qumu and the work of the Board, and diversity of talent and experience. Set forth below are the biographies of each director nominee, as well as a discussion of the specific experience, qualifications, attributes and skills that led to the conclusion that the nominee should serve as a director of Qumu at this time:

Vern Hanzlik, age 60, was promoted to Chief Executive Officer and was elected as a director on October 19, 2015. Prior to becoming our Chief Executive Officer, Mr. Hanzlik served as President since December 12, 2014 and as Executive Vice President since March 13, 2014. Mr. Hanzlik joined us in November 2012 as a Senior Vice President and as General Manager, Qumu. From February 2011 to November 2012, Mr. Hanzlik was President, EMEA and member of the Board of TEAM Informatics, a global enterprise solutions and technology company. From December 2006 to February 2010, Mr. Hanzlik was the Chief Marketing Officer of Sajan, Inc., a privately held company, and from February 2010 until January 2011, also served as the Chief Marketing Officer of Sajan's successor company by merger, publicly-held Sajan, Inc. (OTC: SAJA), a provider of global language translation services, software localization and cloud-based translation management software. Mr. Hanzlik also served as President of Sajan Software Ltd., a subsidiary of Sajan, from June 2009 to January 2011. Mr. Hanzlik was a co-founder of Stellent, Inc., which was a publicly-held provider of content and document management software and services located in Eden Prairie, Minnesota, until it was acquired by Oracle Corporation in 2006. While with Stellent, Inc., he most recently served as Executive Vice President of Compliance and Strategic Alliances from January 2004 to February 2006. Additionally, Mr. Hanzlik served as Stellent's President and Chief Executive Officer and as a director of Stellent from 2001 to 2003. Mr. Hanzlik served as a director of pre-merger Sajan, Inc. from April 2006 to February 2010 and as a director of post-merger Sajan, Inc. from February 2010 to January 2011. Mr.

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Hanzlik also currently serves on the board of directors for Savigent Software, Inc., a provider of event-driven manufacturing operations management software.

Mr. Hanzlik's role as our Chief Executive Officer gives him unique insights as a director into our challenges, opportunities and operations, as well as helps ensure a strong alignment between the board's directives and management's execution of these directives. Mr. Hanzlik has demonstrated executive leadership abilities, as well as a strong background in creating, communicating, executing and sustaining strategic initiatives in the software industry.

Robert F. Olson, age 61, has been a director of Qumu since January 7, 2012. Since February 2010, Mr. Olson has owned and operated a winery in California. From December 2008 until its sale in July 2012, Mr. Olson was the Chairman and primary investor in Swift Knowledge, LLC, a business analytics software company focused on the banking and finance markets. In 1991, Mr. Olson founded Stellent, Inc., an enterprise content management software company that was publicly-traded until it was sold to Oracle Corporation in 2006. Mr. Olson served as Stellent's Chief Executive Officer from October 2000 to July 2001 and as its President and Chief Executive Officer from 1990 to October 2000 and from April 2003 until it was sold.

Mr. Olson's previous work experience, particularly as the Chief Executive Officer of Stellent, Inc., contributes to the Board's understanding of the development and management of growing technology companies, particularly as we continue to expand into growing areas of technology.

Neil Cox, age 68, has been a director of Qumu since December 19, 2017. Since July 2010, Mr. Cox has been the President and CEO of Repio, Inc., which provides a software platform that enables users to take control of their online information and image. He also serves as a Senior Technology & Telecom Advisor to XMS Capital Partners, an independent financial services firm providing M&A and corporate advisory services. From May 2006 to March 2010, Mr. Cox held roles with Qwest Communications International, Inc. (NYSE: Q until its acquisition in 2010 by CenturyLink, Inc.). From September 2008 to March 2010, he served as the Executive Vice President of Qwest Communications International, with responsibility for business development, product development and IT. From 2004 to 2006, Mr. Cox was a Venture Partner at MK Capital, which invests in emerging technologies and application software. From March 2001 to September 2004, Mr. Cox served as Executive Vice President for the telecommunications sector at Science Applications International Corporation (NYSE: SAIC), a science, engineering and technology applications company. In August 2015, Mr. Cox was appointed by the U.S. Secretary of Commerce to be on the board of directors of FirstNet, which will build the world's first wireless network for first responders. Mr. Cox also chairs the technology committee of the FirstNet board.

Mr. Cox contributes to the Board through his strong background in executive-level management and deep level of operational experience, particularly with the development and growth of new communications technologies.

Daniel R. Fishback, age 56, was appointed as a director of Qumu on December 11, 2013. From 2001 to 2013, Mr. Fishback was the President and Chief Executive Officer of DemandTec, Inc., a provider of a cloud-based collaborative optimization network for retailers and consumer products companies. DemandTec was acquired in 2012 by International Business Machines Corporation (NYSE: IBM). From January 2000 to March 2001, Mr. Fishback served as Vice President of Channels for Ariba, Inc., a provider of solutions to help companies manage their corporate spending. Since January 2017, Mr. Fishback has served on the board of directors of Teradata Corp. (NYSE: TDC). He also currently serves on the board of directors for private companies Conversica Inc., User Zoom Inc., Prevedère, Inc., Saama Technology and Moogsoft, Inc., as well as the non-profit foundation DemandHope. Mr. Fishback previously served on the board of directors of SPS Commerce, Inc. (Nasdaq: SPSC), a software company providing cloud-based on-demand supply chain management solutions, from March 2011 to May 2012.

Mr. Fishback brings to the Board strong leadership skills developed as an executive of several companies in the software industry and in-depth knowledge of the software industry. Mr. Fishback is also an audit committee financial expert as that term is defined under the rules of the Securities and Exchange Commission.

Kenan Lucas, age 33, was appointed as a director of Qumu on December 19, 2017. Mr. Lucas joined Harbert Discovery Fund in August 2014 and currently serves as a Co-Portfolio Manager of the Harbert Discovery Fund. The Discovery Fund seeks to generate long-term capital growth primarily through investments in small and microcap stocks in the U.S. and Canada. From 2012 to 2014, Mr. Lucas earned an MBA from the Darden School of Business at the University of Virginia, where he received the Faculty Award for Academic Excellence. From to

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August 2010 to August 2012, Mr. Lucas was an associate at Swander Pace Capital, a middle-market private equity firm, and focused on mergers and acquisitions and corporate finance transactions and consulted with portfolio companies on strategy, growth initiatives, and corporate financing options. From 2007 to June 2010, Mr. Lucas was an analyst at Cowen and Company, a middle-market investment bank, where he advised companies on sell-side transactions and strategic alternatives. Since January 2018, Mr. Lucas has served on the board of directors of Streamline Health Solutions, Inc. (Nasdaq: STRM), a provider of integrated solutions, technology-enabled services and analytics supporting revenue cycle optimization for healthcare enterprises. Mr. Lucas also serves on the Board of Central Environmental Services, LLC.

Mr. Lucas brings to the Board and the Company significant experience in equity capital markets, evaluating financing options, assessing corporate strategy, and considering other strategic alternatives. He also contributes to the Board through his perspective as the Company's largest shareholder.

Thomas F. Madison, age 82, was appointed as a director of Qumu in 2001. Mr. Madison has served on the board of directors of Digital River, Inc. from 1996 to 2015 and served as its Interim Chief Executive Officer from November 1, 2012 to February 28, 2013. Since January 1993, Mr. Madison has been the President and Chief Executive Officer of MLM Partners, a consulting and small business investment company. In 1994 and 1995, he was the Vice Chairman and Chief Executive Officer of Minnesota Mutual Life Insurance Company. From 1989 to 1993, Mr. Madison was the President of US West Communications – Markets. He was also the President and Chief Executive Officer of Northwestern Bell from 1985 to 1989. He recently rejoined the Board of Trustees of the University of St. Thomas, previously serving from 1981 until 1992. Mr. Madison also served as a director of Valmont Industries, Inc. (NYSE: VMI) from 1987 until his retirement in May 2010; as a director of CenterPoint Energy, Inc. from 2003 until his retirement in May 2011; and as a trustee on the board of trustees of Delaware Group Adviser Funds from May 1997 until his retirement in August 2011.

Mr. Madison's extensive service as a director for public companies over the last twenty years, including serving as a lead director, committee chair and committee member, allows him to bring to our Board significant experience in public company governance and effective Board practices. Mr. Madison is also an audit committee financial expert as that term is defined under the rules of the Securities and Exchange Commission.

Kimberly K. Nelson, age 50, has been a director of Qumu since March 26, 2012. Ms. Nelson has served as the Executive Vice President and Chief Financial Officer of SPS Commerce, Inc. (Nasdaq: SPSC) since November 2007. Prior to joining SPS Commerce, Ms. Nelson served as the Finance Director, Investor Relations for Amazon.com, Inc. (Nasdaq: AMZN) from June 2005 through November 2007. From April 2003 until June 2005, she served as the Finance Director, Worldwide Application for Amazon.com's Technology group. Ms. Nelson also served as Amazon.com's Finance Director, Financial Planning and Analysis from December 2000 until April 2003.

Ms. Nelson's qualifications to serve on our board include her management and leadership team experience in publicly-held technology companies SPS Commerce and Amazon.com. In particular, Ms. Nelson brings to the Board business experience in the software-as-a-service model. Ms. Nelson is also an audit committee financial expert as that term is defined under the rules of the Securities and Exchange Commission.

Voting Required

Under Minnesota law and our bylaws, directors are elected by a plurality of the votes cast by holders present and entitled to vote on the election of directors at a meeting at which a quorum is present. This means that since shareholders will be electing seven directors, the seven nominees receiving the highest number of votes will be elected. However, in an uncontested election (where, as at the Annual Meeting, the number of nominees does not exceed the number of directors to be elected), any nominee for directors who receives more votes "withheld" from his or her election than votes "for" his or her election is required under our Governance Guidelines to promptly tender his or her resignation following certification of the shareholder vote. Votes withheld from a nominee's election do not include broker non-votes. The Governance Committee will consider the resignation offer and recommend to the Board whether to accept it. The Board will act on the Governance Committee's recommendation within 90 days following certification of the shareholder vote. The Board will promptly disclose its decision whether to accept the director's resignation offer (and the reasons for rejecting the resignation offer, if applicable) in a Current Report on Form 8-K filed with the Securities and Exchange Commission. Any director who tenders his or her resignation as described

above will not participate in the Governance Committee's recommendation or Board action regarding whether to accept the resignation offer.

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Pursuant to the Standstill Agreement, Harbert will vote all of the shares of our common stock that it beneficially owns in favor of each nominee identified in this Proposal 1. Proxies will be voted in favor of each nominee unless otherwise indicated.

The Board of Directors Recommends
Shareholders Vote FOR the Election of Each Nominee
Identified in Proposal 1

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CORPORATE GOVERNANCE

Board Independence

The Governance Committee undertook a review of director independence in February 2018 as to all nine directors then serving. As part of that process, the Governance Committee reviewed all transactions and relationships between each director (or any member of his or her immediate family) and Qumu, our executive officers and our auditors, and other matters bearing on the independence of directors. As a result of this review, the Governance Committee recommended and the Board of Directors affirmatively determined that each director is independent according to the “independence” definition of the Nasdaq Listing Rules, with the exception of Mr. Hanzlik. Mr. Hanzlik is not independent under the Nasdaq Listing Rules because he was employed by, and served as an executive officer of, Qumu in 2017.

Committees of the Board of Directors and Committee Independence

The Board of Directors has established a Compensation Committee, an Audit Committee and a Governance Committee. The composition and function of these committees are set forth below.

Compensation Committee. The Compensation Committee operates under a written charter and reviews and approves the compensation and other terms of employment of our Chief Executive Officer and other executive officers of our company. Among its other duties, the Compensation Committee oversees all significant aspects of our compensation plans and benefit programs, including succession plans for executive officers. The Compensation Committee annually reviews and approves corporate goals and objectives for the compensation of the Chief Executive Officer and the other executive officers. The Compensation Committee also evaluates the Chief Executive Officer’s performance in light of relevant corporate performance goals and objectives, and implements the evaluation process for the Chief Executive Officer that is established by the Governance Committee. The Compensation Committee also administers our 2007 Second Amended and Restated Stock Incentive Plan (the “2007 Plan”). In connection with its review of compensation of executive officers or any form of incentive or performance-based compensation, the Compensation Committee will also review and discuss risks arising from our compensation policies and practices.

The charter of the Compensation Committee requires that this Committee consist of no fewer than two Board members who satisfy the “independence” requirements of the Nasdaq Stock Market and Rule 10C-1 of the Securities Exchange Act of 1934, the “non-employee director” requirements of Section 16b-3 of the Securities Exchange Act of 1934, and the “outside director” requirements of Section 162(m) of the Internal Revenue Code. Each member of our Compensation Committee meets these requirements. A copy of the current charter of the Compensation Committee is available by following the link to the Corporate Governance page of the Investor Relations section of our website: www.qumu.com/company/investor-relations/corporate-governance.

The members of the Compensation Committee during 2017 were Daniel R. Fishback (chair), Donald T. Netter, Robert F. Olson, and Justin A. Orlando. When he joined the Board on December 19, 2017, Neil E. Cox also joined the Compensation Committee. During 2017, the Compensation Committee met eight times. A report of the Compensation Committee is set forth below.

Governance Committee. The Governance Committee operates under a written charter and is charged with the responsibility of identifying, evaluating and approving qualified candidates to serve as directors of our company, ensuring that our Board and governance policies are appropriately structured, developing and recommending a set of corporate governance guidelines, overseeing Board orientation, training and evaluation, and establishing an evaluation process for the Chief Executive Officer. The Governance Committee is also responsible for the leadership structure of our board, including the composition of the Board and its committees, and an annual review of the position of chairman of the Board. As part of its annual review, the Governance Committee is responsible for identifying individuals qualified to serve as Chairman and making recommendation to the Board of Directors for any changes in such position. The Governance Committee also has responsibility for overseeing our annual process of self-evaluation by members of the committees and the Board of Directors as a whole.

The charter of the Governance Committee requires that this Committee consist of no fewer than two Board members who satisfy the “independence” requirements of the Nasdaq Stock Market. Each member of our Governance Committee meets these requirements. A copy of the current charter of the Governance Committee is

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available by following the link to the Corporate Governance page of the Investor Relations section of our website: www.qumu.com/company/investor-relations/corporate-governance. A copy of our current Governance Guidelines is also available in this same section. The members of the Governance Committee in 2017 were Thomas F. Madison (Chair), Kimberly K. Nelson, Donald T. Netter and Robert F. Olson. When they joined the Board on December 19, 2017, Kenan Lucas and Neil E. Cox also joined the Governance Committee. During 2017, the Governance Committee met three times.

Audit Committee. The Audit Committee assists the Board by reviewing the integrity of our financial reporting processes and controls; the qualifications, independence and performance of the independent auditors; and compliance by us with certain legal and regulatory requirements. The Audit Committee has the sole authority to retain, compensate, oversee and terminate the independent auditors. The Audit Committee reviews our annual audited financial statements, quarterly financial statements and filings with the Securities and Exchange Commission. The Audit Committee reviews reports on various matters, including our critical accounting policies, significant changes in our selection or application of accounting principles and our internal control processes. Under its charter, the Audit Committee exercises oversight of significant risks relating to financial reporting and internal control over financial reporting, including discussing these risks with management and the independent auditor and assessing the steps management has taken to minimize these risks. The Audit Committee also pre-approves all audit and non-audit services performed by the independent auditor.

The Audit Committee operates under a written charter and a copy of the current Audit Committee charter is available by following the link to the Corporate Governance page of the Investor Relations section of our website: www.qumu.com/company/investor-relations/corporate-governance. The members of the Audit Committee during 2017 were Kimberly K. Nelson (Chair), Thomas F. Madison and Justin A. Orlando, as well as Daniel R. Fishback until March 31, 2017. When he joined the Board on December 19, 2017, Kenan Lucas also joined the Audit Committee. During 2017, the Audit Committee met eleven times, including six times in executive session without management present.

The Board of Directors has determined that all members of the Audit Committee are “independent” directors under the rules of the Nasdaq Stock Market and the rules of the Securities and Exchange Commission. Our Governance Committee and Board of Directors have reviewed the education, experience and other qualifications of each of the members of its Audit Committee. After review, upon recommendation of the Governance Committee, the Board of Directors has determined that each of the Audit Committee members, Ms. Nelson and Messrs. Fishback, Madison and Orlando, meet the Securities and Exchange Commission definition of an “audit committee financial expert.” The members of the Audit Committee also meet the Nasdaq Stock Market requirements regarding the financial sophistication and the financial literacy of members of the audit committee. A report of the Audit Committee is set forth below.

Board Leadership Structure

Currently, the leadership structure of Qumu’s Board consists of a non-executive chairman of the Board, currently Robert F. Olson, and three standing committees that are each led by a separate chair and consist of only directors that meet the independence requirement under the Nasdaq Listing Rules and the other similar requirements applicable to that committee. The Chief Executive Officer is a director, but does not serve as chairman and does not serve on any committee.

The Governance Committee believes that the current Board leadership structure is appropriate for Qumu at this time because it allows the Board and its committees to fulfill their responsibilities, draws upon the experience and talents of all directors, encourages management accountability to the Board, and helps maintain good communication among Board members and with management.

Board’s Role in Risk Oversight

Qumu faces a number of risks, including financial, technological, operational, strategic and competitive risks. Management is responsible for the day-to-day management of risks we face, while the Board has responsibility for the oversight of risk management. In its risk oversight role, the Board of Directors ensures that the processes for identification, management and mitigation of risk by our management are adequate and functioning as designed.

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Our Board is actively involved in overseeing risk management and it exercises its oversight both through the full Board and through the three standing committees of the Board, the Audit Committee, the Compensation Committee and the Governance Committee. The three standing committees exercise oversight of the risks within their areas of responsibility, as disclosed in the descriptions of each of the committees above and in the charters of each of the committees.

The Board and the three committees receive information used in fulfilling their oversight responsibilities through Qumu's executive officers and its advisors, including our legal counsel, our independent registered public accounting firm, our consulting firm for internal controls over financial reporting, and the compensation consultants we have engaged from time to time. At meetings of the Board, management makes presentations to the Board regarding our business strategy, operations, financial performance, annual budgets, technology and other matters. Many of these presentations include information relating to the challenges and risks to our business and the Board and management actively engage in discussion on these topics. Each of the committees also receives reports from management regarding matters relevant to the work of that committee. These management reports are supplemented by information relating to risk from our advisors. Additionally, following committee meetings, the Board receives reports by each committee chair regarding the committee's considerations and actions. In this way, the Board also receives additional information regarding the risk oversight functions performed by each of these committees.

Director Nominations

The Governance Committee will consider candidates for Board membership suggested by its members and other Board members, as well as management and shareholders. Shareholders who wish to recommend a prospective nominee should follow the procedures set forth in Section 3.14 of our bylaws as described in this Director Nominations section under "Shareholder Proposals for Nominees." The Governance Committee has not adopted a formal policy for increasing or decreasing the size of the Board of Directors. Our Governance Guidelines provides that the Board should generally have between six and nine directors. In December 2017, the Company increased the size of the Board from seven to nine members pursuant to the Standstill Agreement, which is discussed under "Summary of Standstill Agreement." Under the Standstill Agreement, the Company agreed to submit only seven nominees for election at this 2018 Annual Meeting of Shareholders. The Governance Committee believes that a seven person Board of Directors is appropriate for Qumu in that it allows the Board to have a diversity of talent and experience to draw upon and allows the Board to appropriately staff the committees of the Board and engage the directors in Board and committee service. If appropriate, the Board may determine to increase or decrease its size, including in order to accommodate the availability of an outstanding candidate, subject to the terms of the Standstill Agreement.

Criteria for Nomination to the Board; Diversity Considerations. The Governance Committee is responsible for identifying, evaluating and approving qualified candidates for nomination as directors. The Governance Committee has not adopted minimum qualifications that nominees must meet in order for the Governance Committee to recommend them to the Board of Directors, as the Governance Committee believes that each nominee should be evaluated based on his or her merits as an individual, taking into account the needs of Qumu and the Board of Directors. The Governance Committee evaluates each prospective nominee against the standards and qualifications set out in our Governance Guidelines, including:

- Background, including demonstrated high personal and professional ethics and integrity; and the ability to exercise good business judgment and enhance the Board's ability to manage and direct our affairs and our business;
- Commitment, including the willingness to devote adequate time to the work of the Board and its committees, and the ability to represent the interests of all shareholders and not a particular interest group;
- Board skills needs, in the context of the existing makeup of the Board, and the candidate's qualification as independent and qualification to serve on Board committees;
- Business experience, which should reflect a broad experience at the policy-making level in business, government and/or education; and
- Diversity, in terms of knowledge, experience, skills, expertise, and other characteristics.

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In considering candidates for the Board, including the nominees for election at the Annual Meeting, the Governance Committee considers the entirety of each candidate's credentials with reference to these standards. The Governance Committee also considers such other relevant factors as it deems appropriate.

While the Governance Committee does not have a formal policy with respect to diversity, the Governance Committee does believe it is important that the Board represent diverse viewpoints within the context of these standards. As part of the nominee selection process for the Annual Meeting, the Governance Committee reviewed the knowledge, experience, skills, expertise, and other characteristics of our directors, who are each nominees for election at the Annual Meeting. The Governance Committee considered how each director contributed to the diversity of the Board. Based upon that review, the Governance Committee believes that the overall mix of their backgrounds contributes to a diversity of viewpoints that will enhance the quality of the Board's deliberations and decisions.

In reviewing prospective nominees, the Governance Committee reviews the number of public-company Boards on which a director nominee serves to determine if the nominee will have the ability to devote adequate time to the work of our Board and its committees. Under our Governance Guidelines, non-employee directors generally may not serve on more than four Boards of other publicly owned companies, provided that the service does not adversely affect the director's ability to perform his or her duties as a Qumu director.

The Governance Committee considers persons recommended by the shareholders using the same standards used for other nominees.

Process for Identifying and Evaluating Nominees. The process for identifying and evaluating nominees to the Board of Directors is initiated by identifying a slate of candidates who meet the criteria for selection as a nominee and have the specific qualities or skills being sought based on input from members of the Board and, if the Governance Committee deems appropriate, a third-party search firm. The Governance Committee evaluates these candidates by reviewing the candidates' biographical information and qualifications and checking the candidates' references. One or more Governance Committee members will interview the prospective nominees in person or by telephone. After completing the evaluation, the Governance Committee makes a recommendation to the full Board of the nominees to be presented for the approval of the shareholders or for election to fill a vacancy.

Board Nominees for the 2018 Annual Meeting. The nominees for the Annual Meeting were selected by the Governance Committee in February 2018. Other than in respect of Messrs. Lucas and Cox, the Governance Committee selected the nominees in February 2018 using the standards identified in our Governance Guidelines that are discussed in this section under "Criteria for Nomination to the Board; Diversity Considerations." In selecting Mr. Madison as a nominee, the Governance Committee determined that, because of his demonstrated availability to the Board and valuable contributions as a Board member, it is in the best interests of Qumu and its shareholders to waive the provisions of our Governance Guidelines relating to maximum age of a nominee. All nominees were elected by shareholders at our 2017 Annual Meeting, with the exception of Messrs. Lucas and Cox.

On December 19, 2017, the Board of Directors elected Messrs. Lucas and Cox as directors in connection with the Standstill Agreement with Harbert. In considering the obligations of the Standstill Agreement to elect Messrs. Lucas and Cox to our Board of Directors and to nominate Messrs. Lucas and Cox for election at the Annual Meeting, the Governance Committee evaluated Messrs. Lucas and Cox as director nominees in December 2017 using the same standards for evaluating other nominees. The Standstill Agreement is described below under "—Summary of Standstill Agreement."

We have not engaged a third-party search firm to assist us in identifying potential director candidates, but the Governance Committee may choose to do so in the future.

Shareholder Proposals for Nominees. The Governance Committee will consider written proposals from shareholders for nominees for director. Any such nominations should be submitted to the Governance Committee c/o the Secretary of Qumu Corporation and should include the following information: (a) all information relating to such nominee that is required to be disclosed pursuant to Regulation 14A under the Securities Exchange Act of 1934 (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), (b) the name and record address of the shareholder and of the beneficial owner, if any, on whose behalf the nomination will be made, and (c) the class and number of shares of the corporation owned by the shareholder and beneficially owned by the beneficial owner, if any, on whose behalf the nomination will be made.

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As to each person the shareholder proposes to nominate, the written notice must also state: (a) the name, age, business address and residence address of the person, (b) the principal occupation or employment of the person and (c) the class and number of shares of the corporation's capital stock beneficially owned by the person. To be considered, the written notice must be submitted in the time frame described in our bylaws and in the section of this proxy statement entitled "Shareholder Proposals for 2019 Annual Meeting."

Summary of Standstill Agreement

On December 19, 2017, we entered into a standstill agreement (the "Standstill Agreement") with Harbert Discovery Fund, LP, Harbert Discovery Fund GP, LLC, Harbert Fund Advisors, Inc. and Harbert Management Corporation (collectively, "Harbert"). Below is a summary of certain provisions of the Standstill Agreement relating to this 2018 Annual Meeting of Shareholders and beyond.

Pursuant to the terms of the Standstill Agreement, on December 19, 2017 we increased the size of the Board to nine members and elected each of Kenan Lucas and Neil E. Cox to the Board. Additionally, pursuant to the Standstill Agreement, Mr. Lucas was appointed to the Audit Committee and the Governance Committee and Mr. Cox was appointed to the Compensation Committee and the Governance Committee.

Under the Standstill Agreement, we agreed to nominate seven persons for election to the Board at the 2018 Annual Meeting of Shareholders and to cause the authorized number of directors immediately following the 2018 Annual Meeting to remain at seven at all times during the standstill period (as defined in the Standstill Agreement). We are also obligated to nominate Messrs. Lucas and Cox for election as directors at the 2018 Annual Meeting of Shareholders and to solicit proxies for the election of Messrs. Lucas and Cox in the same manner as our other nominees. In accordance with these provisions of the Standstill Agreement, the Governance Committee selected Messrs. Lucas and Cox as nominees for the 2018 Annual Meeting of Shareholders.

Under the Standstill Agreement, Harbert agreed to appear in person or by proxy at the Annual Meeting of Shareholders and vote all shares of our common stock of beneficially owned by it in favor of the election of each of Qumu's nominees and in accordance with the Board's recommendation on all other proposals.

Until the date on which Harbert takes any action that results in Harbert having beneficial ownership in the aggregate of less than 5.0% of our then outstanding common stock, if either of Messrs. Lucas or Cox should resign, be removed or die, Harbert has the right to replace Messrs. Lucas and Cox with a qualified director substitute, with the qualifications and appointment of any substitute director subject to the provisions of the Standstill Agreement.

Harbert is also subject to standstill provisions under the Standstill Agreement restricting Harbert and its affiliates from directly or indirectly taking certain actions in respect of the Company or its common stock. Such provisions generally remain in effect for a standstill period ending 30 days prior to the deadline for the submission of shareholder nominations for our 2019 Annual Meeting of Shareholders, subject to extension by mutual agreement of the parties. The Standstill Agreement also contains prohibitions on certain dispositions by Harbert during the standstill period.

Board Attendance at Board, Committee and Annual Shareholder Meetings

During 2017, the Board of Directors met nineteen times. Each nominee for director attended at least 75% of the meetings of the Board and committees on which he or she served during 2017. The Board of Directors regularly meets in executive session without the presence of members of management, including the Chief Executive Officer. We do not have a formal policy on attendance at meetings of our shareholders. However, we encourage all Board members to attend all meetings, including the annual meeting of shareholders. Three of the seven directors then serving attended the 2017 Annual Meeting of Shareholders, which was held as a virtual meeting of shareholders.

Continuing Education

We have adopted a policy encouraging all Board members to seek out opportunities for further education on governance and public-company matters. During 2017, one member of the Board of Directors attended one or more such programs.

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Communications With Directors

Shareholders may communicate with members of the Board by sending an e-mail to chair.director@qumu.com or by directing the communication in care of the Governance Committee Chair c/o Corporate Secretary, at the address set forth on the front page of this proxy statement. All communications will be received and processed by the Corporate Secretary. You will receive a written acknowledgement from the Corporate Secretary upon receipt of your communication.

Code of Ethics

We have adopted a code of ethics that applies to all directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or persons performing similar functions. This code of ethics is included in our Code of Ethics and Business Conduct which is publicly available by following the link to the Corporate Governance page of the Investors section of our website:

www.qumu.com/company/investor-relations/corporate-governance. To the extent permitted, we intend to disclose any amendments to, or waivers from, the code of ethics applicable to our principal executive officer, principal financial officer, principal accounting officer or persons performing similar functions or with respect to the required elements of the code of ethics on the page of our website identified above.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The following report of the Audit Committee shall not be deemed to be “soliciting material” or to be “filed” with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the 1934 Securities Exchange Act, as amended, except to the extent that we specifically incorporate it by reference in such filing.

In accordance with its Charter, the Audit Committee has reviewed and discussed our audited financial statements with management. The Audit Committee has discussed with KPMG LLP, our independent registered public accounting firm, the matters required to be discussed under generally accepted auditing standards and Auditing Standard No. 16 of the Public Company Accounting Oversight Board (United States) which includes, among other items, matters related to the conduct of the audit of our financial statements and evaluation of the Company’s internal control over financial reporting. We have also discussed with KPMG LLP their independence and they have provided to us the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the audit committee concerning independence. Based on the review and discussions referred to above, the Audit Committee recommended to our Board that our audited financial statements be included in our Annual Report on Form 10-K for the year ending December 31, 2017.

By the Audit Committee of the Board of Directors:

Kimberly K. Nelson (Chair)

Thomas F. Madison

Justin A. Orlando

Kenan Lucas

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EXECUTIVE OFFICERS

Set forth below is biographical and other information for our current executive officers. Information about Vern Hanzlik, our President and Chief Executive Officer, may be found in this proxy statement under the heading “Election of Directors.”

David D. Ristow, age 48, served as our interim Chief Financial Officer on a consulting basis from November 7, 2017 until he was hired as our Chief Financial Officer on December 15, 2017. From April 2017 until November 2017, Mr. Ristow acted as Chief Financial Officer of Ascent Solutions, a consulting company delivering cybersecurity, cloud, IT strategy, and infrastructure enablement services. From July 2016 to April 2017, Mr. Ristow acted as Chief Financial Officer for eGrowcery, an international e-commerce software business. From January 2016 to June 2016, Mr. Ristow acted as the Chief Financial Officer of Noribachi, a manufacturer of high output commercial lighting solutions operating on an Internet Of Things platform. From 2012 to 2016, Mr. Ristow acted as Chief Financial Officer of portfolio companies and Director of Investments for Eurovestech Plc. From 2007 to 2012, Mr. Ristow acted as Chief Financial Officer of KSS Retail, an international software business providing price optimization solutions to retailers throughout the world, which was sold in January 2010. Mr. Ristow has a B.S. in Accounting from the University of Southern California and began his finance career with Deloitte. Mr. Ristow is an actively licensed Certified Public Accountant, member of the CGMA and veteran of the USMC.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following discussion and analysis describes our compensation objectives and policies as applied to the following executive officers who are referred to in this proxy statement as the named executive officers:

• Vern Hanzlik, who served as President and Chief Executive Officer in 2017;

• Peter J. Goepfrich, who served as Chief Financial Officer from May 18, 2015 until his resignation on November 6, 2017; and

• David G. Ristow, who served as Interim Chief Financial Officer on a consulting basis from November 7, 2017 until he was hired as Chief Financial Officer on December 15, 2017.

This section is intended to provide a framework within which to understand the actual compensation awarded to, earned or held by each named executive officer during 2017, as reported in the compensation tables and accompanying narrative sections appearing on pages 27 to 34 of this proxy statement.

Executive Summary

Our compensation policies and determinations in 2017 were influenced by a variety of factors, most notably our efforts to align pay and performance, particularly our cash and expense management goals. Highlighted below are some of our key compensation-related policies and decisions approved by the Compensation Committee relating to 2017 compensation to the named executive officers:

Flat or Lower Base Pay. The Compensation Committee did not change the base salaries for executive officers in 2017. For Mr. Hanzlik, the base pay reduction implemented in August 2015 continued in effect through into 2016 and 2017. Mr. Goepfrich’s annual base salary was set at \$290,000 at the time he was hired in 2015 and this annual base salary was likewise continued into 2016 and 2017. When Mr. Ristow was hired as our Chief Financial Officer in December 2017, we negotiated with him an annual base salary of \$275,000, which is lower than the base salary of his predecessor, and approximated the 25th percentile for base salary at our peer group companies for the Chief Financial Officer position.

Focus on Performance-Based Incentives. As in prior years, our compensation policies and practices during 2017 were heavily influenced by a focus on pay for performance. In 2017, our compensation practices were also heavily influenced by a focus on aligning pay programs with our cash and expense management goals.

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For 2017, the Compensation Committee again included a hurdle component to the 2017 Incentive Plan. Under the terms of the 2017 Incentive Plan, incentive pay was conditioned upon achievement of minimum cash flow from operations. The failure to achieve the minimum cash flow from operations performance goal, even if other performance goals were achieved, would result in no incentive pay under the 2017 Incentive Plan. In determining the 2017 performance goals, the Compensation Committee exercised its discretion to reduce our actual cash flow from operations to normalize cash flow for the purposes of the 2017 Incentive Plan.

Our executive compensation programs continued to be designed to deliver market competitive compensation to our executive officers only when they individually deliver, and we as a company deliver, high performance. The Compensation Committee believes that variable, incentive-based compensation should constitute a meaningful portion of overall compensation for the named executive officers.

Equity Component in 2017 Incentive Plan. In order to ensure alignment of our compensation program with our cash resources and to align the interests of our management with the interests of our shareholders, the Compensation Committee determined to deliver some of the incentive pay under the 2017 Incentive Plan in the form of equity. To implement this element of the 2017 Incentive Plan, we issued performance stock units, which represent a contractual right to receive shares of our common stock based upon the achievement of the 2017 Incentive Plan performance goals. The full target amount of Mr. Hanzlik's incentive pay under the 2017 Incentive Plan was delivered through performance stock units and 25% of Mr. Goepfrich's target amount was delivered through performance stock units. Based upon the Compensation Committee's determinations of achievement of the performance goals of the 2017 Incentive Plan, approximately 22.1% of the 105,642 performance stock unit award to Mr. Hanzlik vested, resulting in 23,395 shares of our common stock being issued to Mr. Hanzlik on March 23, 2018. Due to Mr. Goepfrich's resignation in November 2017, no shares were issued to Mr. Goepfrich in respect of the performance stock units and no cash amount was paid to him under the 2017 Incentive Plan.

Equity Awards in 2017. The Compensation Committee made no equity awards to Messrs. Hanzlik or Goepfrich in 2016 and instead dedicated 2016 to thorough review, in consultation with Radford, the Compensation Committee's independent consultant, of long-term incentive compensation to the executive officers. Based upon this review, in March 2017 the Compensation Committee granted stock option and restricted stock awards to Messrs. Hanzlik and Goepfrich. Even following these grants, the long-term equity compensation for Messrs. Hanzlik and Goepfrich continued to be below the 50th percentile of a peer group of companies as reported by Radford. When Mr. Ristow was hired as our Chief Financial Officer on December 15, 2017, the Compensation Committee approved larger initial equity awards in recognition of Mr. Ristow's position and his base salary.

Compensation Policies for 2017. In 2017, we maintained the compensation policies and compensation practices developed in prior years, which we believe contribute to good governance.

The 2007 Plan includes a broad recoupment or "clawback" provision, and clawback provisions are a standard part of our incentive compensation programs, including the 2017 Incentive Plan. These clawback provisions require an executive officer to forfeit and allow us to recoup any payments or benefits received by the executive officer under these compensation plans under certain circumstances, such as certain restatements of our financial statements, certain terminations of employment, and breach of an agreement between us and the executive officer.

We have established specific stock ownership guidelines for executive officers and directors. Our stock ownership guidelines, along with the terms of our equity awards, encourage our executive officers and directors to build and maintain an ownership interest in our company.

Under the charter of the Compensation Committee, any compensation consultant is retained directly by, and reports to, the Compensation Committee. Our Compensation Committee reviews and considers the independence of a compensation consultant prior to engagement.

Our letter agreements with executive officers provide for severance payments only in cases of termination without cause prior to a change in control or both the occurrence of a change in control and the termination of employment without cause or for good reason. The agreement does not provide for "tax gross-up" payments. The post-termination benefits under the letter agreement are also

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conditioned upon compliance with the non-disclosure and non-competition agreements we have with the executive officers.

Response to 2017 Say-On-Pay Vote. The say-on-pay proposal we presented at the 2017 Annual Meeting of Shareholders received 98.8% approval. We believe this high approval rate reflects shareholder support for our efforts in the last several years to strengthen the connection between executive pay and performance.

Our Compensation Philosophy

Our philosophy with respect to the compensation of executive officers is based upon the following principles:

• Executive base compensation levels should be established by comparison of job responsibility to similar positions in comparable companies and be adequate to retain highly-qualified personnel; and

• Variable compensation should be established by comparison of job responsibility to similar positions in comparable companies and be adequate to retain highly-qualified personnel and should provide incentives to improve performance and shareholder value.

The Compensation Committee reviews compensation philosophy and programs regularly (no less than annually). The Compensation Committee's review is two-fold: first, to ensure our philosophy and programs meet our objectives of providing compensation that attracts and retains executive talent and encourages our executive officers to achieve our business goals and second, to identify changes and trends in executive compensation policies and practices that may be applicable to Qumu.

2017 Compensation Elements and Determinations

The Compensation Committee followed the guiding principles outlined above in the development and administration of compensation programs for the named executive officers. During 2017, the components of our executive compensation programs consisted of the following:

• Base salary;

• Short-term incentive compensation delivered through the 2017 Incentive Plan, the annual incentive plan for 2017; and

• Long-term equity compensation.

The named executive officers were also eligible to participate in the same benefit programs as were available to our other employees. Because the Compensation Committee does not believe that personal benefits or perquisites are appropriate as a significant element of compensation, the value of perks to any named executive officer was less than \$10,000 in 2017.

In addition to selecting the components of compensation, the Compensation Committee also determined the relative weight of each component for each of the named executive officers. Performance-based, variable compensation is intended to be a meaningful portion of overall compensation. For 2017, the Compensation Committee continued its practice of weighting this type of compensation more heavily than fixed compensation, such as base salary.

See "Compensation Information and How it is Used in the Determining Compensation" below for an explanation of the information the Compensation Committee used in determining the elements of executive compensation and the potential compensation to the named executive officers in 2017.

2017 Base Salaries

In March 2017, the Compensation Committee determined not to change the annual base salary of Messrs. Hanzlik or Goepfrich for 2017. Accordingly, for 2017 Mr. Hanzlik's annual base salary was \$390,800 while he resides in California, reflecting an \$82,000 adjustment approved in 2014 for the higher cost of living index of the San Francisco, California metropolitan area, and his unadjusted base salary of \$308,800 was used for the purposes of calculating Mr. Hanzlik's incentive pay opportunity under the 2017 Incentive Plan. For Mr. Hanzlik, his 2017 base salary continued to reflect the 5% reduction implemented in August 2015.

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For 2017, Mr. Goepfrich's annual base salary continued to be \$290,000, the amount set at the time he was hired in May 2015. This amount approximated the 50th percentile of our benchmark peer group for the Chief Financial Officer position, as reported by Radford, at the time of Mr. Goepfrich's hire.

When Mr. Ristow was hired as our Chief Financial Officer on December 15, 2017, the Compensation Committee negotiated a base salary with him of \$275,000. This amount was less than the annual base salary of Mr. Goepfrich in recognition of the larger initial equity awards to Mr. Ristow at the time of hiring. This amount was also significantly less than the annualized cost of Mr. Ristow's services as a consultant.

2017 Incentive Plan

Effective March 8, 2017, the Compensation Committee approved and the Board of Directors ratified the establishment of our short-term incentive program for 2017 (the "2017 Incentive Plan") and set the incentive pay opportunities under the 2017 Incentive Plan for Mr. Hanzlik and Mr. Goepfrich. Because Mr. Ristow was hired on December 15, 2017, he was not eligible to participate in the 2017 Incentive Plan.

Under the 2017 Incentive Plan, the Compensation Committee determined minimum, target and maximum amounts of four performance goals for 2017: core bookings, revenue, adjusted EBITDA, and cash flow from operations, each weighted 25%. Core bookings was defined as the dollar value of signed non-cancellable customer purchase commitments for the following categories: (i) perpetual licenses, (ii) subscription and support for less than one year terms, (iii) hardware, (iv) professional services and other, and (v) maintenance and support for less than one year terms. Revenue and cash flow from operations was to be determined in conformity with U.S. generally accepted accounting principles. Adjusted EBITDA was defined as earnings before interest, taxes, depreciation and amortization, adjusted by excluding expense associated with equity based compensation, but including cash incentive compensation expense and further adjusted by excluding \$150,000 of budgeted severance expense.

The Compensation Committee retained the discretion to include or exclude items from any of the four performance goals and to determine the amount of core bookings, revenue, adjusted EBITDA or cash flow from operations to be used in calculating incentive pay under the 2017 Incentive Plan.

Under the 2017 Incentive Plan, achievement of a performance goal at less than target level would result in proportionately decreasing incentive pay relating to that performance goal until the achievement fails to meet the minimum, at which point the executives would be entitled to no incentive pay with respect to that performance goal. Achievement of a performance goal at greater than target level would result in proportionately increasing incentive pay relating to that performance goal. However, under the 2017 Incentive Plan, the maximum incentive pay that could be earned by an executive officer could not exceed 150% his incentive pay at the target level, even if actual performance exceeded the maximum level for any or all performance goals. Additionally, the failure to achieve the minimum cash flow from operations, even if other performance goals were achieved, would result in no incentive pay under the 2017 Incentive Plan.

The Compensation Committee also approved the incentive pay that the executive officers could have earned under the 2017 Incentive Plan at the target level of achievement of each performance goal as a percentage of their respective salaries as follows: Mr. Hanzlik, 65%, and Mr. Goepfrich, 50%. At the maximum level of achievement, Mr. Hanzlik could have earned incentive pay of 97.5% of his base salary and Mr. Goepfrich could have earned incentive pay of 75% of his base salary. As was the case in 2015 and 2016, for the purposes of determining any incentive pay under the 2017 Incentive Plan to Mr. Hanzlik, the Compensation Committee continued to use Mr. Hanzlik's lower base salary unadjusted for the higher cost of living index in the San Francisco, California metropolitan area.

The Compensation Committee also determined that payout of the 2017 Incentive Plan would be in a combination of cash and performance stock units. The performance stock units represented a contractual right to receive shares of our common stock upon the achievement of the 2017 Incentive Plan performance goals. The performance stock unit award agreements provided that in settlement of the performance stock units, we would issue the holder a number of shares as was equal to the number of performance stock units issued multiplied by the total percentage achievement of the performance goals for the 2017 Incentive Plan after applying weighting.

In connection with the 2017 Incentive Plan, Mr. Hanzlik was issued 105,642 performance stock units. This number of performance stock units was equal in value to 100% of Mr. Hanzlik's incentive pay opportunity under the 2017 Incentive Plan at the target level of achievement. In connection with the 2017 Incentive Plan, Mr. Goepfrich was

issued 19,078 performance stock units. This number of performance stock units was equal in value to 25% of Mr. Goepfrich's incentive pay opportunity under the 2017 Incentive Plan at the target level of achievement. For Mr.

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Goepfrich, any remaining incentive pay earned under the 2017 Incentive Plan would be paid in cash. For each executive officer, achievement above 100% of the target level would be paid solely in cash.

The 2017 Incentive Plan provided that all incentive amounts earned in 2017 would be paid in the first quarter of 2018, which the Compensation Committee later adjusted to be following the filing of our Annual Report on Form 10-K. An executive officer must have been employed by us as of December 31, 2017 and as of the payment date in order to receive any incentive pay under the 2017 Incentive Plan unless otherwise provided in the letter agreement with the executive relating to severance and change in control benefits. Additionally, all incentive pay, both the cash and equity components, is subject to “clawback” to the extent required by federal law and the 2007 Plan.

The Compensation Committee set the minimum core bookings and revenue under the 2017 Incentive Plan as reflecting no improvement over the prior year, but set the minimum adjusted EBITDA to be an improvement of 24% over the prior year and the minimum cash flow from operations to be an improvement of 66% over the prior year. The Compensation Committee believed that an expectation of significant improvement in adjusted EBITDA and cash flow from operations would incentivize further alignment of our 2017 expenses with 2017 revenue and bookings performance. The Compensation Committee set the target level of each performance measure as consistent with our budget for 2017.

For 2017, our core bookings, revenue, adjusted EBITDA, and cash flow from operations were \$11,646,000, \$28,167,000, \$(4,636,000) and \$(2,012,000), respectively. We achieved slightly more than the minimum 2017 core bookings performance goal, resulting in achievement of 10% of the amount attributable to this performance goal before weighting. We did not achieve the minimum 2017 revenue performance goal established by the Compensation Committee under the 2017 Incentive Plan. We achieved more than the minimum but less than the target performance goal for adjusted EBITDA for 2017, resulting in achievement of 19% of the incentive amount attributable to this performance goal before weighting.

After reviewing our actual 2017 cash flow from operations, the Compensation Committee determined to exercise its discretion to reduce this amount for the purposes of the 2017 Incentive Plan by \$1,000,000 to offset the receipt a pre-payment of a sublease of our office in the UK and to normalize the impact of working capital timing in the fourth quarter 2017. The Compensation Committee made these adjustments to ensure that 2017 cash flow from operations reflected this normalized measure. After the Compensation Committee exercised its negative discretion, we achieved more than the minimum but less than the target cash flow from operations for 2017, resulting in a payout of 59% of the incentive amount attributable to this performance goal before weighting.

After applying weighting, the total percentage achievement of the performance goals for the 2017 Incentive Plan was 22.1%. As a result, we issued Mr. Hanzlik 23,395 shares on March 23, 2018 in settlement of the award of 105,642 performance stock units. Because Mr. Goepfrich resigned prior to the end of 2017, Mr. Goepfrich did not receive any shares in settlement of his performance stock units or any compensation otherwise under the 2017 Incentive Plan.

2017 Equity Awards

The Compensation Committee dedicated 2016 to thorough review of long-term incentive compensation to the executive officers which was informed by the input from Radford. Radford’s March 2016 re-engagement included the development of long-term incentive alternatives for consideration by the Compensation Committee, as well as development of an updated benchmark peer group against which the Compensation Committee assessed the competitiveness of our long-term incentive compensation. The Compensation Committee’s consideration of the Radford alternatives over the balance of 2016 informed the stock option and restricted stock awards made to the executive officers in March 2017 and the performance stock unit component of the 2017 Incentive Plan.

In March 2017, the Compensation Committee granted Mr. Hanzlik an option to purchase 75,000 shares of our common stock and 37,500 shares of restricted stock and granted Mr. Goepfrich an option to purchase 50,000 shares of our common stock and 25,000 shares of restricted stock. For Mr. Hanzlik, the size of the awards approximated the 25th percentile of peer group of companies. For Mr. Goepfrich, the size of the awards approximated the 50th percentile of peer group companies. Even following these grants, the long-term equity compensation for Messrs. Hanzlik and Goepfrich continued to be below the 50th percentile of a peer group of companies as reported by Radford.

Mr. Ristow was hired as our Chief Financial Officer on December 15, 2017. At that time, the Compensation Committee approved a seven year non-qualified stock option to purchase 150,000 shares of our common stock and an award of 30,000 shares of restricted stock. The option will have an exercise price equal to the

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fair market value of our common stock as of the grant date and vest with respect to 25% of the shares underlying the option on the first four anniversaries of Mr. Ristow’s hire date. The restrictions on the restricted stock award will lapse with respect to 25% of the shares underlying the option on the first four anniversaries of Mr. Ristow’s hire date. The stock option award and restricted stock award will be granted under the 2007 Plan and be subject to our standard form of stock option agreement and restricted stock award agreement. In accordance with our equity granting policy, the grant date for the equity awards to Mr. Ristow will be the first day of the next open window period following his hire date, which we expect will be following the release of our financial results for the quarter ended March 31, 2018.

Compensation Information and How it is Used in Determining Compensation

The Compensation Committee used information from a variety of sources in determining compensation for the named executive officers for 2017.

Use of Compensation Consultant. In March 2016, the Compensation Committee re-engaged Radford, an Aon Hewitt company, to help guide development of our executive compensation program in 2016 and 2017. The Compensation Committee engaged Radford to prepare an executive compensation assessment, including development of an updated peer group, benchmarking of compensation (base salary, target bonus opportunity and annual long-term incentive delivery) against the updated peer group, and development of long-term incentive alternatives, including various equity vehicle mixes. The Compensation Committee reviewed Radford’s May 2016 report, as well as compensation and surveys, reports and other market data against which it measured the competitiveness of our compensation programs for 2017.

Input from Management. In determining compensation for executive officers, other than the Chief Executive Officer, the Compensation Committee solicits input from the Chief Executive Officer regarding the duties and responsibilities of the other executive officers and the results of performance reviews. The Chief Executive Officer also recommends to the Compensation Committee the base salary for all other executive officers, the awards under the cash incentive compensation program, and the awards under the long-term equity program. The Chief Executive Officer and Chief Financial Officer also recommended to the Compensation Committee the financial performance goals under the 2017 Incentive Plan. No executive officer, other than the Chief Executive Officer and Chief Financial Officer, has a role in establishing executive compensation. From time to time, executive officers are invited to attend portions of meetings of the Compensation Committee. However, no executive officer attends any executive session of the Compensation Committee or is present during deliberations or determination of such executive officer’s compensation.

CEO Performance Review. Annually, our Governance Committee establishes and oversees a process for the evaluation of the performance of the Chief Executive Officer by the whole Board, including a self-assessment by the Chief Executive Officer. The Compensation Committee then considers the results of that performance review in determining compensation of the Chief Executive Officer.

As a result of Radford’s executive compensation assessment, the Compensation Committee updated the benchmark peer group in mid-2016 and this updated peer group informed certain elements of the 2016 executive compensation program in the latter half of 2016 and into 2017. The benchmark peer group companies for 2017 included:

A10 Networks, Inc.	Digi International Inc.	Model N, Inc.
Bazaarvoice, Inc.	eGain Corporation	PROS Holdings, Inc.
Carbonite, Inc.	Glu Mobile, Inc.	RetailMeNot, Inc.
Castlight Health, Inc.	Jive Software, Inc.	WANdisco, plc.
ChannelAdvisor Corp.	Marin Software Incorporated	Xactly Corporation
CYREN Ltd.	MobileIron Inc.	YuMe Inc.

While the Compensation Committee viewed the 50th percentile of the peer group as a key data point for the various elements of compensation in 2017, the Compensation Committee also considered experience, scope of position, individual performance, competitiveness and retention, our financial performance and position, our share price and market capitalization, and other factors when positioning elements of compensation to executive officers within the peer group. In general, each element of our compensation programs as compared to the 2017 benchmark peer group companies is between the 25th and 50th percentile.

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Historically, the Compensation Committee has typically considered the following factors in addition to the information set forth above to determining the value of long-term equity incentive compensation: (i) previously made grants to the executive officer; (ii) progress toward meeting our stock ownership guidelines; (iii) the type of equity award and the standard terms of that type of award; (iv) our historical grant practices; (v) the potential cash compensation to the executive officer; and (vi) the position of the executive officer to ensure that those in positions of increased responsibility have an opportunity to receive a correspondingly larger portion of the overall value of long-term equity compensation for the year.

Compensation Policies

Executive Compensation Clawback Policy. Since 2011, our 2007 Plan has had expanded recoupment or “clawback” provisions and our annual incentive compensation program, including the 2017 Incentive Plan, has also had clawback provisions. These clawback provisions require an executive officer to forfeit and allow us to recoup any payments or benefits received by the executive officer under these compensation plans under certain circumstances, such as certain restatements of our financial statements, certain terminations of employment, and breach of an agreement between us and the executive officer.

Equity Granting Policy. In February 2017, our equity granting policy changed such that awards of equity-based compensation to executive officers will be approved by the Compensation Committee at a regularly scheduled meeting at which the Compensation Committee determines incentive compensation for the immediately completed year and the compensation program for executive officers for the current year, typically scheduled in February of each year. In February 2017, the equity granting policy also changed the timing of awards of equity-based compensation to non-executive officer employees such that these will occur at the same time as awards to executive employees beginning in 2018. These changes in the equity granting policy are intended to more closely connect the timing of grants of equity awards to our performance in the just completed year, to ensure uniformity in the terms of the awards to executives and non-executives (for example exercise price), and to simplify administration of the 2007 Plan. In addition to annual awards, awards of equity-based compensation to newly hired employees or employees being recognized for their achievement may be made by the Compensation Committee or by the Chief Executive Officer under authority delegated by the Compensation Committee. For awards by the Compensation Committee to newly-hired employees or employees being recognized for their achievement, the grant date will be the later of (i) the first day of employment with Qumu or the date the employee is recognized for achievement, as the case may be, or (ii) the date the Compensation Committee takes action to approve the award. However, if this date is not within an open window period, the grant date will be the first day of the open window period following the latest of (i) and (ii). Likewise, for annual awards, the grant date will be the later of the date the Compensation Committee takes action to approve the award or the first day of the next open window period.

All stock options granted in 2017 have an exercise price of the fair market value of our common stock on the date of grant. The date of grant is determined under the 2007 Plan by reference to the closing market price of our common stock on the date the Compensation Committee meets (or takes action in writing in lieu of meeting) and determines the award recipient, the number of shares underlying stock option awards and the other material terms of the stock option grant, or such future date specified as the grant date by the Compensation Committee when all material terms of the stock option grant are determined.

The Compensation Committee’s policy is to grant all equity awards under shareholder approved equity compensation plans, such as the 2007 Plan, except in limited and special circumstances.

Our policy is to grant equity awards at a time that Qumu’s directors and executive officers are not in possession of material, non-public information and during the periods of time that trading would be permitted under our trading policy, which is referred to above as an “open window period.”

Delegation of Limited Authority under 2007 Plan. The Compensation Committee has delegated authority to the Chief Executive Officer and Chief Financial Officer to grant equity awards under the 2007 Plan to employees who are not executive officers of Qumu. The delegation of authority is limited to new hire grants to any individual that corresponds to that persons’ position within Qumu, not to exceed the amount set by the Compensation Committee from time to time, if any, or 20,000 equity awards, and the delegation authority may not exceed, in the aggregate, the total amount established on an annual basis by the Compensation Committee. Equity awards mean stock options and

restricted shares and unless otherwise

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determined by the Compensation Committee, grants of restricted shares shall reduce the limits set forth above on the basis of 2.5 equity awards for each restricted share granted. Further, the Chief Executive Officer and Chief Financial Officer must memorialize the terms of the award in a written form contemporaneously with his approval of the award and must advise the Compensation Committee of such awards at a Compensation Committee meeting following such award. The terms of option and restricted stock awards by the Chief Executive Officer and Chief Financial Officer must be those contained in our standard form of non-qualified stock option agreement or standard form of restricted stock agreement, respectively.

For awards by the Chief Executive Officer and Chief Financial Officer to newly-hired non-executive employees, the grant date will be the second Tuesday of the month following the employee's start date, or if the Nasdaq Stock Market was closed on such second Tuesday, the next succeeding day on which the Nasdaq Stock Market is open for regular trading.

Stock Ownership Guidelines. We have established stock ownership guidelines for our executive officers and directors. These guidelines are reviewed annually. The ownership guidelines for executive officers are based upon the following multiples of base pay, with the multiple depending upon management level: Chief Executive Officer, five times; President, Chief Operating Officer, Chief Technical Officer and Chief Financial Officer, three times; and all other executive officers, two times. In the event an individual holds positions in more than one management level, the multiple applicable to the highest management level applies to that individual. The ownership guideline for directors is five times the annual retainer (exclusive of meeting fees or other retainers) paid to directors by us. Ownership levels will be determined by including stock acquired through open market transactions, employee stock purchase plan purchases (if any), shares granted under time vested restricted stock or restricted stock unit awards, shares earned under performance stock awards, as well as the in-the-money value of vested stock options. We recommend that executive officers and directors meet the applicable guidelines within five years of the date he or she first becomes subject to the guidelines and meet the applicable guidelines associated with an increase in his or her management level within five years of such change.

On February 28, 2018, the Compensation Committee reviewed the progress of the named executive officers and directors toward the ownership guidelines. As of that date, four of the five directors that were required to meet the ownership guidelines met them. Two other directors are required to meet the guidelines in 2020 and two are required to meet the guidelines in 2023. Mr. Hanzlik is first required to meet the ownership guidelines in 2019 at the 3x level and in 2020 at the 5x level. Mr. Ristow is not required to meet the ownership guidelines until 2023.

Post-Termination Compensation. Our practice has been to enter into a form of agreement relating to severance and change in control benefits with each person appointed by the Board as an executive officer. As of December 31, 2017, we were a party to such an agreement with Messrs. Hanzlik and Ristow.

The Compensation Committee believes that severance and change in control arrangements for the named executive officers are consistent with competitive pay practices, aid in the recruitment and retention of executive officers, and provide incentives for executive officers to grow our business and maintain focus on returning value to shareholders. The Compensation Committee believes that providing protection to executive officers whose employment is terminated in connection with a change in control strikes an appropriate balance among the interests of our executive officers and the interests of others in a change in control transaction. In particular, the Compensation Committee believes that these arrangements are appropriate in part because the benefits under the agreement are only payable upon termination without cause prior to a change in control or both the occurrence of a change in control and the termination of employment without cause or for good reason, and that the severance and change in control benefits are conditioned upon compliance with non-disclosure and non-competition agreements. See "Executive Compensation – Employment Arrangements with Named Executive Officers and Post-Employment Compensation" in this proxy statement for a discussion of the terms of the agreements with the named executive officers and the value of benefits payable under these agreements.

Engagement of Compensation Consultant. Under its charter, the Compensation Committee has the sole authority to retain or replace the compensation consultant and the compensation consultant reports directly to the Compensation Committee. In determining to retain any compensation consultant, the Compensation Committee will evaluate whether such compensation consultant has any conflict of interest in accordance

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with the charter of the Compensation Committee. In 2017, the Compensation Committee did not retain a compensation consultant.

Consideration of 2017 Say-on-Pay Vote

The say-on-pay proposal presented at the 2017 Annual Meeting of Shareholders received 98.8% approval by our shareholders. We continue to seek out and welcome feedback from shareholders relating to our compensation programs and practices. Based upon the 2017 Annual Meeting say-on-pay vote and the feedback subsequent to the 2017 Annual Meeting, we believe that shareholders support our efforts to strengthen the connection between executive pay and performance. The Compensation Committee looks forward to the say-on-pay vote at this 2018 Annual Meeting as a way to gain additional information as it considers executive compensation philosophy, policies and practices for the remainder of 2018 and beyond.

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Report of the Compensation Committee

The following report of the Compensation Committee shall not be deemed to be “soliciting material” or to be “filed” with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the 1934 Securities Exchange Act, as amended, except to the extent that we specifically incorporate it by reference in such filing.

The Compensation Committee has reviewed and discussed the section of this proxy statement entitled Compensation Discussion and Analysis (the “CD&A”) for the year ended December 31, 2017 with management. In reliance on the reviews and discussions referred to above, the Compensation Committee recommended to the Board that the CD&A be included in the proxy statement for the 2018 Annual Meeting of Shareholders for filing with the Securities and Exchange Commission.

By the Compensation Committee of the Board of Directors:

Daniel R. Fishback (Chair)

Neil E. Cox

Donald T. Netter

Robert F. Olson

Justin A. Orlando

Consideration of Risk in Compensation

The Compensation Committee believes that promoting the creation of long-term value discourages behavior that leads to excessive risk. The Compensation Committee believes that the following features of our compensation programs provide incentives for the creation of long-term shareholder value and encourage high achievement by our executive officers without encouraging inappropriate or unnecessary risks:

• Our long-term equity incentives are at the discretion of the Compensation Committee and are granted pursuant to a disciplined process.

• Stock options become exercisable over a four year period and remain exercisable for up to seven years from the date of grant, and restricted shares vest over periods up to four years, encouraging executives to look to long-term appreciation in equity values.

• We balance short- and long-term decision-making with our annual cash incentive program and equity awards that vest over four years.

• Because of our stock ownership guidelines, our executive officers could lose significant value if our stock price were exposed to inappropriate or unnecessary risks.

• The metrics used to determine the incentive pay to a named executive officer under the 2017 Incentive Plan balanced revenue and core bookings, top-line performance measures, against adjusted EBITDA and net cash flow from operations, bottom line performance measures. Further, incentive pay as to all performance goals under the 2017 Incentive Plan was conditioned upon minimum net cash flow from operations. In this way, we incentivize disciplined growth and prudent expense management.

• The incentive pay amounts under the 2017 Incentive Plan cannot exceed 150% of the executive officer’s target amount, no matter how much performance exceeds the maximum levels of the performance goals. This feature was designed to limit windfalls.

• Through our 2007 Plan, the Compensation Committee has the right to “claw back” stock incentives or cash incentives from a participant or to seek repayment from a participant through a variety of means in certain circumstances such as certain restatements of our financial statements, certain terminations of employment, and breach of an agreement between us and the executive officer. These “claw back” features are applicable to the 2017 Incentive Plan.

• Our corporate compliance systems and policies, which are overseen by the Audit Committee, further mitigate against excessive or inappropriate risk taking. For example, our insider trading policy prohibits

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executive officers from purchasing Qumu securities on margin, hedging Qumu securities, borrowing against any account in which Qumu securities are held, pledging Qumu securities as collateral for a loan, or engaging in monetization transactions.

Based on their consideration of these and other factors, the Compensation Committee concurred with our management's determination that none of its compensation policies and practices is reasonably likely to have a material adverse effect on Qumu.

Compensation Committee Interlocks and Insider Participation

No member of our Compensation Committee has served as one of our officers or employees at any time. None of our executive officers serves as a member of the compensation committee of any other company that has an executive officer serving as a member of the Board. None of our executive officers serves as a member of the board of directors of any other company that has an executive officer serving as a member of our Compensation Committee during the last fiscal year.

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Summary Compensation Table

The following table shows, for each person serving as our Chief Executive Officer our and Chief Financial Officer in 2017 (together referred to as our “named executive officers”), information concerning compensation earned for services in all capacities during the years indicated.

Name and Position	Year	Salary	Bonus (1)	Stock Awards (2)	Option Awards (2)	Non-Equity Incentive Plan Compen- sation (3)	All Other Compen- sation (4)	Total
Vern Hanzlik (5) President and Chief Executive Officer	2017	\$390,800	\$—	\$109,618	\$76,773	\$—	\$17,745	\$594,936
	2016	\$390,800	\$—	\$—	\$—	\$47,888	\$16,687	\$455,375
	2015	\$385,805	\$—	\$295,994	\$83,721	\$—	\$7,313	\$772,833
Peter J. Goepfrich (6) Former Chief Financial Officer	2017	\$246,500	\$—	\$47,500	\$51,182	\$—	\$21,892	\$367,074
	2016	\$290,000	\$—	\$—	\$—	\$34,595	\$21,843	\$346,438
	2015	\$166,192	\$40,000	\$—	\$459,136	\$75,000	\$368	\$740,696
David G. Ristow (7) Chief Financial Officer	2017	\$12,516	\$—	\$72,900	\$203,892	\$—	\$—	\$289,308

(1) Consists of a hiring bonus that was required to be repaid by Mr. Goepfrich if his employment with Qumu terminated under certain circumstances prior to the one year anniversary of his start date.

(2) Valuation of awards based on the grant date fair value of those awards computed in accordance with FASB ASC Topic 718 utilizing assumptions discussed in Note 7 to our consolidated financial statements for the year ended December 31, 2017 included in our Annual Report on Form 10-K for the year ended December 31, 2017. For Mr. Hanzlik, the column entitled “Stock Awards” includes \$38,368 in value associated with 23,395 shares issued to Mr. Hanzlik in settlement of an award of 105,642 performance stock units granted to Mr. Hanzlik under the 2017 Incentive Plan.

(3) Represents the amounts paid to the named executive officers under the short-term cash incentive compensation program for the year noted. All amounts are reported for the year in which the related services were performed, although may be paid in the following year.

(4) Represents the following amounts:

Name	Year	Matching Contributions to 401(k) Plan	Insurance Premiums
Vern Hanzlik	2017	\$ 7,950	\$ 9,795
	2016	\$ 8,061	\$ 8,626
	2015	\$ 6,653	\$ 660
Peter J. Goepfrich	2017	\$ 5,410	\$ 16,482
	2016	\$ 5,652	\$ 16,191
David G. Ristow	2015	\$ —	\$ 368
	2017	\$ —	\$ —

(5) Mr. Hanzlik began serving as our Chief Executive Officer on October 19, 2015. Mr. Hanzlik began serving as our Executive Vice President, an executive officer position, on March 13, 2014 and was promoted to President on December 12, 2014. Amounts presented for 2015 include compensation to Mr. Hanzlik in all capacities for such year.

(6) Mr. Goepfrich began serving as our Chief Financial Officer on May 18, 2015 and resigned effective November 6, 2017. Accordingly, information for each of 2015 and 2017 represents a partial year. Mr. Goepfrich was not entitled to any post-termination compensation.

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Mr. Ristow began serving as our Interim Chief Financial Officer effective November 7, 2017 on a consulting basis. Effective December 15, 2017, Mr. Ristow was hired as our Chief Financial Officer. Accordingly, information for (7)2017 represents a partial year. Salary information does not include amounts paid to Salo, LLC for the provision of Mr. Ristow’s services as Interim Chief Financial Officer. We paid Salo, LLC \$245 per hour, or \$109,117 in the aggregate, for Mr. Ristow’s consulting services prior to being hired.

Value of stock awards and option awards represent the value of awards approved by the Compensation Committee in connection with Mr. Ristow’s hiring on December 15, 2017 assuming the awards were granted on such date. The awards will be granted in accordance with our equity granting policy on first day of the next open window period following Mr. Ristow’s hire date, which we expect will be following the release of our financial results for the quarter ended March 31, 2018, and the actual value of the awards as of such grant date may be different than shown above.

Grants of Plan-Based Awards in 2017

The following table sets forth certain information concerning plan-based awards granted to the named executive officers during the year ending December 31, 2017.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Plan Awards (1)	Estimated Future Incentive Plan Awards (2)	All Other Equity Awards (3)	All Other Stock Awards (4)	Number of Shares of Stock	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards (3)
Vern Hanzlik	3/8/2017	\$—	\$100,360	\$105,642	\$105,642	—	—	\$ —	\$ —
Vern Hanzlik	3/8/2017	\$—	\$—	\$—	\$—	37,500	75,000	\$ 1.90	\$148,023
Peter J. Goepfrich	3/8/2017	\$108,750	\$181,250	\$19,078	\$19,078	—	—	\$ —	\$—
Peter J. Goepfrich	3/8/2017	\$—	\$—	\$—	\$—	25,000	50,000	\$ 1.90	\$98,682
David G. Ristow	(4)	\$—	\$—	\$—	\$—	30,000	150,000	\$ 2.43	\$276,792

(1) Represents the cash incentive pay that may have been earned by the named executive officers under the 2017 Incentive Plan. Under the 2017 Incentive Plan, achievement of the performance goals at less than target level will result in a decreasing amount until the achievement fails to meet the minimum performance goals, at which point the executive officer is entitled to no incentive pay such that there is no “threshold” level of achievement. See the column entitled “Non-Equity Incentive Plan Compensation” of the Summary Compensation Table for the cash amounts actually paid under the 2017 Incentive Plan. For explanation of the 2017 Incentive Plan, refer to the description beginning on page 18 of this proxy statement under the heading of Compensation Discussion and Analysis entitled “2017 Compensation Elements and Determinations.”

(2) Represents shares that may have been earned by the named executive officers under performance stock units granted under the 2017 Incentive Plan. See the column entitled “Stock Awards” of the Summary Compensation Table for the shares actually issued in settlement of performance stock units granted under the 2017 Incentive Plan. Valuation of awards based on the grant date fair value of those awards computed in accordance with FASB ASC Topic 718 utilizing assumptions discussed in Note 7 to our consolidated financial statements for the year ended December 31, 2017 included in our Annual Report on Form 10-K for the year ended December 31, 2017.

(3) Represents awards approved by the Compensation Committee in connection with Mr. Ristow’s hiring on December 15, 2017. Exercise price and value of option award assume that the option was granted on December 15, 2017. The awards will be granted in accordance with our equity granting policy on first day of the next open window period following Mr. Ristow’s hire date, which we expect will be following the release of our financial results for the quarter ended March 31, 2018, and the exercise price and value of the option as of such grant date may be different than shown above.

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Outstanding Equity Awards at Fiscal Year-End

The following table sets forth certain information concerning option and stock awards outstanding to the named executive officers at December 31, 2017.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Exercisable Options	Option Exercise Price	Option Expiration Date (1)	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested (2)
Vern Hanzlik	100,000	—	\$ 6.62	11/26/2019	—	—
	50,000	—	\$ 6.92	12/10/2019	—	—
	30,000	30,000	\$ 3.11	11/11/2022	—	—
	—	75,000	\$ 1.90	3/8/2024	—	—
	—	—	—	—	56,411	\$133,694
Peter J. Goepfrich (3)	65,000	—	\$ 9.56	2/4/2018	—	—
	10,000	—	\$ 3.11	2/4/2018	—	—
David G. Ristow (4)	—	150,000	\$ 2.43	12/15/2024	—	—
	—	—	—	—	30,000	\$71,100

(1) Options vest and become exercisable in equal installments on the first four anniversaries of the date of grant and the expiration date of each option is the seven-year anniversary of the date of grant of such option.

(2) Value based on a share price of \$2.37, which was the closing sales price for a share of our common stock on the Nasdaq Global Market on December 29, 2017, the last business day closest to December 31, 2017.

Mr. Goepfrich resigned from his role as Chief Financial Officer effective November 6, 2017. By the terms of the restricted stock awards held by Mr. Goepfrich, the unvested portions of restricted stock awards were forfeited on the date of termination of Mr. Goepfrich's employment. Additionally, all outstanding options held by Mr. Goepfrich were exercisable by their terms for a period of 90 days from the date of termination, or by February 4, 2018, and to the extent unexercised, the option terminated.

Represents awards approved by the Compensation Committee in connection with Mr. Ristow's hiring on December 15, 2017. Exercise price of option award assumes the option was granted on December 15, 2017. The awards will be granted in accordance with our equity granting policy on first day of the next open window period following Mr. Ristow's hire date, which we expect will be following the release of our financial results for the quarter ended March 31, 2018, and the exercise price of the option as of such grant date may be different than shown above.

2017 Options Exercised and Stock Vested

The following table sets forth certain information concerning options exercised and stock awards vested during 2017 for the named executive officers.

Name	Option Awards	Stock Awards
	Number of Shares Acquired on Exercise (1)	Number of Shares Acquired on Vesting (1)
	Value of Realized Shares on Exercise	Value of Realized Shares on Vesting

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Vern Hanzlik	→\$	—	16,956	\$ 49,140
Peter J. Goepfrich	→\$	—		\$—
David G. Ristow	→\$	—		\$—

For option awards, represents the difference between the exercise price and the fair market value of our common (1) stock on the respective dates of exercise and for stock awards, represents the number of shares vested multiplied by the fair market value of our stock on the vesting date.

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Employment Arrangements with Named Executive Officers and Post-Employment Compensation

Our practice has been to enter into a standard form of letter agreement relating to severance and change in control benefits (the “letter agreement”) with each person appointed by the Board as an executive officer. As of December 31, 2017, Messrs. Hanzlik and Ristow are parties to the letter agreement, which is summarized below. Mr. Goepfrich, who resigned as our Chief Financial Officer on November 6, 2017, was also a party to the letter agreement.

The terms “cause,” “good reason,” and “change in control,” used in the letter agreement are defined as follows:

Term	Definition
Cause	<ul style="list-style-type: none"> • The failure by the executive officer to use his or her best efforts to perform the material duties and responsibilities of his or her position or to comply with any material policy or directive Qumu has in effect from time to time, provided the executive officer shall have received notice of such failure and have failed to cure the same within thirty days of such notice. • Any act on the part of the executive officer which is harmful to the reputation, financial condition, business or business relationships of Qumu, including, but not limited to, conduct which is inconsistent with federal or state law respecting harassment of, or discrimination against, any Qumu employee or harmful to the reputation or business relationships of the executive officer. • A material breach of the executive officer’s fiduciary responsibilities to Qumu, such as embezzlement or misappropriation of Qumu funds, business opportunities or properties, or to any of our customers, vendors, agents or employees. • Conviction of, or guilty plea or nolo contendere plea by the executive officer to a felony or any crime involving moral turpitude, fraud or misrepresentation. • A material breach of the executive officer’s Nondisclosure and Noncompetition Agreement with Qumu.
Good Reason	<p>Good Reason for the twelve month period following a Change in Control shall mean, without your express written consent, any of the following:</p> <ul style="list-style-type: none"> (i) a material diminution of your authority, duties or responsibilities with respect to your position immediately prior to the Change in Control, or (ii) a material reduction in your base compensation as in effect immediately prior to the Change in Control; (iii) a material reduction in your opportunity to earn a cash bonus under the annual short-term incentive compensation plan of Qumu in which you participate as in effect immediately prior to the Change in Control (for the avoidance of doubt, specifically excluding any reduction in your opportunity to earn a cash bonus under any long-term incentive compensation plan of Qumu in which you participate); (iv) a material reduction in the authority of the person to whom you report (or a change in your reporting directly to the Board of Directors, if applicable); (v) a material change in the geographic location at which you must perform services for Qumu; and (vi) any other action or inaction that constitutes a material violation of this Agreement by Qumu; <p>provided that no such termination for Good Reason shall be effective unless: (A) you provide written notice to the Chair of the Board of Directors of the existence of a condition specified in paragraphs (i) through (v) above within 90 days of the initial existence of the condition; (B) Qumu does not remedy such condition within 30 days of the date of such notice; and (C) you terminate your employment within 90 days following the last day of the remedial period described above.</p>
Change in Control	<p>Change in Control of Qumu shall mean a change in control which would be required to be reported in response to Item 5.01 of Form 8-K promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), whether or not Qumu is then subject to such reporting requirement, including without limitation, if:</p> <ul style="list-style-type: none"> • any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly of securities of Qumu representing 20% or more of the combined voting power of Qumu’s then outstanding securities (other than an entity owned 50% or greater by Qumu or an employee pension plan for the benefit of the employees of Qumu);

- there ceases to be a majority of the Board of Directors comprised of (A) individuals who, on the date of this letter agreement, constituted the Board of Directors of Qumu; and (B) any new director who subsequently was elected or nominated for election by a majority of the directors who held such office prior to a Change in Control; or
- Qumu disposes of at least 75% of its assets, other than (X) to an entity owned 50% or greater by Qumu or any of its subsidiaries, or to an entity in which at least 50% of the voting equity securities are owned by the shareholders of Qumu immediately prior to the disposition in substantially the same percentage or (Y) as a result of a bankruptcy proceeding, dissolution or liquidation of Qumu.

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The letter agreement provides that if the executive officer's employment is terminated without cause (other than during the twelve month period following a change in control), the executive will be entitled to payments of the executive officer's regular base salary for a period of twelve months. The executive officer will also be paid an amount equal to the average of the prior three calendar years' short-term incentive bonus amount received by the executive. The short-term incentive bonus amount will be paid in twelve equal installments consistent with our regular payroll practices. We also will pay a portion of the premiums for continued health, dental and group life insurance until the earlier of: (A) twelve months from the date COBRA coverage begins; or (B) the date COBRA coverage otherwise terminates.

If the employment of Messrs. Hanzlik or Ristow was terminated without cause as of December 31, 2017, we estimate that the value of the benefits under his respective agreements would have been as set forth below based upon his salary for 2017 and an amount equal to the average of the short-term incentive amounts for the three completed calendar years prior to December 31, 2017 (2016, 2015 and 2014) to the extent he was employed by us during those years.

Executive Officer	Termination Without Cause		
	Base Salary Payments	Annual Incentive Payments	Insurance Premiums
Vern Hanzlik	\$308,800	\$70,141	\$7,730
David G. Ristow	\$275,000	\$—	\$14,690

Additionally, under the 2007 Plan, all stock options held by the named executive officers will immediately vest upon a change in control and if the agreements effectuating the change in control do not provide for the assumption or substitution of restricted stock awards, the restrictions will lapse on the restricted stock to the extent these restrictions have not already lapsed under the terms of the restricted stock award agreement.

Under the letter agreements, if a change in control occurs, but the named executive officer's employment is not terminated within twelve months of the change in control, the executive is not entitled to any payment or benefit under the letter agreements.

If a change in control occurred as of December 31, 2017, we estimate that the value of the benefits to Messrs. Hanzlik and Ristow under the 2007 Plan would have been as set forth below based upon his respective stock option and restricted stock holdings at December 31, 2017.

Executive Officer	Change in Control (Without Termination of Employment)	
	Value of Accelerated Vesting of Stock Options (1)	Value of Accelerated Lapse of Restrictions on Restricted Stock (1)
Vern Hanzlik	\$35,250	\$133,694
David G. Ristow (2)	\$—	\$71,100

(1) Value based on a share price of \$2.37, which was the closing sales price for a share of our common stock on the Nasdaq Global Market on December 29, 2017, the last business day closest to December 31, 2017. Value of accelerated stock options is determined using the difference between that closing share price and the applicable option exercise price multiplied by the number of option shares whose exercisability is accelerated. Value of accelerated lapse of restricted stock is determined by multiplying the closing share price by the number of

restricted stock whose lapse of restrictions is accelerated.

(2) Represents awards approved by the Compensation Committee in connection with Mr. Ristow's hiring on December 15, 2017. Exercise price of \$2.43 used to calculate the value of accelerated stock option assumes the option was granted on December 15, 2017. The awards will be granted in accordance with our equity granting policy on first day of the next open window period following Mr. Ristow's hire date, which we expect will be following the release of our financial results for the quarter ended March 31, 2018, and the exercise price of the option as of such grant date may be different than shown above.

The letter agreement provides that if a change in control occurs and within twelve months of the change in control the named executive officer's employment is terminated by us without cause or by the executive for good reason, we must pay the executive a cash severance payment. The severance payment is payable within sixty days of the date of termination and will be equal to 100% of the sum of the executive's annual base salary and his "target

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bonus” in effect on such date (without giving effect to any reduction that results in the executive’s termination for good reason). The “target bonus” is the cash amount under all our short-term annual incentive compensation plans in which the executive participates, waiving any condition for payment to the executive and assuming that the performance goals for the period were achieved at the 100% level. We will pay a portion of the premiums for continued health, dental and group life insurance until the earlier of: (A) twelve months from the date COBRA coverage begins; or (B) the date COBRA coverage otherwise terminates.

Also as stated above, under the 2007 Plan all stock options held by the executive will immediately vest upon a change in control and if the agreements effectuating the change in control do not provide for the assumption or substitution of restricted stock awards, the restrictions will lapse on the restricted stock to the extent these restrictions have not already lapsed under the terms of the restricted stock award agreement.

If, within twelve months of a change in control, the employment of Messrs. Hanzlik and Ristow was terminated without cause or for good reason as of December 31, 2017, we estimate that the value of the benefits under the letter agreements and the 2007 Plan to a named executive officer would have been as set forth below based upon (i) his salary for 2017, (ii) target incentive pay for 2017, (iii) his respective stock option and restricted stock holdings at December 31, 2017.

	Termination Without Cause or For Good Reason Within 12 Months of a Change in Control	
Executive Officer	Insurance Premiums	Value of Accelerated Vesting of Stock Options (1)