

Edgar Filing: WORKIVA INC - Form 10-K

WORKIVA INC

Form 10-K

February 23, 2017

false--12-31FY20162016-12-310001445305YesAccelerated

FilerNoNo7130009000000.0010.0010.0010.001100000000050000000010000000005000000002901466511933784303691991

P6Y1M6DP6Y00000P3YP36MP3M 0001445305 2016-01-01 2016-12-31 0001445305

us-gaap:CommonClassBMember 2017-02-21 0001445305 us-gaap:CommonClassAMember 2017-02-21 0001445305

2016-06-30 0001445305 2015-12-31 0001445305 2016-12-31 0001445305 us-gaap:CommonClassBMember

2016-12-31 0001445305 us-gaap:CommonClassBMember 2015-12-31 0001445305 us-gaap:CommonClassAMember

2016-12-31 0001445305 us-gaap:CommonClassAMember 2015-12-31 0001445305 2014-01-01 2014-12-31

0001445305 2015-01-01 2015-12-31 0001445305 us-gaap:AccumulatedOtherComprehensiveIncomeMember

2016-01-01 2016-12-31 0001445305 2014-01-01 2014-12-10 0001445305 wk:CommonUnitsMember

us-gaap:MemberUnitsMember 2014-01-01 2014-12-10 0001445305 wk:AppreciationandParticipationUnitsMember

us-gaap:MemberUnitsMember 2014-01-01 2014-12-10 0001445305 us-gaap:SeriesCPreferredStockMember

us-gaap:MemberUnitsMember 2014-01-01 2014-12-10 0001445305 us-gaap:CommonStockMember 2014-12-11

2014-12-31 0001445305 us-gaap:AdditionalPaidInCapitalMember 2015-01-01 2015-12-31 0001445305

us-gaap:SeriesAPreferredStockMember us-gaap:MemberUnitsMember 2013-12-31 0001445305

us-gaap:RetainedEarningsMember 2016-01-01 2016-12-31 0001445305 us-gaap:AdditionalPaidInCapitalMember

2014-12-11 2014-12-31 0001445305 us-gaap:CommonStockMember 2015-12-31 0001445305

us-gaap:AdditionalPaidInCapitalMember 2014-12-31 0001445305 us-gaap:SeriesAPreferredStockMember

us-gaap:MemberUnitsMember 2014-01-01 2014-12-10 0001445305 us-gaap:CommonStockMember 2015-01-01

2015-12-31 0001445305 wk:CommonUnitsMember us-gaap:MemberUnitsMember 2013-12-31 0001445305

us-gaap:AdditionalPaidInCapitalMember 2016-01-01 2016-12-31 0001445305 us-gaap:CommonStockMember

2014-12-31 0001445305 2014-12-11 2014-12-31 0001445305 us-gaap:AdditionalPaidInCapitalMember 2014-01-01

2014-12-10 0001445305 us-gaap:SeriesBPreferredStockMember us-gaap:MemberUnitsMember 2014-01-01

2014-12-10 0001445305 us-gaap:RetainedEarningsMember 2014-12-11 2014-12-31 0001445305

us-gaap:RetainedEarningsMember 2014-01-01 2014-12-10 0001445305 us-gaap:CommonStockMember 2014-01-01

2014-12-10 0001445305 us-gaap:AdditionalPaidInCapitalMember 2015-12-31 0001445305

us-gaap:AdditionalPaidInCapitalMember 2013-12-31 0001445305 us-gaap:RetainedEarningsMember 2015-01-01

2015-12-31 0001445305 2013-12-31 0001445305 us-gaap:CommonStockMember 2016-12-31 0001445305

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2016-12-31 0001445305

us-gaap:SeriesBPreferredStockMember us-gaap:MemberUnitsMember 2013-12-31 0001445305

us-gaap:CommonStockMember 2016-01-01 2016-12-31 0001445305

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2013-12-31 0001445305

us-gaap:RetainedEarningsMember 2016-12-31 0001445305 us-gaap:SeriesCPreferredStockMember

us-gaap:MemberUnitsMember 2013-12-31 0001445305 us-gaap:AccumulatedOtherComprehensiveIncomeMember

2014-01-01 2014-12-10 0001445305 us-gaap:AdditionalPaidInCapitalMember 2016-12-31 0001445305

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2015-01-01 2015-12-31 0001445305

wk:AppreciationandParticipationUnitsMember us-gaap:MemberUnitsMember 2013-12-31 0001445305

us-gaap:RetainedEarningsMember 2013-12-31 0001445305 us-gaap:RetainedEarningsMember 2014-12-31

0001445305 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2015-12-31 0001445305

us-gaap:RetainedEarningsMember 2015-12-31 0001445305

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2014-12-31 0001445305

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2014-12-11 2014-12-31 0001445305 2014-12-31

0001445305 us-gaap:PatentsMember 2016-12-31 0001445305 us-gaap:PatentsMember 2015-12-31 0001445305

us-gaap:CommonClassAMember us-gaap:IPOMember 2014-12-01 2014-12-31 0001445305 us-gaap:PatentsMember

2016-01-01 2016-12-31 0001445305 us-gaap:CommonClassAMember us-gaap:IPOMember 2014-12-31 0001445305

us-gaap:MaximumMember 2016-01-01 2016-12-31 0001445305 us-gaap:MinimumMember 2016-01-01 2016-12-31

0001445305 us-gaap:DomesticCorporateDebtSecuritiesMember 2016-12-31 0001445305

us-gaap:USTreasurySecuritiesMember 2016-12-31 0001445305 us-gaap:CashAndCashEquivalentsMember

us-gaap:MoneyMarketFundsMember 2015-12-31 0001445305 wk:MarketableSecuritiesMember

Edgar Filing: WORKIVA INC - Form 10-K

us-gaap:DomesticCorporateDebtSecuritiesMember 2015-12-31 0001445305 us-gaap:USTreasurySecuritiesMember 2015-12-31 0001445305 us-gaap:MoneyMarketFundsMember 2015-12-31 0001445305
us-gaap:DomesticCorporateDebtSecuritiesMember 2015-12-31 0001445305 wk:MarketableSecuritiesMember
us-gaap:DomesticCorporateDebtSecuritiesMember 2016-12-31 0001445305
us-gaap:CashAndCashEquivalentsMember us-gaap:MoneyMarketFundsMember 2016-12-31 0001445305
us-gaap:MoneyMarketFundsMember 2016-12-31 0001445305 us-gaap:BuildingMember 2016-12-31 0001445305
us-gaap:ComputerEquipmentMember 2016-12-31 0001445305 us-gaap:ComputerEquipmentMember 2015-12-31
0001445305 us-gaap:BuildingMember 2015-12-31 0001445305 us-gaap:LeaseholdImprovementsMember 2016-12-31
0001445305 us-gaap:VehiclesMember 2016-12-31 0001445305 us-gaap:FurnitureAndFixturesMember 2015-12-31
0001445305 us-gaap:LeaseholdImprovementsMember 2015-12-31 0001445305
us-gaap:ConstructionInProgressMember 2015-12-31 0001445305 wk:ComputersEquipmentandSoftwareMember
2016-12-31 0001445305 us-gaap:VehiclesMember 2015-12-31 0001445305 us-gaap:ConstructionInProgressMember
2016-12-31 0001445305 wk:ComputersEquipmentandSoftwareMember 2015-12-31 0001445305
us-gaap:FurnitureAndFixturesMember 2016-12-31 0001445305 us-gaap:MoneyMarketFundsMember
us-gaap:FairValueMeasurementsRecurringMember 2015-12-31 0001445305
us-gaap:FairValueMeasurementsRecurringMember 2016-12-31 0001445305 us-gaap:FairValueInputsLevel2Member
us-gaap:FairValueMeasurementsRecurringMember us-gaap:DomesticCorporateDebtSecuritiesMember 2015-12-31
0001445305 wk:MarketableSecuritiesMember us-gaap:FairValueMeasurementsRecurringMember 2016-12-31
0001445305 us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2016-12-31
0001445305 us-gaap:CashAndCashEquivalentsMember us-gaap:FairValueMeasurementsRecurringMember
2015-12-31 0001445305 us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember
2016-12-31 0001445305 us-gaap:MoneyMarketFundsMember us-gaap:FairValueInputsLevel1Member
us-gaap:FairValueMeasurementsRecurringMember 2016-12-31 0001445305
us-gaap:FairValueMeasurementsRecurringMember 2015-12-31 0001445305 us-gaap:FairValueInputsLevel1Member
us-gaap:FairValueMeasurementsRecurringMember 2015-12-31 0001445305 us-gaap:FairValueInputsLevel2Member
us-gaap:FairValueMeasurementsRecurringMember us-gaap:USTreasurySecuritiesMember 2015-12-31 0001445305
wk:MarketableSecuritiesMember us-gaap:FairValueMeasurementsRecurringMember 2015-12-31 0001445305
us-gaap:FairValueMeasurementsRecurringMember us-gaap:DomesticCorporateDebtSecuritiesMember 2015-12-31
0001445305 us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember
us-gaap:USTreasurySecuritiesMember 2016-12-31 0001445305 us-gaap:FairValueMeasurementsRecurringMember
us-gaap:USTreasurySecuritiesMember 2016-12-31 0001445305 us-gaap:FairValueMeasurementsRecurringMember
us-gaap:DomesticCorporateDebtSecuritiesMember 2016-12-31 0001445305
us-gaap:FairValueMeasurementsRecurringMember us-gaap:USTreasurySecuritiesMember 2015-12-31 0001445305
us-gaap:MoneyMarketFundsMember us-gaap:FairValueMeasurementsRecurringMember 2016-12-31 0001445305
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember
us-gaap:DomesticCorporateDebtSecuritiesMember 2016-12-31 0001445305 us-gaap:FairValueInputsLevel2Member
us-gaap:FairValueMeasurementsRecurringMember 2015-12-31 0001445305
us-gaap:CashAndCashEquivalentsMember us-gaap:FairValueMeasurementsRecurringMember 2016-12-31
0001445305 us-gaap:MoneyMarketFundsMember us-gaap:FairValueInputsLevel1Member
us-gaap:FairValueMeasurementsRecurringMember 2015-12-31 0001445305 us-gaap:FairValueInputsLevel3Member
2016-12-31 0001445305 wk:February20116PercentIDEDForgivableGrantMember wk:ForgivableGrantMember
2011-02-01 0001445305 wk:TrainingReimbursementMember 2016-12-31 0001445305
us-gaap:OtherOperatingIncomeExpenseMember 2016-01-01 2016-12-31 0001445305
wk:February20116PercentIDEDForgivableGrantMember wk:ForgivableGrantMember 2013-01-01 2013-12-31
0001445305 wk:ComputerEquipmentandFurnitureMember 2015-12-31 0001445305
us-gaap:OperatingExpenseMember wk:ForgivableGrantMember 2015-10-01 2015-12-31 0001445305
us-gaap:OtherOperatingIncomeExpenseMember 2014-01-01 2014-12-31 0001445305
wk:October2013IEDAForgivableLoansMember wk:ForgivableGrantMember 2013-10-31 0001445305
us-gaap:OtherOperatingIncomeExpenseMember 2015-01-01 2015-12-31 0001445305
wk:TrainingReimbursementMember 2015-12-31 0001445305 wk:ComputerEquipmentandFurnitureMember
2016-12-31 0001445305 wk:October2013NoninterestBearingIEDALoanMember wk:ForgivableGrantMember

Edgar Filing: WORKIVA INC - Form 10-K

2013-10-31 0001445305 us-gaap:BuildingMember 2013-06-30 0001445305 wk:October2013IEDALoansMember
wk:ForgivableGrantMember 2013-12-20 0001445305 wk:February20116PercentIDEDForgivableGrantMember
wk:ForgivableGrantMember 2015-03-01 2015-03-31 0001445305 wk:ForgivableGrantMember 2015-10-01
2015-12-31 0001445305 us-gaap:BuildingMember 2014-12-31 0001445305
wk:February20116PercentIDEDForgivableGrantMember wk:ForgivableGrantMember 2015-12-01 2015-12-31
0001445305 us-gaap:OtherOperatingIncomeExpenseMember wk:ForgivableGrantMember 2015-10-01 2015-12-31
0001445305 wk:FinancingLeaseObligationMember 2014-12-31 0001445305
wk:October2013NoninterestBearingIEDALoanMember wk:ForgivableGrantMember 2015-08-01 2015-08-31
0001445305 wk:FinancingLeaseObligationMember 2013-06-30 0001445305
wk:ComputerEquipmentandFurnitureMember 2014-12-31 0001445305 us-gaap:CapitalLeaseObligationsMember
2016-12-31 0001445305 wk:FinancingLeaseObligationMember 2016-12-31 0001445305
wk:February20116PercentIDEDForgivableGrantMember wk:ForgivableGrantMember 2011-02-01 2011-02-01
0001445305 wk:ForgivableGrantMember 2016-12-31 0001445305 wk:ForgivableGrantMember 2015-12-31
0001445305 wk:May2010NonInterestBearingIDEDLoanMember us-gaap:LoansPayableMember 2010-05-20
0001445305 wk:August2009OneHundredFiftyThousandIDEDLoanMember us-gaap:LoansPayableMember
2009-08-31 0001445305 wk:MorganStanleyMember us-gaap:LineOfCreditMember 2013-03-06 0001445305
wk:August2009OneHundredFiftyThousandIDEDLoanMember us-gaap:LoansPayableMember 2016-12-31
0001445305 wk:MorganStanleyMember us-gaap:LineOfCreditMember 2015-01-01 2015-12-31 0001445305
wk:July20147PercentSubordinatedPromissoryNoteMember us-gaap:ConvertibleDebtMember 2014-07-31
0001445305 wk:SiliconValleyBankMember us-gaap:LineOfCreditMember 2014-08-31 0001445305
us-gaap:OtherNonoperatingIncomeExpenseMember us-gaap:ConvertibleDebtMember 2014-12-16 2014-12-16
0001445305 wk:SiliconValleyBankMember us-gaap:LineOfCreditMember 2016-12-31 0001445305
wk:August2009IDEDLoansMember us-gaap:LoansPayableMember 2009-08-31 0001445305
wk:MorganStanleyMember us-gaap:LineOfCreditMember 2014-01-01 2014-12-31 0001445305
wk:July20147PercentSubordinatedPromissoryNoteMember us-gaap:ConvertibleDebtMember 2014-12-16
0001445305 wk:SiliconValleyBankMember us-gaap:LineOfCreditMember 2015-01-01 2015-12-31 0001445305
wk:August2009IDEDLoansMember us-gaap:LoansPayableMember 2016-01-01 2016-12-31 0001445305
wk:July20147PercentSubordinatedPromissoryNoteMember us-gaap:ConvertibleDebtMember 2014-07-01 2014-12-16
0001445305 wk:August2009IDEDLoansMember us-gaap:LoansPayableMember 2015-01-01 2015-12-31
0001445305 wk:SiliconValleyBankMember us-gaap:LineOfCreditMember 2016-01-01 2016-12-31 0001445305
wk:August2009IDEDLoansMember us-gaap:LoansPayableMember 2014-01-01 2014-12-31 0001445305
wk:July20147PercentSubordinatedPromissoryNoteMember us-gaap:ConvertibleDebtMember 2014-12-16 2014-12-16
0001445305 wk:SiliconValleyBankMember us-gaap:LineOfCreditMember 2014-01-01 2014-12-31 0001445305
wk:SiliconValleyBankMember us-gaap:LineOfCreditMember 2015-12-31 0001445305
us-gaap:SeriesAPreferredStockMember 2016-12-31 0001445305 us-gaap:SeriesBPreferredStockMember 2016-12-31
0001445305 us-gaap:SeriesCPreferredStockMember 2016-12-31 0001445305 wk:CommonUnitsMember 2016-12-31
0001445305 us-gaap:CommonClassBMember 2016-01-01 2016-12-31 0001445305
wk:CostofServicesProfessionalServicesMember 2014-01-01 2014-12-31 0001445305
us-gaap:ResearchAndDevelopmentExpenseMember 2014-01-01 2014-12-31 0001445305
us-gaap:GeneralAndAdministrativeExpenseMember 2015-01-01 2015-12-31 0001445305
us-gaap:ResearchAndDevelopmentExpenseMember 2016-01-01 2016-12-31 0001445305
wk:CostofServicesProfessionalServicesMember 2015-01-01 2015-12-31 0001445305
us-gaap:GeneralAndAdministrativeExpenseMember 2016-01-01 2016-12-31 0001445305
wk:CostofServicesLicensesandServicesMember 2016-01-01 2016-12-31 0001445305
wk:CostofServicesLicensesandServicesMember 2014-01-01 2014-12-31 0001445305
wk:CostofServicesProfessionalServicesMember 2016-01-01 2016-12-31 0001445305
us-gaap:SellingAndMarketingExpenseMember 2014-01-01 2014-12-31 0001445305
us-gaap:GeneralAndAdministrativeExpenseMember 2014-01-01 2014-12-31 0001445305
wk:CostofServicesLicensesandServicesMember 2015-01-01 2015-12-31 0001445305
us-gaap:SellingAndMarketingExpenseMember 2015-01-01 2015-12-31 0001445305
us-gaap:SellingAndMarketingExpenseMember 2016-01-01 2016-12-31 0001445305

Edgar Filing: WORKIVA INC - Form 10-K

us-gaap:ResearchAndDevelopmentExpenseMember 2015-01-01 2015-12-31 0001445305
wk:EmployeeandNonemployeeStockOptionsMember us-gaap:CommonClassAMember 2015-01-01 2015-12-31
0001445305 wk:EmployeeandNonemployeeStockOptionsMember us-gaap:CommonClassAMember 2016-01-01
2016-12-31 0001445305 wk:NonemployeeStockOptionsMember 2015-01-01 2015-12-31 0001445305
wk:RestrictedParticipationandAppreciationUnitsMember 2014-01-01 2014-12-31 0001445305
us-gaap:RestrictedStockUnitsRSUMember 2016-01-01 2016-12-31 0001445305
wk:EmployeeandNonemployeeStockOptionsMember 2016-12-31 0001445305 us-gaap:RestrictedStockMember
2016-12-31 0001445305 us-gaap:RestrictedStockMember 2015-01-01 2015-12-31 0001445305
wk:EmployeeandNonemployeeStockOptionsMember us-gaap:CommonClassAMember 2014-01-01 2014-12-31
0001445305 wk:NonemployeeStockOptionsMember 2014-01-01 2014-12-31 0001445305
us-gaap:RestrictedStockMember 2016-01-01 2016-12-31 0001445305 us-gaap:RestrictedStockUnitsRSUMember
2016-12-31 0001445305 us-gaap:RestrictedStockMember 2014-01-01 2014-12-31 0001445305
wk:EquityIncentivePlan2014Member us-gaap:CommonClassAMember 2016-12-31 0001445305
wk:EmployeeandNonemployeeStockOptionsMember 2016-01-01 2016-12-31 0001445305
wk:RestrictedParticipationandAppreciationUnitsMember 2014-12-31 0001445305
wk:NonemployeeStockOptionsMember 2016-01-01 2016-12-31 0001445305 wk:EquityIncentivePlan2014Member
us-gaap:CommonClassAMember 2016-06-01 2016-06-30 0001445305 us-gaap:RestrictedStockMember 2015-12-31
0001445305 wk:EmployeeandNonemployeeStockOptionsMember us-gaap:MaximumMember
us-gaap:CommonClassAMember 2016-01-01 2016-12-31 0001445305
wk:EmployeeandNonemployeeStockOptionsMember us-gaap:MinimumMember us-gaap:CommonClassAMember
2016-01-01 2016-12-31 0001445305 us-gaap:MinimumMember 2014-01-01 2014-12-31 0001445305
us-gaap:MaximumMember 2014-01-01 2014-12-31 0001445305 us-gaap:RestrictedStockMember
us-gaap:ExecutiveOfficerMember 2016-01-01 2016-12-31 0001445305 us-gaap:RestrictedStockMember
wk:DirectorNonemployeeMember 2016-01-01 2016-12-31 0001445305 us-gaap:RestrictedStockUnitsRSUMember
wk:DirectorNonemployeeMember 2016-01-01 2016-12-31 0001445305 us-gaap:RestrictedStockUnitsRSUMember
us-gaap:ExecutiveOfficerMember 2016-01-01 2016-12-31 0001445305
us-gaap:AccumulatedTranslationAdjustmentMember 2016-01-01 2016-12-31 0001445305
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2013-12-31 0001445305
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2014-01-01 2014-12-31 0001445305
us-gaap:AccumulatedTranslationAdjustmentMember 2015-12-31 0001445305
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2014-12-31 0001445305
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2014-01-01 2014-12-31 0001445305
us-gaap:AccumulatedTranslationAdjustmentMember 2015-01-01 2015-12-31 0001445305
us-gaap:AccumulatedTranslationAdjustmentMember 2014-01-01 2014-12-31 0001445305
us-gaap:AccumulatedTranslationAdjustmentMember 2014-12-31 0001445305
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2015-01-01 2015-12-31 0001445305
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2015-12-31 0001445305
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2016-01-01 2016-12-31 0001445305
us-gaap:AccumulatedTranslationAdjustmentMember 2016-12-31 0001445305
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2016-12-31 0001445305
us-gaap:AccumulatedTranslationAdjustmentMember 2013-12-31 0001445305 us-gaap:SalesRevenueNetMember
us-gaap:GeographicConcentrationRiskMember country:US 2016-01-01 2016-12-31 0001445305
us-gaap:SalesRevenueNetMember us-gaap:GeographicConcentrationRiskMember country:US 2014-01-01
2014-12-31 0001445305 us-gaap:SalesRevenueNetMember us-gaap:GeographicConcentrationRiskMember
country:US 2015-01-01 2015-12-31 0001445305 us-gaap:DomesticCountryMember 2016-12-31 0001445305
us-gaap:ForeignCountryMember 2016-12-31 0001445305 us-gaap:StateAndLocalJurisdictionMember 2016-12-31
0001445305 us-gaap:CommonClassBMember 2014-01-01 2014-12-31 0001445305 us-gaap:CommonClassAMember
2016-01-01 2016-12-31 0001445305 us-gaap:CommonClassAMember 2015-01-01 2015-12-31 0001445305
us-gaap:CommonClassAMember 2014-01-01 2014-12-31 0001445305 us-gaap:CommonClassBMember 2015-01-01
2015-12-31 0001445305 us-gaap:RestrictedStockMember 2015-01-01 2015-12-31 0001445305
us-gaap:StockOptionMember 2016-01-01 2016-12-31 0001445305 us-gaap:RestrictedStockMember 2014-01-01

2014-12-31 0001445305 us-gaap:StockOptionMember 2015-01-01 2015-12-31 0001445305
us-gaap:RestrictedStockMember 2016-01-01 2016-12-31 0001445305 us-gaap:StockOptionMember 2014-01-01
2014-12-31 0001445305 2016-07-01 2016-09-30 0001445305 2015-07-01 2015-09-30 0001445305 2015-01-01
2015-03-31 0001445305 2016-10-01 2016-12-31 0001445305 2016-04-01 2016-06-30 0001445305 2015-04-01
2015-06-30 0001445305 2016-01-01 2016-03-31 0001445305 2015-10-01 2015-12-31 wk:employee iso4217:USD
wk:vote wk:phase wk:agreement iso4217:USD xbrli:shares xbrli:shares wk:job xbrli:pure wk:segment wk:class

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal
year ended
December 31,
2016
OR

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

For transition
period from
to
Commission
File Number
001-36773

WORKIVA INC.

(Exact name of registrant as specified in its charter)

~~01-3500828~~

(State S. Employer Identification Number)

or
other
jurisdiction
of
incorporation

or
organization)
2900 University Blvd
Ames, IA 50010
(888) 275-3125

**(Address of principal executive offices and zip
code)**

(888) 275-3125

**(Registrant's telephone number, including area
code)**

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

Title

of
Name of each exchange on which registered

each

class

Class

A

common

stock, New York Stock Exchange

par

value

\$.001

**Securities registered pursuant to section 12(g) of
the Act:**

None

Indicate by a check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

Edgar Filing: WORKIVA INC - Form 10-K

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

The aggregate market value of voting stock held by non-affiliates of the Registrant on June 30, 2016, based on the closing price of \$13.66 for shares of the Registrant's Class A common stock as reported by the New York Stock Exchange, was approximately \$382.5 million. Shares of common stock beneficially owned by each executive officer, director, and holder of more than 10% of our common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 21, 2017, there were approximately 30,397,664 shares of the registrant's Class A common stock and 10,867,888 shares of the registrant's Class B common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Information required in response to Part III of Form 10-K (Items 10, 11, 12, 13 and 14) is hereby incorporated by reference to portions of the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held in 2017. The Proxy Statement will be filed by the Registrant with the Securities and Exchange Commission no later than 120 days after the end of the Registrant's fiscal year ended December 31, 2016.

EXPLANATORY NOTE

On December 10, 2014, Workiva LLC was converted into a Delaware corporation and renamed Workiva Inc. For convenience, except as the context otherwise requires, all information included in this Annual Report on Form 10-K is presented giving effect to the conversion of the company into a corporation.

WORKIVA INC.
FORM 10-K
For the Year Ended December 31, 2016
TABLE OF CONTENTS

	<u>Page</u>
<u>Part I</u>	
<u>Item 1. Business</u>	<u>1</u>
<u>Item 1A. Risk Factors</u>	<u>18</u>
<u>Item 1B. Unresolved Staff Comments</u>	<u>44</u>
<u>Item 2. Properties</u>	<u>44</u>
<u>Item 3. Legal Proceedings</u>	<u>44</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>44</u>
 <u>Part II</u>	
<u>Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>45</u>
<u>Item 6. Selected Consolidated Financial Data</u>	<u>47</u>
<u>Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>49</u>
<u>Item 7A. Quantitative and Qualitative Disclosure About Market Risk</u>	<u>66</u>
<u>Item 8. Financial Statements and Supplementary Data</u>	<u>68</u>
<u>Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>102</u>
<u>Item 9A. Controls and Procedures</u>	<u>102</u>
<u>Item 9B. Other Information</u>	<u>103</u>
 <u>Part III</u>	
<u>Item 10. Directors, Executive Officers and Corporate Governance</u>	<u>104</u>
<u>Item 11. Executive Compensation</u>	<u>106</u>
<u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>106</u>
<u>Item 13. Certain Relationships and Related Transactions and Director Independence</u>	<u>106</u>
<u>Item 14. Principal Accounting Fees and Services</u>	<u>106</u>
 <u>Part IV</u>	
<u>Item 15. Exhibits, Financial Statement Schedules</u>	<u>107</u>
 <u>SIGNATURES</u>	 <u>S-1</u>

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report on Form 10-K are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created thereby. All statements contained in this Annual Report on Form 10-K other than statements of historical facts, including statements regarding our future results of operations and financial position, our business strategy and plans and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in “Item 1A. Risk Factors.” Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Annual Report on Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. We are under no duty to update any of these forward-looking statements after completion of this Annual Report on Form 10-K to conform these statements to actual results or revised expectations.

Table of Contents

Part I.

Item 1. Business

Overview

Workiva provides enterprises with cloud solutions for improving productivity, accountability and insight into business data. Workiva created Wdesk, a collaborative work management platform for organizations to collect, link, report and analyze their business data. Wdesk's proprietary word processing, spreadsheet and presentation applications are integrated and built upon a data management engine, offering synchronized data, controlled collaboration, granular permissions and a full audit trail. Wdesk helps mitigate risk, improves productivity and gives users confidence to make decisions with real-time data. As of December 31, 2016, we provided our platform to more than 2,700 organizations, including more than 70% of Fortune 500 companies.

Enterprises often struggle to manage, report, analyze and understand their ever-expanding volume of data. Many organizations are required to report an increasing amount of disparate information to a variety of regulators, boards and other stakeholders, straining organizations' ability to produce consistent data and reports. Legacy processes and disconnected technologies are inefficient at helping users find, understand and report the most critical and relevant information on a timely basis. Organizations often rely on manual processes, large teams, third-party consultants and a variety of point solutions, such as business productivity software, email and general-purpose collaboration software. Exacerbating these challenges is the continued growth in size and complexity of many enterprises, with employees and data spread around the world. The stakes for enterprises are high; reporting incorrect, incomplete or untimely information increases the risks of poor decision-making, legal liability, reputational damage and a weakened competitive position.

Wdesk addresses these challenges, and we believe our platform is changing the way people work. Our scalable, enterprise-grade data engine enables users to collect, aggregate and manage their unstructured and structured data in Wdesk. With Wdesk serving as a single system of record for critical business data, our customers can have more time to perform value-added work by eliminating repetitive, manual and time-consuming tasks imposed by legacy software. Furthermore, the technology features people have come to expect as consumers – speed, access and sharing – are available at work with Wdesk, thereby enabling our customers to become more efficient and flexible, which we believe leads to greater job satisfaction, employee retention and career mobility.

Wdesk enables coworkers to create, review and publish data-linked documents and reports with greater control, accuracy and productivity than ever before. Wdesk is flexible and scalable, so users can easily adapt it to define, automate and change their business processes in real time, which helps our users increase efficiency by streamlining and modernizing legacy processes and methods.

With Wdesk data linking, changes are automatically updated in all linked instances – including numbers, text, charts and graphics – throughout a customer's spreadsheets, word-processing documents and presentation decks in the Wdesk platform. Linking ensures that collaborators are working with the most current data, which reduces operational costs related to tedious ticking and tying and gives our customers peace of mind that their data and reports are accurate. Wdesk provides accountability and transparency through a detailed audit trail that tracks every change made by every user over time. A complete record of data provenance and all changes helps our customers mitigate risk, gain insights and make better, data-driven decisions.

Table of Contents

With Wdesk permission controls, administrators can control access at all levels, down to an individual data point, for each user to create, review and edit data and documents that relate directly to them. This control feature also enables users to grant access to their external auditors, outside counsel and other consultants, which streamlines the review process and reduces expenses.

Wdesk's Evidence Management allows users, including internal audit and Sarbanes Oxley Act (SOX) compliance teams, to digitally embed and annotate evidence in work papers with a complete audit trail, which helps our customers better identify, assess and mitigate risks. Similarly, finance and accounting teams use Wdesk's Digital Support Binders to attach and annotate a variety of substantiating documents when reporting to boards of directors, auditors and regulators who require proof of data in annual and quarterly reports to the U.S. Securities and Exchange Commission (SEC).

Wdesk allows users to work anytime from anywhere with an internet connection, enabling them to:

• Create trusted datasets that are linked and aggregated throughout Wdesk documents, spreadsheets, presentations and reports.

• Control access to datasets, reports and workflows throughout the organization and with external stakeholders.

• Collaborate among thousands of users working in real time on a secure, cloud-based platform.

• Streamline and automate business processes, saving time and resources.

• Present critical data and reports to internal and external constituents.

• Gain insights with improved transparency of data provenance and collaborators' changes.

• Decide with confidence based on trusted data and reports.

Wdesk Technology

Our technology is enterprise grade and developed to perform at scale. Wdesk utilizes Google Cloud Platform and Amazon Web Services, which enable us to scale our compute and storage capacity on an as-needed basis. We can deploy incremental changes to our customers on a daily basis by employing a continuous delivery process supported by Agile software development methodologies and a proprietary quality assurance process. As a result, all of our customers access the latest version of our platform, and upgrades are applied with minimal disruption to ongoing operations. In addition, in order to keep our customers' data secure, we have developed advanced data security protocols that augment the standard security of the Google and Amazon cloud services. Our architecture has scalability for global enterprises, as well as advantages in reliability and cloud delivery.

Platform Milestones

In March 2010, we released our first software solution, which focused on streamlining reporting to the SEC. SEC filings, such as Form 10-K, Form 10-Q and proxy statements, are lengthy and complex documents that require significant collaboration across multiple business functions and external constituents, including auditors and lawyers. Our SEC solution enables customers to automate and improve their regulatory filing process.

In March 2013, we launched our Wdesk collaborative work management platform to respond to the growing demand from our customers to use Wdesk for work beyond SEC reporting. We have continued to add solutions to the Wdesk platform over time by identifying markets where Wdesk can address a wide range of critical business challenges for our customers. We employ a rigorous process to validate and prioritize

Table of Contents

new markets based on the number of customers that could benefit from a new solution and our assessment of Wdesk's ability to address that challenge.

In 2016, we enhanced our Wdesk Data Platform, which powers one of the largest and fastest spreadsheet applications in the cloud and improves data relationships for SOX and internal control teams. Our Data Platform offers dynamic dashboards, automates reporting, and supports advanced testing workflow.

Markets and Use Cases

Today, we offer Wdesk solutions for a wide range of use cases in the following markets:

Finance and accounting, including:

SEC (including Section 16 and Forms 10-K, 10-Q, 8-K, N-4, N-6 and Form S-1 and related IPO readiness), Canada's System for Electronic Document Analysis and Retrieval (SEDAR), eXtensible Business Reporting Language (XBRL), Inline XBRL, digital support binders, investor relations including earnings call scripts and press releases, data collection for financial footnotes, statutory reporting, Comprehensive Annual Financial Report (CAFR) and budgeting for state and local governments, financial reporting and planning for universities, Global Reporting Initiative (GRI), investments compliance, and integrated financial planning.

Audit and internal controls, including:

Sarbanes-Oxley Act (SOX), internal controls over financial reporting (ICFR), evidence management, testing, Model Audit Rule (MAR-SOX), audit management, dashboards, audit risk assessments, planning, legal compliance, and issues management.

Risk and compliance, including:

Enterprise Risk Management, risk assessments, risk framework, board reporting and a wide range of regulatory reporting, such as Own Risk Solvency Assessment (ORSA), Solvency II, Resolution and Recovery Plans (RRP), Comprehensive Capital Analysis and Review (CCAR), and Dodd-Frank Stress Testing (DFAST).

Operations, including:

Strategic business plans, monthly management reports, managing and tracking key performance indicators (KPIs), integrated planning, Environmental, Health and Safety (EHS) reporting, data collection for domestic sales, performance reporting, and employee benefit financial statements.

The efficiency of our Wdesk platform allows us to continue to leverage new products into adjacent markets. In addition, Wdesk is flexible and scalable in a way that allows our customers to continually find new uses for Wdesk.

Sales and Marketing

Our "land-and-expand" sales strategy focuses on acquiring new customers and building our existing customer relationships by using a direct-sales model. In addition, in the fourth quarter of 2016, we began to augment our direct-sales channel with partnerships. Over time, we expect our partners to include technology companies, consultants, service providers and accounting firms. We expect our partners to support our sales efforts through referrals and co-selling arrangements, as well as expand the use of Wdesk through integrated technology offerings.

Table of Contents

Our customer success and professional services teams help our account managers build our existing customer relationships by providing advice and best practices that enable users to harness the full power of Wdesk. We believe our sales strategies position us to build relationships over time as we add new users and solutions and expand to additional markets and geographies.

Many of the largest and most demanding enterprises in the world are our customers. We have a broadly diversified customer base; our largest customer represented less than 1% of our revenue in 2016. We believe that we have exceptional customer satisfaction, as evidenced by our subscription and support revenue retention rate of 95.4% (excluding add-on seats) as of December 2016. Our subscription and support revenue retention rate including add-ons was 107.4% at the December 2016 measurement date.

We have experienced high revenue growth since the release of our first solution in March 2010. Our revenue increased from \$14.9 million in 2011 to \$178.6 million in 2016, representing a 64% compound annual growth rate. We incurred a net loss of \$41.2 million in 2014, \$43.4 million in 2015 and \$44.0 million in 2016. Approximately 80% of our revenue in 2016 was derived from subscription and support fees, with the remainder from professional services.

Our Industry

Key Industry Trends are Driving a Fundamental Shift in How Enterprises Collect, Manage, Report and Analyze Critical Business Data.

Data is Disparate. Enterprise data is typically spread across hundreds of different sources and stored in incompatible formats. While many enterprises maintain data in a structured enterprise resource planning (ERP) system, International Data Corporation estimates that more than 90% of the data businesses create is “unstructured,” which is defined as unorganized data that resides outside the realm of ERP. Organizations often struggle with creating efficient and trusted solutions to harnesses this data in ways that can support decision-making.

Changing Regulatory Requirements. Legislation, such as SOX and the Dodd-Frank Act, continues to drive complex reporting mandates. SOX requires public company CEOs and CFOs to individually certify that their annual and quarterly financial reports are accurate and complete and to assess the effectiveness of their internal controls over financial reporting. Increased scrutiny from the Public Company Accounting Oversight Board (PCAOB) on audits of management’s assessment of internal controls – and the transition in the framework used for assessing internal controls – is driving public companies to find more efficient and accurate solutions for SOX compliance.

Governmental agencies charged with implementing these legislative mandates and others, such as the SEC, the Canadian Securities Administrators, the Federal Reserve System, the Federal Deposit Insurance Corporation, the U.S. Department of Energy and the U.S. Environmental Protection Agency, continue to issue and change regulations that affect existing reporting requirements. Regulators are also implementing new, industry-specific reporting requirements. For example, in recent years insurance companies have been required to produce reports for Own Risk Solvency Assessment (ORSA) and Model Audit Rule, often referred to as MAR-SOX because of its similarity to SOX compliance.

XBRL Use is Growing. Regulators are demanding greater standardization and structure in the data that companies report. For example, the SEC requires that public companies include “interactive financial data” in filed annual and quarterly reports so that an investor can immediately extract the data and compare it to performance in past years, information from other companies and industry averages. The SEC implemented its interactive data mandate by requiring companies to tag the financial data in their filings using XBRL, which is a royalty-free, international format designed specifically for business information. XBRL provides a unique, electronically readable tag for each individual disclosure

Table of Contents

item within business reports. In June 2016, the SEC began allowing public companies to submit financial statements using Inline XBRL, a format that embeds XBRL in the financial statements, thus eliminating the need to file two documents. Use of XBRL enables government agencies to automate screening and analysis of filed documents. For example, the SEC Division of Enforcement has integrated the analysis of XBRL data into its investigative processes. We expect the use of XBRL in the United States to continue to grow. For example, the Digital Accountability and Transparency Act of 2014 (DATA Act), which had broad bipartisan support, mandates that in 2017 federal agencies report spending information to the U.S. Department of Treasury (Treasury) and Office of Management and Budget (OMB) using a non-proprietary data standard. Treasury and OMB have designated XBRL as the data standard to be used for such reporting. In addition, Treasury and OMB are required to decide in 2018 whether to require recipients of federal contracts and grants to submit reports to the agencies using XBRL. We also expect the use of XBRL to grow outside the United States, as securities regulators, stock exchanges and taxing authorities in several countries (such as Australia, Brazil, Canada, China, Denmark, Finland, Germany, India, Israel, Japan, the Netherlands, Singapore, South Korea, Spain and the United Kingdom) already collect XBRL data. The European Securities and Market Authority (ESMA) announced in December 2016 that beginning on January 1, 2020, issuers in the European Union must report their company information to national securities regulators using Inline XBRL.

Increasing Management Oversight. Enterprises are under increasing pressure to report a growing amount of information to internal management teams, boards of directors, internal and external auditors, and other stakeholders. We believe that data needs to be collected, reported and analyzed more rapidly than ever before. Management teams are increasingly focused on leveraging data to support critical decisions. At the same time, boards of directors are pressing organizations to improve transparency in order to better fulfill their fiduciary duties.

Structural Shifts in Workforce Organization. Market dynamics and the globalization of enterprises have changed the way people work together. Organizations are becoming increasingly global, with employees geographically distributed to support strategic and business needs. Workforce flexibility initiatives have resulted in more employees working remotely.

Consumerization of Enterprise IT. Technical advancements in smart phones and tablets have enabled the proliferation of mobile devices across the enterprise. Enterprise cloud-based solutions are becoming increasingly common and are enabling employees to work from anywhere with an internet connection, often from a mobile device. The rapid advancement of consumer applications, particularly social media, have raised expectations for enterprise technology as employees expect their workplace technology to achieve the same level of functionality, performance and ease of use as the consumer technology that permeates their daily lives.

Legacy Business Processes and Solutions Are Insufficient for the Requirements of Modern Enterprises.

For many enterprises, the process of compiling, reporting and analyzing critical data has been manual, repetitive and error-prone. Large enterprises often employ hundreds or even thousands of people to manually collect data and to create and update rolling versions of draft documents and underlying spreadsheets using legacy business productivity software and niche, point solutions. Modern enterprises require a level of real-time collaboration, security and control that we believe outdated business productivity software and point solutions do not deliver. Shortcomings of legacy business processes and solutions include the following:

Access to resources is restricted. Traditional solutions require employees to be physically present at, or remotely logged into, a machine with the required technology and access permissions. Enterprise remote networks can be plagued by connection and performance challenges. These impediments restrict

Table of Contents

productivity as employees attempt to complete work at home and while traveling and often lead to unapproved workarounds that may expose sensitive data.

Collaboration is inefficient and risky. Traditional office software requires one person to work on one version of a presentation or report at one time. This rigidity creates challenges as concurrent versions lead to a tedious and time-consuming reconciliation process. Collaboration requires opening and closing, saving and sending, and communicating outside the document rather than inside the document, all of which adds time to document creation and risk to document integrity.

Workflows are rigid and serial. Workflows for presentation and report production operate as a series of dependent events, with workers being unable to advance sections they are responsible for while waiting for their turn in the document-production process. Any section completed out of order risks data integrity and has the potential to lengthen – rather than reduce – production timelines. Unanticipated events at any step in the workflow may slow down the entire process.

Dataset creation is highly manual. Traditional dataset creation relies on ad-hoc processes and loosely defined protocols to consolidate a patchwork of disparate data sources with different owners and storage locations across the enterprise. Enterprise databases are typically controlled by IT personnel, requiring additional resources and time to query, access and manipulate data. Compiling the same dataset in future periods often requires the same amount of time as the initial effort as enterprises are unable to leverage prior work to roll forward datasets.

Edits are error prone and lack audit trails. Traditional software does not permit linking references to a single source, so when a change is made it does not flow throughout the document or related documents. The integrity of a group of related presentations and reports is at risk every time a number is edited, and worker productivity is lost in a cycle of implementing edits and reviewing for errors. Traditional solutions do not offer visibility into data provenance or the lineage of changes to a document. Audit trails often consist of unsatisfactory solutions, such as tracked changes, which can be turned off; in-line comments, which are cumbersome to manage; and rolling versions, which lead to inefficient workflows and reconciliation.

Control is limited. With legacy software, multiple versions of a spreadsheet, presentation or report may be stored in numerous locations across an enterprise, making it difficult to control who can review and edit, and even more difficult to adjust these roles as the creation process evolves.

The Workiva Solution

We believe that we change the way enterprises and their employees work by enabling users to modernize risky and inefficient business processes with our Wdesk collaborative work management platform.

Integrated Platform of Business Applications Built on a Data Management Engine. Wdesk’s proprietary word processing, spreadsheet and presentation applications are integrated and built upon a data management engine, offering synchronized data, controlled collaboration, granular permissions and a full audit trail.

Controlled Collaboration. Our familiar, intuitive platform enables co-workers to collaborate within the same Wdesk document, spreadsheet, presentation or report at the same time from any location with internet access.

Data Consistency. With Wdesk data linking, any change is automatically updated in all linked instances – including numbers, text, charts and graphics – throughout a customer’s spreadsheets, word-processing documents and presentation decks in the Wdesk platform. Linking enables customers to trust their data, which reduces operational costs related to tedious ticking and tying.

Table of Contents

Version Control. Wdesk enables coworkers to create, review and publish data-linked documents and reports in a single, secure cloud platform. Wdesk ensures that collaborators are working on the most current and accurate version and eliminates numerous, often conflicting versions of documents and emails that can be problematic with outdated legacy software.

Flexible Data Management. Our scalable, enterprise-grade data engine enables users to collect, aggregate and manage their unstructured and structured data in Wdesk. With Wdesk serving as a single system of record for critical business data, our customers can have more time to perform value-added work by eliminating repetitive, manual administrative tasks imposed by archaic, legacy software.

Permissions and Security. With Wdesk permissions features, administrators can control access at all levels, down to an individual data point, for each user to create, edit, comment and review data and documents that relate directly to them. This control feature also enables users to grant access to their external auditors, outside counsel and other consultants, which streamlines the review process and reduces expenses.

Full Audit Trail. Wdesk provides accountability and transparency through a detailed audit trail that tracks every change made by every user over time. A complete record of data provenance and all changes helps our customers mitigate risk, gain insights and make better, data-driven decisions.

Tasking, Workflow and Certifications. Users can assign and respond to tasks as well as request, review and approve documentation within Wdesk. A configurable, step-by-step workflow function helps team members and approvers streamline their processes. Our platform also provides a certification function that allows any Wdesk viewer to attest to the accuracy and completeness of documents and reports and allows administrators to monitor the process with customizable dashboards.

Digital Paper Trail. Internal audit and SOX compliance teams use Wdesk's Evidence Management feature to digitally embed and annotate evidence in work papers with a complete audit trail, which helps our customers better identify, assess and mitigate risks. Similarly, finance and accounting teams use Wdesk Digital Support Binders to attach and annotate a variety of substantiating documents to their financial reports when reporting to boards of directors, auditors and regulators who require proof of data in annual and quarterly reports to the SEC.

Consumer Product Features at Work. The technology features people have come to expect in their personal lives – speed, access and sharing – are available at work with Wdesk in a familiar interface, which we believe improves productivity and increases employee satisfaction.

Trusted Ecosystem for Critical Business Data. Our platform captures a complete history of a document's lineage, from the most granular edit to a spreadsheet cell formula to key document milestones. At the same time, Wdesk gives document owners the ability to manage document permissions down to a single section of a document. The ability to control access and user permissions with this level of granularity enables document owners to respond to evolutions in team composition and collaboration requirements. Ultimately, the robust audit and access control capabilities create transparency, accountability, integrity and confidence in the data creation and report generation workflows.

Enterprise Grade and Built for Scale. Our cloud platform allows our customers to implement and rapidly scale users and solutions within days, without the need to install and maintain costly infrastructure hardware and software necessary for on-premise deployments.

Secure Architecture. In addition to the physical, operational and infrastructure security protections provided by our technology partners, Google and Amazon, we work to protect our customers' data using enterprise-grade security measures. These measures include static and dynamic multi-factor authentication methods, strong encryption in-transit and at-rest and the adoption of aggressive web technologies, such as HTTP Strict Transport Security and Content Security Policies, to protect customers from the most common threat vectors. Secure coding practices are enforced through pre-production vulnerability scanning. In

Table of Contents

addition, Wdesk undergoes multiple security assessments each year by our customers and independent security firms. *Ability to Dynamically Define and Change Business Processes.* Wdesk frees users from the confines of traditional business processes by allowing them to dynamically define processes on-demand to support evolving business needs. Wdesk enables multiple users to work in concert, allowing teams to redefine workflows and business processes without the traditional challenges of data integrity, personnel limitations and legacy software limitations. Users can make progress on different sections at different paces and redefine the workflow as needed to adapt to circumstances specific to the production of a single document or report. At the same time, managers gain an added level of insight into organizational dependencies, enabling them to reassign workflow and resources to further increase efficiency and reduce operational cost.

Benefits of Our Solution

Wdesk enables coworkers to simultaneously create, review and publish data-linked documents and reports with greater control, accuracy and productivity. A wide range of decision-makers and other users across our customers' organizations benefit from using Wdesk.

Benefits to Decision-Makers

Reduces Risk. Numbers, narrative, charts and graphics can be linked inside Wdesk, which becomes an organization's central repository for critical data or "single source of truth". With linked data and a full audit trail, managers can trust that Wdesk spreadsheets, word documents, presentations and reports are up to date and consistent, reducing the risk of reporting incorrect data or taking action based on incorrect data. In addition, Wdesk ensures that presentations and reports are published using the most recent business rules, formats and XBRL protocols.

Improves Data Transparency. Wdesk provides accountability and transparency through a detailed audit trail that tracks every change made by every user over time. Decision-makers benefit from the ability to drill down into each discrete data point, which increases data transparency, accountability and trust that critical business data across an organization is verified and accurate. A complete record of data provenance and all changes helps our customers mitigate risk, gain insights and make better, data-driven decisions.

Saves Time. Many presentations and reports that are created by using outdated, legacy software are burdened by manual, repetitive processes associated with collecting data, compiling and standardizing inputs across teams and incorporating numerous reviews, comments and revisions. Within the Wdesk platform, documents, data and graphics remain linked in a single version – along with embedded tasks, comments and supporting documentation – which reduces or completely eliminates repetitive, manual tasks, giving teams more time for analysis and other value-added work.

Streamlines Reviews. With Wdesk permission controls, administrators can control access at all levels, down to an individual data point, for each user to create, review and edit data and documents that relate directly to them. This control feature also enables users to grant access to their external auditors, outside counsel, and other consultants, which streamlines the review process and reduces expenses.

Enables Quicker Decision-Making. Wdesk is an intuitive, cloud platform for data consistency and control. Through data linking and a full audit trail, decision-makers who use Wdesk know that they are working on the most current and accurate version, which helps our customers make quicker and better-informed decisions.

Table of Contents

Benefits to End Users

Ubiquitous Access. Users can access our Wdesk platform through a web-based interface and through our mobile application any time and anywhere an internet connection is available. By providing flexible access to Wdesk, end users can be productive at their workplace, in their homes or on-the-go.

Faster Time to Value. The Wdesk interface is familiar and intuitive so it can be easily deployed in hours or days, enabling new users to make immediate improvements to business data processes.

Better Collaboration. Our platform enables collaborators to draft and edit original work, assign and respond to tasks, make and resolve comments, track progress and certify sign-offs within the same document, spreadsheet, presentation or report at the same time from any location with internet access.

Higher Job Satisfaction. Wdesk helps end users reduce or completely eliminate repetitive, manual and time-consuming functions, thereby becoming more efficient and flexible, which we believe leads to greater job satisfaction, employee retention, cross-role training and career mobility.

Transferable Job Skills. The ability to work in Wdesk is increasingly being recognized as a transferable skill set desired by accounting, finance, compliance and operations teams. Wdesk proficiency often appears in our end users' resumes and becomes an attractive consideration in promotions within an organization or by recruiters looking for professionals with advanced skills.

Our Growth Strategy

To grow revenue, we are focused on acquiring new customers and expanding our existing customer relationships. Key elements of our growth strategy include:

Generate Growth From Existing Customers. Wdesk can exhibit a powerful network effect within an enterprise, meaning that the usefulness of our platform attracts additional users and the data that resides in it grows. As more employees of our customers use Wdesk, additional opportunities for collaboration and automation drive demand among their colleagues for add-on seats. Expansion within current customers includes (1) adding users for existing solutions and (2) adding users for new solutions. Examples include SOX compliance reporting and internal audit.

Pursue New Customers. Our first software solution enabled customers to streamline and automate their SEC regulatory filing process. In 2013, we began expanding into additional markets that are faced with managing large, complex processes with many contributors and disparate sets of business data. We now sell to new customers in the areas of finance and accounting, risk and compliance, audit and internal controls and operations. We intend to continue to build our sales and marketing organization and leverage our brand equity to attract new customers.

Offer More Solutions. We intend to introduce new solutions to continue to meet growing demand for our Wdesk collaborative work management platform. Our close and trusted relationships with our customers are a source for new use cases, features and solutions. We have a disciplined process for tracking, developing and releasing new solutions that are designed to have immediate, broad applicability, a strong value proposition and a high return on investment for both Workiva and our customers. Our advance planning team assesses customer needs, conducts industry-based research and defines new markets. This vetting process involves our sales, product marketing, customer success, professional services, research and development, finance and senior management teams.

Expand Our International Footprint. For the year ended December 31, 2016, we generated approximately 94% of our revenue in the United States. However, the growth drivers for our solution are similar in other parts of the world, including the need to reduce errors and risk, improve efficiency and

Table of Contents

respond to complex regulatory requirements. For example, European public companies are subject to regulation similar to SOX. Accordingly, we plan to continue to build our sales presence in Europe.

Continue to Innovate. We believe we are the first technology company to build an integrated platform on a data management engine that provides a secure ecosystem to manage structured and unstructured business data that spans data collection and linking, controlled collaboration, process management, streamlined reporting and data-driven decision-making. Our research and development efforts are focused on improving the Wdesk platform for broad use across all of our solutions. Our development teams deploy incremental changes to our platform for our customers several times each week. We employ a continuous delivery process supported by Agile software development methodologies and a proprietary quality assurance process.

In 2016, we enhanced the Wdesk Data Platform, which powers one of the largest and fastest spreadsheet applications in the cloud and improves data relationships for SOX and internal control teams. The Data Platform offers dynamic dashboards, automates reporting, and supports advanced testing and configurable, step-by-step workflows. We plan to continue to provide Wdesk users with even more effective ways to capture, store and connect data, and to manage workflow and documents.

Growth in Non-SEC Use Cases. We continue to focus on driving the non-SEC side of our business. We believe we have just begun to scratch the surface of these large and growing markets, and therefore, we are continuing to invest in software development, sales and marketing to help Workiva grow. For example, we continue to market Wdesk to the broad-based audit management market. Along with Enterprise Risk Management, audit management is a subset of a much larger market that is defined as Governance, Risk and Compliance – known as GRC – where we see a lot of expansion opportunities.

Expanding Across Enterprises. Our success in delivering multiple solutions has created demand from numerous customers for a broader-based, enterprise-wide Wdesk solution. In response, we have been evolving our business model, enhancing user management and improving our technology to capitalize on our growing enterprise-wide opportunities, even as we continue to focus on improving operating cash flow. We believe this maturation of broad-based Wdesk use will add seats and revenue and continue to support our high revenue retention rates. While we believe that enterprise-wide deployments are an opportunity to increase our sales of Wdesk, we expect that enterprise-wide deals will be larger and more complex, which tends to lengthen the sales cycle.

Adding Partners. In the fourth quarter of 2016, we began to augment our direct-sales channel with partnerships. Over time, we expect these partners to include technology companies, consultants, service providers and accounting firms. We expect our partners to support our sales efforts through referrals and co-selling arrangements, as well as expand the use of Wdesk through integrated technology offerings.

Wdesk Markets and Use Cases

Our Wdesk collaborative work management platform enables organizations to collect, link, manage, report and analyze their critical data. Today, we offer Wdesk solutions for a wide range of use cases in the following markets:

Finance and Accounting

In the finance and accounting market, we sell Wdesk to public and private companies, state and local governments and universities that use our platform to improve business data processes and create a wide range of documents, presentations and reports for management, investors, boards, regulators, auditors and other stakeholders.

Table of Contents

SEC Reporting. We developed Wdesk to give customers control over the entire SEC reporting process, from data collection to drafting to embedding supporting documentation to the actual filing with XBRL. Our SEC reporting solution allows our customers to prepare and file all major SEC reports, such as Form 10-K, Form 10-Q and Form 8-K, as well as Form S-1 and other registration statements, proxy statements and Section 16 reports. Features tailored to the SEC reporting process include the capability to concurrently create reports in the HTML format required for filing on the SEC's Electronic Data Gathering, Analysis and Retrieval (EDGAR) system and the ability to perform XBRL tagging as well as to submit SEC reports with Inline XBRL. Canadian issuers can use Wdesk to draft and file reports on SEDAR. Wdesk also enables customers to create earnings press releases, earnings call scripts, presentations and other investor relations materials with data linked to the corresponding filing.

Broader Use By Accounting and Finance Teams. Public and private companies, state and local governments and universities must create a vast array of complex financial and managerial reports to better drive real-time business decisions. Wdesk use cases include: strategic planning, budget and forecasting, board committee and quarterly reporting, C-Suite reporting, monthly operation and flash reports; statutory reporting, Comprehensive Annual Financial Report (CAFR) and budgeting for state and local governments, financial reporting and planning for universities, Global Reporting Initiative (GRI), investments compliance, and integrated financial planning.

Audit and Internal Controls

We sell Wdesk to people who work in Sarbanes-Oxley Act (SOX) compliance, internal controls over financial reporting (ICFR), evidence management, testing, Model Audit Rule (MAR-SOX) for insurance companies, audit management, dashboards, audit risk assessments, planning, legal compliance and issues management.

SOX and ICFR. Our customers use Wdesk to increase efficiency in documenting, implementing and assessing ICFR as required by SOX. SOX also requires public company CEOs and CFOs to individually certify that their annual and quarterly financial reports are accurate and complete and to assess the effectiveness of their ICFR. Increased scrutiny from the Public Company Accounting Oversight Board (PCAOB) on audits of management's assessment of internal controls – and the transition in the framework used for assessing internal controls – is driving public companies to find more efficient and accurate solutions for SOX compliance. With Wdesk, our customers can collect data from multiple departments, centralize that information in a linked platform, create and track process narratives and flows with co-workers, and embed evidence in internal audit work papers. We began selling our Wdesk solution to the SOX market in the second quarter of 2014. As of December 31, 2016, more than 480 customers used Wdesk for SOX and internal controls.

Audit Management. We sell to the broad-based audit management market because users in that market often collaborate with colleagues working in SOX and risk across an organization. Audit management, which is a subset of a much larger market that is defined as Governance, Risk and Compliance (GRC), extends throughout an organization, organically drawing in Wdesk users from a wide range of departments. Audit management, which includes audit risk assessments, the audit planning process and the internal audit group, faces the same challenges in managing and documenting information from disparate departments. Wdesk allows simultaneous collaboration with control, accountability and documentation of ICFR that is essential to auditors, executives and boards. With Wdesk permission controls, administrators can control access at all levels, down to an individual data point, for each user to create, review and edit data and documents that relate directly to them. This control feature also enables users to grant access to their external auditors and counsel, which further streamlines the review process and reduces expenses.

Table of Contents

Risk and Compliance

Changing regulations and mandates drive complexity in risk and compliance reporting, which is often carried out by teams scattered across different departments and geographies within organizations. While we cannot predict future changes that could affect federal regulations, we expect demand for Wdesk to remain strong as a platform for improving transparency, accountability and insight into business and government data.

We market Wdesk to address regulatory compliance risk and enterprise risk. Examples of regulations facing our customers include the Dodd-Frank Act, Basel III, Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD). Wdesk regulatory compliance risk use cases include Resolution and Recovery Plans (RRP), Comprehensive Capital Analysis and Review (CCAR), and Dodd-Frank Stress Testing (DFAST). Regulators are also implementing new, industry-specific reporting requirements. For example, in recent years insurance companies have been required to produce reports for Own Risk Solvency Assessment (ORSA) in the U.S. and Solvency II in Europe. With Wdesk, risk management practices can be integrated throughout the organization while maintaining information privacy, audit trails and security resulting in highly efficient and transparent compliance. Therefore, we also sell Wdesk for Enterprise Risk Management (ERM) as a solution for enterprises to identify systemic risks, determine risk probabilities, assess risk magnitude, plan strategic responses, and report to boards and other stakeholders. Wdesk also can help business leaders make real-time ERM decisions.

Operations

Operations teams across organizations of all sizes typically have to collect, track, manage and report on a wide range of operating metrics to better drive real-time business decisions. Our customers continuously find new use cases across their organizations, including board committee and quarterly reporting, C-Suite reporting, strategic business plans, monthly management reports, managing and tracking key performance indicators (KPIs), integrated planning, Environmental, Health and Safety (EHS) reporting, data collection for domestic sales, performance reporting, and employee benefit financial statements.

Our Platform Technology

Wdesk is the cloud-based, multi-tenant technology platform upon which all Workiva software solutions run. Wdesk is built on the Google Cloud Platform and Amazon Web Services and is composed of proprietary and open-source technologies. Users can access all Wdesk solutions with any standard web browser, mobile web browsers and iPad and Android applications. We believe that the following characteristics comprise our platform's key competitive advantages:

Easy to Deploy and Configure. The Wdesk platform can usually be deployed within days for new customers and can be easily configured by the customer for individual employees or entire teams. Because our solutions are browser-based, customers avoid costly, time-intensive deployments typically associated with on-premise enterprise software.

High Performance. The performance of the Wdesk technology platform has been tested and proven by some of the largest, most demanding enterprises in the world. Our platform is built for organizations of all sizes. The architecture, design, deployment and management of our solutions are focused on enterprise-grade scalability, availability and security. Our underlying code base is continually optimized in order to ensure high performance for our users.

Always On. Our customers are highly dependent on our solutions for their business data management and reporting needs. As a result, Wdesk is designed as an "always on" service. Additionally, constant customer

Table of Contents

collaboration and development iteration allows us to offer our customers continuous improvements by releasing a new version of Wdesk nearly every business day.

Scales Rapidly. Wdesk is designed to support concurrent user sessions within a global enterprise, managing hundreds of millions of data elements while continuing to deliver rapid processing performance. A number of our customers have reported millions of links to single sources of data, among multiple documents, spreadsheets and presentations, without any noticeable negative effects on performance. Wdesk is designed to support millions of end users as a result of its scalability and our relationship with the Google Cloud Platform and Amazon Web Services.

Secure. Many of the largest enterprises in the world trust us with their most sensitive data. Wdesk employs stringent data security, reliability, integrity and privacy practices. In addition to our regular customer security assessments, we aggressively test the security of our operations by subjecting it to continuous and ongoing penetration and vulnerability testing (manual and automatic, internal and third-party). The quality of our data security efforts is validated by our annual completion of an independent audit process using the SSAE 16 standard. This standard is designed to determine whether a company has internal controls and safeguards that are suitably designed and effectively operating. The annual SSAE 16 examination includes coverage of security controls through performing SOC 1 Type 2 and SOC 2 Type 2 audits.

Research and Development

Our research and development team is distributed among nine office locations in North America and Europe, including our headquarters in Ames, Iowa.

Our research and development efforts are focused on improving the Wdesk platform for broad use across all of our solutions. Our development teams can deploy incremental changes to our platform for our customers on a daily basis. We employ a continuous delivery process supported by Agile software development methodologies and a proprietary quality assurance process. Our spending on research and development was \$57.4 million in 2016, \$50.5 million in 2015, and \$44.1 million in 2014. Our investment in research and development has grown due to increased compensation and headcount related to dedicating more resources to the continued addition of new features and functionality to our platform.

To ensure new features are intuitive and efficient, each development team has a dedicated user interface designer who is focused on delivering an optimized user experience. Additionally, we continuously test our software code using a combination of quality assurance personnel and a proprietary automated testing suite. We believe our focus on user experience and our rigorous quality assurance culture are key differentiators that contribute to the success of our Wdesk platform.

Our Customers

Workiva is trusted by thousands of organizations, including global enterprises with hundreds of thousands of employees. As of December 31, 2016, we had more than 2,700 customers, including more than 70% of Fortune 500 companies. Our solutions change and optimize the way our customers do their work. Our customers are passionate, loyal supporters of our solutions, as demonstrated by our subscription and support revenue retention rate of 95.4% (excluding add-on seats) as of the December 2016 measurement date. Our subscription and support revenue retention rate including add-on seats was 107.4% as of the December 2016 measurement date.

Table of Contents

Our Competition

The intensity and nature of our competition varies significantly across our different solutions, as changes in regulation and market trends result in evolving customer requirements for enterprise software. Our primary competition includes:

- Manual business processes that rely on legacy business productivity tools;
- Diversified enterprise software providers;
- Niche software providers that provide point solutions;
- Providers of professional services, including consultants and business and financial printers;
- Governance, risk and compliance software providers; and
- Business intelligence / corporate performance management software providers.

As our market grows, we expect it will attract more highly specialized software vendors as well as larger vendors that may continue to acquire or bundle their products more effectively.

The principal competitive factors in our market include: product features, reliability, performance and effectiveness; product line breadth, diversity and applicability; product extensibility and ability to integrate with other technology infrastructures; price and total cost of ownership; adherence to industry standards and certifications; strength of sales and marketing efforts; and brand awareness and reputation. We believe that our cloud-based, collaborative work management platform has the combination of features and value to our customers that will continue to allow us to compete favorably.

Sales and Marketing

Our “land-and-expand” sales strategy focuses on acquiring new customers and growing our existing customer relationships. We believe that we have penetrated only a small fraction of our market opportunity, and we intend to continue investing in sales and marketing to drive growth.

Sales

Our sales organization is responsible for generating new customer opportunities and growing add-on sales. Our sales teams are structured by market segment and geographic locations. We believe our direct-sales approach allows us to effectively reach customers and prospects in a way that allows us to maintain control over the contract terms and build lasting relationships with our users.

In the fourth quarter of 2016, we began to augment our direct-sales channel with partnerships. Over time, we expect these partners to include technology companies, consultants, service providers and accounting firms. We expect partnerships to support our sales efforts with referrals from third parties and co-selling arrangements, as well as expand the use of Wdesk through integrated technology offerings.

Our sales organization comprises sales development representatives, pre-solutions engineers and account managers. Our sales development representatives qualify sales-accepted opportunities for our account managers. Our pre-solutions engineers focus on solutions and custom product demonstrations and consultative sales. Our account managers work to attract new customers as well as expand Wdesk into new use cases and departments across our current customers’ organizations.

Table of Contents

Our customer success and professional services teams also help our account managers grow our existing customer relationships by providing advice and best practices that enable users to harness the full power of Wdesk.

We expect to continue to strengthen our sales coverage in our current markets, as well as expand our sales footprint in locations where we see a demand for our solutions. To achieve this growth, we plan to continue to hire energetic and motivated sales people with experience in large enterprise software sales organizations. We believe that our approach to hiring sales people, along with a progressive training, culture and compensation package will allow us to retain sales talent and continue to drive growth.

Marketing

Our marketing organization promotes our brand, generates demand for our offerings and researches and assesses product and market needs. Our advance planning team assesses customer needs, conducts industry-based research and defines new markets. Our product marketing team develops the go-to-market strategy for Wdesk as well as the applications built upon the platform and develops industry-level marketing messages. The product marketing team also supports our sales team with profiles of typical buyers, key messages, value propositions, competitive analysis and sales strategies.

Our demand generation programs are categorized by solution and industry and are focused on engaging business leaders, process owners and technology teams. We use a variety of marketing programs across traditional and social channels to target current and prospective customers, including:

• Using our website to engage and educate prospects on our platform and solutions.

• Employing search engine marketing and advertising, including search engine optimization and pay-per-click, to drive traffic to our website.

• Engaging customers and prospects through content marketing on social media, including Facebook, Twitter, LinkedIn and YouTube.

• Working with industry analysts to establish third-party validation and generate positive coverage for our platform and solutions.

• Sponsoring events and professional organizations, including the SEC Professionals Group and the SOX and Internal Controls Professionals Group.

• Producing webinars, workshops and customer meetings.

• Hosting our annual user conference, The Exchange Community (TEC), which brings our customers together with our developers, professional services and customer success managers to learn and collaborate. TEC is our largest user event each year and features sessions with industry leaders, business networking events and opportunities to share product ideas.

• Executing digital and print campaigns through advertising, e-mails and direct marketing.

• Creating sales tools and field marketing events to support our sales organization to more effectively convert leads into customers.

Professional Services and Customer Success

We believe our professional services and customer success teams are essential elements of our long-term success and differentiate our service from our competitors.

Professional Services. Professional Services include initial setup of documents; XBRL mapping, tagging and review; best practices implementation; and business process consulting. Our XBRL team is

Table of Contents

primarily composed of people with accounting or financial reporting experience who work with our customers to perform XBRL mapping, tagging and review services. We also employ a team of Solution Architects who offer consulting services to customers to improve and streamline their Wdesk-related business data processes.

Customer Success. Our customer success teams support our customers with in-depth knowledge and continuity for each customer's use of Wdesk. Our customer success managers provide 24/7 live customer support via phone, digital messaging and web-based conferencing. Each customer has an assigned customer success manager who is accountable for that customer's satisfaction. We provide intensive training to our customer success employees and segment them for each solution and market focus. We have an in-house, e-learning curriculum called "The Learn Center" for professional services and customer success employees to continue to develop skills related to Wdesk products, key markets and solution areas, management and compliance. The Learn Center also helps our employees stay current with industry and technology issues. In addition, we pay for employees to maintain professional certifications and licenses that are important to our customers, and we host regular company-wide employee education sessions on business, industry, technology and workplace topics.

Intellectual Property

Our intellectual property and proprietary rights are important to our business. To safeguard these rights, we rely on a combination of patent, trademark, copyright and trade secret laws and contractual protections in the United States and other jurisdictions.

As of December 31, 2016, we had 24 issued patents and 19 patent applications pending in the United States relating to our platform. We cannot assure you that any of our patent applications will result in the issuance of a patent or whether the examination process will require us to narrow or otherwise limit our claims. Any patents issued may be contested, designed around, found unenforceable, or invalidated, and we may not be able to prevent third parties from infringing them. We also license software from third parties for integration into our solutions, including open source software and other software available on commercially reasonable terms. We cannot assure you that such third parties will maintain such software or continue to make it available.

We control access to and use of our proprietary software and other confidential information through the use of internal and external controls, including contractual protections with employees, contractors, end-customers, and partners, and our software is protected by U.S. and international copyright laws. Despite our efforts to protect our trade secrets and proprietary rights through intellectual property rights, licenses, and confidentiality agreements, unauthorized parties may still copy or otherwise obtain and use our software and technology. In addition, we intend to expand our international operations, and effective patent, copyright, trademark, and trade-secret protection may not be available or may be limited in foreign countries.

If we become more successful, we believe that competitors will be more likely to try to develop solutions and services that are similar to ours and that may infringe our proprietary rights. It may also be more likely that competitors or other third parties will claim that our platform infringes their proprietary rights.

Our industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patent and other intellectual property rights. In particular, leading companies in the enterprise software industry have extensive patent portfolios and are regularly involved in both offensive and defensive litigation. From time to time, third parties, including certain of these leading companies, may assert claims of infringement, misappropriation or other violations of intellectual property rights against us, and our standard license and other agreements obligate us to indemnify our customers against such claims. Successful claims of infringement by a third party could prevent us from distributing certain solutions or performing certain services, require us to expend time and money to develop non-infringing solutions, or

Table of Contents

force us to pay substantial damages (including enhanced damages if we are found to have willfully infringed patents or copyrights), royalties or other fees. In addition, to the extent that we gain greater visibility and market exposure as a public company, we face a higher risk of being the subject of intellectual property infringement claims from third parties. We cannot assure you that we do not currently infringe, or that we will not in the future infringe, upon any third-party patents, copyrights or other proprietary rights.

We have registered the “Workiva,” “Wdesk” and “WebFilings” trademarks and logos with the United States Patent and Trademark Office and in several jurisdictions outside the United States. We have also registered other trademarks in the United States and in other jurisdictions outside the United States. In addition, we intend to expand our international operations, and we cannot assure you that these names will be available for use in all such jurisdictions.

Litigation

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of any currently pending legal proceedings to which we are a party will not have a material adverse effect on our business, operating results, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Employees

As of December 31, 2016, we had 1,172 full-time employees. Our headcount as of December 31, 2016 increased 4.5% from our headcount as of December 31, 2015. None of our employees is represented by a labor organization or is a party to any collective bargaining arrangement. We have never experienced a strike or similar work stoppage, and we consider our relations with our employees to be good.

Corporate Information

We were formed in California in August 2008 as WebFilings LLC. In July 2014, we changed our name to Workiva LLC, and we converted into a Delaware limited liability company in September 2014. On December 10, 2014, Workiva LLC was converted into a Delaware corporation and renamed Workiva Inc. Our principal executive offices are located at 2900 University Boulevard, Ames, Iowa 50010, and our telephone number is (888) 275-3125. Our website address is www.workiva.com.

Copies of annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), are available, free of charge, on our website as soon as reasonably practicable after we file such material electronically with or furnish it to the SEC. The SEC also maintains a website that contains our SEC filings. The address of the site is www.sec.gov.

Table of Contents**Item 1A. Risk Factors**

Our operations and financial results are subject to various risks and uncertainties, including those described below. You should carefully consider the following risks and all of the other information contained in this report, including our consolidated financial statements and related notes, before investing in any of our securities. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks, or other risks and uncertainties that are not yet identified or that we currently think are immaterial, actually occur, our business, financial condition, results of operations and future prospects could be materially and adversely affected. In that event, the market price of our Class A common stock could decline. We may amend, supplement or add to the risk factors described below from time to time in future reports filed with the SEC.

Risks Related to Our Business and Industry

We have a limited operating history, which makes it difficult to predict our future operating results.

We were founded in 2008 and have a limited operating history. We began offering our first solution in March 2010 and launched Wdesk in March 2013. As a result of our brief operating history, our ability to forecast our future operating results is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. We have encountered and will encounter risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as the risks and uncertainties described herein. If our assumptions regarding these risks and uncertainties (which we use to plan our business) are incorrect or change due to changes in our markets, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations and our business could suffer.

We have not been profitable historically and may not achieve or maintain profitability in the future.

We have posted a net loss in each fiscal year since we began operations in 2008, including net losses of approximately \$44.0 million in fiscal 2016, \$43.4 million in fiscal 2015 and \$41.2 million in fiscal 2014. While we have experienced significant revenue growth in recent periods, we are not certain whether or when we will obtain a high enough volume of subscriptions to sustain or increase our growth or achieve or maintain profitability in the future. In addition, we plan to continue to invest in our infrastructure, new solutions, research and development and sales and marketing, and as a result, we cannot assure you that we will achieve or maintain profitability. Because we intend to continue spending in anticipation of the revenue we expect to receive from these efforts, our expenses will be greater than the expenses we would incur if we developed our business more slowly. In addition, we may find that these efforts are more expensive than we currently anticipate, which would further impact our profitability.

In addition, as a public company, we incur significant accounting, legal and other expenses that we did not incur as a private company. As a result of these increased expenditures, we will have to generate and sustain increased revenue to achieve future profitability. We may incur losses in the future for a number of reasons, including the other risks and uncertainties described in this annual report. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays and other unknown factors that may result in losses in future periods. If our revenue growth does not meet our expectations in future periods, our financial performance may be harmed, and we may not achieve or maintain profitability in the future.

Our revenue growth rate in recent periods may not be indicative of our future performance.

We experienced revenue growth rates of 23%, 29% and 32% in fiscal 2016, 2015 and 2014, respectively. Our historical revenue growth rates are not indicative of future growth, and we may not achieve

Table of Contents

similar revenue growth rates in future periods. You should not rely on our revenue or revenue growth for any prior quarterly or annual periods as any indication of our future revenue or revenue growth. If we are unable to maintain consistent revenue or revenue growth, our stock price could be volatile, and it may be difficult to achieve and maintain profitability.

Failure to manage our growth may adversely affect our business or operations.

Since 2010, we have experienced significant growth in our business, customer base, employee headcount and operations, and we expect to continue to grow our business over the next several years. This growth places a significant strain on our management team and employees and on our operating and financial systems. To manage our future growth we must continue to scale our business functions, improve our financial and management controls and our reporting systems and procedures and expand and train our work force. In particular, we grew from 109 employees as of December 31, 2010 to more than 1,170 employees as of December 31, 2016. We anticipate that additional investments in sales personnel, infrastructure and research and development spending will be required to:

• scale our operations and increase productivity;

• address the needs of our customers;

• further develop and enhance our existing solutions and offerings;

• develop new technology; and

• expand our markets and opportunity under management, including into new solutions and geographic areas.

We cannot assure you that our controls, systems and procedures will be adequate to support our future operations or that we will be able to manage our growth effectively. We also cannot assure you that we will be able to continue to expand our market presence in the United States and other current markets or successfully establish our presence in other markets. Failure to effectively manage growth could result in difficulty or delays in deploying customers, declines in quality or customer satisfaction, increases in costs, difficulties in introducing new features or other operational difficulties, and any of these difficulties could adversely impact our business performance and results of operations.

Our quarterly results may fluctuate significantly and may not fully reflect the underlying performance of our business.

Our quarterly results of operations, including the levels of our revenue, gross margin, profitability, cash flow and deferred revenue, may vary significantly in the future, and period-to-period comparisons of our operating results may not be meaningful. Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control, and therefore, may not fully reflect the underlying performance of our business. Fluctuations in quarterly results may negatively impact the value of our Class A common stock. Factors that may cause fluctuations in our quarterly financial results include, without limitation, those listed below:

• our ability to attract new customers in multiple regions around the world;

• the addition or loss of large customers, including through acquisitions or consolidations;

• the timing of recognition of revenue;

• the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure;

Table of Contents

network outages, security breaches, technical difficulties or interruptions with our services;
general economic, industry and market conditions;
customer renewal rates and the extent to which customers subscribe for additional seats or solutions;
pricing changes upon any renewals of customer agreements;
changes in our pricing policies or those of our competitors;
the mix of solutions sold during a period;
seasonal variations in sales of our solutions;
seasonal variations in the delivery of our services;
the timing and success of new product and service introductions by us or our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors, customers or strategic partners;
the announcement or adoption of new regulations and policy mandates or changes to existing regulations and policy mandates;
changes in foreign currency exchange rates;
future accounting pronouncements or changes in our accounting policies;
general economic conditions, both domestically and in the foreign markets in which we sell our solutions;
the timing of expenses related to the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired companies; and
unforeseen litigation and intellectual property infringement.

Historically, we have derived a substantial majority of our revenue from customers using our Wdesk platform for SEC filings. Our efforts to continue to increase use of our Wdesk platform in other applications may not succeed and may reduce our revenue growth rate.

To date, we have derived a substantial majority of our cumulative revenue from customers using our Wdesk platform for SEC filings. We began our sales and marketing of Wdesk for regulatory risk, SOX, enterprise risk management and audit management relatively recently. While non-SEC use cases generated approximately half of our total booking in 2016, it is uncertain whether these non-SEC use cases will achieve the level of market acceptance we have achieved in the SEC filing market. Further, the introduction of new solutions beyond these markets may not be successful. Because it is our policy not to view actual customer data unless specifically invited by a customer to do so, we are unable to determine with any certainty how customers are using our platform and may not be able to determine with certainty the extent to which our new solutions are being utilized by customers. Any factor adversely affecting sales of our platform or solutions, including release cycles, market acceptance, competition, performance and reliability, reputation and economic and market conditions, could adversely affect our business and operating results.

Our solutions face intense competition in the marketplace. If we are unable to compete effectively, our operating results could be adversely affected.

The market for our solutions is increasingly competitive, rapidly evolving and fragmented, and is subject to changing technology and shifting customer needs. Although we believe that our Wdesk platform and the solutions that it offers are unique, many vendors develop and market products and services that compete to varying extents with our offerings, and we expect competition in our market to continue to

Table of Contents

intensify. Moreover, industry consolidation may increase competition. In addition, many companies have chosen to invest in their own internal reporting solutions and therefore may be reluctant to switch to solutions such as ours. We compete with many types of companies, including diversified enterprise software providers; providers of professional services, such as consultants and business and financial printers; governance, risk and compliance software providers; and business intelligence/corporate performance management software providers. Many of our existing competitors, as well as a number of potential new competitors, have longer operating histories, greater name recognition, more established customer bases and significantly greater financial, technical, marketing and other resources than we do. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. We could lose customers if our competitors introduce new competitive products, add new features, acquire competitive products, reduce prices, form strategic alliances with other companies or are acquired by third parties with greater available resources. We also face competition from a variety of vendors of cloud-based and on-premise software applications that address only a portion of one of our solutions. We may also face increasing competition from open source software initiatives, in which competitors may provide software and intellectual property for free. In addition, if a prospective customer is currently using a competing solution, the customer may be unwilling to switch to our solutions without access to setup support services. If we are unable to provide those services on terms attractive to the customer, the prospective customer may be unwilling to utilize our solutions. If our competitors' products, services or technologies become more accepted than our solutions, if they are successful in bringing their products or services to market earlier than ours, or if their products or services are more technologically capable than ours, then our revenue could be adversely affected. In addition, some of our competitors may offer their products and services at a lower price. If we are unable to achieve our target pricing levels, our operating results would be negatively affected. Pricing pressures and increased competition could result in reduced sales, reduced margins, losses or a failure to maintain or improve our competitive market position, any of which would adversely affect our business.

Our revenue growth will depend in part on the success of our efforts to augment our direct-sales channels by developing relationships with third parties.

We have historically relied almost exclusively on the direct-sales model to market Wdesk. In order to continue to build our business, we plan to continue to develop partnerships to support our sales efforts through referrals and co-selling arrangements. Our relationships with these partners are at an early stage of development, we have generated limited revenue through these relationships to date, and we cannot assure you that we will be able to develop and maintain successful partnerships or that these partners will be successful in marketing and selling our platform or solutions based upon our platform. Identifying partners, negotiating and supporting relationships with them and maintaining relationships requires a significant commitment of time and resources that may not yield a significant return on our investment. We expect that our partners will have only limited commitments to dedicate resources to marketing and promoting our solutions. In addition, our competitors may be more effective in providing incentives to our partners or prospective partners to favor their products or services over our solutions. If we are unsuccessful in establishing or maintaining our relationships with partners, or if these partners are unsuccessful in marketing or selling our solutions or are unable or unwilling to devote sufficient resources to these activities, our ability to compete in the marketplace or to grow our revenue could be impaired and our operating results may suffer. Further, new or emerging technologies, technological trends or changes in customer requirements may result in certain third parties de-emphasizing their dealings with us or becoming potential competitors in the future.

Table of Contents***Failure to establish and maintain relationships with partners that can provide complementary technology offerings and software integrations could limit our ability to grow our business.***

Our growth strategy includes expanding the use of Wdesk through complementary technology offerings and software integrations, such as third-party application programming interfaces, or APIs. While we have begun to establish relationships with providers of complementary technology offerings and software integrations, we cannot assure you that we will be successful in establishing or maintaining partnerships with these providers. Third-party providers of complementary applications and APIs may decline to enter into partnerships with us or may later terminate their relationships with us, change the features of their applications and platforms, restrict our access to their applications and platforms or alter the terms governing use of their applications and APIs and access to those applications and platforms in an adverse manner. Such changes could functionally limit or terminate our ability to use these third-party applications and platforms with Wdesk, which could negatively impact our offerings and harm our business. Further, if we fail to integrate Wdesk with new third-party applications and platforms that our customers use, or to adapt to the data transfer requirements of such third-party applications and platforms, we may not be able to offer the functionality that our customers need, which would negatively impact our offerings and, as a result, could negatively affect our business, results of operations and financial condition. In addition, we may benefit from these partners' brand recognition, reputations, referrals and customer bases. Any losses or shifts in the referrals from or the market positions of these partners in general, in relation to one another or to new competitors or new technologies could lead to losses in our relationships or customers or our need to identify or transition to alternative channels for marketing our solutions.

If we do not keep pace with technological changes, our solutions may become less competitive and our business may suffer.

Our market is characterized by rapid technological change, frequent product and service innovation and evolving industry standards. If we are unable to provide enhancements and new features for our existing solutions or new solutions that achieve market acceptance or that keep pace with these technological developments, our business could be adversely affected. For example, we are focused on enhancing the features of our non-SEC reporting solutions to enhance their utility to larger customers with complex, dynamic and global operations. The success of enhancements, new features and solutions depends on several factors, including the timely completion, introduction and market acceptance of the enhancements or new features or solutions. Failure in this regard may significantly impair our revenue growth. In addition, because our solutions are designed to operate on a variety of systems, we will need to continuously modify and enhance our solutions to keep pace with changes in internet-related hardware, software, communication, browser and database technologies. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely fashion. Furthermore, uncertainties about the timing and nature of new network platforms or technologies, or modifications to existing platforms or technologies, could increase our research and development expenses. Any failure of our solutions to keep pace with technological changes or operate effectively with future network platforms and technologies could reduce the demand for our solutions, result in customer dissatisfaction and adversely affect our business.

If we fail to manage our technical operations infrastructure, our existing customers may experience service outages, and our new customers may experience delays in the deployment of our solutions.

We have experienced significant growth in the number of users, projects and data that our operations infrastructure supports. We seek to maintain sufficient excess capacity in our operations infrastructure to meet the needs of all of our customers. We also seek to maintain excess capacity to facilitate the rapid provision of new customer deployments and the expansion of existing customer deployments. In addition, we need to properly manage our technological operations infrastructure in order to support changes in hardware and software parameters and the evolution of our solutions, all of which require significant lead

Table of Contents

time. Our Wdesk platform interacts with technology provided by Google, Amazon and other third-party providers, and our technological infrastructure depends on this technology. We have experienced, and may in the future experience, website disruptions, outages and other performance problems. These problems may be caused by a variety of factors, including infrastructure changes, human or software errors, viruses, security attacks, fraud, spikes in customer usage and denial of service issues. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. If we do not accurately predict our infrastructure requirements, our existing customers may experience service outages that may subject us to financial penalties, financial liabilities and customer losses. If our operations infrastructure fails to keep pace with increased sales, customers may experience delays as we seek to obtain additional capacity, which could adversely affect our reputation and our revenue.

As a provider of cloud-based software, we rely on the services of third-party data center hosting facilities.

Interruptions or delays in those services could impair the delivery of our service and harm our business.

Our Wdesk platform has been developed with, and is based on, cloud computing technology. It is hosted pursuant to service agreements on servers by third-party service providers, including those with Google and Amazon. We do not control the operation of these providers or their facilities, and the facilities are vulnerable to damage, interruption or misconduct. Unanticipated problems at these facilities could result in lengthy interruptions in our services. If the services of one or more of these providers are terminated, disrupted, interrupted or suspended for any reason, we could experience disruption in our ability to offer our solutions, or we could be required to retain the services of replacement providers, which could increase our operating costs and harm our business and reputation. In addition, as we grow, we may move or transfer our data and our customers' data to other cloud hosting providers. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of our service. Further, any damage to, or failure of, the cloud servers that we use could result in interruptions in our services. Interruptions in our service may damage our reputation, reduce our revenue, cause us to issue credits or pay penalties, cause customers to terminate their subscriptions and adversely affect our renewal rates and our ability to attract new customers. Our business would be harmed if our customers and potential customers believe our service is unreliable.

Any failure or interruptions in the internet infrastructure, bandwidth providers, data center providers, other third parties or our own systems for providing our solutions to customers could negatively impact our business.

Our ability to deliver our solutions is dependent on the development and maintenance of the internet and other telecommunications services by third parties. Such services include maintenance of a reliable network backbone with the necessary speed, data capacity and security for providing reliable internet access and services and reliable telecommunications systems that connect our operations. While our solutions are designed to operate without interruption, we may experience interruptions and delays in services and availability from time to time. We rely on systems as well as third-party vendors, including data center, bandwidth, and telecommunications equipment providers, to provide our solutions. We do not maintain redundant systems or facilities for some of these services. In the event of a catastrophic event with respect to one or more of these systems or facilities, we may experience an extended period of system unavailability, which could negatively impact our relationship with our customers.

Any failure to offer high-quality technical support services may adversely affect our relationships with our customers and our financial results.

Once our solutions are deployed, our customers depend on our customer success organization to resolve technical issues relating to our solutions. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services. We also may be unable to modify the format of our support services to compete with changes in support services provided by our

Table of Contents

competitors. Increased customer demand for these services, without corresponding revenue, could increase costs and adversely affect our operating results. In addition, our sales process is highly dependent on our solutions and business reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality technical support, or a market perception that we do not maintain high-quality support, could adversely affect our reputation, our ability to sell our solutions to existing and prospective customers, and our business, operating results and financial position.

Because our Wdesk platform is offered on a subscription basis, we are required to recognize revenue for it over the term of the subscription. As a result, downturns or upturns in sales may not be immediately reflected in our operating results.

We generally recognize subscription and support revenue from customers ratably over the terms of their subscription agreements, which are typically on a quarterly or annual cycle and automatically renew for additional periods. As a result, a substantial portion of the revenue we report in each quarter will be derived from the recognition of deferred revenue relating to subscription agreements entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any one quarter may not be immediately reflected in our revenue results for that quarter. This decline, however, will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our solutions and potential changes in our rate of renewals may not be fully reflected in our results of operations until future periods. Our subscription model also makes it difficult for us to rapidly increase our subscription revenue through additional sales in any period, as revenue from new customers must be recognized over the applicable subscription term. In addition, we may be unable to adjust our cost structure to reflect the changes in revenue, which could adversely affect our operating results.

We cannot accurately predict subscription renewal or upgrade rates and the impact these rates may have on our future revenue and operating results.

Our business depends substantially on customers renewing their subscriptions with us and expanding their use of our services. Our customers have no obligation to renew their subscriptions for our services after the expiration of their initial subscription period. While we have historically maintained a subscription and support revenue retention rate of greater than 95%, we may be unable to maintain this historical rate. Given our limited operating history, we may be unable to accurately predict our subscription and support revenue retention rate. In addition, our customers may renew for shorter contract lengths, lower prices or fewer users. We cannot accurately predict new subscription or expansion rates and the impact these rates may have on our future revenue and operating results. Our renewal rates may decline or fluctuate as a result of a number of factors, including customer dissatisfaction with our service, customers' ability to continue their operations and spending levels and deteriorating general economic conditions. If our customers do not renew their subscriptions for our service, purchase fewer solutions at the time of renewal, or negotiate a lower price upon renewal, our revenue will decline and our business will suffer. Our future success also depends in part on our ability to sell additional solutions and services, more subscriptions or enhanced editions of our services to our current customers, which may also require increasingly sophisticated and costly sales efforts that are targeted at senior management. If our efforts to sell additional solutions and services to our customers are not successful, our growth and operations may be impeded. In addition, any decline in our customer renewals or failure to convince our customers to broaden their use of our services would harm our future operating results.

Adverse economic conditions or reduced technology spending may adversely impact our business.

Our business depends on the overall demand for technology and on the economic health of our current and prospective customers. In general, worldwide economic conditions remain unstable, and these conditions make it difficult for our customers, prospective customers and us to forecast and plan future

Table of Contents

business activities accurately. These conditions could cause our customers or prospective customers to reevaluate their decision to purchase our solutions. Weak global economic conditions, or a reduction in technology spending even if economic conditions improve, could adversely impact our business, financial condition and results of operations in a number of ways, including longer sales cycles, lower prices for our solutions, reduced bookings and lower or no growth.

If we cannot maintain our corporate culture as we grow, we could lose the innovation, teamwork, passion and focus on execution that we believe contribute to our success, and our business may be harmed.

We believe our corporate culture is a critical component to our success. We have invested substantial time and resources in building our team. As we grow and develop the infrastructure of a public company, we may find it difficult to maintain our corporate culture. Any failure to preserve our culture could negatively affect our future success, including our ability to retain and recruit personnel and effectively focus on and pursue our corporate objectives.

We depend on our senior management team and other key employees, and the loss of one or more key employees could adversely affect our business.

Our success depends largely upon the continued services of our key executive officers. We also rely on our leadership team and other mission-critical individuals in the areas of research and development, marketing, sales, services and general and administrative functions. From time to time, there may be changes in our management team resulting from the hiring or departure of executives or other key employees, which could disrupt our business. Our senior management and key employees are generally employed on an at-will basis, which means that they could terminate their employment with us at any time. The loss of one or more of our executive officers or key employees could have a material adverse effect on our business.

Our ability to attract, train and retain qualified employees is crucial to our results of operations and any future growth.

To execute our growth plan, we must attract and retain highly qualified personnel. Competition for these individuals is intense, especially for engineers with high levels of experience in designing and developing software and internet-related services, senior sales executives and professional services personnel with appropriate financial reporting experience. We have, from time to time, experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees have breached their legal obligations or that we have induced such breaches, resulting in a diversion of our time and resources. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects could be adversely affected.

Our workforce is our primary operating expense and subjects us to risks associated with increases in the cost of labor as a result of increased competition for employees, higher employee turnover rates and required wage increases and health benefit coverage, lawsuits or labor union activity.

Labor is our primary operating expense. As of December 31, 2016, we employed 1,172 full-time employees. For the fiscal year ended December 31, 2016, employee compensation and benefits accounted for approximately 73% of our total operating expense. We may face labor shortages or increased labor costs because of increased competition for employees, higher employee turnover rates, or increases in employee benefit costs. If labor-related expenses increase, our operating expense could increase, which would adversely affect our business, financial condition and results of operations.

Table of Contents

We are subject to the Fair Labor Standards Act (FLSA) and various federal and state laws governing such matters as minimum wage requirements, overtime compensation and other working conditions, citizenship requirements, discrimination and family and medical leave. In recent years, a number of companies have been subject to lawsuits, including class action lawsuits, alleging violations of federal and state law regarding workplace and employment matters, overtime wage policies, discrimination and similar matters. A number of these lawsuits have resulted in the payment of substantial damages by the defendants. Similar lawsuits may be threatened or instituted against us from time to time, and we may incur substantial damages and expenses resulting from lawsuits of this type, which could have a material adverse effect on our business, financial condition or results of operations.

There may be adverse tax and employment law consequences if the independent contractor status of our consultants or the exempt status of our employees is successfully challenged.

We retain consultants from time to time as independent contractors. Although we believe that we have properly classified these individuals as independent contractors, there is nevertheless a risk that the Internal Revenue Service (IRS) or another federal, state, provincial or foreign authority will take a different view. Furthermore, the tests governing the determination of whether an individual is considered to be an independent contractor or an employee are typically fact sensitive and vary from jurisdiction to jurisdiction. Laws and regulations that govern the status and misclassification of independent contractors are subject to change or interpretation by various authorities. If a federal, state or foreign authority or court enacts legislation or adopts regulations that change the manner in which employees and independent contractors are classified or makes any adverse determination with respect to some or all of our independent contractors, we could incur significant costs under such laws and regulations, including for prior periods, in respect of tax withholding, social security taxes or payments, workers' compensation and unemployment contributions, and recordkeeping, or we may be required to modify our business model, any of which could materially adversely affect our business, financial condition and results of operations. There is also a risk that we may be subject to significant monetary liabilities arising from fines or judgments as a result of any such actual or alleged non-compliance with federal, state or foreign tax laws. Further, if it were determined that any of our independent contractors should be treated as employees, we could incur additional liabilities under our applicable employee benefit plans.

In addition, we have classified many of our U.S. employees as "exempt" under the FLSA. If it were determined that any of our U.S. employees who we have classified as "exempt" should be classified as "non-exempt" under the FLSA, we may incur costs and liabilities for back wages, unpaid overtime, fines or penalties and be subject to employee litigation.

Fixed-fee engagements with customers may not meet our expectations if we underestimate the cost of these engagements.

We provide certain professional services on a fixed-fee basis. When making proposals for fixed-fee engagements, we estimate the costs and timing for completing the engagements. We provide professional services on both SEC and non-SEC solutions, including our regulated risk and Sarbanes-Oxley compliance solutions. Professional services on non-SEC solutions usually involve a different mix of subscription, support and services than professional services on our SEC solution. The growth in professional services on non-SEC solutions may impact our gross margins in ways that we cannot predict. If we are required to spend more hours than planned to perform these services, our cost of services revenue could exceed the fees charged to our customers on certain engagements and could cause us to recognize a loss on a contract, which would adversely affect our operating results. In addition, if we are unable to provide these professional services, we may lose sales or incur customer dissatisfaction, and our business and operating results could be significantly harmed.

Table of Contents

Our sales cycle is unpredictable. As more of our sales efforts are targeted at larger enterprise customers, our sales cycle may become more time-consuming and expensive, and we may encounter pricing pressure, which could harm our business and operating results.

The cost and length of our sales cycle varies by customer and is unpredictable. As we target more of our sales efforts at selling additional solutions to larger enterprise customers, we may face greater costs, longer sales cycles and less predictability in completing some of our sales. These types of sales often require us to provide greater levels of education regarding the use and benefits of our service. In addition, larger customers may demand more document setup services, training and other professional services. As a result of these factors, these sales opportunities may require us to devote greater sales support and professional services resources to individual customers, driving up costs and time required to complete sales and diverting sales and professional services resources to a smaller number of larger transactions.

Our quarterly results reflect seasonality in revenue from professional services, which makes it difficult to predict our future operating results.

We have historically experienced seasonal variations in our revenue from professional services as many of our customers employ our professional services just before they file their Form 10-K in the first calendar quarter. As of December 31, 2016, approximately 78% of our SEC customers report their financials on a calendar year basis. While we expect our professional services revenue to become less seasonal as our non-SEC offerings grow, a significant portion of our revenue may continue to reflect seasonality, which makes it difficult to predict our future operating results. As a result, our operating and financial results could differ materially from our expectations and our business could suffer.

If the market for our technology delivery model and cloud-based software develops more slowly than we expect, our business could be harmed.

The market for cloud-based software is not as mature as the market for packaged software, and it is uncertain whether these services will sustain high levels of demand and market acceptance. Our success will depend to a substantial extent on the willingness of companies to increase their use of cloud-based services in general, and of our solutions in particular. Many companies have invested substantial personnel and financial resources to integrate traditional software into their businesses, and therefore may be reluctant or unwilling to migrate to a cloud-based service. Furthermore, some companies may be reluctant or unwilling to use cloud-based services because they have concerns regarding the risks associated with security capabilities, among other things, of the technology delivery model associated with these services. If companies do not perceive the benefits of cloud-based software, then the market for our solutions may develop more slowly than we expect, or the market for our new solutions may not develop at all, either of which would significantly adversely affect our operating results. We may not be able to adjust our spending quickly enough if market growth falls short of our expectations or we may make errors in predicting and reacting to relevant business trends, either of which could harm our business. If the market for our cloud solutions does not evolve in the way we anticipate, or if customers do not recognize the benefits of our cloud solutions over traditional on-premise enterprise software products, and as a result we are unable to increase sales of subscriptions to our solutions, then our revenue may not grow or may decline, and our operating results would be harmed.

Table of Contents

The success of our cloud-based software largely depends on our ability to provide reliable solutions to our customers. If a customer were to experience a product defect, a disruption in its ability to use our solutions or a security flaw, demand for our solutions could be diminished, we could be subject to substantial liability and our business could suffer.

Because our solutions are complex and we continually release new features, our solutions could have errors, defects, viruses or security flaws that could result in unanticipated downtime for our subscribers and harm our reputation and our business. Internet-based software frequently contains undetected errors or security flaws when first introduced or when new versions or enhancements are released. We might from time to time find such defects in our solutions, the detection and correction of which could be time consuming and costly. Since our customers use our solutions for important aspects of their business, any errors, defects, disruptions in access, security flaws, viruses, data corruption or other performance problems with our solutions could hurt our reputation and may damage our customers' businesses. If that occurs, customers could elect not to renew, could delay or withhold payment to us or may make warranty or other claims against us, which could result in an increase in our provision for doubtful accounts, an increase in collection cycles for accounts receivable or the expense and risk of litigation. We could also lose future sales. In addition, if the public becomes aware of security breaches of our solutions, our future business prospects could be adversely impacted.

We employ third-party licensed software for use in or with our solutions, and the inability to maintain these licenses or the existence of errors in the software we license could result in increased costs or reduced service levels, which would adversely affect our business.

Our solutions incorporate certain third-party software, including the Google Cloud Platform, that may be licensed to or hosted by or on behalf of Workiva, or may be hosted by a licensor and accessed by Workiva on a software-as-a-service basis. We anticipate that we will continue to rely on third-party software and development tools from third parties in the future. There may not be commercially reasonable alternatives to the third-party software we currently use, or it may be difficult or costly to replace. In addition, integration of the software used in our solutions with new third-party software may require significant work and require substantial investment of our time and resources. Also, to the extent that our solutions depend upon the successful operation of third-party software in conjunction with our software, any undetected errors or defects in this third-party software could prevent the deployment or impair the functionality of our solutions, delay new solution introductions, result in a failure of our solutions and injure our reputation. Our use of additional or alternative third-party software would require us to enter into license agreements with third parties. Any inability to maintain or acquire third-party licensed software for use in our solutions could result in increased costs or reduced service levels, which would adversely affect our business.

Changes in laws and regulations related to the internet or changes in the internet infrastructure itself may diminish the demand for our solutions and could have a negative impact on our business.

The future success of our business depends upon the continued use of the internet as a primary medium for commerce, communication and business solutions. Federal, state or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. Changes in these laws or regulations could require us to modify our solutions in order to comply with these changes. In addition, government agencies or private organizations may begin to impose taxes, fees or other charges for accessing the internet or commerce conducted via the internet. These laws or charges could limit the growth of internet-related commerce or communications generally or result in reductions in the demand for internet-based solutions such as ours.

In addition, the use of the internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity,

Table of Contents

security, reliability, cost, ease of use, accessibility and quality of service. The performance of the internet and its acceptance as a business tool has been adversely affected by “viruses,” “worms” and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the internet is adversely affected by these issues, demand for our solutions could suffer.

We are subject to U.S. and foreign data privacy and protection laws and regulations as well as contractual privacy obligations, and our failure to comply could subject us to fines and damages and would harm our reputation and business.

We manage private and confidential information and documentation related to our customers’ finances and transactions, often prior to public dissemination. The use of insider information is highly regulated in the United States and abroad, and violations of securities laws and regulations may result in civil and criminal penalties. In addition, we are subject to the data privacy and protection laws and regulations adopted by federal, state and foreign legislatures and governmental agencies. Data privacy and protection is highly regulated and may become the subject of additional regulation in the future. Privacy laws restrict our storage, use, processing, disclosure, transfer and protection of non-public personal information that may be placed in Wdesk by our customers or collected from visitors of our website. We strive to comply with all applicable laws, regulations, policies and legal obligations relating to privacy and data protection. However, it is possible that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure, or perceived failure, by us to comply with federal, state or international laws, including laws and regulations regulating privacy, payment card information, personal health information, data or consumer protection, could result in proceedings or actions against us by governmental entities or others.

The regulatory framework for privacy and data protection issues worldwide is evolving, and various government and consumer agencies and public advocacy groups have called for new regulation and changes in industry practices, including some directed at providers of mobile and online resources in particular. Our obligations with respect to privacy and data protection may become broader or more stringent. If we are required to change our business activities or revise or eliminate services, or to implement costly compliance measures, our business and results of operations could be harmed.

In addition, as we expand our operations internationally, compliance with regulations that differ from country to country may also impose substantial burdens on our business. In particular, the European Union, or E.U., has traditionally taken a broader view as to what is considered personal information and has imposed greater obligations under data privacy regulations. In addition, individual E.U. member countries have had discretion with respect to their interpretation and implementation of the regulations, which has resulted in variation of privacy standards from country to country. Complying with any additional or new regulatory requirements could force us to incur substantial costs or require us to change our business practices in a manner that could compromise our ability to effectively pursue our growth strategy. Further, because our customers often use a Wdesk account across multiple jurisdictions, E.U. regulators could determine that we transfer data from the E.U. to the U.S., which could subject us to E.U. laws with respect to data privacy. Those laws and regulations are uncertain and subject to change. For example, in October 2015, the European Court of Justice invalidated the European Commission’s 2000 Safe Harbor Decision as a legitimate basis on which we could rely for the transfer of data from the European Union to the United States. The E.U. and U.S. recently agreed to an alternative transfer framework for data transferred from the E.U. to the U.S., called the Privacy Shield, but this new framework is subject to an annual review that could result in changes to our obligations and also may be challenged by national regulators or private parties. In addition, the other bases on which we rely to legitimize the transfer of data, such as standard Model Contractual Clauses (MCCs), have been subjected to regulatory or judicial scrutiny. If one or more of the legal bases for transferring data from Europe to the United States is invalidated, or if we are unable to transfer personal data between and

Table of Contents

among countries and regions in which we operates, it could affect the manner in which we provide our services or adversely affect our financial results.

Proposed or new legislation and regulations could also significantly affect our business. There currently are a number of proposals pending before federal, state, and foreign legislative and regulatory bodies. In addition, the European Commission has approved a data protection regulation, known as the General Data Protection Regulation (GDPR), which has been finalized and is due to come into force in or around May 2018. The GDPR will include operational requirements for companies that receive or process personal data of residents of the European Union that are different than those currently in place in the European Union, and that will include significant penalties for non-compliance. In addition, some countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our services.

These laws and regulations, as well as any associated inquiries or investigations or any other government actions, may be costly to comply with and may delay or impede the development of new products, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to remedies that may harm our business, including fines or demands or orders that we modify or cease existing business practices.

In addition to government activity, the technology industry and other industries are considering various new, additional or different self-regulatory standards that may place additional burdens on us. If the processing of private and confidential information were to be curtailed in this manner, our software solutions may be less effective, which may reduce demand for our solutions and adversely affect our business. Furthermore, government agencies may seek to access sensitive information that our customers upload to our service providers or restrict customers' access to our service providers. Laws and regulations relating to government access and restrictions are evolving, and compliance with such laws and regulations could limit adoption of our services by customers and create burdens on our business. Moreover, investigations into our compliance with privacy-related obligations could increase our costs and divert management attention.

We are also subject to the privacy and data protection-related obligations in our contracts with our customers and other third parties. We could be adversely affected by changes to these contracts in ways that are inconsistent with our practices or in conflict with the laws and regulations of the United States, foreign or international regulatory authorities. We may also be contractually liable to indemnify and hold harmless our clients from the costs or consequences of inadvertent or unauthorized disclosure of data that we store or handle as part of providing our services. Finally, we are also subject to contractual obligations and other legal restrictions with respect to our collection and use of data, and we may be liable to third parties in the event we are deemed to have wrongfully used or gathered data.

Any failure by us or a third-party contractor providing services to us to comply with applicable privacy and data protection laws, regulations, self-regulatory requirements or industry guidelines, our contractual privacy obligations or our own privacy policies, may result in fines, statutory or contractual damages, litigation or governmental enforcement actions. These proceedings or violations could force us to spend significant amounts in defense or settlement of these proceedings, result in the imposition of monetary liability, distract our management, increase our costs of doing business, and adversely affect our reputation and the demand for our solutions.

We post on our websites our privacy policies and practices concerning the collection, use and disclosure of user data. Any failure, or perceived failure, by us to comply with our posted privacy policies or with any regulatory requirements or orders or other federal, state or international privacy or consumer protection-related laws and regulations could result in proceedings or actions against us by governmental entities or others (e.g., class action privacy litigation), subject us to significant penalties and negative publicity,

Table of Contents

require us to change our business practices, increase our costs and adversely affect our business. Data collection, privacy and security have become the subject of increasing public concern. If users were to reduce their use of our websites, products, and services as a result of these concerns, our business could be harmed.

If we or our service providers fail to keep our customers' information confidential or otherwise handle their information improperly, our business and reputation could be significantly and adversely affected.

If we fail to keep customers' proprietary information and documentation confidential, we may lose existing customers and potential new customers and may expose them to significant loss of revenue based on the premature release of confidential information. While we have security measures in place to protect customer information and prevent data loss and other security breaches, these measures may be breached as a result of third-party action, employee error, malfeasance or otherwise. Because the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.

In addition, our service providers (including, without limitation, hosting facilities, disaster recovery providers and software providers) may have access to our customers' data and could suffer security breaches or data losses that affect our customers' information.

If an actual or perceived security breach or premature release occurs, our reputation could be damaged and we may lose future sales and customers. We may also become subject to civil claims, including indemnity or damage claims in certain customer contracts, or criminal investigations by appropriate authorities, any of which could harm our business and operating results. Furthermore, while our errors and omissions insurance policies include liability coverage for these matters, if we experienced a widespread security breach that impacted a significant number of our customers for whom we have these indemnity obligations, we could be subject to indemnity claims that exceed such coverage.

Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand.

Our success substantially depends upon our proprietary methodologies and other intellectual property rights.

Unauthorized use of our intellectual property by third parties may damage our brand and our reputation. As of December 31, 2016, we had 24 issued patents and 19 patent applications pending in the United States, and we expect to seek additional patents in the future. In addition, we rely on a combination of copyright, trademark and trade secret laws, employee and third-party non-disclosure and non-competition agreements and other methods to protect our intellectual property. However, unauthorized parties may attempt to copy or obtain and use our technology to develop products with the same functionality as our solutions. We cannot assure you that the steps we take to protect our intellectual property will be adequate to deter misappropriation of our proprietary information or that we will be able to detect unauthorized use and take appropriate steps to protect our intellectual property. United States federal and state intellectual property laws offer limited protection, and the laws of some countries provide even less protection. Moreover, changes in intellectual property laws, such as changes in the law regarding the patentability of software, could also impact our ability to obtain protection for our solutions. In addition, patents may not be issued with respect to our pending or future patent applications. Those patents that are issued may not be upheld as valid, may be contested or circumvented, or may not prevent the development of competitive solutions.

We might be required to spend significant resources and divert the efforts of our technical and management personnel to monitor and protect our intellectual property. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking

Table of Contents

the validity and enforceability of our intellectual property rights. Any failure to secure, protect and enforce our intellectual property rights could seriously adversely affect our brand and adversely impact our business.

Assertions by third parties of infringement or other violations by us of their intellectual property rights could result in significant costs and harm our business and operating results.

Patent and other intellectual property disputes are common in our industry. Our success depends upon our ability to refrain from infringing upon the intellectual property rights of others. Some companies, including some of our competitors, own large numbers of patents, copyrights and trademarks, which they may use to assert claims against us. As we grow and enter new markets, we will face a growing number of competitors. As the number of competitors in our industry grows and the functionality of products in different industry segments overlaps, we expect that software and other solutions in our industry may be subject to such claims by third parties. Third parties may in the future assert claims of infringement, misappropriation or other violations of intellectual property rights against us. We cannot assure you that infringement claims will not be asserted against us in the future, or that, if asserted, any infringement claim will be successfully defended. A successful claim against us could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our services, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or business partners or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify applications or refund fees, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

Some of our solutions utilize open source software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business.

Some of our solutions include software covered by open source licenses, which may include, by way of example, GNU General Public License and the Apache License. The terms of various open source licenses have not been interpreted by United States courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market our solutions. By the terms of certain open source licenses, we could be required to release the source code of our proprietary software, and to make our proprietary software available under open source licenses, if we combine our proprietary software with open source software in a certain manner. In the event that portions of our proprietary software are determined to be subject to an open source license, we could be required to publicly release the affected portions of our source code, reengineer all or a portion of our technologies, or otherwise be limited in the licensing of our technologies, each of which could reduce or eliminate the value of our technologies and services. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software. Many of the risks associated with usage of open source software cannot be eliminated and could negatively affect our business.

If we fail to continue to develop our brand, our business may suffer.

We believe that continuing to develop and maintain awareness of our brand is critical to achieving widespread acceptance of our solution and is an important element in attracting and retaining customers. Efforts to build our brand may involve significant expense and may not generate customer awareness or increase revenue at all, or in an amount sufficient to offset expenses we incur in building our brand.

Promotion and enhancement of our name and the brand names of our solutions depends largely on our success in being able to provide high quality, reliable and cost-effective solutions. If customers do not perceive our solutions as meeting their needs, or if we fail to market our solutions effectively, we will likely

Table of Contents

be unsuccessful in creating the brand awareness that is critical for broad customer adoption of our solutions. That failure could result in a material adverse effect on our business, financial condition and operating results.

Legislative and regulatory changes can influence demand for our solutions and could adversely affect our business.

The market for our solutions depends in part on the requirements of the SEC, the Federal Reserve System, the Federal Deposit Insurance Corporation and other regulatory bodies. Any legislation or rulemaking substantially affecting the content or method of delivery of documents to be filed with these regulatory bodies could have an adverse effect on our business. In addition, evolving market practices in light of regulatory developments could adversely affect the demand for our solutions. Uncertainty caused by political change in the United States and European Union (particularly Brexit) heightens regulatory uncertainty in these areas. For example, the White House and Congressional leadership have publicly announced a goal of repealing or amending parts of the Dodd Frank Act, as well as certain regulations affecting the financial services industry. New legislation, or a significant change in rules, regulations, directives or standards could reduce demand for our products and services, increase expenses as we modify our products and services to comply with new requirements and retain relevancy, impose limitations on our operations, and increase compliance or litigation expense, each of which could have a material adverse effect on our business, financial condition and results of operations.

We may need to raise additional capital, which may not be available to us.

We will require substantial funds to support the implementation of our business plan. Our future liquidity and capital requirements are difficult to predict as they depend upon many factors, including the success of our solutions and competing technological and market developments. In the future, we may require additional capital to respond to business opportunities, challenges, acquisitions, a decline in the level of customer prepayments or unforeseen circumstances and may determine to engage in equity or debt financings or enter into credit facilities for other reasons, and we may not be able to timely secure additional debt or equity financing on favorable terms, or at all. Any debt financing obtained by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. If we raise additional funds through further issuances of equity, convertible debt securities or other securities convertible into equity, our existing stockholders could suffer significant dilution in their percentage ownership of our company, and any new equity securities we issue could have rights, preferences and privileges senior to those of holders of our Class A common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited.

Our credit facility contains restrictive covenants that may limit our operating flexibility.

Our credit facility contains certain restrictive covenants that limit our ability to transfer or dispose of assets, merge with other companies or consummate certain changes of control, acquire other companies, pay dividends, incur additional indebtedness and liens, experience changes in management and enter into new businesses. We therefore may not be able to engage in any of the foregoing transactions unless we obtain the consent of the lender or terminate the credit facility, which may limit our operating flexibility. In addition, our credit facility is secured by all of our assets, has first priority over our other debt obligations and requires us to satisfy certain financial covenants, including the maintenance of at least \$5.0 million of cash on hand or unused borrowing capacity. There is no guarantee that we will be able to generate sufficient cash flow or sales to meet these financial covenants or pay the principal and interest on any such debt. Furthermore, there is no guarantee that future working capital, borrowings or equity financing will be available to repay or

Table of Contents

refinance any such debt. Any inability to make scheduled payments or meet the financial covenants on our credit facility would adversely affect our business.

Determining our income tax rate is complex and subject to uncertainty.

The computation of provision for income tax is complex, as it is based on the laws of numerous taxing jurisdictions and requires significant judgment on the application of complicated rules governing accounting for tax provisions under U.S. generally accepted accounting principles. Provision for income tax for interim quarters is based on a forecast of our U.S. and non-U.S. effective tax rates for the year, which includes forward-looking financial projections, including the expectations of profit and loss by jurisdiction, and contains numerous assumptions. Various items cannot be accurately forecasted and future events may be treated as discrete to the period in which they occur. Our provision for income tax can be materially impacted, for example, by the geographical mix of our profits and losses, changes in our business, such as internal restructuring and acquisitions, changes in tax laws and accounting guidance and other regulatory, legislative or judicial developments, tax audit determinations, changes in our uncertain tax positions, changes in our intent and capacity to permanently reinvest foreign earnings, changes to our transfer pricing practices, tax deductions attributed to equity compensation and changes in our need for a valuation allowance for deferred tax assets. For these reasons, our actual income taxes may be materially different than our provision for income tax.

Adverse tax laws or regulations could be enacted or existing laws could be applied to us or our customers, which could increase the costs of our services and adversely impact our business.

The application of federal, state, local and international tax laws to services provided electronically is evolving. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time (possibly with retroactive effect), and could be applied solely or disproportionately to services provided over the internet. These enactments could adversely affect our sales activity due to the inherent cost increase the taxes would represent and ultimately result in a negative impact on our operating results.

In addition, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us (possibly with retroactive effect), which could require us or our customers to pay additional tax amounts, as well as require us or our customers to pay fines or penalties and interest for past amounts. If we are unsuccessful in collecting such taxes from our customers, we could be held liable for such costs, thereby adversely impacting our operating results.

We operate and offer our services in many jurisdictions and, therefore, may be subject to federal, state, local and foreign taxes that could harm our business.

As an organization that operates in many jurisdictions in the United States and around the world, we may be subject to taxation in several jurisdictions with increasingly complex tax laws, the application of which can be uncertain. The authorities in these jurisdictions, including state and local taxing authorities in the United States, could successfully assert that we are obligated to pay additional taxes, interest and penalties. In addition, the amount of taxes we pay could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could have a material adverse effect on our liquidity and operating results. The authorities could also claim that various withholding requirements apply to us or our subsidiaries or assert that benefits of tax treaties are not available to us or our subsidiaries, any of which could have a material impact on us and the results of our operations. In addition, we may lose sales or incur significant costs should various tax jurisdictions impose taxes on either a broader range of services or services that we have performed in the past. We may be subject to audits of the taxing authorities in any such jurisdictions that would require

Table of Contents

us to incur costs in responding to such audits. Imposition of such taxes on our services could result in substantially unplanned costs, would effectively increase the cost of such services to our customers and could adversely affect our ability to retain existing customers or to gain new customers in the areas in which such taxes are imposed.

We operate service sales centers in multiple locations. Some of the jurisdictions in which we operate may give us the benefit of either relatively low tax rates, tax holidays or government grants, in each case that are dependent on how we operate or how many jobs we create and employees we retain. We plan on utilizing such tax incentives in the future as opportunities are made available to us. Any failure on our part to operate in conformity with applicable requirements to remain qualified for any such tax incentives or grants may result in an increase in our taxes. In addition, jurisdictions may choose to increase rates at any time due to economic or other factors. Any such rate increase could harm our results of operations.

In addition, changes to U.S. tax laws that may be enacted in the future could impact the tax treatment of our foreign earnings. Due to expansion of our international business activities, any changes in the U.S. taxation of such activities could increase our worldwide effective tax rate and adversely affect our financial position and results of operations.

We may have additional tax liabilities, which could harm our business, results of operations or financial position.

Significant judgments and estimates are required in determining the provision for income taxes and other tax liabilities. Our tax expense may be impacted if our intercompany transactions, which are required to be computed on an arm's-length basis, are challenged and successfully disputed by the tax authorities. Also, our tax expense could be impacted depending on the applicability of withholding taxes and indirect tax on software licenses and related intercompany transactions in certain jurisdictions. In determining the adequacy of income taxes, we assess the likelihood of adverse outcomes that could result if our tax positions were challenged by the IRS and other tax authorities. The tax authorities in the United States and other countries where we do business regularly examine our income and other tax returns. The ultimate outcome of these examinations cannot be predicted with certainty. Should the IRS or other tax authorities assess additional taxes as a result of examinations, we may be required to record charges to operations that could have a material impact on our results of operations, or financial position.

Sales to customers outside the United States expose us to risks inherent in international sales.

A key element of our growth strategy is to expand our international operations and develop a worldwide customer base. To date, we have not realized a significant portion of our revenue from customers headquartered outside the United States. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks that are different from those in the United States. Because of our limited experience with international operations, our international expansion efforts may not be successful in creating demand for our solutions outside of the United States or in effectively selling subscriptions to our solutions in all of the international markets we enter. In addition, we will face risks in doing business internationally that could adversely affect our business, including:

- the need to localize and adapt our solutions for specific countries, including translation into foreign languages and associated expenses;
- increased management, travel, infrastructure, legal compliance and regulation costs associated with having multiple international operations;
- sales and customer service challenges associated with operating in different countries;

Table of Contents

- data privacy laws that require customer data to be stored and processed in a designated territory;
- difficulties in staffing and managing foreign operations;
- different pricing environments, longer sales cycles and longer accounts receivable payment cycles and collections issues;
- new and different sources of competition;
- weaker protection for intellectual property and other legal rights than in the United States and practical difficulties in enforcing intellectual property and other rights outside of the United States;
- laws and business practices favoring local competitors;
- compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and regulations, including employment, tax, privacy and data protection laws and regulations;
- increased financial accounting and reporting burdens and complexities;
- restrictions on the transfer of funds;
- adverse tax consequences; and
- unstable regional and economic political conditions.

Currently, our international contracts are only occasionally denominated in local currencies; however, the majority of our local costs are denominated in local currencies. We anticipate that over time, an increasing portion of our international contracts may be denominated in local currencies. Therefore, fluctuations in the value of the United States dollar and foreign currencies may impact our operating results when translated into United States dollars. We do not currently engage in currency hedging activities to limit the risk of exchange rate fluctuations.

We may acquire other companies or technologies, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and adversely affect our operating results.

We may in the future seek to acquire or invest in businesses, applications or technologies that we believe could complement or expand our solutions, enhance our technical capabilities or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated.

In addition, we have limited experience in acquiring other businesses. If we acquire additional businesses, we may not be able to integrate the acquired personnel, operations and technologies successfully or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including:

- inability to integrate or benefit from acquired technologies or services in a profitable manner;
- unanticipated costs or liabilities associated with the acquisition;
- incurrence of acquisition-related costs;
- difficulty integrating the accounting systems, operations and personnel of the acquired business;
- difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business;

Table of Contents

- difficulty converting the customers of the acquired business onto our solutions and contract terms, including disparities in the revenue, licensing, support or professional services model of the acquired company;
- diversion of management's attention from other business concerns;
- adverse effects to our existing business relationships with business partners and customers as a result of the acquisition;
- the potential loss of key employees;
- use of resources that are needed in other parts of our business; and
- use of substantial portions of our available cash to consummate the acquisition.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our operating results based on this impairment assessment process, which could adversely affect our results of operations.

Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our operating results. In addition, if an acquired business fails to meet our expectations, our operating results, business and financial position could suffer.

We are subject to general litigation that may materially adversely affect us.

From time to time, we may be involved in disputes or regulatory inquiries that arise in the ordinary course of business. We expect that the number and significance of these potential disputes may increase as our business expands and our company grows larger. While our agreements with customers limit our liability for damages arising from our solutions, we cannot assure you that these contractual provisions will protect us from liability for damages in the event we are sued. Although we carry general liability insurance coverage, our insurance may not cover all potential claims to which we are exposed or may not be adequate to indemnify us for all liability that may be imposed. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time, and result in the diversion of significant operational resources. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, financial condition, results of operations and prospects.

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the United States.

Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board (FASB), the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of a change.

We have broad discretion in the use of the net proceeds from our initial public offering and may not use them effectively.

We cannot specify with any certainty the particular uses of the net proceeds that we have received from our initial public offering. We have broad discretion in the application of the net proceeds, including working capital, possible acquisitions, and other general corporate purposes, and we may spend or invest these proceeds in a way with which our stockholders disagree. A failure by our management to apply these

Table of Contents

funds effectively could adversely affect our business and financial condition. The net proceeds may be invested with a view towards long-term benefits for our stockholders, and this may not increase our operating results or market value. Pending their use, we may invest the net proceeds from our initial public offering in a manner that does not produce income or that loses value. These investments may not yield a favorable return to our investors.

Risks Related to Ownership of Our Class A Common Stock

Our stock price has been and will likely continue to be volatile or may decline regardless of our operating performance, resulting in substantial losses for our investors.

The trading price for shares of our Class A common stock has been, and is likely to continue to be, volatile for the foreseeable future. The market price of our Class A common stock may fluctuate in response to many risk factors listed in this section, and others beyond our control, including:

- actual or anticipated fluctuations in our financial condition and operating results;
- changes in projected operational and financial results;
- addition or loss of significant customers;
- changes in laws or regulations applicable to our solutions;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements of technological innovations or new offerings by us or our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments;
- additions or departures of key personnel;
- changes in our financial guidance or securities analysts' estimates of our financial performance;
- discussion of us or our stock price by the financial press and in online investor communities;
- changes in accounting principles;
- announcements related to litigation;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- sales of our Class A or Class B common stock by us or our stockholders;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares; and
- general economic and market conditions.

Furthermore, the stock markets recently have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies, and technology companies in particular. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of our Class A common stock. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could harm our business.

Table of Contents

If there are substantial sales of shares of our Class A common stock, the price of our Class A common stock could decline.

The price of our Class A common stock could decline if there are substantial sales of our Class A common stock, particularly sales by our directors, executive officers and significant stockholders, or if there is a large number of shares of our Class A common stock available for sale. All of the shares of Class A common stock sold in our initial public offering are freely tradeable without restrictions or further registration under the Securities Act of 1933, as amended (Securities Act), except for any shares held by our affiliates as defined in Rule 144 under the Securities Act. Shares held by directors, executive officers and other affiliates are subject to volume limitations under Rule 144 under the Securities Act. In addition, the shares of Class A common stock subject to outstanding options under our equity incentive plans and the shares reserved for future issuance under our equity incentive plans are eligible for sale to the public, subject to certain legal and contractual limitations. The market price of the shares of our Class A common stock could decline as a result of the sale of a substantial number of our shares of common stock in the public market or the perception in the market that the holders of a large number of shares intend to sell their shares.

The dual class structure of our common stock has the effect of concentrating voting control with our executives and their affiliates.

Our Class B common stock has ten votes per share, and our Class A common stock has one vote per share. As of December 31, 2016, the holders of shares of our Class B common stock collectively beneficially owned shares representing approximately 78% of the voting power of our outstanding capital stock. Our executive officers collectively beneficially owned shares representing a substantial majority of the voting power of our outstanding capital stock as of that date. Because of the ten-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders for approval so long as the shares of Class B common stock represent at least 9.1% of all outstanding shares of our Class A and Class B common stock. This concentrated control will limit your ability to influence corporate matters for the foreseeable future and may have the effect of delaying, deferring or preventing a change in control, impeding a merger, consolidation, takeover or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our business, even if such a transaction would benefit other stockholders. The holders of Class B common stock may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers to family members and transfers effected for estate planning purposes. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. If, for example, certain holders of Class B common stock retain a significant portion of their holdings of Class B common stock for an extended period of time, and a significant portion of the Class B common stock initially held by other executives is converted to Class A common stock, the remaining holders of Class B common stock could, as a result, acquire control of a majority of the combined voting power. As directors and executive officers, the initial beneficial owners of Class B common stock owe a fiduciary duty to our stockholders and must act in good faith in a manner they reasonably believe to be in the best interests of our stockholders. As stockholders, even if one of them becomes a controlling stockholder, each beneficial owner of Class B common stock is entitled to vote his shares in his own interests, which may not always be in the interests of our stockholders generally.

Table of Contents

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and may negatively affect the market price of our Class A common stock.

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our certificate of incorporation and bylaws include provisions that:

- establish that our board of directors is divided into three classes, with each class serving three-year staggered terms;
- provide that our directors may be removed only for cause;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our board of directors, the chairman of our board of directors or our chief executive officer or president (in the absence of a chief executive officer);
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- authorize our board of directors to issue, without further action by the stockholders, up to 100,000,000 shares of undesignated preferred stock;
- require the approval of our board of directors or the holders of a supermajority of our outstanding shares of capital stock to amend our bylaws and certain provisions of our certificate of incorporation; and
- reflect two classes of common stock, as discussed above.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, we are a Delaware corporation and governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder, in particular those owning 15% or more of our outstanding voting stock, for a period of three years following the date on which the stockholder became an “interested” stockholder.

Future sales and issuances of our capital stock or rights to purchase capital stock could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to decline.

Our certificate of incorporation authorizes us to issue up to 1,000,000,000 shares of Class A common stock. Future sales and issuances of our capital stock or rights to purchase our capital stock could result in substantial dilution to our existing stockholders. We may sell Class A common stock, convertible securities and other equity securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities in subsequent transactions, investors may be materially diluted. New investors in subsequent transactions could gain rights, preferences and privileges senior to those of holders of our Class A common stock.

Table of Contents

We will continue to incur significantly increased costs and devote substantial management time as a result of operating as a public company.

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company. For example, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (Exchange Act), and are required to comply with the applicable requirements of the Sarbanes-Oxley Act and the Dodd-Frank Act, as well as rules and regulations subsequently implemented by the SEC and the New York Stock Exchange, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Compliance with these requirements has increased our legal and financial compliance costs and made some activities more time consuming and costly. Many of these costs recur annually. We expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, which will increase when we are no longer an “emerging growth company,” as defined by the JOBS Act. We may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs. As a result, management’s attention may be diverted from other business concerns, which could adversely affect our business and operating results.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and as a result, their application in practice may evolve over time as regulatory and governing bodies provide new guidance. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We will continue to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management’s time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business could be adversely affected.

As a result of disclosure of information as a public company, our business and financial condition have become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If the claims are successful, our business operations and financial results could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business operations and financial results. These factors could also make it more difficult for us to attract and retain qualified employees, executive officers and members of our board of directors.

Operating as a public company makes it more difficult and more expensive for us to obtain director and officer liability insurance on the terms that we would like. As a result, it may be more difficult for us to attract and retain qualified people to serve on our board of directors, our board committees or as executive officers.

A failure to maintain adequate internal controls over our financial and management systems could cause errors in our financial reporting, which could cause a loss of investor confidence and result in a decline in the price of our Class A common stock.

Our public company reporting obligations and our anticipated growth will likely strain our financial and management systems, internal controls and employees. In addition, we will be required to comply with

Table of Contents

the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act when we cease to be an emerging growth company.

We are currently taking the necessary steps to comply with Section 404. If, during this process, we identify one or more material weaknesses in our internal controls, it is possible that our management may be unable to certify that our internal controls are effective by the certification deadline. We cannot be certain we will be able to successfully complete the implementation and certification requirements of Section 404 within the time period allowed.

Moreover, the Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. If we have a material weaknesses or deficiency in our internal control over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. Effective internal controls are necessary for us to produce reliable financial reports and are important to prevent fraud. As a result, our failure to satisfy the requirements of Section 404 on a timely basis could result in us being subject to regulatory action and a loss of investor confidence in the reliability of our financial statements, both of which in turn could cause the market value of our Class A common stock to decline and affect our ability to raise capital.

Because we are an emerging growth company, our independent registered public accounting firm did not perform an audit of our internal control over financial reporting for the fiscal year ended December 31, 2016. If a material weakness or significant deficiency arises and our qualification as an emerging growth company expires before we have remediated the weakness or deficiency, our independent registered public accounting firm may not be able to attest to the effectiveness of our internal controls over financial reporting.

We are an “emerging growth company,” and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies make our Class A common stock less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act, and we are taking advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We will cease to be an “emerging growth company” upon the earliest of (i) December 31, 2019, (ii) the last day of the first fiscal year in which our annual gross revenue is \$1 billion or more, (iii) the date on which we have, during the previous rolling three-year period, issued more than \$1 billion in nonconvertible debt securities or (iv) the date on which we qualify as a “large accelerated filer” with at least \$700 million of equity securities held by non-affiliates. We cannot determine whether investors find our Class A common stock less attractive or our company less comparable to certain other public companies because we rely on these exemptions.

We do not intend to pay dividends for the foreseeable future.

We may not declare or pay cash dividends on our capital stock in the near future. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. Consequently, stockholders must rely on sales of their Class A common stock after price appreciation as the only way to realize any future gains on their investment.

Table of Contents

If securities or industry analysts do not regularly publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our stock adversely, or if our actual results differ significantly from our guidance, our stock price and trading volume could decline.

The trading market for our Class A common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If few securities analysts maintain coverage of us, or if industry analysts cease coverage of us, the trading price for our Class A common stock would be negatively affected. If one or more of the analysts who cover us downgrade our Class A common stock or publish inaccurate or unfavorable research about our business, the price of our Class A common stock would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Class A common stock could decrease, which might cause our Class A common stock price and trading volume to decline.

In addition, from time to time, we may release earnings guidance or other forward-looking statements in our earnings releases, earnings conference calls or otherwise regarding our future performance that represent our management's estimates as of the date of release. Some or all of the assumptions of any future guidance that we furnish may not materialize or may vary significantly from actual future results. Any failure to meet guidance or analysts' expectations could have a material adverse effect on the trading price or trading volume of our Class A common stock and may result in shareholder litigation.

Table of Contents

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our corporate headquarters is located in Ames, Iowa, where we lease approximately 120,000 square feet of office space. We also lease office facilities in eleven U.S. cities located in Arizona, Colorado, Florida, Georgia, Illinois, Montana, New York, Texas and Washington. Internationally, we lease offices in Ontario and Saskatchewan, Canada, the Netherlands, and the United Kingdom. We believe that our properties are generally suitable to meet our needs for the foreseeable future. In addition, to the extent we require additional space in the future, we believe that it would be readily available on commercially reasonable terms.

Item 3. Legal Proceedings

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that in the opinion of our management, if determined adversely to us, would have a material adverse effect on our business, financial condition, operating results or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 4. Mine Safety Disclosure

Not applicable.

Table of Contents**Part II.****Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

Our Class A common stock is listed on the NYSE under the symbol “WK”. The following table sets forth the range of high and low per share sales prices for our common stock as reported on the NYSE for the periods indicated.

	Prices	
	High	Low
<u>Year ended December 31, 2016</u>		
Fourth quarter	\$ 18.11	\$ 12.65
Third quarter	\$ 19.04	\$ 13.19
Second quarter	\$ 14.05	\$ 11.14
First quarter	\$ 17.48	\$ 10.92
<u>Year ended December 31, 2015</u>		
Fourth quarter	\$ 18.80	\$ 14.94
Third quarter	\$ 16.34	\$ 12.83
Second quarter	\$ 15.00	\$ 12.69
First quarter	\$ 16.53	\$ 12.25

Our Class B common stock is not listed or traded on any stock exchange.

Stockholders

As of December 31, 2016, there were approximately 230 stockholders of record of our Class A common stock as well as 14 stockholders of record of our Class B common stock.

Dividends

We have never declared or paid cash dividends on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends on our capital stock. Any future determination to pay dividends on our capital stock will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements and other factors that our board of directors considers relevant. In addition, our credit facility with Silicon Valley Bank restricts our ability to pay dividends. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” for a summary of the material terms of our credit facility.

Stock Performance Graph

The following shall not be deemed incorporated by reference into any of our other filings under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended.

The graph below compares the cumulative total stockholder return on our Class A common stock with the cumulative total return on the Standard & Poor’s 500 Index and the Nasdaq Computer Index. The chart assumes \$100 was invested at the close of market on December 12, 2014, in the Class A common stock of Workiva Inc., the S&P 500 Index and the Nasdaq Computer Index, and assumes the reinvestment of any dividends.

The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our Class A common stock.

Table of Contents

Use of Proceeds from Public Offerings of Common Stock

On December 17, 2014, we closed our initial public offering of 7,200,000 shares of Class A common stock at a price to the public of \$14.00 per share. The offer and sale of all of the shares in the initial public offering were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-199459), which was declared effective by the SEC on December 11, 2014.

There has been no material change in the planned use of proceeds from our initial public offering as described in our final prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act on December 12, 2014. Pending the uses described in our prospectus, we have invested the net proceeds in money market funds and marketable securities. We have also repaid a \$2.0 million forgivable loan with proceeds from our initial public offering, allowing us to cancel letters of credit in the amount that served as security for the forgivable loan.

Issuer Purchases of Equity Securities

Not applicable.

Table of Contents**Item 6. Selected Consolidated Financial Data**

The following selected consolidated financial data for the years ended December 31, 2016, 2015 and 2014 and the selected consolidated balance sheet data as of December 31, 2016 and 2015 are derived from our audited consolidated financial statements included elsewhere in this Form 10-K. The following selected consolidated financial data for the years ended December 31, 2013 and 2012, and the selected consolidated balance sheet data as of December 31, 2014, 2013 and 2012 are derived from our audited consolidated financial statements not included in this Form 10-K. Our historical results are not necessarily indicative of the results to be expected in the future.

Consolidated Statement of Operations Data

	Year ended December 31,				
	2016	2015	2014	2013	2012
	(in thousands, except share and per share information)				
Revenue					
Subscription and support	\$143,120	\$116,288	\$91,317	\$65,164	\$34,702
Professional services	35,526	28,984	21,377	19,987	18,236
Total revenue	178,646	145,272	112,694	85,151	52,938
Cost of revenue					
Subscription and support ⁽¹⁾	27,895	22,559	21,182	15,129	9,262
Professional services ⁽¹⁾	23,730	17,645	12,696	9,520	9,780
Total cost of revenue	51,625	40,204	33,878	24,649	19,042
Gross profit	127,021	105,068	78,816	60,502	33,896
Operating expenses					
Research and development ⁽¹⁾	57,438	50,466	44,145	34,116	18,385
Sales and marketing ⁽¹⁾	80,466	69,569	53,498	41,067	27,537
General and administrative ⁽¹⁾⁽²⁾	32,695	28,716	19,783	14,601	16,177
Total operating expenses	170,599	148,751	117,426	89,784	62,099
Loss from operations	(43,578)	(43,683)	(38,610)	(29,282)	(28,203)
Interest expense	(1,875)	(2,025)	(2,044)	(366)	(1,521)
Other income and (expense), net ⁽³⁾	1,500	2,302	(468)	104	(861)
Loss before provision for income taxes	(43,953)	(43,406)	(41,122)	(29,544)	(30,585)
Provision (benefit) for income taxes	24	(7)	32	—	—
Net loss	\$(43,977)	\$(43,399)	\$(41,154)	\$(29,544)	\$(30,585)
Net loss per common share:					
Basic and diluted	\$(1.08)	\$(1.09)	\$(1.28)	\$(0.94)	\$(1.16)
Weighted-average common shares outstanding - basic and diluted	40,671,133	39,852,624	32,156,060	31,376,603	26,390,099

Table of Contents

(1) Stock-based compensation expense included in these line items is as follows:

	Year ended December 31,				
	2016	2015	2014	2013	2012
	(in thousands)				
Cost of revenue					
Subscription and support	\$493	\$363	\$502	\$200	\$80
Professional services	411	349	337	171	144
Operating expenses					
Research and development	2,365	1,924	1,757	762	194
Sales and marketing	2,075	1,727	1,241	799	293
General and administrative ⁽²⁾	8,903	6,637	3,548	1,438	7,418
Total stock-based compensation expense	\$14,247	\$11,000	\$7,385	\$3,370	\$8,129

(2) One-time grants of immediately vested appreciation units to two managing directors significantly increased general and administrative cost in the year ended December 31, 2012.

(3) During December 2015, we resolved all contingencies associated with a government grant agreement resulting in higher government grant income recorded to "Other income and (expense), net" for the year ended December 31, 2015. See Note 5, *Commitments and Contingencies*, to the Consolidated Financial Statements.

Consolidated Balance Sheet Data

	December 31,				
	2016	2015	2014	2013	2012
	(in thousands)				
Cash and cash equivalents	\$51,281	\$58,750	\$101,131	\$15,515	\$24,979
Working capital, excluding deferred revenue and deferred government grant obligation	75,193	70,520	94,740	19,926	28,063
Total assets	143,143	143,895	164,551	73,944	53,522
Deferred revenue, current and long term	97,501	63,338	56,276	36,385	18,165
Total current liabilities	99,887	84,084	66,730	43,425	26,404
Total non-current liabilities	46,381	34,092	42,002	37,306	14,971
Total stockholders' (deficit) equity	(3,125)	25,719	55,819	—	—
Total members' equity (deficit)	—	—	—	(6,787)	12,147

Table of Contents**Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion and analysis of our financial condition and results of our operations should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Annual Report. In addition to historical consolidated financial information, this discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to these differences include, but are not limited to, those identified below, and those discussed in “Section 1A. Risk Factors” included elsewhere in this Annual Report.

Overview

Workiva provides enterprises with cloud solutions for improving productivity, accountability and insight into business data. Workiva created Wdesk, a collaborative work management platform for organizations to collect, link, report and analyze their business data. Wdesk’s proprietary word processing, spreadsheet and presentation applications are integrated and built upon a data management engine, offering synchronized data, controlled collaboration, granular permissions and a full audit trail. Wdesk helps mitigate risk, improves productivity and gives users confidence to make decisions with real-time data. As of December 31, 2016, we provided our solutions to more than 2,700 enterprise customers, including more than 70% of Fortune 500 companies⁽¹⁾.

Our scalable, enterprise-grade data engine enables users to collect, aggregate and manage their unstructured and structured data in Wdesk. We offer Wdesk solutions for a wide range of use cases in the following markets: finance and accounting, audit and internal controls, risk and compliance and operations. Underlying these solutions is our scalable, enterprise-grade data engine enables users to collect, aggregate and manage their unstructured and structured data in Wdesk.

We operate our business on a software-as-a-service (SaaS) model. Customers enter into quarterly, annual and multi-year subscription contracts to utilize Wdesk. Our subscription fee includes the use of our service and technical support. Our pricing is based primarily on the number of corporate entities, number of users, level of customer support, and length of contract. Our pricing model is scaled to the number of users, so the subscription price per user typically decreases as the number of users increases. We charge customers additional fees primarily for document setup and XBRL tagging services. We generate sales primarily through our direct sales force and, to a lesser extent, customer success and professional services teams. In addition, in the fourth quarter of 2016, we began to augment our direct-sales channel with partnerships. Over time, we expect our partners to include technology companies, consultants, service providers and accounting firms. We expect our partners to support our sales efforts through referrals and co-selling arrangements, as well as expand the use of Wdesk through complementary technology offerings and software integrations.

Our integrated platform, subscription-based model, and exceptional customer support have contributed to a low rate of customer turnover while achieving strong revenue growth. Our subscription and support revenue retention rate was 95.4% (excluding add-on seats) for the twelve months ended December 31, 2016.

We continue to invest in the development of our solutions, infrastructure and sales and marketing to drive long-term growth. Our full-time employee headcount expanded to 1,172 at December 31, 2016 from 1,122 at December 31, 2015, an increase of 4.5%.

We have achieved significant revenue growth in recent periods. Our revenue grew to \$178.6 million in 2016 from \$145.3 million in 2015, an increase of 23.0%. We incurred net losses of \$44.0 million and \$43.4 million in 2016 and 2015, respectively.

(1) Claim not confirmed by FORTUNE or Time Inc. FORTUNE 500 is a registered trademark of Time Inc. and is used under license. FORTUNE and Time Inc. are not affiliated with, and do not endorse products or services of, Workiva Inc.

Table of Contents

Key Factors Affecting Our Performance

New customers. We employ a “land-and-expand” sales strategy that focuses on acquiring new customers through our direct sales model and building our relationships with existing customers over time. Acquiring new customers is a key component of our continued success in the marketplace, growth opportunity and future revenue. We have aggressively invested in and intend to continue to invest in our direct sales force.

Further penetration of existing customers. Our account management teams seek to generate additional revenue from our customers by adding seats to existing subscriptions and by signing new subscriptions for additional business solutions on our platform. We believe a significant opportunity exists for us to sell additional subscriptions to current customers as they become more familiar with our platform and adopt our solutions to address additional business use cases.

Investment in growth. We are expanding our operations, increasing our headcount and developing software to both enhance our current offerings and build new features. We expect our total operating expenses to increase, particularly as we continue to expand our sales operations, marketing activities and development staff. We continue to invest in our sales, marketing and customer success organizations to drive additional revenue and support the growth of our customer base. Investments we make in our sales and marketing and research and development organizations will occur in advance of experiencing any benefits from such investments.

Seasonality. Our revenue from professional services has some degree of seasonality. Many of our customers employ our professional services just before they file their Form 10-K, often in the first calendar quarter. As of December 31, 2016, approximately 78% of our SEC customers report their financials on a calendar year basis. As our non-SEC offerings continue to grow, we expect our professional services revenue to continue to become less seasonal. Our sales and marketing expense also has some degree of seasonality. Sales and marketing expense is generally higher in the third quarter since we hold our annual user conference in September. In addition, we typically pay cash bonuses to employees in the first quarter, resulting in some seasonality in operating cash flow.

Table of Contents**Key Performance Indicators**

	Year ended December 31,		
	2016	2015	2014
	(dollars in thousands)		
<i>Financial metrics</i>			
Total revenue	\$ 178,646	\$ 145,272	\$ 112,694
Year-over-year percentage increase in total revenue	23.0	% 28.9	% 32.3 %
Subscription and support revenue	\$ 143,120	\$ 116,288	\$ 91,317
Year-over-year percentage increase in subscription and support revenue	23.1	% 27.3	% 40.1 %
Subscription and support as a percent of total revenue	80.1	% 80.0	% 81.0 %

As of December 31,
2016 2015 2014

<i>Operating metrics</i>			
Number of customers	2,772	2,524	2,261
Subscription and support revenue retention rate	95.4 %	95.8 %	97.0 %
Subscription and support revenue retention rate including add-ons	107.4%	112.5%	104.1%

Total customers. We believe total number of customers is a key indicator of our financial success and future revenue potential. We define a customer as an entity with an active subscription contract as of the measurement date. Our customer is typically a parent company or, in a few cases, a significant subsidiary that works with us directly.

Companies with publicly listed securities account for a substantial majority of our customers.

Subscription and support revenue retention rate. We calculate our subscription and support revenue retention rate by annualizing the subscription and support revenue recorded in the first month of the measurement period for only those customers in place throughout the entire measurement period, thereby excluding any attrition. We divide the result by the annualized subscription and support revenue in the first month of the measurement period for all customers in place at the beginning of the measurement period. The measurement period is based on the trailing twelve months. Our subscription and support revenue retention rate was 95.4% at the December 2016 measurement date, down slightly from December 2015. We believe that our success in maintaining a high rate of revenue retention is attributable primarily to our robust technology platform and strong customer service. Customers being acquired or otherwise ceasing to file SEC reports have been the largest contributing factor to our revenue attrition.

Subscription and support revenue retention rate including add-ons. Add-on revenue includes the change in both seats purchased and seat pricing for existing customers. We calculate our subscription and support revenue retention rate including add-ons by annualizing the subscription and support revenue recorded in the last month of the measurement period for only those customers in place throughout the entire measurement period. We divide the result by the annualized subscription and support revenue in the first month of the measurement period for all customers in place at the beginning of the measurement period. The measurement period is based on the trailing twelve months. Our subscription and support revenue retention rate including add-ons was 107.4% at the December 2016 measurement date, down from 112.5% as of December 2015. As we pursue larger opportunities, we are seeing lengthening and more complex sales cycles.

Table of Contents**Components of Results of Operations*****Revenue***

We generate revenue through the sale of subscriptions to our cloud-based software and the delivery of professional services. We serve a wide range of customers in many industries, and our revenue is not concentrated with any single customer or small group of customers. For each of the years ended December 31, 2016, 2015 and 2014, no single customer represented more than 2% of our revenue, and our largest ten customers accounted for less than 5% of our revenue in the aggregate.

We generate sales directly through our sales force. We also identify some sales opportunities with existing customers through our customer success and professional services teams and partners.

Our customer contracts typically range in length from three to 36 months. Our arrangements do not contain general rights of return. We typically invoice our customers for subscription fees in advance on a quarterly, annual, two-year or three-year basis, with payment due at the start of the subscription term. In 2015, we began to standardize our subscription term to one year, and over the next 24 months, we plan to convert a substantial majority of the remaining quarterly contracts with customers to a one-year term. Unpaid invoice amounts for services starting in future periods are excluded from accounts receivable and deferred revenue. Invoiced amounts are reflected as accounts receivable once we have initiated services with an offset to deferred revenue or revenue depending on whether the revenue recognition criteria have been met. At December 31, 2016, deferred revenue was \$97.5 million. Estimated future recognition from deferred revenue at December 31, 2016 was \$76.0 million in 2017, \$14.6 million in 2018, and \$6.9 million in 2019.

Subscription and Support Revenue. We recognize the aggregate minimum subscription and support fees ratably on a straight-line basis over the subscription term, provided that an enforceable contract has been signed by both parties, access to our SaaS solutions has been granted to the customer, the fee for the subscription and support is fixed or determinable, and collection is reasonably assured.

Professional Services Revenue. We believe our professional services facilitate the sale of our subscription service to certain customers. To date, most of our professional services have been related to SEC document set up and XBRL tagging, which are activities that we have undertaken thousands of times. Professional services also include consulting with our customers on business processes and best practices for using Wdesk. Our professional services are not required for customers to utilize our solution. We recognize revenue for our professional services contracts when the services are performed.

Cost of Revenue

Cost of revenue consists primarily of personnel and related costs directly associated with our professional services, customer success teams and training personnel, including salaries, benefits, bonuses, and stock-based compensation; the costs of contracted third-party vendors; the costs of server usage by our customers; information technology costs; and facility costs. Costs of server usage are comprised primarily of fees paid to Google Cloud Platform and Amazon Web Services.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of personnel and related costs, including salaries, benefits, bonuses, commissions, travel, and stock-based compensation. Other costs included in this expense are marketing and promotional events, our annual user conference, online marketing, product marketing, information technology costs, and facility costs. We capitalize and amortize sales commissions that are directly attributable to a contract over the lesser of twelve months or the non-cancelable term of the customer contract based on the terms of our commission arrangements.

Table of Contents**Research and Development Expenses**

Research and development expenses consist primarily of personnel and related costs, including salaries, benefits, bonuses, and stock-based compensation; costs of server usage by our developers; information technology costs; and facility costs.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel and related costs for our executive, finance, legal, human resources, and administrative personnel, including salaries, benefits, bonuses, and stock-based compensation; legal, accounting, and other professional service fees; other corporate expenses; information technology costs; and facility costs.

Results of Operations

The following table sets forth selected consolidated statement of operations data for each of the periods indicated:

	Year ended December 31,		
	2016	2015	2014
	(in thousands)		
Revenue			
Subscription and support	\$ 143,120	\$ 116,288	\$ 91,317
Professional services	35,526	28,984	21,377
Total revenue	178,646	145,272	112,694
Cost of revenue			
Subscription and support ⁽¹⁾	27,895	22,559	21,182
Professional services ⁽¹⁾	23,730	17,645	12,696
Total cost of revenue	51,625	40,204	33,878
Gross profit	127,021	105,068	78,816
Operating expenses			
Research and development ⁽¹⁾	57,438	50,466	44,145
Sales and marketing ⁽¹⁾	80,466	69,569	53,498
General and administrative ⁽¹⁾	32,695	28,716	19,783
Total operating expenses	170,599	148,751	117,426
Loss from operations	(43,578)	(43,683)	(38,610)
Interest expense	(1,875)	(2,025)	(2,044)
Other income and (expense), net	1,500	2,302	(468)
Loss before provision for income taxes	(43,953)	(43,406)	(41,122)
Provision (benefit) for income taxes	24	(7)	32
Net loss	\$(43,977)	\$(43,399)	\$(41,154)

Table of Contents

(1) Stock-based compensation expense included in these line items was as follows:

	Year ended December 31,		
	2016	2015	2014
	(in thousands)		
Cost of revenue			
Subscription and support	\$493	\$363	\$502
Professional services	411	349	337
Operating expenses			
Research and development	2,365	1,924	1,757
Sales and marketing	2,075	1,727	1,241
General and administrative	8,903	6,637	3,548
Total stock-based compensation expense	\$14,247	\$11,000	\$7,385

The following table sets forth our consolidated statement of operations data as a percentage of revenue for each of the periods indicated:

	Year ended December 31,					
	2016		2015		2014	
Revenue						
Subscription and support	80.1	%	80.0	%	81.0	%
Professional services	19.9		20.0		19.0	
Total revenue	100.0		100.0		100.0	
Cost of revenue						
Subscription and support	15.6		15.5		18.8	
Professional services	13.3		12.1		11.3	
Total cost of revenue	28.9		27.6		30.1	
Gross profit	71.1		72.4		69.9	
Operating expenses						
Research and development	32.2		34.7		39.2	
Sales and marketing	45.0		47.9		47.5	
General and administrative	18.3		19.8		17.6	
Total operating expenses	95.5		102.4		104.3	
Loss from operations	(24.4)		(30.0)		(34.4)	
Interest expense	(1.0)	)	(1.4)	)	(1.8))
Other income and (expense), net	0.8		1.6		(0.4))
Loss before provision for income taxes	(24.6)		(29.8)		(36.6))
Provision (benefit) for income taxes	—		—		—	
Net loss	(24.6)%		(29.8)%		(36.6)%	

Table of Contents**Revenue****Comparison of Years Ended December 31, 2016 and 2015**

	Year ended		Period-to-period	
	December 31,		change	
	2016	2015	Amount	% Change

(dollars in thousands)

Revenue

Subscription and support	\$143,120	\$116,288	\$26,832	23.1%
Professional services	35,526	28,984	6,542	22.6%
Total revenue	\$178,646	\$145,272	\$33,374	23.0%

Total revenue increased \$33.4 million in 2016 compared to 2015 due primarily to the increase in subscription and support revenue of \$26.8 million. The growth in professional services revenue was attributable mainly to increased consulting and services related to our non-SEC use cases. Of the total increase in subscription and support revenue, 23.5% represented revenue from new customers acquired after December 31, 2015 and 76.5% represented revenue from existing customers at or prior to December 31, 2015. The total number of our customers increased 9.8% from December 31, 2015 to December 31, 2016.

Comparison of Years Ended December 31, 2015 and 2014

	Year ended		Period-to-period	
	December 31,		change	
	2015	2014	Amount	% Change

(dollars in thousands)

Revenue

Subscription and support	\$116,288	\$91,317	\$24,971	27.3%
Professional services	28,984	21,377	7,607	35.6%
Total revenue	\$145,272	\$112,694	\$32,578	28.9%

Total revenue increased \$32.6 million in 2015 compared to 2014 due primarily to the increase in subscription and support revenue of \$25.0 million. The acceleration of growth in professional services revenue was attributable mainly to increased consulting and services related to our SOX and risk use cases. Of the total increase in subscription and support revenue, 28.0% represented revenue from new customers acquired after December 31, 2014 and 72.0% represented revenue from existing customers at or prior to December 31, 2014. The total number of our customers increased 11.6% from December 31, 2014 to December 31, 2015.

Table of Contents**Cost of Revenue****Comparison of Years Ended December 31, 2016 and 2015**

	Year ended		Period-to-period	
	December 31,		change	
	2016	2015	Amount	% Change

(dollars in thousands)

Cost of revenue

Subscription and support	\$27,895	\$22,559	\$5,336	23.7%
Professional services	23,730	17,645	6,085	34.5%
Total cost of revenue	\$51,625	\$40,204	\$11,421	28.4%

Cost of revenue increased \$11.4 million in 2016 compared to 2015, due primarily to an aggregate increase in employee compensation, benefits and travel costs of \$9.1 million, an increase in other support costs of \$1.3 million, and an increase in server usage costs of \$1.3 million. Subscription and support expense rose 23.7% in the year ended December 31, 2016 compared to the prior year due primarily to increases in headcount, employee compensation, and server expenses used to support our expanding customer base. Professional services expense increased 34.5% in the year ended December 31, 2016 versus the prior year due primarily to an increase in headcount, employee compensation and travel expense related to fulfilling increased demand for our non-SEC consulting services.

Comparison of Years Ended December 31, 2015 and 2014

	Year ended		Period-to-period	
	December 31,		change	
	2015	2014	Amount	% Change

(dollars in thousands)

Cost of revenue

Subscription and support	\$22,559	\$21,182	\$1,377	6.5%
Professional services	17,645	12,696	4,949	39.0%
Total cost of revenue	\$40,204	\$33,878	\$6,326	18.7%

Cost of revenue increased \$6.3 million in 2015 compared to 2014, attributable primarily to an increase in cash-based employee compensation, benefits, and travel costs of \$4.0 million, offset partially by a decline in stock-based compensation of \$0.1 million. Also, the cost of subscription-based software increased \$0.2 million and other support costs rose \$1.1 million. Headcount growth in the professional services team was the primary driver of these software, support, and personnel-related costs. The decline in stock-based compensation during 2015 was attributable primarily to a one-time grant of stock options with immediate vesting in January 2014. Expenses related to subscription and support rose 6.5% in the year ended December 31, 2015 compared to the same period a year ago, due in part to additional server usage of \$1.3 million, as customer usage of our platform grew. The modest growth in expenses related to subscription and support resulted from an initiative to moderate the growth of headcount devoted to customer success. Professional services expense expanded 39.0% in the year ended December 31, 2015 versus the same period a year ago due to an increase in full-time equivalents and employee compensation to handle the growing demand for services related to our newer use cases.

Table of Contents**Operating Expenses****Comparison of Years Ended December 31, 2016 and 2015**

	Year ended		Period-to-period	
	December 31,		change	
	2016	2015	Amount	% Change

(dollars in thousands)

Operating expenses				
Research and development	\$57,438	\$50,466	\$6,972	13.8%
Sales and marketing	80,466	69,569	10,897	15.7%
General and administrative	32,695	28,716	3,979	13.9%
Total operating expenses	\$170,599	\$148,751	\$21,848	14.7%

Research and Development

Research and development expenses increased \$7.0 million in 2016 compared to 2015 due primarily to \$6.7 million in higher employee compensation, benefits, and travel costs. We continue to dedicate resources to enhance our Wdesk platform, which has resulted in higher headcount in research and development.

Sales and Marketing

Sales and marketing expenses increased \$10.9 million in 2016 compared to 2015 due primarily to \$11.5 million in higher employee compensation, benefits and travel costs. The increase in these costs was offset partially by a decline in professional service fees of \$0.9 million related to consulting, recruiting and training.

General and Administrative

General and administrative expenses rose \$4.0 million in 2016 compared to 2015 due primarily to higher employee cash-based compensation, benefits, and travel costs of \$1.0 million and additional employee stock-based compensation of \$2.8 million. The increase in personnel-related costs was driven primarily by a rise in headcount to support the growth of our business. Higher stock-based compensation expense was driven primarily by restricted stock grants to executive officers in February 2015 and January 2016 with a vesting term of three years, as well as stock option grants to executive officers in February 2016 with a vesting term of three years.

Comparison of Years Ended December 31, 2015 and 2014

	Year ended		Period-to-period	
	December 31,		change	
	2015	2014	Amount	% Change

(dollars in thousands)

Operating expenses				
Research and development	\$50,466	\$44,145	\$6,321	14.3%
Sales and marketing	69,569	53,498	16,071	30.0%
General and administrative	28,716	19,783	8,933	45.2%
Total operating expenses	\$148,751	\$117,426	\$31,325	26.7%

Research and Development

Research and development expenses increased \$6.3 million in 2015 compared to 2014 due primarily to higher employee compensation, benefits, and travel costs of \$6.2 million. In addition, other support costs

Table of Contents

rose \$0.6 million primarily due to higher headcount. Consulting fees decreased \$0.7 million, as we brought some previously outsourced consulting work in-house. In addition, we have been dedicating more resources to developing the next generation of Wdesk, resulting in higher headcount in research and development.

Sales and Marketing

Sales and marketing expenses increased \$16.1 million in 2015 compared to 2014 due primarily to the expansion of our sales and marketing team as well as our marketing programs. Employee compensation, benefits, and travel costs rose \$14.4 million due primarily to higher headcount in sales and marketing. Advertising costs grew by \$0.6 million in connection with higher spending on brand marketing and marketing our new solutions. Professional service fees increased \$1.3 million due primarily to consulting fees and additional recruiting and training costs associated with an expansion of our salesforce.

General and Administrative

General and administrative expenses increased \$8.9 million in 2015 compared to 2014 due partially to higher cash-based employee compensation, benefits, and travel costs of \$2.7 million and additional employee stock-based compensation of \$3.4 million. Also, the cost of subscription-based software climbed \$0.7 million and other support costs rose \$0.9 million. The increase in software, support and personnel-related costs was driven primarily by additional headcount to support the growth of our business. In addition, outside service fees expanded \$0.7 million due primarily to increased accounting fees from operating as a public company. An increase in stock-based compensation of \$1.2 million from restricted stock grants made to our Board of Directors with a one-year vesting term was largely offset by a decline of \$1.1 million in stock-based compensation due primarily to a one-time grant with immediate vesting terms made to a consultant in 2014.

*Non-Operating Income (Expenses)**Comparison of Years Ended December 31, 2016 and 2015*

	Year ended		Period-to-period
	December 31,		change
	2016	2015	Amount
	(dollars in thousands)		

Interest expense	\$(1,875)	\$(2,025)	\$ 150
Other income, net	1,500	2,302	(802)

Interest Expense and Other Income, Net

Interest expense remained relatively flat during the year ended December 31, 2016 compared to the same period a year ago.

Other income, net decreased \$0.8 million in 2016 compared to 2015 due to recognition in 2015 of our deferred government grant obligation relating to our 2011 Iowa Economic Development award of \$1.6 million. This decrease was partially offset by an increase of \$0.4 million in the amount recognized related to our job training reimbursement program resulting from the amounts diverted and paid to the community college in the periods.

Table of Contents**Comparison of Years Ended December 31, 2015 and 2014**

	Year ended		Period-to-period
	December 31,		change
	2015	2014	Amount
	(dollars in thousands)		
Interest expense	\$(2,025)	\$(2,044)	\$ 19
Other income and (expense), net	2,302	(468)	2,770

Interest Expense and Other Income and (Expense), Net

Interest expense remained relatively flat in 2015 compared to 2014 as increased interest expense incurred on our financing obligation with respect to the second phase of our Iowa office facility was more than offset by the elimination of interest expense on our convertible debt, which converted to equity in December 2014.

Other income and (expense), net increased \$2.8 million in 2015 compared to 2014 due to recognition of our deferred government grant obligation relating to our 2011 Iowa Economic Development award and of a portion of our deferred government grant obligation relating to our job training reimbursement program.

Quarterly Results of Operations

See “Unaudited Quarterly Results of Operations” included in Note 13 of this Annual Report on Form 10-K for the unaudited quarterly results of operations for the years ended December 31, 2016 and 2015.

Liquidity and Capital Resources

	Year ended December 31,		
	2016	2015	2014
	(in thousands)		
Cash flow used in operating activities	\$(10,369)	\$(21,592)	\$(3,505)
Cash flow provided by (used in) investing activities	3,805	(19,777)	(4,096)
Cash flow (used in) provided by financing activities	(895)	(1,102)	93,155
Net (decrease) increase in cash and equivalents, net of impact on exchange rates	\$(7,469)	\$(42,381)	\$85,616

As of December 31, 2016, our cash, cash equivalents, and marketable securities totaled \$62.7 million. To date, we have financed our operations primarily through the proceeds of our initial public offering, private placements of equity, debt that was settled in equity and cash from operating activities. We have generated significant operating losses and negative cash flows from operating activities as reflected in our accumulated deficit and consolidated statements of cash flows. We expect to continue to incur operating losses and may incur negative cash flows from operations in the future. As a result, we may require additional capital resources to continue to grow our business. We believe that current cash and cash equivalents, cash to be received from existing and new customers, and availability under our existing credit facility will be sufficient to fund our operations for at least the next twelve months.

In August 2014, we entered into a \$15.0 million credit facility with Silicon Valley Bank. Borrowing capacity is equal to the most recent month’s subscription and support revenue multiplied by a percentage that adjusts based on the prior quarter’s customer retention rate. The credit facility can be used to fund working capital and general business requirements. The credit facility is secured by all of our assets, has first priority over our other debt obligations, and requires us to maintain certain financial covenants, including

Table of Contents

the maintenance of at least \$5.0 million of cash on hand or unused borrowing capacity. The credit facility contains certain restrictive covenants that limit our ability to transfer or dispose of assets, merge with other companies or consummate certain changes of control, acquire other companies, pay dividends, incur additional indebtedness and liens, effect changes in management and enter into new businesses. The credit facility has a variable interest rate equal to the bank's prime lending rate with interest payable monthly and the principal balance due at maturity. We amended the credit facility in April 2016 to extend the maturity date to August 2018. No amount was outstanding under the credit facility as of December 31, 2016.

Pursuant to the credit facility, letters of credit totaling \$2.3 million were outstanding at December 31, 2015. These letters of credit, which did not reduce availability under the credit facility, were issued as security for two forgivable loans. The \$2.3 million outstanding letters of credit remaining at December 31, 2015 were canceled in the first quarter of 2016 as all contingencies related to a forgivable loan were resolved. No letters of credit were outstanding at December 31, 2016.

Operating Activities

For the year ended December 31, 2016, cash used in operating activities was \$10.4 million. The primary factors affecting our operating cash flows during the period were our net loss of \$44.0 million, adjusted for non-cash charges of \$3.8 million for depreciation and amortization of our property and equipment and intangible assets, \$14.2 million of stock-based compensation, and \$1.1 million for recognition of other income from government grants. The primary drivers of the changes in operating assets and liabilities were a \$7.1 million increase in accounts receivable, a \$0.7 million increase in other receivables, a \$5.5 million increase in prepaid expenses, and a \$3.9 million decrease in accounts payable, offset by a \$34.2 million increase in deferred revenue. Short-term deferred revenue from subscription and support contracts increased \$18.9 million from December 31, 2015 to December 31, 2016.

Long-term deferred revenue from subscription and support contracts increased by \$13.8 million from December 31, 2015 to December 31, 2016. Short-term deferred revenue from professional services increased by \$1.4 million from December 31, 2015 to December 31, 2016. Customer growth and contract renewals for longer terms accounted for most of the increase in deferred revenue. The increase in accounts receivable was attributable primarily to the timing of our billings and cash collections. The increase in other receivables was due primarily to timing of health care insurance reimbursements. The increase in prepaid expenses was due to purchasing server capacity upfront, an upfront payment for our 2017 annual user conference and to the timing of rent and travel payments. The decrease in accounts payable was attributable primarily to the timing of our cash payments.

For the year ended December 31, 2015, cash used in operating activities was \$21.6 million owing to higher operating losses, our planned reduction of incentives for prepayment on long-term contracts, and an increase in accounts receivable. The primary factors affecting our operating cash flows during the period were our net loss of \$43.4 million, adjusted for non-cash charges of \$4.4 million for depreciation and amortization of our property and equipment and intangible assets, \$11.0 million of stock-based compensation, and \$2.4 million for recognition of other income from government grants. The primary drivers of the changes in operating assets and liabilities were a \$7.3 million increase in deferred revenue, a \$2.3 million increase in accounts payable, a \$5.4 million increase in accrued expenses and other liabilities, partially offset by a \$5.1 million increase in accounts receivable and a \$0.7 million increase in prepaid expenses. Short-term deferred revenue from subscription and support contracts increased from \$36.7 million at December 31, 2014 to \$49.4 million at December 31, 2015, while long-term deferred revenue from these contracts decreased from \$13.3 million at December 31, 2014 to \$7.5 million at December 31, 2015. The increases in accounts receivable and short-term deferred revenue were due primarily to new customers and to shifting a number of customers from quarterly contract terms to annual contract terms. As anticipated, long-term deferred revenue declined following our implementation of reduced incentives for long-term prepayments. The increases in accounts payable and accrued expenses and other liabilities were attributable primarily to

Table of Contents

the timing of our cash payments. The increase in prepaid expenses was primarily due to purchasing additional subscriptions to cloud-based software to support business growth and the timing of travel payments.

Investing Activities

Cash provided by investing activities of \$3.8 million for the year ended December 31, 2016 was due primarily to \$1.3 million for the purchase of marketable securities and \$1.9 million of capital expenditures, partially offset by proceeds of \$7.2 million from the sale of marketable securities. Our capital expenditures were associated primarily with leasehold improvements, computer equipment, and furniture and fixtures in support of expanding our infrastructure and work force.

Cash used in investing activities of \$19.8 million for the year ended December 31, 2015 was due primarily to \$24.1 million for the purchase of marketable securities and \$1.8 million of capital expenditures, partially offset by proceeds of \$6.5 million from the sale of marketable securities. Our capital expenditures were associated primarily with leasehold improvements, computer equipment, and furniture and fixtures in support of expanding our infrastructure and work force.

Financing Activities

Cash used in financing activities of \$0.9 million for the year ended December 31, 2016 was due primarily to \$0.8 million in taxes paid related to the net share settlements of stock-based compensation awards and an aggregate \$1.9 million in repayments on long-term debt and payments on capital lease and financing obligations, partially offset by \$1.6 million in proceeds from option exercises.

Cash used in financing activities of \$1.1 million for the year ended December 31, 2015 was due primarily to \$1.3 million in payments of issuance costs related to our initial public offering and \$2.4 million in repayments on long-term debt and payments on capital lease and financing obligations, partially offset by \$2.2 million in proceeds from option exercises and \$0.5 million in proceeds from our government grant awards.

Table of Contents**Contractual Obligations and Commitments**

The following table represents our contractual obligations as of December 31, 2016, aggregated by type:

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in thousands)				
Operating lease obligations relating to office facilities	\$21,738	\$3,235	\$5,935	\$4,436	\$8,132
Capital lease obligations, including interest for technology and equipment	480	414	66	—	—
Financing obligations, including interest for building	41,032	2,458	5,439	5,518	27,617
Total contractual obligations	\$63,250	\$6,107	\$11,440	\$9,954	\$35,749

We have entered into a lease agreement for land and an office building in Ames, Iowa, which was constructed in two phases. The lease term includes an initial 15-year term and three five-year extensions at our option because renewal was determined to be reasonably assured at the inception of the lease. As part of the lease agreement, the landlord was responsible for constructing the building in accordance with our specifications and agreed to fund \$11.8 million for the first phase and \$11.1 million for the second phase of construction. We were the developer of the project and responsible for construction costs in excess of these amounts. As a result of this involvement, we were required to capitalize the construction costs associated with the office building. The construction liability of \$11.8 million was reclassified to a financing obligation and \$17.1 million of costs capitalized during construction were placed in service during June 2013 for the first phase. Upon completion of the second phase of the project, the construction liability of \$11.1 million was reclassified to a financing obligation, and \$19.9 million of costs capitalized during construction were placed in service during 2014.

The lease contains purchase options to acquire the landlord's interest in the land lease and building at any time beginning three years from June 2014 (the commencement date of the second phase of the lease). In addition, the lease requires us to purchase the building from the landlord upon certain events, such as a change in control. The purchase options were deemed to be fair value at the inception of the lease.

Off-Balance Sheet Arrangements

During the years ended December 31, 2016, 2015 and 2014, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As a result, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in those types of relationships.

Table of Contents

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, provision for income taxes and related disclosures. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

We believe that of our significant accounting policies, which are described in Note 1 to our consolidated financial statements, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of our operations.

Revenue Recognition

We commence revenue recognition for subscriptions to our cloud solutions and professional services when all of the following criteria are met:

- Persuasive evidence of an arrangement exists;
- The service has been or is being provided to the customer;
- Collection of the fees is reasonably assured; and
- The amount of fees to be paid by the customer is fixed or determinable.

Collectability is assessed based on a number of factors, including past transaction history with the customer and the creditworthiness of the customer. Collateral is not requested from the customer. If it is determined that the collection of a fee is not probable, the revenue is deferred until collection becomes probable, which is generally upon the receipt of cash.

Subscription and Support Revenue

We recognize the aggregate minimum subscription and support fees ratably on a straight-line basis over the subscription term, provided that an enforceable contract has been signed by both parties, access to our SaaS solutions has been granted to the customer, the fee for the subscription and support is fixed or determinable, and collection is reasonably assured.

Professional Services Revenue

Our professional services are not required for customers to utilize our solution. We recognize revenue for our professional services contracts when the services are performed.

Our professional services revenue is higher in the first calendar quarter because many of our customers employ our professional services just before they file their Form 10-K.

Multiple Deliverable Arrangements

For arrangements with multiple deliverables, we evaluate whether the individual deliverables qualify as separate units of accounting. In order to treat deliverables in a multiple deliverable arrangement as separate units of accounting, the deliverables must have standalone value upon delivery. For deliverables that have standalone value upon delivery, we account for each deliverable separately and recognize revenue for the respective deliverables as they are delivered. Subscription contracts have standalone value as we sell the subscriptions separately. In determining whether professional services can be accounted for separately from subscription services, we consider the availability of the professional services from other vendors, the nature of our professional services and

Table of Contents

whether we sell our solutions to new customers without professional services. We have determined that we have established standalone value for our professional services. This determination was made due primarily to the ability of the customer to complete these tasks without assistance and the sale of services separate from the initial subscription order. Because we established standalone value for our professional services, such service arrangements are being accounted for separately from subscription services.

When multiple deliverables included in an arrangement are separable into different units of accounting, the arrangement consideration is allocated to the identified separate units of accounting based on their relative selling price. Multiple deliverable arrangements accounting guidance provides a hierarchy to use when determining the relative selling price for each unit of accounting. Vendor-specific objective evidence (VSOE) of selling price, based on the price at which the item is regularly sold by the vendor on a standalone basis, should be used if it exists. If VSOE of selling price is not available, third-party evidence (TPE) of selling price is used to establish the selling price if it exists. VSOE and TPE do not currently exist for any of our deliverables. Accordingly, for arrangements with multiple deliverables that can be separated into different units of accounting, we allocate the arrangement fee to the separate units of accounting based on our best estimate of selling price. The amount of arrangement fee allocated is limited by contingent revenue, if any.

We determine our best estimate of selling price for our deliverables based on our overall pricing objectives, taking into consideration market conditions and entity-specific factors. We evaluate our best estimate of selling price by reviewing historical data related to sales of our deliverables, including comparing the percentages of our contract prices to our list prices. We also may consider several other data points in our evaluation, including the size of our arrangements, length of term, the cloud solutions sold, customer demographics and the numbers and types of users within our arrangements.

While changes in assumptions or judgments or changes to the elements of the arrangement could cause an increase or decrease in the amount of revenue that we report in a particular period, these changes have not historically been significant because our recurring revenue is primarily subscription and support revenue.

Stock-Based Compensation

We measure and recognize compensation expense for all stock-based awards granted to our employees, non-employee directors, and other service providers based on the estimated fair value of the award on the grant date or reporting date, if required to be remeasured under the guidance. We utilize stock-based compensation in the form of restricted stock awards, restricted stock units and options to purchase Class A common stock. The fair value of each stock option award is determined at the date of grant by applying the Black-Scholes option pricing model. The fair value of each restricted stock award is based on the number of shares granted and the closing price of our Class A common stock as reported on the New York Stock Exchange on the date of grant. The fair value of these awards is recognized as an expense, net of estimated forfeitures, on a straight line basis over the requisite service period.

All stock-based awards made since the date of our initial public offering have been for Class A common stock. All references to common stock in this “Stock-Based Compensation” section are to our Class A common stock and Class B common stock, as applicable.

Our option pricing model requires the input of highly subjective assumptions, including the fair value of the underlying common stock (for periods prior to our initial public offering), the expected term of the option, the expected volatility of the price of our common stock, risk-free interest rates, and the expected dividend yield of our common stock. The assumptions used in our option-pricing model represent management’s best estimates. These estimates involve inherent uncertainties and the application of

Table of Contents

management's judgment. If factors change and different assumptions are used, our stock-based compensation expense could be materially different in the future.

These assumptions are estimated as follows:

Fair Value of Our Common Stock: The fair value of our common stock is based on the closing price of our Class A common stock on the New York Stock Exchange.

Risk-Free Interest Rate: We base the risk-free interest rate used in the Black-Scholes option pricing model on the implied yield available on U.S. Treasury STRIPS with remaining terms similar to the expected term on the options.

Expected Term: We estimate the expected term using the simplified method due to the lack of historical exercise activity for our company. The simplified method calculates the expected term as the mid-point between the vesting date and the contractual expiration date of the award.

Volatility: Due to the limited trading history of our common stock, we estimate volatility for option grants by evaluating the average historical volatility of a peer group of companies for the period immediately preceding the option grant for a term that is approximately equal to the options' expected life.

Dividend yield: We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. Consequently, we used an expected dividend yield of zero.

The following table presents the weighted-average assumptions used to estimate the fair value of our unvested restricted stock and options granted during each of the periods indicated below:

	Year ended December 31,		
	2016	2015	2014
Expected term (in years)	6.0 - 6.1	6.1	5.0 - 10.0
Risk-free interest rate	1.15% - 2.08%	1.35% - 1.93%	1.52% - 2.80%
Expected volatility	43.0% - 45.3%	42.4% - 47.1%	45.8% - 52.5%
Expected dividend yield	—%	—%	—%

As of December 31, 2016, total unrecognized stock-based compensation expense, adjusted for estimated forfeitures, related to stock option awards was approximately \$18.1 million, which is expected to be recognized over a period of 2.3 years. At December 31, 2016, unrecognized compensation expense related to restricted stock totaled approximately \$6.3 million, which is expected to be recognized over a weighted-average period of 1.6 years.

Recent Accounting Pronouncements

Refer to Note 1 of the notes to consolidated financial statements for a full description of recent accounting pronouncements.

Table of Contents

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency rates, although we also have some exposure due to potential changes in inflation or interest rates. We do not hold financial instruments for trading purposes.

Foreign Currency Risk

Our sales contracts are denominated predominantly in U.S. dollars and, to a lesser extent, the Canadian dollar, Euro, and British Pound Sterling. Consequently, our customer billings denominated in foreign currency are subject to foreign currency exchange risk. A portion of our operating expenses is incurred outside the United States and is denominated in foreign currencies. These operating expenses are also subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Canadian dollar, Euro, and British pound. Additionally, fluctuations in foreign currency exchange rates may cause us to recognize transaction gains and losses in our statement of operations. To date, we have not entered into derivatives or hedging transactions as our exposure to foreign currency exchange rates has not been material to our historical operating results, but we may do so in the future if our exposure to foreign currency should become more significant. Foreign currency transaction gains (losses) are included in net loss and were \$67,000, \$(293,000) and \$(141,000) in the years ended December 31, 2016, 2015 and 2014, respectively.

Inflation Risk

Inflationary factors, such as increases in our operating expenses, may adversely affect our results of operations, as our customers typically purchase services from us on a subscription basis over a period of time. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, an increase in the rate of inflation in the future may have an adverse effect on our levels of operating expenses as a percentage of revenue if we are unable to increase the prices for our subscription-based solutions to keep pace with these increased expenses.

Interest Rate Risk

As part of our build-to-suit lease arrangement, in addition to the base rent amount, we are responsible for the underlying mortgage held by the lessor, which is subject to a variable interest rate equal to the prime lending rate plus 1%. In addition, in August 2014, we entered into a \$15.0 million credit facility. The credit facility is denominated in U.S. dollars and borrowings are subject to a variable interest rate equal to the prime lending rate. A hypothetical 10% increase or decrease in interest rates after December 31, 2016 would not have a material impact on our results of operations, our cash flows or the fair values of our outstanding debt or financing obligations.

Interest Rate Sensitivity

We had cash, cash equivalents and marketable securities totaling \$62.7 million as of December 31, 2016. The cash, cash equivalents and marketable securities are held for working capital purposes. Our investments are made primarily for capital preservation purposes. We do not enter into investments for trading or speculative purposes.

Our cash and cash equivalents consist primarily of cash and money market funds. Our exposure to market risk for changes in interest rates is limited because our cash and cash equivalents have a short-term maturity and are used primarily for working capital purposes.

Table of Contents

Our portfolio of marketable securities was invested primarily in U.S. corporate and U.S. treasury debt securities and is subject to market risk due primarily to changes in interest rates. Fixed rate securities may have their market value adversely affected due to a rise in interest rates. Accordingly, our future investment income may fluctuate as a result of changes in interest rates, or we may suffer losses in principal if we are forced to sell securities that decline in market value as a result of changes in interest rates. However, because we classify our marketable securities as “available for sale,” no gains or losses are recognized due to changes in interest rates unless such securities are sold prior to maturity or declines in fair value are determined to be other-than-temporary.

An immediate increase of 100-basis points in interest rates would have resulted in an \$69,000 market value reduction in our investment portfolio as of December 31, 2016. This estimate is based on a sensitivity model that measures market value changes when changes in interest rates occur. Fluctuations in the value of our investment securities caused by a change in interest rates (gains or losses on the carrying value) are recorded in other comprehensive income, and are realized only if we sell the underlying securities.

Table of Contents

Item 8. Consolidated Financial Statements and Supplementary Data
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<u>Page</u>	
<u>Report of Independent Registered Public Accounting Firm</u>	<u>69</u>
<u>Consolidated Balance Sheets</u>	<u>70</u>
<u>Consolidated Statements of Operations</u>	<u>71</u>
<u>Consolidated Statements of Comprehensive Loss</u>	<u>72</u>
<u>Consolidated Statements of Members' and Stockholders' (Deficit) Equity</u>	<u>73</u>
<u>Consolidated Statements of Cash Flows</u>	<u>74</u>
<u>Notes to Consolidated Financial Statements</u>	<u>75</u>

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Workiva Inc.

We have audited the accompanying consolidated balance sheets of Workiva Inc. (Workiva) as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive loss, members' and stockholders' (deficit) equity and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of Workiva's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of Workiva's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Workiva's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Workiva Inc. at December 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP
Chicago, Illinois
February 23, 2017

Table of Contents**WORKIVA INC.****CONSOLIDATED BALANCE SHEETS****(in thousands, except share and per share amounts)**

	As of December 31,	
	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$51,281	\$58,750
Marketable securities	11,435	17,420
Accounts receivable, net of allowance for doubtful accounts of \$900 and \$713 at December 31, 2016 and December 31, 2015, respectively	22,535	15,647
Deferred commissions	1,864	1,368
Other receivables	1,545	818
Prepaid expenses	9,382	3,875
Total current assets	98,042	97,878
Property and equipment, net	42,590	44,410
Intangible assets, net	1,012	896
Other assets	1,499	711
Total assets	\$143,143	\$143,895
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities		
Accounts payable	\$849	\$5,138
Accrued expenses and other current liabilities	20,695	20,394
Deferred revenue	76,016	55,741
Deferred government grant obligation	1,022	985
Current portion of capital lease and financing obligations	1,285	1,808
Current portion of long-term debt	20	18
Total current liabilities	99,887	84,084
Deferred revenue	21,485	7,597
Deferred government grant obligation	1,000	1,996
Other long-term liabilities	4,100	3,343
Capital lease and financing obligations	19,743	21,083
Long-term debt	53	73
Total liabilities	146,268	118,176
Stockholders' (deficit) equity		
Class A common stock, \$0.001 par value per share, 1,000,000,000 shares authorized, 30,369,199 and 29,014,665 shares issued and outstanding at December 31, 2016 and December 31, 2015, respectively	30	29
Class B common stock, \$0.001 par value per share, 500,000,000 shares authorized, 10,891,888 and 11,933,784 shares issued and outstanding at December 31, 2016 and December 31, 2015, respectively	11	12
	—	—

Edgar Filing: WORKIVA INC - Form 10-K

Preferred stock, \$0.001 par value per share, 100,000,000 shares authorized, no shares issued and outstanding		
Additional paid-in-capital	217,454	202,371
Accumulated deficit	(220,911)	(176,934)
Accumulated other comprehensive income	291	241
Total stockholders' (deficit) equity	(3,125)	25,719
Total liabilities and stockholders' (deficit) equity	\$143,143	\$143,895

See accompanying notes.

70

Table of Contents**WORKIVA INC.****CONSOLIDATED STATEMENTS OF OPERATIONS****(in thousands, except share and per share amounts)**

	Year ended December 31,		
	2016	2015	2014
Revenue			
Subscription and support	\$143,120	\$116,288	\$91,317
Professional services	35,526	28,984	21,377
Total revenue	178,646	145,272	112,694
Cost of revenue			
Subscription and support	27,895	22,559	21,182
Professional services	23,730	17,645	12,696
Total cost of revenue	51,625	40,204	33,878
Gross profit	127,021	105,068	78,816
Operating expenses			
Research and development	57,438	50,466	44,145
Sales and marketing	80,466	69,569	53,498
General and administrative	32,695	28,716	19,783
Total operating expenses	170,599	148,751	117,426
Loss from operations	(43,578)	(43,683)	(38,610)
Interest expense	(1,875)	(2,025)	(2,044)
Other income and (expense), net	1,500	2,302	(468)
Loss before provision for income taxes	(43,953)	(43,406)	(41,122)
Provision (benefit) for income taxes	24	(7)	32
Net loss	\$(43,977)	\$(43,399)	\$(41,154)
Net loss per common share:			
Basic and diluted	\$(1.08)	\$(1.09)	\$(1.28)
Weighted-average common shares outstanding - basic and diluted	40,671,133	39,852,624	32,156,060
<i>See accompanying notes.</i>			

Table of Contents**WORKIVA INC.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**
(in thousands)

	Year ended December 31,		
	2016	2015	2014
Net loss			
	\$(43,977)	\$(43,399)	\$(41,154)
Other comprehensive income, net of tax			
Foreign currency translation adjustment, net of income tax (expense) of (\$13), (\$101) and \$0 for the years ended December 31, 2016, 2015 and 2014, respectively	18	133	93
Unrealized gain (loss) on available-for-sale securities, net of income tax (expense) benefit of (\$19), \$25, and \$0 for the years ended December 31, 2016, 2015 and 2014, respectively	32	(39)	) 60
Reclassification of realized net losses on available-for-sale securities to net loss	—	—	136
Available-for-sale securities	32	(39)	) 196
Other comprehensive income, net of tax	50	94	289
Comprehensive loss	\$(43,927)	\$(43,305)	\$(40,865)
<i>See accompanying notes.</i>			

Table of Contents**WORKIVA INC.****CONSOLIDATED STATEMENTS OF MEMBERS' AND STOCKHOLDERS' (DEFICIT) EQUITY
(in thousands)**

	Series A Preferred Units		Series B Preferred Units		Series C Preferred Units		Common Units		Appreciation and Participation Units		Common Stock (Class A and B)		Additional Paid-in-Capital		Accumulated Other Comprehensive Income (Loss)		Accumulated and Deficit		Total Members' and Stockholders' Equity
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Shares	Amount							
Balances at December 31, 2013	21,050	\$(10,602)	15,665	\$(6,910)	10,486	\$7,070	18,954	\$160	21,679	\$3,637	—	\$—	\$—		\$(142)	\$—			\$(6,910)
Issuance of units in connection with vesting of restricted appreciation and participation units	—	—	—	—	—	—	—	—	303	—	—	—	—	—	—	—	—	—	—
Equity-based compensation	—	—	—	—	—	—	—	6,915	—	—	—	—	—	—	—	—	—	—	6,915
Exercise of common unit options	—	—	—	—	—	—	364	566	—	—	—	—	—	—	—	—	—	—	566
Distribution to members	—	(149)	—	(111)	—	(74)	—	(136)	—	(155)	—	—	—	—	—	—	—	—	(625)
Net loss prior to corporate conversion	—	(6,567)	—	(4,887)	—	(10,343)	—	(6,592)	—	(6,857)	—	—	—	—	—	—	—	—	(35,222)
Other comprehensive income prior to corporate conversion	—	—	—	—	—	—	—	—	—	—	—	—	—	—	272	—	—	—	272
Effect of corporate conversion on December 10, 2014	(21,050)	17,318	(15,665)	11,908	(10,486)	3,347	(19,318)	(913)	(21,982)	3,375	31,978	32	92,559	—	(127,626)	—	—	—	—
Proceeds from initial public offering, net of issuance costs	—	—	—	—	—	—	—	—	—	—	7,200	7	90,420	—	—	—	—	—	90,427
Conversion of debt to common stock	—	—	—	—	—	—	—	—	—	—	407	—	5,704	—	—	—	—	—	5,704
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	470	—	—	—	—	—	470
Grant of restricted stock award	—	—	—	—	—	—	—	—	—	—	54	—	—	—	—	—	—	—	—
Issuance of common stock upon exercise of stock options	—	—	—	—	—	—	—	—	—	—	2	—	15	—	—	—	—	—	15
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(5,909)	(5,909)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	17	—	—	—	17
	—	\$—	—	\$—	—	\$—	—	\$—	—	\$—	39,641	\$39	\$189,168	\$147	\$(133,535)	—	—	—	\$55,533

Edgar Filing: WORKIVA INC - Form 10-K

Balances at December 31, 2014																
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	11,000	—	—	—	11,000
Grant of restricted stock award	—	—	—	—	—	—	—	—	—	600	—	—	—	—	—	—
Issuance of common stock upon exercise of stock options	—	—	—	—	—	—	—	—	—	707	2	2,242	—	—	—	2,244
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(43,399)	—	(43,399)
Distribution to members	—	—	—	—	—	—	—	—	—	—	—	(35)	—	—	—	(35)
Cost of offering	—	—	—	—	—	—	—	—	—	—	—	(4)	—	—	—	(4)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	94	—	—	94
Balances at December 31, 2015	—	\$—	—	\$—	—	\$—	—	\$—	—	\$—	40,948	\$41	\$202,371	\$241	\$(176,934)	\$25,000
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	14,247	—	—	—	14,247
Issuance of common stock upon exercise of stock options	—	—	—	—	—	—	—	—	—	374	—	1,597	—	—	—	1,597
Tax withholdings related to net share settlements of stock-based compensation awards	—	—	—	—	—	—	—	—	—	(61)	—	(761)	—	—	—	(761)
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(43,977)	—	(43,977)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	50	—	—	50
Balances at December 31, 2016	—	\$—	—	\$—	—	\$—	—	\$—	—	\$—	41,261	\$41	\$217,454	\$291	\$(220,911)	\$(3,000)

See accompanying notes.

Table of Contents**WORKIVA INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS**
(in thousands)

	Year ended December 31,		
	2016	2015	2014
Cash flows from operating activities			
Net loss	\$(43,977)	\$(43,399)	\$(41,154)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	3,820	4,410	3,877
Stock-based compensation expense	14,247	11,000	7,385
Provision for doubtful accounts	185	449	123
Accretion of discount on convertible note	—	—	266
Paid-in-kind interest on convertible note	—	—	134
Change in fair value of derivative liability	—	—	193
Loss on early extinguishment of convertible note	—	—	111
Realized (gain) loss on sale of available-for-sale securities, net	(6	) (13	) 136
Amortization of premiums and discounts on marketable securities, net	147	77	—
Recognition of deferred government grant obligation	(1,141	) (2,383	) (99
Deferred income tax	(32	) (76) —
Changes in assets and liabilities:			
Accounts receivable	(7,101	) (5,080	) 2,602
Deferred commissions	(497	) (520	) (553
Other receivables	(732	) (523	) 155
Prepaid expenses	(5,513	) (734	) (2,251
Other assets	(654	) 81	(52
Accounts payable	(3,930	) 2,331	(1,530
Deferred revenue	34,211	7,297	19,961
Accrued expenses and other liabilities	604	5,390	7,137
Change in restricted cash	—	101	54
Net cash used in operating activities	(10,369	) (21,592	) (3,505
Cash flows from investing activities			
Purchase of property and equipment	(1,901	) (1,843	) (8,566
Purchase of marketable securities	(1,301	) (24,069) —
Sale of marketable securities	7,197	6,521	4,864
Purchase of intangible assets	(190	) (386	) (394
Net cash provided by (used in) investing activities	3,805	(19,777	) (4,096
Cash flows from financing activities			
Payment of equity issuance costs	—	(1,346) —
Proceeds from public offering, net of underwriters' discount and offering costs	—	—	91,769
Proceeds from issuance of convertible notes	—	—	5,000
Proceeds from option exercises	1,597	2,244	580
Taxes paid related to net share settlements of stock-based compensation awards	(761) —	—
Changes in restricted cash	—	300	(275
Repayment of other long-term debt	(18	) (84	) (2,365
Principal payments on capital lease and financing obligations	(1,863	) (2,282	) (1,338

Edgar Filing: WORKIVA INC - Form 10-K

Distributions to members	—	(381	) (279)
Proceeds from borrowings on line of credit	—	—	3,020	
Proceeds from government grants	183	548	2,194	
Payments of issuance costs on line of credit	(33	) —	(113)
Repayment of line of credit	—	—	(5,038)
Repayment of government grant	—	(101) —	
Net cash (used in) provided by financing activities	(895	) (1,102	) 93,155	
Effect of foreign exchange rates on cash	(10	) 90	62	
Net (decrease) increase in cash and cash equivalents	(7,469	) (42,381	) 85,616	
Cash and cash equivalents at beginning of year	58,750	101,131	15,515	
Cash and cash equivalents at end of year	\$51,281	\$58,750	\$101,131	

Supplemental cash flow disclosure

Cash paid for interest	\$1,835	\$2,048	\$1,678
Cash paid for income taxes, net of refunds	\$47	\$64	\$—

Supplemental disclosure of noncash investing and financing activities

Fixed assets acquired through financing obligations	\$—	\$—	\$3,478
Fixed assets acquired through capital lease arrangements	\$—	\$527	\$1,677
Derivative liability reclassified upon settlement of convertible notes	\$—	\$—	\$1,392
Conversion of convertible notes and accrued interest into Class A common stock	\$—	\$—	\$4,312
Accrued distributions to members	\$—	\$—	\$346
Initial public offering cost accruals	\$—	\$—	\$1,342
Government grant recorded against property and equipment, net	\$—	\$908	\$—
Allowance for tenant improvements	\$481	\$698	\$1,301
Purchases of property and equipment, accrued but not paid	\$—	\$354	\$—

See accompanying notes.

Table of Contents

WORKIVA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Significant Accounting Policies

Organization

Workiva Inc., a Delaware corporation, and its wholly-owned subsidiaries created Wdesk, a collaborative work management platform for organizations to collect, link, report and analyze their business data. Wdesk's proprietary word processing, spreadsheet and presentation applications are integrated and built upon a data management engine, offering synchronized data, controlled collaboration, granular permissions and a full audit trail. We offer Wdesk solutions for a wide range of use cases in the following markets: finance and accounting, audit and internal controls, risk and compliance and operations. Our operational headquarters are located in Ames, Iowa, with additional offices located in the United States, Europe, and Canada.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and include the accounts of Workiva Inc. and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Initial Public Offering

In December 2014, we completed our initial public offering (IPO) and sold 7,200,000 shares of Class A common stock at a public offering price of \$14.00 per share. We received net proceeds of \$90.4 million after deducting underwriting discounts and commissions of \$7.1 million and other offering expenses of \$3.3 million.

Foreign Currency

We translate the financial statements of our foreign subsidiaries, which have a functional currency in the respective country's local currency, to U.S. dollars using month-end exchange rates for assets and liabilities and average exchange rates for revenue, costs and expenses. Translation gains and losses are recorded in accumulated other comprehensive loss as a component of stockholders' equity. Gains and losses resulting from foreign currency transactions that are denominated in currencies other than the entity's functional currency are included within "Other income and (expense), net" on the consolidated statements of operations. We recorded \$67,000, \$(293,000) and \$(141,000) of transaction gains (losses) during the years ended December 31, 2016, 2015 and 2014, respectively.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and various other assumptions believed to be reasonable. These estimates include, but are not limited to, the determination of the relative selling prices of our services, health insurance claims incurred but not yet reported, collectability of accounts receivable, valuation of available-for-sale marketable securities, useful lives of intangible assets and property and equipment, income taxes and certain assumptions used in the valuation of equity awards. While these estimates are based on our best knowledge of current events and actions that may affect us in the future, actual results may differ materially from these estimates.

Table of Contents***Cash and Cash Equivalents***

Cash consists of cash on deposit with banks that is stated at cost, which approximates fair value. We invest our excess cash primarily in highly liquid money market funds and marketable securities. We classify all highly liquid investments with stated maturities of three months or less from date of purchase as cash equivalents and all highly liquid investments with stated maturities of greater than three months as marketable securities.

Marketable Securities

Our marketable securities consist of U.S. corporate debt securities and U.S. treasury debt securities. We classify our marketable securities as available-for-sale at the time of purchase and reevaluate such classification as of each balance sheet date. We may sell these securities at any time for use in current operations even if they have not yet reached maturity. As a result, we classify our investments, including securities with maturities beyond twelve months as current assets in the accompanying consolidated balance sheets. Available-for-sale securities are recorded at fair value each reporting period. Unrealized gains and losses are excluded from earnings and recorded as a separate component within "Accumulated other comprehensive income" on the consolidated balance sheets until realized. Dividend income is reported within "Other income and (expense), net" on the consolidated statements of operations. We evaluate our investments to assess whether those with unrealized loss positions are other than temporarily impaired. We consider impairments to be other than temporary if they are related to deterioration in credit risk or if it is likely we will sell the securities before the recovery of their cost basis. Realized gains and losses and declines in value judged to be other than temporary are determined based on the specific identification method and are reported in "Other income and (expense), net" on the consolidated statements of operations.

Fair Value of Financial Instruments

Our financial assets, which include cash equivalents and marketable securities, are measured and recorded at fair value on a recurring basis. Our other current financial assets and our other current financial liabilities have fair values that approximate their carrying value due to their short-term maturities.

Concentration of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. We place our cash and cash equivalents with high credit-quality financial institutions. Such deposits may be in excess of federally insured limits. To date, we have not experienced any losses on our cash and cash equivalents. We perform periodic evaluations of the relative credit standing of the financial institutions.

Our accounts receivable are derived primarily from customers located in North America. We perform ongoing credit evaluations of our customers' financial condition and require no collateral from our customers. We maintain an allowance for doubtful accounts receivable based upon the expected collectability of accounts receivable balances. We did not have a significant concentration of accounts receivable from any single customer or from customers in any single country outside of the United States at December 31, 2016 or 2015.

Property and Equipment, net

Property and equipment is stated at cost, net of accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, generally three to ten years. We amortize leasehold improvements and assets under capital leases or financing arrangements over the lesser of the term of the lease including renewal options that are reasonably assured or the estimated useful life of the assets.

Depreciation and amortization expense totaled \$3.7 million,

Table of Contents

\$4.4 million and \$3.9 million for the years ended December 31, 2016, 2015 and 2014, respectively, and included \$2.1 million, \$2.4 million and \$1.9 million of amortization of assets recorded under capital leases during the years ended December 31, 2016, 2015 and 2014, respectively.

Revenue Recognition

We generate revenue through the sale of subscriptions to our cloud-based software and the delivery of professional services. Our customer contracts typically range in length from three to 36 months. Our arrangements do not contain general rights of return. Our subscription contracts do not provide customers with the right to take possession of the software supporting the applications and, as a result, are accounted for as service contracts.

We commence revenue recognition for subscriptions to our cloud applications and professional services when all of the following criteria are met:

- There is persuasive evidence of an arrangement;
- The service has been or is being provided to the customer;
- Collection of the fees is reasonably assured; and
- The amount of fees to be paid by the customer is fixed or determinable.

Collectability is assessed based on a number of factors, including past transaction history with the customer and the creditworthiness of the customer. Collateral is not requested from the customer. If it is determined that the collection of a fee is not probable, the revenue is deferred until collection becomes probable, which is generally upon the receipt of cash.

Revenue is reported net of sales and other taxes collected from customers to be remitted to government authorities.

Subscription and Support Revenue

We recognize the aggregate minimum subscription and support fees ratably on a straight-line basis over the subscription term, provided that an enforceable contract has been signed by both parties, access to our SaaS solutions has been granted to the customer, the fee for the subscription and support is fixed or determinable, and collection is reasonably assured.

Professional Services Revenue

We recognize revenue for our professional services contracts when the services are performed.

Multiple Deliverable Arrangements

For arrangements with multiple deliverables, we evaluate whether the individual deliverables qualify as separate units of accounting. In order to treat deliverables in a multiple deliverable arrangement as separate units of accounting, the deliverables must have standalone value upon delivery. For deliverables that have standalone value upon delivery, we account for each deliverable separately and recognize revenue for the respective deliverables as they are delivered.

Subscription contracts have standalone value as we sell the subscriptions separately. In determining whether professional services can be accounted for separately from subscription services, we consider the availability of the professional services from other vendors, the nature of our professional services and whether we sell our applications to new customers without professional services. In the years ended December 31, 2016, 2015 and 2014, we determined that we had established standalone value for our professional services. This determination was made due primarily to the ability of the customer to complete these tasks without assistance and the sale of services separate from the initial subscription order. Because

Table of Contents

we established standalone value for our professional services in the years ended December 31, 2016, 2015 and 2014, such service arrangements are being accounted for separately from subscription services.

When multiple deliverables included in an arrangement are separable into different units of accounting, the arrangement consideration is allocated to the identified separate units of accounting based on their relative selling price. Multiple deliverable arrangements accounting guidance provides a hierarchy to use when determining the relative selling price for each unit of accounting. Vendor-specific objective evidence (VSOE) of selling price, based on the price at which the item is regularly sold by the vendor on a standalone basis, should be used if it exists. If VSOE of selling price is not available, third-party evidence (TPE) of selling price is used to establish the selling price if it exists. VSOE and TPE do not currently exist for any of our deliverables. Accordingly, for arrangements with multiple deliverables that can be separated into different units of accounting, we allocate the arrangement fee to the separate units of accounting based on our best estimate of selling price. The amount of arrangement fee allocated is limited by contingent revenue, if any.

We determine our best estimate of selling price for our deliverables based on our overall pricing objectives, taking into consideration market conditions and entity-specific factors. We evaluate our best estimate of selling price by reviewing historical data related to sales of our deliverables, including comparing the percentages of our contract prices to our list prices. We also may consider several other data points in our evaluation, including the size of our arrangements, length of term, the cloud applications sold, customer demographics and the numbers and types of users within our arrangements.

Deferred Revenue

We typically invoice our customers for subscription fees in advance on a quarterly, annual, two- or three-year basis, with payment due at the start of the subscription term. Unpaid invoice amounts for services starting in future periods are excluded from accounts receivable and deferred revenue. Invoiced amounts are reflected as accounts receivable once we have initiated services with an offset to deferred revenue or revenue depending on whether the revenue recognition criteria have been met. Deferred revenue also includes certain deferred professional service fees that are recognized upon completion of the service. The portion of deferred revenue that we anticipate will be recognized after the succeeding twelve-month period is recorded as non-current deferred revenue, and the remaining portion is recorded as current deferred revenue.

Cost of Revenue

Cost of revenue consists primarily of personnel and related costs directly associated with the professional services and customer success teams and training personnel, including salaries, benefits, bonuses, and stock-based compensation; the costs of contracted third-party vendors; the costs of server usage by our customers; information technology costs; and facility costs.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of personnel and related costs, including salaries, benefits, bonuses, commissions, travel, and stock-based compensation. Other costs included in this expense are marketing and promotional events, our annual user conference, online marketing, product marketing, information technology costs, and facility costs. We amortize sales commissions that are directly attributable to a contract over the lesser of 12 months or the non-cancelable term of the customer contract based on the terms of our commission arrangements. Advertising costs are charged to sales and marketing expense as incurred. Advertising expense totaled \$2.7 million, \$2.8 million and \$1.8 million for the years ended December 31, 2016, 2015 and 2014, respectively.

Table of Contents

Research and Development Expenses

Research and development expenses consist primarily of personnel and related costs, including salaries, benefits, bonuses, and stock-based compensation, costs of server usage by our developers, information technology costs, and facility costs.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel and related costs for our executive, finance, legal, human resources, and administrative personnel, including salaries, benefits, bonuses, and stock-based compensation; legal, accounting, and other professional service fees; other corporate expenses; information technology costs; and facility costs.

Leases

We categorize leases at their inception as either operating or capital leases and may receive renewal or expansion options, rent holidays, and leasehold improvement and other incentives on certain lease agreements. We recognize lease costs on a straight-line basis, taking into account adjustments for free or escalating rental payments, renewals at our option that are reasonably assured and deferred payment terms. Additionally, lease incentives are accounted for as a reduction of lease costs over the term of the agreement. Leasehold improvements are capitalized at cost and amortized over the shorter of their useful life or the term of the lease.

Government Grants

Government grants received are recorded as a liability on the balance sheet until all contingencies are resolved and the grant is determined to be realized.

Intangible Assets

We account for intangible assets under Accounting Standards Codification (ASC) 350, *Goodwill and Other*.

Intangible assets consist of legal fees incurred for patents and are recorded at cost and amortized over the useful lives of the assets of ten years, using the straight-line method. Certain patents are in the legal application process and therefore are not currently being amortized.

Accumulated amortization of patents as of December 31, 2016 and 2015 was approximately \$127,000 and \$53,000, respectively. Future amortization expense for legally approved patents is estimated at \$84,000 per year through 2021 and approximately \$260,000 thereafter.

Impairment of Long-Lived Assets

Long-lived assets, such as property, equipment and software and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. If circumstances require that a long-lived asset or asset group be tested for possible impairment, we first compare the undiscounted cash flows expected to be generated by that long-lived asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value.

Table of Contents***Stock-Based Compensation***

We measure all share-based payments, including grants of options to purchase common stock, unvested stock and the issuance of restricted stock to employees, service providers and board members, using a fair-value based method. The cost of services received from employees and non-employees in exchange for awards of equity instruments is recognized in the consolidated statement of operations based on the estimated fair value of those awards on the grant date or reporting date, if required to be remeasured, and amortized on a straight-line basis over the requisite service period. We use the Black-Scholes option-pricing model to determine the fair values of stock option awards and also used the Black-Scholes option-pricing model for appreciation units and participation units granted prior to our corporate conversion. For restricted stock awards, fair value is based on the closing price of our common stock on the grant date.

Income Taxes

We record current income taxes based on our estimates of current taxable income and provide for deferred income taxes to reflect estimated future income tax payments and receipts. We are subject to U.S. federal income taxes as well as state taxes. In addition, we are subject to taxes in the foreign jurisdictions where we operate.

Prior to our corporate conversion in December 2014, we were a Delaware limited liability company that passed through income and losses to our members for U.S. federal and state income tax purposes. As a result, we were not subject to any U.S. federal or state income taxes as our taxable income was reported by our individual members. Effective upon our corporate conversion, we account for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, we determine deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment rate.

We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and results of recent operations. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

We record uncertain tax positions in accordance with ASC 740, *Income Taxes*, on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

We recognize interest and penalties related to unrecognized tax benefits on the income tax expense line in the accompanying consolidated statement of operations. Accrued interest and penalties are included on the related tax liability line in the consolidated balance sheet.

Table of Contents***Accounts Receivable and Allowance for Doubtful Accounts***

Accounts receivable are recorded at the invoiced amount net of an allowance for doubtful accounts. The allowance for doubtful accounts is based on our assessment of the collectability of customer accounts. We regularly review our receivables that remain outstanding past their applicable payment terms and established an allowance for potential write-offs by considering factors such as historical experience, credit quality, age of the accounts receivable balances, and current economic conditions that may affect a customer's ability to pay. Accounts receivable deemed uncollectible are charged against the allowance once collection efforts have been exhausted.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance codified in ASC 606, *Revenue Recognition - Revenue from Contracts with Customers* (ASU 2014-09), which amends the guidance in former ASC 605, *Revenue Recognition*. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, the guidance requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The FASB has issued several amendments and updates to the new revenue standard, including guidance related to when an entity should recognize revenue gross as a principal or net as an agent and how an entity should identify performance obligations. As amended, ASU 2014-09 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. Early adoption is permitted for all entities only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. Upon adoption of ASU 2014-09, we expect we will be required to view certain of our professional services as being provided over time rather than as of a specific point in time. We expect this may result in some acceleration of revenue recognition. In addition, ASU 2014-09 requires that all incremental costs of obtaining a contract with a customer are recognized as an asset. We expect this will result in an increase in the costs we capitalize. In addition, the guidance requires that these costs are deferred over a term that is consistent with the transfer to the customer of the services to which the asset relates. We expect this will result in these costs being deferred over a longer period than under current guidance. We are still evaluating the ASU for other potential impact to our consolidated financial statements. We plan to adopt the guidance as of January 1, 2018 and are considering a modified retrospective transition method. We have a project plan in place for the transition to revenue recognition in accordance with ASC 606 including necessary changes to accounting processes, procedures and internal controls. We expect to complete the plan in time to report in accordance with ASC 606 for the first quarterly filing on Form 10-Q for the period ended March 31, 2018.

In April 2015, the FASB issued ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. The standard requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected. The standard became effective for interim and annual periods beginning after December 15, 2015. Effective January 1, 2016, we adopted this standard. The adoption did not have a material impact on our consolidated financial statements.

Table of Contents

In April 2015, the FASB issued ASU 2015-05, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*. The amendments in this update provide guidance to customers about whether a cloud computing arrangement includes a software license. The amendment was effective for interim and annual periods beginning after December 15, 2015 with early adoption permitted. Effective January 1, 2016, we adopted this standard prospectively. The adoption did not have a material impact on our consolidated financial statements.

In February 2016, the FASB issued guidance codified in ASC 842, *Leases*, which supersedes the guidance in former ASC 840, *Leases*, to increase transparency and comparability among organizations by requiring recognition of lease assets and lease liabilities on the balance sheet and disclosure of key information about leasing arrangements. The standard will become effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted. The guidance is required to be adopted at the earliest period presented using a modified retrospective approach. We plan to adopt this guidance on the effective date. We are currently evaluating the impact the provisions will have on our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. Under this ASU, entities are permitted to make an accounting policy election to either estimate forfeitures on share-based payment awards, as required by current guidance, or to recognize forfeitures as they occur. We will be required to make this election at the entity level using a modified retrospective transition method, with a cumulative-effect adjustment to the accumulated deficit. We have elected to recognize forfeitures as they occur. The guidance is effective for interim and annual periods beginning after December 15, 2016, with early adoption permitted. Effective January 1, 2017, we adopted this standard. The forfeiture policy election noted above, along with the remaining provisions of ASU 2016-09, are not expected to have a material impact on our consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU requires that companies include amounts generally described as restricted cash and restricted cash equivalents, along with cash and cash equivalents, when reconciling the beginning-of-period and end-of-period amounts shown on the statement of cash flows. The ASU is effective for annual reporting periods beginning after December 15, 2017 and interim periods within those annual periods. While we are still assessing the impact of ASU 2016-18, we do not believe that the adoption of this guidance will have a material impact on our consolidated financial statements.

Table of Contents**2. Marketable Securities**

At December 31, 2016, marketable securities consisted of the following (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
U.S. treasury debt securities	\$ 3,503	\$ —	\$ (5)	\$ 3,498
U.S. corporate debt securities	7,943	1	(7)	7,937
Money market funds	43,496	—	—	43,496
	\$ 54,942	\$ 1	\$ (12)	\$ 54,931
Included in cash and cash equivalents	\$ 43,496	\$ —	\$ —	\$ 43,496
Included in marketable securities	\$ 11,446	\$ 1	\$ (12)	\$ 11,435

At December 31, 2015, marketable securities consisted of the following (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
U.S. treasury debt securities	\$ 4,805	\$ —	\$ (31)	\$ 4,774
U.S. corporate debt securities	12,679	1	(34)	12,646
Money market funds	53,365	—	—	53,365
	\$ 70,849	\$ 1	\$ (65)	\$ 70,785
Included in cash and cash equivalents	\$ 53,365	\$ —	\$ —	\$ 53,365
Included in marketable securities	\$ 17,484	\$ 1	\$ (65)	\$ 17,420

The following table presents gross unrealized losses and fair values for those marketable securities that were in an unrealized loss position as of December 31, 2016, aggregated by investment category and the length of time that individual securities have been in a continuous loss position (in thousands):

	As of December 31, 2016			
	Less than 12 months		12 months or greater	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. treasury debt securities	\$ 3,498	\$ (5)	\$ —	\$ —
U.S. corporate debt securities	7,135	(7)	—	—
Total	\$ 10,633	\$ (12)	\$ —	\$ —

We do not believe any of the unrealized losses represented an other-than-temporary impairment based on our evaluation of available evidence, which includes our intent as of December 31, 2016 to hold these investments until the cost basis is recovered.

Table of Contents**3. Supplemental Consolidated Balance Sheet and Statement of Operations Information*****Property and Equipment, net***

Property and equipment, net as of December 31, 2016 and 2015 consisted of (in thousands):

	As of December	
	31,	
	2016	2015
Buildings	\$36,603	\$36,596
Computers, equipment and software	5,954	7,286
Furniture and fixtures	8,283	7,484
Vehicles	97	148
Leasehold improvements	4,682	3,697
Construction in process	—	168
	55,619	55,379
Less: accumulated depreciation and amortization	(13,029)	(10,969)
	\$42,590	\$44,410

The following assets included in property and equipment, net were acquired under capital and financing leases (see Note 5) (in thousands):

	As of December	
	31,	
	2016	2015
Buildings	\$36,603	\$36,596
Computers and equipment	1,747	3,254
	38,350	39,850
Less: accumulated amortization	(5,134)	(4,511)
	\$33,216	\$35,339

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities as of December 31, 2016 and 2015 consisted of (in thousands):

	As of December	
	31,	
	2016	2015
Accrued vacation	\$4,368	\$3,604
Accrued commissions	2,382	2,470
Accrued bonuses	8,927	9,598
Estimated health insurance claims	1,210	900
Accrued other liabilities	3,808	3,822
	\$20,695	\$20,394

Table of Contents**Other Income and (Expense), net**

Other income and (expense), net for the years ended December 31, 2016, 2015 and 2014 consisted of (in thousands):

	For the year ended December 31,		
	2016	2015	2014
Interest income	\$286	\$151	\$73
Recognition of IEDA government grant	—	1,638	—
Income from training reimbursement program	1,141	744	99
Change in fair value of derivative	—	—	(193)
Loss on early extinguishment of convertible note	—	—	(111)
Gains (losses) on foreign currency transactions	67	(293)	(141)
Other	6	62	(195)
	\$1,500	\$2,302	\$(468)

4. Fair Value Measurements

We determine the fair values of our financial instruments based on the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value assumes that the transaction to sell the asset or transfer the liability occurs in the principal or most advantageous market for the asset or liability and establishes that the fair value of an asset or liability shall be determined based on the assumptions that market participants would use in pricing the asset or liability. The classification of a financial asset or liability within the hierarchy is based upon the lowest level input that is significant to the fair value measurement. The fair value hierarchy prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3 - Inputs are unobservable inputs based on our assumptions.

Financial Assets

Cash equivalents primarily consist of AAA-rated money market funds with overnight liquidity and no stated maturities. We classified cash equivalents as Level 1 due to the short-term nature of these instruments and measured the fair value based on quoted prices in active markets for identical assets.

When available, our marketable securities are valued using quoted prices for identical instruments in active markets. If we are unable to value our marketable securities using quoted prices for identical instruments in active markets, we value our investments using broker reports that utilize quoted market prices for comparable instruments. We validate, on a sample basis, the derived prices provided by the brokers by comparing their assessment of the fair values of our investments against the fair values of the portfolio balances of another third-party professional pricing service. As of December 31, 2016 and 2015, all of our marketable securities were valued using quoted prices for comparable instruments in active markets and are classified as Level 2.

Table of Contents

Based on our valuation of our money market funds and marketable securities, we concluded that they are classified in either Level 1 or Level 2 and we have no financial assets measured using Level 3 inputs. Liabilities classified as Level 3 are described below. The following table presents information about our assets that are measured at fair value on a recurring basis using the above input categories (in thousands):

Description	Fair Value Measurements as of December 31, 2016			Fair Value Measurements as of December 31, 2015		
	Total	Level 1	Level 2	Total	Level 1	Level 2
Money market funds	\$43,496	\$43,496	\$—	\$53,365	\$53,365	\$—
U.S. treasury debt securities	3,498	—	3,498	4,774	—	4,774
U.S. corporate debt securities	7,937	—	7,937	12,646	—	12,646
	\$54,931	\$43,496	\$11,435	\$70,785	\$53,365	\$17,420
Included in cash and cash equivalents	\$43,496			\$53,365		
Included in marketable securities	\$11,435			\$17,420		

Other Fair Value Measurements

During 2014, there was an embedded derivative liability associated with a convertible note that was issued in July 2014 (see Note 6). To derive the fair value of the embedded derivative, we estimated the fair value of the convertible note “with” and “without” the embedded derivative using a discounted cash-flow approach. The difference between the “with” and “without” note prices was determined to be the fair value of the embedded derivative at inception. Key inputs for this valuation model were the stated interest rate of the convertible note, our assumed cost of debt, assessment of the likelihood of conversion, timing and the stated value of the discount upon conversion of the notes into our equity. The derivative liability was re-measured at fair value each reporting period through December 16, 2014 when the note was settled in shares of our Class A common stock. Changes in the fair value measurement of the embedded derivative were reported in “Other income and (expense), net” on the consolidated statement of operations. At December 31, 2016, the fair value of our debt obligations approximated the carrying amount of \$73,000. The estimated fair value was based in part on our consideration of incremental borrowing rates for similar types of borrowing arrangements. We have classified the fair value of our debt obligations as Level 3 due to the lack of relevant observable market data over fair value inputs.

5. Commitments and Contingencies**Lease Commitments**

We lease certain office and residential space under non-cancelable operating leases with various lease terms through June 2043. Rent expense for the years ended December 31, 2016, 2015 and 2014 was \$3.9 million, \$3.7 million and \$3.2 million, respectively.

We lease computer equipment under capital lease agreements that expire through September 2018. The total amount financed under these capital leases was \$0.0 million, \$0.5 million and \$1.7 million during the years ended December 31, 2016, 2015 and 2014, respectively.

Build to Suit

We entered into a lease agreement for land and an office building in Ames, Iowa, which was constructed in two phases. As part of the lease agreement, the landlord was responsible for constructing the building in accordance with our specifications and agreed to fund \$11.8 million for the first phase and

Table of Contents

\$11.1 million for the second phase of construction. We were the developer of the project and responsible for construction costs in excess of these amounts. As a result of this involvement, we were deemed the “owner” for accounting purposes during the construction period and were required to capitalize the construction costs associated with the office building. Upon completion of each phase of the project, we performed a sale-leaseback analysis pursuant to ASC 840, *Leases*, to determine if the building could be removed from the balance sheet. We determined there was continuing involvement, which precluded derecognition of the building. The construction liability of \$11.8 million was reclassified to a financing obligation, and \$17.1 million of costs capitalized during construction was placed in service during June 2013 for the initial phase. Upon completion of the second phase of the project, the construction liability of \$11.1 million was reclassified to a financing obligation, and \$19.9 million of costs capitalized during construction was placed in service during 2014.

Total cash payments due under the arrangement were allocated on a relative fair value basis between rent related to the land lease and debt service payments related to the financing obligation. The portion of the lease payments allocated to the land is expensed on a straight-line basis over the term of the lease from the point we took possession of the land and including renewal periods where renewal was deemed reasonably assured at the inception of the lease. The lease contains purchase options to acquire the landlord’s interest in the land lease and building at any time beginning three years from the commencement date of the lease. In addition, the lease requires us upon certain events, such as a change in control, to purchase the building from the landlord. The purchase options were deemed to be fair value at the inception of the lease.

As of December 31, 2016, future estimated minimum lease payments under non-cancelable operating, capital and financing leases were as follows (in thousands):

	Operating Leases	Capital Leases	Financing Obligations
2017	\$ 3,235	\$ 414	\$ 2,458
2018	3,343	66	2,703
2019	2,592	—	2,736
2020	2,257	—	2,759
2021	2,179	—	2,759
Thereafter	8,132	—	27,617
Total minimum lease payments	\$ 21,738	480	41,032
Less: Amount representing interest		(19)	(20,465)
Present value of capital lease and financing obligations		\$ 461	\$ 20,567

Government Grants

Since 2009, we have participated in a program with a local area community college, enlisted by the state of Iowa, that provides reimbursement of training dollars spent on employees hired in Iowa. The community college funds training through the sale of certificates for the amount of anticipated training expenses to be incurred and an estimate of the costs to administer the program. At each payroll date, the state allows us to divert a specified portion of employee state income tax withholdings for the qualified employees to the community college. The community college uses the funds to pay for the program and principal and interest on the certificates. In the event that the funds generated from withholding taxes are insufficient to pay the principal and interest on the certificates, we would be liable for any shortfall. To date, we have entered into five agreements under this program. In addition, we have been reimbursed for training costs incurred for a total of 378 employees.

Table of Contents

During the years ended December 31, 2016, 2015 and 2014, we were reimbursed \$83,000, \$0 and \$194,000, respectively. We have concluded that the realization of these amounts is contingent on continuing employment levels. Therefore, in accordance with ASC 450, the amounts received are recorded on the balance sheet as a liability until all contingencies have been resolved. We release the liability to “Other income and (expense), net” on our statement of operations once the amounts diverted and paid to the community college have reduced the total principal and interest due on the certificates to a level below the amounts reimbursed to date. The amount recognized in other income is measured as the excess of the reimbursements received as of each balance sheet date over the total principal and interest due on the certificates, net of amounts diverted. To the extent we have not diverted amounts sufficient to reduce the principal and interest on the certificates to a level below the reimbursements received for each of the programs, there is no benefit recorded in the statement of operations.

During the years ended December 31, 2016, 2015 and 2014, the total benefit recorded on the statement of operations was \$1.0 million, \$744,000 and \$99,000, respectively. At December 31, 2016 and 2015, there was \$1.8 million and \$2.7 million included in “Deferred government grant obligation” on the consolidated balance sheet, respectively. The deferred liability is classified as current or non-current based on the estimated timing of when the amounts will be recorded as income. At December 31, 2016 and 2015, there was \$1.0 million and \$985,000 classified as a current liability, respectively.

On February 1, 2011, we received financing from the Iowa Economic Development Authority (IEDA) that provides for a grant in the form of a forgivable loan of \$2.3 million. The note matures in five years, and in the event of default, bears interest at 6%. Under the terms of the loan, we must complete and maintain the project performance obligation, including the creation of 251 qualified jobs by December 16, 2013, and the retention of six previously created qualified jobs through December 16, 2015. The Company and IEDA also agreed to a \$31.6 million development plan that was required to be invested by December 16, 2013. The job creation obligation was met and the \$31.6 million development plan was completed as of December 16, 2013. We were required to maintain the jobs through December 16, 2015. In the event that such condition is not met, we must repay \$8,799 per job not maintained. The financing was secured by a letter of credit issued pursuant to our credit facility with Silicon Valley Bank. As the project plan was completed in 2013, which included the creation of 251 qualified jobs, and any failure to maintain these qualified jobs during the maintenance period would not give rise to a requirement to accrue or repay interest on the loan, interest expense of \$260,000 that had been previously accrued was offset against “Interest expense” on the consolidated statement of operations during the year ended December 31, 2013. Also in connection with this grant agreement, we were awarded a grant that provides for reimbursement of sales tax costs we incurred in connection with the construction of the first phase of the Ames office building. In March 2015, we received proceeds of \$313,000 in connection with this grant.

In December 2015, after completing the project close out procedures, IEDA determined that 10 of the 251 positions originally hired under this grant did not meet minimum wage requirements resulting in a repayment of \$88,000. The remaining balance under the forgivable loan portion of this government grant of \$2.2 million was recognized during the fourth quarter of 2015, with \$608,000 recorded as a reduction of our property and equipment and \$1.6 million included in “Other income and (expense), net” on the consolidated statement of operations. The \$313,000 received in connection with the sales tax grant was recognized as a reduction of our property and equipment in December 2015. At December 31, 2016 and 2015, there were no amounts outstanding related to the forgivable loan included in “Deferred government grant obligation” on the consolidated balance sheet.

Table of Contents

In October 2013, we received a grant from the IEDA in the form of forgivable loans up to \$2.5 million and non-interest bearing loans up to \$2.5 million available to us based on qualified job growth. On December 20, 2013, the initial disbursement was awarded consisting of \$2.0 million in non-interest bearing and forgivable loans. This disbursement was not received by us until after year end. In connection with our initial public offering, the outstanding balance of the loans became due and payable and was repaid in full during December 2014. Also, in connection with this grant agreement with the Iowa Economic Development Authority, we were awarded a grant that provides for reimbursement of sales tax costs we incurred in connection with the construction of the second phase of the Ames office building. In August 2015, we received proceeds of \$235,000, which are included in “Deferred government grant obligation” on the consolidated balance sheet at both December 31, 2016 and 2015. At both December 31, 2016 and 2015, this amount is presented as a non-current liability as all contingencies will not be resolved until October 2020.

Litigation

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of any currently pending legal proceedings to which we are a party will not have a material adverse effect on our business, operating results, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

6. Debt***Convertible Notes***

In July 2014, we issued a subordinated promissory note (the 2014 Note) totaling \$5.0 million with a 7% coupon rate and maturing January 31, 2016. The note contained an option to convert outstanding principal and paid-in-kind interest into our Class A common stock upon successful completion of an initial public offering at a 10% discount to the offering price.

We evaluated the convertible debt instrument under ASC 480, *Distinguishing Liabilities from Equity* and concluded it would be accounted for as a liability. We concluded the holder’s redemption rights upon a new equity financing or change of control event and the holder’s options to either convert the note into shares in the event of an initial public offering or to continue receiving simple interest at a 10% paid-in-kind coupon rate were embedded features of the note that were required to be bifurcated and accounted for as a compound derivative in accordance with ASC 815-15, *Derivatives and Hedging*. We recorded \$1.2 million as the fair value of the embedded derivative liability upon issuance of the convertible note as of July 31, 2014, with a corresponding amount recorded as a debt discount. The discount was being accreted to interest expense over the term of the note.

On December 16, 2014, in conjunction with the close of our initial public offering, the holder elected to exercise the option to convert the 2014 Note. We settled the \$5.1 million of outstanding principal and interest with 407,480 shares of our Class A common stock at a price of \$12.60 per share, which represents 90% of the initial public offering price of our Class A common stock. This settlement resulted in a loss of \$111,000, which is reported in “Other income and (expense), net” on the consolidated statement of operations. The change in fair value of the derivative resulted in expense of \$193,000 through conversion and is reported in “Other income and (expense), net” on the consolidated statement of operations. We recorded \$400,000 of interest related to the convertible note through conversion.

Table of Contents***Other Long-Term Debt***

On August 31, 2009, we received a loan of \$150,000 from the IEDA. We are required to pay the lesser of 2% of prior year total gross revenue or \$25,000 per year until \$225,000 has been remitted. We expect to pay \$25,000 in 2017, and therefore, the principal portion of \$20,000 and \$53,000 have been reflected in the current and long-term portion of debt on our balance sheet, respectively. Interest will be accreted over the estimated period of repayment. Under the terms of both IEDA notes, we were required to create 20 jobs in Iowa by May 2012 and maintain them through May 2014, which we did. In the event such conditions were not met, \$150,000 of the loan amount would have been immediately due and payable. We recorded interest expense of \$5,800, \$7,100 and \$6,800 for the years ended December 31, 2016, 2015 and 2014, respectively.

On May 20, 2010, we received a non-interest bearing loan of \$500,000 from IEDA, due in monthly installments from September 2010 through August 2015. Under the terms of the loan, we were required to create 62 jobs by January 2013 and maintain them through January 2015. We have met this requirement. This loan was paid in full during the year ended December 31, 2015.

On March 6, 2013, we obtained a line of credit with Morgan Stanley providing for maximum borrowings of \$20.8 million. The availability on the line of credit is limited to the value of our cash and marketable securities held in the associated account at Morgan Stanley. We recorded interest expense of \$0 and \$16,000 for the years ended December 31, 2015 and 2014, respectively, related to such debt agreement. The line of credit was closed during 2015. In August 2014, we entered into a \$15.0 million credit facility with Silicon Valley Bank, which was subsequently amended. The credit facility can be used to fund working capital and general business requirements and matures in August 2018. The credit facility is secured by all of our assets, has first priority over our other debt obligations, and requires us to maintain certain financial covenants, including the maintenance of at least \$5.0 million of cash on hand or unused borrowing capacity. The credit facility contains certain restrictive covenants that limit our ability to transfer or dispose of assets, merge with other companies or consummate certain changes of control, acquire other companies, pay dividends, incur additional indebtedness and liens, experience changes in management and enter into new businesses. The credit facility has a variable interest rate equal to the bank's prime lending rate with interest payable monthly and the principal balance due at maturity. The credit facility's interest rate was 3.75% at December 31, 2016. We recorded interest expense of \$0, \$0 and \$28,000 for the years ended December 31, 2016, 2015 and 2014 related to such debt agreement. No amounts were outstanding under the credit facility as of December 31, 2016 and 2015.

7. Stockholders' and Members' Equity (Deficit)

In December 2014, we converted from a limited liability corporation to a C-corporation. Subsequent to our corporate conversion, we have two classes of authorized common stock: Class A common stock and Class B common stock. The rights of the holders of our Class A common stock and our Class B common stock are identical, except with respect to voting and conversion. Each share of our Class A common stock is entitled to one vote per share and is not convertible into any other shares of our capital stock. Each share of our Class B common stock is entitled to ten votes per share and is convertible into one share of our Class A common stock at any time. Our Class B common stock also will automatically convert into shares of our Class A common stock upon certain transfers and other events.

Table of Contents

Prior to our corporate conversion, our Operating Agreement, as amended and restated, provided for classes of units, allocation of profits and losses, distribution preferences, and other member rights. The Operating Agreement allowed for preferred units, common units, capped common units, appreciation units and participation units. Capped common units were interests that entitled the holder to receive distributions up to a stated threshold amount. Appreciation units and participation units were interests that entitled a holder to receive distributions in excess of a stated threshold amount. Members were limited in their liability to their capital contributions.

Distributions from the LLC

Our Amended and Restated Operating Agreement provided that any distributions, other than tax distributions, would be made according to the following priority:

First, to each holder of Series B preferred units and Series C preferred units until the cumulative distributions received (including any tax distributions) by holders of Series B preferred units equal \$1.00 per Series B unit and the cumulative distribution received (including any tax distributions) by holders of Series C preferred units equal \$5.00 per Series C preferred unit, provided that if the amount of distributable cash and property is insufficient to make such distribution in full, then all distributable cash and property shall be distributed to the holders of the Series B preferred and Series C preferred pro rata on the basis of their respective distribution preferences.

Second, to each holder of Series A preferred units until the cumulative distributions received (including any tax distributions) by each holder of a Series A preferred unit equal \$0.20 per Series A preferred unit held.

Third, to each holder of common units or capped common units in proportion to the number of units held until the cumulative distributions received (including tax distributions) by each holder of a common unit or capped common unit equals \$0.20 per common unit or capped common unit held.

Fourth, pro rata based on the number of units held to the holders of all units other than Series C preferred units based on the number of units held until the cumulative distributions received by each holder of common units and Series A preferred units equals the amount distributed to holders of Series C units, provided that holders of appreciation units or participation units will only receive distributions to the extent that pro rata distributions to all holders exceed the threshold levels of the applicable appreciation or participation units.

Fifth, pro rata to the holders of all units, provided that holders of appreciation units or participation units will only receive distributions to the extent that pro rata distributions to all holders exceed the threshold levels of the appreciation units or participation units.

Allocation of Profits and Losses from the LLC

Profits and losses were allocated among the members so that the balance in each member's capital account equaled or was as close as possible to the amount such member would receive upon our hypothetical sale and liquidation, assuming that our assets were sold for an amount equal to their book value, all our liabilities were paid and any remaining proceeds were distributed to the members in accordance with the terms of the Operating Agreement.

Table of Contents

Losses were allocated first to members with positive capital accounts until such capital account balances are reduced to zero, in the reverse order of the priority the members have to receive a return of their capital, as noted above, and then in proportion to the number of units held. Specifically, losses were first allocated to reduce any proceeds from common unit holders to zero, then to offset gross proceeds from Series A preferred unit holders and finally to offset gross proceeds from Series B and C preferred unit holders pro rata based on the number of units held. Once all contributed capital has been reduced to zero, the losses were then allocated pro rata based on the number of units held by each class of member units. Profits were allocated first to offset losses previously allocated, in the reverse order that such losses were allocated, and then in accordance with the members' rights to receive distributions of profits, as noted above.

During 2014, losses offset proceeds from option exercises during the year and the gross proceeds from the 2012 and 2013 issuances of Series C preferred units to bring those positive capital accounts to zero. During 2014, the remaining losses incurred through the corporate conversion were then allocated pro rata to all classes of units.

8. Stock-Based Compensation

We grant stock-based incentive awards to attract, motivate and retain qualified employees, non-employee directors and consultants, and to align their financial interests with those of our stockholders. Prior to our corporate conversion in December 2014, awards were provided under the 2009 Unit Incentive Plan (the 2009 Plan). We utilized stock-based compensation in the form of restricted participation units, appreciation units and options to purchase common units. We determined these forms of stock-based compensation were substantive classes of equity for accounting purposes. Immediately prior to our IPO, the 2009 Plan was amended to provide that no further awards will be issued thereunder, and our board of directors and stockholders adopted and approved our 2014 Equity Incentive Plan (the 2014 Plan and, together with the 2009 Plan, the Plans).

We utilize stock-based compensation in the form of restricted stock awards, restricted stock units and options to purchase Class A common stock.

As of December 31, 2016, awards granted under the 2009 Plan consisted of stock options and awards granted under the 2014 Plan consisted of stock options, restricted stock awards and restricted stock units. There were no other grants of any other award types under the Plans.

In June 2016, stockholders approved an amendment to the 2014 Plan that increased the number of shares available for grant by 3,900,000. As of December 31, 2016, 4,167,855 shares of Class A common stock were available for grant under the 2014 Plan.

Stock-based compensation expense for the year ended December 31, 2016 was \$9.4 million, \$2.8 million and \$2.0 million for options to purchase common stock, restricted stock awards and restricted stock units, respectively.

Stock-based compensation expense for the year ended December 31, 2015 was \$7.6 million and \$3.4 million for options to purchase common stock and restricted stock awards, respectively. Stock-based compensation expense for the year ended December 31, 2014 was \$50,000, \$7.3 million and \$31,000 for restricted participation and appreciation units, options to purchase common stock and restricted stock awards, respectively.

Table of Contents

Stock-based compensation expense associated with restricted participation and appreciation units, stock options, restricted stock awards and restricted stock units was recorded in the following cost and expense categories consistent with the respective employee or service provider's related cash compensation (in thousands):

	Year ended December 31,		
	2016	2015	2014
Cost of revenue			
Subscription and support	\$493	\$363	\$502
Professional services	411	349	337
Operating expenses			
Research and development	2,365	1,924	1,757
Sales and marketing	2,075	1,727	1,241
General and administrative	8,903	6,637	3,548
Total	\$14,247	\$11,000	\$7,385

The fair value of each option, participation and appreciation unit grant is estimated on the date of grant using the Black-Scholes option-pricing model. Expected volatility is based on historical volatilities for publicly traded stock of comparable companies over the estimated expected life of the options. The expected term represents the period of time the options are expected to be outstanding and is based on the "simplified method" as defined by SEC Staff Accounting Bulletin No. 110 (Topic 14.D.2). We use the "simplified method" due to the lack of sufficient historical exercise data to provide a reasonable basis upon which to otherwise estimate the expected life of the options. The risk-free interest rate is based on yields on U.S. Treasury STRIPS (Separate Trading of Registered Interest and Principal of Securities) with a maturity similar to the estimated expected term of the options.

The fair value of our stock options was estimated assuming no expected dividends and the following weighted-average assumptions:

	Year ended December 31,		
	2016	2015	2014
Expected term (in years)	6.0 - 6.1	6.1	5.0 - 10.0
Risk-free interest rate	1.15% - 2.08%	1.35% - 1.93%	1.52% - 2.80%
Expected volatility	43.0% - 45.3%	42.4% - 47.1%	45.8% - 52.5%

Table of Contents**Stock Options**

The following table summarizes the option activity under the Plans for the year ended December 31, 2016:

	Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2015	6,969,133	\$ 11.37	7.7	\$ 43,287
Granted	1,221,519	15.27		
Forfeited	(284,243)	14.70		
Exercised	(373,954)	4.43		
Outstanding at December 31, 2016	7,532,455	\$ 12.22	7.2	\$ 19,988
Exercisable at December 31, 2016	4,369,328	\$ 10.11	6.2	\$ 19,665

Options to purchase Class A common stock generally vest over a three- or four-year period and are generally granted for a term of ten years. The total intrinsic value of options exercised during the years ended December 31, 2016, 2015 and 2014 was \$3.9 million, \$8.4 million and \$1.7 million, respectively.

The weighted-average grant-date fair value of options granted during the years ended December 31, 2016, 2015 and 2014 was \$6.79, \$6.53 and \$7.85, respectively. The total fair value of options vested during the years ended December 31, 2016, 2015 and 2014 was approximately \$9.3 million, \$8.7 million and \$5.1 million, respectively. Total unrecognized compensation expense of \$18.1 million related to options will be recognized over a weighted-average period of 2.3 years. Total compensation expense recognized during the years ended December 31, 2016, 2015 and 2014 for outstanding options granted to service providers was \$0, \$236,000 and \$1.8 million, respectively, based on the fair value on the vesting date or the fair value on the reporting date if unvested.

Restricted Stock Awards

We have granted restricted stock awards to our executive officers that vest in three equal annual installments from the date of grant and to non-employee members of our Board of Directors with one-year cliff vesting from the date of grant. The recipient of an award of restricted stock under the Plan may vote and receive dividends on the shares of restricted stock covered by the award. The fair value for restricted stock awards is calculated based on the stock price on the date of grant. The total fair value of restricted stock awards vested during the years ended December 31, 2016 and 2015 was approximately \$3.3 million and \$750,000, respectively. No restricted stock awards vested during the year ended December 31, 2014.

Table of Contents

The following table summarizes the restricted stock award activity under the Plan for the year ended December 31, 2016:

	Number of Shares	Weighted- Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2015	600,025	\$ 13.38	\$ 10,542
Granted	—	—	
Forfeited	—	—	
Vested	(246,690)	13.35	
Outstanding at December 31, 2016	353,335	\$ 13.40	\$ 4,823

Compensation expense associated with unvested restricted stock awards is recognized on a straight-line basis over the vesting period. The expense recognized each period is dependent upon our estimate of the number of shares that will ultimately be issued. At December 31, 2016, there was approximately \$6.3 million of total unrecognized compensation expense related to restricted stock awards, which is expected to be recognized over a weighted-average period of 1.6 years.

Restricted Stock Units

We have granted restricted stock units to our executive officers that vest in three equal annual installments from the date of grant and to non-employee members of our Board of Directors with one-year cliff vesting from the date of grant. The recipient of a restricted stock unit award under the Plan will have no rights as a stockholder until share certificates are issued by us, but, at the discretion of our Compensation Committee, has the right to receive a dividend equivalent payment in the form of additional restricted stock units. Additionally, until the shares are issued, they have no voting rights and may not be bought or sold.

During 2016, we granted 381,952 shares of restricted stock units. The fair value for restricted stock units is calculated based on the stock price on the date of grant. No restricted stock units vested during the year ended December 31, 2016.

Compensation expense associated with unvested restricted stock units is recognized on a straight-line basis over the vesting period. The expense recognized each period is dependent upon our estimate of the number of shares that will ultimately be issued. At December 31, 2016, there was approximately \$3.7 million of total unrecognized compensation expense related to restricted stock units, which is expected to be recognized over a weighted-average period of 1.9 years.

Restricted participation and appreciation units

During the year ended December 31, 2014, 108,975 participation and appreciation units under the 2009 Plan vested prior to our conversion to a corporation.

Approximately \$77,000 of participation units vested during the year ended December 31, 2014 was

Table of Contents**9. Accumulated Other Comprehensive Income (Loss)**

The following table summarizes the activity of accumulated other comprehensive income (loss) during the years ended December 31, 2016, 2015 and 2014 (in thousands):

	Accumulated translation adjustment	Accumulated unrealized holding gains (losses) on available-for-sale securities	Accumulated other comprehensive income (loss)
Balance at December 31, 2013	\$ 54	\$ (196)	\$ (142)
Other comprehensive income	93	60	153
Reclassification of realized loss	—	136	136
Balance at December 31, 2014	147	—	147
Other comprehensive income (loss)	133	(39)	94
Balance at December 31, 2015	280	(39)	241
Other comprehensive income	18	32	50
Balance at December 31, 2016	\$ 298	\$ (7)	\$ 291

10. Segments

Our chief operating decision maker reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. There are no segment managers who are held accountable by the chief operating decision maker, or anyone else, for operations, operating results and planning for levels or components below the consolidated unit level. Accordingly, we determined we have a single operating segment. During the years ended December 31, 2016, 2015 and 2014, 93.8%, 94.3% and 94.7% of our revenue, respectively, and substantially all of our long-lived assets were attributable to operations in the United States.

11. Income Taxes

Loss before income tax provision consisted of the following (in thousands):

	For the year ended December 31,		
	2016	2015	2014
United States	\$(43,952)	\$(42,788)	\$(40,363)
Foreign	(1)	(618)	(759)
Total	\$(43,953)	\$(43,406)	\$(41,122)

Table of Contents

The provision (benefit) for income taxes consisted of the following (in thousands):

	For the year ended December 31,		
	2016	2015	2014
Current			
State	\$12	\$69	\$32
Foreign	44	—	—
Total Current	\$56	\$69	\$32
Deferred			
Federal	\$(32)	\$(76)	\$—
Total Deferred	\$(32)	\$(76)	\$—
Total	\$24	\$(7)	\$32

During the years ended December 31, 2016 and 2015, we recorded a federal income tax benefit of \$32,000 and \$76,000, respectively. That benefit was primarily related to the allocation of tax expense (benefit) between continuing operations and other comprehensive income when applying the exception to the ASC 740 intraperiod tax allocation rule. Intraperiod tax allocation rules require us to allocate the provision for income taxes between continuing operations and other categories of earnings, such as other comprehensive income. In periods in which we have a year-to-date pre-tax loss from continuing operations and pre-tax income in other categories of earnings, such as other comprehensive income, we must allocate the tax provision to the other categories of earnings and then record a related tax benefit in continuing operations. This exception to the general rule applies even when a valuation allowance is in place at the beginning and end of the year.

The items accounting for the difference between income taxes computed at the federal statutory income tax rate and the provision for income taxes consisted of the following (in thousands):

	For the year ended December 31,					
	2016		2015		2014	
		%		%		%
Federal statutory rate	35.0		35.0		35.0	
Effect of:						
Tax benefit at federal statutory rate	\$(15,384)		\$(15,192)		\$(14,393)	
State taxes, net of federal benefit	(1,377)	)	(1,833)	)	(347))
Non-taxable flow-through earnings	—		—		12,336	
Foreign	256		(64)	)	(130))
Recognition of deferred tax assets	—		—		(29,870))
Valuation allowance	17,013		17,697		32,440	
Other	(484)	)	(615)	)	(4))
Total income tax provision	\$24		\$(7)	)	\$32	

Table of Contents

The components of deferred tax assets and liabilities were as follows (in thousands):

	As of	
	December 31,	
	2016	2015
Deferred tax assets:		
Property and equipment	\$ 12	\$ 1
Accruals and reserves	1,104	1,407
Deferred rent	1,565	654
Compensation and benefits	16,048	12,512
Deferred revenue	3,255	5,372
Net operating loss and credits	45,625	30,475
Other	180	74
Total deferred tax assets	67,789	50,495
Valuation allowance	(67,223)	(50,212)
Total deferred tax assets	564	283
Deferred tax liabilities:		
Property and equipment	(403)	(134)
Other deferred tax liabilities	(161)	(149)
Deferred tax liabilities	(564)	(283)
Total	\$ —	\$ —

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended December 31, 2016. Such objective evidence limits the ability to consider other subjective evidence, such as our projections for future growth. On the basis of this evaluation, we recognized a full valuation allowance against our net deferred tax asset at December 31, 2016, because we believe it is more likely than not that these benefits will not be realized. As of December 31, 2016, we have unrealized tax benefits of \$3.6 million arising from tax deductions for share based compensation in excess of the compensation recognized for financial reporting purposes. Realization of this excess tax benefit will occur when current taxes payable are reduced with a corresponding credit to additional paid in capital. As of December 31, 2016, we have federal and state net operating loss carryforwards of approximately \$117.5 million and \$87.7 million, respectively, available to reduce any future taxable income. The federal net operating loss carryforwards will expire in varying amounts between years 2034 and 2036. The state net operating loss carryforwards will expire in varying amounts between years 2021 and 2036. Additionally, we have total net operating loss carryforwards from international operations of \$209,000 that will expire in varying amounts beginning in 2033. We also have approximately \$3.4 million of federal and \$902,000 of state tax credit carryforwards as of December 31, 2016. The federal credits will expire in varying amounts between the years 2034 and 2036. The state credits expire beginning in 2021.

Table of Contents

A reconciliation of the gross unrecognized tax benefits is as follows (in thousands):

	Year ended December 31, 2016
Unrecognized tax benefits-beginning of period	\$ —
Additions for tax positions related to prior year	168
Reductions for tax positions related to prior year	—
Additions for tax positions related to current year	—
Unrecognized tax benefits-end of period	\$ 168

We have analyzed our inventory of tax positions taken with respect to all applicable income tax issues for all open tax years. The gross unrecognized tax benefits, if recognized, would not materially affect the effective tax rate as of December 31, 2016, due to the availability of net operating losses.

We do not expect our gross unrecognized tax benefits to change significantly over the next 12 months. Our policy is to classify interest and penalties associated with uncertain tax positions, if any, as a component of our income tax provision. Interest and penalties were not significant during the years ended December 31, 2016, 2015 and 2014.

We are subject to taxation in the United States and various states and foreign jurisdictions. As of December 31, 2016, tax years for 2013 through 2016 are subject to examination by the tax authorities. With few exceptions, as of December 31, 2016, we are no longer subject to U.S. federal, state, local or foreign examinations by tax authorities for years before 2013.

12. Net Loss Per Share

Basic net loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by giving effect to all potential shares of common stock, including our outstanding stock options and stock related to unvested restricted stock awards to the extent dilutive.

The net loss per share is allocated based on the contractual participation rights of the Class A and Class B common shares as if the loss for the year has been distributed. As the liquidation and dividend rights are identical, the net loss is allocated on a proportionate basis.

We consider unvested restricted stock awards granted under the 2014 Equity Incentive Plan to be participating securities because holders of such shares have non-forfeitable dividend rights in the event of our declaration of a dividend for common shares. In future periods to the extent we are profitable, we will subtract earnings allocated to these participating securities from net income to determine net income attributable to common stockholders.

Table of Contents

A reconciliation of the denominator used in the calculation of basic and diluted loss per share is as follows (in thousands, except share and per share data):

	Year ended					
	December 31, 2016		December 31, 2015		December 31, 2014	
	Class A	Class B	Class A	Class B	Class A	Class B
<i>Numerator</i>						
Net loss	\$(31,644)	\$(12,333)	\$(30,075)	\$(13,324)	\$(25,259)	\$(15,895)
<i>Denominator</i>						
Weighted-average common shares outstanding - basic and diluted	29,265,605	11,405,528	27,617,350	12,235,274	19,736,342	12,419,718
Basic and diluted net loss per share	\$(1.08)	\$(1.08)	\$(1.09)	\$(1.09)	\$(1.28)	\$(1.28)

The anti-dilutive securities excluded from the weighted-average shares used to calculate the diluted net loss per common share were as follows:

	As of December 31,		
	2016	2015	2014
Shares subject to outstanding common stock options	7,532,455	6,969,133	6,089,938
Shares subject to unvested restricted stock awards	353,335	600,025	54,350

Table of Contents**13. Unaudited Quarterly Results of Operations**

The following tables set forth selected unaudited quarterly consolidated statement of operations data for each of the quarters indicated as well as the percentage of total revenue for each line item shown. The unaudited information should be read in conjunction with our financial statements and related notes included elsewhere in this report. We believe that the following unaudited information reflects all normal recurring adjustments necessary for a fair presentation of the information for the periods presented. The operating results for any quarter are not necessarily indicative of results for any future period.

	Three months ended							
	Dec 31, 2016	Sept 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sept 30, 2015	Jun 30, 2015	Mar 31, 2015
	(in thousands)							
Revenue								
Subscription and support	\$ 38,329	\$ 36,237	\$ 34,969	\$ 33,585	\$ 32,102	\$ 29,832	\$ 28,085	\$ 26,269
Professional services	8,045	8,473	8,042	10,966	7,780	6,436	5,883	8,885
Total revenue	46,374	44,710	43,011	44,551	39,882	36,268	33,968	35,154
Cost of revenue								
Subscription and support	7,244	6,694	7,039	6,918	5,791	5,319	5,564	5,885
Professional services	5,964	6,040	5,538	6,188	5,222	4,457	4,189	3,777
Total cost of revenue	13,208	12,734	12,577	13,106	11,013	9,776	9,753	9,662
Gross profit	33,166	31,976	30,434	31,445	28,869	26,492	24,215	25,492
Operating expenses								
Research and development	14,533	14,342	14,047	14,516	13,496	12,766	12,196	12,008
Sales and marketing	18,196	22,354	19,828	20,088	18,632	20,903	16,329	13,705
General and administrative	7,845	8,015	7,882	8,953	8,538	7,153	6,291	6,734
Total operating expenses	40,574	44,711	41,757	43,557	40,666	40,822	34,816	32,447
Loss from operations	(7,408)	(12,735)	(11,323)	(12,112)	(11,797)	(14,330)	(10,601)	(6,955)
Interest expense	(455)	(462)	(468)	(490)	(508)	(494)	(513)	(510)
Other income and (expense), net ⁽¹⁾	348	298	278	576	2,014	163	191	(66)
Loss before provision for income taxes	(7,515)	(12,899)	(11,513)	(12,026)	(10,291)	(14,661)	(10,923)	(7,531)
Provision (benefit) for income taxes	1	(8)	12	19	2	(31)	106	(84)
Net loss	\$(7,516)	\$(12,891)	\$(11,525)	\$(12,045)	\$(10,293)	\$(14,630)	\$(11,029)	\$(7,447)
Net loss per common share:								
Basic and diluted	\$(0.18)	\$(0.32)	\$(0.28)	\$(0.30)	\$(0.26)	\$(0.37)	\$(0.28)	\$(0.19)
Weighted-average common shares outstanding - basic and diluted	40,872,772	40,762,960	40,593,908	40,451,668	40,204,367	39,980,308	39,627,842	39,593,700

(1) During December 2015, we resolved all contingencies associated with a government grant agreement resulting in higher government grant income recorded to "Other income and (expense), net" (see Note 5).

Table of Contents

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our principal executive officer and principal financial officer, our management conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this report. Our disclosure controls and procedures are intended to provide assurance at a reasonable level that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

In designing and evaluating our disclosure controls and procedures, management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on management's evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are designed to, and are effective to, provide assurance at a reasonable level that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Based on that assessment, management has concluded that its internal control over financial reporting was effective as of December 31, 2016 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm. For as long as we remain an "emerging growth company" as defined in the JOBS Act, we are exempt from the requirement that our registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting.

Table of Contents

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended December 31, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

On February 17, 2017, the Compensation Committee of our Board of Directors approved the 2017 Short-Term Incentive Plan applicable to our executive officers for the fiscal year ending December 31, 2017. The Plan provides executive officers with the opportunity to earn cash bonuses based upon the achievement of pre-established performance metrics determined by the Committee, which may include one or more of revenue growth, operating cash flow, or operating loss excluding stock compensation. The Committee sets the target award for each participating executive as a percentage of base salary. Following the end of fiscal 2017, the Committee will review our attainment of the metrics and determine actual payouts, subject to upward or downward adjustment in its discretion.

Table of Contents**Part III.****Item 10. Directors, Executive Officers and Corporate Governance**

a) Directors of the Company.

This information is included in our definitive proxy statement for the 2017 Annual Meeting of Stockholders under the heading “Election of Directors” and is incorporated herein by reference.

b) Executive Officers of the Company.

Matthew M. Rizai, Ph.D., 60, has served as our Chairman and Chief Executive Officer since December 2014 and served as the Chief Executive Officer and a Managing Director of Workiva LLC from 2009 to December 2014. He has over 20 years of experience as a Mechanical Engineer and nearly 15 years of experience leading technology companies. Prior to founding Workiva, Mr. Rizai was the Chairman and Chief Executive Officer of Engineering Animation, Inc. (NASDAQ: EAIL) (EAI) from 1990 to 2000, when it was acquired by Unigraphics Solutions (now part of Siemens USA). Prior to EAI, Mr. Rizai was a senior research engineer at General Motors Research Laboratories, an analyst at Arch Development Corporation, and a development engineer at Ford Motor Company. He also co-founded Computer Aided Design Software, Inc. From 2003 to 2013, Mr. Rizai was a board member of Stafford Development Company, a real estate, hospitality, restaurant and health care services company based in Tifton, GA. Mr. Rizai earned a B.S., M.S. and Ph.D. in Mechanical Engineering from Michigan State University and an M.B.A. from the University of Chicago Booth School of Business.

Martin J. Vanderploeg, Ph.D., 60, has served as our President and Chief Operating Officer since December 2014 and served as the Chief Operating Officer and a Managing Director of Workiva LLC from 2008 to December 2014. He has over 20 years of experience in mechanical engineering and advising early stage technology companies. Prior to founding Workiva in 2008, Mr. Vanderploeg was a founder of EAI and served as EAI’s Executive Vice President from 1993 until EAI was acquired by Unigraphics Solutions in 2000. Mr. Vanderploeg served as Chief Technology Officer of EAI from 1989 to 1999. Following the acquisition of EAI, Mr. Vanderploeg continued to be an advisor to various technology start-up companies. Prior to EAI, Mr. Vanderploeg was a tenured professor of mechanical engineering at Iowa State University from 1985 to 1993 and was the founder and director of the Iowa State University Visualization Laboratory. Mr. Vanderploeg earned a B.S., M.S. and Ph.D. in mechanical engineering from Michigan State University.

Jeffrey D. Trom, Ph.D., 56, has served as Executive Vice President and Chief Technology Officer since December 2014 and served as a Managing Director and Chief Technology Officer of Workiva LLC from 2008 to December 2014. He has over 20 years of experience working with information technology and development. Prior to founding Workiva, Mr. Trom was a founder of EAI and served as EAI’s Vice President from 1990 and as Chief Technology Officer in charge of software architecture, development and deployment from 1999 until EAI was acquired by Unigraphics Solutions in 2000. Thereafter, Mr. Trom served as a technical consultant for various technology companies, including Electronic Data Systems from 2000 to 2002. He is president of the board of Middle Creek Montessori, a non-profit school in Bozeman, Montana. Mr. Trom earned a B.S. and M.S. in Mechanical Engineering from University of Iowa and a Ph.D. in Mechanical Engineering from Iowa State University.

Michael S. Sellberg, 50, has served as Executive Vice President and Chief Product Officer since December 2014 and served as Workiva LLC’s Chief Marketing Officer and Managing Director from 2009 to August 2014, and Chief Product Officer and Managing Director from September 2014 to December 2014. He has over 20 years of experience in software development, product marketing and operations management. From 2005 to 2009, Mr. Sellberg was Executive Vice President of Operations and Chief Technology Officer of iMed Studios, a digital agency and web studio owned by the Publicis Healthcare Communications Group. From 1998 to 2000, he was Divisional General Manager at EAI and Executive Director of Operations for

Table of Contents

EAI's online collaboration solution, eVis. After EAI was acquired by Unigraphics Solutions in 2000 and until 2005, Mr. Sellberg led the Teamcenter product management team for Unigraphics. Mr. Sellberg earned a B.S. in Mechanical Engineering from University of Missouri-Rolla and an M.S. in Engineering Mechanics from Iowa State University.

Joseph H. Howell, 64, has served as our Executive Vice President for Strategic Initiatives since December 2014 and served as a Managing Director of Workiva LLC from 2008 to December 2014. He has over 25 years of experience in senior financial management and SEC reporting experience, including with early stage companies. Prior to founding Workiva in 2008, Mr. Howell was the Managing Director of Financial Intelligence, LLC from 2007 until 2008. From 2002 to 2004, Mr. Howell served as Chief Financial Officer of Eid Passport, and, from 2000 to 2002, he was the Chief Financial Officer of Webridge, Inc., which was acquired by Click Commerce. He was also the Chief Financial Officer from 1998 to 2000 of EMusic.com (NASDAQ: EMUS), which was acquired by Universal Music Group. In addition, Mr. Howell served as the Chief Financial Officer of Merix Corporation (NASDAQ: MERX) from 1995 to 1998, Acting Chief Financial Officer for Borland Software (NASDAQ: BORL) from 1994 to 1995, and the Chief Accounting Officer for Borland Software from 1988 to 1995. Mr. Howell is a certified public accountant (inactive), and he earned a B.A. from the University of Michigan and an M.S. in Accounting from Eastern Michigan University.

J. Stuart Miller, 56, has served as our Executive Vice President, Treasurer and Chief Financial Officer since December 2014 and served as Chief Financial Officer of Workiva LLC from April 2014 to December 2014. He has over 25 years of experience advising on mergers and acquisitions and capital raising for various companies. Prior to joining Workiva in April 2014, Mr. Miller was a Managing Director of Colonnade Advisors, a mergers and acquisitions advisory firm that he founded in 1999. Previously, he was a Managing Director in the Investment Banking Department of J.P. Morgan. Mr. Miller joined J.P. Morgan from Credit Suisse First Boston, where he had worked in the Investment Banking Department. He earned a B.A. from Washington & Lee University and an M.B.A. from Harvard Business School.

Troy M. Calkins, 50, Mr. Calkins has served as our Executive Vice President, Secretary and General Counsel since December 2014 and served as General Counsel of Workiva LLC from February 2014 to December 2014. Prior to Workiva, he was a partner at Drinker Biddle & Reath LLP, where he spent 19 years in the firm's Corporate and Securities Practice Group. His practice focused on counseling both private and public companies on legal strategy, corporate compliance and governance, and private and public securities offerings. He earned a B.A. from Michigan State University and a J.D. from the University of Michigan Law School.

c) Section 16(a) Beneficial Ownership Reporting Compliance.

This information is included in our definitive proxy statement for the 2017 Annual Meeting of Stockholders under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" and is incorporated herein by reference.

d) Code of Ethics.

This information is included in our definitive proxy statement for the 2017 Annual Meeting of Stockholders under the heading "Corporate Governance" and is incorporated herein by reference.

e) Information regarding our Audit Committee and Nominating and Governance Committee is set forth in our definitive proxy statement for the 2017 Annual Meeting of Stockholders under the heading "Corporate Governance" and is incorporated herein by reference.

Table of Contents

Item 11. Executive Compensation

This information is included in our definitive proxy statement for the 2017 Annual Meeting of Stockholders under the headings “Executive Compensation” and “Director Compensation” and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

This information is included in our definitive proxy statement for the 2017 Annual Meeting of Stockholders under the headings “Ownership of Common Stock” and “Equity Compensation Plan Information” and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions and Director Independence

This information is included in our definitive proxy statement for the 2017 Annual Meeting of Stockholders under the headings “Certain Relationships and Related-Party and Other Transactions” and “Corporate Governance” and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

This information is included in our definitive proxy statement for the 2017 Annual Meeting of Stockholders under the heading “Ratification of the Appointment of Independent Registered Public Accounting Firm” and is incorporated herein by reference.

Table of Contents

Part IV.

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this Form 10-K:

1. All financial statements. See Index to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.
2. Financial Statement Schedules. Financial statement schedules are omitted as they are either not required or the information is otherwise included in the consolidated financial statements.
3. Exhibits. See Exhibit Index.

Table of Contents**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 23rd day of February, 2017.

WORKIVA INC.

By: /s/ Matthew M. Rizai, Ph.D.

Name: Matthew M. Rizai, Ph.D.

Title: Chairman and Chief Executive Officer

POWER OF ATTORNEY

The undersigned officers and directors of Workiva Inc. hereby severally constitute Matthew M. Rizai our true and lawful attorney, with full power to him, to sign for us in our names in the capacities indicated below the Annual Report on Form 10-K filed herewith and any and all amendments thereto, and generally do all such things in our name and on our behalf in our capacities as officers and directors to enable Workiva Inc. to comply with the provisions of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any one of them on the Annual Report on Form 10-K and any and all amendments thereto. Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ Matthew M. Rizai, Ph.D. Matthew M. Rizai, Ph.D.	Chairman of the board and Chief Executive Officer and Director (<i>Principal Executive Officer</i>)	February 23, 2017
/s/ J. Stuart Miller J. Stuart Miller	Executive Vice President, Treasurer and Chief Financial Officer (<i>Principal Financial Officer</i>)	February 23, 2017
/s/ Jill Klindt Jill Klindt	Vice President and Chief Accounting Officer (<i>Principal Accounting Officer</i>)	February 23, 2017
/s/ Eugene S. Katz Eugene S. Katz	Director	February 23, 2017
/s/ Michael M. Crow, Ph.D. Michael M. Crow, Ph.D.	Director	February 23, 2017
/s/ Robert H. Herz Robert H. Herz	Director	February 23, 2017
/s/ David S. Mulcahy David S. Mulcahy	Director	February 23, 2017
/s/ Suku Radia Suku Radia	Director	February 23, 2017
/s/ Martin J. Vanderploeg, Ph.D. Martin J. Vanderploeg, Ph.D.	Director	February 23, 2017

S-1

Table of Contents**EXHIBIT INDEX**

<u>Exhibit Number</u>	<u>Description</u>
3.1	Certificate of Incorporation of Workiva Inc., incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 16, 2014.
3.2	Bylaws of Workiva Inc., incorporated by reference from Exhibit 3.2 to the Company's Current Report on Form 8-K filed on December 16, 2014.
4.1	Form of the Company's Class A common stock certificate, incorporated by reference from Exhibit 4.1 to the Company's Registration Statement on Form S-1 filed on November 17, 2014.
10.1*	Amended and Restated Workiva Inc. 2009 Unit Incentive Plan.
10.2*	Workiva Inc. 2014 Equity Incentive Plan, incorporated by reference from Exhibit 4.5 to the Company's Registration Statement on Form S-8 filed on December 16, 2014.
10.3*	Form of Nonqualified Stock Option Grant for Executive Officers under 2014 Equity Incentive Plan.
10.4*	Form of Restricted Stock Grant for Executive Officers under 2014 Equity Incentive Plan.
10.5*	Form of Restricted Stock Grant for Non-Employee Directors under 2014 Equity Incentive Plan, incorporated by reference from Exhibit 10.5 to the Company's Registration Statement on Form S-1 filed on October 17, 2014.
10.6*	Form of Employment Agreement, incorporated by reference from Exhibit 10.6 to the Company's Registration Statement on Form S-1 filed on November 17, 2014.
10.7*	Form of Indemnification Agreement, incorporated by reference from Exhibit 10.7 to the Company's Registration Statement on Form S-1 filed on November 17, 2014.
10.8	Sublease Agreement, dated December 19, 2011, as amended October 2, 2013, between the Company and 2900 University, LLC, incorporated by reference from Exhibit 10.8 to the Company's Registration Statement on Form S-1 filed on October 17, 2014.
10.9	Loan and Security Agreement, dated August 22, 2014, as amended effective as of September 30, 2014 and November 25, 2014, by and among the Company, Workiva International LLC and Silicon Valley Bank, incorporated by reference from Exhibit 10.9 to the Company's Registration Statement on Form S-1 filed on December 1, 2014.
10.10	Google Cloud Platform License Agreement, dated July 24, 2014, between the Company and Google Inc., incorporated by reference from Exhibit 10.10 to the Company's Registration Statement on Form S-1 filed on October 17, 2014.
10.11	Series 2014 Convertible Promissory Note issued to Bluestem Capital Appreciation Fund, LLC, dated July 31, 2014, incorporated by reference from Exhibit 10.11 to the Company's Registration Statement on Form S-1 filed on November 17, 2014.

Edgar Filing: WORKIVA INC - Form 10-K

- 10.12 Third Amendment to Loan and Security Agreement dated February 26, 2015 by and among Workiva Inc., Workiva International LLC and Silicon Valley Bank, incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.
- 10.13* Workiva Inc. Nonqualified Deferred Compensation Plan effective as of January 14, 2016, incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 15, 2016.
- 10.14* Form of Workiva Inc. Restricted Stock Unit Agreement for service-vesting restricted stock units under the Workiva Inc. 2014 Equity Incentive Plan.
- 10.15 Consent and Fourth Amendment to Loan and Security Agreement, dated April 5, 2016, by and between Silicon Valley Bank, Workiva Inc. and Workiva International LLC incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 11, 2016.
- 10.16* Form of Workiva Inc. Restricted Stock Unit Agreement for service-vesting restricted stock units issuable to non-employee directors under the Workiva Inc. 2014 Equity Incentive Plan incorporated by reference from Exhibit 10.3 to the Company's Current Report on Form 10-Q filed on May 4, 2016.
- 10.17* Workiva Inc. Amended and Restated 2014 Equity Incentive Plan incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 17, 2016.
- 21.1 List of Subsidiaries of the Company.
- 23.1 Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
- 24.1 Power of attorney (incorporated by reference to the signature page of this Annual Report on Form 10-K).
- 31.1 Certification of the Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of the Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1# Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2# Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101.INS XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH XBRL Taxonomy Extension Schema Document.
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.

* Indicates a management contract or compensatory plan.

As contemplated by SEC Release No. 33-8212, these exhibits are furnished with this Annual Report on Form 10-K and are not deemed filed with the Securities and Exchange Commission and are not incorporated by reference in any filing of Workiva Inc. under the Securities Act of 1933 or the Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in such filings.

E-1