Risk Factors Comparison 2024-02-27 to 2023-02-28 Form: 10-K

Legend: New Text ~~Removed Text~~ Unchanged Text Moved Text Section

Risks Related to Our Business and Industry Demand for our software solutions is subject to volatility in our accounts' underlying businesses, which includes infrastructure projects that typically have long timelines. Our sales are based significantly on accounts' demand for software solutions in the following infrastructure sectors: (i) public works / utilities; (ii) ~~industrial~~ **resources** ; (iii) ~~resources~~ **industrial** ; and (iv) commercial / facilities. Although these sectors are typically countercyclical to one another in nature, each periodically experiences economic declines and may be exacerbated by other economic factors. If participants in any of these sectors reduce spending or allocate future funding in a manner that results in fewer infrastructure improvement or expansion projects, then our accounts' underlying business may be impacted and demand for our software solutions may decrease or our rate of contract renewals may decrease. A prolonged decrease in such spending may harm our results of operations. Our accounts may request discounts or extended payment terms on new arrangements or seek to extend payment terms on existing arrangements due to lower levels of infrastructure spending or for other reasons, all of which may reduce revenue. We may not be able to adjust our operating expenses to offset such discounts or other arrangements because a substantial portion of our operating expenses is related to personnel, facilities, and marketing programs. The level of personnel and related expenses may not be able to be adjusted quickly and is based, in significant part, on our expectations for future revenues and demand. Infrastructure projects typically have long timelines and we may invest in building capacity based on expected demand for our software solutions that takes longer to develop than we expect or fails to develop at all. Additionally, government spending on infrastructure may decrease, which could decrease the demand for our software solutions and have a negative impact on our results of operations. We may not be successful in forecasting future demand levels and could fail to win business at the expected rates. If we underestimate the demand for our software solutions, we may be unable to fulfill the increased demand in a timely fashion or at all. If we overestimate the demand for our software solutions, we may incur additional expenses for which we would not have corresponding revenues, negatively impacting our results of operations. The ~~continuing impact of the COVID- 19 pandemic is unpredictable and could materially and adversely affect our business. The ongoing COVID- 19 pandemic is unpredictable in nature and has adversely affected and may continue to adversely affect global economies, financial markets, and the overall macroeconomic environment in which we do business. As a result, the extent to which our business will continue to be affected will depend on a variety of factors, many of which are outside of our control, including the persistence of the pandemic, impacts on economic activity, including infrastructure projects, and the possibility of recession or continued financial market instability. Accordingly, our future results of operations and financial condition may not meet our expectations. The~~ majority of our revenues and an increasing percentage of our operations are attributable to operations outside the U. S., and our results of operations therefore may be materially affected by the legal, regulatory, social, political, economic, and other risks of foreign operations. Approximately 58 %, **58 %, and** 59 ~~%, and 57~~ % of our total revenues were from outside the U. S. for the years ended December 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ , respectively. We anticipate that revenues from accounts outside the U. S. will continue to comprise a majority of our total revenues for the foreseeable future. Our international revenues, including from emerging economies, are subject to general economic and political conditions in foreign markets and our revenues are impacted by the relative geographical and country mix of our revenues over time. These factors could adversely impact our international revenues and, consequently, our business. Our dependency on international revenues also makes us more exposed to global economic and political trends, which can negatively impact our financial results. Further, our operations outside the U. S. are subject to legal, regulatory, social, political, economic, and other risks inherent in international business operations, including, without limitation, local product preference and product requirements, trade protection measures, sanctions, quotas, embargoes, import and export licensing requirements, duties, tariffs or surcharges and more stringent regulations relating to privacy and data security and access to, or use of, commercial and personal information, such as the General Data Protection Regulation (the " GDPR ") applicable in the European Union (**the** " E. U. "), the Personal Information Protection Law (the " PIPL ") applicable in China, and Brazil' s General Data Protection Law (the " LGPD "). The occurrence of any one of these risks could negatively affect our international business and, consequently, our business, financial condition, and results of operations. Additionally, operating in international markets requires significant management attention and financial resources. We cannot be certain that the investment and additional resources required to operate in other countries will produce desired levels of revenue or profitability. Decreased investment by APAC, including China, may have a negative effect on our business. Approximately 18 % ~~for the year ended December 31~~ , ~~2022~~ **18 %,** and ~~approximately~~ 19 % of our total revenues for the years ended December 31, **2023, 2022, and** 2021 ~~and 2020~~ relate to infrastructure projects in APAC, including China. We cannot assure you that spending in these countries on infrastructure projects will continue at historical levels or increase in the future, or that demand for our software solutions in APAC in general will not be negatively affected by reductions in spending or other limitations. We are exposed to fluctuations in currency exchange rates that could negatively impact our financial results and cash flows. We sell our solutions in 194 countries, primarily through a direct sales force located throughout the world. Approximately 58 %, **58 %, and** 59 ~~%, and 57~~ % of our total revenues were from outside the U. S. for the years ended December 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ , respectively. As we continue to expand our presence in international regions, the portion of our revenues, expenses, cash, accounts receivable, and payment obligations denominated in foreign currencies continues to increase. Further, we anticipate that revenues from accounts outside of the U. S. will continue to comprise the majority of our total revenues for the foreseeable future. Because of our international activities, we have revenues, expenses, cash, accounts receivable and payment obligations denominated in foreign currencies. For the years ended December

31, **2023,** 2022, **and** 2021, ~~and 2020~~ **35 %** , 36 %, **and** 47 ~~%, and 43~~ %, respectively, of our total revenues were denominated in a currency other than the U. S. ~~Dollar~~ **dollar** . As a result, we are subject to currency exchange risk. Our revenues and results of operations are adversely affected when the U. S. ~~Dollar~~ **dollar** strengthens relative to other currencies and are positively affected when the U. S. ~~Dollar~~ **dollar** weakens. As a result, changes in currency exchange rates will affect our financial ~~position~~ **condition** , results of operations, and cash flows. In the event that there are economic declines in countries in which we conduct transactions, the resulting changes in currency exchange rates may affect our financial condition, results of operations, and cash flows. We are most impacted by movements in and among the ~~Euro~~ **euro** , British ~~Pound~~ **pound** , Canadian ~~Dollar~~ **dollar** , Australian ~~Dollar~~ **dollar** , Chinese ~~Yuan~~ **yuan** ~~Renminbi~~ **renminbi** , and New Zealand ~~Dollars~~ - **dollar** . For example, the Chinese ~~Yuan~~ **yuan** ~~Renminbi~~ **renminbi** has fluctuated against the U. S. ~~Dollar~~ **dollar** , at times significantly and unpredictably, due to changes in foreign exchange for a wide variety of reasons, including actions instituted by China. Because of changes in trade between the U. S. and China **,** and ~~Renminbi~~ **renminbi** internationalization, China may in the future announce further changes to the exchange rate system, and we cannot assure you that the ~~Renminbi~~ **renminbi** will not appreciate or depreciate significantly in value against the U. S. ~~Dollar~~ **dollar** in the future. In addition, countries in which we operate may be classified as highly inflationary economies, requiring special accounting and financial reporting treatment for such operations, or such countries’ currencies may be devalued, or both, which may harm our business, financial condition, and results of operations. We cannot predict the impact of foreign currency fluctuations and we may not be successful in minimizing the risks of these fluctuations. In addition, the fluctuation and volatility of currencies, even when it increases our revenues or decreases our expenses, impacts our ability to accurately predict our future results and earnings. We may not be able to increase the number of new subscription - based accounts or cause existing accounts to renew their subscriptions, which could have a negative impact on our future revenues and results of operations. We may not be able to increase demand for our subscription - based services in line with our growth strategy. Our accounts are not obligated to renew their subscriptions for our offerings, and they may elect not to renew. We cannot assure renewal rates or the mix of subscriptions renewals. Account renewal rates may decline or fluctuate due to a number of factors, including offering pricing, competitive offerings, account satisfaction, and reductions in account spending levels or account activity due to economic downturns or financial markets uncertainty. If our accounts do not renew their subscriptions or if they renew on less favorable terms, our revenues may decline, which could harm our business, financial condition, and results of operations. Consolidation among our accounts and other enterprises in the markets in which we operate may result in a loss of business. It is likely that some of our existing accounts will consolidate, be acquired, or experience a change in management, which could lead to a decrease in the size of our account base. We expect consolidation among our accounts as they attempt to strengthen or maintain their market positions. If two or more of our accounts consolidate, they may also wish to consolidate the software solutions and services that we provide to them. If an existing account is acquired by another company that uses the solutions of one of our competitors, we may lose business in that account to our competitor. In addition, if an account experiences a change in management, the new management team may be accustomed to the software of one of our competitors, and we could lose that account. Any such consolidation, acquisition, or management change could lead to pricing pressure, erosion of our margins, loss of accounts, and loss of market share, all of which could harm our business, financial condition, and results of operations. We have in the past and expect to continue in the future to seek to grow our business through acquisitions of or investments in new or complementary businesses, software solutions, or technologies, and the failure to manage acquisitions or investments, or the failure to integrate them with our existing platform and business, could harm us. Since our founding, we have strategically acquired and integrated numerous software assets and businesses. We may, however, be unable to identify suitable acquisition candidates in the future or, if suitable candidates are identified, we may be unable to complete the business combination on commercially acceptable terms. The process of exploring and pursuing acquisition opportunities may result in devotion of significant management and financial resources. Even if we are able to consummate acquisitions that we believe will be successful, these transactions present many risks including, among others, failing to achieve anticipated synergies and revenue increases, difficulty incorporating and integrating the acquired technologies or software solutions with our offerings and existing applications, difficulties managing an acquired company’ s technologies or lines of business or entering new markets where we have limited prior experience or where competitors may have stronger market positions, the loss of key colleagues, accounts, and channel partners of ours or of the acquired company, and the requirement to test and assimilate the internal control processes of the acquired business in accordance with the requirements of Section 404 of the Sarbanes- Oxley Act of 2002. Quality problems, defects, errors, failures, or vulnerabilities in our software solutions or services could harm our reputation and adversely affect our business, financial condition, results of operations, and prospects. Our solutions are, in some cases, highly complex and incorporate advanced software technologies that we attempt to make interoperable with the products of other software providers. Despite testing prior to release, our software may contain undetected defects or errors. Further, the combined use of our software with those of other software providers may cause errors or failures, or it may expose undetected defects, errors, or failures in our software. These defects, errors, or failures could affect software performance and damage the businesses of our accounts, as well as delay the development or release of new software or new versions of software. Further, we cannot guarantee that all of our accounts are using the latest versions of our software solutions with enhanced security features and may be more vulnerable to cyber - attacks. Allegations of unsatisfactory performance in any of these situations could damage our reputation in the market and our relationships with our accounts, cause us to lose revenue or market share, increase our service costs, cause us to incur substantial costs in analyzing, correcting, or redesigning the software, cause us to lose accounts, subject us to liability for damages, and divert our resources from other tasks, any one of which could adversely affect our business, financial condition, results of operations, and prospects. We may also be required to provide full replacements or refunds for such defective software. We cannot assure you that such remediation would not harm our business, financial condition, results of operations, and prospects. Our business, financial condition, results of operations, and prospects may be harmed if we are unable to cross - sell our solutions. A significant component of our growth strategy is to increase the cross - selling of our solutions to current and future accounts, however, we may not be successful in doing so if our accounts find our additional solutions to be unnecessary or unattractive. We have invested, and intend to continue to invest, significant resources in developing and acquiring additional solutions, which resources may not be recovered if we are unable to successfully cross - sell these solutions to accounts using our existing solutions. Any failure to sell additional solutions to current and future accounts could harm our business, financial condition, results of operations, and prospects. There are significant costs and restrictions associated with the repatriation of cash from our non- U. S. operations. Our cash and cash equivalents balances are concentrated in a few locations around the world, with approximately 95 % ~~and 48 %~~ of those balances held outside of the U. S. as of December 31, **2023 and** 2022 ~~and 2021~~. Cash repatriation restrictions may limit our ability to repatriate cash held by our foreign subsidiaries. Additionally, the repatriation of cash held by our foreign subsidiaries may result in adverse tax consequences. Any repatriation of cash may be restricted or may result in our incurring substantial costs. As a result, we may be required to seek sources of cash to fund our operations, including through the issuance of equity securities, which may be dilutive to existing stockholders, or by incurring additional indebtedness. There can be no assurance that we will be able to secure sources of financing on terms favorable to us, or at all. From time to time we realign or introduce new business initiatives, including reorganizing our sales and marketing, research and development, and administrative functions; if we fail to successfully execute and manage these initiatives, our results of operations could be negatively impacted. We rely heavily on our direct sales force. From time to time, we reorganize and make adjustments to our sales leadership and / or our sales force in response to such factors as management changes, performance issues, market opportunities, and other considerations. These changes may result in a temporary lack of sales production and may adversely impact revenues in future quarters. Market acceptance of any new business or sales initiative is dependent on our ability to match our accounts' needs at the right time and price. There can be no assurance that we will not restructure our sales force in future periods or that the transition issues associated with such a restructuring will not occur. Similarly, reorganization of our research and development and administrative functions can disrupt our operations and negatively impact our results of operations if the execution is not managed properly. If any of our assumptions about expenses, revenues, or revenue recognition principles from these initiatives proves incorrect, or our attempts to improve efficiency are not successful, our actual results may vary materially from those anticipated, and our financial results could be negatively impacted. A portion of our revenues are from sales by our channel partners and we could be subject to loss or liability based on their actions. Sales through our global network of independent regional channel partners accounted for 8 % of our total revenues for the years ended December 31, **2023,** 2022, **and** 2021 ~~, and 2020~~. These channel partners sell our software solutions ~~to smaller-sized accounts,~~ in geographic regions where we do not have a meaningful presence, and in niche markets where they have specialized industry and technical knowledge. Where we rely on channel partners, we may have reduced contact with ultimate users that purchase through such channel partners, thereby making it more difficult to establish brand awareness, ensure proper installation, service ongoing requirements, estimate demand, and respond to the evolving needs of an account. Any of our channel partners may choose to terminate its relationship with us at any time. As a result, our ability to service the ultimate users who were interfacing with that channel partner may take time to develop as we divert resources to service those users directly or find a suitable alternative channel partner to continue the relationship. Any disruption in service may damage our reputation and business. In addition, our channel partners may be unable to meet their payment obligations to us, which would have a negative impact on our results of operations and revenues. Our channel partners may also not have loyalty to our brand and therefore may not be particularly motivated to sell our software solutions or services. The use of channel partners could also subject us to lawsuits, potential liability, and reputational harm if, for example, any channel partners misrepresent the functionality of our software solutions or services to accounts, fail to comply with their contractual obligations, or violate laws or our corporate policies. Such actions may impact our ability to distribute our software solutions into certain regions and markets, and may have an adverse effect on our results of operations and cash flows. Risks Related to Information Technology **(" IT ")** Systems and Intellectual Property Interruptions in the availability of server systems or communications with Internet, third - party hosting facilities or cloud - based services, or failure to maintain the security, confidentiality, accessibility, or integrity of data stored on such systems, could harm our business or impair the delivery of our managed services. A significant portion of our software development personnel, source code, and computer equipment is located at operating facilities outside the U. S. We also depend on data maintained on servers running third - party enterprise resource planning, account relationship management, and other business operations systems. We further rely upon a variety of Internet service providers, third - party hosting facilities, and cloud computing platform providers, such as Microsoft Azure, as well as local service providers to support project teams and users in most regions and countries throughout the world, particularly with respect to our cloud service solutions. Failure to maintain the security, confidentiality, accessibility, or integrity of data stored on such systems could damage our reputation in the market and our relationships with our accounts, cause us to lose revenue or market share, increase our service costs, cause us to incur substantial costs, cause us to lose accounts, subject us to liability for damages, and divert our resources from other tasks, any one of which could adversely affect our business, financial condition, results of operations, and prospects. Any damage to, or failure of, such systems, or communications to and between such systems, could result in interruptions in our operations, managed services, and software development activities. Such interruptions may reduce our revenue, delay billing, cause us to issue credits or pay penalties, cause accounts to terminate their subscriptions, or adversely affect our attrition rates and our ability to attract new accounts. Our business would also be harmed if our accounts and potential accounts believe our products or services are unreliable. If our security measures or those of our third - party cloud data hosts, cloud computing platform providers, or third - party service partners, are breached, and unauthorized access is obtained to an account' s data, our data or our IT systems, our services may be perceived as not being secure, accounts may curtail or stop using our services, and we may incur significant legal and financial exposure and liabilities. As we digitize and use cloud and web - based technologies to leverage account data to deliver a more complete account experience, we are exposed to increased security risks and the potential for unauthorized access to, or improper use of, our and our accounts' information. Certain of our services involve the storage and transmission of accounts' proprietary information, and security breaches could expose us to a risk of loss of this information, litigation, and possible liability. Although we devote resources to maintaining our security and integrity, we may not prevent security incidents. The risk of a security breach or disruption, particularly through cyber - attack or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has increased as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased. These threats include but are not limited to identity theft, unauthorized access, domain name system attacks, wireless network attacks, viruses and worms, advanced persistent threat, application centric attacks, peer- to- peer attacks, phishing, backdoor trojans, and distributed denial of service attacks. Any of the foregoing could attack our accounts' data (including their employees' personal data), our data (including colleagues' personal data), ~~or~~ our IT systems **or those of our accounts and / or critical vendors** . It is virtually impossible for us to entirely eliminate this risk. Like all software, our software is vulnerable to cyber - attacks. The impact of cyber - attacks could disrupt the proper functioning of our software solutions or services, cause errors in the output of our accounts' work, allow unauthorized access to sensitive, proprietary, or confidential information of ours or our accounts, and other destructive outcomes. Additionally, third parties may attempt to fraudulently induce colleagues or accounts into disclosing sensitive information such as user names, passwords, or other information in order to gain access to our accounts' data, our data, or our IT systems. Malicious third parties may also conduct attacks designed to temporarily deny accounts access to our services. Any security breach could result in a loss of confidence in the security of our products and services, damage our reputation, negatively impact our future sales, disrupt our business, and lead to regulatory inquiry and legal liability. Failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand. Our future success and competitive position depend in large part on our ability to protect our intellectual property and proprietary technologies. We rely on a combination of copyright, patent, trademark, and trade secret laws, as well as confidentiality procedures and contractual restrictions, to secure and protect our intellectual property rights, all of which provide only limited protection and may not currently or in the future provide us with a competitive advantage. Patents or trademarks may not issue from any of our pending or future patent or trademark applications. Patents or trademarks that do issue from such applications may not give us the protection that we seek, and such patents or trademarks may be challenged, invalidated, or circumvented. Any patents or trademarks that may issue in the future from our pending or future patent and trademark applications may not provide sufficiently broad protection and may not be enforceable in actions against alleged infringers. The steps we take may not be adequate to protect our technologies and intellectual property, our patent and trademark applications may not lead to issued patents or registered trademarks, others may develop or patent similar or superior technologies or solutions, and our patents, trademarks, and other intellectual property may be challenged, invalidated, designed around, or circumvented by others. Furthermore, effective copyright, patent, trademark, and trade secret protection may not be available in every country in which our solutions are available or where we do business. Increasingly stringent and growing data protection and privacy laws with respect to cloud computing, cross - border data transfer restrictions, and other restrictions may apply to our business and non - compliance with such rules may limit the use and adoption of our services, adversely affect our business, or expose us to increased liability. As a global software and service provider, we collect and process personal data and other data from our users and prospective users. We use this information to provide solutions and applications to our accounts, to validate user identity, to fulfill contractual duties and administer billing and support, to expand and improve our business, and to communicate and recommend products and services through our marketing and advertising efforts. We may also share accounts' personal data with certain third parties as described in the privacy policy provided to each account. We may also share accounts' personal data with certain third parties as described in the privacy policy provided to each account. Further, we collect and otherwise process personal data of our global employees and contractors. Governments, regulators, privacy advocates, plaintiffs' attorneys, and our users and accounts are increasingly focused on how companies collect, process, use, store, share, and transmit personal data. Regulation relating to the provision of our solutions and applications, is evolving, as federal, state, and foreign governments continue to adopt new, or modify existing, laws and regulations addressing privacy, data protection, data sovereignty, information security and the collection, processing, storage, sharing, transmission, and use of data generally. This evolving regulatory landscape may be subject to differing interpretations, jurisdiction specific inconsistencies, or may conflict with other rules. We expect the regulatory landscape to remain uncertain for the foreseeable future. Further, our expectation is that there will continue to be new laws, regulations, and industry standards applicable to our collection, processing, storage, sharing, transmission, and use of data generally. Globally, laws such as the GDPR in the European Economic Area ~~(the " EEA ")~~ , the LGPD in Brazil, and the PIPL in China, impose obligations directly on us as both a data controller and a data processor, as well as on many of our users. ~~Further~~ **In addition** , new ~~,~~ and emerging ~~domestic~~ **state laws in the U. S. governing** privacy ~~legislation~~ **, data protection, and information security** , such as the California Consumer Privacy Act (~~the~~ " CCPA "), the California Privacy Rights Act ~~(the " CPRA "), which will amend the CCPA in January 2023~~ , the Virginia Consumer Data Protection Act, ~~which also goes into effect in January 2023,~~ the Colorado Privacy Act, ~~which goes into effect in July 2023, and~~ the Utah Consumer Privacy Act, ~~which goes into effect December 2023, similarly impose new obligations on us and many of our users, potentially as both businesses and service providers. As these laws, regulations, and legislative proposals continue to evolve, and as various states introduce similar proposals, we and our users may be exposed to additional burdens associated with operating in an~~ **and Connecticut** ~~increasingly complex regulatory landscape. In addition, laws, and legislative proposals such as the E. U.~~ ' s ~~proposed e -~~ **Act Concerning Personal Data** Privacy ~~Regulation are increasingly aimed at the use of personal data for marketing~~ and **Online Monitoring have been enacted** ~~advertising purposes which could impact our marketing and advertising efforts. Further, evolving definitions of what constitutes personal data, personal information, and covered data in the E. U., the U. S., and other jurisdictions, especially in relation to the classification of IP addresses, machine or device information, location data, and other information, further enhance the complexity of the global regulatory landscape~~ . These laws ~~may require us to make additional changes to our practices~~ and ~~services to enable us or our users to meet the~~ **regulations, as well as industry self- regulatory codes, create** new ~~requirements~~ **compliance obligations** and ~~may also increase our~~ **substantially expand the scope of** potential liability **and provide greater** ~~exposure through new or higher potential~~ penalties for non ~~--~~ **-** compliance ~~, including as a result of penalties, fines, and lawsuits related to data breaches~~. For example, ~~in the EEA~~ the GDPR provides for penalties of up to € 20 million or 4 % of **a company' s annual** global **revenue** ~~turnover for the preceding year~~, whichever is greater ~~. Similarly~~, the PIPL provides for penalties of up to 50 million renminbi or 5 % of **a company' s annual revenue** ~~global turnover for the preceding year,~~ and ~~/ or~~ disgorgement of all illegal gains, whichever is greater ~~. Domestically~~, **and** ~~privacy legislation such as~~ the CCPA provides for penalties of up to $ 7, 500 per violation ~~and the CPRA has created a new agency to implement and enforce the law in California~~. Although, we monitor the regulatory environment and have invested in addressing these developments, operating in an increasingly complex regulatory landscape may impact our innovation and business drivers in developing new and emerging technologies (e. g., artificial intelligence and machine learning). Globally, these and other requirements are causing increased scrutiny amongst users, particularly in the public sector and highly regulated industries, which could restrict the use and adoption of our solutions and applications (in particular cloud services). Further, these developments may require us to take on more onerous obligations in our contracts, restrict our ability to store, transfer and process data or, in some cases, impact our ability or our users' ability to offer our services in certain locations, to deploy our solutions, or to derive insights from user data globally. Around the world, there is continued uncertainty in relation to the legal mechanisms supporting cross - border data flows which are subject to evolving guidance, active litigation, and enforcement proceedings in a number of jurisdictions ~~. For example, in the EEA following the invalidation of the E. U. - U. S. Privacy Shield Framework, the European Commission introduced a new set of modular standard contractual clauses (" SCCs ") providing for an 18 - month implementation period which concluded December 27, 2022. The SCCs impose new obligations relating to personal data transfers including the obligation to conduct transfer impact assessment, adopt additional information security measures, and update organizational controls and practices. Further, following the United Kingdom' s (" U. K. ") exit from the E. U., the U. K.' s Information Commissioner' s Office has issued new standard contractual clauses which are compatible with the SCCs to support data transfers out of the U. K. (" U. K. SCCs "). Data transfers from the EEA to the U. K. are covered by a European Commission adequacy decision issued on June 28, 2021; however, this decision is subject to regular review by the European Commission and may be revoked if the U. K. diverges from its current data protection laws. Complying with both the SCCs and U. K. SCCs increases our compliance burden and increases the demand from users for data localization~~. A number of countries including China, Australia, New Zealand, Brazil, and Japan have established specific requirements for cross - border data transfers. Further, a number of countries and states have adopted or are considering adopting data localization policies which would further restrict cross - border data transfers and may require data to be localized in the country of origin (potentially at a state level) which could substantially impact our operations. Our failure to comply with applicable laws and regulations, or to protect data, could result in enforcement action against us, including fines and public censure, claims for damages by users, accounts, and other affected individuals, damage to our reputation and loss of goodwill (both in relation to existing accounts and prospective accounts), any of which could harm our business, financial condition, and results of operations. Around the world, there are numerous lawsuits in process against various technology companies that process personal data. If those lawsuits are successful, it could increase the likelihood that we may be exposed to liability for our own policies and practices concerning the processing of personal data and could hurt our business. Our accounts expect us to meet voluntary certification or other standards established by third parties or imposed by the accounts themselves. If we are unable to maintain these certifications or meet these standards, it could adversely affect our ability to provide our solutions to certain accounts and could harm our business. Further, if we were to experience a breach of systems compromising our accounts' sensitive data, our brand and reputation could be adversely affected, use of our software solutions and services could decrease, and we could be exposed to a risk of loss, litigation, and regulatory proceedings. The costs of compliance with and other burdens imposed by laws, regulations, and standards may limit the use and adoption of our services and reduce overall demand for them, or lead to significant fines, penalties, or liabilities for any noncompliance. Furthermore, concerns regarding privacy, data protection, and information security may cause our accounts' customers to resist providing the data necessary to allow our accounts to use our services effectively. Even the perception that the privacy of data is not satisfactorily protected or does not meet regulatory requirements could inhibit sales of our software solutions or services, and could limit adoption of our cloud - based solutions. We license third - party technologies for the development of certain of our software solutions, and, in some instances, we incorporate third - party technologies, including open source software, into our software solutions. If we fail to maintain these licenses or are unable to secure alternative licenses on reasonable terms, our business could be adversely affected. We license third- party technologies to develop certain of our products, and, in some cases, we incorporate third - party technologies into our own software solutions, including technologies owned by our competitors. If we were to seek to expand the scope of this activity in the future, we could be required to obtain additional licenses and enter into long - term arrangements with third parties on whose technology we could become substantially dependent. If we are unable to use or license these third - party technologies on reasonable terms, including commercially justifiable royalty rates, or if these technologies fail to operate properly or be appropriately supported, maintained, or enhanced, we may not be able to secure alternatives in a timely manner and our ability to develop and commercialize our own software solutions could be adversely impacted. In addition, licensed technology may be subject to claims that it infringes others' intellectual property rights and we may lose access to or have restrictions placed on our use of the licensed technology. We also incorporate open source software into our products. While we have attempted not to use open source code in a manner which could adversely impact our proprietary code, the terms of many open source licenses have not been interpreted by U. S. courts, and there is a risk that such licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to market or sell our products or to develop new products. 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 results of operations. Vigorous protection and pursuit of intellectual property rights has resulted in protracted and expensive litigation for many companies in our industry. Although claims of this kind have not materially affected our business to date, there can be no assurance such claims will not arise in the future. Any claims or proceedings against us, regardless of whether meritorious, could be time consuming, result in costly litigation, require significant amounts of management time, result in the diversion of significant operational resources, or require us to enter into royalty or licensing agreements, any of which could harm our business, financial condition, and results of operations. Risks Related to Regulation and Litigation Recent and potential tariffs imposed by the U. S. government or a global trade war could increase the cost of our products and services and the cost of conducting our business, which could harm our business, financial condition, and results of operations. **Recent and potential tariffs imposed by the U. S. government or a global trade war could increase the cost of our products and services and the cost of conducting our business, which could harm our business, financial condition, and** results of operations. The U. S. government has threatened substantial changes to trade agreements and has raised the possibility of imposing significant increases on tariffs on goods imported into the U. S., particularly from China. The imposition of additional tariffs by the U. S. could result in the adoption of tariffs by other countries, leading to a global trade war. In addition, certain of these risks may be heightened as a result of changing political climates ~~, which may also be exacerbated as a result of the COVID - 19 pandemic~~. For example ~~, throughout 2018 and 2019~~, the U. S. and China have been levying tariffs on their respective imports. Such tariffs could have a significant impact on our business and the business of our accounts. While we may attempt to renegotiate prices with suppliers or diversify our supply chain in response to tariffs, such efforts may not yield immediate results or may be ineffective. We might also consider increasing prices to the end consumer; however, this could reduce the competitiveness of our products and services and adversely affect revenue. If we fail to manage these dynamics successfully, our gross margins and profitability could be adversely affected. We are subject to legal proceedings and regulatory inquiries, and we may be named in additional legal proceedings or become involved in regulatory inquiries in the future, any of which may be costly, distracting to our core business and could result in an unfavorable outcome, or harm on our business, financial condition, results of operations, cash flows, or the trading price for our securities. We are subject to various investigations, claims, and legal proceedings that arise in the ordinary course of business, including commercial disputes, labor and employment matters, tax audits, alleged infringement of intellectual property rights, and other matters. As the global economy has changed, our industry has seen an increase in litigation activity and regulatory inquiries. Like many other high technology companies, on a regular and ongoing basis, we receive inquiries from U. S. and foreign regulatory agencies regarding our business and our business practices, and the business practices of others in our industry. In the event that we are involved in significant disputes or are the subject of a formal action by a regulatory agency, we could be exposed to costly and time consuming legal proceedings that could result in any number of outcomes. Any claims or regulatory actions initiated by or against us, whether successful or not, could result in expensive costs of defense, costly damage awards, injunctive relief, increased costs of business, fines or orders to change certain business practices, significant dedication of management time, diversion of significant operational resources, or otherwise harm our business. In any of these cases, our financial results could be negatively impacted. Failure to comply with the U. S. Foreign Corrupt Practices Act (" FCPA ") and similar anti - bribery and anti - corruption laws associated with our activities outside the U. S. could subject us to penalties and other adverse consequences. The majority of our revenues are from jurisdictions outside of the U. S. We are subject to the FCPA, which generally prohibits U. S. companies and their intermediaries from making payments to foreign officials for the purpose of directing, obtaining, or keeping business, and requires companies to maintain reasonable books and records and a system of internal accounting controls. The FCPA applies to companies and individuals alike, including company directors, officers, employees, and agents. Under the FCPA, U. S. companies may be held liable for corrupt actions taken by employees, strategic or local partners, or other representatives. In addition, the government may seek to rely on a theory of successor liability and hold us responsible for FCPA violations committed by companies or associated with assets that we acquire. We are subject to governmental export and import controls that could impair our ability to compete in international markets or subject us to liability if we violate the controls. Our offerings may be subject to U. S. export controls and economic sanctions laws and regulations that restrict the delivery of our solutions and services to certain locations, governments, and persons. While we have processes in place to prevent our offerings from being exported in violation of these laws, including obtaining authorizations as appropriate and screening against U. S. government lists of restricted and prohibited persons, we cannot guarantee that these processes will prevent all violations of export control and sanctions laws. We may also decide to acquire companies whose past activities could give rise to potential liability under export control and sanctions laws. Such acquisitions may require substantial time and resources to integrate the acquired company into our compliance processes, to correct potential compliance gaps, and to remediate past potential violations by the acquired company, including through our own internal actions, voluntary self - disclosures, or other measures. Further, if our channel partners fail to obtain appropriate import, export, or re - export licenses or permits, we may also be adversely affected, for example, through reputational harm, as well as other negative consequences including government investigations and penalties. Complying with export control and sanctions regulations for a particular sale may be time - consuming and may result in the delay or loss of sales opportunities. Violations of U. S. sanctions or export control laws can result in fines, penalties, denial of export and trading privileges, and seizure of goods and assets. Other consequences include negative publicity and harm to business reputation, increased government scrutiny (including intrusive audits, and increased difficulty obtaining government licenses and approvals), and / or remedial compliance measures as a condition of settling government charges. We may face exposure to product or professional liability claims that could cause us to be liable for damages. The use of our software could lead to the filing of product liability claims against us were someone to allege that our software provided inaccurate or incomplete information at any stage of the infrastructure lifecycle or otherwise failed to perform according to specifications. In the event that accounts or third parties sustain property damage, injury, death, or other loss in connection with their use of our software or infrastructure for which our software solutions and services were used to engineer, we, along with others, may be sued, and whether or not we are ultimately determined to be liable, we may incur significant legal expenses, management' s attention could be diverted from operations, and market acceptance of our software could decrease. Our risk of exposure to litigation in these situations could rise as our software solutions and services are used for increasingly complex and high - profile infrastructure projects. Litigation could also impair our ability to obtain professional liability or product liability insurance or increase the cost of such insurance. These claims may be brought by individuals seeking relief on their own behalf or purporting to represent a class. In addition, product liability claims may be asserted against us in the future based on events we are not aware of at the present time. The limitations of our liability included in our contracts with accounts may not be enforceable or may not otherwise protect us from liability for damages. Additionally, we may be subject to claims that are not explicitly covered by contract, such as a claim directly by a third party. There is no assurance that our insurance coverage will be adequate to cover incurred liabilities or that we will be able to obtain acceptable product and professional liability coverage in the future. Risks Related to Our Indebtedness Our credit agreement, as amended, contains restrictive covenants that may limit our operating flexibility, and certain changes in ownership of equity interests in us by the Bentley Family (Barry J. Bentley, Gregory S. Bentley, Keith A. Bentley, Raymond B. Bentley, and Richard P. Bentley, collectively (the " Bentleys "), certain other family members and trusts and other entities controlled by or primarily for the benefit of the Bentleys and their families) constitutes an event of default. Our amended and restated credit agreement, entered into on December 19, 2017 (the " Credit Facility "), contains certain restrictive covenants that limit our ability to, among other things, incur indebtedness other than amounts under the Credit Facility and specified baskets, incur additional liens, merge or consolidate with other companies or consummate certain changes of control, enter into new lines of business, pay dividends to our stockholders, repurchase our common stock and outstanding indebtedness, make investments in and acquire other businesses, and transfer or dispose of assets. In certain circumstances, the agreement governing the Credit Facility may also limit our ability to transfer cash among our subsidiaries and between us and our subsidiaries, including our foreign subsidiaries. It also contains certain financial covenants, including a covenant requiring us not to permit the net leverage ratio to exceed 3. 00 to 1. 00 and a covenant requiring the fixed charge coverage ratio for any period of four consecutive fiscal quarters to not be less than 3. 00 to 1. 00, and financial reporting requirements. Borrowings under the Credit Facility are secured by a first priority security interest in substantially all of our U. S. assets and 65 % of the stock of our foreign subsidiaries owned by a party to the agreement governing the Credit Facility. Further, if the Bentley Family ceases to collectively own equity interests in us representing at least 20 % of the aggregate voting power of the Company, then such change in ownership will be an event of default under the agreement governing the Credit Facility and, among other things, the commitments under the Credit Facility may be terminated immediately and the outstanding loans and accrued interest may become due and payable immediately. In addition, there is no guarantee that we will be able to generate sufficient cash flow or revenues to meet these financial covenants or pay the principal and interest on any debt. Furthermore, there is no guarantee that future working capital, borrowings, or equity financing will be available to repay or refinance any debt. Any inability to make scheduled payments or meet the financial covenants in the agreement governing the Credit Facility would adversely affect our business. ~~The phase - out of London Interbank Offered Rate (" LIBOR ") could affect interest rates under our Credit Facility. In July 2017, the Financial Conduct Authority (" FCA ") (the authority that regulates LIBOR) announced it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR after 2021. Further, on November 30, 2020, the ICE Benchmark Administration Limited (" ICE ") announced its plan to extend the date that most U. S. Dollar - LIBOR values would cease being computed to June 30, 2023. The Alternative Reference Rates Committee (" ARRC ") and the International Swaps and Derivatives Association (" ISDA ") have identified the Secured Overnight Financing Rate (" SOFR ") as its preferred alternative rate for U. S. Dollar - LIBOR in debt, derivatives, and other financial contracts. LIBOR is used as the reference rate for Euro currency borrowings under our Credit Facility and as one of the alternatives for U. S. Dollar borrowings under our Credit Facility. If LIBOR ceases to exist, the administration agent under our Credit Facility has the authority to select a benchmark replacement index and adjustment margins and, as such, the interest rate on Euro currency borrowings under our Credit Facility may change. The new rate may not be as favorable as those in effect prior to any LIBOR phase - out. Furthermore, the transition process may result in delays in funding, higher interest expense, additional expenses, and increased volatility in markets for instruments that currently rely on LIBOR, all of which could negatively impact our interest expense, results of operations, and cash flow. Even if financial instruments are transitioned to alternative benchmarks, such as SOFR, successfully, the new benchmarks are likely to differ from LIBOR, and our interest expense associated with our outstanding indebtedness or any future indebtedness we incur may increase. Further, transitioning to an alternative benchmark rate, such as SOFR, may result in us incurring significant expense and legal risks, as renegotiation and changes to documentation may be required in effecting the transition. Any alternative benchmark rate may be calculated differently than LIBOR and may increase the interest expense associated with our existing or future indebtedness.~~ We may incur substantial additional debt, which could exacerbate the risks described above. We may incur additional debt in the future. Although the agreement governing the Credit Facility contains restrictions on our ability to incur indebtedness, those restrictions are subject to a number of exceptions which permit us and our subsidiaries to incur substantial debt. Adding new debt to current debt levels could intensify the related risks that we and our subsidiaries now face. ~~See~~ **Refer to** the section titled " Liquidity and Capital Resources " included in Part II, Item 7 of this Annual Report on Form 10 - K. Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt. Our ability to make scheduled payments of the principal of, to pay interest on, or to refinance our indebtedness depends on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt, or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. In addition, any future indebtedness we may incur may contain financial and other restrictive covenants that limit our ability to operate our business, raise capital, or make payments under our other indebtedness. If we fail to comply with these covenants or to make payments under our indebtedness when due, then we would be in default under that indebtedness, which could, in turn, result in that and our other indebtedness becoming immediately payable in full. Risks Related to Our Class B Common Stock We issued convertible notes that have rights senior to our Class B ~~Common~~ **common** ~~Stock~~ **stock** . In January 2021, we issued $ 690 million aggregate principal amount of convertible senior notes due 2026 (the " 2026 Notes "), which will mature on January 15, 2026, unless earlier redeemed or repurchased by us or converted by the holder pursuant to their terms. In June 2021, we issued $ 575 million aggregate principal amount of convertible senior notes due 2027 (the " 2027 Notes "), which will mature on July 1, 2027, unless earlier redeemed or repurchased by us or converted by the holder pursuant to their terms. The 2026 Notes and 2027 Notes rank senior in right of payment to our Class B ~~Common~~ **common** ~~Stock~~ **stock** and any of our indebtedness that is expressly subordinated in right of payment to the 2026 Notes and 2027 Notes; equal in right of payment to any of our liabilities that are not so subordinated; effectively junior in right of payment to any of our secured indebtedness, to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of our subsidiaries. In the event of our bankruptcy, liquidation, reorganization, or other winding up, our assets that secure debt ranking senior or equal in right of payment to the 2026 Notes and 2027 Notes will be available to pay obligations on the 2026 Notes and 2027 Notes only after the secured debt has been repaid in full from these assets, and our assets will be available to pay common stockholders only after all debt obligations have been repaid. There may not be sufficient assets remaining to pay amounts due on any or all of the 2026 Notes and 2027 Notes then outstanding or any or all shares of our Class B ~~Common~~ **common** ~~Stock~~ **stock** then outstanding. The accounting method for convertible debt securities that may be settled in cash, such as the 2026 Notes and 2027 Notes, could have a material effect on our reported financial condition and results. The accounting method for reflecting the 2026 Notes and 2027 Notes on our consolidated balance ~~sheet~~ **sheets** and reflecting the underlying shares of our Class B ~~Common~~ **common** ~~Stock~~ **stock** in our reported diluted earnings per share may adversely affect our reported earnings and financial condition. Under the if - converted method, diluted earnings per share will be calculated assuming that all the 2026 Notes and 2027 Notes are converted solely into shares of Class B ~~Common~~ **common** ~~Stock~~ **stock** at the beginning of the reporting period, unless the result would be anti - dilutive. The application of the if - converted method will reduce our reported diluted earnings per share. Furthermore, if any of the conditions to the convertibility of the 2026 Notes and / or the 2027 Notes is satisfied, then we may be required under applicable accounting standards to reclassify the liability carrying value of the 2026 Notes and / or the 2027 Notes as a current, rather than long - term, liability. This reclassification could be required even if no noteholders convert their notes and could materially reduce our reported working capital. The conditional conversion feature of the 2026 Notes and 2027 Notes may adversely affect our financial condition and operating results. In the event the conditional conversion feature of the 2026 Notes and / or the 2027 Notes is triggered, holders of the 2026 Notes and / or the 2027 Notes will be entitled to convert the 2026 Notes and / or the 2027 Notes at any time during specified periods at their option. If one or more holders elect to convert their 2026 Notes and / or their 2027 Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class B ~~Common~~ **common** ~~Stock~~ **stock** (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their 2026 Notes and / or their 2027 Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 2026 Notes and / or the 2027 Notes as a current, rather than long - term, liability, which would result in a material reduction of our net working capital. Conversion of the 2026 Notes and / or the 2027 Notes will dilute the ownership interest of existing stockholders, including holders who had previously converted their 2026 Notes and / or their 2027 Notes, or may otherwise depress the price of our Class B ~~Common~~ **common** ~~Stock~~ **stock** . The conversion of some or all of the 2026 Notes and / or the 2027 Notes will dilute the ownership interests of existing stockholders to the extent we deliver shares upon conversion of any of the 2026 Notes and / or the 2027 Notes. Any sales in the public market of the Class B ~~Common~~ **common** ~~Stock~~ **stock** issuable upon such conversion could adversely affect prevailing market prices of our Class B ~~Common~~ **common** ~~Stock~~ **stock** . In addition, the existence of the 2026 Notes and 2027 Notes may encourage short selling by market participants because the conversion of the 2026 Notes and / or the 2027 Notes could be used to satisfy short positions, or anticipated conversion of the 2026 Notes and / or the 2027 Notes into shares of our Class B ~~Common~~ **common** ~~Stock~~ **stock** could depress the price of our Class B ~~Common~~ **common** ~~Stock~~ **stock** . As of December 31, ~~2022~~ **2023** , without giving effect to any potential adjustments to the conversion rate set forth in the indenture or any limits on conversion, and assuming our Class B ~~Common~~ **common** ~~Stock~~ **stock** is trading at or above $ 64. 13 per share for the 2026 Notes and $ 83. 23 per share for the 2027 Notes, 10, 725, 557 and 6, 908, 567 shares of our Class B ~~Common~~ **common** ~~Stock~~ **stock** would be issuable upon a full conversion of the 2026 Notes and 2027 Notes, respectively. The capped call transactions entered into when we issued the 2026 Notes and 2027 Notes may affect the value of our common stock. In connection with the issuances of the 2026 Notes and 2027 Notes, we entered into capped call transactions with the respective option counterparties. The capped call transactions are expected generally to reduce the potential dilution upon conversion of the 2026 Notes and 2027 Notes, and / or offset any cash payments we are required to make in excess of the principal amount of converted 2026 Notes and 2027 Notes with such reduction and / or offset subject to a cap. In connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates entered into various derivative transactions with respect to our Class B ~~Common~~ **common** ~~Stock~~ **stock** concurrently with or shortly after the pricing of the 2026 Notes and 2027 Notes. The option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding derivatives with respect to our Class B ~~Common~~ **common** ~~Stock~~ **stock** and / or purchasing or selling our Class B ~~Common~~ **common** ~~Stock~~ **stock** or other securities of ours in secondary market transactions prior to the maturity of the 2026 Notes and 2027 Notes (and are likely to do so during any observation period related to a conversion of 2026 Notes and 2027 Notes). This activity could cause or avoid an increase or a decrease in the market price of our Class B ~~Common~~ **common** ~~Stock~~ **stock** . The dual class structure of our common stock has the effect of concentrating voting control with the Bentley Control Group (the Bentleys and certain of their family members, trusts or other permitted transferees, as well as all other holders of our Class A ~~Common~~ **common** ~~Stock~~ **stock** in respect of such shares of Class A ~~Common~~ **common** ~~Stock~~ **stock** , who collectively are acting as a group). Our Class A ~~Common~~ **common** ~~Stock~~ **stock** has 29 votes per share, and our Class B ~~Common~~ **common** ~~Stock~~ **stock** , which is the class of common stock that is issuable upon conversion of the 2026 Notes and 2027 Notes, and is the only class that is publicly traded and listed, has one vote per share. The beneficial owners of our Class A ~~Common~~ **common** ~~Stock~~ **stock** together hold approximately 54. ~~8~~ **0** % of the voting power of our outstanding common stock as of December 31, ~~2022~~ **2023** . Moreover, as a result of the 29 to one voting ratio between our Class A and Class B ~~Common~~ **common** ~~Stock~~ **stock** , the Bentley Control Group controls and will continue to control a majority of the combined voting power of our common stock and therefore is able to control all matters submitted to our stockholders for approval, subject to the occurrence of certain events that would reduce the voting power of our Class A ~~Common~~ **common** ~~Stock~~ **stock** or cause the conversion thereof. This concentrated control will limit or preclude stockholders' 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 Bentley Control Group may also have interests that differ from those of other stockholders and may vote in a way with which other stockholders disagree and which may be adverse to such other stockholders' interests. In addition, we are a " controlled company " for the purposes of Nasdaq Listing Rules, which provides us with exemptions from certain of the corporate governance standards imposed by the rules of The Nasdaq Global Select Market. These provisions further allow the Bentley Control Group to exercise significant control over our corporate decisions and limit the ability of the public stockholders to influence our decision making. The choice of forum provision in our amended and restated certificate of incorporation could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or colleagues. Our amended and restated certificate of incorporation provides that, to the fullest extent permitted by law, the Court of Chancery of the State of Delaware is the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a claim of a breach of fiduciary duty owed by any of our directors or officers, any action asserting a claim against us arising pursuant to Delaware General Corporation Law, our amended and restated certificate of incorporation or amended and restated bylaws, or any action seeking to interpret, apply, enforce, or determine the validity of our amended and restated certificate of incorporation or amended and restated bylaws, and any action asserting a claim against us that is governed by the internal affairs doctrine. In addition, the choice of forum provision provides that, to the extent permitted by applicable law, claims brought under the Securities Act or the Exchange Act must be brought exclusively in the federal district court for the District of Delaware. Despite the choice of forum provision, investors cannot waive compliance with federal securities laws and rules and regulations thereunder. The choice of forum provision may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other colleagues, which may discourage such lawsuits against us and our directors, officers, and other colleagues. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business and financial condition. General Risk Factors Global economic **and political** conditions may negatively impact our business, financial condition, and results of operations. Our operations and performance depend significantly on foreign and domestic economic **and political** conditions. Uncertainty regarding economic **and political** conditions may negatively impact us as accounts defer spending or postpone infrastructure projects in response to tighter credit, higher unemployment, higher interest rates, higher inflation, financial market volatility, government austerity programs, negative financial news, ~~escalations of hostilities or the threat of hostilities, pandemics,~~ declining valuations of investments, and other factors. In addition, certain of our accounts' budgets may be constrained and they may be unable to procure our solutions at the same level as in prior periods. Our accounts' ability to pay for our software solutions and services may also be impaired, which may lead to an increase in our allowance for doubtful accounts and write - offs of accounts receivable. Since we are exposed to the majority of major world markets, uncertainty in any significant market may negatively impact our performance and results, particularly with respect to our largest geographic accounts. Our accounts include government entities, including the U. S. government, and if spending cuts impede the ability of governments to purchase our products and services, our revenues could decline. In addition, a number of our accounts rely, directly and indirectly, on government spending. We are unable to predict economic conditions or the likelihood of additional economic uncertainty arising in any of our key markets. Changes in economic conditions could result in us not meeting our revenue growth objectives and could harm our business, financial condition, results of operations, and cash flows. Geopolitical trends toward nationalism and protectionism and the weakening or dissolution of international trade pacts may increase the cost of, or otherwise interfere with, conducting our business. These trends have increased levels of political and economic unpredictability globally, and may increase the volatility of global financial markets; the impact of such developments on the global economy remains uncertain. Political instability or adverse political developments, including, without limitation, as a result of or in connection with trade relations between the U. S. and China, **as well as terrorist attacks, cyber events, armed conflicts (or the threat or escalation thereof), bank failures, civil unrest, espionage, natural disasters, epidemics, and pandemics** in any of the countries in which we do business could harm our business, financial condition, and results of operations. Changes in existing financial accounting standards or practices, or taxation rules or practices may adversely affect our results of operations. Changes in existing accounting or taxation rules or practices, new accounting pronouncements or taxation rules, or varying interpretations of current accounting pronouncements or taxation practices could have a significant adverse effect on our results of operations or the way we conduct our business. Further, such changes could potentially affect our reporting of transactions completed before such changes are effective. We are required to evaluate our internal control over financial reporting under Section 404 of the Sarbanes - Oxley Act of 2002 and any adverse results from such evaluation could result in a loss of investor confidence in our financial reports and have an adverse effect on our stock price. Pursuant to Section 404 of the Sarbanes - Oxley Act of 2002, we are required to furnish a report by our management on our internal control over financial reporting, including an assessment of the effectiveness of our internal control over financial reporting as of the end of our fiscal year. This assessment must include a statement as to whether or not our internal control over financial reporting is effective and disclosure of any material weaknesses in our internal control over financial reporting identified by management. If our management or independent registered public accounting firm identifies one or more material weaknesses in our internal control over financial reporting, we are unable to assert that our internal control over financial reporting is effective, or our independent registered public accounting firm is unable to express an opinion that our internal controls are effective, investors could lose confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our business and stock price. ~~In preparing our financial statements, we make certain estimates and assumptions that affect amounts reported in our consolidated financial statements which, if not accurate, may significantly impact our financial results. We make estimates and assumptions for a number of items, including revenue recognition, the fair value of acquired assets and liabilities, the fair value of stock consideration in conjunction with business combinations, the fair value of deferred compensation plan liabilities, the fair value of derivative financial instruments, the fair value of common stock (prior to our IPO), operating lease assets and liabilities, useful lives for depreciation and amortization, impairment of goodwill and intangible assets, valuation allowances for tax assets, and accruals for uncertain tax positions. These estimates and assumptions are drawn from historical experience and various other factors that we believe are reasonable under the circumstances as of the date of the consolidated financial statements. Actual results could differ materially from our estimates and such differences could significantly impact our financial results.~~ If our goodwill or amortizable intangible assets become impaired, then we could be required to record a significant charge to earnings. ~~Accounting principles~~ **U. S.** generally accepted **accounting principles** ~~in the United States of America~~ (" ~~U. S.~~ GAAP ") requires us to test for goodwill impairment at least annually. In addition, we assess our goodwill and amortizable intangible assets for impairment if events occur or circumstances change that would more likely than not reduce its fair value below its carrying value, including declines in stock price, market capitalization, or cash flows, and slower growth rates in our industry. Depending on the results of our assessment, we could be required to record a significant impairment charge in our consolidated financial statements during the period in which any impairment of our goodwill or amortizable intangible assets was determined, negatively impacting our results of operations. **30**