Risk Factors Comparison 2024-03-15 to 2023-03-16 Form: 10-K

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Our business involves significant risks, some of which are described below. You should carefully consider the following risks, together with all of the other information in this Form 10- K, including our consolidated financial statements and the related notes included elsewhere in this Form 10- K. Any of the following risks could have an adverse effect on our business, results of operations, financial condition or prospects, and could cause the trading price of our common stock to decline. Our business, results of operations, financial condition or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. Risks Related to Our Business and Industry Unfavorable conditions in our industry or the global economy, or reductions in information technology spending, could limit our ability to grow our business and negatively affect our results of operations. Our results of operations may vary based on the impact of changes in our industry or the global economy on us or our customers and potential customers. Negative conditions in the general economy both in the United States and abroad, including conditions resulting from changes in gross domestic product growth, financial and credit market fluctuations, rising inflation, rising interest rates, bank failures, supply chain disruptions, labor shortages, weakening exchange rates, international trade relations, political turmoil, natural catastrophes, health epidemics or pandemics (such as the COVID- 19 pandemic), ~~warfare~~ **military conflicts** (such as Russia' s invasion of Ukraine **or the conflict in Israel and the surrounding areas**), and terrorist attacks on the United States, Europe, the Asia Pacific region, Japan, or elsewhere, could cause a decrease in business investments, including spending on information technology, and negatively affect the growth of our business. In addition, the United States has recently experienced historically high levels of inflation. The rising inflation may increase our supply, ~~employees~~ - **employee** and facilities costs and decrease demand for our products. Furthermore, if our customers are materially negatively impacted by these factors, such as being unable to access their existing cash to fulfill their payment ~~obligation~~ **obligations** to us due to future bank failures, our business could be negatively impacted. Competitors, many of whom are larger and have greater financial resources than we do, may respond to challenging market conditions by lowering prices in an attempt to attract our customers. In addition, the increased pace of consolidation in certain industries may result in reduced overall spending on our products. We cannot predict the timing, strength, or duration of any economic slowdown, instability, or recovery, generally or within any particular industry or how any such event may impact our business. We have a history of operating losses and may not achieve or sustain profitability in the future. We were incorporated in 2010 and have experienced net losses since inception. We generated a net loss attributable to PagerDuty of $ **75. 2 million, $** 128. 4 million, **and** $ 107. 5 ~~million, and $ 68. 9~~ million for the fiscal years ended January 31, **2024,** 2023, **and** 2022 ~~, and 2021~~ respectively, and as of January 31, ~~2023~~ **2024**, we had an accumulated deficit of $ ~~477~~ **552** . ~~2~~ **4** million. 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 sales to sustain or increase our growth or achieve or maintain profitability in the future. We also expect our costs and expenses to increase in future periods, which could negatively affect our future operating results if our revenue does not increase. In particular, we intend to continue to expend significant funds to further develop our platform, including by introducing new products and functionality, and to expand our inside and field sales ~~teams~~ and customer success ~~team~~ **teams** to drive new customer adoption, expand use cases and integrations, and ~~support~~ **continue** international expansion. We also face increased compliance costs associated with growth, the expansion of our customer base, and being a public company. Our efforts to grow our business may be costlier than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If we are unable to achieve and sustain profitability, the value of our business and common stock may significantly decrease. Our recent rapid growth may not be indicative of our future growth, and if we continue to grow rapidly, we may not be able to manage our growth effectively. Our rapid growth also makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful. Our revenue was $ **430. 7 million, $** 370. 8 million, **and** $ 281. 4 ~~million, and $ 213. 6~~ million for the fiscal years ended January 31, **2024,** 2023, **and** 2022 ~~, and 2021~~, respectively. Although we have recently experienced significant growth in our revenue, even if our revenue continues to increase, we expect that our revenue growth rate will decline in the future as a result of a variety of factors, including the maturation of our business. Overall growth of our revenue depends on a number of factors, including our ability to: • price our digital operations platform effectively so that we are able to attract new customers and expand sales to our existing customers; • expand the functionality and use cases for the products we offer on our platform; • maintain or increase the rates at which customers purchase and renew subscriptions to our platform; • provide our customers with customer support that meets their needs; • continue to introduce our products to new markets ~~outside of the United States~~; • successfully identify and acquire or invest in businesses, products, or technologies that we believe could complement or expand our platform; and • increase awareness of our brand on a global basis and successfully compete with other companies. We may not successfully accomplish any of these objectives, which makes it difficult for us to forecast our future operating results. If the assumptions that we use to plan our business are incorrect or change in reaction to **market** changes ~~in our market~~, or 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. You should not rely on our revenue for any prior quarterly or annual periods as any indication of our future revenue or revenue growth. In addition, we expect to continue to expend substantial financial and other resources on: • sales and marketing, including expansion to serve customers internationally; • our technology infrastructure, including systems architecture, scalability, availability, performance, and security; • product development, including investments in our product development team and the development of new products and new functionality for our platform; • acquisitions or strategic investments; • international expansion; and • general administration, including increased legal, accounting, and compliance expenses associated with being a public company. These investments may not result in increased revenue growth in our business. If we are unable to increase our revenue at a rate sufficient to offset the expected increase in our costs, our business, financial position, and results of operations will be harmed, and we may not be able to achieve or maintain profitability over the long term. 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. ~~The ongoing global COVID- 19 pandemic could harm our business, results of operations, and financial condition. The COVID- 19 pandemic has adversely affected significant portions of our business and could have a material adverse effect on our financial condition and results of operations. We are subject to numerous pandemic- related risks, including those described below. The degree to which COVID- 19 and its variants continues to impact our results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and severity of the pandemic, the actions taken to contain the virus or treat its impact, vaccination rates, the impact of variants, other actions taken by governments, businesses, and individuals in response to the virus and resulting economic disruption, and how quickly and to what extent normal economic and operating conditions can resume. We are similarly unable to predict the extent of the impact of the pandemic on our customers, suppliers, vendors, and other partners, and their financial conditions, but a material effect on these parties could also materially adversely affect us. Our customers or potential customers, particularly those most impacted by the COVID- 19 pandemic such as small and medium businesses or those in industries such as transportation, hospitality, retail and energy, have reduced and may in the future reduce their IT spending or delay their digital transformation initiatives, which could materially and adversely impact our business. We have seen and may continue to see a decline in the number of users from individual customers as those customers are required to make workforce reductions. We have also experienced curtailed customer demand, reduced customer spend and contract duration during the COVID- 19 pandemic, which have since normalized, but we may experience these effects again in the future, along with delayed collections, lengthened payment terms and increased competition due to changes in terms and conditions and pricing of our competitors' products and services that could materially adversely impact our business, results of operations and overall financial performance in future periods. We have also canceled or shifted other planned events to virtual- only experiences and may determine to alter, postpone or cancel additional customer, employee or industry events in the future. We have typically relied on marketing and promotional events such as Summit and other in- person conferences, events and meetings to facilitate customer sign- ups and generate leads for potential customers, and virtual marketing events and phone or virtual sales interactions may not be as successful as in- person events and meetings. We cannot predict how long, or the extent to which the COVID- 19 pandemic may continue to constrain our marketing, promotional, and sales activities. Many of our employees continue to work remotely on at least some work days, minimizing the spread of COVID- 19 among our employee base. Our remote workforce poses increased risks to our information technology systems and data, as more of our employees work from home, utilizing network connections outside our premises. While our revenues, billings and earnings are relatively predictable as a result of our subscription- based business model, the effect of the COVID- 19 pandemic may not be fully reflected in our results of operations and overall financial performance until future periods. The impact of COVID- 19 and its variants can also exacerbate other risks discussed in this " Risk Factors " section and throughout this report, which could in turn have a material adverse effect on us. Developments related to COVID- 19 have been unpredictable, and additional impacts and risks may arise that we are not aware of or able to respond to appropriately or quickly.~~ We operate in an emerging and evolving market, which may develop more slowly or differently than we expect. If our market does not grow as we expect, or if we cannot expand our platform to meet the demands of this market, our revenue may **fail to grow or even** decline ~~, fail to grow or fail to grow significantly~~ , and we may incur additional operating losses. The market **segment** for digital operations management solutions, particularly enterprise- grade solutions, is **still** in an early stage of development, and it is uncertain whether this market will develop, and even if it does develop, how rapidly it will develop, how much it will grow, or whether our platform will be widely adopted. Our success will depend, to a substantial extent, on the widespread adoption of our platform as an alternative to existing solutions or adoption by customers that are not using any such solutions at all. Some organizations may be reluctant or unwilling to use our platform for a number of reasons, including concerns about additional costs, uncertainty regarding the reliability and security of cloud- based offerings, or lack of awareness of the benefits of our platform. Our ability to expand sales **subscriptions** of our platform depends on several factors, including potential customer awareness of our platform; the timely completion, introduction, and market acceptance of enhancements to our platform or new products that we may introduce; our ability to attract, retain, and effectively train inside and field sales personnel; our ability to develop or maintain integrations with partners; the effectiveness of our marketing programs; the costs of our platform; and the success of our competitors. If we are unsuccessful in developing and marketing our platform, or if organizations do not perceive or value the benefits of our platform ~~as an alternative to legacy systems~~ , the market for our platform might not continue to develop or might develop more slowly than we expect, either of which would harm our growth prospects and operating results. If we are unable to attract new customers, our revenue growth will be adversely affected. To increase our revenue, we must continue to attract new customers and increase sales to existing customers. As our market **segment** matures, product and service offerings evolve, and competitors introduce lower cost or differentiated products or services that are perceived to compete with our platform, our ability to sell subscriptions for our products could be impaired. Similarly, our subscription sales could be adversely affected if customers or users within these organizations perceive that features incorporated into competitive products reduce the need for our products or if they prefer to purchase other products that are bundled with solutions offered by other companies, including our partners, that operate in adjacent ~~markets~~ **market segments** and compete with our products. As a result of these and other factors, we may be unable to attract new customers, which could have an adverse effect on our business, revenue, gross margins, and other operating results, and accordingly, on the trading price of our common stock. Our ~~recent~~ **previous and any future** restructuring **efforts** ~~, announced on January 24, 2023,~~ may not result in **the** anticipated savings or operational efficiencies **we expected** , could result in **greater** total costs and expenses ~~that are greater~~ than ~~expected~~ **we estimated** , and could disrupt our business. ~~On January 24~~ **We have undertaken** , ~~2023~~ **and may undertake from time to time in the future** , **certain restructuring efforts** ~~we announced that as part of our ongoing actions~~ to drive **more** efficient growth and ~~expand operating margins, we were advancing~~ **advance** ~~global~~ **our** scaling initiatives ~~designed to increase our capacity while improving our cost structure. The immediate impact was a 7 % reduction in headcount, as some roles were eliminated and new roles created in high- talent, lower- cost geographies. Concurrent with our efficient growth strategy, we are considering real estate rationalization in line with the distributed nature of the workforce and a changed use of office facilities. We may incur additional expenses not currently contemplated due to events associated with the restructuring, for example, the restructuring may have a future impact on other areas of our liabilities and obligations, which could result in losses in future periods~~ . We may not realize, in full or in part, the anticipated benefits and savings from ~~this~~ **these** restructuring **efforts** ~~due to unforeseen difficulties, delays or unexpected costs~~ . **Furthermore,** ~~If we are unable to realize the~~ **these** ~~expected operational efficiencies and cost savings from the~~ restructuring **efforts** ~~, our operating results and financial condition would be adversely affected. In addition, we may need to undertake additional workforce reductions or restructuring activities in the future. Furthermore, our restructuring~~ may be disruptive to our operations. For example, ~~our~~ headcount ~~reduction~~ **reductions** could yield unanticipated consequences, such as attrition beyond planned staff reductions, increased difficulties in our day- to- day operations and reduced employee morale. If employees who were not affected by ~~the~~ **a** reduction in headcount seek alternative employment, this could result in unplanned additional expense to ensure adequate resourcing or harm our productivity. ~~Our~~ **These** headcount ~~reduction~~ **reductions** could also harm our ability to attract and retain qualified management, sales ~~and~~ **,** marketing **, engineering, and other** personnel who are critical to our business. ~~Any failure~~ **If we are unable** to ~~attract~~ **realize the expected operational efficiencies and cost savings from** ~~or~~ **our** ~~retain qualified personnel~~ **restructuring, our operating results and financial condition** ~~could~~ **would be** adversely ~~affect~~ **affected** ~~our business~~ . If we are unable to retain our current customers or sell additional functionality and services to them, our revenue growth will be adversely affected. To increase our revenue, in addition to selling to new customers, we must retain existing customers and convince them to expand their use of our platform across their organizations — in terms of increasing the number of users, subscribing for additional functionality, and broadening the user base across multiple departments and business units. Our ability to retain our customers and increase the amount of their subscriptions could be impaired for a variety of reasons, including customer reaction to changes in the pricing of our products or the other risks described herein. As a result, we may be unable to renew our subscriptions with existing customers or attract new business from existing customers, which would have an adverse effect on our business, revenue, gross margins, and other operating results, and accordingly, ~~on~~ the trading price of our common stock. Our ability to sell additional functionality and services to our existing customers may require more sophisticated and costly sales efforts, especially as we target larger enterprises and more senior management who make these purchasing decisions. Similarly, the rate at which our customers purchase additional products and services from us depends on a number of factors, including general economic conditions and the pricing of the additional product functionality and services. If our efforts to sell additional functionality and services to our customers are not successful, our business and growth prospects would suffer. Our customers have no obligation to renew their subscriptions with us after the expiration of their subscription period. Our subscriptions with our customers are typically one year in duration but can range from monthly to multi- year. In order for us to maintain or improve our results of operations, it is important that our customers renew their subscriptions with us on the same or more favorable terms. We cannot accurately predict renewal or expansion rates given the diversity of our customer base, in terms of size, industry, and geography. Our renewal and expansion rates may decline or fluctuate as a result of a number of factors, including customer spending levels, customer dissatisfaction with our products and services, decreases in the number of users at our customers, changes in the type and size of our customers, pricing changes, competitive conditions, the acquisition of our customers by other companies, and general economic conditions. If our customers do not renew their subscriptions with us, or if they reduce their subscription amounts at the time of renewal, our revenue and other results of operations will decline and our business will suffer. If our renewal or expansion rates fall significantly below the expectations of the public market, securities analysts, or investors, the trading price of our common stock would likely decline. We derive a significant majority of our revenue from a single product. Sales of subscriptions to our incident ~~response~~ **management** offerings account for a significant majority of our revenue. We expect these subscriptions to **continue to** account for a large portion of our revenue for the foreseeable future. As a result, our operating results could suffer due to: • any decline in demand for our incident ~~response~~ **management** product; • the failure of our broader platform and other products to achieve market acceptance; • the market for our digital operations platform not continuing to grow, or growing more slowly than we expect; • the introduction of products and technologies that serve as a replacement or substitute for, or represent an improvement over, our platform and products; • technological innovations or new standards that our platform and products do not address; • sensitivity to current or future prices offered by us or our competitors; and • our inability to release enhanced versions of our platform and products on a timely basis. Our inability to renew or increase sales of subscriptions to our platform or market and sell additional products and functionality, or a decline in prices of our platform subscription levels, would harm our business and operating results more seriously than if we derived significant revenue from a variety of products. In addition, if the market for our platform and products grows more slowly than anticipated, or if demand for our digital operations platform does not grow as quickly as anticipated, whether as a result of competition, pricing sensitivities, product obsolescence, technological change, unfavorable economic conditions, ~~bank failures,~~ uncertain geopolitical environment, budgetary constraints of our customers, or other factors, our business, results of operations, and financial condition would be adversely affected. The markets in which we participate are competitive, and if we do not compete effectively, our operating results could be harmed. The market for digital operations solutions, particularly enterprise- grade solutions, is highly fragmented, competitive, and constantly evolving. We face substantial competition from in- house solutions, open **-** source software, manual processes, and software providers that may compete against certain components of our offering, as well as established and emerging software providers. With the introduction of new technologies and ~~market~~ entrants, we expect that the competitive environment will remain intense going forward. Some of our actual and potential competitors have been acquired by other larger enterprises and have made or may make acquisitions or may enter into partnerships or other strategic relationships that may provide more comprehensive offerings than they individually had offered or achieve greater economies of scale than ~~us~~ **we have** . For example, some companies that compete with certain components of our offerings include ServiceNow, Atlassian and Splunk **(which has announced an agreement to be acquired by Cisco)** . In addition, new entrants not currently considered to be competitors may enter the ~~market~~ **space** through product development, acquisitions, partnerships, or strategic relationships. As we look to market and sell our platform to potential customers with existing internal solutions, we must convince their internal stakeholders that our platform is superior to their current solutions. We compete on the basis of a number of factors, including: • platform functionality and breadth of offering; • integrations; • performance, security, scalability, and reliability; • real- time response, workflow, and automation capabilities; • focus on modern, contemporary digital services and operations; • brand recognition, reputation, and customer satisfaction; • ease of implementation and ease of use; and • time- to- value, total cost of ownership, and return on investment. Our competitors vary in size and in the breadth and scope of the products and services offered. Many of our competitors and potential competitors have greater name recognition, longer operating histories, more established customer relationships and installed customer bases, larger marketing budgets, and greater resources than we do. Further, other potential competitors not currently offering competitive solutions may expand their product offerings to compete with our platform, or our current and potential competitors may establish cooperative relationships among themselves or with third parties that may further enhance their resources and product and services offerings in our addressable market. Our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, and customer requirements. An existing competitor or new entrant could introduce new technology that reduces demand for our platform. In addition to product and technology competition, we face pricing competition. Some of our competitors offer their solutions at a lower price **than our solutions** , which has resulted in pricing pressures. Some of our larger competitors, such as Atlassian and Splunk, have the operating flexibility to bundle competing solutions with other offerings, including offering them at a lower price or for no additional cost to customers as part of a larger sale of other products. In addition, because of the characteristics of open- source software, there may be fewer technology barriers to entry in the open- source market by new competitors. One of the characteristics of open- source software is that, subject to specified restrictions, anyone may modify and redistribute the existing open- source software and use it to compete in the marketplace. Such competition can develop with a smaller degree of overhead and lead time than required by traditional proprietary software companies. New open- source- based platform technologies and standards are consistently being developed and can gain popularity quickly. Improvements in open source could cause customers to replace software purchased from us with their internally- developed, integrated and maintained open- source software. It is possible for competitors with greater resources than ours to develop their own in- house solution and make it available on an open- source basis to organizations that would otherwise be potential customers of ours, potentially reducing the demand for our products and putting price pressure on our offerings. For all of these reasons, we may not be able to compete successfully against our current or future competitors, and this competition could result in the failure of our platform to continue to achieve or maintain market acceptance, any of which would harm our business, results of operations, and financial condition. The nature of our business exposes us to inherent liability risks. Our platform and related products, including **AIOps** ~~our Event Intelligence~~ and Process Automation, are designed to provide quick, reliable alerts, to communicate information frequently during critical business events, such as information relevant to mitigating the damaging effects of system problems, and to automatically remediate systems problems. Due to the nature of such products, we are potentially exposed to greater risks of liability for solution or system failures than may be inherent in other businesses. Although substantially all of our subscription agreements contain provisions limiting our liability to our customers, we cannot assure you that these limitations will be enforced nor that the costs of any litigation related to actual or alleged omissions or failures would not have a material adverse effect on us even if we prevail. Further, certain of our insurance policies and the laws of some states may limit or prohibit insurance coverage for punitive or certain other types of damages or liability arising from gross negligence, and we cannot assure you that we are adequately insured against the risks that we face. We expect fluctuations in our financial results, making it difficult to project future results, and if we fail to meet the expectations of securities analysts or investors with respect to our operating results, our stock price and the value of your investment could decline. Our operating results have fluctuated in the past and are expected to fluctuate in the future due to a variety of factors, many of which are outside of our control. As a result, our past results may not be indicative of our future performance. In addition to the other risks described herein, factors that may affect our operating results include the following: • **health epidemics or pandemics; •** fluctuations in demand for or pricing of our platform due to customers reducing their expenditures, whether as a cost- cutting measure or a result of their insolvency or bankruptcy, and whether due to inflationary pressures, rising global interest rates, bank failures, ~~the ongoing COVID- 19 pandemic~~ or other reasons; • our ability to attract new customers; • our ability to retain our existing customers; • customer expansion rates; • the pricing and quantity of subscriptions renewed; • the timing of our customer purchases; • fluctuations or delays in purchasing decisions in anticipation of new products or product enhancements by us or our competitors; • changes in customers' budgets and in the timing of their budget cycles and purchasing decisions; • potential and existing customers choosing our competitors' products or developing their own solutions in- house; • our ability to control costs, including our operating expenses; • the amount and timing of payment for operating expenses, particularly research and development and sales and marketing expenses, including commissions; • the amount and timing of non- cash expenses, including stock- based compensation, goodwill impairments, and other non- cash charges; • the amount and timing of costs associated with recruiting, training, and integrating new employees and retaining and motivating existing employees; • the effects of acquisitions and their integration; • general economic conditions, both domestically and internationally, as well as economic conditions specifically affecting industries in which our customers participate; • the impact of new accounting pronouncements; • changes in the competitive dynamics of our market, including consolidation among competitors or customers; • significant security breaches of, technical difficulties with, or interruptions to, the delivery and use of our platform; and • awareness of our brand and our reputation in our target markets. Any of these and other factors, or the cumulative effect of some of these factors, may cause our results of operations to vary significantly. In addition, we expect to continue to incur significant additional expenses due to the increased costs of operating as a public company. If our annual results of operations fall below the expectations of investors and securities analysts who follow our stock, the price of our common stock could decline substantially, and we could face costly lawsuits, including securities class action suits. Because we recognize revenue from the **vast** majority of our subscriptions over the term of the relevant agreement, downturns or upturns in sales are not immediately reflected in full in our operating results. We recognize revenue for our cloud- hosted software subscription fees over the term of our subscription agreement, and our subscriptions are generally one year in duration but can range from monthly to multi- year. As a result, much of our revenue is generated from cloud- hosted software subscriptions entered into during previous periods. Consequently, a decline in demand for our platform or a decline in new or renewed subscriptions in any one quarter may not significantly reduce our revenue for that quarter but could negatively affect our revenue in future quarters. Our revenue recognition model also makes it difficult for us to rapidly increase our revenue through the sale of additional cloud- hosted software subscriptions in any period, as revenue from customers is recognized over the applicable term of their cloud- hosted subscriptions. Seasonality may cause fluctuations in our sales and operating results. The first fiscal quarter of each year is usually our lowest billings and bookings quarter. In fact, billings and bookings during our first fiscal quarter are typically lower than the prior fiscal fourth quarter. We believe that this results from the procurement, budgeting, and deployment cycles of many of our customers, particularly our enterprise customers. We expect that this seasonality will continue to affect our billings, bookings, and other operating results in the future as we continue to target larger enterprise customers. If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, and changing customer needs, requirements, or preferences, our products may become less competitive. The market in which we compete is relatively new and subject to rapid technological change, evolving industry standards, and changing regulations, as well as changing customer needs, requirements, and preferences. The success of our business will depend, in part, on our ability to adapt and respond effectively to these changes on a timely basis. **In particular, advancements in technology such as artificial intelligence (" AI ") and machine learning (" ML ") are changing the technology landscape, and businesses that are slow to adopt these new technologies may face a competitive disadvantage.** If we were unable to continue enhancing and evolving our digital operations platform or delivering new products that keep pace with rapid technological and regulatory change, or if new technologies emerge that are able to deliver competitive value at lower prices, more efficiently, more conveniently, more reliably, or more securely than our products, our business, results of operations, and financial condition would be adversely affected. If we fail to maintain and enhance our brand, our ability to expand our customer base will be impaired and our business, results of operations, and financial condition may suffer. We believe that maintaining and enhancing the PagerDuty brand is important to support the marketing and sale of our existing and future products to new customers and expand sales of our platform to existing customers. We also believe that the importance of brand recognition will increase as competition in our market increases. Successfully maintaining and enhancing our brand will depend largely on the effectiveness of our marketing efforts, our ability to provide reliable products that continue to meet the needs of our customers at competitive prices, our ability to maintain our customers' trust, our ability to continue to develop new functionality and use cases, and our ability to successfully differentiate our platform and products from competitive products and services. Additionally, the performance of our partners may affect our brand and reputation if customers do not have a positive experience with our partners' services. Our brand promotion activities may not generate customer awareness or yield increased revenue, and even if they do, any increased revenue may not offset the expenses we incur in building **our brand. Furthermore, third parties that potential customers rely on may provide misleading information about our offerings that could tarnish** our brand. If we fail to successfully promote and maintain our brand, our business could suffer. Failure to effectively develop and expand our marketing and sales capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our products. Our ability to increase our customer base and achieve broader market acceptance of our digital operations platform will depend to a significant extent on our ability to expand our marketing and sales organizations. We plan to continue expanding our direct sales force and partners, both domestically and internationally. We also plan to dedicate significant resources to sales and marketing programs, including inbound marketing and online advertising. The effectiveness of these programs has varied over time and may vary in the future due to competition for key search terms, changes in search engine use, changes in the search algorithms used by major search engines and the European Union' s General Data Protection Regulation (" EU GDPR "), the United Kingdom' s GDPR (" U. K. GDPR ") and other similar **data** privacy initiatives. All of these efforts will require us to invest significant financial and other resources. Our business and operating results will be harmed if our sales and marketing efforts do not generate significant increases in revenue. We may not achieve anticipated revenue growth from expanding our sales force if we are unable to hire, develop, integrate, and retain talented and effective sales personnel, if our new and existing sales personnel, on the whole, are unable to achieve desired productivity levels in a reasonable period of time, or if our sales and marketing programs are not effective. If we are unable to enhance and improve our platform or develop new functionality or use cases, our revenue may not grow. Our ability to increase sales will depend in large part on our ability to enhance and improve our platform, introduce new functionality in a timely manner, and develop new use cases for our platform. Any new functionality that we develop or acquire needs to be introduced in a timely and cost- effective manner in order to achieve the broad market acceptance necessary to generate significant revenue. If we are unable to enhance our platform or develop new functionality to keep pace with rapid technological and regulatory change, our business, results of operations, and financial condition could be adversely affected. If our products fail to perform properly due to defects or similar problems, and if we fail to develop enhancements to resolve any defect or other problems, we could lose customers, become subject to service performance or warranty claims, or incur other significant costs. Our operations are dependent upon our ability to prevent system interruption. Our platform for digital operations is built on a modern modular technology stack that is inherently complex and may contain material defects or errors, which may cause disruptions in availability or other performance problems. We have from time to time experienced service outages and found defects in our platform. We may experience additional outages or discover additional defects in the future that could result in data unavailability or unauthorized access to, or loss or corruption of, our customers' data. We may not be able to detect and correct defects or errors before implementing platform enhancements. Consequently, we or our customers may discover defects or errors after our platform has been deployed. The occurrence of any defects, errors, disruptions in service, or other performance problems with our software, whether in connection with day- to- day operations, upgrades, or otherwise, could result in: • loss of customers; • lost or delayed market acceptance and sales of our products; • delays in payment to us by customers; • injury to our reputation and brand; • legal claims, including warranty and service level agreement claims, against us; or • diversion of our resources, including through increased service and warranty expenses or financial concessions, and increased insurance costs. The costs incurred in correcting any material defects or errors in our software or other performance problems may be substantial and could adversely affect our business, operating results, and financial condition. As we continue to pursue sales to new and existing enterprise customers, our sales cycle, forecasting processes, and deployment processes may become more unpredictable and require greater time and expense. While we rely predominantly on self- service purchases to establish new customer relationships, our inside and field sales teams target expansion opportunities with existing mid- market and enterprise customers. Sales to new and existing mid- market and enterprise customers involve risks that may not be present ~~or that are present~~ to ~~a lesser~~ **the same** extent **or at all** with sales to smaller organizations. As we seek to increase our sales to mid- market and enterprise customers, we face more complex customer requirements, substantial upfront sales costs, less predictability, and, in some cases, longer sales cycles than we do with smaller customers. With mid- market and enterprise customers, the decision to subscribe to our platform frequently may require the approval of multiple management personnel and more technical personnel than would be typical of a smaller organization, and accordingly, sales to mid- market and enterprise customers may require us to invest more time educating these ~~potential customers~~ **decision makers** . Purchases by mid- market and larger enterprise customers are also frequently subject to budget constraints and unplanned administrative, processing, and other delays ~~, which means we may not be able to come to agreement on the subscription terms with enterprises~~ . Our ability to successfully sell our platform to mid- market and larger enterprise customers is also dependent upon the effectiveness of our sales force ~~, including new sales personnel, who currently represent the majority of our sales force~~ . In addition, if we are unable to increase sales of our platform to mid- market and larger enterprise customers while mitigating the risks associated with serving such customers, our business, financial position, and operating results may be adversely affected **. Issues relating to the responsible use of our technologies, including AI in our offerings, may result in reputational and / or financial harm and liability. We are increasingly building AI capabilities into many of our products and services. Concerns relating to the responsible use of new and evolving technologies, such as AI, in our offerings may result in reputational and / or financial harm and liability and may cause us to incur costs to resolve such issues. AI poses emerging legal, social, and ethical issues and presents risks and challenges that could affect its adoption, and therefore our business. If our offerings draw controversy due to their perceived or actual impact on society, such as AI solutions that have unintended consequences or are controversial because of their impact on human rights, privacy, employment, or other social, economic, or political issues, or if we are unable to develop effective internal policies and frameworks relating to the responsible development and use of AI models and systems, we may experience brand, reputational, and / or competitive harm, or could face legal liability. Complying with multiple regulations from different jurisdictions related to AI could increase our cost of doing business, may change the way that we operate in certain jurisdictions, or may impede our ability to offer certain products and services in certain jurisdictions if we are unable to comply with regulations. Our failure to address concerns and regulation relating to the responsible use of AI could slow adoption of AI in our products and services or cause reputational and / or financial harm** . If we cannot maintain our company culture as we grow, our success and our business may be harmed. We believe our culture has been a key contributor to our success to date and that the critical nature of the platform that we provide promotes a sense of greater purpose in our employees. Failure to preserve our culture negatively affects our ability to retain and recruit personnel, which is critical to our growth, and to effectively focus on and pursue our corporate objectives. As we continue to grow, we may find it difficult to attract and retain qualified diverse talent if we do not maintain a culture that is reflective of our talent. Thus, our company culture is a business imperative and critical to our competitive position within our industry. If we fail to maintain our company culture, our business and competitive position may be adversely affected. If we lose key members of our management team or are unable to attract and retain executives and employees we need to support our operations and growth, our business may be harmed. Our success and future growth depend upon the continued services of our management team and other key employees. From time to time, there may be changes in our management team resulting from the hiring or departure of executives and key employees, which could disrupt our business. Our senior management and key employees are employed on an at- will basis. We currently do not have " key person " insurance on any of our employees. Certain of our key employees have been with us for a long period of time and have fully vested stock options or other long- term equity incentives that may become valuable and may be sold in the public markets, generating significant proceeds, which may reduce their motivation to continue to work for us. The loss of one or more of our senior management, particularly Jennifer Tejada, our Chief Executive Officer, or other key employees could harm our business, and we may not be able to find adequate replacements. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees **and** ~~. While we have adequate succession plans in place~~ we cannot ensure that we would be able to timely replace members of our senior management or other key employees should any of them depart. The failure to attract and retain additional qualified personnel and any restrictions on the movement of personnel could prevent us from executing our business strategy and growth plans. To execute our business strategy, we must attract and retain highly qualified personnel. Competition for executive officers, software developers, sales personnel, and other key employees in our industry is intense and increasing. In particular, we compete with many other companies for software developers with high levels of experience in designing, developing, and managing cloud- based software, as well as for skilled sales and operations professionals. While the market for such personnel is particularly competitive in Silicon Valley, it is also competitive in other ~~markets~~ **regions** where we maintain operations, including Canada and Portugal. In addition, the current regulatory environment related to immigration is uncertain, including with respect to the availability of H1- B and other **U. S.** visas. If a new or revised **U. S.** visa program is implemented, it may impact our ability to recruit, hire, retain or effectively collaborate with qualified skilled personnel, including in Canada, which could adversely impact our business, operating results and financial condition. Our ability to achieve significant revenue growth in the future will depend, in part, on our ability to recruit, train and retain a sufficient number of experienced sales professionals, particularly those with experience selling to enterprises. In addition, even if we are successful in hiring qualified sales employees, new hires require significant training and experience before they achieve full productivity, particularly for sales efforts targeted at enterprises and new territories. Our recent hires and planned hires may not become as productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the future in the ~~markets~~ **geographies** where we do business ~~. Because we do not have a long history of targeting our sales efforts at enterprises, we cannot predict whether, or to what extent, our sales will increase as we organize and train our sales force or how long it will take for sales employees to become productive~~ . Many of the companies with which we compete for experienced personnel have greater resources than we do and can frequently offer such personnel substantially greater compensation than we can offer. In addition, we may fail to identify, attract, and retain talented employees who support our corporate culture that we believe fosters innovation, teamwork, diversity, and inclusion, and which we believe is critical to our success. If we fail to identify, attract, develop, and integrate new personnel, or fail to retain and motivate our current personnel, our growth prospects would be severely harmed. The estimates of market opportunity and forecasts of market growth may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all. Market opportunity estimates and growth forecasts, including those we have generated ourselves, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of addressable users or companies covered by our market opportunity estimates will purchase our products at all or generate any particular level of revenue for us. Any expansion in our market depends on a number of factors, including the cost, performance, and perceived value associated with our platform and those of our competitors. Even if the market in which we compete meets the size estimates and growth forecasted, our business could fail to grow at similar rates, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. Accordingly, the forecasts of market growth should not be taken as indicative of our future growth **potential** . ~~If~~ **Cyber- attacks, security incidents, and other threats, have occurred and may continue to occur that could allow unauthorized access to our systems** ~~our~~ - **or data or our customers' systems or data, and could cause us to experience adverse consequences, including, but not limited to, significant costs, litigation and regulatory investigations and actions, and harm to our business and reputation. Our business involves the processing of personal data and other sensitive** information ~~technology systems or~~ **, including proprietary and confidential business** data, ~~or those of our customers or the~~ **trade secrets, intellectual property, sensitive** third- party **data** ~~providers upon which we rely~~ , **business plans** ~~are or were compromised~~ , ~~we could experience adverse consequences resulting from such compromise~~ **transactions, and financial information (collectively, " sensitive data ")** , including **sensitive data of** ~~but not limited to regulatory investigations or~~ **our** ~~actions; litigation; fines and penalties; disruption of our business operations; reputational harm; loss of revenue or profits; loss of~~ customers ~~or sales; decreased value of our business and common stock; and other adverse consequences. Our business involves the processing, storage and transmission of proprietary, sensitive, or confidential data of our customers~~ and their **respective** employees ~~and customers, including personal information, intellectual property, and trade secrets~~ . Cyber- attacks, malicious internet- based activity, online and offline fraud, and other similar activities threaten the confidentiality, integrity, and availability of our **or our customers'** sensitive ~~information~~ **data** and information technology systems, and those of the third parties upon which we rely. Such threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources, including traditional computer " hackers, " threat actors, " hacktivists, " organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation ~~-~~state- supported actors. Some actors now engage and are expected to continue to engage in cyber- attacks, including without limitation nation- state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. **Like** ~~During times of war and~~ other **companies** ~~major conflicts~~ , we ~~,~~ **and** the third parties ~~upon which~~ we rely ~~,~~ **on have experienced** and **will continue** ~~our customers may be vulnerable~~ to **experience** ~~a heightened risk of these attacks, including retaliatory~~ cyber- attacks **and other incidents, and are exposed to threats** , that **have resulted and** could **in the future result in** ~~materially disrupt our systems and operations~~ , **adverse consequences** ~~supply chain, and ability~~ to ~~produce, sell and distribute our goods and services. Providers of cloud- based services have frequently been targeted by such attacks. These cybersecurity challenges, including threats to our own IT infrastructure or~~ **our business** ~~those of our customers or third- party providers, may take a variety of forms~~ including but not limited to **regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; and other adverse consequences. We face increasing risks of cyber- attacks and other security incidents, and our systems and those of our third- party service providers have been and may continue to be subject to a variety of attacks and threats including** malware (including as a result of advanced persistent threat intrusions), social engineering attacks (including through **deep fakes, which may be increasingly more difficult to identify as fake, and** phishing **attacks** ~~, smishing, and vishing~~), ransomware attacks **(which are becoming increasingly severe and prevalent)** ~~, man- in- the- middle attacks, session hijacking~~ , denial- of- service attacks ~~(~~ **,** such as credential stuffing ~~)~~ **attacks, credential harvesting** , supply- chain attacks, software bugs, server malfunctions, software or hardware failures ~~, credential harvesting~~ , personnel misconduct or error, malicious code (such as viruses or worms), loss of data or other information technology assets, adware, telecommunications failures, **earthquakes, fires, floods, attacks enhanced or facilitated** ~~" mega breaches " targeted against cloud- based services and other hosted software (which could be initiated~~ by **AI** ~~individual or groups of hackers or sophisticated cyber criminals), earthquakes, fires, floods~~ , and other similar threats. ~~In particular~~ **We may be unable to anticipate or prevent techniques used to obtain unauthorized access or to sabotage systems because they change frequently** , ~~severe ransomware~~ **are increasing in their sophistication and often are not detected until after an incident has occurred. During times of war and other major conflicts, we (and the third parties upon which we rely) may be vulnerable to a heightened risk of cybersecurity threats, including retaliatory cyber-** attacks, ~~including those perpetrated by organized criminal threat~~ -- **that could materially disrupt** ~~actors, nation- states, and nation- state- supported actors, are becoming increasingly prevalent and severe – and can lead to significant interruptions in~~ our **systems and** operations, **supply chain** ~~loss of data and income~~ , ~~reputational harm,~~ and **ability to produce** ~~diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack~~ , **sell and distribute** ~~but we may be unwilling or~~ **our services** ~~unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments~~ . Remote work has ~~also~~ become more common and has increased risks to our information technology systems and data, as more of our employees utilize network connections, computers and devices outside our premises or network, including working at home, while in transit and in public locations. Furthermore, future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. ~~We~~ **Additionally, we** may discover security issues that were not found during due diligence of such acquired or integrated entities, and it may be difficult to integrate companies into our information technology environment and security program. ~~We use~~ **In addition, our reliance on** third- party service providers **could introduce new cybersecurity risks and vulnerabilities, including supply- chain attacks, and other threats to our business operations. We rely on third- party service providers** and technologies to ~~help us deliver services and~~ **operate critical business systems to** process **sensitive data** ~~information on our behalf~~ in a variety of contexts, including, without limitation, encryption and authentication technology, employee email, **cloud- based infrastructure, data center facilities,** content delivery to customers, and other functions **. We also rely on third- party service providers to provide other products, services, parts, or otherwise to operate our business** . Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. If our third- party service providers experience a security incident or other interruption ~~that results in data loss~~ , **we could experience** ~~deletion or destruction, unauthorized access to, loss of, unauthorized acquisition or disclosure of, or inadvertent exposure disclosure of, proprietary, sensitive, or confidential data, or any compromise related to the security, confidentiality, integrity or availability of our (or their) information technology, software, services, communications or data, it may result in~~ adverse consequences ~~such as litigation, indemnity obligations, interruption to our business operations, and other possible liabilities, as well as negative publicity, which would damage our reputation and business, impair our sales, and harm our customers~~ . While we may be entitled to damages if our third- party service providers fail to satisfy their data privacy or security- related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. In addition, supply- chain attacks have increased in frequency and severity, and we cannot guarantee that third parties' infrastructure in our supply chain or our third- party partners' supply chains have not been compromised. Any of the previously identified or similar threats could cause a security incident, production downtime or other interruption that could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our **or our customers'** sensitive ~~information~~ **data** or our information technology systems, or those of the third parties upon whom we rely. A security incident or other interruption could disrupt our ability (and that of third parties upon whom we rely) to provide our ~~service~~ **services** ~~. As we increase our customer base and our brand becomes more widely known and recognized, third parties may increasingly seek to compromise our security controls or gain unauthorized access to our sensitive corporate information or our customers' data~~ . We may ~~be required to~~ expend significant resources, ~~fundamentally change~~ **or modify** our business activities **to try** ~~and practices, or modify our services, software, operations or information technology~~ to protect against **incidents** ~~security breaches and to mitigate, detect, and remediate actual and potential vulnerabilities~~ . **Additionally,** ~~Certain~~ **certain** data privacy and security obligations may require us to implement and maintain specific security measures or industry- standard or reasonable security measures to protect our information technology systems and sensitive ~~information~~ **data** . While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. We take steps to detect and remediate vulnerabilities, but we may not be able to detect and remediate all vulnerabilities because the threats and techniques used to exploit the vulnerability change frequently and are often sophisticated in nature. Therefore, such vulnerabilities could be exploited but may not be detected until after a security incident has occurred. ~~These~~ **Any unremediated high risk or critical** vulnerabilities **may** pose material risks to our business. Further, we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities **. Even if we have issued or otherwise made available patches or information for vulnerabilities in our software applications, products or services, our customers may be unwilling or unable to deploy such patches and use such information effectively and in a timely manner for measures that require customer action** . In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive information about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position. The reliability and continuous availability of our service is critical to our success. However, software such as ours can contain errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when such vulnerabilities are first introduced or when new versions or enhancements of our service are released. Additionally, even if we are able to develop a patch or other fix to address such vulnerabilities, such a fix may be difficult to push out to our ~~customers~~ - **customer- facing services** or otherwise be delayed. Additionally, our business depends upon the appropriate and successful implementation of our service by our customers. If our customers fail to use our service according to our specifications, our customers may suffer a security incident on their own systems or other adverse consequences. Even if such an incident is unrelated to our security practices, it could result in our incurring significant economic and operational costs in investigating, remediating, and implementing additional measures to further protect our customers from their own vulnerabilities, and could result in reputational harm. ~~Many governments have enacted laws~~ **Applicable data privacy and security obligations may** ~~requiring~~ **require** ~~companies~~ **us** to notify ~~individuals~~ **relevant stakeholders** of security incidents ~~or unauthorized transfers involving certain types of personal information~~ . Such ~~notifications~~ **disclosures** are costly, and the ~~notifications~~ **disclosure** or the failure to comply with **such** requirements ~~to provide them~~ could lead to adverse consequences. ~~In addition, some~~ **Our contracts may not contain limitations** of **liability, and even where they do, there can be no assurance that limitations of liability in** our ~~customers contractually require notification by~~ **contracts are sufficient to protect** us **from liabilities, damages, or claims related to our data privacy and security obligations. While we maintain general liability insurance coverage and coverage for errors or omissions, we cannot assure you that such coverage would be adequate or would otherwise protect us from liabilities or damages with respect to claims alleging compromises** of **customer data, that such coverage will continue to be available to us on acceptable terms or at all, or that such coverage will pay future claims. The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or results in changes to our insurance policies (including premium increases or the imposition of large deductible or co- insurance requirements), could have** ~~any~~ - **an adverse effect on our business. If we (or a third party upon whom we rely) experience a** security incident ~~. Accordingly, security incidents~~ **or are perceived to have** experienced **a** ~~by our competitors, our customers, us, or our service providers may lead to public disclosures, which may lead to widespread negative publicity. Any~~ security incident ~~or security compromise in our industry~~ , **we may experience adverse** ~~whether actual or perceived, and attendant~~ consequences ~~could harm our reputation~~ , **such as** ~~erode customer confidence in the effectiveness of our security measures, negatively affect our ability to attract new customers, cause existing customers to stop using our services or elect not to renew their subscriptions, and subject us to~~ government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and / or oversight; restrictions on processing sensitive ~~information~~ **data** (including personal ~~information~~ **data**); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; interruptions in our operations (including availability of data); financial loss; and other similar harms. ~~Our contracts~~ **Security incidents and attendant consequences** may ~~not contain limitations of~~ **prevent or cause customers to stop using our services, deter new customers from using our services, and negatively impact our** ~~liability~~ -- **ability** ~~,~~ **to grow** and ~~even where~~ **operate our business. Additionally, sensitive data of** ~~they~~ - **the** ~~do, there can~~ **Company or our customers could** be **leaked, disclosed,** ~~no assurance that limitations of liability in our~~ - **or revealed as a result of** ~~contracts are sufficient to protect us from liabilities, damages, or claims related to our~~ - **or in connection with our employee' s, personnel' s, or vendor' s use of generative AI technologies. Any sensitive** data ~~privacy and security obligations. While we maintain general liability insurance coverage and coverage for errors or omissions, we cannot assure you that such coverage would be adequate or would otherwise protect us from liabilities or damages with respect to claims alleging compromises of customer data, that such coverage will continue to be available to us on acceptable terms or at all, or that such coverage will pay future claims. The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or results in changes to our insurance policies~~ (including ~~premium increases~~ **confidential, competitive, proprietary,** or ~~the imposition of large deductible or co~~ **personal data) that we input into a third** - ~~insurance requirements),~~ **party generative AI / ML platform** could ~~have~~ **be leaked or disclosed to others, including if sensitive information is used to train the third parties' AI / ML model. Additionally, where** an ~~adverse effect on~~ **AI / ML model ingests personal data and makes connections using such data, those technologies may reveal other personal** ~~our~~ - **or** ~~business~~ **sensitive data generated by the model** . We rely upon free trials of our products and other inbound lead- generation strategies to drive our sales and revenue. If these strategies fail to continue to generate sales opportunities or trial users do not convert into paying customers, our business and results of operations would be harmed. We rely upon our marketing strategy of offering a 14- day free trial and " freemium " plan, a free version of PagerDuty, for ~~less than~~ **customers with up to** five users **,** and an open source version of **Rundeck** ~~PagerDuty Process~~ Automation as well as other inbound, lead- generation strategies to generate new sales opportunities. Most of our customers start with the free version of our products. These strategies may not be successful in continuing to generate sufficient sales opportunities necessary to increase our revenue. A subset of users never convert from the trial **or free** version of a product to a paid version of such product. Further, we often depend on individuals within an organization who initiate the trial **or free** versions of our products being able to convince decision makers within their organization to convert to a paid version. Many organizations have complex and multi- layered purchasing requirements. To the extent that these users do not become, or are unable to convince others to become, paying customers, we will not realize the intended benefits of this marketing strategy, and our ability to grow our revenue will be adversely affected. Interruptions or delays in performance of our service could result in customer dissatisfaction, damage to our reputation, loss of customers, limited growth, and reduction in revenue. We currently serve our customers using third- party cloud providers, including those operated by AWS. Our customers need to be able to access our platforms at any time, without interruption or degradation of performance. In some cases, third- party cloud providers run their own platforms that we access, and we are, therefore, vulnerable to their service interruptions. We therefore depend on our third- party cloud providers' ability to protect their data centers against damage or interruption from natural disasters, power or telecommunications failures, criminal acts, and similar events. In the event that our data center arrangements are terminated, or if there are any lapses of service or damage to a data center, we could experience lengthy interruptions in our service as well as delays and additional expenses in arranging new facilities and services. Even with current and planned disaster recovery arrangements, including the existence of redundant data centers that become active during certain lapses of service or damage at a primary data center, our reputation and business could be harmed. Design and mechanical errors, spikes in usage volume, and failure to follow system protocols and procedures could cause our IT systems and infrastructure to fail, resulting in interruptions in our digital operations platform. We have from time to time in the past experienced service disruptions, and we cannot assure you that we will not experience interruptions or delays in our service in the future. Any interruptions or delays in our service **or damage to our products**, whether caused by **modification** ~~our~~ - **or** ~~products~~ **upgrades**, third **parties, terrorist attacks, state** - ~~parties~~ **sponsored attacks, geopolitical tensions or armed conflicts, export controls and sanctions**, natural disasters, the effect of climate change (such as drought, flooding, wildfires **and resultant air quality effects and related preventative power shutdowns**, increased storm severity, and sea level rise), **power loss, utility outages, telecommunication failures, computer viruses, supply- chain attacks, computer denial of service attacks, phishing schemes,** security breaches, or ~~otherwise~~ **other attempts to harm or access our system**, could harm our relationships with customers and cause our revenue to decrease or our expenses to increase. Also, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. These factors in turn could further reduce our revenue, subject us to liability, and cause us to issue credits or cause customers to fail to renew their subscriptions, any of which could adversely affect our business. If we do not or cannot maintain the compatibility of our platform with third- party applications that our customers use in their businesses, our revenue and growth prospects will decline. The functionality and popularity of our platform depend, in part, on our ability to integrate our platform with third- party applications, tools, and software. These third- parties may change the features of their technologies, restrict our access to their applications, tools or other software or alter the terms governing their use in a manner that is adverse to our business and our ability to market and sell our digital operations platform. Such third parties could also develop features and functionality that limit or prevent our ability to use these third- party technologies in conjunction with our platform, which would negatively affect adoption of our platform and harm our business. If we fail to integrate our platform with third- party applications, tools, or other software that our customers use, use publicly available APIs for our integrations, or expose APIs for our customers to use, we may not be able to offer the functionality that our customers require, which would negatively affect our results of operations and growth prospects. Further, we are subject to requirements imposed by mobile application stores such as those operated by Apple and Google, who may change their technical requirements or policies in a manner that adversely impacts the way in which we or our partners collect, use and share data from users. Similarly, new technical requirements and policies that our partners put in place or are subject to could impact our ability to operate as expected in certain jurisdictions. If we do not comply with these requirements, we could lose access to the application store and users, and our business would be harmed. The success of our business depends on our customers' continued and unimpeded internet access. Our customers must have internet access in order to use our platform. Some internet service providers may take measures that affect their customers' ability to use our platform, such as degrading the quality of the data packets we transmit over their lines, giving those packets lower priority, giving other packets higher priority than ours, blocking our packets entirely, or attempting to charge their customers more for using our platform. In January 2018, the Federal Communications Commission **(** ~~, or~~ the **"** FCC ~~,~~ **")** repealed " network neutrality " rules, which barred internet service providers from blocking or slowing down access to online content, protecting services like ours from such interference. The 2018 decision was largely affirmed by the U. S. Court of Appeals for the District of Columbia Circuit, subject to a remand to consider several issues raised by parties that supported network neutrality, and in November 2020 the FCC affirmed its decision to repeal the rules. ~~Petitions~~ **On October 19, 2023, the FCC adopted a notice of proposed rulemaking that would reinstate the rules repealed in 2018 and asked** for ~~reconsideration of this decision are pending~~ **comment on that proposal and on potential changes to those rules. We cannot predict whether or when the FCC will adopt new rules**. In addition, certain states have adopted or are adopting or considering legislation or executive actions that would regulate the conduct of broadband providers. California' s state- specific network neutrality law has taken effect and Vermont' s law took effect, but a challenge to that law remains pending. We cannot predict whether the ~~FCC order or other~~ state initiatives will be enforced, modified, overturned, or vacated by legal action of the court, federal legislation, or the FCC. To the extent internet service providers, absent network neutrality rules, attempt to interfere with our services, extract fees from us to make our platform available, or otherwise engage in discriminatory practices, our business could be adversely impacted. Within such a regulatory environment, we could experience discriminatory or anti- competitive practices that could impede our domestic and international growth, cause us to incur additional expense, or otherwise negatively affect our business. At the same time, re- adoption of network neutrality rules could affect the services used by us and our customers by restricting the offerings made by internet service providers or reducing their incentives to invest in their networks. Such actions could limit or reduce the quality of internet access services and have an adverse impact on the quality of the services we provide to our customers. We provide service- level commitments under our cloud- hosted subscription agreements. If we fail to meet these contractual commitments, we could be obligated to provide credits for future service or face subscription termination with refunds of prepaid amounts, which would lower our revenue and harm our business, results of operations, and financial condition. All of our cloud- hosted subscription agreements contain service- level commitments. If we are unable to meet the stated service- level commitments, including **our** failure to meet the uptime and delivery requirements under ~~our~~ **these** customer subscription agreements, we may be contractually obligated to provide these customers with service credits which could significantly affect our revenue in the periods in which the uptime or delivery failure occurs ~~and~~ **or when** the credits are applied. We could also face subscription terminations, which could significantly affect both our current and future revenue. Any service- level failures could also damage our reputation, which could adversely affect our business and results of operations. If we fail to offer high- quality support, our business and reputation could suffer. Our customers rely on our customer support personnel to resolve issues and realize the full benefits that our platform provides. High- quality support is also important for the renewal and expansion of our subscriptions with existing customers. The importance of our support function will increase as we expand our business and pursue new customers. If we do not help our customers quickly resolve issues and provide effective ongoing support, our ability to maintain and expand our subscriptions to existing and new customers could suffer, and our reputation with existing or potential customers would be harmed. We may not be able to scale our business quickly enough to meet our customers' growing needs, and if we are not able to grow efficiently, our operating results could be harmed. As usage of our digital operations platform grows and as the breadth of the use cases for our products expands, we will need to devote additional resources to improving and maintaining our infrastructure and integrating with third- party applications. In addition, we will need to appropriately scale our internal business systems and our services organization, including customer support and professional services, to serve our growing customer base. Any failure of or delay in these efforts could result in impaired system performance and reduced customer satisfaction, resulting in decreased sales to new customers, lower subscription renewal rates by existing customers, the issuance of service credits, or requested refunds, which would hurt our revenue growth and our reputation. Even if we are successful in these efforts, they will be expensive and complex, and require the dedication of significant management time and attention. We could also face inefficiencies or service disruptions as a result of our efforts to scale our internal infrastructure. We cannot be sure that the expansion and improvements to our internal infrastructure will be effectively implemented on a timely basis, if at all, and such failures would adversely affect our business, results of operations, and financial condition. Our current operations are international in scope, and we plan further geographic expansion, creating a variety of operational challenges. A component of our growth strategy involves the further expansion of our operations and customer base internationally. In each of the fiscal years ended January 31, **2024,** 2023, **and** 2022 ~~, and 2021~~ customers outside of the United States generated ~~24~~ **28** %, 24 %, and 24 %, respectively, of our revenue. We currently have offices in Australia, Canada, **Chile,** Japan, Portugal, the United Kingdom (**UK** ~~U. K.~~), and the United States. We are continuing to adapt to and develop strategies to address international markets, but there is no guarantee that such efforts will have the desired effect. As of January 31, ~~2023~~ **2024** , approximately ~~35~~ **41** % of our full- time employees were located outside of the United States. We expect that our international activities will continue to grow for the foreseeable future as we continue to pursue opportunities in existing and new international markets, which will require significant dedication of management attention and financial resources. Our current and future international business and operations involve a variety of risks, including: • recession or economic downturn globally or in the jurisdictions in which we do business; • inflation, as well as changes in existing and expected rates of inflation, which may vary across the jurisdictions in which we do business; • changes in a specific country' s or region' s political or economic conditions; • health epidemics or pandemics ~~, such as the COVID- 19 pandemic~~ , influenza and other highly communicable diseases or viruses; • continuing uncertainty regarding social, political, immigration, and tax and trade policies in the U. S. and abroad, including as a result of the United Kingdom' s withdrawal from the European Union (" EU "); • the need to adapt and localize our products for specific countries; • greater difficulty collecting accounts receivable and longer payment cycles; • potential changes in trade relations, regulations, or laws; • unexpected changes in laws, regulatory requirements, or tax laws; • more stringent regulations relating to **data** privacy and ~~data~~ security and the unauthorized use of, or access to, commercial and personal information, particularly in Europe; • differing and potentially more onerous labor regulations, especially in Europe, where labor laws are generally more advantageous to employees as compared to the United States, including deemed hourly wage and overtime regulations in these locations; • challenges inherent in efficiently managing, and the increased costs associated with, an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits, and compliance programs that are specific to each jurisdiction; • difficulties in managing a business in new markets with diverse cultures, languages, customs, legal systems, alternative dispute systems, and regulatory systems; • increased travel, real estate, infrastructure, and legal compliance costs associated with international operations; • currency exchange rate fluctuations and the resulting effect on our revenue and expenses, and the cost and risk of entering into hedging transactions if we chose to do so in the future; • limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries; • laws and business practices favoring local competitors or general market preferences for local vendors; • limited or insufficient intellectual property protection or difficulties enforcing our intellectual property; • political instability, including military actions; • terrorist activities; • exposure to liabilities under anti- corruption and anti- money laundering laws, including the U. S. Foreign Corrupt Practices Act, or FCPA, U. S. bribery laws, the UK Bribery Act, and similar laws and regulations in other jurisdictions; and • adverse tax burdens and foreign exchange controls that could make it difficult to repatriate earnings and cash. Political actions, including trade protection and national security policies of U. S. and foreign government bodies, such as tariffs, import or export regulations, trade and economic sanctions, quotas or other trade barriers and restrictions could affect our ability to fulfill our contractual obligations and have a material adverse effect on our business. **Further** ~~In addition~~ , ~~following~~ **due to political uncertainty and military actions such as** Russia' s ~~military~~ invasion of Ukraine **or** ~~in February 2022, NATO deployed additional military forces to Eastern Europe, and the United States, European Union, and other~~ -- **the** ~~nations announced various sanctions against Russia. The invasion of Ukraine and the retaliatory measures that have been taken, and could be taken in future, by the United States, NATO, and other countries have created global security concerns that could result in a regional~~ conflict **in Israel** and **the** ~~otherwise have a lasting impact on regional and global economies, any or all of which could adversely affect our business. Further, due to political uncertainty and military actions involving Russia, Ukraine, and~~ surrounding ~~regions~~ **areas** , we and the third parties upon which we rely may be vulnerable to a heightened risk of security ~~breaches~~ **incidents** , computer malware, social- engineering attacks, supply- chain attacks, software bugs, server malfunctions, software or hardware failures, loss of **sensitive** data or other information technology assets, and other cyber- attacks, including attacks that could materially disrupt our systems and operations, supply chain, and ability to do business ~~. These attacks are expected to occur in~~

~~the future~~ . If any of the above risks materializes, it could harm our business and prospects. In addition, our limited experience in operating our business internationally increases the risk that any potential future expansion efforts that we may undertake will not be successful. If we invest substantial time and resources to further expand our international operations and are unable to do so successfully and in a timely manner, our business and operating results will suffer. Our international operations may subject us to potential adverse tax consequences. We are **continuing to** ~~expanding~~ --- **expand** our international operations to better support our growth into international markets. Our corporate structure and associated transfer pricing policies contemplate future growth in international markets, and consider the functions, risks, and assets of the various entities involved in intercompany transactions. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of the various jurisdictions, including the United States, to our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies, and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for pricing intercompany transactions pursuant to our intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a challenge or disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest, and penalties, which could result in one- time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations. Our financial statements could fail to reflect adequate reserves to cover such a contingency. We are exposed to fluctuations in currency exchange rates, which could negatively affect our operating results. Our sales contracts are primarily denominated in U. S. dollars, and therefore, substantially all of our revenue is not subject to foreign currency risk. However, a strengthening of the U. S. dollar could increase the real cost of our platform to our customers outside of the United States, which could adversely affect our operating results. In addition, an increasing portion of our operating expenses are incurred and an increasing portion of our assets are held outside the United States. These operating expenses and assets are denominated in foreign currencies and are subject to fluctuations due to changes in foreign currency exchange rates. If we are not able to successfully hedge against the risks associated with currency fluctuations, our operating results could be adversely affected. Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations. As of January 31, ~~2023~~ **2024** , we had federal net operating loss (" NOL ") carryforwards in the amount of $ ~~451~~ **458** . 5 million. Beginning in ~~2030~~ **2036** , $ ~~70~~ **21** . ~~5~~ **3** million of the federal NOLs will begin to expire. The remaining $ ~~381~~ **437** . ~~0~~ **2** million will carry forward indefinitely. As of January 31, ~~2023~~ **2024** , we had state and foreign net operating loss carryforwards in the amount of $ ~~27~~ **30** . ~~9~~ **4** million ~~,~~ and $ ~~3~~ **6** . ~~2~~ **7** million, respectively, which begin to expire in 2028 and 2033, respectively. In general, under Section 382 of the United States Internal Revenue Code of 1986, as amended **(** ~~, or~~ the **"** Code **")** , a corporation that undergoes an " ownership change " is subject to limitations on its ability to utilize its pre- change NOLs to offset future taxable income. If we undergo an ownership change, our ability to utilize NOLs could be limited by Section 382 of the Code. Future changes in our stock ownership, many of which are outside of our control, could result in an ownership change under Section 382 of the Code. Furthermore, our ability to utilize NOLs of companies that we have acquired or may acquire in the future may be subject to limitations. Under current U. S. tax law, federal NOL carryforwards generated in tax years ending on or prior to December 31, 2017 are only permitted to be carried forward for 20 years. Federal NOL carryforwards generated in tax years beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such federal NOLs is limited to 80 % of taxable income. It is uncertain if and to what extent various states have imposed or will impose similar limitations on the use of NOLs. For these reasons, we may not be able to utilize a material portion of the NOLs prior to expiration, even if we were to achieve profitability, which may adversely affect our results of operations. Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flow, financial condition, or results of operations. New tax laws, statutes, rules, regulations, or ordinances could be enacted at any time. Further, existing tax laws, statutes, rules, regulations, or ordinances could be interpreted differently, changed, repealed, or modified at any time. Any such enactment, interpretation, change, repeal, or modification could adversely affect us, possibly with retroactive effect. For instance, the ~~recently enacted~~ Inflation Reduction Act, or IRA, imposes, among other rules, a 15 % minimum tax on the book income of certain large corporations and a 1 % excise tax on certain corporate stock repurchases. The Tax Cuts and Jobs Act of 2017, or TCJA, as amended by the Coronavirus Aid, Relief, and Economic Security Act significantly reformed the Code by lowering U. S. federal corporate income tax rates, changing the utilization of future net operating loss carryforwards, permitting for the expensing of certain capital expenditures, eliminating the option to currently deduct research and development expenditures and requiring taxpayers to capitalize and amortize U. S.- based and non- U. S.- based research and development expenditures over five and fifteen years, respectively, and putting into effect significant changes to U. S. taxation of international business activities. The IRA, TCJA, or any future tax reform legislation could have a material impact on the value of our deferred tax assets, result in significant one- time charges, and increase our future tax expenses. Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the United States. U. S. generally accepted accounting principles (" U. S. GAAP "), is 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 results of operations and financial condition and could affect the reporting of transactions already completed before the announcement of a change. If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected. The preparation of financial statements in conformity with U. S. GAAP requires management 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 on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates. " The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant estimates and judgments **involve** ~~used in preparing our consolidated financial statements include, but not limited to, those related to~~ stock- based compensation expense, the fair value of the employee stock purchase plan (the " ESPP ") expense, period of benefit for amortizing deferred contract costs, the determination of the allowance for credit losses, and the provision for income taxes, including related valuation allowance and uncertain tax positions, **among others** ~~impairment of goodwill and intangible assets, the incremental borrowing rate for lease liabilities, and estimates related to our revenue recognition, such as the assessment of performance obligations in our revenue arrangements and the fair value assigned to each performance obligation~~ . Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our common stock. We may not be able to successfully manage the growth of our business if we are unable to improve our internal systems, processes, and controls. We need to continue ~~to improve~~ **improving** our internal systems, processes, and controls to effectively manage our operations and growth. We may not be able to successfully implement and scale improvements to our systems and processes in a timely or efficient manner or in a manner that does not negatively affect our operating results. In addition, our systems and processes may not prevent or detect all errors, omissions, or fraud. We may experience difficulties in managing improvements to our systems, processes, and controls in connection with the implementation of third- party software or otherwise, which could impair our ability to provide products to our customers in a timely manner, limit us to smaller deployments of our products, increase our technical support costs or cause us to be unable to timely and accurately report our financial results in accordance with the rules and regulations of the SEC ~~. We are also reliant upon highly skilled employees trained in the implementation and management of our internal controls, and a loss of these employees or our inability to replace them with similarly skilled and trained individuals in a timely manner could adversely impact our internal processes and control, which could harm our business~~ . In addition, we may experience material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Our independent registered public accounting firm is required to attest to the effectiveness of our internal control over financial reporting and may, during the evaluation and testing process of our internal controls, identify one or more material weaknesses in our internal control over financial reporting. In addition, we rely on hardware and infrastructure purchased or leased from third parties and software licensed from third parties to operate critical business functions. Our business would be disrupted if any of this third- party hardware, software, and infrastructure becomes unavailable on commercially reasonable terms, or at all. Furthermore, any errors or defects in third- party hardware, software, or infrastructure, or delays or complications with respect to the transition of critical business functions from one third- party product to another, could result in errors or a failure of our platform, which could harm our business and results of operations. Certain members of our management team have limited experience managing a public company. Certain members of our management team have limited experience managing a publicly traded company, interacting with public company investors and securities analysts, and complying with the increasingly complex laws pertaining to public companies. These obligations and constituents require significant attention from our management team and could divert their attention away from the day- to- day management of our business, which could harm our business, results of operations, and financial condition. We could incur substantial costs in protecting or defending our proprietary rights, and any failure to adequately protect such rights could impair our competitive position and result in the loss of valuable intellectual property rights, reduced revenue and costly litigation. Our success is dependent, in part, upon protecting our proprietary technology. We rely on a combination of patents, copyrights, trademarks, service marks, trade secret laws, and contractual provisions in an effort to establish and protect our proprietary rights. However, the steps we take to protect our intellectual property may be inadequate. While we have been issued patents in the United States and have additional patent applications pending, we may be unable to obtain patent protection for the technology covered in our patent applications. In addition, any patents that are issued may not provide us with competitive advantages or may be successfully challenged by third parties. Any of our patents, trademarks, or other intellectual property rights may be challenged or circumvented by others or invalidated through administrative process or litigation. There can be no assurance that others will not independently develop similar products, duplicate any of our products, design around our patents, or register our trademarks. Furthermore, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain. Despite our precautions, it may be possible for unauthorized third parties to copy our products and use information that we regard as proprietary to create products and services that compete with ours. Some license provisions protecting against unauthorized use, copying, transfer, and disclosure of our products may be unenforceable under the laws of jurisdictions outside the United States. In addition, certain countries into which we might expand our business might require us, as examples, to do business through an entity that is partially owned by a local investor, to make available our technologies to state regulators, or to grant license rights to local partners in a manner not required by the jurisdictions in which we currently operate. As we expand our international activities, our exposure to reverse engineering of our technologies and unauthorized copying and use of our products and proprietary information, as well as unauthorized use of our trademarks, may increase. We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with the parties with whom we have strategic relationships and business alliances. No assurance can be given that these agreements will be effective in controlling access to and distribution of our products and proprietary information or in avoiding misuse of proprietary information or intellectual property. Further, these agreements do not prevent our competitors or partners from independently developing technologies that are substantially equivalent or superior to our platform. In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. 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 the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management' s attention and resources, could impair or delay additional sales, renewals or customer adoption of our platform, impair the functionality of our platform, delay introductions of new products, result in our substituting inferior or more costly technologies into our platform, or injure our reputation. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Moreover, policing unauthorized use of our technologies, trade secrets, and intellectual property may be difficult, expensive, and time- consuming, particularly in foreign countries where the laws may not be as protective of intellectual property rights as those in the United States and where mechanisms for enforcement of intellectual property rights may be weak. If we fail to meaningfully protect our intellectual property and proprietary rights, our business, operating results, and financial condition could be adversely affected. Any future litigation against us could be costly and time- consuming to defend. We have in the past and may in the future become subject to legal proceedings and claims that arise in the ordinary course of business, such as claims brought by our customers in connection with commercial disputes or employment claims made by our current or former employees. Litigation might result in substantial costs and may divert management' s attention and resources, which might seriously harm our business, overall financial condition, and operating results. Insurance might not cover such claims, might not provide sufficient payments to cover all the costs to resolve one or more such claims, and might not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, thereby reducing our operating results and leading analysts or potential investors to reduce their expectations of our performance, which could reduce the trading price of our stock. We have in the past, and may in the future be, subject to intellectual property disputes, which are costly and may subject us to significant liability and increased costs of doing business. We have in the past and may in the future become subject to intellectual property disputes. Lawsuits are time- consuming and expensive to resolve and they divert management' s time and attention. Although we carry various insurance policies, our insurance may not cover potential claims of this type or may not be adequate to indemnify us for all liability that may be imposed. We cannot predict the outcome of lawsuits and cannot assure you that the results of any such actions will not have an adverse effect on our business, operating results, or financial condition. Our industry is characterized by the existence of a large number of patents, copyrights, trademarks, trade secrets, and other intellectual and proprietary rights. From time to time, we may be required to defend against litigation claims based on allegations of infringement or other violations of intellectual property rights. Our technologies may not be able to withstand any third- party claims against their use. In addition, many companies have the capability to dedicate substantially greater resources than we do to enforce their intellectual property rights and to defend claims that may be brought against them. Any litigation may also involve patent holding companies or other adverse patent owners that have no relevant product revenue, and therefore, our patents may provide little or no deterrence as we would not be able to assert them against such entities or individuals. If a third party is able to obtain an injunction preventing us from accessing third- party intellectual property rights, or if we cannot license or develop alternative technology for any **aspect of our business found to be** infringing ~~aspect of our business~~, we would be forced to limit or stop sales of our software or cease business activities related to such intellectual property. Any inability to license third- party technology in the future would have an adverse effect on our business or operating results and would adversely affect our ability to compete. We may also be contractually obligated to indemnify our customers in the event **of a finding** of infringement of a third party' s intellectual property rights. Responding to such claims, regardless of their merit, can be time consuming, costly to defend, and damaging to our reputation and brand. We use open **-** source software in our products, which could subject us to litigation or other actions. We use open **-** source software in our products. From time to time, there have been claims challenging the ownership of open **-** source software against companies that incorporate it into their products. As a result, we could be subject to lawsuits by parties claiming ownership of what we believe to be open **-** source software. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition, or require us to devote additional research and development resources to change our products. In addition, although we employ open **-** source software license screening measures, if we were to combine our proprietary software products with open source software in a certain manner we could, under certain open **-** source licenses, be required to release the source code of our proprietary software products. If we inappropriately use or incorporate open **-** source software subject to certain types of open **-** source licenses that challenge the proprietary nature of our products, we may be required to re- engineer such products, discontinue the sale of such products or take other remedial actions, each of which could reduce the value of our platform and technologies and materially and adversely affect our ability to sustain and grow our business. Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement, data ~~protection~~, and other losses. Our agreements with customers and other third parties may include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement, inadequate data ~~protection~~ **privacy and security** , damages caused by us to property or persons, or other liabilities relating to or arising from our platform or other contractual obligations. Some of these ~~indemnity~~ agreements provide for uncapped liability and some indemnity provisions survive termination or expiration of the applicable agreement. Large indemnity payments could harm our business, results of operations, and financial condition. Although we normally contractually limit our liability with respect to such obligations, we may still incur substantial liability, and we may be required to cease use of certain functions of our platform or products as a result of any such claims. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other existing or new customers, harming our business and results of operations. In addition, although we carry various insurance policies, our insurance may not be adequate to cover our indemnification obligations or to indemnify us for all liability that may be imposed or otherwise protect us from liabilities or damages with respect to claims alleging **infringement of our intellectual property or** compromises of customer data, and any such coverage may not continue to be available to us on acceptable terms or at all. We are subject to anti- corruption, anti- bribery, anti- money laundering, and similar laws, and non- compliance with such laws can subject us to criminal or civil liability and harm our business. We are subject to the FCPA, U. S. domestic bribery laws, the UK Bribery Act, and other anti- corruption and anti- money laundering laws in the countries in which we conduct activities. Anti- corruption and anti- bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees and their third- party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector. As we increase our international sales and business and sales to the public sector, we may engage with business partners and third- party intermediaries to market our services and to obtain necessary permits, licenses, and other regulatory approvals. In addition, we or our third- party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state- owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of these third- party intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. While we have policies and procedures to address compliance with such laws, we cannot assure you that all of our employees and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. As we increase our international sales and business, our risks under these laws may increase. Detecting, investigating, and resolving actual or alleged violations of anti- corruption laws can require a significant diversion of time, resources, and attention from senior management. In addition, noncompliance with anti- corruption, anti- bribery, or anti- money laundering laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, enforcement actions, fines, damages, other civil or criminal penalties or injunctions, suspension or debarment from contracting with certain persons, reputational harm, adverse media coverage, and other collateral consequences. If any subpoenas or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal proceeding, our business, results of operations, and financial condition could be materially harmed. In addition, responding to any action will likely result in a materially significant diversion of management' s attention and resources and significant defense costs and other professional fees. We are subject to **stringent and** evolving ~~and increasingly stringent~~ U. S. and foreign laws, regulations, rules, contractual obligations, policies and other ~~legal~~ obligations related to data privacy and security. Our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions; litigation **(including class claims) and mass arbitration demands** ; fines and penalties; disruptions of our business operations; ~~adverse publicity and~~ reputational ~~damage~~ **harm** ; loss of revenue or profits ~~; loss of customers or sales; decrease the price of our common stock~~ ; and other adverse business consequences. In the ordinary course of business, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share **(collectively, " processing ") personal data and other** sensitive **information** , **including proprietary and** confidential ~~, and proprietary information, including personal information,~~ business data, trade secrets, intellectual property, ~~and~~ sensitive third- party data **, business plans, transactions, and financial information (collectively, " sensitive data ")** . Our data processing activities ~~may~~ subject us to numerous data privacy and security obligations, such as ~~various domestic and foreign~~ laws, regulations, guidance, industry standards, external and internal ~~data~~ privacy and security policies, contractual requirements, and other obligations relating to data privacy and security. In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e. g., Section 5 of the Federal Trade Commission Act), and other similar laws (e. g., wiretapping laws). For example, the California Consumer Privacy Act of 2018 (" CCPA ") applies to personal ~~information~~ **data** of consumers, business representatives, and employees **who are California residents** , and requires businesses to provide specific disclosures in privacy notices and honor requests **such individuals** ~~of California residents~~ to exercise certain privacy rights **, such as those noted below** . The CCPA provides for ~~civil penalties~~ **administrative fines** of up to $ 7, 500 per violation and allows **private** litigants affected by certain data breaches to recover significant statutory damages. In addition, the California Privacy Rights Act of 2020 (" CPRA ") ~~expands~~ **expanded** the CCPA' s requirements, including by adding a new right for individuals to correct their personal ~~information~~ **data** and establishing a new regulatory agency **(" CPPA ")** to implement and enforce the law. Other states, such as Virginia ~~,~~ **and** Colorado ~~, Connecticut and Utah~~ , have also passed comprehensive ~~data~~ privacy ~~and security~~ laws, and similar laws are being considered in several other states, as well as at the federal and local levels. These **state laws and the CCPA provide individuals with certain rights concerning their personal data, including the right to access, correct, or delete certain personal data, and opt- out of certain data processing activities, such as targeted advertising, profiling, and automated decision- making. The exercise of these rights may impact our business and ability to provide our products and services. These** developments may further complicate compliance efforts, and increase legal risk and compliance costs for us and the third parties upon whom we rely. ~~Additionally, several states and localities have enacted measures related to the use of AI and machine learning in products and services.~~ Outside the United States, an increasing number of ~~foreign~~ laws ~~and~~ **,** regulations ~~apply to~~ **, and industry standards may govern** data privacy and security. For example, the European Union' s General Data Protection Regulation (" EU GDPR "), the United Kingdom' s GDPR (" UK GDPR "), and Canada' s Personal Information Protection and Electronic Documents Act (" PIPEDA ") and Canada' s Anti- Spam Legislation (" CASL ") **,** impose strict requirements for processing ~~the~~ personal **data** ~~information of individuals~~ . For example, under the EU and UK GDPR, companies may face temporary or definitive bans on data processing and other corrective actions; fines of up to 20 million Euros ~~(~~ **under the EU GDPR,** £ 17. 5 million ~~for~~ **pounds sterling under** the UK GDPR ~~)~~ or **, in each case,** 4 % of annual global revenue, whichever is greater; or private litigation related to processing of personal ~~information~~ **data** brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests. European legislative proposals and ~~existing~~ **present** laws and regulations ~~also apply to~~ **regulate the use of** cookies and ~~similar~~ **other** tracking technologies, electronic communications, and marketing. ~~In~~ **For example, in** the ~~EU~~ **European Economic Area (" EEA ")** and the UK, regulators are increasingly focusing on compliance with requirements related to the **targeted** ~~online behavioral~~ advertising ecosystem. It is anticipated that the ePrivacy Regulation and national implementing laws will replace the current national laws that implement the ePrivacy

Directive that governs electronic communications. Compliance with these laws may require us to make significant operational changes ~~, limit~~ **. Our employees and personnel use generative AI technologies to perform** ~~the~~ **their work** ~~effectiveness of our marketing activities~~ , ~~divert~~ **and the disclosure and use of personal data in generative AI technologies is subject to various data privacy and security laws and** ~~the~~ **other** ~~attention~~ **privacy obligations. Governments have passed and are likely to pass additional laws regulating generative AI. Our use** of ~~our~~ **this** technology ~~personnel~~ **could result in additional compliance costs** , ~~adversely affect our margins, and subject us to liabilities. Furthermore, there is a proposed regulation~~ - **regulatory** ~~in the EU related~~ **investigations and actions, and consumer lawsuits. If we are unable** to ~~artificial intelligence~~ **use generative AI, it could make our business less efficient and result in competitive disadvantages. We use AI, including generative AI, and ML technologies in our products and services** (**collectively,** “ AI **/ ML** ” **technologies**) **. The development and use of AI / ML present various data privacy and security risks** that **may impact our business. AI / ML are subject to data privacy and security laws** , ~~if~~ **as well as increasing regulation and scrutiny. Several jurisdictions around the globe, including Europe and certain U. S. states, have proposed or enacted laws governing AI / ML. For example, European regulators have proposed a stringent AI regulation, and we expect other jurisdictions will** ~~adopted~~ -- **adopt similar laws. Additionally** , ~~could impose onerous~~ **certain privacy laws extend rights to consumers (such as the right to delete certain personal data) and regulate automated decision making, which may be incompatible with our use of AI / ML. These** obligations ~~related to the~~ **may make it harder for** ~~use~~ - **us** ~~of~~ **to conduct our business using** AI ~~- related systems that may~~ **/ ML, lead to regulatory fines or penalties,** require us to change our business practices **, retrain our AI / ML, or prevent or limit our use of AI / ML. For example, the FTC has required other companies to turn over (or disgorge) valuable insights or trainings generated through the use of AI / ML where they allege the company has violated privacy and consumer protection laws. If we cannot use AI / ML or that use is restricted, our business may be less efficient, or we may be at a competitive disadvantage. Additionally, under various privacy laws and other obligations, we may be required to obtain certain consents to process personal data. For example, some of our data processing practices may be challenged under wiretapping laws, if we obtain consumer information from third parties through various methods, including chatbot and session replay providers, or via third- party marketing pixels. These practices may be subject to increased challenges by class action plaintiffs. Our inability or failure to obtain consent for these practices could result in adverse consequences, including class action litigation and mass arbitration demands** . In **addition** ~~the ordinary course of business~~ , we may **be unable to** transfer personal ~~information~~ **data** from Europe and other jurisdictions to the United States or other countries **due to data localization requirements or limitations on cross- border data flows** . ~~Certain~~ **Europe and other** jurisdictions have enacted **laws requiring** data ~~localization laws and cross- border~~ **to be localized or limiting the transfer of** personal **data** ~~information transfer laws, which could make it more difficult~~ to ~~transfer information across jurisdictions (such as transferring or receiving personal information that originates in the EU). Existing mechanisms that may facilitate cross- border personal information transfers may change or be invalidated. For example, absent appropriate safeguards or~~ other ~~circumstances, the EU GDPR generally restricts the transfer of personal information to~~ countries ~~outside of~~ **. In particular,** the European Economic Area (“ EEA ”) ~~, such as~~ **and the UK have significantly restricted the transfer of personal data to** the United States ~~, which the European Commission does not consider as providing an~~ **and other countries whose privacy laws it generally believes** ~~adequate level of protection of personal information. The European Commission recently released a set of Standard Contractual Clauses (“ SCCs ”) that~~ are ~~designed to be a mechanism by which entities can~~ **inadequate. Other jurisdictions may adopt similarly stringent interpretations of their data localization and cross- border data** transfer ~~personal information out of the EEA. Currently, the SCCs are a valid mechanism to transfer personal information, but impose obligations onto parties relying on them such as to conduct transfer impact assessments to determine whether additional security measures are necessary to protect the transferred personal information. In addition,~~ laws ~~in the UK similarly restrict transfers of personal information outside of those jurisdictions~~ . Although there are currently various mechanisms that may be used to transfer personal ~~information~~ **data** from the EEA and UK to the United States in compliance with law, such as the EEA and UK’ s standard contractual clauses, **the UK’ s International Data Transfer Agreement / Addendum, and the EU- U. S. Data Privacy Framework and the UK extension thereto (which allows for transfers for relevant U. S.- based organizations who self- certify compliance and participate in the Framework),** these mechanisms are subject to legal challenges, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal ~~information~~ **data** to the United States. If there is no lawful manner for us to transfer personal ~~information~~ **data from the EEA, the UK, or other jurisdictions** to the United States ~~or other countries~~ , or **if** ~~we are unable to implement, such transfers because~~ the requirements **for a legally- compliant transfer** are too onerous, we ~~may~~ **could** face **significant adverse consequences** ~~increased exposure to regulatory actions~~ , **including** ~~substantial fines, and injunctions against processing or transferring personal information from Europe and other~~ -- **the interruption** ~~countries, and we may be required to increase our~~ - **or degradation of our operations, the need to relocate part of or all of our business or** data processing ~~capabilities in~~ **activities to other jurisdictions (such as** Europe **)** ~~and other countries~~ at significant expense ~~.~~ **, increased exposure to regulatory actions, substantial fines and penalties, the** ~~Inability~~ **inability** to transfer **data and work with partners, vendors and other third parties, and injunctions against our processing or transferring** personal ~~information from Europe~~ **data necessary to operate** ~~or~~ **our business** ~~other countries may decrease demand for our products and services if affected customers seek alternatives that do not involve such transfers~~ . Additionally, companies that transfer personal ~~information~~ **data** out of the EEA and UK to other jurisdictions, particularly to the United States, are subject to increased scrutiny from regulators, individual litigants, and activist groups. Some European regulators have ordered certain companies to suspend or permanently cease certain transfers **of personal data** out of Europe for allegedly violating the GDPR’ s cross- border data transfer limitations. ~~Other countries outside of Europe have enacted or are considering enacting similar cross- border data transfer restrictions and laws requiring local data residency and restricting cross- border data transfer, which could increase the cost and complexity of delivering our services and operating our business. For~~

~~example, Brazil' s LGPD and China' s PIPL broadly regulates the processing of personal information and impose compliance obligations and penalties comparable to those of the EU GDPR.~~ In addition to ~~our legal~~ **data privacy and security laws, we are contractually subject to industry standards adopted by industry groups and may become subject to such** obligations ~~, our~~ **in the future. We are also bound by other** contractual obligations ~~relating~~ **related** to data privacy and security **, which** have become increasingly stringent **and complex** due to changes in data privacy and security ~~and the expansion of our service offerings. Certain data privacy and security~~ laws **and regulations** , **and our efforts to comply with** such **obligations may not be successful** ~~as the EU GDPR, the UK GDPR and the CCPA, require our customers to impose specific contractual restrictions on their service providers~~ . We publish privacy policies, marketing materials and other statements **, such as compliance with certain certifications or self- regulatory principles,** regarding data privacy and security. If ~~our~~ **these** policies, ~~procedures~~ **materials** , **or statements are found to be deficient, lacking in transparency, deceptive, unfair, or misrepresentative of** ~~or~~ **our** ~~measures relating~~ **practices, we may be subject to investigation, enforcement actions by regulators, or other adverse consequences. Obligations related** to data privacy and security **(** ~~, marketing, or customer communications fail to comply with applicable laws, regulations, policies, legal obligations, or industry standards, we may be subject to governmental enforcement actions, litigation, regulatory investigations, fines, penalties, and negative publicity, which could cause our application providers, customers and partners to lose trust in us, and have an~~ **and consumers' expectations regarding** ~~adverse effect on our business, operating results, and financial condition. Further, privacy advocates and industry groups may propose new and different self- regulatory standards that may apply to us. Because the~~ **them)** ~~interpretation and application of data privacy and security laws, regulations, rules, and other standards are still uncertain, it is possible that these laws, rules, regulations, and other actual or alleged legal obligations, such as contractual or self- regulatory obligations, may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the functionality of our platform. If so, in addition to the possibility of fines, lawsuits and other claims, we could be required to fundamentally change our business activities and practices or modify our products and services, which could have an adverse effect on our business. Obligations related to data privacy and security~~ are quickly changing, becoming increasingly stringent, and creating ~~regulatory~~ uncertainty. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires us to devote significant resources **and** ~~. These obligations~~ may necessitate changes to our services, information technologies, systems, and practices and to those of any third parties that process personal ~~information~~ **data** on our behalf. We may at times fail **(** or be perceived to have failed **)** in our efforts to comply with our data privacy and security obligations. Moreover, despite our efforts, our personnel or third parties on whom we rely **,** may fail to comply with such obligations, which could negatively impact our business operations. ~~Any failure~~ **If we** or **the third parties on which we rely fail, or are** perceived **to have** ~~failure~~ -- **failed ,** ~~by us~~ to **address or** comply with **applicable** ~~laws, regulations, policies, legal, or contractual obligations, industry standards, or regulatory guidance relating to~~ data privacy ~~or~~ **and** security ~~may result in~~ **obligations, we could face significant consequences, including but not limited to:** ~~governmental~~ -- **government** enforcement actions (e. g., investigations, fines, penalties, audits, inspections ~~, restrictions or prohibitions on data processing imposed by EU data protection supervisory authorities~~ , and similar); litigation (including class- action claims) **and mass arbitration demands** ; ~~and~~ additional reporting requirements and / or oversight **; bans on processing personal data; and orders to destroy or not use personal data. In particular, plaintiffs have become increasingly more active in bringing data privacy- related claims against companies, including class claims and mass arbitration demands. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for monumental statutory damages, depending on the volume of data and the number of violations** . Any of these events could have a material adverse effect on our reputation, business, or financial ~~conditions~~ - **condition** , including but not limited to: loss of customers, ~~interruptions or stoppages in our business operations,~~ inability to process personal ~~information~~ **data** or to operate in certain jurisdictions; limited ability to develop or commercialize our products and services; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations ~~. We may be forced to implement new measures to reduce our exposure to this liability. This may require us to expend substantial resources or to discontinue certain products, which would negatively affect our business, financial condition, and results of operations. Future laws, regulations, standards, and other obligations or any changed interpretation of existing laws or regulations could impair our ability to develop and market new functionality and maintain and grow our customer base and increase revenue. Future restrictions on the collection, use, sharing, or disclosure of data or additional requirements for express or implied consent of our customers, partners, or end consumers for the use and disclosure of such information could require us to incur additional costs or modify our platform, possibly in a material manner, and could limit our ability to develop new functionality~~ . Failure to comply with governmental laws and regulations could harm our business. Our business is subject to regulation by various federal, state, local, and foreign governments. For example, the Telephone Consumer Protection Act of 1991 restricts telemarketing and the use of automatic short message service (" SMS ") text messages without proper consent. The scope and interpretation of the laws that are or may be applicable to the delivery of text messages and other communications are continuously evolving and developing. If we do not comply with these laws or regulations or if we become liable under these laws or regulations due to the failure of our customers to comply with these laws by obtaining proper consent, we could face direct liability. In certain jurisdictions, these regulatory requirements may be more stringent than those in the United States. Noncompliance with applicable regulations or requirements could also limit the features in our platform related to SMS text messaging or other communications in various jurisdictions, result in loss of customers, and subject us to customer litigation or investigations, sanctions, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, injunctions, or other collateral consequences. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, results of operations, and financial condition could be materially adversely affected. In addition, responding to any action will likely result in a significant diversion of management' s attention and resources and an increase in professional fees. Enforcement actions and sanctions could harm our business, reputation, results of operations, and financial condition. Increased government scrutiny of the technology industry could negatively affect our business. The technology industry is subject to intense media, political and regulatory scrutiny, which exposes us to government investigations, legal actions, and penalties. Various regulatory agencies, including competition, consumer protection, and privacy authorities, have active proceedings and investigations concerning multiple technology companies. Although we are not currently ~~subject to~~ **aware of** any such investigations, if investigations targeted at other companies result in determinations that practices we follow are unlawful, including practices related to use of machine- and customer- generated data or AI, we could be required to change our products and services or alter our business operations, which could harm our business. Legislators and regulators also have proposed new laws and regulations intended to restrain the activities of technology companies. If such laws or regulations are enacted, they could have impacts on us, even if they are not intended to affect our company. In addition, the introduction of new products, expansion of our activities in certain jurisdictions, or other actions that we may take may subject us to additional laws, regulations, or other government scrutiny. The increased scrutiny of certain acquisitions in the technology industry also could affect our ability to enter into strategic transactions or to acquire other businesses. Compliance with new or modified laws and regulations could increase our cost of conducting the business, limit the opportunities to increase our ~~revenue~~ **revenues** , or prevent us from offering products or services **. Further, as a result of new SEC rules and regulations, we are required to disclose additional information about the business, including human capital and diversity, and climate change and sustainability. Similar laws and regulations are enacted or proposed in California, the EU and various other jurisdictions. Compliance with any such new laws and regulations will be costly, time consuming and, as a global commercial organization, require expenditure of our limited resources to be in compliance with the various standards across the jurisdictions in which we operate. Failure to adequately meet these new and upcoming disclosure requirements may affect the manner and locations in which we choose to conduct our business and could adversely affect our profitability and returns to our investors. Any failure or perceived failure by us in this regard could have a material adverse effect on our reputation with investors, governments, customers, employees other third parties and the communities and industries in which we operate and on our business, share price, financial condition, access to capital or results of operations, including the sustainability of our business over time** . We also could be harmed by government investigations, litigation, or changes in laws and regulations directed at our business partners, or suppliers in the technology industry that have the effect of limiting our ability to do business with those entities or that affect the services we can obtain from them. For example, the U. S. government recently has taken action against companies operating in China intended to limit their ability to do business in the U. S. or with U. S. companies. There can be no assurance that our business will not be materially adversely affected, individually or in the aggregate, by the outcomes of such investigations, litigation or changes to laws and regulations in the future. Our sales to government entities and highly regulated organizations are subject to a number of challenges and risks. We sell to U. S. federal, state, and local, as well as foreign, governmental agency customers, as well as to customers in highly regulated industries such as financial services, pharmaceuticals, insurance, healthcare, and life sciences. Sales to such entities are subject to a number of challenges and risks. Some such entities have industry- specific compliance requirements relating to certain security or regulatory standards, such as FedRAMP, that may be required to compete effectively. Working towards compliance with these standards can be expensive and time- consuming. If we cannot adequately comply with particular compliance requirements, our growth may be adversely impacted. Selling to such entities can also be highly competitive, expensive, and time- consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. Government contracting requirements may change and in doing so restrict our ability to sell into the government sector until we have attained the revised certification. Government demand and payment for our offerings are affected by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our offerings. Further, governmental and highly regulated entities may demand contract terms that differ from our standard arrangements and may require expensive and time- consuming compliance efforts. Such entities may have statutory, contractual, or other legal rights to terminate contracts with us or our partners due to a default or for other reasons. Any such termination may adversely affect our reputation, business, results of operations, and financial condition. We are subject to ~~governmental~~ -- **government regulation, including** export ~~and~~ **,** import ~~controls~~ **and economic sanctions laws and regulations,** that ~~could~~ **may** impair our ability to compete in international markets or subject us to liability if we ~~violate the controls~~ **fail to comply** . Our platform is subject to U. S. export controls, including the Export Administration Regulations, and we incorporate encryption technology into certain of our products. These encryption products and the underlying technology may be exported outside of the United States only with the required export authorizations, including by license, a license exception, or other appropriate government authorizations, including the filing of an encryption classification request or self- classification report. Furthermore, our activities are subject to U. S. economic sanctions laws and regulations administered by the Office of Foreign Assets Control that prohibit **dealings with** ~~the shipment of most products and services to~~ embargoed jurisdictions or sanctioned parties without the required ~~export~~ **licenses or government** authorizations. Obtaining the necessary ~~export license~~ **licenses** or other ~~authorization~~ **authorizations** for a particular sale may be time- consuming and may result in the delay or loss of sales opportunities. ~~We have had a limited export compliance program.~~ While we have implemented ~~additional~~ precautions to **comply with applicable** ~~prevent our products from being exported~~ -- **export** ~~in violation of these~~ **, import and economic sanctions** laws **and regulations** , including obtaining authorizations for our encryption products and implementing IP address blocking and screenings against U. S. government and international lists of restricted and prohibited persons, we cannot guarantee that the precautions we take will **entirely** prevent violations **. If we fail to comply, we and certain** of ~~export control or~~ **our employees could be adversely affected through** ~~economic sanctions regulations. Violations of U. S. sanctions or export control regulations can result in significant~~ fines or penalties **, reputational harm, government investigations,** and possible incarceration for responsible employees and managers. If our channel partners fail to **comply with these laws and regulations**

~~obtain appropriate import, export, or re- export licenses or permits~~ , we may also be adversely affected through reputational harm, as well as other negative consequences, including government investigations and penalties. Also, **in addition to the United States,** various countries ~~, in addition to the United States,~~ regulate the import and export of certain encryption **products** and ~~other~~ technology **in ways** ~~, including import and export licensing requirements, and have enacted laws~~ that could limit our ability to distribute our products or could limit our end- customers' ability to implement our products in those ~~countries. Changes in our products or future changes in export and import regulations may create delays in the introduction of our platform in~~ international markets ~~, prevent our end- customers with international operations from deploying our platform globally or, in some cases, prevent the export or import of our products to certain countries, governments, or persons altogether. From time to time, various governmental agencies have proposed additional regulation of encryption technology, including the escrow and government recovery of private encryption keys~~ . Any change in export ~~or~~ **,** import **or** ~~regulations,~~ economic sanctions **laws** ~~or related legislation, increased export~~ and **regulations** ~~import controls~~ , **shift in the enforcement** or **scope of existing laws and regulations, or** ~~change~~ **changes** in the countries, governments, persons ~~,~~ or technologies targeted by such **laws and** regulations, could **also** result in decreased use of our ~~platform by~~ **products and solutions** , or in our decreased ability to export or sell our products **and solutions** to ~~,~~ existing or potential ~~end-~~ customers ~~with international operations~~ . Any decreased use of our ~~platform~~ **products and solutions** or limitation on our ability to export or sell our products **and solutions** would **likely** adversely affect our business, ~~operating~~ **financial condition and** results **of operations** , and growth prospects. Servicing our debt may require a significant amount of cash. We may not have sufficient cash flow from our business to pay our indebtedness, and we may not have the ability to raise the funds necessary to settle for cash conversions of our convertible senior notes due 2025 ~~, or~~ **(the " 2025** Notes **") or our convertible senior notes due 2028 (the " 2028 Notes " and together with the 2025 Notes, the " Notes ")** , or to repurchase the Notes for cash upon a fundamental change, which could adversely affect our business and results of operations. In June 2020, we completed the private offering of **2025** Notes, issuing an aggregate principal amount of $ 287. 5 million **of** 1. 25 % convertible senior notes due 2025. **In October 2023, we repurchased $ 230. 0 million aggregate principal amount of the 2025 Notes in privately negotiated transactions with holders of the 2025 Notes and as of January 31, 2024, we had $ 57. 5 million aggregate principal amount of the 2025 Notes outstanding.** The interest rate **on the 2025 Notes** is fixed at 1. 25 % per annum and is payable semi- annually in arrears on January 1 and July 1 of each year, beginning on January 1, 2021 **. In October 2023, we completed the private offering of 2028 Notes, issuing an aggregate principal amount of $ 402. 5 million of 1. 50 % convertible senior notes due 2028. The interest rate on the 2028 Notes is fixed at 1. 50 % per annum and is payable semi- annually in arrears on April 15 and October 15 of each year, beginning on April 15, 2024** . Our ability to make scheduled payments of the principal of, to pay interest on, or to refinance our indebtedness, including the Notes, depends on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. Our business may not generate cash flows from operations in the future that are sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flows, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt, or obtaining additional debt financing or equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any future 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 of our future debt agreements may contain restrictive covenants that may prohibit us from adopting any of these alternatives. Holders of the Notes have the right to require us to repurchase their Notes upon the occurrence of a fundamental change (as defined in the **relevant** indenture governing the Notes) at a repurchase price equal to 100 % of the principal amount of the **relevant** Notes to be repurchased, plus accrued and unpaid interest, if any. Upon conversion ~~, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share)~~ , we will be required to make cash payments in respect of the Notes being converted. We may not have enough available cash or be able to obtain financing at the time we are required to make repurchases in connection with such conversion and our ability to pay may additionally be limited by law, by regulatory authority, or by agreements governing our existing and future indebtedness. Our failure to repurchase the Notes at a time when the repurchase is required by the **relevant** indenture governing the Notes or to pay any cash payable on future conversions as required by such indenture would constitute a default under such indenture. A default under the **relevant** indenture or the fundamental change itself could also lead to a default under agreements governing our existing and future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Notes or make cash payments upon conversions thereof. In addition, our indebtedness, combined with our other financial obligations and contractual commitments, could have other important consequences. For example, it could ~~;~~ **:** • make us more vulnerable to adverse changes in general U. S. and worldwide economic, industry, and competitive conditions and adverse changes in government regulation; • limit our flexibility in planning for, or reacting to, changes in our business and our industry; • place us at a disadvantage compared to our competitors who have less debt; • limit our ability to borrow additional amounts for funding acquisitions, for working capital, and for other general corporate purposes; and • make an acquisition of our company less attractive or more difficult. Any of these factors could harm our business, results of operations, and financial condition. In addition, if we incur additional indebtedness, the risks related to our business and our ability to service or repay our indebtedness would increase. The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and results of operations. In the event the conditional conversion feature of the Notes is triggered, holders of Notes will be entitled to convert the Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, unless **, with respect to the 2025 Notes or the 2028 Notes, as the case may be,** we elect to satisfy our conversion obligation by delivering solely shares of our common 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 Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long- term liability, which would result in a material reduction of our net working capital. Transactions relating to our Notes may affect the value of our common stock. The conversion of some or all of the Notes would dilute the ownership interests of existing stockholders to the extent we ~~satisfy~~ **elect to deliver shares of common stock in respect of the remainder, if any, of** our conversion obligation **in excess** ~~by delivering shares~~ of **the aggregate principal amount** ~~our common stock upon any conversion~~ of ~~such~~ **the** Notes **being converted** . Our Notes may become in the future convertible at the option of their holders under certain circumstances. If holders of our Notes elect to convert their Notes, we may settle our conversion obligation by delivering to them a significant number of shares of our common stock, which would cause dilution to our existing stockholders. In addition, in connection with the pricing of the **2025 Notes and the 2028** Notes, we entered into **capped call transactions (** the **“** Capped Calls **”)** with certain financial institutions **(** ~~, or~~ the **“** Option Counterparties **”)** . The Capped Calls are expected generally to reduce the potential dilution to our common stock upon any conversion or settlement of the Notes and / or offset any cash payments we are required to make in excess of the principal amount of converted Notes, as the case may be, with such reduction and / or offset subject to a cap. In connection with establishing their initial hedges of the Capped Calls, the Option Counterparties or their respective affiliates entered into various derivative transactions with respect to our common stock and / or purchased shares of our common stock concurrently with or shortly after the pricing of the Notes. From time to time, the Option Counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to our common stock and / or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the **2025** Notes **or the 2028 Notes, as the case may be, with respect to the Capped Calls corresponding to the 2025 Notes or the 2028 Notes, as applicable** (and are likely to do so ~~following~~ **on each exercise date of the Capped Calls, which are scheduled to occur during the observation period relating to** any conversion of the **2025** Notes **on or after April 1** , **2025 or any conversion of the 2028 Notes on or after June 15, 2028, in each case, that is not in connection with a redemption, or following our election to terminate any portion of the Capped Calls in connection with** any repurchase **, redemption, exchange or early conversion** of the **2025** Notes ~~by us on any fundamental change repurchase date, any redemption date,~~ or ~~any other~~ -- **the 2028** ~~date on which the~~ Notes ~~are retired by us, in each case, if we exercise our option to terminate the relevant portion of the Capped Calls~~). This activity could cause a decrease and / or increased volatility in the market price of our common stock. We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of the Notes or our common stock. In addition, we do not make any representation that the Option Counterparties will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. We are subject to counterparty risk with respect to the Capped Calls. The Option Counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the Capped Calls. Our exposure to the credit risk of the Option Counterparties will not be secured by any collateral. Past global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an Option Counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the Capped Calls with such Option Counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an Option Counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the Option Counterparties. We have acquired, and may in the future acquire, other businesses, which could require significant management attention, disrupt our business, or dilute stockholder value. As part of our business strategy, we have acquired, and may in the future acquire, other companies, employee teams, or technologies to complement or expand our products, obtain personnel, or otherwise grow our business. For example, in the third quarter of fiscal year 2021 we acquired Rundeck, a leading provider of DevOps automation for enterprise ~~and~~ **,** in the first quarter of fiscal year ~~2022~~ **2023** , we acquired Catalytic, a provider of enterprise- wide process automation **, and in the fourth quarter of fiscal year 2024, we acquired Jeli, a provider of incident analysis for enterprises** . 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. We have limited experience making acquisitions. We may not be able to find suitable acquisition candidates and we may not be able to complete acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve the anticipated benefits from such acquisitions, due to a number of factors, including: • acquisition- related costs, liabilities, or tax impacts, some of which may be unanticipated; • difficulty integrating and retaining the personnel, intellectual property, technology infrastructure, and operations of an acquired business; • ineffective or inadequate, controls, procedures, or policies at an acquired business, including cybersecurity risks and vulnerabilities; • multiple product lines or services offerings, as a result of our acquisitions, that are offered, priced, and supported differently; • potential unknown liabilities or risks associated with an acquired business, including those arising from existing contractual obligations or litigation matters; • inability to maintain relationships with key customers, suppliers, and partners of an acquired business; • lack of experience in new markets, products or technologies; • diversion of management' s attention from other business concerns; and • use of resources that are needed in other parts of our business. In addition, a significant portion of the purchase consideration of companies we acquire may be allocated to acquired goodwill. We review goodwill for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to record impairment charges based on this assessment, which could adversely affect our results of operations. We may not be able to integrate acquired businesses successfully or effectively manage the combined company following an acquisition. If we fail to successfully integrate acquisitions, or the people or technologies associated with those acquisitions, the results of operations of the combined company could be adversely affected. Any integration process will require significant time, resources, and attention from management, and may disrupt the ordinary functioning of our business, and we may not be able to manage the process successfully, which could adversely affect our business, results of operations, and financial condition. Any acquisition we complete could be viewed negatively by users, developers, partners, or investors, and could have adverse effects on our existing business relationships. In addition, we may not successfully evaluate or utilize acquired technology or accurately forecast the financial impact of an acquisition transaction, including accounting charges. We may have to pay a substantial portion of our available cash, incur debt, or issue equity securities to pay for any such acquisitions, each of which could affect our financial condition or the value of our capital stock. The sale of equity to finance any such acquisitions could result in dilution to our stockholders. If we incur more debt, it would result in increased fixed obligations and would also subject us to covenants or other restrictions that could impede our ability to flexibly operate our business. Risks Related to Ownership of Our Common Stock Our stock price may be volatile, and the value of our common stock may decline. The market price of our common stock may be highly volatile and may fluctuate or decline substantially as a result of a variety of factors, some of which are beyond our control, including: • actual or anticipated fluctuations in our operating results or financial condition; • variance in our financial performance from expectations of securities analysts; • changes in the pricing of subscriptions to our platform and products; • changes in our **ability to acquire and retain customers, as well as our ability to expand our customers' usage of our platform; • changes in our** projected operating and financial results; • changes in laws or regulations applicable to our platform and products; • announcements by us or our competitors of significant business developments, acquisitions, or new offerings; • our involvement in litigation; • future sales of our common stock by us or our stockholders, including our large stockholders, or perceptions that such sales might occur; • changes in senior management or key personnel; • the trading volume of our common stock; • changes in the anticipated future size and growth rate of our market; and • general economic and market conditions. Broad market and industry fluctuations, as well as general economic, political, regulatory, and market conditions, including the impact of ~~the ongoing COVID- 19 pandemic,~~ the effects of a general slowdown in the global economy, military conflicts and inflationary pressures, may also negatively impact the market price of our common stock. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial expenses and divert our management' s attention. Future sales of our common stock in the public market could cause the market price of our common stock to decline. Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our common stock. Under our investors' rights agreement, certain stockholders can require us to register shares owned by them for public sale in the U. S. In addition, we filed a registration statement to register shares reserved for future issuance under our equity compensation plans. As a result, subject to the satisfaction of applicable exercise and / or vesting periods, the shares issued upon exercise of outstanding stock options or upon settlement of outstanding RSU awards will be available for immediate resale in the U. S. in the open market. Furthermore, a substantial number of shares of our common stock is reserved for issuance upon the exercise of the Notes. If we elect to satisfy our conversion obligation on the Notes solely in shares of our common stock upon conversion of the Notes, we will be required to deliver the shares of our common stock, together with cash for any fractional share, on the second business day following the relevant conversion date. We may issue our shares of common stock or securities convertible into our common stock from time to time in connection with financings, acquisitions, investments, or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the trading price of our common stock to decline. If securities or industry analysts do not publish research or publish unfavorable or inaccurate research about our business, our stock price and trading volume could decline. Our stock price and trading volume is heavily influenced by the way analysts and investors interpret our financial information and other disclosures. Further, the trading market for our common stock depends, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. A limited number of analysts are currently covering our company. If securities or industry analysts do not publish research or reports about our business, downgrade our common stock, or publish negative reports about our business, our stock price would likely decline. If the number of analysts that cover us declines, demand for our common stock could decrease and our common stock price and trading volume may decline. Even if our common stock is actively covered by analysts, we do not have any control over the analysts or the measures that analysts or investors may rely upon to forecast our future results. Over- reliance by analysts or investors on any particular metric to forecast our future results may result in forecasts that differ significantly from our own. Regardless of accuracy, unfavorable interpretations of our financial information and other public disclosures could have a negative impact on our stock price. If our financial performance fails to meet analyst estimates, for any of the reasons discussed above or otherwise, or one or more of the analysts who cover us downgrade our common stock or change their opinion of our common stock, our stock price would likely decline. We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock. We have never declared or paid any cash dividends on our capital stock, and we do not intend to pay any cash dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments. We may require additional capital to support the growth of our business, and this capital might not be available on acceptable terms, if at all. We have funded our operations since inception primarily through equity financings, debt financing, and sales of subscriptions to our products. We cannot be certain when or if our operations will generate sufficient cash to fully fund our ongoing operations or the growth of our business. We intend to continue to make investments to support our business, which may require us to engage in equity or debt financings to secure additional funds. Additional financing may not be available on terms favorable to us, if at all. If adequate funds are not available on acceptable terms, we may be unable to invest in future growth opportunities, which could harm our business, operating results, and financial condition. If we incur additional debt, the debt holders would have rights senior to holders of common stock to make claims on our assets, and the terms of any debt could restrict our operations. Furthermore, if we issue additional equity securities, stockholders will experience dilution, and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in the future will depend on numerous considerations, including factors beyond our control, we cannot predict or estimate the amount, timing, or nature of any future issuance of debt or equity securities. As a result, our stockholders bear the risk of future issuance of debt or equity securities reducing the value of our common stock and diluting their interests ~~.~~ Concentration of ownership of our common stock among our existing executive officers, directors, and principal stockholders may prevent new investors from influencing significant corporate decisions. Our executive officers, directors and current beneficial owners of 5 % or more of our common stock beneficially own a significant percentage of our outstanding common stock. These persons, acting together, will be able to significantly influence all matters requiring stockholder approval, including the election and removal of directors and any merger or other significant corporate transactions. The interests of this group of stockholders may not coincide with the interests of other stockholders. The requirements of being a public company may strain our resources and distract our management, which could make it difficult to manage our business, especially now that we are no longer an " emerging growth company. " As a public company, we are required to comply with various regulatory and reporting requirements, including those required by the SEC. Complying with these reporting and other regulatory requirements is time- consuming and will continue to result in increased costs to us and could have a negative effect on our business, financial condition and results of operations. We are subject to the requirements of the Exchange Act, the Sarbanes- Oxley Act, the Dodd- Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the New York Stock Exchange, and other applicable securities rules and regulations that impose various requirements on public companies. As a result, we are required to devote significant management effort and incur additional expenses, which include higher legal fees, accounting and related fees and fees associated with investor relations activities, among others, to ensure compliance with the various reporting requirements. These requirements may also place a strain on our systems and processes. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes- Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. To maintain and improve the effectiveness of our disclosure controls and procedures, we may need to commit significant resources, hire additional staff and provide additional management oversight. We have been and will be continuing to implement additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. Sustaining our growth as a public company also requires us to commit additional management, operational and financial resources to identify new professionals to join our company and to maintain appropriate operational and financial systems to adequately support expansion. These activities may divert management' s attention from other business concerns, which could have a material adverse effect on our business, financial condition and results of operations. We cannot predict or estimate the amount of additional costs we may continue to incur as a result of being a public company or the timing of such costs. If our internal control over financial reporting or our disclosure controls and procedures are not effective, we may not be able to accurately report our financial results, prevent fraud or file our periodic reports in a timely manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in our stock price. The Sarbanes- Oxley Act of 2002 requires that we maintain effective internal control over financial reporting and disclosure controls and procedures. In particular, we must perform system and process evaluation, document our controls and perform testing of our key control over financial reporting to allow management and our independent public accounting firm to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes- Oxley Act. Our testing, or the subsequent testing by our independent public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. If we are not able to comply with the requirements of Section 404 in a timely manner, or if we or our accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock would likely decline and we could be subject to lawsuits, sanctions or investigations by regulatory authorities, including SEC enforcement actions, and we could be required to restate our financial results, any of which would require additional financial and management resources. We continue to invest in more robust technology and in more resources in order to manage those reporting requirements. Implementing the appropriate changes to our internal controls may distract our officers and employees, result in substantial costs and require significant time to complete. Any difficulties or delays in implementing these controls could impact our ability to timely report our financial results. For these reasons, we may encounter difficulties in the timely and accurate reporting of our financial results, which would impact our ability to provide our investors with information in a timely manner. As a result, our investors could lose confidence in our reported financial information, and our stock price could decline. In addition, any such changes do not guarantee that we will be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy could prevent us from accurately reporting our financial results ~~. We will continue to incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to compliance with our public company responsibilities and corporate governance practices. The Sarbanes- Oxley Act, the Dodd- Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the New York Stock Exchange, and other applicable securities rules and regulations impose various requirements on public companies. Our management and other personnel devote a substantial amount of time to compliance with these requirements. Moreover, we will continue to incur significant legal, accounting, and other expenses complying with these rules and regulations. We cannot predict or estimate the amount of additional costs we will incur as a public company or the specific timing of such costs~~ . We are obligated to develop and maintain proper and effective internal controls over financial reporting, and any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in our company and, as a result, the value of our common stock. We are required to furnish a report by management on the effectiveness of our internal control over financial reporting. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting. In addition, our independent registered public accounting firm is required to attest to the effectiveness of our internal control over financial reporting. Our compliance with these requirements will continue to require that we incur substantial accounting expenses and expend significant management efforts. During the evaluation and testing process of our internal controls, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to certify that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by the New York Stock Exchange, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets. Anti- takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock. Provisions in our amended and restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that: • authorize our board of directors to issue, without further action by the stockholders, shares of undesignated preferred stock with terms, rights, and preferences determined by our board of directors that may be senior to our common stock; • 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 chairperson of our board of directors, or our 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; • establish that our board of directors is divided into three classes, with each class serving three- year staggered terms; • prohibit cumulative voting in the election of directors; • provide that our directors may be removed for cause only upon the vote of sixty- six and two- thirds percent (66 2 / 3 %) of our outstanding shares of common stock; • 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; and • require the approval of our board of directors or the holders of at least sixty- six and two- thirds percent (66 2 / 3 %) of our outstanding shares of common stock to amend our bylaws and certain provisions of our certificate of incorporation. 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, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally, subject to certain exceptions, prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “ interested ” stockholder for a period of three years following the date on which the stockholder became an “ interested ” stockholder. Any of the foregoing provisions could limit the price that investors might be willing to pay in the future for shares of our common stock, and they could deter potential acquirers of our company, thereby reducing the likelihood that you would receive a premium for your shares of our common stock in an acquisition. Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States of America as the exclusive forums for substantially all disputes between us and our stockholders, which restricts our stockholders’ ability to choose the judicial forum for disputes with us or our directors, officers, or employees. Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: • any derivative action or proceeding brought on our behalf, • any action asserting a breach of a fiduciary duty, • any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and restated bylaws, or • any action asserting a claim against us that is governed by the internal affairs doctrine. The provisions do not apply to suits brought to enforce a duty or liability created by the Exchange Act. In addition, our amended and restated certificate of incorporation provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. Although the Delaware Supreme Court recently held that such exclusive forum provisions are facially valid, courts in other jurisdictions may find such provisions to be unenforceable. These choice of forum provisions 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 employees. If a court were to find either 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.