Risk Factors Comparison 2024-02-14 to 2023-02-15 Form: 10-K

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

Our business, operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows and the trading price of our common stock. The following material factors, among others, could cause our actual results to differ materially from historical results and those expressed in forward- looking statements made by us or on our behalf in filings with the SEC, press releases, communications with investors and oral statements. The order of these risk factors does not reflect their relative importance or likelihood of occurrence. Strategic, Commercial and Operational Risks Current and future economic uncertainty and other...... the availability and cost of capital. Our IT systems are regularly under attack. If our security measures are breached and unauthorized access is obtained to a customer' s data, our data or our IT systems, our and our customers' operations may be disrupted, our reputation may be harmed, our solutions may be perceived as not being secure, customers may limit or stop using our solutions and we may incur significant legal and financial exposure and liabilities. We have been and will continue to be a target for ~~cyber security~~ **cybersecurity** attacks because we store, process ~~,~~ and transmit confidential, proprietary and other sensitive information for both our customers and our own business operations. **Despite our implementation of** ~~We incur significant costs to maintain~~ security measures **and controls** designed to prevent, mitigate, eliminate or alleviate known security vulnerabilities **, our systems and those of third parties upon whom we rely are vulnerable to attack from numerous threat actors, including sophisticated nation- state actors, as well as events which may arise from human error, fraud or malice on the part of employees, contractors or other third parties. Cybersecurity incidents include, among others** , data theft, data corruption, data loss, unauthorized access, mishandling of customer, employee and other confidential data, computer viruses, ransomware or malicious software programs or code, cyber attacks, including advanced persistent threat intrusions by inside actors or third parties, social engineering attacks (" phishing ") targeting our employees, web application and infrastructure attacks, denial of service ~~,~~ and similar disruptive events (each a ~~"~~ **"** Security Incident ~~"~~ **"**) ~~. Security Incidents could result from third- party action, employee, vendor or contractor error or misconduct, malfeasance, and other factors~~ . We use third- party and public- cloud infrastructure providers, such as Microsoft Azure, IBM, Amazon Web Services (" AWS"), and other third- party service providers, and we are dependent on the security measures of those third ~~-~~ parties to protect against Security Incidents. We may experience Security Incidents introduced through the tools and services we use. Our ability to monitor ~~our~~ third- party service providers' data security is **necessarily** limited, and in any event, attackers may be able to circumvent our third- party service providers' data security measures. There have been and may continue to be significant attacks on certain third- party providers, and we cannot guarantee that our or our third- party providers' systems and networks have not been breached, or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our systems and networks or the systems and networks of third parties that support us and our Platform. The security measures implemented by us and **by** our third- party service providers cannot provide absolute security, and there can be no assurance that such security measures will be effective against current or future security threats. In the normal course of our business, we experience Security Incidents that, to date, we believe have been typical for a SaaS company of our size. However, despite implementing security measures, there is no guarantee of preventing or mitigating a Security Incident. Cyber attacks have in the past, and may again in the future, impede the performance ~~or~~ **of** our products, penetrate the security of our network, cloud platform and other internal systems, or that of our customers, misappropriate proprietary information ~~and /~~ or cause interruptions to our services. Given the novel and sophisticated ways that cyber criminals engage in cyber attacks, it is reasonable to expect that despite the implementation of security measures, our security measures and the security measures of third- party providers on which we rely would not be sufficient to prevent our systems from being compromised. The scale and number of cyber attacks continue to grow and **the methods and** techniques used **by threat actors** to compromise systems change frequently **, continue to evolve at a rapid pace,** and may not be recognized until launched or for an extended period of time thereafter. These threats continue to evolve in sophistication and volume and are difficult to detect and predict due to advances in electronic warfare techniques **and AI** , new discoveries in the field of cryptography and new and sophisticated methods used by criminals including phishing, social engineering or other illicit acts. Cyber attacks have become more prevalent against SaaS companies generally, have increased as more individuals work remotely, and have increased due to political uncertainty and ~~military actions associated with~~ **geopolitical and regional conflicts, including** the ~~war in~~ **Russia-** Ukraine **and Middle East conflicts** . As a result, we and our third- party service providers are subject to heightened risks of Security Incidents from nation- state actors or other third parties leveraging tools originating from nation- state actors, and potentially expose us to new complex threats. We may be unable to anticipate these techniques or implement adequate preventative or remediation measures in a timely manner, if at all, even when a vulnerability is known. We and our third- party providers may not be able to address such vulnerability prior to experiencing a Security Incident. We may incur significant costs and liability in the event of a breach ~~, whether as a result of third- party action, employee error or misconduct, design or deployment defects, or otherwise~~ . We may also be required to **,** or find it appropriate to **,** expend substantial capital and other resources to remediate or otherwise respond to problems caused by any actual or perceived breaches or Security Incidents. Security Incidents impacting us or our ~~services~~ - **service** providers could result in interruptions, delays, cessation of service and loss of existing or potential customers, as well as loss of confidence in the security of our solutions and services, damage to our reputation, negative impact to our future sales, disruption of our business, increases to our information security costs, unauthorized access to, and theft, loss or disclosure of, our and our customers' proprietary and confidential information, including personal information, litigation, governmental investigations and enforcement actions, including fines or other actions, increased stock price volatility, significant costs related to indemnity obligations, legal liability and other expenses, and material harm to our business, financial condition, cash flows and results of operations. For example, in the event of a ransomware attack, it could be difficult to recover services that are the subject of the ransomware attack and there can be no guarantee as to the timing or completeness of any such recovery. These costs may include liability for stolen assets or information and repair of system damage that may have been caused, incentives offered to customers or other business partners in an effort to maintain business relationships after a breach, and other costs, expenses and liabilities. We cannot ensure that our commercial insurance will be available or sufficient to compensate us for all costs we may incur as a result of a Security Incident, and if we made significant insurance claims, our ability to obtain comparable insurance in the future may be impaired or only available at significantly increased cost. There can be no assurance that future Security Incidents will not be material to our business operations, financial condition, cash flows, and results of operations. Current and future economic **and geopolitical** uncertainty and other unfavorable conditions in the **global economy or the** industries we serve ~~or the global economy~~ could limit our ability to grow our business and negatively affect our operating results.Our operating results may vary based on the impact of changes in the global economy or conditions in the industries we serve.General macroeconomic conditions **impacted by** ~~,such as increased~~ inflation ~~(see risk factor below)~~ ,increased cost of capital,supply chain disruptions,fluctuations in currency exchange rates ~~or~~ **,** ~~an~~ **and recession risks in major** ~~economic~~ **economies** ~~downturn in the United States or internationally~~ , ~~could adversely~~ **and geopolitics,including armed conflicts,** affect **the business climate in which we operate.Inflation has resulted in,and may continue to result in,higher interest rates and capital costs,shipping costs,supply shortages,increased costs of labor,weakening exchange rates and other similar effects.Deterioration in the economy,regardless of causes,can negatively impact** demand for our solutions and make it difficult to accurately forecast and plan our future business activities. ~~The~~ **Geopolitical tension and armed conflicts,including the** Russia- Ukraine conflict ~~has also~~ **and conflicts in the Middle East,have** had **,and continue to have,** an adverse impact on the global economy,including ~~on the~~ **supply chain disruptions,** inflation ~~rate,~~ and **capital and commodity** ~~has contributed to significant fluctuation in global stock~~ markets **volatility** .All of these risks and conditions could harm our future sales,business and operating results.Our business and operations could also be harmed and our costs could increase if our or our customers' or other partners' manufacturing,logistics or other operations,costs or financial performance are disrupted or adversely affected.While the ultimate scope and broader impact of the ongoing Russia-Ukraine **and Middle East** ~~conflict~~ **conflicts** cannot be predicted with certainty, ~~the~~ **they have** ~~conflict has~~ not had a material impact to date on our business or ability to operate ~~in Eastern Europe~~ .However,if **any of** ~~the~~ **these** ~~conflict~~ **conflicts** ~~continues~~ **,** or ~~related~~ **other** geopolitical tensions ~~extend to other countries~~ , ~~we remain subject to~~ **spark additional regional or wider conflicts,then** additional risks **may manifest themselves** ,including general geopolitical unrest,broader economic uncertainty,turmoil in certain financial markets,instability in the financial system,disruption to domestic and international travel,displacement of persons,disruption of supply chains and routes,including energy supplies,commodity and other price inflation,increased cybersecurity threats and attacks,the possibility of military activity or risk of wider war ~~in countries near or adjacent to Ukraine.As of December 31,2022,we had marketing,research and development,professional services,customer success,maintenance and support and general and administrative staff located in Sofia,Bulgaria,representing approximately 16 % of our total personnel~~ .Weakening economic conditions **,regardless of the causes,** could adversely impact our prospects' and customers' rate of information technology spending,delay their purchasing decisions,impact their ability or willingness to purchase or continue to use our solutions,reduce the value,scope or duration of subscription contracts,or limit their ability to pay amounts owed,all of which would adversely affect our operating results.For example, ~~during the early part~~ **we experienced such an impact as a result** of the COVID- 19 pandemic, **when** customers,particularly in the travel industry,delayed and deferred purchasing decisions and requested concessions.Prolonged economic uncertainties relating to macroeconomic trends could limit our ability to grow our business and negatively affect our operating results.Unfavorable trends in the U.S.or global economy,such as rising interest rates,and conditions resulting from financial and credit market fluctuations may cause our customers and prospective customers to decrease their information technology budgets,which would limit our ability to grow our business and negatively affect our operating results.We ~~may be adversely affected by the effects of inflation.We~~ have experienced,and may continue to experience, **operational** cost **and cost of capital** increases as a result of inflation. **While the rate of inflation moderated in the second half of 2023,the U.S.Federal Reserve and other central banks raised,and may continue to raise,interest rates in response to concerns over the inflation rate.Market interest rates have increased,and may continue to increase,as well.** Inflation ~~has negative effects~~ **will continue to have an impact** on our ~~cost of capital and results of operations by increasing our overall cost structure.The effect of increased inflation on our~~ business ~~will be exacerbated~~ if we are unable to achieve commensurate increases in the prices we charge our customers or if increased prices lead to decreased spending by our customers. ~~Increased~~ **Although we have taken measures to mitigate the impact of** inflation ~~in the economy has resulted in,~~ and **increased** ~~may continue to result in,higher~~ interest rates ~~and capital costs,shipping costs,supply shortages,increased costs of labor,weakening exchange rates and other similar effects.Although we may take measures to mitigate the impact of inflation~~ ,if these measures are not effective,our business,financial condition,results of operations **,cash flow,** and liquidity could be materially adversely affected.Even if such measures are effective,there could be a difference between the timing of when these beneficial actions impact our results of operations and when the cost of inflation is incurred. ~~The U.S.Federal Reserve has raised,and may again raise,interest rates in response to concerns about inflation.In response,market interest rates~~ Failure to increase business from our customers ~~and~~ **,** sustain our historical renewal rates and ~~pricing~~ **/ or capture customer IT spend** could adversely affect our future revenue and operating results. Many of our customers initially purchase one of our software solutions for a specific business segment, geographic location, or user group within their organization, and later purchase additional solutions and / or add business segments, other geographic locations and seats for additional users. Our subscription agreements are typically for an initial term of one to five years. These customers might not choose to renew, expand the scope of use for their existing software solutions or purchase additional software solutions **for a variety of reasons,**

including, among others, elongated time to value, changed priorities and competing solutions . ~~As~~ **In addition, when** we deploy new applications and features for our software solutions or introduce new software solutions, our customers may not purchase these new offerings. If we fail to generate additional business from our existing customers, our revenue could grow at a slower rate or even decrease. We may not accurately predict future customer renewal rates, which can decline or fluctuate as a result of a number of factors, including customers' level of satisfaction with our services **, perceived and actual time to value, changed customer priorities and budget cuts** , our ability to continue to regularly add functionality, the reliability (including uptime) of our subscription services, the prices of our services, the actual or perceived information security of our systems and services, mergers and acquisitions of our customers, reductions in our customers' spending levels, or declines in customer activity as a result of customer bankruptcies, general economic downturns or uncertainty in financial markets. If our customers choose not to renew their subscription agreements with us on favorable terms or at all, our business, operating results, cash flows, and financial condition could be harmed. **We continually improve our Platform and often seek appropriate price increases at subscription renewal. In an inflationary environment, our ability to earn and negotiate appropriate price increases from our customers is important to maintain and grow our operating margins.** If we **are unable to successfully capture price increases over time, our business, operating results, cash flows, and financial condition could be harmed. If we** fail to manage our **profitable** growth ~~and profit objectives~~ **objective** effectively, our business **, cash flow** and results of operations will be adversely affected. Over the past several years, we have experienced, and expect to continue experiencing, growth in our customers and operations. Our success will depend in part on our ability to effectively manage this growth profitably while continuing to scale our operations. We will need to manage our cost structure while investing for growth and continually improving our operational and financial efficiency. Failure to effectively manage growth efficiently could adversely impact our business performance and operating results. We depend on third- party data centers, software, data and other unrelated service providers and any disruption from such third- party providers could impair the delivery of our service and negatively affect our business. Our cloud products are dependent upon third- party hardware, software and cloud hosting vendors, including Microsoft Azure, IBM Softlayer and AWS, all of which must **interoperate** ~~inter- operate~~ for end users to achieve their computing goals. We utilize third- party data center hosting facilities, cloud platform providers and other service providers to host and deliver our subscription services as well as for our own business operations. We host our cloud products from data centers in a variety of countries ~~, including the United States, the Netherlands, Ireland, Germany, United Arab Emirates, Australia, Singapore and other countries~~ . While we control and generally have exclusive access to our servers and all of the components of our network that are located in our external data centers, we do not control the operation of these facilities and they are vulnerable to damage or interruption from hurricanes, earthquakes, floods, fires, power loss, telecommunications **and human** failures and similar events. They may also be subject to Security Incidents, break- ins, sabotage, intentional acts of vandalism and similar misconduct. Despite our failover capabilities, standard protocols and other precautions, the occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in our service. In addition, disruptions to the hardware supply chain necessary to maintain these third- party systems or to run our business could impact our service availability and performance. These providers have no obligation to renew their agreements with us on commercially reasonable terms, or at all. If we are unable to renew these agreements on commercially reasonable terms or at all, or if one of our data center operators is acquired, we may be required to transfer our servers and other infrastructure to new data center facilities, and we may incur significant costs and possible service interruption in connection with doing so. Certain of our applications are essential to our customers' ability to quote, price, and / or sell their products and services. Interruption in our service may affect the availability, accuracy or timeliness of quotes, pricing or other information and could require us to issue service credits to our customers, damage our reputation, cause our customers to terminate their use of our solutions, require us to indemnify our customers against certain losses, and prevent us from gaining additional business from current or future customers. In addition, certain of our applications require access to our ~~customer~~ **customers '** ~~' s~~ data which may be held by third parties, some of whom are, or may become, our competitors. For example, many of our travel industry products rely upon access to airline data held by large airline IT providers which compete against certain of our airline products. Certain of these competitors have in the past, and may again in the future, make it difficult for our airline customers to access their data in a timely and / or cost- effective manner. Any disruption from our third- party data center, software, data or other service providers could impair the delivery of our service and negatively affect our business, damage our reputation, negatively impact our future sales and **/ or cash flows and** lead to legal liability and other costs. Implementation projects involve risks which can negatively impact the effectiveness of our software, resulting in harm to our reputation, business and financial performance. The implementation of certain of our software solutions involve complex, large- scale projects that require substantial support operations, significant resources and reliance on factors beyond our control. For example, the success of certain of our implementation projects is dependent upon the quality of data used by our software solutions and the commitment of customers' resources and personnel to the projects. We may not be able to correct or compensate for weaknesses or problems in data, or any lack of our customers' commitment and investment in personnel and resources. Further, various factors, including our customers' business, integration, migration and security requirements, or errors by us, our partners, or our customers, may cause implementations to be delayed, inefficient or otherwise unsuccessful. For example, changes in customer requirements, delays, unilateral delay of" go live", or deviations from our recommended best practices occur during implementation projects. As a result, we may incur significant costs in connection with the implementation of our products and / or delay revenue recognition of software subscription revenue. Further, some implementations of our projects are carried out by third- party service providers, and we do not have control of such implementations. If we, or a third- party service provider providing the implementation, are unable to successfully manage the implementation of our software solutions, and as a result those products or implementations do not meet customer needs, expectations or timeline, disputes with our customers can occur, our ability to sell additional products or secure a renewal of the customer' s subscription is impacted, and our business reputation and financial performance may be significantly harmed. If an implementation project for a large customer or a number of customers is substantially delayed or canceled, our ability to recognize the associated revenue and our operating results could be adversely affected. If we fail to manage our cloud operations, we may be subject to liabilities and our reputation and operating results may be adversely affected. We have experienced substantial growth in the number of customers and data volumes serviced by our cloud infrastructure in recent years. While we have designed our cloud infrastructure to meet the current and anticipated future performance and accessibility needs of our customers, we must manage our cloud operations to handle changes in hardware and software parameters, spikes in customer usage and new versions of our software. We have experienced, and may **experience** in the future ~~experience~~ , system disruptions, outages and other cloud infrastructure performance problems. These problems may be caused by a variety of factors, including infrastructure changes, human or software errors, viruses, security attacks (internal or external), fraud, spikes in customer usage, denial of service issues and other Security Incidents. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. Our customer agreements typically provide service level commitments on a monthly basis **,** and for certain of our products **,** we also offer response time commitments. If we are unable to meet the stated service level or response time commitments, or if we suffer extended periods of unavailability for our solutions, we may be contractually obligated to issue service credits or refunds to customers for prepaid and unused subscription services, or customers may choose to terminate or not renew contracts. Any extended service outages or other performance problems could also result in damage to our reputation or our customers' businesses, cause our customers to elect not to renew or to delay or withhold payment to us, loss of future sales, lead to customers making other claims against us that could harm our subscription revenue, result in an increase in our provision for credit losses, increase collection cycles for our accounts receivable or lead to the expense and risk of litigation. If we fail to protect our intellectual property adequately, our business may be harmed. Our success and ability to compete depends **,** in part **,** on our ability to protect our intellectual property. We rely upon a combination of trade secrets, confidentiality policies, nondisclosure and other contractual arrangements, and patent, copyright and trademark laws to protect our intellectual property rights. We cannot, however, be certain that steps we take to protect our intellectual property are adequate. ~~In January~~ **The rapid adoption of generative AI brings additional risks to intellectual property, particularly copyrighted material. The rate and pace of development and use of AI tools may outpace our ability to identify misappropriation and protect our intellectual property. Further, in early** 2023, the U. S. Federal Trade Commission (" FTC") proposed a sweeping ban on employee non- competition agreements which we have historically utilized with a significant percentage of our employees to enhance the protection of our intellectual property. If the FTC' s proposal is issued and upheld, a ban on non- competition agreements would make it more challenging for us to protect our intellectual property and could have a material adverse effect on our business. **In addition, laws in certain jurisdictions, including certain U. S. states in which we have employees, ban or limit non- competition agreements. As we have expanded our workforce footprint and jurisdictions have changed their laws to ban or limit non- competition agreements, our ability to fully protect our intellectual property has been reduced.** We may be required to spend significant resources to protect our intellectual property rights. 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. The procurement and enforcement of certain intellectual property rights involves complex legal and factual considerations, and the associated legal standards are not always applied predictably or uniformly, can change, and may not provide adequate remedies. As a result, we may not be able to obtain or adequately enforce our intellectual property rights, and other companies may be better able to develop products that compete with ours. Our failure to secure, protect and enforce our intellectual property rights could adversely affect our brand, competitive business position, business prospects, operating results, cash flows and financial condition. Our use of third- party software creates dependencies outside of our control. We use third- party software in our software solutions. If our relations with any of these third parties are impaired, or if we are unable to obtain or develop a replacement for the software, our business could be harmed. The operation of our solutions could be impaired if errors occur in the third- party software that we utilize. It may be more difficult for us to correct any defects in third- party software because the software is not within our control. Accordingly, our business could be adversely affected in the event of any errors in this software. There can be no assurance that these third parties continue to invest the appropriate levels of resources in their products and services to maintain and enhance the capabilities of their software. We may enter into acquisitions that may be difficult to integrate, fail to achieve our strategic objectives, disrupt our business, dilute stockholder value or divert management attention. We have completed five acquisitions since 2013, ~~including our 2021 acquisition of EveryMundo LLC (" EveryMundo"),~~ and we plan to continue to acquire other businesses, technologies and products to complement or enhance our existing business, solutions, services and technologies. We cannot provide assurance that the acquisitions we have made or may make in the future will provide us with the benefits or achieve the results we anticipated when entering into the transaction (s). Acquisitions are typically accompanied by a number of risks, including: • difficulties in integrating the operations and personnel of the acquired companies; • difficulties in maintaining acceptable standards, controls, procedures and policies, including integrating financial reporting and operating systems, particularly with respect to foreign and / or public subsidiaries; • disruption of ongoing business and distraction of management; • inability to maintain relationships with customers **and retain employees** of the acquired ~~business~~ **businesses** ; • impairment of relationships with employees and customers as a result of any integration of new management and other personnel; • difficulties in incorporating acquired technology and rights into our solutions and services; • unexpected expenses resulting from the ~~acquisition~~ **acquisitions** ; and • potential unknown liabilities associated with the ~~acquisition~~ **acquisitions** . We have experienced, and may experience in the future, acquisition integration challenges, including, but not limited to, the issues listed in the bullets above. In addition, we may incur debt, acquisition-related costs and expenses, restructuring charges and write- offs as a result of acquisitions. Acquisitions may also result in goodwill and other intangible assets that are subject to impairment tests, which could result in future impairment charges. In addition, we have in the past, and may in the future, enter into negotiations for acquisitions that are not ultimately consummated. Those negotiations could result in diversion of management time and significant out- of- pocket costs. If we fail to evaluate and execute acquisitions successfully, we may not be able to achieve our anticipated level of growth or profitability, and our business and operating results could be adversely affected. Catastrophic events may disrupt our operations. We are a global company headquartered in Houston, Texas with significant operations in Sofia, Bulgaria and operations and personnel located in numerous other U. S. and international locations. We rely on our network and third- party infrastructure and enterprise applications for our sales, marketing, development, services, operational support and hosted services. A disruption, infiltration or failure of our infrastructure, systems or third- party hosted services in the event of a major hurricane, earthquake, fire, flood or other weather event, power loss, telecommunications failure, software or hardware malfunctions, pandemics, war, terrorist attack or other catastrophic event that our business continuity and disaster recovery plans do not adequately address, could cause, among other impacts, system interruptions, reputational harm, loss of intellectual property, delays in our product development, lengthy interruptions in our services, breaches of data security and loss of critical data. Any of these events could prevent us from fulfilling our customer obligations or could negatively impact a country or region in which we sell our products, which could in turn decrease that country' s or region' s demand for our products. Even though we carry business interruption insurance and typically have provisions in our contracts that protect us in certain events, we might suffer losses from business interruptions that exceed the coverage under our insurance policies or for which we do not have coverage. Any natural disaster or other catastrophic event could create a negative perception in the marketplace, delay our product innovations, or lead to lengthy interruptions in our services, breaches of data security and losses of critical data, all of which could have an adverse effect on our operating results. We are a multinational corporation exposed to risks inherent in international operations. The majority of our revenues are derived from our customers outside the U. S. While the majority of our sales are denominated in U. S. dollars, the majority of our international operations expenses are denominated in local currencies. To date, we have not used risk management techniques or" hedged" the risks associated with fluctuations in foreign currency exchange rates. Consequently, our results of operations, cash flows, and financial condition, including our revenue and operating margins, can be subject to losses from fluctuations in foreign currency exchange rates, as well as regulatory, political, social and economic developments or instability in the foreign jurisdictions in which we operate. For additional financial information about geographic areas, see Note 19 of the Notes to the Consolidated Financial Statements. Our operations outside the U. S. are subject to risks inherent in doing business internationally, requiring resources and management attention, and may subject us to new or larger levels of **operational,** regulatory, economic, foreign currency exchange, tax and political risks. ~~We~~ **In addition to our operations in the U. S., we** have **employees and** ~~customers in over 60 countries internationally, which we service through our~~ operations in **numerous international locales** ~~the U. S.~~ , **including in Europe, the Middle East, Latin America and Asia /** Australia ~~, Bulgaria, Canada, Ecuador, France, Germany, Ireland, United Arab Emirates, United Kingdom and Singapore~~ . We expect our international operations **and the geographic footprint of our workforce** to continue to grow. **We** ~~In addition to navigating the challenges related to the ongoing COVID- 19 pandemic in foreign jurisdictions, we~~ face ~~other~~ **a wide variety of** risks with respect to our international operations, including: • **geopolitical and** economic conditions in various parts of the world, including **conflicts impacting travel and regional stability,** supply chain and labor market disruptions, inflation, currency exchange **and interest** rate fluctuations and recession; • sustained disruption to **domestic or** international travel ~~from~~ **for any reason, including conflicts, outbreaks of contagious disease such as** the COVID- 19 pandemic and variations or mutations thereof **,** as well as any other **disrupting events** ~~outbreaks of contagious diseases; • differing labor and employment regulations, especially where labor laws are generally more advantageous to employees as compared to the U. S.~~ ; • the difficulty of managing and staffing our international operations and the increased travel, infrastructure and legal compliance costs associated with multiple international locations; • ~~new~~ **operational** and **organizational challenges with a more geographically dispersed workforce, including communication and remote management challenges, coordination and collaboration issues, cultural** ~~different~~ **differences** ~~sources of competition~~ **, knowledge management and transfer gaps, and other unforeseen costs; • differing labor and employment regulations, especially where labor laws are generally more advantageous to employees as compared to the U. S.** ; • compliance with multiple, conflicting, ambiguous **, complex** or evolving governmental laws and regulations, including privacy **, data security** , anti- corruption, import / export, antitrust and industry- specific laws and regulations and our ability to identify and respond timely to compliance issues when they occur; • vetting and monitoring our third- party business partners in new and evolving markets to confirm they maintain standards consistent with our brand and reputation; • less favorable intellectual property laws; • availability of sufficient network connectivity required for certain of our products; and • difficulties in enforcing contracts and collecting accounts receivable, especially in developing countries. ~~If~~ **As** we continue to expand our business globally, our success ~~will depend~~ **depends** , in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. Our failure to manage any of these risks successfully could harm our international operations and reduce our international sales, adversely affecting our business, operating results, financial condition and cash flows. Market and Competition Risks Any downturn in sales to our target markets could adversely affect our operating results. Our success is highly dependent upon our ability to sell our software solutions to customers in our target industries, including automotive and industrial manufacturing, transportation and logistics, chemicals and energy, food and beverage, healthcare, high tech and travel. If we are unable to sell our software solutions effectively to customers in these industries, we may not be able to grow our business. For example, **while** ~~the pandemic had a dramatic adverse impact on~~ the travel industry ~~. While the airline industry is recovering as~~ **has** ~~travel restrictions are lifted~~ **made significant recovery from the depths of the COVID- 19 pandemic** , the airline and rental car industries **which we serve** ~~, for example,~~ continue to face various operational challenges which can limit their ability to engage with us on our solutions. We have historically been subject to lengthy sales cycles, and delays or failures to complete sales may harm our business and cause our revenue, operating income, and cash flows to decline in the future. Our sales cycles may take a month to over a year for large enterprise customers. A large enterprise customer' s decision to use our solutions typically involves a number of internal approvals, and sales to those prospective customers generally require us to provide greater levels of education about the benefits and features of our solutions. We expend substantial resources during our sales cycles with no assurance that a sale may ultimately result. The length of each individual sales cycle depends on many factors, a number of which we cannot control, including the prospective customer' s internal evaluation and approval process requirements, as well as the prospective customer' s budget and / or resource constraints. Any unexpected lengthening of the sales cycle or failure to secure anticipated orders could negatively affect our revenue. Any significant failure to generate sales after incurring costs related to our sales process could also have a material adverse effect on our business, financial condition, cash flows and results of operations. If we fail to develop or acquire new functionality and software solutions, we may not be able to grow our business and it could be harmed. If we are unable to provide enhancements and new features for our existing software solutions or new solutions that achieve market acceptance or to integrate technology, products and services that we acquire into our Platform, our business, revenues and other operating results could be significantly adversely affected. The success of enhancements, new features and modules depends on several factors, including the timely completion, introduction and market acceptance of the enhancements or new features or modules. We have experienced, and may **experience** in the future ~~experience~~, delays in the planned release dates of enhancements to our Platform, and we have discovered, and may **discover** in the future ~~discover~~, errors in new releases after their introduction. Either situation could result in adverse publicity, loss of sales, delay in market acceptance of our Platform, or customer claims, including, among other things, warranty claims against us, any of which could cause us to lose existing customers or affect our ability to attract new customers. Furthermore, because our software solutions are intended to interoperate with a variety of third- party enterprise software solutions, we must continue to modify and enhance our software to keep pace with changes in such solutions. Any inability of our software to operate effectively with third- party software necessary to provide effective solutions to our customers could reduce the demand for our software solutions, result in customer dissatisfaction and limit our financial performance. The markets in which we participate are intensely competitive, and if we do not compete effectively, our operating results could be harmed. The markets for enterprise software applications for ~~CPQ,~~ pricing optimization and management **, CPQ** , airline revenue optimization, airline distribution and retail, and digital offer marketing are competitive, fragmented and rapidly evolving. We expect additional competition from other established and emerging companies as the markets in which we compete continue to develop and expand, as well as through industry consolidation, including through a merger or partnership of two or more of our competitors or the acquisition of a competitor by a larger company. **For example, the introduction of new AI platforms and applications by competitors or the development of entirely new technologies to replace existing software offerings could negatively impact demand for our Platform.** Some of our current and potential competitors may have larger installed bases of users, longer operating histories, broader distribution, greater name recognition **, a broader suite of product offerings** , and have significantly greater resources than we have. As a result, these companies may be able to respond more quickly to new or emerging technologies and changes in customer demands, and devote greater resources to the development, promotion and sale of their products. Competition could seriously impede our ability to sell our software solutions and services on terms favorable to us or at all. Our current and potential competitors may develop and market new technologies that render our existing or future solutions obsolete, unmarketable or less competitive. In addition, if these competitors develop solutions with similar or superior functionality to our solutions, or if they offer solutions with similar functionality at substantially lower prices than our solutions, we may need to decrease the prices for our solutions in order to remain competitive. In addition, our competitors have and may in the future, offer their products and services at a lower price, or offer price concessions, ~~delay~~ **delayed** payment terms, or provide financing or other terms and conditions that are more enticing to potential customers **. For example, technology advancements in AI that drive material improvements in operating efficiency may allow competitors to further compete with us on price** . If we are unable to maintain our current pricing due to competitive pressures, our margins could be reduced and our operating results could be adversely affected. If we do not compete successfully against current or future competitors, competitive pressures could materially and adversely affect our business, financial condition, cash flows and operating results. We focus primarily on ~~CPQ,~~ pricing optimization and management **, CPQ** , airline revenue optimization, airline distribution and retail, and digital offer marketing software and if the markets for these software solutions develop more slowly than we expect or if we fail to capitalize on the market opportunity, our business could be harmed. We derive most of our revenue from providing our software solutions for ~~CPQ,~~ pricing optimization and management **, CPQ** , airline revenue optimization, airline distribution and retail, and digital offer marketing, as well as providing implementation services and ongoing customer support. These markets are evolving rapidly, and it is uncertain whether software for these markets will achieve and sustain high levels of demand. Our success depends on the willingness of businesses in our target markets to use the types of solutions we offer and our ability to capture share in these markets. Some businesses may be reluctant or unwilling to implement such software for a number of reasons, including failure to understand the potential returns of improving their processes, lack of knowledge about the potential benefits that such software may provide, or reluctance to change existing internal processes. Some businesses may elect to improve their **pricing and** sales ~~and pricing~~ processes through solutions obtained from their existing enterprise software providers, whose solutions are designed principally to address functional areas other than what our solutions provide. If businesses do not embrace the benefits of vendor software solutions in the areas in which we focus, then these markets may not continue to develop or may develop more slowly than we expect, either of which would significantly and adversely affect our revenue, operating results, and cash flows. Human Capital Risks If we cannot maintain our corporate culture, we could lose the innovation, teamwork and passion that we believe contribute to our success, and our business may be harmed. We believe that a critical component of our success has been our corporate culture, and we invest substantial time and resources in building and maintaining our culture and developing our personnel; however, as we continue to scale our business both organically and through potential acquisitions, it may be increasingly difficult to maintain our culture. Moreover, our shift to **both** a hybrid work environment **and a more geographically dispersed workforce** requires significant action to preserve our culture ~~with many employees primarily working remotely and facing unique personal and professional challenges~~ . While we have implemented many wellness, development and supportive programs for our workforce, the shift to a hybrid work environment ~~during~~ and ~~following~~ the ~~COVID- 19 pandemic~~ **expansion of our workforce footprint** presents ~~unprecedented~~ risks to our culture. Any failure to preserve our culture could negatively affect our future success, including our ability to retain and recruit personnel and to effectively pursue our strategic objectives. If we lose key members of our management team or sales, development or operations personnel, or are unable to attract and retain employees. our business could be harmed. Our future success depends upon the performance and service of our executive officers and other key personnel. From time to time, there may be changes in our executive management team and to other key employee roles resulting from organizational changes or the hiring or departure of executives or other employees, which could have a serious adverse effect on our business and operating results. If key personnel leave our company or are unable to perform their duties, we may not be able to manage our business effectively and, as a result, our business and operating results could be harmed. Our future success depends on our ability to continue to timely identify, attract and retain highly qualified personnel, including data scientists, software developers and implementation personnel, and there can be no assurance that we will be able to do so. Competition for qualified personnel is intense, particularly for technical talent in certain markets, and is exacerbated by tight labor market conditions. We compete for talent with other companies that have greater resources, in large part, based on our culture and overall employee experience. With the wide market acceptance of and increase in remote work, we have experienced increased direct competition for talent, often from larger companies taking advantage of lower cost talent markets. Employee turnover creates a variety of risks including time, costs and resources required to recruit and train new employees to learn our business. The flexibility of our hybrid work approach provides us with access to greater talent pools and contributes to our hiring and retaining competitiveness but also brings costs and risks, including employment, tax, insurance and compliance risks. If we are unable to attract and retain our key employees, we may not be able to achieve our objectives, and our business could be harmed. Failure to adequately expand and train our direct and indirect sales force may impede our growth. To date, substantially all of our revenue has been attributable to the efforts of our direct sales force. We believe that our future growth will depend, to a significant extent, on the continued development of our direct sales force, and our sales team' s ability to manage and retain our existing customer base, expand our sales to existing customers and obtain new customers. Our ability to achieve significant revenue growth in the future will depend, in large part, on our success in recruiting, training and retaining a sufficient number of direct sales personnel. We manage the staffing levels of our direct sales force against a number of factors, including performance management, natural attrition, quality of our enablement and training program as well as competition for talent. New sales hires require significant training and often take a number of months before becoming fully productive, if at all. If we are unable to continuously recruit, develop or retain sufficient numbers of productive direct sales personnel, our growth may be impeded. In addition to our direct sales force, we have developed, and expect to expand, our indirect sales force via channel partners, such as management consulting firms, systems integrators and other resellers, to market, sell and / or implement our solutions. While we have invested to establish channel partners to drive sales growth, to date substantially all of our revenue generation has been attributable to our direct sales force. If we are unable to establish and maintain productive partner relationships, or otherwise develop and expand our indirect distribution channel, our sales growth rates may be limited. Regulatory, Compliance and Litigation Risks **Complex and** ~~Evolving~~ **evolving** global laws ~~,~~ **and** regulations ~~and standards on privacy and data security, restrictions on cross- border data transfers, and data localization requirements impact our business and~~ expose us to **potential liability,** increased **costs** ~~liability. Personal privacy, data localization~~ and ~~data security continue to be significant issues in the United States, Europe and many~~ other ~~jurisdictions~~ **adverse impacts on our business** . We provide our cloud software solutions globally **and our operations are subject to complex and evolving laws and regulations** , including **laws on** ~~in countries that have, or may adopt in the future, stringent~~ data privacy, ~~cyber security or~~ data localization **, data security, labor and employment, import / export and AI. Compliance with these** laws and regulations **is onerous and expensive** . **In addition,** ~~These~~ **these** laws and regulations may be inconsistent across jurisdictions and are subject to ~~evolving and~~ differing ~~(~~ **, and** sometimes conflicting ~~)~~ **,** interpretations. ~~Government officials~~ **Although we have implemented policies, procedures** and **controls designed to ensure compliance with applicable laws, there can be no assurance that our employees, contractors or agents will not violate such laws and** ~~regulators~~ **regulations or our policies and procedures. If we are found to have violated laws and regulations** , **it could materially adversely affect our business, reputation, results of operations, cash flow, and financial condition. Regulatory changes have in the past, and may in the future be announced with little or no advance notice and we may not be able to effectively mitigate all adverse impacts from such measures. Our cloud software solutions process data on behalf of our customers, and if our customers fail to comply with contractual obligations or applicable laws and regulations, such non- compliance could result in litigation or reputational harm to us. Any perceived inability to adequately address** privacy ~~advocates and class action attorneys continue to increasingly scrutinize how companies collect~~ , ~~process, use, store, share and transmit personal~~ data ~~. This increased scrutiny may~~ **localization or cybersecurity compliance or to comply with more complex and numerous laws and regulations, even if unfounded, could** result in ~~new~~ **liability to us and indemnification obligations, damage our reputation, inhibit sales of our solutions or harm our business, financial condition, results of operations and cash flows. Evolving laws and changing** interpretations of existing laws **by regulators** ~~, thereby further impacting our business. International laws such as the EU' s General Data Protection Regulation (" GDPR "), as well as emerging~~ and **courts** ~~evolving state laws in the United States~~ , ~~such as~~ **have in** the **past** ~~California Consumer Protection Act~~ , ~~the California Privacy Rights Act, the Virginia Consumer Data Protection Act, the Colorado Privacy Act, the Connecticut Data Privacy Act,~~ and **may continue to** ~~the Utah Consumer Privacy Act, could~~ create new compliance obligations ~~and expand the scope of potential liability~~ , **increase** ~~either jointly or~~ **our costs** ~~severally with our customers and suppliers. Although we have implemented measures designed~~ to **provide our products** ~~comply with applicable requirements, the dynamic nature of these laws~~ and ~~regulations~~ **services** , **adversely** ~~as well as their interpretation by regulators and courts, may~~ affect our **sales cycles, affect our** ability to implement ~~our~~ business models effectively ~~. In addition~~ , ~~our ongoing efforts to comply with these laws and regulations entail substantial expenses and may divert resources from other initiatives. For example, if we establish systems and processes to host and access European customer data solely in Europe, our costs and operational risks could increase. Changes in these laws and regulations have in the past increased, and may continue to increase, the cost of providing our products and services, could~~ limit us from offering certain solutions in certain jurisdictions ~~, could adversely affect our~~ - **or circumstances** ~~sales cycles~~ , and ~~could impact~~ **expand the scope of potential liability, either jointly** ~~our~~ - **or severally with** ~~new technology innovation. In addition, our cloud software solutions store data on behalf of~~ our customers, **partners** and **suppliers.** ~~if our customers fail to comply with contractual obligations or~~ **For example** ~~applicable laws and regulations~~ , ~~such non- compliance could result in litigation or reputational harm to us. Any perceived inability to adequately address privacy, data localization or cyber security compliance or to comply with more complex and numerous laws and regulations, even if unfounded, could result in liability to us and indemnification obligations, damage our reputation, inhibit sales of our solutions or harm our business, financial condition, results of operations and cash flows. Further, we are subject to~~ evolving laws and regulations that dictate whether, how, and under what circumstances we can transfer, process and receive personal data **have in the past, and may in the future increase our costs and operational risks** . **While AI regulation is in the nascent stages of development globally, the evolving AI regulatory environment may adversely impact our sales cycle times, increase our research and development costs, and increase our liability related to the use of AI that are beyond our control** ~~For~~ - **or result** ~~example,~~ in **inconsistencies in evolving legal** ~~2020, the Court of Justice of the European Union (" CJEU ") invalidated the EU- U. S. and the Swiss- U. S. Privacy Shield~~ frameworks ~~as~~ **across jurisdictions. While we believe we have taken** a ~~basis~~ **responsible approach to the development and use of AI in our solutions, there can be no guarantee that future AI regulations will not adversely impact us** ~~for~~ - **or conflict with our approach** ~~transfers of personal data from the EU and Switzerland~~ to ~~the United States. While we have historically relied on Standard Contractual Clauses (" SCCs")~~ **AI, including affecting our ability to make our solutions available without costly changes, requiring us to change our AI development practices, business strategies and /** ~~for~~ - **or** ~~such transfers~~ **indemnity protections** and **subjecting us to additional compliance** ~~the CJEU has upheld SCCs as a valid transfer mechanism, provided those SCCs meet certain~~ requirements, **regulatory action, competitive harm** ~~the CJEU rulings make clear that these transfer mechanisms will be subject to additional and ongoing scrutiny. The European Commission has published revised SCCs for~~ - **or** ~~data transfers from the European Economic Area (" EEA "), and we have adapted our existing contractual arrangements to meet these new requirements. In early 2022, the EU and U. S. announced that they had reached an agreement in principle on a new Trans-Atlantic Data Privacy Framework, which will be translated into~~ legal ~~documents to be adopted in the EU and U. S. to provide a renewed basis for transatlantic data transfers. In December 2022, the European Commission issued a draft adequacy decision concluding that the Trans- Atlantic Data Privacy Framework provides an adequate level of protection for personal data transferred from EU to U. S. companies. The framework is subject to additional approval steps, and if it is not adopted we may be unable to continue to rely on SCCs or rely upon other alternative means of data transfers from the EU to the U. S. The validity of data transfer mechanisms in both Europe and the U. S. remain subject to legal, regulatory and political developments in both Europe and the U. S. Recent recommendations from the European Data Protection Board, decisions from supervisory authorities, recent proposals for reform of the data transfer mechanisms for transfers of personal data outside the U. K., and potential invalidation of other data transfer mechanisms, which, together with increased enforcement action from supervisory authorities in relation to cross- border transfers of personal data, could have a significant adverse effect on our ability~~ **liability** ~~to process and transfer personal data outside of the EEA and the U. K~~ . If ~~other~~ jurisdictions implement **more** restrictive **or onerous** regulations ~~for cross- border data transfers (or do not permit data to leave the country of origin)~~ , such developments could adversely impact our business, financial condition, cash flows, and results of operations ~~in those jurisdictions~~ . Any unauthorized, and potentially improper, actions of our personnel could adversely affect our business, operating results, cash flows, and financial condition. The recognition of our revenue depends on, among other things, the terms negotiated in our contracts with our customers. Our personnel may act outside of their authority and negotiate additional terms without our knowledge. We have implemented policies to help prevent and discourage such conduct, but there can be no assurance that such policies will be followed. For instance, in the event that our sales personnel negotiate terms that do not appear in the contract and of which we are unaware, whether such additional terms are written or verbal, we could be prevented from recognizing revenue in accordance with our plans. Furthermore, depending on when we learn of unauthorized actions and the size of the transactions involved, we may have to restate revenue for a previously reported period, which could seriously harm our business, operating results, cash flows, financial condition and reputation with current and potential customers and investors. Intellectual property litigation and infringement claims may cause us to incur significant expense or prevent us from selling our software solutions. Our industry is characterized by the existence of a large number of patents, trademarks and copyrights, and by litigation based on allegations of infringement or other violations of intellectual property rights. A third- party may assert that our technology violates its intellectual property rights, or we may become the subject of a material intellectual property dispute. Selling improvement (including CPQ), pricing, airline revenue optimization (including revenue management) and airline eCommerce (including shopping, merchandising and retail, and digital offer marketing) solutions may become increasingly subject to infringement claims as the number of such commercially available solutions increases and the functionality of these solutions overlaps. In addition, changes in patent laws in the U. S. may affect the scope, strength and enforceability of our patent rights or the nature of proceedings which may be brought by us related to our patent rights. Future litigation may involve patent holding companies or other adverse patent owners who have no relevant product revenue and against whom our own potential patents may therefore provide little or no deterrence. Regardless of the merit of any particular claim that our technology violates the intellectual property rights of others, responding to such claims may require us to: • incur substantial expenses and expend significant management efforts to defend such claims; • pay damages, potentially including treble damages, if we are found to have willfully infringed such parties' patents or copyrights; • cease making, selling or using products that are alleged to incorporate the intellectual property of others; • distract management and other key personnel from performing their duties for us; • enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies; and • expend additional development resources to redesign our solutions. Any licenses required as a result of litigation under any patent may not be made available on commercially acceptable terms, if at all. In addition, some licenses may be nonexclusive, and therefore our competitors may have access to the same technology licensed to us. If we fail to obtain a required license or are unable to design around a patent, we may be unable to effectively develop or market our solutions, which could limit our ability to generate revenue or maintain profitability. Our contract terms generally obligate us to indemnify and hold our customers harmless from certain costs arising from third- party claims brought against our customers alleging that the use of our solutions infringe intellectual property rights of others. If we are unable to resolve our legal obligations by settling or paying an infringement claim, we may be required to compensate our customers. Our use of open source software may subject our software solutions to general release or re- engineering. We use open source software in our solutions. From time to time, there have been claims challenging the ownership of open source software against companies that incorporate open source software 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. Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the open source software and that we license such modifications or derivative works under the terms of a particular open source license or other license granting third parties certain rights of further use. If we combine our proprietary software solutions with open source software in a certain manner, we could, under certain of the open source licenses, be required to release the source code of our proprietary software solutions. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third- party commercial software, as open source licensors generally do not provide warranties or controls on origin of the software. In addition, open source license terms may be ambiguous and many of the risks associated with usage of open source cannot be eliminated, and could, if not properly addressed, negatively affect our business. If we were found to have inappropriately used open source software, we may be required to seek licenses from third parties in order to continue offering our software, to re- engineer our solutions, to discontinue the sale of our solutions in the event re- engineering cannot be accomplished on a timely basis or take other remedial action that may divert resources away from our development efforts, any of which could adversely affect our business, operating results, cash flows, and financial condition. Defects or errors in our software solutions could harm our reputation, impair our ability to sell our solutions and result in significant costs to us. Our software solutions are complex and may contain undetected defects or errors. Several of our solutions have recently been developed and may therefore be more likely to contain undetected defects or errors. In addition, we frequently develop enhancements to our software solutions that may contain defects. We have not suffered significant harm from any defects or errors to date. We have in the past issued, and may in the future need to issue, corrective releases of our solutions to correct defects or errors. The occurrence of any defects or errors could result in: • delayed market acceptance and lost sales of our software solutions; • delays in payment to us by customers; • damage to our reputation; • diversion of our resources; • legal claims, including product liability claims, against us; • increased maintenance and support expenses; and • increased insurance costs. Our agreements with our customers typically contain provisions designed to limit our liability for defects and errors in our software solutions and damages relating to such defects and errors, but these provisions may not be enforced by a court or otherwise effectively protect us from legal claims. Our liability insurance may not be adequate to cover all of the costs resulting from these legal claims. Moreover, we cannot provide assurance that our current liability insurance coverage would continue to be available on acceptable terms **or at all** . In addition, the insurer may deny coverage on any future claims. The successful assertion against us of one or more large claims that exceeds available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co- insurance requirements, could have a material adverse effect on our business and operating results. Furthermore, even if we prevail in any litigation, we are likely to incur substantial costs and our management' s attention may be diverted from our operations. Business Model and Capital Structure Risks We have experienced losses since we transitioned to a cloud strategy ~~in 2015, the COVID- 19 pandemic has extended our timeline to profitability~~ , and we may continue to incur losses for longer than we expect. We expect our expenses to continue to exceed our revenues in the near term as we continue to make investments as part of our cloud strategy, particularly in new product development, sales, marketing, security, privacy and cloud operations. ~~In addition, the impact of COVID- 19 on our business contributed to our losses over the past three years and extended our timeline of achieving profitability.~~ While we **delivered significant** ~~are making progress towards delivering~~ free cash flow in 2023 and profitable operations on an adjusted EBITDA basis, our ability to return to profitability depends on our ability to: continue to drive subscription sales, enhance our existing products and develop new products, scale our sales and marketing and product development organizations, successfully execute our marketing and sales strategies, renew our subscription agreements with existing customers, and manage our expenses. If we are not able to execute on these actions, our business may not grow as we anticipate, our operating results could be adversely affected and we will continue to incur net losses in the future. Additionally, our new initiatives may not generate sufficient revenue and cash flows to recoup our investments in them. If any of these events were to occur, it could adversely affect our business, results of operations, financial condition and cash flows. We incurred indebtedness by issuing convertible notes, and **we may borrow under** our **Credit Agreement. Our** debt repayment obligations may adversely affect our financial condition and cash flows in the future. In September 2020, we issued $ 150. 0 million principal amount of 2. 25 % convertible senior notes (" 2027 Notes") due September 15, 2027, unless earlier redeemed, purchased or converted in accordance with their terms prior to such date. Interest is payable semi- annually in arrears on March 15 and September 15 of each year. **In October 2023, following the completion of the Exchange described in Note 16 to the Consolidated Financial Statements, we issued an additional $ 116. 8 million of principal amount of 2027 Notes.** As of December 31, ~~2022~~ **2023** , ~~the entire~~ $ ~~150~~ **266** . ~~0~~ **8** million of aggregate principal amount of **the** 2027 Notes are outstanding. In May 2019, we issued $ 143. 8 million principal amount of 1. 0 % convertible senior notes (" 2024 Notes" and together with the 2027 Notes, the" Notes") due May 15, 2024, unless earlier redeemed, purchased or converted in accordance with their terms prior to such date. Interest is payable semi- annually in arrears on May 15 and November 15 of each year. ~~As~~ **Following the completion of the Exchange, as** of December 31, ~~2022~~ **2023** , ~~the entire~~ $ ~~143~~ **21** . ~~8~~ **7** million of aggregate principal amount of **the** 2024 Notes are outstanding **. Our Credit Agreement provides for a $ 50. 0 million revolving line of credit, none of which was drawn as of December 31, 2023. The Credit Agreement contains affirmative and negative covenants, including covenants which restrict our ability to, among other things, create liens, incur additional indebtedness and engage in certain other transactions, in each case subject to certain exclusions. In addition, the Credit Agreement contains certain financial covenants which become effective in the event our liquidity (as defined in the Credit Agreement) falls below a certain level. The Credit Agreement contains customary events of default relating to, among other things, payment defaults, breach of covenants, cross acceleration to material indebtedness, bankruptcy- related defaults, judgment defaults, and the occurrence of certain change of control events. The occurrence of an event of default may result in the termination of the Credit Agreement and acceleration of repayment obligations with respect to any outstanding principal amounts** . Our indebtedness could have important consequences because it may impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions and general corporate or other purposes. Our ability to meet our debt obligations will depend on our future performance, which will be affected by financial, business, economic, regulatory and other factors. We cannot control many of these factors. Our future operations may not generate sufficient cash to enable us to repay our debt. If we fail to comply with any covenants contained in the agreements governing any of our debt, or make a payment on any of our debt when due, we could be in default on such debt, which could, in turn, result in such debt and our other indebtedness becoming immediately payable in full. If we are at any time unable to pay our indebtedness when due, we may be required to renegotiate the terms of the indebtedness, seek to refinance all or a portion of the indebtedness, and / or obtain additional financing. There can be no assurance that, in the future, we will be able to successfully renegotiate such terms, that any such refinancing would be possible or that any additional financing could be obtained on terms that are favorable or acceptable to us. Our quarterly results may vary and may not fully reflect the performance of our business. We generally recognize revenue from customers ratably over the terms of their subscription agreements. As a result, most of the revenue we report in each quarter is the result of agreements entered into during prior quarters. The ~~lag~~ **time** between entering into a contract and recognizing subscription revenue can be extended ~~with some~~ **for certain contracts and products, including certain** of our travel products **, for a number of reasons such as extended implementation planning and delayed" go live** . **"** Consequently, ~~a~~ **any** ~~decline~~ **declines , or increases,** in new or renewed subscriptions in any quarter ~~may~~ **are** not ~~be~~ **fully** reflected in our revenue for that quarter, but ~~will~~ negatively **, or positively,** affect our **subscription** revenue in future quarters. Accordingly, the effect of significant downturns in sales, our failure to achieve our internal sales targets, a decline in the market demand of our services or decreases in our retention rate ~~may~~ **are** not ~~be~~ fully reflected in our operating results ~~until future periods. For example, the effect of the COVID- 19 pandemic may not be fully reflected in our results of operations~~ until future periods. Our subscription model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as subscription revenue from additional sales must be recognized over the applicable subscription term. We may be unable to timely adjust our cost structure to reflect changes in revenues. In addition, a significant majority of our costs are expensed as incurred, while subscription revenues are recognized over the term of the customer agreement. As a result, increased sales growth ~~could result~~ **results** in our recognition of more costs than revenues in the earlier periods of the terms of our agreements. In addition, we expect to continue to experience some seasonal variations in our cash flows from operating activities, including, as a result of the timing of payment of payroll taxes, performance bonuses to our employees and costs associated with annual company- wide events, each of which have historically been highest in our first fiscal quarter. Therefore, the results of any prior quarterly periods should not be relied upon as an indication of our future operating performance. If we fail to migrate **our remaining** customers with on- premises software licenses to our latest cloud software solutions, our future revenue ~~may be limited~~ and our costs to provide support to those customers may ~~increase~~ **be negatively impacted** . We ~~have~~ notified **our customers of** our legacy on- premises ~~customers~~ **software products** that we will be discontinuing maintenance for most of our legacy on- premises software ~~at the end of 2023~~ . These customers will need to migrate to our current cloud solutions to continue to be supported and take advantage of our latest features, functionality and security which are only available via the PROS cloud. When considering whether to migrate, these customers may evaluate alternative solutions due to the additional change in management and implementation costs associated with migrating to cloud- based applications. When on- premises software customers delay or decline to migrate to our cloud solutions, our internal development and customer support teams find it increasingly difficult and costly to support a declining number of on- premises customers. In addition, if our legacy on- premises license customers delay or decline to migrate to our cloud solutions, choose alternative solutions or otherwise choose to not continue doing business with us by, for example, canceling maintenance, our future revenue will be affected. If our goodwill or amortizable intangible assets become impaired, we could be required to record a significant charge to earnings. Under GAAP, we review our goodwill and amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. GAAP requires us to test for goodwill impairment at least annually. Factors that may be considered a change in circumstances indicating that the carrying value of our goodwill or amortizable intangible assets may not be recoverable include declines in stock price, market capitalization or cash flows and slower growth rates in our industry. We could be required to record a significant charge to earnings in our financial statements during the period in which any impairment of our goodwill or amortizable intangible assets were determined, negatively impacting our results of operations **and financial condition** . Risks ~~relating~~ **Relating** to Ownership of our Common Stock Market volatility may affect our stock price and the value of your investment. The market price for our common stock, and the software industry generally, has been and is likely to continue to be volatile. Volatility could make it difficult to trade shares of our common stock at predictable prices or times. ~~Many~~ **A wide variety of** factors ~~could~~ **have caused historic volatility and may** cause the market price of our common stock to be volatile **in the future** , including the following: **• U. S. and global economic and geopolitical conditions and events, including global crises such as the COVID- 19 pandemic;** • variations in our quarterly or annual operating results; • decreases in market valuations of comparable companies; • fluctuations in stock market prices and volumes; • decreases in financial estimates by equity research analysts; • announcements by our competitors of significant contracts, new solutions or enhancements, acquisitions, distribution partnerships, joint ventures or capital commitments; • departure of key personnel; • changes in governmental regulations and standards affecting the software industry and our software solutions; • conversion of convertible notes into equity or sales of common stock or other securities by us ~~in the future~~ ; • damages, settlements, legal fees and other costs related to litigation, claims and other contingencies ~~; • U. S. and global economic conditions~~ ; and • other risks described elsewhere in this section. In the past, securities class action litigation often has been initiated against a company following a period of volatility in the market price of the company' s securities. If class action litigation is initiated against us, we may incur substantial costs and our management' s attention could be diverted from our operations. All of these factors could cause the market price of our stock to decline, and you may lose some or all of your investment. Anti- takeover provisions in our Certificate of Incorporation and Bylaws and under Delaware law could make an acquisition of us more difficult and may prevent attempts by our stockholders to replace or remove our current management. Our Certificate of Incorporation and Bylaws and Section 203 of the Delaware General Corporation Law contain provisions that might enable our management to resist a takeover of our company. These provisions include the following: • the division of our board of directors into three classes to be elected on a staggered basis, one class each year; • a prohibition on actions by written consent of our stockholders; • the elimination of the right of stockholders to call a special meeting of stockholders; • a requirement that stockholders provide advance notice of any stockholder nominations of directors or any proposal of new business to be considered at any meeting of stockholders; • a requirement that a super majority vote be obtained to amend or repeal certain provisions of our certificate of incorporation; and • the ability of our board of directors to issue preferred stock without stockholder approval. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which limits the ability of stockholders owning in excess of 15 % of our outstanding voting stock to merge or combine with us. Although we believe these provisions collectively provide for an opportunity to obtain higher bids by requiring potential acquirers to negotiate with our board of directors, they would apply even if an offer were considered beneficial by some stockholders. In addition, 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. We do not intend to pay dividends for the foreseeable future. We do not currently anticipate paying any cash dividends on our common stock in the foreseeable future. We currently anticipate that we will retain all of our available cash, if any, for use as working capital, repayment of debt and for other general corporate purposes. Consequently, stockholders must rely on sales of their common stock after price appreciation as the only way to realize any future gains on their investment.