

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015

Or

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

For the transition period from to
Commission File Number 001-36471

MobileIron, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

26-0866846
(I.R.S. Employer
Identification Number)

415 East Middlefield Road
Mountain View, CA 94043
(650) 919-8100

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

Title of each class Name of each exchange on which registered
Common Stock, par value \$0.0001 per share The NASDAQ Global Select Market

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

None

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act").
Yes [ ] No [X]

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

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

Indicate by a check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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

Large accelerated filer [ ] Accelerated filer [X]
Non-accelerated filer [ ] (Do not check if a smaller reporting company) Smaller reporting company [ ]

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

As of June 30, 2015, the aggregate market value of shares of common stock held by non-affiliates of the registrant was \$233 million based on the number of shares held by non-affiliates as of June 30, 2015 and based on the closing sale price of the registrant's common stock as reported on the NASDAQ Stock Market on June 30, 2015 of \$5.91 per share. Shares of common stock held by officers, directors and holders of more than 5% of the outstanding common stock have been excluded from this calculation because such person may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of outstanding shares of the registrant's common stock was 82,398,716 as of February 19, 2016.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the information called for by Part III of this Annual Report on Form 10-K, to the extent not set forth herein, are hereby incorporated by reference from registrant's definitive proxy statement for the 2016 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended December 31, 2015.

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“MobileIron,” the MobileIron logos and other trademark or service marks of MobileIron, Inc. appearing in this Annual Report on Form 10-K are the property of MobileIron, Inc. Trade names, trademarks and service marks of other companies appearing in this report are the property of their respective holders.

## SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

*This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases you can identify these statements by forward-looking words such as “believe,” “may,” “will,” “might,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “should,” “would,” “project,” “potentially,” “predict,” “plan,” “outlook,” “target,” “expect,” or similar expressions, or the negative or plural of these words or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:*

- beliefs and objectives for future operations;
- our business plan and our ability to effectively manage our growth and associated investments;
- our ability to timely and effectively scale and adapt our existing technology;
- our ability to innovate new products and bring them to market in a timely manner;
- our ability to expand internationally;
- our ability to attract new customers and further penetrate our existing customer base;
- our expectations concerning renewal rates for subscriptions and services by existing customers;
- cost of revenue, including changes in costs associated with hardware, royalties, customer support, and data center operations;
- operating expenses, including changes in research and development, sales and marketing, and general and administrative expenses;
- our expectations concerning relationships with third parties, including channel partners and logistics providers;
- economic and industry trends or trend analysis; and
- the sufficiency of our existing cash and investments to meet our cash needs for at least the next 12 months.

*These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which could cause our actual results to differ materially from those reflected in the forward-looking statements. These risks are not exhaustive. These statements are within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These statements appear throughout this Form 10-K and are statements regarding our intent, belief, or current expectations, primarily with respect to our business and related industry developments. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Form 10-K. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including the risks faced by us and described in Part I, Item 1A, entitled “Risk Factors,” and in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Form 10-K. We undertake no obligation to update any forward-looking statements for any reason to conform these statements to actual results or to changes in our expectations.*

## **Item 1. Business**

### **Overview**

We invented a purpose-built mobile IT platform for enterprises to secure and manage mobile applications, or apps, content and devices while providing their employees with device choice, privacy and a native user experience. Customers use our platform as the technology foundation in their journey to become “Mobile First” organizations, embracing mobility as a primary computing platform for their employees. Mobile First organizations transform their businesses by giving their employees secure access to critical business applications and content on devices employees want with a native user experience they love. Our platform is extensible and fosters a growing ecosystem of application developers and technology partners who augment the functionality and add value to our platform, creating positive network effects for our customers, our ecosystem and our company.

The adoption of mobile technology is a disruption of historic proportions and has outpaced earlier transitions such as mainframe to PCs and client/server to the Internet. IT departments are often challenged to provide users with the benefits of mobility, while simultaneously satisfying enterprise security and compliance requirements. In modern end-user computing, operating systems such as Android, iOS, and Windows have a sandboxed architecture to isolate data at the app level and protect both the file system and the operating system from unauthorized access. New laptop and desktop operating systems are being built based on this architecture. As a result, the security and management model for these operating systems is very different from what was needed in the legacy PC model and companies need new security technology while maintaining device choice and privacy. This new security model is called Enterprise Mobility Management (EMM). We believe that only with an EMM platform can an enterprise deal with the new threat landscape while maintaining user privacy and native experience.

IT organizations are increasingly consolidating their PC and mobile device support groups and treating their devices as "endpoints." Meanwhile, the PC and mobile architectures continue to fuse together, blurring the boundaries between the EMM and client management tool capabilities. (Source: Gartner “Magic Quadrant for Enterprise Mobility Management Suites” by Terrence Cosgrove, Rob Smith, Chris Silva, John Girard, Bryan Taylor, June 8, 2015 .)

Our platform is the security and apps backbone for modern end-user computing and enables all phases of customers’ journeys to become Mobile First organizations. Employees get the apps and content that they need to get their jobs done on the mobile device of their choice while preserving the native device experience. Enterprise IT departments get a security and management platform that easily integrates into their existing IT or cloud infrastructure and allows them to protect and manage corporate data and apps, independent of the mobile device, for both corporate-owned, bring your own device, or BYOD, and mixed device ownership environments.

Our business model is based on winning new customers, expanding sales within existing customers, upselling new products and renewing subscriptions and software support agreements. We win customers using a sales force that works closely with our channel partners, including resellers, service providers and system integrators. We have experienced rapid growth in our customer base, having sold our platform to over 10,500 customers since 2009. Our strategy is to enhance the value of our platform by introducing additional products and upselling these additional products to our customers. Our global customer support team is focused on enabling successful customers, which is designed to lead to additional sales and renewals of subscription and software support agreements. In 2015, we generated over half of our gross billings from recurring sources. Our renewal rates, which are determined on a device basis for software support and subscription agreements, exceeded 90% in 2015.

We offer our customers the flexibility to use our software as a cloud service or to deploy it on premise. They can also choose from various pricing options including subscription and perpetual licensing. We primarily target large customers across a broad range of industries including financial services, government, healthcare, legal, manufacturing, professional services, retail, technology and telecommunications. Customers choose MobileIron because we deliver the scalability and security for apps and data that they need to become Mobile First. As of December 31, 2015, our customers included over 500 companies on the Forbes Global 2000 Leading Companies list for 2015. No single end user accounted for more than 5% of our total revenue in 2015, one reseller accounted for 16% of our revenue in 2015.

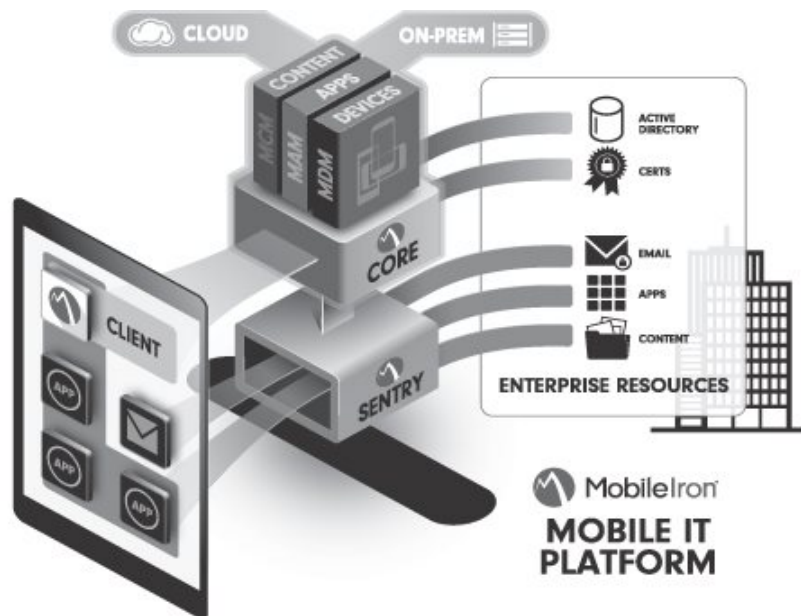
### **The MobileIron Platform and Services**

Our platform is composed of three integrated and distributed software components: a mobile IT policy server, or Core, that allows IT departments to define security and device management policies across popular mobile operating systems; software on the device, or Client, to enforce those policies at the mobile end-point; and an in-line intelligent

gateway, or Sentry, that secures data as it moves between the device and back-end enterprise systems. The three components of the MobileIron platform work together to ensure end-to-end security for enterprise data by enforcing IT policies defined in Core on the data-at-rest via Client and data-in-motion with Sentry. Our platform utilizes FIPS 140-2 cryptographic modules, which are required by government agencies and are desirable for highly regulated and security conscious customers.

Our platform enables four main areas of functionality:

- *Mobile Device Management (MDM)*. Our MDM capabilities enable IT to securely manage mobile devices across mobile operating systems and provide secure corporate email, automatic device configuration and certificate-based security. For end-users the MobileIron client creates a clear separation between personal and business information. This allows IT to selectively wipe only the corporate data on the device should the user leave the company or should the device fall out of compliance, or be lost.
- *Mobile Application Management (MAM)*. Our MAM functionality helps IT manage the entire apps lifecycle, from making apps available in the enterprise app storefront, securing applications on the device, enforcing user authentication, isolating them from personal apps and retiring them as necessary. On the device, the Client works with Core to install the enterprise app storefront so that users can browse and install the mobile applications made available to them by their company. Enterprise app data is secure and can only be exchanged between applications that are part of the MobileIron container.
- *Mobile Content Management (MCM)*. Our MCM functionality enables IT to provide secure mobile access to enterprise documents residing in SharePoint, file shares and other enterprise and cloud content repositories. It also secures email attachments so that they are encrypted and can only be viewed with the secure MobileIron Viewer or any other enterprise application managed by MobileIron. Our secure web browser enables users to securely access corporate intranet and HTML apps without requiring a virtual private network, or VPN, client on the device.
- *Advanced Security Services*. Our advanced mobile security services include enhanced VPN functions, which allows mobile apps to access enterprise resources through a secure application communication channel, eliminating the need for device-wide VPN; Single Sign-On, which gives access to multiple enterprise apps with a single authentication; and Help@Work, which mirrors the user's screen onto the IT management console so that IT support personnel can better help the user resolve an issue; and integrations with leading third-party analytics, compliance, and service-provisioning platforms.



## **Platform Extensibility and Ecosystem**

We have invested, and intend to continue to invest, in expanding the breadth and depth of our mobile IT ecosystem. Our platform is extensible on both the client side and server side. Customers, application vendors and technology vendors can leverage our technology to add value to our platform, and in turn, mobilize and secure their products, apps and content. As of December 31, 2015, over 180 technology integrations were released by our ecosystem partners. These integrations cover both user apps and back-end IT infrastructure.

On the client side, MobileIron AppConnect allows application vendors and customers to build apps that can be secured and managed by MobileIron. Once integrated, these applications become part of the secure container on the device managed by the Client, which configures the apps, secures their data while on the device, ensures that corporate data can only be shared between secure applications, authenticates the user with a single pin or password, and if need be, removes the applications from the device. AppConnect-enabled applications can also leverage secure Sentry tunnels to exchange information with enterprise back-end systems.

On the server side, we work with leading technology companies through our ServiceConnect program. These partners use the MobileIron platform APIs to enrich the features and functionality of their products with mobile IT capabilities. When combined, the common solutions provide increased security, better user experience, and business visibility through analytics. For example, network security vendors can use our security status information in order to make real time decisions about whether a mobile device should be granted access to secure corporate service. Application Reputation vendors can use our system in order to detect the presence of new apps and identify potentially harmful apps, so that IT departments can remediate as necessary. Leading data analytics providers can use the data we collect on devices in order to help IT department make better choices.

## **Our Competitive Strengths**

We pioneered many of the innovations in the mobile IT landscape. We differentiate ourselves from our competitors through the following strengths:

- *Comprehensive Solution for the Transition to a Mobile First Organization.* We believe that most organizations are at some stage along a phased adoption of mobile technology and will require a mobile IT platform to successfully leverage the benefits of mobility. Our platform can be adopted in stages to support the Mobile First journey of an organization, from device security and secure email delivery to managed content and applications.
- *Platform Architected for Mobile IT.* Our mobile IT platform was purpose-built to address the rapidly-evolving and complex mobile requirements of users, IT and the mobile IT ecosystem, unlike others who have repurposed their products to retrofit them with mobile capabilities. We believe the pace of change in our market is unprecedented, driven by the rapid evolution of mobile operating systems such as iOS, Android, and Windows. We believe by being independent and focused on this market, we provide a higher level of service, faster innovation, and differentiated products to our customers.
- *Enterprise Class Security.* We continue to invest in providing enterprise class security for our customers. Our platform secures enterprise data on the device and data traveling between the device and back-end enterprise systems. It utilizes FIPS 140-2 cryptographic modules, which are required by government agencies and are desirable for highly regulated and security conscious customers. We have successfully deployed to customers in some of the most security conscience enterprise environments in industry verticals such as government, financial services, and health-care.
- *Network Effects of our Platform.* Our platform benefits from positive network effects that are the result of the strength of our ecosystem. Our ecosystem includes applications developed by customers and third-parties that incorporate our technology and integrated infrastructure solutions . Platform effects include our ecosystem partners accelerating enterp rise adoption of their products , and customers choosing our platform because of our ecosystem of partners .

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- *Application Management.* Our end-to-end solution to secure and manage mobile apps enables our customers to move beyond secure email and mobilize other core business processes, therefore getting the next level of return on their mobile investments.
- *World Class Global Customer Success Organization.* We believe that our customers' success with their mobility initiatives will drive rapid expansion of their mobile IT infrastructure and in turn grow our business. Our global Customer Success organization provides global technology support, implementation and best practices toolkits, education and online training, as well as strategic account management to build trusted customer relationships. We seek to build mobile industry expertise throughout the IT community by offering MobileIron certification programs to our customers and partners to help educate, train and certify individuals who work with our products and services.
- *Our Channel-Focused Sales Model with Global Reach.* We have a strong global network of channel partners that drive customer and sales growth across all customer segments. We work with diverse channel partners to maximize global sales reach and provide efficient customer service.
- *Flexible Deployment and Pricing Model.* We offer our customers the choice of using our platform either as a cloud service or deployed on premise. We offer pricing flexibility with subscription or perpetual licensing options, which allows a customer to pay for our platform through either its capital or operating budget.

### **Customers**

Our customers include leading enterprises in a broad range of industries, including financial services, government, healthcare, legal, manufacturing, professional services, retail, technology and telecommunications. No single industry verticals accounted for more than 20% of our gross billings in the three year period ended 2015. Medium to large enterprises accounted for a majority of our gross billings. We have sold our products to over 10,500 customers globally, including more than 500 companies on the Forbes Global 2000 Leading Companies list, as of December 31, 2015. Our channel partners include resellers, service providers and system integrators. AT&T, Inc., as a reseller, accounted for approximately 16%, 20% and 20% of our total revenue in 2015, 2014 and 2013, respectively. No end user of our products accounted for more than 5% of our total revenue in 2015, 2014, or 2013.

### **Backlog**

As is typical in the software industry, we expect a significant portion of our software license orders to be received in the last month of each quarter. We do not believe that our backlog at any particular time is meaningful because it has historically been immaterial relative to our total revenue and is not necessarily indicative of future revenue in any given period.

### **Sales and Marketing**

We sell the vast majority of our products through indirect sales channels and maintain a sales force that works closely with our channel partners to develop sales opportunities. We have an outside sales force focused on large organizations, inside sales teams focused on mid-sized enterprises, and teams that work with service providers that focus on small to medium sized businesses.

Our sales organization is supported by sales engineers with deep technical expertise and responsibility for pre-sales technical support and technical training of our channel partners. The sales organization has strong alignment with our Customer Success teams and acts as a liaison between the IT customers and the marketing and product development organizations, especially during the pre-sales phase. We believe this approach allows us to leverage the benefits our sales channel and maintain communication with our customers. Our sales cycle ranges from a few weeks for smaller organizations to many months for large enterprises.

### ***Channel Program***

We work with mobile-focused channel partners who sell our platform to customers. We focus on building in-depth relationships with a number of solutions-oriented partners that have strong industry expertise. These channel partners include both traditional IT resellers as well as service providers. We operate a formal accreditation program for the sales and technical professionals of our channel partners.

### ***Marketing***

Our marketing efforts are focused on building our brand reputation and market awareness of our platform, driving customer demand and operating our channel program. The marketing team consists primarily of product marketing, programs marketing, field marketing, channel marketing and public relations functions. Marketing activities include demand generation, advertising, managing the corporate website and partner portal, trade shows and user conferences, industry and channel events, product education and leadership content, press and analyst relations and customer awareness. In addition, we sponsor the publication of major market research and provide industry analysis. These activities and tools are available to our channel partners.

We also host our annual Mobile First user conference, and webinars where customers and partners both participate in and present a variety of programs designed to help accelerate the adoption and advanced use of our services and platform. We are investing in marketing, sales, and channel automation tools to achieve efficiencies in our marketing efforts.

### **Research and Development**

We have invested significant time and financial resources in the development of our platform and believe that continued research and development is critical to our ongoing success. Research and development investments drive innovation, enterprise class mobile IT platform features and keep pace with the rapidly evolving mobile operating system and device ecosystem.

We believe that innovation and timely development of new features and products are essential to meeting the needs of our customers and channel partners and improving our competitive position. The distributed nature of our platform enables enterprise-class scalability and high performance to allow customers to integrate it seamlessly regardless of the complexity of their existing infrastructure.

Research and development expense totaled \$61.9 million, \$46.3 million and \$36.4 million in 2015, 2014 and 2013, respectively. We plan to continue to significantly invest in resources to conduct our research and development efforts.

### **Competition**

We operate in a highly competitive industry that is characterized by constant change and innovation. Changes in the devices, operating systems, applications and technology landscape result in evolving customer requirements.

Our competitors fall into three primary categories:

- diversified technology companies such as Microsoft and IBM;
- providers of EMM solutions such as BlackBerry, Citrix and VMware; and
- small and large companies that offer point solutions that compete with some of the features present in our mobile IT platform.

The principal competitive factors in our market include:

- product features, reliability, performance and effectiveness;
- price and total cost of ownership;



- depth of customer relationships;
- product extensibility and ability to integrate with other technology infrastructures;
- customer choice of flexibility between cloud service or on premise deployment;
- mobile IT expertise and focus;
- channel depth and breadth;
- strength of sales and marketing efforts;
- brand awareness and reputation; and
- focus on customer service and success.

We believe we generally compete favorably with our competitors on the basis of these factors as a result of our commitment to the native OS experience, our OS neutrality, our focus on EMM, our ecosystem of partners, the architecture, features, and performance of our platform, the ease of integration of our platform with other technology infrastructures, our mobile IT expertise and our commitment to customer success. Many of our competitors have substantially greater financial, technical and other resources, greater name recognition, larger sales and marketing budgets, broader distribution and more entrenched relationships with enterprise customers and prospects. For more information about the competitive risks we face, refer to Item 1A. "Risk Factors" included elsewhere in this Annual Report.

### **Intellectual Property**

We protect our core technology and intellectual property by relying on federal, state, common law and international intellectual property rights, including patents, trade secrets, copyrights and trademarks. We also rely on confidentiality and contractual restrictions, including confidentiality and invention assignment agreements with our employees and contractors and confidentiality agreements with third parties.

We pursue registration of our patents, trademarks and domain names in the United States and certain locations outside the United States. We actively seek patent protection covering inventions originating from the Company and acquire patents we believe may be useful or relevant to our business. As of December 31, 2015, we owned 26 patents worldwide covering various innovations of our modern EMM technology.

Circumstances outside our control could pose a threat to our intellectual property rights. For example, effective intellectual property protection may not be available outside the United States. Also, the efforts we have taken to protect our proprietary rights may not be sufficient or effective.

Companies in the mobile and other technology industries or non-practicing entities may own large numbers of patents, copyrights and trademarks and may frequently request license agreements, threaten litigation or file suit against us based on allegations of infringement or other violations of intellectual property rights. We have faced, and expect to face in the future, suits or allegations that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including those of our competitors and non-practicing entities. As we face increasing competition and as our business grows, we will likely face more claims of infringement.

### **Employees**

As of December 31, 2015, we had 843 full-time employees, 326 of whom were primarily engaged in research and development, 288 of whom were primarily engaged in sales and marketing, 137 of whom were primarily engaged in customer success and 92 of whom were primarily engaged in administration and finance. 304 of these employees were located outside of the United States. In addition, as of December 31, 2015, we had 46 contractors. None of our United States employees are represented by a labor organization or are party to any collective bargaining arrangement.

Employees in certain European countries have the benefits of collective bargaining arrangements at the national level. We have never had a work stoppage, and we consider our relationship with our employees to be good.

### Segment and Geographic information

We conduct business globally. Our chief operating decision maker (Chief Executive Officer) reviews financial information presented on a consolidated basis accompanied by information about revenue by geographic region for purposes of allocating resources and evaluating financial performance. We have one business activity, and there are no segment managers who are held accountable for operations, operating results or plans for levels, components or types of products or services below the consolidated company level. Accordingly, we are considered to be a single reportable segment and operating unit structure.

Revenue by geographic region based on the billing address was as follows:

<i>(in thousands)</i>	Year ended December 31,		
	2015	2014	2013
Revenue			
United States	\$ 74,235	\$ 72,124	\$ 58,656
International	75,063	60,171	46,918
Total	<u>\$ 149,298</u>	<u>\$ 132,295</u>	<u>\$ 105,574</u>

We have no significant amount of long-lived assets in countries outside the United States.

### Facilities

Our principal executive offices are located in Mountain View, California and include five buildings totaling approximately 123,000 square feet under leases expiring from March 2016 to April 2023. We have additional office locations throughout the United States and in various international locations, including offices in the United Kingdom, Netherlands, Germany, Japan and India.

We intend to add new facilities and expand our existing facilities as we add employees and grow our business, and we believe that suitable additional or substitute space will be available on commercially reasonable terms to meet our future needs.

### Legal Proceedings

On November 14, 2012, Good Technology filed a lawsuit against us in federal court in the Northern District of California alleging false and misleading representations concerning their products and infringement of four patents held by them. In the complaint, Good Technology sought unspecified damages, attorney's fees and a permanent injunction. On March 1, 2013, we counterclaimed against Good Technology for patent infringement of one of our patents, seeking similar relief. On October 13, 2014, the court issued a claims construction order. Good Technology responded by filing additional patent infringement suits against us in Delaware, the UK and Germany, as well as inter partes review proceedings. In each of these proceedings, Good Technology sought to invalidate our patents and/or receive injunctive relief, as well as attorney's fees. We counterclaimed against Good Technology in the Delaware case on two of our next generation patents and sought relief similar to what Good Technology was seeking in that case. The Delaware case was transferred to the Northern District of California on March 27, 2015. On June 30, 2015, the court in the original Northern District of California case issued a summary judgment order invalidating the asserted claims of one of Good Technology's patents and holding that we did not infringe that patent as a matter of law. On August 4, 2015, a jury in the original Northern District of California case found that two of the three remaining Good Technology patents that were asserted in the case were invalid and that we did not infringe any of the three patents. The jury also found that while Good Technology did not infringe our asserted patent, our patent was not invalid. As a result, neither we nor Good Technology was awarded damages in the case.

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On November 2, 2015, Blackberry announced that it had acquired Good Technology. On December 1, 2015, we and Good Technology announced a settlement of the global litigation between us, which included a narrow, non-material license agreement between us and Good Technology and a mutual dismissal of claims.

On May 1, 2015, a purported stockholder class action lawsuit was filed in the United States District Court for the Northern District of California against the Company and certain of its officers, captioned Panjwani v. MobileIron, Inc., et al. The action is purportedly brought on behalf of a putative class of all persons who purchased or otherwise acquired the Company's securities between February 13, 2015 and April 22, 2015. It asserts claims for violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. The complaint seeks, among other things, compensatory damages and attorney's fees and costs on behalf of the putative class. An amended complaint was filed on September 28, 2015. MobileIron filed a motion to dismiss the amended complaint on November 13, 2015, which was granted on February 22, 2016, with leave to amend.

On August 5, 2015, August 21, 2015 and August 24, 2015, purported stockholder class action lawsuits were filed in the Superior Court of California, Santa Clara County against the Company, certain of its officers, directors, underwriters and investors, captioned Schneider v. MobileIron, Inc., et al., Kerley v. MobileIron, Inc., et al. and Steinberg v. MobileIron, Inc., et al. The actions are purportedly brought on behalf of a putative class of all persons who purchased the Company's securities issued pursuant or traceable to the Company's registration statement and the June 12, 2014 initial public offering. The lawsuits assert claims for violations of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933. The complaints seek among other things, compensatory damages and attorney's fees and costs on behalf of the putative class. On January 4, 2016, the three class action lawsuits were consolidated under the caption, *In re MobileIron, Inc. Shareholder Litigation*. The Company intends to defend these lawsuits vigorously.

We continually evaluate uncertainties associated with litigation and record a charge equal to at least the minimum estimated liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and (ii) the loss or range of loss can be reasonably estimated. If we determine that a loss is possible and a range of the loss can be reasonably estimated, we disclose the range of the possible loss in the Notes to the Consolidated Financial Statements. We evaluate, on a quarterly basis, developments in our legal matters that could affect the amount of liability that has been previously accrued, if any, and the matters and related ranges of possible losses disclosed, and make adjustments and changes to our disclosures as appropriate. Significant judgment is required to determine both likelihood of there being and the estimated amount of a loss related to such matters. Until the final resolution of such matters, there may be an exposure to loss, and such amounts could be material. An estimate of a reasonably possible loss (or a range of loss) cannot be made in our lawsuits at this time.

### **Corporate Information**

Our principal executive offices are located at 415 East Middlefield Road, Mountain View, CA 94043, and our telephone number is (650) 919-8100. Our website is [www.mobileiron.com](http://www.mobileiron.com). The information posted on our website is not incorporated into this Annual Report on Form 10-K. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on our investor relations web site as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

You may also access all of our public filings through the SEC's website at [www.sec.gov](http://www.sec.gov). Further, a copy of this Annual Report on Form 10-K is located at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330.

## **Item 1 A. Risk Factors**

*Our operations and financial results are subject to various risks and uncertainties including those described below. If any of the following risks or others not specified below materialize, our business, financial condition and results of operations could be materially adversely affected. In that case, the trading price of our common stock could decline.*

### **Risks Related to Our Business and Industry**

*We have a limited operating history, which makes it difficult to evaluate our prospects and future financial results and may increase the risk that we will not be successful.*

As a result of our limited operating history, our ability to forecast our future operating results is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. We have encountered and expect to continue to encounter risks and uncertainties frequently experienced by companies in rapidly changing markets. If our assumptions regarding these uncertainties are incorrect or change in reaction to changes in our markets, or if we do not manage or address these risks successfully, our results of operations could differ materially from our expectations, and our business could suffer. Any success that we may experience in the future will depend, in large part, on our ability to, among other things:

- retain and expand our customer base on a cost-effective basis;
- increase revenues from existing customers as they add users or devices;
- increase revenues from existing customers as they purchase additional solutions;
- successfully compete in our markets;
- continue to add features and functionality to our solutions to meet customer demand;
- gain market traction with our MobileIron cloud platform and our mobile apps and content management solutions;
- continue to invest in research and development;
- scale our engineering and internal business operations in an efficient and cost-effective manner;
- scale our global Customer Success organization to make our customers successful in their mobile IT deployments;
- continue to expand our solutions across mobile operating systems and device platforms;
- hire, integrate and retain professional and technical talent.
- make our service provider partners successful in their deployments of our solutions and technology;
- successfully expand our business domestically and internationally; and
- successfully protect our intellectual property and defend against intellectual property infringement claims.

*We have had net losses each year since our inception and may not achieve or maintain profitability in the future.*

We have incurred net losses each year since our inception, including net losses of \$84.5 million, \$61.9 million and \$32.5 million in 2015, 2014 and 2013, respectively. As of December 31, 2015, our accumulated deficit was \$275.2 million. Our revenue growth has slowed over recent periods, and we may not be able to sustain or increase our growth or achieve or sustain profitability in the future. Revenue growth has slowed, and may additionally slow or revenue may decline, for a number of reasons, including, but not limited to our customers' and/or prospective customers' failure to

widely deploy mobile apps within their businesses, increasing and entrenched competition, changes in pricing model, a decrease in size or growth of the mobile IT market, or any failure to capitalize on market opportunities. In addition over the past year, we have significantly increased our expenditures to support the development and expansion of our business, which has resulted in increased losses. We plan to continue to invest for future growth, in part by making additional investments in research and development, and as a result, we do not expect to be profitable for the foreseeable future. In addition, we will need to increase operating efficiency, which may be challenging given our operational complexity, the expenses outlined above, and expenses associated with being a public company. As a result of these increased expenditures, we will have to generate and sustain increased revenues to achieve future profitability. We may incur significant losses in the future for a number of reasons, including without limitation the other risks and uncertainties described in this Annual Report on Form 10-K. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays and other unknown factors that may result in losses in future periods. If these losses exceed our expectations or our revenue growth expectations are not met in future periods, our financial performance will be harmed.

***Our operating results may fluctuate significantly, which makes our future results difficult to predict and could cause our operating results to fall below expectations or our guidance.***

Our quarterly operating results have fluctuated in the past and may fluctuate significantly in the future. The timing and size of sales of our solutions makes our revenues highly variable and difficult to predict and can result in significant fluctuations in our revenue from period to period. Historically, a substantial portion of our revenue has been generated from sales of software solutions sold as perpetual licenses to large enterprise companies, which tend to close near the end of a given quarter. Further, other customers' buying patterns and sales cycles can vary significantly from quarter to quarter and are not subject to an established pattern over the course of a quarter. Accordingly, at the beginning of a quarter, we have limited visibility into the level of sales that will be made in that quarter. If expected revenue at the end of any quarter is reduced or delayed for any reason, we may not be able to reduce our costs sufficiently to compensate for an unexpected shortfall in revenue, and even a small shortfall in revenue could disproportionately and adversely affect our operating margin, operating results or other key metrics for a given quarter.

Our operating results may fluctuate due to a variety of other factors, many of which are outside of our control, and any of which may cause our stock price to fluctuate. In addition to other risks listed in this "Risk Factors" section, factors that may affect our operating results include, but are not limited to:

- the inherent complexity, length and associated unpredictability of our sales cycles for our solutions;
- the extent to which our customers and prospective customers delay or defer purchase decisions in a quarter, particularly in the last few weeks of the quarter, which is when we typically complete a large portion of our sales for a quarter;
- our ability to develop and release in a timely manner new solutions, features and functionality that meet customer requirements;
- changes in pricing due to competitive pricing pressure or other factors;
- reductions and reprioritizations in customers' IT budgets and delays in the purchasing cycles of our customers and prospective customers;
- variation in sales channels or in mix of solutions sold, including the mix of solutions sold on a perpetual license versus a subscription or monthly recurring contract, or MRC, basis;
- the timing of recognizing revenue in any given quarter as a result of revenue recognition accounting rules, including the extent to which revenue from sales transactions in a given period may not be recognized until a future period or, conversely, the satisfaction of revenue recognition rules in a given period resulting in the recognition of revenue from transactions initiated in prior periods;

- changes in our mix of revenue as a result of our different deployment options and licensing models and the ensuing revenue recognition effects;
- the effect of litigation;
- changes in foreign currency exchange rates; and
- general economic conditions in our domestic and international markets.

The cumulative effects of these factors could result in large fluctuations and unpredictability in our quarterly operating results. As a result, comparing our operating results on a period-to-period basis may not be meaningful. You should not rely on our past results as an indication of our future performance.

***If our customers do not place significant follow-on orders to deploy our solutions widely throughout their companies, or if they do not renew with us or if they do not purchase additional solutions, our future revenue and operating results will be harmed.***

In order to increase our revenues we must continually grow our customer base and increase the depth and breadth of the deployments of our solutions with our existing customers. While customers may initially purchase a relatively modest number of licenses, it is important to our revenue growth that they later expand the use of our software on substantially more devices or for more users throughout their business. However, we have experienced a slowdown in perpetual license orders in the last year. We also need to upsell—to sell additional solutions—to the same customers. Our strategy also depends on our existing customers renewing their software support or subscription agreements with us. Because of the number of participants, consolidation in the mobile IT market and competing priorities within customers' IT budgets, customers may delay making initial purchase orders or expanding orders as they take into account the evolving mobile IT landscape. Also, if we do not develop new solutions, features and functionality that meet our customers' needs, they may not place upsell orders or expand orders. The rate at which our customers purchase additional solutions depends on a number of factors, including the relative prioritization of the IT budget allocated to mobile projects versus other IT projects, perceived need for additional solutions, features or functionality, the reliability of our solutions and other competitive factors, such as pricing and competitors' offerings. If our efforts to sell additional licenses to our customers and to upsell additional solutions to our customers are not successful, our business may suffer.

Further, existing customers that purchase our solutions have no contractual obligation to purchase additional solutions after the initial subscription or contract period, and given our limited operating history, we are unable to accurately predict our customer expansion or renewal rates. Our customers' expansion and renewal rates may decline or fluctuate as a result of a number of factors, including the level of their satisfaction with our solutions or our customer support, customer budgets and the pricing and breadth of our solutions compared with the solutions offered by our competitors, any of which may cause our revenue to grow more slowly than expected, if at all.

For smaller or simpler deployments, the switching costs and time are relatively minor compared to traditional enterprise software deployments and a customer may decide not to renew with us and switch to a competitor's offerings. Accordingly, we must invest significant time and resources in providing ongoing value to our customers. If these efforts fail, or if our customers do not renew for other reasons, or if they renew on terms less favorable to us, our revenue may decline and our business will suffer.

***We compete in rapidly evolving markets and must develop new solutions and enhancements to our existing solutions. If we fail to predict and respond rapidly to emerging technological trends and our customers' changing needs, we may not be able to remain competitive. In addition, we may not generate positive returns on our research and development investments, which may harm our operating results.***

Our markets are characterized by rapidly changing technology, changing customer needs, evolving operating system standards and frequent introductions of new offerings. To succeed, we must effectively anticipate, and adapt in a timely manner to, customer and multiple operating system requirements and continue to develop or acquire new solutions and features that meet market demands and technology trends. Likewise, if our competitors introduce new offerings that compete with ours or incorporate features that are not available in our solutions, we may be required to

reposition our solutions or introduce new solutions in response to such competitive pressure. We may not have access to or have adequate notice of new operating system developments, and we may experience unanticipated delays in developing new solutions and cloud services or fail to meet customer expectations for such solutions. If we fail to timely develop and introduce new solutions or enhancements that respond adequately to new challenges in the mobile IT market, our business could be adversely affected, especially if our competitors are able to more timely introduce solutions with such increased functionality.

We have invested significant time and financial resources in the development of our platforms and infrastructure and believe that we must continue to dedicate substantial resources to our research and development efforts to maintain our competitive position. Developing our products is expensive, and the investment in product development may not generate additional revenue in the near-term or at all. The research and development of new technologically advanced products is also a complex and uncertain process requiring high levels of innovation and investment, as well as the accurate forecasts of technology, market trends and consumer needs. Our failure to successfully develop new and improved products, services and technologies, may reduce our future growth and profitability and may adversely affect our business, results and financial condition.

We have a primary back-end technology platform that can be used as a cloud service or deployed on premise and a second back-end platform that is purpose-built as a cloud-only large scale, multi-tenant platform. We must continually invest in both platforms, and the existence of two back-end technology platforms makes engineering more complex and expensive and may introduce compatibility challenges. We have made significant investments in the cloud-only platform and have not yet gained substantial market traction with the cloud-only platform. Should our MobileIron cloud-only platform fail to achieve substantial market traction, we would lose the value of our investment and our business and operating results may be harmed.

Further, we may be required to commit significant resources to developing new solutions before knowing whether our investments will result in solutions that the market will accept. We are in the process of phasing out our older cloud-based product in favor of MobileIron Cloud, our newer and more scalable cloud-only platform. The failure to successfully market MobileIron Cloud as a replacement and improvement to our older cloud-based product or the failure of our customers and prospective customers to adopt MobileIron Cloud for any reason could result in a decline in our revenue.

These risks are greater in the mobile IT market because our software is deployed on phones and tablets that run on different operating systems such as iOS, Android and Windows, and these multiple operating systems change frequently in response to consumer demand. As a result, we may need to release new software updates at a much greater pace than a traditional enterprise software company that supports only PCs. We may experience technical design, engineering, marketing and other difficulties that could delay or prevent the development, introduction or marketing of new solutions and enhancements on both of our technology platforms. As a result, we may not be successful in modifying our current solutions or introducing new ones in a timely or appropriately responsive manner, or at all. If we fail to address these changes successfully, our business and operating results could be materially harmed.

Finally, all of our additional solutions require customers to use our MobileIron platform, whether deployed on-premise or through our cloud service. As such, virtually all of our revenue depends on the continued adoption and use of our MobileIron platform. If customers and prospective customers decided to stop using or purchasing the MobileIron platform, our product strategy would fail and our business would be harmed.

***An increasing portion of our sales has been generated from subscription, including MRC, licenses, which involves certain risks.***

An increasing portion of our sales has been generated from subscription, including MRC, licenses. This mix shift towards MRC and other subscription licensing, presents a number of risks to us. For example, arrangements entered into on a subscription basis generally delay the timing of revenue recognition and often require the incurrence of up-front costs, which can be significant. Subscription revenues are recognized over the subscription period, which is typically 12 months. MRC revenue is recognized monthly on the basis of active users or devices and thus will fluctuate from month to month. We receive no revenue or billings on MRC at the time the deal is booked. As a result, even if customer demand increases, our revenues will not increase at the same rate as in prior periods, or may decline.

Customers in a subscription arrangement may elect not to renew their contractual arrangement with us upon expiration, or they may attempt to renegotiate pricing or other contractual terms on terms that are less favorable to us. We recognize a substantial portion of our subscription revenues over the term of the subscription agreement; however, we incur upfront costs, such as sales commissions, related to acquiring such customers. Therefore, as we add customers in a particular year, our immediate costs to acquire customers may increase significantly relative to revenues recognized in that same year, which could result in increased losses or decreased profits in that period. Service providers that operate on an MRC billing model typically report to us in arrears on a monthly basis the number of actual users or devices deployed, and then we generate invoices based on those reports. Therefore, invoicing and collection logistics often result in a longer collection cycle, which negatively affects our cash flow. In addition, under an MRC billing model, the service provider typically has the contractual and business relationship with the customer, and thus we typically depend more heavily on the service provider partner for both customer acquisition and support under this billing model. To the extent that service providers bundle our solution with their offerings and price aggressively, it could increase this shift to MRC billings.

***We are in a highly competitive market, and competitive pressures from existing and new companies may harm our business, revenues, growth rates and market share. In addition, there has been consolidation in our market, and a number of our current or potential competitors have longer operating histories, greater brand recognition, larger customer bases and significantly greater resources than we do.***

Our market is intensely competitive, and we expect competition to increase in the future from established competitors, consolidations and new market entrants. Our major competitors include Blackberry, Citrix, IBM, Microsoft and VMware. A number of our historical competitors have been purchased by large corporations. For example, AirWatch was acquired by VMware and Good Technology was acquired by Blackberry. These large corporations have longer operating histories, greater name recognition, larger and better established customer bases, more channel partners, and significantly greater financial, technical, sales, marketing and other resources than we have. Consolidation is expected to continue in our industry. As a result of consolidation, our competitors may be able to adapt more quickly to new or emerging technologies and changes in customer requirements, devote greater resources to the promotion and sale of their solutions and services, initiate or withstand substantial price competition, take advantage of acquisitions or other opportunities more readily, and develop and expand their solution and service offerings and features more quickly than we can. In addition, certain of our competitors may be able to leverage their relationships with customers based on an installed base of solutions or to incorporate functionality into existing solutions to gain business in a manner that discourages customers from including us in competitive bidding processes, evaluating and/or purchasing our solutions, including through selling at zero or negative margins, through solution bundling or through enterprise license deals. Some potential customers, especially Forbes Global 2000 Leading Companies, have already made investments in, or may make investments in, substantial personnel and financial resources and established deep relationships with these much larger enterprise IT vendors, which may make them reluctant to evaluate our solutions or work with us regardless of solution performance or features. Potential customers may prefer to purchase a broad suite of solutions from a single provider, or may prefer to purchase mobile IT solutions from an existing supplier rather than a new supplier, regardless of performance or features.

We expect competition to intensify in the future as new and existing competitors introduce new solutions into our market. In addition, some of our competitors have entered into partnerships or other strategic relationships to offer a more comprehensive solution than they individually had offered. We expect this trend to continue as companies attempt to strengthen or maintain their market positions in an evolving industry. This competition has resulted in the past and could in the future result in increased pricing pressure, reduced operating margins, increased sales and marketing expenses, and failure to increase, or the loss of, market share, any of which could harm our business, operating results or financial condition. Competitors' offerings may in the future have better performance, better features, lower prices and broader acceptance than our solutions, or embody new technologies, which could render our existing solutions obsolete or less attractive to customers, or be bundled with legacy enterprise security and management products as a "one-stop-shop" offering, which certain customers with large installed bases of those legacy products may prefer. If we fail to keep up with technological changes or to convince our customers and potential customers of the value of our solutions, our business, operating results and financial condition could be materially and adversely affected.



***Changes in features and functionality by operating system providers and mobile device manufacturers could cause us to make short-term changes in engineering focus or product development or otherwise impair our product development efforts or strategy, increase our costs, and harm our business.***

Our platform depends on interoperability with operating systems, such as those provided by Apple, Google and Microsoft, as well as device manufacturers. Because mobile operating systems are released more frequently than legacy PC operating systems, and we typically have limited advance notice of changes in features and functionality of operating systems and mobile devices, we may be forced to divert resources from our preexisting product roadmap in order to accommodate these changes. As a result of this limited advance notice, we also have a short time to implement and test changes to our product to accommodate these new features, which increases the risk of product defects. In addition, if we fail to enable IT departments to support operating system upgrades upon release, our business and reputation could suffer. This could disrupt our product roadmap and cause us to delay introduction of planned solutions, features and functionality, which could harm our business.

Operating system providers have included, and may continue to include, features and functionality in their operating systems that are comparable to certain of our solutions, features and/or functionality, thereby making our platform less valuable. The inclusion of, or the announcement of an intent to include, functionality perceived to be similar to that offered by our mobile IT solutions in mobile operating systems may have an adverse effect on our ability to market and sell our solutions. Even if the functionality offered by mobile operating system providers is more limited than our solutions, a significant number of potential customers may elect to accept such limited functionality in lieu of purchasing our solutions. Furthermore, some of the features and functionality in our solutions require interoperability with operating system APIs, and if operating system providers decide to restrict our access to their APIs, that functionality would be lost and our business could be impaired. Finally, we have entered into contractual arrangements with operating systems providers and/or mobile device manufactures, under which we are obligated to certain development priorities, which can further limit our engineering flexibility.

***A failure of our product strategy with regard to mobile application and content management could harm our business.***

Our product and business strategy is highly dependent on our existing and potential customers' continued adoption of our solutions, features and functionality for both mobile application and mobile content management. Slow adoption of customer-built mobile business applications for iOS, Android and Windows would slow the need for and adoption of our platform for mobile application management and security because if customers are not deploying business apps other than email they may be content to continue using more basic MDM offerings and not see the value in our more advanced mobile application management and data security capabilities. Customers' preference for mobile applications could also shift to browser-based applications that can run on any mobile device through a web browser, which would reduce the value of our mobile application containerization solution. In addition, operating system providers could act in ways that could harm our mobile content and apps product strategy. For example, Microsoft released Office 365 and is bundling certain mobile device management capabilities with Office 365 in an attempt to dissuade customers from using EMM solutions other than Microsoft. If this strategy succeeds, the value of our own mobile content management solution and the value of our ecosystem of collaboration and storage partners may diminish. If our product strategy around mobile apps and content management fails or is not as successful as we hope for these or other reasons, the value of our investment would be lost and our results of operations would be harmed.

***We have experienced turnover, and the loss of key personnel or an inability to attract, retain and motivate qualified personnel may impair our ability to expand our business.***

Our success is substantially dependent upon the continued service and performance of our senior management team and key technical, marketing, sales and operations personnel, including our senior management. In 2015, we experienced turnover in our executive team, and we hired a new CFO, and in early 2016, we hired a new CEO, a new SVP of Engineering and are currently seeking to hire a new SVP of Sales. The replacement of any members of our senior management team or other key personnel likely would involve significant time and costs and may harm our business, operating results and financial condition.

Our future success also depends, in part, on our ability to continue to attract, integrate and retain highly skilled personnel, in particular engineers and sales people. Competition for highly skilled personnel is frequently intense, especially in the San Francisco Bay Area, where we have a substantial presence and need for highly skilled personnel, including, in particular, engineers. We must offer competitive compensation and opportunities for professional growth in order to attract and retain these highly skilled employees. Failure to successfully attract, integrate or retain qualified personnel to fulfill our current or future needs may negatively impact our growth.

***If we are not able to scale our business and manage our expenses, our operating results may suffer.***

We have significantly expanded our operations during the past few years. In particular, we have invested in additional engineering and customer success resources to support and expand both our MobileIron cloud services and on-premise software infrastructure and our associated customer success infrastructure. While we have added personnel to our engineering and customer success teams, our need to scale our business has placed, and will continue to place, a significant strain on our administrative and operational business processes, infrastructure, facilities and other resources. Our ability to manage our operations will require significant expenditures and allocation of valuable management resources to improve internal business processes and systems, including investments in automation. Further international expansion may also be required for our continued business growth, and managing any international expansion will require additional resources and controls. If our operations infrastructure and business processes fail to keep pace with our business and customer requirements, customers may experience disruptions in service or support or we may not scale the business efficiently, which could adversely affect our reputation and adversely affect our revenues. There is no guarantee that we will be able to continue to develop and expand our infrastructure and business processes at the pace necessary to scale the business, and our failure to do so may have an adverse effect on our business. If we fail to efficiently expand our engineering, operations, cloud infrastructure, IT and financial organizations and systems, or if we fail to implement or maintain effective internal business processes, controls and procedures, our costs and expenses may increase more than we planned or we may fail to execute on our product roadmap or our business plan, any of which would likely seriously harm our business, operating results and financial condition.

***A security breach of our cloud service infrastructure or a disruption of our cloud service availability for any reason could result in liabilities, lost business and reputational harm.***

In connection with providing our cloud service to customers, we obtain access to certain sensitive data, such as employees' names, registration credentials, mobile device ID, geolocation of last device check-in, business email addresses, mobile phone number, business contact information and the list of applications installed on the mobile devices. Any security breach of the systems used to provide the cloud service, whether through third-party action or employee error or malfeasance, could result in damage, loss, misuse or theft of such data. A breach could also give rise to litigation or require us to incur financial and operational expenses in connection with fulfillment of our indemnity obligations to our cloud service customers and setting or defending claims made against us. Techniques used to sabotage or obtain unauthorized access information processing systems change frequently. In addition, they, generally, are not recognized until launched against a target. As a result, we may be unable to anticipate these techniques or to implement adequate preventative measures or mitigation measures in a timely manner. Because our software is designed to enable IT administrators to secure and manage sensitive data transmitted to or stored on employees' mobile devices, the publicity associated with an actual or perceived breach of our cloud service infrastructure would likely result in particular reputational damage, as well as loss of potential sales and existing customers. In addition, unexpected increases in demand at one customer may affect the overall service in unanticipated ways and may cause a disruption in service for other customers of this platform. We have experienced, and may in the future experience, disruptions, outages and other performance problems with our cloud service. These problems may be caused by a variety of factors, including infrastructure changes, human or software errors, malicious code, denial of service or other security attacks, fraud, spikes in customer usage and interruption or loss of critical third party hosting, power or Internet connectivity services. If we sustain frequent or prolonged disruptions of our cloud services for any reason, our reputation, business and results of operations would be seriously harmed.

***Defects in our solutions could harm our business, including as a result of customer dissatisfaction, data breaches or other disruption, and subject us to substantial liability.***

Because the mobile IT market involves multiple operating platforms, we provide frequent incremental releases of solution updates and functional enhancements. Such new versions frequently contain undetected errors when first introduced or released. We have often found defects in new releases of our solutions, and new errors in our existing solutions may be detected in the future. Defects in our solutions may also result in vulnerability to security attacks, which could result in claims by customers and users for losses that they sustain.

Because our customers use our solutions for important aspects of their business, any errors, defects, disruptions in service or other performance problems with our solutions could hurt our reputation and may damage our customers' businesses. In certain instances, our customers have stopped using, or failed to expand use of, our solutions as a result of defects, and this may happen in the future. In addition, customers may delay or withhold payment to us, elect not to renew and make warranty claims or other claims against us. In addition, we rely on positive customer experience in order to sell additional products to other customers or sell to new customers. Defects or disruptions in our solution could result in reputational harm and loss of future sales. In addition, regardless of the party at fault, errors of these kinds divert the attention of our engineering personnel from our development efforts, damage our reputation and the reputation of our solutions, cause significant customer relations problems and can result in product liability claims.

***Security breaches and other disruptions of our information systems could significantly impair our operations, compromise our ability to conduct our business and deliver our products and services, and result in significant data losses, theft of our intellectual property, significant liability, damage to our reputation and loss of current and future business.***

We rely on our IT systems for almost all of our business operations, including internal operations, product development, sales and marketing, and communications with customers and other business partners. The secure processing, maintenance and transmission of both our own sensitive information and our customers' data is critical to our operations and business strategy. Despite our security measures, our information technology systems and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any cyber security attack could result in the damage, loss, theft or misappropriation of our proprietary information or our customers' data and/or cause interruptions of our internal business operations or the delivery of our solutions to customers. Because the techniques used by unauthorized persons to access or sabotage networks change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques or readily detect or take remedial action against an attack. Further, if unauthorized access or sabotage remains undetected for an extended period of time, the effects of such breach could be exacerbated. We also depend on our employees to handle confidential data appropriately and deploy our information resources in a secure fashion that does not expose our network systems to security breaches and the loss of data. Any breach as a result of cyber criminals, or employee malfeasance or error could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any insurance may not be sufficient to cover all of our losses from any future breaches of our systems. We have also outsourced a number of our business functions to third parties, and thus our business operations also depend, in part, on their cybersecurity measures. Any unauthorized access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, and could disrupt our operations and the solutions we provide to customers, and damage our reputation, which could adversely affect our business.

***Disruptions of the third-party data centers that host our cloud service could result in delays or outages of our cloud service and harm our business.***

We currently host our cloud service from third-party data center facilities operated by several different providers located around the world, such as Equinix and Amazon Web Services. Any damage to, or failure of, our cloud service that is hosted by these third parties, whether as a result of our actions, actions by the third-party data centers, actions by other third parties, or acts of God, could result in interruptions in our cloud service and/or the loss of data. While the third-party hosting centers host the server infrastructure, we manage the cloud services through our site reliability engineering team and need to support version control, changes in cloud software parameters and the evolution of our solutions, all in a multi-OS environment. As we continue to add data centers and capacity in our existing data centers, we

may move or transfer our data and our customers' data. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of our service. In some cases, we have entered into contractual service level commitments to maintain uptime of at least 99.9% for our cloud services platform and if we or our third-party data center facilities fail to meet these service level commitments, we may have to issue service credits to these customers. Impairment of, or interruptions in, our cloud services may reduce our subscription revenues, subject us to claims and litigation, cause our customers to terminate their subscriptions and adversely affect our subscription renewal rates and our ability to attract new customers. Our business will also be harmed if our customers and potential customers believe our services are unreliable.

We do not control, or in some cases have limited control over, the operation of the data center facilities we use, and they are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures and similar events. They may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct, and to adverse events caused by operator error. We cannot rapidly switch to new data centers or move customers from one data center to another in the event of any adverse event. Despite precautions taken at these facilities, the occurrence of a natural disaster, an act of terrorism or other act of malfeasance, a decision to close the facilities without adequate notice, or other unanticipated problems at these facilities could result in lengthy interruptions in our service and the loss of customer data and business.

***The prices of our solutions may decrease or we may change our licensing or subscription renewal programs or bundling arrangements, which may reduce our revenue and adversely impact our financial results.***

The prices for our solutions may decline for a variety of reasons, including competitive pricing pressures, discounts, a change in our mix of solutions toward subscription, enterprise-wide licensing arrangements, bundling of solutions, features and functionality by us or our competitors, potential changes in our pricing, anticipation of the introduction of new solutions, or promotional programs for customers or channel partners. Competition and consolidation continue to increase in the markets in which we participate, and we expect competition to further increase in the future, leading to increased pricing pressures. Larger competitors with more diverse product lines may reduce the price of solutions or services that compete with ours or may bundle their solutions with other solutions and services. Furthermore, we anticipate that the sales prices and gross profits for our solutions will decrease over product life cycles. If we are unable to increase sales to offset any decline in our prices, our business and results of operations would be harmed.

We continually re-evaluate our licensing programs and subscription renewal programs, including specific license models and terms and conditions. We have in the past implemented, and could in the future implement, new licensing programs and subscription renewal programs or bundling arrangements, including promotional programs or specified enhancements to our current and future solutions. Such changes could result in deferring revenue recognition regardless of the date of the initial shipment or licensing of our solutions. Changes to our licensing programs and subscription renewal programs, including the timing of the release of enhancements, upgrades, maintenance releases, the term of the contract, discounts, promotions and other factors, could impact the timing of the recognition of revenue for our solutions, related enhancements and services and could adversely affect our operating results and financial condition.

***Our ability to sell our solutions is highly dependent on the quality of our support, which is made complex by the requirements of mobile IT. Our failure to deliver high quality support would have a material adverse effect on our sales and results of operations.***

Once our solutions are deployed, our customers depend on our support organization or that of our channel partners to resolve any issues relating to our solutions. Our failure to provide effective support has in the past, and would in the future, adversely affect our ability to sell our solutions or increase the number of licenses sold to existing customers. Our customer support is especially critical because the mobile IT market requires relatively frequent software releases. Mobile IT requires a complex set of features, functionality and controls, which makes support critical and difficult. In addition, we target companies on the Forbes Global 2000 Leading Companies list, many of whom have complex networks and require higher levels of support than smaller customers. As customers deploy more licenses and purchase a broader array of our solutions, the complexity and difficulty of our support obligations increase. If we fail to meet the requirements of the larger customers, it may be more difficult to increase our deployments either within our existing Forbes Global 2000 Leading Companies list or other customers or with new Forbes Global 2000 Leading

Companies list customers. We face additional challenges in supporting our non-U.S. customers, including the need to rely on channel partners to provide support.

***We rely substantially on channel partners for the sale and distribution of our solutions and, in some instances, for the support of our solutions. A loss of certain channel partners, a decrease in revenues from certain of these channel partners or any failure in our channel strategy could adversely affect our business***

A substantial portion of our sales are through channel partners – either telecommunications carriers, which we call service providers, or other resellers -- and thus we depend on our channel partners and on our channel partner strategy for the vast majority of our revenue. Our international resellers often enter into agreements directly with our mutual customers to host the software and provide other value-added services, such as IT administration.

Our service provider partners often provide support to our customers and enter into similar agreements directly with our mutual customers to host the software and/or provide other value-added services. Our agreements and operating relationships with our service provider partners are complex and require a significant commitment of internal time and resources. In addition, our service provider partners are large corporations with multiple strategic businesses and relationships, and thus our business may not be significant to them in the overall context of their much larger enterprise. Even if the service provider partner considers us to be an important strategic relationship, internal processes at these large partners are sometimes difficult and time-consuming to navigate. Thus, any loss of a major channel partner or failure of our channel strategy could adversely affect our business. AT&T, as a reseller, is our largest service provider partner and was responsible for 16 % of our total revenue for the year ended December 31, 2015.

Our agreements with AT&T and our other channel partners are non-exclusive and most of our channel partners have entered, and may continue to enter, into strategic relationships with our competitors. Our channel partners may terminate their respective relationships with us with limited or no notice and with limited or no penalty, pursue other partnerships or relationships, or attempt to develop or acquire solutions or services that compete with our solutions. If our channel partners do not effectively market and sell our solutions, if they choose to place greater emphasis on solutions of their own or those offered by our competitors, or if they fail to provide adequate support or otherwise meet the needs of our customers, our ability to grow our business and sell our solutions may be adversely affected. The loss of our channel partners, in particular AT&T, the failure to recruit additional channel partners, or any reduction or delay in sales of our solutions by our channel partners could materially and adversely affect our results of operations.

We are in the process of changing our North American channel strategy such that most of our North American resellers will be required to purchase our solutions through a single distributor. This change in strategy carries risks, including an increased dependence on one distributor and the possible loss of our existing resellers. In addition, we have sold and may in the future sell directly to end-user customers, which may adversely affect our relationship with our channel partners.

***Our sales cycles for large enterprises are often long, unpredictable and expensive. As a result, our sales and revenue are difficult to predict and may vary substantially from period to period, which may cause our operating results to fluctuate significantly.***

Our sales efforts involve educating our customers about the use and benefits of our solutions, including the technical capabilities of our solutions and the business value of our solutions. Many of our large customers have very complex IT systems, mobile environments and data privacy and security requirements. Accordingly, many of these customers undertake a significant evaluation process, which frequently involves not only our solutions, but also those of our competitors, and has resulted in lengthy sales cycle. We spend substantial time, money and effort on our sales activities without any assurance that our efforts will produce any sales. In addition, purchases of our solutions are frequently subject to budget constraints, multiple approvals, lengthy contract negotiations and unplanned administrative, processing and other delays. Moreover, the evolving nature of the mobile IT market may lead prospective customers to postpone their purchasing decisions pending adoption of technology by others or pending potential consolidation in the market. As a result of our lengthy sales cycle, it is difficult to predict whether and when a sale will be completed, and our operating results may vary significantly from quarter to quarter. Even if sales are completed, the revenues we receive from these customers may not be sufficient to offset our upfront investments.

***We seek to sell our solutions to large enterprises. Sales to and support of these types of enterprises involve risks that could harm our business, financial position and results of operations.***

Our growth strategy is dependent, in part, upon increasing sales of our solutions to large enterprises. Sales to large customers involve risks that may not be present (or that are present to a lesser extent) with sales to smaller entities. These risks include:

- more complicated network requirements, which result in more difficult and time-consuming implementation processes;
- more intense and time-consuming customer support practices;
- increased purchasing power and leverage held by large customers in negotiating contractual arrangements with us;
- more customer-favorable contractual terms, including penalties;
- longer sales cycles and the associated risk that substantial time and resources may be spent on a potential customer that ultimately elects not to purchase our solution or purchases fewer licenses than we had anticipated;
- closer relationships with, and dependence upon, large technology companies that offer competitive solutions;
- an RFP process that may favor incumbent or larger technology companies;
- increased reputational risk as a result of data breaches or other problems involving high profile customers; and
- more pressure for discounts.

If we are unable to increase sales of our solutions to large enterprises while mitigating the risks associated with serving such customers, our business, financial position and results of operations may suffer.

***Our failure to comply with privacy laws and standards could have a material adverse effect on our business.***

Personal privacy has become a significant issue in the United States and in many other countries where we offer our solutions. Many federal, state and foreign government bodies and agencies have adopted or are considering adopting laws and regulations regarding the collection, use, disclosure and retention of personal information. In the United States, these include, for example, rules and regulations promulgated under the authority of the Federal Trade Commission, the Health Insurance Portability and Accountability Act of 1996, or HIPAA, the Gramm-Leach-Bliley Act and state breach notification laws.

Internationally, different jurisdictions have a variety of data security and privacy laws, with which we or our customers must comply, including the Data Protection Directive established in the European Union and the Federal Data Protection Act in Germany. The regulatory framework for privacy issues worldwide is currently evolving and is likely to remain uncertain for the foreseeable future. For example, in October 2015, the European Court of Justice declared invalid the European Commission's decision creating the so-called Safe Harbor Framework, which we have relied on to transfer personal information from the European Union to the United States. The court's decision, has created legal uncertainty about transfers of data and what steps the European Commission, EU member state authorities, and US authorities will take. The European Commission and the United States have agreed in principle to a new transatlantic data transfer framework to replace the Safe Harbor. The proposed framework must be reviewed and approved by European data protection authorities and other stakeholders before it is finalized.

If any of our European customers or prospective customers decide not to purchase our software as a result of this regulatory uncertainty, our revenues could decline and our business could suffer. In addition to laws and regulations,

privacy advocacy and industry groups or other private parties may propose new and different privacy standards. Because the interpretation and application of privacy and data protection laws and privacy standards are still uncertain, it is possible that these laws or privacy standards may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the features of our solutions. Any inability to adequately address privacy concerns, even if unfounded, or to comply with applicable privacy or data protection laws, regulations and privacy standards, could result in additional cost and liability to us, damage our reputation, inhibit sales of our solutions and harm our business.

***Our failure to adequately protect personal information and to maintain the security of enterprise data could have a material adverse effect on our business.***

Employee adoption of mobile initiatives depends on the credible and clear separation of enterprise applications and data and personal information on the device, as well as the privacy of such data. For our customers, it is also essential to maintain the security of enterprise data properly while retaining the native experience users expect. While we contractually obligate our customers to make the required disclosures and gain the required consents from their employees in order to comply with applicable law regarding the processing of personally identifiable information that the employer may access, we do not control whether they in fact do so, and in some jurisdictions such employee consent may not be enforceable. Any claim by an employee that his or her employer had not complied with applicable privacy laws in connection with the deployment and use of our software on the employee's mobile device could harm our reputation and business and subject us to liability, whether or not warranted. If our solutions fail to adequately separate personal information and to maintain the security of enterprise applications and data, the market perception of the effectiveness of our solutions could be harmed, employee adoption of mobile initiatives could be slowed, we could lose potential sales and existing customers, and we could incur significant liabilities. Privacy concerns, whether valid or not, may inhibit market adoption of our solutions, particularly in certain industries and foreign countries. Furthermore, the attention garnered by the National Security Agency's bulk intelligence collection programs may result in further concerns surrounding privacy and technology products.

***We may acquire other businesses which could require significant management attention, disrupt our business, dilute stockholder value and adversely affect our operating results.***

As part of our business strategy, we may make investments in complementary companies, solutions or technologies. We may not be able to find suitable acquisition candidates, and we may not be able to complete such acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals. In addition, if we are unsuccessful at integrating such acquisitions or developing the acquired technologies, the revenue and operating results of the combined company could be adversely affected. We have in the past and could in the future record impairment losses in connection with acquisitions. Further, the integration of an acquired company typically requires significant time and resources, and we may not be able to manage the process successfully. We may not successfully evaluate or utilize the acquired technology or personnel or accurately forecast the financial impact of an acquisition transaction, including accounting charges. We may have to pay cash, incur debt or issue equity securities to pay for any such acquisition, each of which could adversely affect our financial condition or the value of our common stock. The sale of equity or issuance of debt to finance any such acquisitions could result in dilution to our stockholders. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations.

***We have indemnity obligations under our contracts with our customers and channel partners, which could have a material adverse effect on our business.***

The mobile industry has been characterized by substantial patent infringement lawsuits. In our agreements with customers and channel partners, we typically agree to indemnify them for losses related to, among other things, claims by third parties of intellectual property infringement and sometimes data breaches resulting in the compromise of personal data. If any such indemnification obligations are triggered, we could face substantial liabilities or be forced to make changes to our solutions or terminate our customer agreements and refund monies. In addition, provisions regarding limitation of liability in our agreements with customers or channel partners may not be enforceable in some circumstances or jurisdictions or may not protect us from claims and related liabilities and costs. We maintain insurance

to protect against certain types of claims associated with the use of our solutions, but our insurance may not adequately cover any such claims. In addition, even claims that ultimately are unsuccessful could result in expenditures of and divert management's time and other resources. Furthermore, any legal claims from customers and channel partners could result in reputational harm and the delay or loss of market acceptance of our solutions.

***A portion of our revenues are generated by sales to heavily regulated organizations and governmental entities, which are subject to a number of challenges and risks.***

Some of our customers are either in highly regulated industries or are governmental entities and may be required to comply with more stringent regulations in connection with the implementation and use of our solutions. Selling to these entities can be highly competitive, expensive and time consuming, often requiring significant upfront time and expense without any assurance that we will successfully complete a sale or that the organization will deploy our solution at scale. Highly regulated and governmental entities often require contract terms that differ from our standard arrangements and impose compliance requirements that are complicated, require preferential pricing or "most favored nation" terms and conditions, or are otherwise time-consuming and expensive to satisfy. Government demand and payment for our solutions and services may be impacted by public sector budgetary cycles and funding authorizations, particularly in light of U.S. budgetary challenges, with funding reductions or delays adversely affecting public sector demand for our solutions. The additional costs associated with providing our solutions to governmental entities and highly regulated customers could harm our margins. Moreover, changes in the underlying regulatory conditions that affect these types of customers could harm our ability to efficiently provide our solutions to them and to grow or maintain our customer base.

***If our solutions do not interoperate with our customers' IT infrastructure, sales of our solutions could be negatively affected.***

Our solutions need to interoperate with our customers' existing IT infrastructures, which have varied and complex specifications. As a result, we must attempt to ensure that our solutions interoperate effectively with these different, complex and varied back-end environments. To meet these requirements, we have and must continue to undertake development and testing efforts that require significant capital and employee resources. We may not accomplish these development efforts quickly or cost-effectively, or at all. If our solutions do not interoperate effectively, orders for our solutions could be delayed or cancelled, which would harm our revenues, gross margins and reputation, potentially resulting in the loss of existing and potential customers. The failure of our solutions to interoperate effectively within the enterprise environment may divert the attention of our engineering personnel from our development efforts and cause significant customer relations problems. In addition, if our customers are unable to implement our solutions successfully, they may not renew or expand their deployments of our solutions, customer perceptions of our solutions may be impaired and our reputation and brand may suffer.

***Although technical problems experienced by users may not be caused by our solutions, our business and reputation may be harmed if users perceive our solutions as the cause of a device failure.***

The ability of our solutions to operate effectively can be negatively impacted by many different elements unrelated to our solutions. For example, a user's experience may suffer from an incorrect setting in his or her mobile device, an issue relating to his or her employer's corporate network or an issue relating to the underlying mobile operating system, none of which we control. Even though technical problems experienced by users may not be caused by our solutions, users often perceive the underlying cause to be a result of poor performance of our solution. This perception, even if incorrect, could harm our business and reputation.

***Our customers may exceed their licensed device or user count, and it is sometimes difficult to collect payments as a result of channel logistics, which could harm our business, financial position and results of operations.***

Our customers license our solutions on either a per-device or per-user basis. Because we sell the vast majority of our solutions through channel partners, and in some cases multiple tiers of channel partners, the logistics of collecting payments for excess usage can sometimes be time-consuming. We may also encounter difficulty collecting accounts receivable and could be exposed to risks associated with uncollectible accounts receivable. Economic conditions may impact some of our customers' ability to pay their accounts payable. If we are unable to collect from our customers for



their excess usage or otherwise or if we have to write down our accounts receivable, our revenues and operating results would suffer.

***If the market for our solutions shrinks or does not continue to develop as we expect, our growth prospects may be harmed***

The success of our business depends on the continued growth and proliferation of mobile IT infrastructure as an increasingly important computing platform for businesses. Our business plan assumes that the demand for mobile IT solutions and the deployment of business apps on mobile devices will increase. However, the mobile IT market may not develop as quickly as we expect, or at all, and businesses may not continue to elect to utilize mobile IT solutions as an advanced business platform. This market for our solutions may not develop for a variety of reasons, including that larger, more established companies will enter the market or that mobile operating system companies will offer substantially similar functionality or that companies may not deploy business apps at scale and thus may be satisfied with less advanced technologies. Accordingly, demand for our solutions may not continue to develop as we anticipate, or at all, and the growth of our business and results of operations may be adversely affected. In addition, because we derive substantially all of our revenue from the adoption and use of our platform, a decline or slowing growth in the mobile IT market would harm the results of our business operations more seriously than if we derived significant revenue from a variety of other products and services.

***Our estimates of market opportunity and forecasts of market growth may prove to be inaccurate, and even if the markets in which we compete achieve the forecasted growth, we cannot assure you our business will grow at similar rates, if at all.***

Growth forecasts are subject to significant uncertainty and are based on assumptions and estimates, which may not prove to be accurate. Forecasts relating to our market opportunity and the expected growth in the mobile IT market and other markets may prove to be inaccurate. Even if these markets experience the forecasted growth, we may not grow our business at similar rates, or at all. Our growth will be affected by many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties.

***Seasonality may cause fluctuations in our revenue.***

We believe there are significant seasonal factors that may cause us to record higher revenue in some quarters compared with others. We believe this variability is largely due to our customers' budgetary and spending patterns, as many customers spend the unused portions of their discretionary budgets prior to the end of their fiscal years. For example, we have historically recorded our highest level of total revenue in our fourth quarter, which we believe corresponds to the fourth quarter of a majority of our customers. In addition, the type of budget (operating versus capital) available to a customer may affect its decision to purchase a perpetual license or a subscription license. In addition, our rapid growth rate in 2012 through 2014 may have made seasonal fluctuations more difficult to detect. As our rate of growth has slowed, seasonal or cyclical variations in our operations may become more pronounced, and our business, results of operations and financial position may be adversely affected.

***Prolonged economic uncertainties or downturns could materially adversely affect our business.***

Current or future economic downturns or uncertainty could adversely affect our business operations or financial results. Negative conditions in the general economy both in the United States and abroad, including conditions resulting from financial and credit market fluctuations and terrorist attacks on the United States, Europe, Asia Pacific or elsewhere, could cause a decrease in corporate spending on enterprise software in general and negatively affect the rate of growth of our business. General worldwide economic conditions have experienced a significant downturn and continue to remain unstable. These conditions make it extremely difficult for our customers and us to forecast and plan future business activities accurately, and they could cause our customers to reevaluate their decision to purchase our products, which could delay and lengthen our sales cycles, or to deprioritize the portion of their IT budget focused on mobility. We cannot predict the timing, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry or geography. If the economic conditions of the general economy or industries in which we operate worsen from present levels, our business operations and financial results could be adversely affected.

***Our business is subject to the risks of earthquakes, fire, floods and other natural catastrophic events, and to interruption by manmade problems such as network security breaches, computer viruses or terrorism.***

Our corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity. A significant natural disaster, such as an earthquake, fire or flood, occurring near our headquarters could have a material adverse impact on our business, operating results and financial condition. Despite the implementation of network security measures, our networks also may be vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering. In addition, natural disasters, acts of terrorism or war could cause disruptions in our or our customers' businesses or the economy as a whole. We also rely on information technology systems to communicate among our workforce and with third parties. Any disruption to our communications or systems, whether caused by a natural disaster or by manmade problems, such as power disruptions, could adversely affect our business.

***If we are unable to implement and maintain effective internal controls over financial reporting in the future, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock may be negatively affected.***

As a public company, we are required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act) requires that we furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. Management's assessment needs to include disclosure of any material weaknesses identified in our internal controls over financial reporting. Our independent registered public accounting firm will not be required to attest to the effectiveness of our internal controls over financial reporting until our first annual report required to be filed with the Securities and Exchange Commission, or SEC, following the date we are no longer an "emerging growth company," as defined in the JOBS Act. We currently continue to qualify as an "emerging growth company," as defined in the JOBS Act, and our independent registered public accounting firm is not required to attest to the effectiveness of our internal controls over financial reporting for the year ending December 31, 2015. Implementation of internal controls over financial reporting can be time-consuming, costly and complicated. If we have a material weakness in our internal controls over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. If we identify material weaknesses in our internal controls over financial reporting, if we are unable to comply with the requirements of Section 404 in a timely manner, if we are unable to assert that our internal controls over financial reporting are effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, and the market price of our common stock could be negatively affected. In addition, we could become subject to investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources.

***If our estimates relating to our critical accounting policies are based on assumptions or judgments that change or prove to be incorrect, our operating results could fall below expectations of financial analysts and investors, resulting in a decline in our stock price.***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, assumptions and judgments 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, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of financial analysts and investors, resulting in a decline in our stock price. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition, stock-based compensation and income taxes.

***Impairment of goodwill and other intangible assets would result in a decrease in earnings.***

Current accounting rules require that goodwill and other intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually. These rules also require that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values, and

reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Events and circumstances considered in determining whether the carrying value of amortizable intangible assets and goodwill may not be recoverable include, but are not limited to, significant changes in performance relative to expected operating results, significant changes in the use of the assets, significant negative industry or economic trends, or a significant decline in our stock price and/or market capitalization for a sustained period of time. To the extent such evaluation indicates that the useful lives of intangible assets are different than originally estimated, the amortization period is reduced or extended and the quarterly amortization expense is increased or decreased. Any impairment charges or changes to the estimated amortization periods could have a material adverse effect on our financial results.

### **Risks Related to Our Intellectual Property**

#### ***We have been sued by third parties for alleged infringement of their proprietary rights and may be sued in the future.***

There is considerable patent and other intellectual property development activity in our industry. Our success depends in part on not infringing the intellectual property rights of others. From time to time, our competitors or other third parties have claimed, and we expect they will continue in the future to claim, that we are infringing their intellectual property rights, and we may be found to be infringing such rights.

On November 14, 2012, Good Technology filed a lawsuit against us in federal court in the Northern District of California alleging false and misleading representations concerning their products and infringement of four patents held by them. In the complaint, Good Technology sought unspecified damages, attorney's fees and a permanent injunction. On March 1, 2013, we counterclaimed against Good Technology for patent infringement of one of our patents, seeking similar relief. On October 13, 2014, the court issued a claims construction order. Good Technology responded by filing additional patent infringement suits against us in Delaware, the UK and Germany, as well as inter partes review proceedings. In each of these proceedings, Good Technology sought to invalidate our patents and/or receive injunctive relief, as well as attorney's fees. We counterclaimed against Good Technology in the Delaware case on two of our next generation patents and sought relief similar to what Good Technology was seeking in that case. The Delaware case was transferred to the Northern District of California on March 27, 2015. On June 30, 2015, the court in the original Northern District of California case issued a summary judgment order invalidating the asserted claims of one of Good Technology's patents and holding that we did not infringe that patent as a matter of law. On August 4, 2015, a jury in the original Northern District of California case found that two of the three remaining Good Technology patents that were asserted in the case were invalid and that we did not infringe any of the three patents. The jury also found that while Good Technology did not infringe our asserted patent, our patent was not invalid. As a result, neither we nor Good Technology was awarded damages in the case.

On November 2, 2015, Blackberry announced that it had acquired Good Technology. On December 1, 2015, we and Good Technology announced a settlement of the global litigation between us, which included a narrow, non-material license agreement between us and Good Technology and a mutual dismissal of claims.

In the future, we may receive additional claims that our solutions infringe or violate the claimant's intellectual property rights. However, we may be unaware of the intellectual property rights of others that may cover some or all of our solutions. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our solutions, or require that we comply with other unfavorable terms. If any of our customers are sued, we would in general be required to defend and/or settle the litigation on their behalf. In addition, if we are unable to obtain licenses or modify our solutions to make them non-infringing, we might have to refund a portion of perpetual license fees paid to us and terminate those agreements, which could further exhaust our resources. In addition, we may pay substantial settlement amounts or royalties on future solution sales to resolve claims or litigation, whether or not legitimately or successfully asserted against us. Even if we were to prevail in the actual or potential claims or litigation against us, any claim or litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations. Such disputes, with or without merit, could also cause potential customers to refrain from purchasing our solutions or otherwise cause us reputational harm.

We have been sued by non-practicing entities, or NPEs, for patent infringement in the past and may be sued by NPEs in the future. While we have settled such litigation in the past, these lawsuits, with or without merit, require management attention and can be expensive.

***If we are unable to protect our intellectual property rights, our competitive position could be harmed or we could be required to incur significant expenses to enforce our rights.***

Our ability to compete effectively is dependent in part upon our ability to protect our proprietary technology. We protect our proprietary information and technology through licensing agreements, third-party nondisclosure agreements and other contractual provisions, as well as through patent, trademark, copyright and trade secret laws in the United States and similar laws in other countries. There can be no assurance that these protections will be available in all cases or will be adequate to prevent our competitors from copying, reverse engineering or otherwise obtaining and using our technology, proprietary rights or solutions. The laws of some foreign countries, including countries in which our solutions are sold, may not be as protective of intellectual property rights as those in the United States, and mechanisms for enforcement of intellectual property rights may be inadequate. In addition, third parties may seek to challenge, invalidate or circumvent our patents, trademarks, copyrights and trade secrets, or applications for any of the foregoing. There can be no assurance that our competitors will not independently develop technologies that are substantially equivalent or superior to our technology or design around our proprietary rights. In each case, our ability to compete could be significantly impaired.

To prevent substantial unauthorized use of our intellectual property rights, it may be necessary to prosecute actions for infringement and/or misappropriation of our proprietary rights against third parties. Any such action could result in significant costs and diversion of our resources and management's attention, and there can be no assurance that we will be successful in such action.

Furthermore, many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce their intellectual property rights than we do. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property.

***Our use of open source software could impose limitations on our ability to commercialize our solutions.***

Our solutions contain software modules licensed for use from third-party authors under open source licenses, including the GNU Public License, the GNU Lesser Public License, the Apache License and others. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use. If we combine our proprietary 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 solutions to the public or offer our solutions to users at no cost. This could allow our competitors to create similar solutions with lower development effort and time and ultimately could result in a loss of sales for us.

The terms of many open source licenses have not been interpreted by U.S. courts, and there is a risk that such licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our solutions. In such event, we could be required to seek licenses from third parties in order to continue offering our solutions, to re-engineer our solutions or to discontinue the sale of our solutions in the event re-engineering cannot be accomplished on a timely basis, any of which could materially and adversely affect our business and operating results.

## **Risks Related to Our International Operations**

***Our international operations expose us to additional business risks, and failure to manage these risks may adversely affect our international revenue.***

We derive a significant portion of our revenues from customers outside the United States. For the year ended December 31, 2015, 2014 and 2013 50%, 45 %, and 44 % of our revenue, respectively, was attributable to our

international customers, primarily those located in EMEA. As of December 31, 2015, approximately 36 % of our employees were located abroad.

We expect that our international activities will be dynamic over the foreseeable future as we continue to pursue opportunities in international markets, which will require significant management attention and financial resources. Therefore, we are subject to risks associated with having worldwide operations.

We have a limited history of marketing, selling and supporting our solutions internationally. As a result, we must hire and train experienced personnel to staff and manage our foreign operations. To the extent that we experience difficulties in recruiting, training, managing and retaining an international staff, and specifically staff related to sales and engineering, we may experience difficulties in foreign markets. In addition, business practices in the international markets that we serve may differ from those in the United States and may require us to include non-standard terms in customer contracts, such as extended warranty terms. To the extent that we may enter into customer contracts in the future that include non-standard terms related to payment, warranties or performance obligations, our operating results may be adversely affected. International operations are subject to other inherent risks, and our future results could be adversely affected by a number of factors, including:

- difficulties in executing an international channel partners strategy;
- heightened concerns and legal requirements relating to data and privacy, as evidenced by the European Court of Justice’s invalidation of the EU Safe Harbor framework in October 2015;
- burdens of complying with a wide variety of foreign laws;
- unfavorable contractual terms or difficulties in negotiating contracts with foreign customers or channel partners as a result of varying and complex laws and contractual norms;
- difficulties in providing support and training to channel partners and customers in foreign countries and languages;
- heightened risks of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results or result in fines and penalties;
- difficulties and costs of attracting and retaining employees and managing foreign operations
- import restrictions and the need to comply with export laws;
- difficulties in protecting intellectual property;
- difficulties in enforcing contracts and longer accounts receivable payment cycles;
- the effect of foreign exchange fluctuations on the competitiveness of our prices;
- potentially adverse tax consequences;
- the increased cost of terminating employees in some countries; and
- variability of foreign economic, political and labor conditions.

As we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and manage effectively 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 and financial condition.

***We rely on channel partners to sell our solutions in international markets, the loss of which could materially reduce our revenue.***

We sell our solutions in international markets almost entirely through channel partners. We believe that establishing and maintaining successful relationships with these channel partners is, and will continue to be, critical to our financial success. Recruiting and retaining qualified channel partners and training them to be knowledgeable about our solutions requires significant time and resources. In some countries, we rely on a sole or very few channel partners and thus the loss of the channel partner could have a significant impact on our sales and support in those countries. To develop and expand our distribution channel, we must continue to scale and improve our processes and procedures that support our channel, including investment in systems and training. In particular, foreign-based service provider partners are large and complex businesses, and we may have difficulty negotiating and building successful business relationships with them.

In addition, existing and future channel partners will only partner with us if we are able to provide them with competitive offerings on terms that are commercially reasonable to them. If we fail to maintain the quality of our solutions or to update and enhance them or to offer them at competitive discounts, existing and future channel partners may elect to partner with one or more of our competitors. In addition, the terms of our arrangements with our channel partners must be commercially reasonable for both parties. If we are unable to reach agreements that are beneficial to both parties, then our channel partner relationships will not succeed. In addition, international channel partners often rely on business models that favor our on premises product over our cloud product because in the former, the channel partner may host and manage the software for, and provide additional administrative, support, training and other services to, the mutual customer for additional fees. This situation could impede sales of our cloud product in certain international markets.

If we fail to maintain relationships with our channel partners, fail to develop new relationships with other channel partners in new markets, fail to manage, train or incentivize existing channel partners effectively, or fail to provide channel partners with competitive solutions on terms acceptable to them, or if these partners are not successful in their sales efforts, our revenue may decrease and our operating results could suffer.

We have no long-term contracts or minimum purchase commitments with any of our channel partners, and our contracts with channel partners do not prohibit them from offering solutions that compete with ours, including solutions they currently offer or may develop in the future and incorporate into their own systems. Some of our competitors may have stronger relationships with our channel partners than we do, and we have limited control, if any, as to whether those partners sell our solutions, rather than our competitors' solutions, or whether they devote resources to market and support our competitors' solutions, rather than our solutions. Our failure to establish and maintain successful relationships with channel partners could materially adversely affect our business, operating results and financial condition.

***Failure to comply with the U.S. Foreign Corrupt Practices Act and similar laws associated with our activities outside the United States could subject us to penalties and other adverse consequences.***

A significant portion of our revenues is and will continue to be from jurisdictions outside of the United States. As a result, we are subject to the U.S. Foreign Corrupt Practices Act, or FCPA, which generally prohibits U.S. companies and their intermediaries from making payments to corrupt foreign officials for the purpose of obtaining or keeping business or otherwise obtaining favorable treatment, and requires companies to maintain adequate record-keeping and internal accounting practices to accurately reflect the transactions of the company. The FCPA applies to companies, individual directors, officers, employees and agents. Under the FCPA, we may be held liable for actions taken by strategic or local partners or representatives. In addition, the government may seek to hold us liable for successor liability FCPA violations committed by companies that we acquire.

In many foreign countries, particularly in countries with developing economies, including many countries in which we operate, it may be a local custom that businesses operating in such countries engage in business practices that are prohibited by the FCPA or other similar laws and regulations. Although we have contractual provisions in our agreements with channel partners that require them to comply with the FCPA and similar laws, we have not engaged in formal FCPA training of our channel partners. Our channel partners could take actions in violation of our policies, for

which we may be ultimately held responsible. Our development of infrastructure designed to identify FCPA matters and monitor compliance is at an early stage. If we or our intermediaries fail to comply with the requirements of the FCPA or other anti-corruption laws, governmental authorities in the U.S. or elsewhere could seek to impose civil and/or criminal penalties, which could have a material adverse effect on our business, results of operations, financial conditions and cash flows.

***We are subject to export controls, and our customers and channel partners are subject to import controls.***

Certain of our solutions are subject to U.S. export controls and may be exported to certain countries outside the U.S. only by first obtaining an export license from the U.S. government, or by utilizing an existing export license exception, or after clearing U.S. government agency review. Obtaining the necessary export license or accomplishing a U.S. government review for a particular export may be time-consuming and may result in the delay or loss of sales opportunities. Furthermore, U.S. export control laws and economic sanctions prohibit the shipment of certain solutions to U.S. embargoed or sanctioned countries, governments and persons. If we were to fail to comply with U.S. export law requirements, U.S. customs regulations, U.S. economic sanctions or other applicable U.S. laws, we could be subject to substantial civil and criminal penalties, including fines, incarceration for responsible employees and managers and the possible loss of export or import privileges. U.S. export controls, sanctions and regulations apply to our channel partners as well as to us. Any failure by our channel partners to comply with such laws, regulations or sanctions could have negative consequences, including reputational harm, government investigations and penalties.

In addition, various countries regulate the import of certain encryption and other technology by requiring an import permit, authorization, pre-classification, import certification and/or an import license. Some countries have enacted laws that could limit our customers' ability to implement our solutions in those countries.

Changes in our solutions or changes in export and import regulations may create delays in the introduction of our solutions into international markets, prevent our customers with international operations from deploying our solutions globally or, in some cases, prevent the export or import of our solutions to certain countries, governments or persons altogether. In addition, any change in export or import regulations, economic sanctions or related legislation, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our solutions by, or in our decreased ability to export or sell our solutions to, existing or potential customers with international operations. Any decreased use of our solutions or limitation on our ability to export or sell our solutions would likely adversely affect our business, financial condition and operating results.

**Risks Related to Ownership of Our Common Stock**

***Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.***

In general, under Section 382 of the 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 net operating losses, or NOLs, to offset future taxable income. Our existing NOLs may be subject to limitations arising from previous ownership changes. Future changes in our stock ownership, some of which are outside of our control, could result in an ownership change. Furthermore, our ability to utilize NOLs of companies that we may acquire in the future may be subject to limitations. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. For these reasons, we may not be able to utilize a material portion of the NOLs reflected on our balance sheet, even if we attain profitability.

***The price of our common stock has been and may continue to be weak, and you could lose all or part of your investment.***

The trading price of our common stock has declined since our Initial Public Offering, and the shares are thinly traded. The trading price of our common stock depends on a number of factors, including those described in this "Risk Factors" section, many of which are beyond our control and may not be related to our operating performance.

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Since shares of our common stock were sold at our initial public offering, our stock price has ranged from as low as \$2.83 to as high as \$12.05 through December 31, 2015. These fluctuations could cause you to lose all or part of your investment in our common stock, because you might be unable to sell your shares at or above the price you paid. Factors that could cause fluctuations in the trading price of our common stock include the following:

- failure to meet quarterly guidance with regard to revenue, cash flow breakeven or other key metrics;
- price and volume fluctuations in the overall stock market from time to time;
- volatility in the market prices and trading volumes of high technology stocks;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- sales of shares of our common stock by us or our stockholders;
- failure of financial analysts to maintain coverage of us, changes in financial estimates by any analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- announcements by us or our competitors of new products or new or terminated significant contracts, commercial relationships or capital commitments;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our results of operations or fluctuations in our operating results;
- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- any major change in our management;
- general economic conditions and slow or negative growth of our markets; and
- other events or factors, including those resulting from war, incidents of terrorism or responses to these events.

In addition, the stock market in general, and the market for technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price of our common stock, regardless of our actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market prices of particular companies' securities, securities class action litigation has often



been instituted against these companies. Litigation of this type has been instituted against us, and could result in substantial costs and a diversion of our management's attention and resources.

For example, on May 1, 2015, a class action lawsuit was filed in federal court against the Company and certain of its officers on behalf of a putative class of all persons who acquired the Company's securities between February 13, 2015 and April 22, 2015. It asserts claims for violation of Sections 10(b) and 20(a) of the Exchange Act. Additionally, in August 2015, three class action lawsuits were filed in state court against the Company, certain of its officers, directors, underwriters and investors on behalf of putative classes of all persons who purchased the Company's securities traceable to the Company's IPO. The lawsuits assert claims for violations of Sections 11, 12(a)(2) and 15 of the Securities Act. The Company intends to defend these lawsuits vigorously.

***If financial or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline .***

The trading market for our common stock will be influenced by the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts or the content and opinions included in their reports. If any of the analysts who cover us issue an adverse or misleading opinion regarding our stock price, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

***Insiders continue to have substantial control over our company, which could limit your ability to influence the outcome of key transactions, including a change of control.***

Our directors, executive officers and each of our stockholders who own greater than 5% of our outstanding common stock and their affiliates, in the aggregate, own approximately 54 % of the outstanding shares of our common stock as of December 31 , 2015. As a result, these stockholders, if acting together, will be able to influence or control matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. They may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock.

***We have in the past failed, and may in the future fail, to meet our publicly announced guidance or other expectations about our business and future operating results, which has in the past caused, and would in the future cause, our stock price to decline.***

We have provided and may continue to provide guidance about our business and future operating results as part of our press releases, conference calls or otherwise. In developing this guidance, our management must make certain assumptions and judgments about our future performance. Our business results may vary significantly from such guidance due to a number of factors, many of which are outside of our control, and which could adversely affect our operations and operating results. Furthermore, if our publicly announced guidance of future operating results fails to meet expectations of securities analysts, investors or other interested parties, the price of our common stock would decline.

***The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.***

As a public company, we will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing requirements of the NASDAQ Global Stock Market and other applicable securities rules and regulations. Compliance with these rules and regulations may further increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results.

Being a public company has made it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These and other factors, including the decline in our stock price and the other risks described in this “Risk Factors” section, could also make it more difficult for us to attract and retain qualified executive officers and qualified members of our board of directors, particularly to serve on our audit committee and compensation committee.

***We are an “Emerging Growth Company,” and any decision on our part to comply only with certain reduced disclosure requirements applicable to Emerging Growth Companies could make our common stock less attractive to investors.***

We are an “emerging growth company,” as defined in the JOBS Act enacted in April 2012, and, for as long as we continue to be an “emerging growth company,” we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies, but not to “emerging growth companies,” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We will remain an “emerging growth company” until the earliest to occur of (i) the last day of the year in which we have more than \$1.0 billion in annual revenue; (ii) the date we qualify as a “large accelerated filer,” with at least \$700 million of equity securities held by non-affiliates; (iii) the date on which we have issued, in any three-year period, more than \$1.0 billion in non-convertible debt securities; and (iv) the last day of the year ending after the fifth anniversary of the completion of our initial public offering. We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. If some investors find our common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our common stock and our stock price may be more volatile. For the year ending December 31, 2015, we continue to qualify as an “emerging growth company” as defined in the JOBS Act.

***Our future capital needs are uncertain, and we may need to raise additional funds in the future. If we require additional funds in the future, those funds may not be available on acceptable terms, or at all.***

We may need to raise substantial additional capital in the future to:

- fund our operations;
- continue our research and development;
- develop and commercialize new solutions; or
- acquire companies, in-licensed solutions or intellectual property.

Our future funding requirements will depend on many factors, including:

- market acceptance of our solutions;
- the cost of our research and development activities;
- the cost and timing of establishing additional sales, marketing and distribution capabilities;
- the cost and timing of establishing additional technical support capabilities;
- the effect of competing technological and market developments; and
- the market for different types of funding and overall economic conditions.

We may require additional funds in the future, and we may not be able to obtain those funds on acceptable terms, or at all. If we raise additional funds by issuing equity securities, our stockholders may experience dilution. Debt financing, if available, may involve covenants restricting our operations or our ability to incur additional debt. Any debt or additional equity financing that we raise may contain terms that are not favorable to us or our stockholders.

If we do not have, or are not able to obtain, sufficient funds, we may have to delay development or commercialization of our solutions. If we are unable to raise adequate funds, we may have to liquidate some or all of our assets, or delay, reduce the scope of or eliminate some or all of our development programs. We also may have to reduce marketing, customer support or other resources devoted to our solutions or cease operations. Any of these actions could harm our operating results.

***Sales of substantial amounts of our common stock in the public markets, or the perception that these sales might occur, could reduce the price that our common stock might otherwise attain and may dilute your voting power and your ownership interest in us.***

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales could occur, could adversely affect the market price of our common stock and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate. Based on the total number of outstanding shares of our common stock as of December 31, 2015, we have 81,326,237 shares of common stock outstanding, notwithstanding any potential exercises of our outstanding stock options.

In the future, we may issue additional shares of common stock, or securities with convertible features into our common stock, from time to time in connection with our employee equity plans, financings, acquisitions and investments or otherwise.

For example, in the fourth quarter of 2014 we began issuing restricted stock units, or RSUs, to employees, the majority of which vest quarterly over four years. In the first quarter of 2015 we established the 2015 Executive Bonus Plan and the 2015 Non-Executive Bonus Plan, or “Bonus Plans,” to be settled in our common stock. On February 22, 2016 our Compensation Committee approved issuance of 1,655,537 shares of common stock under 2015 Non-Executive Bonus Plan. No shares will be issued under the 2015 Executive Bonus Plan. These and any other issuances could result in substantial dilution to our existing stockholders and cause the trading price of our common stock to decline.

***Certain provisions in our charter documents and under Delaware law could limit attempts by our stockholders to replace or remove our board of directors or current management and limit the market price of our common stock.***

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

- our board of directors has the right to elect directors to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- our stockholders may not act by written consent or call special stockholders’ meetings; as a result, a holder, or holders, controlling a majority of our capital stock would not be able to take certain actions other than at annual stockholders’ meetings or special stockholders’ meetings called by the board of directors, the chairman of the board, the chief executive officer or the president;
- our certificate of incorporation prohibits cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- stockholders must provide advance notice and additional disclosures in order to nominate individuals for election to the board of directors or to propose matters that can be acted upon at a stockholders’ meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer’s own slate of directors or otherwise attempting to obtain control of our company; and

- our board of directors may issue, without stockholder approval, shares of undesignated preferred stock; the ability to issue undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to acquire us.

As a Delaware corporation, we are also subject to certain Delaware anti-takeover provisions. Under Delaware law, a corporation may not engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction. Our board of directors could rely on Delaware law to prevent or delay an acquisition of our company.

Our executive officers are entitled to accelerated vesting of their stock options pursuant to the terms of their employment arrangements under certain conditions following a change of control of the Company. In addition to the arrangements currently in place with some of our executive officers, we may enter into similar arrangements in the future with other officers. Such arrangements could delay or discourage a potential acquisition of the Company.

#### **Item 1 B. Unresolved Staff Comments**

None.

#### **Item 2. Properties**

Our principal executive offices are located in Mountain View, California and include five buildings totaling approximately 123,000 square feet under leases expiring from March 2016 to April 2023. We have additional office locations throughout the United States and in various international locations, including offices in the United Kingdom, Germany, Netherlands, Japan and India.

We intend to add new facilities and expand our existing facilities as we add employees and grow our business, and we believe that suitable additional or substitute space will be available on commercially reasonable terms to meet our future needs.

#### **Item 3. Legal Proceedings**

The information set forth under “Litigation” in Note 13 contained in the “Notes to Consolidated Financial Statements” in Item 8, “Financial Statements and Supplementary Data,” of Part II of this Annual Report on Form 10-K is incorporated herein by reference.

#### **Item 4. Mine Safety Disclosures**

Not applicable.

## Part I I

### Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

#### Reverse Stock Split

On May 27, 2014, we amended and restated our amended and restated certificate of incorporation to effect a seven-for-five reverse stock split of our common stock and convertible preferred stock. On the effective date of the reverse stock split, (i) each seven shares of outstanding convertible preferred stock and common stock was reduced to five shares of convertible preferred stock and common stock, respectively; (ii) the number of shares of common stock issuable under each outstanding option to purchase common stock was proportionately reduced on a seven-for-five basis; (iii) the exercise price of each outstanding option to purchase common stock was proportionately increased on a seven-for-five basis; and (iv) corresponding adjustments in the per share conversion prices, dividend rates and liquidation preferences of the convertible preferred stock were made. All of the share and per share information referenced throughout this Annual Report on Form 10-K have been retroactively adjusted to reflect this reverse stock split.

#### Issuance of Common Stock and Use of Proceeds

In June 2014, we closed our initial public offering, or IPO, in which we sold 12,777,777 shares of common stock at a price to the public of \$9.00 per share including 1,666,666 shares of common stock sold pursuant to the full exercise of the underwriters’ over-allotment option. The aggregate offering price for shares sold in the offering was approximately \$115 million. The offer and sale of all of the shares in the IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File Nos. 333-195089), which were declared or became effective on June 12, 2014. The offering commenced as of June 12, 2014 and did not terminate before all of the securities registered in the registration statement were sold. Morgan Stanley & Co. LLC, Goldman, Sachs & Co., Deutsche Bank Securities, Barclays, Raymond James, Stifel, Nomura and Blackstone Capital Markets acted as the underwriters. We raised approximately \$102.9 million in net proceeds after deducting underwriting discounts and commissions of approximately \$8.0 million and other offering expenses of approximately \$4.1 million. Upon the closing of the initial public offering, all shares of our outstanding convertible preferred stock automatically were converted into 49,646,975 shares of common stock.

There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus filed with the SEC on June 12, 2014 pursuant to Rule 424(b). We invested a portion of the funds received in registered money market funds and fixed income investments.

#### Market Information

Our common stock, \$0.0001 par value per share, is listed on the NASD A Q Global Select Market under the symbol “MOBL” and began public trading on June 12, 2014.

### Price Range for our Common Stock

The following table sets forth the reported high and low sales prices of our common stock for the periods indicated, as regularly quoted on The NASDAQ Global Select Market:

	<u>High</u>	<u>Low</u>
<b>Fiscal 2015 Quarters:</b>		
Fourth Fiscal Quarter	\$ 4.66	\$ 2.97
Third Fiscal Quarter	\$ 6.03	\$ 2.81
Second Fiscal Quarter	\$ 9.68	\$ 5.69
First Fiscal Quarter	\$ 10.15	\$ 8.17
<b>Fiscal 2014 Quarter:</b>		
Fourth Fiscal Quarter	\$ 11.31	\$ 8.33
Third Fiscal Quarter	\$ 12.96	\$ 7.64
Second Fiscal Quarter (from June 12, 2014)	\$ 11.74	\$ 8.89
First Fiscal Quarter	\$ N/A	\$ N/A

### Holders of Record and Dividends

As of February 19, 2016, there were 71 holders of record of our common stock. Because many of our shares are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders. We have never declared or paid, and do not anticipate declaring or paying in the foreseeable future, any cash dividends on our capital stock. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors, subject to applicable laws, and will depend on then existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects, and other factors our board of directors may deem relevant.

### Stock Performance Graph and Cumulative Total Return

The following graph compares the cumulative total return attained by stockholders on our common stock relative to the cumulative total returns of the NASDAQ Composite Index (^IXIC) and NASDAQ Computer Index (^IXCO). The graph tracks the performance of a \$100 investment in our common stock and in each of the indices (with the

reinvestment of all dividends) from June 12, 2014 to December 31, 2015. The stock price performance on the following graph is not necessarily indicative of future stock price performance.

**MobileIron, Inc. Comparison of Total Return Performance**



Company/Index	Base Period							
	6/12/2014	6/30/2014	9/30/2014	12/31/2014	3/30/2015	6/30/2015	9/30/2015	12/31/2015
MobileIron, Inc.	\$ 100.00	\$ 95.20	\$ 111.40	\$ 99.60	\$ 92.60	\$ 59.10	\$ 31.00	\$ 36.10
Nasdaq Computer Index	100.00	102.93	108.07	111.55	112.96	113.19	107.50	118.49
Nasdaq Composite Index	100.00	102.58	104.56	109.55	113.37	115.36	106.87	115.83

### Unregistered Sales of Equity Securities

In the year ended December 31, 2015, we repurchased an aggregate of 32,667 shares of our common stock from our employees or departing employees in the aggregate amount of \$27,676. These securities were repurchased as follows:

<u>Period</u>	<u>Total number of shares repurchased</u>	<u>Average price paid per share</u>
January 1, 2015 through January 31, 2015	5,357	\$ 1.75
February 1, 2015 through February 28, 2015	3,200	1.55
March 1, 2015 through March 31, 2015	268	0.55
April 1, 2015 through April 30, 2015	14,565	0.74
May 1, 2015 through May 31, 2015	—	—
June 1, 2015 through June 30, 2015	—	—
July 1, 2015 through July 31, 2015	1,340	1.75
August 1, 2015 through August 31, 2015	7,937	0.00
September 1, 2015 through September 30, 2015	—	—
October 1, 2015 through October 31, 2015	—	—
November 1, 2015 through November 30, 2015	—	—
December 1, 2015 through December 31, 2015	—	—
Total shares repurchased	<u>32,667</u>	\$ 0.85

### Securities Authorized for Issuance under Equity Compensation Plans

See Item 12 of Part III of this Annual Report on Form 10-K regarding information about securities authorized for issuance under our equity compensation plan.

### Item 6. Selected Financial Data

The following selected historical financial data should be read in conjunction with Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” our financial statements, and the related notes appearing in Item 8, “Financial Statements and Supplementary Data,” of this Annual Report on Form 10-K to fully understand factors that may affect the comparability of the information presented below.

The statement of operations data for 2015, 2014, 2013 and 2012 and the balance sheet data as of December 31, 2015, 2014 and 2013 are derived from our audited financial statements appearing in Item 8, “Financial Statements and Supplementary Data,” of this Annual Report on Form 10-K. The balance sheet data as of December 31, 2013 is derived



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from audited financial statements not included in this Annual Report on Form 10-K. Our historical results are not necessarily indicative of the results to be expected in the future.

	Year ended December 31,			
	2015	2014	2013	2012
<i>(in thousands, except share and per share data)</i>				
<b>Consolidated Statement of Operations Data:</b>				
Revenue				
Perpetual license	\$ 53,512	\$ 66,816	\$ 69,810	\$ 26,251
Subscription	48,080	30,227	15,085	5,617
Software support and services	47,706	35,252	20,679	9,022
Total revenue	<u>149,298</u>	<u>132,295</u>	<u>105,574</u>	<u>40,890</u>
Cost of revenue				
Perpetual license	2,881	4,448	3,327	1,930
Subscription	7,181	5,719	3,684	2,998
Software support and services	18,115	13,868	9,489	6,742
Total cost of revenue <sup>(1)</sup>	<u>28,177</u>	<u>24,035</u>	<u>16,500</u>	<u>11,670</u>
Gross profit	<u>121,121</u>	<u>108,260</u>	<u>89,074</u>	<u>29,220</u>
Operating expenses				
Research and development <sup>(1)</sup>	61,871	46,278	36,400	23,773
Sales and marketing <sup>(1)</sup>	105,520	99,870	68,309	45,979
General and administrative <sup>(1)</sup>	36,037	22,400	12,081	7,223
Restructuring charge	1,049	—	—	—
Amortization of intangible assets	—	782	208	52
Impairment of in-process research and development	—	—	3,925	—
Total operating expenses	<u>204,477</u>	<u>169,330</u>	<u>120,923</u>	<u>77,027</u>
Operating loss	<u>(83,356)</u>	<u>(61,070)</u>	<u>(31,849)</u>	<u>(47,807)</u>
Other expense - net	274	302	396	137
Loss before income taxes	<u>(83,630)</u>	<u>(61,372)</u>	<u>(32,245)</u>	<u>(47,944)</u>
Income tax expense	852	517	252	(1,433)
Net loss	<u>\$ (84,482)</u>	<u>\$ (61,889)</u>	<u>\$ (32,497)</u>	<u>\$ (46,511)</u>
Net loss per share, basic and diluted	<u>\$ (1.07)</u>	<u>\$ (1.30)</u>	<u>\$ (3.27)</u>	<u>\$ (6.04)</u>
Weighted-average shares used to compute net loss per share, basic and diluted	<u>78,755</u>	<u>47,517</u>	<u>9,953</u>	<u>7,696</u>

(1) Amounts include stock-based compensation expense as follows:

	Year ended December 31,			
	2015	2014	2013	2012
<i>(in thousands)</i>				
<b>Stock-Based Compensation Expense:</b>				
Cost of revenue	\$ 2,774	\$ 1,353	\$ 327	\$ 173
Research and development	10,607	5,980	5,238	2,565
Sales and marketing	9,508	5,930	1,893	1,063
General and administrative	5,902	3,363	931	483
Total stock-based compensation expense	<u>\$ 28,791</u>	<u>\$ 16,626</u>	<u>\$ 8,389</u>	<u>\$ 4,284</u>

<i>(in thousands)</i>	<b>As of December 31,</b>			
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Consolidated Balance Sheet Data:</b>				
Cash and cash equivalents	\$ 47,234	\$ 104,287	\$ 73,573	\$ 38,692
Short-term and long-term investments	\$ 51,670	\$ 36,089	\$ —	\$ —
Working capital	\$ 66,568	\$ 90,448	\$ 49,054	\$ 13,132
Total assets	\$ 161,114	\$ 191,842	\$ 111,259	\$ 71,454
Total deferred revenue	\$ 69,875	\$ 54,174	\$ 40,751	\$ 45,500
Short-term borrowings	\$ —	\$ —	\$ 4,300	\$ —
Convertible preferred stock	\$ —	\$ —	\$ 160,259	\$ 102,552
Accumulated deficit	\$ (275,205)	\$ (190,723)	\$ (128,834)	\$ (96,337)
Total stockholders' equity (deficit)	\$ 68,139	\$ 115,094	\$ (109,825)	\$ (87,421)

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those contained in or implied by any forward-looking statements. Factors that could cause or contribute to these differences include those under "Risk Factors" included in Part I, Item 1A or in other parts of this report.*

### Overview

We invented a purpose-built mobile IT platform for enterprises to secure and manage mobile applications, or apps, content and devices while providing their employees with device choice, privacy and a native user experience. Customers use our platform as the technology foundation in their journey to become "Mobile First" organizations, embracing mobility as a primary computing platform for their employees. Mobile First organizations transform their businesses by giving their employees secure access to critical business applications and content on devices employees want with a native user experience they love. Our platform is extensible and fosters a growing ecosystem of application developers and technology partners who augment the functionality and add value to our platform, creating positive network effects for our customers, our ecosystem and our company.

Our mobile IT platform addresses the requirements across all phases of customers' journeys to become Mobile First organizations. It provides value to both end-users and IT departments. End-users get apps and content that they need to get their job done on the mobile device of their choice with the native device experience. Enterprise IT departments get a security and management platform that easily integrates into their existing IT or cloud infrastructure and allows them to protect and manage corporate data and apps, independent of the mobile device, for both corporate-owned, bring your own device, or BYOD, and mixed device ownership environments.

Our business model is based on winning new customers, expanding sales within existing customers, upselling new products and renewing subscriptions and software support agreements. We win customers using a sales force that works closely with our channel partners, including resellers, service providers and system integrators. We have experienced rapid growth in our customer base, having sold our platform to over 10, 500 customers since 2009. No single end customer accounted for more than 5% of our total revenue in 2015, one reseller accounted for 16% of our revenue in 2015 .

We derive revenue from sales of our software solutions to customers, which are sold either (i) on a perpetual license basis with annual software support when deployed on premise or (ii) on a subscription basis as a cloud service or when deployed on premise.

Subscription revenue is an increasing portion of our revenue. When we sell our solutions on a subscription basis, we offer 12 months or longer terms and bill in advance, or certain service providers often operate under a monthly recurring charge, or MRC, model. In the MRC model, revenue and billings are based on active devices or users of the service provider's customer and are reported to us by the service provider on a monthly basis over time and billed by us one month in arrears. Thus, under the MRC model, we receive no billings or revenue for MRC at the time the deal is booked, but instead the MRC is billed and revenue is recognized each month based on usage reports one month in arrears . Unlike one-year term subscriptions, MRC is not reflected in deferred revenue. This important difference between MRC billings and perpetual and term subscription billings can lead to significant variability of billings in a given quarter depending on the type of billing model that the customer chooses and the overall mix of billing types for all customers within a quarter. We have experienced growth of MRC revenue each quarter since the first quarter of 2012.

Our total revenue was \$149.3 million, \$132.3 million and \$105.6 million in 2015, 2014 and 2013 , respectively, representing a growth rate of 13% from 2014 to 2015 and 25% from 2013 to 2014. Growth slowed relative to the prior year, primarily due to a continuing shift in favor of subscription revenue, including MRC revenue, and a slowdown in perpetual license orders.

Because we had not established vendor specific objective evidence, or VSOE, of fair value of software support and services prior to January 1, 2013, we recognized perpetual license revenue ratably over the term of the related software support agreement. Upon establishing vendor specific objective evidence, or VSOE, on January 1, 2013, we began to recognize perpetual license revenue upon delivery assuming all other revenue recognition criteria have been met. As a result, our total revenue includes amounts related to licenses delivered in previous years. In 2015, 2014 and 2013, \$1.8 million, \$5.2 million and \$21.1 million, respectively, was recognized as revenue from perpetual licenses that were delivered prior to 2013. Excluding revenue from perpetual licenses delivered prior to 2013, our total revenue was \$147.5 million, \$127.1 million and \$84.5 million in 2015, 2014 and 2013 respectively, representing growth of 16% from 2014 to 2015 and 50% from 2013 to 2014.

Revenue from subscription and perpetual licenses represented approximately 32% and 36%, respectively, of total revenue in 2015. The balance, constituting 32% of total revenue in 2015, was software support and services revenue, including revenue from agreements to provide software upgrades and updates, as well as technical support, to customers with perpetual software licenses. When we sell our solutions on a term subscription basis, we generally offer a one-year term and bill customers in advance. We recognized 23% of our total revenue from subscriptions, 50% from perpetual licenses and 27% from software support and services in 2014 and 14% of our total revenue from subscriptions, 66% from perpetual licenses and 20% from software support and services in 2013. This represents a continuing mix shift in favor of subscription, and in particular MRC revenue, and software support and services revenue. Like the portion of subscription revenue that is generally billed annually in advance, our MRC revenue has continued to grow as a percentage of total revenue, comprising approximately 14%, 9% and 6% in 2015, 2014 and 2013, respectively.

Our perpetual license revenue was \$53.5 million, \$66.8 million and \$69.8 million in 2015, 2014 and 2013, respectively, representing a decrease of 20% from 2014 to 2015 and 4% from 2013 to 2014. The 2015 decline in perpetual license revenue was primarily due to a continuing mix shift in favor of software licenses priced as subscriptions, including MRC, rather than perpetual licenses, and a slowdown in expansion orders. The decline in perpetual license revenue was also attributable to decreases of \$3.4 million from 2014 to 2015 in revenue recognized from licenses that were delivered prior to 2013, for which the revenue is being recognized ratably over the contractual terms of the related software support agreements due to lack of VSOE for software support and services prior to January 1, 2013.

Our subscription revenue was \$48.1 million, \$30.2 million and \$15.1 million in 2015, 2014 and 2013 respectively, representing growth of 59% from 2014 to 2015 and 100% from 2013 to 2014. While we expect subscription revenue to generally increase as new and existing customers continue to purchase subscription software licenses, we also expect potential quarterly volatility in both billings and revenue as a result of mix changes between perpetual, term subscription and MRC deals.

Our software support and services revenue was \$47.7 million, \$35.3 million and \$20.7 million in 2015, 2014 and 2013 respectively, representing growth of 35% from 2014 to 2015 and 70% from 2013 to 2014. Because the perpetual license revenue growth rate slowed, the software support and services revenue growth rate slowed as well.

Our gross billings were \$165.0 million, \$145.7 million and \$100.8 million in 2015, 2014 and 2013, respectively, representing growth rates of 13% from 2014 to 2015 and 45% from 2013 to 2014. The slowing of gross billings growth in 2015 was due to the same reasons as noted above for revenue.

We sell a significant portion of our products through our channel partners, including resellers, service providers and system integrators. Our sales force develops sales opportunities and works closely with our channel partners to sell our solutions. We have a high touch sales force focused on the large organizations, inside sales teams focused on mid-sized enterprises and sales teams that work with service providers that focus on smaller businesses. We prioritize our internal sales and marketing efforts on large organizations because we believe that they represent the largest potential opportunity.

We believe that our market opportunity is large, and sales to customers outside of the United States will remain a significant opportunity for future growth. In 2015, 2014 and 2013, 50%, 45% and 44% of our total revenue, respectively, was generated from customers located outside of the United States, primarily those located in Europe. International market trends that may affect sales of our products and services include heightened concerns and legal requirements

relating to data security and privacy, the importance of execution on our international channel partners strategy, the importance of recruiting and retaining sufficient international personnel and the effect of exchange rates.

Over the past year, we have significantly increased our expenditures to support the development and expansion of our business, which has resulted in continuing losses. We incurred net losses of \$84.5 million, \$61.9 million and \$32.5 million in 2015, 2014 and 2013, respectively. As a result of this, we do not expect to be profitable for the foreseeable future under our current operating plan. Future profitability is dependent on revenue growth, which may be challenging for a number of reasons including a continued mix shift towards MRC and other subscription licensing, increasing and entrenched competition, changes in our pricing model, or any failure to capitalize on market opportunities. In addition, we will need to increase operating efficiency, which may be challenging given the rate of technology change, our operational complexity, and the expenses associated with being a public company.

In 2015, we incurred \$10.5 million in litigation expense, almost all of which related to our patent litigation with Good Technology, which we settled in November 2015. The settlement included a mutual dismissal of all claims and an immaterial license agreement.

In June 2014, we completed our initial public offering, or our IPO in which we issued and sold 12,777,777 shares of common stock, including 1,666,666 million shares of common stock sold pursuant to the full exercise of the underwriters' over-allotment option, at a price of \$9.00 per share. We received aggregate proceeds of \$107.0 million from the sale of shares of common stock, net of underwriters' discounts and commissions, but before deducting offering expenses of approximately \$4.1 million.

### **Key Metrics and Non-GAAP Financial Information**

To supplement our financial results presented on a GAAP basis, we provide investors with certain non-GAAP financial measures, including gross billings, recurring billings, non-GAAP revenue, recurring revenue, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating loss, non-GAAP operating margin, non-GAAP net loss, and non-GAAP net loss per share. These non-GAAP financial measures exclude stock-based compensation, the amortization of intangible assets, impairment of in-process research and development, restructuring charges and perpetual license revenue recognized from licenses delivered prior to 2013.

#### ***Perpetual license revenue recognized from licenses delivered prior to 2013***

In our non-GAAP financial measures, we have excluded the effect of perpetual license revenue recognized from licenses delivered prior to 2013 from revenue, gross profit, gross margin, operating loss, operating margin, net loss, and net loss per share. Because we had not established vendor specific objective evidence, or VSOE, of the fair value of software support and services prior to January 1, 2013, we recognized perpetual license revenue ratably over the term of the related software support agreement. Upon establishing VSOE on January 1, 2013, we began to recognize perpetual license revenue upon delivery assuming all other revenue recognition criteria are met. As a result, our perpetual license GAAP revenue includes amounts related to licenses delivered prior to 2013. Revenue amortizing from these perpetual licenses delivered prior to 2013 has declined over each quarter since the quarter ended March 31, 2013 and will continue to decline sequentially until it is fully amortized. As of December 31, 2015, the amount of unrecognized deferred revenue associated with perpetual licenses delivered prior to January 1, 2013 was approximately \$300,000, the significant majority of which is expected to be recognized in 2016.

#### ***Stock-based compensation expenses***

In our non-GAAP financial measures, we have excluded the effect of stock-based compensation expenses. Stock-based compensation expenses will recur in future periods.

#### ***Restructuring charges***

In our non-GAAP financial measures, we have excluded the effect of the severance and other expenses related to our reduction in workforce. Restructuring charges may recur in the future; however, the timing and amounts are difficult to predict.

***Amortization of intangible assets***

In our non-GAAP financial measures, we have excluded the effect of amortization of intangible assets. Amortization of intangible assets is significantly affected by the timing and size of our acquisitions. Amortization of intangible assets will recur in future periods.

***Impairment of in-process research and development***

In 2013, we recorded an impairment loss of \$3.9 million against the entire recorded in-process research and development, or IPR&D balance associated with our acquisition of Push Computing, Inc. We have excluded the effect of the impairment charge from our non-GAAP financial measures. This expense is not expected to recur.

***Non-GAAP revenue, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating loss, non-GAAP operating margin, non-GAAP net loss, and non-GAAP net loss per share***

We believe that the exclusion of perpetual license revenue recognized from licenses delivered prior to 2013, stock-based compensation expense, restructuring charges and amortization of intangible assets from revenue, gross profit, gross margin, operating loss, operating margin, net loss, and net loss per share provides useful measures for management and investors because 1) revenue recognized from licenses delivered prior to 2013 has and will continue to significantly decline over time until it is fully amortized and 2) stock-based compensation, amortization of intangible assets and restructuring charges have been and can continue to be inconsistent in amount from period to period. We believe the inclusion of these items makes it difficult to compare periods and understand the growth and performance of our business. In addition, we evaluate our business performance and compensate management based in part on these non-GAAP measures. There are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with GAAP, may be different from non-GAAP financial measures used by our competitors and exclude expenses that may have a material impact on our reported financial results. Further, stock-based compensation expense has been and will continue to be for the foreseeable future a significant recurring expense in our business and an important part of the compensation provided to our employees. Similarly, amortization of intangible assets has been and will continue to be a recurring expense.

***Gross and recurring billings, recurring revenue and free cash flow***

Our non-GAAP financial measures also include: gross billings, which we define as total revenue plus the change in deferred revenue in a period; recurring billings, which we define as total revenue less perpetual license, hardware, and professional services revenue plus the change in deferred revenue for subscription and software support arrangements in a period, adjusted for nonrecurring perpetual license billings; recurring revenue, which we define as total revenue less perpetual license, hardware, professional services and perpetual amounts recorded as subscription or software support revenue in multiple elements arrangements; and free cash flow, which we define as cash used in operating activities less the amount of property and equipment purchased. We consider gross billings to be a useful metric for management and investors because subscription billings, excluding MRC, and software support and services billings drive deferred revenue, which is an important indicator of future revenue. Similarly, we consider recurring billings and recurring revenue to be useful metrics because they are important indicators of the portion of our business that we would expect to recur each year. There are a number of limitations related to the use of gross, recurring billings and recurring revenue. First, gross and recurring billings include amounts that have not yet been recognized as revenue. Second, our calculation of gross and recurring billings may be different from other companies that report similar financial measures. Third, recurring revenue excludes perpetual license amounts recognized from multiple elements arrangements that we record as subscription or software support revenue in our GAAP statements of operations and that perpetual license amount is based on invoice value, not fair value, although we believe invoice value approximates the fair value of the element. Fourth, in the MRC model, revenue and billings are based on active devices or users of the service provider's customer and are billed to us by the service provider on a monthly basis over time and one month in arrears. Thus, under the MRC model, we receive no billings or revenue for MRC at the time the deal is booked, but instead the MRC is billed and revenue is recognized each month based on active usage. Unlike term subscriptions, MRC is not reflected in deferred revenue. This important difference between MRC billings and perpetual and term subscription billings can lead to significant variability of billings in a given quarter depending on the type of billing model that the customer chooses and the overall mix of billing types for all customers within a quarter. We compensate for these limitations by providing specific information regarding GAAP revenue and evaluating gross and recurring billings and recurring revenue together

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with revenue calculated in accordance with GAAP. Management believes that information regarding free cash flow provides investors with an important perspective on the cash available to invest in our business and fund ongoing operations. However, our calculation of free cash flow may not be comparable to similar measures used by other companies.

We believe these non-GAAP financial measures are helpful in understanding our past financial performance and our future results. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business, and make operating decisions. These non-GAAP measures are among the primary factors management uses in planning for and forecasting future periods. Compensation of our executives is based in part on the performance of our business based on certain of these non-GAAP measures.

We monitor the following non-GAAP financial measures:

<i>(in thousands, except percentages and per share data)</i>	<b>For the year ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Non-GAAP total revenue	\$ 147,456	\$ 127,081	\$ 84,525
Year-over-year percentage increase	16 %	50 %	107 %
Gross billings	\$ 164,999	\$ 145,718	\$ 100,825
Year-over-year percentage increase	13 %	45 %	48 %
Recurring billings	\$ 107,485	\$ 78,601	\$ 45,395
Percentage of gross billings	65 %	54 %	45 %
Year-over-year percentage increase	37 %	73 %	99 %
Recurring revenue	90,563	60,777	33,505
Percentage of Non-GAAP total revenue	61 %	48 %	40 %
Year-over-year percentage increase	49 %	81 %	n/a
Non-GAAP gross profit	\$ 122,923	\$ 105,047	\$ 68,628
Non-GAAP gross margin	83.4 %	82.7 %	81.2 %
Non-GAAP operating loss	\$ (54,488)	\$ (48,228)	\$ (40,099)
Non-GAAP operating margin	(37.0)%	(38.0)%	(47.4)%
Non-GAAP net loss	\$ (55,614)	\$ (49,047)	\$ (40,747)
Non-GAAP net loss per share	\$ (0.70)	\$ (1.03)	\$ (4.09)
Free cash flow	\$ (52,265)	\$ (39,688)	\$ (27,794)

*Reconciliation of Non-GAAP Financial Measures*

The following tables reconcile the most directly comparable GAAP financial measure to each of the non-GAAP financial measures discussed above.

	<u>For the year ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>(in thousands, except percentages and per share data)</i>			
<b>Non-GAAP total revenue reconciliation:</b>			
GAAP total revenue	\$ 149,298	\$ 132,295	\$ 105,574
Subtract: Perpetual license revenue recognized from licenses delivered prior to 2013	<u>(1,842)</u>	<u>(5,214)</u>	<u>(21,049)</u>
<b>Non-GAAP total revenue:</b>	<u>\$ 147,456</u>	<u>\$ 127,081</u>	<u>\$ 84,525</u>
<b>Gross billings reconciliation:</b>			
Total revenue	\$ 149,298	\$ 132,295	\$ 105,574
Total deferred revenue, end of period <sup>(1)</sup>	69,875	54,174	40,751
Less: Total deferred revenue, beginning of period	<u>(54,174)</u>	<u>(40,751)</u>	<u>(45,500)</u>
Change in total deferred revenue	<u>15,701</u>	<u>13,423</u>	<u>(4,749)</u>
<b>Gross billings</b>	<u>\$ 164,999</u>	<u>\$ 145,718</u>	<u>\$ 100,825</u>



	<b>For the year ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
<i>(in thousands, except percentages and per share data)</i>			
<b>Recurring billings reconciliation:</b>			
Total revenue	\$ 149,298	\$ 132,295	\$ 105,574
Less: Perpetual license revenue	(53,512)	(66,816)	(69,810)
Less: Professional services revenue	(3,165)	(2,404)	(1,483)
Subscription and software support deferred revenue, end of period <sup>(1)</sup>	67,267	49,194	30,468
Less: Subscription and software support deferred revenue, beginning of period	(49,194)	(30,468)	(14,712)
Change in total subscription and software support deferred revenue	<u>18,073</u>	<u>18,726</u>	<u>15,756</u>
Less: Adjustments <sup>(2)</sup>	(3,209)	(3,200)	(4,642)
<b>Recurring billings</b>	<u>\$ 107,485</u>	<u>\$ 78,601</u>	<u>\$ 45,395</u>
<b>Recurring revenue reconciliation:</b>			
Total revenue	149,298	132,295	105,574
Less: Perpetual license revenue	(53,512)	(66,816)	(69,810)
Less: Professional services revenue	(3,165)	(2,404)	(1,483)
Less: Perpetual license recorded over the term of subscription or software support <sup>(4)</sup>	(2,058)	(2,298)	(776)
<b>Recurring revenue:</b>	<u>\$ 90,563</u>	<u>\$ 60,777</u>	<u>\$ 33,505</u>
<b>Non-GAAP gross profit reconciliation:</b>			
Gross profit	\$ 121,121	\$ 108,260	\$ 89,074
Add: Stock-based compensation expense	2,774	1,353	327
Add: Amortization of intangible assets	870	648	276
Subtract: Perpetual license revenue recognized from licenses delivered prior to 2013	(1,842)	(5,214)	(21,049)
<b>Non-GAAP gross profit</b>	<u>\$ 122,923</u>	<u>\$ 105,047</u>	<u>\$ 68,628</u>
<b>Non-GAAP gross margin reconciliation:</b>			
GAAP gross margin: GAAP gross profit over GAAP total revenue	81.1 %	81.8 %	84.4 %
GAAP to non-GAAP gross margin adjustments	2.3 %	0.9 %	(3.2)%
<b>Non-GAAP gross margin</b>	<u>83.4 %</u>	<u>82.7 %</u>	<u>81.2 %</u>
<b>Non-GAAP operating loss reconciliation:</b>			
GAAP operating loss	\$ (83,356)	\$ (61,070)	\$ (31,849)
Add: Stock-based compensation expense	28,791	16,626	8,389
Add: Amortization of intangible assets and impairment of IPR&D <sup>(3)</sup>	870	1,430	4,410
Add: Restructuring charges	1,049	—	—
Subtract: Perpetual license revenue recognized from licenses delivered prior to 2013	(1,842)	(5,214)	(21,049)
<b>Non-GAAP operating loss</b>	<u>\$ (54,488)</u>	<u>\$ (48,228)</u>	<u>\$ (40,099)</u>
<b>Non-GAAP operating margin reconciliation:</b>			
GAAP operating margin: GAAP operating profit over GAAP total revenue	(55.8)%	(46.2)%	(30.2)%
GAAP to non-GAAP operating margin adjustments	18.8 %	8.2 %	(17.2)%
<b>Non-GAAP operating margin</b>	<u>(37.0)%</u>	<u>(38.0)%</u>	<u>(47.4)%</u>

	<b>For the year ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
<i>(in thousands, except percentages and per share data)</i>			
<b>Non-GAAP net loss reconciliation:</b>			
GAAP net loss	\$ (84,482)	\$ (61,889)	\$ (32,497)
Add: Stock-based compensation expense	28,791	16,626	8,389
Add: Amortization of intangible assets and impairment of IPR&D <sup>(3)</sup>	870	1,430	4,410
Add: Restructuring charges	1,049	—	—
Subtract: Perpetual license revenue recognized from licenses delivered prior to 2013	(1,842)	(5,214)	(21,049)
<b>Non-GAAP net loss</b>	<b><u>\$ (55,614)</u></b>	<b><u>\$ (49,047)</u></b>	<b><u>\$ (40,747)</u></b>
<b>Non-GAAP net loss per share reconciliation:</b>			
GAAP net loss per share	\$ (1.07)	\$ (1.30)	\$ (3.27)
Add: Stock-based compensation expense	0.37	0.35	0.85
Add: Amortization of intangible assets and impairment of IPR&D <sup>(3)</sup>	0.01	0.03	0.44
Add: Restructuring charges	0.01	—	—
Subtract: Perpetual license revenue recognized from licenses delivered prior to 2013	(0.02)	(0.11)	(2.11)
<b>Non-GAAP net loss per share</b>	<b><u>\$ (0.70)</u></b>	<b><u>\$ (1.03)</u></b>	<b><u>\$ (4.09)</u></b>
<b>Free cash flow:</b>			
Net cash used in operating activities	\$ (48,535)	\$ (36,569)	\$ (25,550)
Purchase of property and equipment	(3,730)	(3,119)	(2,244)
<b>Free cash flow</b>	<b><u>\$ (52,265)</u></b>	<b><u>\$ (39,688)</u></b>	<b><u>\$ (27,794)</u></b>

- (1) Our deferred revenue consists of amounts that have been invoiced but that have not yet been recognized as revenue as of the period end, including subscription, software support and service revenue paid for in advance by the customer that is recognized ratably over the contractual service period. As of December 31, 2015 and 2014, \$300,000 and \$2.1 million, respectively, of our total deferred revenue consisted of license revenue deferred from perpetual licenses sold prior to January 1, 2013 because we had not established VSOE until that date.
- (2) Includes nonrecurring perpetual license billings that consist of the Deferred Portion arising from undelivered elements of perpetual license arrangements and billings classified under Bundled Arrangements. See Note 1 entitled “Summary of Significant Accounting Policies—Revenue Recognition” in Item 8, “Financial Statements and Supplementary Data,” of Part II of this Annual Report on Form 10-K for a description of Deferred Portion and Bundled Arrangements.
- (3) Includes an impairment charge of \$3.9 million in 2013 related to our in-process research and development intangible asset. See Note 6 entitled “Goodwill and Intangibles” in Item 8, “Financial Statement and Supplementary Data,” of Part II of this Annual Report on Form 10-K.
- (4) Perpetual amounts recorded as subscription or software revenue in multiple elements arrangements, where undelivered elements do not have VSOE.

## Factors Affecting our Performance

### *Market Adoption of Mobile IT Platforms*

We are affected by the pace at which enterprises adopt mobility into their business processes and purchase and expand a mobile IT platform. Because our prospective customers often do not have a separate budget for mobile IT products, we invest in marketing efforts to increase market awareness, educate prospective customers and drive adoption of our platform. The degree to which prospective customers recognize the mission-critical need for mobile IT solutions and deploy mobile apps to enhance employee productivity will determine the customer demand for our solutions.

### ***Investment in our Mobile IT Platform Ecosystem***

We have invested, and intend to continue to invest, in expanding the breadth and depth of our mobile IT ecosystem. We expect to invest in research and development to enhance the application and technology integration capabilities of our platform. We are also enhancing our solution to allow native apps written to operating systems specifications to be seamlessly integrated. The degree to which we expand our base of ecosystem partners will increase the value of our platform for our customers, which could lead to an increased number of new customers as well as renewals and follow-on sales opportunities.

### ***Ability to Improve and Grow Our Worldwide Sales Channels***

We have invested, and intend to continue to invest, in improving our sales operations to drive additional revenue and support the growth of our customer base. We work with our channel partners to identify and acquire new customers as well as pursue follow-on sales opportunities. We need to further leverage our channel by training existing and new partners to independently sell and support our products. Newly-hired sales personnel typically require several months to become productive and turnover of productive sales personnel can inhibit our billings and revenue growth. All of these factors will influence timing and overall levels of sales productivity, impacting the rate at which we will be able to acquire customers to drive revenue growth.

### ***Expansion and Upsell within Existing Customer Base***

After the initial sale to a new customer, we focus on expanding our relationship with such customer to sell additional licenses and subscriptions. To increase our revenue, it is important that our customers expand device license count and purchase additional products. Additional sales lead to increased revenue over the lifecycle of a customer relationship and can significantly increase the return on our sales and marketing investments. Accordingly, our revenue growth will depend in part on the degree to which our expansion and upsell sales strategy is successful.

### ***Mix of Subscription and Perpetual Revenue***

We offer our solutions on both a subscription and perpetual pricing model. We are seeing broader market acceptance of our subscription licensing model from new customers. We expect the proportion of subscription revenue to our total revenue to increase over time and there may be significant increases or decreases on a quarterly basis. In addition, in arrangements where perpetual and on premise term licenses are sold together, revenue is recognized ratably over the contractual term. Depending on our product development plans, situations in which perpetual licenses must be recognized as revenue ratably may increase in the future. Because subscription revenue is recognized ratably over the duration of the related contracts, increases in total revenue will lag any increase in subscription or combined arrangements.

### ***Ability to Scale Operations***

We plan to continue to invest for future growth, in part by making selective investments in research and development and, to a lesser degree, in sales and marketing. We will continue to incur significant accounting, legal and other expenses in order to comply with rules and regulations associated with being a public company. At the same time, we will need to increase our operating efficiency, which may be challenging given our rate of technology change, operational complexity, and expenses associated with being a public company.

## **Components of Operating Results**

### ***Revenue***

#### ***Perpetual license revenue***

Perpetual license revenue primarily relates to revenue from on premise perpetual licenses. Upon establishing VSOE of fair value for software support and services on January 1, 2013, we began to recognize perpetual license revenue upon delivery assuming all other revenue recognition criteria have been met. Prior to that date, we recognized perpetual license revenue ratably over the contractual term of the related software support agreement. Prior to January 1,

2013, we did not have VSOE of fair value for our software-related undelivered elements due to limited history of stand-alone sales transactions and inconsistency in pricing. We established VSOE of fair value when we had a substantial majority of stand-alone sales transactions of software support and services arrangements pricing within a narrow pricing band. In our VSOE analysis, we generally include stand-alone sales transactions entered into during a rolling 12 month period unless a shorter period is appropriate due to changes in our pricing structure. From time to time, we enter into multiple element arrangements with customers in which a customer purchases our software with an appliance. Appliance revenues are also included in perpetual license revenue and constitute less than 10% of total revenue in 2015, 2014 and 2013.

#### *Subscription revenue*

Subscription revenue is generated primarily from subscriptions to our on-premise term licenses, arrangements where perpetual and term license subscriptions are bundled together, and subscriptions to our cloud service. These revenues are recognized ratably over the subscription period or term. While most of our subscriptions have at least a one-year commitment, we also recognize in this category MRC, which is revenue from month-to-month subscription arrangements that are typically sold through service providers and billed on a monthly basis, one month in arrears. Except for MRC, we typically bill subscriptions annually in advance.

#### *Software support and services revenue*

Software support and services revenue includes recurring revenue from agreements to provide software upgrades and updates, as well as technical support, to customers with perpetual software licenses. Revenue related to software support is recognized ratably over the support term. Software support and services revenue also includes revenue from professional services, consisting of implementation consulting services and training of customer personnel.

### **Cost of Revenue**

#### *Perpetual license*

Our cost of perpetual license revenue consists of cost of third-party software royalties, appliances and amortization of intangible assets.

#### *Subscription*

Our cost of subscription revenue primarily consists of costs associated with our data center operations for our cloud service, our global Technical Support organization and third-party software royalties. Cloud service data center costs primarily consist of third-party hosting facilities, telecommunication and information technology costs. Global Customer Success organization and data center operations costs primarily consist of salaries, benefits, bonuses, stock-based compensation, depreciation, recruiting, facilities and cloud services data center costs.

#### *Software support and service*

Our software support and services cost of revenue primarily consists of costs associated with our global Customer Success organization, including our customer support, professional services, customer advocacy and training teams. These costs consist of salaries, benefits, bonuses, stock-based compensation, depreciation, recruiting, facilities and information technology costs.

### **Gross Margin**

Gross margin, or gross profit as a percentage of total revenue, has been and will continue to be affected by various factors, including mix between large and small customers, mix of products sold, mix between perpetual and subscription licenses, timing of revenue recognition and the extent to which we expand our global Customer Success organization and data center operations, including costs associated with third-party hosting facilities, and stock-based compensation expense associated with grants of equity awards. We expect our gross margins to fluctuate over time depending on the factors described above.

### ***Operating Expenses***

Personnel costs are the most significant component of operating expenses and consist of salaries, benefits, bonuses, stock-based compensation and with regard to sales and marketing expense, sales commissions. We expect operating expenses to increase in absolute dollars, as we continue to invest to grow our business. While operating expenses, exclusive of stock-based compensation expense, may fluctuate as a percentage of total revenue from period to period, we expect them to decrease over the long term as a percentage of total revenue. Stock-based compensation expense may fluctuate depending on the size and timing of restricted stock unit grants and, stock-settled bonus plans, if any.

### ***Research and Development Expenses***

Research and development costs are expensed as incurred. Research and development expense consists primarily of personnel costs. Research and development expense also includes costs associated with contractors and consultants, equipment and software to support our development and quality assurance teams, facilities and information technology. We expect research and development expense to increase in absolute dollars as we continue to invest in our future products and services. While our research and development expense, exclusive of stock-based compensation expense, as a percentage of total revenue may fluctuate, we expect it to decrease over the long term as a percentage of total revenue.

### ***Sales and Marketing Expenses***

Sales and marketing expense consists primarily of personnel costs, including sales commissions. We expense commissions up-front at the time of the sale. Sales and marketing expense also includes third-party events, lead generation campaigns, promotional and other marketing activities, as well as travel, equipment and software depreciation, consulting, information technology and facilities. While our sales and marketing expense, exclusive of stock-based compensation expense, as a percentage of total revenue may fluctuate, we expect it to decrease over the long term as a percentage of total revenue.

### ***General and Administrative Expenses***

General and administrative expense consists of personnel costs, travel, information technology, facilities and professional services fees. General and administrative personnel include our executive, finance, human resources and legal organizations. Professional services fees consist primarily of litigation, other legal, accounting and consulting costs. While our general and administrative expense, exclusive of stock-based compensation expense, as a percentage of total revenue may fluctuate, we expect it to decrease over the long term as a percentage of total revenue.

### ***Restructuring Charges***

The restructuring charge consisted of the costs related to our restructuring plan to reduce our cost structure through a workforce reduction.

### ***Amortization of Intangible Assets***

Our amortization of intangible assets consists of amortization of noncompete covenants.

### ***Other Expense — Net***

Other expense, net consists primarily of the effect of exchange rates on our foreign currency-denominated asset and liability balances and interest income earned on our cash and cash equivalents and fixed income securities. All translation adjustments are recorded as foreign currency gains (losses) in the consolidated statements of operations. Interest income was insignificant for all periods presented.

**Income Tax Expense**

Income tax expense consists primarily of income taxes in foreign jurisdictions in which we conduct business. Due to our history of losses, we maintain a full valuation allowance for deferred tax assets including net operating loss carry-forwards, research and development tax credits, capitalized research and development and other book versus tax differences.

**Consolidated of Results of Operations**

The following tables summarize our results of operations for the periods presented and as a percentage of our total revenue for those periods. The period-to-period comparison of results is not necessarily indicative of results for future periods.

	Year ended December 31,		
	2015	2014	2013
<i>(in thousands, except share and per share data)</i>			
<b>Revenue</b>			
Perpetual license	\$ 53,512	\$ 66,816	\$ 69,810
Subscription	48,080	30,227	15,085
Software support and services	47,706	35,252	20,679
Total revenue(1)	<u>149,298</u>	<u>132,295</u>	<u>105,574</u>
<b>Cost of revenue</b>			
Perpetual license	2,881	4,448	3,327
Subscription	7,181	5,719	3,684
Software support and services	18,115	13,868	9,489
Total cost of revenue(1)	<u>28,177</u>	<u>24,035</u>	<u>16,500</u>
Gross profit	<u>121,121</u>	<u>108,260</u>	<u>89,074</u>
<b>Operating expenses:</b>			
Research and development(1)	61,871	46,278	36,400
Sales and marketing (1)	105,520	99,870	68,309
General and administrative(1)	36,037	22,400	12,081
Restructuring charge	1,049	—	—
Amortization of intangible assets	—	782	208
Impairment of in-process research and development	—	—	3,925
Total operating expenses	<u>204,477</u>	<u>169,330</u>	<u>120,923</u>
Operating loss	<u>(83,356)</u>	<u>(61,070)</u>	<u>(31,849)</u>
Other expense - net	274	302	396
Loss before income taxes	<u>(83,630)</u>	<u>(61,372)</u>	<u>(32,245)</u>
Income tax expense	852	517	252
Net loss	<u>\$ (84,482)</u>	<u>\$ (61,889)</u>	<u>\$ (32,497)</u>
Net loss per share, basic and diluted	<u>\$ (1.07)</u>	<u>\$ (1.30)</u>	<u>\$ (3.27)</u>
Weighted-average shares used to compute net loss per share, basic and diluted	<u>78,755</u>	<u>47,517</u>	<u>9,953</u>

(1) Includes Stock-based compensation as follows:

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	Year ended December 31,		
	2015	2014	2013
<i>(In thousands)</i>			
Contra-revenue	\$ —	\$ 123	\$ 78
Cost of revenue	2,774	1,353	327
Research and development	10,607	5,980	5,238
Sales and marketing	9,508	5,930	1,893
General and administrative	5,902	3,363	931
Total	<u>\$ 28,791</u>	<u>\$ 16,749</u>	<u>\$ 8,467</u>

	Year ended December 31,		
	2015	2014	2013
<i>(As a percentage of total revenue)</i>			
Revenue			
Perpetual license	36 %	50 %	66 %
Subscription	32	23	14
Software support and services	32	27	20
Total revenue	<u>100</u>	<u>100</u>	<u>100</u>
Cost of revenue			
Perpetual license	2	3	3
Subscription	5	4	4
Software support and services	12	11	9
Total cost of revenue	<u>19</u>	<u>18</u>	<u>16</u>
Gross profit	<u>81</u>	<u>82</u>	<u>84</u>
Operating expenses:			
Research and development	41	35	35
Sales and marketing	71	75	65
General and administrative	24	17	11
Restructuring charge	1	—	—
Amortization of intangible assets	—	1	—
Impairment of in-process research and development	—	—	4
Total operating expenses	<u>137</u>	<u>128</u>	<u>115</u>
Operating loss	<u>(56)</u>	<u>(46)</u>	<u>(31)</u>
Other expense - net	—	—	—
Loss before income taxes	<u>(56)</u>	<u>(46)</u>	<u>(31)</u>
Income tax expense	1	—	—
Net loss	<u>(57) %</u>	<u>(46) %</u>	<u>(31) %</u>

**Years Ended December 31, 2015, 2014 and 2013**

*Revenue*

	Year Ended December 31,			Change			
	Year Ended December 31,			2015 vs 2014		2014 vs 2013	
	2015	2014	2013	Amount	%	Amount	%
<i>(in thousands, except percentages)</i>							
Perpetual	\$ 53,512	\$ 66,816	\$ 69,810	\$ (13,304)	(20)%	\$ (2,994)	(4)%
Subscription	48,080	30,227	15,085	17,853	59 %	15,142	100 %
Software support and services	47,706	35,252	20,679	12,454	35 %	14,573	70 %
Total revenue	<u>\$ 149,298</u>	<u>\$ 132,295</u>	<u>\$ 105,574</u>	<u>\$ 17,003</u>	<u>13 %</u>	<u>\$ 26,721</u>	<u>25 %</u>
Percentage of total revenue							
Perpetual	36 %	50 %	66 %				
Subscription	32	23	14				
Software support and services	32	27	20				
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>				

<i>(in thousands, except percentages)</i>	For the year ended December 31,						Change			
	2015		2014		2013		2015 vs 2014		2014 vs 2013	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	%	Amount	%
Revenue										
United States	\$ 74,235	50 %	\$ 72,124	55 %	\$ 58,656	56 %	\$ 2,111	3 %	\$ 13,468	23 %
International	75,063	50 %	60,171	45 %	46,918	44 %	14,892	25 %	13,253	28 %
Total revenue	\$ 149,298	100 %	\$ 132,295	100 %	\$ 105,574	100 %	\$ 17,003	13 %	\$ 26,721	25 %

*Comparison of 2015 and 2014*

Perpetual license revenue decreased \$13.3 million in 2015 compared to 2014, primarily due to a shift in favor of software licenses priced as subscriptions, including MRC, a slowdown in perpetual license orders and a \$ 3.4 million decrease in revenue recognized from licenses that were delivered prior to 2013, but for which the revenue is being recognized ratably over the contractual terms of the related software support agreements due to lack of VSOE for software support and services prior to January 1, 2013.

Subscription revenue increased \$17.9 million, or 59%, in 2015 compared to 2014, due to increased sales of solutions sold under either a cloud-based delivery model or a subscription term license for our on premise software products. The increase in subscription revenue also included an increase in MRC revenue from \$12.6 million in 2014 to \$21.1 million in 2015.

Software support and services revenue increased \$12.5 million, or 35%, in 2015 compared to 2014, primarily as a result of an increased installed base of customers that pay recurring software support.

Revenue from international sales increased 25% in 2015 compared to 2014 due to an increase in the adoption of our products and an increased cumulative installed base of customers partially offset by a decrease in revenue recognized from perpetual licenses delivered prior to 2013, as noted above.

Revenue from U.S. sales increased 3% in 2015 compared to 2014 due to an increase in the adoption of our products and an increased cumulative installed base of customers, partially offset by the shift in the mix from perpetual to subscription, including MRC, a slowdown in perpetual license orders, and less revenue being recognized from licenses delivered prior to 2013.

Revenue from AT&T, as a reseller, was 16% of total revenue in 2015 compared with 20% in 2014. No other customer accounted for 5% or more of total revenue in 2015 and 2014.

*Comparison of 2014 and 2013*

Perpetual license revenue decreased \$3.0 million in 2014 compared to 2013, due to a \$12.8 million increase associated with adoption of our solutions by both new and existing customers, offset by a \$15.8 million decrease in revenue recognized from licenses that were delivered prior to 2013, but for which the revenue is being recognized ratably over the contractual terms of the related software support agreements due to lack of VSOE for software support and services prior to January 1, 2013.

Subscription revenue increased \$15.1 million, or 100%, in 2014 compared to 2013, primarily due to increased sales of solutions sold under either a cloud-based delivery model or a subscription term license for our on premise software products. The increase in subscription revenue also included an increase in MRC revenue from \$6.0 million in 2013 to \$12.6 million in 2014.

Software support and services revenue increased \$14.6 million, or 70%, in 2014 compared to 2013, primarily as a result of an increased installed base of customers that pay recurring software support and additional users and devices within preexisting customers.



Revenue from international sales increased 28% in 2014 compared to 2013 due to an increase in the adoption of our products and an increased cumulative installed base of customers partially offset by a decrease in revenue recognized from perpetual licenses delivered prior to 2013, as noted above.

Revenue from AT&T, as a reseller, was 2.0% of total revenue in both 2014 and 2013. No other customer accounted for 5% or more of total revenue in 2014 and 2013.

### ***Cost of Revenue and Gross Margin***

	For the year ended December 31,						Change			
	2015		2014		2013		2015 vs 2014		2014 vs 2013	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	%	Amount	%
<i>(in thousands, except percentages)</i>										
Cost of revenue:										
Perpetual license	\$ 2,881	2 %	\$ 4,448	3 %	\$ 3,327	3 %	\$ (1,567)	(35)%	\$ 1,121	34 %
Subscription	7,181	5 %	5,719	4 %	3,684	4 %	1,462	26 %	2,035	55 %
Software support and services	18,115	12 %	13,868	11 %	9,489	9 %	4,247	31 %	4,379	46 %
Total cost of revenue	\$ 28,177	19 %	\$ 24,035	18 %	\$ 16,500	16 %	\$ 4,142	17 %	\$ 7,535	46 %
Gross profit	\$ 121,121		\$ 108,260		\$ 89,074		\$ 12,861	12 %	\$ 19,186	22 %
Gross margin		81 %		82 %		84 %				

#### ***Comparison of 2015 and 2014***

Total cost of revenue increased \$4.1 million, or 17%, in 2015 compared to 2014. Perpetual license cost of revenue decreased \$1.6 million, or 35%, primarily due to a decrease in sales of our hardware appliances and a decrease in royalties. Subscription cost of revenue increased \$1.5 million, or 26%, due to an increase in Global Customer Success organization expense and other third-party costs. Software support and services cost of revenue increased \$4.2 million, or 31%, due to an increase in our global Customer Success organization expense, which included \$3.7 million of increases in salaries, associated payroll taxes, and fringe benefit costs as well as an approximately \$1.4 million increase in stock-based compensation expense. The decrease in gross margin in 2015 compared to 2014 was primarily due to the unfavorable impact of the decrease in revenue that was recognized from perpetual licenses that were delivered prior to 2013 and due to increase in stock-based compensation by \$1.3 million. Excluding the impact of the reduction in VSOE-related revenue, gross margin was 81% in 2015 and 2014.

#### ***Comparison of 2014 and 2013***

Total cost of revenue increased \$7.5 million, or 46%, in 2014 compared to 2013. Perpetual license cost of revenue increased \$1.1 million, or 34%, primarily due to an increase in hardware appliance and other inventory-related costs, royalty costs associated with increased perpetual license sales and amortization of intangibles assets. Subscription cost of revenue increased \$2.0 million, or 55%, due to an increase in data center operations expense, global Customer Success organization expense and other third-party costs. Software support and services cost of revenue increased \$4.4 million, or 46%, due to an increase in our global Customer Success organization expense, which included \$2.3 million of increases in salaries, associated payroll taxes, and higher fringe benefit costs as well as an approximately \$1.0 million increase in stock-based compensation expense. The decrease in gross margin in 2014 compared to 2013 was primarily due to the unfavorable impact of the decrease in revenue that was recognized from perpetual licenses that were delivered prior to 2013. Excluding the impact of this reduction in VSOE-related revenue, gross margin was 81% in 2014 and 2013.

### ***Operating Expenses***

	For the year ended December 31,						Change			
	2015		2014		2013		2015 vs 2014		2014 vs 2013	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	%	Amount	%
<i>(in thousands, except percentages)</i>										
Operating expenses:										
Research and development	\$ 61,871	41 %	\$ 46,278	35 %	\$ 36,400	35 %	\$ 15,593	34 %	\$ 9,878	27 %
Sales and marketing	105,520	71 %	99,870	75 %	68,309	65 %	5,650	6 %	31,561	46 %
General and administrative	36,037	24 %	22,400	17 %	12,081	11 %	13,637	61 %	10,319	85 %
Restructuring charge	1,049	1 %	—	— %	—	— %	1,049	NM %	—	85 %
Amortization of intangible assets	—	— %	782	1 %	208	— %	(782)	(100)%	574	276 %
Impairment of in-process research and development	—	— %	—	— %	3,925	4	—	NM %	(3,925)	(100)%
Total operating expenses	\$ 204,477	137 %	\$ 169,330	115 %	\$ 120,923	115 %	\$ 35,147	21 %	\$ 48,407	40 %

### Comparison of 2015 and 2014

Research and development expense increased \$15.6 million, or 34%, in 2015 compared to 2014, primarily due to an increase in personnel costs of \$10.7 million as we increased our development headcount to support continued investment in our product and service offerings. This expense also includes an increase in stock-based compensation expense of \$4.6 million. The stock-based compensation expense increase was driven primarily by stock-settled bonus expense, associated with a new bonus program in 2015, restricted stock unit grants and our ESPP, which was introduced in mid-2014 after our IPO, but was partially offset by a reduction in expense associated with restricted stock held by employees who terminated in 2014. Facilities and other infrastructure expenses increased by \$3.4 million to support the increased headcount in research and development. Support of headcount growth was also the primary reason for increases in facilities and infrastructure expenses in the other functional areas. In order to accommodate headcount growth we entered into several new office leases in 2015. Professional fees increased by \$1.2 million, as we supplemented our development resources.

Sales and marketing expense increased \$5.7 million, or 6%, in 2015 compared to 2014, primarily due to an increase in personnel costs of \$3.6 million. While average sales and marketing headcount was higher in 2015 than 2014, we reduced our sales and marketing personnel in the second half of 2015 to better align our cost structure with our slower billings growth. Personnel costs include an increase of \$4.0 million in salaries and an increase of \$3.6 million for stock-based compensation expense, offset by a \$4 million decrease in commissions and other payroll-related expenses. The stock-based compensation expense increase was driven primarily by restricted stock unit grants and the ESPP. Professional fees increased by \$895,000 due to recruiting fees and contractors supporting our sales team in non-U.S. locations. Travel-related expense increased \$494,000 as a result of increased travel requirements of our larger sales team. Our third-party marketing-related expense increased \$451,000 as we invested in events, demand generation, public relations, marketing infrastructure, and various other programs to expand our customer base and maintain and grow relationships with our existing customers.

General and administrative expense increased \$13.6 million, or 61%, in 2015 compared to 2014, primarily due to increases in personnel costs of \$5.2 million and litigation and other professional fees expense of \$7.7 million. Personnel costs include an increase in stock-based compensation expense of \$2.5 million. The stock-based compensation expense increase was driven primarily by stock-settled bonus expense, restricted stock unit grants and the ESPP. Litigation and other professional fees increased \$7.7 million primarily as a result of our patent litigation trial in California in July 2015 and extensive pre-trial work in other jurisdictions. We settled the global patent litigation with Good Technology in November 2015. The settlement included a mutual dismissal of all claims and an immaterial license agreement. Facilities and infrastructure expense for our general and administrative personnel increased by \$681,000.

We recorded a \$1.0 million restructuring charge in 2015 as part of a workforce reduction. The workforce reduction was designed to reduce our cost structure and align our spending with our billings growth rate.

We recorded no amortization of intangible assets in operating expenses in 2015 compared to \$782,000 in 2014 as our noncompete covenants intangible asset became fully amortized in 2014.

In 2013, we abandoned a non-process research and development, or IPR&D, project and recorded a \$3.9 million impairment loss. We had no similar charges in 2015.

### Comparison of 2014 and 2013

Research and development expense increased \$9.9 million, or 27%, in 2014 compared to 2013, primarily due to an increase in personnel costs of \$7.4 million as we increased our development headcount to support continued investment in our product and service offerings. This expense also included an increase in stock-based compensation expense of \$742,000. The stock-based compensation expense increase was driven primarily by stock option grants, some of which are expensed under the graded vesting method, and the introduction of the Company's 2014 Employee Stock Purchase Plan, or ESPP, but partially offset by a reduction in expense associated with restricted stock held by employees who terminated during the year. Facilities and other office expenses increased by \$1.9 million to support the increased headcount in research and development and the build-out of the additional development and testing infrastructure. Support of headcount growth was also the primary reason for increases in facilities and infrastructure expenses in the other functional areas.

Sales and marketing expense increased \$31.6 million, or 46%, in 2014 compared to 2013, primarily due to an increase in personnel costs of \$23.7 million related to increased sales headcount to drive growth. This expense also included \$5.5 million and \$4.0 million of increased commission expense and stock-based compensation expense, respectively. The stock-based compensation expense increase was driven primarily by stock option grants, some of which are expensed under the graded vesting method, and the introduction of the ESPP. Travel and conference expense increased \$3.8 million as a result of increased travel requirements of our larger sales team and our expansion into foreign markets. Our third-party marketing-related expense increased \$1.8 million as we invested in events, demand generation, public relations, marketing infrastructure, and various other programs to expand our customer base and maintain and grow relationships with our existing customers. Our facilities and infrastructure expense for our sales and marketing personnel increased by \$1.5 million.

General and administrative expense increased \$10.3 million, or 85%, in 2014 compared to 2013, primarily due to increases in personnel costs of \$6.2 million. This expense also included an increase in stock-based compensation expense of \$2.4 million. We increased general and administrative headcount in 2014 to support business growth and the requirements of being a publicly traded company. The stock-based compensation expense increase was driven primarily by stock option grants, some of which are expensed under the graded vesting method, and the introduction of the ESPP. Professional services costs, including legal fees, accounting, consulting and insurance, increased \$2.7 million, primarily due to expenses associated with being a publicly traded company. Facilities and infrastructure expense for our general and administrative personnel increased by \$1.5 million.

Amortization of intangible assets recorded in operating expense was \$782,000 in 2014 and \$208,000 in 2013. The increase was due to the acceleration of amortization of the noncompete covenants intangible asset in conjunction with the termination of employees subject to noncompete agreements.

In 2013, we abandoned a non-IPR&D project and recorded a \$3.9 million impairment loss.

### Other Expense—Net

(in thousands, except percentages)	For the year ended December 31,			Change			
	2015	2014	2013	2015 vs 2014		2014 vs 2013	
				Amount	%	Amount	%
Other expense—net	\$ 274	\$ 302	\$ 396	\$ (28)	(9) %	\$ (94)	(24) %

Other expense—net was primarily comprised of foreign currency transaction losses and losses from the translation of foreign-denominated balances to the U.S. dollar.

### *Income Tax Expense*

<i>(in thousands, except percentages)</i>	<u>For the year ended December 31,</u>			<u>Change</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2015 vs 2014</u>		<u>2014 vs 2013</u>	
				<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Income tax expense	\$ 852	\$ 517	\$ 252	\$ 335	65 %	\$ 265	105 %

Income tax expense was \$852,000, \$517,000 and \$252,000 during 2015, 2014 and 2013, respectively. The increase in income tax expense from 2014 to 2015 was primarily due to an increase in foreign income taxes on profits realized by our foreign branches and subsidiaries as we expanded internationally and, to a lesser extent, to withholding taxes on sales in certain jurisdictions.

### **Quarterly Results of Operations**

The following table sets forth our unaudited quarterly statements of operations data for the last eight fiscal quarters. The information for each of these quarters has been prepared on the same basis as the audited annual financial statements included elsewhere in this annual report and, in the opinion of management, includes all adjustments, which includes only normal recurring adjustments, necessary for the fair statement of the results of operations for these periods. This data should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this annual report. These quarterly operating results are not necessarily indicative of our operating results for any future period.

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We do not believe that inflation had a material effect on our business, financial condition or results of operations in the last three fiscal years. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

<i>(in thousands, except share and per share data)</i>	Three Months Ended							
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
<b>Revenue</b>								
Perpetual license	\$ 15,462	\$ 13,644	\$ 12,347	\$ 12,059	\$ 18,658	\$ 17,550	\$ 15,933	\$ 14,675
Subscription	14,413	12,253	11,217	10,197	9,126	8,031	7,104	5,966
Software support and services	13,171	12,104	11,193	11,238	9,914	9,336	8,430	7,572
Total revenue <sup>(1)</sup>	43,046	38,001	34,757	33,494	37,698	34,917	31,467	28,213
<b>Cost of revenue</b>								
Perpetual license	910	745	627	599	1,056	1,268	1,013	1,111
Subscription	1,815	1,939	1,688	1,739	1,574	1,439	1,466	1,240
Software support and services	4,815	4,889	4,254	4,157	3,811	3,742	3,429	2,886
Total cost of revenue <sup>(1)</sup>	7,540	7,573	6,569	6,495	6,441	6,449	5,908	5,237
Gross profit	35,506	30,428	28,188	26,999	31,257	28,468	25,559	22,976
<b>Operating expenses</b>								
Research and development <sup>(1)</sup>	16,503	16,968	14,899	13,501	12,495	11,565	11,919	10,299
Sales and marketing <sup>(1)</sup>	24,822	25,856	29,037	25,805	27,425	25,618	25,063	21,764
General and administrative <sup>(1)</sup>	8,065	10,469	9,105	8,398	6,443	6,232	5,117	4,608
Restructuring charges	—	1,049	—	—	—	—	—	—
Amortization of intangible assets	—	—	—	—	—	365	365	52
Impairment of in-process research and development	—	—	—	—	—	—	—	—
Total operating expenses	49,390	54,342	53,041	47,704	46,363	43,780	42,464	36,723
Operating loss	(13,884)	(23,914)	(24,853)	(20,705)	(15,106)	(15,312)	(16,905)	(13,747)
Other (income) expense - net	138	(2)	16	122	44	66	95	97
Loss before income taxes	(14,022)	(23,912)	(24,869)	(20,827)	(15,150)	(15,378)	(17,000)	(13,844)
Income tax expense	392	183	144	133	153	135	111	118
Net loss	\$ (14,414)	\$ (24,095)	\$ (25,013)	\$ (20,960)	\$ (15,303)	\$ (15,513)	\$ (17,111)	\$ (13,962)
Net loss per share, basic and diluted	\$ (0.18)	(0.30)	(0.32)	(0.27)	\$ (0.20)	\$ (0.20)	\$ (0.66)	\$ (1.23)
Weighted-average shares used to compute net loss per share, basic and diluted	80,748	79,373	78,198	76,990	76,034	75,871	26,028	11,335

(1) Amounts include stock-based compensation as follows:

<i>(in thousands)</i>	Three Months Ended							
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
<b>Stock-Based Compensation Expense:</b>								
Contra-revenue	\$ —	—	—	—	\$ —	\$ —	\$ 98	\$ 25
Cost of revenue	846	1,055	443	430	456	468	328	101
Research and development	2,898	3,832	2,149	1,728	1,606	1,439	1,687	1,248
Sales and marketing	2,894	2,586	2,193	1,835	1,859	1,957	1,498	616
General and administrative	1,780	1,812	1,167	1,143	1,017	1,015	895	436
Total stock-based compensation expense	\$ 8,418	9,285	5,952	5,136	\$ 4,938	\$ 4,879	\$ 4,506	\$ 2,426

### Seasonality

There are seasonal factors that may cause us to record higher revenue in some quarters compared to others. We believe this variability is largely due to our customers' budgetary and spending patterns, as many customers spend the unused portions of their discretionary budgets prior to the end of their fiscal years. For example, we have historically recorded our highest level of revenue in our fourth quarter, which we believe corresponds to the fourth quarter of a majority of our customers.

### Liquidity and Capital Resources

<i>(In thousands)</i>	<b>As of December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Cash and cash equivalents	\$ 47,234	\$ 104,287	\$ 73,573
Short-term investments	49,576	13,869	—
Long-term investments	2,094	22,220	—

<i>(in thousands)</i>	<b>For the year ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Net cash used in operating activities	\$ (48,535)	\$ (36,569)	\$ (25,550)
Net cash used in investing activities	\$ (19,679)	\$ (39,873)	\$ (2,607)
Net cash provided by financing activities	\$ 11,161	\$ 107,156	\$ 63,038

At December 31, 2015, we had cash and cash equivalents of \$47.2 million. Substantially all of our cash and cash equivalents are held in the United States. At December 31, 2015, we had short-term investments of \$49.6 million and long-term investments of \$2.1 million. In the twelve months ended December 31, 2015, we purchased \$60.9 million of investment securities and received \$45.0 million from maturities of investment securities.

In the fourth quarter of 2014, we began to invest a portion of our IPO proceeds from cash and cash equivalents into fixed income securities, including commercial paper, corporate debt securities and obligations of U.S. government agencies. At December 31, 2014 we had short-term investments of \$13.9 million and long-term investments of \$22.2 million.

In addition, we have a revolving line of credit with a financial institution with potential borrowing capacity to \$18.5 million that expires in August 2017. We are required to maintain an adjusted quick ratio (defined as the ratio of current assets to current liabilities minus deferred revenue) of at least 1.25. As of December 31, 2015, we had no borrowings outstanding under this revolving loan facility and we were in compliance with our loan covenants.

Prior to our IPO, we financed our operations primarily through private sales of equity securities. In June 2014, we raised, net of offering costs, \$102.9 million in our initial public offering. We believe that our existing cash and cash equivalents will be sufficient to meet our anticipated cash needs for at least the next 12 months. Our future capital requirements will depend on many factors including our growth rate, the timing and extent of spending to support development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced products and services offerings, the continuing market acceptance of our products, any future acquisition and similar transactions and the proportion of our perpetual versus subscription sales. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, operating results and financial condition may be adversely affected.

#### *Cash Used in Operating Activities*

Our primary source of cash from operating activities has been from cash collections from our customers. We expect cash inflows from operating activities to be affected by increases in sales and timing of collections. Our primary use of cash from operating activities has been for personnel costs. We expect cash outflows from operating activities to be affected by increases in personnel costs as we grow our business. Cash used in operating activities was \$48.5 million, \$36.6 million and \$25.6 million in 2015, 2014 and 2013, respectively.

In 2015, we used \$48.5 million of cash in operating activities primarily as a result of addition of headcount in research and development, customer success, data center operations, investment in marketing programs, increase of our general and administrative headcount and litigation legal expense. We incurred a net loss of \$84.5 million in 2015 as we increased our operating expenses 21% to \$204.5 million and increased our cost of revenue 17% to \$28.2 million. The net loss included non-cash charges of \$32.9 million, primarily due to stock-based compensation, depreciation and intangible asset amortization expense. Changes in operating assets and liabilities, net of acquisitions, as sources of cash, consisted of a \$15.7 million favorable increase in deferred revenue that was partially offset by an increase in accounts receivable of \$8.1 million, a \$5.0 million unfavorable change in accounts payable, accrued expenses and other long-term liabilities and an increase in other current and noncurrent assets of \$932,000.

In 2014, we used \$36.6 million of cash in operating activities primarily as a result of our expansion of our sales organization, investment in marketing programs, and the addition of headcount in research and development, customer success, data center operations and our general and administrative teams. We incurred a net loss of \$61.9 million in 2015 as we increased our operating expenses 40% to \$169.3 million and increased our cost of revenue 46% to \$24.0 million. The net loss included non-cash charges of \$20.5 million, primarily due to stock-based compensation, depreciation and intangible asset amortization expense. Changes in operating assets and liabilities, net of acquisitions, as sources of cash, consisted of a \$13.4 million favorable increase in deferred revenue and a \$2.9 million favorable change in accounts payable, accrued expenses and other long-term liabilities that were partially offset by increases in accounts receivable of \$10.6 million and other current and noncurrent assets of \$835,000.

In 2013, we used \$25.6 million of cash for operating activities primarily as a result of the expansion of our sales organization and investment in marketing programs, and the addition of headcount in research and development, customer success and data center operations, partially offset by cash received from customers. We incurred a net loss of \$32.5 million in 2013 as we increased our operating expenses 57% to \$120.9 million and increased cost of revenue 41% to \$16.5 million. The net loss included non-cash charges of \$14.4 million, primarily due to stock-based compensation, depreciation expense and impairment of IPR&D. Unfavorable changes in operating assets and liabilities, net of acquisitions, of \$7.4 million increased our use of cash from operations, as growth in accounts receivable and decreases in deferred revenue was only partially offset by increases in accrued liabilities, especially payroll-related accrued expense.

#### *Cash Used in Investing Activities*

Our investing activities have consisted of purchases of property and equipment, a business and technology and other assets. We expect to continue to make such purchases to support the growth of our business.

Cash used in investing activities was \$19.7 million in 2015 which consisted mostly of our purchase of \$60.9 million of short and long-term investments partially offset by \$45.0 million received from maturities of investment securities. In addition, we purchased \$3.7 million of property and equipment. We purchased equipment to expand our data centers and infrastructure to support growth and to fit-out new office facilities.

Cash used in investing activities was \$39.9 million and \$2.6 million, in 2014 and 2013, respectively. In 2014, we purchased \$36.1 million of short and long-term investments. In addition, we purchased \$3.1 million of equipment and software and paid \$650,000 to purchase intellectual property. In 2013, \$2.2 million of the cash used in investing activities was attributable to the purchase of equipment for the expansion of our data centers and increase in infrastructure to support our increasing headcount. Property and equipment purchases were primarily to support our employee growth and expand our data centers.

#### *Cash Provided by Financing Activities*

Our financing activities have consisted of proceeds from the initial public offering, the issuance of convertible preferred stock, the exercise of stock options, and borrowings and repayments under our revolving line of credit.

In 2015, our financing activities provided \$11.2 million of cash. We received \$5.4 million from employees who participated in our ESPP and \$5.8 million from the exercise of stock options.

In 2014, our financing activities provided \$107.2 million of cash. Cash from financing activities in 2014 included proceeds from our IPO of \$107.0 million, net of underwriting discounts and commissions, \$2.0 million of

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proceeds from the issuance of convertible preferred stock, \$2.3 million from the exercise of stock options as well as \$4.3 million of cash received from employees related to our ESPP, partially offset by a net \$4.3 million repayment of borrowings from our revolving line of credit and \$4.1 million in payments of IPO offering costs.

In 2013, our financing activities provided \$63.0 million, which included \$57.7 million of net proceeds from the issuance of convertible preferred stock, \$4.3 million from borrowings under our revolving line of credit and \$1.0 million from the exercise of stock options.

### **Contractual Obligations and Commitments**

The following table summarizes our contractual commitments and obligations as of December 31, 2015 :

<i>(In thousands)</i>	<b>Total</b>	<b>Less Than</b>			<b>More</b>
		<b>1</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>Than 5</b>
		<b>year</b>			<b>years</b>
Operating lease obligations	\$ 29,829	\$ 6,172	\$ 9,651	\$ 7,403	\$ 6,603
Purchase obligations	5,434	5,209	225	—	—
<b>Total</b>	<b>\$ 35,263</b>	<b>\$ 11,381</b>	<b>\$ 9,876</b>	<b>\$ 7,403</b>	<b>\$ 6,603</b>

We lease our office facilities under noncancelable operating lease agreements expiring between 2016 and 2023 .

As of December 31, 2015, our net unrecognized tax benefits including interest and penalties were \$4.1 million, \$3.9 million of which are netted against deferred tax assets. At this time, we are unable to make a reasonably reliable estimate of the timing of payments in individual years in connection with these tax liabilities; therefore, such amounts are not included in the above contractual obligation table.

### **Off-Balance-Sheet Arrangements**

Through December 31, 2015, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

### **Segment Information**

We have one primary business activity and operate in one reportable segment.

### **Concentration**

AT&T accounted for approximately 17% of our revenue (including 1% as an end customer) in 2015. In 2014, AT&T accounted for approximately 22% of our revenue (including 2% as an end customer). Our agreements with this reseller were made in the ordinary course of our business and may be terminated with or without cause by either party with advance notice. Although we believe we would experience some short term disruption in the distribution of our products, subscriptions and services if these agreements were terminated, we believe such termination would not have a material adverse effect on our financial results and alternative resellers and other channel partners exist to deliver our products to our end customers.

### **Critical Accounting Policies and Estimates**

Our consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and our actual results, our future financial statements will be affected.



The critical accounting policies requiring estimates, assumption and judgments that we believe have the most significant impact on our consolidated financial statements as described below. For further information on all of our significant accounting policies, see Note 1 entitled “Description of Business and Significant Accounting Policies” in Part II, Item 8 “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

#### *Revenue Recognition*

We derive revenue principally from software-related arrangements consisting of perpetual software licenses, post-contract customer support for such licenses, or PCS or software support, including when and if available updates, and professional services such as consulting and training services. We also offer our software as term-based licenses and cloud-based arrangements. In addition, we install our software on servers that we ship to customers.

We consider following to be key accounting policy elections and estimates in our revenue recognition:

- (i) Determining VSOE of fair value and best estimate of selling price, or BESP, of fair value used to allocate revenue between the elements of multiple elements arrangements requires significant judgment. As of January 1, 2013, we determined that we had sufficient history to establish VSOE of fair value for PCS and professional services. Prior to January 1, 2013, we did not have VSOE of fair value for our software-related undelivered elements due to a limited history of stand-alone sales transactions and inconsistency in pricing. We established VSOE of fair value when we had a substantial majority of stand-alone sales transactions of software support and services pricing within a narrow pricing band. In our VSOE analysis, we generally include stand-alone sales transactions completed during a rolling 12 month period unless a shorter period is appropriate due to changes in our pricing structure. Because we did not achieve pricing consistency for our products, including product subscription and cloud-based services, we use the residual method to allocate revenue in multiple element arrangement within scope of *ASC 985 -605 Software Revenue Recognition* and BESP to allocate the revenue in multiple element arrangement within scope of *ASC 605 Revenue recognition* ;
- (ii) Determining whether collection of customer receivables is probable may require significant judgment. We assess collection on customer-by-customer and deal-by-deal basis and assess such factors as history of payments, financial condition, and payment terms;
- (iii) Generally, sales made through resellers are fulfilled to the end customer and processed in the same period. Inventory of the licenses held by the resellers was immaterial for all periods presented;
- (iv) We consider our resellers our customers and recognize revenue based on the price charged to resellers; and
- (v) Sales commissions and other incremental costs to acquire contracts are expensed as incurred and are recorded in sales and marketing expense.

#### *Goodwill and Intangible Assets with Indefinite Lives*

We record the excess of the acquisition purchase price over the fair value of the tangible and identifiable intangible assets acquired as goodwill. We perform an impairment test of our goodwill in the third quarter of our fiscal year, or more frequently if indicators of potential impairment arise. We have a single reporting unit and consequently evaluate goodwill for impairment based on an evaluation of the fair value of the Company as a whole. We record purchased intangible assets at their respective estimated fair values at the date of acquisition. Purchased intangible assets are being amortized using the straight-line method over their remaining estimated useful lives, which range from three to five years. We evaluate the remaining useful lives of intangible assets on a periodic basis to determine whether events or circumstances warrant a revision to the remaining estimated amortization period. We evaluated our goodwill for impairment in 2015 and 2014 and observed no impairment indicators.

We also review our indefinite lived intangible assets for impairment. We have determined that our intangible assets have not been impaired in 2015.

*Stock-Based Compensation*

Stock-based compensation costs related to restricted stock and stock options granted to employees are measured at the date of grant based on the estimated fair value of the award, net of estimated forfeitures. We estimate the grant date fair value, and the resulting stock-based compensation expense, using the Black-Scholes option-pricing model. We recognize compensation costs for awards with service and performance vesting conditions on an accelerated method under the graded vesting method over the requisite service period of the award. For stock awards with no performance condition, we recognize compensation costs on a straight-line basis over the requisite service period of the award, which is generally the vesting term of four years.

Key assumptions used in determining the fair value of our stock option grants are estimated as follows:

- **Risk-Free Interest Rate.** We base the risk-free interest rate used in the Black-Scholes valuation model on the implied yield available on U.S. Treasury zero-coupon issues with an equivalent remaining term of the options for each option group.
- **Expected Term.** The expected term represents the period that our stock-based awards are expected to be outstanding. We have opted to use the simplified method for estimating the expected term, which calculates the expected term as the average time-to-vesting and the contractual life of the options.
- **Volatility.** We determine the price volatility factor based on the historical volatilities of our peer group as we did not have sufficient trading history for our common stock.
- **Dividend Yield.** The expected dividend assumption is based on our current expectations about our dividend policy. We currently do not expect to issue any dividends.
- **Forfeiture Rate.** The forfeiture rate is calculated on expected employee turnover. We have applied the same forfeiture rate to our entire employee population.

The fair value of the employee stock options was estimated using the following assumptions for the periods presented:

	<b>Year ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Expected dividend yield	—	—	—
Risk-free interest rate	1.6% - 1.8%	1.7% - 2.1%	1.1% - 1.9%
Expected volatility	43% - 45%	48% - 56%	52% - 53%
Expected life (in years)	5.5 - 6.1	5.6 - 6.5	5.9 - 6.3

The fair value of the rights to acquire stock under our ESPP was estimated using the following assumptions for the periods presented:

	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
Expected dividend yield	—	—
Risk-free interest rate	0.1% - 0.7%	0.1% - 0.5%
Expected volatility	34% - 35%	47% - 49%
Expected life (in years)	0.5 - 2.0	0.7 - 2.2

We estimate the fair value of the rights to acquire stock under our ESPP using the Black-Scholes option pricing formula. Our ESPP typically provides for consecutive 24 month offering periods, consisting of four tranches. We recognize compensation expense on an accelerated-graded basis over the employee's requisite service period. We account for the fair value of restricted stock units, or RSUs, using the closing market price of our common stock on the date of grant. RSUs typically vest ratably on a quarterly basis over one to four years.

Stock-based compensation expense associated with our stock-settled bonus program is recognized on a straight-line basis over the required service period and the expense is evaluated each quarter based on our company's performance relative to the metrics that determine the bonus pool.

In 2015, 2014 and 2013, stock-based compensation expense was \$28.8 million, \$16.6 million and \$8.4 million, respectively. As of December 31, 2015, we had approximately \$ 52.2 million of total unrecognized compensation expense, net of related forfeiture estimates.

#### *Income Taxes*

We account for income taxes in accordance with ASC Topic 740, Income Taxes, under which deferred tax liabilities and assets are recognized for the expected future tax consequences of temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities and net operating loss and tax credit carryforwards. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

We currently have a full valuation allowance against our U.S. net deferred tax assets of \$96.0 million as of December 31, 2015. We continue to monitor the relative weight of positive and negative evidence of future profitability in relevant jurisdictions. When evidence indicating that it becomes more likely than not that the tax asset may be utilized, the allowance will be released.

#### **Recent Accounting Pronouncements**

For discussion on recent accounting pronouncements, see " Summary of Significant Accounting Policies " under Note 1 " Description of Business and Significant Accounting Policies " included in Item 8, " Financial Statements and Supplementary Data " of Part II of this Annual Report on Form 10-K.

#### **Item 7 A. Quantitative and Qualitative Disclosures about Market Risk**

##### ***Foreign Currency Exchange Risk***

Our sales contracts are currently primarily denominated in U.S. dollars. A portion of our operating expenses are incurred outside the United States and are denominated in foreign currencies and are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the British Pound and Euro. In 2015, our operating expenses benefitted from the increase in the value of the U.S. dollar versus the Euro and other foreign currencies. If, in 2015 or future years, the U.S. dollar declines in value versus the Euro or other currencies, our operating expenses will increase. The effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have a material impact on our consolidated financial statements. To date, we have not engaged in any hedging strategies. As our international operations grow, we will continue to reassess our approach to managing our risk related to fluctuations in currency rates.

Additionally, fluctuations in foreign currency exchange rates may cause us to recognize transaction gains and losses in our statement of operations. To date, foreign currency transaction gains and losses have not been material to our financial statements.

##### ***Interest Rate Risk***

We had cash, cash equivalents and fixed income investments of \$ 98.9 million and \$ 140.4 million as of December 31, 2015 and 2014, respectively, consisting of bank deposits, money market funds, corporate debt securities, commercial paper and securities and obligations of U.S. government agencies.

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. By policy, we limit the amount of credit exposure to any one issuer and our investments are held with capital preservation as the primary objective.

Our cash equivalents and investments are subject to market risk due to changes in interest rates.

Due to increases in interest rates, we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates. However, because we classify our investments as “held-to-maturity”, no gains or losses are recognized due to changes in interest rates unless such securities are sold prior to maturity or declines in value are determined to be other-than-temporary. We believe that we do not have any material exposure to changes in the fair value of our investment portfolio as a result of changes in interest rates. Declines in interest rates, however, will reduce future investment income, if any. For instance the effect of a hypothetical 50 basis point increase or decrease in interest rates would result in a change of approximately \$250,000 to our annual interest income.

**Item 8. Financial Statements and Supplementary Data**

The Selected Financial Data information contained in Item 6 of Part II hereof is hereby incorporated by reference into this Item 8 of Part II of this Form 10-K.

**MobileIron, Inc.**  
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**Report of Independent Registered Public Accounting Firm**

Board of Directors and Stockholders of MobileIron, Inc.  
Mountain View, California

We have audited the accompanying consolidated balance sheets of MobileIron, Inc. and subsidiaries (the “Company”) as of December 31, 2015 and 2014, and the related consolidated statements of operations, convertible preferred stock and stockholders’ equity (deficit), and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of MobileIron, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

San Jose, California  
February 23, 2016

**MOBILEIRON, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**(In thousands, except share and per share data)**

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 47,234	\$ 104,287
Short-term investments	49,576	13,869
Accounts receivable, net of allowance for doubtful accounts of \$628 and \$550 at December 31, 2015 and 2014, respectively	42,674	34,676
Prepaid expenses and other current assets	4,809	4,018
Total current assets	<u>144,293</u>	<u>156,850</u>
Long-term investments	2,094	22,220
Property and equipment—net	6,572	3,978
Intangible assets—net	1,261	2,132
Goodwill	5,475	5,475
Other assets	1,419	1,187
TOTAL ASSETS	<u>\$ 161,114</u>	<u>\$ 191,842</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 2,551	\$ 1,137
Accrued expenses	19,196	21,169
Deferred revenue-current	55,978	44,096
TOTAL CURRENT LIABILITIES	<u>77,725</u>	<u>66,402</u>
Long-term liabilities:		
Deferred revenue-noncurrent	13,897	10,078
Other long-term liabilities	1,353	268
TOTAL LIABILITIES	<u>92,975</u>	<u>76,748</u>
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Common stock, \$0.0001 par value, 300,000,000 shares authorized, 81,326,237 shares and 76,153,844 shares issued and outstanding at December 31, 2015 and December 31, 2014, respectively	8	8
Additional paid-in capital	343,336	305,809
Accumulated deficit	<u>(275,205)</u>	<u>(190,723)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>68,139</u>	<u>115,094</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 161,114</u>	<u>\$ 191,842</u>

See accompanying notes to the consolidated financial statements

**MOBILEIRON, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(In thousands, except per share data )**

	<b>Year ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Revenue			
Perpetual license	\$ 53,512	\$ 66,816	\$ 69,810
Subscription	48,080	30,227	15,085
Software support and services	47,706	35,252	20,679
Total revenue	<u>149,298</u>	<u>132,295</u>	<u>105,574</u>
Cost of revenue			
Perpetual license	2,881	4,448	3,327
Subscription	7,181	5,719	3,684
Software support and services	18,115	13,868	9,489
Total cost of revenue	<u>28,177</u>	<u>24,035</u>	<u>16,500</u>
Gross profit	<u>121,121</u>	<u>108,260</u>	<u>89,074</u>
Operating expenses:			
Research and development	61,871	46,278	36,400
Sales and marketing	105,520	99,870	68,309
General and administrative	36,037	22,400	12,081
Restructuring charge	1,049	—	—
Amortization of intangible assets	—	782	208
Impairment of in-process research and development	—	—	3,925
Total operating expenses	<u>204,477</u>	<u>169,330</u>	<u>120,923</u>
Operating loss	(83,356)	(61,070)	(31,849)
Other expense-net	274	302	396
Loss before income taxes	(83,630)	(61,372)	(32,245)
Income tax expense	852	517	252
Net loss	<u>\$ (84,482)</u>	<u>\$ (61,889)</u>	<u>\$ (32,497)</u>
Net loss per share, basic and diluted	<u>\$ (1.07)</u>	<u>\$ (1.30)</u>	<u>\$ (3.27)</u>
Weighted-average shares used to compute net loss per share, basic and diluted	<u>78,755</u>	<u>47,517</u>	<u>9,953</u>

See accompanying notes to the consolidated financial statements



**MOBILEIRON, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)**  
(In thousands, except share and per share data)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount			
BALANCE—December 31, 2012	43,636,635	\$ 102,552	8,939,067	\$ 1	\$ 8,915	\$ (96,337)	\$ (87,421)
Issuance of common stock for stock option exercises	—	—	569,096	—	679	—	679
Vesting of early exercised stock options and restricted stock	—	—	1,500,120	1	946	—	947
Issuance of Series F preferred stock at \$9.9550 per share—net of issuance costs of \$127	5,809,437	57,707	—	—	—	—	—
Stock-based compensation	—	—	—	—	8,467	—	8,467
Net loss	—	—	—	—	—	(32,497)	(32,497)
BALANCE—December 31, 2013	49,446,072	\$ 160,259	11,008,283	\$ 2	\$ 19,007	\$ (128,834)	\$ (109,825)
Issuance of common stock for stock option exercises	—	—	1,044,087	—	2,280	—	2,280
Vesting of early exercised stock options and restricted stock	—	—	1,400,259	—	669	—	669
Issuance of Series F preferred stock at \$9.9550 per share—net of issuance costs of \$6	200,903	1,994	—	—	—	—	—
Stock-based compensation	—	—	—	—	16,749	—	16,749
Conversion of preferred stock for initial public offering	(49,646,975)	(162,253)	49,646,975	5	162,248	—	162,253
Issuance of common stock for initial public offering, net of issuance costs of \$4,076	—	—	12,777,777	1	102,874	—	102,875
Purchase of Averail Corporation	—	—	276,463	—	1,982	—	1,982
Net loss	—	—	—	—	—	(61,889)	(61,889)
BALANCE—December 31, 2014	—	\$ —	76,153,844	\$ 8	\$ 305,809	\$ (190,723)	\$ 115,094
Issuance of common stock for stock option exercises, net of repurchases	—	—	2,776,221	—	5,846	—	5,846
Vesting of early exercised stock options and restricted stock	—	—	198,564	—	246	—	246
Issuance of common stock for pursuant to the Employee Stock Purchase Plan	—	—	1,273,147	—	7,359	—	7,359
Vesting of restricted stock units	—	—	924,461	—	—	—	—
Stock-based compensation	—	—	—	—	24,076	—	24,076
Net loss	—	—	—	—	—	(84,482)	(84,482)
BALANCE—December 31, 2015	—	\$ —	81,326,237	\$ 8	\$ 343,336	\$ (275,205)	\$ 68,139

See accompanying notes to the consolidated financial statements

**MOBILEIRON, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(In thousands)**

	<u>Year ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss	\$ (84,482)	\$ (61,889)	\$ (32,497)
Adjustments to reconcile net loss to net cash used in operating activities:			
Stock-based compensation expense	28,791	16,749	8,467
Depreciation	2,757	2,215	1,563
Amortization of intangible assets	870	1,430	485
Provision for doubtful accounts	150	54	(67)
Impairment of in-process research and development	—	—	3,925
Loss on disposal of equipment	—	21	—
Amortization of premium on investment securities	368	—	—
Changes in operating assets and liabilities:			
Accounts receivable	(8,148)	(10,605)	(5,996)
Other current and noncurrent assets	(932)	(835)	(2,713)
Accounts payable	1,414	(12)	147
Accrued expenses and other long-term liabilities	(5,024)	2,881	5,884
Deferred revenue	15,701	13,422	(4,748)
Net cash used in operating activities	<u>(48,535)</u>	<u>(36,569)</u>	<u>(25,550)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property and equipment	(3,730)	(3,119)	(2,244)
Purchases of investment securities	(60,913)	(36,104)	—
Maturities of investment securities	44,964	—	—
Purchase of Push Computing, Inc.—net of cash acquired	—	—	(333)
Purchase of intellectual property	—	(650)	(30)
Net cash used in investing activities	<u>(19,679)</u>	<u>(39,873)</u>	<u>(2,607)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Amount drawn from revolving line of credit	—	3,300	4,300
Repayments of revolving line of credit	—	(7,600)	—
Proceeds from the issuance of convertible preferred stock-net of cash issuance costs	—	1,994	57,707
Proceeds from initial public offering	—	106,950	—
Payment of offering costs related to initial public offering	—	(4,076)	—
Proceeds from Employee Stock Purchase Plan	5,406	4,280	—
Proceeds from exercise of stock options	5,755	2,308	1,031
Net cash provided by financing activities	<u>11,161</u>	<u>107,156</u>	<u>63,038</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(57,053)</b>	<b>30,714</b>	<b>34,881</b>
CASH AND CASH EQUIVALENTS—Beginning of period	<u>104,287</u>	<u>73,573</u>	<u>38,692</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 47,234</u>	<u>\$ 104,287</u>	<u>\$ 73,573</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>			
Cash paid for income taxes	\$ 595	\$ 271	\$ 168
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES RELATED TO ACQUISITIONS</b>			
Fair value of assets acquired	\$ —	\$ 2,276	\$ —
Liabilities assumed	\$ —	(294)	\$ —
Issuance of common stock	\$ —	(1,982)	\$ —
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH FINANCING ACTIVITIES:</b>			
Issuance of shares under the Employee Stock Purchase Plan	\$ 7,359	\$ —	\$ —
Purchase of property and equipment recorded in accounts payable	\$ 554	\$ —	\$ —
Tenant improvement allowance recorded in property and equipment and liabilities	\$ 1,068	\$ —	\$ —
Offering costs recorded in accrued liabilities	\$ —	\$ 27	\$ —

See accompanying notes to the consolidated financial statements

## 1. Description of Business and Significant Accounting Policies

### Description of Business

MobileIron, Inc. and its wholly owned subsidiaries, collectively, the “Company”, “we”, “us” or “our”, provides a purpose-built mobile IT platform that enables enterprises to manage and secure mobile applications, content and devices while providing their employees with device choice, privacy and a native user experience. We were incorporated in Delaware in July 2007 and are headquartered in Mountain View, California, with additional sales and support presence in North America, Europe, the Middle East, Asia and Australia.

#### *Initial Public Offering*

In June 2014, we completed our initial public offering, or our IPO, in which we issued and sold 12,777,777 shares of common stock, including 1,666,666 million shares of common stock sold pursuant to the full exercise of the underwriters’ over-allotment option, at a price of \$9.00 per share. We received aggregate proceeds of \$107.0 million from the sale of shares of common stock, net of underwriters’ discounts and commissions, but before deducting offering expenses of approximately \$4.1 million. Upon the closing of the initial public offering, all shares of our outstanding convertible preferred stock automatically were converted into 49,646,975 shares of common stock.

#### *Basis of Presentation and Consolidation*

The accompanying audited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP, and include the accounts of our wholly owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

#### *Stock Split*

In May 2014, we amended and restated our amended and restated certificate of incorporation to effect a seven-for-five reverse stock split of our common stock and convertible preferred stock. On the effective date of the reverse stock split, (i) each seven shares of outstanding convertible preferred stock and common stock was reduced to five shares of convertible preferred stock and common stock, respectively; (ii) the number of shares of common stock issuable under each outstanding option to purchase common stock was proportionately reduced on a seven-for-five basis; (iii) the exercise price of each outstanding option to purchase common stock was proportionately increased on a seven-for-five basis; and (iv) corresponding adjustments in the per share conversion prices, dividend rates and liquidation preferences of the convertible preferred stock were made. All of the share and per share information referenced throughout this Annual Report on Form 10-K and notes to the consolidated financial statements have been retroactively adjusted to reflect this reverse stock split.

#### *Foreign Currency Translation*

Our reporting currency is the U.S. dollar. The functional currency of all our international operations is the U.S. dollar. All monetary asset and liability accounts are translated into U.S. dollars at the period-end rate, nonmonetary assets and liabilities are translated at historical exchange rates, and revenue and expenses are translated at the weighted-average exchange rates in effect during the period. Translation adjustments arising are recorded as foreign currency gains (losses) in the consolidated statements of operations. We recognized a foreign currency loss of approximately \$518,000, \$304,000 and \$399,000 in 2015, 2014 and 2013, respectively, in other expense—net in our consolidated statements of operations.

#### *Use of Estimates*

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates include, but are not limited to, revenue recognition, stock-based compensation, goodwill, intangible assets and accounting for income taxes. Actual results could differ from those estimates.

### *Concentrations of Credit Risk*

Financial instruments that potentially subject us to a concentration of credit risk consist of cash, money market funds and fixed income investments. Although we deposit our cash with multiple financial institutions, our deposits, at times, exceed federally insured limits. We invest in fixed income securities that are of high-credit quality. Substantially all of our money market funds, or \$18.9 million, are held in two funds that are rated “AAA.”

We generally do not require collateral or other security in support of accounts receivable. Allowances are provided for individual accounts receivable when we become aware of a customer’s inability to meet its financial obligations, such as in the case of bankruptcy, deterioration in the customer’s operating results, or change in financial position. If circumstances related to customers change, estimates of the recoverability of receivables would be further adjusted. We also consider broader factors in evaluating the sufficiency of our allowances for doubtful accounts, including the length of time receivables are past due, significant one-time events and historical experience. Activity in our allowance for doubtful accounts was as follow:

	<b>Balance at Beginning of Period</b>	<b>Bad Debt Expense</b>	<b>Write-offs, Net of Recoveries</b>	<b>Balance at End of Period</b>
Balance as of December 31, 2015	\$ 550	150	(72)	\$ 628
Balance as of December 31, 2014	\$ 492	\$ 54	\$ 4	\$ 550
Balance as of December 31, 2013	\$ 559	\$ (67)	\$ —	\$ 492

One reseller accounted for 17% (1% as an end customer), 22% (2% as an end customer) and 23% (3% as an end customer) of total revenue in 2015, 2014 and 2013, respectively. The same reseller accounted for 14% and 16% of net accounts receivable as of December 31, 2015 and 2014, respectively.

There were no other resellers or end-user customers that accounted for 10% or more as a percentage of our revenue or net accounts receivable for any period presented.

### *Segments*

We have one reportable segment

## **Summary of Significant Accounting Policies**

### *Revenue Recognition*

We derive revenue principally from software-related arrangements consisting of perpetual software licenses, post-contract customer support for such licenses, or PCS or software support, including when and if available updates, and professional services such as consulting and training services. We also offer our software as term-based licenses and cloud-based arrangements. In addition, we install our software on servers that we ship to customers.

We begin to recognize revenue when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been provided, (iii) the sales price is fixed and determinable, and (iv) collection of the related receivable is probable. If collection is not considered probable, revenue is recognized only upon collection.

Signed agreements, including by electronic acceptance, are used as evidence of an arrangement. Delivery is considered to occur when we provide a customer with a link and credentials to download our software. Delivery of a hardware appliance (an “appliance”) is considered to occur when title and risk of loss has transferred to the customer, which typically occurs when appliances are delivered to a common carrier. Delivery of services occurs when performed.

Prior to January 1, 2013, we had not established vendor specific objective evidence, or VSOE, of fair value for any of the elements in our multiple-element arrangements. As of January 1, 2013, we determined that we had sufficient history to establish VSOE of fair value for PCS and professional services. Prior to January 1, 2013, we did not have VSOE of fair value for our software-related undelivered elements due to limited history of stand-alone sales transactions and inconsistency in pricing. We established VSOE of fair value when we had a substantial majority of stand-alone sales

transactions of software support and services pricing within a narrow pricing band. In our VSOE analysis, we generally include stand-alone sales transactions completed during a rolling 12 month period unless a shorter period is appropriate due to changes in our pricing structure.

We typically enter into multiple-element arrangements with our customers in which a customer may purchase a combination of software on a perpetual or subscription license, PCS, and professional services. The professional services are not considered essential to the functionality of the software. All of these elements are considered separate units of accounting. Our standard agreements do not include rights for customers to cancel or terminate arrangements or to return software to obtain refunds.

We use the residual method to recognize revenue when a perpetual license arrangement includes one or more elements to be delivered at a future date provided the following criteria are met: (i) VSOE of fair value does not exist for one or more of the delivered items but exists for all undelivered elements, (ii) all other applicable revenue recognition criteria are met and (iii) the fair value of all of the undelivered elements is less than the arrangement fee. VSOE of fair value is based on the normal pricing practices for those products and services when sold separately by us and contractual customer renewal rates for post-contract customer support services. Under the residual method, the fair value of the undelivered elements is deferred and the remaining portion of the arrangement fee is recognized as revenue in the period in which it was earned. If evidence of the fair value of one or more undelivered elements does not exist, then the revenue is deferred and recognized when delivery of those elements occurs, or when fair value can be established, or ratably over the PCS period if the only undelivered element is PCS—we refer to these deferred revenue elements as the “Deferred Portion.”

Revenue from subscriptions to our on premise term licenses, arrangements where perpetual and subscriptions to our on premise term licenses are sold together, and subscriptions to our cloud service are recognized ratably over the contractual term for all periods presented and are included as a component of subscription revenue within our consolidated statements of operations. We refer to arrangements where perpetual and subscriptions to our on premise term licenses are sold together as “Bundled Arrangements.”

Occasionally, we enter into multiple-element arrangements with our customers in which a customer may purchase a combination of software on a perpetual or term basis, PCS, professional services, and appliances. We generally provide the appliances and software upon the commencement of the arrangement and provide software-related elements throughout the support period. We account for appliance-bundled arrangements under the revised accounting standard related to multiple-element arrangements, Accounting Standard Update, or ASU, No. 2009-13, *Multiple Element Arrangements*, and determine the revenue to be recognized based on the standard’s fair value hierarchy and then determine the value of each element in the arrangement based on the relative selling price of the arrangement. Amounts related to appliances are generally recognized upon delivery with the remaining consideration allocated to software and software-related elements, which are recognized as described elsewhere in this policy.

Revenue from PCS is recognized ratably over the support term and is included as a component of software support and service revenue within the consolidated statements of operations.

Revenue related to professional services is recognized upon delivery and is included as a component of software support and services revenue within the consolidated statements of operations.

Prior to establishing VSOE of fair value for PCS and professional services on January 1, 2013, we recognized revenue for multiple element software and software-related arrangements ratably from the date of service commencement over the contractual term of the related PCS arrangement. After January 1, 2013, the deferred revenue related to these arrangements continues to be recognized ratably over the remaining contractual term of the PCS arrangement. Approximately \$1.8 million, \$5.2 million and \$21.1 million of perpetual license revenue in 2015, 2014 and 2013, respectively, related to sales made prior to January 1, 2013. Approximately \$300,000 and \$2.1 million deferred revenue as of December 31, 2015 and 2014, respectively, related to sales made prior to January 1, 2013.

We allocated the revenue from all multiple-element arrangements entered into prior to the establishment of VSOE of fair value for our PCS and professional services to each respective revenue caption using our best estimate of value of each element based on the facts and circumstances of the arrangements, our go-to-market strategy, price list and

discounts from price list as applicable. We believe that the allocation between the revenue captions allows for greater transparency and comparability of revenue from period to period even though VSOE of fair value may not have existed at that time.

Appliance revenue was less than 10% of total revenue for all periods presented and is included as a component of perpetual license revenue within the consolidated statements of operations.

Generally, sales made through resellers are fulfilled to the end customer and processed in the same period. Inventory of the licenses held by the resellers was immaterial for all periods presented.

Shipping charges and sales tax billed to partners are excluded from revenue.

Sales commissions and other incremental costs to acquire contracts are also expensed as incurred and are recorded in sales and marketing expense.

For all arrangements, any revenue that has been deferred and is expected to be recognized beyond one year is classified as long-term deferred revenue in the consolidated balance sheets.

#### *Cash Equivalents*

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. As of December 31, 2015 and 2014, cash and cash equivalents consisted of cash deposited with banks, money market funds and investments that mature within three months of their purchase.

#### *Held-To-Maturity Investments*

We determine the appropriate classification of our fixed income investments at the time of purchase and reevaluate their classifications each reporting period. Investments are classified as held-to-maturity since the Company has positive intent and the ability to hold the securities to maturity. Held-to-maturity securities are stated at amortized cost.

#### *Comprehensive Loss*

Comprehensive loss includes all changes in equity (net assets) during a period from non-owner sources. In 2015, 2014 and 2013, there were no differences between net loss and comprehensive loss. Therefore, the consolidated statements of comprehensive loss have been omitted.

#### *Net Loss per Share of Common Stock*

Basic net loss per common share is calculated by dividing the net loss by the weighted-average number of common shares outstanding during the period, without consideration for potentially dilutive securities. Diluted net loss per share is computed by dividing the net loss by the weighted-average number of common shares and potentially dilutive securities outstanding for the period determined using the treasury-stock and if-converted methods. For purposes of the diluted net loss per share calculation, convertible preferred stock, unvested restricted stock, restricted stock units and stock options are considered to be potentially dilutive securities. Because we have reported a net loss for 2015, 2014 and 2013, the number of shares used to calculate diluted net loss per common share is the same as the number of shares used to calculate basic net loss per common share for those periods presented because the potentially dilutive shares would have been anti-dilutive if included in the calculation.

#### *Inventory*

We have appliances (industry standard hardware servers available from multiple vendors) that are available for customers to purchase, on which we preinstall our software prior to shipment. Inventory is stated at the lower of cost or net realizable value. We value our inventory using the first-in, first-out method. Appropriate consideration is given to obsolescence, excessive levels, deterioration and other factors in evaluating net realizable value—such adjustments were not material for any period presented. The entire inventory is comprised of finished goods. As of December 31, 2015 and

2014, we had inventory of \$309,000 and \$528,000 , respectively, which is included in prepaid expenses and other current assets in the consolidated balance sheets.

*Software Development Costs Incurred in Connection with Software to be Sold or Marketed*

The costs to develop new software products and enhancements to existing software products are expensed as incurred until technological feasibility has been established. We consider technological feasibility to have occurred when all planning, designing, coding and testing have been completed according to design specifications. Once technological feasibility is established, any additional costs would be capitalized. We believe our current process for developing software is essentially completed concurrent with the establishment of technological feasibility, and accordingly, no costs have been capitalized.

*Internal Use Software*

We capitalize costs incurred during the application development stage related to our internally used software. Such costs are primarily incurred by third-party vendors and consultants. Costs related to preliminary project activities and post-implementation activities are expensed as incurred. Amounts capitalized in all periods presented were not significant.

All software development costs incurred in connection with our cloud offering, or SaaS, are also sold or marketed to partners or end customers, therefore we start capitalizing costs when technological feasibility is achieved. No costs were capitalized in any periods presented as we believe that our current process for developing software is essentially completed concurrent with the establishment of technological feasibility.

*Property and Equipment*

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of the property and equipment, determined to be three years for computers and equipment and software, five years for furniture and fixtures, and the lesser of the remaining lease term or estimated useful life for leasehold improvements. Expenditures for repairs and software support are charged to expense as incurred. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected as operating expenses in the consolidated statements of operations.

*Goodwill and Intangible Assets*

We record the excess of the acquisition purchase price over the fair value of the tangible and identifiable intangible assets acquired as goodwill. We perform an impairment test of our goodwill in the third quarter of our fiscal year, or more frequently if indicators of potential impairment arise. We have a single reporting unit and consequently evaluate goodwill for impairment based on an evaluation of the fair value of the Company as a whole. We record purchased intangible assets at their respective estimated fair values at the date of acquisition. Purchased intangible assets are being amortized using the straight-line method over their remaining estimated useful lives, which range from three to five years. We evaluate the remaining useful lives of intangible assets on a periodic basis to determine whether events or circumstances warrant a revision to the remaining estimated amortization period.

We have determined that our intangible assets have not been impaired during the years ended December 31, 2015 and 2014 . In 2013, we abandoned an in-process research and development project and recorded a \$3.9 million impairment loss.

*Long-Lived Assets with Finite Lives*

Long-lived assets are reviewed for possible impairment whenever events or circumstances indicate that the carrying amount of these assets may not be recoverable. We evaluate the recoverability of each of our long-lived assets, including purchased intangible assets and property and equipment, by comparison of its carrying amount to the future undiscounted cash flows we expect the asset to generate. If we consider the asset to be impaired, we measure the amount of any impairment as the difference between the carrying amount and the fair value of the impaired asset.

*Stock-Based Compensation*

We use the estimated grant-date fair value method of accounting in accordance with Accounting Standards Codification, or ASC, Topic 718 *Compensation—Stock Compensation*. Fair value is determined using the Black-Scholes Model using various inputs, including our estimates of expected volatility, term and future dividends. We estimated the forfeiture rate in 2015, 2014 and 2013 based on our historical experience for annual grant years where the majority of the vesting terms have been satisfied. We recognize compensation costs for awards with service and performance vesting conditions and for our Employee Stock Purchase Plan, or ESPP, on an accelerated method over the requisite service period of the award. For stock options or restricted stock grants with no performance condition, we recognize compensation costs on a straight-line basis over the requisite service period of the award, which is generally the vesting term of four years.

*Research and Development*

Research and development, or R&D, costs are charged to expense as incurred.

*Advertising*

Advertising costs are expensed and included in sales and marketing expense when incurred. Advertising expense in 2015, 2014 and 2013 was \$256,000, \$526,000 and \$560,000, respectively.

*Income Taxes*

We account for income taxes in accordance with ASC Topic 740, *Income Taxes*, under which deferred tax liabilities and assets are recognized for the expected future tax consequences of temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities and net operating loss and tax credit carryforwards. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

We use a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. A tax position is recognized when it is more likely than not that the tax position will be sustained upon examination, including resolution of any related appeals or litigation processes. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement with a taxing authority. The standard also provides guidance on derecognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure and transition.

**Recent Accounting Pronouncements**

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, or FASB, or other standard setting bodies and adopted by us as of the specified effective date. Unless otherwise discussed, the impact of recently issued standards that are not yet effective will not have a material impact on our financial position or results of operations upon adoption.

In May 2014, the FASB, jointly with the International Accounting Standards Board, issued a comprehensive new standard on revenue recognition from contracts with customers. The standard's core principle is that a reporting entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In applying this new guidance to contracts within its scope, an entity will: (1) identify the contract(s) with a customer, (2) identify the



performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. Additionally, this new guidance will require significantly expanded disclosures about revenue recognition. As clarified by the FASB on July 9, 2015, provisions of this new standard are effective for annual reporting periods (including interim reporting periods within those annual periods) beginning after December 15, 2017. Early adoption is permitted for annual reporting periods (including interim reporting periods within those annual periods) beginning after December 15, 2016. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt this new guidance. We are currently evaluating the potential effect on our consolidated financial statements from adoption of this standard.

In November 2015, the FASB issued Accounting Standard Update, or ASU, 2015-17, “Balance Sheet Classification of Deferred Taxes”, which simplifies the presentation of deferred income taxes. This ASU requires that deferred tax assets and liabilities be classified as non-current in a statement of financial position. We early adopted ASU 2015-17 effective December 31, 2015 on a prospective basis. Due to the valuation allowances recorded against our deferred tax assets, adoption of this ASU resulted in no net impact to our Consolidated Balance Sheet as of December 31, 2015.

## 2. Significant Balance Sheet Components

**Property and Equipment** —Property and equipment at December 31, 2015 and 2014 consisted of the following (in thousands):

	<b>As of December 31,</b>	
	<b>2015</b>	<b>2014</b>
Computers and appliances	\$ 7,908	\$ 6,405
Purchased software	2,220	1,698
Furniture and fixtures	1,338	182
Leasehold improvements	2,887	717
Total property and equipment	14,353	9,002
Accumulated depreciation and amortization	(7,781)	(5,024)
Total property and equipment—net	<u>\$ 6,572</u>	<u>\$ 3,978</u>

**Accrued Expenses** —Accrued expenses at December 31, 2015 and 2014 consisted of the following (in thousands):

	<b>As of December 31,</b>	
	<b>2015</b>	<b>2014</b>
Accrued commissions	\$ 4,181	\$ 6,199
Accrued stock-settled bonus	4,714	—
Accrued vacation	512	3,589
Employee Stock Purchase Plan liability	2,329	4,280
Other accrued payroll-related expenses	2,483	2,231
Liability for early exercised stock options (Note 11)	48	294
Other accrued liabilities	4,929	4,576
Total accrued expenses	<u>\$ 19,196</u>	<u>\$ 21,169</u>

**Deferred Revenue**—Current and noncurrent deferred revenue at December 31, 2015 and 2014 consisted of the following (in thousands):

	As of December 31,	
	2015	2014
Perpetual license	\$ 400	\$ 3,045
Subscription	25,013	19,981
Software support	42,254	29,213
Professional services	2,208	1,935
Total current and noncurrent deferred revenue	\$ 69,875	\$ 54,174

Included in deferred perpetual license revenue is \$ 300,000 and \$2.1 million at December 31, 2015 and 2014, respectively, of revenue deferred for multiple element software license arrangements billed prior to January 1, 2013 for which we did not recognize revenue immediately due to lack of VSOE of fair value for software support and services. See Note 1 entitled “Description of Business and Significant Accounting Policies” in Item 8, “Financial Statements and Supplementary Data,” of Part II of this Annual Report on Form 10-K.

### 3. Fair Value Measurement

With the exception of our held-to-maturity fixed income investments, we report financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis in accordance with ASC 820 (formerly FASB Statement No. 157, *Fair Value Measurements*). ASC 820 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, we consider the principal or most advantageous market in which we would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

ASC 820 also establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three levels. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is available and significant to the fair value measurement. ASC 820 establishes and prioritizes three levels of inputs that may be used to measure fair value:

- Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2—Inputs are quoted prices for similar assets and liabilities in active markets or inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly through market corroboration, for substantially the full term of the financial instruments.
- Level 3—Inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value. The inputs require significant management judgment or estimation.

Our financial assets that are carried at fair value include cash and money market funds. We had no financial liabilities, or nonfinancial assets and liabilities that were required to be measured at fair value on a recurring basis, or that were measured at fair value as of December 31, 2015 or 2014.

Our financial instruments measured at fair market value as of December 31, 2015 and 2014 were as follows:

<i>(in thousands)</i>	<b>As of December 31, 2015</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money market funds	\$ 18,850	\$ —	\$ —	\$ 18,850
Corporate debt securities	—	28,520	—	28,520
Commercial paper	—	24,187	—	24,187
Securities and obligations of U.S. government agencies	—	12,426	—	12,426
<b>Total</b>	<b>\$ 18,850</b>	<b>\$ 65,133</b>	<b>\$ —</b>	<b>\$ 83,983</b>

<i>(in thousands)</i>	<b>As of December 31, 2014</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money market funds	\$ 77,522	\$ —	\$ —	\$ 77,522
Corporate debt securities	—	19,738	—	19,738
Commercial paper	—	16,393	—	16,393
Securities and obligations of U.S. government agencies	—	13,636	—	13,636
<b>Total</b>	<b>\$ 77,522</b>	<b>\$ 49,767</b>	<b>—</b>	<b>\$ 127,289</b>

#### 4. Investments

Our portfolio of fixed income securities consists of commercial paper, corporate debt securities and securities and obligations of U.S. government agencies. All our investments in fixed income securities are classified as held-to-maturity. These investments are carried at amortized cost.

Our investments in fixed income securities as of December 31, 2015 were as follows:

<i>(In thousands)</i>	<b>As of December 31,</b>			
	<b>2015</b>			
	<b>Amortized cost</b>	<b>Gains</b>	<b>Losses</b>	<b>Fair Value</b>
Corporate debt securities	\$ 28,549	\$ 1	\$ (30)	\$ 28,520
Commercial paper	24,187	1	(1)	24,187
Securities and obligations of U.S. government agencies	12,431	—	(5)	12,426
<b>Total</b>	<b>\$ 65,167</b>	<b>\$ 2</b>	<b>\$ (36)</b>	<b>\$ 65,133</b>

<i>(In thousands)</i>	<b>As of December 31,</b>			
	<b>2014</b>			
	<b>Amortized cost</b>	<b>Gains</b>	<b>Losses</b>	<b>Fair Value</b>
Corporate debt securities	\$ 19,756	\$ 3	\$ (21)	\$ 19,738
Commercial paper	16,391	2	—	16,393
Securities and obligations of U.S. government agencies	13,641	2	(7)	13,636
<b>Total</b>	<b>\$ 49,788</b>	<b>\$ 7</b>	<b>\$ (28)</b>	<b>\$ 49,767</b>

The following table summarizes the balance sheet classification of our investments:

<i>(In thousands)</i>	<b>As of December 31,</b>	
	<b>2015</b>	<b>2014</b>
Cash equivalents	\$ 13,499	\$ 13,699
Short-term investments	49,574	13,869
Long-term investments	2,094	22,220
Total investments	<u>\$ 65,167</u>	<u>\$ 49,788</u>

The gross amortized cost and estimated fair value of our held-to-maturity investments at December 31, 2015 by contractual maturity are shown below. Actual maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

<i>(In thousands)</i>	<b>As of December 31,</b>			
	<b>2015</b>		<b>2014</b>	
	<b>Gross</b>		<b>Gross</b>	
	<b>Amortized</b>	<b>Fair</b>	<b>Amortized</b>	<b>Fair</b>
	<b>Cost</b>	<b>Value</b>	<b>Cost</b>	<b>Value</b>
Due in one year or less	\$ 63,073	\$ 63,040	\$ 27,568	\$ 27,565
Due after one year through five years	2,094	2,093	22,220	22,202
Total	<u>\$ 65,167</u>	<u>\$ 65,133</u>	<u>\$ 49,788</u>	<u>\$ 49,767</u>

We monitor our investment portfolio for impairment on a periodic basis. In order to determine whether a decline in fair value is other-than-temporary, we evaluate, among other factors: the duration and extent to which the fair value has been less than the carrying value; our financial condition and business outlook, including key operational and cash flow metrics, current market conditions and future trends in our industry; our relative competitive position within the industry; and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in fair value. A decline in the fair value of the security below amortized cost that is deemed other-than-temporary is charged to earnings, resulting in the establishment of a new cost basis for the affected securities. In 2015, we had an insignificant amount of unrealized gains or losses, and we did not recognize any other-than-temporary impairments.

## 5. Acquisitions

In November 2014, we purchased developed technology for \$650,000 to enhance our product portfolio, which we capitalized in intangible assets—net on the accompanying balance sheet and expect to amortize on a straight-line basis over its estimated useful life of three years.

In April 2014, we completed the acquisition of certain assets of Averail Corporation, or Averail, a privately-held content security-oriented software company, for 276,463 shares of common stock and the assumption of certain liabilities. The assets acquired will provide additional features in our Docs@Work product. Included in the total, 43,612 shares subject to a holdback provision for standard representations and warranties were released in October 2015. The aggregate purchase price of the transaction was approximately \$2.0 million, net of liabilities assumed. In connection with this acquisition, 103,231 of these shares were distributed to entities affiliated with Storm Ventures, and 103,232 of these shares were issued to entities affiliated with Foundation Capital, subject to certain holdback provisions. The Storm Ventures entities and the Foundation Capital entities each collectively hold more than 5% of our capital stock. In addition, Tae Hea Nahm, an affiliate of Storm Ventures, serves on our board of directors and was a director of Averail prior to its acquisition. The aggregate value of the securities issued to our investors was approximately \$1.5 million.

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The total consideration for this transaction was approximately \$2.0 million and consisted of the following (in thousands except share data):

Common stock issued (232,854 shares)	\$ 1,670
Holdback common stock (43,612 shares)	312
Total consideration	<u>\$ 1,982</u>

Transaction costs associated with the acquisition were \$167,000, all of which we expensed in 2014, and are included in general and administrative expense in the accompanying consolidated statements of operations.

We accounted for the Averail acquisition as a business combination. The assets acquired and liabilities assumed were recorded at fair market value. The excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired was recorded as goodwill. The goodwill generated from this business combination was primarily related to value placed on the employee workforce and expected synergies. Goodwill for all acquisitions is not amortized and is not deductible for tax purposes.

The purchase price was allocated as follows (in thousands):

Technology – intangible asset	\$ 1,600
Goodwill	676
Liabilities assumed	<u>(294)</u>
Net assets acquired	<u>\$ 1,982</u>

The technology intangible asset is being amortized on a straight-line basis over a period of four years and is reported, net of accumulated amortization, in the accompanying consolidated balance sheet as of December 31, 2015. Amortization expense related to the intangible asset was \$400,000 and \$300,000 in 2015 and 2014, respectively, and was included in cost of revenue.

The amount of revenue and earnings from the acquisitions are included in the condensed consolidated statements of operations and pro forma results of operations for the acquisition have not been presented because the effect of the acquisition was not significant to our financial results.

## 6. Goodwill and Intangibles

The following table reflects intangible assets subject to amortization as of December 31, 2015 and 2014 (in thousands):

	As of December 31, 2015			
	Gross Carrying Amount	Accumulated Amortization	Impairment	Net Book Value
Technology	3,080	(1,819)	—	1,261
Total	\$ 3,080	\$ (1,819)	\$ —	\$ 1,261

	As of December 31, 2014			
	Gross Carrying Amount	Accumulated Amortization	Impairment	Net Book Value
Technology	3,080	(948)	—	2,132
Total	\$ 3,080	\$ (948)	\$ —	\$ 2,132

Amortization of the technology intangible assets was recorded in cost of revenue.

The weighted average remaining life of our intangible assets on December 31, 2015 was 2.1 years.

Estimated remaining intangible assets amortization expense for the next five years as follows (in thousands):

Year	
2016	616
2017	545
2018	100
2019	—
Total	<u>\$ 1,261</u>

At December 31, 2015, 2014 and 2013, the carrying value of goodwill was as follows (in thousands):

Balance, December 31, 2013	\$ 4,799
Additions	676
Balance, December 31, 2014	<u>5,475</u>
Additions	—
Balance, December 31, 2015	<u>\$ 5,475</u>

## 7. Restructuring Charge

In 2015, we completed a business restructuring plan to reduce our cost structure through a workforce reduction and recorded all amounts associated with the restructuring plan as an expense.

Restructuring costs, recorded in operating expenses, totaled \$1.0 million for year ended December 31, 2015.

The following table summarizes the restructuring activities during the year ended December 31, 2015 (in thousands):

	Severance and Related Costs
Balance, December 31, 2014	\$ —
Provision for restructuring charges	1,049
Cash payments	<u>(1,049)</u>
Balance, December 31, 2015	<u>\$ —</u>

## 8. Line of Credit

We have a \$20.0 million revolving line of credit with a financial institution that can be used to (a) borrow for working capital and general business requirements, (b) issue letters of credit, and (c) enter into foreign exchange contracts. Amounts borrowed accrue interest at a floating per annum rate equal to the prime rate. A default interest rate shall apply during an event of default at a rate per annum equal to 5% above the otherwise applicable interest rate. The line of credit is collateralized by substantially all of our assets, except intellectual property, and requires us to comply with working capital, net worth and other covenants, including limitations on indebtedness and restrictions on dividend distributions, among others, and the borrowing capacity is limited to eligible accounts receivable. We are required to maintain an adjusted quick ratio (defined as the ratio of current assets to current liabilities minus deferred revenue) of at least 1.25.

In 2014, we withdrew \$3.3 million and repaid \$7.6 million under our line of credit. There were no outstanding amounts under the line of credit at December 31, 2015 and 2014.

In May 2015, we issued a letter of credit for \$1.5 million as a security deposit for a new Mountain View facility lease thereby reducing the borrowing capacity under our line of credit to \$18.5 million.

In July 2015, we amended our revolving line of credit and extended its maturity date to August 20 1 7.

As of December 31, 2015 and 2014, we were in compliance with all financial covenants.

## 9. Preferred Stock

Upon completion of our IPO in June 2014, all shares of our issued and outstanding convertible preferred stock were automatically converted into 49,646,975 shares of common stock.

We amended and restated our certificate of incorporation in June 2014 to authorize the future issuance of up to 10,000,000 shares of convertible preferred stock. No shares of convertible preferred stock were issued and outstanding as of December 31, 2015.

In January 2014, we issued 200,903 shares of Series F for net cash proceeds of \$2.0 million.

The following table summarizes information regarding our convertible preferred stock by class immediately prior to the IPO (in thousands, except share and per share data) :

	Shares		Per share liquidation preference	Aggregate liquidation preference	Carrying value
	Authorized	Outstanding			
Series A	18,604,666	13,289,037	\$ 0.70	\$ 9,302	\$ 9,222
Series B	16,225,758	11,589,825	0.95	10,977	10,929
Series C	13,281,250	9,486,602	1.79	17,000	16,860
Series D	6,550,505	4,678,927	4.27	20,000	19,945
Series E	6,429,159	4,592,244	9.96	45,716	45,596
Series F	8,414,493	6,010,340	9.96	59,833	59,701
Total	69,505,831	49,646,975		\$ 162,828	\$ 162,253

## 10. Common Stock

We were authorized to issue 300,000,000 shares of common stock with a par value of \$0.0001 per share as of December 31, 2015 and 2014. Each share of common stock is entitled to one vote. The holders of common stock are also entitled to receive dividends from funds available, when and if declared by the board of directors, subject to the approval and priority rights of holders of all classes of preferred stock outstanding.

As of December 31, 2015 and 2014, we reserved shares of common stock for issuance as follows:

	As of December 31,	
	2015	2014
Options outstanding	11,498,747	16,435,568
Unvested restricted stock units outstanding	7,832,962	478,789
Unvested restricted stock outstanding	—	93,805
Unvested early exercised stock options	12,428	117,187
Shares available for grant under Equity Incentive Plan and Inducement Plan	6,672,236	7,392,158
Shares available for purchase under Employee Stock Purchase Plan	1,561,929	2,071,428
Total	27,578,302	26,588,935

## 11. Share Based Awards

### 2008 Plan

The 2008 Stock Plan, or 2008 Plan, which expired on June 12, 2014, provided for the grant of incentive and nonstatutory stock options to employees, nonemployee directors and consultants of the Company. Options granted under the 2008 Plan generally become exercisable within three to four years following the date of grant and expire 10 years from the date of grant. When options are subject to our repurchase right, we may buy back any unvested shares at their original exercise price in the event of an employee's termination prior to full vesting.

Our 2008 Plan was terminated following the date our 2014 Equity Incentive Plan, or the 2014 Plan, became effective. Any outstanding stock awards under our 2008 Plan will continue to be governed by the terms of our 2008 Plan and applicable award agreements.

#### *2014 Equity Incentive Plan*

Our board of directors adopted our 2014 Plan on April 17, 2014, and our stockholders subsequently approved the 2014 Plan on May 27, 2014. The 2014 Plan became effective on the date that our registration statement was declared effective by the SEC. The 2014 Plan is the successor to and continuation of our 2008 Plan. Upon the effective date of the 2014 Plan, no further grants can be made under our 2008 Plan.

Our 2014 Plan provides for the grant of incentive stock options, or ISOs, within the meaning of Section 422 of the Internal Revenue Code, or the Code, to our employees and our parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, or NSOs, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance-based stock awards, and other forms of equity compensation to our employees, directors and consultants. Additionally, our 2014 Plan provides for the grant of performance cash awards to our employees, directors and consultants.

The initial number of shares of our common stock available to be issued under our 2014 Plan was 8,142,857, which number of shares will be increased by any shares subject to stock options or other stock awards granted under the 2008 Plan that would have otherwise returned to our 2008 Plan (such as upon the expiration or termination of a stock award prior to vesting), not to exceed 16,312,202.

The number of shares of our common stock reserved for issuance under our 2014 Plan will automatically increase on January 1 of each year, beginning on January 1, 2015 and continuing through and including January 1, 2024, by 5% of the total number of shares of our capital stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares determined by our board of directors. On January 1, 2015, we increased the number of shares of common stock reserved for issuance under our 2014 Plan by 3,818,242 shares.

#### *Amended and Restated 2015 Inducement Plan*

On December 20, 2015, our board of directors adopted our 2015 Inducement Plan, or the Inducement Plan, to reserve 1,600,000 shares of our common stock to be used exclusively for grants of awards to individuals that were not previously employees or directors of the Company. The terms and conditions of the Plan are substantially similar to our stockholder-approved 2014 Plan. No shares were outstanding under the Inducement Plan on December 31, 2015.

On January 5, 2016 our board of directors approved the amendment and restatement of the Inducement Plan to increase the share reserve under the Inducement Plan to 1,970,000 shares of our common stock.

On January 6, 2016, Barry Mainz was appointed as our President and Chief Executive Officer and a Class I Director.

Pursuant to Mr. Mainz's employment agreement, the Compensation Committee of the Board granted Mr. Mainz an award of 200,000 restricted stock units (the "**First RSU Award**"). One hundred percent (100%) of the shares under the First RSU Award will vest and be issuable on the second anniversary of his January 6, 2016 start date, subject to Mr. Mainz's continued service with the Company. Additionally, the Compensation Committee of the Board granted Mr. Mainz an award of 560,000 restricted stock units (the "**Second RSU Award**"). Fourteen forty-eighth (14/48th) of the shares under the Second RSU Award will vest and be issuable on February 20, 2017, 1/16<sup>th</sup> of the shares under the Second RSU Award will vest and be issuable on each of the next 11 of our standard quarterly vesting dates (May 20, August 20, November 20 and February 20) thereafter, and 1/48<sup>th</sup> of the shares under the Second RSU Award will vest and be issuable on February 20, 2020, subject to Mr. Mainz's continued service with the Company. The RSU Awards will be subject to the terms of the Inducement Plan and applicable RSU award agreements.

On February 9, 2016, as a material inducement to Mr. Mainz's employment, the Compensation Committee of the Board granted to Mr. Mainz an option to purchase 840,000 shares of the Company's Common Stock with an exercise price equal to the fair market value of a share of Common Stock on the date of grant. One-fourth (1/4th) of the option to purchase 840,000 shares will vest and become exercisable on the first anniversary of the January 6, 2016 start date, and 1/48th of such shares will vest and become exercisable at the end of each one-month period thereafter, subject to



Mr. Mainz’s continued service with the Company. The options are subject to the terms of the Inducement Plan and applicable option agreement.

In addition, if within 90 days following the January 6, 2016 start date, Mr. Mainz purchases Common Stock of the Company in open market purchases, then the Compensation Committee of the Board will grant Mr. Mainz an option to purchase a number of shares of Common Stock of the Company equal to the number of shares purchased by Mr. Mainz in such open market purchases up to an aggregate amount of \$500,000, with an exercise price equal to the fair market value of a share of Common Stock on the date of grant. One-fourth (1/4th) of the options granted under this provision will vest and become exercisable on the first anniversary of the date of grant of such option, and 1/48th of such shares will vest and become exercisable at the end of each one-month period thereafter, subject to Mr. Mainz’s continued service with the Company. The options will be subject to the terms of the Company’s 2014 Equity Incentive Plan and applicable option agreement.

*2014 Employee Stock Purchase Plan*

Our board of directors adopted our 2014 Employee Stock Purchase Plan, or ESPP, on April 17, 2014, and our stockholders subsequently approved the ESPP on May 27, 2014. The ESPP became effective immediately upon the execution and delivery of the underwriting agreement related to our IPO. The purpose of the ESPP is to secure the services of new employees, to retain the services of existing employees and to provide incentives for such individuals to exert maximum efforts toward our success and that of our affiliates. The ESPP is intended to qualify as an “employee stock purchase plan” within the meaning of Section 423 of the Code. The ESPP permits eligible employees to purchase our common stock through payroll deductions, which may not exceed 15% of the employee’s base compensation. Stock may be purchased under the plan at a price equal to 85% of the fair market value of our common stock on either the first day of the offering or the last day of the applicable purchase period, whichever is lower.

The initial number of shares of our common stock initially reserved for issuance under our ESPP was 2,071,428 shares. The number of shares of our common stock reserved for issuance under our ESPP will increase automatically each year, beginning on January 1, 2015 and continuing through and including January 1, 2024, by the lesser of (i) 1% of the total number of shares of our common stock outstanding on December 31 of the preceding calendar year; (ii) 2,142,857 shares of common stock; or (iii) such lesser number as determined by our board of directors. Shares subject to purchase rights granted under our ESPP that terminate without having been exercised in full will not reduce the number of shares available for issuance under our ESPP. On January 1, 2015, we increased the number of shares available for issuance under the ESPP by 763,648 shares.

*Restricted Stock and Restricted Stock Units*

Restricted stock activity in 2013, 2014 and 2015 was as follows:

	<b>Restricted Stock</b>		
	<b>Time - based shares</b>	<b>Time - and - performance based shares</b>	<b>Total shares</b>
Unvested, December 31, 2012	1,460,413	1,278,912	2,739,325
Granted	—	—	—
Vested	(573,695)	(247,010)	(820,705)
Unvested, December 31, 2013	886,718	1,031,902	1,918,620
Granted	16,294	—	16,294
Vested	(491,313)	(586,204)	(1,077,517)
Cancelled/Forfeited	(350,440)	(413,152)	(763,592)
Unvested, December 31, 2014	61,259	32,546	93,805
Granted	—	—	—
Vested	(41,137)	(32,546)	(73,683)
Cancelled/Forfeited	(20,122)	—	(20,122)
Unvested, December 31, 2015	—	—	—

For stock-based compensation expense, we measure the value of the restricted stock based on the fair value of our common stock on the date of grant. Our restricted stock grants may be subject to service only or service and

performance-based vesting conditions. We expense the fair value of restricted stock grants with service only vesting conditions on a straight-line basis over the vesting period of the awards.

For shares subject to service and performance conditions, we evaluate the probability of meeting the vesting conditions at the end of each reporting period to determine how much compensation expense to record. We amortize the fair value, net of estimated forfeitures, as stock-based compensation expense using the graded vesting method over the vesting periods of the awards. To the extent that actual results or updated estimates differ from our original estimates, the cumulative effect on current and prior periods of those changes will be recorded in the period those estimates are revised.

In 2014 we began granting restricted stock units under our 2014 Plan. For stock-based compensation expense, we measure the value of the restricted stock units based on the fair value of our common stock on the date of grant. Our restricted stock unit grants are subject to service conditions and we expense the fair value of those shares on a straight-line basis over their vesting periods.

Our restricted stock unit activity for 2015 was as follows:

	Restricted Stock Units	
	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested, December 31, 2013	—	\$ —
Granted	480,456	9.45
Vested	—	—
Cancelled/Forfeited	(1,667)	9.18
Unvested, December 31, 2014	478,789	\$ 9.45
Granted	9,932,561	6.92
Vested	(924,461)	—
Cancelled/Forfeited	(1,653,927)	8.06
Unvested, December 31, 2015	7,832,962	\$ 6.66

#### *Bonus Plans*

In February 2015, our board of directors approved the 2015 Executive Bonus Plan and 2015 Non-Executive Bonus Plan, or Bonus Plans, each effective as of January 1, 2015. In September 2015 the Compensation Committee amended the 2015 Non-Executive Bonus Plan. The Non-Executive Bonus Plan was funded based on the achievement of certain Company metrics.

On February 22, 2016 our Compensation Committee approved issuance of 1,655,537 shares of common stock under 2015 Non-Executive Bonus Plan. Shares of common stock under 2015 Non-Executive Bonus Plan will be issued in shares of unrestricted common stock later in February 2016. No shares will be issued under the 2015 Executive Bonus Plan. Any shares issued from the Bonus Plans will reduce the 2014 Plan shares available for issuance. We record stock-based compensation expense related to the Bonus Plans over the service period of eligible employees based on forecasted performance relative to the Company metrics. To the extent that updated estimates of bonus expense differ from original estimates, the cumulative effect on current and prior periods of those changes will be recorded in the period those estimates are revised. In 2015, we recorded \$4.7 million of stock-based compensation expense related to the 2015 Non-Executive Bonus Plan.

*Stock Options*

Stock option activity under the 2008 Plan, 2014 Plan and 2015 Inducement Plan in 2013, 2014 and 2015 was as follows:

	Number of Shares Available for Issuance	Number of Shares	Options Outstanding		
			Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In thousands) Aggregate
<b>Balance—December 31, 2012</b>	<u>574,597</u>	<u>10,950,917</u>	\$ 2.11	8.78	\$ 17,329
Authorized	4,478,151	—			
Granted	(4,891,242)	4,891,242	4.33		
Exercised (1)	—	(695,482)	1.72		
Canceled	1,815,795	(1,815,795)	2.55		
Repurchased	108,037	—			
<b>Balance—December 31, 2013</b>	<u>2,085,338</u>	<u>13,330,882</u>	\$ 2.90	8.38	\$ 38,339
Authorized	9,913,915	—			
Stock options granted	(5,373,131)	5,373,131	6.97		
Restricted stock units granted	(480,456)	—			
Exercised (1)	—	(1,089,708)	2.27		
Stock options canceled	1,178,737	(1,178,737)	4.55		
Restricted stock units canceled	1,667	—			
Repurchased	66,088	—			
<b>Balance—December 31, 2014</b>	<u>7,392,158</u>	<u>16,435,568</u>	\$ 4.15	7.83	\$ 95,791
Authorized	5,418,242	—			
Stock options granted	(1,089,100)	1,089,100	6.95		
Restricted stock units granted	(9,932,561)	—			
Exercised (1)	9,019	(2,817,915)	2.12		
Stock options canceled	3,208,006	(3,208,006)	5.61		
Restricted stock units canceled	1,653,927	—			
Repurchased	12,545	—			
<b>Balance—December 31, 2015</b>	<u>6,672,236</u>	<u>11,498,747</u>	4.51	6.86	6,256
Vested and exercisable—					
December 31, 2015		7,167,464	3.55		\$ 6,202
Vested and expected to vest (2)					
—December 31, 2015		11,032,059	4.43		\$ 6,250

- (1) Includes early exercises of 42,772 and 126,386 in 2014 and 2013, respectively. In 2015 no shares of common stock were issued for the exercise of common stock options prior to their vesting dates, or early exercises.
- (2) Options expected to vest are net of an estimated forfeiture rate.

Additional information regarding options outstanding at December 31, 2015 is as follows :

Range of exercises	Options Outstanding			Options Exercisable	
	Number of Shares	Weighted-Average Remaining Contractual Term (Years)	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
\$0.04 — \$1.75	2,360,113	5.04	\$ 1.07	2,356,759	\$ 1.07
\$2.90 — \$3.70	2,683,361	6.09	3.58	2,146,702	3.58
\$3.77 — \$5.77	3,938,687	7.32	5.02	1,920,743	4.83
\$6.20 — \$9.87	2,374,992	8.56	7.73	695,741	7.76
\$10.80 — \$ 12.05	141,594	8.53	11.31	47,519	11.33
<b>Outstanding at December 31, 2015</b>	<b>11,498,747</b>	<b>6.86</b>	<b>\$ 4.51</b>	<b>7,167,464</b>	<b>\$ 3.55</b>

The aggregate pretax intrinsic value of vested options exercised in 2015, 2014 and 2013 was \$11.8 million, \$5.4 million and \$1.8 million, respectively. The intrinsic value is the difference between the estimated fair value of the Company's common stock at the date of exercise and the exercise price for in-the-money options. The weighted-average grant-date fair value of options granted in 2015, 2014 and 2013 was \$3.04, \$4.09 and \$2.46 per share, respectively.

Our stock-based compensation expense was recorded in the following cost and expense categories (in thousands):

	Year ended December 31,		
	2015	2014	2013
Contra-revenue	\$ —	\$ 123	\$ 78
Cost of revenue	2,774	1,353	327
Research and development	10,607	5,980	5,238
Sales and marketing	9,508	5,930	1,893
General and administrative	5,902	3,363	931
Total	<u>\$ 28,791</u>	<u>\$ 16,749</u>	<u>\$ 8,467</u>

#### *Determining Fair Value of Stock Options*

The fair value of each grant of stock options was determined by us using the methods and assumptions discussed below. Each of these inputs is subjective and generally requires significant judgment to determine.

*Expected Term*— The expected term of stock options represents the weighted-average period the stock options are expected to be outstanding. For option grants that are considered to be “plain vanilla”, we have opted to use the simplified method for estimating the expected term as provided by the Securities and Exchange Commission. The simplified method calculates the expected term as the average of time-to-vesting and the contractual life of the options.

*Expected Volatility*— The expected stock price volatility assumption was determined by examining the historical volatilities of a group of industry peers, as we did not have any trading history for our common stock. We will continue to analyze our historical stock price volatility and expected term assumptions as more historical data for our common stock becomes available.

*Risk-Free Interest Rate*— The risk free rate assumption was based on the U.S. Treasury instruments with terms that were consistent with the expected term of our stock options.

*Expected Dividend*— The expected dividend assumption was based on our history and expectation of dividend payouts.

*Forfeiture Rate*— Forfeitures were estimated based on historical experience.

*Fair Value of Common Stock*— Prior to the IPO, the fair value of the shares of common stock underlying the stock options was historically been the responsibility of and determined by our board of directors. Because there was no public market for our common stock, the board of directors determined fair value of common stock at the time of grant of the option by considering a number of objective and subjective factors including independent third-party valuations of our common stock, sales of convertible preferred stock to unrelated third parties, operating and financial performance, the lack of liquidity of capital stock and general and industry specific economic outlook, amongst other factors. Following the closing of the IPO offering, the fair value of our common stock is determined based on the closing price of our common stock on the NASDAQ Global Select Market.

We used the Black-Scholes Model to estimate the fair value of our stock options granted to employees with the following weighted-average assumptions:

	<b>Year ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Expected dividend yield	—	—	—
Risk-free interest rate	1.6% - 1.8%	1.7% - 2.1%	1.1% - 1.9%
Expected volatility	43% - 45%	48% - 56%	52% - 53%
Expected life (in years)	5.5 - 6.1	5.6 - 6.5	5.9 - 6.3

We used the Black-Scholes model to estimate the fair value of our Employee Stock Purchase Plan awards with the following assumptions:

	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
Expected dividend yield	—	—
Risk-free interest rate	0.1% - 0.7%	0.1% - 0.5%
Expected volatility	34% - 35%	47% - 49%
Expected life (in years)	0.5 - 2	0.7 - 2.2

As required by Topic 718 Compensation—Stock Compensation, we estimate expected forfeitures and recognize compensation costs only for those equity awards expected to vest. Our stock options granted in 2015 were typically granted with vesting terms of 48 months.

The following table summarizes our unrecognized stock-based compensation expense as of December 31, 2015 net of estimated forfeitures:

	<b>Unrecognized Stock-based Compensation Expense (in millions)</b>	<b>Remaining Weighted-Average Recognition Period (in years)</b>
Stock options	\$ 9.6	1.8
Restricted stock	40.1	3.2
ESPP	2.5	0.7
Total	<u>\$ 52.2</u>	

*Early Exercise of Common Stock*

In 2014 and 2013 we issued 42,772 shares and 126,386 shares, respectively, of common stock for the exercise of common stock options prior to their vesting dates, or early exercises. In 2015 no shares of common stock were issued for the exercise of common stock options prior to their vesting dates, or early exercises. Cash received from all such early exercises of stock options is recorded in accrued expenses on the consolidated balance sheets and reclassified to stockholders' equity as the options vest. The unvested shares are subject to our repurchase right at the original purchase price.

As of December 31, 2015 and 2014 there were 12,428 and 117,187 shares, respectively, legally outstanding, but not included within common stock outstanding for accounting purposes as a result of the early exercise of common stock options which were not yet vested.

As of December 31, 2015 and 2014, the aggregate price of shares subject to repurchase recorded in accrued expenses totaled \$48,000 and \$294,000, respectively.

## 12. Employee Benefit Plan

We maintain a defined contribution 401(k) plan. The plan covers all full-time U.S. employees over the age of 21. Each employee can contribute up to \$18,000 annually. We have the option to provide matching contributions, but have not done so to date.

## 13. Commitments and Contingencies

### *Operating Leases*

We lease our office facilities under noncancelable agreements expiring between 2014 and 2023. Rent expense in 2015, 2014 and 2013 was \$4.7 million and \$2.6 million and \$1.6 million, respectively. The aggregate future minimum lease payments under the agreements are as follows (in thousands):

Year	
2016	\$ 6,172
2017	5,492
2018	4,159
2019	4,033
2020	3,370
Thereafter	6,603
Total	<u>\$ 29,829</u>

### *Litigation*

On November 14, 2012, Good Technology filed a lawsuit against us in federal court in the Northern District of California alleging false and misleading representations concerning their products and infringement of four patents held by them. In the complaint, Good Technology sought unspecified damages, attorney's fees and a permanent injunction. On March 1, 2013, we counterclaimed against Good Technology for patent infringement of one of our patents, seeking similar relief. On October 13, 2014, the court issued a claims construction order. Good Technology responded by filing additional patent infringement suits against us in Delaware, the UK and Germany, as well as inter partes review proceedings. In each of these proceedings, Good Technology sought to invalidate our patents and/or receive injunctive relief, as well as attorney's fees. We counterclaimed against Good Technology in the Delaware case on two of our next generation patents and sought relief similar to what Good Technology was seeking in that case. The Delaware case was transferred to the Northern District of California on March 27, 2015. On June 30, 2015, the court in the original Northern District of California case issued a summary judgment order invalidating the asserted claims of one of Good Technology's patents and holding that we did not infringe that patent as a matter of law. On August 4, 2015, a jury in the original Northern District of California case found that two of the three remaining Good Technology patents that were asserted in the case were invalid and that we did not infringe any of the three patents. The jury also found that while Good Technology did not infringe our asserted patent, our patent was not invalid. As a result, neither we nor Good Technology was awarded damages in the case.

On November 2, 2015, Blackberry announced that it had acquired Good Technology. On December 1, 2015, we and Good Technology announced a settlement of the global litigation between us, which included a narrow, non-material license agreement between us and Good Technology and a mutual dismissal of claims.

On May 1, 2015, a purported stockholder class action lawsuit was filed in the United States District Court for the Northern District of California against the Company and certain of its officers, captioned Panjwani v. MobileIron,

Inc., et al. The action is purportedly brought on behalf of a putative class of all persons who purchased or otherwise acquired the Company's securities between February 13, 2015 and April 22, 2015. It asserts claims for violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. The complaint seeks, among other things, compensatory damages and attorney's fees and costs on behalf of the putative class. An amended complaint was filed on September 28, 2015. MobileIron filed a motion to dismiss the amended complaint on November 13, 2015, which was granted on February 22, 2016, with leave to amend.

On August 5, 2015, August 21, 2015 and August 24, 2015, purported stockholder class action lawsuits were filed in the Superior Court of California, Santa Clara County against the Company, certain of its officers, directors, underwriters and investors, captioned *Schneider v. MobileIron, Inc., et al.*, *Kerley v. MobileIron, Inc., et al.* and *Steinberg v. MobileIron, Inc., et al.* The actions are purportedly brought on behalf of a putative class of all persons who purchased the Company's securities issued pursuant or traceable to the Company's registration statement and the June 12, 2014 initial public offering. The lawsuits assert claims for violations of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933. The complaints seek among other things, compensatory damages and attorney's fees and costs on behalf of the putative class. On January 4, 2016, the three class action lawsuits were consolidated under the caption, *In re MobileIron, Inc. Shareholder Litigation*. The Company intends to defend these lawsuits vigorously.

The Company intends to defend the litigations vigorously.

We continually evaluate uncertainties associated with litigation and record a charge equal to at least the minimum estimated liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and (ii) the loss or range of loss can be reasonably estimated. If we determine that a loss is possible and a range of the loss can be reasonably estimated, we disclose the range of the possible loss in the Notes to the Consolidated Financial Statements. We evaluate, on a quarterly basis, developments in our legal matters that could affect the amount of liability that has been previously accrued, if any, and the matters and related ranges of possible losses disclosed, and make adjustments and changes to our disclosures as appropriate. Significant judgment is required to determine both likelihood of there being and the estimated amount of a loss related to such matters. Until the final resolution of such matters, there may be an exposure to loss, and such amounts could be material. An estimate of a reasonably possible loss (or a range of loss) cannot be made in our lawsuits at this time.

#### *Indemnification*

Under the indemnification provisions of our standard sales related contracts, we agree to defend and/or settle claims brought by third parties against our customers alleging that the customer's use of our software infringes the third party's intellectual property right, such as a patent right. These indemnification obligations are typically not subject to limitation; however if it is commercially impractical for us to either procure the right for the customer to continue to use our software or modify our software so that it's not infringing, we typically can terminate the customer agreement and refund the customer a portion of the license fees paid, prorated over the three year period from initial delivery. We also on occasion indemnify our customers for other types of third party claims. In addition, we indemnify our officers, directors, and certain key employees while they are serving in good faith in such capacities. Through December 31, 2015, we have not received any written claim under any indemnification provision.

#### **14. Segment Information**

We conduct business globally. Our chief operating decision maker (Chief Executive Officer) reviews financial information presented on a consolidated basis accompanied by information about revenue by geographic region for purposes of allocating resources and evaluating financial performance. We have one business activity, and there are no segment managers who are held accountable for operations, operating results and plans for levels, components or types of products or services below the consolidated unit level. Accordingly, we are considered to be in a single reportable segment and operating unit structure.

Revenue by geographic region based on the billing address was as follows:

<i>(in thousands)</i>	<b>Year ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Revenue</b>			
United States	\$ 74,235	\$ 72,124	\$ 58,656
International	75,063	60,171	46,918
Total	<u>\$ 149,298</u>	<u>\$ 132,295</u>	<u>\$ 105,574</u>

Substantially all of our long-lived assets were attributable to operations in the United States as of December 31, 2015 and 2014.

### 15. Net Loss per Share

The following table sets forth the computation of basic and diluted net loss per share for 2015, 2014 and 2013 (in thousands, except per share data):

	<b>Year ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Numerator:</b>			
Net loss	\$ (84,482)	\$ (61,889)	\$ (32,497)
<b>Denominator:</b>			
Weighted-average shares outstanding	78,867	48,332	13,009
Less: weighted average shares subject to repurchase	(112)	(815)	(3,056)
Weighted-average shares used to compute basic and diluted net loss per share	78,755	47,517	9,953
Basic and diluted net loss per share	<u>\$ (1.07)</u>	<u>\$ (1.30)</u>	<u>\$ (3.27)</u>

Basic net loss per share is computed by dividing the net loss by the weighted-average number of common shares outstanding for the period. Because we have reported a net loss for 2015, 2014 and 2013, the number of shares used to calculate diluted net loss per common share is the same as the number of shares used to calculate basic net loss per common share for those periods presented because the potentially dilutive shares would have been anti-dilutive if included in the calculation.

The following potentially dilutive securities outstanding have been excluded from the computation of diluted weighted-average shares outstanding because such securities have an antidilutive impact due to losses reported (in common stock equivalent shares):

	<b>As of December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Convertible preferred stock	—	—	49,446,072
Options to purchase common stock, unvested restricted stock and restricted stock units	19,344,137	17,125,349	15,714,762
Total	<u>19,344,137</u>	<u>17,125,349</u>	<u>65,160,834</u>

### 16. Income Taxes

Loss before income taxes consists of the following (in thousands):

	<b>Year ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
United States	\$ (84,595)	\$ (61,733)	\$ (32,529)
International	965	361	284
Total	<u>\$ (83,630)</u>	<u>\$ (61,372)</u>	<u>\$ (32,245)</u>



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A significant portion of our international income is earned by foreign branches of our United States parent corporation and thus is already subject to United States taxation. The income of our foreign branches has been included as part of the United States jurisdiction in the table above.

Income tax expense for 2015, 2014 and 2013, was composed of the following (in thousands):

	<u>Year ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current:			
Federal	\$ —	\$ —	\$ —
State	26	25	11
Foreign	826	492	241
Total current income tax expense	<u>852</u>	<u>517</u>	<u>252</u>

For 2015, 2014 and 2013, our effective tax rate differs from the amount computed by applying the statutory federal and state income tax rates to net loss before income tax, primarily as the result of changes in valuation allowance.

	<u>Year ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Federal tax benefit at statutory rate	34.0 %	34.0 %	34.0 %
State tax benefit net of federal effect	2.2	2.8	1.1
Foreign taxes	(0.4)	(0.3)	(0.6)
Change in valuation allowance	(33.9)	(35.0)	(36.3)
Credits	1.5	1.9	6.1
Stock-based compensation	(4.1)	(3.5)	(4.5)
Non-deductible expenses and other	(0.4)	(0.7)	(0.7)
Effective tax rate	<u>(1.1)%</u>	<u>(0.8)%</u>	<u>(0.9)%</u>

Income tax expense for 2015 and 2014 relates to state minimum income tax, income tax on our earnings in foreign jurisdictions, and, in 2015, withholding taxes on sales to customers in certain jurisdictions. A significant portion of our international income is earned by foreign branches of our United States parent corporation and thus is already subject to United States taxation. The income of our foreign branches has been included as part of the United States jurisdiction in the table above.

The components of net deferred tax assets at December 31, 2015 and 2014 consisted of the following (in thousands):

	<u>As of December 31,</u>	
	<u>2015</u>	<u>2014</u>
Deferred tax assets:		
Accruals and allowances	\$ 6,489	\$ 4,720
Gains on foreign exchange	127	77
Net operating loss carryforwards	64,674	43,553
Depreciation and amortization	7,413	8,329
R&D tax credits	7,969	5,707
Stock-based compensation	9,278	5,235
Valuation allowance	(95,950)	(67,621)
Net deferred tax assets	<u>—</u>	<u>—</u>

Our accounting for deferred taxes involves the evaluation of a number of factors concerning the realizability of our net deferred tax assets. We primarily considered such factors as our history of operating losses, the nature of our deferred tax assets and the timing, likelihood and amount, if any, of future taxable income during the periods in which those temporary differences and carryforwards become deductible. At present, we do not believe that it is more likely than not that the deferred tax assets will be realized; accordingly, a full valuation allowance has been established and no deferred tax asset is shown in the accompanying consolidated balance sheets.

As of December 31, 2015, we had net operating loss carryforwards of approximately \$194.7 million and \$65.7 million available to reduce future taxable income, if any, for both federal and state income tax purposes, respectively. The federal and state net operating loss carryforwards will expire at various dates beginning 2027 and 2017, respectively.

We had federal and California R&D tax credit carryforwards at December 31, 2015 of \$6.5 million and \$7.1 million, respectively. If not utilized, the federal R&D tax credit carryforward will expire in various portions beginning 2027. The California R&D tax credit can be carried forward indefinitely.

A limitation may apply to the use of the net operation loss and credit carryforwards, under provisions of the Internal Revenue Code that are applicable if we experience an “ownership change”. That may occur, for example, as a result of trading in our stock by significant investors as well as issuance of new equity. Should these limitations apply, the carryforwards would be subject to an annual limitation, resulting in a substantial reduction in the gross deferred tax assets before considering the valuation allowance. Further, a portion of the carryforwards may expire before being applied to reduce future earnings.

As a result of certain realization requirements of ASC 718, the table of deferred tax assets and liabilities shown above does not include certain deferred tax assets as of December 31, 2015 and 2014 that arose directly from tax deductions related to equity compensation in excess of compensation recognized for financial reporting. Equity will be increased by \$5.1 million if and when such deferred tax assets are ultimately realized. We use ASC 740 ordering when determining when excess tax benefits have been realized.

We follow the provisions of ASC 740-10, Accounting for Uncertainty in Income Taxes. ASC 740-10 prescribes a comprehensive model for the recognition, measurement, presentation and disclosure in financial statements of uncertain tax positions that have been taken or expected to be taken on a tax return. No non-current liability related to uncertain tax positions is recorded in the financial statements as the deferred tax assets have been presented net of these unrecognized tax benefits. At December 31, 2015 and 2014, our reserve for unrecognized tax benefits was approximately \$ 4.1 million and \$2.8 million, respectively. Due to the full valuation allowance at December 31, 2015, current adjustments to the unrecognized tax benefit will have no impact on our effective income tax rate; any adjustments made after the valuation allowance is released will have an impact on the tax rate. We do not anticipate any significant change in our uncertain tax positions within 12 months of this reporting date. We include penalties and interest expense related to income taxes as a component of other expense and interest expense, respectively, as necessary.

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

	Year ended December 31,		
	2015	2014	2013
Unrecognized tax benefits, beginning of year	\$ 2,794	\$ 1,674	\$ 548
Gross increases—tax positions from prior periods	—	10	98
Gross increases—tax positions from current period	1,258	1,110	1,028
Unrecognized tax benefits, end of year	<u>\$ 4,052</u>	<u>\$ 2,794</u>	<u>\$ 1,674</u>

We are subject to taxation in the United States and various states and foreign jurisdictions. As of December 31, 2015, the statute of limitations is open for all tax years from inception, that is, for the period from July 23, 2007 (date of inception) to December 31, 2015 and forward for federal, state and foreign tax purposes.

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

None.

#### **Item 9 A. Controls and Procedures**

##### **Limitations on Effectiveness of Controls**

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are

resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

### **Evaluation of Disclosure Controls and Procedures**

Our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of December 31, 2015. The term “disclosure controls and procedures,” as defined in Rule 13a-15 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide a reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2015, our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act were (i) recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (ii) accumulated and reported to our management, including our Chief Executive Officer and Chief Financial Officer to allow timely decisions regarding required disclosure.

### **Management’s Report on Internal Controls**

Our management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our internal controls over financial reporting are designed to provide reasonable assurance to the Company’s management and Board of Directors regarding the preparation and fair presentation of published financial statements in accordance with the GAAP, including those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the Company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our internal control over financial reporting as of December 31, 2015 based on the criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO framework).

Based on our assessment, we concluded that our internal control over financial reporting was effective as of December 31, 2015.

This Annual Report on Form 10-K does not include an audit or attestation report from our registered public accounting firm regarding our internal control over financial reporting. Our management’s report was not subject to audit or attestation by our registered public accounting firm pursuant to rules of the SEC that permits us to provide only management’s report in this annual report for so long as we remain an “emerging growth company” under the Jumpstart Our Business Startups Act.

## **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **Item 9 B. Other Information**

On February 22, 2016, the Compensation Committee of the Board of Directors approved the following changes in compensation for our Chief Financial Officer and certain named executive officers:

Simon Biddiscombe, our Chief Financial Officer, received an increase in base salary from \$325,000 to \$400,000, effective as of March 1, 2016, and an RSU grant of 150,000 shares, which will vest quarterly over four years, subject to his continued service. His target bonus for 2016 will be 45% of his base salary. He was also granted a fully vested RSU of 20,468 shares as a special incentive grant and will be eligible to receive an additional special incentive RSU grant in May 2016 with a fair value of \$70,000 if we achieve certain first quarter 2016 financial targets. The second special incentive RSU grant will vest in two equal tranches, on May 20 and August 20, 2016.

Suresh Batchu, our Chief Technology Officer, received an increase in base salary from \$325,000 to \$335,000, effective as of March 1, 2016, and an RSU grant of 80,000 shares, which will vest quarterly over four years, subject to his continued service. His target bonus for 2016 will be 45% of his base salary. He was also granted a fully vested RSU of 17,544 shares as a special incentive grant and will be eligible to receive an additional special incentive RSU grant in May 2016 with a fair value of \$60,000 if we achieve certain first quarter 2016 financial targets. The second special incentive RSU grant will vest in two equal tranches, on May 20 and August 20, 2016.

Vittorio Viarengo, our VP of Marketing, who was a named executive officer during the 2015 fiscal year, received an increase in base salary from \$295,000 to \$310,000, effective as of March 1, 2016, and an RSU grant of 80,000 shares, which will vest quarterly over four years, subject to his continued service. His target bonus for 2016 will be 45% of his base salary. He was also granted a fully vested RSU of 16,082 shares as a special incentive grant and will be eligible to receive an additional special incentive RSU grant in May 2016 with a fair value of \$55,000 if we achieve certain first quarter 2016 financial targets. The second special incentive RSU grant will vest in two equal tranches, on May 20 and August 20, 2016.

The equity awards for Messrs. Biddiscombe, Batchu and Viarengo were approved pursuant to and in accordance with the terms and conditions of the Company's 2014 Equity Incentive Plan, the current form of Option Agreement and the Restricted Stock Unit Award Agreement, as previously filed with the Securities and Exchange Commission, or SEC.

## PART III

Certain information required by Part III is omitted from this Annual Report on Form 10-K since we intend to file our definitive proxy statement for our 2016 annual meeting of stockholders, or the Definitive Proxy Statement, pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, not later than 120 days after December 31, 2015, and certain information to be included in the Definitive Proxy Statement is incorporated herein by reference

### **Item 10 . Directors, Executive Officers and Corporate Governance**

#### **Executive Officers and Directors**

Information responsive to this Item with respect to executive officers and directors is incorporated herein by reference to the information from our 2016 Proxy Statement under the sections titled “Executive Officers,” “Election of Directors,” “Section 16(a) Beneficial Ownership Reporting Compliance” and “Information Regarding the Board of Directors and Corporate Governance.”

#### **Code of Conduct**

As part of our system of corporate governance, our board of directors has adopted a code of business conduct and ethics. The code applies to all of our employees, officers (including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions), agents and representatives, including our independent directors and consultants, who are not employees of ours, with regard to their MobileIron-related activities. Our code of business conduct and ethics is available on our website at [www.mobileiron.com](http://www.mobileiron.com). We will post on this section of our website any amendment to our code of business conduct and ethics, as well as any waivers of our code of business conduct and ethics, that are required to be disclosed by the rules of the SEC or the NASDAQ Stock Market.

### **Item 11 . Executive Compensation**

Information responsive to this Item with respect to executive compensation is incorporated herein by reference to the information from our 2016 Proxy Statement under the section titled “Executive Compensation” “Director Compensation” “Compensation Committee” and “Compensation Committee Report.”

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

Information responsive to this Item with respect to security ownership of certain beneficial owners and management is incorporated herein by reference to the information from our 2016 Proxy Statement under the section titled “Security Ownership of Certain Beneficial Owners and Management.” Information regarding our stockholder approved and non-approved equity compensation plans are incorporated by reference to the section entitled “Securities Authorized for Issuance Under Equity Compensation Plans.”

### **Item 13 . Certain Relationships and Related Transactions, and Director Independence**

Information responsive to this item with respect to certain relationships and related transactions, and director independence is incorporated herein by reference to the information from our 2016 Proxy Statement under the section titled “Certain Related-Person Transactions” and “Independence of the Board of Directors.”

### **Item 14. Principal Accountant Fees and Services**

Information responsive to this item with respect to principal accountant fees and services is incorporated herein by reference to the information from our 2016 Proxy Statement under the section titled “Principal Accountant Fees and Services.”

## PART IV

### Item 15. Exhibits and Financial Statement Schedules

Documents filed as part of this report are as follows:

1. Consolidated Financial Statements:

Our Consolidated Financial Statements are listed in the “Index to Consolidated Financial Statements” Under Part II, Item 8 of this report.

2. Financial Statement Schedules:

Financial statement schedules have been omitted because they are not applicable or the required information is shown in the Consolidated Financial Statements or Notes to Consolidated Financial Statements included in Part II, Item 8 “Financial Statements and Supplementary Data” of this report .

3. Exhibits:

The documents listed in the Exhibit Index of this report are incorporated by reference or are filed with this report, in each case as indicated therein (numbered in accordance with Item 601 of Regulation S-K).

SIGNATURE S

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

MOBILEIRON, INC.

By: /s/ Barry Mainz

\_\_\_\_\_  
Barry Mainz  
*President and Chief Executive Officer*  
*(Principal Executive Officer)*

By: /s/ Simon Biddiscombe

\_\_\_\_\_  
Simon Biddiscombe  
*Chief Financial Officer*  
*(Principal Financial Officer and Accounting Officer)*

Dated: February 23, 2016

The undersigned directors and officers of MobileIron, Inc. (the "Company"), a Delaware corporation, hereby constitute and appoint Barry Mainz and Simon Biddiscombe, and each of them with full power to act without the other, the undersigned's true and lawful attorney-in-fact, with full power of substitution and re-substitution, for the undersigned and in the undersigned's name, place and stead in the undersigned's capacity as an officer and/or director of the Company, to execute in the name and on behalf of the undersigned this Report and to file such Report, with exhibits thereto and other documents in connection therewith and any and all amendments thereto, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing necessary or desirable to be done and to take any other action of any type whatsoever in connection with the foregoing which, in the opinion of such attorney-in-fact, may be of benefit to, in the best interest of, or legally required of, the undersigned, it being understood that the documents executed by such attorney-in-fact on behalf of the undersigned pursuant to this Power of Attorney shall be in such form and shall contain such terms and conditions as such attorney-in-fact may approve in such attorney-in-fact's discretion.

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Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below (and the above Powers of Attorney granted) by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Barry Mainz</u> Barry Mainz	Chairman, President and Chief Executive Officer (Principal Executive Officer)	February 23, 2016
<u>/s/ Simon Biddiscombe</u> Simon Biddiscombe	Chief Financial Officer (Principal Financial Officer and Accounting Officer)	February 23, 2016
<u>/s/ Gaurav Garg</u> Gaurav Garg	Director	February 23, 2016
<u>/s/ Aaref Hilaly</u> Aaref Hilaly	Director	February 23, 2016
<u>/s/ Matthew Howard</u> Matthew Howard	Director	February 23, 2016
<u>/s/ Frank Marshall</u> Frank Marshall	Director	February 23, 2016
<u>/s/ Tae Hea Nahm</u> Tae Hea Nahm	Director	February 23, 2016
<u>/s/ James Tolonen</u> James Tolonen	Director	February 23, 2016
<u>/s/ Robert Tinker</u> Robert Tinker	Director	February 23, 2016



EXHIBIT INDEX .

Exhibit Number	Description	Incorporated by Reference			File No.	Filed Herewith
		Exhibit Number	Filing	Filing Date		
3.1	Amended and Restated Certificate of Incorporation of MobileIron, Inc.	3.1	8-K	June 17, 2014	001-36471	
3.2	Amended and Restated Bylaws of MobileIron, Inc.	3.4	S-1/A	May 29, 2014	333-195089	
4.1	Reference is made to Exhibits 3.1 and 3.2 above					
4.2	Amended and Restated Investors' Rights Agreement, dated August 29, 2013	4.2	S-1	April 7, 2014	333-195089	
10.1 <sup>(1)</sup>	MobileIron, Inc. 2014 Equity Incentive Plan	10.3	S-/A1	May 29, 2014	333-195089	
10.2 <sup>(1)</sup>	Form of Option Agreement and Option Grant Notice for MobileIron, Inc. 2008 Stock Plan	10.4	S-1/A	May 29, 2014	333-195089	
10.3 <sup>(1)</sup>	Current Form of Option Agreement, Option Grant Notice, Notice of Option Exercise, Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement for MobileIron, Inc. 2014 Equity Incentive Plan.	10.1	10-Q	October 31, 2014	001-36471	
10.4 <sup>(1)</sup>	MobileIron, Inc. 2014 Employee Stock Purchase Plan	10.5	S-1/A	June 9, 2014	333-195089	
10.5†	Resale Agreement between MobileIron, Inc. and AT&T Services, Inc., dated April 22, 2010, as amended and supplemented	10.17	S-1/A	May 7, 2014	333-195089	

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10.6	First Amendment to Lease Agreement, dated April 18, 2014 between the Registrant and Renault & Handley Middlefield Road Joint Venture, as successor to Renault & Handley Employees Investment Company	10.8	S-1/A	April 23, 2014	333-195089	
10.7	Lease Agreement, dated June 25, 2014, between MobileIron Inc. and Handley-Tittle Middlefield Joint Venture	10.8	10-Q	August 7, 2014	001-36471	
10.8	Lease Agreement, dated April 14, 2011 between MobileIron, Inc. and each of its directors and its executive officers	10.7	S-1	April 27, 2014	333-195089	
10.9	Lease Agreement between the Registrant and Silicon Valley CA-I, LLC, dated April 30, 2012	10.8	S-1	April 7, 2014	333-195089	
10.10	Sublease Agreement between the Registrant and ADTRAN, Inc., dated September 12, 2013	10.9	S-1	April 7, 2014	333-195089	
10.11 <sup>(1)</sup>	Form of Indemnity Agreement entered into between MobileIron, Inc. and each of its directors and its executive officers	10.6	S-1	April 7, 2014	333-195089	
10.12 <sup>(1)</sup>	Employment offer letter between MobileIron, Inc. and Robert B. Tinker, dated December 20, 2007	10.10	S-1	April 7, 2014	333-195089	
10.13 <sup>(1)</sup>	Amendment to Employment Offer Letter between MobileIron, Inc. and Robert B. Tinker, dated March 12, 2008	10.11	S-1	April 7, 2014	333-195089	

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10.14 <sup>(1)</sup>	Second Amendment to Employment Offer Letter between MobileIron, Inc. and Robert B. Tinker, dated March 12, 2008	10.12	S-1	April 7, 2014	333-195089	
10.15 <sup>(1)</sup>	Third Amendment to Employment Offer Letter between MobileIron, Inc. and Robert B. Tinker, dated March 12, 2008	10.13	S-1	April 7, 2014	333-195089	
10.16 <sup>(1)</sup>	Employment Offer Letter between MobileIron, Inc. and Todd Ford, dated December 12, 2013, as amended	10.14	S-1	April 7, 2014	333-195089	
10.17 <sup>(1)</sup>	Employment Offer Letter between MobileIron, Inc. and John Donnelly, dated December 8, 2009	10.15	S-1	April 7, 2014	333-195089	
10.18 <sup>(1)</sup>	MobileIron, Inc. 2015 Senior Vice President, Sales Territory and Quota Assignment Plan	10.22	10-K	February 27, 2015	001-36471	
10.19 <sup>(1)</sup>	MobileIron, Inc. Severance Benefit Plan and Participation Notice	10.4	10-Q	May 4, 2015	001-36471	
10.20 <sup>(1)</sup>	At-Will Employment Agreement between MobileIron, Inc., and Simon Biddiscombe, dated April 30, 2015	10.1	8-K	May 12, 2015	001-36471	
10.21	Lease between MobileIron, Inc., and WTA Middlefield LLC, dated May 14, 2015	10.1	8-K	May 20, 2015	001-36471	
10.22 <sup>(1)</sup>	At-Will Employment Agreement between MobileIron, Inc., and Damian Artt, dated September 14, 2015	10.4	10-Q	November 2, 2015	001-36471	
10.23	MobileIron, Inc. 2015 Non- Executive Bonus Plan, as amended	10.5	10-Q	November 2, 2015	001-36471	
10.24 <sup>(1)</sup>	MobileIron, Inc. 2015 Executive Bonus Plan, as amended	10.6	10-Q	November 2, 2015	001-36471	

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10.25 <sup>(1)</sup>	Amended and Restated Non-Employee Director Compensation Policy	10.7	10-Q	November 2, 2015	001-36471	
10.26	Second Amendment to Lease, dated November 9, 2015, by and among the Company and Renault & Handley Middlefield Road Joint Venture	10.1	8-K	November 12, 2015	001-36471	
10.27 <sup>(1)</sup>	Form of Stock Option Grant Notice and Option Agreement under the MobileIron, Inc. 2015 Inducement Plan	10.2	8-K	January 6, 2016	001-36471	
10.28 <sup>(1)</sup>	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement under the MobileIron, Inc. 2015 Inducement Plan	10.3	8-K	January 6, 2016	001-36471	
10.29 <sup>(1)</sup>	Executive Employment Agreement effective January 6, 2016, between MobileIron, Inc. and Barry Mainz	10.4	8-K	January 6, 2016	001-36471	
10.30 <sup>(1)</sup>	Amended and Restated MobileIron, Inc. 2015 Inducement Plan					X
10.31 <sup>(1)</sup>	At-Will Employment Agreement between MobileIron, Inc., and Daniel Fields, dated December 29, 2015					X
21.1	Subsidiaries of Registrant					X
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm					X
24.1	Power of Attorney (contained in signature page hereto)					X

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31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1 <sup>(2)</sup>	Certification of Chief Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X

EX—101.INS XBRL Instance Document

EX—101.SCH XBRL Taxonomy Extension Schema

EX—101.CAL XBRL Taxonomy Extension Calculation Linkbase

EX—101.DEF XBRL Taxonomy Extension Definition Linkbase

EX—101.LAB XBRL Taxonomy Extension Label Linkbase

EX—101.PRE XBRL Taxonomy Extension Presentation Linkbase

† Certain portions of this exhibit are subject to a confidential treatment order. Omitted portions have been filed separately with the Securities and Exchange Commission.

<sup>(1)</sup> Management contract or compensation plan or arrangement.

<sup>(2)</sup> The certifications attached as Exhibit 32.1 accompany this Annual Report on Form 10-K pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed “filed” by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

## MOBILEIRON, INC.

## AMENDED AND RESTATED 2015 INDUCEMENT PLAN

ADOPTED BY THE BOARD OF DIRECTORS: DECEMBER 20 , 2015

AMENDED AND RESTATED : JANUARY 5, 201 6

TERMINATION DATE: DECEMBER 19 , 2025

## 1. GENERAL.

**(a) Purpose.** Awards under the Plan are intended to provide (1) an inducement material for certain individuals to enter into employment with the Company within the meaning of Rule 5635(c)(4) of the NASDAQ Listing Rules, (2) incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate, and (3) a means by which such persons shall have an opportunity to share in the financial success of the Company.

**(b) Eligible Award Recipients.** Only Employees who satisfy the standards for inducement grants under Rule 5635(c)(4) of the NASDAQ Listing Rules may be granted Awards under the Plan. A person who previously served as an Employee or Director of the Company shall not be eligible to receive Awards under the Plan, other than following a *bona fide* period of non-employment.

**(c) Available Awards.** The Plan provides for the grant of the following Awards: (i) Options, (ii) Stock Appreciation Rights (iii ) Restricted Stock Awards, ( i v ) R estricted Stock Unit Awards, (v) Performance Stock Awards, (vi ) P erformance Cash Awards, and (vi i) Other Stock Awards. All Options shall be designated as Nonstatutory Stock Options.

## 2. ADMINISTRATION.

**(a) Administration by Board.** The Board will administer the Plan. The Board may delegate administration of the Plan to a Committee or Committees, as provided in Section 2(c), provided that the grant of Awards shall be approved by the Company's independent compensation committee or a majority of the Company's independent directors (as defined in Rule 5605(a)(2) of the NASDAQ Listing Rules) in order to comply with the exemption from the stockholder approval requirement for "inducement grants" provided under Rule 5635(c)(4) of the NASDAQ Listing Rules.

**(b) Powers of Board.** The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

**(i)** To determine: (A) who will be granted Awards; (B) when and how each Award will be granted; (C) what type of Award will be granted; (D) the provisions of each Award (which need not be identical), including when a person will be permitted to exercise or otherwise receive cash or Common Stock under the Award; (E) the number of shares of Common Stock subject to, or the cash value of, an Award; and (F) the Fair Market Value applicable to a Stock Award.

**(ii)** To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for administration of the Plan and Awards. The Board, in the

exercise of these powers, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement or in the written terms of a Performance Cash Award, in a manner and to the extent it will deem necessary or expedient to make the Plan or Award fully effective.

(iii) To settle all controversies regarding the Plan and Awards granted under it.

(iv) To accelerate, in whole or in part, the time at which an Award may be exercised or vest (or the time at which cash or shares of Common Stock may be issued in settlement thereof).

(v) To suspend or terminate the Plan at any time. Except as otherwise provided in the Plan or an Award Agreement, suspension or termination of the Plan will not materially impair a Participant's rights under the Participant's then-outstanding Award without the Participant's written consent, except as provided in subsection (viii) below.

(vi) To amend the Plan in any respect the Board deems necessary or advisable, including, without limitation, by adopting amendments relating to certain nonqualified deferred compensation under Section 409A of the Code and/or ensuring that the Plan or Awards granted under the Plan are exempt from, or compliant with, the requirements for nonqualified deferred compensation under Section 409A of the Code, subject to the limitations, if any, of applicable law. If required by applicable law or listing requirements, and except as provided in Section 9(a) relating to Capitalization Adjustments, the Company will seek stockholder approval of any amendment of the Plan that (A) materially increases the number of shares of Common Stock available for issuance under the Plan, (B) materially expands the class of individuals eligible to receive Awards under the Plan, (C) materially increases the benefits accruing to Participants under the Plan, (D) materially reduces the price at which shares of Common Stock may be issued or purchased under the Plan, (E) materially extends the term of the Plan, or (F) materially expands the types of Awards available for issuance under the Plan, but only to the extent required by law or applicable listing standards. Except as otherwise provided in the Plan or an Award Agreement, no amendment of the Plan will materially impair a Participant's rights under an outstanding Award without the Participant's written consent.

(vii) To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided, however*, that a Participant's rights under any Award will not be impaired by any such amendment unless (A) the Company requests the consent of the affected Participant, and (B) such Participant consents in writing. Notwithstanding the foregoing, (1) a Participant's rights will not be deemed to have been impaired by any such amendment if the Board, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair the Participant's rights, and (2) subject to the limitations of applicable law, if any, the Board may amend the terms of any one or more Awards without the affected Participant's consent (A) to clarify the manner of exemption from, or to bring the Award into compliance with, Section 409A of the Code or (B) to comply with other applicable laws or listing requirements.

(viii) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Awards.

(ix) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees who are foreign nationals or employed outside the United States (provided that Board approval will not be necessary for immaterial modifications to the Plan or any Award Agreement that are required for compliance with the laws of the relevant foreign jurisdiction) .

(x) To effect, with the consent of any adversely affected Participant, (A) the reduction of the exercise, purchase or strike price of any outstanding Stock Award; (B) the cancellation of any outstanding Stock Award and the grant in substitution therefor of a new (1) Option or SAR, (2) Restricted Stock Award, (3) Restricted Stock Unit Award, (4) Other Stock Award, (5) cash and/or (6) other valuable consideration determined by the Board, in its sole discretion, with any such substituted award (x) covering the same or a different number of shares of Common Stock as the cancelled Stock Award and (y) granted under the Plan or another equity or compensatory plan of the Company ; or (C) any other action that is treated as a repricing under generally accepted accounting principles.

**(c) Delegation to Committee.**

(i) The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee , as applicable ). Any delegation of administrative powers will be reflected in resolutions, not inconsistent with the provisions of the Plan, adopted from time to time by the Board or Committee (as applicable). The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revert in the Board some or all of the powers previously delegated.

(ii) **Rule 16b-3 Compliance.** The Committee may consist solely of two or more Non-Employee Directors, in accordance with Rule 16b-3.

(d) **Effect of Board's Decision.** All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

**3. SHARES SUBJECT TO THE PLAN.**

(a) **Share Reserve.** Subject to Section 9(a) relating to Capitalization Adjustments , the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards

after the E ffective Date shall not exceed 1, 970 ,000 shares (the “ *Share Reserve* ”) . For clarity, the Share Reserve in this Section 3(a) is a limitation on the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Stock Award s except as provided in Section 7(a) . Shares may be issued in connection with a merger or acquisition as permitted by NASDAQ Listing Rule 5635(c) or, if applicable, NYSE Listed Company Manual Section 303A.08, AMEX Company Guide Section 711 or other applicable rule, and such issuance will not reduce the number of shares available for issuance under the Plan.



**(b) Reversion of Shares to the Share Reserve.** If a Stock Award or any portion thereof (i) expires or otherwise terminates without all of the shares covered by such Stock Award having been issued or (ii) is settled in cash ( *i.e.* , the Participant receives cash rather than stock), such expiration, termination or settlement will not reduce (or otherwise offset) the number of shares of Common Stock that may be available for issuance under the Plan. If any shares of Common Stock issued pursuant to a Stock Award are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares that are forfeited or repurchased will revert to and again become available for issuance under the Plan. Any shares reacquired by the Company in satisfaction of tax withholding obligations on a Stock Award or as consideration for the exercise or purchase price of a Stock Award will again become available for issuance under the Plan.

**(c) Source of Shares.** The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

#### **4. ELIGIBILITY; APPROVAL REQUIREMENTS .**

**(a) Eligibility.** Awards may only be granted to persons who are Employees described in Section 1(b) of this Plan , where the Award is an inducement material to the individual's entering into employment with the Company or an Affiliate within the meaning of Rule 5635(c)(4) of the NASDAQ Listing Rules. For clarity, Awards may not be granted to (1) Consultants or Directors, for service in such capacities, or (2) any individual who was previously an Employee or Director of the Company, other than following a *bona fide* period of non-employment.

**(b) Approval Requirements.** All Awards must be granted either by a majority of the Company's independent directors or by the Company's compensation committee comprised of independent directors within the meaning of Rule 5605(a)(2) of the NASDAQ Listing Rules.

#### **5. PROVISIONS RELATING TO OPTIONS AND STOCK APPRECIATION RIGHTS.**

Each Option or SAR will be in such form and will contain such terms and conditions as the Board deems appropriate. All Options will be designated Nonstatutory Stock Options at the time of grant . The provisions of separate Options or SARs need not be identical; *provided, however* , that each Award Agreement will conform to (through incorporation of provisions hereof by reference in the applicable Award Agreement or otherwise) the substance of each of the following provisions:

**(a) Term.** No Option or SAR will be exercisable after the expiration of ten years from the date of its grant or such shorter period specified in the Award Agreement.

**(b) Exercise Price.** The exercise or strike price of each Option or SAR will be not less than 100% of the Fair Market Value of the Common Stock subject to the Option or SAR on the date the Award is granted. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than 100% of the Fair Market Value of the Common Stock subject to the Award if such Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Section 409A of the Code. Each SAR will be denominated in shares of Common Stock equivalents.

**(c) Purchase Price for Options.** The purchase price of Common Stock acquired pursuant to the exercise of an Option may be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. The Board will have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to use a particular method of payment. The permitted methods of payment are as follows:

(i) by cash, check, bank draft or money order payable to the Company;

(ii) pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock;

(iv) by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; *provided, however*, that the Company will accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued. Shares of Common Stock will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are used to pay the exercise price pursuant to the “net exercise,” (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations; or

(v) in any other form of legal consideration that may be acceptable to the Board and specified in the applicable Award Agreement.

**(d) Exercise and Payment of a SAR.** To exercise any outstanding SAR, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such SAR. The appreciation distribution payable on the exercise of a SAR will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the SAR) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such SAR, and with respect to which the Participant is exercising the SAR on such date, over (B) the aggregate strike price of the number of Common Stock equivalents with respect to which the Participant is exercising the SAR on such date. The appreciation distribution may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Award Agreement evidencing such SAR.

**(e) Transferability of Options and SARs.** The Board may, in its sole discretion, impose such limitations on the transferability of Options and SARs as the Board will determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and SARs will apply:

**(i) Restrictions on Transfer.** An Option or SAR will not be transferable except by will or by the laws of descent and distribution (or pursuant to subsections (ii) and (iii) below), and will be exercisable during the lifetime of the Participant only by the Participant. The Board may permit transfer of the Option or SAR in a manner that is not prohibited by applicable tax and securities laws. Except as explicitly provided in the Plan, neither an Option nor a SAR may be transferred for consideration.

**(ii) Domestic Relations Orders.** Subject to the approval of the Board or a duly authorized Officer, an Option or SAR may be transferred pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulations Section 1.421-1(b)(2).

**(iii) Beneficiary Designation.** Subject to the approval of the Board or a duly authorized Officer, a Participant may, by delivering written notice to the Company, in a form approved by the Company (or the designated broker), designate a third party who, on the death of the Participant, will thereafter be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, upon the death of the Participant, the executor or administrator of the Participant's estate will be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. However, the Company may prohibit designation of a beneficiary at any time, including due to any conclusion by the Company that such designation would be inconsistent with the provisions of applicable laws.

**(f) Vesting Generally.** The total number of shares of Common Stock subject to an Option or SAR may vest and become exercisable in periodic installments that may or may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of Performance Goals or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options or SARs may vary. The provisions of this Section 5(f) are subject to any Option or SAR provisions governing the minimum number of shares of Common Stock as to which an Option or SAR may be exercised.

**(g) Termination of Continuous Service.** Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates (other than for Cause and other than upon the Participant's death or Disability), the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Award as of the date of termination of Continuous Service) within the period of time ending on the earlier of (i) the date which occurs ninety (90) days following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the applicable Award Agreement), and (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR (as applicable) within the applicable time frame, the Option or SAR will terminate.

**(h) Extension of Termination Date.** If the exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause and other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option or SAR will terminate on the earlier of (i) the expiration of a total period of time (that need not

be consecutive) equal to the applicable post termination exercise period after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of such registration requirements, and (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement. In addition, unless otherwise provided in a Participant's Award Agreement, if the sale of any Common Stock received on exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause) would violate the Company's insider trading policy, then the Option or SAR will terminate on the earlier of (i) the expiration of the period of days or months (that need not be consecutive) equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the sale of the Common Stock received upon exercise of the Option or SAR would not be in violation of the Company's insider trading policy, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement.

**(i) Disability of Participant.** Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date which occurs 12 months following such termination of Continuous Service (or such longer or shorter period specified in the Award Agreement), and (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR (as applicable) will terminate.

**(j) Death of Participant.** Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Award Agreement for exercisability after the termination of the Participant's Continuous Service for a reason other than death, then the Option or SAR may be exercised (to the extent the Participant was entitled to exercise such Option or SAR as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance or by a person designated to exercise the Option or SAR upon the Participant's death, but only within the period ending on the earlier of (i) the date which occurs 18 months following the date of death (or such longer or shorter period specified in the Award Agreement), and (ii) the expiration of the term of such Option or SAR as set forth in the Award Agreement. If, after the Participant's death, the Option or SAR is not exercised within the applicable time frame, the Option or SAR (as applicable) will terminate.

**(k) Termination for Cause.** Except as explicitly provided otherwise in a Participant's Award Agreement or other individual written agreement between the Company or any Affiliate and the Participant, if a Participant's Continuous Service is terminated for Cause, the Option or SAR will terminate immediately upon such Participant's termination of Continuous Service, and the Participant will be prohibited from exercising his or her Option or SAR from and after the date of such termination of Continuous Service.

**(l) Non-Exempt Employees.** If an Option or SAR is granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, the Option or SAR will not be first exercisable for any shares of Common Stock until at least six months following

the date of grant of the Option or SAR (although the Award may vest prior to such date). Consistent with the provisions of the Worker Economic Opportunity Act, (i) if such non-exempt Employee dies or suffers a Disability, (ii) upon a Corporate Transaction in which such Option or SAR is not assumed, continued, or substituted, (iii) upon a Change in Control, or (iv) upon the Participant's retirement (as such term may be defined in the Participant's Award Agreement in another agreement between the Participant and the Company, or, if no such definition, in accordance with the Company's then current employment policies and guidelines), the vested portion of any Options and SARs may be exercised earlier than six months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay. To the extent permitted and/or required for compliance with the Worker Economic Opportunity Act to ensure that any income derived by a non-exempt employee in connection with the exercise, vesting or issuance of any shares under any other Stock Award will be exempt from the employee's regular rate of pay, the provisions of this Section 5(l) will apply to all Stock Awards and are hereby incorporated by reference into such Stock Award Agreements.

## **6. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS AND SARs.**

**(a) Restricted Stock Awards.** Each Restricted Stock Award Agreement will be in such form and will contain such terms and conditions as the Board will deem appropriate. To the extent consistent with the Company's bylaws, at the Board's election, shares of Common Stock may be (x) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (y) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical. Each Restricted Stock Award Agreement will conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

**(i) Consideration.** A Restricted Stock Award may be awarded in consideration for (A) cash, check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of legal consideration (including future services) that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

**(ii) Vesting.** Shares of Common Stock awarded under the Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

**(iii) Termination of Participant's Continuous Service.** If a Participant's Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement.

**(iv) Transferability.** Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement will be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board will determine in

its sole discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.

**(v) Dividends.** A Restricted Stock Award Agreement may provide that any dividends paid on Restricted Stock will be subject to the same vesting and forfeiture restrictions as apply to the shares subject to the Restricted Stock Award to which they relate.

**(b) Restricted Stock Unit Awards.** Each Restricted Stock Unit Award Agreement will be in such form and will contain such terms and conditions as the Board will deem appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical. Each Restricted Stock Unit Award Agreement will conform to (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

**(i) Consideration.** At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

**(ii) Vesting.** At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions on or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

**(iii) Payment .** A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

**(iv) Additional Restrictions.** At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

**(v) Dividend Equivalents.** Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate.

**(vi) Termination of Participant's Continuous Service.** Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

**(c) Performance Awards .**

**(i) Performance Stock Awards .** A Performance Stock Award is a Stock Award that is payable (including that may be granted, may vest or may be exercised) contingent upon the attainment during a Performance Period of certain Performance Goals. A Performance Stock Award may but need not require the Participant's completion of a specified period of Continuous Service. The length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained will be conclusively determined by the Committee (or the Board) , in its sole discretion. In addition, to the extent permitted by applicable law and the applicable Award Agreement, the Board may determine that cash may be used in payment of Performance Stock Awards.

**(ii) Performance Cash Awards .** A Performance Cash Award is a cash award that is payable contingent upon the attainment during a Performance Period of certain Performance Goals. A Performance Cash Award may also require the completion of a specified period of Continuous Service. At the time of grant of a Performance Cash Award, the length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained will be conclusively determined by the Committee (or the Board), in its sole discretion. The Board may specify the form of payment of Performance Cash Awards, which may be cash or other property, or may provide for a Participant to have the option for his or her Performance Cash Award, or such portion thereof as the Board may specify, to be paid in whole or in part in cash or other property.

**(iii) Board Discretion .** The Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for a Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Stock Award Agreement or the written terms of a Performance Cash Award.

**(d) Other Stock Awards .** Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100% of the Fair Market Value of the Common Stock at the time of grant) may be granted either alone or in addition to Stock Awards provided for under Section 5 and the preceding provisions of this Section 6 . Subject to the provisions of the Plan, the Board will have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards.

**7. COVENANTS OF THE COMPANY.**

**(a) Availability of Shares.** The Company will keep available at all times the number of shares of Common Stock reasonably required to satisfy then-outstanding Awards.

**(b) Securities Law Compliance.** The Company will seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards;

*provided, however* , that this undertaking will not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained. A Participant will not be eligible for the grant of an Award or the subsequent issuance of cash or Common Stock pursuant to the Award if such grant or issuance would be in violation of any applicable securities law.

**(c) No Obligation to Notify or Minimize Taxes.** The Company will have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Stock Award. Furthermore, the Company will have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of an Award to the holder of such Award.

## **8. MISCELLANEOUS.**

**(a) Use of Proceeds from Sales of Common Stock.** Proceeds from the sale of shares of Common Stock pursuant to Awards will constitute general funds of the Company.

**(b) Corporate Action Constituting Grant of Awards.** Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action constituting the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Award Agreement or related grant documents as a result of a clerical error in the papering of the Award Agreement or related grant documents , the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement or related grant documents .

**(c) Stockholder Rights.** No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to an Award unless and until (i) such Participant has satisfied all requirements for exercise of, or the issuance of shares of Common Stock under, the Award pursuant to its terms, and (ii) the issuance of the Common Stock subject to such Award has been entered into the books and records of the Company.

**(d) No Employment or Other Service Rights.** Nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or will affect the right of the Company or an Affiliate to terminate the employment of an Employee with or without notice and with or without cause .

**(e) Change in Time Commitment.** In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced



(for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence ) after the date of grant of any Award to the Participant, the Board has the right in its sole discretion to (x) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced or extended .

**(f) Investment Assurances.** The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that such Participant is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, will be inoperative if (A) the issuance of the shares upon the exercise or acquisition of Common Stock under the Award has been registered under a then currently effective registration statement under the Securities Act, or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

**(g) Withholding Obligations.** Unless prohibited by the terms of an Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to an Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Award; *provided, however,* that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding cash from an Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; or (v) by such other method as may be set forth in the Award Agreement.

**(h) Electronic Delivery .** Any reference herein to a "written" agreement or document will include any agreement or document delivered electronically, filed publicly at [www.sec.gov](http://www.sec.gov) (or any successor website thereto) or posted on the Company's intranet (or other shared electronic medium controlled by the Company to which the Participant has access) .

**(i) Deferrals.** To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. Deferrals by Participants will be made

in accordance with Section 409A of the Code. Consistent with Section 409A of the Code, the Board may provide for distributions while a Participant is still an employee or otherwise providing services to the Company. The Board is authorized to make deferrals of Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant's termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

**(j) Compliance with Section 409A of the Code .** Unless otherwise expressly provided for in an Award Agreement, the Plan and Award Agreements will be interpreted to the greatest extent possible in a manner that makes the Plan and the Awards granted hereunder exempt from Section 409A of the Code, and, to the extent not so exempt, in compliance with Section 409A of the Code. If the Board determines that any Award granted hereunder is not exempt from and is therefore subject to Section 409A of the Code, the Award Agreement evidencing such Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code, and to the extent an Award Agreement is silent on terms necessary for compliance, such terms are hereby incorporated by reference into the Award Agreement . Notwithstanding anything to the contrary in this Plan (and unless the Award Agreement specifically provides otherwise), if the shares of Common Stock are publicly traded, and if a Participant holding an Award that constitutes "deferred compensation" under Section 409A of the Code is a "specified employee" for purposes of Section 409A of the Code, no distribution or payment of any amount that is due because of a "separation from service" (as defined in Section 409A of the Code without regard to alternative definitions thereunder) will be issued or paid before the date that is six months following the date of such Participant's "separation from service" (as defined in Section 409A of the Code without regard to alternative definitions thereunder) or, if earlier, the date of the Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A of the Code, and any amounts so deferred will be paid in a lump sum on the day after such six month period elapses, with the balance paid thereafter on the original schedule.

**(k) Clawback/Recovery .** All Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of an event constituting Cause. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Company.

## **9. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; OTHER CORPORATE EVENTS.**

**(a) Capitalization Adjustments .** In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a) and (ii) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Board will make such adjustments, and its determination will be final, binding and conclusive.

**(b) Dissolution or Liquidation** . Except as otherwise provided in the Stock Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company's right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service; *provided, however* , that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

**(c) Corporate Transaction.** The following provisions will apply to Stock Awards in the event of a Corporate Transaction unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of a Stock Award. In the event of a Corporate Transaction, then, notwithstanding any other provision of the Plan, the Board will take one or more of the following actions with respect to Stock Awards, contingent upon the closing or completion of the Corporate Transaction:

**(i)** arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Stock Award or to substitute a similar stock award for the Stock Award (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction);

**(ii)** arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to the Stock Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

**(iii)** accelerate the vesting, in whole or in part, of the Stock Award (and, if applicable, the time at which the Stock Award may be exercised) to a date prior to the effective time of such Corporate Transaction as the Board determines (or, if the Board does not determine such a date, to the date that is five days prior to the effective date of the Corporate Transaction), with such Stock Award terminating if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction;

**(iv)** arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Stock Award;

**(v)** cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Corporate Transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and

**(vi)** make a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property the Participant would have received upon the exercise of the Stock Award immediately prior to the effective time of the Corporate Transaction, over (B) any exercise price payable by such holder in connection with such exercise.

The Board need not take the same action or actions with respect to all Stock Awards or portions thereof or with respect to all Participants. The Board may take different actions with respect to the vested and unvested portions of a Stock Award.

**(d) Change in Control.** A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration will occur.

#### **10. TERMINATION OR SUSPENSION OF THE PLAN.**

The Board may suspend or terminate the Plan at any time and no Awards may be granted under the Plan while the Plan is suspended or after it is terminated. The suspension or termination of the Plan shall not impair rights and obligations under any Award granted while the Plan was in effect except with the consent of the affected Participant.

#### **11. EFFECTIVE DATE OF THE PLAN .**

The Plan will become effective on the Effective Date.

#### **12. CHOICE OF LAW.**

The law of the State of Delaware will govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

**13. DEFINITIONS.** As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

**(a)** “ *Affiliate* ” means, at the time of determination, any “parent” or “subsidiary” of the Company as such terms are defined in Rule 405 of the Securities Act. The Board will have the authority to determine the time or times at which “parent” or “subsidiary” status is determined within the foregoing definition.

**(b)** “ *Award* ” means a Stock Award or a Performance Cash Award.

**(c)** “ *Award Agreement* ” means a written agreement between the Company and a Participant evidencing the terms and conditions of an Award.

**(d)** “ *Board* ” means the Board of Directors of the Company.

**(e)** “ *Capital Stock* ” means each and every class of common stock of the Company, regardless of the number of votes per share.

**(f)** “ *Capitalization Adjustment* ” means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Adoption Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of

shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(g) “ **Cause** ” will have the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means, with respect to a Participant, the occurrence of any of the following events: (i) such Participant’s commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) such Participant’s attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (iii) such Participant’s intentional, material violation of any contract or agreement between the Participant and the Company or of any statutory duty owed to the Company; (iv) such Participant’s unauthorized use or disclosure of the Company’s confidential information or trade secrets; or (v) such Participant’s gross misconduct. The determination that a termination of the Participant’s Continuous Service is either for Cause or without Cause will be made by the Company, in its sole discretion. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Awards held by such Participant will have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.

(h) “ **Change in Control** ” means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control will not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company’s securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, (C) on account of the acquisition of securities of the Company by any individual who was on the IPO Date, either an executive officer or a Director (either, an “ **IPO Investor** ”) and/or any entity in which an IPO Investor has a direct or indirect interest (whether in the form of voting rights or participation in profits or capital contributions) of more than 50% (collectively, the “ **IPO Entities** ”) or on account of the IPO Entities continuing to hold shares that come to represent more than 50% of the combined voting power of the Company’s then outstanding securities as a result of the conversion of any class of the Company’s securities into another class of the Company’s securities having a different number of votes per share pursuant to the conversion provisions set forth in the Company’s Amended and Restated Certificate of Incorporation; or (D) solely because the level of Ownership held by any Exchange Act Person (the “ **Subject Person** ”) exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control will be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction; *provided, however* , that a merger, consolidation or similar transaction will not constitute a Change in Control under this prong of the definition if the outstanding voting securities representing more than 50% of the combined voting power of the surviving Entity or its parent are owned by the IPO Entities;

(iii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than 50% of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition ; *provided, however* , that a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries will not constitute a Change in Control under this prong of the definition if the outstanding voting securities representing more than 50% of the combined voting power of the acquiring Entity or its parent are owned by the IPO Entities ; or

(iv) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the “ **Incumbent Board** ”) cease for any reason to constitute at least a majority of the members of the Board; *provided, however* , that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing definition or any other provision of the Plan, the term Change in Control will not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company and the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant will supersede the foregoing definition with respect to Awards subject to such agreement; *provided, however* , that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition will apply.

(i) “ **Code** ” means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(j) “ **Committee** ” means a committee of one or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c) and which is comprised of a majority of independent directors within the meaning of Rule 560 5 (a)(2) of the NASDAQ Listing Rules.

(k) “ **Common Stock** ” means the common stock of the Company, having one vote per share.

(l) “ **Company** ” means Mobile Iron , Inc. , a Delaware corporation .

(m) “ **Consultant** ” means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. Consultants are not eligible to receive Awards under this Plan with respect to their service in such capacity.

(n) “ **Continuous Service** ” means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s service with the Company or an Affiliate, will not terminate a Participant’s Continuous Service ; *provided, however* , that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board, in its sole discretion, such Participant’s Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party’s sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company’s leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law.

(o) “ **Corporate Transaction** ” means the consummation , in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board, in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of at least 9 0% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(p) “ **Director** ” means a member of the Board. Directors are not eligible to receive Awards under this Plan with respect to their service in such capacity.

(q) “ **Disability** ” means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months, as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(r) “ **Effective Date** ” means the date this Plan is approved by the Board or a Committee .

(s) “ **Employee** ” means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an “Employee” for purposes of the Plan.

(t) “ **Entity** ” means a corporation, partnership, limited liability company or other entity.

(u) “ **Exchange Act** ” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(v) “ **Exchange Act Person** ” means any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that “Exchange Act Person” will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding securities.

(w) “ **Fair Market Value** ” means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Common Stock will be, unless otherwise determined by the Board, the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in a source the Board deems reliable.

(ii) Unless otherwise provided by the Board, if there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing selling price on the last preceding date for which such quotation exists.

(iii) In the absence of such markets for the Common Stock, the Fair Market Value will be determined by the Board in good faith and in a manner that complies with Section 409A of the Code.



(x) “ **Incentive Stock Option** ” means an option intended to be, and qualifies as, an “incentive stock option” within the meaning of Section 422 of the Code. Incentive Stock Options are not permissible Awards under the Plan.

(y) “ **IPO Date** ” means the date the underwriting agreement between the Company and the underwriter(s) managing the initial public offering of the Common Stock, pursuant to which the Common Stock was priced for the initial public offering.

(z) “ **Non-Employee Director** ” means a Director who either (i) is not a current employee or officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act (“ **Regulation S-K** ”)), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a “non-employee director” for purposes of Rule 16b-3.

(aa) “ **Nonstatutory Stock Option** ” means any Option granted pursuant to Section 5 of the Plan that is not intended to qualify as an Incentive Stock Option.

(bb) “ **Officer** ” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(cc) “ **Option** ” means a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan. Incentive Stock Options are not eligible Awards under the Plan.

(dd) “ **Option Agreement** ” means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement will be subject to the terms and conditions of the Plan.

(ee) “ **Optionholder** ” means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(ff) “ **Other Stock Award** ” means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 6(d) .

(gg) “ **Other Stock Award Agreement** ” means a written agreement between the Company and a holder of an Other Stock Award evidencing the terms and conditions of an Other Stock Award grant. Each Other Stock Award Agreement will be subject to the terms and conditions of the Plan.

(hh) “ **Own,** ” “ **Owned,** ” “ **Owner,** ” “ **Ownership** ” means a person or Entity will be deemed to “Own,” to have “Owned,” to be the “Owner” of, or to have acquired “Ownership” of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(ii) “ **Participant** ” means a person to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(jj) “ **Performance Cash Award** ” means an award of cash granted pursuant to the terms and conditions of Section 6(c)(ii) .

(kk) “ **Performance Criteria** ” means the one or more criteria that the Board will select for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that will be used to establish such Performance Goals may be based on any one of, or combination of, the following as determined by the Board: (i) earnings (including earnings per share and net earnings); (ii) earnings before interest, taxes and depreciation; (iii) earnings before interest, taxes, depreciation and amortization; (iv) earnings before interest, taxes, depreciation, amortization and legal settlements; (v) earnings before interest, taxes, depreciation, amortization, legal settlements and other income (expense); (vi) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense) and stock-based compensation; (vii) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense), stock-based compensation and changes in deferred revenue; (viii) total stockholder return; (ix) return on equity or average stockholder’s equity; (x) return on assets, investment, or capital employed; (xi) stock price; (xii) margin (including gross margin); (xiii) income (before or after taxes); (xiv) operating income; (xv) operating income after taxes; (xvi) pre-tax profit; (xvii) operating cash flow; (xviii) sales or revenue targets; (xix) increases in revenue or product revenue; (xx) expenses and cost reduction goals; (xxi) improvement in or attainment of working capital levels; (xxii) economic value added (or an equivalent metric); (xxiii) market share; (xxiv) cash flow; (xxv) cash flow per share; (xxvi) share price performance; (xxvii) debt reduction; (xxviii) implementation or completion of projects or processes; (xxix) user satisfaction; (xxx) stockholders’ equity; (xxxi) capital expenditures; (xxxii) debt levels; (xxxiii) operating profit or net operating profit; (xxxiv) workforce diversity; (xxxv) growth of net income or operating income; (xxxvi) billings; (xxxvii) bookings; (xxxviii) the number of users, including but not limited to unique users ; (xxxix) employee retention; and (xxxx) other measures of performance selected by the Board.

(ll) “ **Performance Goals** ” means, for a Performance Period, the one or more goals established by the Board for the Performance Period based upon the Performance Criteria. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more

relevant indices. In addition, the Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for such Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Stock Award Agreement or the written terms of a Performance Cash Award.

(mm) “ **Performance Period** ” means the period of time selected by the Board over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant’s right to and the payment of a Stock Award or a Performance Cash Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Board.

(nn) “ **Performance Stock Award** ” means a Stock Award granted under the terms and conditions of Section 6(c)(i) .

(oo) “ **Plan** ” means this Mobile Iron , Inc. 2015 Inducement Plan , as it may be amended .

(pp) “ **Restricted Stock Award** ” means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(a) .

(qq) “ **Restricted Stock Award Agreement** ” means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

(rr) “ **Restricted Stock Unit Award** ” means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(b) .

(ss) “ **Restricted Stock Unit Award Agreement** ” means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement will be subject to the terms and conditions of the Plan.

(tt) “ **Rule 16b-3** ” means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(uu) “ **Securities Act** ” means the Securities Act of 1933, as amended.

(vv) “ **Stock Appreciation Right** ” or “ **SAR** ” means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 5 .

(ww) “ **Stock Appreciation Right Agreement** ” means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement will be subject to the terms and conditions of the Plan.

(xx) “ **Stock Award** ” means any right to receive Common Stock granted under the Plan, including a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Stock Appreciation Right, a Performance Stock Award or any Other Stock Award.

(yy) “ **Stock Award Agreement** ” means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement will be subject to the terms and conditions of the Plan.

(zz) “ **Subsidiary** ” means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership , limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.



December 28, 2015

Daniel Fields

Dear Danny,

On behalf of MobileIron, Inc. (the “Company”), I am pleased to offer you the full-time position of Senior Vice President, Engineering and Chief Software Development Officer. Speaking for myself, as well as the other members of the Company’s management team, we are all very impressed with your credentials and we look forward to your future success in this position.

The terms of your new full-time position with the Company are as set forth below:

1. **Position.**
    - a) Your position will be Senior Vice President of Engineering and Chief Software Development Officer, a “Section 16 Officer” position, working out of the Company’s headquarters office in Mountain View, CA. You will report to the Chief Executive Officer.
    - b) You agree to the best of your ability and experience that you will at all times loyally and conscientiously perform all of the duties and obligations required of and from you pursuant to the express and implicit terms hereof, and to the reasonable satisfaction of the Company. During the term of your employment, you further agree that you will devote all of your business time and attention to the business of the Company, the Company will be entitled to all of the benefits and profits arising from or incident to all such work services and advice, you will not render commercial or professional services of any nature to any person or organization, whether or not for compensation, without the prior written consent of the Company, and you will not directly or indirectly engage or participate in any business that is competitive in any manner with the business of the Company. Nothing in this letter agreement will prevent you from accepting speaking or presentation engagements in exchange for honoraria or from serving on boards of charitable organizations, or from owning no more than one percent (1%) of the outstanding equity securities of a corporation whose stock is listed on a national stock exchange.
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2. **Start Date**. Subject to fulfillment of any conditions imposed by this letter agreement, you will commence this new position with the Company on February 19, 2016.

3. **Proof of Right to Work**. For purposes of federal immigration law, you will be required to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three business days of your date of hire, or our employment relationship with you may be terminated.

4. **Compensation**.

- a) **Base Salary**: You will be paid at the rate of \$33,333 per month (which is equivalent to \$400,000 on an annualized basis), less payroll deductions and withholdings (the “**Base Salary**”), payable pursuant to the Company’s regular payroll practices. The Base Salary will be reviewed annually as part of the Company’s normal salary review process.
- b) **Annual Bonus**: You will be eligible to participate in the Company’s 2016 executive bonus plan where your target bonus is 45% of your base salary. Your actual bonus is guaranteed for the first year at 45% (\$180,000) provided you are employed at the time the actual bonus is paid according to the Company’s 2016 executive bonus plan. For the purposes of clarity, over achievement is possible consistent with the terms of the Company’s 2016 executive bonus plan.
- c) **Signing Bonus**: Provided you accept this offer, the Company will pay you a one-time signing bonus in the amount of \$300,000, less deductions required by law (the “**Signing Bonus**”). Fifty percent (50%) of this Signing Bonus will be paid on the first regularly scheduled payroll date after your Start date, and then the remaining 50% will be paid on the first regularly scheduled payroll date in June 2016, but in all cases not later than June 15, 2016. Should the Company terminate your employment for Cause (as defined in the Executive Severance Plan, See Attachment B) or should you choose to leave the Company for any reason, in either case prior to one year anniversary of your Start Date, you will be eligible to keep the pro-rata share of the Signing Bonus based on time served, and obligated to return to the Company the pro-rata portion of entire Signing Bonus calculated based upon the difference between the termination date and your one year anniversary from Start Date. Should the company terminate your employment without Cause (as defined in the Executive Severance Plan, See Attachment B) you will not be required to return to the Company any portion of the signing bonus.

5. **Equity**.

- a) **Restricted Stock Unit Grant**. Promptly following Executive’s commencement of employment, which will be February 19, 2016 (the “**Start Date**”), and as a material inducement to Executive’s employment by the Company, the Compensation Committee of the Board will grant Executive (i) an award of 220,000 restricted stock units (the “**RSU Award**”). The MobileIron RSUs will
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vest ratably over four years as follows: (i) 25% of the total number of MobileIron RSUs will vest on the Quarterly Vesting Date (see below) that is in the same calendar quarter as the one year anniversary of your employment start date, and (ii) the remaining MobileIron RSUs will vest ratably with 6.25% of the total RSUs vesting on each subsequent Quarterly Vesting Date, until the MobileIron RSUs are totally vested, subject to your continued employment on each such Quarterly Vesting Date. The Quarterly Vesting Dates are February 20, May 20, August 20, and November 20 of each year. The grant will be subject to the terms of any applicable equity plan of the Company and the MobileIron RSU Agreement between you and the Company.

- b) **Regular Option Grant**. Promptly following the Start Date and as a material inducement to the Executive's employment by the Company, the Compensation Committee of the Board will grant Executive an option to purchase 150,000 shares of Common Stock of the Company with an exercise price equal to the fair market value of a share of Common Stock on the date of grant (the "**Regular Option**"). The Regular Option will be subject to vesting as follows: 1/4<sup>th</sup> of the shares under the Regular Option will vest and become exercisable on the first anniversary of the Start Date, and 1/48<sup>th</sup> of such shares will vest and become exercisable at the end of each one-month period thereafter, subject to Executive's continued service with the Company. The grant will be subject to the terms of any applicable equity plan of the Company and the MobileIron Option Agreement between you and the Company.

The equity compensation will be reviewed annually and you will be eligible for additional grants as part of the Company's normal annual equity review process.

6. **Benefits**.

- a) **Insurance Benefits**. The Company will provide you with the opportunity to participate in the standard benefits plans currently available to other Company employees, subject to any eligibility requirements imposed by such plans.
- b) **Vacation; Sick Leave**. You will be entitled to paid time off according to the Company's standard policies.

7. **Confidential Information and Invention Assignment Agreement/ Employee Handbook**. Your acceptance of this offer and commencement of employment with the Company is contingent upon your execution, and delivery to an officer of the Company, of the Company's Confidential Information and Invention Assignment Agreement, a copy of which is enclosed for your review and execution (the "**Confidentiality Agreement**"), prior to or on your Start Date. As a Company employee, you will be expected to abide by Company rules and policies, and acknowledge in writing that you have read the Company's Employee Handbook. By signing this offer letter, Candidate acknowledges receipt of the current Employee Handbook.

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8. **At-Will Employment**. Executive's employment relationship is at-will, and either Executive or the Company may terminate the employment relationship at any time, with or without Cause or advance notice.

9. **Termination of Employment; Severance and Change in Control Benefits**. You will be eligible to participate in the MobileIron Executive Severance Benefit plan as outlined in Attachment B.

10. **No Conflicting Obligations**. You understand and agree that by accepting this offer of employment, you represent to the Company that your performance will not breach any other agreement to which you are a party and that you have not, and will not during the term of your employment with the Company, enter into any oral or written agreement in conflict with any of the provisions of this letter or the Company's policies. You are not to bring with you to the Company, or use or disclose to any person associated with the Company, any confidential or proprietary information belonging to any former employer or other person or entity with respect to which you owe an obligation of confidentiality under any agreement or otherwise. The Company does not need and will not use such information and we will assist you in any way possible to preserve and protect the confidentiality of proprietary information belonging to third parties. Also, we expect you to abide by any obligations to refrain from soliciting any person employed by or otherwise associated with any former employer and suggest that you refrain from having any contact with such persons until such time as any non-solicitation obligation expires.

11. **Entire Agreement**. This letter, together with the Confidentiality Agreement, sets forth the entire agreement and understanding between you and the Company with respect to your employment and supersedes all prior agreements and promises made to you by anyone, whether oral or written. This letter (and your employment at will status) may not be modified or amended except by a written agreement, signed by an officer of the Company, although the Company reserves the right to modify unilaterally your work location, compensation, benefits, job title and duties, and reporting relationships. This letter will be governed by the laws of the State of California without regard to its conflict of laws provision.

We are all delighted to be able to extend you this offer and look forward to working with you. To indicate your acceptance of the Company's offer, please sign and date this letter in the space provided below and return it to me, along with a signed and dated copy of the Confidentiality Agreement. This offer will terminate if not accepted by you on or before December 31, 2015 at 5pm pacific time.

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Very Truly Yours,

**Mobile Iron, Inc.**

/s/ Jared Lucas

*Signature*

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Jared Lucas, Chief People Officer

*Printed Name and Title*

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December 28, 2015

*Date*

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**ACCEPTED AND AGREED:**

/s/ Daniel Fields  
*Employee Signature*

12/29/2015  
*Date*

2/19/2016  
*Start Date*

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Attachment A:

CONFIDENTIAL INFORMATION AND INVENTION ASSIGNMENT AGREEMENT

As a condition of my becoming employed (or my employment being continued) by Mobile Iron, Inc., a Delaware corporation (the “Company”), and in consideration of my employment relationship with the Company and my receipt of the compensation now and hereafter paid to me by the Company, I agree to the following:

1. **Employment Relationship**. I understand and acknowledge that this Agreement does not alter, amend or expand upon (i) any rights I may have to continue in the employ of, or (ii) the duration of my employment relationship with, the Company under any existing agreements between the Company and me or under applicable law. Any employment relationship between the Company and me, whether commenced prior to or upon the date of this Agreement, shall be referred to herein as the “Relationship.”
  2. **At-Will Relationship**. I understand and acknowledge that the Relationship is and shall continue to be at-will, meaning that either I or the Company may terminate the Relationship at any time and for any reason, with or without cause or advance notice.
  3. **Confidential Information**.
    - (a) **Company Information**. I agree at all times during the Relationship and thereafter, to hold in strictest confidence, and not to use, except for the benefit of the Company to the extent necessary to perform my obligations to the Company under the Relationship, or to disclose to any person, firm, corporation or other entity without written authorization of the Board of Directors of the Company, any Confidential Information of the Company which I obtain or create. I further agree not to make copies of such Confidential Information except as authorized by the Company. I understand that “Confidential Information” means any Company proprietary information, technical data, trade secrets or know-how, including, but not limited to, research, product plans, products, services, suppliers, customer lists and customers (including, but not limited to, customers of the Company on whom I called or with whom I became acquainted during the Relationship), prices and costs, markets, software, developments, inventions, laboratory notebooks, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing information, licenses, financial information, budgets, information regarding the skills and compensation of the Company’s employees, contractors, and any other service providers of the Company or other business information disclosed to me by the Company either directly or indirectly in writing, orally or by drawings or observation of parts or equipment or created by me during the Relationship, whether or not during working hours. I understand that Confidential Information includes, but is not limited to, information pertaining to any aspect of the Company’s business which is either information not known by actual or potential competitors of the Company or other third parties not under confidentiality obligations to the Company, or is otherwise proprietary information of the Company or its customers or suppliers, whether of a technical nature or otherwise. I further understand that Confidential Information does not include any of the foregoing items which has become publicly and widely
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known and made generally available through no wrongful act of mine or of others who were under confidentiality obligations as to the item or items involved.

- (b) **Prior Obligations**. I represent that my performance of all terms of this Agreement as an employee of the Company has not breached and will not breach any agreement with any former employer or other party, including any agreement to keep in confidence proprietary information, knowledge or data acquired by me prior or subsequent to the commencement of the Relationship, and I will not disclose to the Company or use any inventions, confidential or non-public proprietary information or material belonging to any current or former client or employer or any other party. I will not induce the Company to use any inventions, confidential or non-public proprietary information, or material belonging to any current or former client or employer or any other party.
- (c) **Third Party Information**. I recognize that the Company has received and in the future will receive confidential or proprietary information from third parties subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out my work for the Company consistent with the Company's agreement with such third party.

#### 4. **Inventions**.

- (a) **Inventions Retained and Licensed**. I have attached hereto, as Exhibit A, a list describing with particularity all inventions, original works of authorship, developments, improvements, and trade secrets which were made by me prior to the commencement of the Relationship (collectively referred to as "Prior Inventions"), which belong solely to me or belong to me jointly with another, which relate in any way to any of the Company's proposed businesses, products or research and development, and which are not assigned to the Company hereunder; or, if no such list is attached, I represent that there are no such Prior Inventions. If, in the course of the Relationship, I incorporate into a Company product, process or machine a Prior Invention owned by me or in which I have an interest, the Company is hereby granted and shall have a non-exclusive, royalty-free, irrevocable, perpetual, worldwide license (with the right to sublicense) to make, have made, copy, modify, make derivative works of, use, sell and otherwise distribute such Prior Invention as part of or in connection with such product, process or machine.
  - (b) **Assignment of Inventions**. I agree that I will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assign to the Company, or its designee, all my right, title and interest throughout the world in and to any and all inventions, original works of authorship, developments, concepts, know-how, improvements or trade secrets, whether or not patentable or registrable under copyright or similar laws, which I may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the Relationship (collectively referred to as "Inventions"), except as provided in Section 4(e) below. I further acknowledge that all Inventions which are made by me (solely or jointly with others) within the scope of and during the Relationship are "works made for hire" (to the greatest extent permitted by applicable law)
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and are compensated by my salary, unless regulated otherwise by the mandatory law of the state of California. Any assignment of Inventions (and all intellectual property rights with respect thereto) hereunder includes an assignment of all moral rights. To the extent such moral rights cannot be assigned to the Company and to the extent the following is allowed by the laws in any country where moral rights exist, I hereby unconditionally and irrevocably waive the enforcement of such moral rights, and all claims and causes of action of any kind against the Company or related to the Company's customers, with respect to such rights. I further acknowledge and agree that neither my successors-in-interest nor legal heirs retain any moral rights in any Inventions (and any intellectual property rights with respect thereto).

- (c) **Maintenance of Records**. I agree to keep and maintain adequate and current written records of all Inventions made by me (solely or jointly with others) during the Relationship. The records may be in the form of notes, sketches, drawings, flow charts, electronic data or recordings, laboratory notebooks, and any other format. The records will be available to and remain the sole property of the Company at all times. I agree not to remove such records from the Company's place of business except as expressly permitted by Company policy which may, from time to time, be revised at the sole election of the Company for the purpose of furthering the Company's business. I agree to return all such records (including any copies thereof) to the Company at the time of termination of the Relationship as provided for in Section 5.
- (d) **Patent and Copyright Rights**. I agree to assist the Company, or its designee, at its expense, in every proper way to secure the Company's, or its designee's, rights in the Inventions and any copyrights, patents, trademarks, mask work rights, moral rights, or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company or its designee of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments, recordations, and all other instruments which the Company or its designee shall deem necessary in order to apply for, obtain, maintain and transfer such rights, or if not transferable, waive such rights, and in order to assign and convey to the Company or its designee, and any successors, assigns and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. I further agree that my obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue after the termination of this Agreement until the expiration of the last such intellectual property right to expire in any country of the world. If the Company or its designee is unable because of my mental or physical incapacity or unavailability or for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign patents, copyright, mask works or other registrations covering Inventions or original works of authorship assigned to the Company or its designee as above, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the application for, prosecution, issuance, maintenance or transfer of letters patent, copyright or other registrations thereon with the same legal force and effect as if originally executed by me. I hereby waive and irrevocably quitclaim to the Company or its designee any and all claims, of any nature whatsoever, which I now or hereafter have for infringement of any and all proprietary rights assigned to the Company or such designee.
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- (e) **Exception to Assignments**. I understand that the provisions of this Agreement requiring assignment of Inventions to the Company do not apply to any invention which qualifies fully under the provisions of California Labor Code Section 2870 (attached hereto as Exhibit B). I will advise the Company promptly in writing of any inventions that I believe meet such provisions and are not otherwise disclosed on Exhibit A.
- (f) **Government or Third Party**. I agree that, as directed by the Company, I will assign to a third party, including without limitation the United States, all my right, title, and interest in and to any particular Company Invention.

5. **Company Property; Returning Company Documents**. I acknowledge and agree that I have no expectation of privacy with respect to the Company's telecommunications, networking or information processing systems (including, without limitation, stored company files, e-mail messages and voice messages) and that my activity and any files or messages on or using any of those systems may be monitored at any time without notice. I further agree that any property situated on the Company's premises and owned by the Company, including disks and other storage media, filing cabinets or other work areas, is subject to inspection by Company personnel at any time with or without notice. I agree that, at the time of termination of the Relationship, I will deliver to the Company (and will not keep in my possession, recreate or deliver to anyone else) any and all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, laboratory notebooks, materials, flow charts, equipment, other documents or property, or reproductions of any of the aforementioned items developed by me pursuant to the Relationship or otherwise belonging to the Company, its successors or assigns. In the event of the termination of the Relationship, I agree to sign and deliver the "Termination Certification" attached hereto as Exhibit C; however, my failure to sign and deliver the Termination Certificate shall in no way diminish my continuing obligations under this Agreement.

6. **Notification to Other Parties**.

- (a) **Employees**. In the event that I leave the employ of the Company, I hereby consent to notification by the Company to my new employer about my rights and obligations under this Agreement.
- (b) **Consultants**. I hereby grant consent to notification by the Company to any other parties besides the Company with whom I maintain a consulting relationship, including parties with whom such relationship commences after the effective date of this Agreement, about my rights and obligations under this Agreement.

7. **Solicitation of Employees, Consultants and Other Parties**. I agree that during the Relationship and for a period of twenty-four (24) months immediately following the termination of the Relationship for any reason, whether with or without cause, I shall not either directly or indirectly solicit, induce, recruit or encourage any of the Company's employees or consultants to terminate their relationship with the Company, or attempt to solicit, induce, recruit, encourage or take away employees or consultants of the Company, either for myself or for any other person or entity. Further, during the Relationship and at any time following termination of the

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Relationship for any reason, with or without cause, I shall not use any Confidential Information of the Company to attempt to negatively influence any of the Company's clients or customers from purchasing Company products or services or to solicit or influence or attempt to influence any client, customer or other person either directly or indirectly, to direct his or its purchase of products and/or services to any person, firm, corporation, institution or other entity in competition with the business of the Company.

8. **Representations and Covenants.**

- (a) **Facilitation of Agreement.** I agree to execute promptly any proper oath or verify any proper document required to carry out the terms of this Agreement upon the Company's written request to do so.
- (b) **Conflicts.** I represent that my performance of all the terms of this Agreement does not and will not breach any agreement I have entered into, or will enter into with any third party, including without limitation any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to commencement of my Relationship with the Company. I agree not to enter into any written or oral agreement that conflicts with the provisions of this Agreement.
- (c) **Voluntary Execution.** I certify and acknowledge that I have carefully read all of the provisions of this Agreement and that I understand and will fully and faithfully comply with such provisions.

9. **General Provisions.**

- (a) **Governing Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California, without giving effect to the principles of conflict of laws.
  - (b) **Entire Agreement.** This Agreement sets forth the entire agreement and understanding between the Company and me relating to the subject matter herein and merges all prior discussions between us. No modification or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by both parties. Any subsequent change or changes in my duties, obligations, rights or compensation will not affect the validity or scope of this Agreement.
  - (c) **Severability.** If one or more of the provisions in this Agreement are deemed void by law, then the remaining provisions will continue in full force and effect.
  - (d) **Successors and Assigns.** This Agreement will be binding upon my heirs, executors, administrators and other legal representatives, and my successors and assigns, and will be for the benefit of the Company, its successors, and its assigns.
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- (e) **Survival**. The provisions of this Agreement shall survive the termination of the Relationship and the assignment of this Agreement by the Company to any successor in interest or other assignee.
- (f) **Remedies**. I acknowledge and agree that violation of this Agreement by me may cause the Company irreparable harm, and therefore agree that the Company will be entitled to seek extraordinary relief in court, including but not limited to temporary restraining orders, preliminary injunctions and permanent injunctions without the necessity of posting a bond or other security and in addition to and without prejudice to any other rights or remedies that the Company may have for a breach of this Agreement.
- (g) **ADVICE OF COUNSEL**. I ACKNOWLEDGE THAT, IN EXECUTING THIS AGREEMENT, I HAVE HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND I HAVE READ AND UNDERSTOOD ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT. THIS AGREEMENT SHALL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION HEREOF.

The parties have executed this Agreement on the respective dates set forth below:

**COMPANY:**

Jared Lucas – Chief People Officer

*Printed Name and Title*

/s/ Jared Lucas

*Signature*

December 28, 2015

*Date*

415 East Middlefield Road  
Mountain View, CA 94043

*Address*

**EMPLOYEE:**

Daniel Fields

*Printed Name and Title*

/s/ Daniel Fields

*Signature*

12/29/2015

*Date*

*Address*

**SUBSIDIARIES OF MOBILEIRON, INC.**

The following is a list of MobileIron, Inc.'s subsidiaries including their jurisdiction of incorporation as of December 31, 2015 :

<b><u>Subsidiaries</u></b>	<b><u>Jurisdiction of Incorporation</u></b>
MobileIron International, Inc.	Delaware, U.S.A.
MobileIron India Software Private Limited	India

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**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-196762 and 333-207742 on Form S-8 of our report dated February 23, 2016, relating to the consolidated financial statements of MobileIron, Inc. and its subsidiaries appearing in this Annual Report on Form 10-K of MobileIron, Inc. for the year ended December 31, 2015.

*/s/ DELOITTE & TOUCHE LLP*

San Jose, California  
February 23, 2016

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I, Barry Mainz , certify that:

1. I have reviewed this Annual Report on Form 10-K of MobileIron, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have :
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23 , 201 6

/s/ Barry Mainz

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Barry Mainz  
*President and Chief Executive Officer*  
*(Principal Executive Officer)*

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I, Simon Biddiscombe, certify that:

1. I have reviewed this Annual Report on Form 10-K of MobileIron, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date February 23, 2016

/s/ Simon Biddiscombe

Simon Biddiscombe

Chief Financial Officer

(Principal Financial and Accounting Officer)

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**CERTIFICATION**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Barry Mainz, President and Chief Executive Officer (Principal Executive Officer) of MobileIron, Inc. (the “Company”), and Simon Biddiscombe, Chief Financial Officer (Principal Financial and Accounting Officer) of the Company, each hereby certifies that, to the best of his or her knowledge:

1. The Company’s Annual Report on Form 10-K for the period ended December 31, 2015 (the “Annual Report”), to which this Certification is attached as Exhibit 32.1, fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and
2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

**I N W I T N E S S W H E R E O F**, the undersigned have set their hands hereto as of the 23<sup>rd</sup> day of February, 2016.

/s/ Barry Mainz

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Barry Mainz  
President and Chief Executive  
(Principal Executive Officer)

/s/ Simon Biddiscombe

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Simon Biddiscombe  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

“This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of MobileIron, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.”

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