
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 25, 2016

Pure Storage, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-37570

(Commission
File Number)

27-1069557

(IRS Employer Identification No.)

650 Castro Street, Suite 400
Mountain View, California 94041
(Address of Principal Executive Offices)

(800) 379-7873

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On May 25, 2016, Pure Storage, Inc. (“Pure Storage”) issued a press release regarding its financial results for the quarter ended April 30, 2016. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K. Pure Storage issued a blog post in connection with the press release, the full text of which is furnished as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated under this Item 2.02 by reference.

This information, including the exhibits hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Pure Storage is making reference to non-GAAP financial information in the press release, the blog and the conference call. A reconciliation of these non-GAAP financial measures to the comparable GAAP financial measures is contained in the attached press release. These non-GAAP financial measures are reported in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are furnished herewith:

| Exhibit No. | Description |
|--------------------|---|
| 99.1 | Press Release entitled “Pure Storage Announces First Quarter Fiscal 2017 Financial Results” |
| 99.2 | Blog Post entitled “Dietz on the Day: Pure Storage Q1 FY17 Results” |

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Pure Storage, Inc.
(Registrant)

By: /s/ SCOTT DIETZEN
Scott Dietzen
Chief Executive Officer

May 25, 2016

Exhibit Index

| Exhibit No. | Description |
|--------------------|---|
| 99.1 | Press Release entitled "Pure Storage Announces First Quarter Fiscal 2017 Financial Results" |
| 99.2 | Blog Post entitled "Dietz on the Day: Pure Storage Q1 FY17 Results" |

Pure Storage Announces First Quarter Fiscal 2017 Financial Results

~ Year Over Year Revenue Up Almost 90% ~

Mountain View, Calif. - May 25, 2016 – Pure Storage (NYSE: PSTG) today announced financial results for its fiscal quarter ended April 30, 2016 .

Key highlights include:

- Quarterly revenue: \$139.9 million, up 89% Y-Y, and ahead of our guidance range
- Quarterly gross margin: 66.5% GAAP; 67.3% non-GAAP, up 6.5 ppts and 6.8 ppts Y-Y, respectively
- Quarterly operating margin: -45.6% GAAP; -29.4% non-GAAP, up 19.5 ppts and 23.8 ppts Y-Y, respectively

“We are pleased to report another strong quarter,” said Scott Dietzen, CEO of Pure Storage. “Year over year, our revenue growth continues to dramatically outpace both our storage industry competitors and the broader enterprise technology sector. While the legacy players retool complex, 20-year-old products to compete, customers continue to be attracted to Pure’s simplicity and superior customer experience across flash-optimized software, hardware, our Evergreen business model and cloud management.”

"Pure delivered robust April quarter results, with better-than-expected revenue and improving margin performance year over year," said Tim Riitters, CFO of Pure Storage. "We continue to expect to reach sustained positive cash flow by the second half of calendar year 2017."

In the quarter, Pure Storage grew its customer base to more than 1,950 organizations, adding almost 300 new customers, including SoftBank, the University of Melbourne, The World Bank and GMO CLOUD K.K., Japan’s largest Internet hosting company.

First Quarter Fiscal 2017 Financial Highlights

The following tables summarize our consolidated financial results for the fiscal quarters ended April 30, 2015 and 2016 (in millions except per share amounts, unaudited):

| GAAP Quarterly Financial Information | | | |
|---|--------------------------------------|--------------------------------------|-----------------------|
| | Three Months Ended April 30, 2015 | Three Months Ended April 30, 2016 | Year-Over-Year Change |
| Revenue | \$74.1 | \$139.9 | 89% |
| Gross Margin | 60.0% | 66.5% | 6.5 ppts |
| Product Gross Margin | 64.3% | 69.5% | 5.2 ppts |
| Support Gross Margin | 33.8% | 54.3% | 20.5 ppts |
| Operating Loss | -\$48.3 | -\$63.8 | -\$15.5 |
| Operating Margin | -65.1% | -45.6% | 19.5 ppts |
| Net Loss | -\$49.1 | -\$63.5 | -\$14.4 |
| Net Loss per Share | -\$1.51 | -\$0.34 | \$1.17 |
| Weighted-Average Shares (Basic and Diluted) | 32.6 | 189.3 | N/A |

| Non-GAAP Quarterly Financial Information | | | |
|---|--------------------------------------|--------------------------------------|-----------------------|
| | Three Months Ended April 30, 2015 | Three Months Ended April 30, 2016 | Year-Over-Year Change |
| Gross Margin | 60.5% | 67.3% | 6.8 ppts |
| Product Gross Margin | 64.4% | 69.6% | 5.2 ppts |
| Support Gross Margin | 37.0% | 58.0% | 21.0 ppts |
| Operating Loss | -\$39.4 | -\$41.1 | -\$1.7 |
| Operating Margin | -53.2% | -29.4% | 23.8 ppts |
| Net Loss | -\$40.3 | -\$40.8 | -\$0.5 |
| Net Loss per Share | -\$0.26 | -\$0.22 | \$0.04 |
| Weighted-Average Shares (Basic and Diluted) | 154.9 | 189.3 | N/A |
| Free Cash Flow | -\$20.9 | -\$17.6 | \$3.3 |

A reconciliation between GAAP and non-GAAP information is provided at the end of this release.

Financial Outlook

Second Quarter Fiscal 2017 Guidance:

- Revenue in the range of \$153 million to \$157 million
- Non-GAAP gross margin in the range of 65% to 68%
- Non-GAAP operating margin in the range of -30% to -26%

All forward-looking non-GAAP financial measures contained in this section titled “Financial Outlook” exclude stock-based compensation expense, payroll tax expense related to stock-based activities and, as applicable, other special items. We have not reconciled guidance for non-GAAP gross margin and non-GAAP operating margin to their most directly comparable GAAP measures because such items that impact these measures are not within our control and/or cannot be reasonably predicted. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measures is not available without unreasonable effort.

Conference Call Information

Pure Storage will host a teleconference to discuss the first quarter of fiscal 2017 results at 2:00 p.m. (PT) on May 25, 2016. Pure Storage will post its supplemental earnings presentation to the investor relations website at investor.purestorage.com following the conference call. Teleconference details are as follows:

- To Listen Via Telephone: 877-883-0383 or 412-902-6506 (for international callers) with passcode 6650445.
- To Listen via the Internet: A live and replay audio broadcast of the conference call with corresponding slides will be available at <http://investor.purestorage.com/>.
- Replay: A telephone playback of this conference call is scheduled to be available beginning at 4:00 p.m. (PT) on May 25, 2016, through 4:00 p.m. (PT) on June 1, 2016. The replay will be accessible by calling 877-344-7529 (international callers: 412-317-0088), with access code 10085778. The call runs 24 hours per day, including weekends.

A replay of the webcast will be available for approximately 45 days.

CEO Commentary

Pure Storage has posted a blog from its CEO discussing first quarter results at investor.purestorage.com and blog.purestorage.com.

Upcoming Investor Conference

Pure Storage Co-Founder and CTO, John “Coz” Colgrove, will be participating in a fireside chat at the Bank of America Merrill Lynch Conference in San Francisco on Thursday, June 2 at 9:15 a.m. (PT). A link to the webcast of this session will be available at investor.purestorage.com.

Pure Storage CEO, Scott Dietzen, will be participating in a fireside chat at the Stifel 2016 Technology, Internet & Media Conference in San Francisco on Monday, June 6 at 11:30 a.m. (PT). A link to the webcast of this session will be available at investor.purestorage.com.

Annual Meeting of Stockholders

Pure Storage will hold its 2016 annual meeting of stockholders on Thursday, June 9, 2016 at 10:00 a.m. (PT). The meeting will be held virtually, via live webcast at www.virtualshareholdermeeting.com/PSTG2016. The record date for the meeting is Monday, April 11, 2016, and only stockholders of record on that date are eligible to participate in the meeting. Other interested persons may listen to the live webcast of the meeting and can view the 2016 proxy statement and Annual Report on Form 10-K at investor.purestorage.com.

About Pure Storage

Pure Storage (NYSE: PSTG) accelerates possible, transforming businesses in ways previously unimagined. The company's disruptive, software-driven storage technology combined with a customer-friendly business model drives business and IT transformation for customers through dramatic increases in performance and efficiency at lower costs. Pure Storage FlashArray//m is simpler, faster and more elegant than any other technology in the data center. FlashArray //m is ideal for the move toward big data and for performance-intensive workloads such as cloud computing, database systems, desktop virtualization, real-time analytics and server virtualization. With Pure's industry leading Satmetrix-certified NPS score of 79, Pure customers are some of the happiest in the world, and include large and mid-size organizations across a range of industries: cloud-based software and service providers, consumer web, education, energy, financial services, governments, healthcare, manufacturing, media, retail and telecommunications. With Pure Storage, companies push the boundaries of what's possible to become faster, smarter and more innovative.

Forward Looking Statements

This press release contains forward-looking statements regarding our products, business and operations, including our expectations regarding technology differentiation, customer adoption and business model advantages, our ability to maintain growth and take market share, and our financial outlook for the second quarter of fiscal 2017 and statements regarding our products, business, operations and results. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Actual results may differ materially from the results predicted, and reported results should not be considered as an indication of future performance. The potential risks and uncertainties that could cause actual results to differ from the results predicted include, among others, those risks and uncertainties included under the captions "Risk Factors" and elsewhere in our filings and reports with the U.S. Securities and Exchange Commission, including, but not limited to, our Annual Report on Form 10-K for the fiscal year ended January 31, 2016, which is available on our investor relations website at investor.purestorage.com and on the SEC website at www.sec.gov. Additional information will also be set forth in our Quarterly Report on Form 10-Q for the quarter ended April 30, 2016. All information provided in this release and in the attachments is as of May 25, 2016, and we undertake no duty to update this information unless required by law.

Non-GAAP Financial Measures

To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measures: non-GAAP gross profit, non-GAAP gross margin, non-GAAP loss from operations, non-GAAP operating margin, non-GAAP net loss, non-GAAP net loss per share, free cash flow, and free cash flow as a percentage of revenue. In computing these non-GAAP financial measures, we exclude the effects of stock-based compensation expense, payroll tax expense related to stock-based activities and assumed preferred stock conversion. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We use these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. Our management believes that these non-GAAP financial measures provide meaningful supplemental information regarding our performance and liquidity by excluding certain expenses and expenditures such as stock-based compensation expense that may not be indicative of our ongoing core business operating results. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when analyzing historical performance and liquidity and planning, forecasting, and analyzing future periods. The presentation of these non-GAAP financial measures is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP, and our non-GAAP measures may be different from non-GAAP measures used by other companies.

For a reconciliation of these non-GAAP financial measures to GAAP measures, please see the tables captioned "Reconciliations of non-GAAP results of operations to the nearest comparable GAAP measures" and "Reconciliation from net cash provided by (used in) operating activities to free cash flow," included at the end of this release.

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PURE STORAGE, INC.
Condensed Consolidated Balance Sheets
(in thousands)

| | <u>January 31,</u> <u>2016</u> | <u>April 30,</u> <u>2016</u> (unaudited) |
|--|-----------------------------------|--|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 604,742 | \$ 286,096 |
| Marketable securities | — | 320,899 |
| Accounts receivable, net of allowance of \$944 and \$1,509 | 126,324 | 97,164 |
| Inventory | 20,649 | 21,980 |
| Deferred commissions, current | 15,703 | 12,136 |
| Prepaid expenses and other current assets | 20,652 | 23,154 |
| Total current assets | 788,070 | 761,429 |
| Property and equipment, net | 52,629 | 71,255 |
| Intangible assets, net | 6,980 | 6,654 |
| Deferred income taxes, non-current | 536 | 605 |
| Other long-term assets | 22,568 | 21,532 |
| Total assets | \$ 870,783 | \$ 861,475 |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 38,187 | \$ 42,444 |
| Accrued compensation and benefits | 32,995 | 18,560 |
| Accrued expenses and other liabilities | 14,076 | 15,970 |
| Deferred revenue, current | 94,514 | 107,223 |
| Liability related to early exercised stock options | 4,760 | 4,584 |
| Total current liabilities | 184,532 | 188,781 |
| Deferred revenue, non-current | 121,690 | 129,634 |
| Other long-term liabilities | 1,207 | 1,643 |
| Total liabilities | 307,429 | 320,058 |
| Stockholders' equity: | | |
| Common stock and additional paid-in capital | 1,118,689 | 1,159,404 |
| Accumulated other comprehensive income | — | 807 |
| Accumulated deficit | (555,335) | (618,794) |
| Total stockholders' equity | 563,354 | 541,417 |
| Total liabilities and stockholders' equity | \$ 870,783 | \$ 861,475 |

PURE STORAGE, INC.
Condensed Consolidated Statements of Operations
(in thousands, except per share data)

| | Three Months Ended April 30, | |
|--|------------------------------|--------------------|
| | 2015 | 2016 |
| | (unaudited) | |
| Revenue: | | |
| Product | \$ 63,618 | \$ 111,738 |
| Support | 10,459 | 28,209 |
| Total revenue | 74,077 | 139,947 |
| Cost of revenue: | | |
| Product (1) | 22,712 | 34,042 |
| Support (1) | 6,924 | 12,893 |
| Total cost of revenue | 29,636 | 46,935 |
| Gross profit | 44,441 | 93,012 |
| Operating expenses: | | |
| Research and development (1) | 31,682 | 52,500 |
| Sales and marketing (1) | 48,327 | 82,816 |
| General and administrative (1) | 12,692 | 21,482 |
| Total operating expenses | 92,701 | 156,798 |
| Loss from operations | (48,260) | (63,786) |
| Other income (expense), net | (703) | 1,282 |
| Loss before provision for income taxes | (48,963) | (62,504) |
| Provision for income taxes | 157 | 955 |
| Net loss | \$ (49,120) | \$ (63,459) |
| Net loss per share attributable to common stockholders, basic and diluted | \$ (1.51) | \$ (0.34) |
| Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted | 32,605 | 189,283 |

(1) Includes stock-based compensation expense as follows:

| | | |
|---|-----------------|------------------|
| Cost of revenue -- product | \$ 56 | \$ 102 |
| Cost of revenue -- support | 333 | 1,051 |
| Research and development | 3,625 | 11,220 |
| Sales and marketing | 3,444 | 7,237 |
| General and administrative | 1,401 | 2,524 |
| Total stock-based compensation expense | \$ 8,859 | \$ 22,134 |

PURE STORAGE, INC.
Condensed Consolidated Statements of Cash Flows
(in thousands)

| | Three Months Ended April 30, | |
|---|------------------------------|-------------------|
| | 2015 | 2016 |
| | (unaudited) | |
| Cash flows from operating activities | | |
| Net loss | \$ (49,120) | \$ (63,459) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 6,479 | 10,432 |
| Stock-based compensation expense | 8,859 | 22,134 |
| Other | — | 484 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | 4,070 | 28,593 |
| Inventory | (1,470) | (2,623) |
| Deferred commissions | 1,763 | 4,141 |
| Prepaid expenses and other assets | (2,985) | (2,744) |
| Accounts payable | (285) | 166 |
| Accrued compensation and other liabilities | (3,626) | (11,017) |
| Deferred revenue | 22,198 | 20,653 |
| Net cash provided by (used in) operating activities | <u>(14,117)</u> | <u>6,760</u> |
| Cash flows from investing activities | | |
| Purchases of property and equipment | (6,742) | (24,376) |
| Purchases of marketable securities | — | (343,466) |
| Sales of marketable securities | — | 23,327 |
| Decrease in restricted cash | — | 706 |
| Net cash used in investing activities | <u>(6,742)</u> | <u>(343,809)</u> |
| Cash flows from financing activities | | |
| Net proceeds from exercise of stock options | 1,691 | 3,324 |
| Proceeds from issuance of common stock under employee stock purchase plan | — | 15,079 |
| Payments of deferred offering costs | (313) | — |
| Net cash provided by financing activities | <u>1,378</u> | <u>18,403</u> |
| Net decrease in cash and cash equivalents | (19,481) | (318,646) |
| Cash and cash equivalents, beginning of period | 192,707 | 604,742 |
| Cash and cash equivalents, end of period | <u>\$ 173,226</u> | <u>\$ 286,096</u> |

Reconciliations of non-GAAP results of operations to the nearest comparable GAAP measures

The following table presents non-GAAP gross margins by revenue source before certain items (in thousands, unaudited):

| | Three Months Ended April 30, 2015 | | | | | Three Months Ended April 30, 2016 | | | | |
|-------------------------|-----------------------------------|-----------------------|------------|------------------|---------------------------|-----------------------------------|-----------------------|--------------|------------------|---------------------------|
| | GAAP results | GAAP gross margin (a) | Adjustment | Non-GAAP results | Non-GAAP gross margin (b) | GAAP results | GAAP gross margin (a) | Adjustment | Non-GAAP results | Non-GAAP gross margin (b) |
| | | | \$ 56 (c) | | | | | \$ 102 (c) | | |
| Gross profit -- product | \$ 40,906 | 64.3% | \$ 56 | \$ 40,962 | 64.4% | \$ 77,696 | 69.5% | \$ 102 | \$ 77,798 | 69.6% |
| | | | \$ 333 (c) | | | | | \$ 1,051 (c) | | |
| Gross profit -- support | \$ 3,535 | 33.8% | \$ 333 | \$ 3,868 | 37.0% | \$ 15,316 | 54.3% | \$ 1,051 | \$ 16,367 | 58.0% |
| | | | \$ 389 (c) | | | | | \$ 1,153 (c) | | |
| Total gross profit | \$ 44,441 | 60.0% | \$ 389 | \$ 44,830 | 60.5% | \$ 93,012 | 66.5% | \$ 1,153 | \$ 94,165 | 67.3% |

(a) GAAP gross margin is defined as gross profit divided by revenue.

(b) Non-GAAP gross margin is defined as non-GAAP gross profit divided by revenue.

(c) To eliminate stock-based compensation expense.

The following table presents certain non-GAAP consolidated results before certain items (in thousands, except per share amounts, unaudited):

| | Three Months Ended April 30, 2015 | | | | | Three Months Ended April 30, 2016 | | | | |
|--|-----------------------------------|---------------------------|--------------|------------------|-------------------------------|-----------------------------------|---------------------------|---------------|------------------|-------------------------------|
| | GAAP results | GAAP operating margin (a) | Adjustment | Non-GAAP results | Non-GAAP operating margin (b) | GAAP results | GAAP operating margin (a) | Adjustment | Non-GAAP results | Non-GAAP operating margin (b) |
| | | | \$ 8,859 (c) | | | | | \$ 22,134 (c) | | |
| | | | — (d) | | | | | 505 (d) | | |
| Loss from operations | \$ (48,260) | -65.1% | \$ 8,859 | \$ (39,401) | -53.2% | \$ (63,786) | -45.6% | \$ 22,639 | \$ (41,147) | -29.4% |
| | | | \$ 8,859 (c) | | | | | \$ 22,134 (c) | | |
| | | | — (d) | | | | | 505 (d) | | |
| Net loss | \$ (49,120) | | \$ 8,859 | \$ (40,261) | | \$ (63,459) | | \$ 22,639 | \$ (40,820) | |
| Net loss per share -- basic and diluted | \$ (1.51) | | | \$ (0.26) | | \$ (0.34) | | | \$ (0.22) | |
| Weighted-average shares used in per share calculation -- basic and diluted | 32,605 | | 122,281 (e) | 154,886 | | 189,283 | | | 189,283 | |

(a) GAAP operating margin is defined as loss from operations divided by revenue.

(b) Non-GAAP operating margin is defined as non-GAAP loss from operations divided by revenue.

(c) To eliminate stock-based compensation expense.

(d) To eliminate payroll tax expense related to stock-based activities.

(e) To assume preferred stock conversion as of the beginning of the period.

Reconciliation from net cash provided by (used in) operating activities to free cash flow (in thousands, unaudited):

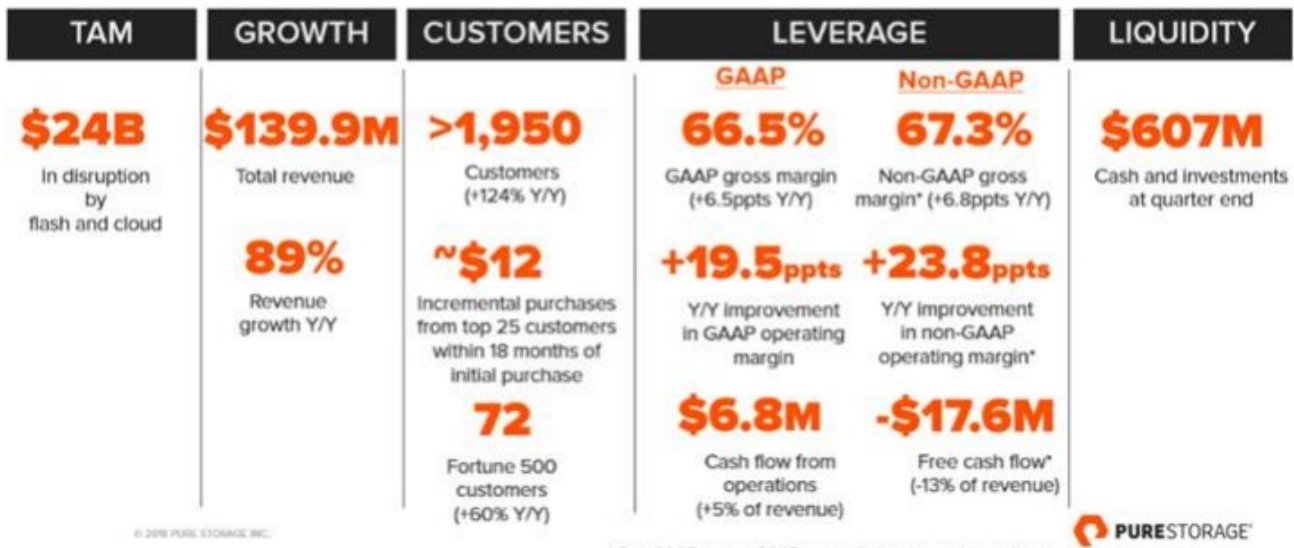
| | <u>Three Months Ended April 30,</u> | |
|---|-------------------------------------|--------------------|
| | <u>2015</u> | <u>2016</u> |
| Net cash provided by (used in) operating activities | \$ (14,117) | \$ 6,760 |
| Less: purchases of property and equipment | (6,742) | (24,376) |
| Free cash flow | <u>\$ (20,859)</u> | <u>\$ (17,616)</u> |
| Free cash flow as % of revenue | -28.2% | -12.6% |

Dietz on the Day: Pure Storage Q1 FY17 Results

Pure Storage (NYSE: PSTG) had a very good first quarter, beating our own guidance and Wall Street consensus for top-line growth. Q1 revenues were \$139.9 million, up 89% from the year ago quarter. We increased our customer count to over 1,950—now serving 72 of the Fortune 500, up from 66 at the end of last year. Customers added in the latest quarter include BNY Mellon, The World Bank, SoftBank, GMO Cloud and the University of Melbourne. About a quarter of our business continues to come from SaaS (we now count seven of IDC’s top 20 SaaS companies as customers), IaaS and the consumer cloud.

We continue to combine hyper-growth with improved operating efficiency: Operating margin has improved by approximately 20 percentage points year-over-year. We recorded modest cash burn in the quarter as we invested in field personnel and engineering among other areas—Q1 is an ideal time to hire talented people who have recently closed out their years at other companies, which gives us the ability to ramp them up quickly for optimal productivity in our seasonally stronger second half. We finished the quarter with more than \$600 million in cash and zero debt.

Q1 KEY HIGHLIGHTS



Let’s talk about FlashBlade. Seven years ago, with the advent of FlashArray, Pure set out to disrupt the market for performance storage. Three years ago we saw an opportunity to be just as disruptive to the rest of the storage market: To address the need for dramatically better scale-out file and object storage for big data environments. The result is our second product FlashBlade, which we unveiled this last quarter.

FlashBlade targets larger unstructured and semi-structured datasets, complementing the structured databases and virtual machines that are the focus of FlashArray. While we don’t expect significant revenue in FY17, customers like the MERCEDES AMG PETRONAS Formula One™ Team, Mentor Graphics and Shutterstock are actively testing FlashBlade on a broad spectrum of use cases including Internet of Things, log analysis, security event correlation, genomics, chip design, bioinformatics, machine learning, media production and transcoding, among others. Such Big Data workloads are expanding far faster than structured data, but customers’ ability to mine insights from this data has been limited by the slow performance of disk-based storage systems.

Like its sibling FlashArray, we set out to make FlashBlade dramatically faster, simpler, denser and less costly to maintain than the disk-centric storage it is replacing, all for a comparable purchase price. The product is targeted to be generally available later this year. You can read more about FlashBlade in *The New York Times*: [“As a Data Deluge Grows, Companies Rethink Storage.”](#)

Pure//Accelerate. We launched FlashBlade at our inaugural Pure//Accelerate user conference in March 2016. The conference attracted more than 1,450 attendees, including representatives from 22 countries and more than 300 partners. Pure//Accelerate also featured keynotes from top-tier Cisco, VMware and Arista leadership, reflecting Pure's expanding industry footprint. The champion MERCEDES AMG PETRONAS Formula One™ Team revealed [how it uses Pure Storage FlashArrays](#) to process analytic data from its race cars - the datasets are sufficiently large and the workload performance intensive enough that Pure FlashArrays now travel with the racing team, as public networks and cloud infrastructure just aren't fast enough.

We also heard from Shutterfly. With more than 28 billion pictures on file and an additional seven billion anticipated over the next year, Shutterfly needed a highly scalable, highly performant solution for its vast image archive. And, with five people managing 175 petabytes of data, could not afford to increase the complexity of its environment. Shutterfly, a FlashBlade beta customer, was able to configure and begin storing data on FlashBlade in just over half an hour.

Intuit, a provider of accounting and tax software for consumers and small businesses, also shared its story. Within Intuit's massive cloud environment, customer security and application performance are paramount. Intuit now stores several petabytes on Pure FlashArray, connected to more than 10,000 nodes of compute. With Pure, Intuit has taken applications that ran access times between 4-17 minutes, down to an average of 560 microseconds.

We look forward to hosting Pure//Accelerate again in 2017 and meanwhile, are taking the show on the road with "[Pure Live](#)." Pure Live kicked off in Sao Paulo/Brazil and Sydney/Australia just last week, with 38 more cities across six continents to follow through early September.

International expansion. In Q1 we also opened a new [support center](#) in Dublin, Ireland to expand and enhance our support capabilities for customers whose first language is French, German, Spanish, Italian or Arabic. It is our first major support center outside the US. Our new Dublin center is designed to provide deep technical expertise in the EMEA region as well as multi-language support, further enhancing our reputation for great customer service.

Competition. In our view, refurbished mechanical disk-era designs from the last century cannot fulfill the needs of the modern data center: solid-state flash memory and cloud demand a holistic rethink. Yet the majority of FlashArray's and all of FlashBlade's competition comes from pre-cloud disk-centric retrofits. Why? It turns out that getting the software and hardware right is really hard, and the cloud further demands a rethink of the business model. We believe that our rivals remain 2-3 years behind us in embracing the secular shifts to flash- and cloud-friendly storage (see our recent blog [This Is Your Father's Storage Industry. But Not for Long.](#)).

With both FlashArray and FlashBlade, Pure Storage will be able to play across nearly the entire storage market—from block to file to object. We would argue only EMC enjoys similar reach across the market today, and EMC is poised to become part of Dell. While Dell/EMC is likely to remain our strongest competitor over time, the merger is creating confusion that Pure is well positioned to take advantage of in the near term. Pure fulfills virtually 100% of its business via channel partners, while we understand that EMC only does about 1/3 of its business via the channel and Dell is known for its direct sales DNA. And together Dell and EMC have [nine distinct all-flash storage offerings](#). The uncertainty over which of those products will survive (e.g., [all-flash VMAX now appears to have a leg up on XtremIO](#)), and what role the channel will play in its combined go to market, as well as their level of integration with non-Dell servers, is creating uncertainty for others and an opportunity for Pure.

Our innovations are changing the storage industry. This is why Pure expects to grow and thrive while many of our competitors are seeing their businesses flatten or contract. With by far the highest customer satisfaction ratings in the industry (based on [Pure's Satmetrix-certified NetPromoter Score of 79!](#)), we simply need to continue to increase our "at bats" while maintaining our innovation and our outstanding execution to achieve our ultimate goal of being the number one vendor in a \$24 billion market.

What's Ahead: As the leader in flash and cloud, and amidst an industry experiencing a perfect storm of disruption, we very much look forward to serving customers and partners in the coming months and years. What an incredibly exciting time to be in enterprise storage, so long as your recipe is right, as we so confidently believe ours is. We will remain focused on winning new customers and delighting current customers to continue driving healthy repeat business metrics and customer retention percentage (currently in the mid 90's as of Q1). Additionally – with close to 70% of new logos in Q1 being brought to us by channel partners -- we look forward to keeping our foot firmly on the channel pedal for additional go-to-market acceleration. With our top five partners driving triple digit year-over-year growth in their sales of Pure technology, there is no doubt we will continue to invest to ensure this momentum continues.

Thank you. Let me close with our sincere gratitude for all those who have joined Pure along our journey. To our customers and partners: we will continue to give you our best—striving to deliver storage that pays for itself by both unlocking innovation in your business and substantially reducing your cost of ownership! To our investors: we will continue to substantially improve our operating efficiency year over year even as we maintain the greatest growth in storage industry history. And to the Pure team: Your smarts and hard work are remaking the storage industry and transforming the businesses of our customers.

Forward Looking Statements . This post contains forward-looking statements regarding industry and technology trends, our positioning and opportunity, technical and business advantages, competitive position, go-to-market strategy, and our current and new products, business and operations, including our future results, roadmap, growth prospects and operating model. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Actual results may differ materially from the results predicted, and reported results should not be considered as an indication of future performance. The potential risks and uncertainties that could cause actual results to differ from the results predicted include, among others, those risks and uncertainties included under the caption “Risk Factors” and elsewhere in our filings and reports with the U.S. Securities and Exchange Commission, including, but not limited to, our Annual Report on Form 10-K for the fiscal year ended January 31, 2016, which is available on our investor relations website at investor.purestorage.com and on the SEC website at www.sec.gov. Additional information will also be set forth in our Quarterly Report on Form 10-Q for the quarter ended April 30, 2016. All information provided in this post is as of May 25, 2016, and we undertake no duty to update this information unless required by law.

Non-GAAP Financial Measures. This post contains certain non-GAAP financial measures about the company’s performance. For the most directly comparable GAAP financial measures and a reconciliation of these non-GAAP financial measures to GAAP measures, please see our earnings release issued on May 25, 2016, which includes tables captioned “Reconciliations of non-GAAP results of operations to the nearest comparable GAAP measures” and “Reconciliation from net cash provided by (used in) operating activities to free cash flow.”