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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Form 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended: December 31, 2014

or

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

Commission File Number: 001-36043

Cvent, Inc.

(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of** **incorporation or organization)**	**54-1954458** **(I.R.S. Employer** **Identification No.)**
1765 Greensboro Station Place, 7th Floor **Tysons Corner, VA** **(Address of principal executive offices)**	**22102** **(Zip Code)**

(703) 226-3500

(Registrant s telephone number, including area code)

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $0.001 par value per share	**The New York Stock Exchange**

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 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 Securities Exchange Act of 1934 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 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 check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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.

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

The aggregate market value of Cvent common shares held by non-affiliates as of June 30, 2014 was $402,768,998 based on the last reported sale price on the New York Stock Exchange on June 30, 2014.

The number of shares outstanding of the Registrant s Common Stock as of March 12, 2015 was 41,384,672 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant s definitive Proxy Statement for the 2015 Annual Stockholders Meeting, which the registrant expects to file with the Securities and Exchange Commission within 120 days of December 31, 2014, are incorporated by reference into Part III (Items 10, 11,12, 13 and 14) of this Annual Report on Form 10-K.

CVENT, INC.

ANNUAL REPORT ON FORM 10-K

FOR THE PERIOD ENDED DECEMBER 31, 2014

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CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K, including the sections entitled Business, Risk Factors, and Management s Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements. These statements may relate to, but are not limited to, expectations of future operating results or financial performance, macroeconomic trends that we expect may influence our business, plans for capital expenditures, expectations regarding the introduction of new products, regulatory compliance and changes in the regulatory landscape affecting our business, impact of litigation, plans for growth and future operations, effects of acquisitions, as well as assumptions relating to the foregoing. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. These risks and other factors include, but are not limited to, those listed under the section entitled Risk Factors in Item 1A of Part I of this Annual Report on Form 10-K. In some cases, you can identify forward-looking statements by terminology such as may, will, should, could, expect, plan, anticipate, believe, estimate, predict, intend, potential, continue, seek or the negative other comparable terminology. These statements are only predictions. Actual events and/or results may differ materially.

We believe that it is important to communicate our future expectations. However, there may be events in the future that we are not able to accurately predict or control and that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the Securities and Exchange Commission, we do not plan to publicly update or revise any forward-looking statements, whether as a result of any new information, future events or otherwise, other than through the filing of periodic reports in accordance with the Securities Exchange Act of 1934, as amended (the Exchange Act). You should not place undue reliance on our forward-looking statements. You should be aware that the occurrence of any of the events described in the Risk Factors section and elsewhere in this Annual Report on Form 10-K could harm our business, prospects, operating results and financial condition. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

Item 1. Business

Overview

We are a leading cloud-based enterprise event management platform. We provide solutions for both sides of the events and meetings value chain: (i) event and meeting planners, and (ii) hotels and venues. Our integrated, cloud-based solution addresses the entire event lifecycle by allowing event and meeting planners to organize, market and manage their meetings, conferences, tradeshows and other events. Our hospitality cloud provides hotels and venues with a complete solution suite to generate, manage and measure their demand for group meetings The combination of these solutions creates an integrated platform that allows us to generate revenue from both sides of the events and meetings value chain.

For the event and meeting planner side of the value chain, which includes corporations, associations, not-for-profits, government agencies and universities, events and meetings are an integral way to build and strengthen relationships with customers, prospects, employees and partners. Enterprise events and meetings include external events, such as conferences, tradeshows, and customer summits, as well as internal functions, such as sales meetings, training seminars and team-building events. Planning and running an event can be a highly complex, inefficient and time-consuming task when managed using traditional manual processes and disparate solutions. We address these challenges by providing planners an integrated platform with solutions that unify the full lifecycle of an event.

Meeting planners use our solutions to identify the appropriate venue, secure a competitive proposal from the hotel or venue, manage budgets, market the event, send invitations, utilize pre-event surveys, establish a social media presence for the event, process registrations, manage fee collections, build an event-specific mobile app, manage event logistics such as travel and lodging, survey and engage attendees,

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and analyze event results and survey feedback following the event. Our platform helps planners decrease costs and increase attendance for their events.

For the hotel and venue side of the value chain, group events and meetings are a vital source of revenue and profit. At certain types of hotels, group events and meetings can constitute approximately one-third of total revenue. Group meeting business is often a large hotel s most profitable segment as these groups typically contract not only for significant sleeping room blocks, but also for meeting space, catering and audio visual equipment. Meeting attendees are often a captive audience at the hotel that can generate substantial incremental on property revenue.

The Cvent Hospitality Cloud was created to provide a full spectrum of cloud-based solutions across the hotel group sales lifecycle. The Hospitality Cloud consists of marketing solutions and software-as-a-service (SaaS) software enabling hotels, convention and visitor bureaus (CVBs), and other event venue owners to more effectively generate qualified demand for meetings and events, manage that demand more efficiently, and measure group business performance. An integral component of our Hospitality Cloud is the Cvent Supplier Network (CSN), our online marketplace, which connects tens of thousands of event and meeting planners seeking the best venue for their event with approximately 235,000 venues featured in our proprietary CSN database. We believe that CSN contains the world s largest, most accurate database of detailed venue information with listings of hotels and venues in 175 countries that can be searched and filtered based on approximately 200 characteristics and data fields. CSN has become a leading solution for event and meeting planners who are researching potential locations and venues for their events, as well as for hotels and venues that are seeking to increase their group business revenue.

The number of event requests for proposal, or RFPs, submitted through our marketplace has increased from approximately 12,000 in 2008, the year CSN was initiated, to approximately 1.6 million in 2014. As a result of this substantial growth, we believe we have achieved critical mass and are benefiting from substantial network effects as increased adoption of our marketplace by planners attracts hoteliers to leverage our growing event planner user base to expand their group business activity.

Our dual role as a solution provider to both event planners and venues allows us to generate revenue from both sides of the value chain. Event and meeting planners enter into annual and multi-year subscription contracts to utilize our cloud-based event and meeting management software solutions. As of December 31, 2014, we had more than 7,700 event and meeting planner customers. Hotels and venues enter into annual and multi-year contracts with us for marketing solutions that increase the prominence of their properties in CSN. As of December 31, 2014, approximately 6,300 hotels and venues have purchased marketing solutions from us.

For the year ended December 31, 2014, our revenue was $142.2 million, a 28% increase over 2013. For the year ended December 31, 2013, our revenue was $111.1 million, representing year-over-year revenue growth from 2012 of 33%, as we had revenue of $83.5 million for the year ended December 31, 2012. Our enterprise-focused, cloud-based platform for event and meeting planners has historically constituted the majority of our revenue and represented approximately 70% of our total revenue for the years ended December 31, 2014, 2013 and 2012. Our marketing solutions have represented approximately 30% of our revenue for the years ended December 31, 2014, 2013 and 2012. For the year ended December 31, 2014, we generated a net income of $1.8 million, representing a margin of 1.3%. For the year ended December 31, 2013, we generated a net loss of $3.2 million, representing a net margin of (2.9)%. For the year ended December 31, 2012, we generated net income of $4.3 million, representing a margin of 5.2%. We had total assets of $302.0 million, $235.8 million and $90.0 million as of the years ended December 31, 2014, 2013 and 2012, respectively.

Industry Background

The hospitality and travel industry serves three types of customers: individual business travelers, leisure travelers, and group events and meetings. In the 1990s, American Express began offering travel services and

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subsequently transformed the way business travelers book hotel rooms and air travel. In the 2000s, online travel agencies revolutionized the industry for leisure travelers. We believe that we are driving a similar revolution today in the way group events and meetings are planned, booked and managed, both by the event planners and the hotels and venues that host these events.

Our Platform

We offer planners a robust platform that addresses the entire lifecycle of events and meetings, including budgeting, planning, venue sourcing, marketing, management and measurement of meetings. We offer six major product categories: (i) event management software, (ii) enterprise solutions software, (iii) mobile event apps, (iv) pre- and post-event feedback management software, (v) ticketing software and (vi) the Hospitality Cloud, which includes CSN, a marketplace that connects approximately 235,000 venues with high-quality, ready-to-transact event and meeting planners, and other group marketing solutions, group demand management and group business intelligence for hotels and venues.

Event Management

Cvent modernizes the traditional processes associated with event and meeting management. We provide planners with a complete solution to increase attendance and decrease the cost of managing events by streamlining the entire planning process. By automating and simplifying these processes, Cvent enables planners to focus their valuable time and resources on more strategic event aspects and even other events rather than on repetitive, time-consuming tasks.

Our comprehensive solution includes the following key functionalities:

Event Planning. Our online event planning software gives users the ability to manage events quickly and affordably, from webinars to conferences. The streamlined interface is designed to make planning and building an event with speed and precision easy, and, for complex events, the necessary features are never more than a click away. Features include agenda and session management, online and mobile event registration, promotion codes/discounts, secure payment processing, housing and travel management, and event cloning (for recurring events).

Event Marketing. Our solution provides e-marketing tools that allow planners to increase meeting attendance. Marketing features include event websites (templates and custom), email marketing (templates and custom; initial and follow-up), mail merge data tags, contact management, event calendars, and social media integration.

Event Administration. We also facilitate all the processes and details of bringing an event to life. Administration features include budget management, seating management, name badge and certificate creation, resource and space allocation, speaker management, appointment scheduling, membership management, and continuing education credit tracking.

Onsite Event Management. Our solution also provides onsite solutions to help events run smoothly and engage attendees. Onsite features include onsite registration and session check-in functionality, badge printing, payment processing, and mobile app integration.

Software Integrations. Our platform integrates with commonly-used, mission critical software such as Salesforce.com, and can be integrated with other existing enterprise or accounting systems.

Measurement and Reporting. Our platform measures all aspects of the event management process. Users can generate standard or custom reports, view event dashboards and schedule live reports to be sent to key stakeholders across departments. This enables efficient evaluation of return on investment and an enhanced ability to closely audit meeting-related activities to ensure regulatory compliance and control expenses.

In addition to the foregoing functionalities of our Event Management platform, all of our event and meeting planner users that are licensed pursuant to subscriptions to our Event Management platform have the ability to access our CSN product for free, which is further described in Hospitality Cloud.

Enterprise

Our Enterprise solutions consist of Strategic Meetings Management (SMM) for internal meetings, and Enterprise Event Marketing (EEM) for external customer and prospect facing events. We offer our Enterprise solution for large enterprise customers who hold hundreds or thousands of events and meetings annually, many of which are hosted at off-site locations such as hotels and other venues. In addition to all of the services offered to our event management customers, our Enterprise platform also helps corporations manage their meetings and event programs more efficiently and manage previously untracked meeting expenditures.

With our platform, enterprises gain control over the entire meeting and event planning process by managing logistics, budgeting, sourcing, registration, housing, travel and reporting in a single application. As organizations strive to optimize spend across the enterprise, these consolidated processes help corporate travel, meeting and procurement managers gain more visibility into meeting expenditures and have historically enabled cost savings of 15% or more, as compared to companies that host events without an enterprise solution. Through our Enterprise solution, corporate travel, procurement and finance departments have the ability to review the meetings process to ensure compliance with established meeting and expense policies, while still granting creative control over the event to their planners.

Mobile Event Apps

With the proliferation of smartphones and tablets, we believe mobile applications, or apps, will be used more often at events. We offer planners the ability to generate and customize native apps for both business and consumer events on multiple operating systems, including Android, iOS and the web. Our apps are often used by planners and attendees to: provide schedule and location information; create personalized schedules and access them within the app; facilitate interaction among attendees, speakers and exhibitors; participate during sessions with live polling and surveys; conduct real-time messaging to build relationships and disseminate information; access rich media content such as video, pictures and internet radio; connect with integrated social media tools such as Facebook, Twitter and LinkedIn; and deliver advertising and targeted messaging.

Feedback Solutions

Our feedback solutions enable our customers to streamline the way they collect information both pre- and post-event. Additionally, more than 1,200 enterprises and over 13,000 active users utilize our software to solicit feedback from employees, measure customer satisfaction, capture sales leads and test new product ideas. We consider a user to be active if such user accessed their account within the 12 months preceding the date of measurement. Event management customers can also collect attendee feedback using our survey capabilities, which provides powerful analytics and insights useful for future events.

Audience Management Platform

We offer a ticketing, customer engagement and venue management platform that helps venues, promoters and artists improve the efficiency of their operations, increase ticket sales and better engage with their customers. Our easy-to-use platform includes customer websites and tools to generate website ticket sales, branded emails, print-at-home tickets, and box office and ticket scanning capabilities. We also offer a mobile solution that enhances events and drives attendee engagement. Our solutions integrate with social media platforms, enabling social buying, sharing, rewarding, tracking, auto-tweeting and auto-publishing, and also include analytical tools to track and measure results.

Hospitality Cloud

The Cvent Hospitality Cloud was branded to provide a full spectrum of cloud-based solutions across the hotel group sales lifecycle. The Hospitality Cloud consists of marketing solutions and SaaS software enabling

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hotels, CVBs, and other event venue owners to more effectively generate qualified demand for meetings and events, manage that demand more efficiently, and measure group business performance. Our Hospitality Cloud solutions are separated into three pillars:

Group Marketing Solutions. Our Group Marketing Solutions consist of three online marketplaces The Cvent Supplier Network, EliteMeetings.com, and SpeedRFP.com that allow suppliers to directly connect and establish relationships with the hundreds of thousands of planners who use these tools to research destinations, find venues, and source group business. These three domains are designed to support the sourcing needs of a variety of meeting planners.

The Cvent Supplier Network, or CSN, connects tens of thousands of professional meeting planners with approximately 235,000 venues featured in our proprietary database. We believe that CSN contains the world s largest, most accurate database of detailed venue information with approximately 1.6 million requests for proposals (RFP) submitted through our system during 2014 and listings of hotels and venues in 175 countries that can be searched and filtered based on approximately 200 characteristics and data fields. CSN has become a leading solution for event and meeting planners who are researching potential locations and venues for their events, as well as for hotels and venues that are seeking to increase their group business revenue through online marketing.

EliteMeetings.com serves as a commission-free RFP-generating tool and a comprehensive vehicle for sourcing luxury and upscale properties. SpeedRFP (www.SpeedRFP.com), is another commission-free sourcing website, with a strong focus on ease-of-use, and is thus focused on planners in the SMERF Social, Military, Education, Religious and Fraternal market.

Our group marketing solutions allow hotels and venues to:

Increase Revenue from Group Events and Meetings Solutions. Our products are an effective solution to help hotels increase the number of in-bound sales leads and amount of revenue from enterprise event and meeting planners.

More Accurately Target Meeting Planners through Online Marketing. Through our online marketing solutions, hotels and venues are able to target ready-to-transact event and meeting planners in a more cost efficient manner than many other marketing channels. Our solutions also make it easier for hotels and venues to market to hard-to-identify relevant planner personnel within organizations, which results in an increase in the number of sales leads and converted group bookings.

We estimate that in 2014 planners sought to source approximately $8.0 billion of business to hotels and venues through the Hospitality Cloud as compared to $6.5 billion in 2013, $4.7 billion in 2012, $3.2 billion in 2011, $2.4 billion in 2010 and $0.6 billion in 2009 through CSN.

This estimate is based on the number of participant days and room days requested and (i) the average daily hotel room rate of all awarded proposals to RFPs transmitted through our marketplace for such year and (ii) a multi-year average daily food and beverage rate where applicable. This food and beverage average assumes any RFPs with meeting space consist of a morning break, afternoon break, and lunch in CSN and a snack and lunch for any RFPs from EliteMeetings.com and SpeedRFP.com. This estimate is premised on RFPs transmitted by planners in each year including those that were never responded to, and may not reflect the actual transactions that ultimately took place, which we generally expect are lower in total dollar value than the estimate above. While we do not earn material revenue from our role in facilitating the introduction of the parties to these transactions through the transmission of the RFPs, we believe that the total estimated value of unique RFPs provides an indication of the growing scale and importance of our marketplace.

In addition to the aforementioned online Group Marketing Solutions, Cvent also provides several offline, print and in-person marketing programs for hoteliers including the Elite Meetings Magazine, Cvent Connect, and the Elite Meetings Alliance.

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The *Elite Meetings Magazine* is published twice per year with a subscriber base encompassing both meeting planners as well as hospitality professionals. Cvent Connect is the company s flagship event for customers and prospects, providing educational workshops, technology demonstrations, and networking opportunities to Cvent s current and prospective customers. The Elite Meetings Alliance combines educational sessions with 1:1 networking opportunities for meeting planners and hoteliers focused on the luxury segment.

Group Demand Management. Cvent s solutions for Group Demand Management provide hotel sales personnel with the tools they need to efficiently manage, prioritize, and track a high volume of group business leads. Cvent s solutions for Group Demand Management are comprised of the following components:

Lead Scoring. Prioritizing group leads is a constant dilemma for hotel sales staff as a number of factors that include lead type, dates, sleeping room availability, meeting space availability, meeting space to guest room ratio, food & beverage and audio-visual requirements need to be considered simultaneously. Cvent s Lead Scoring software allows hoteliers to configure a scoring strategy based on the individual needs of their hotel. Leads are then scored and prioritized based on lead size, profitability and best fit/date patterns in the context of future inventory and demand. By scoring and prioritizing each lead, hoteliers are able to focus on, manage, and convert leads that maximize margins. Our Lead Scoring technology is currently in Beta. Based on feedback we have received, we anticipate making the software generally available in the second half of 2015.

Routing and Escalation Rules. Rapid responses to group leads is critical when competing for the best group-business opportunities. A defined workflow can dramatically enhance a hotelier s ability to respond in a timely fashion. Routing and Escalation Rules ensure that the correct users are automatically assigned to leads based on a variety of configurable factors including geographies, lead dates, lead size, organization type and a number of other factors. Additional hotel constituents can also be notified of leads that are not responded to within a defined time period to ensure established corporate policies and workflows are met.

SpeedRFP Widget. The SpeedRFP Widget provides white-label technology that powers group business sourcing on hundreds of hotel websites and enables those clients to easily manage all of their electronic leads through one central interface. The most important and relevant information required by hoteliers to respond is captured through the Widget, ensuring a more efficient process for hoteliers and planners alike. In addition, planners that have previously created a profile do not need to rekey important personal and event information, allowing for a quicker, easier and more enjoyable user experience.

Group Business Intelligence. Cvent provides packaged analytics to hotels, enabling sales and marketing leaders on property to easily track and analyze their own group business performance and to compare that performance with their competitive set. Our analytic solutions equip on-site hotel sales professionals to make more-informed business decisions and better predict the highs and lows of their calendar for smart group planning and management. Specifically, our analytics help hotels understand their customers, local and national market, competitors, and business opportunities.

Our comp set reports gauge a hotel s group pace and future lead opportunities against its biggest competitors on a local, national, and international level. Our scorecards compare a hotel s advertising performance against the market by going beyond click-through rates and impressions, and evaluates RFP traffic and group booking windows. This provides a more granular insight into what happens throughout the meeting planner buying cycle, including measuring the value of business received through our Hospitality Cloud. Finally, we provide our hotel customers best practices regarding how to improve their RFP responses and thus RFP success rate.

Our Event and Meeting Planner Customers

As of December 31, 2014, we had more than 7,700 event and meeting planner customers. We also had approximately 90,000 active user event and meeting planners that freely access CSN, some of which also have a paid subscription to our other event and meeting planner solutions. We consider an event planner user to be active if such user accessed their account within 12 months preceding the date of measurement. Their industry profile spans across clients in the retail, consumer products, travel and leisure, technology, telecommunications, financial services, healthcare and automotive verticals, as well as trade associations, government agencies and universities. In 2014, 2013 and 2012, no single event and meeting planner customer represented more than 1% of our total revenue for that year.

Our Hotel and Venue Customers

As of December 31, 2014, approximately 6,300 hotels and venues purchased annual or multi-year marketing solutions from us. Some hotel companies and management companies purchase marketing solutions on behalf of multiple properties. In 2014, 2013 and 2012, no single hotel property or venue customer represented more than 1% of our total revenue for that year. Our ten largest event and meeting management customers and our ten largest hotel and venue advertising customers during the years ended December 31, 2014, 2013 and 2012 represented 4%, 5% and 7%, respectively, of our total revenue during those periods.

In addition to the paid marketing relationships with hotels and venues, over 15,000 individual hotel properties, including two major U.S. hotel chains, have integrated our software into their back-end IT systems.

Sales and Marketing

We sell subscriptions to our platform primarily through our direct sales team. The sales and marketing department is our largest department by head count. We also work with affinity and channel partners that typically endorse our services worldwide, including leading global travel management, event planning associations and industry publications.

We have been refining our approach to sales and marketing for more than a decade, with a focus on generating high quality sales leads to secure new business. For example, in 2014, we conducted more than 260,000 aggregate prospect interactions, including more than 1,200 large group luncheons and in-person events to meet and educate prospects about our products, as well as more than 2,200 online group demonstrations for potential and existing customers.

We also employ a variety of other sales and marketing initiatives, including sponsoring and participating in user conferences, trade shows and industry events; online advertising; managing our own blogs relevant to the industry; hosting webinars; public relations efforts; and social networking. While we believe all of these methods are effective for generating sales leads and attracting new business, we continue to explore other ways to reach customers and prospects, including video marketing, creative social media initiatives and content marketing.

Partnerships and Industry Associations

We have established partnerships with a number of major travel solutions providers, conference and event managers, and expense management companies. Through these partnerships, we refer their products to our existing customers and receive referrals of their existing customers.

We also partner with many leading associations in both the meetings and hospitality industries including Meeting Professionals International (MPI), Association of Corporate Travel Executives (ACTE) and Destination Marketing

Association International (DMAI). Along with our industry partnerships, we work directly with many key industry publications such as Successful Meetings and Meetings and Convention Magazine whose reach is our direct target market.

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We have built and maintained strong relationships with these organizations and work closely with them to co-market to meeting planners and hoteliers through a variety of initiatives, including attending and speaking at industry events and hosting educational forums and thought leadership sessions for their members. In most cases, these, and other industry partners, including hundreds of organizations, are our customers and use our solutions, giving us strong market and brand credibility.

Our Technology

We deliver our solutions using a cloud-based software-as-a-service model that we developed. This affords our clients quick, easy and near global reach of our solutions. Our cloud-based delivery model also limits involvement from our clients technical teams, and reduces implementation time and costs. We have developed a multi-tenant architecture and a secure, scalable and highly available technology platform that provides a high degree of customization to allow each customer to configure the business process workflow, branding and user interface to best meet their individual needs.

The architecture, design, deployment and management of our cloud-based platform are focused on the following:

Multi-Tenant Architecture. Our multi-tenant architecture enables all customers to be on the same version of our solutions. When we improve existing functionality, all customers receive the benefit of the new version at the same time.

Secure, Scalable and Highly Available Technology Platform. Our clients often rely on our solutions for their most important and largest events and meetings. To meet their demanding expectations, we designed a technology platform that is secure, scalable and highly available. We regularly review the key facets of our platform, making regular improvements and enhancements to keep pace with growth and technology evolution.

We maintain a comprehensive security program designed to protect our systems and our clients data. We also select service providers who adhere to best practices and industry standards, such as Statement on Standards for Attestation Engagements No. 16, or SSAE 16, whenever possible. Writing secure code is an integral part of our software development methodology, as well. We augment this practice with regular application and network security testing and periodic manual, third-party application and network penetration testing.

We designed our software and systems to handle substantial growth in users and data without requiring significant re-engineering. For example, our Event Management system processed over four times as many registrations in 2014 as compared to 2007, and it managed the additional scale without having to significantly alter our investment as a percentage of revenue.

We primarily host our solutions from a third-party data center in Ashburn, Virginia. Within the data center, our network, server and storage infrastructure is highly redundant and fault-tolerant, and is continuously monitored by both automated systems, as well as a dedicated operations team. A few weeks ago, this web hosting service provider declared bankruptcy, which raises a heightened risk of interruption in their service and a possibility of system failure. We also have a standby data center that is available in case the primary data center is not functioning for any reason.

Our mobile, ticketing, lead scoring and non-CSN components of our Hospitality Cloud are hosted on leading infrastructure-as-a-service platforms. These third-party services allow us to rapidly scale computing resources up or down as demanded. This flexibility is advantageous due to the highly variable usage of some of these products, allowing us to minimize capital expenditures.

Integrated Real-Time Analytics Capabilities. Our platform s analytics and reporting capabilities allow clients to derive powerful, real-time insights. Hundreds of standard reports along with a robust, proprietary custom reporting engine allow clients to more easily recognize shifts in attendee sentiment, identify potential issues and make well-informed decisions. This insight enables better event organization and enhances future event return on investment. Our integrated analytics and reporting capabilities also allow our clients to more efficiently and accurately audit their event and meeting spending. By providing these features, we enable our customers to better control their budgets and ensure their compliance with regulations in their respective industries.

Mobile and Audience Management Platform Offerings

Our mobile and ticketing products are hosted on leading infrastructure-as-a-service platforms. These third-party services allow us to rapidly scale computing resources up or down as demanded. This flexibility is advantageous due to the highly variable usage of mobile event applications and online ticket sales, allowing us to minimize capital expenditures.

With respect to mobile offerings, we generally focus on native mobile event apps, primarily for iOS and Android devices. This strategy allows us to create apps for clients that function effectively, even in environments with weak, saturated or non-existent Internet connectivity. We designed our mobile application platform to facilitate rapid creation of mobile event apps, while still allowing clients to have a variety of design options.

Product Development

Our research and development effort is focused both on developing new software and on improving our existing products. Our engineering team works closely with customers and event attendees to identify their current and future needs. We believe that innovation and timely development of new features and products is essential to meeting the needs of our end-customer and improving our competitive position. We supplement our own research and development effort with technologies and products that we license from third parties. We test our products thoroughly to certify and ensure interoperability with third-party hardware and software products. Our U.S. and India personnel develop our products on a nearly continual basis, five days a week.

Our research and development expenses totaled $14.0 million, $11.2 million, and $7.6 million, representing 10%, 10%, and 9% of our revenue, for the years ended December 31, 2014, 2013, and 2012, respectively. We plan to continue to significantly invest resources for our research and development efforts.

Competition

We operate in an intensely competitive market that is characterized by constant change and innovation. Our competition includes:

- existing manual, paper and spreadsheet-based systems that corporate personnel employ to organize events by themselves in a fragmented manner. For example, a significant number of planners process registrations by asking attendees to fill out PDF forms and aggregate that information manually using various office tools. They also frequently lack the ability to process registration payments online. Venue searches and bookings are often processed either by phone or email, while tracking of budget and expense is done on an ad-hoc basis through spreadsheets;

- event, meeting management and hospitality solution firms such as Lanyon;

- online event registration vendors focused primarily on consumer ticketing such as Eventbrite; and

- small and large companies that offer point solutions that compete with some of the features present in our platform, such as registration management, travel management, venue bookings, web survey providers, email and search marketers, business intelligence solutions, and mobile app developers.

We believe that we generally compete favorably with our competitors because of the features and performance of our various offerings, the ease of integration of our solutions with the technological infrastructures of both event planners as well as the venues and the incremental return on investment that our platform offers to our customers.

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Customer Support

Our customer support organization is available to our event management subscription customers 24 hours per day, 7 days per week and can be contacted via telephone, online chat and web form during the subscription period. We also provide support for CSN, mobile, ticketing and feedback solutions customers from 12 hours per day up to 24 hours per day, 5 days per week depending on the line of business. As of December 31, 2014, we had 310 employees dedicated to customer support, client success management, professional services and customer training in our locations in the United States, UK and India. Professional services include web site creation, graphics design, and mobile application creation for our customers. We also maintain an online knowledge database and offer extensive, on-demand video training available to our customers during the subscription period.

Intellectual Property

Our ability to protect our intellectual property, including our technology, is and will be an important factor in the success and continued growth of our business. We primarily protect our intellectual property through trade secrets, copyrights, trademarks and contracts.

Some of our technology relies upon third-party licensed intellectual property incorporated into our software solutions. We are not materially dependent upon these third-party providers.

We own U.S. registered trademarks for CVENT, CVENT.COM, REACH THE RESPONSE, CROWDCOMPASS, CROWDCOMPASS.COM, AND CROWDTORCH. We have registered trademarks for CROWDCOMPASS in Australia, Canada, and the European Union, for CVENT in Australia, Germany and the European Union, and for CROWDTORCH in Australia and the European Union. We have pending trademark applications for ONARRIVAL, COMPASS, ENTERPRISE EVENT MARKETING and SUPPLIER NETWORK in the United States, and for CVENT in China. In addition, TicketMob LLC, our subsidiary, owns U.S. registered trademarks for TICKETMOB, LAUGHSTUB, TUNESTUB and ELECTROSTUB. Elite Meetings International, LLC, our subsidiary, owns U.S. registered trademarks for SPEEDRFP and ATTENDEEHUB. We also have two patent applications pending in the United States.

We have also established business procedures designed to maintain the confidentiality of our proprietary information, including the use of confidentiality agreements and assignment-of-inventions agreements with employees, independent contractors, consultants and companies with which we conduct business.

For important additional information related to our intellectual property position, please review the information set forth in Risk Factors Risks Related to Our Business and Industry Legal and Regulatory Risks.

Regulation

Although we do not believe that significant existing laws or government regulations adversely impact us, our business could be affected by different interpretations or applications of existing laws or regulations, future laws or regulations or actions by domestic or foreign regulatory agencies. Failure to comply with these and other laws and regulations may result in, among other consequences, administrative enforcement actions and fines, class action lawsuits and civil and criminal liability.

Many jurisdictions impose an obligation on any entity that holds personally identifiable information, personal health information, or payment card information to adopt appropriate security to protect such data against unauthorized access, misuse, destruction, or modification. Many jurisdictions have enacted laws requiring holders of such information to take certain actions in response to data breach incidents, such as providing prompt notification of the breach to affected individuals and government authorities. We have implemented and maintain physical, technical and administrative safeguards intended to protect all personal data and have processes in place to assist us in complying with applicable laws and regulations regarding the protection of this data and properly responding to any security incidents. We have adopted a system security plan and security breach incident response plans to address our compliance with these laws.

For important information related to government regulation of our business and the risks related to our compliance with such laws, please review the information set forth in Risk Factors Risks Related to Our Business and Industry Legal and Regulatory Risks.

Geographic Areas

For information with respect to our geographic markets, see note 13 to our consolidated financial statements included elsewhere in this report. For important information related to our foreign operations, please review the information set forth in Risk Factors Risks Related to Our Business and Industry Operational Risks.

Employees

As of December 31, 2014, we had approximately 1,740 full-time employees. Of that total, 840 were based in Gurgaon, India; 645 were based in McLean, Virginia; and the remaining were either remote or located in our various offices in Texas, California, Oregon, Georgia, Canada and the United Kingdom. By department, 748 were in sales and marketing (of which 214 were dedicated to development of our proprietary databases), 390 in product development, 313 in client services, 102 in technology operations, and 185 in general and administrative. None of our employees is represented by a labor organization or is a party to any collective bargaining arrangement. We have never had a work stoppage, and we consider our relationship with our employees to be good.

Company Information

We were incorporated in 1999 as a Delaware corporation. As of December 31, 2014, we had approximately 1,740 employees at our operations in the United States, India, Canada and the United Kingdom. Our headquarters are located at 1765 Greensboro Station Place, 7th Floor, Tysons Corner, VA 22102, and our telephone number is (703) 226-3500. You can access our website at www.cvent.com. In addition, we maintain a Facebook page at www.facebook.com/cvent, a LinkedIn page at www.linkedin.com/company/cvent and a Twitter feed at www.twitter.com/cvent. Information contained on, or that can be accessed through, our website, Facebook page, LinkedIn page or Twitter feed or other social media sources does not constitute part of this Annual Report on Form 10-K.

Copies of annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act) are available, free of charge, on our website as soon as reasonably practicable after we file such material electronically with or furnish it to the Securities and Exchange Commission (SEC). The SEC also maintains a website that contains our SEC filings. The address of the site is www.sec.gov.

Item 1A. Risk Factors

Our financial and operational results are subject to various risks and uncertainties including those described below. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties, including general economic and business risks, that we are unaware of, or that we currently believe are not material, also may become important factors that affect us. 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

Operational Risks

We are substantially dependent upon the addition of new customers and the continued growth of the market for our cloud-based event and meeting management platform.

We derive, and expect to continue to derive, a substantial portion of our revenue from the sale of our cloud-based event and meeting management platform. During the years ended December 31, 2014, 2013, and 2012, 70% of our total revenue was derived from our cloud-based event and meeting management platform. The market for event and meeting management software is still evolving, and competitive dynamics may cause pricing levels to change as the market matures and as existing and new market participants introduce new types of solutions and different approaches to enable event and meeting planners and hotels to address their respective needs. As a result, we may be forced to reduce the prices we charge for our solutions and may be unable to renew existing customer agreements or enter into new customer agreements at the same prices and upon the same terms that we have historically.

Widespread acceptance and use of the cloud-based business model for delivery of our event and meeting management platform is critical to our future growth and success. Under the perpetual or periodic license model for software procurement, users of the software would typically install and operate the applications on their hardware. Because many companies were historically predisposed to maintaining control of their information technology, or IT, systems and infrastructure, there may be resistance to the concept of accessing a cloud-based service provided by a third party. If the market for cloud-based event and meeting management software fails to grow, grows more slowly than we currently anticipate or evolves and forces us to reduce the prices we charge for our solutions, our operating results and financial condition could be materially adversely affected.

A significant portion of our revenue is derived from event and meeting planners. As such, our business is dependent upon identifying new event planners and converting them to new customers.

Revenue from our solutions for event and meeting planners has historically constituted the majority of our revenue and represented 70% of our total revenue for the years ended December 31, 2014, 2013 and 2012. Event and meeting planners can be found in a range of corporate departments, which makes it difficult to identify prospective planner customers. Since our formation, we have proactively and systematically worked to identify potential event planner customers. However, we cannot guarantee that we will be able to continue to identify new event planner customers, and the effort to identify new event planner customers will be more costly and time-consuming than seeking marketing contracts with new and existing venue customers.

Our business depends on maintaining and expanding our relationships with hotels and venues.

An important component of our business success depends on our ability to maintain and expand relationships with hotels and venues. A substantial portion of our revenue is derived from compensation negotiated with hotels and venues for marketing solutions, particularly through the Cvent Supplier Network. During the years ended December 31, 2014, 2013, and 2012, 30% of our total revenue was derived from our marketing solutions.

If we are unable to continue to successfully sell marketing solutions to individual hotels and venues, our financial results may suffer. Furthermore, although individual hotel properties typically make separate decisions as to their advertising spending, the influence of the corporate offices of major hotel chains may affect the decisions of their individual properties. For example, if the corporate parent discontinues its relationship with us in favor of another solution, our relationship with the properties under that brand may suffer even though, in nearly all cases, we negotiate with each property individually. This may lead to considerable lost revenue or result in additional costs to complete sales of our advertising, any of which would adversely affect our operating results.

Finally, our strong network relationships with hotels and venues are a key differentiator for our event management solutions. This risk is heightened by the concentrated nature of the hospitality industry, which is dominated by a relatively small number of major hotel chains. If we are unable to maintain and grow our network of hotels and venues, we may be unable to satisfy our customers needs, lose market share or incur additional costs to support our customers, all of which may adversely affect our business, results of operations or financial condition. Further, if we are unable to successfully develop and sell additional products to hotels and venues, including but not limited to group demand management and group business intelligence, we may not achieve our anticipated revenue from these customers, which would adversely affect our business, results of operations or financial condition.

If the security of our customers confidential information stored in our systems is breached or otherwise subjected to unauthorized access, our reputation may be severely harmed and we may be exposed to liability.

Our system stores personally identifiable information, proprietary email distribution lists, credit card information and other critical or private data for our customers and our customers event participants. We believe that we take reasonable steps to protect the security, integrity and confidentiality of the information we collect and store, but there is no guarantee that inadvertent (e.g., software bugs or other technical malfunctions, employee error or malfeasance, or other factors) or unauthorized disclosure will not occur or that third parties will not gain unauthorized access to this information despite our efforts. We have in the past and we may again in the future experience successful attempts by third-parties to obtain unauthorized access to our data despite our security measures. Since techniques used to obtain unauthorized access change frequently, we and our third-party hosting facilities may be unable to anticipate these techniques or to implement adequate preventative measures. Any willful or accidental security breaches or other unauthorized access could expose us to liability for the loss of such information, adverse regulatory action by federal and state governments, time-consuming and expensive investigation and litigation, extensive downtime of our systems and other possible liabilities.

If our security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our software are exposed and exploited, and, as a result, a third party obtains unauthorized access to any of our customers data, our relationships with our customers will be severely damaged, and we could incur significant liability. In addition, many jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data, and our agreements with certain partners require us to notify them in the event of a security incident. These mandatory disclosures regarding a security breach often lead to widespread negative publicity and may cause our customers to lose confidence in the effectiveness of our data security measures. Any security breach, whether actual or perceived, would harm our reputation, and we could lose customers or fail to acquire new customers.

If we experience compromises to our information technology as a result of security lapses, technical difficulties or otherwise that result in performance or availability problems of our cloud-based solutions, the complete shutdown of our cloud-based solutions, or the loss or unauthorized disclosure of confidential information, our partners or customers may be harmed or lose trust and confidence in us, and decrease the use of our solution or stop using our solution in its entirety, and we would suffer reputational and financial harm. Our third-party vendors may also suspend or discontinue their relationships with us. Additionally, in the future, we could be subject to regulatory investigations and litigation in connection with a security breach or related issue, and we could also face regulatory fines and be liable to third parties for these types of breaches. For example, we work with third-party vendors to process credit card payments by our customers and are subject to payment card association operating rules. If our security measures fail to protect this information adequately or we fail to comply with the applicable operating rules, we could be liable to both our customers for their losses, as well as the vendors under our agreements with them, we could be subject to fines and higher transaction fees, we could face regulatory action, and our customers and vendors could end their relationships with us, any of which could harm our business, results of operations or financial condition.

We have experienced rapid growth and significant organizational change in recent periods and expect continued future growth, both organically and by acquisitions. If we fail to manage our growth effectively, we may be unable to execute our business plan, maintain high levels of service or address competitive challenges adequately.

Our head count and operations have grown, both domestically and internationally, since our inception. In particular, during the year ended December 31, 2014, we have added over 280 full-time positions. This growth has placed, and will continue to place, a significant strain on our management, administrative, operational and financial infrastructure. We anticipate further growth will be required to address increases in our platform offerings and continued expansion.

Our success will depend in part upon the ability of our management team to manage this growth effectively. To do so, we must continue to recruit, hire, train, manage and integrate a significant number of qualified managers, technical personnel and employees in specialized roles within our

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company, including in technology, sales and marketing. If our new employees perform poorly, or if we are unsuccessful in recruiting, hiring, training, managing and integrating these new employees, or retaining these or our existing employees, our business may suffer.

In addition, to manage the expected continued growth of our head count, operations and geographic expansion, we will need to continue to improve our information technology infrastructure, operational, financial and management systems and procedures. Our anticipated additional head count and capital investments will increase our costs, which will make it more difficult for us to address any future revenue shortfalls by reducing expenses in the short term. If we fail to successfully manage our growth, we will be unable to successfully execute our business plan, which could have a negative impact on our business, results of operations or financial condition.

Our long-term success depends, in part, on our ability to operate offices located outside of the United States including India.

We currently maintain offices and have sales personnel in the United States, India, the United Kingdom, and Canada, and we are exploring opening additional international offices. In addition, we have contracted with independent sales personnel in Australia, Germany, Mexico, Spain and Sweden. Any international expansion efforts that we may undertake may not be successful. Further, conducting more extensive international operations subjects us to new risks that we have not generally faced in the United States. These risks include:

- unexpected costs and errors in the localization of our solutions, including translation into foreign languages and adaptation for local practices and regulatory requirements;

- challenges posed by different pricing environments and different forms of competition;

- lack of familiarity and burdens of complying with foreign laws, legal standards, regulatory requirements (including privacy and data security requirements), tariffs, and other barriers;

- changes in regulatory requirements, taxes, trade laws, tariffs, export quotas, custom duties or other trade restrictions;

- difficulties in managing technology partners and differing technology standards;

- difficulties in collecting accounts receivable;

- difficulties in managing and staffing international operations;

- varying expectations as to employee standards;

- fluctuations in exchange rates that may increase the volatility of our foreign based revenue and costs;
- potentially adverse tax consequences, including those arising from the complexities of foreign value added tax (or other tax, including transfer pricing) systems, and restrictions on the repatriation of earnings;
- uncertain political and economic climates;
- reduced or varied protection for intellectual property rights in some countries.

These factors and other related issues may cause our costs of doing business in new geographies to exceed the existing costs of our comparable operations in the United States and India. Operating in new international markets also requires significant management attention and financial resources. Any negative impact from our international business efforts could negatively impact our business, results of operations and financial condition.

We have significant operations in India. As of December 31, 2014, 840 of our approximately 1,740 employees were based in India. Operating in India requires substantial resources and management attention and subjects us to economic, political and operational risks that are different from those in the United States. For example, there have been armed conflicts between India and neighboring Pakistan. Also, extremist groups within India and neighboring Pakistan have from time to time targeted Western interests. Other risks specific to our operations in India include, but are not limited to, difficulty with responding to changes in economic conditions that may include inflation and fluctuations in exchange rates and interest rates; problems that impair our business infrastructure, such as telephone system failure or an international disruption of our information technology systems by a third party; failure to act in accordance with labor, environmental, health and safety standards and regulations; and the need to increase the levels of our employee compensation more rapidly than in the past to retain talent. If any of these risks materialize, our business, results of operations and financial condition may be materially adversely affected.

We face significant competition from established and new companies offering event and meeting management software.

The market for event and meeting management software is evolving, highly competitive and significantly fragmented, and we expect competition to continue to increase in the future. With the increased demands for event and meeting management solutions as well as the potential influx of new entrants to the market, we expect competition to intensify in the future, which could harm our ability to increase sales and maintain our prices.

Our competitors vary with each challenge that our event and meeting management solutions address, and include providers of point solutions for email marketing, event registration, ecommerce payments, budgeting, web surveys, web content management, scheduling, room and table assignments, name badging, mobile app development, social media, and business intelligence for the hospitality industry. If individual point solutions become less expensive, we may face general pricing pressure or pressure to adjust our pricing model. For example, if mobile app development increases significantly and as a result developers reduce their fees, we may be forced to reduce the fees that we charge for our mobile event apps to remain competitive.

We expect to face additional competition with the continued development and expansion of the event management software market. We expect that new competitors, such as software vendors that have traditionally focused on other applications, may enter the event and meeting management market or hospitality business intelligence market with competing products, which could have an adverse effect on our business, operating results and financial condition. Additionally, competitors may develop a comprehensive event and meeting management platform that is similar to our own.

Our current and potential competitors may have significantly more financial, technical, marketing and other resources than we have; be able to devote greater resources to the development, promotion, sale and support of their products and services; have more extensive customer bases and broader customer relationships; and have longer operating histories and greater name recognition.

As a result, these competitors may be better able to respond quickly to new technologies and to undertake more extensive marketing campaigns. In some cases, these vendors may also be able to offer event and meeting management solutions at little or no additional cost by bundling them with their existing applications. If we are unable to compete with such companies, the demand for our solutions could substantially decline. To the extent any of our competitors have existing relationships with potential customers, those customers may be unwilling to purchase our solutions because of those existing relationships with that competitor. To the extent that we consider acquiring one of our competitors, this heightened competition could increase the cost of an acquisition within our industry.

Moreover, current and future competitors may also make strategic acquisitions or establish cooperative relationships among themselves or with others. By doing so, these competitors may increase their ability to meet the needs of our customers or potential customers. In addition, our current or prospective indirect strategic partners may establish cooperative relationships with our current or future competitors. These developments could limit our ability to obtain revenues from existing and new customers. If we are unable to compete successfully against current and future competitors, our business, results of operations and financial condition would be harmed.

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In the past we have completed acquisitions and may acquire or invest in other companies or technologies in the future, which could divert management s attention, fail to meet our expectations, result in additional dilution to our stockholders, increase expenses, disrupt our operations and harm our operating results.

We have acquired businesses, products or technologies that we believe could complement or expand our platform, enhance our technical capabilities or otherwise offer growth opportunities. We cannot assure you that we will realize the anticipated benefits of these or any future acquisitions. The potential pursuit of additional acquisitions may divert the attention of management and cause us to incur various expenses related to identifying, investigating and pursuing suitable acquisitions, whether or not they are completed.

If we acquire additional businesses, we may be unable to assimilate or integrate the acquired personnel, operations or technologies successfully, effectively manage the combined business following the acquisition and our management may be distracted from operating our existing business. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including, but not limited to the following:

- unanticipated costs or liabilities associated with the acquisition;
- incurrence of acquisition-related costs, which would be recognized as a current period expense;
- inability to generate sufficient revenue to offset acquisition or investment costs, or failure to generate the revenue we had anticipated from the acquired business;
- the inability to maintain and renew relationships with customers and partners of the acquired business;
- the difficulty of incorporating acquired technology and rights into our platform and of maintaining quality and security standards consistent with our brand;
- delays in customer purchases due to uncertainty related to any acquisition;
- the need to integrate or implement additional controls, procedures and policies;
- challenges caused by distance, language and cultural differences;
- harm to our existing business relationships with business partners and customers as a result of the acquisition;
- the potential loss of key employees;

- use of resources that are needed in other parts of our business and diversion of management and employee resources;

- the inability to recognize acquired revenue in accordance with our revenue recognition policies and the loss of acquired deferred revenue;

- the use of substantial portions of our available cash or the incurrence of debt to consummate the acquisition;

- delays or errors in integrating back-end systems and departments, including but not limited to accounting and CRM systems.

Acquisitions may also increase the risk of unforeseen legal liability, including for potential violations of applicable law or industry rules and regulations, arising from prior or ongoing acts or omissions by the acquired businesses which are not discovered by due diligence during the acquisition process. If an acquired business fails to meet our expectations, our operating results, business and financial condition may suffer. Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our business, results of operations or financial condition.

Many of these risks are heightened by the fact that the companies we have acquired have been small and technologically early in their development. It is common for such companies to lack mature systems and processes. This has created challenges, including with respect to financial integration and accounting for acquired companies, and will create future challenges to the extent we acquire similar companies in the future. In addition, a significant portion of the purchase price of companies we acquire may be allocated to goodwill and other intangible assets, which must be assessed for impairment at least annually. Also, contingent consideration related to acquisitions will be remeasured to fair value at each reporting period, with any changes in the value recorded as income or expense. Our recent acquisitions all contained a contingent consideration element and/or other compensatory arrangements based on continued employment of certain key employees. If our acquisitions do not ultimately yield expected returns, we may be required to take charges to our operating results based on our impairment assessment process, which could harm our results of operations.

Any significant disruption in service on our websites, mobile applications or in our computer systems whether caused by a third party, by a failure to scale and adapt our infrastructure, or by other causes could damage our reputation and result in fees to customers or a loss of users, which would harm our business and operating results.

Our websites, mobile applications and computer systems, the majority of which are hosted by third-party providers, are a critical component of our business. We have experienced limited interruptions in these systems in the past, including server failures that temporarily slowed down the performance of our websites and mobile applications, and we may experience more significant interruptions in the future. Regardless of cause, any interruptions in these systems could affect the security or availability of our services on our websites and mobile applications and prevent or inhibit the ability of our customers and event and meeting registrants to access our services. Problems with the reliability or security of our systems could also harm our reputation or result in substantial costs to remedy these problems, any of which could negatively affect our business, results of operations and financial condition.

We have entered into agreements with many of our customers and business partners that obligate us to compensate them should an interruption affect their use of our services. While some of the communications, network and computer hardware used to provide our services, including our websites and mobile applications, are located at our headquarters in Tysons Corner, Virginia, a significant amount of this hardware is located in a facility in Ashburn, Virginia which we do not own or control. Also, businesses we have acquired rely heavily on third-party service providers to host their software applications, web services, data storage, credit card processing and other computing infrastructure, thereby increasing our dependence on these third party providers. Problems faced by our third-party information technology providers could adversely affect the experience of our customers. Our third-party information technology providers could decide to close their facilities without adequate notice. Any financial difficulties, such as bankruptcy reorganization, faced by our third-party web-hosting providers or any of the service providers with whom they contract may have negative effects on our business, the nature and extent of which are difficult to predict. For example, our web hosting service provider has recently declared bankruptcy, which suggests a heightened risk of interruptions in their service and a possibility of system failure. Any errors, defects, disruptions or other performance problems with any of our third-party information technology providers could directly affect our ability to provide services to our customers, which may result in liabilities to us and our customers, harm our reputation and negatively affect our business, operating results and financial condition.

Further, we may have difficulty scaling and adapting our existing infrastructure to accommodate increased traffic and storage demands, technology advances or customer requirements, which could cause delays or service disruptions and adversely affect our reputation and operating and financial results. In the future, advances in technology, increases in traffic and storage demands and new customer requirements may require us to change our infrastructure, expand our infrastructure or replace our infrastructure entirely. Scaling and adapting our infrastructure is likely to be complex and require additional technical expertise. If we are required to make any changes to our infrastructure, we may incur substantial costs and experience delays or disruptions in our service. These delays or disruptions may cause customers and partners to become dissatisfied with our service and move to competing providers of event and meeting management solutions. Our failure to accommodate increased traffic and storage demands, increased costs, inefficiencies or failures to adapt to new technologies or customer requirements and the associated adjustments to our infrastructure could harm our business, results of operations and financial condition.

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We are also dependent on the maintenance and expansion of the infrastructure of the internet, over which we have no control. Any failure of the internet infrastructure we rely on, even for a short period of time, could harm our business, operating results and financial condition. In addition, our systems and operations are vulnerable to damage, interruption or complete failure from fire, flood, power loss, telecommunications failure, terrorist attacks, acts of war, electronic and physical break-ins, computer viruses, earthquakes and similar events. Our systems are not completely redundant, so a failure of our system at one site could result in reduced functionality for our customers, and a total failure of our systems at both sites could cause our platform to be completely unavailable for all customers. In particular, because our primary and back-up sites are both located in Virginia, a broad failure of the power grid could cause both sites to lose power, which could cause our platform to be completely unavailable to all customers.

Our business is susceptible to declines or disruptions in the demand for events and meetings, including those due to economic downturns or natural disasters.

Our business and financial performance are affected by the health of the worldwide events and meetings industry. Events and meetings are sensitive to business-related discretionary spending levels and tend to grow more slowly or even decline during economic downturns. Decreased expenditures by meeting planners and participants could also result in decreased demand for our event management solutions, thereby causing a reduction in our sales. In addition, sales of our marketing solutions to hotels and venues may suffer if fewer event and meeting planners use our solutions. Although we are optimistic about the capabilities of our solutions to assist event and meeting planners in maximizing return on investment when funds available to spend on events are limited, further economic weakness and uncertainty may nonetheless result in significantly decreased spending on our event and meeting management solutions, which may adversely affect our business, operating results and financial condition.

External factors beyond our control may adversely affect the events and meetings industry, with a corresponding negative impact on our business and operating results. Economic downturns, natural disasters, such as hurricanes, tsunamis, earthquakes or volcanic eruptions, and other phenomena, such as pandemics and epidemics, have previously disrupted normal travel patterns and levels, which has correspondingly disrupted the events and meetings industry. The events and meetings industry is also sensitive to other events beyond our control, such as political instability, regional hostilities, increases in fuel prices, the emergence and widespread adoption of more-effective teleconference and virtual meeting technologies, imposition of taxes or surcharges by regulatory authorities, travel related accidents and terrorist attacks, any of which could have an impact on our business and results of operations. For example, the September 2001 terrorist attacks in the U.S. had a dramatic and sustained impact on the travel industry generally, which had a corresponding negative impact on the events and meetings industry thereafter. Any future terrorist attack, whether on a small or large scale, could have a material and negative impact on our business, results of operations or financial condition.

We are dependent in part upon our relationships with our strategic partners to sustain the flow of business through the Cvent Supplier Network.

Our access to certain customers is facilitated in some cases by strategic partner relationships with certain companies. If these strategic partners terminate or do not renew their relationships with us, it could have a negative effect on revenue for sales of our event management software solutions. Approximately 56% of the RFPs transmitted to hotels and venues through CSN during the year ended December 31, 2014 originated from event planners introduced to us through these partnerships. As such, the loss of several of these partnerships would greatly diminish the value of the CSN.

Our business depends substantially on renewing agreements with existing customers and selling additional solutions to them. Any decline in our customer renewals or expansions would likely harm our future operating

results, especially if we are unable to recognize sufficient revenue to offset related customer acquisition costs prior to such termination or cancellation of our customer agreements.

We offer our event and meeting management solutions primarily through annual and multi-year subscription agreements and our hotel and venue marketing solutions primarily through a mix of single-year and multi-year arrangements. In order for us to improve our operating results, it is important that our event and meeting management customers renew their existing subscription agreements and our hotel and venue advertisers renew their advertising agreements with us when the initial term expires, as well as purchase additional solutions and advertising from us.

In some cases, our customers have no renewal obligation after their initial term expires, and we cannot be assured that we will be able to renew agreements with any of our customers at the same or higher contract value. Some agreements also contain a termination right for the customer in the event of customer dissatisfaction with our services because of substantial nonperformance that remains uncured by us.

In addition, some of our customer contracts allow for a termination for convenience. If our customers do not renew their agreements, renew on less favorable terms to us or fail to purchase additional solutions or advertising, our revenue may decline, and our operating results would likely be harmed.

We typically bill customers for no longer than the upcoming contract year with payment due upfront regardless of the full length of the contract, although we incur most of our customer acquisition costs at the time of sale. These costs can be significant. If a customer does not renew or cancels its agreement with us, we may not recognize sufficient revenue from that customer prior to the termination or cancellation to offset the acquisition costs associated with that customer.

Growth of our business will depend on a strong brand, and any failure to maintain, protect, and enhance our brand would hurt our ability to retain or expand our base of users, or our ability to maintain or increase their level of engagement with us.

We believe that a strong brand is necessary to continue to attract and retain event and meeting planners and, in turn, the hotels and venues who choose to advertise on the Cvent Supplier Network. We need to maintain, protect, and enhance our brand to expand our base of customers and users and increase their engagement with our solutions. This will depend largely on our ability to continue to provide high-value, differentiated solutions, and we may not be able to do so effectively.

While we may choose to engage in a broader marketing campaign to further promote our brand, this effort may not be successful. Furthermore, negative publicity about our company, including our content, technology, sales practices, personnel or customer service could diminish confidence in, and the use of, our solutions, any of which could harm our operating results. If we are unable to maintain or enhance customer awareness of our brand cost-effectively, our business, operating results and financial condition could be harmed.

Event and meeting planners may not widely adopt our applications to manage the important aspects of their events and meetings, which would limit our ability to grow our business.

Our ability to grow our business and increase revenue depends on our success in educating event and meeting planners about the potential benefits of our cloud-based platform. Cloud applications for organizing and managing important aspects of events and meetings have not previously been widely adopted by event and meeting planners. Concerns about cost, fraud, privacy, security, reliability and other issues may cause event and meeting planners not to adopt our applications. Moreover, event and meeting planners who have already invested substantial resources in other registration and management systems or methods may be reluctant to adopt a new approach like ours to supplement or replace existing systems or methods. If event and meeting planners do not widely adopt applications such as ours, our ability to grow our business will be limited.

We rely on third-party mobile application platforms such as the Apple App Store and the Google Play Store to distribute our mobile applications. If we are unable to maintain a good relationship with such platform providers, if their terms and conditions or pricing change to our detriment, if we violate, or if a platform provider believes that we have violated, the terms and conditions of its platform, or if any of these platforms are unavailable for a prolonged period of time, our business will suffer.

We distribute our mobile event applications through third-party platforms, such as the Apple App and Google Play stores. We are subject to these platforms standard terms and conditions for application developers, which govern the promotion, distribution and operation of applications on their platforms. If we violate, or if a platform provider believes that we have violated, these terms and conditions, the particular platform provider may discontinue or limit our access to that platform, which could prevent us from satisfying our contractual obligations to our mobile customers. Our business could also be harmed if a platform provider modifies its current terms of service or other policies, including fees, in a manner adverse to us.

We also rely on the continued operation of these third-party platforms. In the past, some of these platforms have been unavailable for short periods of time. If this recurs on a prolonged or frequent basis, or other similar issues arise that impact users ability to download or use our mobile event applications, we may owe our customers rebates, which would increase our expenses and lower our gross margins. Our revenue, operating results or brand could also suffer harm. Furthermore, any material change or deterioration in our relationship with these platform providers could harm our business.

We have experienced losses in the past and we may not sustain profitability in the future.

We have incurred a significant accumulated deficit in prior periods, in large part due to accretion of redemption features on previously outstanding preferred stock in those periods. We experienced net income of $1.8 million for the year ended December 31, 2014 and a net loss of $3.2 million for the year ended December 31, 2013, and have an accumulated deficit as of December 31, 2014 of $21.2 million.

We anticipate that our operating expenses will increase substantially in the foreseeable future as we continue to invest to grow our business and acquire clients, develop our platform, develop new solutions and comply with the requirements of being a public company. These efforts may prove to be more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. Many of our efforts to generate revenue from our business, particularly with respect to our marketing solutions are unproven, and any failure to increase our revenue or generate revenue from new solutions could prevent us from attaining or increasing profitability. Furthermore, to the extent we are successful in increasing our customer base, we could also incur increased losses because costs associated with entering into customer agreements are generally incurred up front, while revenue is generally recognized ratably over the term of the agreement. If we are unable to effectively manage these risks and difficulties as we encounter them, our business, financial condition and results of operations may suffer.

Seasonality may cause fluctuations in our revenue and operating results.

We generally experience seasonality in our marketing solutions sales due to the seasonality of the underlying marketing budgets of hotels and venues. Hotels and venues advertising on the Cvent Supplier Network have historically made more purchasing decisions in the fourth quarter of the calendar year.

If we do not continue to innovate and provide solutions that are useful to our customers and event registrants and attendees, we may not remain competitive, and our revenue and operating results could suffer.

Our success depends on continued innovation to provide features and services that make our solutions, websites and mobile apps useful for event and meeting planners, hotels and venues and event registrants and attendees. Our competitors are frequently developing innovations in services and features. Additionally, the rapid pace at which technology evolves generally requires us to find new ways to deliver our solutions to end users with better performance and functionality. As a result, we must continue to invest significant resources in research and development in order to continually improve the speed, accuracy and comprehensiveness of our solutions. We may introduce significant changes to our existing solutions or develop and introduce new and unproven solutions, including using technologies with which we have little or no prior development or operating experience. If we are unable to continue offering innovative solutions or if new or enhanced solutions fail to engage event and meeting planners, hotels and venues or event registrants and attendees, we may be unable to attract additional customers or event registrants or retain our current customers or event registrants and attendees, which may adversely affect our business, operating results and financial condition.

Defects or disruptions in our ability to deliver new products and product enhancements could diminish demand for our service, adversely affect our reputation and subject us to substantial liability.

Like many internet-based cloud companies, we provide frequent incremental releases of product updates and functional enhancements. Such new versions frequently contain undetected errors when first introduced or released. We have, from time to time, found defects in our service, and new errors in our existing service may be detected in the future. In addition, our customers may use our service in unanticipated ways that may cause a disruption in service for other customers or for event registrants. Since our customers use our service for important aspects of their business, any errors, defects, disruptions in service or other performance problems with our service could hurt our reputation and may damage our customers businesses. If that occurs, our customers may delay or withhold payment to us, elect not to renew, make service credit claims, warranty claims or other claims against us, and we could lose future sales. The occurrence of any of these events could result in an increase in our bad debt expense, an increase in collection cycles for accounts receivable, require us to increase our warranty provisions or incur the expense or risk of litigation. Further, if we are unable to meet the stated service level commitments we have guaranteed to our customers or suffer extended periods of unavailability for our service, we may be contractually obligated to provide these customers with credits for future service, and there would be a negative impact on our reputation.

Our sales cycle can be lengthy and unpredictable, which may cause our operating results to vary significantly.

Our sales cycle, which is the time between initial contact with a potential customer and the ultimate sale to that customer, is often lengthy and unpredictable. Potential customers typically spend significant time and resources evaluating event management and venue marketing solutions, which require us to expend substantial time, effort, and money educating them about the value of our offerings. Accordingly, it is difficult for us to forecast when or if a sale will close or the size of any specific sales. In addition, customers may delay their purchases from one quarter to another as they (i) wait for us to develop new features, (ii) assess their budget constraints or (iii) forecast future business activity. Any delay in closing, or failure to close, sales in a particular quarter or year could significantly harm our projected growth rates and could cause our operating results to vary significantly.

We are increasingly targeting our sales efforts at large enterprise customers. For large enterprises, the customer s decision to use our solution may be an enterprise-wide decision and require us to provide more education about the use and benefits of our software, as well as education regarding privacy and data protection laws and regulations to prospective customers with international operations. In addition, larger customers may demand more complicated client set-up, integration services, and features. Further, these opportunities may require us to devote greater sales support and professional services resources to targeted customers. Accordingly, selling to enterprise customers will necessarily increase our costs of sales, lengthen our sales cycles, and decrease our capability to predict our ability to close the sale. The increased costs may also decrease our gross margins. If a customer is not satisfied with the quality of work performed by us or with the type of services or solutions delivered, we could incur additional costs to address the situation, the profitability of that work might be impaired, and the customer s dissatisfaction with our services could damage our ability to obtain additional work from that customer. In addition, negative publicity related to our customer relationships, regardless of its accuracy, could harm our professional reputation and operating results.

We rely on the performance of highly skilled personnel, including senior management and our sales and technology professionals; if we are unable to retain or motivate key personnel or hire, retain and motivate qualified personnel, our business would be harmed.

We believe our success has depended, and continues to depend, on the efforts and talents of our senior management and our highly skilled team members, including our sales personnel and software engineers. Competition for well-qualified employees in all aspects of our business, including sales personnel and software engineers, is intense. Our continued ability to compete effectively depends on our ability to attract new employees and to retain and motivate existing employees. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees, our business would be adversely affected. The loss of any of our senior management or key employees could adversely affect our ability to build on the efforts they have undertaken and to execute our business plan, and we may not be able to find adequate replacements. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees.

If we fail to offer high quality customer support, our business and reputation would suffer.

Our customers rely on our customer support services. High-quality education and customer support is important for the successful marketing and sale of our solutions and for the renewal of our agreements with existing customers. The importance of high quality customer support will increase as we expand our business and pursue new customers. If we do not help our customers quickly resolve issues and provide effective ongoing support, our ability to sell new services to existing and new customers would suffer and our reputation with existing or potential customers would be harmed.

Our growth rate over the past few years may not be sustainable. If we fail to maintain an adequate growth rate, our business will be adversely affected and we may not achieve or maintain profitability.

Our revenue has grown rapidly over the past few years. We may not be able to sustain this level of growth in future periods, and you should not rely on the revenue growth of any prior quarterly or annual period as an indication of our future performance. Further, a portion of our revenue growth in the years ended December 31, 2014, 2013 and 2012 resulted from acquisitions and not organic growth. We may not complete acquisitions in the future that increase our revenue at the same rate as in prior periods. The identification of suitable acquisition candidates can be difficult, time-consuming and costly, and we may not be able to successfully complete the acquisitions we do identify as worth pursuing. If we are unable to maintain an adequate rate of growth, our business will be adversely affected and we may not maintain profitability.

Failure to adequately expand our direct sales force will impede our growth.

We will need to continue to expand and optimize our sales infrastructure in order to grow our customer base and our business. We plan to continue to expand our direct sales force, both domestically and internationally. Identifying and recruiting qualified personnel and training them requires significant time, expense and attention. It can take several months before our sales representatives are fully trained and productive. Our business may be adversely affected if our efforts to expand and train our direct sales force do not generate a corresponding increase in revenue. In particular, if we are unable to hire, develop and retain talented sales personnel, or if new direct sales personnel are unable to achieve desired productivity levels in a reasonable period of time, we may not be able to realize the expected benefits of this investment or increase our revenue.

If we cannot maintain our corporate culture as we grow, we could lose the innovation, teamwork, passion and focus on execution that we believe contribute to our success, and our business may be harmed.

We believe that a critical component to our success has been our corporate culture. We have invested substantial time and resources in building our team. As we grow and develop the infrastructure of a public company, we may find it difficult to maintain these important aspects of our corporate culture. Any failure to preserve our culture could negatively affect our future success, including our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives.

If we do not or cannot maintain the compatibility of our solutions with third-party applications that our customers use in their businesses, demand for our solutions could decline.

The functionality of our cloud-based platform depends, in part, on our ability to integrate it with third-party applications and data management systems that our customers use and from which they obtain data. In addition, we rely on access to third-party application programming interfaces, or APIs, to provide our social media channel offerings through social media platforms. Third-party providers of these applications, data management systems and APIs may terminate their relationships with us, change the features of their applications and platforms, restrict our access to their applications and platforms or alter the terms governing use of their applications, data management systems and APIs and access to those applications and platforms in an adverse manner. Such changes could functionally limit or terminate our ability to use these third-party applications and platforms with our cloud-based platform, which could negatively impact our offerings and harm our business. Further, if we fail to integrate our platform with new third-party applications and platforms that our customers use, or to adapt to the data transfer requirements of such third-party applications and platforms, we may not be able to offer the functionality that our customers need, which would negatively impact our offerings and, as a result, could negatively affect our business, results of operations and financial condition.

If the estimates and assumptions we use to determine the size of our target market, customer groups or the verticals within customer groups are inaccurate, our future growth rate may be limited and our business would be harmed.

We calculate the size of our target market, customer groups and verticals within customer groups, based on data published by third parties and on internally generated data and assumptions. We have not independently verified any third-party information and cannot assure you of its accuracy or completeness. While we believe our market size information is generally reliable, such information is inherently imprecise. In addition, our projections, assumptions and estimates of future opportunities within our target market are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in this report. If third-party or internally generated data prove to be inaccurate or we make errors in our assumptions based on that data, our future growth rate may be limited. In addition, these inaccuracies or errors may cause us to misallocate capital and other business resources, which would harm our business.

If Internet search engines methodologies are modified or our search result page rankings decline for other reasons, participant engagement in our websites and online communities could decline.

We depend in part on various Internet search engines to direct a significant amount of traffic to our websites. Our ability to maintain the number of potential participants directed to our websites is not entirely within our control. Our competitors search engine optimization, or SEO, efforts may result in their websites receiving a higher search result page ranking than ours, or Internet search engines could revise their methodologies in an attempt to improve search results, which could adversely affect placement of our search result page rankings. If search engine companies revise their search algorithms in ways that are detrimental to new participant growth on our websites or in ways that make it more difficult for organizers or participants to use our websites, or if competitors SEO efforts are more successful than ours, the overall growth in the numbers of organizers and participants using our websites could slow, participant engagement could decrease and we could lose existing participants and become less attractive to existing and prospective organizer customers. Our websites have experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future. Any reduction in the number of participants directed to our website would harm our business and operating results.

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Legal and Regulatory Risks

We are subject to U.S. and foreign data privacy and protection laws and regulations as well as contractual privacy obligations, and our failure to comply could subject us to fines and damages and would harm our reputation and business.

We are subject to the data privacy and protection laws and regulations adopted by federal, state and foreign legislatures and governmental agencies. Data privacy and protection is highly regulated, and may become the subject of additional regulation in the future. Privacy laws restrict our storage, use, processing, disclosure, transfer and protection of non-public personal information, including credit card data, provided to us by our event and meeting planners and registrants. We strive to comply with all applicable laws, regulations, policies and legal obligations relating to privacy and data protection. However, it is possible that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure, or perceived failure, by us to comply with federal, state, or international laws, including laws and regulations regulating privacy, payment card information, personal health information, data or consumer protection, could result in proceedings or actions against us by governmental entities or others.

The regulatory framework for privacy and data protection issues worldwide is evolving, and various government and consumer agencies and public advocacy groups have called for new regulation and changes in industry practices, including some directed at providers of mobile and online resources in particular. Our obligations with respect to privacy and data protection may become broader or more stringent. If we are required to change our business activities or revise or eliminate services, or to implement costly compliance measures, our business and results of operations could be harmed.

In addition, as we expand our operations globally, compliance with regulations that differ from country to country may also impose substantial burdens on our business. In particular, the European Union, or E.U., has traditionally taken a broader view as to what is considered personal information and has imposed greater obligations under data privacy regulations. In addition, individual E.U. member countries have had discretion with respect to their interpretation and implementation of the regulations, which has resulted in variation of privacy standards from country to country. Complying with any additional or new regulatory requirements could force us to incur substantial costs or require us to change our business practices in a manner that could compromise our ability to effectively pursue our growth strategy. Further, because we do not maintain a data center in the E.U., E.U. regulators could determine that we transfer data from the E.U. to the U.S., which could subject us to regulatory obligations or liability.

We are also subject to the privacy and data protection-related obligations in our contracts with our customers and other third parties, including voluntary third-party trade associations and industry self-regulatory groups that promulgate best practices or codes of conduct such as the Direct Marketing Association. We could be adversely affected by changes to these contracts, guidelines or codes in ways that are inconsistent with our practices or in conflict with the laws and regulations of the United States, foreign or international regulatory authorities. We may also be contractually liable to indemnify and hold harmless our clients from the costs or consequences of inadvertent or unauthorized disclosure of data that we store or handle as part of providing our services. Finally, we are also subject to contractual obligations and other legal restrictions with respect to our collection and use of data, and we may be liable to third parties in the event we are deemed to have wrongfully used or gathered data.

Any failure by us or a third-party contractor providing services to us to comply with applicable privacy and data protection laws, regulations, self-regulatory requirements or industry guidelines, our contractual privacy obligations or our own privacy policies, may result in fines, statutory or contractual damages, litigation or governmental enforcement actions. These proceedings or violations could force us to spend significant amounts in defense or settlement of these proceedings, result in the imposition of monetary liability, distract our management, increase our costs of doing business, and adversely affect our reputation and the demand for our solutions.

Federal, state and foreign laws impose certain obligations on the senders of commercial emails, which could minimize the effectiveness of our event management email solutions, limit our ability to market to prospective customers and impose financial penalties for noncompliance.

The U.S. s CAN-SPAM Act establishes certain requirements for commercial email messages and specifies penalties for the transmission of commercial email messages that are intended to deceive the recipient as to source or content. The CAN-SPAM Act, among other things, obligates the sender of commercial emails to provide recipients with the ability to opt out of receiving future emails from the sender. In addition, some states and foreign jurisdictions, including Canada, have passed laws regulating commercial email practices, some of which are significantly more punitive and difficult to comply with than the CAN-SPAM Act. The ability of recipients of emails from our customers using our event management software to opt out of receiving commercial emails may minimize the effectiveness of our solutions for our customers. Also, the ability of event planners to opt out of receiving future emails from us may minimize our ability to expand our event planner network. In addition, noncompliance with the CAN-SPAM Act carries significant litigation, regulatory investigation and related risks. If we were found to be in violation of the CAN-SPAM Act or similar state, foreign or international laws regulating the distribution of commercial email, whether as a result of violations by our customers or if we were deemed to be directly subject to and in violation of these requirements, we could incur penalties, and significant litigation and investigation-related expenses, and any inquiries might impact the deliverability of our commercial email regardless of outcome. This would adversely affect our operating results and financial condition and significantly harm our business, and our reputation would suffer. We also may be required to change one or more aspects of the way we operate our business, which could impair our ability to attract and retain customers or could increase our operating costs.

There can be no assurance that the limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from any such liabilities or damages with respect to any particular claim. We also cannot provide assurances that our existing general liability insurance coverage and coverage for errors and omissions will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims or that the insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceeds available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, financial condition and results of operations.

We are subject to the rules and regulations adopted by the payment card networks, such as Visa, MasterCard and American Express, and if we fail to adhere to their rules and regulations, we would be in breach of our contractual obligations to payment processors and merchant banks, which could subject us to damages and liability and could eventually prevent us from processing or accepting credit card payments.

The payment card networks, such as Visa, MasterCard and American Express, have adopted rules and regulations that apply to all merchants who process and accept credit cards for payment of goods and services. We are obligated to comply with these rules and regulations as part of the contracts we enter into with payment processors and merchant banks. The rules and regulations adopted by the payment card networks include the Payment Card Industry Data Security Standards, or the PCI DSS. Under the PCI DSS, we are required to adopt and implement internal controls over the use, storage and security of payment card data to help prevent fraud. We assess our compliance with the PCI DSS on a periodic basis, and make necessary improvements to our internal controls. If we fail to comply with the rules and regulations adopted by the payment card networks, including the PCI DSS, we would be in breach of our contractual obligations to payment processors and merchant banks. Such failure to comply may subject us to fines, penalties, damages and civil liability, and could eventually prevent us from processing or accepting debit and credit cards or could lead to a loss of payment processor partners. Further, there is no guarantee that even if we comply with the rules and regulations adopted by the payment card networks, we will be able to maintain our compliance. For example, we have acquired businesses in the past that were not immediately compliant with PCI DSS at the time of our acquisition. Until those businesses are fully integrated with our own systems we may be unable to comply with PCI DSS standards for those acquired businesses without substantial additional costs. We also cannot guarantee that such compliance will prevent illegal or improper use of our payments systems or the theft, loss or misuse of the debit or credit card data of customers or participants or regulatory or criminal investigations. Any such event would harm our reputation and may result in a loss of service for our customers, which would adversely affect our business, operating results and financial condition.

Our failure to protect our intellectual property, in the United States and abroad, could harm our business and operating results.

Our business depends on proprietary technology and content, including software, databases, confidential information and know-how, the protection of which is crucial to the success of our business. We rely on a combination of trademark, domain name, trade secret, and copyright law and contractual restrictions to protect our proprietary technology and content. We have begun to seek patent protection for certain of our technologies and currently have two U.S. patent applications on file, although there can be no assurance that a patent will ultimately be issued in either case. We are also pursuing the registration of our domain names, trademarks and service marks in the United States and in certain locations outside the United States.

Effective trademark, trade secret, patent, copyright and domain name protection is expensive to develop and maintain, and the costs of defending our rights may be significant. The intellectual property rights we obtain may not be sufficient to provide us with a competitive advantage, and may be successfully challenged, invalidated, circumvented, infringed or misappropriated. For example, in the past, competitors in both the United States and foreign jurisdictions have infringed our trademark rights and infringed our copyright rights and we have incurred varying levels of costs to respond to such infringement. Over time, we may increase our investment in protecting our intellectual property through additional trademark, patent and other intellectual property filings that could be expensive and time-consuming. Some aspects of our business and services also rely on technologies, software and content developed by or licensed from third parties, and we may not be able to maintain our relationships with such third parties or enter into similar relationships in the future on reasonable terms or at all.

We may also be required to protect our proprietary technology and content in an increasing number of jurisdictions, a process that is potentially expensive and may not be successful, or which we may not pursue in every location. In addition, effective intellectual property protection may not be available to us in every country, and the laws of some foreign countries may not be as protective of intellectual property rights as those in the United States. Additional uncertainty may result from changes to intellectual property legislation enacted in the United States and elsewhere, and from interpretations of intellectual property laws by applicable courts and agencies. Accordingly, despite our efforts, we may be unable to obtain and maintain the intellectual property rights necessary to provide us with a competitive advantage.

We attempt to further protect our proprietary technology and content by requiring our employees and consultants to enter into confidentiality and assignment of inventions agreements and third parties to enter into nondisclosure agreements. These agreements may not effectively prevent unauthorized use or disclosure of our confidential information, intellectual property or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, intellectual property or technology. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our website features, software and functionality or obtain and use information that we consider confidential or proprietary.

Litigation or proceedings before the U.S. Patent and Trademark Office or other governmental authorities and administrative bodies in the United States and abroad may be necessary in the future to: Enforce our intellectual property rights; to protect our trademarks, trade secrets, patents, copyrights and domain names; and to determine the validity and scope of the proprietary rights of others. We may also be involved in disputes relating to the rights to, and ownership of, the intellectual property developed by our employees, consultants and others. Our efforts to enforce or protect our proprietary rights may be ineffective and could result in substantial costs and diversion of resources, as well as the invalidation or narrowing of the scope of our intellectual property, any of which could harm our business and operating results. Attempting to enforce our intellectual property rights against third parties could also expose us to counterclaims from such third parties.

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Claims by third parties that we infringe upon their intellectual property rights could result in significant costs and have a material adverse effect on our business, operating results or financial condition.

Our success depends, in part, upon our noninfringement of intellectual property rights owned by others and being able to resolve claims of intellectual property infringement without major financial expenditures or adverse consequences. The software industry generally is characterized by extensive intellectual property litigation. Although we were an early pioneer of event management software, a field which continues to rapidly evolve, many participants that own, or claim to own, intellectual property related to elements of our business historically have aggressively asserted their rights. From time to time, we may be subject to legal proceedings and claims that we, our customers, licensees or parties indemnified by us are infringing, misappropriating or otherwise violating the intellectual property rights of others, and the risk of such proceedings and claims may increase as we expand the complexity, scope and public profile of our business. For example, we may be subject to claims that we are infringing the patent, trademark or copyright rights of third parties, or that our employees have misappropriated or divulged their former employers trade secrets or confidential information.

It may therefore be necessary to defend against future claims by, for example, determining the scope, enforceability and validity of third-party proprietary rights or asserting and defining our proprietary rights. Some claimants may have substantially greater resources than we do and may be able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than we could. In addition, patent holding companies that focus solely on extracting royalties and settlements by enforcing patent rights may target us. Regardless of whether they have any merit, these claims are time-consuming and costly to evaluate and defend and could:

- adversely affect our relationships with our current or future customers;
- cause delays or stoppages in providing our software solutions;
- divert management s attention and resources;
- require technology changes to our platform that would cause us to incur substantial cost;
- subject us to significant liabilities;
- necessitate incurring significant legal fees; and
- require us to cease some or all of our activities.

In addition to liability for monetary damages against us, which may be tripled and may include attorneys fees, or, in some circumstances, damages against our customers, we may be prohibited from developing, commercializing or continuing to provide some or all of our event and meeting management solutions unless we obtain licenses from, and pay royalties to, the holders of the patents or other intellectual property rights, which may not be available on commercially favorable terms, or at all.

Some of our applications utilize open source software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business.

Some of our applications include software covered by open source licenses, which may include, by way of example, GNU General Public License and the Apache License. The terms of various open source licenses have not been interpreted by courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market our applications. By the terms of certain open source licenses, we could be required to release the source code of our applications and to make our applications available under open source licenses, if we combine or distribute our applications with open source software in a certain manner. In the event that portions of our applications are determined to be subject to an open source license, we could be required to publicly release the affected portions of our source code, re-engineer all, or a portion of, those applications or otherwise be limited in the licensing of our applications, each of which could reduce or eliminate the value of our technologies and services. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software.

Many of the risks associated with usage of open source software cannot be eliminated, and could negatively affect our business, results of operations and financial condition.

Our business may be adversely affected by third-party claims, including by governmental bodies, regarding the content and advertising distributed by our customers through our service.

We rely on our customers to secure the rights to redistribute content over the internet or through mobile event apps, and we do not screen the content that they distribute using our solutions. There is no assurance that our customers have licensed all rights necessary for distribution, including internet or mobile app distribution. Other parties may claim certain rights in the content of our customers. In the event that our customers do not have the necessary distribution rights related to content, we may be required to cease distributing such content, or we may be subject to lawsuits and claims of damages for infringement of such rights. If these claims arise with frequency, the likelihood of our business being adversely affected would rise significantly.

We are a multinational organization faced with increasingly complex tax issues in many jurisdictions, including in the United States, and we could be obligated to pay additional taxes in various jurisdictions.

As a multinational organization that operates in numerous jurisdictions in the United States and around the world, we may be subject to taxation in several jurisdictions with increasingly complex tax laws, the application of which can be uncertain. The authorities in these jurisdictions, including state and local taxing authorities in the United States, could successfully assert that we are obligated to pay additional taxes, interest and penalties. In addition, the amount of taxes we pay could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could have a material adverse effect on our liquidity and operating results. The authorities could also claim that various withholding requirements apply to us or our subsidiaries or assert that benefits of tax treaties are not available to us or our subsidiaries, any of which could have a material impact on us and the results of our operations.

As Internet commerce develops, federal, state and foreign governments may propose and implement new taxes and new laws to regulate Internet commerce, which could increase our operating costs and negatively affect our business.

As Internet commerce continues to evolve, increasing regulation by federal, state or foreign governments becomes more likely. Our business could be negatively impacted by the interpretation and enforcement of existing laws and regulations or the enactment of new laws applicable to interactive marketing. The cost to comply with such laws or regulations could be significant and would increase our operating expenses, and we may be unable to pass along those costs to our customers in the form of increased fees. Legislation has been introduced in Congress in the past and may be reintroduced in the future that, if enacted into law, would authorize states to require out-of-state retailers to collect and remit sales taxes on goods sold online. In addition, federal, state and foreign governmental or regulatory agencies may decide to impose taxes on services provided over the Internet or via email. Such taxes could discourage the use of the Internet and email as a means of commercial marketing, which would adversely affect the viability of our software.

Risks Relating to Finance and Financial Reporting

We have identified material weaknesses in our internal control over financial reporting, and if we are unable to achieve and maintain effective internal control over financial reporting or effective disclosure controls, this could have a material adverse effect on our business.

In connection with the preparation of our consolidated financial statements for the year ended December 31, 2014, and as discussed in Item 9A Controls and Procedures , we concluded there were material weaknesses in the design and operating effectiveness of our internal control over financial reporting as defined in SEC Regulation S-X. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company s annual or interim financial statements will not be prevented or detected on a timely basis by the company s internal controls. As of December 31, 2014, the primary factors contributing to the material weaknesses, which relates to our control environment and financial statement close process, were:

- We did not have adequate policies and procedures in place to ensure the effective design and operation of general IT controls over our financial reporting systems. Specifically, we identified significant deficiencies in internal controls related to access to programs and data, and program development and changes, which we consider in the aggregate to be a material weakness, due to the inability to rely on certain system generated reports and application controls.

- We had ineffective entity and process level controls impacting the preparation and review of our consolidated financial statements and ineffective process level controls related to the review of manually prepared analyses and supporting information used to prepare our consolidated financial statements. Specifically, we identified significant deficiencies in internal controls related to inappropriately designed and ineffective controls over financial integration of and accounting for acquired companies, cut off procedures and review of account reconciliations. We also determined we had ineffective controls related to the preparation and review of our financial statements; all of which in the aggregate, were determined to be a material weakness in internal control over financial reporting as of December 31, 2014.

As a result of various factors including, in part, the identified material weaknesses in the design and operation of our internal controls over financial reporting, our management concluded that our disclosure controls and procedures as of December 31, 2014 were ineffective. Furthermore, our management may be unable to conclude in future periods that our disclosure controls and procedures are effective due to the effects of various factors, which may, in part, include unremediated material weakness in internal controls over financial reporting. The term disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) 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 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 rules and forms of the Securities and Exchange Commission, or SEC. Disclosure controls and procedures include, without limitation, controls and procedures 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 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.

Because we are an emerging growth company, our independent registered public accounting firm did not perform an audit of our internal control over financial reporting for the fiscal year ending December 31, 2014. Had our independent registered public accounting firm performed an audit of our internal control over financial reporting, material weaknesses and/or significant deficiencies, in addition to those discussed above, may have been identified. Our qualification as an emerging growth company may last for up to five years following our IPO on August 8, 2013, during which time our independent registered public accounting firm will not perform any audits of our internal control over financial reporting. On the other hand, our qualification as an emerging growth company may expire as early as December 31, 2015. If our qualification as an emerging growth company expires before we have remediated our material weaknesses, our independent registered public accounting firm may not be able to attest to the effectiveness of our internal controls over financial reporting.

We cannot assure you that we will be able to remediate our existing material weaknesses in a timely manner, if at all, or that in the future additional material weaknesses will not exist, reoccur or otherwise be discovered, a risk that is significantly increased in light of the complexity of our business. If our efforts to remediate these material weaknesses are not successful or if other deficiencies occur, our ability to accurately and timely report our financial position, results of operations, cash flows or key operating metrics could be impaired, which could result in late filings of our annual and quarterly reports under the Exchange Act, restatements of our consolidated financial statements or other corrective disclosures. Additional impacts could include a decline in our stock price, suspension of trading or delisting of our common stock by the New York Stock Exchange, or other material adverse effects on our business, reputation, results of operations, financial condition or liquidity. Furthermore, if we continue to have these existing material weaknesses, other material weaknesses or significant deficiencies in the future, it could

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create a perception that our financial results do not fairly state our financial condition or results of operations. Any of the foregoing could have an adverse effect on the value of our stock.

Because we generally recognize revenue from subscriptions ratably over the term of the agreement, near term changes in sales may not be reflected immediately in our operating results.

We offer our event and meeting management solutions primarily through a mix of single-year and multi-year subscription agreements and generally recognize revenue ratably over the related subscription period. We offer our hotel and venue marketing solutions primarily through a mix of single-year and multi-year arrangements and generally recognize revenue ratably over the related advertising period. As a result, much of the revenue we report in each quarter is derived from the recognition of previously billed and unbilled contract value relating to agreements entered into during prior quarters or years. In addition, as we generally invoice for no more than the next fiscal year for most customer contracts, including those for multiple years, we do not record deferred revenue beyond amounts invoiced as a liability on our balance sheet. A decline in new or renewed subscriptions or marketing solutions agreements in any one quarter is not likely to be reflected immediately in our revenue results for that quarter. Such declines, however, would negatively affect our revenue and deferred revenue balances in future periods, and the effect of significant downturns in sales and market acceptance of our solutions, and potential changes in our rate of renewals, may not be fully reflected in our results of operations until future periods. Our subscription and advertising model also makes it difficult for us to rapidly increase our total revenue and deferred revenue balance through additional sales in any period, as revenue from new customers must be recognized over the applicable subscription or advertising term.

Changes in financial accounting standards or practices, or our application of those standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our reported results of operations.

Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board, or FASB, the American Institute of Certified Public Accountants, the Securities and Exchange Commission and various bodies formed to promulgate and interpret appropriate accounting principles. A change in accounting standards or practices can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. In addition, we may have flexibility to choose among multiple accounting methods that are generally accepted. Changes to existing rules, our application of those rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business.

In May 2014, the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) issued joint guidance to improve and converge the financial reporting requirements for revenue from contracts with customers. ASU 2014-9, Revenue from Contracts with Customers, prescribes a five-step model for revenue recognition that will replace most existing revenue recognition guidance under U.S. GAAP. The new standard supersedes nearly all existing revenue recognition guidance under U.S. GAAP, and requires companies to recognize revenue when it transfers goods or services to a customer in an amount that reflects the consideration to which a company expects to be entitled for those goods or services. This update also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 allows for either full retrospective or modified retrospective adoption and will become effective for the Company in the first quarter of 2017. Early adoption is prohibited. Management is currently evaluating which adoption method it will use and assessing the effect the adoption of this standard will have on the consolidated financial statements. Our adoption of this standard may adversely affect our reported revenue and results of operations.

We may not be able to utilize a significant portion of our net operating loss carryforwards, which could adversely affect our profitability.

As of December 31, 2014, we had federal and state net operating loss carryforwards due to prior period losses, which, if not utilized, will begin to expire in 2021 for both federal and state purposes. These net operating loss carryforwards could expire unused and be unavailable to offset future income tax liabilities, which could adversely affect our profitability. In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, our ability to utilize net operating loss carryforwards or other tax attributes, such as research tax credits, in any taxable year may be further limited if we experience an ownership change . A Section 382 ownership change generally occurs if one or more stockholders or groups of stockholders who own at least 5% of our stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Similar rules may apply under state tax laws. For example, we had an ownership change under Section 382 in 2001. Future issuances of our stock could cause an ownership change. It is possible that an ownership change in connection with any future ownership change, could have a material effect on the use of our net operating loss carryforwards or other tax attributes, which could adversely affect our profitability.

We are exposed to fluctuations in currency exchange rates.

We face exposure to movements in currency exchange rates, which may cause our revenue and operating results to differ materially from expectations. Our operating results could be negatively affected depending on the amount of expense denominated in foreign currencies, primarily the Indian rupee. As exchange rates vary, revenue, cost of revenue, operating expenses and other operating results, when remeasured, may differ materially from expectations. In addition, our operating results are subject to fluctuation if our mix of U.S. and foreign currency denominated transactions and expenses changes in the future. Although we may apply certain strategies to mitigate foreign currency risk, these strategies might not eliminate our exposure to foreign exchange rate fluctuations and would involve costs and risks of their own, such as ongoing management time and expertise, external costs to implement the strategies and potential accounting implications. Additionally, as we anticipate growing our business further outside of the U.S., the effects of movements in currency exchange rates will increase as our transaction volume outside of the U.S. increases.

We may not be able to secure additional financing on favorable terms, or at all, to meet our future capital needs.

We have funded our operations since inception primarily through equity financings, lease arrangements, and cash from operations. In the future, we may require additional capital to respond to business opportunities, challenges, acquisitions, a decline in the level of operating cash flows or unforeseen circumstances. We may determine to engage in equity or debt financings or enter into credit facilities for other reasons, and we may not be able to secure additional debt or equity financing in a timely manner on favorable terms, or at all. We do not currently have access to a credit arrangement, and we currently fund our operations using cash generated from operations. Any debt financing obtained by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. If we raise additional funds through further issuances of equity, convertible debt securities or other securities convertible into equity, our existing stockholders could suffer significant dilution in their ownership of our company, and any new equity securities we issue could have rights, preferences and privileges senior to those of holders of our common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited.

Risks Related to this Securities Market and Ownership of Our Common Stock

Our quarterly results may fluctuate significantly and may not fully reflect the underlying performance of our business.

Our quarterly results of operations, including the level of our revenue, profitability, cash flow and deferred revenue, may vary significantly in the future and period-to-period comparisons of our operating results may not be meaningful.

Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control, and as a result, may not fully reflect the underlying performance of our business. Fluctuation in quarterly results may negatively impact the value of our common stock. Factors that may cause fluctuations in our quarterly financial results include, without limitation, those listed below:

- our ability to attract new customers;
- the addition or loss of existing customers, including through acquisitions or consolidations;
- the timing of recognition of revenue;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure;
- network outages or security breaches;
- general economic, industry and market conditions;
- customer renewal rates;
- increases or decreases in the number of features and functionality of our services or pricing changes upon any renewals of customer agreements;
- changes in estimates used in the calculation of our income tax provision;
- changes in our pricing policies or those of our competitors; and
- seasonal variations in sales of our solutions, which have historically been highest in the fourth quarter of a calendar year.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our stock adversely, or if our actual results differ significantly from our guidance, 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 securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, our stock price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

In addition, from time to time, we may release earnings guidance or other forward-looking statements in our earnings releases, earnings conference calls or otherwise regarding our future performance that represent our management s estimates as of the date of release. Some or all of the assumptions of any future guidance that we furnish may not materialize or may vary significantly from actual future results. Any failure to meet guidance or analysts expectations could have a material adverse effect on the trading price or volume of our stock.

An active, liquid and orderly trading market for our common stock may not develop, the price of our stock may be volatile, and you could lose all or part of your investment.

Prior to our initial listing of our common stock on the New York Stock Exchange on August 9, 2013 in connection with our IPO, there was no public market for shares of our common stock. We cannot assure you that an active trading market for our shares will continue to develop or be sustained. If an active market for our common stock does not continue to develop or is not sustained, it may be difficult to sell shares without depressing the market price for the shares or to sell your shares at all.

In addition, the stock market in general, and the market for technology companies in particular, has 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 companies stock, including ours, regardless of actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company s securities,

securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management s attention and resources.

We do not expect to declare any dividends in the foreseeable future.

We do not anticipate declaring any cash dividends to holders of our common stock in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our Board of Directors. Consequently, investors may need to rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future monetary benefit on their investment. Investors seeking cash dividends should not purchase our common stock.

A significant portion of our total outstanding shares are restricted from immediate resale but may be sold into the market in the near future. This could cause the market price of our common stock to drop significantly, even if our business is doing well.

The market price of shares of our common stock could decline as a result of (i) substantial sales of our common stock (particularly sales by our directors, executive officers, employees and significant stockholders), (ii) a large number of shares of our common stock becoming available for sale or (iii) the perception in the market that holders of a large number of shares intend to sell their shares.

We have 41,353,520 shares of common stock outstanding including early exercised shares, as of December 31, 2014. Of this amount, 27,336,065 shares are currently held by our executive officers, directors and current beneficial owners of 5% or more of our common stock and their respective affiliates and are eligible to be sold in the public market, subject to any vesting requirements and the provisions of Rule 144 or Rule 701.

Additionally, the holders of an aggregate of approximately 8,500,000 shares of our common stock will continue to have rights, subject to some conditions, to require us to file one or more registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. If we were to register these shares for resale, they could be freely sold in the public market. If these additional shares are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could decline.

Concentration of ownership of our common stock among our existing executive officers, directors and principal stockholders may prevent new investors from influencing significant corporate decisions.

Our executive officers, directors and current beneficial owners of 5% or more of our common stock and their respective affiliates, in aggregate, beneficially own approximately 66% of our outstanding common stock. These persons, acting together, would be able to significantly influence all matters requiring stockholder approval, including the election and removal of directors and any merger or other significant corporate transactions. The interests of this group of stockholders may not coincide with our interests or the interests of other stockholders.

Anti-takeover provisions contained in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our certificate of incorporation, bylaws, and Delaware law contain provisions which could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our board of directors. Our corporate governance documents include provisions: creating a classified board of directors whose members serve staggered three-year terms; authorizing blank check preferred stock, which could be issued by our board of directors without stockholder approval and may contain voting, liquidation, dividend and other rights superior to our common stock; limiting the liability of, and providing indemnification to, our directors and officers; limiting the ability of our stockholders to call and bring business before special meetings; requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors; and controlling the procedures for the conduct and scheduling of board of directors and stockholder meetings. These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation law, which prevents some stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations without approval of the holders of substantially all of our outstanding common stock.

Any provision of our certificate of incorporation, bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also adversely affect the market price of our common stock.

We will continue to incur significantly increased costs and devote substantial management time as a result of operating as a public company.

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company. For example, we are subject to the reporting requirements of the Exchange Act and will be required to comply with the applicable requirements of the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as well as rules and regulations subsequently implemented by the Securities and Exchange Commission and the New York Stock Exchange, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. We expect that compliance with these requirements will increase our legal and financial compliance costs and will make some activities more time consuming and costly. In addition, our management and other personnel devote substantial time to our public company requirements, which diverts attention from operational and other business matters. In particular, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, which will increase when we are no longer an emerging growth company, as defined by the JOBS Act. We will need to continue to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and maintain an internal audit function. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs.

As a public company, it is more difficult and more expensive for us to obtain director and officer liability insurance on the terms that we would like as compared to prior periods when we were a privately-held company. As a result, it may be more difficult for us to attract and retain qualified people to serve on our board of directors, our board committees or as executive officers.

We are an emerging growth company, and any decision on our part to comply only with certain reduced reporting and 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, 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. These examples include, but are limited to, not being required to have our independent registered public accounting firm audit our internal controls over financial reporting under 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 could be an emerging growth company for up to five years following the completion of our initial public offering, although, if we have more than $1.0 billion in annual revenue, if the market value of our common stock that is held by non-affiliates exceeds $700 million as of June 30 of any year, or if we issue more than $1.0 billion of non-convertible debt over a three-year period before the end of that five-year period, we would cease to be an emerging growth company as of the following December 31, which could be as early as December 31, 2015. When our qualification as an emerging growth

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company expires, we will face some additional costs and different risks, as detailed above under the Risk Factors captioned We will continue to incur significantly increased costs and devote substantial management time as a result of operating as a public company and We have identified material weaknesses in our internal control over financial reporting, and if we are unable to achieve and maintain effective internal control over financial reporting or effective disclosure controls, this could have a material adverse effect on our business.

We cannot predict if investors will find our common stock less attractive if we choose to rely on the exemptions applicable to emerging growth companies. 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.

We may invest or spend the proceeds from our initial and secondary public offerings in ways which may not yield a return.

Our management will have considerable discretion in the application of the net proceeds from our initial and secondary public offerings, and you will not have the opportunity, as a stockholder, to assess whether the proceeds are being used appropriately. The net proceeds may be invested with a view towards long-term benefits for our stockholders and this may not increase our operating results or market value. Until the net proceeds are used, they may be placed in investments that do not produce significant income or that may lose value.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We currently lease approximately 129,000 square feet of space for our corporate headquarters in Tysons Corner, Virginia. The lease is for a fixed 11-year term with options for two additional renewal terms of five years each. We also lease approximately 70,000 square feet of space for our Gurgaon, India office under a lease agreement that expires in April 2018. Both of these offices are used for administrative, marketing, support and development operations. We also lease office space in Austin, Texas; Portland, Oregon; Los Angeles, California; Santa Barbara, California; Atlanta, Georgia; Fredericton, Canada; and London, England.

We believe that our current facilities and planned expansion space will be adequate for the foreseeable future; however, we will continue to seek additional space as needed, to satisfy our growth.

Item 3. Legal Proceedings

From time to time, we are subject to claims in legal proceedings arising in the normal course of our business. We do not believe that we are party to any pending legal action that could reasonably be expected to have a material adverse effect on our business or operating results. The information set forth under Legal Proceedings, Regulatory Matters and Other Contingencies in note 11 contained in the Notes to Consolidated Financial Statements is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable.

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PART II

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

Stock Price

Our common stock commenced trading on the New York Stock Exchange under the symbol CVT on August 9, 2013. The following table sets forth, for the periods indicated, the high and low reported sales prices of our common stock as reported on the New York Stock Exchange:

	High	Low
Year ended December 31, 2014		
Fourth quarter	$ 28.82	$ 22.13
Third quarter	$ 29.83	$ 24.27
Second quarter	$ 36.46	$ 22.42
First quarter	$ 44.31	$ 33.61
Year ended December 31, 2013		
Fourth quarter	$ 40.60	$ 30.49
Third quarter (from August 9, 2013)	$ 46.13	$ 30.01

Holders

As of March 12, 2015, there were approximately 99 holders of record of our common stock, although we believe that there may be a significantly larger number of beneficial owners of our common stock. We derived the number of stockholders by reviewing the listing of outstanding common stock recorded by our transfer agent as of March 12, 2015.

Dividend Policy

We have never declared or paid any cash dividends on our common stock. We anticipate that we will retain any earnings for use in the development of our business and for general corporate purposes. Accordingly, we do not expect to pay cash dividends on our common stock in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors.

Use of Proceeds from Sale of Registered Equity Securities

August 2013 Initial Public Offering

On August 8, 2013, our Registration Statement on Form S-1, as amended (Reg. No. 333-189837) was declared effective in connection with the initial public offering of our common stock, pursuant to which we registered an aggregate of 6,440,000 shares of our common stock, all of which were sold by us, including the underwriters over-allotment, at a price to the public of $21.00 per share. The offering closed on August 14, 2013, and, as a result, we received net proceeds of approximately $122.1 million after underwriters discounts and commissions of approximately $9.5 million and additional offering-related costs of approximately $3.6 million). The managing underwriters of the offering were Morgan Stanley & Co. LLC and Goldman, Sachs & Co. No payments for such expenses were made directly or indirectly to (i) any of our officers or directors or their associates, (ii) any persons owning 10% or more of any class of our equity securities, or (iii) any of our affiliates. There has been no material change in the planned use of proceeds from our IPO as described in the final prospectus relating to that offering dated August 8, 2013. We invested the funds received in registered money market funds and to date have used a portion of the funds for acquisition costs.

January 2014 Follow-On Public Offering

On January 16, 2014, our Registration Statements on Form S-1, as amended (Reg. Nos. 333-193188 and 333-193400) were declared effective in connection with the follow-on public offering of our common stock, pursuant to which we and the selling stockholders in such transaction registered the sale of an aggregate of 6,072,000 shares of our common stock, 747,500 shares of which were sold by us and 5,324,500, including the underwriters over-allotment sold by the selling shareholders, at a price to the public of $35.50 per share. The offering closed on January 23, 2014, and, as a result, we received net proceeds of approximately $24.8 million after underwriters discounts and commissions of approximately $1.1 million and additional offering-related costs of approximately $650,000. We did not receive any proceeds from the sales of shares by the selling stockholders, other than $96,844 in disgorged profits remitted to the Company by two officers due to their sale of 7,500 shares of common stock under Section 16(b) of the Securities Exchange Act of 1934, as amended. The managing underwriters of the offering were Morgan Stanley & Co. LLC and Goldman, Sachs & Co.

We paid all of the expenses related to the registration and offering of the shares sold by the selling stockholders, other than underwriting discounts and commissions relating to those shares and the fees and expenses of counsel to the selling stockholders. Other than these expenses, we made no payments directly or indirectly to (i) any of our officers or directors or their associates, (ii) any persons owning 10% or more of any class of our equity securities, or (iii) any of our affiliates.

The principal purposes of the offering were to facilitate an orderly distribution of shares for the selling stockholders in the offering and increase our public float. We currently have no specific plans for the use of a significant portion of the net proceeds to us of the offering. As noted above, we used a portion of the net proceeds to us from the offering to pay certain expenses of the selling stockholders in that offering. Additional funds have been used for working capital and general corporate purposes, including further expansion of our operations, product development and acquisition expenses. We invested the remaining funds received in registered money market funds. There has been no material change in the planned use of proceeds from our initial public offering from that described in the final prospectus filed by us with the SEC pursuant to Rule 424(b) dated January 16, 2014.

Stock Performance Graph

This chart compares the cumulative total stockholder return on our common stock with that of the NYSE Composite index and the NASDAQ Computer index. The chart assumes $100 was invested at the close of the market on August 9, 2013 (the date our common stock first commenced trading on the New York Stock Exchange) in our common stock, the NYSE Composite index and the NASDAQ Computer index. The comparison assumes reinvestment of dividends. The comparisons shown in the graph below are based upon historical data. We caution that the stock price performance shown in the graph below is not necessarily indicative of, nor is it intended to forecast, the potential future performance of our common stock.

This performance graph shall not be deemed to be incorporated by reference into our SEC filings and shall not constitute soliciting material or otherwise be considered filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

Unregistered Sales of Equity Securities

Unregistered Sales of Equity Securities during the Year Ended December 31, 2014

None.

Use of Proceeds from Sale of Unregistered Equity Securities

Not applicable.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

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Item 6. Selected Financial Data

The following selected consolidated statement of operations data for the years ended December 31, 2014, 2013, and 2012 and the selected consolidated balance sheet data as of December 31, 2014 and 2013 are derived from our audited consolidated financial statements that are included elsewhere in this report. The following selected consolidated statement of operations data for the year ended December 31, 2011 and the selected consolidated balance sheet data as of December 31, 2012 and 2011 are derived from our audited consolidated financial statements that are not included in this report. The following selected consolidated statement of operations data for the year ended December 31, 2010 and the selected consolidated balance sheet data as of December 31, 2010 are derived from our unaudited consolidated financial statements that are not included in this report.

Our historical results are not necessarily indicative of the results to be expected in the future. The selected consolidated financial data should be read together with Management s Discussion and Analysis of Financial Condition and Results of Operations and in conjunction with the consolidated financial statements, related notes, and other financial information included elsewhere in this report. The selected data in this section is not intended to replace the consolidated financial statements.

Consolidated Statement of Operations Data

	2014	2013	2012	2011	Unaudited 2010
	(in thousands, except share and per share data)				
Revenue	$ 142,245	$ 111,136	$ 83,474	$ 60,854	$ 45,060
Cost of revenue[1]	42,421	32,262	20,573	16,660	10,122
Gross profit	99,824	78,874	62,901	44,194	34,938
Operating expenses:					
Sales and marketing[1]	61,764	48,405	35,873	29,305	18,227
Research and development[1]	14,049	11,190	7,605	4,172	2,201
General and administrative[1]	24,242	21,218	11,523	8,422	6,946
Total operating expenses	100,055	80,813	55,001	41,899	27,374
Income (loss) from operations	(231)	(1,939)	7,900	2,295	7,564
Interest income	1,595	1,015	811	270	111
Other income	(434)				
Income (loss) from operations before income taxes	930	(924)	8,711	2,565	7,675
Provision for (benefit from) income taxes	(864)	2,315	4,406	2,749	2,932
Net income (loss)	$ 1,794	$ (3,239)	$ 4,305	$ (184)	$ 4,743
Net income (loss) per common share:					
Basic	$ 0.04	$ (0.13)	$ 0.13	$ (0.01)	$ 0.28
Diluted	$ 0.04	$ (0.13)	$ 0.12	$ (0.01)	$ 0.14

Weighted average common shares outstanding:					
Basic	40,970	25,290	33,167	16,758	17,194
Diluted	43,173	25,290	34,791	16,758	33,914

(1) Stock-based compensation expense included in the above:

	Year ended December 31,				
	2014	2013	2012	2011	2010
Cost of revenue	$ 820	$ 1,046	$ 762	$ 690	$ 33
Sales and marketing	1,571	2,306	2,895	2,376	57
Research and development	1,002	609	539	373	9
General and administrative	978	772	1,010	512	12
Total stock-based compensation expense	$ 4,371	$ 4,733	$ 5,206	$ 3,951	$ 111

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Consolidated Balance Sheet Data

					Unaudited
			December 31,		
	2014	2013	2012	2011	2010
			(in thousands)		
Cash, cash equivalents and short-term investments, net of restricted cash	$ 167,583	$ 157,766	$ 26,170	$ 26,485	$ 19,315
Total current assets	229,849	202,583	61,320	48,764	36,806
Total assets	300,908	235,836	90,030	58,441	45,376
Deferred revenue	82,030	65,203	51,554	37,293	29,362
Total current liabilities	105,621	89,068	68,747	45,189	34,022
Total non-current liabilities	21,453	4,730	2,553	1,086	992
Stockholders equity	173,834	142,038	18,730	12,166	10,362

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

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes to those statements included elsewhere in this report. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Consolidated financial data referenced in this section for the years ended December 31, 2014, 2013 and 2012 and as of December 31, 2014 and 2013 are derived from our audited consolidated financial statements included elsewhere in this report. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under Risk Factors and elsewhere in this report. See Cautionary Note Regarding Forward-Looking Statements.

Overview

We are a leading cloud-based enterprise event management platform. We provide solutions for both sides of the events and meetings value chain: (i) event and meeting planners, and (ii) hotels and venues. Our integrated, cloud-based solution addresses the entire event lifecycle by allowing event and meeting planners to organize, market and manage their meetings, conferences, tradeshows and other events. Our online marketplace connects event planners and venues through our vertical search engine that accesses our proprietary database of detailed venue information. The combination of these solutions creates an integrated platform that allows us to generate revenue from both sides of the events and meetings value chain.

Our event and meeting planner customers include enterprises such as corporations, associations, not-for-profits, government agencies and universities. These customers enter into annual and multi-year subscription contracts to utilize part or all of our cloud-based software solutions to plan, manage and execute enterprise events and meetings including external events, such as conferences, tradeshows, and customer events, as well as internal events, such as sales meetings, training seminars and team-building events. As of December 31, 2014, we had over 7,700 event and meeting planner customers. Our event and meeting planner customers used our event management solutions to execute approximately 264,000 events and meetings and managed 10.9 million registrations during the year ended December 31, 2014. Revenue from our event and meeting planning platform subscription solutions were $99.7 million and $77.5 million during the years ended December 31, 2014 and 2013, respectively, or 70% of our total revenue during those periods. We generally recognize revenue from these contracts ratably over the term of the contract.

On the other side of the event value chain, hotels and venues utilize our online marketing solutions to generate more visibility with ready-to-transact event and meeting planners. Our online marketplace, the Cvent Supplier Network, or CSN, connects tens of thousands of event and meeting planners seeking the best venue for their event with approximately 235,000 venues in our proprietary database. We believe that CSN contains the world s largest, most accurate and searchable database of detailed meeting venue information with listings of hotels, conference centers, convention centers, resorts, restaurants, museums, country clubs, wineries, castles and other special event venues in 175 countries. Hotels and venues enter into annual and multi-year advertising contracts with us for marketing solutions that increase the prominence of their properties in CSN; we recognize the revenue from these marketing solutions over the term of the agreement based on the estimated selling prices of each solution. As of December 31, 2014, we had more than 70,000 active CSN event and meeting planner users compared to the approximately 60,000 active CSN event and meeting planner users as of December 31, 2013. The CSN is available with the same functionality to users of our paid subscription event and meeting platform solutions as well as to event and meeting planners that simply visit the CSN site and establish a free user account. All of these users have the ability to submit RFPs to hotels and venues free of charge using the CSN. We consider an event and meeting planner to be active if such user accessed their account within the 12 months preceding the date of measurement. As of December 31, 2014, we had approximately 6,300 hotel and venue customers paying for marketing solutions. Event planners transmitted approximately 1.6 million RFPs for events requiring approximately 27.4 million room nights during the year ended December 31, 2014. Revenue from our marketing solutions was $42.5 million and $33.7 million during the years ended December 31, 2014 and 2013, respectively, or 30% of our total revenue during those periods.

We were established in 1999 as a provider of event registration software to event and meeting planners. During the steep economic downturn in the technology sector from 2000 to 2002, we faced initial macroeconomic setbacks to our business and endured substantial austerity. We believe our early struggles have resulted in a strong culture of teamwork and entrepreneurial spirit. We have also evolved during that period from an event registration and event marketing software provider to a comprehensive platform solution covering the entire event value chain starting from venue sourcing to collecting online feedback from attendees.

Our revenue has increased from $26.1 million (unaudited) for the year ended December 31, 2008 to $142.2 million for the year ended December 31, 2014. We first launched CSN in 2008, and revenue from advertising solutions has grown from an immaterial percentage of total revenue during the year ended December 31, 2008, the year CSN was initiated, to 30% of total revenue during each of the years ended December 31, 2014 and 2013. Although we have experienced substantial growth in revenues in recent years, we are dependent on attracting new event and meeting planner customers and new marketing customers to sustain a similar level of growth in future periods.

Although we have historically grown our business organically, we acquired two complementary businesses during the year ended December 31, 2014 and three complementary businesses during the year ended December 31, 2012. No acquisitions were completed during the year ended December 31, 2013.

In September 2014, we acquired Decision Street, LLC to enhance group demand management, one of the three pillars of our Hospitality Cloud. In December 2014, we acquired Elite Meetings International, Inc. (EMI), which complemented our group marketing solutions pillar of the Hospitality Cloud by adding two additional RFP vehicles to power business sourcing.

In January 2012, we acquired Seed Labs, LLC, now branded, together with our ticketing business, as our CrowdTorch product, to develop our mobile app capabilities for consumer events. In June 2012, we acquired CrowdCompass, Inc. to develop our mobile app capabilities for business events. In December 2012, we acquired TicketMob LLC to develop our ticketing capabilities. We expect to maintain our focus on organic growth in the future and may pursue opportunistic acquisitions that add complementary technology or expand our geographic footprint. We have also seen an encouraging demand for mobile applications within our existing and new event planning customers.

We generate the majority of our revenue from North America. Revenue from outside North America accounted for 11%, 10% and 9% for years ended December 31, 2014, 2013 and 2012, respectively. We believe our market opportunity is global, and we expect that international revenue will grow as a percentage of our total revenue in future periods as we place increasing emphasis on developing that element of our business. To support our international expansion and to increase global sales for all of our solutions, we opened our first European sales office in London in May 2013 and ultimately plan to expand our sales force in Europe. We also plan to introduce select European and Asian language planner interfaces in future periods to strengthen our penetration within European and Asian event and meeting planner markets.

We believe an important element of our past success has been the effective use of our India office. As of December 31, 2014, we employed approximately 840 personnel in India, representing every business function. Our India operations help us accomplish three business objectives: (i) near-continuous technical development and customer service, (ii) worldwide geographic reach for marketing efforts and (iii) building and maintaining our proprietary databases. Combining the resources of our U.S. and India operations, we are able to continue technical development and customer support throughout the normal business hours of each region. In addition, our India office houses the majority of our marketing personnel for the Asia-Pacific and Europe, Middle East and Africa regions. Finally, we leverage our Indian operations to build our large event planner contact database and to research and maintain approximately 235,000 venues on our CSN. We are able to benefit greatly from the labor and infrastructure cost advantages of the region and accomplish many critical business tasks in an efficient and cost effective manner.

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Since 1999, we have relied on private placements of capital stock, our initial public offering of common stock, our secondary offering of common stock, and cash from operating activities to fund our ongoing operations. In July 2011, three venture capital funds invested $135.9 million in our business. The net proceeds from this transaction were used to repurchase shares held by long-time early angel and venture capital investors as well as from certain members of our senior management. In August 2013, we closed our initial public offering, pursuant to which we received net proceeds of $122.1 million after underwriters discounts and commissions and offering-related costs. In January 2014, we closed our follow-on public offering resulting in net proceeds of approximately $24.8 million to us after offering expenses.

Our ability to grow our revenue and capitalize on the significant market opportunity we see for ourselves depends on our ability to get more event planners, hotels and venues to adopt our solutions, grow the number of our solutions being used per customer and expand our geographical presence. In the near-term, although we expect revenue growth, we expect that our cost of revenue and operating expenses will increase as a percentage of revenue. Marketing and sales expenses are also expected to increase as a percentage of revenue, as we continue to expand our direct sales teams, international operations and increase our marketing activities. We believe that we must invest in maintaining a high level of client service and support as we consider it critical for our continued success. As such, we expect to invest in research and development to continue to provide cutting edge solutions for our clients. Finally, we also expect to incur additional general and administrative expenses as a result of our growth.

Key Metrics

	Year ended December 31,		
	2014	**2013**	**2012**
	(In thousands, except year over year percentage data)		
Financial metrics			
Revenue	$ 142,245	$ 111,136	$ 83,474
Year-over-year percentage increase	28%	33%	37%
Net income (loss)	$ 1,794	$ (3,239)	$ 4,305
Cash flows provided by operating activities	$ 28,375	$ 22,064	$ 23,581
Operating metrics			
Event registrations processed	10,947	8,711	7,325
Events and meetings managed	264	206	139
Room nights requested	27,394	20,930	13,851
Number of RFPs transmitted	1,574	1,239	1,108

We monitor the key financial and operating metrics set forth in the preceding table to help us evaluate trends, establish budgets, measure the effectiveness and efficiency of our operations and gauge our cash generation. We discuss revenue and the components of net income (loss) in the sections titled Financial Operations Overview and Results of Operations and cash flows provided by operating activities in the section titled Liquidity and Capital Resources. The other metrics presented are described in further detail as follows:

Event Registrations Processed. We measure event registrations processed as the total number of all attendee registrations executed through our platform in a given period. We believe that the number of event registrations processed and the year-on-year growth rate help us evaluate the scale of events being executed through our software platform. We do not generate revenue on the basis of a fixed percentage per registration. Our pricing model is based on a combination of (i) contracted fees for blocks of registrations with an additional fee being charged for every registration being processed over and above that contracted amount, (ii) annual maintenance fees and (iii) a fee per each additional module sold within our platform, among other considerations. Thus, increases in registrations are a leading indicator of future increases in our revenue. These registrations do not include any tickets/registrations sold on the CrowdTorch event ticketing platform.

Events and Meetings Managed. We define events and meetings managed as the total number of all events and meetings managed through our platform in a given period. This amount includes all events and meetings using the date the event was created as listed in our system to determine which period the event was first actively managed by our platform. This also includes meetings being tracked on our platform by large enterprise clients for budgeting and management purposes, some of which may be historical meetings. This amount does not include events and meetings identified by the planner as not yet active or deleted or any ticketing events managed on the CrowdTorch event ticketing platform. We generally do not generate revenue on the basis of a rate per event or meeting. Our pricing model is based on a combination of (i) contracted fees for blocks of registrations with an additional fee being charged for every registration being processed over and above that contracted amount, (ii) annual maintenance fees and (iii) a fee per each additional module sold within our platform. Thus, the total number of events and meetings managed is a leading indicator of our revenue and helps us evaluate the scale being executed through our Event Management or Strategic Meetings Management solutions.

Room Nights Requested. We measure the number of room nights requested by event planners in a given period based on the total number of hotel guest room nights requested in connection with all unique RFPs transmitted through our Hospitality Cloud in such period less known cancelled RFPs. Although planners may submit a unique RFP created on our system to multiple venues, we consider each individual RFP created and transmitted on our system as an RFP representative of only one event. Event planners occasionally create more than one unique RFP for a particular event under certain circumstances, but we believe such behavior is infrequent. In addition, the actual number of room nights purchased in connection with an event from a particular venue may vary from the room nights requested. Nonetheless, we believe that room nights requested is a leading indicator of our online marketplace s adoption by event planners and its significant network effects. As the number of room nights requested increases, more venues are incentivized to advertise and list in our Hospitality Cloud due to its value proposition for advertisers.

Number of RFPs Transmitted. We calculate the number of RFPs transmitted as the total count of all RFPs sent to all hotels and venues through our Hospitality Cloud during the period excluding events and meetings identified by the planner as cancelled. Most event planners request proposals from multiple venues for a particular event, and this metric reflects the gross level of activity by planners interacting with venues. We believe that the number of RFPs processed through our Hospitality Cloud is a leading indicator of our online marketplace s adoption by event planners, as it shows the total level of activity on our network. As the number of RFPs transmitted increases, more venues are incentivized to advertise and list in our Hospitality Cloud due to the increased opportunity for venues to connect with planners.

Financial Operations Overview

Revenue

We generate revenue by offering subscriptions to our Event Management platform and by providing marketing solutions on the Cvent Supplier Network. From 2012 through 2014, our revenue by product was as follows:

	Year ended December 31, (In thousands)		
	2014	**2013**	**2012**
Revenue by product:			
Platform subscriptions	$ 99,707	$ 77,468	$ 58,733
Marketing solutions	42,538	33,668	24,741
Total revenue	$ 142,245	$ 111,136	$ 83,474
Percentage of revenue by product:			
Platform subscriptions	70%	70%	70%
Marketing solutions	30%	30%	30%
Total	100%	100%	100%

Platform Subscriptions. We generate the majority of our revenue through subscriptions for our event management solutions platform, pricing for which is based on the features and functionality selected. Our Enterprise solution is targeted towards the large enterprise market, and includes the full functionality of our platform. Our Event Management solution, which is targeted towards mid-market and smaller enterprises, has many of the same features as our Enterprise solution but does not include some of the advanced features and functionality required by larger organizations. The number of attendee registrations available to customers subscribing to the registration functionality is contractually fixed, and registrations above the contracted amount result in additional fees paid by the customer.

Our customer contracts are typically not cancellable without cause and typically range in length from one to four years. We generally recognize revenue from platform subscriptions ratably over the term of the agreement. Customers are typically invoiced in advance on an annual or quarterly basis. Amounts that have been contractually invoiced are initially recorded as deferred revenue and are recognized as revenue ratably over the subscription period. We refer to contractual amounts that have not been invoiced as unbilled contract value. Unbilled contract value is not reflected in our consolidated financial statements.

Platform subscription revenue also includes revenue from our mobile event apps, ticketing, and web survey products. Our mobile event apps and our Enterprise solutions are the fastest growing products within our business.

Marketing Solutions. As discussed above under Item 1. Business, towards the end of 2014, we branded the Hospitality Cloud to provide a full spectrum of cloud-based solutions across the hotel group sales lifecycle. Prior to this, we primarily concentrated on servicing the hospitality sector with marketing solutions through our CSN, which provided substantially all of the revenue for this product line in 2014 and before. Marketing solutions revenue is generated through the delivery of various forms of advertising sold through annual or multi-year contracts to marketers, principally hotels and venues. Such solutions include prominent display of a customer s venue within the Cvent

Supplier Network, the Cvent Destination Guide, the Elite Meetings magazine or in various electronic newsletters. Pricing for the advertisements is based on the term of the advertisement, targeted geography, number of advertisements and prominence of the ad placement.

We generally recognize the revenue from these marketing solutions over the period the advertisements are delivered. Customer contracts are typically not cancellable without cause and typically range in length from one to two years. We generally invoice our customers in advance in annual installments. Amounts that have been invoiced are initially recorded as deferred revenue and are recognized as revenue over the contract period.

Contractual amounts that have not been invoiced, which we refer to as unbilled contract value, are not reflected in our consolidated financial statements.

Cost of Revenue

Cost of revenue primarily consists of employee-related expenses, including salaries, benefits, bonuses and stock-based compensation, related to providing support and hosting our applications, costs of data center capacity, software license fees and amortization expense associated with capitalized software development costs. In addition, we allocate a portion of overhead, such as rent, information technology costs, depreciation and amortization to cost of revenue based on head count.

We are invested in our customers success and as such, we will continue to invest in providing support and expanding our capacity to support our growth, which in the near-term will result in higher cost of revenue in absolute dollars and as a percentage of revenue.

Gross Profit and Gross Margin

Gross profit is total revenues less total cost of revenues. Gross margin is gross profit expressed as a percentage of total revenues. We expect that our gross margin may fluctuate from period to period as a result of an increase in depreciation and amortization run-rates in the short-term, and additional costs associated with our recent acquisitions. We also expect gross profit and gross margin to be affected by stock compensation expense due to grants of stock options as we continue to grow and incentivize our employees.

Operating Expenses

Sales and Marketing

Sales and marketing expenses primarily consist of personnel and related expenses for our sales and marketing staff, including salaries, benefits, bonuses, commissions and stock-based compensation. Commissions are expensed when the customer contract is signed. In addition to staff costs, our cost of marketing includes product marketing and other brand-building activities, such as trade shows, product seminars and online marketing.

We intend to continue to invest in sales and marketing and expect spending in these areas to increase in the near-term in absolute dollars and as a percentage of revenue as we continue to expand our business both domestically and internationally. We expect sales and marketing expenses to continue to be among the most significant components of our operating expenses.

Research and Development

Research and development expenses consist primarily of personnel and related expenses for our research and development staff, including salaries, benefits, bonuses and stock-based compensation and the cost of certain third-party contractors. Research and development costs, other than software development expenses qualifying for capitalization, are expensed as incurred.

With the exception of software developed by companies we have acquired, we maintain a unified software code base for our entire platform, which we believe improves the efficiency of our research and development activities. We expect research and development expenses to increase in the near-term in absolute dollars and as a percentage of revenue as we invest in the integration and technological support associated with acquired businesses and technologies.

General and Administrative

General and administrative expenses consist primarily of personnel and related expenses for administrative, finance, legal and human resource staffs, including salaries, benefits, bonuses and stock-based compensation, as well as professional fees, insurance premiums, other corporate expenses, and overhead.

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We expect our general and administrative expenses to begin to stabilize as we have now transitioned to operating as a public company. Nevertheless, we expect these expenses to grow incrementally, albeit at a slower rate, to support the growth of the business. Specifically, we still expect to continue to expand our operations and hire additional personnel and will continue to incur expenses related to outside legal counsel, accounting and auditing activities, compliance with public company reporting and corporate governance requirements, insurance requirements and enhancing our internal control environment.

Results of Operations

The following table sets forth selected consolidated statement of operations data for each of the periods indicated.

	Year ended December 31,		
	2014	**2013**	**2012**
	(In thousands)		
Revenue	$ 142,245	$ 111,136	$ 83,474
Costs of revenue	42,421	32,262	20,573
Gross profit	99,824	78,874	62,901
Operating expenses:			
Sales and marketing	61,764	48,405	35,873
Research and development	14,049	11,190	7,605
General and administrative	24,242	21,218	11,523
Total operating expenses	100,055	80,813	55,001
Income (loss) from operations	(231)	(1,939)	7,900
Interest income	1,595	1,015	811
Other expense	(434)		
Income (loss) from operations before income taxes	930	(924)	8,711
Provision for (benefit from) income taxes	(864)	2,315	4,406
Net income (loss)	$ 1,794	$ (3,239)	$ 4,305

The following table sets forth our consolidated statement of operations data as a percentage of revenue for each of the periods indicated.

	Year ended December 31,		
	2014	**2013**	**2012**
Revenue	100%	100%	100%
Costs of revenue	30	29	25
Gross profit	70	71	75
Operating expenses:			

Sales and marketing	43	44	43
Research and development	10	10	9
General and administrative	17	19	14
Total operating expenses	70	73	66
Income (loss) from operations		(2)	9
Interest income	1	1	1
Other expense			
Income (loss) from operations before income taxes	1	(1)	10
Provision for (benefit from) income taxes		2	5
Net income (loss)	1%	(3)%	5%

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Revenue

Comparison of Years Ended December 31, 2014 and 2013

	Year ended December 31,					
	2014		2013		Period-to-period change	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
			(Dollars in thousands)			
Revenue by product:						
Platform subscriptions	$ 99,707	70%	$ 77,468	70%	$ 22,239	29%
Marketing solutions	42,538	30	33,668	30%	8,870	26
Total revenue	$ 142,245	100%	$ 111,136	100%	$ 31,109	28%

Total revenue increased by $31.1 million during the year ended December 31, 2014 compared to the prior year due to a $17.2 million increase in revenue from sales to new customers. Revenue from sales of additional features and functionality to existing customers contributed $25.0 million in revenue during the year ended December 31, 2014. These amounts were primarily offset by decreases in revenue due to customers lost during the year ended December 31, 2014.

Platform subscription revenue increased $22.2 million during the year ended December 31, 2014 compared to the prior year due to a $12.5 million increase in revenue from sales of event planning subscriptions to new customers in 2014. Revenue from sales of additional features and functionality to existing customers, increased registration usage and price increase contributed $17.6 million in platform subscription revenue during the year ended December 31, 2014. These amounts were primarily offset by decreases in revenue due to customers lost during the year ended December 31, 2014.

Marketing solutions revenue increased $8.9 million during the year ended December 31, 2014 compared to the prior year due to recognition of $4.7 million revenue from sales to new customers. Net revenue recognized from sales of additional marketing solutions and price increases contributed an additional $7.4 million during the year ended December 31, 2014. These amounts were primarily offset by decreases in revenue due to customers lost during the year.

The impact of acquisitions made in 2014 was not material.

We generate the majority of our revenue from North America with revenue from outside North America accounting for 11% and 10% of total revenue for the years ended December 31, 2014 and 2013, respectively. As we invest in our UK office, we expect that the proportion of total revenue from outside of North America will grow in the future.

Comparison of Years Ended December 31, 2013 and 2012

Year ended December 31,

	2013		2012		Period-to-period change	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
			(Dollars in thousands)			
Revenue by product:						
Platform subscriptions	$ 77,468	70%	$ 58,733	70%	$ 18,735	32%
Marketing solutions	33,668	30%	24,741	30%	8,927	36%
Total revenue	$ 111,136	100%	$ 83,474	100%	$ 27,662	33%

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Total revenue increased by $27.7 million during the year ended December 31, 2013 compared to the prior year primarily driven by an $18.2 million increase in revenue from sales of products to new customers. Revenue from sales of additional products to existing customers and a full year of revenue for new 2012 customers contributed an additional $18.5 million increase in revenue in 2013. This was partially offset by customers lost during year.

Platform subscription revenue increased in 2013 compared to the prior year primarily due to a $13.6 million increase in revenue from sales of event planning subscriptions to new customers in 2013. Revenue from sales of additional products to existing customers, increased registration usage and a full year of revenue for new 2012 customers contributed $12.1 million in platform subscription revenue in 2013. These amounts were partially offset by customers lost during the year.

Marketing solutions revenue increased in 2013 compared to the prior year primarily due to recognition of revenue from additional marketing solutions, price increases and recognition of a full year of revenue for new 2012 customers of $6.4 million in 2013. Sales of marketing solutions to new 2013 customers contributed an additional $4.7 million in 2013. These amounts were partially offset by customers lost during the year.

We generate the majority of our revenue from North America with revenue from outside North America accounting for 10% and 9% of total revenue for the years ended December 31, 2013 and 2012, respectively.

Cost of Revenue

Comparison of Years Ended December 31, 2014 and 2013

	Year ended December 31,					
	2014		2013		Period-to-period change	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
			(Dollars in thousands)			
Cost of revenue	$ 42,421	30%	$ 32,262	29%	$ 10,159	31%

Cost of revenue increased primarily due to expansion of our customer service and technology divisions to support the growth of our business. Total headcount in our technology division increased by 38% and in our customer service division by 7% from December 31, 2013 to December 31, 2014. This contributed $9.3 million of additional expense in 2014 related to cost of revenue. Depreciation and amortization of capitalized software and acquired technology contributed an increase of $2.1 million. Increases in licenses and fees related to maintaining our data center of $1.7 million, overhead costs of $1.4 million, contracted services of $0.9 million and rent of $0.7 million further contributed to the increase. These increases were partially offset by an increase in capitalized software development cost of $6.1 million, due to increased employee expenses for product development, and a higher percentage of all employees time being spent on capitalized projects.

Comparison of Years Ended December 31, 2013 and 2012

	Year ended December 31,					
	2013		2012		Period-to-period change	

	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
			(Dollars in thousands)			
Cost of revenue	$ 32,262	29%	$ 20,573	25%	$ 11,689	57%

Cost of revenue increased primarily due to expansion of our customer service and technology divisions to support the growth of our business. Total headcount in our technology division increased by 44% and customer service division increased by 34% from December 31, 2012 to December 31, 2013, respectively. This contributed

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$7.3 million of additional expense in 2013 related to cost of revenue. Amortization of capitalized software and acquired technology contributed to an increase of $1.3 million. Credit card processing fees contributed approximately $0.9 million primarily because of fees paid to merchant A/C providers of our ticketing software. Increases in technology costs of $0.7 million and overhead cost of $0.9 million further contributed to the increase. Stock based compensation increased by $0.3 million due to greater head count and the increase in the grant date fair value of our common stock underlying options granted in the year ended December 31, 2013 as compared to the prior year. Depreciation allocated to cost of revenue increased by $0.3 million.

Operating Expenses

Comparison of Years Ended December 31, 2014 and 2013

	Year ended December 31, 2014		2013		Period-to-period change	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
			(Dollars in thousands)			
Operating expenses:						
Sales and marketing	$ 61,764	43%	$ 48,405	44%	$ 13,359	28%
Research and development	14,049	10%	11,190	10%	2,859	26%
General and administrative	24,242	17%	21,218	19%	3,024	14%
Total operating expenses	$ 100,055	70%	$ 80,813	73%	$ 19,242	24%

Sales and Marketing

Sales & marketing expenses increased by $13.4 million for the year ended December 31, 2014 over the previous year. The increase is primarily due to increased headcount and expansion of our marketing efforts both domestically and internationally. Total head count of our sales and marketing personnel increased by 11% during 2014 as compared to year-end 2013 to support revenue growth, new product lines and global expansion. This increase contributed $7.9 million of additional expenses in 2014. Increased costs related to our marketing efforts, such as increasing our digital marketing spend, increasing the size of our annual customer conference, increasing the number of partnerships, product seminars and tradeshows in which we participate, contributed an additional $5.4 million to the year-over-year difference.

Research and Development

Research and development expenses increased by $2.9 million for the year ended December 31, 2014 over the previous year. The increase is primarily due to increased head count within our software development group for technology support for the new functionality on the platform and expanded cloud-delivery infrastructure.

General and Administrative

General and administrative expenses increased by $3.0 million for the year ended December 31, 2014 over the previous year. The increase was primarily due to increased head count for administrative operations, particularly related to increased personnel necessary to operate as a public company following our August 2013 initial public offering. Total head count related to general and administrative operations increased by 28% from December 31, 2013 to December 31, 2014, which contributed $2.4 million of increased personnel and related expenses in the twelve months ended December 31, 2014. The remaining $0.6 million increase was driven by increases in rent, general and administrative expenses and depreciation, partially offset by decreases in transaction costs related to foreign currency rate fluctuations, stock-based compensation and earn out payments related to our acquisitions.

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Comparison of Years Ended December 31, 2013 and 2012

	Year ended December 31,					
	2013		2012		Period-to-period change	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
	(Dollars in thousands)					
Operating expenses:						
Sales and marketing	$ 48,405	44%	$ 35,873	43%	$ 12,532	35%
Research and development	11,190	10%	7,605	9%	3,585	47%
General and administrative	21,218	19%	11,523	14%	9,695	84%
Total operating expenses	$ 80,813	73%	$ 55,001	66%	$ 25,812	47%

Sales & marketing expenses increased primarily due to increased headcount and expansion of our marketing efforts. Total head count of our sales and marketing personnel increased by 23% during 2013 as compared to year-end 2012 to support revenue growth, new product lines and global expansion. This increase contributed $8.6 million of additional expenses in 2013. Costs related to marketing efforts contributed an additional $2.7 million to the year-over-year difference.

Research and Development

Research and development expenses increased primarily due to increased head count within our software development group as we continue to expand support for product enhancements, add features and functionality to our platform and integrate new product lines. Total head count within research and development increased by 43% from December 31, 2012 to December 31, 2013, which increased personnel and related expenses in 2012 by $2.7 million. Research and development related licensing and fees and other expenses increased by approximately $0.9 million primarily due to spending on investment in recent acquisitions.

General and Administrative

General and administrative expenses increased primarily due to increased head count for administrative operations, particularly related to increased personnel necessary to operate as a public company following our August 2013 initial public offering. Total head count related to general and administrative operations increased by 47% from December 31, 2012 to December 31, 2013, which contributed $3.5 million of increased personnel and related expenses in the twelve months ended December 31, 2013. Additionally, expenses associated with general and administrative expenses contributed an additional $3.2 million. Earn out payments associated with our acquisitions increased $1.4 million. Depreciation and amortization increased by $2.3 million due to the completion of the build out of our new India office and other additions to capitalized software and property, plant and equipment.

Interest Income

Comparison of Years Ended December 31, 2014 and 2013

	Year ended December 31, 2014 Amount	Percentage of revenue	2013 Amount	Percentage of revenue	Period-to-period change Amount	Percentage
			(Dollars in thousands)			
Interest income	$ 1,595	1%	$ 1,015	1%	$ 580	57%

Interest income increased for the year ended December 31, 2014 as compared to the year ended December 31, 2013 due to higher interest rates, comparatively longer deposit periods, and the increased cash and cash equivalents balances from the secondary offering proceeds we held throughout the year ended December 31, 2014, as compared to the year ended December 31, 2013.

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Comparison of Years Ended December 31, 2013 and 2012

	Year ended December 31, 2013		2012		Period-to-period change	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
	(Dollars in thousands)					
Interest income	$ 1,015	1%	$ 811	1%	$ 204	25%

Interest income increased for the year ended December 31, 2013 as compared to the year ended December 31, 2012 due to higher interest rates, comparatively longer deposit periods, and the increased cash and cash equivalents balances from IPO proceeds we held throughout the year ended December 31, 2013, as compared to the year ended December 31, 2012.

Provision for (Benefit from) Income Taxes

Comparison of Years Ended December 31, 2014 and 2013

	Year ended December 31, 2014		2013		Period-to-period change	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
	(Dollars in thousands)					
Provision for (benefit from) income taxes	$ (864)	%	$ 2,315	2%	$ (3,179)	(137)%

Income tax expense for the year ended December 31, 2014 decreased $3.1 million compared to the year ended December 31, 2013. The decrease principally resulted from an increase in deductions generated from disqualifying dispositions of incentive stock options, a decrease in non-deductible stock-based compensation expense as well as realization of income tax benefits resulting from our operations in a Special Economic Zone in India that were implemented in the fourth quarter of 2013. These decreases are partially offset by the period over period decrease in the loss from operations before income tax.

Comparison of Years Ended December 31, 2013 and 2012

	Year ended December 31, 2013		2012		Period-to-period change	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
	(Dollars in thousands)					
Provision for income taxes	$ 2,315	2%	$ 4,406	5%	$ (2,091)	(47)%

Income tax expense for the year ended December 31, 2013 decreased $2.1 million compared to the year ended December 31, 2012. The decrease principally resulted from a decrease in pre-tax book income from 2012 to 2013, offset by a decrease in nondeductible expenses in 2013.

Quarterly Results of Operations

See Unaudited Quarterly Results of Operations included in note 15 of the consolidated financial statements included elsewhere in this Annual Report on Form 10-K for the unaudited quarterly results of operations for each of the quarters in the years ended December 31, 2014 and 2013.

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Liquidity and Capital Resources

Sources of Liquidity

Prior to our IPO, we financed our operations primarily through cash generated from operating activities and in earlier periods from private placements of capital stock. On August 14, 2013, we closed our IPO in which we sold and issued 6,440,000 shares of common stock resulting in net proceeds of approximately $122.1 million to us after offering expenses. On January 23, 2014, we closed our follow-on public offering in which we sold and issued 747,500 shares of common stock resulting in net proceeds of approximately $24.8 million to us after offering expenses. As of December 31, 2014, we had $144.5 million of cash and cash equivalents, excluding $0.4 million of restricted cash and $23.0 million of short-term investments.

We believe our current cash and cash equivalents, short-term investments and cash flow from operations will be sufficient to meet our working capital and capital expenditure requirements for at least the next twelve months. Our future capital requirements will depend on many factors, including our revenue growth rate, our spending to support development efforts, the expansion of sales and marketing activities, the introduction of new and improved software solutions, and our planned investments, particularly in our product development efforts or acquisitions of complementary business and technologies.

Working Capital and Cash Flows

	For the year ended December 31,		
	2014	2013	2012
		(in thousands)	
Net cash provided by (used in):			
Operating activities	$ 28,375	$ 22,064	$ 23,581
Investing activities	(55,644)	(13,679)	(22,019)
Financing activities	25,625	121,362	(2,862)

Our cash, cash equivalents and short-term investments at December 31, 2014 were held for working capital purposes. We do not enter into investments for trading or speculative purposes. Our policy is to invest any cash in excess of our immediate requirements in investments designed to preserve the principal balance and maintain liquidity. Accordingly, our cash and cash equivalents and short-term investments are invested primarily in demand deposit accounts, certificates of deposit and money market funds that are currently providing only a minimal return.

As of December 31, 2014, $1.2 million of our total cash and cash equivalents and $23.0 million of our short-term investments were held in India and $2.7 million of our total cash and cash equivalents were held in deposit accounts in the United Kingdom. These balances are available for general corporate purposes.

Operating Activities

Net cash provided by operating activities is significantly influenced by the amount of cash we invest in personnel and infrastructure to support the anticipated growth of our business, the increase in the number of customers, recurring dollar retention rates and the amount and timing of customer payments. Cash provided by operations in the years ended December 31, 2014, 2013 and 2012 is primarily attributable to net income (loss), which is driven by an increasing customer base and increased sales of our platform subscriptions and marketing services. Cash provided by operations is also attributable to the change in accounts receivable and deferred revenue, which is driven by the seasonality of our business and our strong collections process. Our cash flows from operating activities are generally reflective of our ability to invoice annual subscription fees upfront with net 30 payment terms. Our days sales outstanding, or DSO, is a primary indicator in cash flows from operating activities for a given period. We experience seasonality in our accounts receivable. The first and fourth quarters historically include a higher level of cash collections, which is a result of higher levels of invoicing in the fourth quarter. Additionally, we generally invoice our large hotel customers of the Hospitality Cloud in the fourth quarter, resulting in higher accounts receivable and deferred revenue balances at year-end and subsequently higher cash collections during the first quarter of the following year. We calculate our DSO on a twelve-month rolling basis using billings for the period divided by accounts receivable and adjusted for the number of days in the period.

Net cash provided by operating activities was $28.4 million for the year ended December 31, 2014, which was primarily driven by a net increase in deferred revenue, offset by an increase in accounts receivable, of $6.3 million during the period, which reflected the continued growth of our business and our practice of invoicing for subscriptions annually in advance. Additionally, an increase in our accounts payable, accrued and other liabilities contributed $8.6 million during the period, reflecting the growth of our business. This amount was partially offset by a $5.2 million increase in prepaids and other assets, which also grew largely due to the increased scale of our business. Net income, as adjusted for depreciation and amortization and stock-based compensation, contributed an additional $16.8 million to cash from operating activities. Our DSO as of December 31, 2014 was 46.

Net cash provided by operating activities was $22.1 million for the year ended December 31, 2013, which was primarily driven by a net increase in deferred revenue, offset by an increase in accounts receivable, of $8.6 million during the period, which reflected the continued growth of our business and our practice of invoicing for subscriptions annually at the beginning of the subscription period. Additionally, an increase in our accounts payable contributed $7.5 million during the period, reflecting the increase in activity due to the growth of our business. This amount was partially offset by a $5.0 million increase in accounts receivable during the period and the $4.8 million increase in prepaids and other assets, which also grew largely due to the increased scale of our business. Net loss, as adjusted for depreciation and amortization and stock-based compensation, contributed an additional $9.3 million to cash from operating activities. Our DSO as of December 31, 2013 was 42.

Investing Activities

Our investing activities have consisted primarily of purchases of equipment and costs related to software developed for internal use, short-term investments, business acquisitions in 2012 and 2014, and contingent consideration payments related to acquisitions. We expect our capital expenditures and our investment activity to continue to increase as our business grows.

For the year ended December 31, 2014, net cash used in investing activities was $55.7 million. This amount was the result of $18.8 million in investments in property and equipment to accommodate the growth of our business and the build out of our new McLean headquarters office and $13.7 million in capitalized software development. In addition, we also invested $11.7 million into acquisitions, including Decision Street and EMI, as well as contingent consideration payments of $2.3 million related to previous acquisitions. We also purchased $11.7 million, net, of short-term investments during the period.

For the year ended December 31, 2013, net cash used in investing activities was $13.7 million. This amount was the result of our $4.2 million in investments in property and equipment to accommodate the growth of our business and the build out of our new India office and $7.1 million in capitalized software development. We also purchased $2.0 million, net, of short-term investments during the period.

Financing Activities

For the year ended December 31, 2014, net cash provided by financing activities was $25.6 million. In January 2014, we completed a follow-on public offering, which resulted in net proceeds of $24.8 million to the Company. Additionally, we received $0.8 million from the exercise of stock options.

For the year ended December 31, 2013, net cash provided by financing activities was $121.4 million. In August 2013, we completed an initial public offering, which resulted in net proceeds to the Company of $122.1 million. We received $0.5 million from the exercise of stock options, offset by the repurchase of non-employee warrants in the amount of $1.3 million.

Contractual Obligations

Set forth in the following table is information concerning our known contractual obligations as of December 31, 2014 that are fixed and determinable.

		Payment due by period			
Contractual Obligations	Total	Less than 1 Year	1-3 years	3-5 years	More than 5 years
			(in thousands)		
Operating lease obligations[1]	$ 43,731	$ 3,412	$ 9,941	$ 8,473	$ 21,905
Minimum purchase commitments[2]	7,352	3,177	4,175		
Total	$ 51,083	$ 6,589	$ 14,116	$ 8,473	$ 21,905

(1) We lease our office facilities in Virginia, Texas, California, Georgia, Oregon, India, Canada and the United Kingdom under operating leases that are scheduled to expire at various times through 2025.

(2) This includes guaranteed payments related to our acquisitions.

In addition to the guaranteed payments due under our acquisition agreements noted in footnote 2 above, as of December 31, 2014, we had contingent payments that may become due to certain of Seed Lab, LLC s, Crowd Compass, Inc. s, TicketMob LLC s sellers based upon the achievement of certain sales-based targets and continued employment. These contingent payments are described in further detail below under the section titled Acquisitions.

In April 2013, we signed two new office leases in India that replaced the expired leases.

In August 2014, we moved into a new office space for our corporate headquarters in Tysons Corner, Virginia. The operating lease is for a fixed 11-year term with options for two additional renewal terms of five years each.

In December 2014, we moved into a new office space for our Portland, Oregon office. The operating lease is for a fixed 5 year term.

Unbilled Contract Value

We have typically entered into annual and multiple-year subscription contracts for our software solutions and our marketing solutions. For multiple-year agreements, we typically invoice the amount for the first year of the contract at signing followed by subsequent annual invoices at the anniversary of each year. Since we bill most of our customers in advance, there can be amounts that we have not yet been contractually able to invoice. Until such time as these amounts are invoiced, they are not recorded in revenue, deferred revenue or elsewhere in our consolidated financial statements, and are considered by us to be unbilled contract value. As of December 31, 2014 and 2013, our current deferred revenue was $82.0 million and $65.2 million, respectively, which amount does not include unbilled contract value for subscriptions and marketing solution contracts not yet billed of approximately $110.1 million and $88.6 million, respectively. We expect that the amount of unbilled contract value relative to the total value of our contracts will change from year to year for several reasons, including the amount of cash collected early in the contract term, the specific timing and duration of customer agreements, varying invoicing cycles of agreements, the specific timing of customer renewal, changes in customer financial circumstances and foreign currency fluctuations.

Customer Retention

We believe that our ability to retain our customers and expand their use of our platform over time is an indicator of the stability of our revenue base and the long-term value of our customer relationships. We assess our performance in this area using a metric we refer to as our recurring dollar retention rate. Our recurring dollar retention rate for our platform subscriptions was greater than 95% for 2014 and 2013. Our recurring dollar

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retention rate for our marketing solutions was greater than 100% for 2014 and 2013. We calculate our recurring dollar retention rate by dividing (a) Retained Revenue by (b) Retention Base Revenue. We define Retention Base Revenue as recurring revenue by product from all customers in the prior period; and Retained Revenue as recurring revenue by product from the same group of customers in the current period, including any additional sales to those customers during the current period. We do not include non-renewable revenue such as overage fees for registrations and other miscellaneous services in this calculation. Such non-renewable revenue represented 4% of our total revenue in each of the years ended December 31, 2013 and 2014.

Acquisitions

We made two acquisitions during the year ended December 31, 2014, which were neither individually or collectively significant to our financial position and result of operations as of and for the year ended December 31, 2014. We made no acquisitions during the year ended December 31, 2013. During the year ended December 31, 2012, we acquired three separate businesses, which were neither individually or collectively significant to our financial position and result of operations as of and for the year ended December 31, 2012.