

Tableau Software Inc  
Form 424B4  
November 08, 2013  
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Filed pursuant to Rule 424(b)(4)  
Registration Nos. 333-191950 and 333-192146

7,700,000 Shares

## Class A Common Stock

The selling stockholders identified in this prospectus are offering 7,700,000 shares of Class A common stock of Tableau Software, Inc. We will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.

We have two classes of authorized common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion rights. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to ten votes per share and is convertible into one share of Class A common stock. Outstanding shares of Class B common stock will represent approximately 96.1% of the voting power of our outstanding capital stock immediately following the completion of this offering.

Our Class A common stock is listed on the New York Stock Exchange under the symbol DATA . On November 6, 2013, the last reported sale price of our Class A common stock on the New York Stock Exchange was \$65.13 per share.

We are an emerging growth company as that term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, have elected to comply with certain reduced public company reporting requirements.

See Risk Factors beginning on page 13 to read about factors you should consider before buying shares of our Class A common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any recommendation to the contrary is a criminal offense.

	Per Share	Total
Price to public	\$ 65.000	\$ 500,500,000
Underwriting discount <sup>(1)</sup>	\$ 2.275	\$ 17,517,500

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Proceeds, before expenses, to the selling stockholders	\$ 62.725	\$ 482,982,500
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(1) See Underwriting for a description of the compensation payable to the underwriters.

To the extent that the underwriters sell more than 7,700,000 shares of Class A common stock, the underwriters have the option to purchase up to an additional 1,155,000 shares from certain selling stockholders at the price to the public less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on November 13, 2013.

**Goldman, Sachs & Co.**

**Credit Suisse**

**UBS Investment Bank**

**J.P. Morgan**

**JMP Securities**

**Morgan Stanley**

**RBC Capital Markets**

**Pacific Crest Securities**

Prospectus dated November 6, 2013.

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Neither we, the selling stockholders nor the underwriters have authorized anyone to give any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. Neither we, the selling stockholders nor the underwriters take responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

Persons who come into possession of this prospectus and any applicable free writing prospectus we have prepared in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions in this offering and the distribution of this prospectus and any such free writing prospectus applicable to that jurisdiction.

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### **PROSPECTUS SUMMARY**

*This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our Class A common stock, you should read the entire prospectus carefully, including the sections titled Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus. Unless the context suggests otherwise, references in this prospectus to Tableau, the company, we, us and our refer to Tableau Software, Inc. and, where appropriate, its subsidiaries.*

#### **Company Overview**

Our mission is to help people see and understand data.

Our software products put the power of data into the hands of everyday people, allowing a broad population of business users to engage with their data, ask questions, solve problems and create value.

Based on innovative core technologies originally developed at Stanford University, our products dramatically reduce the complexity, inflexibility and expense associated with traditional business intelligence applications. We aim to make our products easy to use, ubiquitous and as deeply-rooted in the workplace as spreadsheets are today.

Our software is designed for anyone with data and questions. We are democratizing the use of business analytics software by allowing people to access information, perform analysis and share results without assistance from technical specialists. By putting powerful, self-service analytical technology directly into the hands of people who make decisions with data, we seek to accelerate the pace of informed and intelligent decision making. This enables our customers to create better workplaces, with happier employees who are empowered to more fully express their ingenuity and creativity.

Our products are used by people of diverse skill levels across all kinds of organizations, including Fortune 500 corporations, small and medium-sized businesses, government agencies, universities, research institutions and non-profits. Organizations employ our products in a broad range of use cases such as increasing sales, streamlining operations, improving customer service, managing investments, assessing quality and safety, studying and treating diseases, completing academic research, addressing environmental problems and improving education. Our products are flexible and capable enough to help a single user on a laptop analyze data from a simple spreadsheet, or to enable thousands of users across an enterprise to execute complex queries against massive databases.

Underpinning our innovative products is a set of technology advances that spans the domains of sophisticated computer graphics, human-computer interaction and high performance database systems. These technology innovations include VizQL and our Hybrid Data Architecture:

**VizQL** Our breakthrough visual query language, VizQL, translates drag-and-drop actions into data queries and then expresses that information visually. VizQL unifies the formerly disparate tasks of query and visualization and allows users to transform questions into pictures without the need for software scripts, chart wizards or dialogue boxes that inhibit speed and flexibility. This capability is designed to enable a more intuitive, creative and engaging experience for our

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users. VizQL can deliver dramatic gains in people's ability to see and understand data, and we believe it represents a foundational advancement in the field of analytics.

**Hybrid Data Architecture** Our Hybrid Data Architecture combines the power and flexibility of our Live Query and In-Memory Data Engines. Our Live Query Engine allows users to instantaneously connect to large volumes of data in its existing format and location, reducing the need for time-consuming data transformation processes that only technical specialists can perform. In addition, this capability allows customers to leverage investments in their existing data platforms and to capitalize on the capabilities of high performance databases. Our In-Memory Data Engine enables users to import large amounts of data into our own in-memory database. Using advanced algorithms and data compression techniques, our in-memory technology facilitates quick query responses on up to hundreds of millions of rows of data. Our Hybrid Data Architecture enables these data engines to work in harmony, allowing users the flexibility to access and analyze data from diverse sources and locations, while optimizing speed and performance for each source.

Our distribution strategy is based on a land and expand business model and is designed to capitalize on the ease of use, low up-front cost and collaborative capabilities of our software. Our products tend to be adopted at a grassroots level within organizations, often beginning with a free trial, and then spread across departments, divisions and geographies via word-of-mouth, the discovery of new use cases and our sales effort. Over time, many of our customers find that the use of our products expands to a broad cross-section of their organizations and that our deployments and use cases become significantly more strategic in nature. Accordingly, we have developed enterprise-class product and service capabilities that allow us to both complement and supplant core, legacy business intelligence deployments.

As of September 30, 2013, we had more than 13,500 customers across a broad array of company sizes and industries and located in over 100 countries. Some of our largest customers include Deere & Company, affiliates of Deloitte Touche Tohmatsu Limited, E. I. du Pont de Nemours and Company, the Federal Aviation Administration, Sears Holdings Corporation and affiliates of Verizon Communications Inc. In addition, we have cultivated strong relationships with technology partners to help us extend the reach of our products. These partners include both traditional database vendors such as International Business Machines Corporation, or IBM, Microsoft Corporation, Oracle Corporation and Teradata Corporation and emerging database vendors such as Amazon.com, Cloudera Inc., Google Inc., Pivotal Greenplum Database, or Pivotal GPDB, and Vertica (a division of Hewlett-Packard Company).

We have achieved significant growth in recent periods. For the years ended December 31, 2010, 2011 and 2012, our total revenues were \$34.2 million, \$62.4 million and \$127.7 million, respectively, representing a compound annual growth rate of approximately 93% from 2010 to 2012. For the nine months ended September 30, 2012 and 2013, our total revenues were \$85.9 million and \$151.0 million, respectively, representing 76% growth over the same period of the prior year. We also generated net income of \$2.7 million, \$3.4 million and \$1.4 million for the years ended December 31, 2010, 2011 and 2012, respectively, and have generated positive cash flow from operating activities on an annual basis in each of those fiscal years. Our net income (loss) for the nine months ended September 30, 2012 and 2013 was \$2.5 million and \$(4.2) million, respectively, and we generated positive cash flow from operating activities in each of those fiscal quarters. We believe our land and expand business model provides financial visibility as aggregate revenues from subsequent sales of products and maintenance services to our customers have typically been multiples of the revenues we realized from those customers' initial purchases.

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### **Industry Background**

We believe that organizations increasingly regard their data as a critical strategic resource. The remarkable growth in the volume, diversity and accessibility of digital information creates the potential for people to make more informed, timely and intelligent decisions. In today's increasingly competitive environment, we believe that the value of rapid and more informed decision-making continues to grow.

According to International Data Corporation, or IDC, the amount of digital information created, replicated and consumed worldwide will grow exponentially from 0.8 trillion gigabytes in 2010 to 40 trillion gigabytes in 2020. Many organizations are expected to experience a doubling in the volume of data across their enterprises approximately every 24 months, according to IDC, and are investing heavily to scale their data storage and management platforms to accommodate this growth.\* These growing volumes of data are also increasingly diverse in terms of their source, format and location. Today, organizations create and manage data across a broad range of platforms, from traditional relational databases, to an array of emerging data platforms to cloud computing platforms.

As a consequence of the increasing richness and volume of data, more and more people are demanding access to information in order to gain insight, solve problems and monitor the performance of their organizations. The growth of cloud computing technologies and the proliferation of connected devices such as tablets and smartphones are enabling users to access information anytime and anywhere. We believe that these trends are accelerating the demand for analytical technology, as more information and engagement provokes more questions and fuels demand for more analysis, answers and value. At the same time, advances in user experience driven by consumer technology companies such as Amazon, Apple, Facebook and Google have raised user expectations regarding intuitive, flexible and convenient access to information.

These factors have created a backdrop of growing data resources, increased user appetite for information and rising expectations for accessibility and ease of use. As a result, many organizations are seeking technology that will allow their people to easily access the right information, answer questions, gain insight and share their findings. These organizations are seeking to empower their employees and to unleash their creativity and problem-solving abilities.

People within organizations have traditionally accessed data via static reports from enterprise applications and business intelligence platforms maintained by IT departments. These systems, predominantly designed and built in the 1990s, are generally heavy, complex, inflexible and expensive. As a result, business users are forced to depend on specialized resources to operate, modify and maintain these systems. The divide between users seeking insight and technical specialists lacking business context introduces inefficiencies and time lags that inhibit the utility and value of these systems. Because most business users lack the time, skills and financial resources necessary to address the limitations of these systems, their adoption has largely been limited to a narrow population of power users with technical expertise and training and to a narrow population of companies.

Faced with these challenges, many knowledge workers today rely on spreadsheets as their primary analytical tool. While spreadsheets are widely available and easier to use than traditional business intelligence platforms, they have a number of limitations. Spreadsheets are not generally designed to facilitate direct and dynamic data access, making the process of importing and updating data manual, cumbersome and error prone. In addition, spreadsheets are not built to accommodate large data sets and offer limited interactive visual capabilities, thereby reducing performance and limiting analytical scope and insight.

\* See note 1 in the section titled Market, Industry and Other Data.

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### **Opportunity**

The market for traditional business analytics software is large and well established, with IDC reporting aggregate spending of \$34.9 billion in 2012 in this worldwide market sector. IDC also reported that the worldwide spending on business intelligence tools alone, a subset of the overall business analytics software market, was \$12.5 billion in 2012.\* In addition, organizations also spend billions of dollars on hardware, support and services to implement and maintain traditional business intelligence systems. According to Gartner, Inc., organizations are expected to spend \$81.0 billion on business analytics and related services in 2014.\*\*

According to an August 2012 Forrester Research, Inc., or Forrester, report, Forrester estimated that there will be 615 million information workers globally in 2013 and it predicts that number to grow to 865 million by 2016.\*\*\* Additionally, a Forrester survey of information workers conducted in the fourth quarter of 2012 indicated that only 17% of respondents use a data dashboard or business intelligence tools as part of their job.\*\*\*\* Accordingly, we believe a significant percentage of information workers are not accessing business intelligence software, and they instead use alternative approaches to meet their analytical needs.

We believe the limitations of traditional approaches coupled with the demand for business analytics has presented an opportunity to pioneer a new class of business analytics software that addresses, complements and expands the business intelligence market and enhances office productivity tools such as spreadsheets, and that is specifically designed to enable a broad population of users to gain insight from their data.

### **Our Solution**

#### ***Product Design Principles***

We have pioneered a fundamentally new approach to business analytics. Our software products, Tableau Desktop, Tableau Server, Tableau Online and Tableau Public, embody a set of design principles that reflect our values as a company and our mission to help people see and understand data:

***Simple*** Our software is designed to allow everyday business users to answer questions with ease. We have pioneered a number of core technologies that make our products intuitive and easy to use. For example, these innovations allow our users to utilize drag-and-drop gestures to execute queries, seamlessly shift graphical perspectives on their data and easily answer new questions as their thinking progresses. The simplicity of our products allows users to establish functional proficiency quickly and speeds the adoption of our technology.

***Fast*** Our software is designed to access and process large volumes of data rapidly and to enable responsive and agile analysis, allowing users to answer questions with data at the speed of thought. We believe that improvements in speed can increase user engagement with data and enhance the range, quality and timeliness of insights that are developed.

***Powerful*** Our fundamental goal is to allow our users to ask and answer questions with their data. The power to accomplish that goal arises from our ability to marry ease of use with advanced analytical capabilities in a manner that allows our customers to generate useful perspectives on their data. Our products are designed for everyday people but also incorporate

\* See note 2 in the section titled Market, Industry and Other Data.

\*\* See note 5 in the section titled Market, Industry and Other Data.

\*\*\* See note 3 in the section titled Market, Industry and Other Data.

\*\*\*\* See note 4 in the section titled Market, Industry and Other Data.

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advanced features such as predictive analysis that can meet the needs of many advanced users of business analytics products.

**Beautiful** Impactful and engaging visualization lies at the heart of our software. We have incorporated key elements from the fields of visual perception, psychology and graphic design into our products that empower our users to generate content that is effective and beautiful by default. Beautiful and high quality design allows everyday people to engage in broad, creative thinking and encourages them to share content.

**Ubiquitous** We seek to make our software accessible to users wherever and whenever they need information and insight. Our software is designed so that users throughout organizations can explore their data and publish findings in a way that can be accessed on a broad range of platforms and devices, including tablets and smartphones.

### **Product Benefits**

When combined with our technology innovations, these product design principles have resulted in products that provide the following benefits for our customers:

**Liberation** The simplicity and ease of use of our software gives people the power to access, analyze and share data without the assistance of technical specialists. This self-service capability democratizes access to data, expands the potential user population within organizations and reduces training and support costs. We believe that providing the freedom for people to more powerfully and conveniently answer questions empowers employees and drives value for our customers.

**Speed** Our software is designed to enable people to derive value from their data at an accelerated pace. Due to our focus on ease of use and ease of deployment, our users can quickly gain proficiency in our software and generate results rapidly, without the complication, time investment and frustration often associated with traditional business intelligence products. In addition, because our software is able to connect directly to a broad range of data sources, our users can perform work without having to undertake complex and time-consuming data movement and transformation. Many of our customers have reported that they are able to achieve their desired results with our software more than ten times faster than they can with their existing systems.

**Discovery** We believe that the human mind is better able to process information, discern trends and identify patterns when presented with information in a visual format. By fundamentally integrating data analysis and visualization, our software allows people to create powerful visualizations and dashboards that can lead to new discoveries. Our software is designed to seamlessly blend, filter and drill down on information, without the distraction of dialogue boxes, wizards and scripts, allowing users to rapidly and iteratively develop greater insight from their data.

**Communication and sharing** We facilitate more effective communication by empowering people to express themselves creatively and tell better stories with data. The collaborative features of our software are designed to foster more sharing of data and to improve the dissemination of information across and among enterprises. Our focus on designing our products for ubiquity allows users to publish results in a single format that can be consumed anywhere, enabling customers to interact with data readily and conveniently. We believe that our software enables our customers to share more insights and have richer conversations about their information.



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***Enterprise grade*** Our products provide a secure, highly available, enterprise-class platform designed to scale to tens of thousands of users, across desktop, Web and mobile clients, and meet the needs of the largest organizations globally. We have built products that can be installed or deployed in minutes without specialized skills and readily integrate with enterprise data, management and security infrastructure. Our products provide enterprise-level security that has passed the stringent requirements of customers in the national defense, financial services and healthcare sectors. We believe our products uniquely blend the benefits of self-service and ease of use with enterprise readiness.

***Value*** Our products are designed to provide an attractive return on investment to our customers. Our self-service product capabilities dramatically reduce IT resources, professional services and support costs typically associated with traditional or competing business intelligence vendors. Our software also has low minimum hardware requirements, which can reduce related capital costs. Through Tableau Online, customers also have an option of deploying our server product without the need for internal infrastructure. In addition, our pricing and land and expand business model allow customers to deploy our software without having to make significant upfront economic commitments.

### **Growth Strategy**

Our mission to help people see and understand data presents a broad and momentous market opportunity. We intend to continue to invest in a number of growth initiatives to allow us to pursue our mission aggressively. Our strategies for growth include:

***Expand our customer base*** We believe that we have the opportunity to substantially expand our present base of customer accounts. We are expanding our online and offline marketing efforts to increase our brand awareness. We are also making significant investments in growing both our direct sales teams and indirect sales channels.

***Further penetrate our existing customer base*** Leveraging our land and expand business model, we intend to continue to increase adoption of our products within and across our existing customers, as they expand the number of users and develop new use cases for our products. A Forrester survey of information workers conducted in the fourth quarter of 2012 indicated that 59% of information workers are currently using spreadsheets for work.\* We believe this presents an opportunity to extend the reach of our products within our customers. Our sales and marketing strategy and focus on customer success help our customers identify and pursue new use cases within their organizations.

***Grow internationally*** With approximately 19% of our total revenues generated outside the United States and Canada in the nine months ended September 30, 2013, we believe there is significant opportunity to grow our international business. Our products currently support eight languages, and we are aggressively expanding our direct sales force and indirect sales channels outside the United States. We have international operations in Australia, Canada, France, Germany, Ireland, Japan, Singapore and the United Kingdom, and we intend to invest in further expanding our footprint in these and other regions.

***Relentlessly innovate and advance our products*** We have sought to rapidly improve the capabilities of our products over time and intend to continue to invest in product innovation and leadership. Building on our foundational technology innovations, including VizQL, we have released eight major versions of our software to date, rapidly expanding and improving our feature set and capabilities. We plan to continue to invest in research and development,

\* See note 4 in the section titled Market, Industry and Other Data.

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including hiring top technical talent, focusing on core technology innovation and maintaining an agile organization that supports rapid release cycles. In particular, we intend to focus on further developing our cloud and mobile capabilities, expanding our advanced analytical and statistical functionality, adding new visualization formats and expanding the range of data sources and platforms we can address.

***Extend our distribution channels and partner ecosystem*** We plan to continue investing in distribution channels, technology partners and original equipment manufacturer, or OEM, relationships to help us enter and grow in new markets while complementing our direct sales efforts. We are actively growing our indirect channels, particularly in international markets. We intend to continue to invest in technology partnerships that enable us to build and promote complementary capabilities that benefit our customers. We have also recently introduced application programming interfaces, or APIs, to further empower our developer and OEM partner ecosystem to create applications that embed Tableau functionality.

***Foster our passionate user community*** We benefit from a vibrant and engaged user community. We are investing in initiatives to further expand and energize this group, both online, through our online community site and through events such as our annual customer conferences. In addition, Tableau Public, which we launched as a free cloud-based service, has a community of engaged users from media, government, non-profit and other organizations, who are passionate about sharing public data online. We intend to expand these efforts and to seek other means to evangelize our mission and facilitate sharing of best practices and success stories.

***Treasure and cultivate our exceptional culture*** We believe our culture is a core ingredient of our success. Our employees share a passion for our mission, and our mission stands at the top of a list of eight core cultural values that govern our approach to our business. Our other core values include: Teamwork; Product leadership; Using our own products; Respect; Honesty; Simplicity; and Commitment to delighting customers. Our values permeate our organization and drive our identity as a company. For example, we strive to paint virtually all aspects of our business with a brush of simplicity, including product user interfaces, pricing models, business processes and marketing strategies.

### **Risks Associated with Our Business**

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled **Risk Factors** immediately following this prospectus summary. Some of these risks are:

due to our rapid growth, we have a limited operating history at our current scale, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful;

we may not be able to sustain our revenue growth rate or profitability in the future;

if we fail to manage our growth effectively, our business and results of operations will be adversely affected;

we face intense competition, and we may not be able to compete effectively, which could reduce demand for our products and adversely affect our business, growth, revenues and market share;

our success is highly dependent on our ability to penetrate the existing market for business analytics software as well as the growth and expansion of that market;



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our future quarterly results of operations may fluctuate significantly due to a wide range of factors, which makes our future results difficult to predict;

if we are unable to attract new customers and expand sales to existing customers, both domestically and internationally, our growth could be slower than we expect and our business may be harmed; and

economic uncertainties or downturns could materially adversely affect our business.

## **Corporate Information**

We were formed as Tableau Software LLC, a Delaware limited liability company, in 2003 and incorporated as Tableau Software, Inc., a Delaware corporation, in 2004. Our principal executive offices are located at 837 North 34th Street, Suite 200, Seattle, Washington 98103 and our telephone number is (206) 633-3400. Our website address is [www.tableausoftware.com](http://www.tableausoftware.com). Information contained on or accessible through our website is not a part of this prospectus and should not be relied upon in determining whether to make an investment decision.

Tableau, Tableau Software, VizQL, the Tableau Software logo and other trade names, trademarks or service marks of Tableau appearing in this prospectus are the property of Tableau. Trade names, trademarks and service marks of other companies appearing in this prospectus are the property of their respective holders.

Additionally, we are an emerging growth company as defined in the recently enacted Jumpstart Our Business Startups Act, or the JOBS Act, and therefore we may take advantage of certain exemptions from various public company reporting requirements, including not being required to have our internal control over financial reporting audited by our independent registered public accounting firm pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or 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 any golden parachute payments. We may take advantage of these exemptions until we are no longer an emerging growth company. In addition, the JOBS Act provides that an emerging growth company can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to avail ourselves of this exemption and, therefore, we are not subject to the same new or revised accounting standards as other public companies that are not emerging growth companies until these standards apply to private companies.

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**The Offering**

Class A common stock offered by the selling stockholders

7,700,000 shares

Class A common stock to be outstanding after this offering

17,130,000 shares

Class B common stock to be outstanding after this offering

42,022,528 shares

Total Class A and Class B common stock to be outstanding after this offering

59,152,528 shares

Option to purchase additional shares of Class A common stock offered by certain selling stockholders

1,155,000 shares

Voting rights

We have two classes of authorized common stock: Class A common stock and Class B common stock. The rights of the holders of Class A and Class B common stock are identical, except with respect to voting and conversion rights. The holders of Class A common stock are entitled to one vote per share, and the holders of Class B common stock are entitled to ten votes per share, on all matters that are subject to stockholder vote. The Class B common stock also has certain approval rights for certain corporate actions. Each share of Class B common stock may be converted into one share of Class A common stock at the option of the holder thereof and will be automatically converted into one share of Class A common stock upon transfer thereof, subject to certain exceptions. See the section titled "Description of Capital Stock" for additional information.

Use of proceeds

We will not receive any of the proceeds from the sale of shares to be offered by the selling stockholders. See the section titled "Use of Proceeds" for additional information.

Risk factors

See the section titled "Risk Factors" beginning on page 13 and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our Class A common stock.

NYSE symbol

DATA

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The number of shares of Class A and Class B common stock to be outstanding upon the completion of this offering is based on 9,430,000 shares of our Class A common stock and 49,722,528 shares of our Class B common stock outstanding as of September 30, 2013, and excludes:

317,400 shares of Class A common stock issuable upon the exercise of options outstanding as of September 30, 2013 pursuant to our 2013 Equity Incentive Plan, or 2013 Plan, at a weighted-average exercise price of \$37.41 per share;

132,350 shares of Class A common stock issuable upon the settlement of restricted stock units, or RSUs, outstanding as of September 30, 2013 pursuant to our 2013 Plan;

15,016,940 shares of Class B common stock issuable upon the exercise of outstanding stock options as of September 30, 2013 pursuant to our 2004 Equity Incentive Plan, or our 2004 Plan, at a weighted-average exercise price of \$6.06 per share;

5,703,499 shares of Class A common stock reserved for future issuance under our 2013 Plan as of September 30, 2013 as well as any automatic increases in the number of shares of Class A common stock reserved for future issuance under this benefit plan; and

2,000,000 shares of Class A common stock reserved for issuance under our 2013 Employee Stock Purchase Plan, or our ESPP, as well as any automatic increases in the number of shares of Class A common stock reserved for future issuance under this benefit plan.

In addition, unless we specifically state otherwise, all information in this prospectus assumes:

no exercise of outstanding options or settlement of RSUs since September 30, 2013; and

no exercise of the underwriters' option to purchase up to an additional 1,155,000 shares of Class A common stock.

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The following tables summarize our consolidated financial and other data. You should read this summary consolidated financial and other data together with the sections titled "Selected Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as our consolidated financial statements and related notes included elsewhere in this prospectus.

We have derived the consolidated statements of operations data for the years ended December 31, 2010, 2011 and 2012 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the unaudited consolidated statements of operations data for the nine months ended September 30, 2012 and 2013 and the unaudited consolidated balance sheet data as of September 30, 2013 from our unaudited consolidated financial statements that are included elsewhere in this prospectus. Our unaudited consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and, in the opinion of management, reflect all adjustments, which consist only of normal recurring adjustments, necessary for the fair statement of those unaudited consolidated financial statements. Our historical results are not necessarily indicative of the results that should be expected in the future, and our interim results are not necessarily indicative of the results that should be expected for the full year or any other period.

	Year Ended December 31,			Nine Months Ended September 30,	
	2010	2011	2012	2012	2013
	(in thousands, except per share data)				
	(unaudited)				
<b>Consolidated Statements of Operations Data:</b>					
<b>Revenues</b>					
License	\$ 24,223	\$ 44,414	\$ 89,883	\$ 59,807	\$ 101,895
Maintenance and services	9,938	17,946	37,850	26,120	49,086
Total revenues	34,161	62,360	127,733	85,927	150,981
<b>Cost of revenues</b>					
License	67	213	305	170	523
Maintenance and services	1,271	2,800	10,057	6,809	11,951
Total cost of revenues <sup>(1)</sup>	1,338	3,013	10,362	6,979	12,474
Gross profit	32,823	59,347	117,371	78,948	138,507
<b>Operating expenses</b>					
Sales and marketing <sup>(1)</sup>	16,440	30,363	62,333	39,125	83,426
Research and development <sup>(1)</sup>	9,734	18,387	33,065	22,706	42,514
General and administrative <sup>(1)</sup>	3,809	6,679	17,715	10,533	18,064
Total operating expenses	29,983	55,429	113,113	72,364	144,004
Operating income (loss)	2,840	3,918	4,258	6,584	(5,497)
Other income (expense), net		(16)	(54)	(49)	(350)
Net income (loss) before income tax expense (benefit)	2,840	3,902	4,204	6,535	(5,847)
Income tax expense (benefit)	102	523	2,777	4,052	(1,678)
Net income (loss)	\$ 2,738	\$ 3,379	\$ 1,427	\$ 2,483	\$ (4,169)
Net income (loss) per share attributable to common stockholders:					
Basic	\$ 0.03	\$ 0.04	\$ 0.00	\$ 0.03	\$ (0.09)
Diluted	\$ 0.03	\$ 0.04	\$ 0.00	\$ 0.03	\$ (0.09)





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	Year Ended December 31,			Nine Months Ended September 30,	
	2010	2011	2012	2012	2013
	(in thousands, except per share data)				
	(unaudited)				
Weighted average shares used to compute net income (loss) per share attributable to common stockholders:					
Basic	32,163	33,008	33,744	33,676	47,093
Diluted	37,833	39,431	39,652	39,597	47,093

	Year Ended December 31,			Nine Months Ended September 30,	
	2010	2011	2012	2012	2013
	(in thousands)				
<b>Other Financial Data:</b>					
Non-GAAP operating income <sup>(2)</sup>	\$ 3,478	\$ 5,366	\$ 11,005	\$ 9,837	\$ 4,036
Non-GAAP net income <sup>(3)</sup>	3,376	4,792	6,854	5,333	4,062
Free cash flow <sup>(4)</sup>	8,207	7,953	7,203	9,854	7,564

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

	Year Ended December 31,			Nine Months Ended September 30,	
	2010	2011	2012	2012	2013
	(in thousands)				
	(unaudited)				
Cost of revenues	\$ 18	\$ 22	\$ 107	\$ 66	\$ 291
Sales and marketing	256	565	1,394	933	3,506
Research and development	262	628	2,115	1,445	3,785
General and administrative	102	233	1,180	809	1,951
<b>Total stock-based compensation expense</b>	<b>\$ 638</b>	<b>\$ 1,448</b>	<b>\$ 4,796</b>	<b>\$ 3,253</b>	<b>\$ 9,533</b>

- (2) Non-GAAP operating income is a non-GAAP financial measure that we calculate as operating income (loss) excluding stock-based compensation expense and, for 2012, the cash and stock-based expense associated with our funding of the Tableau Foundation. For more information about non-GAAP operating income and a reconciliation of non-GAAP operating income to operating income (loss), the most directly comparable financial measure calculated and presented in accordance with U.S. generally accepted accounting principles, or GAAP, see the section titled "Selected Consolidated Financial and Other Data - Non-GAAP Financial Results."
- (3) Non-GAAP net income is a non-GAAP financial measure that we calculate as net income (loss) excluding stock-based compensation expense and, for 2012, the cash and stock-based expense associated with our funding of the Tableau Foundation, each net of tax. For more information about non-GAAP net income and a reconciliation of non-GAAP net income to net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, see the section titled "Selected Consolidated Financial and Other Data - Non-GAAP Financial Results."
- (4) Free cash flow is a non-GAAP financial measure that we calculate as net cash provided by operating activities less net cash used in investing activities for purchases of property and equipment. For more information about free cash flow and a reconciliation of free cash flow to net cash provided by operating activities, the most directly comparable financial measure calculated and presented in accordance with GAAP, see the section titled "Selected Consolidated Financial and Other Data - Non-GAAP Financial Results."

	As of September 30, 2013 (in thousands)
<b>Consolidated Balance Sheet Data:</b>	
Cash and cash equivalents	\$ 226,337
Working capital	202,720
Total assets	301,697
Total stockholders' equity	214,767



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**RISK FACTORS**

*Investing in our Class A common stock involves a high degree of risk. You should carefully consider the following risks and all of the other information contained in this prospectus, including our consolidated financial statements and related notes, before investing in our Class A common stock. While we believe that the risks and uncertainties described below are the material risks currently facing us, additional risks that we do not yet know of or that we currently think are immaterial may also arise and materially affect our business. If any of the following risks materialize, our business, financial condition and results of operations could be materially and adversely affected. In that case, the trading price of our Class A common stock could decline, and you may lose some or all of your investment.*

**Risks Related to Our Business and Industry**

*Due to our rapid growth, we have a limited operating history at our current scale, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.*

We have been growing rapidly in recent periods, and as a result have a relatively short history operating our business at its current scale. For example, we have significantly increased the number of our employees and have expanded our operations worldwide. Furthermore, we operate in an industry that is characterized by rapid technological innovation, intense competition, changing customer needs and frequent introductions of new products, technologies and services. We have encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies in evolving industries. If our assumptions regarding these risks and uncertainties, which we use to plan our business, are incorrect or change in reaction to changes in the market, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations and our business could suffer.

Our future success will depend in large part on our ability to, among other things:

maintain and expand our business, including our operations and infrastructure to support our growth, both domestically and internationally;

compete with other companies, custom development efforts and open source initiatives that are currently in, or may in the future enter, the market for our software;

expand our customer base, both domestically and internationally;

renew maintenance agreements with, and sell additional products to, existing customers;

improve the performance and capabilities of our software;

hire, integrate, train and retain skilled talent, including members of our direct sales force and software engineers;

maintain high customer satisfaction and ensure quality and timely releases of our products and product enhancements;

maintain, expand and support our indirect sales channels and strategic partner network;

maintain the quality of our website infrastructure to minimize latency when downloading or utilizing our software;

increase market awareness of our products and enhance our brand; and

maintain compliance with applicable governmental regulations and other legal obligations, including those related to intellectual property, international sales and taxation.

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If we fail to address the risks and difficulties that we face, including those associated with the challenges listed above as well as those described elsewhere in this Risk Factors section, our business will be adversely affected and our results of operations will suffer.

***We may not be able to sustain our revenue growth rate or profitability in the future.***

While we have achieved profitability on an annual basis over the past three years, we have not consistently achieved profitability on a quarterly basis during that same period. For example, we had net losses in the fourth quarter of 2010, the third quarter of 2011, the fourth quarter of 2012 and the first and second quarters of 2013. We expect expenses to increase substantially in the near term, particularly as we make significant investments in our sales and marketing organization, expand our operations and infrastructure both domestically and internationally and develop new products and new features for and enhancements of our existing products. In addition, in connection with operating as a public company, we are incurring additional significant legal, accounting and other expenses that we did not incur as a private company. If our revenues do not increase to offset these increases in our operating expenses, we may not be profitable in future periods.

Moreover, our historical revenue growth should not be considered indicative of our future performance. As we grow our business, we expect our revenue growth rates to slow in future periods due to a number of reasons, which may include slowing demand for our products, increasing competition, a decrease in the growth of our overall market, our failure, for any reason, to continue to capitalize on growth opportunities, the maturation of our business or the decline in the number of organizations into which we have not already expanded.

***We have been growing rapidly and expect to continue to invest in our growth for the foreseeable future. If we fail to manage this growth effectively, our business and results of operations will be adversely affected.***

We have experienced rapid growth in a relatively short period of time. Our revenues grew from \$34.2 million in 2010 to \$127.7 million in 2012 and from \$85.9 million in the nine months ended September 30, 2012 to \$151.0 million in the nine months ended September 30, 2013. Our number of full-time employees increased from 188 as of December 31, 2010 to 1,039 as of September 30, 2013. During this period, we also established operations in a number of countries outside the United States.

We intend to continue to aggressively grow our business. For example, we plan to continue to hire new employees at a rapid pace, particularly in our sales and engineering groups. If we cannot adequately train these new employees, including our direct sales force, our sales may decrease or our customers may lose confidence in the knowledge and capability of our employees. In addition, we are expanding internationally, establishing operations in additional countries outside the United States, and we intend to make direct and substantial investments to continue our international expansion efforts. We must successfully manage our growth to achieve our objectives. Although our business has experienced significant growth in the past, we cannot provide any assurance that our business will continue to grow at the same rate, or at all.

Our ability to effectively manage any significant growth of our business will depend on a number of factors, including our ability to do the following:

effectively recruit, integrate, train and motivate a large number of new employees, including our direct sales force, while retaining existing employees, maintaining the beneficial aspects of our corporate culture and effectively executing our business plan;

satisfy existing customers and attract new customers;

successfully introduce new products and enhancements;

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continue to improve our operational, financial and management controls;

protect and further develop our strategic assets, including our intellectual property rights; and

make sound business decisions in light of the scrutiny associated with operating as a public company.

These activities will require significant capital expenditures and allocation of valuable management and employee resources, and our growth will continue to place significant demands on our management and our operational and financial infrastructure.

Our future financial performance and our ability to execute on our business plan will depend, in part, on our ability to effectively manage any future growth. There are no guarantees we will be able to do so in an efficient or timely manner, or at all. In particular, any failure to successfully implement systems enhancements and improvements will likely negatively impact our ability to manage our expected growth, ensure uninterrupted operation of key business systems and comply with the rules and regulations that are applicable to public reporting companies. Moreover, if we do not effectively manage the growth of our business and operations, the quality of our software could suffer, which could negatively affect our brand, results of operations and overall business.

***We face intense competition, and we may not be able to compete effectively, which could reduce demand for our products and adversely affect our business, growth, revenues and market share.***

The market for our products is intensely and increasingly competitive and subject to rapidly changing technology and evolving standards. In addition, many companies in our target market are offering, or may soon offer, products and services that may compete with our products.

Our current primary competitors generally fall into three categories:

large software companies, including suppliers of traditional business intelligence products that provide one or more capabilities that are competitive with our products, such as International Business Machines Corporation, Microsoft Corporation, Oracle Corporation and SAP AG;

spreadsheet software providers, such as Microsoft Corporation; and

new and emerging business analytics software companies, such as Qlik Technologies Inc. and TIBCO Spotfire (a subsidiary of TIBCO Software Inc.).

In addition, we may compete with open source initiatives and custom development efforts. We expect competition to increase as other established and emerging companies enter the business analytics software market, as customer requirements evolve and as new products and technologies are introduced. We expect this to be particularly true with respect to our cloud-based initiatives as we and our competitors seek to provide business analytics products based on a software-as-a-service, or SaaS, platform. This is a relatively new and evolving area of business analytics solutions, and we anticipate competition to increase based on customer demand for these types of products.

Many of our competitors, particularly the large software companies named above, have longer operating histories, significantly greater financial, technical, marketing, distribution, professional services or other resources and greater name recognition than we do. In addition, many of our competitors have strong relationships with current and potential customers and extensive knowledge of the business analytics industry. As a result, they may be able to respond more quickly to new or emerging technologies and changes in customer requirements, for example by offering a SaaS-based product that competes with our on-premise products or Tableau Online, our SaaS product, or devoting

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greater resources to the development, promotion and sale of their products than we do. Moreover, many of these competitors are bundling their analytics products into larger deals or maintenance renewals, often at significant discounts. Increased competition may lead to price cuts, alternative pricing structures or the introduction of products available for free or a nominal price, fewer customer orders, reduced gross margins, longer sales cycles and loss of market share. We may not be able to compete successfully against current and future competitors, and our business, results of operations and financial condition will be harmed if we fail to meet these competitive pressures.

Our ability to compete successfully in our market depends on a number of factors, both within and outside of our control. Some of these factors include ease and speed of product deployment and use, discovery and visualization capabilities, analytical and statistical capabilities, performance and scalability, the quality and reliability of our customer service and support, total cost of ownership, return on investment and brand recognition. Any failure by us to compete successfully in any one of these or other areas may reduce the demand for our products, as well as adversely affect our business, results of operations and financial condition.

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 sales channel partners may establish cooperative relationships with our current or future competitors. These relationships may limit our ability to sell or certify our products through specific distributors, technology providers, database companies and distribution channels and allow our competitors to rapidly gain significant market share. These developments could limit our ability to obtain revenues from existing and new customers and to maintain maintenance and support revenues from our 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.

***Our success is highly dependent on our ability to penetrate the existing market for business analytics software as well as the growth and expansion of that market.***

Although the overall market for business analytics software is well-established, the market for business analytics software like ours is relatively new, rapidly evolving and unproven. Our future success will depend in large part on our ability to penetrate the existing market for business analytics software, as well as the continued growth and expansion of what we believe to be an emerging market for analytics solutions that are faster, easier to adopt, easier to use and more focused on self-service capabilities. It is difficult to predict customer adoption and renewal rates, customer demand for our products, the size, growth rate and expansion of these markets, the entry of competitive products or the success of existing competitive products. Our ability to penetrate the existing market and any expansion of the emerging market depends on a number of factors, including the cost, performance and perceived value associated with our products, as well as customers' willingness to adopt a different approach to data analysis. Furthermore, many potential customers have made significant investments in legacy business analytics software systems and may be unwilling to invest in new software. If we are unable to penetrate the existing market for business analytics software, the emerging market for self-service analytics solutions fails to grow or expand, or either of these markets decreases in size, our business, results of operations and financial condition would be adversely affected.

***Our future quarterly results of operations may fluctuate significantly due to a wide range of factors, which makes our future results difficult to predict.***

Our revenues and results of operations could vary significantly from quarter to quarter as a result of various factors, many of which are outside of our control, including:

the expansion of our customer base;

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the renewal of maintenance agreements with, and sales of additional products to, existing customers;

the size, timing and terms of our perpetual license sales to both existing and new customers;

the mix of direct sales versus sales through our indirect sales channels;

the timing and growth of our business, in particular through our hiring of new employees and international expansion;

the introduction of products and product enhancements by existing competitors or new entrants into our market, and changes in pricing for products offered by us or our competitors;

customers delaying purchasing decisions in anticipation of new products or product enhancements by us or our competitors or otherwise;

changes in customers' budgets;

customer acceptance of and willingness to pay for new versions of our products;

seasonal variations in our sales, which have generally historically been highest in the fourth quarter of a calendar year and lowest in the first quarter;

seasonal variations related to sales and marketing and other activities, such as expenses related to our annual customer conferences;

our ability to control costs, including our operating expenses;

our ability to hire, train and maintain our direct sales force;

the timing of satisfying revenue recognition criteria, particularly with regard to large transactions;

fluctuations in our effective tax rate; and

general economic and political conditions, both domestically and internationally, as well as economic conditions specifically affecting industries in which our customers operate.

Any one of these or other factors discussed elsewhere in this prospectus may result in fluctuations in our revenues and operating results, meaning that quarter-to-quarter comparisons of our revenues, results of operations and cash flows may not necessarily be indicative of our future performance.



## Edgar Filing: Tableau Software Inc - Form 424B4

We may not be able to accurately predict our future revenues or results of operations. For example, a large percentage of the revenues we recognize each quarter has been attributable to sales made in the last month of that same quarter. Our license revenues, which are primarily attributable to perpetual licenses, in particular can be impacted by short-term shifts in customer demand. As a result, our ability to forecast revenues on a quarterly or longer-term basis is limited. In addition, we base our current and future expense levels on our operating plans and sales forecasts, and our operating expenses are expected to be relatively fixed in the short term. Accordingly, we may not be able to reduce our costs sufficiently to compensate for an unexpected shortfall in revenues, and even a small shortfall in revenues could disproportionately and adversely affect our financial results for that quarter. The variability and unpredictability of these and other factors could result in our failing to meet or exceed financial expectations for a given period.

***If we are unable to attract new customers and expand sales to existing customers, both domestically and internationally, our growth could be slower than we expect and our business may be harmed.***

Our future growth depends in part upon increasing our customer base. Our ability to achieve significant growth in revenues in the future will depend, in large part, upon the effectiveness of our

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marketing efforts, both domestically and internationally, and our ability to attract new customers. This may be particularly challenging where an organization has already invested substantial personnel and financial resources to integrate traditional business intelligence products into its business, as such organization may be reluctant or unwilling to invest in a new product. If we fail to attract new customers and maintain and expand those customer relationships, our revenues will grow more slowly than expected and our business will be harmed.

Our future growth also depends upon expanding sales of our products to and renewing license and maintenance agreements with existing customers and their organizations. In order for us to improve our operating results, it is important that our existing customers make additional significant purchases of our products. If our customers do not purchase additional licenses or capabilities, our revenues may grow more slowly than expected, may not grow at all or may decline. Additionally, increasing incremental sales to our current customer base requires increasingly sophisticated and costly sales efforts that are targeted at senior management. There can be no assurance that our efforts would result in increased sales to existing customers, or upsells, and additional revenues. If our efforts to upsell to our customers are not successful, our business would suffer. Moreover, while most of our software is licensed and sold under perpetual license agreements, we also enter into term license agreements with some of our customers and have recently begun selling a SaaS-based product, Tableau Online, which is sold on a subscription basis. In addition, all of our maintenance and support agreements are sold on a term basis. In order for us to grow our revenues and increase profitability, it is important that our existing customers renew their maintenance and support agreements and their term licenses, if applicable, when the initial contract term expires. Our customers have no obligation to renew their term licenses or maintenance and support contracts with us after the initial terms have expired. Our customers' renewal rates may decline or fluctuate as a result of a number of factors, including their satisfaction or dissatisfaction with our software or professional services, our pricing or pricing structure, the pricing or capabilities of products or services offered by our competitors, the effects of economic conditions, or reductions in our customers' spending levels. If our customers do not renew their agreements with us, or renew on terms less favorable to us, our revenues may decline.

***We derive substantially all of our revenues from a limited number of software products.***

We currently derive and expect to continue to derive substantially all of our revenues from our Tableau Desktop, Tableau Server and Tableau Online software products. As such, the continued growth in market demand of these software products is critical to our continued success. Demand for our software is affected by a number of factors, including continued market acceptance of our products, the timing of development and release of new products by our competitors, price changes by us or by our competitors, technological change, growth or contraction in the traditional and expanding business analytics market, and general economic conditions and trends. If we are unable to continue to meet customer demands or to achieve more widespread market acceptance of our software, our business, results of operations, financial condition and growth prospects will be materially and adversely affected.

***Our success depends on increasing the number and value of enterprise sales transactions, which typically involve a longer sales cycle, greater deployment challenges and additional support and services than sales to individual purchasers of our products.***

Growth in our revenues and profitability depends in part on our ability to complete more and larger enterprise sales transactions. As we have continued to invest in our sales team and product capabilities, the number of individual sales orders over \$100,000 has increased from 111 in 2011 to 239 in 2012. These larger transactions may involve significant customer negotiation. Enterprise customers may undertake a significant evaluation process, which can last from several months to a year or longer. For example, in recent periods, excluding renewals, our transactions over \$100,000

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have generally taken over three months to close. Any individual transaction may take substantially longer than three months to close. If our sales cycle were to lengthen in this manner, events may occur during this period that affect the size or timing of a purchase or even cause cancellations, which may lead to greater unpredictability in our business and results of operations. We will spend substantial time, effort and money on enterprise sales efforts without any assurance that our efforts will produce any sales.

We may also face unexpected deployment challenges with enterprise customers or more complicated installations of our software platform. It may be difficult to deploy our software platform if the customer has unexpected database, hardware or software technology issues. Additional deployment complexities may occur if a customer hires a third party to deploy or implement our products or if one of our indirect sales channel partners leads the implementation of our products. In addition, enterprise customers may demand more configuration and integration services, which increase our upfront investment in sales and deployment efforts, with no guarantee that these customers will increase the scope of their use. As a result of these factors, we must devote a significant amount of sales support and professional services resources to individual customers, increasing the cost and time required to complete sales. Any difficulties or delays in the initial implementation, configuration or integration of our products could cause customers to reject our software or lead to the delay or non-receipt of future orders which would harm our business, results of operations and financial condition.

***If our new products and product enhancements do not achieve sufficient market acceptance, our results of operations and competitive position will suffer.***

We spend substantial amounts of time and money to research and develop new software and enhanced versions of our existing software to incorporate additional features, improve functionality, function in concert with new technologies or changes to existing technologies and allow our customers to analyze a wide range of data sources. When we develop a new product or an enhanced version of an existing product, we typically incur expenses and expend resources upfront to market, promote and sell the new offering. Therefore, when we develop and introduce new or enhanced products, they must achieve high levels of market acceptance in order to justify the amount of our investment in developing and bringing them to market.

Further, we may make changes to our software that our customers do not find useful. We may also discontinue certain features, begin to charge for certain features that are currently free or increase fees for any of our features or usage of our software. We may also face unexpected problems or challenges in connection with new product or feature introductions.

Our new products or product enhancements, such as Tableau Online and our most recent release, Tableau 8.0, and changes to our existing software could fail to attain sufficient market acceptance for many reasons, including:

failure to predict market demand accurately in terms of software functionality and capability or to supply software that meets this demand in a timely fashion;

inability to operate effectively with the technologies, systems or applications of our existing or potential customers;

defects, errors or failures;

negative publicity about their performance or effectiveness;

delays in releasing our new software or enhancements to our existing software to the market;

the introduction or anticipated introduction of competing products by our competitors;

an ineffective sales force;



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poor business conditions for our end-customers, causing them to delay purchases; and

the reluctance of customers to purchase software incorporating open source software.

In addition, because our products are designed to operate on and with a variety of systems, we will need to continuously modify and enhance our products to keep pace with changes in technology. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely fashion.

If our new software or enhancements and changes do not achieve adequate acceptance in the market, our competitive position will be impaired, and our revenues could decline. The adverse effect on our results of operations may be particularly acute because of the significant research, development, marketing, sales and other expenses we will have incurred in connection with the new software or enhancements.

***We are dependent on the continued services and performance of our senior management and other key personnel, the loss of any of whom could adversely affect our business.***

Our future success depends in large part on the continued contributions of our senior management and other key personnel. In particular, the leadership of key management personnel is critical to the successful management of our company, the development of our products, and our strategic direction. We do not maintain key person insurance for any member of our senior management team or any of our other key employees. Our senior management and key personnel are all employed on an at-will basis, which means that they could terminate their employment with us at any time, for any reason and without notice. The loss of any of our key management personnel could significantly delay or prevent the achievement of our development and strategic objectives and adversely affect our business.

***If we are unable to attract, integrate and retain additional qualified personnel, including top technical talent, our business could be adversely affected.***

Our future success depends in part on our ability to identify, attract, integrate and retain highly skilled technical, managerial, sales and other personnel, including top technical talent from the industry and top research institutions. We face intense competition for qualified individuals from numerous other companies, including other software and technology companies, many of whom have greater financial and other resources than we do. These companies also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high-quality candidates than those we have to offer. In addition, new hires often require significant training and, in many cases, take significant time before they achieve full productivity. We may incur significant costs to attract and retain qualified personnel, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and we may lose new employees to our competitors or other companies before we realize the benefit of our investment in recruiting and training them. Moreover, new employees may not be or become as productive as we expect, as we may face challenges in adequately or appropriately integrating them into our workforce and culture. In addition, as we move into new geographies, we will need to attract and recruit skilled personnel in those areas. We have little experience with recruiting in geographies outside of the United States, and may face additional challenges in attracting, integrating and retaining international employees. If we are unable to attract, integrate and retain suitably qualified individuals who are capable of meeting our growing technical, operational and managerial requirements, on a timely basis or at all, our business will be adversely affected.

Volatility or lack of positive performance in our stock price may also affect our ability to attract and retain our key employees. Many of our senior management personnel and other key employees have become, or will soon become, vested in a substantial amount of stock or stock options. Employees may be more likely to leave us if the shares they own or the shares underlying their vested options

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have significantly appreciated in value relative to the original purchase prices of the shares or the exercise prices of the options, or, conversely, if the exercise prices of the options that they hold are significantly above the market price of our common stock. If we are unable to appropriately incentivize and retain our employees through equity compensation, or if we need to increase our compensation expenses in order to appropriately incentivize and retain our employees, our business, results of operations, financial condition and cash flows would be adversely affected.

### ***Our growth depends on being able to expand our direct sales force successfully.***

To date, most of our revenues have been attributable to the efforts of our direct sales force in the United States. In order to increase our revenues and profitability, we must increase the size of our direct sales force, both in the United States and internationally, to generate additional revenues from new and existing customers. We intend to substantially further increase our number of direct sales professionals.

We believe that there is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training and retaining sufficient numbers of direct sales personnel to support our growth. New hires require significant training and may take significant time before they achieve full productivity. Our recent hires and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. In addition, as we continue to grow rapidly, a large percentage of our sales force will be new to our company and our products, which may adversely affect our sales if we cannot train our sales force quickly or effectively. Attrition rates may increase and we may face integration challenges as we continue to seek to aggressively expand our sales force. If we are unable to hire and train sufficient numbers of effective sales personnel, or the sales personnel are not successful in obtaining new customers or increasing sales to our existing customer base, our business will be adversely affected.

### ***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 our corporate culture has been a critical component to our success. We have invested substantial time and resources in building our team. As we grow and mature as a public company, we may find it difficult to maintain our corporate culture. Any failure to preserve our culture could negatively affect our future success, including our ability to retain and recruit personnel and effectively focus on and pursue our corporate objectives.

### ***Real or perceived errors, failures or bugs in our software could adversely affect our results of operations and growth prospects.***

Because our software is complex, undetected errors, failures or bugs may occur, especially when new versions or updates are released. Our software is often installed and used in large-scale computing environments with different operating systems, system management software, and equipment and networking configurations, which may cause errors or failures of our software or other aspects of the computing environment into which it is deployed. In addition, deployment of our software into computing environments may expose undetected errors, compatibility issues, failures or bugs in our software. Despite testing by us, errors, failures or bugs may not be found in our software until it is released to our customers. Moreover, our customers could incorrectly implement or inadvertently misuse our software, which could result in customer dissatisfaction and adversely impact the perceived utility of our products as well as our brand. Any of these real or perceived errors, compatibility issues, failures or bugs in our software could result in negative publicity, reputational harm, loss of or delay in market acceptance of our software, loss of competitive position or claims by customers for losses sustained by them. In such an event, we may be required, or may choose, for customer relations or

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other reasons, to expend additional resources in order to help correct the problem. Alleviating any of these problems could require significant expenditures of our capital and other resources and could cause interruptions, delays or cessation of our licensing, which could cause us to lose existing or potential customers and could adversely affect our results of operations and growth prospects.

### ***Interruptions or performance problems associated with our technology and infrastructure may adversely affect our business and results of operations.***

We have in the past experienced, and may in the future experience, performance issues due to a variety of factors, including infrastructure changes, human or software errors, website or third-party hosting disruptions or capacity constraints due to a number of potential causes including technical failures, cyber-attacks, security vulnerabilities, natural disasters or fraud. If our security is compromised, our website is unavailable or our users are unable to download our software within a reasonable amount of time or at all, our business could be negatively affected. Moreover, if our security measures, products or services are subject to cyber-attacks that degrade or deny the ability of users to access our website, products or services, our products or services may be perceived as unsecure and we may incur significant legal and financial exposure. In particular, our cloud-based products Tableau Online and Tableau Public may be especially vulnerable to interruptions or performance problems. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. These cloud-based products are hosted at third-party data centers that are not under our direct control. If these data centers were to be damaged or suffer disruption, our ability to provide these products to our customers could be impaired and our reputation could be harmed.

In addition, it may become increasingly difficult to maintain and improve our website performance, especially during peak usage times and as our software becomes more complex and our user traffic increases. Adverse consequences could include unanticipated system disruptions, slower response times, degradation in level of customer support and impaired quality of users' experiences, and could result in customer dissatisfaction and the loss of existing customers. We expect to continue to make significant investments to maintain and improve website performance and security and to enable rapid and secure releases of new features and applications for our software. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business and results of operations may be adversely affected.

We also rely on SaaS technologies from third parties in order to operate critical functions of our business, including financial management services from NetSuite Inc. and customer relationship management services from salesforce.com, inc. If these services become unavailable due to extended outages or interruptions, security vulnerabilities or cyber-attacks, or because they are no longer available on commercially reasonable terms or prices, our expenses could increase, our ability to manage these critical functions could be interrupted and our processes for managing sales of our software and supporting our customers could be impaired until equivalent services, if available, are identified, obtained and implemented, all of which could adversely affect our business.

### ***Our products use third-party software and services that may be difficult to replace or cause errors or failures of our products that could lead to a loss of customers or harm to our reputation and our operating results.***

We license third-party software and depend on services from various third parties for use in our products. In the future, this software or these services may not be available to us on commercially reasonable terms, or at all. Any loss of the right to use any of the software or services could result in decreased functionality of our products until equivalent technology is either developed by us or, if available from another provider, is identified, obtained and integrated, which could harm our business.

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In addition, any errors or defects in or failures of the third-party software or services could result in errors or defects in our products or cause our products to fail, which could harm our business and be costly to correct. Many of these providers attempt to impose limitations on their liability for such errors, defects or failures, and if enforceable, we may have additional liability to our customers or third-party providers that could harm our reputation and increase our operating costs.

We will need to maintain our relationships with third-party software and service providers, and to obtain software and services from such providers that do not contain any errors or defects. Any failure to do so could adversely impact our ability to deliver effective products to our customers and could harm our operating results.

### ***If customers demand products that provide business analytics via a SaaS business model, our business could be adversely affected.***

In recent years, we believe that companies have begun to expect that key software be provided through a SaaS model, and customers may eventually require that we provide our product via a SaaS deployment. We have recently launched Tableau Online, our cloud-based service that provides our software's core capabilities as a commercial SaaS offering. We anticipate using our current cash or future cash flows to fund further development of this product, and we may encounter difficulties that cause our costs to exceed our current expectations. Moreover, to commercially provide this product at scale, we will need to make additional investments in related infrastructure such as server farms, data centers, network bandwidth and technical operations personnel. All of these investments will negatively affect our operating results. Even if we make these investments, we may be unsuccessful in achieving significant market acceptance of this new product. Moreover, sales of a potential future SaaS offering by our competitors could adversely affect sales of all of our existing products. In addition, increasing sales of our SaaS offering could cannibalize license sales of our on-premise desktop and server products to our existing and prospective customers, which could negatively impact our overall sales growth. The migration of our customers to a SaaS model would also change the manner in which we recognize revenues, which could adversely affect our operating results and business operations.

### ***Our success depends on our ability to maintain and expand our indirect sales channels.***

Historically, we have used indirect sales channel partners, such as original equipment manufacturers, technology partners, systems integrators and resellers, to a limited degree. Indirect sales channel partners are becoming an increasingly important aspect of our business, particularly with regard to enterprise and international sales. Our future growth in revenues and profitability depends in part on our ability to identify, establish and retain successful channel partner relationships in the United States and internationally, which will take significant time and resources and involve significant risk.

We cannot be certain that we will be able to identify suitable indirect sales channel partners. To the extent we do identify such partners, we will need to negotiate the terms of a commercial agreement with them under which the partner would distribute our products. We cannot be certain that we will be able to negotiate commercially-attractive terms with any channel partner, if at all. In addition, all channel partners must be trained to distribute our products. In order to develop and expand our distribution channel, we must develop and improve our processes for channel partner introduction and training.

We also cannot be certain that we will be able to maintain successful relationships with any channel partners. These channel partners may not have an exclusive relationship with us, and may offer customers the products of several different companies, including products that compete with ours. With or without an exclusive relationship, we cannot be certain that they will prioritize or provide adequate resources for selling our products. A lack of support by any of our channel partners may harm our ability to develop, market, sell or support our products, as well as harm our brand. There can be no assurance that our channel partners will comply with the terms of our commercial agreements.



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with them or will continue to work with us when our commercial agreements with them expire or are up for renewal. If we are unable to maintain our relationships with these channel partners, or these channel partners fail to live up to their contractual obligations, our business, results of operations and financial condition could be harmed.

### ***Our long-term growth depends in part on being able to expand internationally on a profitable basis.***

Historically, we have generated a substantial majority of our revenues from customers inside the United States and Canada. For example, approximately 81% of our total revenues in the nine months ended September 30, 2013 was derived from sales within the United States and Canada. We have begun to expand internationally and plan to continue to expand our international operations as part of our growth strategy. Expanding our international operations will subject us to a variety of risks and challenges, including:

increased management, travel, infrastructure and legal compliance costs associated with having multiple international operations;

management communication and integration problems resulting from geographic dispersion and language and cultural differences;

sales and customer service challenges associated with operating in different countries;

increased reliance on indirect sales channel partners outside the United States;

longer payment cycles and difficulties in collecting accounts receivable or satisfying revenue recognition criteria, especially in emerging markets;

increased financial accounting and reporting burdens and complexities;

general economic or political conditions in each country or region;

economic uncertainty around the world and adverse effects arising from economic interdependencies across countries and regions;

compliance with foreign laws and regulations and the risks and costs of non-compliance with such laws and regulations;

compliance with laws and regulations for foreign operations, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory or contractual limitations on our ability to sell our software in certain foreign markets, and the risks and costs of non-compliance;

heightened risks of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of financial statements and irregularities in financial statements;

fluctuations in currency exchange rates and related effects on our results of operations;

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difficulties in repatriating or transferring funds from or converting currencies in certain countries;

the need for localized software and licensing programs;

reduced protection for intellectual property rights in certain countries and practical difficulties and costs of enforcing rights abroad;  
and

compliance with the laws of numerous foreign taxing jurisdictions and overlapping of different tax regimes.

Any of these risks could adversely affect our international operations, reduce our international revenues or increase our operating costs, adversely affecting our business, results of operations and financial condition and growth prospects.

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For example, compliance with laws and regulations applicable to our international operations increases our cost of doing business in foreign jurisdictions. We may be unable to keep current with changes in government requirements as they change from time to time. Failure to comply with these regulations could have adverse effects on our business. In addition, in many foreign countries it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. laws and regulations applicable to us. We have not historically had formal policies with respect to these laws and regulations, and have only recently begun to implement compliance procedures designed to prevent violations of these laws and regulations. There can be no assurance that all of our employees, contractors, indirect sales channel partners and agents will comply with the formal policies we will implement, or applicable laws and regulations. Violations of laws or key control policies by our employees, contractors, channel partners or agents could result in delays in revenue recognition, financial reporting misstatements, fines, penalties, or the prohibition of the importation or exportation of our software and services and could have a material adverse effect on our business and results of operations.

***Our business is highly dependent upon our brand recognition and reputation, and the failure to maintain or enhance our brand recognition or reputation would likely adversely affect our business and results of operations.***

We believe that maintaining and enhancing the Tableau brand identity and our reputation are critical to our relationships with our customers and channel partners and to our ability to attract new customers and channel partners. We also believe that the importance of our brand recognition and reputation will continue to increase as competition in our market continues to develop. Our success in this area will depend on a wide range of factors, some of which are beyond our control, including the following:

the efficacy of our marketing efforts;

our ability to continue to offer high-quality, innovative and error- and bug-free products;

our ability to retain existing customers and obtain new customers;

our ability to maintain high customer satisfaction;

the quality and perceived value of our products;

our ability to successfully differentiate our products from those of our competitors;

actions of our competitors and other third parties;

our ability to provide customer support and professional services;

any misuse or perceived misuse of our products;

positive or negative publicity;

interruptions, delays or attacks on our website; and

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litigation- or regulatory-related developments.

Our brand promotion activities may not be successful or yield increased revenues.

Independent industry analysts often provide reviews of our products, as well as those of our competitors, and perception of our products in the marketplace may be significantly influenced by these reviews. If these reviews are negative, or less positive as compared to those of our competitors' products and services, our brand may be adversely affected.

Furthermore, negative publicity, whether or not justified, relating to events or activities attributed to us, our employees, our partners or others associated with any of these parties, may tarnish our reputation and reduce the value of our brand. Damage to our reputation and loss of brand equity may reduce demand for our products and have an adverse effect on our business, operating results and

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financial condition. Moreover, any attempts to rebuild our reputation and restore the value of our brand may be costly and time consuming, and such efforts may not ultimately be successful.

### ***Economic uncertainties or downturns could materially adversely affect our business.***

Current or future economic uncertainties or downturns could adversely affect our business and results of operations. Negative conditions in the general economy both in the United States and abroad, including conditions resulting from changes in gross domestic product growth, the continued sovereign debt crisis, potential future government shutdowns, the federal government's failure to raise the debt ceiling, financial and credit market fluctuations, political deadlock, natural catastrophes, warfare and terrorist attacks on the United States, Europe, the Asia Pacific region or elsewhere, could cause a decrease in business investments, including corporate spending on business analytics software in general and negatively affect the rate of growth of our business.

Although legislation was recently passed to fund the federal government and lift the debt ceiling, the law only does so through early 2014, and legislators will have to negotiate a longer-term solution later this year, which could lead to additional shutdowns or other disruptions. In addition, general worldwide economic conditions have experienced a significant downturn and continue to remain unstable. These conditions make it extremely difficult for our customers and us to forecast and plan future business activities accurately, and they could cause our customers to reevaluate their decisions to purchase our products, which could delay and lengthen our sales cycles or result in cancellations of planned purchases. Furthermore, during challenging economic times our customers may tighten their budgets and face issues in gaining timely access to sufficient credit, which could result in an impairment of their ability to make timely payments to us. In turn, we may be required to increase our allowance for doubtful accounts, which would adversely affect our financial results.

To the extent purchases of our software are perceived by customers and potential customers to be discretionary, our revenues may be disproportionately affected by delays or reductions in general information technology spending. Also, customers may choose to develop in-house software as an alternative to using our products. Moreover, competitors may respond to market conditions by lowering prices and attempting to lure away our customers. In addition, the increased pace of consolidation in certain industries may result in reduced overall spending on our software.

We cannot predict the timing, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry. If the economic conditions of the general economy or industries in which we operate do not improve, or worsen from present levels, our business, results of operations, financial condition and cash flows could be adversely affected.

### ***If currency exchange rates fluctuate substantially in the future, the results of our operations, which are reported in U.S. dollars, could be adversely affected.***

As we continue to expand our international operations, we become more exposed to the effects of fluctuations in currency exchange rates. Although we expect an increasing number of sales contracts to be denominated in currencies other than the U.S. dollar in the future, our sales contracts have historically been denominated in U.S. dollars, and therefore substantially all of our revenues have not been subject to foreign currency risk. However, a strengthening of the U.S. dollar could increase the real cost of our software to our customers outside of the United States, which could adversely affect our business, results of operations, financial condition and cash flows. In addition, we incur expenses for employee compensation and other operating expenses at our non-U.S. locations in the local currency. Fluctuations in the exchange rates between the U.S. dollar and other currencies could result in the dollar equivalent of such expenses being higher. This could have a negative impact on our reported results of operations. Although we may in the future decide to undertake foreign exchange

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hedging transactions to cover a portion of our foreign currency exchange exposure, we currently do not hedge our exposure to foreign currency exchange risks.

### ***Failure to protect our intellectual property rights could adversely affect our business.***

Our success depends, in part, on our ability to protect proprietary methods and technologies that we develop or license under patent and other intellectual property laws of the United States, so that we can prevent others from using our inventions and proprietary information. If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology, and our business might be adversely affected. However, defending our intellectual property rights might entail significant expenses. Any of our patent rights, copyrights, trademarks or other intellectual property rights may be challenged by others, weakened or invalidated through administrative process or litigation.

As of September 30, 2013, we had ten issued U.S. patents covering our technology and 11 patent applications pending for examination in the United States. The patents that we own or license from others (including those that have issued or may issue in the future) may not provide us with any competitive advantages or may be challenged by third parties, and our patent applications may never be granted.

Additionally, the process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. Even if issued, there can be no assurance that these patents will adequately protect our intellectual property, as the legal standards relating to the validity, enforceability and scope of protection of patent and other intellectual property rights are uncertain.

Any patents that are issued may subsequently be invalidated or otherwise limited, allowing other companies to develop offerings that compete with ours, which could adversely affect our competitive business position, business prospects and financial condition. In addition, issuance of a patent does not guarantee that we have a right to practice the patented invention. Patent applications in the United States are typically not published until 18 months after filing or, in some cases, not at all, and publications of discoveries in industry-related literature lag behind actual discoveries. We cannot be certain that third parties do not have blocking patents that could be used to prevent us from marketing or practicing our patented software or technology.

Effective patent, trademark, copyright and trade secret protection may not be available to us in every country in which our software is available. The laws of some foreign countries may not be as protective of intellectual property rights as those in the United States (in particular, some foreign jurisdictions do not permit patent protection for software), and mechanisms for enforcement of intellectual property rights may be inadequate. Additional uncertainty may result from changes to intellectual property legislation enacted in the United States, including the recent America Invents Act, and other national governments and from interpretations of the intellectual property laws of the United States and other countries by applicable courts and agencies. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property.

We rely in part on trade secrets, proprietary know-how and other confidential information to maintain our competitive position. Although we endeavor to enter into non-disclosure agreements with our employees, licensees and others who may have access to this information, we cannot assure you that these agreements or other steps we have taken will prevent unauthorized use, disclosure or reverse engineering of our technology. Moreover, third parties may independently develop technologies or products that compete with ours, and we may be unable to prevent this competition.

We might be required to spend significant resources to monitor and protect our intellectual property rights. We may initiate claims or litigation against third parties for infringement of our

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proprietary rights or to establish the validity of our proprietary rights. Litigation also puts our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing. Additionally, we may provoke third parties to assert counterclaims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially viable. Any litigation, whether or not resolved in our favor, could result in significant expense to us and divert the efforts of our technical and management personnel, which may adversely affect our business, results of operations, financial condition and cash flows.

***We may be subject to intellectual property rights claims by third parties, which are extremely costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies.***

Companies in the software and technology industries, including some of our current and potential competitors, own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. In addition, many of these companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. The litigation may involve patent holding companies or other adverse patent owners that have no relevant product revenues and against which our patents may therefore provide little or no deterrence. We have received, and may in the future receive, notices that claim we have misappropriated, misused, or infringed other parties' intellectual property rights, and, to the extent we gain greater market visibility, we face a higher risk of being the subject of intellectual property infringement claims, which is not uncommon with respect to the business analytics software market.

There may be third-party intellectual property rights, including issued or pending patents that cover significant aspects of our technologies or business methods. Any intellectual property claims, with or without merit, could be very time-consuming, could be expensive to settle or litigate and could divert our management's attention and other resources. These claims could also subject us to significant liability for damages, potentially including treble damages if we are found to have willfully infringed patents or copyrights. These claims could also result in our having to stop using technology found to be in violation of a third party's rights. We might be required to seek a license for the intellectual property, which may not be available on reasonable terms or at all. Even if a license were available, we could be required to pay significant royalties, which would increase our operating expenses. As a result, we may be required to develop alternative non-infringing technology, which could require significant effort and expense. If we cannot license or develop technology for any infringing aspect of our business, we would be forced to limit or stop sales of our software and may be unable to compete effectively. Any of these results would adversely affect our business, results of operations, financial condition and cash flows.

***Our use of open source software could negatively affect our ability to sell our software and subject us to possible litigation.***

We use open source software in our software and expect to continue to use open source software in the future. We may face claims from others claiming ownership of, or seeking to enforce the license terms applicable to such open source software, including by demanding release of the open source software, derivative works or our proprietary source code that was developed using such software. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our software, any of which would have a negative effect on our business and results of operations. In addition, if the license terms for the open source code change, we may be forced to re-engineer our software or incur additional costs. Finally, we cannot assure you that we have not incorporated open source software into our software in a manner that may subject our proprietary software to an open source license that requires

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disclosure, to customers or the public, of the source code to such proprietary software. Any such disclosure would have a negative effect on our business and the value of our software.

*We may be subject to litigation for a variety of claims, which could adversely affect our results of operations, harm our reputation or otherwise negatively impact our business.*

In addition to intellectual property litigation, we may be subject to other claims arising from our normal business activities. These may include claims, suits, and proceedings involving labor and employment, wage and hour, commercial and other matters. The outcome of any litigation, regardless of its merits, is inherently uncertain. Any claims and lawsuits, and the disposition of such claims and lawsuits, could be time-consuming and expensive to resolve, divert management attention and resources, and lead to attempts on the part of other parties to pursue similar claims. Any adverse determination related to litigation could adversely affect our results of operations, harm our reputation or otherwise negatively impact our business. In addition, depending on the nature and timing of any such dispute, a resolution of a legal matter could materially affect our future results of operations, our cash flows or both.

*Our success depends in part on maintaining and increasing our sales to customers in the public sector.*

We derive a portion of our revenues from contracts with federal, state, local and foreign governments and agencies, and we believe that the success and growth of our business will continue to depend on our successful procurement of government contracts. Selling to government entities can be highly competitive, expensive and time consuming, often requiring significant upfront time and expense without any assurance that our efforts will produce any sales. Factors that could impede our ability to maintain or increase the amount of revenues derived from government contracts include:

changes in fiscal or contracting policies;

decreases in available government funding;

changes in government programs or applicable requirements;

the adoption of new laws or regulations or changes to existing laws or regulations;

potential delays or changes in the government appropriations or other funding authorization processes;

governments and governmental agencies requiring contractual terms that are unfavorable to us, such as most-favored-nation pricing provisions; and

delays in the payment of our invoices by government payment offices.

The occurrence of any of the foregoing could cause governments and governmental agencies to delay or refrain from purchasing our software in the future or otherwise have an adverse effect on our business, results of operations, financial condition and cash flows.

Further, to increase our sales to customers in the public sector, we must comply with laws and regulations relating to the formation, administration, performance and pricing of contracts with the public sector, including U.S. federal, state and local governmental bodies, which affect how we and our channel partners do business in connection with governmental agencies. These laws and regulations may impose added costs on our business, and failure to comply with these laws and regulations or other applicable requirements, including non-compliance in the past, could lead to claims for damages from our channel partners or government customers, penalties, termination of contracts, loss of intellectual property rights and temporary suspension or permanent debarment from government contracting. Any such damages, penalties, disruptions or limitations in our ability to do business with





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the public sector could have a material adverse effect on our business, results of operations, financial condition and cash flows.

*Future acquisitions could disrupt our business and adversely affect our results of operations, financial condition and cash flows.*

We may choose to expand by making acquisitions that could be material to our business, results of operations, financial condition and cash flows. Our ability as an organization to successfully acquire and integrate technologies or businesses is unproven. Acquisitions involve many risks, including the following:

an acquisition may negatively affect our results of operations, financial condition or cash flows because it may require us to incur charges or assume substantial debt or other liabilities, may cause adverse tax consequences or unfavorable accounting treatment, including potential write-downs of deferred revenues, may expose us to claims and disputes by third parties, including intellectual property claims and disputes, or may not generate sufficient financial return to offset additional costs and expenses related to the acquisition;

we may encounter difficulties or unforeseen expenditures in integrating the business, technologies, products, personnel or operations of any company that we acquire, particularly if key personnel of the acquired company decide not to work for us;

an acquisition may disrupt our ongoing business, divert resources, increase our expenses and distract our management;

an acquisition may result in a delay or reduction of customer purchases for both us and the company we acquired due to customer uncertainty about continuity and effectiveness of service from either company;

we may encounter difficulties in, or may be unable to, successfully sell any acquired products;

an acquisition may involve the entry into geographic or business markets in which we have little or no prior experience or where competitors have stronger market positions;

challenges inherent in effectively managing an increased number of employees in diverse locations;

the potential strain on our financial and managerial controls and reporting systems and procedures;

potential known and unknown liabilities associated with an acquired company;

our use of cash to pay for acquisitions would limit other potential uses for our cash;

if we incur debt to fund such acquisitions, such debt may subject us to material restrictions on our ability to conduct our business as well as financial maintenance covenants;

the risk of impairment charges related to potential write-downs of acquired assets or goodwill in future acquisitions;

to the extent that we issue a significant amount of equity or convertible debt securities in connection with future acquisitions, existing stockholders may be diluted and earnings per share may decrease; and

managing the varying intellectual property protection strategies and other activities of an acquired company.

We may not succeed in addressing these or other risks or any other problems encountered in connection with the integration of any acquired business. The inability to integrate successfully the business, technologies, products, personnel or operations of any acquired business, or any significant

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delay in achieving integration, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

***We may require additional capital to fund our business and support our growth, and our inability to generate and obtain such capital on acceptable terms, or at all, could harm our business, operating results, financial condition and prospects.***

We intend to continue to make substantial investments to fund our business and support our growth. In addition, we may require additional funds to respond to business challenges, including the need to develop new features or enhance our software, improve our operating infrastructure or acquire or develop complementary businesses and technologies. As a result, we may need to engage in equity or debt financings to provide the funds required for these and other business endeavors. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing that we may secure 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. We may not be able to obtain such additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be adversely affected. In addition, our inability to generate or obtain the financial resources needed may require us to delay, scale back, or eliminate some or all of our operations, which may have a material adverse effect on our business, operating results, financial condition and prospects.

In addition, the recent global financial crisis which included, among other things, significant reductions in available capital and liquidity from banks and other providers of credit and substantial reductions or fluctuations in equity and currency values worldwide, may make it difficult for us to raise additional capital or obtain additional credit, when needed, on acceptable terms or at all.

***Governmental export or import controls could limit our ability to compete in foreign markets and subject us to liability if we violate them.***

Our products are subject to U.S. export controls, and we incorporate encryption technology into certain of our products. These products and the underlying technology may be exported only with the required export authorizations, including by license, a license exception or other appropriate government authorizations. U.S. export controls may require submission of an encryption registration, product classification and annual or semi-annual reports. Governmental regulation of encryption technology and regulation of imports or exports of encryption products, or our failure to obtain required import or export authorization for our products, when applicable, could harm our international sales and adversely affect our revenues. Compliance with applicable regulatory requirements regarding the export of our products, including with respect to new releases of our software, may create delays in the introduction of our product releases in international markets, prevent our customers with international operations from deploying our products or, in some cases, prevent the export of our products to some countries altogether. Furthermore, U.S. export control laws and economic sanctions prohibit the shipment of certain products and services to countries, governments and persons targeted by U.S. sanctions. If we fail to comply with export and import regulations and such economic sanctions, we may be fined or other penalties could be imposed, including a denial of certain export privileges. Moreover, any new export or import restrictions, new legislation or shifting approaches in the enforcement or scope of existing regulations, or in the countries, persons or technologies targeted by such regulations, could result in decreased use of our products by, or in our decreased ability to export

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or sell our products to, existing or potential customers with international operations. Any decreased use of our products or limitation on our ability to export or sell our products would likely adversely affect our business, financial condition and results of operations.

*We may have additional tax liabilities, which could harm our business, operating results, financial condition and prospects.*

Significant judgments and estimates are required in determining the provision for income taxes and other tax liabilities. Our tax expense may be impacted if our intercompany transactions, which are required to be computed on an arm's-length basis, are challenged and successfully disputed by the tax authorities. Also, our tax expense could be impacted depending on the applicability of withholding taxes and indirect tax on software licenses and related intercompany transactions in certain jurisdictions. In determining the adequacy of income taxes, we assess the likelihood of adverse outcomes that could result if our tax positions were challenged by the Internal Revenue Service, or IRS, and other tax authorities. The tax authorities in the United States and other countries where we do business regularly examine our income and other tax returns. The ultimate outcome of these examinations cannot be predicted with certainty. Should the IRS or other tax authorities assess additional taxes as a result of examinations, we may be required to record charges to operations that could have a material impact on the results of operations, financial position or cash flows.

*Determining our income tax rate is complex and subject to uncertainty.*

The computation of provision for income tax is complex, as it is based on the laws of numerous taxing jurisdictions and requires significant judgment on the application of complicated rules governing accounting for tax provisions under GAAP. Provision for income tax for interim quarters is based on a forecast of our U.S. and non-U.S. effective tax rates for the year, which includes forward looking financial projections, including the expectations of profit and loss by jurisdiction, and contains numerous assumptions. Various items cannot be accurately forecasted and future events may be treated as discrete to the period in which they occur. Our provision for income tax can be materially impacted, for example, by the geographical mix of our profits and losses, changes in our business, such as internal restructuring and acquisitions, changes in tax laws and accounting guidance and other regulatory, legislative or judicial developments, tax audit determinations, changes in our uncertain tax positions, changes in our intent and capacity to permanently reinvest foreign earnings, changes to our transfer pricing practices, tax deductions attributed to equity compensation and changes in our need for a valuation allowance for deferred tax assets. For these reasons, our actual income taxes may be materially different than our provision for income tax.

*The enactment of legislation implementing changes in the U.S. taxation of international business activities or the adoption of other tax reform policies could materially impact our financial position and results of operations.*

Recent changes to U.S. tax laws, including limitations on the ability of taxpayers to claim and utilize foreign tax credits, as well as changes to U.S. tax laws that may be enacted in the future, could impact the tax treatment of our foreign earnings. Due to expansion of our international business activities, any changes in the U.S. taxation of such activities may increase our worldwide effective tax rate and adversely affect our financial position and results of operations.

*Our international operations subject us to potentially adverse tax consequences.*

We generally conduct our international operations through wholly-owned subsidiaries, branches and representative offices and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. In December 2012, we more closely aligned our corporate structure with our international expansion, establishing a wholly-owned subsidiary in Ireland

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to provide order processing, technical and administrative support to all of our international operations, except for Canada and Japan, and transferring ownership of our Germany, Singapore and United Kingdom subsidiaries to this Irish entity. Such intercompany relationships are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. The relevant taxing authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position were not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

***Natural or man-made disasters and other similar events may significantly disrupt our business, and negatively impact our results of operations and financial condition.***

Any of our facilities may be harmed or rendered inoperable by natural or man-made disasters, including earthquakes, tornadoes, hurricanes, wildfires, floods, nuclear disasters, acts of terrorism or other criminal activities, infectious disease outbreaks, and power outages, which may render it difficult or impossible for us to operate our business for some period of time. For example, we host our Tableau Online and Tableau Public products from a data center located in the San Francisco Bay Area, a region known for seismic activity. Our facilities would likely be costly to repair or replace, and any such efforts would likely require substantial time. Any disruptions in our operations could negatively impact our business and results of operations, and harm our reputation. In addition, we may not carry business insurance or may not carry sufficient business insurance to compensate for losses that may occur. Any such losses or damages could have a material adverse effect on our business, results of operations and financial condition. In addition, the facilities of significant customers or major strategic partners may be harmed or rendered inoperable by such natural or man-made disasters, which may cause disruptions, difficulties or material adverse effects on our business.

***The forecasts of market growth included in this prospectus may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, we cannot assure you our business will grow at similar rates, if at all.***

Growth forecasts are subject to significant uncertainty and are based on assumptions and estimates which may not prove to be accurate. The forecasts in this prospectus relating to the expected growth in the business analytics software market may prove to be inaccurate. For more information regarding the forecasts of market growth included in this prospectus, see the section titled Market, Industry and Other Data.

***Changes in financial accounting standards may cause adverse and unexpected revenue fluctuations and impact our reported results of operations.***

A change in accounting standards or practices could harm our operating 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. Changes to existing rules or the questioning of current practices may harm our operating results or the way we conduct our business.

### **Risks Related to this Offering and Ownership of Our Class A Common Stock**

***Our stock price has been and will likely continue to be volatile or may decline regardless of our operating performance, resulting in substantial losses for investors purchasing shares in this offering.***

The trading price for shares of our Class A common stock has been, and is likely to continue to be, volatile for the foreseeable future. The market price of our common stock may fluctuate significantly in

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response to numerous factors, many of which are beyond our control, including the factors listed below and other factors described in this Risk Factors section:

actual or anticipated fluctuations in our results of operations;

the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;

failure of securities analysts to initiate or maintain coverage of our company, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;

ratings changes by any securities analysts who follow our company;

announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;

changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;

price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;

changes in our board of directors or management;

sales of large blocks of our Class A common stock, including sales by our executive officers, directors and significant stockholders;

lawsuits threatened or filed against us;

short sales, hedging and other derivative transactions involving our capital stock;

general economic conditions in the United States and abroad; and

other events or factors, including those resulting from war, incidents of terrorism or responses to these events.

In addition, stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and adversely affect our business, results of operations, financial condition and cash flows.

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*Substantial future sales of shares of our Class A common stock could cause the market price of our Class A common stock to decline.*

Sales of a substantial number of shares of our Class A common stock into the public market, or the perception that these sales might occur, could depress the market price of our Class A common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our common stock.

In addition, as of September 30, 2013, we had options outstanding that, if fully exercised, would result in the issuance of approximately 15,334,340 shares of Class A and Class B common stock. All of the shares of Class A common stock issuable upon the exercise of options (or upon conversion of shares of Class B common stock issued upon the exercise of options) have been registered for public resale under the Securities Act of 1933, as amended, or the Securities Act. Accordingly, these shares



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will be able to be freely sold in the public market upon issuance as permitted by any applicable vesting requirements.

As of September 30, 2013, the holders of approximately 21,100,000 shares of Class B common stock, without giving effect to the sale of shares in this offering by the selling stockholders, have rights, subject to some conditions, to require us to file registration statements for the public resale of the Class A common stock issuable upon conversion of such shares or to include such shares in registration statements that we may file for Tableau or other stockholders.

*Future sales and issuances of our capital stock or rights to purchase capital stock could result in dilution of the percentage ownership of our stockholders and could cause our stock price to decline.*

We may issue additional securities following the completion of this offering. Future sales and issuances of our capital stock or rights to purchase our capital stock could result in substantial dilution to our existing stockholders. We may sell Class A common stock, convertible securities and other equity securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities in subsequent transactions, investors may be materially diluted. New investors in such subsequent transactions could gain rights, pref