WORKIVA INC
Form 10-K
February 20, 2019

12/31/20182018falseFY12/31YesNoYesLarge Accelerated FilerFALSEFALSEFALSE00014453059563880.0010.00110000000001000000000344983913216540734498391321654070.0

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2018

OR

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

For transition period from to

Commission File Number 001-36773

WORKIVA INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**47-2509828** (I.R.S. Employer Identification Number)

2900 University Blvd
Ames, IA 50010
(888) 275-3125

(Address of principal executive offices and zip code)

(888) 275-3125

(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Class A common stock, par value $.001	**New York Stock Exchange**

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

None

Indicate by a check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No o

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer”, “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	ý	Accelerated filer o
Non-accelerated filer	o	Smaller reporting company o
		Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes o No ý

The aggregate market value of voting stock held by non-affiliates of the Registrant on June 30, 2018, based on the closing price of $24.40 for shares of the Registrant’s Class A common stock as reported by the New York Stock Exchange, was approximately $782.1 million. Shares of common stock beneficially owned by each executive officer, director, and holder of more than 10% of our common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 18, 2019, there were approximately 34,859,096 shares of the registrant's Class A common stock and 9,445,596 shares of the registrant's Class B common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Information required in response to Part III of Form 10-K (Items 10, 11, 12, 13 and 14) is hereby incorporated by reference to portions of the Registrant’s Proxy Statement for the Annual Meeting of Stockholders to be held in 2019. The Proxy Statement will be filed by the Registrant with the Securities and Exchange Commission no later than 120 days after the end of the Registrant’s fiscal year ended December 31, 2018.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report on Form 10-K are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created thereby. All statements contained in this Annual Report on Form 10-K other than statements of historical facts, including statements regarding our future results of operations and financial position, our business strategy and plans and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in “Item 1A. Risk Factors.” Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Annual Report on Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. We are under no duty to update any of these forward-looking statements after completion of this Annual Report on Form 10-K to conform these statements to actual results or revised expectations.

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Part I.

Item 1. Business

Overview

Workiva is a leading provider of cloud-based solutions for connected data, reporting and compliance. Our platform, Wdesk, is used by thousands of public and private companies, government agencies and higher-education institutions. Wdesk offers controlled collaboration, data linking, data integrations, granular permissions, process management and a full audit trail. Wdesk users are able to combine narrative with their data, which greatly improves insight in their financial, regulatory and management reporting processes. As of December 31, 2018, 3,340 organizations, including more than 75% of Fortune 500® companies, subscribed to our Wdesk platform.

Our customers can connect Wdesk with data in more than 100 cloud and on-premise applications. In June 2018, we expanded our Wdesk platform with Wdata, which combines new data preparation capabilities with existing connectors and Application Programming Interfaces (APIs) to help our customers more easily capture, enrich and connect large datasets to Wdesk. Integrating enterprise business systems with our platform removes manual steps in the reporting and analysis process after the data leaves our customers' Enterprise Resource Planning (ERP) and other data systems and enables data assurance throughout the entire reporting process with an immutable audit trail. Wdata also enables a broader set of business users to explore complex data at scale and better manage data transformations in the office of the CFO.

Many organizations throughout the world are required to report business data to a variety of regulators, boards and other stakeholders. However, these organizations often struggle to produce accurate and consistent information and reports because their ever-expanding volume of business data is typically stored in incompatible formats and spread across hundreds of different sources and locations. The stakes for enterprises are high: reporting incorrect, incomplete or untimely information increases the risks of poor decision-making, legal liability, reputational damage and a weakened competitive position.

By addressing these challenges, Workiva is changing the way people manage and report business data. Wdesk enables our users to collect, aggregate and prepare their unstructured and structured data in an integrated, secure, cloud-based environment. Numbers, narrative, charts and graphics can be linked inside Wdesk, which becomes an organization's central repository for critical data, providing a single source of truth. With linked data and a full audit trail, users can trust that Wdesk spreadsheets, word documents, presentations, dashboards and reports are up-to-date and consistent, reducing the risk of reporting incorrect data or taking action based on erroneous information.

With Wdesk serving as a consolidated record of business data, our customers can eliminate many repetitive, manual and time-consuming tasks imposed by legacy software, giving them more time to perform value-added work. Technology features familiar to people as consumers – speed, access and sharing – are available at work with Wdesk, thereby enabling our users to become more efficient and flexible, which we believe leads to greater job satisfaction, employee retention and career opportunities.

Coworkers using Wdesk can create, review and publish data-linked documents and reports with greater control, consistency, accuracy and productivity than ever before. Wdesk enables people to collaborate in the same document at the same time, which improves efficiency and version control. Wdesk is flexible and scalable, so users can easily adapt it to define, automate and change their business processes in real time, which helps our users streamline and modernize legacy processes and methods.

With data linking in Wdesk, changes are automatically updated in all linked instances – including numbers, text, charts and graphics – throughout a customer's spreadsheets, word-processing documents, presentation decks and dashboards in our platform. Linking enables data consistency and ensures that collaborators are working with the most current data, which reduces operational costs related to tedious ticking and tying and gives our customers peace of mind that their data and reports are accurate and up-to-date.

Wdesk provides accountability and transparency through a detailed audit trail that tracks every change made by every user over time. A complete record of data provenance and all changes helps our customers mitigate risk, gain insights and make better, data-driven decisions.

With permission controls in Wdesk, administrators can manage access at all levels for each user to create, review and edit data and documents that relate directly to them. This control feature also enables users to grant access to their external auditors, outside counsel and other consultants, which streamlines the review process and reduces expenses.

Wdesk Technology

Our technology is enterprise-grade and developed to perform at scale, allowing users to work anytime from anywhere with an internet connection. Wdesk utilizes Amazon Web Services and Google Cloud Platform, which enable us to scale our compute and storage capacity on demand. We can deploy incremental changes to our customers on a daily basis by employing a continuous delivery process supported by Agile software development methodologies. As a result, all of our customers access the latest version of our platform, and upgrades are applied with minimal disruption to ongoing operations. In addition, in order to keep our customers' data secure, we have developed advanced data security protocols that augment the standard security of the Amazon and Google cloud services. Our architecture has scalability for global enterprises, as well as advantages in reliability and cloud delivery.

Platform Milestones

In March 2010, we released our first software solution, which focused on streamlining reporting to the SEC.

In March 2013, we launched our Wdesk platform to respond to the growing demand from our customers to use Wdesk for work beyond SEC reporting.

In September 2016, we released enhancements to Wdesk that included: new capabilities to our spreadsheet application, making it one of the largest and fastest spreadsheet applications in the cloud; more powerful, dynamic dashboards; advanced testing and workflow capabilities; and expanded data relationships for SOX and internal control teams.

In July 2017, we began offering our customers the ability to connect Wdesk with more than 100 cloud and on-premise applications. Integrating enterprise business systems with Wdesk enables customers to directly connect the datasets they need into a central hub of trusted data, with powerful linking, auditability and control features.

In June 2018, we expanded our Wdesk platform with Wdata, which combines new data preparation capabilities with existing connectors and Application Programming Interfaces (APIs) to enable customers to more easily capture, enrich and connect large datasets to Wdesk. Wdata enables a broader set of business users to explore complex data at scale and better manage data transformations in the office of the CFO.

Markets and Use Cases

Although Workiva solutions are used for hundreds of different use cases, we currently focus our sales and marketing resources in five areas: (1) Finance and Accounting, (2) Risk and Controls, (3)

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Regulatory Reporting, (4) Financial Close, Management and Performance Reporting and (5) Statutory and Corporate Tax Reporting.

We distribute our software and services through field sales, inside sales and partnership channels. We focus on a “land-and-expand” strategy to acquire new customers and expand our existing customer relationships.

Our customer success and professional services teams help our account managers build our existing customer relationships by providing advice on best practices that enable users to harness the full power of Wdesk.

Many of the largest and most demanding enterprises in the world are included in our broadly diversified customer base. Our largest customer represented less than 1% of our revenue in 2018. We believe that we have exceptional customer satisfaction, as evidenced by our subscription and support revenue retention rate of 96.1% (excluding add-on seats) as of December 2018. Our subscription and support revenue retention rate including add-ons was 107.1% as of December 2018.

We have experienced strong revenue growth since we released our first solution in March 2010. Our revenue increased from $178.6 million in 2016 to $244.3 million in 2018, representing a 17% compound annual growth rate. We incurred a net loss of $44.0 million in 2016, $44.4 million in 2017 and $50.1 million in 2018. Approximately 82% of our revenue in 2018 was derived from subscription and support fees, with the remainder from professional services.

Our Industry

Industry Trends are Driving a Fundamental Shift in How Enterprises Collect, Manage, Report and Analyze Critical Business Data.

Data is Widespread and Disconnected. Enterprise data is typically spread across hundreds of different sources and stored in incompatible formats. Organizations often struggle with creating efficient and trusted solutions to harness this data in ways that can support decision-making.

Regulatory Requirements are Continually Changing. Legislation, such as the Sarbanes-Oxley Act and the Dodd-Frank Act in the United States, and requirements in Europe for reporting with a Single Electronic Format (ESEF) taxonomy, continue to drive complex reporting mandates. For example, SOX requires public company CEOs and CFOs to individually certify that their annual and quarterly financial reports are accurate and complete and to assess the effectiveness of their internal controls over financial reporting. Increased scrutiny from the Public Company Accounting Oversight Board (PCAOB) on audits of management’s assessment of internal controls – and the transition in the framework used for assessing internal controls – is driving public companies to find more efficient and accurate solutions for SOX compliance.

Charged with implementing these legislative mandates and others, governmental agencies such as the SEC, the Canadian Securities Administrators, the Federal Reserve System, the Federal Deposit Insurance Corporation, the U.S. Department of Energy, the U.S. Environmental Protection Agency, the European Securities and Markets Authority, the European Banking Authority and the U.K. Financial Conduct Authority continue to issue and change regulations that affect existing reporting requirements. Regulators are also implementing new, industry-specific reporting requirements. For example, in recent years insurance companies have been required to produce reports for Own Risk Solvency Assessment (ORSA) and Model Audit Rule, often referred to as MAR-SOX because of its similarity to SOX compliance. The European Banking Authority’s Supervisory Review and Evaluation Process (SREP) requires institutions to report on their Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP). The Financial Conduct Authority, which

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regulates financial services firms and financial markets in the UK, requires reporting under the Client Assets Sourcebook (CASS) rules for registered firms who hold or control client money or custody assets.

Use of Machine-Readable Data Is Growing. Regulators are demanding greater use of structured, machine-readable data in companies' reports. For example, the SEC requires that public companies include "structured financial data" in filed annual and quarterly reports so that an investor can automate extraction of the data the instant it is filed and compare it to performance in past years, information from other companies and industry averages. The SEC implemented its structured data mandate by requiring companies to tag the data in their financial statements using XBRL, which is a royalty-free, international standard designed specifically for digital reporting of financial, performance, risk and compliance information. XBRL provides a unique, machine-readable tag for individual disclosures within business reports. Use of XBRL enables government agencies to automate screening and analysis of filed documents. For example, the SEC Division of Enforcement has integrated the analysis of XBRL data into its investigative processes.

We expect the use of non-proprietary data standards, such as XBRL, to continue to grow. The U.S. federal government is beginning to mandate the use of open data standards for a variety of regulatory reports. The SEC is phasing in a requirement for reporting companies to begin using Inline XBRL, a standard that embeds XBRL in financial statements, thus eliminating the need to file two documents. Outside the United States, securities regulators, stock exchanges and taxing authorities in several countries (including Australia, Brazil, Canada, China, Denmark, Finland, Germany, India, Israel, Japan, the Netherlands, Singapore, South Korea, Spain and the United Kingdom) already require the filing of XBRL data. The SEC now requires Foreign Private Issuers (FPI) that prepare their financial statements in accordance with International Financial Reporting Standards (IFRS) to include XBRL tagging in their SEC filings. In addition, the European Securities and Markets Authority (ESMA) now mandates Inline XBRL for its European Single Electronic Format (ESEF) taxonomy. More than 5,000 EU issuers will be required to use this taxonomy for their annual financial reports, ending on or after January 1, 2020.

Management Oversight is Increasing. Enterprises are under increasing pressure to report a growing amount of information to internal management teams, boards of directors, internal and external auditors and other stakeholders. We believe that data needs to be collected, reported and analyzed more rapidly than ever before. Management teams are increasingly focused on leveraging data to support critical decisions. At the same time, boards of directors are pressing organizations to improve transparency in order to better fulfill their fiduciary duties.

Workforces are Becoming More Geographically Dispersed. Market dynamics and the globalization of enterprises have changed where people work and how they work together. Organizations are becoming increasingly global, with employees geographically distributed to support strategic and business needs. Workforce flexibility initiatives have resulted in more employees working remotely, increasing the demand for cloud-based enterprise software that can be accessed from anywhere with an internet connection.

Consumerization of Workplace Technology. Technical advancements in laptop computers, smart phones, tablets and wireless networks have enabled mobility across the enterprise. The rapid advancement of consumer applications, particularly social media, has raised expectations for enterprise technology as employees expect their workplace technology to achieve the same level of functionality, performance, data integration and ease of use as the consumer technologies that permeate their daily lives.

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Legacy Business Processes and Solutions Are Insufficient for Meeting the Requirements of Modern Enterprises.
For many enterprises, the process of compiling, reporting and analyzing critical data has been manual, repetitive and error-prone. Large enterprises often employ hundreds or even thousands of people to manually collect data with unencrypted emails and create and update rolling versions of draft documents and disconnected spreadsheets. Modern enterprises require a level of collaboration, security and control that we believe outdated business software and point solutions do not deliver. Shortcomings of legacy business processes and solutions include the following:

Access to resources is restricted. Traditional solutions require employees to be physically present at, or remotely logged into, a machine with the required technology and access permissions.

Collaboration is inefficient and risky. Traditional office software requires one person to work on one version of a presentation or report at one time. This rigidity creates challenges as concurrent versions lead to a tedious and time-consuming reconciliation process.

Workflows are rigid and serial. Workflows for presentation and report production operate as a series of dependent events, with workers being unable to advance sections they are responsible for while waiting for their turn in the document-production process.

Dataset creation is highly manual. Traditional dataset creation relies on ad-hoc processes and loosely defined protocols to consolidate a patchwork of disparate data sources with different owners and storage locations across the enterprise.

Edits are error-prone and lack audit trails. Traditional software does not permit linking references to a single source, so when a change is made it does not flow throughout the document or related documents, increasing the risk of errors.

Changes are difficult to audit. Traditional solutions do not offer visibility into data provenance or the lineage of changes to a document.

Control is limited. With legacy software, multiple versions of a spreadsheet, presentation or report may be stored in numerous locations across an enterprise, making it difficult to control who can review and edit, and even more difficult to adjust these roles as the creation process evolves.

Wdesk Platform Benefits

Public and private companies across a wide range of industries, as well as government agencies and higher-education institutions, use Wdesk to help coworkers simultaneously create, review and publish data-linked documents and reports with greater speed, control and accuracy. Wdesk provides accountability and transparency through a detailed audit trail that tracks every change made by every user over time. A complete record of data provenance and all changes helps our customers save time, mitigate risk, gain insights and make better, data-driven decisions.

Benefits to Decision-Makers

Reduces Risk. Numbers, narrative, charts and graphics can be linked inside Wdesk, which becomes an organization’s central repository for business data or single source of truth. Managers can trust that Wdesk spreadsheets, word documents, presentations, dashboards and reports are up-to-date and consistent, reducing the risk of reporting incorrect data or taking action based on erroneous information. In addition, Wdesk ensures that presentations and reports are published using the most recent business rules, formats and XBRL and Inline XBRL protocols where applicable.

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Improves Data Transparency. Wdesk provides accountability and transparency through a detailed audit trail that tracks every change made by every user over time. Decision-makers benefit from the ability to drill down into each discrete data point, which increases data transparency, accountability and trust that critical business data across an organization is verified and accurate.

Saves Time. With linked data in a single version – along with embedded tasks, comments and supporting documentation – Wdesk helps our customers reduce or completely eliminate repetitive, manual tasks, giving teams more time for analysis and other value-added work.

Streamlines Reviews. With Wdesk permission controls, administrators can grant access to their external auditors, outside counsel, and other consultants, which streamlines the review process and reduces expenses.

Better-Informed Decision-Making. People who use Wdesk know that they are working on the most current and accurate version, which helps our customers make quicker and better-informed decisions.

Benefits to Users

Ubiquitous Access. Users can access our Wdesk platform through a secure, web-based interface any time and anywhere an internet connection is available. By providing flexible access to Wdesk, users can be productive from wherever and whenever they choose to work.

Faster Time to Value. The Wdesk interface is familiar and intuitive so it can be easily deployed in days or weeks, enabling new users to make quick improvements to business data processes.

Better Collaboration. Our platform enables collaborators to draft and edit original work, assign and respond to tasks, make and resolve comments, track progress and certify sign-offs within the same document, spreadsheet, presentation or report at the same time from any location with internet access.

Higher Job Satisfaction. Wdesk helps users reduce or completely eliminate repetitive, manual and time-consuming functions, thereby becoming more efficient and flexible, which we believe leads to greater job satisfaction, employee retention, cross-role training and career opportunities.

Transferable Job Skills. The ability to work in Wdesk is increasingly being recognized as a transferable skill set desired by accounting, finance, compliance and operations teams. Wdesk proficiency often appears in our users' resumes and becomes an attractive consideration in promotions within an organization or by recruiters looking for professionals with advanced skills.

Growth Strategy

We continue to add new Wdesk customers as well as add seats at existing customers for a wide range of use cases at public and private companies, as well as government agencies and higher-education institutions. In addition, customer demand for our platform continues to expand as we improve Wdesk features and capabilities and build our ecosystem of customers and partners. Key elements of our growth strategy include:

Generate Growth From Existing Customers. Wdesk can exhibit a powerful network effect within an organization that attracts additional users and more data. As more employees in an enterprise use Wdesk, additional opportunities for collaboration and automation drive demand among their colleagues. Expansion within current customers includes adding users for both existing solutions and new use cases. Our new solution-based licensing model, which offers Wdesk subscriptions by solution rather than by our previous seat-based model, makes it easier for customers to add colleagues to Wdesk and delivers more value to our customers.

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Pursue New Customers. Our first software solution enabled customers to streamline and automate their SEC regulatory filings. In 2013, we began expanding into additional markets that were faced with managing large, complex processes with many contributors and disparate sets of business data. We now sell to new customers in the areas of: finance and accounting; risk and controls; regulatory reporting; financial close, management and performance reporting; and statutory and corporate tax reporting. We intend to continue to build our sales and marketing organization and leverage our brand equity to attract new customers in the U.S., Canada, Europe and Asia.

Expand our Partnership Ecosystem. We continue to expand our ecosystem of partners, including Business Process Outsourcing and managed service firms, global consultancies providing an array of accounting and advisory services, systems integrators, large and mid-sized Independent Software Vendors (ISV) and IT service providers. Our advisory and service partners offer a wider range of domain and functional expertise that broadens the capabilities of Wdesk, bringing scale and support to customers and prospects. Our technology partners enable more data and process integrations to help customers connect critical transactional systems directly to Wdesk, which becomes a central repository of trusted data, with powerful linking, auditability and control features.

Growth in Non-SEC Use Cases. We believe we have opportunities in several large and growing markets outside of SEC reporting, and therefore, we are continuing to invest in software development, sales and marketing to help Workiva grow in the U.S. and in international markets. For example, we continue to sell Wdesk for regulated risk, SOX and internal controls, audit management, capital markets transactions, performance and management reporting, statutory reporting and corporate tax reporting.

Offer Solutions for Large Financial Transformations. In 2018, we began helping companies use Wdesk to support large financial transformations, which drives wider adoption of our platform. We improved our user management functionality and released Wdesk Workspaces to give our customers a trusted environment for teams and to enable our solution-based licensing model. These new Wdesk capabilities enable even larger teams to benefit from Wdesk's core strengths: collaboration, control, accountability, and data assurance.

Offer More Solutions. We intend to introduce new solutions to continue to meet growing demand for our Wdesk platform. Our close and trusted relationships with our customers are often sources for new use cases, features and solutions. We have a disciplined process for tracking, developing and releasing new solutions that are designed to have immediate, broad applicability; a strong value proposition and a high return on investment for both Workiva and our customers. Our advance planning team assesses customer needs, conducts industry-based research and defines new markets. This vetting process involves our sales, product marketing, customer success, professional services, research and development, finance and senior management teams.

For example, in September 2018, we released a new solution for internal auditors to help them gain insight into risk management across their organizations. We also released a new solution in 2018 for corporate tax reporting that helps teams easily and accurately manage data for tax provision, transfer pricing, and financial reporting.

Close the Reporting Gap. Many organizations struggle to produce accurate and consistent data and reports because their business data is typically spread across hundreds of different sources and stored in ERP systems or other incompatible formats. When enterprises need to report their data, they often resort to exporting that data to legacy, disconnected spreadsheets that lack the control, auditability and transparency that is required for accurate reporting to board, regulators and other stakeholders. Wdesk closes this data gap in the reporting process.

Expand Internationally. For the year ended December 31, 2018, we generated approximately 91% of our revenue in the United States. However, the growth drivers for our solution are similar in other parts

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of the world, including the need to manage complex datasets, reduce errors and risk, improve efficiency and respond to regulatory requirements. In addition to the U.S., we market our platform and solutions to organizations in Canada, EMEA, and parts of Asia. In 2019, we plan to continue to increase our sales and marketing presence in EMEA to target the following use cases:

•*XBRL Tagging for Foreign Private Issuers.* The SEC requires Foreign Private Issuers (FPI) that prepare their financial statements in accordance with International Financial Reporting Standards (IFRS) to include XBRL tagging in their SEC filings for fiscal periods ending on or after December 15, 2017.

•*Inline XBRL for ESEF Taxonomy.* The European Securities and Markets Authority (ESMA) now mandates Inline XBRL for its European Single Electronic Format (ESEF) taxonomy. More than 5,000 EU issuers will be required to use this taxonomy for their annual financial reports, ending on or after January 1, 2020.

•*Global Statutory Reporting.* As in the U.S., we also see growing demand for Wdesk in Europe for statutory reporting, which is a complex and painful process for our multinational customers that are required to report tax information throughout different countries and local jurisdictions where they do business.

•*European Companies that Report to U.S. Regulators.* There are a variety of reports required by European companies that do business in the U.S., including Resolution and Recovery Plans (RRP), Stress Testing, SEC filings and SOX and internal controls compliance.

•*European Banking Authority Requirements.* The European Banking Authority’s Supervisory Review and Evaluation Process (SREP) requires institutions to report on their Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP).

•*CASS Reporting.* The Financial Conduct Authority, which regulates financial services firms and financial markets in the UK, requires reporting under the Client Asset Sourcebook (CASS) rules for registered firms who hold or control client money or custody assets.

Expand into Federal Government Agencies. In July of 2018, we received the Authorization to Operate (ATO) under the Federal Risk and Authorization Management Program (FedRAMP), which demonstrates our commitment to improving processes and ensuring the security of our customers' data. With this new authorization, federal government agencies can more easily adopt Wdesk to help streamline a wide range of data analyses and reporting. In addition, many commercial enterprises, particularly those in regulated industries, consider FedRAMP the highest standard of security assessment, authorization and continuous monitoring for cloud software.

Integrate More Data. Wdata, which includes data preparation tools along with data connectors and APIs, allows our customers to create direct connections to their data and bring much larger amounts of data into Wdesk. Direct integration removes manual steps in the reporting and analysis process after the data leaves our customers' ERP and other data systems, and it enables data assurance throughout the entire reporting process with an immutable audit trail.

Continue to Innovate. We believe we are the first technology company to build an integrated, cloud-based platform that provides a secure ecosystem to manage structured and unstructured business data that spans data integrations, data collection and linking, controlled collaboration, process management, granular permissions, streamlined reporting and data-driven decision-making. Our research and development efforts are focused on improving the Wdesk platform for broad use across all of our solutions and use cases.

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Wdesk Platform Use Cases

Our Wdesk platform enables customers to collect, link, manage, report and analyze business data for a wide range of use cases across public and private companies, government agencies and higher-education institutions. In addition, customer demand for a broader-based Wdesk platform continues to expand as we improve Wdesk features and capabilities and grow our ecosystem of partners. Our advisory and service partners offer a wider range of domain and functional expertise that broadens the capabilities of Wdesk, bringing scale and support to customers and prospects. Our technology partners enable more data and process integrations to help customers connect critical transactional systems directly to Wdesk, which becomes a central repository of trusted data, with powerful linking, auditability and control features.

Although Workiva solutions are used for hundreds of different use cases, we currently focus our sales and marketing resources in five areas: (1) Finance and Accounting, (2) Risk and Controls, (3) Regulatory Reporting, (4) Financial Close, Management and Performance Reporting and (5) Statutory and Corporate Tax Reporting.

Finance and Accounting

In the finance and accounting market, we sell Wdesk to public and private companies, government agencies and higher-education institutions that use our platform to improve business data processes and create a wide range of documents, spreadsheets, presentations and reports for management, investors, boards, regulators, auditors and other stakeholders.

SEC and SEDAR Reporting. We developed Wdesk to give customers control over the entire SEC reporting process, from data collection to drafting to embedding supporting documentation to the actual filing with XBRL or Inline XBRL. Our SEC reporting solution allows our customers to prepare and file all major SEC reports, such as Form 10-K, Form 10-Q and Form 8-K, as well as Form S-1 and other registration statements, proxy statements and Section 16 reports. Features tailored to the SEC reporting process include the capability to concurrently create reports in the HTML format required for filing on the SEC's Electronic Data Gathering, Analysis and Retrieval (EDGAR) system and the ability to perform XBRL tagging as well as to submit SEC reports with Inline XBRL. Foreign Private Issuers in Europe can use Wdesk to include XBRL tagging in their 20-F and 40-F filings with the SEC. Wdesk also enables customers to create earnings press releases, earnings call scripts, presentations and other investor relations materials with data linked to the corresponding filing. Canadian issuers can use Wdesk to draft and file reports on the System for Electronic Document Analysis and Retrieval (SEDAR).

Non-SEC Use Cases by Accounting and Finance Teams. Public and private companies, government agencies and higher-education institutions must create a vast array of complex financial and managerial reports. Wdesk use cases include: Financial Planning and Analysis (FP&A), board reporting, annual and quarterly reporting, C-Suite reporting, monthly operation and flash reports, Comprehensive Annual Financial Report (CAFR) and budgeting for state and local governments, financial reporting and planning for universities, Global Reporting Initiative (GRI), investment company compliance and capital markets transactions.

Risk and Controls

We sell Wdesk to teams that work in Sarbanes-Oxley Act (SOX) compliance, internal audit management, enterprise risk management and policy and procedure management.

SOX Compliance. Our customers use Wdesk to increase efficiency in documenting, implementing and assessing internal controls over financial reporting (ICFR) as required by SOX. SOX also requires public company CEOs and CFOs to individually certify that their annual and quarterly financial reports

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are accurate and complete and to assess the effectiveness of their ICFR. Increased scrutiny from the Public Company Accounting Oversight Board (PCAOB) on audits of management's assessment of internal controls – and the transition in the framework used for assessing internal controls – is driving public companies to find more efficient and accurate solutions for SOX compliance. With Wdesk, our customers can collect data from multiple departments, centralize that information in a linked platform, create and track process narratives and flows with co-workers, embed evidence and directly test controls. We began selling our Wdesk solution to the SOX market in the second quarter of 2014.

Internal Audit Management. We sell to the broad-based audit market because users in that market often collaborate with colleagues working in SOX, risk and controls across an organization. Internal audit management extends throughout an organization, drawing in Wdesk users from a wide range of departments. Internal audit management includes audit risk assessments, the audit planning process, workpaper management, testing, issues management and audit reports that encompass the audit committee report and the internal audit group. Wdesk allows simultaneous collaboration with control and accountability and enables robust documentation, accurate audit conclusions and complete audit trails, which are essential to auditors, executives and boards. With permission controls, administrators can restrict access at all levels for each user to create, review and edit data and documents that relate directly to them. This control feature also enables users to grant access to their external auditors, which further streamlines the review process and reduces expenses.

Enterprise Risk Management (ERM). With Wdesk, risk management practices can be integrated throughout the organization while maintaining information privacy, audit trails and security resulting in highly efficient and transparent compliance. Therefore, we also sell Wdesk for Enterprise Risk Management (ERM) as a solution for enterprises to identify systemic risks, determine risk probabilities, assess risk magnitude, plan strategic responses and report to boards and other stakeholders. Wdesk also can help business leaders make real-time ERM decisions.

Policy and Procedure Management. Our customers can use Wdesk to establish a connected, enterprise-wide policy and procedure management process. Teams can access and manage all content for policies, standards, procedures and guidelines for the entire enterprise in Wdesk, and they can efficiently manage ongoing policy review cycles throughout the year. Customers can map policies directly to risks, controls, processes and regulations and create a consistent template-driven format or taxonomy for all policies. Customers can also distribute and track employee attestation of policies and procedures with automated certification reminders and progress dashboards.

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Regulatory Reporting
Changing regulations and mandates create complexity in regulatory and compliance reporting, which is often carried out by teams scattered across different departments and geographies within organizations. While we cannot predict future changes that could affect federal regulations, we expect demand for Wdesk to remain strong as a platform for improving transparency, accountability and insight into business and government data.
We market Wdesk and Wdata to address regulatory compliance risk and enterprise risk. Examples of regulations facing our customers include the Dodd-Frank Act, Basel III, Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD). Wdesk use cases include Resolution and Recovery Plans (RRP), Comprehensive Capital Analysis and Review (CCAR), and Dodd-Frank Stress Testing (DFAST). Regulators in the U.S. and elsewhere are also implementing new, industry-specific reporting requirements.
Financial Close, Management and Performance Reporting
Operations teams across organizations of all sizes typically have to collect, track, manage and report on a wide range of operating metrics to drive better business outcomes. Our customers continuously find new use cases across their organizations, including board committee and quarterly reporting, C-Suite reporting, strategic business plans, financial statements, variance reports, monthly management reports, managing and tracking key performance indicators (KPIs), data collection for domestic sales, performance reporting and employee benefit financial statements.
Statutory and Corporate Tax Reporting
In 2018, Workiva released a solution for corporate tax reporting that helps teams easily and accurately manage data for tax provisions, transfer pricing and financial reporting. Users can import data from ERP and financial consolidation systems, leveraging existing trial balance, financial statements and other back-office reports, and manage all of their information in a single, integrated platform of connected workpapers and reports. Users can share the same data across legal, tax and accounting departments without having to leave Wdesk. This allows tax teams to go paperless and attach outside workpapers, such as fixed asset reports, directly to the figures that they support.
Statutory Reporting. We also see growing demand for Wdesk in the U.S. and in Europe for statutory reporting, which is a complex and painful process for our multinational customers that are required to report tax information throughout different countries and local jurisdictions where they do business. Currently, most of these enterprises rely on hundreds of legacy word-processing documents and spreadsheets, circulating in emails with no digital audit trail. This disconnected, antiquated process is prone to errors and creates inconsistent reports to different entities within the same local jurisdiction. Without a standardized process, companies face enormous risk and high expenses related to outsourcing to a bevy of local consultants and accounting firms, which weakens control and extends review time.
Wdesk Platform Technology
Wdesk is the cloud-based, multi-tenant technology platform upon which all Workiva software solutions run. Wdesk is built on Amazon Web Services and Google Cloud Platform and is composed of proprietary and open-source technologies. Users can access all Wdesk solutions with any standard web browser and iPad and Android applications. We believe that the following characteristics comprise our platform’s key competitive advantages:
Easy to Deploy and Configure. The Wdesk platform can be deployed within days or weeks for new customers and can be easily configured by the customer for individual employees or entire teams.

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Because our solutions are browser-based, customers avoid costly, time-intensive deployments typically associated with on-premise enterprise software.
High Performance. The architecture, design, deployment and management of our solutions are focused on enterprise-grade scalability, availability and security. The performance of the Wdesk platform has been tested and proven by some of the largest, most demanding enterprises in the world.
Always Improving. Additionally, constant customer collaboration and development iteration allows us to offer our customers continuous improvements by releasing a new version of Wdesk several times each week.
Scales Rapidly. Wdesk is designed to support millions of end users as a result of its scalability and our relationship with the Google Cloud Platform and Amazon Web Services. A number of our customers have reported millions of links to single sources of data, among multiple documents, spreadsheets and presentations, without any noticeable negative effects on performance.
Secure. Many of the largest enterprises in the world trust us with their most sensitive data. Wdesk employs stringent data security, reliability, integrity and privacy practices. In addition to our regular customer security assessments, we employ best practice web technologies, including continuous and ongoing penetration and vulnerability testing (manual and automatic, internal and third-party). The quality of our data security efforts is validated by our annual completion of an independent audit process.

Research and Development

Our research and development team is distributed among nine office locations in North America and Europe, including our headquarters in Ames, Iowa. Our research and development efforts are focused on improving the Wdesk platform for broad use across all of our solutions. Our innovation is driven by listening to our customers and creating solutions to meet their needs. We employ Agile software development methods that place customers at the heart of the design process. This includes constant collaboration and iteration that delivers new software functionality at a very fast pace.

Customers

Thousands of organizations, including global enterprises with hundreds of thousands of employees trust Workiva. As of December 31, 2018, we had more than 3,300 customers, including more than 75% of Fortune 500 companies. Our Wdesk platform modernizes the way our customers work. Our customers are passionate, loyal supporters of our solutions, as demonstrated by our subscription and support revenue retention rate of 96.1% (excluding add-on seats) as of the December 2018 measurement date. Our subscription and support revenue retention rate including add-on seats was 107.1% as of the December 2018 measurement date.

Competition

The intensity and nature of our competition varies significantly across our different solutions, as changes in regulation and market trends result in evolving customer requirements and demand for enterprise software. Our primary competitors include:

- Status quo, manual business processes that rely on legacy business software tools;
- Diversified enterprise software providers;
- Niche software providers that provide point solutions;
- Providers of professional services, including consultants and business and financial printers;
- Governance, risk and compliance software providers; and

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•Business intelligence / performance management software providers.
As our markets expand, we expect to compete with more highly specialized software vendors as well as larger vendors that may continue to acquire or bundle their products more effectively.
The principal competitive factors in our market include: product features, reliability, performance and effectiveness; product line breadth, diversity and applicability; product extensibility and ability to integrate with other technology infrastructures; price and total cost of ownership; adherence to industry standards and certifications; strength of sales and marketing efforts; and brand awareness and reputation. We believe that our Wdesk cloud-based platform has the combination of features and value to our customers that will continue to allow us to compete favorably.
Sales and Marketing
Our "land-and-expand" sales strategy focuses on acquiring new customers and growing our existing customer relationships. We believe that we have penetrated only a small fraction of our market opportunity, and we intend to continue investing in sales and marketing to drive growth in the U.S. Canada, Europe and parts of Asia.
Sales
Our sales organization employs a combination of field sales, inside sales and partnership channels. We focus on a "land-and-expand" strategy to acquire new customers and expand our existing customer relationships.
In 2018, we continued to expand our ecosystem of partners, including Business Process Outsourcing and managed service firms, global consultancies providing an array of accounting and advisory services, systems integrators, large and and mid-sized Independent Software Vendors (ISV) and IT service providers. Our advisory and service partners offer a wider range of domain and functional expertise that broadens the capabilities of Wdesk, bringing scale and support to customers and prospects. Our technology partners enable more data and process integrations to help customers connect critical transactional systems directly to Wdesk.
Our sales organization comprises sales development representatives, pre-sales engineers and account managers. Our sales development representatives qualify sales-accepted opportunities for our account managers. Our pre-sales engineers focus on solutions and custom product demonstrations and consultative sales. Our account managers work to attract new customers as well as expand Wdesk into new use cases and departments across our current customers' organizations.
Our customer success and professional services teams also help our account managers grow our existing customer relationships by providing advice and best practices that enable users to harness the full power of Wdesk.
We expect to continue to strengthen our sales coverage in our current markets, as well as expand our sales footprint in locations where we see a demand for our solutions. To achieve this growth, we plan to continue to hire motivated sales people with experience in large enterprise software sales and in specific geographical regions. We believe that our approach to hiring sales people, along with a progressive training, culture and compensation package will allow us to retain sales talent and continue to drive growth.
Marketing
Our marketing organization promotes our brand, generates demand for our offerings and researches and assesses product and market needs. Our advance planning team assesses customer needs,

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conducts industry-based research and identifies new markets. Our product marketing team develops the go-to-market strategy for Workiva solutions and manages pricing and licensing strategies. The product marketing team also supports our sales team with playbooks that include profiles of typical buyers, key messages, value propositions, competitive analysis and sales strategies.

Our demand generation programs are categorized by solution and industry and are focused on engaging business leaders, process owners and technology teams. We use a variety of marketing programs across traditional and social channels to target current and prospective customers.

Professional Services and Customer Success

We believe our professional services and customer success teams are essential contributors to our long-term success and differentiate our service from our competitors.

Professional Services. Professional Services include initial setup of documents; XBRL mapping, tagging and review; best practices implementation; and business process consulting. Our XBRL team is primarily composed of people with accounting or financial reporting experience who work with our customers to perform XBRL mapping, tagging and review services. We also employ a team of Solution Architects who offer consulting services to customers to improve and streamline their Wdesk-related business data processes.

Customer Success. Our Customer Success Managers (CSMs) partner with our users to understand their business goals and objectives and offer in-depth knowledge and best practices for each customer’s Wdesk usage. In addition to our CSMs, our Customer Success Experts (CSEs) provide 24/7 live customer support via phone, digital messaging and web-based conferencing. We provide intensive training to both our CSMs and CSEs and segment them for each solution and market focus. In addition, we pay for employees to maintain professional certifications and licenses that are important to our customers, and we host regular company-wide employee education sessions on business, industry, technology and workplace topics.

Intellectual Property

Our intellectual property and proprietary rights are important to our business. To safeguard these rights, we rely on a combination of patent, trademark, copyright and trade secret laws and contractual protections in the United States and other jurisdictions.

As of December 31, 2018, we had 36 issued patents and 20 patent applications pending in the United States relating to our platform. We cannot assure you that any of our patent applications will result in the issuance of a patent or whether the examination process will require us to narrow or otherwise limit our claims. Any patents issued may be contested, designed around, found unenforceable, or invalidated, and we may not be able to prevent third parties from infringing them. We also license software from third parties for integration into our solutions, including open source software and other software available on commercially reasonable terms. We cannot assure you that such third parties will maintain such software or continue to make it available.

We control access to and use of our proprietary software and other confidential information through the use of internal and external controls, including contractual protections with employees, contractors, end-customers, and partners, and our software is protected by U.S. and international copyright laws. Despite our efforts to protect our trade secrets and proprietary rights through intellectual property rights, licenses, and confidentiality agreements, unauthorized parties may still copy or otherwise obtain and use our software and technology. In addition, we intend to expand our international operations, and effective patent, copyright, trademark, and trade-secret protection may not be available or may be limited in foreign countries.

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If we continue to be successful, we believe that competitors will be more likely to try to develop solutions and services that are similar to ours and that may infringe our proprietary rights. It may also be more likely that competitors or other third parties will claim that our platform infringes their proprietary rights.
Our industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patent and other intellectual property rights. In particular, leading companies in the enterprise software industry have extensive patent portfolios and are regularly involved in both offensive and defensive litigation. From time to time, third parties, including certain of these leading companies, may assert claims of infringement, misappropriation or other violations of intellectual property rights against us, and our standard license and other agreements obligate us to indemnify our customers against such claims. Successful claims of infringement by a third party could prevent us from distributing certain solutions or performing certain services, require us to expend time and money to develop non-infringing solutions, or force us to pay substantial damages (including enhanced damages if we are found to have willfully infringed patents or copyrights), royalties or other fees. In addition, to the extent that we gain greater visibility and market exposure as a public company, we face a higher risk of being the subject of intellectual property infringement claims from third parties. We cannot assure you that we do not currently infringe, or that we will not in the future infringe, upon any third-party patents, copyrights or other proprietary rights.
We have registered a number of trademarks and logos, including “Workiva” and “Wdesk,” with the United States Patent and Trademark Office and in several jurisdictions outside the United States. We have also registered other trademarks in the United States and in other jurisdictions outside the United States. In addition, we intend to expand our international operations, and we cannot assure you that these names will be available for use in all such jurisdictions.

Litigation

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of any currently pending legal proceedings to which we are a party will not have a material adverse effect on our business, operating results, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Employees

As of December 31, 2018, we had 1,319 full-time employees. Our headcount as of December 31, 2018 was relatively flat from our headcount as of December 31, 2017. None of our employees is represented by a labor organization or is a party to any collective bargaining arrangement. We have never experienced a strike or similar work stoppage, and we consider our relations with our employees to be good.

Corporate Information

We were formed in California in August 2008 as WebFilings LLC. In July 2014, we changed our name to Workiva LLC, and we converted into a Delaware limited liability company in September 2014. On December 10, 2014, Workiva LLC was converted into a Delaware corporation and renamed Workiva Inc. Our principal executive offices are located at 2900 University Boulevard, Ames, Iowa 50010, and our telephone number is (888) 275-3125. Our website address is www.workiva.com.

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

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Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties, including those described below. You should carefully consider the following risks and all of the other information contained in this report, including our consolidated financial statements and related notes, before investing in any of our securities. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks, or other risks and uncertainties that are not yet identified or that we currently think are immaterial, actually occur, our business, financial condition, results of operations and future prospects could be materially and adversely affected. In that event, the market price of our Class A common stock could decline. We may amend, supplement or add to the risk factors described below from time to time in future reports filed with the SEC.

Risks Related to Our Business and Industry

We have a limited operating history, which makes it difficult to predict our future operating results.

We were founded in 2008 and have a limited operating history. We began offering our first solution in 2010 and launched Wdesk in 2013. As a result of our limited operating history, our ability to forecast our future operating results is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. We have encountered and will encounter risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as the risks and uncertainties described herein. If our assumptions regarding these risks and uncertainties (which we use to plan our business) are incorrect or change due to changes in our markets, 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.

We have not been profitable historically and may not achieve or maintain profitability in the future.

We have posted a net loss in each fiscal year since we began operations in 2008, including net losses of approximately $50.1 million in fiscal 2018, $44.4 million in fiscal 2017 and $44.0 million in fiscal 2016. While we have experienced continued revenue growth in recent periods, we are not certain whether or when we will obtain a high enough volume of subscriptions to sustain or increase our growth or achieve or maintain profitability in the future. In addition, we plan to continue to invest in our infrastructure, new solutions, research and development and sales and marketing, and as a result, we cannot assure you that we will achieve or maintain profitability. Because we intend to continue spending in anticipation of the revenue we expect to receive from these efforts, our expenses will be greater than the expenses we would incur if we developed our business more slowly. In addition, we may find that these efforts are more expensive than we currently anticipate, which would further impact our profitability.

We may incur losses in the future for a number of reasons, including the other risks and uncertainties described in this annual report. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays and other unknown factors that may result in losses in future periods. If our revenue growth does not meet our expectations in future periods, our financial performance may be harmed, and we may not achieve or maintain profitability in the future.

Our revenue growth rate in recent periods may not be indicative of our future performance.

We experienced revenue growth rates of 18%, 16% and 23% in fiscal 2018, 2017 and 2016, respectively. Our historical revenue growth rates are not indicative of future growth, and we may not achieve similar revenue growth rates in future periods. You should not rely on our revenue or revenue growth for any prior quarterly or annual periods as any indication of our future revenue or revenue growth. If we are unable to maintain consistent revenue or revenue growth, our stock price could be volatile, and it may be difficult to achieve and maintain profitability.

Failure to manage our growth may adversely affect our business or operations.

Since 2010, we have experienced significant growth in our business, customer base, employee headcount and operations, and we expect to continue to grow our business over the next several years. This growth places a significant strain on our management team and employees and on our operating and financial systems. To manage our future growth we must continue to scale our business functions, improve our financial and management controls and our reporting systems and procedures and expand and train our work force. In particular, we grew from 109 employees as of December 31, 2010 to more than 1,300 employees as of December 31, 2018. We anticipate that additional investments in sales personnel, infrastructure and research and development spending will be required to:

•scale our operations and increase productivity;
•address the needs of our customers;
•further develop and enhance our existing solutions and offerings;
•develop new technology; and
•expand our markets and opportunity under management, including into new solutions and geographic areas.

We cannot assure you that our controls, systems and procedures will be adequate to support our future operations or that we will be able to manage our growth effectively. We also cannot assure you that we will be able to continue to expand our market presence in the United States and other current markets or successfully establish our presence in other markets. Failure to effectively manage growth could result in difficulty or delays in deploying customers, declines in quality or customer satisfaction, increases in costs, difficulties in introducing new features or other operational difficulties, and any of these difficulties could adversely impact our business performance and results of operations.

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

Our quarterly results of operations, including the levels of our revenue, gross margin, profitability, cash flow and deferred revenue, may vary significantly in the future, and period-to-period comparisons of our operating results may not be meaningful. Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control, and therefore, may not fully reflect the underlying performance of our business. Fluctuations in quarterly results may negatively impact the value of our Class A common stock. Factors that may cause fluctuations in our quarterly financial results include, without limitation, those listed below:

•our ability to attract new customers in multiple regions around the world;
•the addition or loss of large customers, including through acquisitions or consolidations;
•the timing of recognition of revenue;
•the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure;

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- network outages, security breaches, technical difficulties or interruptions with our services;
- general economic, industry and market conditions;
- customer renewal rates;
- pricing changes upon any renewals of customer agreements;
- the pace of transition of customers from seat-based licensing to solution-based licensing;
- changes in our pricing policies or those of our competitors;
- the mix of solutions sold during a period;
- seasonal variations in sales of our solutions;
- seasonal variations in the delivery of our services;
- the timing and success of new product and service introductions by us or our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors, customers or strategic partners;
- the announcement or adoption of new regulations and policy mandates or changes to existing regulations and policy mandates;
- changes in foreign currency exchange rates;
- future accounting pronouncements or changes in our accounting policies;
- general economic conditions, both domestically and in the foreign markets in which we sell our solutions;
- the timing of expenses related to the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired companies; and
- unforeseen litigation and intellectual property infringement.

We derive a majority of our revenue from customers using our Wdesk platform for SEC filings. Our efforts to continue to increase use of our Wdesk platform in other applications may not succeed and may reduce our revenue growth rate.

We derive a majority of our revenue from customers using our Wdesk platform for SEC filings. We began our sales and marketing of Wdesk for regulatory risk, SOX, enterprise risk management and audit management relatively recently. While non-SEC use cases generated just over half of our total bookings in 2018, it is uncertain whether these non-SEC use cases will achieve the level of market acceptance we have achieved in the SEC filing market. Further, the introduction of new solutions beyond these markets may not be successful. Any factor adversely affecting sales of our platform or solutions, including release cycles, market acceptance, competition, performance and reliability, reputation and economic and market conditions, could adversely affect our business and operating results.

Our solutions face intense competition in the marketplace. If we are unable to compete effectively, our operating results could be adversely affected.

The market for our solutions is increasingly competitive, rapidly evolving and fragmented, and is subject to changing technology and shifting customer needs. Although we believe that our Wdesk platform and the solutions that it offers are unique, many vendors develop and market products and services that compete to varying extents with our offerings, and we expect competition in our market to continue to intensify. Moreover, industry consolidation may increase competition. In addition, many

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companies have chosen to invest in their own internal reporting solutions and therefore may be reluctant to switch to solutions such as ours.
We compete with many types of companies, including diversified enterprise software providers; providers of professional services, such as consultants and business and financial printers; governance, risk and compliance software providers; and business intelligence/corporate performance management software providers. Many of our existing competitors, as well as a number of potential new competitors, have longer operating histories, greater name recognition, more established customer bases and significantly greater financial, technical, marketing and other resources than we do. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. We could lose customers if our competitors introduce new competitive products, add new features, acquire competitive products, reduce prices, form strategic alliances with other companies or are acquired by third parties with greater available resources. We also face competition from a variety of vendors of cloud-based and on-premise software applications that address only a portion of one of our solutions. We may also face increasing competition from open source software initiatives, in which competitors may provide software and intellectual property for free. In addition, if a prospective customer is currently using a competing solution, the customer may be unwilling to switch to our solutions without access to setup support services. If we are unable to provide those services on terms attractive to the customer, the prospective customer may be unwilling to utilize our solutions. If our competitors' products, services or technologies become more accepted than our solutions, if they are successful in bringing their products or services to market earlier than ours, or if their products or services are more technologically capable than ours, then our revenue could be adversely affected. In addition, some of our competitors may offer their products and services at a lower price. If we are unable to achieve our target pricing levels, our operating results would be negatively affected. Pricing pressures and increased competition could result in reduced sales, reduced margins, losses or a failure to maintain or improve our competitive market position, any of which would adversely affect our business.
Our revenue growth will depend in part on the success of our efforts to augment our direct-sales channels by developing relationships with third parties.
Prior to 2017, we relied almost exclusively on the direct-sales model to market Wdesk. In order to continue to build our business, we plan to continue to develop partnerships to support our sales efforts through referrals and co-selling arrangements. Our efforts to develop relationships with partners are still at an early stage, we have generated limited revenue through these relationships to date, and we cannot assure you that we will be able to develop and maintain successful partnerships or that these partners will be successful in marketing and selling our platform or solutions based upon our platform. Identifying partners, negotiating and supporting relationships with them and maintaining relationships requires a significant commitment of time and resources that may not yield a significant return on our investment. We expect that our partners will have only limited commitments to dedicate resources to marketing and promoting our solutions. In addition, our competitors may be more effective in providing incentives to our partners or prospective partners to favor their products or services over our solutions. If we are unsuccessful in establishing or maintaining our relationships with partners, or if these partners are unsuccessful in marketing or selling our solutions or are unable or unwilling to devote sufficient resources to these activities, our ability to compete in the marketplace or to grow our revenue could be impaired and our operating results may suffer. Further, new or emerging technologies, technological trends or changes in customer requirements may result in certain third parties de-emphasizing their dealings with us or becoming potential competitors in the future.

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Failure to establish and maintain partnerships that can provide complementary technology offerings and software integrations could limit our ability to grow our business.
Our growth strategy includes expanding the use of Wdesk through complementary technology offerings and software integrations, such as third-party application programming interfaces, or APIs. While we have established relationships with certain providers of complementary technology offerings and software integrations, we cannot assure you that we will be successful in maintaining partnerships with these providers or in establishing additional partnerships of this type. Third-party providers of complementary applications and APIs may decline to enter into partnerships with us or may later terminate their relationships with us, change the features of their applications and platforms, restrict our access to their applications and platforms or alter the terms governing use of their applications and APIs and access to those applications and platforms in an adverse manner. Such changes could functionally limit or terminate our ability to use these third-party applications and platforms with Wdesk, which could negatively impact our offerings and harm our business. Further, if we fail to integrate Wdesk with new third-party applications and platforms that our customers use, or to adapt to the data transfer requirements of such third-party applications and platforms, we may not be able to offer the functionality that our customers need, which would negatively impact our offerings and, as a result, could negatively affect our business, results of operations and financial condition. In addition, we may benefit from these partners' brand recognition, reputations, referrals and customer bases. Any losses or shifts in the referrals from or the market positions of these partners in general, in relation to one another or to new competitors or new technologies could lead to losses in our relationships or customers or our need to identify or transition to alternative channels for marketing our solutions.
If we do not keep pace with technological changes, our solutions may become less competitive and our business may suffer.
Our market is characterized by rapid technological change, frequent product and service innovation and evolving industry standards. If we are unable to provide enhancements and new features for our existing solutions or new solutions that achieve market acceptance or that keep pace with these technological developments, our business could be adversely affected. For example, we have begun the process of transitioning customers to the next generation of Wdesk. In addition, we focus on enhancing the features of our Wdesk platform to improve its utility for larger customers with complex, dynamic and global operations. The success of enhancements, new features and solutions depends on several factors, including the timely completion, introduction and market acceptance of the enhancements or new features or solutions. If we fail to successfully complete the transition to the next generation of Wdesk or to complete and introduce platform enhancements, or if our customers experience difficulties using our platform as a result of the transition or of the implementation of these enhancements, our revenue retention and revenue growth may be adversely affected. In addition, because our solutions are designed to operate on a variety of systems, we will need to continuously modify and enhance our solutions to keep pace with changes in internet-related hardware, software, communication, browser and database technologies. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely fashion. Furthermore, uncertainties about the timing and nature of new network platforms or technologies, or modifications to existing platforms or technologies, could increase our research and development expenses. Any failure of our solutions to keep pace with technological changes or operate effectively with future network platforms and technologies could reduce the demand for our solutions, result in customer dissatisfaction and adversely affect our business.

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If we fail to manage our technical operations infrastructure, our existing customers may experience service outages, and our new customers may experience delays in the deployment of our solutions.

We have experienced significant growth in the number of users, projects and data that our operations infrastructure supports. We seek to maintain sufficient excess capacity in our operations infrastructure to meet the needs of all of our customers. We also seek to maintain excess capacity to facilitate the rapid provision of new customer deployments and the expansion of existing customer deployments. In addition, we need to properly manage our technological operations infrastructure in order to support changes in hardware and software parameters and the evolution of our solutions, all of which require significant lead time. Our Wdesk platform interacts with technology provided by Google, Amazon and other third-party providers, and our technological infrastructure depends on this technology. We have experienced, and may in the future experience, website disruptions, outages and other performance problems. These problems may be caused by a variety of factors, including infrastructure changes, human or software errors, viruses, security attacks, fraud, spikes in customer usage and denial of service issues. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. If we do not accurately predict our infrastructure requirements, our existing customers may experience service outages that may subject us to financial penalties, financial liabilities and customer losses. If our operations infrastructure fails to keep pace with increased sales, customers may experience delays as we seek to obtain additional capacity, which could adversely affect our reputation and our revenue.

As a provider of cloud-based software, we rely on the services of third-party data center hosting facilities. Interruptions or delays in those services could impair the delivery of our service and harm our business.

Our Wdesk platform has been developed with, and is based on, cloud computing technology. It is hosted pursuant to service agreements on servers by third-party service providers, including those with Google and Amazon. We do not control the operation of these providers or their facilities, and the facilities are vulnerable to damage, interruption or misconduct. Unanticipated problems at these facilities could result in lengthy interruptions in our services. If the services of one or more of these providers are terminated, disrupted, interrupted or suspended for any reason, we could experience disruption in our ability to offer our solutions, or we could be required to retain the services of replacement providers, which could increase our operating costs and harm our business and reputation. In addition, as we grow, we may move or transfer our data and our customers' data to other cloud hosting providers. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of our service. Further, any damage to, or failure of, the cloud servers that we use could result in interruptions in our services. Interruptions in our service may damage our reputation, reduce our revenue, cause us to issue credits or pay penalties, cause customers to terminate their subscriptions and adversely affect our renewal rates and our ability to attract new customers. Our business would be harmed if our customers and potential customers believe our service is unreliable.

Any failure or interruptions in the internet infrastructure, bandwidth providers, data center providers, other third parties or our own systems for providing our solutions to customers could negatively impact our business.

Our ability to deliver our solutions is dependent on the development and maintenance of the internet and other telecommunications services by third parties. Such services include maintenance of a reliable network backbone with the necessary speed, data capacity and security for providing reliable internet access and services and reliable telecommunications systems that connect our operations. While our solutions are designed to operate without interruption, we may experience interruptions and delays in services and availability from time to time. We rely on systems as well as third-party vendors, including

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data center, bandwidth, and telecommunications equipment providers, to provide our solutions. We do not maintain redundant systems or facilities for some of these services. In the event of a catastrophic event with respect to one or more of these systems or facilities, we may experience an extended period of system unavailability, which could negatively impact our relationship with our customers.

Any failure to offer high-quality technical support services may adversely affect our relationships with our customers and our financial results.

Once our solutions are deployed, our customers depend on our customer success organization to resolve technical issues relating to our solutions. In addition, in order to maintain our high levels of customer satisfaction and retention, we may need to provide additional support to customers as they transition to the next generation of Wdesk. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services without incurring additional expenses or at all. We also may be unable to modify the format of our support services to compete with changes in support services provided by our competitors. Increased customer demand for these services, without corresponding revenue, could increase costs and adversely affect our operating results. In addition, our sales process is highly dependent on our solutions and business reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality technical support, or a market perception that we do not maintain high-quality support, could adversely affect our reputation, our ability to sell our solutions to existing and prospective customers, and our business, operating results and financial position.

Because our Wdesk platform is offered on a subscription basis, we are required to recognize revenue for it over the term of the subscription. As a result, downturns or upturns in sales may not be immediately reflected in our operating results.

We generally recognize subscription and support revenue from customers ratably over the terms of their subscription agreements, which are typically on a quarterly or annual cycle and automatically renew for additional periods. As a result, a substantial portion of the revenue we report in each quarter will be derived from the recognition of deferred revenue relating to subscription agreements entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any one quarter may not be immediately reflected in our revenue results for that quarter. Such a decline, however, would negatively affect our revenue in future quarters. Accordingly, the effect of any significant downturns in sales and market acceptance of our solutions and potential changes in our rate of renewals may not be fully reflected in our results of operations until future periods. Our subscription model also makes it difficult for us to rapidly increase our subscription revenue through additional sales in any period, as revenue from new customers must be recognized over the applicable subscription term. In addition, we may be unable to adjust our cost structure to reflect the changes in revenue, which could adversely affect our operating results.

We cannot accurately predict subscription renewal or upgrade rates and the impact these rates may have on our future revenue and operating results.

Our business depends substantially on customers renewing their subscriptions with us and expanding their use of our services. Our customers have no obligation to renew their subscriptions for our services after the expiration of their initial subscription period. While we have historically maintained a subscription and support revenue retention rate of greater than 95%, we may be unable to maintain this historical rate and we may be unable to accurately predict our subscription and support revenue retention rate. In addition, our customers may renew for shorter contract lengths, lower prices or fewer users. We cannot accurately predict new subscription or expansion rates and the impact these rates may have on our future revenue and operating results. Our renewal rates may decline or fluctuate as a result of a number of factors, including customer dissatisfaction with our service, customers' ability to continue their operations and spending levels and deteriorating general economic conditions. If our customers do not renew their subscriptions for our service, purchase fewer solutions at the time of renewal, or negotiate a lower price upon renewal, our revenue will decline and our business will suffer. Our future success also depends in part on our ability to sell additional solutions and services, more subscriptions or enhanced editions of our services to our current customers, which may also require increasingly sophisticated and costly sales efforts that are targeted at senior management. If our efforts to sell additional solutions and services to our customers are not successful, our growth and operations may be impeded. In addition, any decline in our customer renewals or failure to convince our customers to broaden their use of our services would harm our future operating results.

Adverse economic conditions or reduced technology spending may adversely impact our business.

Our business depends on the overall demand for technology and on the economic health of our current and prospective customers. In general, worldwide economic conditions remain unstable, and these conditions make it difficult for our customers, prospective customers and us to forecast and plan future business activities accurately. These conditions could cause our customers or prospective customers to reevaluate their decision to purchase our solutions. Weak global economic conditions, or a reduction in technology spending even if economic conditions improve, could adversely impact our business, financial condition and results of operations in a number of ways, including longer sales cycles, lower prices for our solutions, reduced bookings and lower or no growth.

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 our corporate culture is a critical component to our success. We have invested substantial time and resources in building our team. As we grow and develop the infrastructure of a public company, we may find it difficult to maintain 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.

We depend on our senior management team and other key employees, and the loss of one or more key employees could adversely affect our business.

Our success depends largely upon the continued services of our key executive officers. We also rely on our leadership team and other mission-critical individuals in the areas of research and development, marketing, sales, services and general and administrative functions. From time to time, there may be changes in our management team resulting from the hiring or departure of executives or other key employees, which could disrupt our business. Our senior management and key employees are generally employed on an at-will basis, which means that they could terminate their employment with us at any time. The loss of one or more of our executive officers or key employees could have a material adverse effect on our business.

Our ability to attract, train and retain qualified employees is crucial to our results of operations and any future growth.

To execute our growth plan, we must attract and retain highly qualified personnel. Competition for these individuals is intense, especially for engineers with high levels of experience in designing and developing software and internet-related services, senior sales executives and professional services personnel with appropriate financial reporting experience. We have, from time to time, experienced, and

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we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees have breached their legal obligations or that we have induced such breaches, resulting in a diversion of our time and resources. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects could be adversely affected.

Our workforce is our primary operating expense and subjects us to risks associated with increases in the cost of labor as a result of increased competition for employees, higher employee turnover rates and required wage increases and health benefit coverage, lawsuits or labor union activity.

Labor is our primary operating expense. As of December 31, 2018, we employed 1,319 full-time employees. For the fiscal year ended December 31, 2018, employee compensation and benefits accounted for approximately 78% of our total operating expense. We may face labor shortages or increased labor costs because of increased competition for employees, higher employee turnover rates, or increases in employee benefit costs. If labor-related expenses increase, our operating expense could increase, which would adversely affect our business, financial condition and results of operations.

We are subject to the Fair Labor Standards Act (FLSA) and various federal and state laws governing such matters as minimum wage requirements, overtime compensation and other working conditions, citizenship requirements, discrimination and family and medical leave. In recent years, a number of companies have been subject to lawsuits, including class action lawsuits, alleging violations of federal and state law regarding workplace and employment matters, overtime wage policies, discrimination and similar matters. A number of these lawsuits have resulted in the payment of substantial damages by the defendants. Similar lawsuits may be threatened or instituted against us from time to time, and we may incur substantial damages and expenses resulting from lawsuits of this type, which could have a material adverse effect on our business, financial condition or results of operations.

There may be adverse tax and employment law consequences if the independent contractor status of our consultants or the exempt status of our employees is successfully challenged.

We retain consultants from time to time as independent contractors. Although we believe that we have properly classified these individuals as independent contractors, there is nevertheless a risk that the Internal Revenue Service (IRS) or another federal, state, provincial or foreign authority will take a different view. Furthermore, the tests governing the determination of whether an individual is considered to be an independent contractor or an employee are typically fact sensitive and vary from jurisdiction to jurisdiction. Laws and regulations that govern the status and misclassification of independent contractors are subject to change or interpretation by various authorities. If a federal, state or foreign authority or court enacts legislation or adopts regulations that change the manner in which employees and independent contractors are classified or makes any adverse determination with respect to some or all of our independent contractors, we could incur significant costs under such laws and regulations, including for prior periods, in respect of tax withholding, social security taxes or payments, workers' compensation and unemployment contributions, and recordkeeping, or we may be required to modify our business model, any of which could materially adversely affect our business, financial condition and results of operations. There is also a risk that we may be subject to significant monetary liabilities arising from fines or judgments as a result of any such actual or alleged non-compliance with federal, state or foreign tax laws. Further, if it were determined that any of our independent contractors should be treated as employees, we could incur additional liabilities under our applicable employee benefit plans.

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In addition, we have classified many of our U.S. employees as “exempt” under the FLSA. If it were determined that any of our U.S. employees who we have classified as “exempt” should be classified as “non-exempt” under the FLSA, we may incur costs and liabilities for back wages, unpaid overtime, fines or penalties and be subject to employee litigation.

Fixed-fee engagements with customers may not meet our expectations if we underestimate the cost of these engagements.

We provide certain professional services on a fixed-fee basis. When making proposals for fixed-fee engagements, we estimate the costs and timing for completing the engagements. We provide professional services on both SEC and non-SEC solutions, including our regulated risk and Sarbanes-Oxley compliance solutions. Professional services on non-SEC solutions usually involve a different mix of subscription, support and services than professional services on our SEC solution. Growth in professional services on non-SEC solutions may impact our gross margins in ways that we cannot predict. If we are required to spend more hours than planned to perform these services, our cost of services revenue could exceed the fees charged to our customers on certain engagements and could cause us to recognize a loss on a contract, which would adversely affect our operating results. In addition, if we are unable to provide these professional services, we may lose sales or incur customer dissatisfaction, and our business and operating results could be significantly harmed.

Our sales cycle is unpredictable. As more of our sales efforts are targeted at larger enterprise customers, our sales cycle may become more time-consuming and expensive, and we may encounter pricing pressure, which could harm our business and operating results.

The cost and length of our sales cycle varies by customer and is unpredictable. As we target more of our sales efforts at selling additional solutions to larger enterprise customers, we may face greater costs, longer sales cycles and less predictability in completing some of our sales. These types of sales often require us to provide greater levels of education regarding the use and benefits of our service. In addition, larger customers may demand more document setup services, training and other professional services. As a result of these factors, these sales opportunities may require us to devote greater sales support and professional services resources to individual customers, driving up costs and time required to complete sales and diverting sales and professional services resources to a smaller number of larger transactions.

Our quarterly results reflect seasonality in revenue from professional services, which makes it difficult to predict our future operating results.

We have historically experienced seasonal variations in our revenue from professional services as many of our customers employ our professional services just before they file their Form 10-K in the first calendar quarter. As of December 31, 2018, approximately 78% of our SEC customers report their financials on a calendar year basis. While we expect our professional services revenue to become less seasonal as our non-SEC offerings grow, a significant portion of our revenue may continue to reflect seasonality, which makes it difficult to predict our future operating results. As a result, our operating and financial results could differ materially from our expectations and our business could suffer.

The success of our cloud-based software largely depends on our ability to provide reliable solutions to our customers. If a customer were to experience a product defect, a disruption in its ability to use our

solutions or a security flaw, demand for our solutions could be diminished, we could be subject to substantial liability and our business could suffer.

Because our solutions are complex and we continually release new features, our solutions could have errors, defects, viruses or security flaws that could result in unanticipated downtime for our subscribers and harm our reputation and our business. Internet-based software frequently contains undetected errors or security flaws when first introduced or when new versions or enhancements are released. We might from time to time find such defects in our solutions, the detection and correction of which could be time consuming and costly. Since our customers use our solutions for important aspects of their business, any errors, defects, disruptions in access, security flaws, viruses, data corruption or other performance problems with our solutions could hurt our reputation and may damage our customers' businesses. If that occurs, customers could elect not to renew, could delay or withhold payment to us or may make warranty or other claims against us, which could result in an increase in our provision for doubtful accounts, an increase in collection cycles for accounts receivable or the expense and risk of litigation. We could also lose future sales. In addition, if the public becomes aware of security breaches of our solutions, our future business prospects could be adversely impacted.

We employ third-party licensed software for use in or with our solutions, and the inability to maintain these licenses or the existence of errors in the software we license could result in increased costs or reduced service levels, which would adversely affect our business.

Our solutions incorporate certain third-party software, including the Google Cloud Platform, that may be licensed to or hosted by or on behalf of Workiva, or may be hosted by a licensor and accessed by Workiva on a Software-as-a-Service basis. We anticipate that we will continue to rely on third-party software and development tools from third parties in the future. There may not be commercially reasonable alternatives to the third-party software we currently use, or it may be difficult or costly to replace. In addition, integration of the software used in our solutions with new third-party software may require significant work and require substantial investment of our time and resources. Also, to the extent that our solutions depend upon the successful operation of third-party software in conjunction with our software, any undetected errors or defects in this third-party software could prevent the deployment or impair the functionality of our solutions, delay new solution introductions, result in a failure of our solutions and injure our reputation. Our use of additional or alternative third-party software would require us to enter into license agreements with third parties. Any inability to maintain or acquire third-party licensed software for use in our solutions could result in increased costs or reduced service levels, which would adversely affect our business.

Changes in laws and regulations related to the internet or changes in the internet infrastructure itself may diminish the demand for our solutions and could have a negative impact on our business.

The future success of our business depends upon the continued use of the internet as a primary medium for commerce, communication and business solutions. Federal, state or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. Changes in these laws or regulations could require us to modify our solutions in order to comply with these changes. In addition, government agencies or private organizations may begin to impose taxes, fees or other charges for accessing the internet or commerce conducted via the internet. These laws or charges could limit the growth of internet-related commerce or communications generally or result in reductions in the demand for internet-based solutions such as ours.

In addition, the use of the internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease of use, accessibility and quality of service. The performance of the

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internet and its acceptance as a business tool has been adversely affected by “viruses,” “worms” and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the internet is adversely affected by these issues, demand for our solutions could suffer.

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

We manage private and confidential information and documentation related to our customers’ finances and transactions, often prior to public dissemination. The use of insider information is highly regulated in the United States and abroad, and violations of securities laws and regulations may result in civil and criminal penalties. In addition, we are subject to the data privacy and protection laws and regulations adopted by federal, state and foreign legislatures and governmental agencies. Data privacy and protection is highly regulated and may become the subject of additional regulation in the future. Privacy laws restrict our storage, use, processing, disclosure, transfer and protection of non-public personal information that may be placed in Wdesk by our customers or collected from visitors while visiting our websites. We strive to comply with all applicable laws, regulations, policies and legal obligations relating to privacy and data protection. However, it is possible that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure, or perceived failure, by us to comply with federal, state or international laws, including laws and regulations regulating privacy, payment card information, personal health information, data or consumer protection, could result in proceedings or actions against us by governmental entities or others.

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

In addition, as we expand our operations internationally, compliance with regulations that differ from country to country may also impose substantial burdens on our business. In particular, the European Union, or E.U., has traditionally taken a broader view as to what is considered personal information and has imposed greater obligations under data privacy regulations. In addition, individual E.U. member countries have had discretion with respect to their interpretation and implementation of the regulations, which has resulted in variation of privacy standards from country to country. Complying with any additional or new regulatory requirements could force us to incur substantial costs or require us to change our business practices in a manner that could compromise our ability to effectively pursue our growth strategy. Further, because our customers often use a Wdesk account across multiple jurisdictions, E.U. regulators could determine that we transfer data from the E.U. to the U.S., which could subject us to E.U. laws with respect to data privacy. Those laws and regulations are uncertain and subject to change. For example, in October 2015, the European Court of Justice invalidated the European Commission's 2000 Safe Harbor Decision as a legitimate basis on which we could rely for the transfer of data from the European Union to the United States. The E.U and U.S. recently agreed to an alternative transfer framework for data transferred from the E.U. to the U.S., called the Privacy Shield, but this new framework is subject to an annual review that could result in changes to our obligations and also may be challenged by national regulators or private parties. In addition, the other bases on which we rely to legitimize the transfer of data, such as standard Model Contractual Clauses (MCCs), have been subjected to regulatory or judicial scrutiny. If one or more of the legal bases for transferring data from Europe to the

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United States is invalidated, or if we are unable to transfer personal data between and among countries and regions in which we operates, it could affect the manner in which we provide our services or adversely affect our financial results.

Proposed or new legislation and regulations could also significantly affect our business. There are currently a number of proposals pending before federal, state, and foreign legislative and regulatory bodies. In addition, the European Commission has implemented a data protection regulation, known as the General Data Protection Regulation (GDPR), which came into force in May 2018. The GDPR includes operational requirements for companies that receive or process personal data of residents of the European Union that are different than those previously in place in the European Union, and that include significant penalties for non-compliance. In addition, some countries and states are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our services. These laws and regulations, as well as any associated inquiries or investigations or any other government actions, may be costly to comply with and may delay or impede the development of new products, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to remedies that may harm our business, including fines or demands or orders that we modify or cease existing business practices.

In addition to government activity, the technology industry and other industries are considering various new, additional or different self-regulatory standards that may place additional burdens on us. If the processing of private and confidential information were to be curtailed in this manner, our software solutions may be less effective, which may reduce demand for our solutions and adversely affect our business. Furthermore, government agencies may seek to access sensitive information that our customers upload to our service providers or restrict customers' access to our service providers. Laws and regulations relating to government access and restrictions are evolving, and compliance with such laws and regulations could limit adoption of our services by customers and create burdens on our business. Moreover, investigations into our compliance with privacy-related obligations could increase our costs and divert management attention.

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

As our customers and prospects prepare to comply with frequently changing privacy legislation, including GDPR, we are subject to our customers' enhanced due diligence prior to contract execution. Furthermore, the uncertainty of how regulators will apply privacy laws in different jurisdictions has caused many companies to adopt very broad and restrictive vendor policies, contract templates and pre-requisites. Many times, these policies are applied without consideration of the underlying intent of the vendor's service or data that will be shared (*e.g.*, a blanket policy that all vendors, regardless of services, are required to agree to a Data Protection Agreement). Due to the aforementioned changes to privacy law, our current and prospective customers have begun to require us to adopt contractual clauses or amendments to existing agreements regarding privacy compliance prior to conducting new (or any) business with us by virtue of negotiating new clauses and/or agreements. In addition, due diligence by current or prospective customers may take the form of onsite audits and questionnaires. Negotiating these clauses and satisfying customers' concerns around privacy risk can slow down the overall sales cycle due

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to the coordination of so many subject matter experts. Slower sales cycles may limit our ability to grow and create focus on compliance points as opposed to new sales.
Any failure by us or a third-party contractor providing services to us to comply with applicable privacy and data protection laws, regulations, self-regulatory requirements or industry guidelines, our contractual privacy obligations or our own privacy policies, may result in fines, statutory or contractual damages, litigation or governmental enforcement actions. These proceedings or violations could force us to spend significant amounts in defense or settlement of these proceedings, result in the imposition of monetary liability, distract our management, increase our costs of doing business, and adversely affect our reputation and the demand for our solutions.
Our privacy policies and practices concerning the collection, use and disclosure of user data are available on our websites. Any failure, or perceived failure, by us to comply with our posted privacy policies or with any regulatory requirements or orders or other federal, state or international privacy or consumer protection-related laws and regulations could result in proceedings or actions against us by governmental entities or others (e.g., class action privacy litigation), subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs and adversely affect our business. Data collection, privacy and security have become the subject of increasing public concern. If users were to reduce their use of our websites, products, and services as a result of these concerns, our business could be harmed.
If we or our service providers fail to keep our customers' information confidential or otherwise handle their information improperly, our business and reputation could be significantly and adversely affected.
If we fail to keep customers' proprietary information and documentation confidential, we may lose existing customers and potential new customers and may expose them to significant loss of revenue based on the premature release of confidential information. While we have security measures in place to protect customer information and prevent data loss and other security breaches, these measures may be breached as a result of third-party action, employee error, malfeasance or otherwise. Because the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.
In addition, our service providers (including, without limitation, hosting facilities, disaster recovery providers and software providers) may have access to our customers' data and could suffer security breaches or data losses that affect our customers' information.
If an actual or perceived security breach or premature release occurs, our reputation could be damaged and we may lose future sales and customers. We may also become subject to civil claims, including indemnity or damage claims in certain customer contracts, or criminal investigations by appropriate authorities, any of which could harm our business and operating results. Furthermore, while our errors and omissions insurance policies include liability coverage for these matters, if we experienced a widespread security breach that impacted a significant number of our customers for whom we have these indemnity obligations, we could be subject to indemnity claims that exceed such coverage.

Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand.
Our success substantially depends upon our proprietary methodologies and other intellectual property rights. Unauthorized use of our intellectual property by third parties may damage our brand and our reputation. As of December 31, 2018, we had 36 issued patents and 20 patent applications pending in the United States, and we expect to seek additional patents in the future. In addition, we rely on a combination of copyright, trademark and trade secret laws, employee and third-party non-disclosure and non-competition agreements and other methods to protect our intellectual property. However, unauthorized parties may attempt to copy or obtain and use our technology to develop products with the same functionality as our solutions. We cannot assure you that the steps we take to protect our intellectual property will be adequate to deter misappropriation of our proprietary information or that we will be able to detect unauthorized use and take appropriate steps to protect our intellectual property. United States federal and state intellectual property laws offer limited protection, and the laws of some countries provide even less protection. Moreover, changes in intellectual property laws, such as changes in the law regarding the patentability of software, could also impact our ability to obtain protection for our solutions. In addition, patents may not be issued with respect to our pending or future patent applications. Those patents that are issued may not be upheld as valid, may be contested or circumvented, or may not prevent the development of competitive solutions.
We might be required to spend significant resources and divert the efforts of our technical and management personnel to monitor and protect our intellectual property. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Any failure to secure, protect and enforce our intellectual property rights could seriously adversely affect our brand and adversely impact our business.
Assertions by third parties of infringement or other violations by us of their intellectual property rights could result in significant costs and harm our business and operating results.
Patent and other intellectual property disputes are common in our industry. Our success depends upon our ability to refrain from infringing upon the intellectual property rights of others. Some companies, including some of our competitors, own large numbers of patents, copyrights and trademarks, which they may use to assert claims against us. As we grow and enter new markets, we will face a growing number of competitors. As the number of competitors in our industry grows and the functionality of products in different industry segments overlaps, we expect that software and other solutions in our industry may be subject to such claims by third parties. Third parties may in the future assert claims of infringement, misappropriation or other violations of intellectual property rights against us. We cannot assure you that infringement claims will not be asserted against us in the future, or that, if asserted, any infringement claim will be successfully defended. A successful claim against us could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our services, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or business partners or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify applications or refund fees, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

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

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

If we fail to continue to develop our brand, our business may suffer.

We believe that continuing to develop and maintain awareness of our brand is critical to achieving widespread acceptance of our solution and is an important element in attracting and retaining customers. Efforts to build our brand may involve significant expense and may not generate customer awareness or increase revenue at all, or in an amount sufficient to offset expenses we incur in building our brand.

Promotion and enhancement of our name and the brand names of our solutions depends largely on our success in being able to provide high quality, reliable and cost-effective solutions. If customers do not perceive our solutions as meeting their needs, or if we fail to market our solutions effectively, we will likely be unsuccessful in creating the brand awareness that is critical for broad customer adoption of our solutions. That failure could result in a material adverse effect on our business, financial condition and operating results.

Legislative and regulatory changes can influence demand for our solutions and could adversely affect our business.

The market for our solutions depends in part on the requirements of the SEC, the Federal Reserve System, the Federal Deposit Insurance Corporation and other regulatory bodies. Any legislation or rulemaking substantially affecting the content or method of delivery of documents to be filed with these regulatory bodies could have an adverse effect on our business. In addition, evolving market practices in light of regulatory developments could adversely affect the demand for our solutions. Uncertainty caused by political change in the United States and European Union (particularly Brexit) heightens regulatory uncertainty in these areas. For example, the White House and Congressional leadership have publicly announced a goal of repealing or amending parts of the Dodd Frank Act, as well as certain regulations affecting the financial services industry. New legislation, or a significant change in rules, regulations, directives or standards could reduce demand for our products and services, increase expenses as we modify our products and services to comply with new requirements and retain relevancy, impose limitations on our operations, and increase compliance or litigation expense, each of which could have a material adverse effect on our business, financial condition and results of operations.

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We may need to raise additional capital, which may not be available to us.

Our future liquidity and capital requirements are difficult to predict as they depend upon many factors, including the success of our solutions and competing technological and market developments. In the future, we may require additional capital to respond to business opportunities, challenges, acquisitions, a decline in the level of customer prepayments or unforeseen circumstances and may determine to engage in equity or debt financings or enter into credit facilities for other reasons, and we may not be able to timely secure additional debt or equity financing on favorable terms, or at all. Any debt financing obtained by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. If we raise additional funds through further issuances of equity, convertible debt securities or other securities convertible into equity, our existing stockholders could suffer significant dilution in their percentage ownership of our company, and any new equity securities we issue could have rights, preferences and privileges senior to those of holders of our Class A common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited.

Our credit facility contains restrictive covenants that may limit our operating flexibility.

Our credit facility contains certain restrictive covenants that limit our ability to transfer or dispose of assets, merge with other companies or consummate certain changes of control, acquire other companies, pay dividends, incur additional indebtedness and liens, experience changes in management and enter into new businesses. We therefore may not be able to engage in any of the foregoing transactions unless we obtain the consent of the lender or terminate the credit facility, which may limit our operating flexibility. In addition, our credit facility is secured by all of our assets, has first priority over our other debt obligations and requires us to satisfy certain financial covenants, including the maintenance of at least $5.0 million of cash on hand or unused borrowing capacity. There is no guarantee that we will be able to generate sufficient cash flow or sales to meet these financial covenants or pay the principal and interest on any such debt. Furthermore, there is no guarantee that future working capital, borrowings or equity financing will be available to repay or refinance any such debt. Any inability to make scheduled payments or meet the financial covenants on our credit facility would adversely affect our business.

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The adoption of new tax legislation could adversely affect our business and financial condition

On December 22, 2017, the U.S. federal government enacted legislation commonly referred to as the “Tax Cuts and Jobs Act” (the “TCJA”). The TCJA made widespread changes to the Internal Revenue Code, including, among other items, reduces the federal corporate tax rate to 21%, imposes significant additional limitations on the deductibility of interest, allows for the expensing of capital expenditures, imposes a one-time tax on unrepatriated earnings from certain foreign subsidiaries, taxes offshore earnings at reduced rates regardless of whether they are repatriated, and modifies or repeals many business deductions and credits. Our financial statements for the current year reflect the effects of the TCJA based on current guidance, including the remeasurement of our deferred tax assets and liabilities, as well as the effects of the reduced rate of the U.S. corporate income tax and certain other provisions of the TCJA on our effective tax rate and operating results. Uncertainties related to the interpretation of the TCJA could materially impact our tax obligations and effective tax rate, as well as our business strategy and tax planning. In addition, the TCJA could be subject to potential amendments and technical corrections, any of which could materially lessen or increase certain adverse impacts of the legislation on us and our business. We continue to evaluate the effects of the TCJA on us as federal and state tax authorities issue additional regulations and guidance. Such additional regulations and guidance, and any amendments or technical corrections enacted with respect to the TCJA, could cause our consolidated financial results to differ from previous estimates and could materially affect our financial condition, as well as the value of an investment in our Class A common stock. Investors should consult with their own tax advisors with respect to the TCJA and the potential tax consequences of investing in common shares.

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 U.S. generally accepted accounting principles. 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, most recently the TCJA, 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.

Adverse tax laws or regulations could be enacted or existing laws could be applied to us or our customers, which could increase the costs of our services and adversely impact our business.

The application of federal, state, local and international tax laws to services provided electronically is evolving. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time (possibly with retroactive effect), and could be applied solely or disproportionately to services provided over the internet. These enactments could adversely affect our sales activity due to the inherent cost increase the taxes would represent and ultimately result in a negative impact on our operating results.

In addition, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us (possibly with retroactive effect), which could require us or

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our customers to pay additional tax amounts, as well as require us or our customers to pay fines or penalties and interest for past amounts. If we are unsuccessful in collecting such taxes from our customers, we could be held liable for such costs, thereby adversely impacting our operating results.

We operate and offer our services in many jurisdictions and, therefore, may be subject to federal, state, local and foreign taxes that could harm our business.

As an organization that operates in many jurisdictions in the United States and around the world, we may be subject to taxation in several jurisdictions with increasingly complex tax laws, the application of which can be uncertain. The authorities in these jurisdictions, including state and local taxing authorities in the United States, could successfully assert that we are obligated to pay additional taxes, interest and penalties. In addition, the amount of taxes we pay could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could have a material adverse effect on our liquidity and operating results. The authorities could also claim that various withholding requirements apply to us or our subsidiaries or assert that benefits of tax treaties are not available to us or our subsidiaries, any of which could have a material impact on us and the results of our operations. In addition, we may lose sales or incur significant costs should various tax jurisdictions impose taxes on either a broader range of services or services that we have performed in the past. We may be subject to audits of the taxing authorities in any such jurisdictions that would require us to incur costs in responding to such audits. Imposition of such taxes on our services could result in substantially unplanned costs, would effectively increase the cost of such services to our customers and could adversely affect our ability to retain existing customers or to gain new customers in the areas in which such taxes are imposed.

We operate service sales centers in multiple locations. Some of the jurisdictions in which we operate may give us the benefit of either relatively low tax rates, tax holidays or government grants, in each case that are dependent on how we operate or how many jobs we create and employees we retain. We plan on utilizing such tax incentives in the future as opportunities are made available to us. Any failure on our part to operate in conformity with applicable requirements to remain qualified for any such tax incentives or grants may result in an increase in our taxes. In addition, jurisdictions may choose to increase rates at any time due to economic or other factors. Any such rate increase could harm our results of operations.

In addition, the TCJA will 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 could increase our worldwide effective tax rate and adversely affect our financial position and results of operations.

We may have additional tax liabilities, which could harm our business, results of operations or financial position.

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 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 our results of operations, or financial position. In

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addition, uncertainties related to the interpretation of the TCJA could materially impact our tax obligations and effective tax rate, as well as our business strategy and tax planning.

Sales to customers outside the United States expose us to risks inherent in international sales.

A key element of our growth strategy is to expand our international operations and develop a worldwide customer base. To date, we have not realized a significant portion of our revenue from customers headquartered outside the United States. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks that are different from those in the United States. Because of our limited experience with international operations, our international expansion efforts may not be successful in creating demand for our solutions outside of the United States or in effectively selling subscriptions to our solutions in all of the international markets we enter. In addition, we will face risks in doing business internationally that could adversely affect our business, including:

- the need to localize and adapt our solutions for specific countries, including translation into foreign languages and associated expenses;
- increased management, travel, infrastructure, legal compliance and regulation costs associated with having multiple international operations;
- sales and customer service challenges associated with operating in different countries;
- data privacy laws that require customer data to be stored and processed in a designated territory;
- difficulties in staffing and managing foreign operations;
- different pricing environments, longer sales cycles and longer accounts receivable payment cycles and collections issues;
- new and different sources of competition;
- weaker protection for intellectual property and other legal rights than in the United States and practical difficulties in enforcing intellectual property and other rights outside of the United States;
- laws and business practices favoring local competitors;
- compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and regulations, including employment, tax, privacy and data protection laws and regulations;
- increased financial accounting and reporting burdens and complexities;
- restrictions on the transfer of funds;
- adverse tax consequences; and
- unstable regional and economic political conditions.

Currently, some of our international contracts are denominated in local currencies; however, the majority of our local costs are denominated in local currencies. We anticipate that over time, an increasing portion of our international contracts may be denominated in local currencies. Therefore, fluctuations in the value of the United States dollar and foreign currencies may impact our operating results when translated into United States dollars. We do not currently engage in currency hedging activities to limit the risk of exchange rate fluctuations.

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The uncertainty surrounding the implementation and effect of Brexit may cause increased economic volatility, affecting our operations and business.
On June 23, 2016, voters in the United Kingdom (UK) approved an advisory referendum to withdraw from membership in the E.U., this proposed exit (referred to as Brexit) could cause disruptions to, and create uncertainty surrounding, our business in the UK and E.U., including affecting our relationships with our existing and future customers, suppliers and employees. As a result, Brexit could have an adverse effect on our future business, financial results and operations. The formal process for the UK leaving the E.U. began in March 2017, when the UK served notice to the European Council under Article 50 of the Treaty of Lisbon. The long-term nature of the UK's relationship with the E.U. is unclear and there is considerable uncertainty as to when any relationship will be agreed upon and implemented. The announcement of Brexit has resulted in significant volatility in global stock market and currency exchange rate fluctuations that resulted in strengthening of the U.S. dollar relative to other foreign currencies in which we conduct business. The political and economic instability created by Brexit has caused and may continue to cause significant volatility in global financial markets and uncertainty regarding the regulation of data protection in the UK. Brexit could also have the effect of disrupting the free movement of goods, services, and people between the UK, the E.U., and elsewhere. The effects of Brexit will depend on any agreements the UK makes to retain access to E.U. markets either during a transitional period or more permanently. Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the UK determines which E.U. laws to replace or replicate. Further, uncertainty around these and related issues could lead to adverse effects on the economy of the UK and the other economies in which we operate. There can be no assurance that any or all of these events will not have a material adverse effect on our business operations, results of operations and financial condition.
We may acquire other companies or technologies, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and adversely affect our operating results.
We may in the future seek to acquire or invest in businesses, applications or technologies that we believe could complement or expand our solutions, enhance our technical capabilities or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated.
In addition, we have limited experience in acquiring other businesses. If we acquire additional businesses, we may not be able to integrate the acquired personnel, operations and technologies successfully or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including:
•inability to integrate or benefit from acquired technologies or services in a profitable manner;
•unanticipated costs or liabilities associated with the acquisition;
•incurrence of acquisition-related costs;
•difficulty integrating the accounting systems, operations and personnel of the acquired business;
•difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business;

•difficulty converting the customers of the acquired business onto our solutions and contract terms, including disparities in the revenue, licensing, support or professional services model of the acquired company;
•diversion of management’s attention from other business concerns;
•adverse effects to our existing business relationships with business partners and customers as a result of the acquisition;
•the potential loss of key employees;
•use of resources that are needed in other parts of our business; and
•use of substantial portions of our available cash to consummate the acquisition.
In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our operating results based on this impairment assessment process, which could adversely affect our results of operations.
Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our operating results. In addition, if an acquired business fails to meet our expectations, our operating results, business and financial position could suffer.
We are subject to general litigation that may materially adversely affect us.
From time to time, we may be involved in disputes or regulatory inquiries that arise in the ordinary course of business. We expect that the number and significance of these potential disputes may increase as our business expands and our company grows larger. While our agreements with customers limit our liability for damages arising from our solutions, we cannot assure you that these contractual provisions will protect us from liability for damages in the event we are sued. Although we carry general liability insurance coverage, our insurance may not cover all potential claims to which we are exposed or may not be adequate to indemnify us for all liability that may be imposed. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time, and result in the diversion of significant operational resources. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, financial condition, results of operations and prospects.
Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the United States, including those related to revenue recognition.
Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board (FASB), the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of a change.
In February 2016, the FASB issued guidance codified in ASC 842, *Leases (ASU 2016-02)*, which amends the guidance in former ASC 840, *Leases*. We adopted this new standard on the effective date of January 1, 2019. We are in the process of finalizing the impact the adoption of this standard will have on our financial statements and have implemented changes to our accounting processes, internal controls and disclosures to support the new standard. See Note 1 to our accompanying consolidated financial statements for information about ASU 2016-02.

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In May 2014, the FASB issued guidance codified in ASC 606, *Revenue Recognition - Revenue from Contracts with Customers* (ASU 2014-09), which amends the guidance in former ASC 605, Revenue Recognition. We adopted this new standard on the effective date of January 1, 2018, utilizing the modified retrospective method. The application of this guidance resulted in timing and presentation changes affecting our consolidated balance sheet and statement of operations, including acceleration of our professional services revenue for certain contracts; longer deferral of the incremental costs of obtaining a contract; and increases in accounts receivable, deferred revenue and accrued expenses and other current liabilities. We have implemented changes to our accounting processes, internal controls and disclosures to support the new standard. See Note 1 to our accompanying consolidated financial statements for information about ASU 2014-09.

Any difficulties in implementing new or revised accounting principles could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline, harm investors' confidence in us, and adversely affect our stock price.

Risks Related to 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 our investors.

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 Class A common stock may fluctuate in response to many risk factors listed in this section, and others beyond our control, including:

- actual or anticipated fluctuations in our financial condition and operating results;
- changes in projected operational and financial results;
- addition or loss of significant customers;
- changes in laws or regulations applicable to our solutions;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements of technological innovations or new offerings by us or our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments;
- additions or departures of key personnel;
- changes in our financial guidance or securities analysts' estimates of our financial performance;
- discussion of us or our stock price by the financial press and in online investor communities;
- changes in accounting principles;
- announcements related to litigation;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- sales of our Class A or Class B common stock by us or our stockholders;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares; and
- general economic and market conditions.

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Furthermore, the stock markets recently have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies, and technology companies in particular. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of our Class A common stock. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could harm our business.

If there are substantial sales of shares of our Class A common stock, the price of our Class A common stock could decline.

The price of our Class A common stock could decline if there are substantial sales of our Class A common stock, particularly sales by our directors, executive officers and significant stockholders, or if there is a large number of shares of our Class A common stock available for sale. All of the shares of Class A common stock sold in our initial public offering are freely tradeable without restrictions or further registration under the Securities Act of 1933, as amended (Securities Act), except for any shares held by our affiliates as defined in Rule 144 under the Securities Act. Shares held by directors, executive officers and other affiliates are subject to volume limitations under Rule 144 under the Securities Act. In addition, the shares of Class A common stock subject to outstanding options under our equity incentive plans and the shares reserved for future issuance under our equity incentive plans are eligible for sale to the public, subject to certain legal and contractual limitations. The market price of the shares of our Class A common stock could decline as a result of the sale of a substantial number of our shares of common stock in the public market or the perception in the market that the holders of a large number of shares intend to sell their shares.

The dual class structure of our common stock has the effect of concentrating voting control with our executives and their affiliates.

Our Class B common stock has ten votes per share, and our Class A common stock has one vote per share. As of December 31, 2018, the holders of shares of our Class B common stock collectively beneficially owned shares representing approximately 73% of the voting power of our outstanding capital stock. Our executive officers collectively beneficially owned shares representing a majority of the voting power of our outstanding capital stock as of that date. Because of the ten-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders for approval so long as the shares of Class B common stock represent at least 9.1% of all outstanding shares of our Class A and Class B common stock. This concentrated control will limit the ability of Class A common stockholders to influence corporate matters for the foreseeable future and may have the effect of delaying, deferring or preventing a change in control, impeding a merger, consolidation, takeover or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our business, even if such a transaction would benefit other stockholders. The holders of Class B common stock may also have interests that differ from those of Class A common stock holders and may vote in a way that may be adverse to the interests of holders of Class A common stock.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers to family members and transfers effected for estate planning purposes. The conversion of Class B common stock to

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Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. If, for example, certain holders of Class B common stock retain a significant portion of their holdings of Class B common stock for an extended period of time, and a significant portion of the Class B common stock initially held by other executives is converted to Class A common stock, the remaining holders of Class B common stock could, as a result, acquire control of a majority of the combined voting power. As directors and executive officers, the initial beneficial owners of Class B common stock owe a fiduciary duty to our stockholders and must act in good faith in a manner they reasonably believe to be in the best interests of our stockholders. As stockholders, even if one of them becomes a controlling stockholder, each beneficial owner of Class B common stock is entitled to vote his shares in his own interests, which may not always be in the interests of our stockholders generally.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and may negatively affect the market price of our Class A common stock.

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

- establish that our board of directors is divided into three classes, with each class serving three-year staggered terms;
- provide that our directors may be removed only for cause;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our board of directors, the chairman of our board of directors or our chief executive officer or president (in the absence of a chief executive officer);
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- authorize our board of directors to issue, without further action by the stockholders, up to 100,000,000 shares of undesignated preferred stock;
- require the approval of our board of directors or the holders of a supermajority of our outstanding shares of capital stock to amend our bylaws and certain provisions of our certificate of incorporation; and
- reflect two classes of common stock, as discussed above.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, we are a Delaware corporation and governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder, in particular those owning 15% or

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more of our outstanding voting stock, for a period of three years following the date on which the stockholder became an “interested” stockholder.

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

Our certificate of incorporation authorizes us to issue up to 1,000,000,000 shares of Class A common stock. 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 subsequent transactions could gain rights, preferences and privileges senior to those of holders of our Class A common stock.

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

As a public company, we incur significant legal, accounting and other expenses that we would not incur as a private company. For example, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (Exchange Act), and are required to comply with the applicable requirements of the Sarbanes-Oxley Act and the Dodd-Frank Act, as well as rules and regulations subsequently implemented by the SEC and the New York Stock Exchange, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Compliance with these requirements has increased our legal and financial compliance costs and made some activities more time consuming and costly. Many of these costs recur annually. As a result, management’s attention may be diverted from other business concerns, which could adversely affect our business and operating results.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and as a result, their application in practice may evolve over time as regulatory and governing bodies provide new guidance. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We will continue to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management’s time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business could be adversely affected.

As a result of disclosure of information as a public company, our business and financial condition are more visible than for a private company, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If the claims are successful, our business operations and financial results could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business operations and financial results. These factors could also make it more difficult for us to attract and retain qualified employees, executive officers and members of our board of directors.

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A failure to maintain adequate internal controls over our financial and management systems could cause errors in our financial reporting, which could cause a loss of investor confidence and result in a decline in the price of our Class A common stock.

In order to meet our reporting obligations as a public company, we must maintain effective financial and management systems and internal controls. Moreover, the Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. If we have a material weakness or deficiency in our internal control over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. Effective internal controls are necessary for us to produce reliable financial reports and are important to prevent fraud. As a result, our failure to maintain effective financial and management systems and internal controls could result in errors in our financial reporting, us being subject to regulatory action and a loss of investor confidence in the reliability of our financial statements, any of which in turn could cause the market value of our Class A common stock to decline and adversely affect our ability to raise capital.

We do not intend to pay dividends for the foreseeable future.

We may not declare or pay cash dividends on our capital stock in the near future. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. Consequently, stockholders must rely on sales of their Class A common stock after price appreciation as the only way to realize any future gains on their investment.

If securities or industry analysts do not regularly publish or cease publishing research or reports about us, our business or our market, or if they adversely change their recommendations regarding our stock, or if our actual results differ significantly from our guidance, our stock price and trading volume could decline.

The trading market for our Class A common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If few securities analysts maintain coverage of us, or if industry analysts cease coverage of us, the trading price for our Class A common stock could be negatively affected. If one or more of the analysts who cover us downgrade our Class A common stock or publish inaccurate or unfavorable research about our business, the price of our Class A common stock would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Class A common stock could decrease, which might cause our Class A common stock price and trading volume to decline.

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

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Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our corporate headquarters is located in Ames, Iowa, where we lease approximately 120,000 square feet of office space. We also lease office facilities in eleven U.S. cities located in Arizona, Colorado, Florida, Georgia, Illinois, Montana, New York, Pennsylvania, South Carolina, and Texas. Internationally, we lease offices in Ontario and Saskatchewan, Canada, the Netherlands, the United Kingdom, Hong Kong and Singapore. We believe that our properties are generally suitable to meet our needs for the foreseeable future. In addition, to the extent we require additional space in the future, we believe that it would be readily available on commercially reasonable terms.

Item 3. Legal Proceedings

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that in the opinion of our management, if determined adversely to us, would have a material adverse effect on our business, financial condition, operating results or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 4. Mine Safety Disclosure

Not applicable.

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Part II.

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

Our Class A common stock is listed on the NYSE under the symbol "WK". Our Class B common stock is not listed or traded on any stock exchange.

Stockholders

As of December 31, 2018, there were approximately 131 stockholders of record of our Class A common stock as well as 13 stockholders of record of our Class B common stock.

Dividends

We have never declared or paid cash dividends on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends on our capital stock. Any future determination to pay dividends on our capital stock will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements and other factors that our board of directors considers relevant.

Stock Performance Graph

The following shall not be deemed incorporated by reference into any of our other filings under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended.

The graph below compares the cumulative total stockholder return on our Class A common stock with the cumulative total return on the Standard & Poor's 500 Index and the Nasdaq Computer Index. The chart assumes $100 was invested at the close of market on December 12, 2014, in the Class A common stock of Workiva Inc., the S&P 500 Index and the Nasdaq Computer Index, and assumes the reinvestment of any dividends.

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The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our Class A common stock.

Use of Proceeds from Public Offerings of Common Stock

On December 17, 2014, we closed our initial public offering of 7,200,000 shares of Class A common stock at a price to the public of $14.00 per share. The offer and sale of all of the shares in the initial public offering were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-199459), which was declared effective by the SEC on December 11, 2014.

There has been no material change in the planned use of proceeds from our initial public offering as described in our final prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act on December 12, 2014. Pending the uses described in our prospectus, we have invested the net proceeds in money market funds and marketable securities. We have also repaid a $2.0 million forgivable loan with proceeds from our initial public offering, allowing us to cancel letters of credit in the amount that served as security for the forgivable loan.

Issuer Purchases of Equity Securities

Not applicable.

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Item 6. Selected Consolidated Financial Data

The following selected consolidated financial data for the years ended December 31, 2018, 2017 and 2016 and the selected consolidated balance sheet data as of December 31, 2018 and 2017 are derived from our audited consolidated financial statements included elsewhere in this Form 10-K. The following selected consolidated financial data for the years ended December 31, 2015 and 2014, and the selected consolidated balance sheet data as of December 31, 2016, 2015 and 2014 are derived from our audited consolidated financial statements not included in this Form 10-K. Our historical results are not necessarily indicative of the results to be expected in the future.

Consolidated Statement of Operations Data

	Year ended December 31,				
	2018	**2017**	**2016**	**2015**	**2014**
	(in thousands, except share and per share information)				
Revenue					
Subscription and support	$ 200,392	$ 169,283	$ 143,120	$ 116,288	$ 91,317
Professional services	43,952	38,586	35,526	28,984	21,377
Total revenue	244,344	207,869	178,646	145,272	112,694
Cost of revenue					
Subscription and support(1)	34,215	32,646	27,895	22,559	21,182
Professional services(1)	31,645	27,599	23,730	17,645	12,696
Total cost of revenue	65,860	60,245	51,625	40,204	33,878
Gross profit	178,484	147,624	127,021	105,068	78,816
Operating expenses					
Research and development(1)	81,602	68,172	57,438	50,466	44,145
Sales and marketing(1)	90,337	84,161	80,466	69,569	53,498
General and administrative(1)(2)	56,333	39,594	32,695	28,716	19,783
Total operating expenses	228,272	191,927	170,599	148,751	117,426
Loss from operations	(49,788)	(44,303)	(43,578)	(43,683)	(38,610)
Interest expense	(1,827)	(1,845)	(1,875)	(2,025)	(2,044)
Other income and (expense), net(3)	1,791	1,783	1,500	2,302	(468)
	(49,824)	(44,365)	(43,953)	(43,406)	(41,122)

Loss before provision for income taxes										
Provision (benefit) for income taxes		247		61		24		(7)		32
Net loss	$	(50,071)	$	(44,426)	$	(43,977)	$	(43,399)	$	(41,154)
Net loss per common share:										
Basic and diluted		(1.15)		(1.07)		(1.08)		(1.09)		(1.28)
Weighted-average common shares outstanding - basic and diluted		43,640,408		41,618,838		40,671,133		39,852,624		32,156,060

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(1) Stock-based compensation expense included in these line items is as follows:

	Year ended December 31,				
	2018	2017	2016	2015	2014
	(in thousands)				
Cost of revenue					
Subscription and support	$ 700	$ 738	$ 493	$ 363	$ 502
Professional services	619	465	411	349	337
Operating expenses					
Research and development	5,842	2,224	2,365	1,924	1,757
Sales and marketing	5,416	2,983	2,075	1,727	1,241
General and administrative	18,264	13,066	8,903	6,637	3,548
Total stock-based compensation expense	$ 30,841	$ 19,476	$ 14,247	$ 11,000	$ 7,385

(2) During the second quarter of 2018, we recorded an additional $5.9 million and $3.6 million of cash-based and equity-based compensation, respectively, to general and administrative expense pursuant to a separation agreement with our former CEO.

(3) During December 2015, we resolved all contingencies associated with a government grant agreement resulting in higher government grant income recorded to “Other income and (expense), net” for the year ended December 31, 2015. See Note 5, *Commitments and Contingencies*, to the Consolidated Financial Statements.

Consolidated Balance Sheet Data

	As of December 31,				
	2018	2017	2016	2015	2014
	(in thousands)				
Cash and cash equivalents	$ 77,584	$ 60,333	$ 51,281	$ 58,750	$ 101,131
Working capital, excluding deferred revenue	134,195	90,635	74,171	69,535	92,416
Total assets	231,111	157,715	143,143	143,895	164,551
Deferred revenue, current and long term	173,716	127,393	97,501	63,338	56,276
	191,581	129,341	99,887	84,084	66,730

Total current liabilities					
Total non-current liabilities	49,270	45,308	46,381	34,092	42,002
Total stockholders' (deficit) equity	(9,740)	(16,934)	(3,125)	25,719	55,819

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

The following discussion and analysis of our financial condition and results of our operations should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Annual Report. In addition to historical consolidated financial information, this discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to these differences include, but are not limited to, those identified below, and those discussed in "Section 1A. Risk Factors" included elsewhere in this Annual Report.

Overview

Workiva is a leading provider of cloud-based solutions for connected data, reporting and compliance. Our platform, Wdesk, is used by thousands of public and private companies, government agencies and higher-education institutions. Wdesk offers controlled collaboration, data linking, data integrations, granular permissions, process management and a full audit trail. Wdesk users are able to combine narrative with their data, which greatly improves insight in their financial, regulatory and management reporting processes. As of December 31, 2018, 3,340 organizations, including more than 75% of Fortune 500® companies, subscribed to our Wdesk platform.[1]

Our customers can connect Wdesk with data in more than 100 cloud and on-premise applications. In June 2018, we expanded our Wdesk platform with Wdata, which combines new data preparation capabilities with existing connectors and Application Programming Interfaces (APIs) to help our customers more easily capture, enrich and connect large datasets to Wdesk. Integrating enterprise business systems with our platform removes manual steps in the reporting and analysis process after the data leaves our customers' Enterprise Resource Planning (ERP) and other data systems and enables data assurance throughout the entire reporting process with an immutable audit trail. Wdata also enables a broader set of business users to explore complex data at scale and better manage data transformations in the office of the CFO.

Although our customers employ Workiva solutions for hundreds of different use cases, we currently focus our sales and marketing resources in five areas: finance and accounting; risk and controls; regulatory reporting; financial close, management and performance reporting; and statutory and corporate tax reporting.

We operate our business on a Software-as-a-Service (SaaS) model. Customers enter into quarterly, annual and multi-year subscription contracts to gain access to Wdesk. Our subscription fee includes the use of our software and technical support. Prior to the third quarter of 2018, our subscription pricing was based primarily on the number of corporate entities, number of users, level of customer support and length of contract. Thereafter, we began converting existing customer orders to, and signing new orders primarily based on, a solution-based licensing model. Under this new model, operating metrics related to a customer's expected use of each solution determine the price. We expect a substantial majority of our subscription revenue will be priced on solution-based licensing by mid-2020. We charge customers additional fees primarily for document setup and XBRL tagging services.

(1) Claim not confirmed by FORTUNE or Fortune Media IP Limited. FORTUNE® and FORTUNE 500® are registered trademarks of Fortune Media IP Limited and are used under license. FORTUNE and Fortune Media IP Limited are not affiliated with, and do not endorse products or services of, Workiva Inc.

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We generate sales primarily through our direct sales force and, to a lesser extent, our customer success and professional services teams. In addition, we augment our direct sales channel with partnerships. Our advisory and service partners offer a wider range of domain and functional expertise that broadens the capabilities of Wdesk, bringing scale and support to customers and prospects. Our technology partners enable more data and process integrations to help customers connect critical transactional systems directly to Wdesk, which becomes a central repository of trusted data, with powerful linking, auditability and control features.

Our integrated platform, subscription-based model and exceptional customer support have contributed to a low rate of customer turnover while achieving strong revenue growth. Our subscription and support revenue retention rate was 96.1% (excluding add-on seats) for the twelve months ended December 31, 2018.

Our full-time headcount was relatively flat in 2018 with 1,319 employees at December 31, 2018 compared to 1,318 at December 31, 2017. We expect to continue to invest in the development of our solutions, infrastructure and sales and marketing to drive long-term growth. As a result, we expect increased growth in our headcount in 2019.

We have achieved significant revenue growth in recent periods. Our revenue grew to $244.3 million in 2018 from $207.9 million in 2017, an increase of 17.5%. We incurred net losses of $50.1 million and $44.4 million in 2018 and 2017, respectively.

We adopted the guidance codified in ASC 842, *Leases* (ASU 2016-02) effective January 1, 2019. We expect the application of this guidance will result in recognition of right-of-use assets and lease liabilities on our consolidated balance sheet. Adoption of ASC 842 will result in a one-time adjustment on January 1, 2019. We do not expect the adoption of this standard to impact our statement of operations or statement of cash flows. Refer to Note 1 of the notes to the consolidated financial statements for additional details of our evaluation of ASC 842.

Key Factors Affecting Our Performance

Generate Growth From Existing Customers. Wdesk can exhibit a powerful network effect within an enterprise, meaning that the usefulness of our platform attracts additional users and more data. Since solution-based licensing offers our customers an unlimited number of seats for each solution purchased, we expect customers to add more seats in Wdesk over time. As more employees in an enterprise use Wdesk, additional opportunities for collaboration and automation drive demand among their colleagues for additional solutions. Furthermore, converting customer contracts to solution-based licensing typically generates a one-time increase in contract value for each solution.

Pursue New Customers. Our first software solution enabled customers to streamline and automate their SEC regulatory filing process. In 2013, we began expanding into additional markets that were faced with managing large, complex processes with many contributors and disparate sets of business data. We now sell to new customers in the areas of finance and accounting; risk and controls; regulatory reporting; financial close, management and performance reporting; and statutory and corporate tax reporting. We intend to continue to build our sales and marketing organization and leverage our brand equity to attract new customers.

Offer More Solutions. We intend to introduce new solutions to continue to meet growing demand for our Wdesk platform. Our close and trusted relationships with our customers are a source for new use cases, features and solutions. We have a disciplined process for tracking, developing and releasing new solutions that are designed to have immediate, broad applicability; a strong value proposition; and a high return on investment for both Workiva and our customers. Our advance planning team assesses customer needs, conducts industry-based research and defines new markets. This vetting process involves our sales, product marketing, customer success, professional services, research and development, finance and senior management teams.

Expand Across Enterprises. Our success in delivering multiple solutions has created demand from customers for a broader-based, enterprise-wide Wdesk platform. In response, we have been improving our technology and realigning sales and marketing to capitalize on our growing enterprise-wide opportunities. We believe this expansion will add seats and revenue and continue to support our high revenue retention rates. However, we expect that enterprise-wide deals will be larger and more complex, which tend to lengthen the sales cycle.

Add Partners. We continue to add partners. Our consulting and accounting partners offer a broader range of services that leverage the capabilities of Wdesk. Our technology partners enable data connections and process integrations to further streamline critical business functions as we capitalize on growing demand for Wdesk to address broader-based, enterprise-wide opportunities.

Investment in growth. We plan to continue to invest in the development of our Wdesk platform to enhance our current offerings and build new features. In addition, we expect to continue to invest in our sales, marketing, professional services and customer success organizations to drive additional revenue and support the needs of our growing customer base and to take advantage of opportunities that we have identified in EMEA, statutory reporting, audit management and other use cases.

Seasonality. Our revenue from professional services has some degree of seasonality. Many of our customers employ our professional services just before they file their Form 10-K, often in the first calendar quarter. As of December 31, 2018, approximately 78% of our SEC customers report their financials on a calendar-year basis. Our sales and marketing expense also has some degree of seasonality. Sales and marketing expense is generally higher in the third quarter since we hold our annual user conference in September. In addition, the timing of the payments of cash bonuses to employees during the first and fourth calendar quarters may result in some seasonality in operating cash flow.

Key Performance Indicators

	Year ended December 31,		
	2018	**2017**	**2016**
	(dollars in thousands)		
Financial metrics			
Total revenue	$ 244,344	$ 207,869	$ 178,646
Year-over-year percentage increase in total revenue	17.5%	16.4%	23.0%
Subscription and support revenue	$ 200,392	$ 169,283	$ 143,120
Year-over-year percentage increase in subscription and support revenue	18.4%	18.3%	23.1%
Subscription and support as a percent of total revenue	82.0%	81.4%	80.1%

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	As of December 31,		
	2018	2017	2016
Operating metrics			
Number of customers	3,340	3,063	2,772
Subscription and support revenue retention rate	96.1 %	96.0 %	95.4 %
Subscription and support revenue retention rate including add-ons	107.1 %	107.6 %	107.4 %
Annual contract value $100k+	443	324	236
Annual contract value $150k+	190	146	96

Total customers. We believe total number of customers is a key indicator of our financial success and future revenue potential. We define a customer as an entity with an active subscription contract as of the measurement date. Our customer is typically a parent company or, in a few cases, a significant subsidiary that works with us directly. Companies with publicly listed securities account for a substantial majority of our customers.

Subscription and support revenue retention rate. We calculate our subscription and support revenue retention rate by annualizing the subscription and support revenue recorded in the first month of the measurement period for only those customers in place throughout the entire measurement period, thereby excluding any attrition. We divide the result by the annualized subscription and support revenue in the first month of the measurement period for all customers in place at the beginning of the measurement period. The measurement period is based on the trailing twelve months. Our subscription and support revenue retention rate was 96.1% at the December 2018 measurement date, up slightly from 96.0% as of December 2017. We believe that our success in maintaining a high rate of revenue retention is attributable primarily to our robust technology platform and strong customer service. Customers being acquired or otherwise ceasing to file SEC reports have been the largest contributing factor to our revenue attrition.

Subscription and support revenue retention rate including add-ons. Add-on revenue includes the change in both seats and solutions purchased and seat pricing for existing customers. We calculate our subscription and support revenue retention rate including add-ons by annualizing the subscription and support revenue recorded in the last month of the measurement period for only those customers in place throughout the entire measurement period. We divide the result by the annualized subscription and support revenue in the first month of the measurement period for all customers in place at the beginning of the measurement period. The measurement period is based on the trailing twelve months. Our subscription and support revenue retention rate including add-ons was 107.1% at the December 2018 measurement date, down slightly from 107.6% as of December 2017.

Revenue retention rates are calculated using ASC 605 revenue in the last month of the measurement period. See Note 1 to our consolidated financial statements for additional information. In the first quarter of 2019, we plan to begin using quarterly ASC 606 revenue to calculate this metric. We expect quarterly measurements will be less variable than the single month measurements we currently report.

Annual contract value. Our annual contract value (“ACV”) for each customer is calculated by annualizing the subscription and support revenue recognized during each quarter. We believe the increase in the number of larger contracts shows our progress in expanding our customers' adoption of Wdesk.

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Components of Results of Operations
Revenue
We generate revenue through the sale of subscriptions to our cloud-based software and the delivery of professional services. We serve a wide range of customers in many industries, and our revenue is not concentrated with any single customer or small group of customers. For each of the years ended December 31, 2018, 2017 and 2016, no single customer represented more than 1% of our revenue, and our largest 10 customers accounted for less than 5% of our revenue in the aggregate.
We generate sales directly through our sales force and partners. We also identify some sales opportunities with existing customers through our customer success and professional services teams.
Our customer contracts typically range in length from three to 36 months. We typically invoice our customers for subscription fees in advance, with payment due at the start of the subscription term. From time to time, we offer limited incentives for customers to enter into contract terms of more than one year, typically for terms of two or three years. Our arrangements do not contain general rights of return.
Subscription and Support Revenue. We recognize subscription and support revenue on a ratable basis over the contract term beginning on the date that our service is made available to the customer. Amounts that are invoiced are initially recorded as deferred revenue.
Professional Services Revenue. We believe our professional services facilitate the sale of our subscription service to certain customers. To date, most of our professional services have consisted of document set up, XBRL tagging, and consulting with our customers on business processes and best practices for using Wdesk. Our professional services are not required for customers to utilize our solution. We recognize revenue for document set ups when the service is complete and control has transferred to the customer. Revenues from XBRL tagging and consulting services are recognized as the services are performed.
Cost of Revenue
Cost of revenue consists primarily of personnel and related costs directly associated with our professional services, customer success teams and training personnel, including salaries, benefits, bonuses, and stock-based compensation; the costs of contracted third-party vendors; the costs of server usage by our customers; information technology costs; and facility costs. Costs of server usage are comprised primarily of fees paid to Google Cloud Platform and Amazon Web Services.
Sales and Marketing Expenses
Sales and marketing expenses consist primarily of personnel and related costs, including salaries, benefits, bonuses, commissions, travel, and stock-based compensation. Other costs included in this expense are marketing and promotional events, our annual user conference, online marketing, product marketing, information technology costs, and facility costs. Sales commissions paid where the amortization period is one year or less are expensed as incurred. All other sales commissions are considered incremental costs of obtaining a contract with a customer and are deferred and amortized on a straight-line basis over a period of benefit that we have determined to be three years.
Research and Development Expenses
Research and development expenses consist primarily of personnel and related costs, including salaries, benefits, bonuses, and stock-based compensation; costs of server usage by our developers; information technology costs; and facility costs.

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General and Administrative Expenses

General and administrative expenses consist primarily of personnel and related costs for our executive, finance and accounting, legal, human resources, and administrative personnel, including salaries, benefits, bonuses, and stock-based compensation; legal, accounting, and other professional service fees; other corporate expenses; information technology costs; and facility costs.

Results of Operations

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

	Year ended December 31,		
	2018	**2017**	**2016**
	(in thousands)		
Revenue			
Subscription and support	$ 200,392	$ 169,283	$ 143,120
Professional services	43,952	38,586	35,526
Total revenue	244,344	207,869	178,646
Cost of revenue			
Subscription and support[1]	34,215	32,646	27,895
Professional services[1]	31,645	27,599	23,730
Total cost of revenue	65,860	60,245	51,625
Gross profit	178,484	147,624	127,021
Operating expenses			
Research and development[1]	81,602	68,172	57,438
Sales and marketing[1]	90,337	84,161	80,466
General and administrative[1]	56,333	39,594	32,695
Total operating expenses	228,272	191,927	170,599
Loss from operations	(49,788)	(44,303)	(43,578)
Interest expense	(1,827)	(1,845)	(1,875)
Other income, net	1,791	1,783	1,500
Loss before provision for income taxes	(49,824)	(44,365)	(43,953)
Provision for income taxes	247	61	24
Net loss	$ (50,071)	$ (44,426)	$ (43,977)

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(1) Stock-based compensation expense included in these line items was as follows:

	Year ended December 31,		
	2018	2017	2016
	(in thousands)		
Cost of revenue			
Subscription and support	$ 700	$ 738	$ 493
Professional services	619	465	411
Operating expenses			
Research and development	5,842	2,224	2,365
Sales and marketing	5,416	2,983	2,075
General and administrative	18,264	13,066	8,903
Total stock-based compensation expense	$ 30,841	$ 19,476	$ 14,247

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

	Year ended December 31,		
	2018	2017	2016
Revenue			
Subscription and support	82.0%	81.4%	80.1%
Professional services	18.0	18.6	19.9
Total revenue	100.0	100.0	100.0
Cost of revenue			
Subscription and support	14.0	15.7	15.6
Professional services	13.0	13.3	13.3
Total cost of revenue	27.0	29.0	28.9
Gross profit	73.0	71.0	71.1
Operating expenses			
Research and development	33.4	32.8	32.2

Sales and marketing	37.0	40.5	45.0
General and administrative	23.1	19.0	18.3
Total operating expenses	93.5	92.3	95.5
Loss from operations	(20.5)	(21.3)	(24.4)
Interest expense	(0.7)	(0.9)	(1.0)
Other income and (expense), net	0.7	0.9	0.8
Loss before provision for income taxes	(20.5)	(21.3)	(24.6)
Provision (benefit) for income taxes	0.1	—	—
Net loss	(20.6)%	(21.3)%	(24.6)%

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Revenue

Comparison of Years Ended December 31, 2018 and 2017

	Year ended December 31,				Period-to-period change	
	2018		2017		Amount	% Change
	(dollars in thousands)					
Revenue						
Subscription and support	$	200,392	$	169,283	$ 31,109	18.4%
Professional services	43,952		38,586		5,366	13.9%
Total revenue	$	244,344	$	207,869	$ 36,475	17.5%

Total revenue increased $36.5 million in 2018 compared to 2017 due primarily to the increase in subscription and support revenue of $31.1 million. Growth in subscription and support revenue in 2018 was attributable mainly to strong demand and better pricing for a broad range of use cases, including SEC reporting, risk and controls, financial and managerial reporting, and capital markets. The total number of our customers increased 9.0% from December 31, 2017 to December 31, 2018. The growth in professional services revenue was attributable primarily to increased XBRL services. Professional services revenue increased at a slower rate than subscription and support revenue in 2018 compared to 2017. As our customers become familiar with our platform, they typically become more self sufficient and require fewer professional services. We expect the revenue growth rate from subscription and support to continue to outpace revenue growth from professionals services on an annual basis.

For the year ended December 31, 2018, adoption of ASC 606 caused recognition of professional services revenue to be $1.8 million lower than what would have been recognized under the legacy standard. Under ASC 605, revenue from subscription and support and professional services for the year would have been $199.6 million and $45.7 million, respectively, which represents increases of 17.9% and 18.5%, respectively, over the same period a year ago. See Note 1 to our consolidated financial statements for a breakdown of revenue for the current period under ASC 605.

Comparison of Years Ended December 31, 2017 and 2016

	Year ended December 31,				Period-to-period change	
	2017		2016		Amount	% Change
	(dollars in thousands)					
Revenue						
Subscription and support	$	169,283	$	143,120	$ 26,163	18.3%
Professional services	38,586		35,526		3,060	8.6%
Total revenue	$	207,869	$	178,646	$ 29,223	16.4%

Total revenue increased $29.2 million in 2017 compared to 2016 due primarily to the increase in subscription and support revenue of $26.2 million. The total number of our customers increased 10.5% from December 31, 2016 to December 31, 2017. The growth in professional services revenue was attributable primarily to increased XBRL services. Professional services revenue increased at a slower rate than subscription and support revenue in 2017 compared to 2016. As our customers become familiar with our platform, they typically become more self sufficient and require fewer professional services.

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Cost of Revenue

Comparison of Years Ended December 31, 2018 and 2017

	Year ended December 31,		Period-to-period change	
	2018	2017	Amount	% Change
	(dollars in thousands)			
Cost of revenue				
Subscription and support	$ 34,215	$ 32,646	$ 1,569	4.8%
Professional services	31,645	27,599	4,046	14.7%
Total cost of revenue	$ 65,860	$ 60,245	$ 5,615	9.3%

Cost of revenue increased $5.6 million in 2018 compared to 2017, due primarily to an increase in employee compensation and benefits of $4.4 million, an increase in server usage costs of $1.3 million, and an increase in outsourced services of $0.8 million, partially offset by a decrease in travel costs of $1.0 million. Subscription and support expense rose 4.8% in the year ended December 31, 2018 compared to the prior year due primarily to increases in employee compensation and the cost of cloud infrastructure services to support our expanding customer base. Professional services expense increased 14.7% in the year ended December 31, 2018 versus the prior year due primarily to an increase in employee compensation and outsourced service fees, partially offset by travel expense. Increased employee compensation related to fulfilling demand for XBRL services and non-SEC consulting services, while the decrease in travel related expenses resulted from performing more consulting work remotely, instead of onsite.

Comparison of Years Ended December 31, 2017 and 2016

	Year ended December 31,		Period-to-period change	
	2017	2016	Amount	% Change
	(dollars in thousands)			
Cost of revenue				
Subscription and support	$ 32,646	$ 27,895	$ 4,751	17.0%
Professional services	27,599	23,730	3,869	16.3%
Total cost of revenue	$ 60,245	$ 51,625	$ 8,620	16.7%

Cost of revenue increased $8.6 million in 2017 compared to 2016, due primarily to an increase in headcount, employee compensation, benefits and travel costs of $7.5 million and an increase in server usage costs of $0.7 million to support our expanding customer base. Subscription and support expense rose 17.0% in the year ended December 31, 2017 compared to the prior year due primarily to increases in headcount, employee compensation, and server expenses used to support our expanding customer base. Professional services expense increased 16.3% in the year ended December 31, 2017 versus the prior year due primarily to an increase in headcount, employee compensation and travel expense related to fulfilling demand for XBRL services and non-SEC consulting services.

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Operating Expenses

Comparison of Years Ended December 31, 2018 and 2017

	Year ended December 31,				Period-to-period change		
	2018		2017		Amount		% Change
	(dollars in thousands)						
Operating expenses							
Research and development	$	81,602	$	68,172	$	13,430	19.7%
Sales and marketing	90,337		84,161		6,176		7.3%
General and administrative	56,333		39,594		16,739		42.3%
Total operating expenses	$	228,272	$	191,927	$	36,345	18.9%

Research and Development

Research and development expenses increased $13.4 million in 2018 compared to 2017 due primarily to $11.2 million in higher cash-based compensation and benefits costs, as well as additional stock-based compensation of $3.6 million. These increases were partially offset by a $2.1 million reduction of consulting fees. Transitioning certain projects to internal teams allowed us to trim consulting fees. We continue to dedicate resources to developing the next generation of Wdesk, which has resulted in increased investment in research and development. In addition, the cost of server usage included in research and development increased $0.6 million during 2018 compared to 2017.

Sales and Marketing

Sales and marketing expenses increased $6.2 million in 2018 compared to 2017 due primarily to $3.9 million in higher employee compensation, benefits and travel costs, as well as additional stock-based compensation of $2.4 million. We expect to continue to invest in sales and marketing employees for future revenue growth. Sales and marketing expense as a percentage of revenue improved to 37.0% during the year ended December 31, 2018 from 40.5% in 2017 due primarily to the capitalization of sales commissions required by ASC 606.

General and Administrative

General and administrative expenses rose $16.7 million in 2018 compared to 2017 due primarily to higher employee cash-based compensation, benefits, and travel costs of $8.9 million, as well as additional stock-based compensation of $5.2 million. In the second quarter of 2018, we recorded an additional $5.9 million and $3.6 million of cash-based and equity-based compensation, respectively, pursuant to a separation agreement with our former CEO. The remaining increase in stock-based compensation was driven primarily by restricted stock grants to certain executive officers in February 2018 that vest after three years.

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Comparison of Years Ended December 31, 2017 and 2016

	Year ended December 31,		**Period-to-period change**	
	2017	**2016**	**Amount**	**% Change**
	(dollars in thousands)			
Operating expenses				
Research and development	$ 68,172	$ 57,438	$ 10,734	18.7%
Sales and marketing	84,161	80,466	3,695	4.6%
General and administrative	39,594	32,695	6,899	21.1%
Total operating expenses	$ 191,927	$ 170,599	$ 21,328	12.5%

Research and Development

Research and development expenses increased $10.7 million in 2017 compared to 2016 due primarily to $6.5 million in higher headcount, cash-based compensation, benefits, and travel costs and a $3.1 million increase in professional services expense related to an increase in technology consultants. We continue to dedicate resources to developing the next generation of Wdesk, which has resulted in higher headcount and additional consultants in research and development. In addition, the cost of server usage included in research and development increased $0.7 million million during 2017 compared to 2016.

Sales and Marketing

Sales and marketing expenses increased $3.7 million in 2017 compared to 2016 due primarily to $4.9 million in higher employee compensation, benefits and travel costs. The increase in these costs was offset partially by a decline in vendor fees of $0.6 million related to a reduction in consulting and vendor created content and a reduction of $0.3 million in software expenses. We expect to continue to invest in sales and marketing employees for future revenue growth.

General and Administrative

General and administrative expenses rose $6.9 million in 2017 compared to 2016 due primarily to higher headcount and additional cash-based compensation, benefits, and travel costs of $3.4 million and employee stock-based compensation of $4.0 million. In the fourth quarter of 2017, we recorded an additional $0.4 million and $1.5 million of cash-based and equity-based compensation, respectively, from certain severance arrangements. The remaining increase in personnel-related costs was driven primarily by a rise in headcount to support the growth of our business and regulatory compliance. The remaining increase in stock-based compensation was driven primarily by restricted stock grants to executive officers in February 2015, January 2016, and January 2017 with a vesting term of three years, as well as stock option grants to executive officer in February 2016 and 2017 with a vesting term of three years.

Non-Operating Income (Expenses)

Comparison of Years Ended December 31, 2018 and 2017

	Year ended December 31,		**Period-to-period change**
	2018	**2017**	**Amount**
	(dollars in thousands)		
Interest expense	$ (1,827)	$ (1,845)	$ 18
Other	1,791	1,783	8

income,
net
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Interest Expense and Other Income, Net

Interest expense and other income, net both remained relatively flat during the year ended December 31, 2018 compared to the prior year.

Comparison of Years Ended December 31, 2017 and 2016

	Year ended December 31,		Period-to-period change
	2017	2016	Amount
	(dollars in thousands)		
Interest expense	$ (1,845)	$ (1,875)	$ 30
Other income, net	1,783	1,500	283

Interest Expense and Other Income, Net

Interest expense remained relatively flat during the year ended December 31, 2017 compared to the same period a year ago.

Other income, net increased $0.3 million in 2017 compared to 2016 due to increases in interest income and in the amount recognized related to our job training reimbursement program. These increases were partially offset by losses on foreign currency transactions.

Quarterly Results of Operations

See “Unaudited Quarterly Results of Operations” included in Note 15 of this Annual Report on Form 10-K for the unaudited quarterly results of operations for the years ended December 31, 2018 and 2017.

Liquidity and Capital Resources

	Year ended December 31,		
	2018	2017	2016
	(in thousands)		
Cash flow provided by (used in) operating activities	$ 6,400	$ 5,520	$ (10,369)
Cash flow (used in) provided by investing activities	(5,632)	(6,473)	3,805
Cash flow provided by (used in) financing activities	16,876	9,822	(895)
Net increase (decrease) in cash and cash equivalents, net of impact of exchange	$ 17,251	$ 9,052	$ (7,469)

rates

As of December 31, 2018, our cash, cash equivalents, and marketable securities totaled $98.3 million. To date, we have financed our operations primarily through the proceeds of our initial public offering, private placements of equity, debt that was settled in equity and cash from operating activities. We have generated significant operating losses and negative cash flows from operating activities as reflected in our accumulated deficit and consolidated statements of cash flows. We expect to continue to incur operating losses. We believe that current cash and cash equivalents, cash flows from operating activities, availability under our existing credit facility and the ability to offer and sell securities pursuant to our shelf registration statement will be sufficient to fund our operations for at least the next twelve months.

In August 2014, we entered into a $15.0 million credit facility with Silicon Valley Bank. Borrowing capacity is equal to the most recent month's subscription and support revenue multiplied by a

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percentage that adjusts based on the prior quarter's customer retention rate. The credit facility can be used to fund working capital and general business requirements. The credit facility is secured by all of our assets, has first priority over our other debt obligations, and requires us to maintain certain financial covenants, including the maintenance of at least $5.0 million of cash on hand or unused borrowing capacity. The credit facility contains certain restrictive covenants that limit our ability to transfer or dispose of assets, merge with other companies or consummate certain changes of control, acquire other companies, pay dividends, incur additional indebtedness and liens, effect changes in management and enter into new businesses. The credit facility has a variable interest rate equal to the bank's prime lending rate with interest payable monthly and the principal balance due at maturity. The credit facility matures in August 2020.

Pursuant to the credit facility, a letter of credit totaling $500,000 was outstanding at December 31, 2018. This letter of credit, which reduces the availability under the credit facility, was issued as a maintenance deposit for an office lease. The letter of credit expires every year but has a feature that automatically renews the term for an additional year with an ultimate expiration date of February 28, 2030.

We filed a universal shelf registration statement on Form S-3 with the SEC that became effective August 10, 2017. Under the shelf registration statement, we may offer and sell, from time to time in the future in one or more public offerings, our Class A common stock, preferred stock, debt securities, warrants, rights and units. The aggregate initial offering price of all securities sold by us under the shelf registration statement will not exceed $250.0 million.

Operating Activities

For the year ended December 31, 2018, cash provided by operating activities was $6.4 million. The primary factors affecting our operating cash flows during the period were our net loss of $50.1 million, adjusted for non-cash charges of $3.8 million for depreciation and amortization of our property and equipment and intangible assets, $30.8 million of stock-based compensation, and $0.6 million provision for doubtful accounts. The primary drivers of the changes in operating assets and liabilities were a $20.2 million increase in accounts receivable and a $11.2 million increase in deferred commissions, offset by a $2.0 million decrease in prepaid expenses and other, a $1.7 million increase in accounts payable, a $40.1 million increase in deferred revenue, and a $8.9 million increase in accrued expenses and other liabilities. Customer growth and contract renewals for longer terms accounted for most of the increase in deferred revenue. The increase in accounts receivable was attributable primarily to the timing of our billings and cash collections. The increase in accrued expenses and other liabilities was due to increased accrued employee compensation as well as the timing of cash payments. The increase in deferred commissions was primarily due to additional payments made to our sales force related to the direct and incremental costs of obtaining a customer contract. The increase in accounts payable and decrease in prepaid expenses and other were attributable primarily to the timing of our cash payments.

For the year ended December 31, 2017, cash provided by operating activities was $5.5 million. The primary factors affecting our operating cash flows during the period were our net loss of $44.4 million, adjusted for non-cash charges of $3.5 million for depreciation and amortization of our property and equipment and intangible assets, $19.5 million of stock-based compensation, and $1.6 million for recognition of other income from government grants. The primary drivers of the changes in operating assets and liabilities were a $5.5 million increase in accounts receivable and a $0.8 million decrease in accrued expenses and other liabilities offset by a $29.4 million increase in deferred revenue, a $3.0 million decrease in prepaid expenses, and a $2.2 million increase in accounts payable. Short-term deferred revenue from subscription and support contracts increased $28.1 million from December 31, 2016 to December 31, 2017. Long-term deferred revenue from subscription and support contracts

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increased by $1.2 million from December 31, 2016 to December 31, 2017. Short-term deferred revenue from professional services increased by $0.1 million from December 31, 2016 to December 31, 2017. Customer growth and contract renewals for longer terms accounted for most of the increase in deferred revenue. The increase in accounts receivable was attributable primarily to the timing of our billings and cash collections. The decrease in accrued expenses and other liabilities was due primarily to the timing of year-end bonus payments for 2017, as we moved the payment of bonuses to eligible non-executive employees from January to December. The decrease in prepaid expenses was due primarily to timing of payments relating to cloud infrastructure services and our annual user conference. The increase in accounts payable was attributable primarily to the timing of our cash payments.

Investing Activities

Cash used in investing activities of $5.6 million for the year ended December 31, 2018 was due primarily to $24.7 million for the purchase of marketable securities and $1.1 million of capital expenditures, partially offset by $20.4 million from the maturities of marketable securities. Our capital expenditures were associated primarily with computer equipment and furniture and fixtures in support of expanding our infrastructure and work force.

Cash used in investing activities of $6.5 million for the year ended December 31, 2017 was due primarily to $14.4 million for the purchase of marketable securities and $1.2 million of capital expenditures, partially offset by $9.3 million from the maturities of marketable securities. Our capital expenditures were associated primarily with computer equipment and furniture and fixtures in support of expanding our infrastructure and work force.

Financing Activities

Cash provided by financing activities of $16.9 million for the year ended December 31, 2018 was due primarily to $16.7 million in proceeds from option exercises and $3.2 million in proceeds from shares issued in connection with our employee stock purchase plan, partially offset by an aggregate $1.2 million in repayments on long-term debt and payments on capital lease and financing obligations, and $1.9 million in taxes paid related to the net share settlements of stock-based compensation awards.

Cash provided by financing activities of $9.8 million for the year ended December 31, 2017 was due primarily to $12.5 million in proceeds from option exercises, partially offset by an aggregate $1.5 million in repayments on long-term debt and payments on capital lease and financing obligations and $1.1 million in taxes paid related to the net share settlements of stock-based compensation awards.

Contractual Obligations and Commitments

The following table represents our contractual obligations as of December 31, 2018, aggregated by type:

		Payments due by period			
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
	(in thousands)				
Operating lease obligations relating to office facilities	$ 29,203	$ 4,755	$ 7,363	$ 6,392	$ 10,693
Financing obligations, including interest for building	37,673	2,893	5,786	4,126	24,868
Cloud infrastructure services	2,672	2,672	—	—	—
Total contractual obligations	$ 69,548	$ 10,320	$ 13,149	$ 10,518	$ 35,561

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We have entered into a lease agreement for land and an office building in Ames, Iowa, which was constructed in two phases. The lease term includes an initial 15-year term and three five-year extensions at our option because renewal was determined to be reasonably assured at the inception of the lease. As part of the lease agreement, the landlord was responsible for constructing the building in accordance with our specifications and agreed to fund $11.8 million for the first phase and $11.1 million for the second phase of construction. We were the developer of the project and responsible for construction costs in excess of these amounts. As a result of this involvement, we were required to capitalize the construction costs associated with the office building. The construction liability of $11.8 million was reclassified to a financing obligation and $17.1 million of costs capitalized during construction were placed in service during June 2013 for the first phase. Upon completion of the second phase of the project, the construction liability of $11.1 million was reclassified to a financing obligation, and $19.9 million of costs capitalized during construction were placed in service during 2014.

The lease contains purchase options to acquire the landlord's interest in the land lease and building at any time beginning three years from June 2014 (the commencement date of the second phase of the lease). In addition, the lease requires us to purchase the building from the landlord upon certain events, such as a change in control. The purchase options were deemed to be fair value at the inception of the lease.

Off-Balance Sheet Arrangements

During the years ended December 31, 2018, 2017 and 2016, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As a result, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in those types of relationships.

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Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, provision for income taxes and related disclosures. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

We believe that of our significant accounting policies, which are described in Note 1 to our consolidated financial statements, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of our operations.

Revenue Recognition

We generate revenue through the sale of our cloud-based software and the delivery of professional services. Revenues are recognized when control of these services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those services.

We determine revenue recognition through the following steps:

•Identification of the contract, or contracts, with a customer

•Identification of the performance obligations in the contract

•Determination of the transaction price

•Recognition of revenue when, or as, we satisfy a performance obligation

Subscription and Support Revenue

We recognize subscription and support revenue on a ratable basis over the contract term beginning on the date that our service is made available to the customer. Our subscription contracts are generally three to 36 months in duration, are billed in advance and are non-cancelable. We consider the access to Wdesk and related support services in a customer contract to be a series of distinct services which comprise a single performance obligation because they are substantially the same and have the same pattern of transfer.

Professional Services Revenue and Customer Options

Professional services revenues primarily consist of fees for document set up, XBRL tagging, and consulting with our customers on business processes and best practices for using Wdesk. We have determined that an agreement to purchase these professional services constitutes an option to purchase services in accordance with ASC 606 rather than an agreement that creates enforceable rights and obligations because of the customer's contractual right to cancel services that have not yet been used. In the limited case of agreements where we determined that the option provides the customer with a material right, we allocate a portion of the transaction price to the material right. Professional service agreements that do not contain a material right are accounted for when the customer exercises its option to purchase additional services.

Revenue is recognized for document set ups when the service is complete and control has transferred to the customer. Revenues from XBRL tagging and consulting services are recognized as the services are performed.

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Our professional services revenue is higher in the first calendar quarter because many of our customers employ our professional services just before they file their Form 10-K.

Contracts with Multiple Performance Obligations

Some of our contracts with customers contain multiple performance obligations in the event that we determine a material right exists. For these contracts, we account for the individual performance obligations separately when they are both capable of being distinct, whereby the customer can benefit from the service either on its own or together with other resources that are readily available from third parties or from us, and are distinct in the contract of the contract, whereby the transfer of the services is separately identifiable from other promises in the contract. If these criteria are not met, the promised services are accounted for as a combined performance obligation. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. We determine the standalone selling prices based on our overall pricing objectives, taking into consideration market conditions and entity-specific factors, including the size of our arrangements, length of term, customer demographics and the numbers and types of users within our arrangements.

While changes in assumptions or judgments or changes to the elements of the arrangement could cause an increase or decrease in the amount of revenue that we report in a particular period, these changes have not historically been significant because our recurring revenue is primarily subscription and support revenue.

Deferred Commissions

Sales commissions earned by our sales force are considered incremental and recoverable costs of obtaining a contract with a customer. Sales commissions paid where the amortization period is one year or less are expensed as incurred. All other sales commissions are deferred and then amortized on a straight-line basis over a period of benefit that we have determined to be three years. We determined the period of benefit by taking into consideration our standard contract terms and conditions, rate of technological change and other factors. Amortization expense is included in sales and marketing expenses in the accompanying consolidated statements of operations.

Recent Accounting Pronouncements

Refer to Note 1 of the notes to consolidated financial statements for a full description of recent accounting pronouncements.

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Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency rates, although we also have some exposure due to potential changes in inflation or interest rates. We do not hold financial instruments for trading purposes.

Foreign Currency Risk

Our sales contracts are denominated predominantly in U.S. dollars and, to a lesser extent, the Canadian dollar, Euro, and British Pound Sterling. Consequently, our customer billings denominated in foreign currency are subject to foreign currency exchange risk. A portion of our operating expenses is incurred outside the United States and is denominated in foreign currencies. These operating expenses are also subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Canadian dollar, Euro, and British pound. Additionally, fluctuations in foreign currency exchange rates may cause us to recognize transaction gains and losses in our statement of operations. To date, we have not entered into derivatives or hedging transactions as our exposure to foreign currency exchange rates has not been material to our historical operating results, but we may do so in the future if our exposure to foreign currency should become more significant. Foreign currency transaction gains (losses) are included in net loss and were $289,000, $(372,000) and $67,000 in the years ended December 31, 2018, 2017 and 2016, respectively.

Inflation Risk

Inflationary factors, such as increases in our operating expenses, may adversely affect our results of operations, as our customers typically purchase services from us on a subscription basis over a period of time. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, an increase in the rate of inflation in the future may have an adverse effect on our levels of operating expenses as a percentage of revenue if we are unable to increase the prices for our subscription-based solutions to keep pace with these increased expenses.

Interest Rate Risk

As part of our build-to-suit lease arrangement, in addition to the base rent amount, we are responsible for the underlying mortgage held by the lessor, a portion of which is subject to a variable interest rate equal to the prime lending rate plus 1%. In addition, in August 2014, we entered into a $15.0 million credit facility. The credit facility is denominated in U.S. dollars and borrowings are subject to a variable interest rate equal to the prime lending rate. A hypothetical 10% increase or decrease in interest rates after December 31, 2018 would not have a material impact on our results of operations, our cash flows or the fair values of our outstanding debt or financing obligations.

Interest Rate Sensitivity

We had cash, cash equivalents and marketable securities totaling $98.3 million as of December 31, 2018. The cash, cash equivalents and marketable securities are held for working capital purposes. Our investments are made primarily for capital preservation purposes. We do not enter into investments for trading or speculative purposes.

Our cash and cash equivalents consist primarily of cash and money market funds. Our exposure to market risk for changes in interest rates is limited because our cash and cash equivalents have a short-term maturity and are used primarily for working capital purposes.

Our portfolio of marketable securities was invested primarily in commercial paper and U.S. corporate and U.S. treasury debt securities and is subject to market risk due primarily to changes in interest rates. Fixed rate securities may have their market value adversely affected due to a rise in interest

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rates. Accordingly, our future investment income may fluctuate as a result of changes in interest rates, or we may suffer losses in principal if we are forced to sell securities that decline in market value as a result of changes in interest rates. However, because we classify our marketable securities as “available for sale,” no gains or losses are recognized due to changes in interest rates unless such securities are sold prior to maturity or declines in fair value are determined to be other-than-temporary.

An immediate increase of 100-basis points in interest rates would have resulted in an $87,000 market value reduction in our investment portfolio as of December 31, 2018. This estimate is based on a sensitivity model that measures market value changes when changes in interest rates occur. Fluctuations in the value of our investment securities caused by a change in interest rates (gains or losses on the carrying value) are recorded in other comprehensive income, and are realized only if we sell the underlying securities.

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Item 8. Consolidated Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Workiva Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Workiva Inc. (the Company) as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive loss, stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 20, 2019 expressed an unqualified opinion thereon.

Adoption of ASU No. 2014-09

As discussed in Note 1 to the consolidated financial statements, the Company changed its method for recognizing revenue as a result of the adoption of Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), and the amendments in ASUs 2015-14, 2016-08, 2016-10 and 2016-12 effective January 1, 2018.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2010.

Chicago, Illinois
February 20, 2019

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Workiva Inc.

Opinion on Internal Control over Financial Reporting

We have audited Workiva Inc.'s internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Workiva Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive loss, stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2018, and the related notes and our report dated February 20, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
Chicago, Illinois
February 20, 2019

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WORKIVA INC.

CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	As of December 31,			
	2018		**2017**	
ASSETS				
Current assets				
Cash and cash equivalents	$	77,584	$	60,333
Marketable securities	20,764		16,364	
Accounts receivable, net of allowance for doubtful accounts of $955 and $388 at December 31, 2018 and 2017, respectively	65,107		28,800	
Deferred commissions	8,178		2,376	
Other receivables	1,181		975	
Prepaid expenses and other	4,417		6,444	
Total current assets	177,231		115,292	

Property and equipment, net	41,468	40,444
Deferred commissions, non-current	10,569	—
Intangible assets, net	1,266	1,118
Other assets	577	861
Total assets	$ 231,111	$ 157,715

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WORKIVA INC.

CONSOLIDATED BALANCE SHEETS (continued)

(in thousands, except share and per share amounts)

	As of December 31,			
	2018		2017	
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current liabilities				
Accounts payable	$	5,461	$	3,060
Accrued expenses and other current liabilities	36,353		20,429	
Deferred revenue	148,545		104,684	
Current portion of capital lease and financing obligations	1,222		1,168	
Total current liabilities	191,581		129,341	
Deferred revenue, non-current	25,171		22,709	
Other long-term liabilities	6,891		4,174	
Capital lease and financing	17,208		18,425	

obligations		
Total liabilities	240,851	174,649
Stockholders' deficit		
Class A common stock, $0.001 par value per share, 1,000,000,000 shares authorized, 34,498,391 and 32,165,407 shares issued and outstanding at December 31, 2018 and 2017, respectively	34	32
Class B common stock, $0.001 par value per share, 500,000,000 shares authorized, 9,545,596 and 10,203,371 shares issued and	10	10

outstanding at December 31, 2018 and 2017, respectively		
Preferred stock, $0.001 par value per share, 100,000,000 shares authorized, no shares issued and outstanding	—	—
Additional paid-in-capital	297,145	248,289
Accumulated deficit	(307,027)	(265,337)
Accumulated other comprehensive income	98	72
Total stockholders' deficit	(9,740)	(16,934)
Total liabilities and stockholders' deficit	$ 231,111	$ 157,715

See accompanying notes.

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WORKIVA INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)

	Year ended December 31,		
	2018	**2017**	**2016**
Revenue			
Subscription and support	$ 200,392	$ 169,283	$ 143,120
Professional services	43,952	38,586	35,526
Total revenue	244,344	207,869	178,646
Cost of revenue			
Subscription and support	34,215	32,646	27,895
Professional services	31,645	27,599	23,730
Total cost of revenue	65,860	60,245	51,625
Gross profit	178,484	147,624	127,021
Operating expenses			
Research and development	81,602	68,172	57,438
Sales and marketing	90,337	84,161	80,466
General and administrative	56,333	39,594	32,695
Total operating expenses	228,272	191,927	170,599
Loss from operations	(49,788)	(44,303)	(43,578)

Interest expense	(1,827)		(1,845)		(1,875)	
Other income, net	1,791		1,783		1,500	
Loss before provision for income taxes	(49,824)		(44,365)		(43,953)	
Provision for income taxes	247		61		24	
Net loss	$	(50,071)	$	(44,426)	$	(43,977)
Net loss per common share:						
Basic and diluted	$	(1.15)	$	(1.07)	$	(1.08)
Weighted-average common shares outstanding - basic and diluted	43,640,408		41,618,838		40,671,133	

See accompanying notes.

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WORKIVA INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)

	Year ended December 31,		
	2018	2017	2016
Net loss	$ (50,071)		