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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2019

OR

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

For the transition period from ______ to **______**

Commission File Number 001-36331

Quotient Technology Inc.

(Exact name of registrant as specified in its Charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**77-0485123** **(I.R.S. Employer Identification No.)**
400 Logue Avenue **Mountain View, CA** **(Address of principal executive offices)**	**94043** **(Zip Code)**

Registrant's telephone number, including area code: (650) 605-4600

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.00001 par value per share	**QUOT**	**New York Stock Exchange**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES ☐ NO ☒

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 ☒ NO ☐

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 ☒ NO ☐

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 definition of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Small reporting company	☐
Emerging growth company	☐		

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, as of June 30, 2019, the last business day of the registrant's most recently completed second fiscal quarter, based on the closing price of $10.74 per share of the Registrant's common stock as reported by the New York Stock Exchange on June 30, 2019, was $906.4 million. The calculation of the aggregate market value of voting and non-voting common equity excludes 5.4 million shares of the registrant held by executive officers, directors and stockholders that the registrant concluded were affiliates of the registrant on that date. Exclusion of such shares should not be construed to indicate that any such person possesses the power, direct or indirect, to direct or cause the direction of the management or policies of the registrant or that such person is controlled by or under common control with the registrant.

The number of shares of registrant's Common Stock outstanding as of February 18, 2020 was 89,652,547.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement relating to the Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Such definitive Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended December 31, 2019.

Table of Contents

Unless the context otherwise requires, the terms “Quotient,” “Coupons,” the “Company,” “we,” “us” and “our” in this Annual Report on Form 10-K refer to Quotient Technology Inc. and its consolidated subsidiaries.

Quotient, Quotient Retailer iQ, Retail Performance Media, Ubimo, Ahalogy, Elevaate, SavingStar, Shopmium and our other registered or common law trademarks, service marks or trade names appearing in this Annual Report on Form 10-K are the property of Quotient and its subsidiaries. Other trademarks and trade names referred to in this Annual Report on Form 10-K are the property of their respective owners.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The words "anticipate," "believe," "continue," "could," "seek," "might," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "approximately," "project," "should," "will," "would" or the negative or plural of these words or similar expressions, as they relate to our company, business and management, are intended to identify forward-looking statements. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about:

- our financial performance, including our revenues, margins, costs, expenditures, growth rates and operating expenses, and our ability to generate positive cash flow and become profitable;
- increasing our share of Consumer Packaging Goods ("CPG"s) marketing spend on promotions and media on our platforms and increasing the number of brands that are using our platform within each CPG;
- our ability to adapt to changes in marketing budgets of CPGs and retailers and the timing of their marketing spend;
- our expectations regarding Quotient Promotions Cloud, Quotient Media Cloud, Quotient Analytic Cloud, and Quotient Audience Cloud platforms;
- our expectations regarding the shift to digital promotions and advertising from off-line channels;
- our ability to successfully expand our media solutions into new areas such as Retail Performance Media, media agency, influencer marketing, and sponsored search;
- our ability to maintain and expand our data rights within our retailer network;
- our ability to successfully execute and grow our Retail Performance Media programs;
- our ability to successfully expand our promotions solutions into new areas such as targeted printed offers at checkout and loyalty rewards programs;
- our ability to successfully execute our digital promotions and media solutions into retailers' in-store and point of sale systems and consumer channels;
- our ability to deploy, execute, and continue to develop Quotient Analytics and our data, measurement, and analytics solutions in support of our digital promotions and media solutions;
- our ability to demonstrate the value of our digital promotions and media solutions through trusted measurement metrics;
- our ability to expand the use by consumers of our digital promotions and media offerings and broaden the selection and use of digital promotions, cash-back offers, and coupon codes;
- our strategies relating to the growth of our platform and our business, including pricing strategies;
- our ability to successfully enter new markets;
- our ability to successfully integrate our newly acquired companies into our business;
- our ability to respond to changes in the legislative or regulatory environment, including with respect to privacy and data protection, or enforcement by government regulators, including fines, orders, or consent decrees;
- the effects of increased competition in our markets and our ability to compete effectively;
- our ability to effectively grow and train our sales and operations teams;
- our ability to maintain, protect and enhance our brand and intellectual property;
- our strategies relating to, and outcomes of, and costs associated with defending, intellectual property infringement and other claims;
- our significant operating leverage in our business;
- our ability to develop and launch new services and features; and
- our ability to attract and retain qualified employees and key personnel.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Annual Report on Form 10-K.

We have based these forward-looking statements on our current expectations and projections about future events and financial trends affecting our business. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available to our management at the date of this Annual Report on Form 10-K and our management's good faith belief as of such date with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We discuss these risks in greater detail in "Item 1A: Risk Factors" and elsewhere in this Annual Report on Form 10-K. Forward-looking statements speak only as of the date of this Annual Report on Form 10-K. We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. Except as required by law, we assume no obligation to publicly update or revise any forward-looking statement to reflect actual results, changes in assumptions based on new information, future events or otherwise. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements.

PART I

Item 1. Business.

Overview

Quotient Technology Inc. is an industry leading digital marketing company, providing technology and services that power integrated digital promotions and media programs for consumer packaged goods ("CPG"s) brands and retailers. These programs are delivered across our network, including our flagship consumer brand Coupons.com and our retail partners' properties. This network provides Quotient with proprietary and licensed data, including online behavior, purchase intent, and retailers' in-store point-of-sale ("POS") shopper data, to target shoppers with the most relevant digital promotions and ads. We also deliver digital promotions and media programs to third party publishing properties outside of our network. Customers and partners use Quotient to influence shoppers via digital channels, integrate marketing and merchandising programs, and leverage shopper data and insights to drive measurable sales results.

For our retail partners, we provide a digital platform, Quotient Retailer iQ ("Retailer iQ"), to directly engage with shoppers across their websites, mobile, ecommerce, and social channels. This platform is generally co-branded or white-labeled through retailers' savings or loyalty programs and uses shopper data to deliver relevant digital promotions from brand marketers and retailers to shoppers.

Our network is made up of three constituencies:

- Our clients consist of approximately 700 CPGs, representing approximately 2,000 brands, including many of the leading food, beverage, personal and household product manufacturers;
- Our retail partners, representing multiple classes of trade such as leading grocery retailers and drug, dollar, club, and mass merchandise channels, where the majority of CPG products are sold; and
- Millions of consumers visiting our websites, mobile properties, and social channels, as well as those of our CPG and retailer partners.

Through these three groups, we have created a network effect, which we believe gives us a competitive advantage over both offline and online competitors. As our shopper audience increases, our platform becomes more valuable to CPGs and retailers, which, in turn, rely more heavily on our platform for their digital promotions and media. In addition, the breadth of coupon and advertising content offered from leading brands enables us to attract and retain more retailers and shoppers. As our network expands, we generate more shopper data and insights, which improve our ability to deliver more relevant and personalized promotions and media, and strengthens our measurement and data insights solutions.

We primarily generate revenue by providing digital promotions and media programs to our customers and partners.

We generate revenue from promotion campaigns, in which CPGs pay us to deliver promotions to consumers through our network of publishers and retail partners. Using shopper data from our retail partners and our proprietary data and audience segments, we deliver targeted and/or personalized digital promotions to shoppers through our network, including our websites and mobile apps, as well as those of our publishers, retailers and other third-party properties. Each time a promotion is activated through our platform or, in some cases, redeemed, we are generally paid a fee. Activation of a digital promotion can include: saving it to a retailer loyalty account or printing it for physical redemption at a retailer. Campaigns are targeted to shoppers, and measured based on performance attributable to retail purchases in near real time.

Promotion revenues also include our Specialty Retail business, in which specialty stores including clothing, electronics, home improvement and many others offer coupon codes that we distribute. Each time a consumer makes a purchase using a coupon code, a transaction occurs and a distribution fee is generally paid.

We also generate revenues from digital media, in which CPGs, retailers, and advertising agencies use our platform to deliver digital advertising. Using shopper data from our retail partners and our proprietary data and audience segments, we target audiences with digital ad campaigns. These ads are delivered to shoppers through our network, including our websites and mobile apps, as well as those of our publishers, retailers and other third-party properties. Campaigns are measured based on optimization and performance, attributing digital ad campaigns to retail purchases in near real time. Media solutions we offer include display, targeted media, social influencer, sponsored product search, and audiences. A growing portion of our media campaigns are purchased as an integrated campaign which combines media advertising and promotions in a single campaign. Our media solutions help serve our customers and partners' needs as they shift more of their marketing dollars to digital channels that can be measured based on campaign performance and attributable sales. In the fourth quarter of 2019 we purchased Ubimo, a data and media activation platform to strengthen our media solution and accelerate the development of a self-service media platform. Through Ubimo, we also offer digital out of home media solutions.

We generally pay a distribution fee to retailers and publishers for activation or redemption of a digital promotion, for media campaigns, and for use of data for targeting or measurement. We also pay a fee to third-party publishers for traffic acquisition, which consists of delivering campaigns on certain networks or properties. These distribution and third-party service fees are included in our cost of revenues. See Management's Discussion and Analysis of Financial Condition and Results of Operations – "Non-GAAP Financial Measure and Key Operating Metrics" for more information.

During 2019, we generated revenues of $436.2 million, representing 13% growth over 2018, and a net loss of $37.1 million as compared to $28.3 million in 2018. See our Consolidated Financial Statements and accompanying notes for more information. For the year ended December 31, 2019, there was one customer that accounted for greater than 10% of our total revenues. For the years ended December 31, 2018 and 2017, there were no customers that accounted for more than 10% of our total revenues.

Our Industry

Retailers and CPGs are turning to data-driven digital marketing strategies to engage and influence shoppers to compete more effectively in today's retail environment and drive sales. By shifting dollars from traditional offline channels to digital, brands and retailers can use shopper data and behaviors to target and deliver digital promotions and advertising with greater efficiency and return on investment.

For decades, retailers and CPGs have worked together to drive sales, which in turn benefits both parties. CPGs sell their products to retailers, and retailers are responsible for selling those products directly to shoppers. To help retailers attract shoppers and ensure sales, CPGs spend over $225 billion annually in promotions, media, shopper marketing, trade and other in-store advertising. Historically, the vast majority of these dollars have been spent in offline channels such as free-standing inserts found in Sunday newspapers, direct mail, printed circulars, in-store aisle tags, end caps and TV. These traditional offline channels are becoming less effective as consumers spend more time online, particularly on mobile, giving way to the rising importance of using data to drive personalized and targeted, content to shoppers. To reach shoppers at the right time and place, CPGs are shifting dollars historically spent in offline channels to digital.

At the same time, traditional retailers are paving the path for this digital shift by investing in technology and creating digital strategies to better compete and drive sales. This includes investment around loyalty strategies, ecommerce experiences, and data-driven advertising platforms. As retailers expand their digital capabilities, it creates greater opportunities for CPGs to shift marketing dollars from offline to digital.

Digital promotions, primarily funded by CPGs, have been found to be more effective and are redeemed at higher rates compared to traditional offline promotions. According to a 2018 mid-year industry report by NCH Marketing Services, Inc., digital coupons (including digital print and digital paperless coupons) represented approximately 1.7% of total U.S. CPG coupon distribution volume, but accounted for just over 20% of total U.S. CPG coupon redemptions. We believe that the ease of digital promotions, coupled with greater awareness of digital savings programs, is broadening the demographic reach and driving demand for digital promotions.

Trade promotions, defined as promotions offered to drive additional sales directly from a particular retailer, are also funded by CPGs. Historically, trade promotions have been mass marketed through retailers in offline vehicles such as aisle tags and printed circulars. We believe CPGs will shift offline trade promotions to digital as retailers continue to increase their digital marketing activities and better use their shopper data.

Advertising from shopper marketing, defined as advertising funded by the CPG to gain shopper awareness and drive sales within a specific retailer, is also shifting from traditional in-store and print advertising to digital, particularly to mobile. Shopper marketers are looking to reach shoppers across the right touchpoints at the right time. Additionally, portions of CPG brand advertising, which have historically been spent in traditional offline channels such as print and TV, are also expected to shift to digital channels.

As the shift to digital coupon and digital advertising continues to grow, so does the importance placed on data to target audiences and measure campaign performance. Today, over 90% of grocery sales still occur in-store with shopper data residing offline, creating a particular need to attribute dollars spent in digital promotions and advertising directly to in-store sales. As a greater portion of grocery sales shift to online, retailers are investing in omni-channel strategies, technology, and solutions to meet shopper demands, compete effectively and drive sales. These investments are creating an increased number of digital touchpoints, using combined data from offline and online sales, for retailers and their CPGs to target shoppers with relevant promotions and digital marketing. As retailers add more omni-channel capabilities, it enables CPGs to shift more marketing dollars to digital.

Our Platforms and Solutions

We offer an industry leading digital platform providing technology and services that power integrated digital promotions and media programs for CPG brands and retailers. We do this through personalized and targeted promotions and media for the purpose of driving profitable sales and building shopper loyalty. Approximately 700 CPGs, representing approximately 2,000 brands, use our platform to manage and distribute digital promotions and advertising, target shopper audiences, and measure campaign performance and sales results.

Through Quotient's solutions, brands and retailers can integrate their marketing campaigns using national brand promotions, trade and loyalty rewards promotions, shopper marketing, brand media advertising, social and influencer marketing, and sponsored search. We also offer Quotient Audiences, which includes syndicated and custom audience segments, to be used for targeting and delivery of campaigns. Our solutions combine shopper insights, purchase data, and audience segments with broad distribution capabilities across mobile, web, social and ecommerce channels. Brands and retailers can develop and execute targeted marketing and promotional programs within days, while using campaign performance metrics to adjust programs in near real time. This differs from the long lead times typically required in traditional offline marketing and measurement vehicles.

We have a broad distribution network that includes our owned and operated web and mobile properties, such as Coupons.com, and thousands of publishing and retail partner properties. Through this network, we distribute relevant and targeted promotions and media.

We power Retailer iQ, our proprietary and core platform, used at top retailers in the grocery, drug, dollar, club and mass merchandise channels. Retailers integrate Retailer iQ into their points-of-sale (POS), or loyalty program, which serves as their digital marketing platform, creating a direct, digital relationship with millions of their shoppers. Through Retailer iQ, we use shopper data and insights to distribute personalized and targeted promotions and media, primarily funded by our CPG customers or retail partners, to help drive shopper loyalty and increase sales. Additional Retailer iQ solutions include personalized e-mails, targeted in-lane promotions at checkout, loyalty rewards, rebate offers, Retail Performance Media, digital grocery list, digital receipts, branding landing pages, and digital circular.

With the foundation of Retailer iQ integrated into retailers' point of sale or loyalty programs, we've developed four proprietary platforms in which our go-to-market solutions fall under: Quotient Promotions Cloud, Quotient Media Cloud, Quotient Analytics Cloud and Quotient Audience Cloud.

Quotient Promotions Cloud

Quotient Promotions Cloud platform offers digital paperless and digital print promotions across our distribution network. With digital paperless, shoppers add promotions directly to retailer loyalty accounts for automatic digital redemption or use a mobile device to take a picture of a retailer receipt with the appropriate purchase for cash back redemption. With digital print, shoppers select promotions and print them from their desktop or mobile device to redeem in store.

Through our platform, CPGs and retailers can reach shoppers on the web and on mobile devices by offering digital promotions through our extensive network which includes:

- the Coupons.com website and our Coupons.com and Shopmium mobile applications;
- CPG and retailer websites and mobile applications; and
- thousands of third-party publishing websites and mobile applications in our network.

Quotient Promotions Cloud offers national digital promotions from CPG brands, and retail-specific promotions sourced from shopper marketers and retailers. Other products included in Quotient Promotions Cloud are in-lane targeted promotions at checkout, loyalty rewards promotions, and rebates. Promotions can be personalized and/or targeted to shoppers through a combination of data points, including shopper purchase and intent data, historical purchase transactions, promotion activations and redemptions, interests, online clicks and search behavior, demographics, and location data. These techniques enable us to optimize the delivery of promotions across the network and drive campaign performance.

Quotient Media Cloud

Quotient Media Cloud platform offers targeted advertising solutions, enabling brands and retailers to reach shoppers before, during and after their shopping cycles with digital media campaigns. Brands and advertisers can leverage our proprietary shopper data and audience segments to deliver targeted media ads across our network, including retail partners and Coupons.com, and across third-party publishers' web, mobile and social channels outside our network. For example, we can target consumers on Facebook who have redeemed a promotion or purchased a product in a particular product category with advertising within that product category.

Our media solutions include execution and delivery of targeted media, creative services and audience segments through Quotient Audiences.

In 2018, we added influencer marketing and sponsored search through the acquisitions of Ahalogy and Elevaate, respectively. Ahalogy brings social expertise and an extensive influencer network to our customers and partners. Their proprietary data and category trends help develop and create compelling influencer marketing campaigns, including new recipe ideas, creative new product uses and brand awareness to shoppers across paid social channels. With the acquisition of Elevaate, we expanded available media units within a retailer's ecommerce experience with sponsored search solutions. With this additional technology, retailers can enhance their ecommerce experience while making it easy for shoppers to find the products they need and want. These added solutions also give brands and advertisers the ability to manage their digital budgets through a single strategic partner, reaching shoppers through paid search media and sponsored search directly on the retailers' properties.

For retailers, we power the Quotient Retail Performance Media (RPM) platform, giving retailers the technology to expand their digital media strategies and leverage their shopper data to drive sales. Through RPM, brand marketers can use specific retail data to target and deliver media directly to shoppers and measure direct sales results. Additionally, retailers deliver digital media campaigns through RPM. We distribute these targeted ads via retailer digital properties, our expansive network including Coupons.com properties, and other third-party publishing sites. We also power Quotient Digital Circular, a personalized retail circular experience for shoppers, with targeted media units for brands to advertise their products and drive sales.

We also provide CPGs, retailers and other advertisers access to our Coupons.com audience, including our website and mobile properties, to market their brands, including premium media and advertising placements on our site, promoted positions within our coupon galleries and premium placement in our marketing efforts.

Quotient Analytics Cloud

Quotient Analytics Cloud provides campaign analytics and measured sales results to CPGs and retailers, attributing digital promotions and/or media campaigns to in-store and online purchases. Through Quotient Analytics, we combine purchase data from select retailers across the Quotient Retailer iQ network with online engagement and purchase-intent data from Quotient's flagship brand, Coupons.com, and the Company's thousands of publishing partners. Our campaign measurement tools also provide brands and retailers with flexibility to adjust their campaigns in mid-flight to drive greater efficiency with marketing dollars. As our platform, network and audience expands, the value of our data and analytics increases. We provide analytics and insights through Quotient Promo iQ and Quotient Media iQ.

Quotient Audience Cloud

In the beginning of January 2019, we introduced Quotient Audience Cloud whereby brand marketers can activate shopper audience segments to be used to deliver targeted media and measurement. The audience segments are derived from first party data and insights from Coupons.com properties, and shopper data from select Retailer iQ partners. The Audience Cloud platform offers syndicated shopper audiences, or custom audience segments, and may be used in conjunction with our Quotient Media Cloud advertising services or purchased separately either through us, or a licensed partner.

Growth Strategy

We intend to grow our platform and our business through the following key strategies:

Increase revenues from CPGs already on our platform. Based on our experience to date, we believe we have opportunities to continue increasing revenues from our existing CPG customer base through:

- increasing our share of CPG spending on overall promotions and media;
- increasing the number of brands that are using our platform within each CPG;
- leveraging data to provide our customers and partners with more insight, including campaign performance, and to distribute more targeted promotions, media, and analytics across our retail partner properties, our network including our owned and operated properties, and third-party sites, and to expand our capabilities within Quotient Audience Cloud; and
- maximizing consumer's experiences across all products.

Grow our promotions business. We plan to grow Quotient Promotions Cloud through increased consumer demand of promotions, and by increasing the number of promotions CPG brands offer on the platform. By bringing retailers and shoppers into our network, our ability to expand our targeted promotions and expand our audience reach grows, increasing our ability to more effectively engage consumers and drive sales. We plan to invest in Quotient Promotions Cloud, by expanding shopper adoption on Retailer iQ, and growing our solutions through national promotions, targeted digital paperless promotions, targeted in-lane promotions at checkout, and brand loyalty promotions. We intend to continue to invest in technologies and product offerings that further integrate digital promotions and media, including selling these offerings together through packaged solutions, including Quotient Integrated Promotions.

Grow our media business. We plan to grow Quotient Media Cloud, including Retail Performance Media, social influencer marketing, and search and sponsored product. We plan to continue to invest in our media solutions, expanding the use of our proprietary data as well as data from select exclusive retail partnerships, and by adding and expanding relationships, including national media buyers and publishers, new partnerships, verticals, and third parties such as media agencies.

Expand and grow Quotient Analytics and Quotient Audience. As our network, content pool and shopper audience expand, we believe that our platform will become more valuable, resulting in greater data, insights and shopper audience segments. We expect to introduce more robust, solutions to our customers and partners around campaign performance, analytics and insights, as well as around Quotient Audience Cloud.

Grow our current customer base and add new industry segments. We believe we have the opportunity to grow the number of brands and retailers that we serve, thereby increasing the value of our platform to all constituents. In addition, we intend to continue growing our business with other manufacturers and retailers in new industry segments such as convenience and specialty/franchise retail, restaurants and entertainment venues.

Grow shopper adoption and engagement of our digital offerings. We plan to continue to innovate and invest across our platform, including Retailer iQ, Retail Performance Media, Quotient Analytics, mobile solutions, media and digital promotion offerings, Coupons.com mobile app, and our network. We plan to continue to create additional consumer touchpoints across the network by expanding our promotions and media solutions at retailer checkout and within ecommerce, in order to generate and increase shopper adoption, expand our audience network and leverage shopper data. We believe that CPG spending on digital promotions and marketing will continue to grow as point of sale, mobile channels and social media offer new opportunities to engage consumers on their path to purchase.

Grow international operations. Many CPGs and retailers on our platform have global operations and we believe that we can opportunistically grow our operations and offerings in existing international markets and partner with our existing clients to enter new geographies in which they operate. We also plan to leverage our existing presence in France through our mobile application Shopmium, a receipt-scanning, cash-back mobile application platform, to broaden our international opportunity beginning with the United Kingdom.

Selectively pursue strategic acquisitions. We intend to continue pursuing selective acquisition and partnership opportunities that we believe can expand our business.

Fraud Prevention and Distribution Controls

Our platform includes a proprietary digital distribution management system to enable CPGs and retailers to securely control the number of coupons distributed by device. We have controls in place to limit the number of digital coupons that can be printed. Similar controls are in place for linking coupons to loyalty cards and other paperless solutions, which allows us to limit the number of coupons distributed and activated. In addition, each printed coupon carries a unique ID that is encrypted, enabling us to trace each coupon from print to redemption. All of our digital print coupons can be authenticated and validated using this unique code. This unique ID also can be used to detect counterfeit or altered coupons. Our platform allows us to systematically identify and respond to fraudulent and prohibited activities by restricting a device from printing coupons.

Sales and Marketing

We have a team of dedicated, skilled specialists focused on CPGs and retailers. We believe that our sales, integration, promotions and media campaign management and analytics, customer success and support capabilities are difficult to replicate and a key reason for the growth of our business. Our sales activity is focused on expanding the number of brands within existing and new CPG customers that offer digital promotions and media through our platform as well as increasing the revenue from those brands currently using our platform. The team is also focused on expanding relationships within CPGs to include shopper marketing and digital media teams, where we believe there is a large opportunity for growth particularly in media. Additionally, we are focused on continuing to increase the size and breadth of our publishing and partner network. We are also seeking to partner with CPGs and other manufacturers and retailers in new industry segments such as convenience and specialty/franchise retail, restaurants and entertainment venues.

In addition to sales support during the campaign planning process, our sales representatives provide additional support to CPGs and retailers to ensure that their campaigns are launched and delivered within specified timeframes. Representatives assigned to specific customers review performance metrics and share feedback with the advertiser.

We are focused on managing our brand, increasing market awareness and generating new advertiser leads. In doing so, we often present at industry conferences, create custom events and invest in public relations. In addition, our marketing team advertises online, in print and in other forms of media, creates case studies, sponsors research, publishes marketing collateral and undertakes customer research studies.

Technology and Infrastructure

Since inception, we have made significant investments and will continue to invest in developing our differentiated and proprietary platforms aimed at solving the problems of CPGs and retailers in ways that traditional solutions cannot. We are focused on offering solutions that provide measurable results. We have assembled a team of highly skilled engineers and computer scientists with deep expertise across a broad range of relevant disciplines. Key focus areas of our engineering team include:

- *Scalable infrastructure*. We use a combination of proprietary and open-source software to achieve a horizontally scalable, global, distributed and fault-tolerant architecture, with the goal of enabling us to ensure the continuity of our business, regardless of local disruptions. Our computational infrastructure currently processes millions of events per day and is designed in a way that enables us to add significant capacity to our platform as we scale our business without requiring any material design or architecture modifications. We use a combination of public and private cloud computing platforms. Our private cloud technology infrastructure is hosted across data centers in co-location facilities in California, Nevada, and Virginia.
- *Redundancy*. Our production infrastructure utilizes a hot failover configuration which allows us to switch server loads, be it a single server or an entire data center, to the other data center within minutes. Data is continuously replicated between sites, and multiple copies at each site provide fast recovery whenever it is requested. Each data center has been designed to handle more than our entire server needs, which enables us to perform platform maintenance, business resumption and disaster recovery without any customer impact.
- *Reporting*. Our user interface provides flexible reporting and interactive visualization of the key drivers of success for each campaign. We use these reporting and visualization products internally to manage campaigns and provide campaign insights.
- *AdTech*. Our media delivery is largely powered by proprietary ad servers, creative and social platforms, workflow automation tools, and data management tools. We develop and use these platforms with a range of differentiated features that are specialized for the CPG and retail vertical.
- *Security*. Our security policy adheres to established policies to ensure that all data, code, and production infrastructure are secure and protected. Our data centers are SSAE 16 Type II certified. We use our internal team and third parties to test, audit, and review our entire production environment to protect it.

Competition

We compete against a variety of different businesses with respect to different aspects of our business, including:

- traditional offline coupon and discount services, as well as newspapers, magazines and other traditional media companies that provide coupon promotions and discounts on products and services in free standing inserts or other forms, including Valassis Communications, Inc., News America Marketing Interactive, Inc. and Catalina Marketing Corporation;
- providers of digital promotions such as Valassis' Redplum.com, Catalina Marketing Corporation's Cellfire, Inmar/You Technology, News America Marketing's SmartSource; companies that offer cash back solutions such as iBotta, Inc., News America Marketing's Checkout 51; and companies providing other e-commerce based services that allow consumers to obtain direct or indirect discounts on purchases; and companies that offer coupon codes such as RetailMeNot, Inc., Groupon, Inc., Exponential Interactive, Inc.'s TechBargains.com, Savings.com, Inc., Honey Science Corporation, which was recently acquired by PayPal Holdings, Inc., and Rakuten, Inc.;
- internet sites that are focused on specific communities or interests that offer promotions or discount arrangements related to such communities or interests;
- companies offering online and marketing services to retailers and CPGs, such as MyWebGrocer, Inc. and Flipp Corporation;
- companies offering digital advertising technology, inventory, data, and services solutions for CPGs and retailers including Google, Facebook, The Trade Desk, Oracle, Criteo, Microsoft, and others; and
- retailers marketing and offering their own digital promotions directly to consumers using their own websites, email newsletters and alerts, mobile applications and social media channels.

We believe the principal factors that generally determine a company's competitive advantage in our market include the following:

- scale and effectiveness of reach in connecting CPGs and retailers to consumers in a digital manner, through web, mobile and other online properties;
- ability to attract consumers to use digital promotions and/or engage with digital media;
- platform security, scalability, reliability and availability;
- our proprietary intent data and access to POS data from select retail partners;
- number of channels by which a company engages with consumers;
- integration of products and solutions;
- rapid deployment of products and services for customers;
- breadth, quality and relevance of the Company's digital promotions, media and measurement;
- ability to deliver digital promotions that are widely available and easy to use in consumers' preferred form;
- integration with retailer applications;
- brand recognition;
- quality of tools, reporting and analytics for planning, development, optimization and measurement of promotions and media; and
- breadth and expertise of the Company's sales organization.

While we believe we compete effectively with respect to the factors identified above, we may face increasing competition from larger or more established companies that seek to enter our market or from smaller companies that launch new products, solutions and services that could gain market acceptance.

Culture and Employees

We are proud of our company culture and consider it to be one of our competitive strengths. Our culture helps drive our business and compete for talented employees in a highly competitive market. We seek to offer an environment that allows our employees to thrive and grow.

As of December 31, 2019, we had 1,072 full-time employees, consisting of 517 employees in the United States and 555 employees internationally.

Intellectual Property

We protect our intellectual property by relying on federal, state, and common law rights in the United States and equivalent rights in other jurisdictions, as well as contractual restrictions. We control access to our proprietary technology and algorithms by entering into confidentiality and invention assignment agreements with our employees and contractors, and confidentiality agreements with third parties.

In addition to these contractual arrangements, we also rely on a combination of trade secrets, patents, copyrights, trademarks, service marks and domain names to protect our intellectual property. We pursue the registration of our copyrights, trademarks, service marks and domain names in the United States and in certain locations outside the United States. As of December 31, 2019, we hold or have exclusive rights to 34 active issued patents in the United States and 13 active patents that have been issued outside of the United States with terms expiring between 2020 and 2035.

Circumstances outside our control could pose a threat to our intellectual property rights. For example, effective intellectual property protection may not be available in the United States or other countries in which we operate. Also, the efforts we have taken to protect our proprietary rights may not be sufficient or effective or may require significant expenditures and other resources to enforce. Any significant impairment of our intellectual property rights or unauthorized disclosure or use of our intellectual property could harm our business and our operating results, or ability to compete.

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

Corporate Information

We were incorporated in California in May 1998 and reincorporated in Delaware in June 2009. We changed our name to Quotient Technology Inc. on October 20, 2015. Our corporate website address is www.quotient.com. Information contained on, or that can be accessed through, our website does not constitute part of this report and inclusions of our website address in this report are inactive textual references only. Quotient, the Quotient logo, the Coupons.com logo, the SavingStar logo, Elevaate, Quotient Retailer iQ, Quotient Analytics, Ahalogy, and Ubimo are trademarks or registered trademarks of Quotient Technology Inc. and its subsidiaries in the United States and other countries. Other marks are property of their respective owners.

Available Information

We file annual, quarterly and other reports, proxy statements and other information with the Securities and Exchange Commission (SEC) under the Exchange Act. We also make available, free of charge on the investor relations portion of our website at investors.quotient.com, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after they are filed electronically with the SEC. The SEC also maintains an Internet website at http://www.sec.gov/ where you can obtain most of our SEC filings. You can also obtain paper copies of these reports, without charge, by contacting Investor Relations at (650) 605-4600 (option 7).

Webcasts of our earnings calls and certain events we participate in or host with members of the investment community are available on our investor relations website at www.quotient.com. Additionally, we announce investor information, including news and commentary about our business and financial performance, SEC filings, notices of investor events, and our press and earnings releases, on our investor relations website, as well as through press releases, SEC filings, public conference calls, our corporate blog and social media in order to achieve broad, non-exclusionary distribution of information to the public. We encourage our investors and others to review the information we make public in these locations as such information could be deemed to be material information. Please note that this list may be updated from time to time. Investors and others can receive notifications of new information posted on our investor relations website in real time by signing up for email alerts. Further corporate governance information, including our corporate governance guidelines, board committee charters, and code of conduct, is also available on our investor relations website under the heading “Governance.” The contents of our websites, blog, press releases, public conference calls and social media are not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC (and the contents of other SEC filings are not incorporated by reference into this Annual Report on Form 10-K or any other report or document we file with the SEC except as required by law or to the extent we expressly incorporate such SEC filing into this Annual Form 10-K or other report or document we file with the SEC), and any references to our websites are intended to be inactive textual references only.

Item 1A. Risk Factors.

Our operations and financial *results are subject to various risks and uncertainties, including those described below, which could adversely affect our business, results of operations, cash flows, financial conditions, and the trading price of our common stock.*

Risks Related to Our Business

We have incurred net losses since inception and we may not be able to generate sufficient revenues to achieve or subsequently maintain profitability.

We have incurred net losses of $37.1 million, $28.3 million and $15.1 million in 2019, 2018 and 2017, respectively. We have an accumulated deficit of $384.9 million as of December 31, 2019. We anticipate that our costs and expenses will increase in the foreseeable future as we continue to invest in:

- sales and marketing;
- research and development, including new product development;
- our technology infrastructure, business processes, and automation;
- general administration, including legal and accounting expenses related to our growth and continued expenses;
- expanding into new markets; and
- strategic opportunities, including acquisitions, commercial relationships and retail partnerships.

For example, we have incurred and expect to continue to incur expenses developing, improving, integrating, investing, marketing and maintaining our Promotions, Media, Audience and Analytics Cloud platforms and solutions, which include Retailer iQ, Retail Performance Media, and Quotient Analytics, and we may not succeed in increasing our revenues sufficiently to offset these expenses.

If we are unable to execute our growth strategy and gain efficiencies in our operating costs, our business could be adversely impacted. We cannot be certain that we will be able to attain or maintain profitability on a quarterly or annual basis. If we are unable to effectively manage these risks and difficulties as we encounter them, our business, financial condition and results of operations may suffer.

We may not achieve revenue growth.

We may not be able to achieve revenue growth, and we may not be able to generate sufficient revenues to achieve profitability. In addition, historically the growth rate of our business, and as a result, our revenue growth, has varied from quarter-to-quarter and year-to-year, and we expect that variability to continue. For example, some of our products and services experience seasonal sales and buying patterns mirroring those in the CPG, retail, and e-commerce markets, including back-to-school and holiday campaigns, where demand increases during the second half of our fiscal year. Our revenues may fluctuate due to changes in marketing budgets of CPGs and retailers and the timing of their marketing spend. Marketing spend by CPGs is considered the most flexible and easiest to cut, for instance, at the end of a quarter or fiscal year if a CPG is facing budget pressures and CPGs can change their spend without notice. As a result we are not always able to anticipate such fluctuations. Decisions by major CPGs or retailers to delay or reduce their digital promotion and media spending, or divert spending away from digital promotions, digital media campaigns, or other digital marketing from our platforms, or changes in our fee arrangements with CPGs, retailers and other commercial partners, could also slow our revenue growth or reduce our revenues. For instance, in the fourth quarter of 2018, decisions by three major CPGs to reduce their marketing spend on promotions had an adverse impact on our revenues and revenue growth through much of 2019.

Our business is complex and evolving. We may offer new solutions, pricing, service models, process and delivery methods to CPGs and retailers. These new solutions may change the way we generate and/or recognize revenue, which could impact our operating results. For example, we offer results-based pricing, a la carte, and/or integrated solutions. If we shift a greater number of our arrangements with CPGs to these other models and we are not able to deliver on the results, our revenue growth and revenues could be harmed. In addition, we announced in the first quarter of 2020 that effective second quarter of 2020, we plan to modify the way we process and deliver certain media products to enhance customer experience. As a result of these changes, we will recognize certain revenue on a net basis as compared to the prior recognition on a gross basis and expect that this will cause a decrease in our revenue growth and impact our revenues.

We believe that our continued revenue growth will depend on our ability to:

- increase our share of CPG marketing spend on promotions and media through our platforms and increase the number of brands that are using our platforms within each CPG;
- adapt to changes in marketing budgets of CPGs and retailers and the timing of their marketing spend;
- maintain and grow our retailer network through direct and indirect commercial partnerships;
- maintain and expand our data rights with our retailer network;
- successfully expand our media solutions into areas such as Retail Performance Media, influencer marketing, and sponsored product search;
- demonstrate the value of our digital promotions and media solutions through trusted measurement metrics;
- respond to changes in the legislative or regulatory environment, including with respect to privacy and data protection, or enforcement by government regulators, including fines, orders, or consent decrees;
- successfully execute and grow Retail Performance Media programs;
- successfully expand our promotions solutions into new areas such as in-lane targeted promotions and loyalty rewards programs;
- successfully execute our digital promotions and digital media solutions into retailers' in-store and point of sale systems and consumer channels;
- deploy, execute, and continue to develop Quotient Analytics and our data, measurement, and analytics solutions in support of our digital promotions and media solutions;
- launch new products as planned, such as in-lane targeted promotions and sponsored product search;
- expand the use by consumers of our digital promotions and media offerings and broaden the selection and use of digital promotions, coupon codes and cash-back offers;
- successfully enter into new markets;
- successfully integrate our newly acquired companies into our business;
- manage the shift from desktop to mobile devices;
- manage the transition from digital print coupons to digital paperless coupons;
- innovate our product offerings to retain and grow our consumer base;
- expand the number, variety, quality, and relevance of digital promotions available on our web, mobile and social channels, as well as those of our CPGs, retailers and network of publishers;
- increase the awareness of our brands, and earn and build our reputation;
- hire, integrate, train and retain talented personnel;
- effectively manage scaling and international expansion of our operations; and
- successfully compete with existing and new competitors.

However, we cannot assure you that we will successfully accomplish any of these actions. Failure to do so could harm our business and cause our operating results to suffer. For example, in August 2019 we announced that we expected our revenue growth in the second half of 2019 to be adversely impacted by the delay in launching our in-lane targeted promotions and sponsored product search.

If we fail to attract and retain CPGs, retailers and publishers and expand our relationships with them, our revenues and business will be harmed.

The success of our business depends in part on our ability to increase our share of CPG marketing spend on our promotions and media solutions and on our platforms; increase the number of brands that use our solutions and platforms within each CPG; increase adoption and scale of Retailer iQ; and our ability to demonstrate the value of our solutions through measurement and data analytics. It also depends on (i) our ability to obtain, maintain, and expand our agreements with our retail partners, (ii) our ability to integrate our platforms and promotions and media solutions into retailers' in-store and point of sale systems and consumer channels, which depends in part on retailers' commitment in modifying point of sale systems and other solutions to integrate with our platforms, (iii) our ability to obtain the right to distribute Retailer iQ digital promotions more broadly through our websites and mobile apps and those of our publishers, and (iv) our retail partners' commitment in promoting our digital marketing solutions to their customers. If we do not create more value than available alternatives, or if CPGs and retailers do not find that offering digital promotions and media on our platforms enables them to reach consumers and sufficiently increase sales with the scale and effectiveness that is compelling to them, CPGs and retailers may not increase their distribution of digital promotions and media on our platforms, or they may decrease them or stop offering them altogether, and new CPGs and retailers may decide not to use our platforms.

For example, if CPGs decide that our platforms do not provide the right solutions for them to connect with consumers, we may not be able to increase our prices or CPGs may pay us less. Likewise, if retailers decide that our Promotions, Media, Audience and Analytics Cloud platforms and solutions are less effective at increasing sales to and loyalty of existing and new consumers, retailers may demand a higher percentage of the total proceeds from each digital campaign or demand minimum guaranteed payments. Furthermore, if retailers do not find that our platforms increase consumer engagement and loyalty, our overall success may be harmed. In addition, we expect to face increased competition, and competitors may accept lower payments from CPGs to attract and acquire new CPGs, or provide retailers and publishers a higher distribution fee than we currently offer to attract and acquire new retailers and publishers. We may also experience attrition in our CPGs, retailers and publishers in the ordinary course of business resulting from several factors, including losses to competitors, changes in CPG budgets, and decisions by CPGs, retailers and publishers to offer digital coupons and media through their own websites or other channels without using a third-party platform such as ours or through a competitive third-party network or platform, and failure to maintain distribution agreements with third-party digital promotions networks and platforms. If we are unable to retain and expand our relationships with existing CPGs, retailers and publishers or if we fail to attract new CPGs, retailers and publishers to the extent sufficient to grow our business, or if too many CPGs, retailers and publishers are unwilling to offer digital coupons and media with compelling terms through our platforms, we may not increase the number of high quality coupons and marketing campaigns on our platforms and our revenues, gross margin and operating results will be adversely affected.

The loss or decrease in spending of any significant customer could materially and adversely affect our results of operations and financial condition.

Our business is exposed to risks related to customer concentration, particularly among CPGs and retailers. The loss or decrease in spending of any of our significant customers or deterioration in our relations with any of them could materially and adversely affect our results of operations and financial condition.

If we are unable to grow or successfully respond to changes in the digital promotions market, our business could be harmed.

As consumer demand for digital promotions has increased, promotion spending has shifted from traditional promotions through traditional offline or analog channels, such as newspapers and direct mail, to digital coupons. However, it is difficult to predict whether the pace of transition from traditional to digital promotions will continue at the same rate and whether the growth of the digital promotions market will continue. Some large retailers do not yet use digital paperless promotions. If a retailer decides not to accept digital paperless promotions or a CPG reduces its spend in digital promotions, our business could be harmed. For example, we saw a decrease in promotion spending with us by three of our top CPG customers in much of 2019. In order to expand our business, we must appeal to and attract consumers who historically have used traditional promotions to purchase goods or may prefer alternatives to our offerings, such as those of our competitors. If the demand for digital promotions does not continue to grow as we expect, or if we fail to successfully address this demand, our business will be harmed. For example, the growth of our revenues will require increasing the number of brands that are using our digital promotions solutions within each CPG. If our projections regarding the adoption and usage of Quotient Promotions and Retailer iQ by retailers, CPGs and consumers, do not occur or are slower than expected, our business, financial condition, results of operations and prospects will be harmed. A variety of factors could slow the success of Quotient Promotions and Retailer iQ generally, including insufficient time, resources or funds committed by retailers to the promotion of our platforms and solutions, a retailer's decision to forego marketing our platforms, our inability to obtain sufficient data rights to maximize the functionality of our platforms and our inability to monetize enhanced platform functionality, and our inability to efficiently integrate our platforms and Retailer iQ with a retailer's system. Even if we are successful in driving the adoption and usage of our platforms and Retailer iQ by retailers, CPGs and consumers, if Retailer iQ fee arrangements or transaction volumes, or the mix of offers, change or do not meet our projections, our revenues may be harmed. We expect that the market will evolve in ways which may be difficult to predict. For instance, although we expect CPGs to stop spending on the offline free-standing insert (FSI), our expectations regarding the timing of such change may not be accurate. It is also possible that digital promotion offerings generally could lose favor with CPGs, retailers or consumers. In the event of these or any other changes to the market, our continued success will depend on our ability to successfully adjust our strategy to meet the changing market dynamics. In addition, we will need to continue to grow demand for our digital promotions platform by CPGs, retailers and consumers, including through continued innovation and implementation of new initiatives associated with the digital promotions. For example, if consumer demand for our software-free print solution, cash-back receipt scanning solution, in-lane targeted promotions, or our mobile application does not grow as we expect or decreases, our business may be harmed. If we are unable to grow or successfully respond to changes in the digital promotions market, our business could be harmed and our results of operations could be negatively impacted. For example, we are seeing a shift from digital paper coupons to digital paperless coupons. Our revenues may be harmed if we are unable to manage this transition and the growth of digital paperless coupons is slower than the decline in digital print coupons. Conversely, acceleration of this shift (from, for example, acceptance of digital paperless coupons by new retailers) could lead to unanticipated increases in revenue.

The success and scale of our solutions and platforms depend, in part, on our strategic relationships with retail partners and the level of commitment and support by retailers.

Our Promotions, Media, Audience, and Analytics Cloud platforms and solutions, which include Retail Performance Media (RPM), Retailer iQ, and Quotient Analytics, depend in part to our strategic relationships with retail partners, which provide us with access to retailer data, consumer, web and mobile properties, and scale. If we do not maintain and expand these relationships or add new retailer partners, our business will be harmed.

For example, retailer support and commitment are central to the success and scale of RPM. In turn, RPM fuels the data and insights that drive our other solutions and platforms. Our revenues and growth may be adversely impacted if RPM retailers do not support RPM or if we are unable to add new RPM retail partners.

Similarly, if retailers do not commit sufficient time, resources and funds towards the marketing of digital promotions and media on our platforms, the growth and scale of Retailer iQ and its penetration into the consumer market will be adversely affected. The success of Retailer iQ requires integration with a retailer’s point of sales system, loyalty programs and consumer channels. This integration requires time and effort from both the retailer and ourselves; and may also require us to work with a retailer’s third-party service providers, some of whom may be our competitors. In addition, the success of Retailer iQ requires increased consumer adoption which requires significant support from retailers, this support includes marketing of Retailer iQ to consumers, providing technical support to consumers, and retailers satisfaction of increased and complex data privacy regulations to obtain consumer consent.

We may develop new products that require integration with a retailer’s systems and the systems of their service providers. The success of these products and our ability to launch them on time as planned similarly depend, in part, on retailer support. Delays by the retailer or their service providers could adversely impact our business. For example, delays in the launch of in-lane targeted promotions and sponsored product search adversely impacted our revenue growth for the second half of 2019.

We depend in part on data-rights agreements with our retail partners to power a range of products and the termination of such agreements or the failure to obtain additional data rights can severely impact our revenue and growth.

Our Promotions, Media, Audience and Analytics Cloud platforms and solutions, which include Retailer iQ, our targeted promotions and media offerings, and Quotient Analytics, are powered in part by data we obtain from our retail partners. Our access to this data is governed by data-rights agreements with some of our retail partners. These data-rights agreements have complex rules and are required to be renewed periodically. If we fail to secure additional data rights or renew expiring data-rights agreements, if we are found to be in violation of any of our obligations under these agreements, or if retailers lose their data rights, we could lose access to retailer data. Without retailer data, our Promotions, Media, Audience and Analytics Cloud platforms and solutions would be less valuable to our CPG customers, publishers, ad tech and retail partners. In addition, changes to international, federal, state, local and municipal laws, regulations and industry standards that relate to privacy, electronic communications, data protection, intellectual property, e-commerce, competition, price discrimination, consumer protection, taxation, and the use of promotions may require us to amend, or alter our practices under, our data rights agreements. If we and our retail partners cannot respond timely to such legal and regulatory changes, or if retailers decide to limit or prohibit use of their data to comply with such changes our revenue and growth would be impaired. For instance, if the California Consumer Privacy Act, or CCPA, is amended to prohibit the “sale” (as defined in the CCPA) of loyalty program data, or if retailers restrict our use of purchase and loyalty card data in light of the CCPA or similar laws or regulations, our business will be harmed. See the risk factor below titled “*Our business is subject to complex and evolving laws, regulations and industry standards, and unfavorable interpretations of, or changes in, or failure by us to comply with these laws, regulations and industry standards could substantially harm our business and results of operations.*” for additional information.

Our ability to generate revenue depends on our collection and use of significant amounts of data from various sources, which may be restricted by consumer choice, restrictions imposed by retailers, publishers and browsers or other software developers, changes in technology, and new developments in laws, regulations and industry standards.

Our ability to deliver our Promotions, Media, Audience and Analytics Cloud platforms and solutions depends on our ability to successfully leverage data, including data that we collect from consumers, data we receive from retail partners and third parties, and data from our own operating history. Using cookies, loyalty card numbers both on-line and in-store, device identifiers, and other tracking technologies, we collect information about the interactions of consumers with our retail partners' digital properties and in-store, our own and operated properties, and certain other publisher sites. Our ability to successfully leverage such data depends on our continued ability to access and use such data, which can be restricted by a number of factors, including consumer choice, the success of our retail partners in obtaining consumer consent, restrictions imposed by our retail partners, publishers and web browser developers or other software developers, changes in technology, including changes in web browser technology, and new developments in, or new interpretations of laws, regulations and industry standards. Consumer resistance to the collection and sharing of the data used to deliver targeted advertising, increased visibility of consent or "do not track" mechanism as a result of industry regulatory and/or legal developments, the adoption by consumers of browsers settings or "ad-blocking" software and the development and deployment of new technologies could materially impact our ability to collect data or reduce our ability to deliver relevant promotions or media, which could materially impair the results of our operations. See the risk factor below titled "*Our business is subject to complex and evolving laws, regulations and industry standards, and unfavorable interpretations of, or changes in, or failure by us to comply with these laws, regulations and industry standards could substantially harm our business and results of operations.*" for additional information.

Unfavorable publicity and negative public perception about our industry or data collection and use could adversely affect our business and operating results.

With the growth of online advertising and e-commerce, there is increasing awareness and concern among the general public, privacy advocates, mainstream media, governmental bodies and others regarding marketing, advertising, and privacy matters, particularly as they relate to individual privacy interests. Any unfavorable publicity or negative public perception about our use of data or other data focused industries could affect our business and results of operations, and may lead digital publishers like Facebook to change their business practice, or trigger additional regulatory scrutiny or lawmaking that affects us. For example, in recent years, consumer advocates, mainstream media and elected officials have increasingly and publicly criticized data and marketing companies for their collection, storage and use of personal data. The negative public attention could cause CPGs or our retail partners to discontinue using our targeted advertising solutions. This public scrutiny may also lead to general distrust of data and marketing companies, consumer reluctance to share and permit use of personal data and increased consumer opt-out rates, any of which could negatively influence, change or reduce our current and prospective customers' demand for our products and services and adversely affect our business and operating results.

We expect a number of factors to cause our operating results to fluctuate on a quarterly and annual basis, which may make it difficult to predict our future performance.

Growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Historically, our revenue growth has varied from quarter-to-quarter and year-to-year, and we expect that variability to continue. In addition, our operating costs and expenses have fluctuated in the past, and we anticipate that our costs and expenses will increase over time as we continue to invest in growing our business. Our operating results could vary significantly from quarter-to-quarter and year-to-year as a result of these and other factors, many of which are outside of our control, and as a result we have a limited ability to forecast the amount of future revenues and expenses, which may adversely affect our ability to predict financial results accurately. Our ability to forecast our future results of operations is subject to a number of uncertainties, including our ability to effectively plan for and model future growth. We have encountered in the past, and may encounter in the future, risks and uncertainties frequently experienced by growing companies in changing industries. Our results of operations may fall below our estimates or the expectations of public market analysts and investors. Fluctuations in our quarterly operating results may lead analysts to change their long-term models for valuing our common stock, cause us to face short-term liquidity issues, impact our ability to retain or attract key personnel or cause other unanticipated issues, all of which could cause our stock price and the trading price of the convertible senior notes to decline. As a result of the potential variations in our quarterly revenues and operating results, we believe that quarter-to-quarter comparisons of our revenues and operating results may not be meaningful and the results of any one quarter or historical patterns should not be considered indicative of our future sales activity, expenditure levels or performance.

In addition to other factors discussed in this section, factors that may contribute to the variability of our quarterly and annual results include:

- our ability to grow our revenues by increasing our share of CPG spending and the number of brands using our platforms, including Retailer iQ, increasing media spending on our platforms, further integrating with our retailers, adding new CPGs and retailers to our network and growing our current consumer base and expanding into new industry segments such as convenience, specialty/franchise retail, restaurants and entertainment;
- our ability to grow our revenues will depend on CPGs' annual marketing budgets which are affected by economic headwinds facing the CPG industry;
- our ability to successfully respond to changes in the digital promotions and media market and continue to grow the market and demand for our platforms;
- our ability to grow consumer selection and use of our digital promotion offerings and attract new consumers to our platforms;
- the amount and timing of digital promotions and marketing campaigns by CPGs, which are affected by budget cycles, economic conditions, seasonality and other factors;
- the impact of global business or macroeconomic conditions, including the resulting effects on the level of coupon and trade promotion spending by CPGs and spending by consumers;
- our ability to grow and maintain our relationships with retailers, including our ability to negotiate favorable data rights agreements with retailers;
- the impact of competitors or competitive products and services, and our ability to compete in digital marketing;
- our ability to obtain and increase the number of high quality promotions;
- changes in consumer behavior with respect to digital promotions and media and how consumers access digital promotions and media and our ability to develop applications that are widely accepted and generate revenues for CPGs, retailers and us;
- the costs of investing, maintaining and enhancing our technology infrastructure;
- increased legal and compliance costs associated with data protection laws and regulations in various jurisdictions, including the CCPA, which went into effect on January 1, 2020;
- the costs of developing new products, solutions and enhancements to our platform;
- whether new products successfully launch on time;
- our ability to manage our growth, including scaling Retailer iQ, developing and growing our Media, Audience and Analytics Cloud platforms;
- the success of our sales and marketing efforts;
- the costs of acquiring new companies;
- the costs of successfully integrating acquired companies and employees into our operations, including costs related to the integration of Ahalogy, Elevaate, SavingStar and Ubimo;
- changes in the legislative or regulatory environment, including with respect to privacy and data protection, or enforcement by government regulators, including fines, orders, or consent decrees;
- our ability to deal effectively with fraudulent transactions or customer disputes;
- the attraction and retention of qualified employees and key personnel, which can be affected by changes in U.S. immigration policies;
- the effectiveness of our internal controls;
- increased legal, accounting and compliance costs associated with complying with Section 404 of the Sarbanes-Oxley Act ("SOX");
- changes in accounting rules, tax laws or interpretations thereof; and
- changes in the way we process and deliver our services, which could affect whether revenue is recognized on a net or gross basis.

The effects of these factors individually or in combination could cause our quarterly and annual operating results to fluctuate, and affect our ability to forecast those results and our ability to achieve those forecasts. As a result, comparing our operating results on a period-to-period basis may not be meaningful. You should not rely on our past results as an indication of our future performance. This variability and unpredictability could also result in our failing to meet or exceeding the expectations of our investors or financial analysts for any period. In addition, we may release guidance in our quarterly earnings conference calls, quarterly earnings releases, or otherwise, based on predictions of our management, which are necessarily uncertain in nature. The guidance provided depends on our prediction of CPG marketing budgets which can fluctuate greatly and are beyond our control. Our guidance may vary materially from actual results. If our revenue or operating results, or the rate of growth of our revenue or operating results, fall below or above the expectations of our investors or financial analysts, or below or above any forecasts or guidance we may provide to the market, or if the forecasts we provide to the market are below or above the expectations of analysts or investors, the price of our common stock could decline or increase substantially. Such a stock price decline or increase could occur even when we have met our own or other publicly stated revenue or earnings forecasts. Our failure to meet our own or other publicly stated revenue or earnings forecasts, or even when we meet our own forecasts but fall short of analyst or investor expectations, could cause our stock price to decline and expose us to costly lawsuits, including securities class action suits. Such litigation against us could impose substantial costs and divert our management's attention and resources. If we exceed our own or other publicly stated revenue or earnings forecasts, or even when we meet our own forecasts but exceed analyst or investor expectations, our stock price could increase.

If the distribution fees that we pay as a percentage of our revenues increase, our gross profit and business will be harmed.

When we deliver promotions or media on a retailer's receipt, website or mobile app or through its loyalty program, or the website or mobile app of a publisher, or through our Retailer iQ platform, and the consumer takes certain actions, we pay a distribution fee to the retailer or other publisher, which, in some cases may be prepaid or guaranteed prior to being incurred. We also pay fees to retailers for use of their data in our Promotions, Media, Analytics, and Audience platforms and solutions. Such fees have increased as a percentage of our revenues in recent periods. If such fees as a percentage of our revenues continue to increase, our cost of revenues as a percentage of revenues could increase and our operating results would be adversely affected. Additionally, if the adoption and usage of Retailer iQ and our other platforms and solutions do not meet projections, certain prepaid or guaranteed distribution fees with some of the retailers will not be recoverable and the distribution fee will increase as a percentage of revenue. During the third quarter of 2016, we recorded a one-time charge associated with certain distribution fees under an arrangement with a retail partner that were deemed unrecoverable. We considered various factors in our assessment including our historical experience with the transaction volumes through the retailer and comparative retailers, ongoing communications with the retailer to increase its marketing efforts to promote the digital platform, as well as the projected revenues, and associated revenue share payments. Accordingly, during the third quarter of 2016, we recognized a loss of $7.4 million related to such distribution fee arrangement. At December 31, 2019 and 2018, we had no prepaid non-refundable payments with our Retailer iQ partners.

Our gross margins are dependent on many factors, some of which are not directly controlled by us.

The factors potentially affecting our gross margins include:

- our product mix since we have significant variations in our gross margin among products. Any substantial change in product mix could change our gross margin;
- growth and expansion of our lower-margin media products, including programmatic ads delivered through third-party ad-tech partners and publishers;
- increasing data and traffic acquisition costs for offsite media on non-owned-and-operated properties;
- evolving fee arrangements with CPGs, because as we continue to scale customers on our platforms we will continue to experiment with various fee arrangements which might have an impact on our gross margins;
- evolving fee arrangements with retailers, because as we expand our product offerings we have also expanded distribution fee arrangements with retailers which might have an impact on our gross margins;
- success of our pricing strategies, including our integrated solutions pricing strategy and results-based pricing strategy;
- success of our investments in technology and automation or through acquisitions to gain cost efficiencies; and
- pricing and acceptance of higher-margin new products.

For instance, we have seen pressure on our gross margins, which we principally attribute to the factors described above and we expect this pressure to continue as our growth strategy evolves and our product mix continues to change. Although we expect to gain leverage as our business expands and through automation, there is no guarantee that we will succeed.

If we fail to maintain and expand the use by consumers of digital promotions on our platform, our revenues and business will be harmed.

We must continue to maintain and expand the use by consumers of digital promotions in order to increase the attractiveness of our platforms to CPGs and retailers and to increase revenues and achieve profitability. If consumers do not perceive that we offer a broad selection of relevant and high quality digital promotions, or that the usage of digital promotions is easy and convenient through our platforms, we may not be able to attract or retain consumers on our platforms. If we are unable to maintain and expand the use by consumers of digital promotions on our platforms, including through our software-free print solution, our retail partners properties, our white label customer relationship management solutions, and Coupons.com and Shopmium mobile application, or if we do not do so to a greater extent than our competitors, CPGs may find that offering digital promotions on our platforms do not reach consumers with the scale and effectiveness that is compelling to them. Likewise, if retailers find that using our platforms, including Retailer iQ, does not increase sales of the promoted products and consumer loyalty to the retailer to the extent they expect, then the revenues we generate may not increase to the extent we expect or may decrease. Any of these could adversely affect our operating results.

If we are not successful in responding to changes in consumer behavior and do not develop products and solutions that are widely accepted and generate revenues, our results of operations and business could be adversely affected.

The methods by which consumers access digital promotions are varied and evolving. Our platform has been designed to engage consumers at the critical moments when they are choosing the products they will buy and where they will shop. Consumers can select our digital promotions both online through web and mobile and in-store. In order for us to maintain and increase our revenues, we must be a leading provider of digital promotions in each of the forms by which consumers access them. As consumer behavior in accessing digital promotions changes and new distribution channels emerge, if we do not successfully respond and do not develop products or solutions that are widely accepted and generate revenues we may be unable to retain consumers or attract new consumers and as a result, CPGs and retailers, and our business may suffer. As another example, we are seeing a transition from digital print coupons to digital paperless coupons. If we do not manage this transition and digital print transactions decline faster than digital paperless transactions increase, our revenues may be harmed.

We depend in part on third-party advertising agencies as intermediaries, and if we fail to develop and maintain these relationships, our business may be harmed.

A growing portion of our business is conducted indirectly with third-party advertising agencies acting on behalf of CPGs and retailers. Third-party advertising agencies are instrumental in assisting CPGs and retailers to plan and purchase media and promotions, and each third-party advertising agency generally allocates media and promotion spend from CPGs and retailers across numerous channels. We are still developing relationships with, and do not have exclusive relationships with, third-party advertising agencies and we depend in part on third-party agencies to work with us as they embark on marketing campaigns for CPGs and retailers. While in most cases we have developed relationships directly with CPGs and retailers, we nevertheless depend in part on third-party advertising agencies to present to their CPG and retailer clients the merits of our platform. Inaccurate descriptions of our platform by third-party advertising agencies, over whom we have no control, negative recommendations regarding use of our service offerings or failure to mention our platform at all could hurt our business. In addition, if a third-party advertising agency is disappointed with our platform on a particular campaign or generally, we risk losing the business of the CPG or retailer for whom the campaign was run, and of other CPGs and retailers represented by that agency. Since many third-party advertising agencies are affiliated with other third-party agencies in a larger corporate structure, if we fail to develop and maintain good relations with one third-party advertising agency in such an organization, we may lose business from the affiliated third-party advertising agencies as well.

Our sales could be adversely impacted by industry changes relating to the use of third-party advertising agencies. For example, if CPGs or retailers seek to bring their campaigns in-house rather than using an agency, we would need to develop direct relationships with the CPGs or retailers, which we might not be able to do and which could increase our sales and marketing expenses. Moreover, to the extent that we do not have a direct relationship with CPGs or retailers, the value we provide to CPGs and retailers may be attributed to the third-party advertising agency rather than to us, further limiting our ability to develop long-term relationships directly with CPG and retailers. CPGs and retailers may move from one third-party advertising agency to another, and we may lose the underlying business. The presence of third-party advertising agencies as intermediaries between us and the CPGs and retailers thus creates a challenge to building our own brand awareness and affinity with the CPGs and retailers that are the ultimate source of our revenues. In addition, third-party advertising agencies conducting business with us may offer their own digital promotion solutions. As such, these third-party advertising agencies are, or may become, our competitors. If they further develop their own capabilities they may be more likely to offer their own solutions to advertisers, and our ability to compete effectively could be significantly compromised and our business, financial condition and operating results could be adversely affected.

Consumers are increasingly using mobile devices to access our content, and if we are unsuccessful in expanding the capabilities of our digital marketing solutions for our mobile platforms to allow us to generate revenues as effectively as our website platforms, our revenues could decline.

Web usage and the consumption of digital content are increasingly shifting from desktop to mobile platforms such as smartphones. The growth of our business depends in part on our ability to drive engagement, activation and shopping behavior for our retailers and CPGs through these mobile channels. Our success on mobile platforms will be dependent on our interoperability with popular mobile operating systems that we do not control, such as Android and iOS, and any changes in such systems that degrade our functionality, ease of convenience or that give preferential treatment to competitive services could adversely affect usage of our services through mobile devices.

Further, to deliver high quality mobile offerings, it is important that our platform integrates with a range of other mobile technologies, systems, networks and standards that we do not control. We may not be successful in developing relationships with key participants in the mobile industry or in developing products that operate effectively with these technologies, systems, networks or standards. If we fail to achieve success with our mobile applications and mobile website, or if we otherwise fail to deliver effective solutions to CPGs and retailers for mobile platforms and other emerging platforms, our ability to monetize these growth opportunities will be constrained, and our business, financial condition and operating results would be adversely affected.

Our success on mobile platforms will also be dependent on our ability to develop features or products that will make our mobile platform attractive to, and drive engagement by, consumers. If we fail to develop such features or products after investing in their development, our ability to monetize these growth opportunities will be constrained, and our business, financial condition and operating results may be adversely affected.

Competition presents an ongoing threat to the success of our business.

We expect competition in digital promotions and media and audiences to continue to increase. The market for digital promotions and media and audiences is competitive, fragmented and rapidly changing. We compete against a variety of companies with respect to different aspects of our business, including:

- offline coupon and discount services, as well as newspapers, magazines and other traditional media companies that provide coupon promotions and discounts on products and services in free standing inserts or other forms, including Valassis Communications, Inc., News America Marketing Interactive, Inc. and Catalina Marketing Corporation;
- providers of digital promotions such as Valassis' Redplum.com, Catalina Marketing Corporation's Cellfire, Inmar/You Technology, News America Marketing's SmartSource; companies that offer cash back solutions such as iBotta, Inc., News America Marketing's Checkout 51; and companies providing other e-commerce based services that allow consumers to obtain direct or indirect discounts on purchases; and companies that offer coupon codes such as RetailMeNot, Inc., Groupon, Inc., Exponential Interactive, Inc.'s TechBargains.com, Savings.com, Inc., Honey Science Corporation, which was recently acquired by PayPal Holdings, Inc., and Rakuten, Inc.;
- Internet sites and blogs that are focused on specific communities or interests that offer promotions or discount arrangements related to such communities or interests;
- companies offering online and marketing services to retailers and CPGs, such as MyWebGrocer, Inc. and Flipp Corp.; and
- companies offering digital advertising technology, inventory, data, and services solutions for CPGs and Retailers including: Google, Facebook, The Trade Desk, Oracle, Criteo, Microsoft, and others.

We believe the principal factors that generally determine a company's competitive advantage in our market include the following:

- scale and effectiveness of reach in connecting CPGs and retailers to consumers in a digital manner, through web, mobile and other online properties;
- ability to attract consumers to use digital promotions and media delivered by it;
- platform security, scalability, reliability and availability;
- integration with retailer applications, point of sales systems, and consumer channels;
- access to retailer data;
- measurement that demonstrates the effectiveness of campaigns;
- quality of tools, reporting and analytics for planning, development and optimization of promotions;
- number of channels by which a company engages with consumers;
- integration of products and solutions;
- rapid deployment of products and services for customers;
- breadth, quality and relevance of the Company's digital promotions and media and audiences;
- ability to deliver high quality and increasing number of digital promotions that are widely available and easy to use in consumers' preferred form;
- brand recognition and reputation;
- breadth and expertise of the Company's sales organization; and
- skill and expertise of the Company's operations organization.

We are subject to competition from large, well-established companies which have significantly greater financial, marketing and other resources than we do and have offerings that compete with our platform or may choose to offer digital promotions and media and audiences as an add-on to their core business on their own or in partnership with one of our competitors that would directly compete with ours. Many of our larger actual and potential competitors have the resources to significantly change the nature of the digital promotions industry to their advantage, which could materially disadvantage us. For example, Google and Facebook and online retailers such as Amazon have highly trafficked industry platforms which they have leveraged, or could leverage, to distribute digital promotions and media that could negatively affect our business. In addition, these potential competitors may have greater access to first-party data, be able to respond more quickly than we can to new or emerging technologies and changes in consumer habits. These competitors may engage in more extensive research and development efforts, undertake more far-reaching marketing campaigns and adopt more aggressive pricing policies, which may allow them to attract more consumers and, as a result, more CPGs and retailers, or generate revenues more effectively than we do. Our competitors may offer digital promotions or targeted media campaigns that are similar to the digital promotions and targeted media campaigns we offer or that achieve greater market acceptance than those we offer. We are also subject to competition from smaller companies that launch similar or new products and services that we do not offer and that could gain market acceptance.

Our success depends on the effectiveness of our platform in connecting CPGs and retailers with consumers and with attracting consumer use of the digital promotions and media delivered through our platforms. To the extent we fail to provide digital promotions and media for high quality, relevant products, or otherwise fail to successfully reach consumers on their mobile device or elsewhere, consumers may become dissatisfied with our platform and decide not to use our digital promotions or interact with our digital media and elect to use or view the digital promotions and media distributed by one of our competitors. As a result of these factors, our CPGs and retailers may not receive the benefits they expect, and CPGs may use the offerings of one of our competitors, and retailers may elect to handle promotions and media themselves or exclude us from integrating with their in-store and point of sale systems or consumer channels, and our operating results would be adversely affected. Similarly, if retailers elect to use a competitive distribution network or platform, and we do not have, or fail to maintain, an agreement to distribute content through that network or platform, CPGs may elect to provide digital promotions and media directly to that network or platform, instead of through our platform. If retailers and CPGs require our platform to integrate with competitive offerings instead of using our products, we could lose some of our competitive advantage and our business could be harmed.

Our success may also depend on our ability to compete against incumbent competitors that our customers use and we may not be successful in persuading CPGs and their agencies to use our platforms and services.

We also face significant competition for trade promotion and marketing spending. We compete against online and mobile businesses, including those referenced above, and traditional advertising outlets, such as television, radio and print, for trade promotion and marketing spending. In order to grow our revenues and improve our operating results, we must increase our share of CPG spending on digital promotions and media relative to traditional sources and relative to our competitors, many of whom are larger companies that offer more traditional and widely accepted media products.

We also directly and indirectly compete with retailers for consumer traffic. Many retailers market and offer their own digital promotions and media directly to consumers using their own websites, email newsletters and alerts, mobile applications and social media channels. Additionally, some retailers also market and offer their own digital promotions and media directly to consumers using our platform for which we earn no revenue. Our retailers could be more successful than we are at marketing their own digital promotions and media and could decide to terminate their relationship with us.

We may face competition from companies we do not yet know about. If existing or new companies develop, market or offer competitive digital coupon solutions, acquire one of our existing competitors or form a strategic alliance with one of our competitors, our ability to compete effectively could be significantly compromised and our operating results could be harmed. For example, on March 13, 2019, Inmar announced that it completed the acquisition of Kroger's subsidiary You Technology and entered into a long-term service agreement to provide digital coupon services to the Kroger family of stores. Following this acquisition, Inmar terminated our agreement with You Technology as of December 2019. This adversely affected our ability to distribute digital promotions through You Technology, which generated less than 5% of our revenue.

Acquisitions, joint ventures and strategic investments could result in operating difficulties, dilution and other harmful consequences.

We have acquired a number of businesses, and expect to continue to evaluate and consider a wide array of potential strategic transactions, including acquisitions and dispositions of businesses, joint ventures, technologies, services, products and other assets and strategic investments. At any given time, we may be engaged in discussions or negotiations with respect to one or more of these types of transactions. Any of these transactions could be material to our financial condition and results of operations. The process of integrating any acquired business may create unforeseen operating difficulties and expenditures and is itself risky. The areas where we may face difficulties include:

- expected and unexpected costs incurred in identifying and pursuing strategic transactions and performing due diligence regarding potential strategic transactions that may or may not be successful;
- failure of an acquired company to achieve anticipated revenue, earnings, cash flows or other desired technological and business goals;
- effectiveness of our due diligence review and our ability to evaluate the results of such due diligence, which are dependent upon the accuracy and completeness of statements and disclosures made by the acquired company;
- diversion of management time, as well as a shift of focus from operating the businesses to issues related to integration and administration;
- disputes as a result of certain terms and conditions of our transactions, such as payment of contingent consideration, compliance with covenants, or closing adjustments;
- the need to integrate technical operations and security protocols, which may lead to significant security breaches of, technical difficulties with, or interruptions to, the delivery and use of our products and services;
- the need to integrate the acquired company's accounting, management, information, human resource and other administrative systems to permit effective management, and the lack of control if such integration is delayed or not implemented;
- retention of key employees from the acquired company and cultural challenges associated with integrating employees from the acquired company into our organization;
- the need to implement or improve controls, procedures and policies appropriate for a public company at companies that prior to acquisition had lacked such controls, procedures and policies;
- in some cases, the need to transition operations and customers onto our existing platforms;
- in certain instances, the ability to exert control of acquired businesses that include earnout provisions in the agreements relating to such acquisitions or the potential obligation to fund an earnout for, or other obligations related to, a product that has not met expectations;
- the need to integrate operations across different geographies, cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries;

- liability for activities of the acquired company before the acquisition, including violations of laws, rules and regulations, commercial disputes, tax liabilities and other known and unknown liabilities;
- difficulties valuing intangibles related to acquired businesses, which could lead to write-offs or charges related to acquired assets or goodwill; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, users, former stockholders or other third parties and intellectual property infringement claims.

For example, we have acquired businesses whose technologies are new to us and with which we did not have significant experience. We have made and are making investments of resources to support such acquisitions, which will result in ongoing operating expenses and may divert resources and management attention from other areas of our business. We cannot assure you that these investments and the integration of these acquisitions will be successful. If we fail to successfully integrate the companies we acquire, we may not realize the benefits expected from the transaction and our business may be harmed.

Our failure to address these risks or other problems encountered in connection with our past or future acquisitions and investments could cause us to fail to realize the anticipated benefits of any or all of our acquisitions or joint ventures, or we may not realize them in the time frame expected or cause us to incur unanticipated liabilities, and harm our business. Future acquisitions or joint ventures may require us to issue dilutive additional equity securities, spend a substantial portion of our available cash, incur debt or contingent liabilities, amortize expenses related to intangible assets or incur incremental operating expenses or write-offs of goodwill or impaired acquired intangible assets, which could adversely affect our results of operations and harm our business.

If we fail to effectively manage our growth, our business and financial performance may suffer.

We have significantly expanded our operations and anticipate expanding further to pursue our growth strategy. Through acquisitions we have added four additional offices within the last two years. Such expansion increases the complexity of our business and places significant demands on our management, operations, technical performance, financial resources and internal control over financial reporting functions. Continued growth could strain our ability to deliver digital promotions and media on our platform, develop and improve our operational, financial, legal and management controls, and enhance our reporting systems and procedures. Failure to manage our expansion may limit our growth, damage our reputation and negatively affect our financial performance and harm our business.

To effectively manage this growth, we will need to continue to improve our operational, financial and management controls, and our reporting systems and procedures. If we do not effectively manage the growth of our business and operations the scalability of our business and our operating results could suffer.

Our current and planned personnel, systems, procedures and controls may not be adequate to support and effectively manage our future operations. We may not be able to hire, train, retain, motivate and manage required personnel. As we continue to grow, we must effectively integrate, develop and motivate a large number of new employees. We intend to continue to expand our research and development, sales and marketing, and general and administrative organizations, and over time, expand our international operations. To attract top talent, we have had to offer, and believe we will need to continue to offer, highly competitive compensation packages before we can validate the productivity of those employees. If we fail to effectively manage our hiring needs and successfully integrate our new hires, our efficiency and ability to meet our forecasts and our employee morale, productivity and retention could suffer, and our business and operating results could be adversely affected.

Providing our products and services to our CPGs, retailers and consumers is costly and we expect our expenses to continue to increase in the future as we grow our business with existing and new CPGs and retailers and develop new products and services that require enhancements to our technology infrastructure. In addition, our operating expenses, such as our sales, marketing and engineering expenses are expected to continue to grow to support our anticipated future growth. As a result of the requirements of being a public company we incur significant legal, accounting and other expenses. Our expenses may grow faster than our revenues, and our expenses may be greater than we anticipate. Managing our growth will require significant expenditures and allocation of valuable management resources. If we fail to achieve the necessary level of efficiency in our organization as it grows, our business, operating results and financial condition would be harmed.

Our sales cycle with CPGs and retailers is long and unpredictable and may require us to incur expenses before executing or renewing a customer agreement, which makes it difficult to project when, if at all, we will obtain new CPGs and retailers, or renew customer agreements with existing CPG customers and retail partners, and when we will generate additional revenues.

We market our services and products directly to CPGs and retailers. New CPG and retailer relationships typically take time to obtain and finalize. Existing CPG and retailer relationships may change and take time to re-establish due to market consolidation and personnel changes. A significant time period may pass between selection of our services and products by key decision-makers and the signing of a contract. The length of time between the initial sales call and the realization of a final contract is difficult to predict. As a result, it is difficult to predict when we will obtain new CPGs and retailers and when performance and delivery of services will be initiated with these potential CPGs and retailers. In addition, our customers typically have no obligation to renew their agreements with us after their initial term, and in order for us to maintain or improve our results of operations, it is important that our customers renew their agreements with us when the initial term expires. As part of our sales and renewal cycle, we may incur significant expenses before executing or renewing a definitive agreement with a prospective or existing CPG or retailer and before we are able to generate any revenues from such agreement or renewal. If conditions in the marketplace generally or with a specific prospective CPG or retailer change negatively, it is possible that no definitive agreement will be executed or renewed, and we will be unable to recover any expenses incurred before a definitive agreement is executed or renewed, which would in turn have an adverse effect on our business, financial condition and results of operations.

Our business depends on our ability to maintain and scale the network infrastructure necessary to operate our platforms, including our websites, mobile applications and Retailer iQ platform, and any significant disruption in service could result in a loss of CPGs, retailers and consumers.

We deliver digital promotions and media via our platforms, including over our websites and mobile applications, as well as through those of our CPGs and retailers and our publishers and other third parties. Our reputation and ability to acquire, retain and serve CPGs and retailers, as well as consumers who use digital promotions or view media on our platforms are dependent upon the reliable performance of our platforms. As the number of our CPG customers, retailers and consumers and the number of digital promotions, digital media and information shared through our platforms continue to grow, we will need an increasing amount of network capacity and computing power. Our technology infrastructure is hosted across two data centers in co-location facilities in California and Nevada. In addition, we use two other co-location facilities in California and Virginia to host our Retailer iQ platform. We have spent and expect to continue to spend substantial amounts in our data centers and equipment and related network infrastructure to handle the traffic on our platform. The operation of these systems is expensive and complex and could result in operational failures. In the event that the number of transactions or the amount of traffic on our platforms grows more quickly than anticipated, we may be required to incur significant additional costs. In addition, as we scale, we must continually invest in our information technology, and continue to invest in information security, infrastructure and automation. Deployment of new software or processes may adversely affect the performance of our services and harm the customer experience. If we fail to support our platforms or provide a strong customer experience, our ability to retain and attract customers may be harmed. Interruptions in these systems or service disruptions, whether due to system failures, computer viruses, malware, ransomware, denial of service attacks, attempts to degrade or disrupt services, or physical or electronic break-ins, could affect the security or availability of our websites and platform, and prevent CPGs, retailers or consumers from accessing our platform. A substantial portion of our network infrastructure is hosted by third-party providers. Any disruption in these services or any failure of these providers to handle existing or increased traffic could significantly harm our business. Any financial or other difficulties these providers face may adversely affect our business, and we exercise little control over these providers, which increases our vulnerability to problems with the services they provide. If we do not maintain or expand our network infrastructure successfully or if we experience operational failures, we could lose current and potential CPGs, retailers and consumers, which could harm our operating results and financial condition.

If our websites or those of our publishers fail to rank prominently in unpaid search results from search engines, traffic to our websites could decline and our business would be adversely affected.

Our success depends in part on our ability to attract consumers through unpaid Internet search results on search engines, such as Google. The number of consumers we attract to our websites from search engines is due in large part to how and where our websites rank in unpaid search results. These rankings can be affected by a number of factors, many of which are not in our direct control, and they may change frequently. For example, major search engines frequently modify their ranking algorithms, methodologies or design layouts. As a result, links to our websites may not be prominent enough to drive traffic to our websites or we may receive less favorable placement which could reduce traffic to our website, and we may not know how or otherwise be in a position to influence the results. In some instances, search engine companies may change these rankings in order to promote their own competing products or services or the products or services of one or more of our competitors. Our websites have experienced fluctuations in search result rankings in the past, and we anticipate fluctuations in the future. For example, the search result rankings of our websites have fallen relative to the same time last year. In addition, websites must comply with search engine guidelines and policies. These guidelines and policies are complex and may change at any time. If we fail to follow such guidelines and policies properly, search engines may rank our content lower in search results or could remove our content altogether from their index. Moreover, the use of voice recognition technology, such as Alexa, Google Assistant or Siri, may drive traffic away from search engines, which could reduce traffic to our website. Any reduction in the number of consumers directed to our websites could reduce the effectiveness of our coupon codes for specialty retailers and digital promotions for CPGs and retailers and could adversely impact our business and results of operations. It could also reduce our ability to sell media advertising on our sites, which would negatively impact revenues and harm our business. For example, we have seen a decline in the revenues from specialty retail and expect this trend to continue.

If we fail to continue to obtain and increase the number of high quality promotions through our platform, our revenue growth or our revenues may be harmed.

We generally generate revenues as consumers select, or activate, a digital promotions through our platform. Our business model depends upon the availability of high quality and increasing number of digital promotions. CPGs and retailers have a variety of channels through which to promote their products and services. If CPGs and retailers elect to distribute their digital promotions through other channels or not to promote digital promotions at all, or if our competitors are willing to accept lower prices than we are, our ability to obtain high quality digital promotions available on our platform may be impeded and our business, financial condition and operating results will be adversely affected. If we cannot maintain sufficient digital promotions inventory to offer through our platform, consumers may perceive our service as less relevant, consumer traffic to our websites and those of our publishers will decline and, as a result, CPGs and retailers may decrease their use of our platform to deliver digital coupons and our revenue growth or revenues may be harmed.

Our business relies in part on electronic messaging, including emails and SMS text messages, and any technical, legal or other restrictions on the sending of electronic messages or an inability to timely deliver such communications could harm our business.

Our business is in part dependent upon electronic messaging. We provide emails, mobile alerts and other messages to consumers informing them of the digital coupons on our websites, and we believe these communications help generate a significant portion of our revenues. We also use electronic messaging, in part, as part of the consumer sign-up and verification process. Because electronic messaging services are important to our business, if we are unable to successfully deliver electronic messages to consumers, if there are legal restrictions on delivering these messages to consumers, or if consumers do not or cannot open our messages, our revenues and profitability could be adversely affected. Changes in how webmail applications or other email management tools organize and prioritize email may result in our emails being delivered or routed to a less prominent location in a consumer’s inbox or viewed as “spam” by consumers and may reduce the likelihood of that consumer opening our emails. Actions taken by third parties that block, impose restrictions on or charge for the delivery of electronic messages could also harm our business. From time to time, Internet service providers or other third parties may block bulk email transmissions or otherwise experience technical difficulties that result in our inability to successfully deliver emails or other messages to consumers.

Changes in laws or regulations, or changes in interpretations of existing laws or regulations, including the Telephone Consumer Protection Act, or the TCPA in the United States and laws regarding commercial electronic messaging in other jurisdictions, that would limit our ability to send such communications or impose additional requirements upon us in connection with sending such communications could also adversely impact our business. For example, the Federal Communications Commission amended certain of its regulations under the TCPA in recent years in a manner that could increase our exposure to liability for certain types of telephonic communication with customers, including but not limited to text messages to mobile phones. Under the TCPA, plaintiffs may seek actual monetary loss or statutory damages of $500 per violation, whichever is greater, and courts may treble the damage award for willful or knowing violations. Given the enormous number of communications we send to consumers, a determination that there have been violations of the TCPA or other communications-based statutes could expose us to significant damage awards that could, individually or in the aggregate, materially harm our business. Moreover, even if we prevail, such litigation against us could impose substantial costs and divert our management’s attention and resources.

We also rely on social networking messaging services to send communications. Changes to these social networking services’ terms of use or terms of service that limit promotional communications, restrictions that would limit our ability or our customers’ ability to send communications through their services, disruptions or downtime experienced by these social networking services or reductions in the use of or engagement with social networking services by customers and potential customers could also harm our business.

We rely on a third-party service for the delivery of daily emails and other forms of electronic communication, and delay or errors in the delivery of such emails or other messaging we send may occur and be beyond our control, which could damage our reputation or harm our business, financial condition and operating results. If we were unable to use our current electronic messaging services, alternate services are available; however, we believe our sales could be impacted for some period as we transition to a new provider, and the new provider may be unable to provide equivalent or satisfactory electronic messaging service. Any disruption or restriction on the distribution of our electronic messages, termination or disruption of our relationship with our messaging service providers, including our third-party service that delivers our daily emails, or any increase in our costs associated with our email and other messaging activities could harm our business.

We are dependent on technology systems and electronic communications networks that are supplied and managed by third parties, which could result in our inability to prevent or respond to disruptions in our services.

Our ability to provide services to consumers depends on our ability to communicate with CPGs, retailers and customers through the public Internet and electronic networks that are owned and operated by third parties. Our products and services also depend on the ability of our users to access the public Internet. In addition, in order to provide services promptly, our computer equipment and network servers must be functional 24 hours per day, which requires access to telecommunications facilities managed by third parties and the availability of electricity, which we do not control. A severe disruption of one or more of these networks, including as a result of utility or third-party system interruptions, could impair our ability to process information, which could impede our ability to provide digital promotions and media to consumers, harm our reputation, result in a loss of customers or CPGs and retailers and adversely affect our business and operating results.

If our security measures or information we collect and maintain are compromised or publicly exposed, CPGs, retailers and consumers may curtail or stop using our platforms and we could be subject to claims, penalties and fines.

We collect and maintain data about consumers, including personally identifiable information, as well as other confidential or proprietary information. Like all businesses that use computer systems and the Internet, our security measures, and those of companies we may acquire and our third-party service providers and partners, may not detect or prevent all attempts to gain access to our systems, denial-of-service attacks, viruses, malicious software including malware and ransomware, break-ins, phishing attacks, social engineering, human error, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in or transmitted by our systems or solutions or that we or our third-party service providers and partners otherwise maintain, including payment systems, any of which could lead to interruptions, delays, or website shutdowns, causing loss of critical data or the unauthorized disclosure or use of personally identifiable or other confidential information or proprietary data, or subject us to fines or higher transaction fees or limit or result in the termination of our access to certain payment methods. If we, or our service providers and partners, experience compromises to our security that result in performance or availability problems, the complete shutdown of one or more of our websites and mobile applications, or the misuse, loss or unauthorized access to or disclosure of confidential information, personally identifiable information, or other personal or proprietary data, CPGs, retailers, and consumers may lose trust and confidence in us and decrease their use of our platforms or stop using our platforms entirely. Further, such compromises to personal or sensitive information or proprietary data could lead to litigation or other adversarial actions by business partners such as retailers or consumers.

Because the techniques used to obtain unauthorized access are often sophisticated and change frequently, neither we nor third-party service providers and partners can guarantee that our systems will not be breached. In addition, consumer information including email addresses, phone numbers, transaction data, and data on consumer usage of our and our retailer partners' websites and mobile applications could be hacked, hijacked, altered or otherwise claimed or controlled by unauthorized persons. Security breaches can also occur as a result of nontechnical issues, including intentional or inadvertent actions by our employees or by persons with whom we have commercial relationships that lead to exposure of any types of personal, sensitive or proprietary information. Any or all of these issues, or the perception that any of them has occurred, even if inaccurate, could negatively impact our reputation and our ability to attract and retain CPGs and retailers as well as consumers or could reduce the frequency with which our platforms are used, cause existing or potential CPG or retailer customers to cancel their contracts or subject us to third-party lawsuits, regulatory fines or other action or liability, and harm our business and results of operations.

Remediation of any potential cyber security breach may involve significant time, resources, and expenses, which may result in potential regulatory inquiries, litigation or other investigations, and can affect our financial and operational condition.

Failure to deal effectively with fraudulent or other improper transactions could harm our business.

Digital promotions are issued in the form of redeemable coupons, coupon codes with unique identifiers or cash-back rebates. It is possible that third parties may create counterfeit digital coupons or coupon codes or exceed print or use limits in order to fraudulently or improperly claim discounts or credits for redemption. It is also possible that third parties may fraudulently or improperly claim cash-back rebates causing us to pay out cash that we are not able to get reimbursement from our retailer customers. It is possible that individuals will circumvent our anti-fraud systems using increasingly sophisticated methods or methods that our anti-fraud systems are not able to counteract. Further, we may not detect any of these unauthorized activities in a timely manner. Third parties who succeed in circumventing our anti-fraud systems may sell the fraudulent or fraudulently obtained digital coupons on social networks, which would damage our brand and relationships with CPGs and harm our business. Legal measures we take or attempt to take against these third parties may be costly and may not be ultimately successful. In addition, our service could be subject to employee fraud or other internal security breaches, and we may be required to reimburse CPGs and retailers for any funds stolen or revenues lost as a result of such breaches. Our CPGs and retailers could also request reimbursement, or stop using digital coupons, if they are affected by buyer fraud or other types of fraud. We may incur significant losses from fraud and counterfeit digital coupons. If our anti-fraud technical and legal measures do not succeed, our business may suffer.

Factors adversely affecting performance marketing programs and our relationships with performance marketing networks and brand partners, or the termination of these relationships, may adversely affect our ability to attract and retain merchants and our coupon codes business.

A portion of our business is based upon consumers using coupon codes from specialty retailers in connection with the purchase of goods or services. The commissions we earn for coupon codes accessed through our platform are tracked by performance marketing networks. Third-party performance marketing networks provide publishers with affiliate tracking links that allow for revenues to be attributed to publishers. When a consumer executes a purchase on a publisher’s website as a result of a performance marketing program, most performance marketing conversion tracking tools credit the most recent link or ad clicked by the consumer prior to that purchase. This practice is generally known as “last-click attribution.” We generate revenues through transactions for which we receive last-click attribution. Risks that may adversely affect our performance marketing programs and our relationships with performance marketing networks include the following, some of which are outside our control:

- we may not be able to adapt to changes in the way in which CPGs and merchants attribute credit to us in their performance marketing programs, whether it be “first-click attribution” or “multichannel attribution,” which applies weighted values to each of a retailer’s advertisements and tracks how each of those advertisements contributes to a purchase, or otherwise;
- we may not receive revenue if consumers make purchases from their mobile devices as many retailers currently do not recognize affiliate tracking links on their mobile-optimized websites or applications, and tracking mechanisms on mobile websites or applications may not function to allow retailers to properly attribute sales to us;
- we may not generate revenue if consumers use mobile devices for shopping research but make purchases using coupon codes found on our sites in ways where we do not get credit;
- refund rates for products delivered on merchant sites may be greater than we estimate;
- performance marketing networks may not provide accurate and timely reporting on which we rely, we could fail to properly recognize and report revenues and misstate financial reports, projections and budgets and misdirect our advertising, marketing and other operating efforts for a portion of our business;
- we primarily rely on a small number of performance marketing networks in non-exclusive arrangements, the loss of which could adversely affect our coupon codes business;
- we primarily rely, in connection with our search engine marketing business, on a small number of brand partners that work with us in non-exclusive arrangements, the loss of which could adversely affect our coupon codes business;
- industry changes relating to the use of performance marketing networks could adversely impact our commission revenues;
- to the extent performance marketing networks serve as intermediaries between us and merchants, it may create challenges to building our own brand awareness and affinity with merchants, and the termination of our relationship with the performance marketing networks would terminate our ability to receive payments from merchants we service through that network; and
- performance marketing networks may compete with us.

While coupon codes from specialty retailers represent a declining portion of our business, any of these risks could adversely affect our revenues in this area.

Our business is subject to complex and evolving laws, regulations and industry standards, and unfavorable interpretations of, or changes in, or failure by us to comply with these laws, regulations and industry standards could substantially harm our business and results of operations.

We are subject to a variety of foreign, federal, state, local and municipal laws, regulations and industry standards that relate to privacy, electronic communications, data protection, intellectual property, e-commerce, competition, price discrimination, consumer protection, taxation, and the use of promotions. Many of these laws, regulations, and standards are still evolving and being tested in courts and industry standards are still developing. Our business, including our ability to operate and expand, could be adversely affected if legislation, regulations or industry standards are adopted, interpreted or implemented in a manner that is inconsistent with our current business practices and that require changes to these practices or the design of our platform. Existing and future laws, regulations and industry standards could restrict our operations, and our ability to retain or increase our CPGs and retailers and consumers' use of digital promotions delivered on our platform may be adversely affected and we may not be able to maintain or grow our revenues as anticipated.

For example, the California Consumer Privacy Act of 2018 ("CCPA") came into effect on January 1, 2020; the CCPA has already been amended once and grants consumers new rights with respect to their personal information. We believe our policies and practices comply in material respects with applicable privacy, data protection, data security, marketing and consumer protection guidelines, laws and regulations. However, if our belief is incorrect, or if these guidelines, laws or regulations or their interpretation change or new legislation or regulations are enacted, we may be compelled to provide additional disclosures to our consumers, obtain additional consents from our consumers before collecting, using, or disclosing their information or implement new safeguards or business processes to help individuals manage our use of their information, among other changes. We also cannot control our retail partners approach or interpretation of CCPA or other privacy regulations, which may impact their willingness or ability to provide us data that our platforms and solutions are dependent upon, or the terms on which they are willing or able to provide it. Changes to our data sources may restrict our ability to maintain or grow our revenues as anticipated.

If the use of third-party cookies or other tracking technology is rejected by Internet users, restricted by third parties outside of our control, or otherwise subject to unfavorable regulation, our performance could decline and we could lose customers and revenue.

We use a number of technologies to collect information used to deliver our solutions. For instance, we use small text files (referred to as "cookies"), placed through an Internet browser on an Internet user's machine which corresponds to a data set that we keep on our servers, to gather important data to help deliver our solution. Certain of our cookies, including those that we predominantly use in delivering our solution through Internet browsers, are known as "third-party" cookies because they are delivered by third parties rather than by us. Our cookies collect anonymous information, such as when an Internet user views an advertisement, clicks on an advertisement, or visits one of our advertisers' websites. In some countries, including countries in the European Economic Area, this information may be considered personal information under applicable data protection laws. On mobile devices, we may also obtain location based information about the user's device through our cookies or other tracking technologies. We use these technologies to achieve our customers' campaign goals, to ensure that the same Internet user does not unintentionally see the same media too frequently, to report aggregate information to our customers regarding the performance of their digital promotions and marketing campaigns, and to detect and prevent fraudulent activity throughout our network. We also use data from cookies to help us decide whether and how much to bid on an opportunity to place an advertisement in a certain Internet location and at a given time in front of a particular Internet user. A lack of data associated with or obtained from third-party cookies may detract from our ability to make decisions about which inventory to purchase for an advertiser's campaign and may adversely affect the effectiveness of our solution and harm our business.

Cookies may easily be deleted or blocked by Internet users. All of the most commonly used Internet browsers (including Chrome, Firefox, Internet Explorer, and Safari) allow Internet users to prevent cookies from being accepted by their browsers. Internet users can also delete cookies from their computers at any time. Some Internet users also download "ad blocking" software that prevents cookies from being stored on a user's computer. If more Internet users adopt these settings or delete their cookies more frequently than they currently do, our business could be harmed. In addition, the Safari and Firefox browsers blocks third-party cookies by default, and other browsers may do so in the future. Unless such default settings in browsers were altered by Internet users to permit the placement of third-party cookies, we would be able to set fewer of our cookies in users' browsers, which could adversely affect our business. In addition, companies such as Google have publicly disclosed their intention to move away from cookies to another form of persistent unique identifier, or ID, to identify individual Internet users or Internet-connected devices in the bidding process on advertising exchanges. If companies do not use shared IDs across the entire ecosystem, this could have a negative impact on our ability to find the same anonymous user across different web properties, and reduce the effectiveness of our solution.

In addition, in the European Union, or EU, Directive 2009/136/EC, commonly referred to as the "Cookie Directive," directs EU member states to ensure that collecting information on an Internet user's computer, such as through a cookie, is allowed only if the Internet user has appropriately given his or her prior freely given, specific, informed and unambiguous consent. Similarly, this Directive which also contains specific rules for the sending of marketing communications, limits the use of marketing texts messages and e-mails. Additionally, an e-Privacy Regulation, which will replace the Cookie Directive with requirements that could be stricter in certain respects, apply directly to activities within the EU without the need to be transposed in each Member State’s Law, and could impose stricter requirements regarding the use of cookies and marketing e-mails and text messages and additional penalties for noncompliance, has been proposed, although at this time it is unclear whether it will be approved as it is currently drafted or when its requirements will be effective. We may experience challenges in obtaining appropriate consent to our use of cookies from consumers or to send marketing communications to consumers within the EU, which may affect our ability to run promotions and our operating results and business in European markets, and we may not be able to develop or implement additional tools that compensate for the lack of data associated with cookies. Moreover, even if we are able to do so, such additional tools may be subject to further regulation, time consuming to develop or costly to obtain, and less effective than our current use of cookies.

Failure to comply with federal, state and international privacy, data protection, marketing and consumer protection laws, regulations and industry standards, or the expansion of current or the enactment or adoption of new privacy, data protection, marketing and consumer protection laws, regulations or industry standards, could adversely affect our business.

We and our service providers and partners are subject to a variety of federal, state and foreign laws, regulations and industry standards regarding privacy, data protection, data security, marketing and consumer protection, which address the collection, storing, sharing, using, processing, disclosure and protection of data relating to individuals, as well as the tracking of consumer behavior and other consumer data. We are also subject to laws, regulations and industry standards relating to endorsements and influencer marketing. Many of these laws, regulations and industry standards are changing and may be subject to differing interpretations, costly to comply with or inconsistent among jurisdictions. For example, the Federal Trade Commission, or the FTC, expects companies like ours to comply with guidelines issued under the Federal Trade Commission Act that govern the collection, use, disclosure, and storage of consumer information, and establish principles relating to notice, consent, access and data integrity and security. The laws and regulations in many foreign countries relating to privacy, data protection, data security, marketing and consumer protection often are more restrictive than in the United States, and may in some cases be interpreted to have a greater scope. Additionally, the laws, regulations and industry standards, both foreign and domestic, relating to privacy, data protection, data security, marketing and consumer protection are dynamic and may be expanded or replaced by new laws, regulations or industry standards.

Various industry standards on privacy and data security have been developed and are expected to continue to develop, which may be adopted by industry participants at any time. We are subject to the terms of our privacy policies and obligations to third parties relating to privacy, data protection and data security, including contractual obligations relating to privacy rights, data protection, data use and data security measures. We are also required, under certain regulatory regimes and industry standards, to contractually require our service providers to meet certain privacy and security requirements. Certain of our solutions, including Quotient Promotions, Media, Audience and Analytics Cloud platforms and solutions depend in part on our ability to use data that we obtain in connection with our offerings, and our ability to use this data may be subject to restrictions in our commercial agreements and subject to the privacy policies of the entities that provide us with this data. Our, or our service providers and partners’, failure to adhere to these third-party restrictions on data use may result in claims, proceedings or actions against us by our business counterparties or other parties, or other liabilities, including loss of business, reputational damage, and remediation costs, which could adversely affect our business.

We strive to comply with applicable laws, policies, contractual and other legal obligations and certain applicable industry standards of conduct relating to privacy, data security, data protection, marketing and consumer protection. However, these obligations and standards of conduct often are complex, vague, and difficult to comply with fully, and it is possible that these obligations and standards of conduct may be interpreted and applied in new ways and/or in a manner that is inconsistent with each other or that new laws, regulations or other obligations may be enacted. It is possible that our practices may be argued or held to conflict with applicable laws, policies, contractual or other legal obligations, or applicable industry standards of conduct relating to privacy, data security, data protection, marketing or consumer protection. Any failure, or perceived failure, by us to comply with our posted privacy policies or with any data-related consent orders, FTC, other regulatory requirements or orders or other federal, state or, as we continue to expand internationally, international privacy, data security, data protection, marketing or consumer protection-related laws, regulations, contractual obligations or self-regulatory principles or other industry standards could result in claims, proceedings or actions against us by governmental entities or others or other liabilities or could result in a loss of consumers using our digital coupons or loss of CPGs and retailers. Any of these circumstances could adversely affect our business. Further, if third parties we work with violate applicable laws, our policies or other privacy-related obligations, such violations may also put our consumers’ information at risk and could in turn have an adverse effect on our business.

In addition, the EU General Data Protection Regulation, or GDPR became effective in May 2018, and includes stringent operational requirements for processors and controllers of personal data, including payment card information. The GDPR also creates rights for data subjects and authorizes significant penalties for non-compliance of up to the greater of €20 million or 4% of global annual revenues. The GDPR imposes restrictions on the transfer of personal data outside of the EEA. Although we have engaged in significant efforts to implement and maintain appropriate mechanisms to transfer data outside of the EEA in compliance with the GDPR, if one or more of the mechanisms on which we rely is invalidated, we may be unable – or limited in our ability – to transfer personal data from the EEA to the US, and we may experience reluctance or refusal by European consumers, retailers or CPGs to continue to use our solutions, and we may be at risk of enforcement actions taken by a European data protection authority until we ensure that all applicable data transfers to us from the EEA are compliant with the GDPR.

Additionally, the United Kingdom has exited from the EU, commonly referred to as “Brexit,” which could also lead to further legislative and regulatory changes. While the UK Data Protection Act of 2018, that “implements” and complements the GDPR is effective in the United Kingdom, it remains unclear whether transfer of data from the EEA to the United Kingdom will remain lawful under GDPR following the Brexit transition period ending on December 31, 2020. We may incur liabilities, expenses, costs, and other operational losses under GDPR and applicable EU Member States and the United Kingdom privacy laws in connection with any measures we take to comply with them .Additionally, the California Consumer Privacy Act, or CCPA, which became effective on January 1, 2020, creates new individual privacy rights for consumers (as that word is broadly defined in the law) and places increased privacy and security obligations on entities handling personal data of consumers or households. The CCPA requires covered companies to provide detailed disclosures to California consumers, provide such consumers new ways to opt-out of certain sales of personal information, and creates a new cause of action for data breaches.

We expect that there will continue to be new proposed laws, regulations and industry standards concerning privacy, data protection and information security in the United States and other jurisdictions, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. For instance, with the increased focus on the use of data for advertising, the anticipation and expectation of future laws, regulations, standards and other obligations could impact us and our existing and potential business partners and delay certain business partnerships or deals until there is greater certainty. In addition, as we expand our data analytics and other data related product offerings there may be increased scrutiny on our use of data and we may be subject to new and unexpected regulations. Future laws, regulations, standards and other obligations could, for example, impair our ability to collect or use information that we utilize to provide targeted digital promotions and media to consumers, CPGs and retailers, thereby impairing our ability to maintain and grow our total customers and increase revenues. Future restrictions on the collection, use, sharing or disclosure of our users’ data or additional requirements for express or implied consent of users for the use and disclosure of such information could require us to modify our solutions, possibly in a material manner, and could limit our ability to develop or outright prohibit new solutions and features. Any such new laws, regulations, other legal obligations or industry standards, or any changed interpretation of existing laws, regulations or other standards may require us to incur additional costs and restrict our business operations. If our measures fail to comply with current or future laws, regulations, policies, legal obligations or industry standards relating to privacy, data protection, data security, marketing or consumer protection, we may be subject to litigation, regulatory investigations, fines or other liabilities, as well as negative publicity and a potential loss of business. Moreover, if future laws, regulations, other legal obligations or industry standards, or any changed interpretations of the foregoing limit our users’, CPGs’ or retailers’ ability to use and share personally identifiable information or our ability to store, process and share personally identifiable information or other data, demand for our solutions could decrease, our costs could increase, our revenue growth could slow, and our business, financial condition and operating results could be harmed.

Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses including unauthorized use or disclosure of consumer data.

Our agreements with CPGs, retailers and other third parties may include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement or other liabilities relating to or arising from our products, services or other contractual obligations including those relating to data use and consumer consent. The term of these indemnity provisions generally survives termination or expiration of the applicable agreement. Large indemnity payments could harm our business.

We may not be able to adequately protect our intellectual property rights.

We regard our trademarks, service marks, copyrights, patents, trade dress, trade secrets, proprietary technology, and similar intellectual property as critical to our success.

We strive to protect our intellectual property rights in a number of jurisdictions, a process that is expensive and may not be successful or which we may not pursue in every location. We strive to protect our intellectual property rights by relying on federal, state and common law rights, contractual restrictions as well as rights provided under foreign laws. These laws are subject to change at any time and could further restrict our ability to protect our intellectual property rights.

We also may not be able to acquire or maintain appropriate domain names in all countries in which we do business. Furthermore, regulations governing domain names may not protect our trademarks and similar proprietary rights. We may be unable to prevent third parties from acquiring domain names that are similar to, infringe upon, or diminish the value of our trademarks and other proprietary rights.

We typically enter into confidentiality and invention assignment agreements with our employees and contractors, and confidentiality agreements with parties with whom we conduct business in order to limit access to, and disclosure and use of, our proprietary information. Also, from time to time, we make our intellectual property rights available to others under license agreements. However, these contractual arrangements and the other steps we have taken to protect our intellectual property may not prevent the misappropriation or disclosure of our proprietary information, infringement of our intellectual property rights or deter independent development of similar technologies by others and may not provide an adequate remedy in the event of such misappropriation or infringement. Third parties that license our proprietary rights also may take actions that diminish the value of our proprietary rights or reputation.

Obtaining and maintaining effective intellectual property rights is expensive, including the costs of defending our rights. Even where we have such rights, they may be later found to be unenforceable or have a limited scope of enforceability. We may not be able to discover or determine the extent of any unauthorized use of our proprietary rights. Litigation may be necessary to enforce our intellectual property rights, protect our respective trade secrets or determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect our business and operating results. If we fail to maintain, protect and enhance our intellectual property rights, our business and operating results may be harmed.

We may be accused of infringing intellectual property rights of third parties.

Other parties may claim that we infringe their proprietary rights. We are, have been subject to, and expect to continue to be subject to, claims and legal proceedings regarding alleged infringement by us of the intellectual property rights of third parties. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, injunctions against us, or the payment of damages, including to satisfy indemnification obligations. We may need to obtain licenses from third parties who allege that we have infringed their rights, but such licenses may not be available on terms acceptable to us or at all. In addition, we may not be able to obtain or utilize on terms that are favorable to us, or at all, licenses or other rights with respect to intellectual property we do not own. These risks have been amplified by the increase in third parties whose sole or primary business is to assert such claims.

We may be unable to continue to use the domain names that we use in our business, or prevent third parties from acquiring and using domain names that infringe on, are similar to, or otherwise decrease the value of our brand or our trademarks or service marks.

We may lose significant brand equity in our “Coupons.com” domain name, our “Quotient.com” domain name, and other valuable domain names. If we lose the ability to use a domain name, whether due to trademark claims, failure to renew an applicable registration, or any other cause, we may be forced to market our products under new domain names, which could cause us substantial harm, or to incur significant expense in order to purchase rights to the domain names in question. In addition, our competitors and others could attempt to capitalize on our brand recognition by using domain names similar to ours. We also may not be able to acquire or maintain appropriate domain names or trademarks in all countries in which we do business. Domain names similar to ours have been registered in the United States and elsewhere. We may be unable to prevent third parties from acquiring and using domain names that infringe on, are similar to, or otherwise decrease the value of our brand or our trademarks or service marks. Protecting and enforcing our rights in our domain names may require litigation, which could result in substantial costs and diversion of management’s attention and harm our business.

Our business depends on strong brands, and if we are not able to maintain and enhance our brands, or if we receive unfavorable media coverage, our ability to retain and expand our number of CPGs, retailers and consumers will be impaired and our business and operating results will be harmed.

We believe that the brand identity that we have developed has significantly contributed to the success of our business. We also believe that maintaining and enhancing our brands are critical to expanding our base of CPGs, retailers and consumers. Maintaining and enhancing our brands may require us to make substantial investments and these investments may not be successful. If we fail to promote and maintain our brands, or if we incur excessive expenses in this effort, our business would be harmed. We anticipate that, as our market becomes increasingly competitive, maintaining and enhancing our brands may become increasingly difficult and expensive. Maintaining and enhancing our brands will depend on our ability to continue to provide sufficient quantities of reliable, trustworthy and high quality digital coupons, which we may not do successfully.

Unfavorable publicity or consumer perception of our websites, platforms, practices or service offerings, or the offerings of our CPGs and retailers, could adversely affect our reputation, resulting in difficulties in recruiting, decreased revenues and a negative impact on the number of CPGs and retailers we feature and our user base, the loyalty of our consumers and the number and variety of digital coupons we offer. As a result, our business could be harmed.

Some of our solutions contain open source software, which may pose particular risks to our proprietary software and solutions.

We use open source software in our solutions and will use open source software in the future. From time to time, we may face claims from third parties claiming ownership of, or demanding release of, the open source software and/or derivative works that we developed using such software (which could include our proprietary source code), or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to purchase a costly license or cease offering the implicated solutions unless and until we can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources. In addition to risks related to license requirements, use of certain 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 software. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a negative effect on our business and operating results.

We may be required to record a significant charge to earnings if our goodwill or amortizable intangible assets become impaired.

We are required under GAAP to review our amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment at least annually. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or any other significant adverse change that would indicate that the carrying amount of an asset or group of assets may not be recoverable. The events and circumstances we consider include the business climate, legal factors, operating performance indicators and competition. In the future we may be required to record a significant charge to earnings in our consolidated financial statements during the period in which any impairment of our goodwill or amortizable intangible assets is determined. This could adversely impact our results of operations and harm our business.

If we fail to expand effectively in international markets, our revenues and our business may be harmed.

We currently generate almost all of our revenues from the United States. We also operate to a limited extent in the United Kingdom, France and other countries in Europe. Many CPGs and retailers on our platforms have global operations and we plan to grow our operations and offerings through expansion in existing international markets and by partnering with our CPGs and retailers to enter new geographies that are important to them. Further expansion into international markets will require management attention and resources and we have limited experience entering new geographic markets. Entering new foreign markets will require us to localize our services to conform to a wide variety of local cultures, business practices, laws and policies. The different commercial and Internet infrastructure in other countries may make it more difficult for us to replicate our business model. In some countries, we will compete with local companies that understand the local market better than we do, and we may not benefit from first-to-market advantages. We may not be successful in expanding into particular international markets or in generating revenues from foreign operations. As we expand internationally, we will be subject to risks of doing business internationally, including the following:

- competition with strong local competitors and preference for local providers, or foreign companies entering the same markets;
- the cost and resources required to localize our platform;
- burdens of complying with a wide variety of different laws and regulations, including intellectual property laws and regulation of digital coupons and media, Internet services, privacy and data protection, marketing and consumer protection laws, anti-competition regulations and different liability standards, which may limit or prevent us from offering of our solutions in some jurisdictions or limit our ability to enforce contractual obligations;

- differences in how trade promotion spending is allocated;
- differences in the way digital coupons and advertising are delivered and how consumers access and use digital coupons;
- technology compatibility;
- difficulties in recruiting and retaining qualified employees and managing foreign operations;
- different employee/employer relationships and the existence of workers' councils and labor unions;
- shorter payment cycles, different accounting practices and greater problems in collecting accounts receivable;
- higher product return rates;
- seasonal reductions in business activity;
- adverse tax effects and foreign exchange controls making it difficult to repatriate earnings and cash; and
- political and economic instability.

Changes in the U.S. taxation of international activities may increase our worldwide effective tax rate and harm our financial condition and results of operations. The taxing authorities of the jurisdictions in which we plan to operate may challenge our methodologies for valuing developed technology or intercompany arrangements, including our transfer pricing, or determine that the manner in which we operate our business does not achieve the intended tax consequences, which could increase our worldwide effective tax rate and harm our financial position and results of operations. Significant judgment will be required in evaluating our tax positions and determining our provision for income taxes. During the ordinary course of business, there will be many transactions and calculations for which the ultimate tax determination is uncertain. As we expand our business to operate in numerous taxing jurisdictions, the application of tax laws may be subject to diverging and sometimes conflicting interpretations by tax authorities of these jurisdictions. It is not uncommon for taxing authorities in different countries to have conflicting views. In addition, tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. In the United States, legislation commonly known as the Tax Cuts and Jobs Act (referred to herein as the "Tax Act") was enacted on December 22, 2017, which included a number of changes, such as a reduction in the corporate tax rate, a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017 and provided for the transition of U.S. international taxation from a worldwide tax system to a territorial system. These changes, or future changes in tax laws applicable to us, could materially increase our future income tax expense.

Our planned corporate structure and intercompany arrangements will be implemented in a manner we believe is in compliance with current prevailing tax laws. However, the tax benefits which we intend to eventually derive could be undermined if we are unable to adapt the manner in which we operate our business and due to changing tax laws.

Our failure to manage these risks and challenges successfully could materially and adversely affect our business, financial condition and results of operations.

The loss of one or more key members of our management team, or our failure to attract, integrate and retain other highly qualified personnel in the future, could harm our business.

The loss of key personnel, including key members of management as well as our marketing, sales, product development and technology personnel, could disrupt our operations and have an adverse effect on our ability to grow our business.

As we become a more mature company, we may find our recruiting and retention efforts more challenging. We are seeking to continue to hire a significant number of personnel, including certain key management personnel. We may be limited in our ability to recruit global talent by U.S. immigration laws, including those related to H1-B visas. The demand for H1-B visas to fill highly-skilled IT and computer science jobs is greater than the number of H-1B visas available each year; for the U.S. government's 2018 fiscal year, the U.S. issued 85,000 H-1B visas out of 199,000 requests. In addition, the regulatory environment related to immigration under the current presidential administration may increase the likelihood that immigration laws may be modified to further limit the availability of H1-B visas. If a new or revised visa program is implemented, it may impact our ability to recruit, hire and retain qualified skilled personnel, which could adversely impact our business, operating results and financial condition. If we do not succeed in attracting, hiring and integrating qualified personnel, or retaining and motivating existing personnel, we may be unable to grow effectively.

If our estimates or judgements relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to business combinations, goodwill and intangible assets, treatment of our convertible senior notes, revenue recognition, promotion revenue, media revenue, gross versus net revenue reporting, arrangements with multiple performance obligations, stock-based compensation and provision for income taxes. For example, the recognition of our revenue is governed by certain criteria that determine whether we report revenue either on a gross basis, as a principal, or net basis, as an agent, depending upon the nature of the sales transaction. Historically, our media products revenue has generally been recognized on a gross basis. However, in the first quarter of 2020, we announced that effective second quarter of 2020, we plan to modify the way we process and deliver certain media products to enhance the customer experience. As a result of these changes, we expect that we will recognize certain revenue on a net basis, as compared to the prior recognition on a gross basis, and expect that this will cause a decrease in our revenue growth and impact our revenues. We may have gross reporting for portions of our media products and other revenue in the future as a result of the evolution of our existing business practices, development of new products, acquisitions, or changes in accounting standards or interpretations, that in any case result in transactions with characteristics that dictate gross reporting. It is also possible that revenue reporting for existing businesses may change from gross to net or vice versa as a result of changes in contract terms or transaction mechanics. We may experience significant fluctuations in revenue in future periods depending upon, in part, the nature of our sales and our reporting of such revenue and related accounting treatment, without proportionate correlation to our underlying activity or net income. Any combination of net and gross revenue reporting would require us to make estimates and assumptions about the mix of gross and net-reported transactions based upon the volumes and characteristics of the transactions we think will make up the total mix of revenue in the period covered by the projection. Those estimates and assumptions may be inaccurate when made, or may be rendered inaccurate by subsequent circumstances, such as changing the characteristics of our offerings or particular transactions in response to client demands, market developments, regulatory pressures, acquisitions, and other factors. Even apparently minor changes in transaction terms from those initially envisioned can result in different accounting conclusions from those foreseen. In addition, we may incorrectly extrapolate from revenue recognition treatment of prior transactions to future transactions that we believe are similar, but that ultimately are determined to have different characteristics that dictate different revenue reporting treatment. These factors may make our financial reporting more complex and difficult for investors to understand, may make comparison of our results of operations to prior periods or other companies more difficult, may make it more difficult for us to give accurate guidance, and could increase the potential for reporting errors.

Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our common stock.

Changes to financial accounting standards or the SEC's rules and regulations may affect our financial statements and cause us to change our business practices.

We prepare our financial statements to conform to U.S. GAAP. These accounting principles are subject to interpretation by the FASB, American Institute of Certified Public Accountants ("AICPA"), the SEC and various bodies formed to interpret and create appropriate accounting policies. A change in those policies can have a significant effect on our reported results and may affect our reporting of transactions completed before a change is announced. Changes to those rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business. For example, in February 2016, the FASB issued a new standard, Topic 842, which requires us to record most of our leases on our balance sheets beginning in our first quarter of fiscal year 2019.

We are currently or could be exposed in the future to fluctuations in currency exchange rates and interest rates.

To date, we have generated almost all of our revenues from within the United States. As a result, we currently do not have significant revenues or expenses in our international operations and we do not hedge our foreign currency exchange risk. However, we plan to grow our operations and offerings through expansion in existing international markets and by partnering with our existing CPGs and retailers to enter new geographies that are important to them. For example, we opened a research and development facility in Bangalore, India and acquired Shopmium, which has research and development operations in Paris, France. As we expand our business outside the United States we will face exposure to adverse movements in currency exchange rates. We will be exposed to foreign exchange rate fluctuations from the conversion of collections and expenses not denominated in U.S. dollars. If the U.S. dollar weakens against foreign currencies, the conversion of these foreign currency denominated transactions will result in increased revenues, operating expenses and net income. Similarly, if the U.S. dollar strengthens against foreign currencies, the conversion of these foreign currency denominated transactions will result in decreased revenues, operating expenses and net income. As exchange rates vary, sales and other operating results, when translated, may differ materially from expectations. Our risks related to currency fluctuations will increase as our international operations become an increasing portion of our business. In addition, we face exposure to fluctuations in interest rates which may impact our investment income unfavorably.

Our use of and reliance on international research and development resources and operations may expose us to unanticipated costs or events.

We have research and development centers in India, France, and Israel. We expect to increase our headcount, development, and operations activity in India. There is no assurance that our reliance upon international research and development resources and operations will enable us to achieve our research and development and operational goals or greater resource efficiency. Further, our international research and development and operations efforts involve significant risks, including:

- difficulty hiring and retaining appropriate personnel due to intense competition for such resources and resulting wage inflation in the cities where our research and development activities and operations are located;
- different labor regulations, especially in the European Union, where labor laws are generally more advantageous to employees as compared to United States, including deemed hourly wage and overtime regulations in these locations;
- exposure to liabilities under anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended, and similar applicable laws and regulations in other jurisdictions;
- delays and inefficiencies caused by geographical separation of our international research and development activities and operations and other challenges inherent to efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits and compliance programs;
- the knowledge transfer related to our technology and resulting exposure to misappropriation of intellectual property or information that is proprietary to us, our customers and other third parties;
- heightened exposure to change in the economic, security and political conditions in the countries where our research and development activities and operations are located;
- fluctuations in currency exchange rates and regulatory compliance in the countries where our research and development activities and operations are located; and
- interruptions to our operations in the countries where our research and development activities and operations are located as a result of floods and other natural catastrophic events as well as other events beyond our control such as power disruptions or terrorism.

Difficulties resulting from the factors above could increase our research and development or operational expenses, delay the introduction of new products, or impact our product quality, the occurrence of any of which could adversely affect our business and operating results.

Our business is subject to interruptions, delays or failures resulting from earthquakes, other natural catastrophic events or terrorism.

Our headquarters is located in Mountain View, California. Our current technology infrastructure is hosted across two data centers in co-location facilities in California and Nevada. In addition, we use two other co-location facilities in California and Virginia to host our Retailer iQ platform. Our services, operations and the data centers from which we provide our services are vulnerable to damage or interruption from earthquakes, fires, floods, public health crises such as pandemics and epidemics, power losses, telecommunications failures, terrorist attacks, acts of war, human errors, break-ins and similar events. For example, in December 2019, a strain of coronavirus was reported to have surfaced in Wuhan, China, resulting in store closures and a decrease in consumer traffic in China. At this point, we do not believe the coronavirus to impact our results or operations but there is no guarantee that we may not be impacted. A significant natural disaster, such as an earthquake, fire or flood, could have a material adverse impact on our business, financial condition and results of operations and our insurance coverage may be insufficient to compensate us for losses that may occur. Acts of terrorism could cause disruptions to the Internet, our business or the economy as a whole. We may not have sufficient protection or recovery plans in certain circumstances, such as natural disasters affecting areas where data centers upon which we rely are located, and our business interruption insurance may be insufficient to compensate us for losses that may occur. Such disruptions could negatively impact our ability to run our websites, which could harm our business.

Our ability to raise capital in the future may be limited, and our failure to raise capital when needed could prevent us from growing.

We may in the future be required to raise additional capital through public or private financing or other arrangements. Such financing may not be available on acceptable terms, or at all, and our failure to raise capital when needed could harm our business. Additional equity or equity-linked financing, such as our convertible senior notes, may dilute the interests of our stockholders, and debt financing, if available, may involve restrictive covenants and could reduce our profitability. If we cannot raise funds on acceptable terms, we may not be able to grow our business.

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

In general, under Section 382 of the U.S. Internal Revenue Code of 1986, as amended, or the Code, and similar state law provisions, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its pre-change net operating losses, or NOLs, to offset future taxable income. If our existing NOLs are subject to limitations arising from ownership changes, our ability to utilize NOLs could be limited by Section 382 of the Code. Future changes in our stock ownership, some of which are outside of our control, also could result in an ownership change under Section 382 of the Code. Additionally, our NOLs arising in tax years beginning prior to January 1, 2018 are subject to expiration and may expire prior to being utilized. Under the Tax Act any NOLs arising in tax years beginning after December 31, 2017 are not subject to expiration and may be carried forward indefinitely, but in any given year such NOLs may only be used to offset a maximum of 80% of taxable income for the year, determined without regard to the application of such NOLs. There is also a risk that our NOLs could otherwise be unavailable to offset future income tax liabilities due to changes in the law, including regulatory changes, such as suspensions on the use of NOLs or other unforeseen reasons. In addition, the Tax Act includes changes to the U.S. federal corporate income tax rate, and our net operating loss carryforwards and other deferred tax assets will be revalued at the newly enacted rate. We do not expect this to have a material impact on our financials because we currently maintain a full valuation allowance on our U.S. deferred tax assets. For these reasons, we may not be able to utilize all of our NOLs, even if we attain profitability.

State and foreign laws regulating money transmission could impact our cash-back applications.

Many states and certain foreign jurisdictions impose license and registration obligations on those companies engaged in the business of money transmission, with varying definitions of what constitutes money transmission. If our cash-back applications were to subject us to any applicable state or foreign laws, it could subject us to increased compliance costs and delay our ability to offer this product in certain jurisdictions pending receipt of any necessary licenses or registrations. If we need to make product and operational changes in light of these laws, the growth and adoption of these products may be adversely impacted, and our revenues may be harmed.

Risks Related to Our Convertible Senior Notes

We are leveraged financially, which could adversely affect our ability to adjust our business to respond to competitive* pressures *and to obtain sufficient funds to satisfy our future growth, business needs and development plans.

In November 2017, we issued $200 million aggregate principal amount of convertible senior notes (the "notes"). Our leveraged capital structure could have negative consequences, including, but not limited to, the following:

- we may be more vulnerable to economic downturns, less able to withstand competitive pressures and less flexible in responding to changing business and economic conditions;
- our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate or other purposes may be limited;
- a substantial portion of our cash flow from operations in the future may be required for the payment of the principal amount of our existing indebtedness when it becomes due; and
- we may elect to make cash payments upon any conversion of the convertible notes, which would reduce our cash on hand

Our ability to meet our payment obligations under our notes depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative, and regulatory factors as well as other factors that are beyond our control. There can be no assurance that our business will generate cash flow from operations, or that additional capital will be available to us, in an amount sufficient to enable us to meet our debt payment obligations and to fund other liquidity needs. If we are unable to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we were unable to implement one or more of these alternatives, we may be unable to meet our debt payment obligations, which could have a material adverse effect on our business, results of operations, or financial condition.

The conditional conversion feature of the notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the notes is triggered, holders of the notes will be entitled to convert their notes at any time during specified periods at their option. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. If one or more holders elect to convert their notes, (unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share)), we intend to settle a portion or all of our conversion obligation in cash, which could adversely affect our liquidity. In addition, even if holders of notes do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The accounting method for convertible debt securities that may be settled in cash, such as the notes, could have a material effect on our reported financial results.

Under Accounting Standards Codification 470-20, Debt with Conversion and Other Options ("ASC 470-20"), an entity must separately account for the liability and equity components of the convertible debt instruments (such as the notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer's economic interest cost. The effect of ASC 470-20 on the accounting for the notes is that the equity component is required to be included in the additional paid-in capital section of stockholders' equity on our consolidated balance sheet at the issuance date and the value of the equity component would be treated as debt discount for purposes of accounting for the debt component of the notes. As a result, we will be required to record a greater amount of non-cash interest expense as a result of the amortization of the discounted carrying value of the notes to their face amount over the term of the notes. We will report larger net losses (or lower net income) in our financial results because ASC 470-20 will require interest to include both the amortization of the debt discount and the instrument's nonconvertible coupon interest rate, which could adversely affect our reported or future financial results, the trading price of our common stock and the trading price of the notes.

The Company uses the treasury stock method for calculating any potential dilutive effect of the conversion spread on diluted net income per share, if applicable. The effect of which is that the shares issuable upon conversion of such notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of such notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued. We cannot be sure that the accounting standards in the future will continue to permit the use of the treasury stock method. If we are unable or otherwise elect not to use the treasury stock method in accounting for the shares issuable upon conversion of the notes, then our diluted earnings per share could be adversely affected.

Conversion of our notes will dilute the ownership interest of existing stockholders and may depress the price of our common stock.

The conversion of some or all of our notes, if such conversion occurs, will dilute the ownership interests of then-existing stockholders to the extent we deliver shares upon conversion of any of the notes. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the notes may encourage short selling by market participants because the conversion of the notes could be used to satisfy short positions, or anticipated conversion of the notes into shares of our common stock could depress the price of our common stock.

Risks Related to Ownership of our Common Stock

The market price of our common stock has been, and is likely to continue to be, subject to wide fluctuations and could subject us to litigation.

The price of our common stock may change in response to variations in our operating results and also may change in response to other factors, including factors specific to technology companies, many of which are beyond our control. As a result, our stock price may experience significant volatility. Among other factors that could affect our stock price are:

- the financial projections that we or analysts may choose to provide to the public, any changes in these projections or our failure for any reason to meet these projections;
- actual or anticipated changes or fluctuations in our results of operations;
- whether our results of operations meet the expectations of securities analysts or investors;
- addition or loss of significant customers or commercial business partners;
- price and volume fluctuations in the overall stock market from time to time;
- fluctuations in the trading volume of our shares or the size of our public float;
- success of competitive products or services;
- the public’s response to press releases or other public announcements by us or others, including our filings with the SEC;
- disputes or other developments related to proprietary rights, including patents, litigation matters or our ability to obtain intellectual property protection for our technologies;
- announcements relating to litigation;
- speculation about our business in the press or the investment community;
- reports, guidance and ratings issued by securities or industry analysts;
- future sales of our common stock by our significant stockholders, officers and directors;
- changes in our capital structure, such as future issuances of debt or equity securities;
- our entry into new markets;
- regulatory developments in the United States or foreign countries;
- strategic actions by us or our competitors, such as acquisitions or restructurings; and
- changes in accounting principles.

If any of the foregoing occurs, it could cause our stock price or trading volume to decline. In addition, the stock market in general has experienced substantial price and volume volatility that is often seemingly unrelated to the operating results of any particular companies. Moreover, if the market for technology stocks or the stock market in general experiences uneven investor confidence, the market price of our common stock could decline for reasons unrelated to our business, operating results or financial condition. The market price for our stock might also decline in reaction to events that affect other companies within, or outside, our industry, even if these events do not directly affect us. Some companies that have experienced volatility in the trading price of their stock have been subject of securities litigation. If we are the subject of such litigation, it could result in substantial costs and a diversion of management's attention and resources.

Substantial future sales of shares by our stockholders could negatively affect our stock price.

Sales of a substantial number of shares of our common stock in the public market could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We have approximately 89,371,199 shares of common stock outstanding as of December 31, 2019, assuming no exercise of our outstanding options or vesting of our outstanding RSUs.

Our equity incentive plans allow us to issue, among other things, stock options, restricted stock and restricted stock units and we have filed a registration statement under the Securities Act to cover the issuance of shares upon the exercise or vesting of awards granted under those plans.

The concentration of our common stock ownership with our executive officers, directors and owners of 5% or more of our outstanding common stock will limit our ability to influence corporate matters.

Our executive officers, directors and owners of 5% or more of our outstanding common stock together beneficially own approximately 52% of our outstanding common stock, based on the number of shares outstanding as of December 31, 2019. These stockholders therefore have significant influence over management and affairs and over all matters requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets, for the foreseeable future. This concentrated control limits your ability to influence corporate matters and, as a result, we may take actions that our stockholders do not view as beneficial. This ownership could affect the value of your shares of common stock.

Our stock repurchase program could affect the price of our common stock and increase volatility and may be suspended or terminated at any time, which may result in a decrease in the trading price of our common stock.

Our Board of Directors has approved programs for us to repurchase shares of our common stock. During May 2019, the 2018 repurchase program (the "2018 Program") expired. In April 2019, our Board of Directors authorized a one-year share repurchase program ("May 2019 Program") for us to repurchase up to $60.0 million of our common stock from May 2019 through May 2020. In August 2019, our Board of Directors authorized a one-year share repurchase program (the "August 2019 Program") for us to repurchase up to $50.0 million of our common stock from August 2019 through August 2020. During the year ended December 31, 2019, we purchased and retired 8,088,993 shares of our common stock for an aggregate value of $85.5 million under the 2018 Program and the May 2019 Program. As of December 31, 2019, $50.0 million remained available for repurchase under the August 2019 Program. Stock repurchases may be made from time to time at prevailing market prices, subject to certain restrictions on volume, pricing and timing. The repurchases may be made in the open market, through negotiated transactions, including accelerated share repurchase agreements, and through plans designed to comply with Rule 10b5-1 under the Securities Act. Repurchases pursuant to our stock repurchase program could affect the price of our common stock and increase its volatility. The existence of our stock repurchase program could also cause the price of our common stock to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our common stock. Additionally, repurchases under our stock repurchase program will diminish our cash reserves, which could impact our ability to further develop our technology, access and/or retrofit additional facilities and service our indebtedness. There can be no assurance that any stock repurchases will enhance stockholder value because the market price of our common stock may decline below the levels at which we repurchased such shares. Any failure to repurchase shares after we have announced our intention to do so may negatively impact our reputation and investor confidence in us and may negatively impact our stock price. Although our stock repurchase program is intended to enhance long-term stockholder value, short-term stock price fluctuations could reduce the program's effectiveness.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

We are subject to the reporting requirements of the Exchange Act, SOX, and the rules and regulations of the New York Stock Exchange, or the NYSE. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time consuming and costly, and place significant strain on our personnel, systems and resources.

SOX requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will be required to include in our periodic reports we will file with the SEC under Section 404 of SOX. In the event that we are not able to demonstrate compliance with Section 404 of SOX, that our internal control over financial reporting is perceived as inadequate or that we are unable to produce timely or accurate financial statements, investors may lose confidence in our operating results and our stock price could decline.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls or our internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our operating results or cause us to fail to meet our reporting obligations and could result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of management evaluations and independent registered public accounting firm audits of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our common stock. In addition, if we are unable to continue to meet these requirements, our common stock may not be able to remain listed on the NYSE.

Our independent registered public accounting firm is required to audit the effectiveness of our internal control over financial reporting as we lost our status as an "emerging growth company," as defined in the JOBS Act, effective December 31, 2018. We are considered a large accelerated filer as the aggregate market value of our common equity held by our non-affiliates exceeded the $700 million threshold when measured as of the last business day of the end of our second quarter of 2018. If our independent registered public accounting firm concludes that our internal control over financial reporting is not effective, it may issue an adverse report.

Any failure to maintain effective disclosure controls and internal control over financial reporting could have a material and adverse effect on our business and operating results, and cause a decline in the price of our common stock.

If securities analysts do not publish research or if securities analysts or other third parties publish inaccurate or unfavorable research about us, the price of our common stock could decline.

The trading market for our common stock will rely in part on the research and reports that securities analysts and other third parties choose to publish about us. We do not control these analysts or other third parties. The price of our common stock could decline if one or more securities analysts downgrade our common stock or if one or more securities analysts or other third parties publish inaccurate or unfavorable research about us or cease publishing reports about us.

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

We intend to retain all of our earnings for the foreseeable future to finance the operation and expansion of our business and do not anticipate paying cash dividends on our common stock. As a result, you can expect to receive a return on your investment in our common stock only if the market price of the stock increases.

Provisions in our charter documents and under Delaware law could discourage a takeover that stockholders may consider favorable.

Provisions in our certificate of incorporation and by-laws may have the effect of delaying or preventing a change of control or changes in our management. Amongst other things, these provisions:

- authorize the issuance of “blank check” preferred stock that could be issued by our Board of Directors to defend against a takeover attempt;
- establish a classified Board of Directors, as a result of which the successors to the directors whose terms have expired will be elected to serve from the time of election and qualification until the third annual meeting following their election;
- require that directors only be removed from office for cause and only upon a majority stockholder vote;
- provide that vacancies on the Board of Directors, including newly created directorships, may be filled only by a majority vote of directors then in office rather than by stockholders;
- prevent stockholders from calling special meetings; and
- prohibit stockholder action by written consent, requiring all actions to be taken at a meeting of the stockholders.

In addition, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder becomes an “interested” stockholder.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our principal executive office is located in Mountain View, California, totaling approximately 42,000 square feet under lease expiring December 2020. We have additional principal office space in Cincinnati, Ohio that includes two spaces totaling approximately 47,000 square feet under leases expiring from November 2023 to June 2024. We maintain additional leased spaces in Marina Del Rey, California, Pleasanton, California, New York, New York, Boston, Massachusetts, Bangalore, India, Paris, France, London, United Kingdom, and Tel Aviv, Israel. We believe 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.

We are a party to litigation and subject to claims incident to the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these matters will not have a material adverse effect on our business, financial condition or results of operations. Regardless of the outcome, litigation can have an adverse impact on our business because of defense and settlement costs, diversion of management resources and other factors.

Item 4. Mine Safety Disclosures.

None.

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

Market Information

Our common stock, $0.00001 par value, began trading on the New York Stock Exchange under the symbol "COUP" on March 7, 2014, the date of our IPO. We changed our name to Quotient Technology Inc. on October 20, 2015. Our common stock began trading on the New York stock Exchange under the symbol "QUOT" on October 21, 2015.

Holders

As of February 18, 2020, there were 52 holders of record of our common stock. Because most of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of beneficial stockholders represented by these record holders.

Dividend Policy

We have never declared or paid any dividends on our common stock and do not anticipate that we will pay any dividends to holders of our common stock in the foreseeable future. Instead, we currently plan to retain any earnings to finance the growth of our business. Any future determination relating to dividend policy will be made at the discretion of our Board of Directors and will depend on our financial condition, results of operations and capital requirements as well as other factors deemed relevant by our Board of Directors.

Issuer Purchases of Equity Securities

The following is a summary of stock repurchases for each month during the fourth quarter ended December 31, 2019.

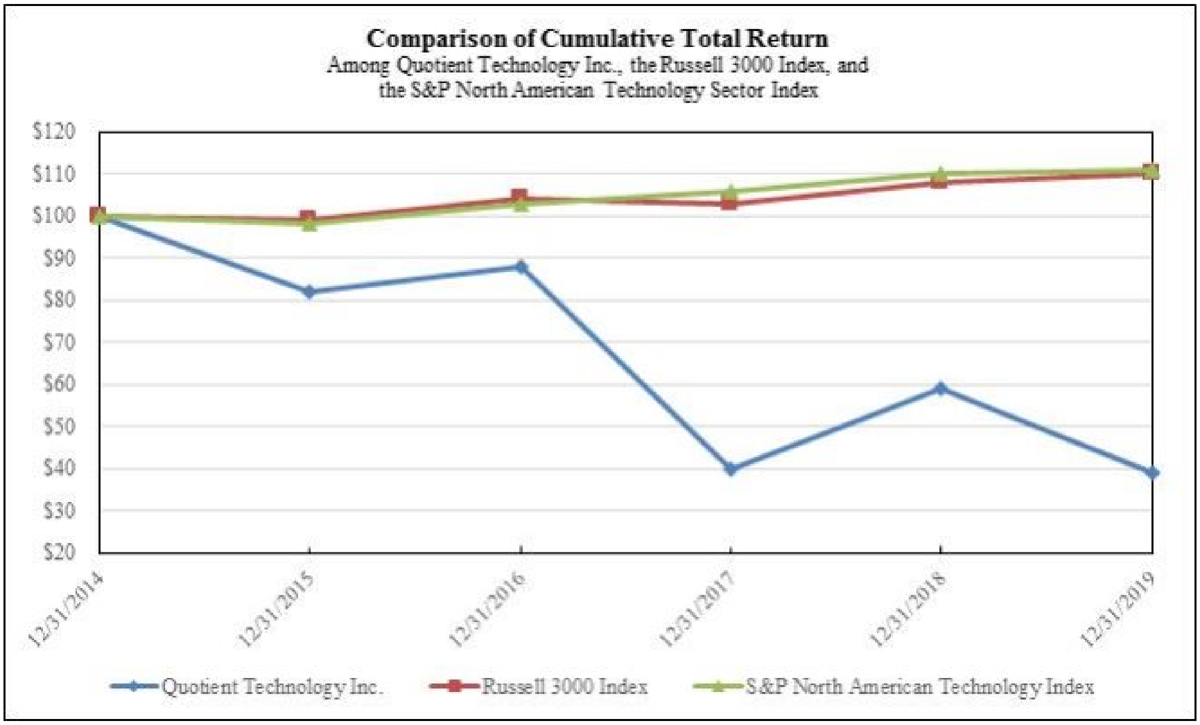
Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased Under Publicly Announced Program (1)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program (1)
October 1 - 31, 2019	—	$ —	—	$ 50,000,000
November 1 - 30, 2019	—	—	—	50,000,000
December 1 - 31, 2019	—	—	—	50,000,000
	—	$ —	—	$ 50,000,000

(1) In August 2019, the Company's Board of Directors authorized a one-year share repurchase program for the Company to repurchase up to $50.0 million of its common stock from August 2019 through August 2020. During the fourth quarter ended December 31, 2019, the Company did not repurchase any shares of its common stock. As of December 31, 2019, $50.0 million remained available under the August 2019 Program.

Performance Graph

The following shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or incorporated by reference into any of our other filings under the Exchange Act or the Securities Act, except to the extent we specifically incorporate it by reference into such filing.

This chart compares the cumulative total return on our common stock with that of the Russell 3000 and the S&P North American Technology Sector Index. The chart assumes $100 was invested at the close of market on December 31, 2014, in our common stock, the Russell 3000 and the S&P North American Technology Sector Index, and assumes the reinvestment of any dividends. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



	INDEXED RETURNS Quarter Ending					
Company / Index	**12/31/2014**	**12/31/2015**	**12/31/2016**	**12/31/2017**	**12/31/2018**	**12/31/2019**
Quotient Technology Inc.	$ 100	$ 38	$ 61	$ 66	$ 60	$ 56
Russell 3000 Index	$ 100	$ 99	$ 109	$ 129	$ 120	$ 155
S&P North American Technology Sector Index	$ 100	$ 109	$ 122	$ 166	$ 169	$ 238

Unregistered Sales of Equity Securities

Not applicable.

Item 6. Selected Financial Data

	Year Ended December 31,				
	2019	2018	2017	2016	2015
	(in thousands, except per share data)				
Revenues	$ 436,160	$ 386,958	$ 322,115	$ 275,190	$ 237,309
Costs and expenses:					
Cost of revenues (1)	263,606	206,230	140,752	114,870	92,203
Sales and marketing (1)	101,244	90,086	92,833	92,596	92,454
Research and development (1)	39,076	46,873	50,009	50,503	48,367
General and administrative (1)	58,328	49,805	48,124	43,404	34,833
Change in fair value of escrowed shares and contingent consideration, net	1,571	13,190	5,515	(6,450)	1,231
Total costs and expenses	463,825	406,184	337,233	294,923	269,088
Loss from operations	(27,665)	(19,226)	(15,118)	(19,733)	(31,779)
Interest expense	(13,955)	(13,411)	(1,589)	—	(290)
Gain on sale of a right to use a web domain name	—	—	—	—	4,800
Other income (expense), net	5,223	4,801	928	495	(22)
Loss before income taxes	(36,397)	(27,836)	(15,779)	(19,238)	(27,291)
Provision for (benefit from) income taxes	660	482	(702)	241	(561)
Net loss	$ (37,057)	$ (28,318)	$ (15,077)	$ (19,479)	$ (26,730)
Net loss per share, basic and diluted	$ (0.41)	$ (0.30)	$ (0.17)	$ (0.23)	$ (0.32)
Weighted-average number of common shares used in computing net loss per share, basic and diluted	91,163	93,676	89,505	84,157	82,807

(1) The stock-based compensation expense included above was as follows:

	Year Ended December 31,				
	2019	2018	2017	2016	2015
	(in thousands)				
Cost of revenues	$ 2,193	$ 2,315	$ 2,000	$ 1,821	$ 1,728
Sales and marketing	6,812	6,596	6,621	5,776	10,658
Research and development	4,804	6,137	7,949	7,286	9,680
General and administrative	18,328	16,338	15,682	13,403	10,280
Total stock-based compensation	$ 32,137	$ 31,386	$ 32,252	$ 28,286	$ 32,346

	Year Ended December 31,				
	2019	2018	2017	2016	2015
Consolidated Balance Sheet Data:	(in thousands)				
Cash, cash equivalents and short-term investments	$ 224,764	$ 322,766	$ 394,537	$ 175,346	$ 159,947
Working capital	249,811	352,810	404,145	207,694	177,547
Property and equipment, net	13,704	15,579	16,610	16,376	25,128
Total assets	591,938	662,353	629,075	362,756	321,071
Deferred revenues	10,903	8,686	6,276	6,856	7,342
Convertible senior notes, net	166,157	155,719	145,821	—	—
Total liabilities	306,716	282,266	231,034	51,007	55,581
Total stockholder's equity	$ 285,222	$ 380,087	$ 398,041	$ 311,749	$ 265,490

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

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the consolidated financial statements and the related notes to consolidated financial statements included elsewhere in this annual report on Form 10-K. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, beliefs and expectations that involve risks and uncertainties. Our actual results and the timing of events could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly in "Risk Factors" and "Special Note Regarding Forward-Looking Statements."

Overview

Quotient Technology Inc. is an industry leading digital marketing company, providing technology and services that power integrated digital promotions and media programs for consumer packaged goods ("CPG"s) brands and retailers. These programs are delivered across our network, including our flagship consumer brand Coupons.com and our retail partners' properties. This network provides Quotient with proprietary and licensed data, including online behavior, purchase intent, and retailers' in-store point-of-sale ("POS") shopper data, to target shoppers with the most relevant digital promotions and ads. We also deliver digital promotions and media programs to third party publishing properties outside of our network. Customers and partners use Quotient to influence shoppers via digital channels, integrate marketing and merchandising programs, and leverage shopper data and insights to drive measurable sales results.

For our retail partners, we provide a digital platform, Retailer iQ, to directly engage with shoppers across their websites, mobile, ecommerce, and social channels. This platform is generally co-branded or white-labeled through retailers' savings or loyalty programs and uses shopper data to deliver relevant digital promotions from brand marketers and retailers to shoppers.

Our network is made up of three constituencies: over 2,000 brands from approximately 700 CPGs; retail partners across multiple classes of trade such as grocery retailers, drug, dollar, club, and mass merchandise channels; and consumers visiting our websites, mobile properties, social channels, as well as those of our CPG and retailer partners.

We primarily generate revenue by providing digital promotions and media programs to our customers and partners.

We generate revenue from promotion campaigns, in which CPGs pay us to deliver promotions to consumers through our network of publishers and retail partners. Using shopper data from our retail partners and our proprietary data and audience segments, we deliver targeted and/or personalized digital promotions to shoppers through our network, including our websites and mobile apps, as well as those of our publishers, retailers and other third-party properties. Each time a promotion is activated through our platform or, in some cases, redeemed, we are generally paid a fee. Activation of a digital promotion can include: saving it to a retailer loyalty account or printing it for physical redemption at a retailer. Campaigns are targeted to shoppers, and measured based on performance attributable to retail purchases in near real time.

As our business evolves, we will continue to experiment with different pricing models and fee arrangements with CPGs and retailers, which may impact how we monetize transactions. For example, we are continuing to experiment with ROI-based pricing strategies and service packages, some of which require us to receive fees upon redemption of digital promotions rather than activation, as further discussed below in "Risk Factors".

Promotion revenues also include our Specialty Retail business, in which specialty stores including clothing, electronics, home improvement and many others offer coupon codes that we distribute. Each time a consumer makes a purchase using a coupon code, a transaction occurs and a distribution fee is generally paid to us.

We also generate revenues from digital media in which CPGs, retailers, and advertising agencies, use our platform to deliver digital advertising. Using shopper data from our retail partners and our proprietary data and audience segments, we target audiences with digital ad campaigns. These ads are delivered to shoppers through our network, including our websites and mobile apps, as well as those of our publishers, retailers and other third-party properties. Campaigns are measured based on optimization and performance, attributing digital ad campaigns to retail purchases in near real time. Media solutions we offer include display, targeted, social influencer, retail search and sponsored products, and audiences. A growing portion of our media campaigns are purchased as an integrated campaign which combines media advertising and promotions in a single campaign. Our media solutions help serve our customers and partners' needs as they shift more of their marketing dollars to digital channels that can be measured based on campaign performance and attributable sales. In 2019 we purchased Ubimo, a data and media activation platform to strengthen our media solution and accelerate the development of a self-service media platform.

We generally pay a distribution fee to retailers and publishers for activation or redemption of a digital promotion, for media campaigns, and for use of data for targeting or measurement. We also pay a fee to third-party publishers for traffic acquisition, which consists of delivering campaigns on certain networks or properties. These distribution and third-party service fees are included in our cost of revenues. See Management's Discussion and Analysis of Financial Condition and Results of Operations – "Non-GAAP Financial Measure and Key Operating Metrics" for more information.

Our operating expenses may increase in the future as we continue to (1) invest in (i) research and development to enhance our platform and investments in newer product offerings; (ii) sales and marketing to acquire new CPG and retailer customers and increase revenues from our existing customers; and; (iii) corporate infrastructure; (2) amortize expenses related to intangibles assets associated with acquisitions and other strategic acquisitions and partnerships; and (3) remeasure contingent consideration related to acquisitions.

For 2019, 2018 and 2017, our revenues were $436.2 million, $387.0 million, and $322.1 million, respectively. Our net loss for 2019, 2018 and 2017 was $37.1 million, $28.3 million, and $15.1 million, respectively.

Seasonality

Some of the Company's products experience seasonal sales and buying patterns mirroring those in the CPG, retail, advertising, and e-commerce markets, including media buying patterns, back-to-school and holiday campaigns, where demand increases during the second half of the Company's fiscal year. Seasonality may also be affected by CPG annual budget cycles, as some large CPGs have fiscal years ending in June. We believe that this seasonality pattern has affected, and will continue to affect, our business and the associated revenues during the first half and second half of our fiscal year. We recognized 54% of our annual revenue during the second half of 2019, 2018 and 2017, for each respective period.

Non-GAAP Financial Measure and Key Operating Metrics

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), a non-GAAP financial measure, is a key metric used by our management and our Board of Directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget, to develop short and long-term operational plans, and to determine bonus payouts. In particular, we believe that the exclusion of certain income and expenses in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business. Additionally, Adjusted EBITDA is a key financial metric used by the compensation committee of our Board of Directors in connection with the determination of compensation for our executive officers. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and Board of Directors.

Adjusted EBITDA excludes non-cash charges, such as depreciation, amortization and stock-based compensation, because such non-cash expenses in any specific period may not directly correlate to the underlying performance of our business operations and can vary significantly between periods. Additionally, it excludes the effects of interest expense, income taxes, other (income) expense net, change in fair value of escrowed shares and contingent consideration, net, impairment charges for capitalized software development costs, charges related to Enterprise Resource Planning ("ERP") software implementation costs, certain acquisition related costs and restructuring charges. We exclude certain items because we believe that these costs (benefits) do not reflect expected future operating expenses. Additionally, certain items are inconsistent in amounts and frequency, making it difficult to contribute to a meaningful evaluation of our current or past operating performance.

Net loss, Adjusted EBITDA and number of transactions for each of the periods presented were as follows:

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
Net loss	$ (37,057)	$ (28,318)	$ (15,077)
Adjusted EBITDA	45,150	57,612	47,040

Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect interest and tax payments that may represent a reduction in cash available to us;
- Adjusted EBITDA also does not include the effects of stock-based compensation, amortization of acquired intangible assets, impairment charges for capitalized software development costs, charges related to ERP software implementation costs, net change in fair value of escrowed shares and contingent consideration, interest expense, other (income) expense, net, provision for (benefit from) income taxes, certain acquisition related costs and restructuring charges; and
- other companies, including companies in our industry, may calculate Adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

A reconciliation of Adjusted EBITDA to net loss, the most directly comparable GAAP financial measure, for each of the periods presented is as follows:

	Year Ended December 31,		
	2019	2018	2017
		(in thousands)	
Net loss	$ (37,057)	$ (28,318)	$ (15,077)
Adjustments:			
Stock-based compensation	32,137	31,386	32,252
Depreciation, amortization and other (1)	39,107	32,262	24,391
Change in fair value of escrowed shares and contingent consideration, net	1,571	13,190	5,515
Interest expense	13,955	13,411	1,589
Other (income) expense, net	(5,223)	(4,801)	(928)
Provision for (benefit from) income taxes	660	482	(702)
Total adjustments	$ 82,207	$ 85,930	$ 62,117
Adjusted EBITDA	$ 45,150	$ 57,612	$ 47,040

(1) For the years ended December 31, 2019, 2018 and 2017, Other includes restructuring charges of $4.3 million, $4.4 million, and $3.4 million, respectively, certain acquisition related costs of $3.4 million, $2.8 million, and $1.9 million, respectively, and ERP software implementation costs related to service agreements of zero, $0.05 million, and $1.2 million, respectively. Acquisition related costs primarily include certain bonuses contingent upon the acquired company meeting certain financial metrics over the contingent consideration period and diligence, accounting, and legal expenses incurred related to certain acquisitions. Restructuring charges relate to impairment charges for capitalized software development costs, and severance for certain executive management changes and impacted employees.

This non-GAAP financial measure is not intended to be considered in isolation from, as substitute for, or as superior to, the corresponding financial measure prepared in accordance with GAAP. Because of these and other limitations, Adjusted EBITDA should be considered along with GAAP based financial performance measures, including various cash flow metrics, net loss, and our other GAAP financial results.

Factors Affecting Our Performance

Obtaining high quality promotions and increasing the number of CPG-authorized activations. Our ability to grow revenue will depend upon our ability to shift more dollars to our platform from our CPG customers, continue to obtain high quality promotions and increase the number of CPG-authorized activations available through our platform. If we are unable to do any of these, growth in our revenue will be adversely affected.

Increasing revenue from CPGs on our platform. Our ability to grow our revenue in the future depends upon our ability to continue to increase revenues from existing and new CPGs on our platform through national brand coupons, targeted media and measurement, trade promotions, and increasing the number of brands that are using our platform within each CPG.

Variability in promotional spend by CPGs. Our revenues may fluctuate due to changes in promotional spending budgets of CPGs and retailers and the timing of their promotional spending. Decisions by major CPGs or retailers to delay or reduce their promotional and media spending, move campaigns, or divert spending away from digital promotions or media could slow our revenue growth or reduce our revenues.

Ability to scale Retail Performance Media and further integrate with Retailers. Our ability to grow our revenues will depend upon our ability to continue to successfully implement and scale Retailer iQ and Retail Performance Media among retailers. If we are unable to continue to successfully maintain our Retailer iQ and Retail Performance Media partners, or if our retail partners do not provide sufficient support to our platforms, the growth in our revenues will be adversely affected. Our ability to grow our revenue in the future is also dependent upon our ability to further integrate digital promotions and media into retailers' loyalty or POS systems and other channels so that CPGs and retailers can more effectively engage consumers and drive their own sales.

Growth of our consumer selection and digital offerings. Our ability to grow our revenue in the future will depend on our ability to innovate and invest in promotion and media solutions, including Retailer iQ, Retailer Performance Media, sponsored product search, mobile solutions for consumers, including digital print, mobile solutions and digital promotion offerings for specialty/franchise retail together with cash-back offers, leverage our reach to consumers and the strength of our platform to broaden the selection and consumers use of digital coupons as well as in-lane targeted promotions, manage the transition from digital print coupons to digital paperless coupons as well as the transition from desktop to mobile platforms, and invest in solutions around our data and analytic capabilities, referred to as Quotient Analytics Cloud and Quotient Audience Cloud, for CPGs and retailers.

International Growth and Acquisitions. Our ability to grow our revenues will also depend on our ability to grow our operations and offerings in existing international markets and expand our business through selective acquisitions, similar to our acquisitions of Ahalogy, Crisp, Elevaate, SavingStar, Shopmium and Ubimo and their integration with the core business of the Company.

Components of Our Results of Operations

Revenues

We generate revenues by delivering digital promotions, including coupons, rebates and coupon codes, and digital media through our platform. CPGs and retailers choose one or more of our offerings and are charged a fee for each selected offering. Our customers generally submit insertion orders that outline the terms and conditions of a campaign, including the channels through which the campaign will be run, the offerings for each selected channel, the type of content to be delivered, the timeframe of the campaign, the number of authorized activations and the pricing of the campaign. Substantially all of our revenues are generated from sales within the United States.

Coupons. We generate revenues, as consumers select, activate, or redeem a coupon through our platform by either saving it to a retailer loyalty account for automatic digital redemption, or printing it for physical redemption at a retailer. Coupon setup fees relates to the creation of digital coupons and set up of the underlying campaign on our proprietary platform for tracking of related activations or redemptions. We recognize revenues related to coupon setup fees over time, proportionally, on a per transaction basis, using the number of authorized transactions per insertion order, commencing on the date of the first coupon transaction. Coupon transaction fees are generally determined on a per unit activation or per redemption basis, and are generally billed monthly. Insertion orders generally include a limit on the number of activations, or times consumers may select a coupon.

Coupon Codes. We generally generate revenues when a consumer makes a purchase using a coupon code from our platform and completion of the order is reported to us. This leads to a transaction, and a distribution fee is generally paid to us. In the same period that we recognize revenues for the delivery of coupon codes, we also estimate and record a reserve, based upon historical experience, to provide for end-user cancelations or product returns which may not be reported until a subsequent date.

Digital Media. Our media services enable CPGs and retailers to distribute digital media to promote their brands and products on our websites, and mobile apps, and through a network of affiliate publishers and non-publisher third parties that display our media offerings on their websites or mobile apps. Revenue is generally recognized each time a digital media ad is displayed or each time a user clicks on the media ad displayed on the Company's websites, mobile apps or on third party websites. Media pricing is generally determined on a per campaign, impression or per click basis and are generally billed monthly. Changes to the way we process and deliver media could affect whether revenue is recognized on a gross or net basis.

Cost of Revenues

Cost of revenues includes the costs resulting from distribution fees. If we deliver a digital promotion or media on a retailer's website or mobile apps or through its loyalty program, or the website or mobile apps of a publisher, we generally pay a distribution fee to the retailers or publisher which is included in our cost of revenues. These costs are expensed as incurred. We generally do not pay a distribution fee for a coupon or code which is offered through the website of the CPG or retailer that is offering the coupon or coupon code. From time to time, we have entered into arrangements pursuant to which we have agreed to the payment of minimum distribution or other service fees that are included in our cost of revenues.

Cost of revenues also includes personnel compensation costs, depreciation and amortization expense of equipment, software and acquired intangible assets associated with revenue producing technologies, amortization of certain exclusivity rights acquired under strategic partnerships, data center costs and third-party service fees including traffic acquisition costs which consists of payments related to delivering campaigns on certain networks or sites, and purchase of third-party data. Personnel costs related to costs of revenues include salaries, bonuses, stock-based compensation and employee benefits. These costs are primarily attributable to individuals maintaining our data centers and members of our network operations group, which initiates, sets up and delivers digital promotion and media campaigns. We capitalize costs related to software that is developed or obtained for internal use. Costs incurred in connection with internal software development for revenue producing technologies are capitalized and are amortized in cost of revenues over the internal use software's useful life. The amortization of these costs begins when the internally developed software is ready for its intended use.

Operating Expenses

We classify our operating expenses primarily into three categories: sales and marketing, research and development and general and administrative. Our operating expenses consist primarily of personnel compensation costs and, to a lesser extent, professional fees and facilities expense. Personnel costs for each category of operating expenses generally include salaries, bonuses, stock-based compensation and employee benefits.

Sales and marketing. Our sales and marketing expenses consist primarily of personnel compensation costs (including salaries and benefits, sales commissions, and stock-based compensation) provided to our sales and marketing personnel, brand marketing, amortization of acquired intangible asset costs associated with professional services, travel, trade shows and marketing materials. We expect to continue to invest in sales and marketing in order to support our growth and business objectives, while continuing to optimize our investment in promotional and advertising activities.

Research and development. Our research and development expenses consist primarily of personnel compensation costs (including salaries and benefits, bonuses, and stock-based compensation) provided to our engineering personnel, costs of professional services associated with the ongoing development of new products and the enhancement of existing products; fees for design, testing, consulting, and other related services.

We believe that continued investment in technology, as well as business process and automation, is critical to attaining our strategic objectives. Our investment in research and development will be balanced with our continued operational and cost optimization efforts including headcount shift to low cost locations, as it provides us with the ability to invest in strategic areas, while managing growth in future periods.

General and administrative. Our general and administrative expenses consist primarily of personnel compensation costs (including salaries and benefits, bonuses and stock-based compensation) provided to our executives, finance, legal, human resources, compliance and other administrative personnel, as well as facility costs and other related overheads; accounting, tax and legal professional services fees and other corporate expenses.

We expect to continue to incur additional general and administrative expenses in future periods as we continue to invest in corporate infrastructure to support our expected growth as well as additional compliance costs associated with being a public Company.

Change in fair value of escrowed shares and contingent consideration, net. The change in fair value of escrowed shares relates to the acquisition of certain exclusivity rights under a services and data agreement whereby a certain amount of shares were issued and placed in escrow. Those shares are subject to re-measurement until they are released from escrow. The change in fair value of contingent consideration is due to the re-measurement contingent consideration liabilities resulting from acquisitions based on the expected achievement of certain financial metrics over each acquisition's respective contingent consideration period.

Interest expense

Interest expense consists of cash coupon interest, accretion of debt discounts and issuance costs and primarily relates to our debt obligations under our convertible senior notes issued during the fourth quarter of 2017.

Other Income (Expense), Net

Other income (expense), net, includes interest income on short-term certificate of deposits and foreign currency exchange gains and losses.

Provision for (Benefit from) Income Taxes

We recorded a provision for income taxes of $0.7 million and $0.5 million for the years ended December 31, 2019 and 2018, respectively, and a benefit from income taxes $0.7 million for the year ended December 31, 2017. The provision for income taxes for the years ended December 31, 2019 and 2018 was primarily the impact of the indefinite lived deferred tax liabilities related to tax deductible goodwill, change in the geographical mix of earnings in foreign jurisdictions and state taxes. The benefit from income taxes for the year ended December 31, 2017 was primarily attributable to the impact of the re-measurement of certain indefinite lived deferred tax liabilities related to tax deductible goodwill as a result of the Tax Act.

Results of Operations

The following tables set forth our consolidated results of operations and our consolidated results of operations as a percentage of revenues for the periods presented**.**

	Year Ended December 31,					
	2019		2018		2017	
	(in thousands, except percentages)					
Revenues	$ 436,160	100.0%	$ 386,958	100.0%	$ 322,115	100.0%
Cost and expenses:						
Cost of revenues	263,606	60.4%	206,230	53.3%	140,752	43.7%
Sales and marketing	101,244	23.2%	90,086	23.3%	92,833	28.8%
Research and development	39,076	9.0%	46,873	12.1%	50,009	15.5%
General and administrative	58,328	13.4%	49,805	12.9%	48,124	14.9%
Change in fair value of escrowed shares and contingent consideration, net	1,571	0.4%	13,190	3.4%	5,515	1.7%
Total costs and expenses	463,825	106.4%	406,184	105.0%	337,233	104.6%
Loss from operations	(27,665)	(6.3)%	(19,226)	(5.0)%	(15,118)	(4.6)%
Interest expense	(13,955)	(3.2)%	(13,411)	(3.5)%	(1,589)	(0.5)%
Other income (expense), net	5,223	1.2%	4,801	1.2%	928	0.3%
Loss before income taxes	(36,397)	(8.3)%	(27,836)	(7.3)%	(15,779)	(4.8)%
Provision for (benefit from) income taxes	660	0.2%	482	0.1%	(702)	(0.2)%
Net loss	$ (37,057)	(8.5)%	$ (28,318)	(7.4)%	$ (15,077)	(4.6)%

Disaggregated Revenue

The following table presents the Company's revenues disaggregated by type of services. The majority of the Company's revenue is generated from sales within the United States.

	Year Ended December 31,			2018 to 2019		2017 to 2018	
(in thousands, except percentages)	**2019**	**2018**	**2017**	**$ Change**	**% Change**	**$ Change**	**% Change**
Promotion	$ 246,479	$ 245,493	$ 237,184	$ 986	0%	$ 8,309	4%
Media	189,681	141,465	84,931	48,216	34%	56,534	67%
Total revenue	$ 436,160	$ 386,958	$ 322,115	$ 49,202	13%	$ 64,843	20%

Revenues

	Year Ended December 31,			2018 to 2019		2017 to 2018	
(in thousands, except percentages)	**2019**	**2018**	**2017**	**$ Change**	**% Change**	**$ Change**	**% Change**
Revenues	$ 436,160	$ 386,958	$ 322,115	$ 49,202	13%	$ 64,843	20%

Revenues increased by $49.2 million, or 13%, during the year ended December 31, 2019, as compared to 2018. The increase was primarily due to growth in media revenue as a result of an increase in adoption of our media product offerings. During 2019, revenues from digital promotion and media campaigns were 57% and 43% of total revenues, respectively, as compared to 63% and 37% of total revenues, respectively, for 2018.

Revenues increased by $64.8 million, or 20%, during the year ended December 31, 2018, as compared to the same period in 2017. The increase was primarily due to growth in media revenue, including incremental revenue related to our acquisition of Ahalogy in the second quarter of 2018, and promotions driven by the continued growth of Retailer iQ transactions. During 2018, revenues from promotion transactions and media were 63% and 37% of total revenues, respectively, as compared to 74% and 26% of total revenues, respectively, for 2017.

We expect to see variability in our results quarter over quarter in the future as we continue to integrate our digital promotions and media solutions into retailers' in-store and point of sale systems and consumer channels, and as we continue to manage digital print trends. We expect revenue growth in 2020 from increased media revenues as well as promotion revenues with anticipated marketing campaigns as well as adoption of our platform by consumers. During the second half of 2020, we expect revenue to be approximately 57% of our annual revenue.

Beginning the second quarter of 2020, for certain media arrangements, we will start to perform media services under the specific direction of our customers and therefore we will no longer control the media inventory before it is transferred to the customer. Accordingly, we will not be the principal in those arrangements and will recognize revenue net of certain costs resulting in reduced revenue growth.

Cost of Revenues and Gross Profit

	Year Ended December 31,			2018 to 2019		2017 to 2018	
(in thousands, except percentages)	**2019**	**2018**	**2017**	**$ Change**	**% Change**	**$ Change**	**% Change**
Cost of revenues	$ 263,606	$ 206,230	$ 140,752	$ 57,376	28%	$ 65,478	47%
Gross profit	$ 172,554	$ 180,728	$ 181,363	$ (8,174)	(5)%	$ (635)	(0)%
Gross margin	*40%*	*47%*	*56%*				

Cost of revenues for the year ended December 31, 2019 increased by $57.4 million, or 28%, as compared to the same period in 2018. The increase was primarily due to product mix shift, as revenues from media, as a percentage of revenue, continue to increase as compared to promotion revenue (such media revenues have higher data and traffic acquisition costs related to offsite media on non-owned-and-operated properties) contributing to an increase of $52.9 million in data and traffic acquisition costs for offsite media on non-owned-and-operated properties as well as an increase in distribution fees paid to our partners for promotions and media revenues delivered through their platforms, an increase in amortization expense of $6.8 million related to acquired intangible assets as well as certain exclusivity rights acquired under strategic partnerships, an increase in compensation costs, including stock-based compensation of $1.2 million, partially offset by a decrease in data center expenses of $2.7 million, a decrease in restructuring charges of $0.5 million, and an decrease in overhead expenses related to facilities and infrastructure support of $0.3 million.

Gross margin for the year ended December 31, 2019 decreased to 40% from 47%, as compared to the same period in 2018. The decrease was primarily due to the continued shift in our product mix as revenues from media, which have higher data and traffic acquisition costs related to offsite media, as a percentage of our total revenue, continue to increase compared to our promotion revenue. The decrease is also attributable to an increase in distribution fees paid to our partners for promotions and media revenues delivered through their platform, as well as an increase in amortization expense related to acquired intangible assets.

Cost of revenues for the year ended December 31, 2018 increased by $65.5 million, or 47%, as compared to the same period in 2017. The increase was primarily due to an increase of $51.5 million in distribution fees corresponding to a greater number of Retailer iQ transactions completed through our platform, as well as higher data and traffic acquisition costs for offsite media on non-owned-and-operated properties, an increase in amortization expense of $6.6 million related to acquired intangible assets as well as certain exclusivity rights acquired under strategic partnerships, an increase in data center expenses of $2.5 million, an increase in compensation costs, including stock-based compensation of $2.8 million, an increase in overhead expenses related to facilities and infrastructure support of $1.7 million, and an increase in restructuring charges of $0.4 million.

Gross margin for the year ended December 31, 2018 decreased to 47% from 56%, as compared to the same period in 2017. The decrease was primarily due to the continued shift in our product mix as revenues from media, which have higher data and traffic acquisition costs related to offsite media, as a percentage of our total revenue continue to increase compared to our promotion revenue. The decrease is also attributable to an increase in distribution fees paid to our partners for promotions and media revenues delivered through their platform.

We expect the costs associated with distribution and third-party service fees to continue to increase in absolute dollars in the future as we continue to expand and scale our distribution network and reach. We expect gross margins as a percentage of revenue to improve over time as we make changes to the business to reduce costs, improve profitability and drive the sale of products that are more profitable. However, if we are unsuccessful at driving significant cost savings or at changing our mix of products being sold, we would expect continued pressure on our gross margin as our growth strategy evolves and our product mix continues to change.

Sales and Marketing

	Year Ended December 31,			2018 to 2019		2017 to 2018	
(in thousands, except percentages)	**2019**	**2018**	**2017**	**$ Change**	**% Change**	**$ Change**	**% Change**
Sales and marketing	$ 101,244	$ 90,086	$ 92,833	$ 11,158	12%	$ (2,747)	(3)%
Percent of revenues	*23%*	*23%*	*29%*				

Sales and marketing expenses increased by $11.2 million, or 12%, during the year ended December 31, 2019, as compared to the same period in 2018. The increase was primarily the result of an increase in compensation costs of $11.4 million related to acquisitions and hiring additional employees to support our growth and business objectives, an increase in intangible asset amortization expense of $2.3 million related to our acquisitions, partially offset by reduced spending in promotional and advertising costs of $1.2 million resulting from our expense management efforts, a decrease in restructuring charges of $1.0 million related to severance for impacted employees, and a decrease in facilities expense of $0.3 million.

Sales and marketing expenses decreased by $2.7 million, or 3%, during the year ended December 31, 2018, as compared to the same period in 2017. The decrease was primarily the result of reduced spending in promotional and advertising costs of $9.8 million resulting from our expense management efforts, partially offset by an increase in compensation costs of $4.6 million from acquisitions and hiring additional employees to support our growth and business objectives, an increase in intangible asset amortization expense of $1.0 million related to our acquisitions, an increase in facilities expense of $0.9 million, and an increase in restructuring charges of $0.6 million due to severance for impacted employees.

Research and Development

	Year Ended December 31,			2018 to 2019		2017 to 2018	
(in thousands, except percentages)	**2019**	**2018**	**2017**	**$ Change**	**% Change**	**$ Change**	**% Change**
Research and development	$ 39,076	$ 46,873	$ 50,009	$ (7,797)	(17)%	$ (3,136)	(6)%
Percent of revenues	*9%*	*12%*	*16%*				

Research and development expenses decreased by $7.8 million, or 17%, during the year ended December 31, 2019, as compared to the same period in 2018. The decrease was primarily due to an increase in capitalization of internal use software development costs of $3.2 million, a decrease in compensation costs of $2.0 million as we continue to scale in lower cost geographical areas, a decrease in overhead expenses related to facilities and infrastructure support of $1.5 million, and a decrease in restructuring charges of $1.3 million primarily related to severance for the impacted employees.

During the year ended December 31, 2019, we capitalized internal use software development costs of $4.2 million, as compared to $1.0 million during the year ended December 31, 2018. As we continue to invest in our products and customer offerings to develop new product functionality, the higher capitalization of costs will result in lower research and development expenses.

Research and development expenses decreased by $3.1 million, or 6%, during the year ended December 31, 2018, as compared to the same period in 2017. The decrease was primarily due to a decrease in compensation costs of $4.1 million, a decrease in research and development support activities of $1.5 million, and a decrease in overhead expenses related to facilities and infrastructure support of $1.2 million, partially offset by a reduction in capitalization of internal use software development costs of $2.8 million, and an increase in restructuring charges of $0.9 million primarily related to severance for the impacted employees.

During the year ended December 31, 2018, we capitalized internal use software development costs of $1.0 million, as compared to $3.8 million during the year ended December 31, 2017.

General and Administrative

	Year Ended December 31,			2018 to 2019		2017 to 2018	
(in thousands, except percentages)	**2019**	**2018**	**2017**	**$ Change**	**% Change**	**$ Change**	**% Change**
General and administrative	$ 58,328	$ 49,805	$ 48,124	$ 8,523	17%	$ 1,681	3%
Percent of revenues	*13%*	*13%*	*15%*				

General and administrative expenses increased by $8.5 million, or 17%, during the year ended December 31, 2019, as compared to the same period in 2018. The increase was primarily due to an increase in compensation costs of $3.3 million from acquisitions and hiring additional employees to support our growth and business objectives, an increase in restructuring charges of $2.7 million related to the impairment of capitalized software development costs associated with a non-strategic product and severance for certain executive management changes, an increase in other administrative expenses of $1.2 million, an increase in allowance for doubtful accounts of $0.7 million and an increase in acquisition related charges of $0.6 million.

General and administrative expenses increased by $1.7 million, or 3%, during the year ended December 31, 2018, as compared to the same period in 2017. The increase was primarily due to an increase in professional service fees of $1.7 million due to increased compliance costs associated with the Sarbanes-Oxley Act, the change in expense related to the allowance for doubtful accounts of $1.2 million, and an increase in acquisition related charges of $0.9 million, partially offset by a decrease in ERP cloud-based software implementation costs of $1.2 million, and a decrease in restructuring charges of $0.9 million primarily related to facility exit costs and severance for the impacted employees.

Change in Fair Value of Escrowed Shares and Contingent Consideration, Net

	Year Ended December 31,			2018 to 2019		2017 to 2018	
(in thousands, except percentages)	**2019**	**2018**	**2017**	**$ Change**	**% Change**	**$ Change**	**% Change**
Change in fair value of escrowed shares and contingent consideration, net	$ 1,571	$ 13,190	$ 5,515	$ (11,619)	(88)%	$ 7,675	139%

During the year ended December 31, 2019, we recorded a charge of $1.6 million related to the remeasurement of both Elevaate's and Ahalogy's contingent consideration, due to the increase in expected achievement of certain financial metrics over the contingent consideration period, as discussed in Note 3 (*Fair Value Measurements*).

During the year ended December 31, 2018, we recorded a charge of $14.3 million related to the remeasurement of both Ahalogy's and Crisp's contingent consideration, due to the increase in expected achievement of certain financial metrics over the contingent consideration period, as discussed in Note 3 (*Fair Value Measurements*), partially offset by a gain of $1.1 million related to certain escrowed shares resulting from a decrease in the Company's stock price as discussed in Note 7 (*Goodwill and Intangible Assets*). The period for measuring Crisp's contingent consideration ended during the second quarter of 2018 and the final amount of contingent consideration was paid out to the Sellers of Crisp during the third quarter of 2018.

During the year ended December 31, 2017, we recorded a loss of $3.7 million primarily due to the change in fair value of Crisp contingent consideration related to the increase in expected achievement of certain financial metrics over the contingent consideration period, and a loss of $2.0 million due to the decrease in fair value of certain escrowed shares related to a decrease in the Company's stock price.

Interest Expense and Other Income (Expense), Net

	Year Ended December 31,			2018 to 2019		2017 to 2018	
(in thousands, except percentages)	2019	2018	2017	$ Change	% Change	$ Change	% Change
Interest expense	$ (13,955)	$ (13,411)	$ (1,589)	$ (544)	4%	$ (11,822)	744%
Other income (expense), net	5,223	4,801	928	422	9%	3,873	417%
	$ (8,732)	$ (8,610)	$ (661)	$ (122)	1%	$ (7,949)	1,203%

Interest expense is related to the convertible senior notes issued during the fourth quarter of 2017, promissory note and finance lease obligations.

Other income (expense), net consists primarily of interest income on short-term certificate of deposits and U.S. Treasury Bills held as cash equivalents. The increase in other income (expense), net during the year ended December 31, 2019, as compared to the same period in 2018, was due to interest income earned on U.S. Treasury Bills held as cash equivalents, net of the effect of re-measuring balances in foreign currency due to exchange rate fluctuations. The increase in other income (expense), net during the year ended December 31, 2018 as compared to the same period in 2017, was due to interest income earned on short-term certificate of deposits and U.S. Treasury Bills held as cash equivalents, net of the effect of re-measuring balances in foreign currency due to exchange rate fluctuations.

Provision for (benefit from) Income Taxes

	Year Ended December 31,			2018 to 2019		2017 to 2018	
(in thousands, except percentages)	2019	2018	2017	$ Change	% Change	$ Change	% Change
Provision for (benefit from) income taxes	$ 660	$ 482	$ (702)	$ 178	37%	$ 1,184	(169)%

The provision for income taxes of $0.7 million for the year ended December 31, 2019 was primarily attributable to the impact of the indefinite lived deferred tax liabilities related to tax deductible goodwill, change in the geographical mix of earnings in foreign jurisdictions and state taxes.

The provision for income taxes of $0.5 million for the year ended December 31, 2018 was primarily attributable to the impact of the indefinite lived deferred tax liabilities related to tax deductible goodwill, change in the geographical mix of earnings in foreign jurisdictions and state taxes.

The income tax benefit of $0.7 million for the year ended December 31, 2017 was primarily attributable to the impact of the re-measurement of certain indefinite lived deferred tax liabilities related to tax deductible goodwill recorded on our consolidated balance sheets due to the Tax Act enacted December 22, 2017.

Liquidity and Capital Resources

We have financed our operations and capital expenditures primarily through the issuance of convertible senior notes and cash flows from operations. As of December 31, 2019, our principal source of liquidity were cash and cash equivalents of $224.8 million, which were held for working capital purposes. Our cash equivalents are comprised primarily of money market funds and U.S. Treasury Bills.

In the near term, although we intend to continue to manage our operating expenses in line with our existing cash and available financial resources, we anticipate we will incur increased spending in future periods in order to execute our long-term business plan and to support our growth to fund our operating expenses. We have incurred and expect to continue to incur legal, accounting, regulatory compliance and other costs in future periods as we continue to invest in corporate infrastructure. In addition, we may use cash to fund acquisitions or invest in other business, repurchase the Company's common stock under the publicly announced share repurchase program or incur capital expenditures including leasehold improvements or technologies.

Our Board of Directors has approved programs for us to repurchase shares of our common stock. During May 2019, the 2018 repurchase program (the “2018 Program”) expired. In April 2019, our Board of Directors authorized a one-year share repurchase program (“May 2019 Program”) for us to repurchase up to $60.0 million of our common stock from May 2019 through May 2020. In August 2019, our Board of Directors authorized a one-year share repurchase program (the “August 2019 Program”) for us to repurchase up to $50.0 million of our common stock from August 2019 through August 2020. Stock repurchases may be made from time to time in open market transactions or privately negotiated transactions, and we may use a plan that is intended to meet the requirements of SEC Rule 10b5-1 to enable stock repurchases to occur during periods when the trading window would otherwise be closed.

During the year ended December 31, 2019, we repurchased and retired 8,088,993 shares of our common stock for an aggregate value of $85.5 million under the 2018 Program and the May 2019 Program. As of December 31, 2019, $50.0 million remained available for repurchase under the August 2019 Program. We accounted for the retirement of treasury stock by allocating the excess repurchase price over par value of the repurchased shares between additional paid-in capital and accumulated deficit. When the repurchase price of the shares repurchased is greater than the original issue proceeds, the excess is charged to accumulated deficit.

We believe our existing cash, cash equivalents and cash flow from operations will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months. To the extent that current and anticipated future sources of liquidity are insufficient to fund our future business activities and requirements, we may be required to seek additional equity or debt financing. In the event additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all.

Cash Flows

The following table summarizes our cash flows for the periods presented (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Cash flows provided by operating activities	$ 31,818	$ 22,048	$ 48,457
Cash flows used in investing activities	(16,824)	(21,119)	(18,253)
Cash flows (used in) provided by financing activities	(92,235)	(33,558)	198,276
Effects of exchange rates on cash	(23)	22	(19)
Net (decrease) increase in cash and cash equivalents	$ (77,264)	$ (32,607)	$ 228,461

Operating Activities

Cash provided by operating activities is primarily influenced by the amount of cash we invest in personnel and infrastructure to support the anticipated growth of our business and the increase in our revenues. Cash provided by operating activities has typically been the result of net losses offset by non-cash charges such as stock-based compensation, depreciation and amortization as well as the amortization of debt discount and issuance costs. Operating cash flows are also impacted by the net changes in working capital.

During 2019, net cash provided by operating activities of $31.8 million reflects our net loss of $37.1 million, adjusted for net non-cash expenses of $83.4 million, and cash used as a result of changes in working capital of $14.5 million. Non-cash expenses included depreciation and amortization, stock-based compensation, amortization of debt discount and issuance costs, allowance for doubtful accounts, deferred income taxes, net change in fair value of contingent consideration, impairment of capitalized software development costs, and other non-cash expenses, including amortization of right-of-use asset and loss on disposal of property and equipment. The primary uses of cash from working capital items included an increase in prepaid expenses and other current assets of $11.2 million related to prepaid subscription and support fees, an increase in accounts receivable of $7.1 million, partially offset by an increase in accrued compensation and benefits of $1.6 million, and increase in deferred revenues of $2.2 million.

During 2018, net cash provided by operating activities of $22.1 million reflects our net loss of $28.3 million, adjusted for net non-cash expenses of $81.8 million, and cash provided as a result of changes in working capital of $31.4 million. Non-cash expenses included stock-based compensation, change in the fair value of escrowed shares and contingent consideration, net, depreciation and amortization, restructuring charge related to facility exist costs, amortization of debt discount and issuance costs, deferred income taxes, allowance for doubtful accounts, and loss on disposal of property and equipment. The uses of cash from working capital items included an increase in accounts receivable of $26.0 million, payments for Crisp contingent consideration of $9.7 million related to the changes in fair value over the contingent consideration period, a decrease in accrued compensation and benefits of $1.3 million, and an increase in prepaid expenses and other current assets of $0.9 million related to prepaid subscription and support fees, partially offset by an increase in accounts payable and other current liabilities of $6.5 million due to timing of services and payments.

During 2017, net cash provided by operating activities of $48.5 million reflects our net loss of $15.1 million, adjusted for net non-cash expenses of $57.6 million, and cash provided as a result of changes in working capital of $6.0 million. Non-cash expenses included stock-based compensation, depreciation and amortization, change in the fair value of escrowed shares and contingent consideration, restructuring charge related to facility exit costs, amortization of debt issuance costs, loss on disposal of property and equipment, deferred income taxes and recovery from allowance for doubtful accounts. The cash from the net change in working capital items included, most notably an increase in accounts payable and other current liabilities of $12.8 million and an increase in accrued compensation and benefits of $0.7 million, partially offset by an increase in accounts receivable of $4.4 million due to timing of invoicing and collections, an increase in prepaid expenses and other current assets of $2.5 million related to prepaid subscription and support fees, and a decrease in deferred revenue of $0.6 million.

Investing Activities

Historically, investing cash flows have been comprised primarily of the purchase and sale of short-term investments as well as the investment in acquisitions and the purchase of intangible assets. We also invest in purchases of property and equipment which may vary from period-to-period due to the timing of the expansion of our operations, the addition of headcount and the development activities related to our future offerings. We expect to continue to invest in property and equipment and in the further development and enhancement of our software platform for the foreseeable future. In addition, from time to time, we may consider potential acquisitions that would complement our existing service offerings, enhance our technical capabilities or expand our marketing and sales presence. Any future transaction of this nature could require potentially significant amounts of capital or could require us to issue our stock and dilute existing stockholders.

During 2019, net cash used in investing activities of $16.8 million reflects cash payments made to acquire certain exclusive rights pursuant to strategic partnership agreements of $14.8 million that were entered into during 2018. In addition, we paid $13.7 million, net of cash acquired, for the acquisition of Ubimo, and the purchase of property and equipment of $9.0 million, which includes capitalized software development costs, and technology hardware and software to support our growth, partially offset by proceeds from the maturities of certificates of deposits of $20.7 million.

During 2018, net cash used in investing activities of $21.1 million reflects the cash consideration paid of $33.7 million, net of cash acquired, for the acquisitions of Ahalogy, Elevaate, and SavingStar, payments of $20.5 million to acquire certain exclusive rights pursuant to strategic partnership agreements, purchases of certificates of deposits of $75.1 million, purchases of property and equipment of $6.1 million, which includes capitalized software development costs, and technology hardware and software to support our growth, partially offset by proceeds from the maturities of certificates of deposits of $114.3 million.

During 2017, net cash used in investing activities of $18.2 million reflects the purchases of certificates of deposits of $114.2 million, net cash consideration paid for the Crisp acquisition of $21.0 million, purchases of property, equipment and intangible assets of $6.5 million, which includes capitalized software development costs related to Quotient Analytics, and technology hardware and software to support our growth, partially offset by proceeds from the maturities of certificates of deposits of $123.5 million.

Financing Activities

Our financing activities have historically consisted primarily of cash flow from the borrowing on our convertible senior notes, repurchases of common stock, payments made for shares withheld to cover payroll withholding taxes and the issuance of shares of common stock upon the exercise of stock options.

During 2019, net cash used in financing activities of $92.2 million reflects repurchases of common stock of $87.1 million, payments made for shares withheld to cover the required payroll withholding taxes of $9.8 million, and payments on promissory note and finance lease obligations of $0.3 million, partially offset by proceeds received from exercises of stock options under equity incentive plans and ESPP, net of $5.0 million.

During 2018, net cash used in financing activities of $33.6 million reflects the payments for Crisp contingent consideration of $14.8 million (initially measured and included as part of purchase consideration on the date of acquisition and disclosed as a liability on the consolidated balance sheets), repurchases of common stock of $14.3 million, payments made for shares withheld to cover the required payroll withholding taxes of $11.7 million, and payments on promissory note and finance lease obligations of $0.3 million, partially offset by proceeds received from exercises of stock options under equity incentive plans and ESPP, net of $7.5 million.

During 2017, net cash provided by financing activities of $198.3 million reflects the issuance of $200.0 million principal amount of convertible senior notes due 2022, net of issuance costs of $6.2 million, proceeds received from exercises of stock options under stock plans of $8.8 million, partially offset by payments for taxes related to shares withheld to cover the required payroll withholding taxes for the settlement of equity awards of $4.0 million, and payments on promissory note and finance lease obligations of $0.3 million.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of December 31, 2019.

Contractual Obligations

The following table summarizes our future minimum payments under contractual commitments as of December 31, 2019 (in thousands):

	Payments Due by Period				
	Total	Less Than 1 Year	1 - 3 Years	3 - 5 Years	More Than 5 Years
Convertible senior notes (1)	$ 200,000	$ —	$ 200,000	$ —	$ —
Interest obligations (2)	10,208	3,500	6,708	—	—
Operating leases (3)	11,637	3,836	4,121	3,124	556
Purchase obligations (4)	43,295	17,174	21,377	1,116	3,628
Total	$ 265,140	$ 24,510	$ 232,206	$ 4,240	$ 4,184

(1) Represents aggregate principal amount of the convertible senior notes, without the effect of associated discounts.

(2) Represents the estimated interest obligation for our outstanding convertible senior notes that is payable in cash.

(3) We lease various office facilities, including our corporate headquarters in Mountain View, California and various sales offices, under operating lease agreements that expire through December 2025. The terms of the lease agreements provide for rental payments on a graduated basis.

(4) We have an unconditional purchase commitment for the years 2019 to 2034 in the amount of $5.8 million for marketing arrangements relating to the purchase of a 20-year suite license for a professional sports team which we use for sales and marketing purposes. We have unconditional purchase commitments, primarily related to distribution fees, ongoing software license fees and marketing services, of $37.5 million.

The contractual commitment amounts in the table above are associated with agreements that are enforceable and legally binding. Obligations under contracts that we can cancel without a significant penalty are not included in the table above.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe that the assumptions and estimates associated with business combinations, goodwill and intangible assets, convertible senior notes, revenue recognition, stock-based compensation and income taxes have the greatest potential impact on our consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates. For further information on all of our significant accounting policies, see the notes to our consolidated financial statements.

Business Combinations

We account for acquisitions of entities that include inputs and processes and have the ability to create outputs as business combinations. Under the acquisition method of accounting, the total consideration is allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition dates. The excess of the consideration transferred over those fair values is recorded as goodwill. During the measurement period, which may be up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill.

In determining the fair value of assets acquired and liabilities assumed in a business combination, we use recognized valuation methods, including the income approach, market approach and cost approach, and apply present value modeling. Our significant estimates in the income, market or cost approach include identifying business factors such as size, growth, profitability, risk and return on investment and assessing comparable net revenues and operating income multiples in estimating the fair value. We also make certain assumptions specific to present value modeling valuation techniques which include risk-adjusted discount rates, rates of increase in operating expenses, weighted-average cost of capital, long-term growth rate assumptions and the future effective income tax rates.

The valuations of our acquired businesses have been performed by valuation specialists under our management's supervision. We believe that the estimated fair value assigned to the assets acquired and liabilities assumed are based on reasonable assumptions and estimates that marketplace participants would use. However, such assumptions are inherently uncertain and actual results could differ from those estimates. Future changes in our assumptions or the interrelationship of those assumptions may negatively impact future valuations. In future measurements of fair value, adverse changes in discounted cash flow assumptions could result in an impairment of goodwill or intangible assets that would require a non-cash charge to the consolidated statements of operations and may have a material effect on our financial condition and operating results.

Acquisition related costs are not considered part of the consideration, and are expensed as general and administrative expense as incurred. Contingent consideration, if any is measured at fair value initially on the acquisition date as well as subsequently at the end of each reporting period, typically based on the expected achievement of certain financial metrics, until settlement at the end of the assessment period.

Goodwill and Intangible Assets

Goodwill is tested for impairment at least annually, and more frequently upon the occurrence of certain events that may indicate that the carrying value of goodwill may not be recoverable. Events or circumstances that could trigger an impairment test include, but are not limited to, a significant adverse change in the business climate or in legal factors, an adverse action or assessment by a regulator, a loss of key personnel, significant changes in our use of the acquired assets or the strategy for our overall business, significant negative industry or economic trends, significant underperformance relative to operating performance indicators, a significant decline in market capitalization and significant changes in competition. We complete our annual impairment test during the fourth quarter of each year, at the reporting unit level, which is at the company level as a whole, since we operate in one single reporting segment.

Intangible assets with a finite life are amortized over their estimated useful lives. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of intangible assets may not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or any other significant adverse change that would indicate that the carrying amount of an asset or group of assets may not be recoverable. When such events occur, we compare the carrying amounts of the assets to their undiscounted cash flows. If this comparison indicates that there is impairment, the amount of the impairment is calculated as the difference between the carrying value and the fair value.

Recoverability of assets to be held and used is measured first by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, an impairment loss would be recognized for an amount by which the carrying amount of the asset exceeds the fair value of the asset.

Convertible Senior Notes

In accounting for the issuance of the notes, we separated the notes into liability and equity components. The carrying amount of the liability component was calculated by measuring the fair value of a similar liability that does not have an associated convertible feature. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the par value of the notes as a whole. This difference represents a debt discount that is amortized to interest expense over the terms of the notes. The equity component is not remeasured as long as it continues to meet the conditions for equity classification. In accounting for the issuance costs related to the notes, we allocated the total amount incurred to the liability and equity components. Issuance costs attributable to the liability components are being amortized to expense over the contractual term of the notes, and issuance costs attributable to the equity component were netted with the equity component in additional paid-in capital.

Revenue Recognition

We primarily generate revenue by providing digital promotions and media solutions to our customers and partners. Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or 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
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, we satisfy a performance obligation

Promotion Revenue

We generate revenue from promotions, in which consumer packaged goods brands, or CPGs, pay us to deliver coupons to consumers through our network of publishers and retail partners. We generate revenues, as consumers select, activate, or redeem a coupon through our platform by either saving it to a retailer loyalty account for automatic digital redemption, or printing it for physical redemption at a retailer. The pricing for promotion arrangements generally includes both coupon setup fees and coupon transaction fees. Coupon setup fees are related to the creation of digital coupons and set up of the underlying campaign on our proprietary platform for tracking of related activations or redemptions. We recognize revenues related to coupon setup fees over time, proportionally, on a per transaction basis, using the number of authorized transactions per insertion order, commencing on the date of the first coupon transaction. Coupon transaction fees are generally determined on a per unit activation or per redemption basis, and are generally billed monthly. Insertion orders generally include a limit on the number of activations, or times consumers may select a coupon.

Promotion revenues also include our Specialty Retail business, in which specialty stores including clothing, electronics, home improvement and others, offer coupon codes that we distribute. Each time a consumer makes a purchase using a coupon code, a transaction occurs and a distribution fee is generally paid to us. We generally generate revenues when a consumer makes a purchase using a coupon code from our platform and completion of the order is reported to us. In the same period that we recognize revenues for the delivery of coupon codes, we also estimate and record a reserve, based upon historical experience, to provide for end-user cancelations or product returns which may not be reported until a subsequent date. We present sales returns reserve as a liability within other current liabilities on the consolidated balance sheet for the year ended December 31, 2019.

Media Revenue

Our media services enable CPGs and retailers to distribute digital media ads to promote their brands and products on our websites, and mobile apps, and through a network of affiliate publishers and non-publisher third parties that display our media offerings on their websites or mobile apps. Revenue is generally recognized each time a digital media ad is displayed or each time a user clicks on the media ad displayed on our websites, mobile apps or on third-party websites. Media pricing is generally determined on a per campaign, impression or per click basis and are generally billed monthly.

Gross versus Net Revenue Reporting

In the normal course of business and through our distribution network, we deliver digital coupons and media on retailers' websites through retailers' loyalty programs, and on the websites of digital publishers. In these situations, we evaluate whether we are the principal (i.e., report revenues on a gross basis) or agent (i.e., report revenues on a net basis). Generally, we report digital promotion and media advertising revenues for campaigns placed on third-party owned properties on a gross basis, that is, the amounts billed to our customers are recorded as revenues, and distribution fees paid to retailers or digital publishers are recorded as cost of revenues. We are the principal because we control the digital coupon and media advertising inventory before it is transferred to our customers. Our control is evidenced by our sole ability to monetize the digital coupon and media advertising inventory, being primarily responsible to our customers, having discretion in establishing pricing for the delivery of the digital coupons and media, or a combination of these. Beginning the second quarter of 2020, for certain media arrangements, we will start to perform media services under the specific direction of our customers and therefore we will no longer control the media inventory before it is transferred to the customer. Accordingly, we will not be the principal in those arrangements and will recognize revenue net of certain costs resulting in reduced revenue growth.

Arrangements with Multiple Performance Obligations

Our contracts with customers may include multiple performance obligations. For these contracts, we account for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price, basis. We determine the best estimate of the standalone selling prices based on our overall pricing objectives, taking into consideration market conditions and other factors, including the value of our contracts and characteristics of targeted customers.

Stock-based Compensation

We account for stock-based compensation using the fair value method, which requires us to measure the stock-based compensation based on the grant-date fair value of the awards and recognize the compensation expense over the requisite service period. We account for forfeitures as they occur.

The fair value of each stock option award is estimated on the grant date using the Black-Scholes option-pricing model. The fair value of RSUs equals the market value of our common stock on the date of grant. Our option-pricing model requires the input of highly subjective assumptions, the expected term of the option, the expected volatility of the price of our common stock, risk-free interest rates, and the expected dividend yield of our common stock.

Income Taxes

We account for our income taxes using the liability method. Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts using enacted tax rates in effect for the year the differences are expected to reverse. In evaluating our ability to recover our deferred tax assets we consider all available positive and negative evidence including our past operating results, the existence of cumulative losses in past fiscal years, and our forecast of future taxable income in the jurisdictions.

We have placed a valuation allowance on the U.S. deferred tax assets and certain non-U.S. deferred tax assets, because realization of these tax benefits through future taxable income does not meet the more-likely-than-not threshold.

We account for uncertainty in income taxes using a two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement.

Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. The U.S. recently enacted significant tax reform, and certain provisions of the new law may adversely affect us. In addition, governmental tax authorities are increasingly scrutinizing the tax positions of companies. Many countries in the European Union, as well as a number of other countries and organizations such as the Organization for Economic Cooperation and Development, are actively considering changes to existing tax laws that, if enacted, could increase our tax obligations in countries where we do business. If U.S. or other foreign tax authorities change applicable tax laws, our overall taxes could increase, and our business, financial condition or results of operations may be adversely impacted.

Recently Issued Accounting Pronouncements

See Part II, Item 8. Consolidated Financial Statements and Supplementary Data, Note 2, Summary of Significant Accounting Policies, of Notes to Consolidated Financial Statements of this Annual Report on Form 10-K, for a full description of recent accounting pronouncements, including the actual and expected dates of adoption and estimated effects on our consolidated results of operations and financial condition, which is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We have operations both within the United States and internationally, and we are exposed to market risks in the ordinary course of our business. These risks include primarily interest rate, foreign exchange risks and inflation. We do not hold or issue financial instruments for trading purposes.

Interest Rate Fluctuation Risk

Our cash and cash equivalents consist of cash, money market funds, and U.S. Treasury Bills. Our borrowings under finance lease obligations are generally at fixed interest rates.

The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. Because our cash and cash equivalents have a relatively short maturity, our portfolio's fair value is relatively insensitive to interest rate changes. We do not believe that an increase or decrease in interest rates of 100 basis points would have a material effect on our operating results or financial condition. In future periods, we will continue to evaluate our investment policy in order to ensure that we continue to meet our overall objectives.

Market Risk and Market Interest Risk

In November 2017, we issued $200.0 million aggregate principal amount of 1.75% convertible senior notes due 2022. The fair value of our convertible senior notes is subject to interest rate risk, market risk and other factors due to the convertible feature. The fair value of the convertible senior notes will generally increase as our common stock price increases and will generally decrease as our common stock price declines in value. The interest and market value changes affect the fair value of our convertible senior notes but do not impact our financial position, cash flows or results of operations due to the fixed nature of the debt obligation.

Foreign Currency Exchange Risk

We have limited foreign currency risks related to our revenues and operating expenses denominated in currencies other than the U.S. dollar, principally the British Pound Sterling and the Euro. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. Although we have experienced and will continue to experience fluctuations in our net income (loss) as a result of transaction gains (losses) related to revaluing certain cash balances, trade accounts receivable balances and intercompany balances that are denominated in currencies other than the U.S. dollar, we believe such a change will not have a material impact on our results of operations. In the event our foreign sales and expenses increase, our operating results may be more greatly affected by fluctuations in the exchange rates of the currencies in which we do business. At this time, we do not, but we may in the future, enter into derivatives or other financial instruments in an attempt to hedge our foreign currency exchange risk. It is difficult to predict the impact hedging activities would have on our results of operations.

Inflation Risk

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

Item 8. Financial Statements and Supplementary Data.

Financial Statements

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Quotient Technology Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Quotient Technology Inc. (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive loss, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2019, 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, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, 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, 2019, 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 28, 2020 expressed an unqualified opinion thereon.

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.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

	Revenue Recognition
Description of the Matter	As described in Note 2 to the consolidated financial statements, the Company generates its revenue by offering promotion and media services. Promotion revenue is recognized as coupons activations or redemptions occur. Media revenue is generally recognized each time a digital media ad is displayed or each time a user clicks on the media ad. The Company's revenue recognition process utilizes multiple complex, proprietary systems and tools, for the initiation, processing and recording of a high volume of individually-low-monetary-value transactions. The revenue recognition process is dependent on the effective design and operation of multiple systems and the completeness and accuracy of data sources, which required significant audit effort.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of internal controls over the Company's accounting for revenue from contracts with customers. For example, with the support of our information technology professionals, we identified and tested the relevant systems used for the determination of initiation, delivery, recording and billing of revenue, which included controls related to the ongoing access to the relevant systems and data, change management controls over the relevant systems and interfaces, and effective configuration of the relevant systems. To test the Company's accounting for revenue from contracts with customers, we performed substantive audit procedures that included, among others, testing the completeness and accuracy of the underlying data within the Company's billing system, performing data analytics by extracting data from the system to evaluate the completeness and accuracy of recorded revenue and deferred revenue amounts, tracing a sample of sales transactions to source data, and testing a sample of reconciliations of billings to cash collections.

Accounting for Acquisition

Description of the Matter	As described in Note 6 to the consolidated financial statements, the Company completed the acquisition of Ubimo, Ltd. which was accounted for as a business combination during fiscal year 2019, for a total consideration of $20.7 million, including contingent consideration measured at $5.7 million. Auditing the accounting for the Company’s fiscal year 2019 acquisition was complex due to the significant estimation uncertainty used by management in determining the fair value of the intangible assets acquired of $10.8 million, and the measurement of contingent consideration of $5.7 million. In particular, the fair value estimates were sensitive to significant assumptions such as the Company’s estimated weighted average cost of capital, and estimated revenue growth rates, gross margins and operating expenses, which are affected by expectations about future market or economic conditions. Additionally, the Company used an option pricing model to measure the contingent consideration, which used assumptions including estimated volatility, discount rate, revenue projections, gross margins, operating expenses and timing of expected payments. These significant assumptions were forward-looking and could be affected by future economic and market conditions.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company’s internal controls over accounting for acquisitions, including controls over the identification, recognition and measurement of assets acquired, liabilities assumed and contingent consideration. To test the estimated fair value of the acquired intangible assets, our audit procedures included, among others, evaluating the Company's projected financial information forecast model, and testing the significant assumptions used in the model, including the completeness and accuracy of the underlying data. For example, we compared the significant assumptions to historical actual results (where applicable), current industry, market and economic trends to the assumptions used to value similar assets in other acquisitions, and to other guidelines used by companies within the same industry. We also considered whether there were any other identifiable assets acquired based on our knowledge of the industry and by assessing the terms of the purchase agreement. In addition, we involved a valuation specialist to assist in our evaluation of the significant assumptions and with reconciling the prospective financial information with other forecast information prepared by the Company. To test the estimated fair value of the contingent consideration, our audit procedures included, among others, assessing the terms and conditions residing within the purchase agreement, including those conditions that must be first met for the contingent consideration to become due and payable, evaluating the Company's valuation model which includes projected financial information and testing those significant assumptions used in the model, including the completeness and accuracy of the underlying data. We compared the significant assumptions to historical actual results (where applicable), current industry, market and economic trends and to the Company's budgets and forecasts. In addition, we involved a valuation specialist to assist in the evaluation of the significant assumptions and valuation methodologies used.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2009.

San Jose, California
February 28, 2020

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Quotient Technology Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Quotient Technology Inc.'s internal control over financial reporting as of December 31, 2019, 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, Quotient Technology Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, 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, 2019 and 2018, the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and our report dated February 28, 2020 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

San Jose, California
February 28, 2020

QUOTIENT TECHNOLOGY INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31,	
	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 224,764	$ 302,028
Short-term investments	—	20,738
Accounts receivable, net of allowance for doubtful accounts of $2,021 and $1,200 at December 31, 2019 and 2018, respectively	125,304	112,108
Prepaid expenses and other current assets	22,026	10,044
Total current assets	372,094	444,918
Property and equipment, net	13,704	15,579
Intangible assets, net	69,752	81,724
Goodwill	128,427	118,821
Other assets	7,961	1,311
Total assets	$ 591,938	$ 662,353
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 19,116	$ 17,060
Accrued compensation and benefits	15,232	13,107
Other current liabilities	50,032	53,255
Deferred revenues	10,903	8,686
Contingent consideration related to acquisitions	27,000	—
Total current liabilities	122,283	92,108
Other non-current liabilities	7,119	3,622
Contingent consideration related to acquisitions	9,220	28,963
Convertible senior notes, net	166,157	155,719
Deferred tax liabilities	1,937	1,854
Total liabilities	306,716	282,266
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, $0.00001 par value—10,000,000 shares authorized and no shares issued or outstanding at December 31, 2019 and 2018	—	—
Common stock, $0.00001 par value—250,000,000 shares authorized; 89,371,199 and 94,995,211 shares issued and outstanding at December 31, 2019 and 2018, respectively	1	1
Additional paid-in capital	671,060	703,023
Accumulated other comprehensive loss	(916)	(844)
Accumulated deficit	(384,923)	(322,093)
Total stockholders' equity	285,222	380,087
Total liabilities and stockholders' equity	$ 591,938	$ 662,353

See Accompanying Notes to Consolidated Financial Statements

QUOTIENT TECHNOLOGY INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended December 31, 2019	2018	2017
Revenues	$ 436,160	$ 386,958	$ 322,115
Costs and expenses:			
Cost of revenues	263,606	206,230	140,752
Sales and marketing	101,244	90,086	92,833
Research and development	39,076	46,873	50,009
General and administrative	58,328	49,805	48,124
Change in fair value of escrowed shares and contingent consideration, net	1,571	13,190	5,515
Total costs and expenses	463,825	406,184	337,233
Loss from operations	(27,665)	(19,226)	(15,118)
Interest expense	(13,955)	(13,411)	(1,589)
Other income (expense), net	5,223	4,801	928
Loss before income taxes	(36,397)	(27,836)	(15,779)
Provision for (benefit from) income taxes	660	482	(702)
Net loss	$ (37,057)	$ (28,318)	$ (15,077)
Net loss per share, basic and diluted	$ (0.41)	$ (0.30)	$ (0.17)
Weighted-average number of common shares used in computing net loss per share, basic and diluted	91,163	93,676	89,505

See Accompanying Notes to Consolidated Financial Statements

QUOTIENT TECHNOLOGY INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)

	Year Ended December 31,		
	2019	**2018**	**2017**
Net loss	$ (37,057)	$ (28,318)	$ (15,077)
Other comprehensive income (loss):			
Foreign currency translation adjustments	(72)	(144)	48
Comprehensive loss	$ (37,129)	$ (28,462)	$ (15,029)

See Accompanying Notes to Consolidated Financial Statements

QUOTIENT TECHNOLOGY INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share data)

	Common Stock		Additional Paid-In	Treasury Stock		Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Shares	Amount	Loss	Deficit	Equity
Balance as of December 31, 2016	88,560,409	$ 1	$ 647,474	9,647,708	$ (96,574)	$ (748)	$ (238,404)	$ 311,749
Exercise of employee stock options	1,435,484	—	6,200	—	—	—	—	6,200
Vesting of restricted stock units	1,750,137	—	—	—	—	—	—	—
Issuance of common stock, stock purchase plan	275,761	—	2,563	—	—	—	—	2,563
Payments for taxes related to net share settlement of equity awards	—	—	(4,012)	—	—	—	—	(4,012)
Issuance of common stock, acquisition	1,177,927	—	12,957	—	—	—	—	12,957
Cumulative-effect of accounting change	—	—	3,381	—	—	—	(3,381)	—
Conversion feature of convertible senior notes, net	—	—	49,090	—	—	—	—	49,090
Retirement of treasury stock	—	—	(66,151)	(9,647,708)	96,574	—	(30,423)	—
Stock-based compensation	—	—	32,523	—	—	—	—	32,523
Change in fair value of escrowed shares related to a services and data agreement	—	—	2,000	—	—	—	—	2,000
Other comprehensive loss	—	—	—	—	—	48	—	48
Net loss	—	—	—	—	—	—	(15,077)	(15,077)
Balance as of December 31, 2017	93,199,718	$ 1	$ 686,025	—	$ —	$ (700)	$ (287,285)	$ 398,041
Exercise of employee stock options	1,329,361	—	4,028	—	—	—	—	4,028
Vesting of restricted stock units	2,287,008	—	—	—	—	—	—	—
Issuance of common stock, stock purchase plan	323,439	—	3,467	—	—	—	—	3,467
Payments for taxes related to net share settlement of equity awards	(880,262)	—	(11,658)	—	—	—	—	(11,658)
Repurchases of common stock	(1,264,053)	—	—	1,264,053	(15,843)	—	—	(15,843)
Retirement of treasury stock	—	—	(9,248)	(1,264,053)	15,843	—	(6,595)	—
Cumulative-effect of accounting change	—	—	—	—	—	—	105	105
Stock-based compensation	—	—	31,479	—	—	—	—	31,479
Change in fair value of escrowed shares related to a services and data agreement	—	—	(1,070)	—	—	—	—	(1,070)
Other comprehensive loss	—	—	—	—	—	(144)	—	(144)
Net loss	—	—	—	—	—	—	(28,318)	(28,318)
Balance as of December 31, 2018	94,995,211	$ 1	$ 703,023	—	$ —	$ (844)	$ (322,093)	$ 380,087
Exercise of employee stock options	433,762	—	2,337	—	—	—	—	2,337
Vesting of restricted stock units	2,735,184	—	—	—	—	—	—	—
Issuance of common stock, stock purchase plan	300,949	—	2,680	—	—	—	—	2,680
Payments for taxes related to net share settlement of equity awards	(1,004,914)	—	(9,838)	—	—	—	—	(9,838)
Repurchases of common stock	(8,088,993)	—	—	8,088,993	(85,539)	—	—	(85,539)
Retirement of treasury stock	—	—	(59,766)	(8,088,993)	85,539	—	(25,773)	—
Stock-based compensation	—	—	32,624	—	—	—	—	32,624
Other comprehensive loss	—	—	—	—	—	(72)	—	(72)
Net loss	—	—	—	—	—	—	(37,057)	(37,057)
Balance as of December 31, 2019	89,371,199	$ 1	$ 671,060	—	$ —	$ (916)	$ (384,923)	$ 285,222

See Accompanying Notes to Consolidated Financial Statements

QUOTIENT TECHNOLOGY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2019	2018	2017
Cash flows from operating activities:			
Net loss	$ (37,057)	$ (28,318)	$ (15,077)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	31,437	25,041	17,840
Stock-based compensation	32,137	31,386	32,252
Amortization of debt discount and issuance cost	10,438	9,898	1,148
Restructuring charge related to facility exit costs	—	1,057	2,074
Allowance (recovery) for doubtful accounts	1,227	509	(655)
Deferred income taxes	660	482	(702)
Change in fair value of escrowed shares and contingent consideration, net	1,571	13,190	5,515
Impairment of capitalized software development costs	3,579	—	—
Other non-cash expenses	2,392	207	85
Changes in operating assets and liabilities:			
Accounts receivable	(7,142)	(26,032)	(4,382)
Prepaid expenses and other current assets	(11,145)	(861)	(2,553)
Accounts payable and other current liabilities	(62)	6,449	12,834
Payments for contingent consideration	—	(9,700)	—
Accrued compensation and benefits	1,567	(1,287)	658
Deferred revenues	2,216	27	(580)
Net cash provided by operating activities	31,818	22,048	48,457
Cash flows from investing activities:			
Purchases of property and equipment	(9,021)	(6,077)	(6,475)
Purchases of intangible assets	(14,811)	(20,545)	—
Acquisitions, net of cash acquired	(13,730)	(33,661)	(21,048)
Purchases of short-term investments	—	(75,120)	(114,239)
Proceeds from maturities of short-term investment	20,738	114,284	123,509
Net cash used in investing activities	(16,824)	(21,119)	(18,253)
Cash flows from financing activities:			
Proceeds from borrowings on convertible senior notes, net of issuance costs	—	—	193,763
Proceeds from issuances of common stock under stock plans	5,017	7,495	8,763
Payments for taxes related to net share settlement of equity awards	(9,838)	(11,658)	(4,012)
Repurchases and retirement of common stock under share repurchase program	(87,097)	(14,285)	—
Principal payments on promissory note and finance lease obligations	(317)	(310)	(238)
Payments of contingent consideration	—	(14,800)	—
Net cash (used in) provided by financing activities	(92,235)	(33,558)	198,276
Effect of exchange rates on cash and cash equivalents	(23)	22	(19)
Net (decrease) increase in cash and cash equivalents	(77,264)	(32,607)	228,461
Cash and cash equivalents at beginning of period	302,028	334,635	106,174
Cash and cash equivalents at end of period	$ 224,764	$ 302,028	$ 334,635
Supplemental disclosures of cash flow information			
Cash paid for income taxes	$ 352	$ 246	$ 168
Cash paid for interest	$ 3,517	$ 3,655	$ 29
Supplemental disclosures of noncash investing and financing activities			
Issuance of shares related to Crisp acquisition	$ —	$ —	$ 12,957
Repurchase of common stock not settled	$ —	$ 1,558	$ —
Computer equipment acquired under promissory note	$ —	$ —	$ 819
Property and equipment acquired under capital leases	$ —	$ —	$ 31
Intangible asset acquisitions not yet paid	$ 1,000	$ 14,548	$ —
Fixed asset purchases not yet paid	$ 783	$ 1,253	$ 973

See Accompanying Notes to Consolidated Financial Statements

1. Background

Description of Business

Quotient Technology Inc. (together with its subsidiaries, the “Company”), is an industry leading digital marketing platform, providing technology and services that power integrated digital promotions and media programs for consumer packaged goods (“CPG”s) brands and retailers. These programs are delivered across the Company’s network, including its flagship consumer brand Coupons.com and retail partners. This network provides the Company with proprietary and licensed data, including online behaviors, purchase intent, and retailers’ in-store point-of-sale (“POS”) shopper data, to target shoppers with the most relevant digital promotions and ads. The Company also delivers digital promotions and media programs to third party publishing properties outside of its network. Customers and partners use the Company to influence shoppers via digital channels, integrate marketing and merchandising programs, and leverage shopper data and insights to drive measurable sales results.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). The Company’s consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Such management estimates include, but are not limited to, revenue recognition, collectability of accounts receivable, coupon code sales return reserve, valuation of assets acquired and liabilities assumed in a business combination, useful lives of intangible assets, estimates related to recovery of long-lived assets and goodwill, stock-based compensation, measurement of contingent consideration, restructuring accruals, debt discounts, and deferred income tax assets and associated valuation allowances. These estimates generally require judgments, may involve the analysis of historical and prediction of future trends, and are subject to change from period to period. Actual results may differ from the Company’s estimates, and such differences may be material to the accompanying consolidated financial statements.

Cash, Cash Equivalents and Short-term Investments

The Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. The Company’s short-term investments consists of certificates of deposits with original maturities of greater than three months and remaining maturities less than one year as of the balance sheet date. We classify all of our cash equivalents and short-term investments as available-for-sale, which are recorded at fair value. Unrealized gains and losses are included in accumulated other comprehensive (loss) income in stockholders’ equity. Realized gains and losses are included in other income (expense), net.

Accounts Receivable, **Net of Allowance for Doubtful Accounts**

Trade and other receivables are included in accounts receivables and primarily comprised of trade receivables that are recorded at invoiced amounts and do not bear interest, net of an allowance for doubtful accounts. Other receivables included unbilled receivables related to digital promotions and media advertising contracts with customers. The Company generally does not require collateral and performs ongoing credit evaluations of its customers and maintains allowances for potential credit losses. The Company maintains an allowance for doubtful accounts based upon the expected collectability of its accounts receivable. The allowance is determined based upon specific account identification and historical experience of uncollectable accounts. The expectation of collectability is based on the Company’s review of credit profiles of customers, contractual terms and conditions, current economic trends, and historical payment experience.

Property and Equipment, net

Property and equipment, net, are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which are three years for computer equipment and software and five years for all other asset categories except leasehold improvements, which are amortized over the shorter of the lease term or the expected useful life of the improvements.

Internal-Use Software Development Costs

For costs incurred for computer software developed or obtained for internal use, the Company begins to capitalize its costs to develop software when preliminary development efforts are successfully completed, management has authorized and committed project funding, and it is probable that the project will be completed and the software will be used as intended. These costs are amortized to cost of revenues over the estimated useful life of the related asset, generally estimated to be three years. Costs related to preliminary project activities and post implementation activities, including training and maintenance are expensed as incurred and recorded in research and development expense on the Company’s consolidated statements of operations.

Leases

On January 1, 2019, the Company adopted Accounting Standard Update (“ASU”) 2016-02, *Leases* (“Topic 842”) utilizing the modified retrospective transition method through a cumulative-effect adjustment at the beginning of the first quarter of 2019. Results and disclosure requirements for reporting periods beginning after January 1, 2019 are presented under Topic 842, while prior period amounts have not been adjusted and continue to be reported in accordance with the Company’s historical accounting under ASC 840 (“Topic 840”).

Under Topic 842, the Company determines if an arrangement is a lease at inception. Right-of-use (“ROU”) assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. The Company has elected the practical expedient not to recognize ROU assets and lease liabilities for short-term leases with terms of twelve months or less. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the rate implicit in each lease is not readily determinable, the Company uses an incremental borrowing rate to determine the present value of the lease payments at commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company accounts for lease and non-lease components as a single lease component. Operating lease expense is recognized on a straight-line basis over the lease term.

Operating ROU assets and lease liabilities are included on the Company’s consolidated balance sheet beginning January 1, 2019. Operating ROU assets are included in other assets. The current portion of the operating lease liabilities is included in other current liabilities and the long-term portion is included in other non-current liabilities on the Company’s consolidated balance sheet.

Business Combinations

The Company accounts for acquisitions of entities that include inputs and processes and have the ability to create outputs as business combinations. Under the acquisition method of accounting, the total consideration is allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the consideration transferred over those fair values is recorded as goodwill. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Acquisition related costs are not considered part of the consideration, and are expensed as general and administrative expense as incurred. Contingent consideration, if any, is measured at fair value initially on the acquisition date as well as subsequently at the end of each reporting period, typically based on the expected achievement of certain financial metrics, until, the assessment period is over and it is finally settled.

Goodwill and Intangible Assets

Intangible assets with a finite life are amortized over their estimated useful lives. Goodwill is not subject to amortization but is tested for impairment at least annually, and more frequently upon the occurrence of certain events that may indicate that the carrying value of goodwill may not be recoverable. The Company completes its annual impairment test during the fourth quarter of each year, at the reporting unit level, which is at the company level as a whole, since the Company operates in one single reporting segment. There was no impairment of goodwill for the years ended December 31, 2019, 2018 and 2017.

Long-Lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured first by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, an impairment loss would be recognized for an amount by which the carrying amount of the asset exceeds the fair value of the asset.

Fair Value of Financial Instruments

The carrying values of the Company's financial instruments, including cash equivalents, accounts receivable, accounts payable, accrued compensation and benefits, and other current liabilities, approximate fair value due to their short-term nature. The Company records money market funds, short-term investments and contingent consideration at fair value. See Note 3 *(Fair Value Measurements)*.

Convertible Senior Notes

In November 2017, the Company issued $200.0 million aggregate principal amount of 1.75% convertible senior notes due 2022 (the "notes"). In accounting for the issuance of the notes, the Company separated the notes into liability and equity components. The carrying amount of the liability component was calculated by measuring the fair value of a similar liability that does not have an associated convertible feature. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the par value of the notes as a whole. This difference represents a debt discount that is amortized to interest expense over the terms of the notes. The equity component is not remeasured as long as it continues to meet the conditions for equity classification. In accounting for the issuance costs related to the notes, the Company allocated the total amount incurred to the liability and equity components. Issuance costs attributable to the liability components are being amortized to expense over the contractual term of the notes, and issuance costs attributable to the equity component were netted with the equity component in additional paid-in capital.

Revenue Recognition

The Company primarily generates revenue by providing digital promotions and media solutions to its customers and partners. Revenues are recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The Company determines 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
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, we satisfy a performance obligation

Promotion Revenue

The Company generates revenue from promotions, in which consumer packaged goods brands, or CPGs, pay the Company to deliver coupons to consumers through its network of publishers and retail partners and its flagship consumer brand Coupons.com. The Company generates revenues, as consumers select, activate, or redeem a coupon through its platform by either saving it to a retailer loyalty account for automatic digital redemption, or printing it for physical redemption at a retailer. The pricing for promotion arrangements generally includes both coupon setup fees and coupon transaction fees. Coupon setup fees are related to the creation of digital coupons and set up of the underlying campaign on Quotient's proprietary platform for tracking of related activations or redemptions. The Company recognizes revenues related to coupon setup fees over time, proportionally, on a per transaction basis, using the number of authorized transactions per insertion order, commencing on the date of the first coupon transaction. Coupon transaction fees are generally determined on a per unit activation or per redemption basis, and are generally billed monthly. Insertion orders generally include a limit on the number of activations, or times consumers may select a coupon.

Promotion revenues also include the Company's Specialty Retail business, in which specialty stores including clothing, electronics, home improvement and others, offer coupon codes that the Company distributes. Each time a consumer makes a purchase using a coupon code, a transaction occurs and a distribution fee is generally paid to the Company. The Company generally generates revenues when a consumer makes a purchase using a coupon code from its platform and completion of the order is reported to the Company. In the same period that the Company recognizes revenues for the delivery of coupon codes, it also estimates and records a reserve, based upon historical experience, to provide for end-user cancelations or product returns which may not be reported until a subsequent date.

Media Revenue

The Company's media services enable CPGs and retailers to distribute digital media to promote their brands and products on its websites, and mobile apps, and through a network of affiliate publishers and non-publisher third parties that display its media offerings on their websites or mobile apps. Revenue is generally recognized each time a digital media ad is displayed or each time a user clicks on the media ad displayed on the Company's websites, mobile apps or on third-party websites. Media pricing is generally determined on a per campaign, impression or per click basis and are generally billed monthly.

Gross versus Net Revenue Reporting

In the normal course of business and through its distribution network, the Company delivers digital coupons and media on retailers' websites through retailers' loyalty programs, and on the websites of digital publishers. In these situations, the Company evaluates whether it is the principal (i.e., report revenues on a gross basis) or agent (i.e., report revenues on a net basis). Generally, the Company reports digital promotion and media advertising revenues for campaigns placed on third-party owned properties on a gross basis, that is, the amounts billed to its customers are recorded as revenues, and distribution fees paid to retailers or digital publishers are recorded as cost of revenues. The Company is the principal because it controls the digital coupon and media advertising inventory before it is transferred to its customers. The Company's control is evidenced by its sole ability to monetize the digital coupon and media advertising inventory, being primarily responsible to its customers, having discretion in establishing pricing for the delivery of the digital coupons and media, or a combination of these.

Arrangements with Multiple Performance Obligations

The Company's contracts with customers may include multiple performance obligations. For these contracts, the Company accounts for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. The Company determines its best estimate of its standalone selling prices based on its overall pricing objectives, taking into consideration market conditions and other factors, including the value of its contracts and characteristics of targeted customers.

Deferred Revenues

Deferred revenues consist of coupon setup, coupon transaction and digital media fees that are expected to be recognized upon coupon activations, or delivery of media impressions or clicks, which generally occur within the next twelve months. The Company records deferred revenues, including amounts which are refundable, when cash payments are received or become due in advance of the Company satisfying its performance obligations. The increase in the deferred revenue balance for year ended December 31, 2019 is primarily driven by cash payments received or due in advance of satisfying our performance obligations of $27.6 million, partially offset by $25.4 million of recognized revenue.

The Company's payment terms vary by the type and size of its customers. For certain products or services and customer types, we require payment before the products or services are delivered to the customer.

Disaggregated Revenue

The following table presents the Company's revenues disaggregated by type of services (in thousands). The majority of the Company's revenue is generated from sales within the United States.

	Year Ended December 31,		
	2019	2018	2017
Promotion	$ 246,479	$ 245,493	$ 237,184
Media	189,681	141,465	84,931
Total Revenue	$ 436,160	$ 386,958	$ 322,115

Practical Expedients and Exemptions

The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which it recognizes revenue for an amount where it has the right to invoice for services performed.

Cost of Revenues

Cost of revenues consist primarily of distribution fees, personnel costs, depreciation related to data center equipment, and amortization expense related to capitalized internal use software, acquisition related intangible assets and purchased intangible assets, data center costs, third-party service fees including traffic acquisition costs and purchase of third-party data. Distribution fees consist of payments to partners within the Company's network for their digital coupon publishing services. Personnel costs include salaries, bonuses, stock-based awards and employee benefits and are primarily attributable to individuals maintaining the Company's data centers and operations, which initiate, sets up and deliver digital coupon media campaigns. Third-party service fees including traffic acquisition costs consist of payments related to delivering campaigns on certain networks or sites.

Sales Commissions

The Company generally incurs and expenses sales commissions upon recognition of revenue for related goods and services, which typically occurs within one year or less. Sales commissions earned related to revenues for initial contracts are commensurate with sales commissions related to renewal contracts. These costs are included in sales and marketing expenses within the consolidated statements of operations.

Research and Development Expense

The Company expenses the cost of research and development as incurred. Research and development expense consists primarily of personnel and related headcount costs and costs of professional services associated with the ongoing development of the Company's technology.

Stock-Based Compensation

The Company accounts for stock-based compensation for all stock-based awards made to employees and directors, including stock options, restricted stock units, performance-based restricted stock units, and employee stock purchase plan using the fair value method. This method requires the Company to measure the stock-based compensation based on the grant-date fair value of the awards and recognize the compensation expense over the requisite service period. The fair values of stock options and shares pursuant to Employee Stock Purchase Plan ("ESPP") are estimated at the date of grant using the Black-Scholes-Merton option pricing model, which includes assumptions for the dividend yield, expected volatility, risk-free interest rate, and expected life. The fair values of restricted stock and restricted stock units are determined based upon the fair value of the underlying common stock at the date of grant. The Company expenses stock-based compensation using the straight-line method over the vesting term of all awards except for performance-based restricted stock units, which are expensed using the accelerated attribution method.

Advertising Expense

Advertising costs are expensed when incurred and are included in sales and marketing expense on the accompanying consolidated statements of operations. The Company incurred $1.6 million, $0.3 million and $1.0 million of advertising costs during the years ended December 31, 2019, 2018 and 2017, respectively. Advertising costs consist primarily of online marketing costs, such as sponsored search, advertising on social networking sites, e-mail marketing campaigns, loyalty programs, and affiliate programs.

Income Taxes

The Company accounts for income taxes in accordance with authoritative guidance, which requires the use of the liability method. Under this method, deferred income tax assets and liabilities are determined based upon the difference between the consolidated financial statement carrying amounts and the tax basis of assets and liabilities and are measured using the enacted tax rate expected to apply to taxable income in the years in which the differences are expected to reverse. A valuation allowance is provided when it is more likely than not that the deferred tax assets will not be realized. The Company recognizes liabilities for uncertain tax positions based upon a two-step process. To the extent a tax position does not meet a more-likely-than-not level of certainty, no benefit is recognized in the consolidated financial statements. If a position meets the more-likely-than-not level of certainty, it is recognized in the consolidated financial statements at the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company accounts for any applicable interest and penalties as a component of income tax expense.

Foreign Currency

Foreign currency denominated assets and liabilities of foreign subsidiaries, where the local currency is the functional currency, are translated into U.S. Dollars using the exchange rates in effect at the balance sheet dates, and income and expenses are translated using average exchange rates during the period. The resulting foreign currency translation adjustments are recorded in accumulated other comprehensive loss, a component of stockholders' equity.

Gains and losses from foreign currency transactions are included in other income (expense), net in the accompanying consolidated statements of operations. Foreign currency transaction gains (losses) were immaterial for all the periods presented in the accompanying consolidated financial statements.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) consists of foreign currency translation adjustments.

Net Income (Loss) per Share

The Company's basic net income (loss) per share attributable to common stockholders is computed by dividing the net income (loss) by the weighted-average number of shares of common stock outstanding during the period. The diluted net income (loss) per share is computed by giving effect to all potentially dilutive common share equivalents outstanding during the period. The dilutive effect of dilutive common share equivalents is reflected in diluted net income (loss) per share by application of the treasury stock method. Since the Company intends to settle the principal amount of its outstanding convertible senior notes in cash, the Company uses the treasury stock method for calculating any potential dilutive effect of the conversion spread on diluted net income per share, if applicable. The effects of options to purchase common stock, RSUs, certain shares held in escrow, and convertible senior notes are excluded from the computation of diluted net loss per share attributable to common stockholders because their effect is antidilutive.

Segments

The Company's chief operating decision maker ("CODM"), who is the Chief Executive Officer, reviews the Company's financial information presented on a consolidated basis for purposes of allocating resources and evaluating its financial performance. There are no segment managers who are held accountable by the CODM, or anyone else, for operations, operating results, and planning for levels or components below the consolidated unit level. Accordingly, the Company has determined that it operates in one single reporting segment.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents, short-term investments and accounts receivable. For cash, cash equivalents and short-term investments, the Company is exposed to credit risk in the event of default by the financial institutions to the extent of the amounts recorded on the accompanying consolidated balance sheets. Credit risk with respect to accounts receivable is dispersed due to the large number of customers. The Company does not require collateral for accounts receivable.

Recently Issued Accounting Pronouncements

Accounting Pronouncements Adopted

Leases

Topic 842: In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases* Topic 842. The guidance requires lessees to put most leases on their balance sheets but recognize expenses on their income statements in a manner similar to today's accounting. Lessees initially recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The lease liability is measured at the present value of the lease payments over the lease term. The right-of-use asset is measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs.

The Company adopted ASU 2016-02 in the first quarter of 2019 utilizing the modified retrospective transition method through a cumulative-effect adjustment at the beginning of the first quarter of 2019. The Company has elected certain practical expedients, which allows the Company not to reassess (i) whether any expired or existing contracts as of the adoption date are or contain a lease, (ii) lease classification for any expired or existing leases as of the adoption date and (iii) initial direct costs for any existing leases as of the adoption date. The Company has elected to account for lease and non-lease components as a single lease component. In addition, the Company has elected not to recognize right-of-use assets and liabilities for short-term leases with terms of twelve months or less. The adoption of ASU 2016-02 on January 1, 2019, resulted in the recognition of 1) right-of-use assets of $8.5 million, adjusted for deferred rent and lease incentives as of the adoption date, and 2) lease liabilities for operating leases of $11.5 million on its consolidated balance sheet, with no material impact to its consolidated statements of operations and cash flows. Refer to Note 14 for further information regarding the impact of adoption of the standard on the Company's consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

Income Taxes

Topic 740: In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-12, *Simplifying the Accounting for Income Taxes,* as part of its Simplification Initiative to reduce the cost and complexity in accounting for income taxes. ASU 2019-12 removes certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. ASU 2019-12 also amends other aspects of the guidance to help simplify and promote consistent application of GAAP. The guidance is effective for interim and annual periods beginning after December 15, 2020, with early adoption permitted. The Company is still analyzing the impacts but does not expect that the future adoption of the new accounting standard will have a material impact on its consolidated financial statements.

3. Fair Value Measurements

The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2—Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for similar assets or liabilities in active or inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company's fair value hierarchy for its financial assets and liabilities that are measured at fair value on a recurring basis are as follows (in thousands):

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 124,303	—	—	$ 124,303
U.S. Treasury Bills	15,120	—	—	15,120
Total	$ 139,423	$ —	$ —	$ 139,423
Liabilities:				
Contingent consideration related to acquisitions	—	—	36,220	36,220
Total	$ —	$ —	$ 36,220	$ 36,220

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 142,507	—	—	$ 142,507
U.S. Treasury Bills	19,689	—	—	19,689
Short-Term investments:				
Certificate of deposit	—	20,738	—	20,738
Total	$ 162,196	$ 20,738	$ —	$ 182,934
Liabilities:				
Contingent consideration related to acquisitions	—	—	28,963	28,963
Total	$ —	$ —	$ 28,963	$ 28,963

The valuation technique used to measure the fair value of money market funds and U.S. Treasury Bills includes using quoted prices in active markets. The money market funds have a fixed net asset value (NAV) of $1.0. The valuation technique to measure the fair value of certificate of deposits included using quoted prices in active markets for similar assets.

The contingent consideration as of December 31, 2019 and 2018 relates to the acquisition of MLW Squared Inc. ("Ahalogy"), Elevaate Ltd. ("Elevaate") and Ubimo, Ltd. ("Ubimo"). The fair values of contingent consideration are based on the expected achievement of certain financial metrics as defined under the acquisition agreements and was estimated using an option pricing method with significant inputs that are not observable in the market, thus classified as a Level 3 instrument. The inputs included the expected achievement of certain financial metrics over the contingent consideration period, volatility and discount rate. The fair-value of the contingent consideration is classified as a liability and is re-measured each reporting period. Refer to Note 6 for further details related to the acquisition.

The following table represents the change in the contingent consideration (in thousands):

	Ubimo Level 3	Elevaate Level 3	Ahalogy Level 3	Crisp Level 3	Shopmium Level 3	Total
Balance as of December 31, 2016	—	—	—	—	185	185
Addition related to acquisition (initial measurement)	—	—	—	14,800	—	14,800
Change in fair value during the period	—	—	—	3,700	(185)	3,515
Balance as of December 31, 2017	—	—	—	18,500	—	18,500
Addition related to acquisition (initial measurement)	—	6,121	14,582	—	—	20,703
Change in fair value during the period	—	—	8,260	6,000	—	14,260
Payments made during the period	—	—	—	(24,500)	—	(24,500)
Balance as of December 31, 2018	—	6,121	22,842	—	—	28,963
Addition related to acquisition (initial measurement)	5,686	—	—	—	—	5,686
Change in fair value during the period	—	(2,587)	4,158	—	—	1,571
Balance as of December 31, 2019	$ 5,686	$ 3,534	$ 27,000	$ —	$ —	$ 36,220

During the years ended December 31, 2019, 2018, and 2017, the Company recorded a charge of $1.6 million, $14.3 million, and $3.5 million, respectively, for the re-measurement of the fair values of contingent consideration related to acquisitions, as a component of operating expenses in the accompanying consolidated statements of operations.

As of December 31, 2019, the date that Ahalogy's contingent consideration period ended, Ahalogy earned the full payout of the contingent consideration by achieving certain financial metrics. Accordingly, the Company will pay out $27.0 million during the first quarter of 2020.

During the year ended December 31, 2018, the Company paid $24.5 million related to Crisp's achievement of financial metrics subject to contingent consideration during the measurement period ending May 31, 2018, and as a result, no liability existed as of December 31, 2018. Out of the total consideration paid, $14.8 million was originally measured and recorded on the acquisition date and $9.7 million was recorded subsequent to the acquisition date through changes in fair value of contingent consideration within the consolidated statements of operations.

As of December 31, 2017, the Company determined that Shopmium S.A. ("Shopmium") did not meet its revenue and profit milestones, during the contingent consideration measurement period, and the fair value was concluded to be zero. Accordingly, the Company determined that no payout was required when the contingent consideration period expired on March 31, 2018.

Fair Value Measurements of Other Financial Instruments

As of December 31, 2019 and 2018, the fair value of the 1.75% convertible senior notes due 2022 was $195.4 million and $187.5 million, respectively. The fair value was determined based on a quoted price of the convertible senior notes in an over-the-counter market on the last trading day of the reporting period. Accordingly, these convertible senior notes are classified within Level 2 in the fair value hierarchy. Refer to Note 9 for additional information related to the Company's convertible debt.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

As of December 31, 2019 and December 31, 2018, there were no assets and liabilities that are required to be measured at fair value on a nonrecurring basis.

4. Allowance for Doubtful Accounts

The summary of activities in the allowance for doubtful accounts is as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Balance at beginning of period	$ 1,200	$ 786	$ 1,338
Additions related to acquisitions	377	32	229
Bad debt expense (recovery)	1,227	509	(655)
Write-offs	(783)	(127)	(126)
Balance at end of period	$ 2,021	$ 1,200	$ 786

5. Balance Sheet Components

Property and Equipment, Net

Property and equipment consist of the following (in thousands):

	December 31,	
	2019	2018
Software	$ 41,876	$ 37,987
Computer equipment	25,773	23,986
Leasehold improvements	5,883	8,147
Furniture and fixtures	2,449	2,057
Total	75,981	72,177
Accumulated depreciation and amortization	(63,543)	(59,348)
Projects in process	1,266	2,750
Property and equipment, net	$ 13,704	$ 15,579

Depreciation and amortization expense of property and equipment was $7.5 million, $7.2 million and $6.9 million for the years ended December 31, 2019, 2018 and 2017, respectively.

The Company capitalized internal use software development costs of $5.8 million, $2.9 million, and $3.8 million during the years ended December 31, 2019, 2018, and 2017, respectively. During the years ended December 31, 2019, 2018 and 2017, the Company had $2.5 million, $1.3 million and $0.6 million, respectively, in amortization expense related to internal use software, which is included in property and equipment depreciation and amortization expense and recorded as cost of revenues. The unamortized capitalized internal use software development costs were $5.8 million and $6.1 million as of December 31, 2019 and 2018, respectively and included as part of software costs.

During the third quarter of 2019, the Company recorded an impairment charge of $3.6 million within general and administrative expenses, on the consolidated statement of operations, related to the impairment of capitalized software development costs based on a decision to discontinue a product that was no longer part of its go-forward strategy.

Accrued Compensation and Benefits

Accrued compensation and benefits consist of the following (in thousands):

	December 31,	
	2019	2018
Bonus	$ 5,997	$ 5,997
Commissions	5,996	4,104
Payroll and related expenses	2,533	1,938
Vacation	706	359
Severance related to restructuring	—	709
Accrued compensation and benefits	$ 15,232	$ 13,107

Other Current Liabilities

Other current liabilities consist of the following (in thousands):

	December 31,	
	2019	2018
Distribution fees	$ 20,360	$ 15,389
Prefunded liability	5,429	5,131
Traffic acquisition cost	5,278	2,417
Operating lease liabilities	3,168	—
Marketing expenses	2,164	2,416
Liability related to purchased intangible asset	1,000	14,500
Interest payable	282	282
Facility exit costs related to restructuring	—	1,019
Other	12,351	12,101
Other current liabilities	$ 50,032	$ 53,255

6. Acquisitions

Acquisition of Ubimo

On November 19, 2019, the Company acquired all outstanding shares of Ubimo, a leading data and media activation company.

The total preliminary acquisition consideration of $20.7 million consisted of $15.0 million in cash and contingent consideration of up to $24.8 million payable in cash with an estimated fair value of $5.7 million as of the acquisition date. The contingent consideration payout is based on Ubimo achieving certain financial metrics between the date of the acquisition through December 31, 2021. The acquisition date fair value was determined using an option pricing model. The fair value of the contingent consideration will be remeasured through earnings every reporting period. Refer to Note 3 for the fair value of contingent consideration at December 31, 2019.

Acquisition of Elevaate

On October 26, 2018, the Company acquired all the outstanding shares of Elevaate, a sponsored search company for retail partners and CPG brands.

The total preliminary acquisition consideration of $13.3 million consisted of $7.2 million in cash and contingent consideration of up to $18.5 million payable in cash with an estimated fair value of $6.1 million as of the acquisition date. The contingent consideration payout is based on Elevaate achieving certain financial metrics between February 1, 2019 through January 31, 2021. The acquisition date fair value of the contingent consideration was determined by using an option pricing model. The fair value of the contingent consideration will be remeasured every reporting period. Refer to Note 3 for the fair value of contingent consideration at December 31, 2019.

Acquisition of SavingStar, Inc.

On August 27, 2018, the Company acquired all the outstanding shares of SavingStar, Inc. (“SavingStar”), a digital promotions company with a CRM platform designed to help brands build and track loyalty programs with their consumers.

The total preliminary acquisition consideration at closing consisted of $7.5 million in cash. In addition, SavingStar may receive potential contingent consideration of up to $10.6 million payable in all cash, subject to achieving certain financial metrics between closing through February 29, 2020. At the date of acquisition, the contingent consideration’s fair value was determined to be zero using an option pricing model. The fair value of the contingent consideration is remeasured every reporting period and remains zero as of December 31, 2019.

Acquisition of Ahalogy

On June 1, 2018, the Company acquired all the outstanding shares of Ahalogy, an influencer marketing firm that delivers premium content across social media channels for CPG brands. The acquisition enhances the Company’s performance media solutions for CPGs and retailers, adding social media expertise and a roster of influencers.

The total preliminary acquisition consideration of $36.4 million consisted of $21.8 million in cash and contingent consideration of up to $30.0 million payable in all cash with an estimated fair value of $14.6 million as of the acquisition date. The contingent consideration payout is based on Ahalogy achieving certain financial metrics between closing through December 31, 2019. The acquisition date fair value of the contingent consideration was determined by using an option pricing model. The fair value of the contingent consideration is remeasured every reporting period. As of December 31, 2019, the date that the contingent consideration period ended, Ahalogy earned the full payout of the contingent consideration by achieving certain financial metrics. Accordingly, the Company has recorded liabilities of $27.0 million in contingent consideration related to acquisitions and $3.0 million in other current liabilities, related to certain bonuses, on the accompanying consolidated balance sheets. Refer to Note 3 for the fair value of contingent consideration at December 31, 2019.

Acquisition of Crisp

On May 31, 2017, the Company acquired all the outstanding shares of Crisp, a mobile marketing and advertising company delivering shopper marketing media campaigns for CPGs and retailers. Crisp’s mobile media expertise complements the Company’s proprietary shopper data, retail network and existing promotions and media offerings.

The total acquisition consideration of $51.9 million consisted of $24.1 million in cash, 1,177,927 shares of the Company’s common stock with a fair value of $13.0 million or $11.00 per share, and contingent consideration of up to $24.5 million payable in cash with a fair value of $14.8 million, as of the acquisition date. The contingent consideration payout is based on Crisp achieving certain financial metrics over a period of one year after closing. The acquisition date fair value of the contingent consideration was determined by using an option pricing method. The fair value of the contingent consideration is remeasured every reporting period. The Company recorded a charge of $9.7 million since the acquisition date, related to the changes in fair value of Crisp contingent consideration due to an increase in expected achievement of certain financial metrics over the contingent consideration period. As of May 31, 2018, the date that the contingent consideration period ended, Crisp earned the full payout of the contingent consideration by achieving certain financial metrics and the Company paid out $24.5 million during the year ended December 31, 2018, and as a result, no liability exists as of December 31, 2018. Of the total $24.5 million, $14.8 million is classified as a financing outflow and the remaining $9.7 million is classified as an operating outflow. Refer to Note 3 for the final fair value remeasurement of contingent consideration as of May 31, 2018.

Each of these acquisitions were accounted for as a business combination. Accordingly, assets acquired and liabilities assumed were recorded at their estimated fair values as of the acquisition date when control was obtained. The Company expensed all transaction costs in the period in which they were incurred. The Company acquired various intangible assets resulting from these acquisitions, such as, customer relationships, vendor relationships, developed technologies and trade names. The fair value of the customer relationships was determined by using a discounted cash flow model. The fair value of the vendor relationships was determined by using a cost approach. The fair value of developed technologies was determined by using the relief from royalty method or the with-and-without method. The fair value of trade names was determined by using the relief from royalty method. The excess of the consideration paid over the fair value of the net tangible assets and liabilities and identifiable intangible assets acquired is recorded as goodwill. The goodwill arising from the acquisitions are largely attributable to the synergies expected to be realized. None of the goodwill recorded from the acquisitions will be deductible for income tax purposes.

For each of these acquisitions, the fair value of the consideration transferred and the assets acquired and liabilities assumed was determined by the Company and in doing so management engaged a third-party valuation specialist to measure the fair value of identifiable intangible assets and obligations related to deferred revenue and contingent consideration. The estimated fair value of the identifiable assets acquired and liabilities assumed in the relevant acquisition is based on management’s best estimates. As the Company finalizes certain valuation assumptions, the provisional measurements of identifiable assets and liabilities, and the resulting goodwill related to the acquisition of Ubimo are subject to change and the final purchase price accounting could be different from the amounts presented herein.

Assets acquired and liabilities assumed were recorded at their fair values as of the respective acquisition dates. The following table summarizes the consideration paid for each acquisition and the related fair values of the assets acquired and liabilities assumed (in thousands):

	Purchase Consideration	Net Tangible Assets Acquired/ (Liabilities Assumed)	Identifiable Intangible Assets	Goodwill	Goodwill Deductible for Taxes	Acquisition Related Expenses (1)
Ubimo	$ 20,740	$ 384	$ 10,750	$ 9,606	Not Deductible	$ 579
Elevaate	$ 13,346	$ (60)	$ 3,781	$ 9,625	Not Deductible	$ 549
SavingStar	$ 7,485	$ (1,126)	$ 2,577	$ 6,034	Not Deductible	$ 556
Ahalogy	$ 36,432	$ 2,196	$ 11,580	$ 22,656	Not Deductible	$ 684
Crisp	$ 51,904	$ 5,893	$ 9,400	$ 36,611	Not Deductible	$ 1,504
	$ 129,907	$ 7,287	$ 38,088	$ 84,532		$ 3,872

(1) Expensed as general and administrative

The following table sets forth each component of identifiable intangible assets acquired in connection with the acquisitions: (in thousands):

	Ubimo	Estimated Useful Life (in Years)	Elevaate	Estimated Useful Life (in Years)	SavingStar	Estimated Useful Life (in Years)	Ahalogy	Estimated Useful Life (in Years)	Crisp	Estimated Useful Life (in Years)
Developed technologies	$ 7,100	4.0	$ 3,307	5.0	$ 1,476	3.0	$ 3,100	4.0	$ 5,000	4.0
Customer relationships	3,400	2.0	379	5.0	1,040	3.0	6,210	6.0	2,800	7.0
Trade names	250	4.0	95	3.0	61	1.5	650	4.0	1,600	4.0
Vendor relationships	—	—	—	—	—	—	1,620	2.0	—	—
Total identifiable intangible assets	$ 10,750		$ 3,781		$ 2,577		$ 11,580		$ 9,400	

The financial results of the acquired companies are included in the Company's consolidated statements of operations from their respective acquisition dates and were insignificant to the Company's operating results. The pro forma impact of these acquisitions on consolidated revenues, income (loss) from operations and net loss was not material.

7. Goodwill and Intangible Assets

Goodwill:

Goodwill represents the excess of the consideration paid over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. The changes in the carrying value of goodwill are as follows (in thousands):

	Goodwill
Balance as of December 31, 2017	$ 80,506
Acquisition of Ahalogy	22,656
Acquisition of SavingStar	6,034
Acquisition of Elevaate	9,625
Balance as of December 31, 2018	118,821
Acquisition of Ubimo	9,606
Balance as of December 31, 2019	$ 128,427

Intangible Assets:

The following table summarizes the gross carrying amount and accumulated amortization for the intangible assets (in thousands):

	December 31, 2019			
	Gross	Accumulated Amortization	Net	Weighted Average Amortization Period (Years)
Media service rights	$ 34,684	$ (16,098)	$ 18,586	2.2
Promotion service rights	30,548	(10,682)	19,866	3.6
Developed technologies	27,170	(12,790)	14,380	3.2
Customer relationships	22,690	(12,267)	10,423	3.3
Data access rights	10,801	(6,415)	4,386	2.3
Domain names	5,948	(5,540)	408	0.8
Trade names	2,823	(1,560)	1,263	2.2
Vendor relationships	2,510	(2,172)	338	0.4
Patents	975	(873)	102	2.8
Registered users	420	(420)	—	0.0
	$ 138,569	$ (68,817)	$ 69,752	3.0

	December 31, 2018			
	Gross	Accumulated Amortization	Net	Weighted Average Amortization Period (Years)
Media service rights	$ 34,476	$ (6,838)	$ 27,638	3.2
Promotion service rights	29,492	(7,248)	22,244	5.1
Developed technologies	20,070	(8,353)	11,717	3.2
Customer relationships	19,290	(9,145)	10,145	4.5
Data access rights	10,801	(4,544)	6,257	3.3
Domain names	5,948	(5,260)	688	0.5
Trade names	2,573	(923)	1,650	2.7
Vendor relationships	2,510	(1,364)	1,146	1.4
Patents	975	(821)	154	3.6
Registered users	420	(335)	85	1.0
	$ 126,555	$ (44,831)	$ 81,724	3.7

In August 2016, the Company entered into a services and data agreement, (the "Agreement"), which provides the Company with certain exclusive rights to provide promotion and media services, and the use of shopper data, for 5.5 years, with certain rights continuing on a non-exclusive basis for up to an additional 4.5 years. In exchange, the Company agreed to issue 3,000,000 shares of common stock.

The consideration for such services and data rights aggregated to $39.6 million based on the fair value of 3,000,000 shares of the Company's common stock at the date of entering into the Agreement. Out of the 3,000,000 shares issued, 1,000,000 shares were issued within five business days of execution of the Agreement and 2,000,000 shares are held in escrow and was released in two equal installments, within 15 business days following the years ending December 31, 2017 and 2018. The fair value of the shares held in escrow was recorded in additional paid in capital and is subject to re-measurement until released from escrow. During the years ended December 31, 2018, 2017 and 2016, the Company recorded a gain of $1.1 million, a loss of $2.0 million, and a gain of $4.9 million, respectively, due to the change in the Company's stock price with a corresponding adjustment into additional paid in capital. Gains and losses as a result of the changes in the fair value of the shares that are being held in escrow are included in change in fair value of escrowed shares and contingent consideration, net on the accompanying consolidated statement of operations. At December 31, 2018 and 2017, the contingencies for the release of each respective installment of 1,000,000 shares held in escrow have been met. During the year ended December 31, 2018, the initial installment of 1,000,000 shares was released from escrow. Subsequent to December 31, 2018, the remaining installment of 1,000,000 shares was released from escrow.

The consideration of $39.6 million as well as the capitalized transaction costs of $0.1 million were allocated to the acquired intangible assets based on the respective fair values. The Company is amortizing the intangible assets on a straight-line basis over their respective estimated useful lives in cost of revenues on the accompanying consolidated statement of operations.

In April 2018, the Company entered into an agreement which provides the Company with, amongst other things, certain exclusive media service rights in exchange for $13.0 million cash consideration for up to four years. The consideration, as well as capitalized transaction costs of $0.1 million, were recorded as media service rights intangible asset, and is being amortized on a straight-line basis over its estimated useful life in cost of revenues on the accompanying consolidated statement of operations.

In October 2018, the Company entered into an agreement which provides the Company with, amongst other things, certain exclusive media service rights for up to four years in exchange for $15.0 million cash consideration with 50% due upon execution and the remaining 50% due in January 2019. The second installment of $7.5 million was included in other current liabilities in the accompanying consolidated balance sheets as of December 31, 2018. The total consideration, as well as capitalized transaction costs of $0.1 million, were recorded as media service rights intangible asset, and is being amortized on a straight-line basis over its estimated useful life in cost of revenues on the accompanying consolidated statement of operations. The agreement includes provisions for additional cash consideration, up to a total of $5.0 million, if certain contingencies are resolved within a two-year expiration period from the effective date of the agreement. If any of the contingencies are resolved in the future, the Company will account for such cash payments in a consistent manner as the initial intangible asset and amortized over the remaining useful life. As of December 31, 2019, none of the contingencies were resolved, as such, no additional payments were made.

In December 2018, the Company entered into an agreement which provides the Company with certain exclusive in-lane printing promotion service rights in exchange for $8.0 million cash consideration, of which $7.0 million was due upon entering into the agreement and $1.0 million was due upon launch of services. During the years ended December 31, 2019 and 2018, the cash consideration of $7.0 million and $1.0 million, respectively, was recorded as an intangible asset with a corresponding charge to other current liabilities. As of December 31, 2019 and 2018, the $1.0 million and $7.0 million was included in other current liabilities in the accompanying consolidated balance sheets. The total cash consideration including any capitalized transaction costs is amortized on a straight-line basis beginning the launch date over its estimated useful life in cost of revenues on the accompanying consolidated statement of operations.

Intangible assets subject to amortization are amortized over their useful lives as shown in the table above. Amortization expense related to intangible assets subject to amortization was $24.0 million, $17.8 million and $10.9 million for the years ended December 31, 2019, 2018 and 2017, respectively. Estimated future amortization expense related to intangible assets as of December 31, 2019 is as follows (in thousands):

	Total
2020	$ 27,529
2021	21,001
2022	13,419
2023	6,642
2024	809
Thereafter	—
Total estimated amortization expense	$ 69,400

As of December 31, 2019 and 2018, the Company has a domain name with a gross value of $0.4 million with an indefinite useful life that is not subject to amortization.

8. Restructuring Charges

The Company has carried out certain restructuring activities to further drive operational efficiencies and to align its resources with its business strategies. Restructuring charges include facility exit costs related to future contractual lease payments recorded in general and administrative expense on the consolidated statements of operations and severance and benefit costs related to headcount reduction recorded on the consolidated statement of operations based on the impacted employees function. During the years ended December 31, 2019, 2018, and 2017, the Company recognized restructuring expense of $4.3 million, $4.4 million, and $3.4, respectively.

As of December 31, 2019 and 2018, the Company has restructuring accruals of zero and $1.7 million, respectively, primarily related to facility exit costs, which is included in other current liabilities and other non-current liabilities on the consolidated balance sheets, and severance, which is included in accrued compensation and benefits on the consolidated balance sheets.

9. Debt Obligations

2017 Convertible Senior Notes

In November 2017, the Company issued $200.0 million aggregate principal amount of 1.75% convertible senior notes due 2022 in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended, (the “notes”). The notes are unsecured obligations of the Company and bear interest at a fixed rate of 1.75% per annum, payable semi-annually in arrears on June 1 and December 1 of each year, commencing on June 1, 2018. The total net proceeds from the debt offering, after deducting transaction costs, were approximately $193.8 million.

The conversion rate for the notes will initially be 57.6037 shares of the Company’s common stock per $1,000 principal amount of notes, which is equivalent to an initial conversion price of approximately $17.36 per share of common stock, subject to adjustment upon the occurrence of specified events.

Holders of the notes may convert their notes at their option at any time prior to the close of business on the business day immediately preceding September 1, 2022, only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on March 31, 2018 (and only during such calendar quarter), if the last reported sale price of the Company’s common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five-business day period after any five consecutive trading day period (the “measurement period”) in which the trading price per $1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company’s common stock and the conversion rate for the notes on each such trading day; (3) if the Company calls any or all of the notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or (4) upon the occurrence of specified corporate events. On or after September 1, 2022, holders may convert all or any portion of their notes at any time prior to the close of business on the scheduled trading day immediately preceding the maturity date regardless of the foregoing conditions. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of its common stock or a combination of cash and shares of its common stock, at its election. The Company intends to settle the principal amount of the notes with cash.

The Company may not redeem the notes prior to December 5, 2020. It may redeem for cash all or any portion of the notes, at its option, on or after December 5, 2020 if the last reported sale price of its common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending not more than three trading days preceding the date on which it provides notice of redemption at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the notes.

If the Company undergoes a fundamental change prior to the maturity date, holders may require the Company to repurchase for cash all or any portion of their notes at a fundamental change repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

In accounting for the issuance of the notes, the Company separated the notes into liability and equity components. The carrying amount of the liability component of $149.3 million was calculated by measuring the fair value of a similar debt instrument that does not have an associated convertible feature. The carrying amount of the equity component of $50.7 million, representing the conversion option, was determined by deducting the fair value of the liability component from the par value of the notes. The excess of the principal amount of the liability component over its carrying amount (“debt discount”) is amortized to interest expense over the term of the notes at an effective interest rate of 5.8%.

The Company allocated the total debt issuance costs incurred of $6.2 million to the liability and equity components of the notes in proportion to the respective values. Issuance costs attributable to the liability component of $4.6 million are being amortized to interest expense using the effective interest method over the contractual terms of the notes. Issuance costs attributable to the equity component of $1.6 million were netted with the equity component in additional paid-in capital.

The net carrying amount of the liability component of the notes recorded in convertible senior notes, net on the consolidated balance sheets was as follows (in thousands):

	December 31, 2019	December 31, 2018
Principal	$ 200,000	$ 200,000
Unamortized debt discount	(31,132)	(40,650)
Unamortized debt issuance costs	(2,711)	(3,631)
Net carrying amount of the liability component	$ 166,157	$ 155,719

The net carrying amount of the equity component of the notes recorded in additional paid-in capital on the consolidated balance sheets was $49.1 million, net of debt issuance costs of $1.6 million as of December 31, 2019 and 2018.

The following table sets forth the interest expense related to the notes recognized in interest expense on the consolidated statements of operations (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Contractual interest expense	$ 3,500	$ 3,500	$ 406
Amortization of debt discount	9,518	8,981	1,039
Amortization of debt issuance costs	921	917	109
Total interest expense related to the Notes	$ 13,939	$ 13,398	$ 1,554

10. Stock-based Compensation

2013 Equity Incentive Plan

In October 2013, the Company adopted the 2013 Equity Incentive Plan (the “2013 Plan”), which became effective in March 2014 and serves as the successor to the Company’s 2006 Stock Plan (the “2006 Plan”). Pursuant to the 2013 Plan, 4,000,000 shares of common stock were initially reserved for grant, plus (1) any shares that were reserved and available for issuance under the 2006 Plan at the time the 2013 Plan became effective, and (2) any shares that become available upon forfeiture or repurchase by the Company under the 2006 Plan and 2000 Plan.

Under the 2013 Plan, the Company may grant stock options, stock appreciation rights, restricted stock and restricted stock units, performance-based stock and units to employees, directors and consultants. The shares available will be increased at the beginning of each year by lesser of (i) 4% of outstanding common stock on the last day of the immediately preceding year, or (ii) such number determined by the Board of Directors. Under the 2013 Plan, both the ISOs and NSOs are granted at a price per share not less than 100% of the fair market value on the effective date of the grant. The Board of Directors determines the vesting period for each option award on the grant date, and the options generally expire 10 years from the grant date or such shorter term as may be determined by the Board of Directors.

Stock Options

The fair value of each option was estimated using Black-Scholes model on the date of grant for the periods presented using the following assumptions:

	Year Ended December 31,		
	2019	2018	2017
Expected life (in years)	6.02 - 6.08	6.02	5.50 - 6.25
Risk-free interest rate	1.42% - 2.66%	2.66%	1.87% - 2.14%
Volatility	50%	50%	50%
Dividend yield	—	—	—

The weighted-average grant-date fair value of options granted was $4.33, $6.59 and $6.33 per share during the years ended December 31, 2019, 2018 and 2017, respectively.

Restricted Stock Units and Performance-Based Restricted Stock Units

The fair value of RSUs equals the market value of the Company’s common stock on the date of grant. The RSUs are excluded from issued and outstanding shares until they are vested.

A summary of the Company’s stock option and RSUs award activity under the Plans is as follows:

		Options Outstanding				RSUs Outstanding	
	Shares Available for Grant	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)	Number of Shares	Weighted Average Grant Date Fair Value
Balance as of December 31, 2016	3,424,730	7,746,067	$ 8.83	6.12	$ 30,507	5,504,084	$ 12.02
Increase in shares authorized	3,542,416	—	—	—	—	—	—
Options granted	(1,319,680)	1,319,680	$ 12.76	—	—	—	—
Options exercised	—	(1,435,484)	$ 4.32	—	$ 10,768	—	—
Options canceled or expired	218,035	(218,035)	$ 10.34	—	—	—	—
RSUs and PSUs granted	(2,517,721)	—	—	—	—	2,517,721	$ 12.04
RSUs released	—	—	—	—	—	(2,040,504)	$ 12.20
RSUs canceled or expired	787,009	—	—	—	—	(787,009)	$ 11.47
RSUs vested and withheld for taxes	290,366	—	—	—	—	—	—
Balance as of December 31, 2017	4,425,155	7,412,228	$ 10.36	6.09	$ 25,415	5,194,292	$ 12.26
Increase in shares authorized	3,727,989	—	—	—	—	—	—
Options granted	(801,000)	801,000	$ 13.10	—	—	—	—
Options exercised	—	(1,329,361)	$ 3.03	—	$ 13,821	—	—
Options canceled or expired	261,861	(261,861)	$ 11.38	—	—	—	—
RSUs granted	(2,838,879)	—	—	—	—	2,838,879	$ 13.12
RSUs released	—	—	—	—	—	(2,287,045)	$ 12.97
RSUs canceled or expired	841,965	—	—	—	—	(841,965)	$ 11.99
RSUs vested and withheld for taxes	880,262	—	—	—	—	—	—
Balance as of December 31, 2018	6,497,353	6,622,006	$ 12.12	5.96	$ 9,987	4,904,161	$ 12.48
Increase in shares authorized	3,799,808	—	—	—	—	—	—
Options granted	(2,799,855)	2,799,855	$ 8.74	—	—	—	—
Options exercised	—	(433,762)	$ 5.39	—	$ 2,406	—	—
Options canceled or expired	387,658	(387,658)	$ 11.37	—	—	—	—
RSUs granted	(4,015,504)	—	—	—	—	4,015,504	$ 9.49
RSUs released	—	—	—	—	—	(2,735,184)	$ 11.79
RSUs canceled or expired	1,161,806	—	—	—	—	(1,161,806)	$ 11.67
RSUs vested and withheld for taxes	1,004,914	—	—	—	—	—	—
Balance as of December 31, 2019	6,036,180	8,600,441	$ 11.40	5.16	$ 8,811	5,022,675	$ 10.66
Vested and exercisable as of December 31, 2019		5,558,366	$ 12.48	3.78	$ 5,488		

The aggregate intrinsic value disclosed in the table above is based on the difference between the exercise price of the options and the fair value of the Company’s common stock.

The aggregate total fair value of shares vested during the years ended December 31, 2019, 2018 and 2017 was $6.3 million, $6.7 million and $6.6 million, respectively.

Additional information for options outstanding and exercisable as of December 31, 2019 is as follows:

	Options Outstanding			Options Exercisable	
Exercise Prices	Number of Shares	Weighted Average Remaining Contractual Term (Years)	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
$3.68 - $8.51	2,740,248	6.19	$ 7.21	1,571,379	$ 7.09
$8.65 - $9.96	2,439,585	5.44	9.27	1,180,339	8.92
$10.53 - $13.10	1,850,817	4.65	12.75	1,236,857	12.66
$13.19 - $16.25	769,791	3.15	15.63	769,791	15.63
$ 25.00	800,000	3.87	$ 25.00	800,000	$ 25.00
	8,600,441			5,558,366	

Employee Stock Purchase Plan

The Company's Board of Directors adopted the 2013 Employee Stock Purchase Plan ("ESPP"), which became effective in March 2014, pursuant to which 1,200,000 shares of common stock were reserved for future issuance. In addition, ESPP provides for annual increases in the number of shares available for issuance on the first day of each year equal to the least of (i) 0.5% of the outstanding shares of common stock on the last day of the immediately preceding year, (ii) 400,000 shares or (iii) such other amount as may be determined by the Board of Directors. Eligible employees can enroll and elect to contribute up to 15% of their base compensation through payroll withholdings in each offering period, subject to certain limitations. Each offering period is six months in duration. The purchase price of the stock is the lower of 85% of the fair market value on (a) the first day of the offering period or (b) the purchase date.

The fair value of the option feature is estimated using the Black-Scholes model for the period presented based on the following assumptions:

	Year Ended December 31,		
	2019	2018	2017
Expected life (in years)	0.50	0.50	0.50
Risk-free interest rate	1.59% - 2.50%	1.42% - 2.50%	0.62% - 1.42%
Volatility	35% - 55%	35 - 40%	40% - 50%
Dividend yield	—	—	—

During the year ended December 31, 2019, a total of 1,450,236 shares of common stock were issued under the 2013 Employee Stock Purchase Plan ("ESPP"), since inception of the plan. As of December 31, 2019, a total of 1,749,764 shares are available for issuance under the ESPP.

Stock-based Compensation Expense

The following table sets forth the total stock-based compensation expense resulting from stock options, RSUs, and ESPP included in the Company's consolidated statements of operations (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Cost of revenues	$ 2,193	$ 2,315	$ 2,000
Sales and marketing	6,812	6,596	6,621
Research and development	4,804	6,137	7,949
General and administrative	18,328	16,338	15,682
Total stock-based compensation expense	$ 32,137	$ 31,386	$ 32,252

During the years ended December 31, 2019, 2018, and 2017 the Company capitalized stock-based compensation cost of $0.5 million, $0.1 million, and $0.3 million, respectively, in projects in process as part of property and equipment, net on the accompanying consolidated balance sheets.

As of December 31, 2019, there was $60.3 million unrecognized stock-based compensation expense of which $13.9 million is related to stock options and ESPP and $46.4 million is related to RSUs. The total unrecognized stock-based compensation expense related to stock options and ESPP as of December 31, 2019 will be amortized over a weighted-average period of 2.87 years. The total unrecognized stock-based compensation expense related to RSUs as of December 31, 2019 will be amortized over a weighted-average period of 2.69 years.

11. Stockholders' Equity

Amended and Restated Certificate of Incorporation

In March 2014, the Company filed an amended and restated certificate of incorporation, which became effective immediately following the completion of the Company's IPO. Under the restated certificate of incorporation, the authorized capital stock consists of 250,000,000 shares of common stock and 10,000,000 shares of preferred stock.

Common Stock. The rights, preferences and privileges of the holders of common stock are subject to the rights of the holders of shares of any series of preferred stock which the Company may issue in the future. Subject to the foregoing, for as long as such stock is outstanding, the holders of common stock are entitled to receive ratably any dividends as may be declared by the Board of Directors out of funds legally available for dividends. Holders of common stock are entitled to one vote per share on any matter to be voted upon by stockholders. The amended and restated certificate of incorporation establishes a classified Board of Directors that is divided into three classes with staggered three year terms. Only the directors in one class will be subject to election at each annual meeting of stockholders, with the directors in other classes continuing for the remainder of their three year terms. Upon liquidation, dissolution or winding-up, the assets legally available for distribution to the Company's stockholders would be distributable ratably among the holders of common stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Preferred Stock. The Board of Directors is authorized to issue undesignated preferred stock in one or more series without stockholder approval and to determine for each such series of preferred stock the voting powers, designations, preferences, and special rights, qualifications, limitations, or restrictions as permitted by law, in each case without further vote of action by the stockholders. The Board of Directors can also increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by the stockholders. The Board of Directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of common stock.

Amendment. The amendment of the provisions in the restated certificate requires approval by holders of at least 66 2/3% of the Company's outstanding capital stock entitled to vote generally in the election of directors.

Common Stock Repurchases

The Board of Directors has approved programs for the Company to repurchase shares of its common stock. During May 2019, the 2018 repurchase program (the "2018 Program") expired. In April 2019, the Company's Board of Directors authorized a one-year share repurchase program (the "May 2019 Program") for the Company to repurchase up to $60.0 million of its common stock from May 2019 through May 2020. In August 2019, the Company's Board of Directors authorized a one-year share repurchase program (the "August 2019 Program") for the Company to repurchase up to $50.0 million of its common stock from August 2019 through August 2020. Stock repurchases may be made from time to time in open market transactions or privately negotiated transactions, and the Company may use a plan that is intended to meet the requirements of SEC Rule 10b5-1 to enable stock repurchases to occur during periods when the trading window would otherwise be closed.

During the year ended December 31, 2019, the Company repurchased and retired 8,088,993 shares of its common stock for an aggregate value of $85.5 million under the 2018 Program and May 2019 Program. As of December 31, 2019, $50.0 million remained available for repurchases under the August 2019 Program. The Company accounted for the retirement of treasury stock by allocating the excess repurchase price over par value of the repurchased shares between additional paid-in capital and accumulated deficit. When the repurchase price of the shares repurchased is greater than the original issue proceeds, the excess is charged to accumulated deficit.

12. Income Taxes

The components of the Company's loss before provision for (benefit from) income taxes were as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Domestic	$ 39,102	$ 26,813	$ 12,770
Foreign	(2,705)	1,023	3,009
Total	$ 36,397	$ 27,836	$ 15,779

The components of the provision for (benefit from) income taxes are as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Current:			
Federal	$ (14)	$ —	$ —
State	219	147	4
Foreign	342	390	173
Total current income tax expense	547	537	177
Deferred:			
Federal	93	120	(673)
State	39	102	84
Foreign	(19)	(277)	(290)
Total deferred income tax expense (benefit)	113	(55)	(879)
Total	$ 660	$ 482	$ (702)

A reconciliation of the federal statutory income tax rate to the Company's effective tax rate is as follows:

	Year Ended December 31,		
	2019	2018	2017
Federal tax	(21.00%)	(21.00%)	(34.00%)
State income tax, net of federal tax benefit	0.70%	0.91%	0.56%
Tax credits	(2.20%)	(4.55%)	(8.29%)
Stock-based compensation	2.42%	0.44%	(0.54%)
Foreign income taxes at other than U.S. rates	(0.92%)	(0.85%)	5.74%
Acquisition related costs	0.43%	1.10%	1.66%
Contingent consideration related to acquisitions	2.35%	10.90%	12.28%
162(m)	3.73%	1.31%	—
GILTI Inclusion	1.05%	—	—
Other	1.26%	1.69%	2.93%
Tax Cuts and Jobs Act	—	—	175.93%
Valuation allowance, net	13.96%	11.82%	(160.72%)
Effective tax rate	1.78%	1.77%	(4.45%)

The Company recorded a provision for income taxes of $0.7 million and $0.5 million for the years ended December 31, 2019 and 2018, respectively, and a benefit from income taxes of $0.7 million for the year ended December 31, 2017. The provision for income taxes for the year ended December 31, 2019 and 2018 was primarily attributable to the impact of the indefinite lived deferred tax liabilities related to tax deductible goodwill, change in the geographical mix of earnings in foreign jurisdictions and state taxes. The benefit from income taxes for the year ended December 31, 2017 was primarily attributable to the impact of the re-measurement of certain indefinite lived deferred tax liabilities related to tax deductible goodwill as a result of the Tax Act.

As a result of meeting certain employment and capital investment actions under Section 10AA of the Indian Income Tax Act, the Company's Indian subsidiary is wholly exempt from income tax for tax years beginning April 1, 2014 through March 31, 2019 and partially exempt from income tax for tax years beginning April 1, 2019 through March 31, 2024.

The components of the Company's deferred tax assets and liabilities are as follows (in thousands):

	Year Ended December 31,	
	2019	2018
Deferred tax assets:		
Credits and net operating loss carryforward	$ 107,163	$ 100,326
Accrued compensation	174	240
Deferred revenues	199	246
Stock-based compensation	6,819	6,811
Property and equipment	79	391
Purchased intangible assets	38	—
Operating lease	1,969	—
Other deferred tax assets	1,056	1,533
Total deferred tax assets	117,497	109,547
Valuation allowance	(107,161)	(95,301)
Deferred tax liabilities:		
Basis difference on purchased intangible assets	3,308	6,211
Operating lease	1,297	—
Other deferred tax liabilities	7,668	9,889
Total deferred tax liabilities	12,273	16,100
Net deferred tax liabilities	$ (1,937)	$ (1,854)

Other deferred tax assets and liabilities are primarily comprised of the tax effects of accounts receivable reserves, sales allowances, deferred rent, and other miscellaneous accruals. As of December 31, 2019 and 2018, the Company had gross deferred tax assets of $117.5 million and $109.6 million, respectively. The Company also had deferred tax liabilities of $12.3 million and $16.1 million as of December 31, 2019 and 2018, respectively. Realization of the deferred tax assets is dependent upon the generation of future taxable income, if any, the amount and timing of which is uncertain. Based on the available objective evidence, and historical operating performance, management believes that it is more likely than not that all U.S. and certain foreign deferred tax assets are not realizable. Accordingly, the net deferred tax assets have been fully offset with a valuation allowance. The net valuation allowance increased by approximately $11.9 million and $10.7 million for the years ended December 31, 2019 and 2018, respectively.

As of December 31, 2019, the Company had federal net operating loss carryforwards of approximately $285.9 million which will begin to expire in the year 2020. The Company had state net and foreign operating loss carryforwards of approximately $268.1 million and $24.8 million, respectively. As of December 31, 2019, the Company has research credit carryforwards for federal income tax purposes of approximately $16.0 million which will begin to expire in the year 2032. The Company also had state net research credit carryforwards for income tax purposes of approximately $18.3 million which can be carried forward indefinitely. The Company also had MAT credit carry forwards for Indian income tax purposes of approximately $0.7 million which will begin to expire in the year 2030.

A reconciliation of the gross unrecognized tax benefit is as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Unrecognized tax benefit - beginning balance	$ 8,217	$ 7,527	$ 6,447
Increases for tax positions taken in prior years	—	—	16
Decreases for tax positions taken in prior years	—	(242)	—
Increases for tax positions taken in current year	623	932	1,064
Unrecognized tax benefit - ending balance	$ 8,840	$ 8,217	$ 7,527

The unrecognized tax benefits, if recognized, would not impact the Company's effective tax rate as the recognition of these tax benefits would be offset by changes in the Company's valuation allowance. The Company does not believe there will be any material changes in its unrecognized tax benefits over the next twelve months.

As of December 31, 2019 and 2018, the Company had no accrued interest or penalties related to uncertain tax positions. Due to the Company's historical loss position, all tax years from inception through December 31, 2019 remain open due to unutilized net operating losses.

The Company files income tax returns in the United States and various states and foreign jurisdictions and is subject to examination by various taxing authorities including major jurisdiction like the United States. As such, all its net operating loss and research credit carryforwards that may be used in future years are subject to adjustment, if and when utilized.

Utilization of the net operating loss carryforwards and credits may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitation may result in the expiration of net operating losses and credits before their utilization.

13. Net Income (Loss) per Share

Net Loss per Share Attributable to Common Stockholders

The computation of the Company's basic and diluted net loss per share is as follows (in thousands, except per share data):

	Year Ended December 31,		
	2019	2018	2017
Net loss	$ (37,057)	$ (28,318)	$ (15,077)
Weighted-average number of shares used to compute net loss per share, basic and diluted	91,163	93,676	89,505
Net loss per share, basic and diluted	$ (0.41)	$ (0.30)	$ (0.17)

Basic and diluted net loss per share is the same for each period presented, as the inclusion of all potential common shares outstanding would have been anti-dilutive.

The outstanding common equivalent shares excluded from the computation of the diluted net loss per share for the periods presented because including them would have been antidilutive are as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Stock options and ESPP	8,642	6,664	7,465
Restricted stock units	5,023	4,904	5,194
Shares held in escrow	—	—	1,000
Shares related to convertible senior notes	11,521	11,521	11,521
	25,186	23,089	25,180

14. Leases

The Company has entered into operating leases primarily for office facilities. These leases have terms which typically range from 1 year to 5 years, and often include options to renew. These renewal terms can extend the lease term up to 6 years, and are included in the lease term when it is reasonably certain that the Company will exercise the option. Effective January 1, 2019, these operating leases are included as right-of-use assets in other assets on the consolidated balance sheets, as a result of the adoption of the new leasing standard as discussed under Note 2 to the consolidated financial statements, and represent the Company's right to use the underlying asset for the lease term. The present value of the Company's obligation to make lease payments are included in other current liabilities and other non-current liabilities on the consolidated balance sheets.

Based on the present value of the lease payments for the remaining lease term of the Company's existing leases, the Company recognized 1) right-of-use assets of $8.5 million, adjusted for deferred rent and lease incentives as of the adoption date, and 2) lease liabilities for operating leases of $11.5 million on January 1, 2019. Operating lease right-of-use assets and liabilities commencing after January 1, 2019 are recognized at commencement date based on the present value of lease payments over the lease term.

The Company has entered into short-term leases primarily for office facilities with an initial term of twelve months or less, and a professional sports team suite with a 20-year term, which it uses for sales and marketing purposes. The effective lease term for the professional sports team suite is based on the cumulative days available for use throughout the 20-year contractual term, which is less than twelve months and therefore is classified as a short-term lease. As of December 31, 2019, the Company’s lease commitment of $5.8 million, relating to the professional sports team suite, expires in 2034, and does not reflect short-term lease costs. These leases are not recorded on the Company's consolidated balance sheet due to the accounting policy election as discussed under Note 2 to the consolidated financial statements.

All operating lease expense is recognized on a straight-line basis over the lease term. During the year ended December 31, 2019, the Company recognized $3.8 million in total lease costs, which is comprised of $3.3 million in operating lease costs for right-of-use assets and $0.5 million in short-term lease costs related to short-term operating leases.

Because the rate implicit in each lease is not readily determinable, the Company uses its incremental borrowing rate to determine the present value of the lease payments. The Company has certain contracts for office facilities which may contain lease and non-lease components which it has elected to be treated as a single lease component due to the accounting policy election as discussed under Note 2 to the consolidated financial statements.

Supplemental cash flow information related to operating leases was as follows (in thousands):

	Year Ended December 31, 2019
Cash paid for operating lease liabilities	$ 5,581
Right-of-use assets obtained in exchange for lease obligations	14,287

Supplemental balance sheet information related to operating leases was as follows (in thousands, except lease term and discount rate):

	December 31, 2019
Operating right-of-use assets reported as:	
Other assets	$ 7,211
Operating lease liabilities reported as:	
Other current liabilities	$ 3,168
Other non-current liabilities	6,692
Total operating lease liabilities	$ 9,860
Weighted average remaining lease term (in years)	3.9
Weighted average discount rate	7.9%

Maturities of operating lease liabilities were as follows (in thousands):

	Operating Leases
2020	$ 3,836
2021	2,216
2022	1,905
2023	1,896
2024	1,228
2025 and thereafter	556
Total lease payments	$ 11,637
Less: Imputed Interest	(1,777)
Total	$ 9,860

As of December 31, 2019, we entered into an additional operating lease that has not yet commenced of $1.1 million, and that is not yet recorded on our consolidated balance sheets. The operating lease will commence in the fiscal year 2020 through 2025.

Supplemental Information for Comparative Periods

As of December 31, 2018, prior to the adoption of Topic 842, the Company's unconditional purchase commitments and minimum payments under its non-cancelable operating and capital leases were as follows (in thousands):

	Operating Leases	Capital Leases
2019	$ 5,850	$ 39
2020	3,561	39
2021	1,501	12
2022	1,542	—
2023	1,563	—
2024 and thereafter	1,018	—
Total minimum payments	$ 15,035	$ 90
Less: Amount representing interest		8
Present value of capital lease obligations		82
Less: Current portion		34
Capital lease obligation, net of current portion		$ 48

15. Commitments and Contingencies

Purchase Obligations

The Company has unconditional purchase commitments, primarily related to distribution fees, software license fees and marketing services, of $37.5 million as of December 31, 2019.

Promissory Note

In January 2017, the Company entered into a promissory note agreement with a lender to finance the purchase of computer equipment for $0.8 million to be paid in quarterly installments over three years. As of December 31, 2019, the Company had a remaining balance of $0.1 million under the agreement, which is included in other current liabilities on the consolidated balance sheets.

Indemnification

In the normal course of business, to facilitate transactions related to the Company's operations, the Company indemnifies certain parties, including CPGs, advertising agencies and other third parties. The Company has agreed to hold certain parties harmless against losses arising from claims of intellectual property infringement or other liabilities relating to or arising from our products, services or other contractual infringement. The term of these indemnity provisions generally survive termination or expiration of the applicable agreement. To date, the Company has not recorded any liabilities related to these agreements.

In accordance with our bylaws and/or pursuant to indemnification agreements entered into with directors, officers and certain employees, we have indemnification obligations to our directors, officers and employees for claims brought against these persons arising out of certain events or occurrences while they are serving at our request in such a capacity. We maintain a director and officer liability insurance coverage to reduce our exposure to such obligations, and payments made under these agreements. To date, there have been no indemnification claims by these directors, officers and employees.

We maintain various insurance coverages, subject to policy limits, that enable us to recover a portion of any amounts paid by us in connection with our obligation to indemnify our customers and vendors. However, because our maximum liability associated with such indemnification obligations generally is not stated explicitly in the related agreements, and further because many states prohibit limitations of liability for such indemnified claims, the maximum potential amount of future payments we could be required to make under these indemnification provisions could significantly exceed insurance policy limits.

Litigation

In the ordinary course of business, the Company may be involved in lawsuits, claims, investigations, and proceedings consisting of intellectual property, commercial, employment, and other matters. The Company records a provision for these claims when it is both probable that a liability has been incurred and the amount of the loss, or a range of the potential loss, can be reasonably estimated. These provisions are reviewed regularly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel, and other information or events pertaining to a particular case. In the event that one or more of these matters were to result in a claim against the Company, an adverse outcome, including a judgment or settlement, may cause a material adverse effect on the Company's future business, operating results, or financial condition.

The Company believes that liabilities associated with any claims are remote, therefore the Company has not recorded any accrual for claims as of December 31, 2019 and 2018. The Company expenses legal fees in the period in which they are incurred.

16. Employee Benefit Plan

The Company maintains a defined-contribution plan in United States that is intended to qualify under Section 401(k) of the Internal Revenue Code. The 401(k) plan provides retirement benefits for eligible employees. Eligible employees may elect to contribute to the 401(k) plan. The Company provides a match of up to the lesser of 3% of each employee's annual salary or $6,000, which vests fully after four years of continuous employment. The Company's matching contribution expense was $1.7 million, $1.9 million and $1.6 million for the years ended December 31, 2019, 2018 and 2017, respectively.

17. Concentrations

As of December 31, 2019, there was no customer with an accounts receivable balance greater than 10% of total accounts receivable. As of December 31, 2018, there was one customer with an accounts receivable balance greater than 10% of total accounts receivable.

For the year ended December 31, 2019, there was one customer that accounted for revenues greater than 10% of total revenues. For the years ended December 31, 2018 and 2017, there was no customer that accounted for revenues greater than 10% of total revenues.

18. Information About Geographic Areas

Revenues generated outside of the United States were insignificant for all periods presented. Additionally, as the Company's assets are primarily located in the United States, information regarding geographical location is not presented, as such amounts are immaterial to these consolidated financial statements taken as a whole.

19. Selected Quarterly Financial Data (Unaudited)

The following tables set forth our quarterly unaudited consolidated statements of operations for each of the eight quarters in the years ended December 31, 2019 and 2018 (in thousands, except per share data):

	Year Ended December 31, 2019				Year Ended December 31, 2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	$ 118,532	$ 114,830	$ 104,691	$ 98,107	$ 107,056	$ 103,591	$ 89,545	$ 86,766
Costs and expenses:								
Cost of revenues	72,219	70,458	64,106	56,823	60,935	57,073	47,769	40,453
Sales and marketing	27,541	24,310	23,870	25,523	22,944	22,782	20,530	23,830
Research and development	10,771	9,236	8,699	10,370	10,151	11,974	12,122	12,626
General and administrative	14,227	17,643	12,835	13,623	14,311	12,574	11,528	11,392
Change in fair value of escrowed shares and contingent consideration, net	519	999	(3,009)	3,062	1,148	4,692	—	7,350
Total cost and expenses	125,277	122,646	106,501	109,401	109,489	109,095	91,949	95,651
Loss from operations	(6,745)	(7,816)	(1,810)	(11,294)	(2,433)	(5,504)	(2,404)	(8,885)
Interest expense	(3,539)	(3,507)	(3,470)	(3,439)	(3,404)	(3,373)	(3,326)	(3,308)
Other income (expense), net	1,009	1,175	1,508	1,531	1,326	1,267	1,270	938
Loss before income taxes	(9,275)	(10,148)	(3,772)	(13,202)	(4,511)	(7,610)	(4,460)	(11,255)
Provision for (benefit from) income taxes	285	215	134	26	(15)	195	200	102
Net loss	$ (9,560)	$ (10,363)	$ (3,906)	$ (13,228)	$ (4,496)	$ (7,805)	$ (4,660)	$ (11,357)
Net loss per share:								
Basic	$ (0.11)	$ (0.12)	$ (0.04)	$ (0.14)	$ (0.05)	$ (0.08)	$ (0.05)	$ (0.12)
Diluted	$ (0.11)	$ (0.12)	$ (0.04)	$ (0.14)	$ (0.05)	$ (0.08)	$ (0.05)	$ (0.12)
Weighted-average number of common shares used in computing net loss per share:								
Basic	89,123	88,789	92,558	94,263	94,262	94,066	93,643	92,711
Diluted	89,123	88,789	92,558	94,263	94,262	94,066	93,643	92,711

20. Subsequent Events

On February 28, 2020, the Company entered into an Office Lease ("Lease") with DW CAL HOWARD, LLC, a Delaware Limited Liability Company, for office facilities located in San Francisco, California. The lease term is approximately ten years for approximately 15,607 rentable square feet. The total minimum future monthly rental payments for the lease is $16.3 million. A complete copy of the Lease is filed herewith as part of this Annual Report on Form 10-K.

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

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The phrase “disclosure controls and procedures” refers to controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act, such as this Annual Report on Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the U.S. Securities and Exchange Commission (SEC). Disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to our management, including our chief executive officer (CEO) and chief financial officer (CFO), as appropriate to allow timely decisions regarding required disclosure.

Our management, under the supervision and with the participation of our CEO and CFO, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a- 15(e) and 15d- 15(e) under the Exchange Act, as of the end of the period covered by this Annual Report on Form 10-K. Based upon such evaluation, our CEO and CFO concluded that as of December 31, 2019, our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the SEC, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Management’s Annual Report on Internal Controls Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on the assessment, management has concluded that its internal control over financial reporting was effective as of December 31, 2019 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

Our independent registered public accounting firm, Ernst & Young LLP, independently assessed the effectiveness of our internal control over financial reporting, as stated in their attestation report, which is included in Part II, Item 8 of this Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in management’s evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the fourth quarter of 2019 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

The information called for by this item will be set forth in our Proxy Statement for the Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2019 and is incorporated herein by reference.

Our Board of Directors has adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including our Chief Executive Officer, Chief Financial Officer and other executive and senior financial officers. The full text of our code of business conduct and ethics is posted on the investor relations page on our website which is located at http://investor.quotient.com. We will post any amendments to our code of business conduct and ethics, or waivers of its requirements, on our website.

Item 11. Executive Compensation

The information called for by this item will be set forth in our Proxy Statement and is incorporated herein by reference.

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

The information required by this item will be set forth in our Proxy Statement and is incorporated herein by reference.

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

The information, if any, required by this item will be set forth in our Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this item will be set forth in our Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

Documents filed as part of this report are as follows:

1. Consolidated Financial Statements

Our consolidated financial statements are listed in the “Index To Consolidated Financial Statements” in Part II, Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules

Financial statement schedules have been omitted because they are not applicable or the required information has been provided in the consolidated financial statements or in the notes thereto of this Annual Report on Form 10-K.

3. Exhibits

The exhibits listed in the accompanying “Index to Exhibits” are filed or incorporated by reference as part of this report.

Exhibit Index

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended effective October 20, 2015.	10-K	001-36331	3.1	3/11/2016	
3.2	Amended and Restated Bylaws of the Registrant.	8-K	001-36331	3.2	10/6/2015	
4.1	Form of Registrant's Common Stock Certificate.	S-1/A	333-193692	4.1	2/25/2014	
4.2	Eighth Amended and Restated Investors' Rights Agreement among the Registrant and certain holders of its capital stock, dated June 1, 2011.	S-1	333-193692	4.2	1/31/2014	
4.3	Indenture, dated November 17, 2017, between Quotient Technology, Inc. and U.S. Bank National Association	8-K	001-36331	4.1	11/17/2017	
4.4	Form of 1.75% Convertible Senior Note due 2022 (included in Exhibit 4.3)	8-K	001-36331	4.1	11/17/2017	
4.5	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934					X
10.1†	Form of Indemnification Agreement for directors and officers.	S-1/A	333-193692	10.1	2/14/2014	
10.2†	2000 Stock Plan, as amended, and forms of agreement thereunder.	S-1	333-193692	10.2	1/31/2014	
10.3†	2006 Stock Plan, as amended, and forms of agreement thereunder.	S-1	333-193692	10.3	1/31/2014	
10.4†	2013 Equity Incentive Plan.	S-1	333-193692	10.4	1/31/2014	
10.5†	Form of Restricted Stock Unit Agreement	10-Q	001-36331	10.6	11/8/2016	
10.6†	Form of Restricted Stock Unit Agreement for Non-Employee Directors	10-Q	001-36331	10.1	11/3/2017	
10.7†	Form of Option Agreement for Employees	10-Q	001-36331	10.7	11/8/2016	
10.8†	Form of Option Agreement for Non-Employee Directors	10-Q	001-36331	10.8	11/8/2016	
10.9†	Notice of Grant of Restricted Stock Units for Employees	10-Q	001-36331	10.1	11/9/2018	
10.10†	Notice of Grant of Restricted Stock Units for Non-Employee Directors – Initial Award	10-Q	001-36331	10.2	11/3/2017	
10.11†	Notice of Grant of Restricted Stock Units for Non-Employee Directors – Annual Grant	10-Q	001-36331	10.3	11/3/2017	
10.12†	Amended and Restated 2013 Employee Stock Purchase Plan, dated April 25, 2017	10-Q	001-36331	10.1	5/5/2017	
10.13†	Executive Bonus Plan	S-1	333-193692	10.9	2/25/2014	
10.14†	Employment Offer Letter between the Registrant and Mir Aamir, dated February 18, 2014.	S-1/A	333-193692	10.6	2/25/2014	
10.15†	Mir Aamir Consulting Agreement, dated August 27, 2019	10-Q	001-36331	10.1	11/8/2019	
10.16†	Offer Letter of Employment with Ronald J. Fior, dated July 25, 2016	10-Q	001-36331	10.2	11/8/2016	
10.17†	Offer Letter of Employment with Scott Raskin, dated August 5, 2019	10-Q	001-36331	10.2	11/8/2019	
10.18†	Offer Letter of Employment with Pam Strayer, dated October 31, 2019					X
10.19†	Transition Agreement, by and between the Registrant and Richard Hornstein, dated January 4, 2016.	10-K	001-36331	10.8	3/11/2016	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.20†	Change of Control Severance Agreement with Steven R. Boal, dated August 2, 2016	10-Q	001-36331	10.3	11/8/2016	
10.21†	Change of Control Severance Agreement with Mir Aamir, dated August 2, 2016	10-Q	001-36331	10.4	11/8/2016	
10.22†	Change of Control Severance Agreement with Ronald J. Fior, dated August 2, 2016	10-Q	001-36331	10.1	8/9/2019	
10.23†	Change of Control Severance Agreement with Jason Young, dated May 2, 2017	10-Q	001-36331	10.2	8/9/2019	
10.24†	Change of Control Severance Agreement with Chad Summe, dated January 1, 2018	10-K	001-36331	10.21	2/27/2019	
10.25†	Change of Control Severance Agreement with Scott Raskin, dated August 5, 2019	10-Q	001-36331	10.3	11/8/2019	
10.26†	Change of Control Severance Agreement with Pam Strayer, dated November 11, 2019					X
10.27†	Form of Amendment to Change of Control	10-Q	001-36331	10.3	8/9/2019	
10.28	Lease Agreement by and between the Registrant and 400 Logue LLC, successor in interest to MSCP Logue, LLC, successor in interest to Divco West Real Estate Services, Inc., dated August 11, 2006.	S-1	333-193692	10.14	1/31/2014	
10.29	Amendment No. 1 to Lease Agreement by and between the Registrant and 400 Logue LLC, successor in interest to MSCP Logue, LLC, dated March 19, 2009.	S-1	333-193692	10.15	1/31/2014	
10.30	Amendment No. 2 to Lease Agreement by and between the Registrant and 400 Logue LLC, dated February 25, 2015.	10-K	001-36331	10.15	3/19/2015	
10.31	Office Lease Mountain View Technology Park by and between Registrant and BP MV Technology Park LLC., dated December 22, 2010.	S-1	333-193692	10.16	1/31/2014	
10.32	Amendment No. 1 to Office Lease Mountain View Technology Park by and between Registrant and BP MV Technology Park LLC., dated May 31, 2012.	S-1	333-193692	10.17	1/31/2014	
10.33	Amendment No. 2 to Office Lease Mountain View Technology Park by and between Registrant and GOOGLE INC. successor in interest to BP MV Technology Park LLC., dated July 1, 2016.	10-Q	333-193692	10.1	8/8/2016	
10.34	Office Lease by and between Registrant and DW CAL 301 Howard LLC, dated February 12, 2020.					X
10.35	Agreement and Plan of Merger by and among Quotient Technology Inc., Carrot Merger Sub, Inc., Crisp Media, Inc., and Shareholder Representative Services LLC, as Securityholder Representative, dated May 2, 2017	10-Q	001-36331	10.1	8/4/2017	
10.36	Purchase Agreement, dated as of November 14, 2017, Between Quotient Technology Inc. and Morgan Stanley & Co. LLC, as representative of the Initial Purchasers listed in Schedule I thereto	8-K	001-36331	10.1	11/17/2017	
21.1	List of Subsidiaries of Registrant.					X
23.1	Consent of Independent Registered Public Accounting Firm.					X
24.1	Power of Attorney (Included on the signature page to this report).					X
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of The Sarbanes-Oxley Act of 2002.					X

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of The Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of Chief Executive Officer pursuant to Rule 13a014(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.					X
32.2*	Certification of Chief Financial Officer pursuant to Rule 13a014(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)					X

† Indicates a management contract or compensatory plan or arrangement.

* The certifications attached as Exhibit 32.1 and 32.2 that accompany this Annual Report on Form 10-K are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Quotient under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-K, irrespective of any general incorporation language contained in such filing.

Item 16. Form 10-K Summary.

None.

SIGNATURES

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

Quotient Technology Inc.

Date: February 28, 2020

By: /s/ Steven Boal
Steven Boal
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Steven Boal, Pamela Strayer and Connie Chen, jointly and severally, his attorney-in-fact, each with the full power of substitution, for such person, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might do or could do in person hereby ratifying and confirming all that each of said attorneys-in-fact and agents, or his substitute, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Name	Title	Date
/s/ Steven Boal **Steven Boal**	Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2020
/s/ Pamela Strayer **Pamela Strayer**	Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)	February 28, 2020
/s/ Andrew J. Gessow **Andrew J. Gessow**	Director	February 28, 2020
/s/ Steve Horowitz **Steve Horowitz**	Director	February 28, 2020
/s/ Robert McDonald **Robert McDonald**	Director	February 28, 2020
/s/ Michelle McKenna **Michelle McKenna**	Director	February 28, 2020
/s/ David Oppenheimer **David Oppenheimer**	Director	February 28, 2020
/s/ Christy Wyatt **Christy Wyatt**	Director	February 28, 2020

Exhibit 4.5

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

Quotient Technology, Inc. ("we," "our," "us," or the "Company") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): our common stock, $0.00001 par value ("Common Stock"). The following summary of the terms of our Common Stock is based upon our Amended and Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation"), and our Amended and Restated Bylaws (the "Bylaws"). This summary does not purport to be complete and is subject to, and is qualified in its entirety by express reference to, the applicable provisions of our Certificate of Incorporation and our Bylaws, each of which are incorporated by reference herein and filed as exhibits to our Annual Report on Form 10-K, of which this Exhibit 4.5 is a part. We encourage you to read our Certificate of Incorporation, our Bylaws, and the applicable provisions of the Delaware General Corporation Law (the "DGCL") for more information.

Authorized Capital Stock

Our authorized capital stock consists of 260,000,000 shares, of which:

- 250,000,000 shares are designated as Common Stock, $0.00001 par value per share; and
- 10,000,000 shares are designated as Preferred Stock, $0.00001 par value per share.

Common Stock

Voting Rights

Holders of our Common Stock are entitled to one vote per share of Common Stock on all matters on which the holders of Common Stock are entitled to vote. In addition, the affirmative vote of the holders of 66-2/3% of the voting power of all of the then outstanding shares of our capital stock is required to take certain actions, including amending certain provisions of our Certificate of Incorporation and Bylaws.

We have not provided for cumulative voting for the election of directors in our Certificate of Incorporation.

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of Common Stock will be entitled to share equally, identically, and ratably, on a per share basis, with respect to any dividend or distribution of cash or property out of assets or funds legally available therefor, as our board of directors may from time to time determine.

Liquidation Rights*.*

In the event of our liquidation, dissolution or winding-up, upon the completion of any distributions required with respect to any shares of preferred stock that may then be outstanding, our remaining assets legally available for distribution to common stockholders shall be distributed on an equal priority, pro rata basis to the holders of Common Stock.

Rights and Preferences

Holders of our Common Stock have no preemptive, conversion, subscription, or other rights, and there are no redemption or sinking fund provisions applicable to our Common Stock. The rights, preferences, and privileges of the holders of our Common Stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our Preferred Stock that we may designate in the future.

Preferred Stock

Our board of directors may, without further action by our stockholders, fix the rights, preferences, privileges, and restrictions of up to an aggregate of 10,000,000 shares of Preferred Stock in one or more series and authorize their issuance. These rights, preferences, and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of our Common Stock. Any issuance of our Preferred Stock could adversely affect the voting power of holders of our Common Stock, and the likelihood that such holders would receive dividend payments and payments upon liquidation. In addition, the issuance of Preferred Stock could have the effect of delaying, deferring, or preventing a change of control or other corporate action. As of December 31, 2019, no shares of Preferred Stock were outstanding.

Anti-Takeover Provisions

Some provisions of Delaware law and our Certificate of Incorporation and Bylaws contain provisions that could make the following transactions more difficult: (i) acquisition of us by means of a tender offer; (ii) acquisition of us by means of a proxy contest or otherwise; or (iii) removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for our shares.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe the benefits of these provisions, including increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure our company, outweigh the disadvantages of discouraging takeover proposals, because negotiation of takeover proposals could result in an improvement of their terms.

Anti-Takeover Statute

We are subject to Section 203 of the DGCL, or Section 203, which generally prohibits a publicly held Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, those shares owned (1) by persons who are directors and also officers and (2) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or after such date, the business combination is approved by the board of directors and authorized by the stockholders, by the affirmative vote of at least 66$^{2}/_{3}$% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines a “business combination” to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits by or through the corporation.

In general, Section 203 defines an “interested stockholder” as an entity or person who, together with the person’s affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

Undesignated Preferred Stock

The ability to authorize undesignated Preferred Stock makes it possible for our board of directors to issue Preferred Stock with voting or other rights or preferences that could impede the success of any attempt to change control of the Company. These and other provisions may have the effect of deterring hostile takeovers or delaying changes in control or management of the Company.

Special Stockholder Meetings

Our Certificate of Incorporation provides that a special meeting of the stockholders may be called only by our board of directors, our Executive Chairman, or our Chief Executive Officer.

Requirements for Advance Notice of Stockholder Nominations and Proposals

Our Bylaws establish advance notice procedures for stockholders when nominating candidates for election as directors and proposing business matters. These procedures provide that notice of stockholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive office not less than 90 days nor more than 120 days prior to the first anniversary date of the preceding year’s annual meeting. As a result, our Bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer’s own slate of directors or otherwise attempting to obtain control of the Company.

No Cumulative Voting

The Delaware General Corporation Law provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless our Certificate of Incorporation provides otherwise. Our Certificate of Incorporation and Bylaws do not expressly provide for cumulative voting.

No Stockholder Action by Written Consent

Our Certificate of Incorporation provides that all stockholder actions are required to be taken by a vote of the stockholders at an annual or special meeting and that stockholders may not take any action by written consent in lieu of a meeting. This limit may lengthen the amount of time required to take stockholder actions and would prevent the amendment of our Bylaws or removal of directors by our stockholders without holding a meeting of stockholders.

Board Composition

Our Certificate of Incorporation provides for a board of directors comprising three classes of directors, with each class serving a three-year term beginning and ending in different years than those of the other two classes. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms.

This tri-class structure, combined with the other provisions in our Certificate of Incorporation and our Bylaws, make it more difficult for another party to obtain control of us by replacing our board of directors. Since our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for another party to effect a change in management.

Choice of Forum

Our Certificate of Incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for: (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a breach of fiduciary duty; (iii) any action asserting a claim against us arising under the DGCL; (iv) any action regarding our Certificate of Incorporation or our Bylaws; or (v) any action asserting a claim against us that is governed by the internal affairs doctrine. This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction.

Transfer Agent and Registrar

The transfer agent and registrar for our Common Stock is American Stock Transfer & Trust Company, LLC.

Listing

Our Common Stock is currently listed on the NYSE under the symbol “QUOT.”

Quotient

Exhibit 10.18

October 31, 2019

Pam Strayer

Dear Pam,

Quotient Technology Inc. ("Quotient" or the "Company") is pleased and proud to extend to you an offer of employment with Quotient as our Chief Financial Advisor, starting no later than November 1, 2019. No later than November 11, 2019 your role will change to Chief Financial Officer, Principal Accounting Officer and Treasurer. This position will report to the Chief Executive Officer, in the San Francisco Bay Area office.

At Quotient, we know that people are our most important asset, and we are happy to offer you a comprehensive compensation package which includes the following:

- An annual base salary of $450,000, paid on a semi-monthly basis, less all applicable withholding and deductions. Currently, the Company's salary payroll dates are the 15th and the last working day of each month.

- The opportunity to earn an annual, discretionary bonus of up to 75% of your base salary (less all applicable withholding and deductions). This bonus is based on the Company's overall performance to be determined by the Company in its sole discretion and upon your successful completion of full year objectives and individual performance. The Company may determine in its sole discretion to pay the bonus in cash, stock, restricted stock units or other equity awards. The bonus will be prorated to your start date in your first year of employment and you must be an employee of the Company by October 1st to be eligible for the bonus payment. You must remain an employee of the Company and be in good performance standing through each bonus payment date in order to receive your bonus.

- A signing bonus of $50,000, less all applicable withholding and deductions, to be paid on the last working day of the third month anniversary of your start date.

- A benefits package (subject to eligibility) which includes medical, dental, and vision coverage. You may also be eligible to participate in Quotient's 401(k) plan, which currently includes a company match of up to $6,000 annually. The complete benefits package is outlined in the attached benefits summary.

- Subject to the approval of Quotient's Board of Directors (the "Board") or its Compensation Committee (the "Comp Committee"), you will be granted a number of restricted stock units (the "RSUs") to acquire a number of shares of Quotient's Common Stock equal to $1,500,000 divided by the stock's closing price on the first calendar day of the month following the month in which the Comp Committee approved the grant. The RSUs will be subject to the terms and conditions applicable to awards granted under Quotient's equity incentive plan ("Plan"), as described in the Plan and the applicable award agreement. The RSUs will vest twenty-five percent (25%) of the shares on the one (1) year anniversary of grant date or on the date as determined by the Comp Committee (the "Vesting Commencement Date"), and six and ¼ percent (6.25%) of the shares every three (3) months thereafter on the three-month anniversary date of the Vesting Commencement Date, as further described in the Plan and the applicable award agreement. No right to any stock is earned or accrued until such time that vesting occurs, nor does the grant confer any right to continue vesting or employment.

- Subject to the approval of the Board or the Comp Committee, you will be granted an option to purchase a number of shares of Quotient's Common Stock having a Black-Scholes value of $1,500,000 based on the the stock's closing price on the first calendar day of the month following the month in which the Comp Committee approved the grant ("Option"). The exercise price per share will be equal to the fair market value per share on the date the Option is granted, which will be the first calendar day of the month following the month in which the Comp Committee approved the grant. The Option will be subject to the terms and conditions applicable to options granted under the Plan and the applicable stock option agreement. Twenty-five percent (25%) of the shares subject to the Option vest on the one (1) year anniversary of the Vesting Commencement Date, and one forty-eighth (1/48) of the shares subject to the Option will vest each month thereafter on the same day of the month as the Vesting Commencement Date, as further described in the Plan and the applicable stock option agreement.

- Subject to the approval of the Board or the Comp Committee, and subject to the execution of the enclosed Change of Control Severance Agreement ("CoC Agreement"), you will be eligible to receive additional benefits in case of termination of employment without cause or resignation for good reason, both within and outside of a change of control period, pursuant to the terms of the CoC Agreement.

We also have a number of conditions of employment (many legally mandated), a few of which we need to highlight for you in this letter. In order to become an employee of Quotient, you will need to understand and agree to the following:

- We require a fully signed and executed At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement (the "Confidentiality Agreement"). This is being provided to you with this offer, and, your signed copy will be provided to you on or after your last day of employment. In the event of any dispute or claim relating to or arising out of our employment relationship, you and the Company agree that (i) any and all disputes between you and the Company shall be fully and finally resolved by binding arbitration, (ii) you are waiving any and all rights to a jury trial but all court remedies will be available in arbitration, (iii) all disputes shall be resolved by a neutral arbitrator who shall issue a written opinion, (iv) the arbitration shall provide for adequate discovery, and (v) the Company shall pay all the arbitration fees, except an amount equal to the filing fees you would have paid had you filed a complaint in a court of law. Please note that we must receive your signed Confidentiality Agreement before your first day of employment.

- In addition, by signing this letter, you confirm that you are under no contractual or other obligations that would prohibit you from, or that would conflict or that are inconsistent with your performing your duties with Quotient. Lastly, we fully expect that you will comply with any prior employers' agreements of this nature or any other obligations you may have to a former employer or otherwise.

- All employment with Quotient is "at-will," meaning that either you or Quotient may terminate your employment at any time and for any reason or for no reason, with or without cause. Any contrary representations that may have been made to you are superseded by this offer. This is the full and complete agreement between you and Quotient regarding this term. Although your job duties, title, compensation and benefits, as well as Quotient's policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and Quotient's Chief Executive Officer. We request that, in the event of resignation, you give the Company at least two weeks' notice.

- During the period that you are employed by Quotient, you agree to not engage in any employment, business or activity that is in any way competitive with the business or proposed business of Quotient. Please disclose to Quotient in writing any other employment, business or activity that you are currently associated with or participate in that competes with Quotient. You may not assist any other person or organization in competing with Quotient or in preparing to engage in competition with the business or proposed business of Quotient.

- On your first day of work, please bring documentation demonstrating that you have authorization to work in the United States. A list of required documents will be provided to you prior to your start date. If you have questions about this requirement, which applies to U.S. citizens and non- U.S. citizens alike, you may contact our Human Resources office at (650) 605-4600.

- The Company reserves the right to conduct background investigations and/or reference checks on all of its potential employees. Your job offer is contingent upon a clearance of such a background investigation and/or reference check, if any.

This letter, along with the enclosed agreements, set forth the terms of your employment with the Company and supersede and replace any prior understanding or agreements, whether oral, written or implied, between you and Quotient regarding the matters described in this letter.

We would be delighted if you would accept this offer, with all the terms and conditions listed above, by signing and dating both the original of this letter as well as the Confidentiality Agreement and return them to me. This offer, if not accepted, will expire at the close of business on October 31, 2019.

We are pleased that you are making the decision to join Quotient! If you have any questions concerning this offer, please contact me.

Very truly yours,

Quotient Technology Inc.

By: Steven Boal
Title: CEO

Quotient

Agreed to and accepted:

You acknowledge that you have carefully read and considered all provisions of this letter and the attachments and agree that all the restrictions set forth herein are fair and reasonably required to protect the interests of Quotient. You acknowledge that you have received a copy of this letter and the attachments as signed by you. You acknowledge that, prior to signing this, you have had an opportunity to seek the advice of independent counsel of your choice relating to the terms of this letter and the attachments.

/s/ Pam Strayer
Signed

Start Date: November 1, 2019

Enclosures:

- Duplicate Original Letter
- At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement
- Change of Control Severance Agreement

Exhibit 10.26

QUOTIENT TECHNOLOGY INC.

CHANGE OF CONTROL SEVERANCE AGREEMENT

This Change of Control Severance Agreement (the "***Agreement***") is made and entered into by and between Pamela Strayer ("***Executive***") and Quotient Technology Inc. (the "***Company***"), effective as of November 11, 2019 (the "***Effective Date***").

RECITALS

1. The Compensation Committee (the "***Committee***") of the Board of Directors of the Company (the "***Board***") believes that it is in the best interests of the Company and its stockholders (i)to assure that the Company will have the continued dedication and objectivity of Executive, and (ii)to provide Executive with an incentive to continue Executive's employment prior to a Change of Control and to motivate Executive to maximize the value of the Company upon a Change of Control for the benefit of its stockholders.

2. The Committee believes that it is imperative to provide Executive with certain severance benefits upon Executive's termination of employment under certain circumstances. These benefits will provide Executive with enhanced financial security and incentive and encouragement to remain with the Company.

3. Certain capitalized terms used in the Agreement are defined in Section 6 below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. The initial term of the Agreement (the "***Initial Term***") shall commence on the Effective Date and terminate on May 1, 2022 and shall automatically renew for successive terms of three (3) years thereafter (the Initial Term and each successive term a, "***Term***") and any obligations of the Company hereunder will lapse upon the completion of the Term. Notwithstanding the foregoing provisions of this paragraph, (a) if a Change of Control occurs when there are fewer than twelve (12) months remaining during the Term, the term of this Agreement will extend automatically through the date that is twelve (12) months following the effective date of the Change of Control, or (b) outside of a Change of Control Period, either party may terminate the Agreement, for any reason, by giving written notice to the other party at least thirty (30) days prior to May 1, 2022 or any subsequent termination date, or (c) if an initial occurrence of an act or omission by the Company constituting the grounds for "Good Reason" in accordance with Section 6(h) hereof has occurred (the "***Initial Grounds***"), and the expiration date of the Cure Period (as such term is used in Section 6(h)) with respect to such Initial Grounds could occur following the expiration of the Term, the term of this Agreement will extend automatically through the date that is thirty (30) days following the expiration of the Cure Period, but such extension of the term will only apply with respect to the Initial Grounds. If Executive becomes entitled to benefits under Section 3 during the term of this Agreement, the Agreement will not terminate until all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. The Company and Executive acknowledge that Executive's employment is and will continue to be at-will, as defined under applicable law. As an at-will employee, either the Company or Executive may terminate the employment relationship at any time, with or without Cause.

3. Severance Benefits.

(a) Termination without Cause or Resignation for Good Reason Outside of the Change of Control Period. If the Company terminates Executive's employment with the Company without Cause (and not by reason of Executive's death or Disability) or if Executive resigns from such employment for Good Reason, and, in each case, such termination occurs outside of the Change of Control Period, then subject to Section 4, Executive will receive the following:

(i) Accrued Compensation. The Company will pay Executive all accrued but unpaid vacation (if any), expense reimbursements, wages, and other benefits due to Executive under any Company-provided plans, policies, and arrangements when legally required.

(ii) Severance Payment. Executive will receive a lump-sum payment (less applicable withholding taxes) equal to one hundred percent (100%) of Executive's annual base salary as in effect immediately prior to Executive's termination date (or if the termination is due to a resignation for Good Reason based on a material reduction in base salary, then Executive's annual base salary in effect immediately prior to such reduction).

(iii) COBRA Payment. The Company will provide to Executive a taxable lump-sum payment in an amount equal to the monthly COBRA premium that Executive would be required to pay to continue Executive's group health coverage in effect on the date of Executive's termination of employment (which amount will be based on the premium for the first month of COBRA coverage), multiplied by twelve (12), which payment will be made regardless of whether Executive elects COBRA continuation coverage (the "***COBRA Payment***"). For the avoidance of doubt, the COBRA Payment may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to all applicable tax withholdings.

(b) Termination without Cause or Resignation for Good Reason During the Change of Control Period. If the Company terminates Executive's employment with the Company without Cause (and not by reason of Executive's death or Disability) or if Executive resigns from such employment for Good Reason, and, in each case, such termination occurs during the Change of Control Period, then subject to Section 4, Executive will receive the following:

(i) Accrued Compensation. The Company will pay Executive all accrued but unpaid vacation (if any), expense reimbursements, wages, and other benefits due to Executive under any Company-provided plans, policies, and arrangements when legally required.

(ii) Severance Payment. Executive will receive a lump-sum payment (less applicable withholding taxes) equal to one hundred fifty percent (150%) of Executive's annual base salary as in effect immediately prior to Executive's termination date (or if the termination is due to a resignation for Good Reason based on a material reduction in base salary, then Executive's annual base salary in effect immediately prior to such reduction) or, if greater, at the level in effect immediately prior to the Change of Control.

(iii) Bonus Payment. Executive will receive a lump-sum payment (less applicable withholding taxes) equal to one hundred fifty percent (150%) of Executive's annual bonus for the year of termination at target level as in effect immediately prior to Executive's termination date (and for purposes of clarification, if Executive's annual bonus target is expressed as a percentage of Executive's annual base salary and Executive's termination is due to a resignation for Good Reason based on a material reduction in base salary, then the payment to be made pursuant to this section will be calculated based on Executive's annual base salary in effect immediately prior to such reduction), or, if greater, at the level in effect immediately prior to the Change of Control.

(iv) COBRA Payment. The Company will provide to Executive a taxable lump-sum payment in an amount equal to the monthly COBRA premium that Executive would be required to pay to continue Executive's group health coverage in effect on the date of Executive's termination of employment (which amount will be based on the premium for the first month of COBRA coverage), multiplied by eighteen (18), which payment will be made regardless of whether Executive elects COBRA continuation coverage (the "***Change of Control COBRA Payment***"). For the avoidance of doubt, the Change of Control COBRA Payment may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to all applicable tax withholdings.

(v) Accelerated Vesting of Equity Awards. One hundred percent (100%) of Executive's then-outstanding and unvested Equity Awards will become vested in full and in the case of stock options and stock appreciation rights, will become exercisable (for avoidance of doubt, no more than one hundred percent (100%) of the shares subject to the outstanding portion of the Equity Awards may vest and become exercisable under this provision). In the case of Equity Awards with performance-based vesting, all performance goals and other vesting criteria will be treated as set forth in Executive's Equity Award agreement governing such Equity Award. For the avoidance of doubt, if the Company terminates Executive's employment with the Company without Cause (and not by reason of Executive's death or Disability) or if Executive resigns from such employment for Good Reason prior to a Change of Control, then any unvested portion of Executive's outstanding Equity Awards will remain outstanding for three (3) months or the occurrence of a Change of Control (whichever is earlier) so that any acceleration benefits can be provided if a Change of Control occurs within three (3) months following such termination (provided that in no event will the Equity Awards remain outstanding beyond the Equity Award's maximum term or expiration date). In such case, if no Change of Control occurs within three (3) months following Executive's termination, any unvested portion of Executive's Equity Awards automatically will be forfeited without having vested.

(c) Voluntary Resignation; Termination for Cause. If Executive's employment with the Company terminates (i) voluntarily by Executive (other than for Good Reason) or (ii) for Cause by the Company, then Executive will not be entitled to receive severance or other benefits except for those (if any) as may then be established under the Company's then existing severance and benefits plans and practices or pursuant to other written agreements with the Company (if any).

(d) Disability; Death. If the Company terminates Executive's employment as a result of Executive's Disability, or Executive's employment terminates due to Executive's death, then Executive will not be entitled to receive severance or other benefits except for those (if any) as may then be established under the Company's then existing written severance and benefits plans and practices or pursuant to other written agreements with the Company (if any).

(e) Exclusive Remedy. In the event of a termination of Executive employment as set forth in Section 3(a) or Section 3(b) of this Agreement, the provisions of Section 3 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company otherwise may be entitled, whether at law, tort or contract, in equity, or under this Agreement (other than the payment of accrued but unpaid wages, as required by law, and any unreimbursed reimbursable expenses). Executive will be entitled to no benefits, compensation or other payments or rights upon a termination of employment other than those benefits expressly set forth in Section 3 of this Agreement. For the avoidance of doubt, the payments and benefits under Section 3(b) of this Agreement are in place of and not in addition to, any payments to which Executive may have become entitled under Section 3(a) of this Agreement. To the extent Executive received or began receiving payment under Section 3(a) of this Agreement, and, due to a Change of Control, becomes eligible for payments under Section 3(b) of this Agreement, the payments previously made under Section 3(a) of this Agreement will be deemed to have been made under Section 3(b) of this Agreement.

4. Conditions to Receipt of Severance; No Duty to Mitigate

(a) Release of Claims Agreement. The receipt of any severance payments or benefits (other than the accrued benefits set forth in Section 3(a)(i) or Section 3(b)(i)) pursuant to this Agreement is subject to Executive signing and not revoking the Company's then-standard separation agreement and release of claims (which may include an agreement not to disparage the Company, restrictive covenants (which may include non-solicit or non-competition provisions as permitted by law), and other standard terms and conditions) (the "***Release***" and such requirement, the "***Release Requirement***"), which must become effective and irrevocable no later than the sixtieth (60th) day following Executive's termination of employment (the "***Release Deadline***"). Any severance payments or benefits under this Agreement will be paid on the first regular payroll pay day following the Release Deadline, or, if later, (A) with respect to the benefits provided in Section 3(b)(ii), 3(b)(iii), 3(b)(iv) or 3(b)(v) and in each case, to the extent not already provided under Section 3(a), if the Executive's termination date occurs within the Change of Control Period but prior to the closing of the Change of Control, on the date of the closing of the Change of Control or (B) such time as required by Section 4(c)(iii), except that the acceleration of vesting of Equity Awards not subject to Section 409A will become effective on the tenth (10th) day following the date the Release becomes effective and irrevocable (the "***Release Effective Date***") and the acceleration of vesting of Equity Awards subject to Section 409A will become effective on the Release Deadline, or, in either event, if later, with respect to the benefits provided in Section 3(b)(v), if Executive's termination date occurs within the Change of Control Period but prior to the closing of the Change of Control, on the date of the closing of the Change of Control. If the Release does not become effective and irrevocable by the Release Deadline, Executive will forfeit any right to severance payments or benefits under this Agreement. In no event will severance payments or benefits be paid or provided until the Release actually becomes effective and irrevocable.

(b) Confidential Information and Invention Assignment Agreements. Executive's receipt of any payments or benefits under Section 3 (other than the accrued benefits set forth in Section 3(a)(i) or Section 3(b)(i)) will be subject to Executive continuing to comply with the terms of the At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement between the Company and Executive, as such agreement may be amended from time to time.

(c) Section 409A.

(i) Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to Executive, if any, pursuant to this Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Section 409A of the Code, and the final regulations and any guidance promulgated thereunder ("***Section 409A***") (together, the "***Deferred Payments***") will be paid or otherwise provided until Executive has a "separation from service" within the meaning of Section 409A. Similarly, no severance payable to Executive, if any, pursuant to this Agreement that otherwise would be exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(9) will be payable until Executive has a "separation from service" within the meaning of Section 409A. In no event will Executive have discretion to determine the taxable year of payment of any Deferred Payments.

(ii) It is intended that none of the severance payments under this Agreement will constitute Deferred Payments but rather will be exempt from Section 409A as a payment that would fall within the "short-term deferral period" as described in Section 4(c)(iv) below or resulting from an involuntary separation from service as described in Section 4(c)(v) below.

(iii) Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's separation from service (other than due to death), then the Deferred Payments, if any, that are payable within the first six (6) months following Executive's separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive's separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive's separation from service, but before the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute a separate payment under Section 1.409A-2(b)(2) of the Treasury Regulations.

(iv) Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations will not constitute Deferred Payments for purposes of clause (i) above.

(v) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of clause (i) above.

(vi) The foregoing provisions are intended to comply with or be exempt from the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to be exempt or so comply. The Company and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition before actual payment to Executive under Section 409A. In no event will the Company reimburse Executive for any taxes that may be imposed on Executive as a result of Section 409A.

5. Limitation on Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code, and (ii) but for this Section 5, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's benefits under Section 3 will be either:

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. If a reduction in severance and other benefits constituting "parachute payments" is necessary so that benefits are delivered to a lesser extent, reduction will occur in the following order: (i) reduction of cash payments in reverse chronological order (that is, the cash payment owed on the latest date following the occurrence of the event triggering the excise tax will be the first cash payment to be reduced); (ii) cancellation of Equity Awards that were granted "contingent on a change in ownership or control" within the meaning of Code Section 280G (if two or more Equity Awards are granted on the same date, each award will be reduced on a pro-rata basis); (iii) reduction of the accelerated vesting of Equity Awards in the reverse order of date of grant of the awards (i.e., the vesting of the most recently granted Equity Awards will be cancelled first and if more than one Equity Award was made to Executive on the same date of grant, all such awards will have their acceleration of vesting reduced pro rata) unless Executive elects in writing a different order for cancellation; and (iv) reduction of employee benefits in reverse chronological order (i.e., the benefit owed on the latest date following the occurrence of the event triggering the excise tax will be the first benefit to be reduced). In no event will the Executive have any discretion with respect to the ordering of payment reductions.

Unless the Company and Executive otherwise agree in writing, any determination required under this Section 5 will be made in writing by the Company's independent public accountants immediately prior to a Change of Control or such other person or entity to which the parties mutually agree (the "***Firm***"), whose determination will be conclusive and binding upon Executive and the Company. For purposes of making the calculations required by this Section 5, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section. The Company will bear all costs the Firm may incur in connection with any calculations contemplated by this Section 5.

6. Definition of Terms. The following terms referred to in this Agreement will have the following meanings:

(a) Cause. "***Cause***" means the occurrence of any of the following: (i) Executive's conviction of, or plea of "no contest" to, a felony or any crime involving fraud or embezzlement; (ii) Executive's intentional misconduct; (iii) Executive's material failure to perform his or her employment duties; (iv) Executive's unauthorized use or disclosure of any proprietary information or trade secrets of the Company, or any of its subsidiaries, or any other party to whom Executive owes an obligation of nondisclosure as a result of his or her relationship with the Company or any of its subsidiaries; (v) an act of material fraud or dishonesty against the Company or any of its subsidiaries; (vi) Executive's material violation of any policy of the Company or any of its subsidiaries or material breach of any written agreement with the Company or any of its subsidiaries; or (vii) Executive's failure to cooperate with the Company in any investigation or formal proceeding.

The foregoing definition does not in any way limit the Company's ability to terminate Executive's employment relationship at any time as provided in Section 2 above, and the term "Company" will be interpreted to include any subsidiary, parent, affiliate or successor thereto, if applicable.

(b) Change of Control. "***Change of Control***" means the occurrence of any of the following events:

(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding voting securities; or

(ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; or

(iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation; or

(iv) a change in the composition of the Board, as a result of which less than a majority of the directors are Incumbent Directors. "***Incumbent Directors***" means directors who either (A) are directors of the Company as of the effective date of this Policy, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the directors of the Company at the time of such election or nomination (but will not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company).

Notwithstanding the foregoing, a transaction will not be a Change of Control unless the transaction qualifies as a change in control event within the meaning of Section 409A. Further and for purposes of clarity, a transaction will not constitute a Change of Control if its primary purposes is to: (x) change the state of the Company's incorporation, or (y) create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(c) Change of Control Period. "***Change of Control Period***" means the period beginning three (3) months prior to, and ending twelve (12) months following, the first Change of Control to occur after the Effective Date.

(d) COBRA. "***COBRA***" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

(e) Code. "***Code***" means the Internal Revenue Code of 1986, as amended.

(f) Disability. "***Disability***" means the total and permanent disability as defined in Section 22(e)(3) of the Code unless the Company maintains a long-term disability plan at the time Executive's termination, in which case, the determination of disability under such plan also will be considered "Disability" for purposes of this Agreement.

(g) Equity Awards. "***Equity Awards***" means Executive's outstanding stock options, stock appreciation rights, restricted stock units, performance shares, performance stock units and any other Company equity compensation awards.

(h) Good Reason. "***Good Reason***" means Executive's termination of his or her employment in accordance with the next sentence after the occurrence of one or more of the following events without Executive's express written consent: (i) a material reduction of Executive's duties, authorities, or responsibilities relative to Executive's duties, authorities, or responsibilities in effect immediately prior to such reduction including where such material reduction results solely by virtue of the Company being acquired and made part of a larger entity (as, for example, when the Chief Financial Officer of the Company remains as such following a Change of Control but is not made the Chief Financial Officer of the acquiring corporation); (ii) a material reduction by the Company in Executive's rate of annual base salary; provided, however, that, a reduction of annual base salary that also applies to substantially all other similarly situated employees of the Company will not constitute "Good Reason"; (iii) a material change in the geographic location of Executive's primary work facility or location; provided, that a relocation of less than thirty-five (35) miles from Executive's then present location will not be considered a material change in geographic location; or (iv) the failure of the Company to obtain from any successor or transferee of the Company an express written and unconditional assumption of the Company's obligations to Executive under this Agreement. In order for Executive's termination of his or her employment to be for Good Reason, Executive must not terminate employment with the Company without first providing the Company with written notice of the acts or omissions constituting the grounds for "Good Reason" within ninety (90) days of the initial existence of the grounds for "Good Reason" and a cure period of thirty (30) days following the date of written notice (the "***Cure Period***"), such grounds must not have been cured during such time, and Executive must terminate his or her employment within thirty (30) days following the Cure Period.

(i) Section 409A Limit. "***Section 409A Limit***" will mean two (2) times the lesser of: (i) Executive's annualized compensation based upon the annual rate of pay paid to Executive during Executive's taxable year preceding the Executive's taxable year of Executive's termination of employment as determined under, and with such adjustments as are set forth in, Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii)the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive's employment is terminated.

7. Successors.

(a) The Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets will assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" will include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this Section 7(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder will inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

8. Notice.

(a) General. Notices and all other communications contemplated by this Agreement will be in writing and will be deemed to have been duly given when sent electronically or personally delivered when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid or when delivered by a private courier service such as UPS, DHL or Federal Express that has tracking capability. In the case of Executive, notices will be sent to the e-mail address or addressed to Executive at the home address, in either case which Executive most recently communicated to the Company in writing. In the case of the Company, electronic notices will be sent to the e-mail address of the General Counsel and mailed notices will be addressed to its corporate headquarters, and all notices will be directed to the attention of its General Counsel.

(b) Notice of Termination. Any termination by the Company for Cause or by Executive for Good Reason will be communicated by a notice of termination to the other party hereto given in accordance with Section 8(a) of this Agreement. Such notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than ninety (90) days after the giving of such notice).

9. Resignation. Upon the termination of Executive's employment for any reason, Executive will be deemed to have resigned from all officer and/or director positions held at the Company and its affiliates voluntarily, without any further required action by Executive, as of the end of Executive's employment and Executive, at the Board's request, will execute any documents reasonably necessary to reflect Executive's resignation.

10. Arbitration.

(a) Arbitration. In consideration of Executive's employment with the Company, its promise to arbitrate all employment-related disputes, and Executive's receipt of the compensation, pay raises and other benefits paid to Executive by the Company, at present and in the future, Executive agrees that any and all controversies, claims, or disputes with anyone (including the Company and any employee, officer, director, stockholder or benefit plan of the Company in their capacity as such or otherwise) arising out of, relating to, or resulting from Executive's employment with the Company or termination thereof, including any breach of this Agreement, will be subject to binding arbitration under the Arbitration Rules set forth in California Code of Civil Procedure Section 1280 through 1294.2, including Section 1281.8 (the "***Act***"), and pursuant to California law. The Federal Arbitration Act will also apply with full force and effect, notwithstanding the application of procedural rules set forth under the Act.

(b) Dispute Resolution. **Disputes that Executive agrees to arbitrate, and thereby agrees to waive any right to a trial by jury, include any statutory claims under local, state, or federal law**, including, but not limited to, claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, the Sarbanes Oxley Act, the Worker Adjustment and Retraining Notification Act, the California Fair Employment and Housing Act, the Family and Medical Leave Act, the California Family Rights Act, the California Labor Code, claims of harassment, discrimination, and wrongful termination, and any statutory or common law claims. Executive further understands that this Agreement to arbitrate also applies to any disputes that the Company may have with Executive.

(c) Procedure. Executive agrees that any arbitration will be administered by the Judicial Arbitration & Mediation Services, Inc. ("***JAMS***"), pursuant to its Employment Arbitration Rules & Procedures (the "***JAMS Rules***"). The arbitrator will have the power to decide any motions brought by any party to the arbitration, including motions for summary judgment and/or adjudication, motions to dismiss and demurrers, and motions for class certification, prior to any arbitration hearing. The arbitrator will have the power to award any remedies available under applicable law, and the arbitrator will award attorneys' fees and costs to the prevailing party, except as prohibited by law. The Company will pay for any administrative or hearing fees charged by the administrator or JAMS, and all arbitrator's fees, except that Executive will pay any filing fees associated with any arbitration that Executive initiates, but only so much of the filing fee as Executive would have instead paid had Executive filed a complaint in a court of law. Executive agrees that the arbitrator will administer and conduct any arbitration in accordance with California law, including the California Code of Civil Procedure and the California Evidence Code, and that the arbitrator will apply substantive and procedural California law to any dispute or claim, without reference to the rules of conflict of law. To the extent that the JAMS Rules conflict with California law, California law will take precedence. The decision of the arbitrator will be in writing. Any arbitration under this Agreement will be conducted in Santa Clara County, California.

(d) Remedy. Except as provided by the Act, arbitration will be the sole, exclusive, and final remedy for any dispute between Executive and the Company. **Accordingly, except as provided by the Act and this Agreement, neither Executive nor the Company will be permitted to pursue court action regarding claims that are subject to arbitration**. Notwithstanding, the arbitrator will not have the authority to disregard or refuse to enforce any lawful Company policy, and the arbitrator will not order or require the Company to adopt a policy not otherwise required by law which the Company has not adopted.

(e) Administrative Relief. Executive is not prohibited from pursuing an administrative claim with a local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, including, but not limited to, the Department of Fair Employment and Housing, the Equal Employment Opportunity Commission, the National Labor Relations Board, or the Workers' Compensation Board. However, Executive may not pursue court action regarding any such claim, except as permitted by law.

(f) Voluntary Nature of Agreement. Executive acknowledges and agrees that Executive is executing this Agreement voluntarily and without any duress or undue influence by the Company or anyone else. Executive further acknowledges and agrees that Executive has carefully read this Agreement and that Executive has asked any questions needed for Executive to understand the terms, consequences and binding effect of this Agreement and fully understands it, including that ***EXECUTIVE IS WAIVING EXECUTIVE'S RIGHT TO A JURY TRIAL***. Finally, Executive agrees that Executive has been provided an opportunity to seek the advice of an attorney of Executive's choice before signing this Agreement.

11. Miscellaneous Provisions.

(a) No Duty to Mitigate. Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any such payment be reduced by any earnings that Executive may receive from any other source.

(b) Waiver. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(d) Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter hereof. Accordingly, by executing this Agreement and both during and following the Term, Executive hereby forfeits and waives any rights to severance or change of control benefits set forth in any employment agreement, offer letter and/or Equity Award agreement, except as set forth in this Agreement. For purposes of clarification, following the Term, Executive will not be eligible to receive severance or change of control benefits set forth in any employment agreement, offer letter and/or Equity Award agreement. No waiver, alteration, or modification of any of the provisions of this Agreement will be binding unless in writing and signed by duly authorized representatives of the parties hereto and which specifically mention this Agreement.

(e) Choice of Law. The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the State of California (with the exception of its conflict of laws provisions). Any claims or legal actions by one party against the other arising out of the relationship between the parties contemplated herein (whether or not arising under this Agreement) will be commenced or maintained in any state or federal court located in the jurisdiction where Executive resides, and Executive and the Company hereby submit to the jurisdiction and venue of any such court.

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect.

(g) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income, employment and other taxes.

(h) Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

COMPANY	QUOTIENT TECHNOLOGY INC.	
	By:	/s/ Connie Chen
	Title:	General Counsel, Compliance Officer & Secretary
	Date:	11/11/2019
EXECUTIVE	By:	/s/ Pamela Strayer
	Title:	Chief Financial Officer
	Date:	10/30/2019

[Signature page of the Change of Control Severance Agreement]

OFFICE LEASE

BY AND BETWEEN

DW CAL 301 HOWARD, LLC,
a Delaware limited liability company,
As Landlord

And

QUOTIENT TECHNOLOGY INC.,
a Delaware corporation,
as Tenant

For Leased Premises at Suite 1300
301 Howard Street, California

Exhibit 10.34

TABLE OF CONTENTS

Exhibit 10.34

OFFICE LEASE

THIS OFFICE LEASE (“**Lease**”) is entered and dated for reference purposes only as of February 12, 2020, by and between DW CAL 301 HOWARD, LLC, a Delaware limited liability company (“**Landlord**”) and QUOTIENT TECHNOLOGY INC., a Delaware corporation (“**Tenant**”).

ARTICLE 1 SALIENT LEASE TERMS

In addition to the terms defined throughout this Lease, the following salient terms shall have the following meanings when referred to in this Lease:

1.1 **Rent Payment Address:**

For payment by mail:
DW CAL HOWARD, LLC
LOCKBOX SERVICES BOX Number 743624
DW CAL 301 HOWARD, LLC
P.O. Box 743624
Los Angeles, CA 90074-3624

For payment by overnight Address – All overnight mail by special couriers should be sent to the actual site address listed below and should reflect Lockbox Services and the Lockbox Number in the reference section of the air bill.

Bank of America Lockbox Services
Lockbox 743624
2706 Media Center Drive
Los Angeles, CA 90065-1733

Instructions for payment by wire, electronic and ACH:
Pursuant to separate instructions from Landlord

1.2 **“Landlord” and Notice Address:**

DW CAL 301 HOWARD, LLC,
c/o Divco West Real Estate Services, Inc.
575 Market Street, 35th Floor
San Francisco, CA 94105
Attn.: Property Manager

With a copy to: Divco West Real Estate Services, Inc.
575 Market Street, 35th floor
San Francisco, CA 94105
Attention: Asset Manager

1.3 **Tenant’s Notice Address**

Quotient Technology Inc.
400 Logue Avenue
Mountain View, CA 94043
Attention: Legal

1.4 **Leased Premises:**

Approximately 15,607 square feet of Rentable Area (hereinafter defined) in Suite 1300 of the Building, as such leased premises is outlined in Exhibit A attached hereto (the “**Leased Premises**”).

1.5 **Building:**	That building located at 301 Howard Street, San Francisco, California (the "**Building**"), containing approximately 318,776 square feet of Rentable Area, which shall be deemed the actual square footage of Rentable Area in the Building.
1.6 **Complex:**	The "**Complex**" means (i) the Building, and (ii) the parcel of land where the Building is located, and the Common Areas and other improvements are located on the Complex.
1.7 **Key Dates:**	The "**Delivery Date**" shall be the date Landlord delivers possession of the Leased Premises to Tenant. The period of time starting on the Delivery Date and expiring immediately prior to the Commencement Date shall be referred to as the "**Early Term Access Period**." Tenant will have access to the Leased Premises during the Early Term Access Period as provided in Section 4.3 of this Lease. Tenant is aware that the Leased Premises are currently leased and occupied by existing tenants under two separate leases with Landlord (each an "**Existing Tenant**" and together the "**Existing Tenants**"). The term of one of the leases with an Existing Tenant is scheduled to expire on February 29, 2020 and the term of the other lease with an Existing Tenant is scheduled to expire May 31, 2020. Landlord agrees to use its good faith efforts to obtain an agreement for an earlier termination of the lease term with the Existing Tenant whose lease term expires May 31, 2020; however any such agreement must be on terms and conditions acceptable to Landlord and such Existing Tenant in each such parties sole and absolute discretion and Landlord shall not be required to pay any fee or other sum to such Existing Tenant for an early termination of its lease term. The estimated Delivery Date is within five (5) business days after the lease term with each Existing Tenant has expired and each Existing Tenant has vacated and surrendered the space. Landlord shall keep Tenant reasonably apprised of the anticipated Delivery Date and shall notify Tenant at least five (5) days prior to the actual Delivery Date. The estimated Delivery Date is June 1, 2020. The "**Commencement Date**" shall mean the earlier of (a) 180 days after the Delivery Date (hereinafter defined), or (b) the date Tenant takes possession of the Leased Premises and begins conducting its business in the Leased Premises.
1.8 **Term:**	The "**Term**" shall be 120 months following the Commencement Date, plus any partial month for the month in which the Commencement Date occurs if the Commencement Date occurs on other than the first day of a calendar month. If the Commencement Date is other than the first day of a calendar month, the first month shall include the remainder of the calendar month in which the Commencement Date occurs plus the first full calendar month thereafter; provided, however, that the inclusion of any partial month in the first full calendar month shall not entitle Tenant to any additional free rent. Any free rent shall be applied on a daily basis (based on a 30 day month) so that Tenant does not receive additional free rent if the first month includes a full calendar month plus any partial month.

1.9 **Minimum Monthly Rent:** The "**Minimum Monthly Rent**" shall be as follows:

Months	Minimum Monthly Rent
1 – 12	$122,254.83
13 – 24	$125,922.48
25 – 36	$129,700.15
37 – 48	$133,591.16
49 – 60	$137,598.89
61 – 72	$141,726.86
73 – 84	$145,978.66
85 – 96	$150,358.02
97 – 108	$154,868.77
109 – 120	$159,514.83

The foregoing schedule starts as of the Commencement Date of the Term of the Lease. If the Commencement Date is other than the first day of a calendar month, then the first month of the Term shall include the remainder of the partial month in which the Commencement Date occurs plus the next full calendar month. However, the inclusion of such partial month with the next full calendar month for the first month of the Term shall not entitle Tenant to any additional free Minimum Monthly Rent as hereinafter provided.

(a) Rent Abatement. Tenant shall not have to pay Minimum Monthly Rent for the first four (4) months of the Term (the "**Rent Abatement Period**"), except as hereinafter provided. If the Commencement Date occurs other than on the first day of a calendar month, the Rent Abatement Period shall be the first 120 days from and including the Commencement Date. The Minimum Monthly Rent for the Rent Abatement Period shall be referred to as the "**Base Rent Abatement**." Tenant shall be required to pay all other sums under the Lease during the Rent Abatement Period and throughout the Term. Tenant acknowledges that Landlord would not have granted the Base Rent Abatement for the Rent Abatement Period but for Tenant's agreement to perform all of the terms, covenants, conditions and agreements to be performed by it under this Lease for the entire Term, and that Landlord's agreement to grant such concession is, and shall remain, conditioned upon Tenant's faithful performance of all of the terms, covenants, conditions and agreements to be performed by Tenant under this Lease for the entire Term. Notwithstanding anything in this paragraph to the contrary, if Tenant defaults under this Lease, after notice and the expiration of the applicable cure period, and as a result thereof Landlord terminates this Lease, then in addition to all other rights and remedies available to Landlord (a) Tenant shall not be entitled to the Base Rent Abatement, and (b) Tenant shall immediately pay to Landlord upon demand a sum equal to the unamortized Base Rent Abatement (i.e. based upon the amortization of the Base Rent Abatement in equal monthly amounts, without interest, during the period commencing on the Commencement Date and ending on the original expiration date of the Term); provided, however, Tenant acknowledges and agrees that nothing in this paragraph is intended to limit any other remedies available to Landlord at law or in equity under applicable law (including, without limitation, the remedies under Civil Code Section 1951.2 and/or 1951.4 and any successor statutes or similar laws), in the event Tenant defaults under this Lease beyond any applicable notice and cure period.

(b) Abatement Buy-Back. Notwithstanding anything to the contrary in the Lease, Landlord shall have the right, upon prior written notice to Tenant at any time prior to application of the entire Base Rent Abatement, to elect to cancel the then remaining Base Rent Abatement as it applies to one or more of the remaining months in the Rent Abatement Period by paying to Tenant an amount equal to the unused balance of the Base Rent Abatement that Landlord elects to cancel based on a Minimum Monthly Rent of $122,254.83 for each month of the Rent Abatement Period that Landlord elects to cancel (the "**Abated Cancellation Payment**"). The Abated Cancellation Payment for any partial month of the Rent Abatement Period shall be prorated on a daily basis. Upon Landlord's payment to Tenant of the Abated Cancellation Payment with respect to the applicable remaining abatement months in the Base Rent Abatement Period, Tenant shall thereupon be required to pay Minimum Monthly Rent of $122,254.83 for each month of the Rent Abatement Period that Tenant would have been entitled to receive the Base Rent Abatement but for Landlord's payment to Tenant of the Abated Cancellation Payment, and such Minimum Monthly Rent shall not be abated in the event of a casualty or condemnation.

1.10 **Base Year for Base Year Costs:** The "**Base Year**" shall be as follows:

(a) For Base Operating Costs: 2020 calendar year; and
(b) For Base Taxes: 2020 calendar year.

"**Base Year Costs**" means the Base Operating Costs or Base Taxes, as applicable, for the Base Year.

1.11 **Security Deposit:** The "**Security Deposit**" shall be $159,514.83.

1.12 **Permitted Use:** The Leased Premises shall be used solely for general office use (the "**Permitted Use**").

1.13 **Proportionate Share:** Tenant's initial Proportionate Share is 4.90% based on the ratio that the Rentable Area of the Leased Premises bears to the Rentable Area of the Building.

1.14 "**Broker(s):**" Jones Lang LaSalle representing Landlord.

1.15 **Parking Allocation:** Three (3) parking passes, subject to Section 3.5 of this Lease.

1.16 **Guarantor** Not Applicable

1.17 **Contents:** Included as part of this Lease are the following Exhibits and addenda which are attached hereto and incorporated herein by this reference:

Exhibits:
- A - Outline of the Leased Premises
- B – Work Letter for Tenant Improvements
- C - Acknowledgment of Commencement Date
- D - Rules & Regulations
- E - Option to Extend

ARTICLE 2 ADDITIONAL DEFINITIONS

The terms defined in this Article 2 shall, for all purposes of this Lease and all agreements supplemental hereto, have the meanings herein specified, unless expressly stated otherwise.

"**Base Operating Costs**" means the Operating Costs for the calendar year set forth in Section 1.10 hereof as such Operating Costs shall be increased to be what the Operating Costs would have been if the Building were one hundred percent (100%) leased and occupied during such calendar year. In addition, if any classes or types of expenses included in Base Operating Costs do not regularly recur in any subsequent Expense Year, such classes or types of expenses shall be removed from the Base Operating Costs for purposes of calculating the additional Rent due hereunder for such Lease Year.

"**Base Taxes**" means the Taxes for the calendar year set forth in Section 1.10 hereof.

"**Common Areas**" means all areas and facilities outside the Leased Premises and within the exterior boundaries of the parcels of land containing the Complex, as provided and designated by Landlord from time to time for the general use and convenience of Tenant and of other tenants of Landlord having the common use of such areas, and their respective authorized representatives and invitees, including: (i) any outside plaza areas, walkways, driveways, courtyards, public and private streets, transportation facilitation areas and other improvements and facilities now or hereafter constructed surrounding and/or servicing the Building, including the parking structures and/or facilities now or hereafter constructed by or for Landlord within the Complex and servicing the Building, which are designated from time to time by Landlord as common areas (or parking facilities, as the case may be) appurtenant to or servicing the Building, and any such other improvements; (ii) any facilities, parking areas and structures and common areas which Landlord (and/or any common area association formed by Landlord or Landlord's predecessor or assignee for the Complex) may add thereto from time to time within or as part of the Complex; and (iii) the land upon which any of the foregoing are situated. The Common Areas consist of the Complex Common Areas and the Building Common Areas. The "**Complex Common Areas**" as used in this Lease shall mean the portion of the Complex outside of the Building designated as such by Landlord for use by all tenants and occupants of the Complex. The "**Building Common Areas**" as use in this Lease shall mean the portions of the Common Areas located within the Building designated as such by Landlord. As of the date of this Lease, Building Common Areas include, without limitation, corridors, stairways, elevator shafts, janitor rooms in the Building. Landlord reserves the right to temporarily close, make alterations or additions to, or change the location of elements of the Complex and the Common Areas from time to time. The Common Areas include the Common Facilities (as hereinafter defined). The "**Common Facilities**" may include the General Lounge Area (as defined in Section 3.4(a)), the Fitness Center (as defined in Section 3.4(a), and the Bicycle Storage Area (as defined in Section 3.4(b))

Notwithstanding the foregoing or anything contained in this Lease to the contrary, (1) Landlord has no obligation to expand or otherwise make any improvements within the Complex, including, without limitation, any of the outside plaza areas, walkways, driveways, courtyards, public and private streets, transportation facility areas and other improvements and facilities at the Complex (as the same may be modified by Landlord from time to time without notice to Tenant), and (2) Landlord shall have the right from time to time to include or exclude any improvements or facilities within the Complex, at Landlord's sole election.

"**Expense Year**" shall mean each calendar year, provided that Landlord, upon notice to Tenant, may change the Expense Year from time to time to any other twelve (12) consecutive-month period, and, in the event of any such change, Tenant's Proportionate Share of Operating Costs and Taxes shall be equitably adjusted for any Expense Year involved in any such change.

"**Insurance Costs**" shall mean all premiums and costs and expenses for all policies of insurance which may be obtained by Landlord in its discretion for (a) the Leased Premises, Building and the Complex, or any blanket policies which include the Building or Complex, covering damage thereto and loss of rents caused by fire and other perils Landlord elects to cover, including, without limitation, coverage for earthquakes and floods, (b) commercial general liability insurance for the benefit of Landlord and its designees and (c) such other coverage Landlord elects to obtain for the Leased Premises, Building or the Complex, including, without limitation, coverage for environmental liability and losses. Notwithstanding anything to the contrary, Landlord reserves the right to reduce the Base Insurance Costs for an Expense Year after the Base Year if such Base Insurance Costs includes coverages earthquake or terrorism insurance not elected to be insured by Landlord in such future Expense Year after the Base Year. Conversely, if Landlord does not carry earthquake or terrorism insurance during the Base Year, but obtains earthquake or terrorism insurance for an Expense Year subsequent to the Base Year, then Landlord shall increase Base Insurance Costs for the Base Year to include an equitable amount for what the earthquake or terrorism insurance premium would have been for the Base Year.

"**Operating Costs**" means the total amounts paid or payable, whether by Landlord or others on behalf of Landlord, in connection with the ownership, maintenance, repair, replacement and operations of the Complex in accordance with Landlord's standard operating and accounting procedures. Since the Complex consists of more than one building, certain Operating Costs may pertain to a particular building and other Operating Costs to the Complex as a whole (such as Operating Costs for the Common Areas of the Complex). As provided in Section 6.3(c) of this Lease, Landlord reserve the right to allocate Operating Costs applicable to any particular building within the Complex to the building (including the Building) in question whose tenants shall be responsible for payment of their respective proportionate shares in the pertinent building and other Operating Costs applicable to the Complex (such as the Common Areas of the Complex) shall be charged to each building in the Complex (including the Building) with the tenants in each such building being responsible for paying their respective proportionate shares in such building of such costs to the extent required under the applicable leases. Landlord shall in good faith attempt to allocate such Operating Costs to the buildings (including the Building) and such allocation shall be binding on Tenant. Operating Costs shall include, but not be limited to, the aggregate of the amount paid for the following costs at the Complex:

(1) the cost of operating, maintaining, repairing, renovating and managing the utility systems, mechanical systems, sanitary and storm drainage systems, any elevator systems and all other "Systems and Equipment" (as hereinafter defined), and the cost of supplies and equipment and maintenance and service contracts in connection therewith;

(2) the cost of licenses, certificates, permits and inspections, and the cost of contesting the validity or applicability of any governmental enactments which may affect Operating Costs, and the costs incurred in connection with implementation and operation (by Landlord or any common area association(s) formed for the Project) of any transportation system management program or similar program;

(3) the costs for all electricity, gas, fuel, water and other utilities furnished, arranged or obtained by Landlord (other than electricity furnished to and paid for by other tenants by reason of their extraordinary consumption of electricity and that furnished to the Complex);

(4) the cost of landscaping, relamping, supplies, tools, equipment and materials, and all fees, charges and other costs (including consulting fees, legal fees and accounting fees) incurred in connection with the management, operation, repair and maintenance of the Complex, including all costs for parking area repair, restoration, and maintenance;

(5) the amount paid or payable for all labor and/or wages and other payments including cost to Landlord of workers' compensation and disability insurance, payroll taxes, welfare and fringe benefits made to janitors, caretakers, network communication and programing personnel and other employees, contractors and subcontractors of Landlord and its property manager involved in the management, operation, maintenance and repair of the Complex, and the cost for the purchase, installation, repair, service and maintenance of network computer programing and equipment to the extent used for the Complex;

(6) painting for exterior walls of the Building and the Common Areas of the Complex;

(7) administrative expenses and the total charges of any independent contractors employed in the repair, care, operation, maintenance, and cleaning of the Complex;

(8) the amount paid or payable for all supplies occasioned by everyday wear and tear;

(9) the costs of climate control, window and exterior wall cleaning, telephone and utility costs of the Complex;

(10) the cost of accounting services necessary to compute the rents and charges payable by tenants and keep the books of the Complex;

(11) Fees for property management services rendered by either Landlord or a third party manager engaged by Landlord (which may be a party affiliated with Landlord), not to exceed the monthly rate of 5% of the gross revenues from the Complex (adjusted and grossed up to reflect a one hundred percent (100%) occupancy of the Project with all tenants paying full rent, as contrasted with free rent, half-rent and the like), plus charges for office rent for property management, supplies, equipment salaries, wages, bonuses and other compensation (including fringe benefits, vacation, holidays and other paid absence benefits) relating to employees of Landlord or its property manager or agents engaged in the management, operation, repair, or maintenance of the Complex;

(12) fees for legal, accounting (including, without limitation, any outside audit as Landlord may elect in its sole and absolute discretion), inspection and consulting services;

(13) the cost of operating, repairing and maintaining the elevators;

(14) the cost of porters, guards, alarm (including any central station signaling systems) and other protection services;

(15) the cost of establishing and maintaining the directory board;

(16) payments for general maintenance and repairs to the plant and equipment supplying climate control at the Complex;

(17) the cost of supplying the type of services referred to in Article 11 hereof to the extent such services are not paid by individual tenants;

(18) amortization of the costs, including repair and replacement, of all maintenance and cleaning equipment and master utility meters and of the costs incurred for repairing or replacing all other fixtures, equipment and facilities serving or comprising a part of the Complex (including any equipment leasing costs associated therewith if applicable) which by their nature require periodic or substantial repair or replacement, and which are not charged fully in the year in which they are incurred, at rates on the various items determined from time to time by Landlord in accordance with sound accounting principles;

(19) community association dues, assessments and charges and property owners' association dues, assessments and charges which may be imposed upon Landlord by virtue of any recorded instrument affecting title to the Building, including without limitation the CC&Rs, and the cost of any licenses, permits and inspection fees;

(20) all costs to upgrade, improve or change the utility, efficiency or capacity of any utility or telecommunication system serving the Complex;

(21) the repair and replacement, resurfacing and/or repaving of any paved areas, curbs or gutters of the Complex;

(22) the repair and replacement of any equipment or facilities serving or located within the Complex;

(23) the cost of any capital repairs, improvements and replacements made by the Landlord to the Complex ("**Capital Costs**") which are (a) required to be made in order to conform to changes subsequent to the Commencement Date in any applicable laws, ordinances, rules, regulations, or orders of any governmental authority having jurisdiction over the Building or Common Areas ("**laws**"), or are first required to be made after the Commencement Date under any existing laws (noncompliance with any laws in effect as of the Commencement date of this Lease which is permitted under applicable law because such improvements were in compliance with applicable laws as of the date they were constructed shall be considered to be in compliance with applicable law under this Paragraph), (b) incurred for the purpose of reducing other operating expenses or utility costs, or (c) performed to install new or replace capital improvements or building service equipment when required because of normal wear and tear. The Capital Costs shall be includable in Operating Costs each year only to the extent of that fraction allocable to the year in question calculated by amortizing such Capital Cost over the period of time as determined by Landlord in its reasonable discretion in accordance with sound real estate management and accounting principles, with interest on the unamortized balance at the higher of (i) eight percent (8%) per annum; or (ii) the interest rate as may have been paid by Landlord for the funds borrowed for the purpose of performing the work for which the Capital Costs have been expended, but in no event to exceed the highest rate permissible by law;

(24) The costs of applying, reapplying and reporting for the Complex or any part thereof to seek or maintain certification under the U.S. EPA's Energy Star® rating system, the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system or a similar system or standard; and the costs and expenses of complying with, or participating in, conservation, recycling, sustainability, energy efficiency, waste reduction or other programs or practices implemented or enacted from time to time at the Building, including without limitation, in connection with any such LEED rating or compliance system or program;

(25) All costs for the repair, maintenance and replacement of the Common Facilities;

(26) All costs and expenses, other than rental for parking spaces, due under the parking easement agreement for the Parking Facility;

(27) Utilities Costs; and

(28) Insurance Costs.

Operating Costs shall not include legal, accounting or other professional expenses incurred expressly for negotiating, preparing or enforcing a lease with a particular tenant, or as a result of a default of a specific tenant. Operating Costs shall further exclude the following:

(a) interest, principal, points and fees on debts or amortization on any mortgage or mortgages or any other debt instrument encumbering the Complex;

(b) such of the Operating Costs to the extent recovered from insurance, condemnation or warranty proceeds or which were required by this Lease to be covered by insurance or to the extent for which were paid for directly by Tenant or any third party;

(c) Costs arising from Landlord's charitable or political contributions;

(d) Brokers' or other leasing commissions and costs incurred in connection with entering into new leases or disputes under existing leases;

(e) costs associated with bad debt losses, rent reserves, capital replacement reserves or reserves for future Operating Costs not anticipated to be incurred or paid during the next ensuing year;

(f) expenses for any item or service not provided, offered or available to Tenant, but provided exclusively to certain other tenants at the Complex;

(g) depreciation and amortization on any mortgage;

(h) any ground lease or underlying lease payments;

(i) marketing costs including leasing commissions, attorneys' fees in connection with the negotiation and preparation of letters, deal memos, letters of intent, leases, subleases and/or assignments, space planning costs, and other costs and expenses incurred in connection with lease, sublease and/or assignment negotiations and transactions with present or prospective tenants or other occupants of the Complex;

(j) costs for acquisition of sculpture, paintings or other objects of art, except to the extent to replace, when necessary, any sculpture, paintings or other objects of art existing at the Complex as of the date of this Lease so long as such item replaced is of like kind and quality;

(k) expenses for tenant improvement work or allowances, inducements, and other concessions for any tenant;

(l) the cost of any repairs, improvements, or replacements made to remedy any structural defect in the original structural design or construction of the Building or other structures in the Complex;

(m) the cost (including any amortization thereof) of any improvements or alterations which would be properly classified as capital expenditures according to generally accepted property management practices, except for Capital Costs;

(n) executive salaries or benefits, or salaries or benefits for executive employees of Landlord to the extent in excess of the costs of services that typically are performed by a building manager, property manager, regional property manager or asset manager regardless of the actual title of the person performing such service;

(o) the cost of any abatement of Hazardous Materials (as defined below), provided, however, Operating Costs may include the costs attributable to those actions taken by Landlord in connection with the ordinary operation and maintenance of the Building, including costs incurred in removing limited amounts Hazardous Materials containing materials from common areas or other non-leasable space within the Building or Complex when such removal is directly related to such ordinary maintenance and operation;

(p) costs, penalties, interest, late fees, or fines arising from Landlord's late payment of Operating Costs or Taxes or violation of any laws, except to the extent such costs reflect costs that would have been incurred by Landlord absent such violation;

(q) overhead and profit increments paid to subsidiaries or affiliates of Landlord for goods or services (including management services), to the extent that the cost thereof materially exceeds the amounts normally payable for similar goods or services under similar circumstances (taking into account the market factors in effect on the date any relevant contracts were negotiated) in comparable first class high rise office buildings;

(r) charitable and political contributions; or

(s) costs for entertainment and gifts, other than holiday events or other special events in the Building for all tenants of the Building generally.

Notwithstanding anything to the contrary contained in this Lease, there shall be no duplication of costs, charges or expenses required to be paid by Tenant pursuant to this Lease, including without limitation, charges for energy, utilities, HVAC, insurance, taxes, depreciation, or management.

"**Parking Facility**" means the existing parking facility located at 215 Fremont Street, San Francisco, California, which is owned and operated by the owner of the property at 215 Fremont Street, San Francisco California (the "**215 Fremont Owner**").

"**Proportionate Share**" or "**Pro Rata Percent**" shall be that fraction (converted to a percentage) the numerator of which is the Rentable Area (hereinafter defined) of the Leased Premises and the denominator of which is the Rentable Area of the Building. Tenant's Proportionate Share as of the commencement of the Term hereof is specified in Section 1.13. Said Proportionate Share may be recalculated by Landlord as may be required effective as at the commencement of any period to which the calculation is applicable in this Lease.

"**Real Estate Taxes**" or "**Taxes**" shall mean and include all general and special taxes, assessments, fees of every kind and nature, duties and levies, charged and levied upon or assessed by any governmental authority against the parcel containing the Building and all other improvements on such parcel, including the various estates in such parcel and the Building and improvements thereon, any leasehold improvements, fixtures, installations, additions and equipment, whether owned by Landlord or Tenant or any other tenant; except that it shall exclude any taxes of the kind covered by Section 6.1 hereof. Real Estate Taxes shall also include the reasonable cost to Landlord of contesting the amount, validity, or the applicability of any Taxes mentioned in this Section but only to the extent of the savings. Further included in the definition of Taxes herein shall be general and special assessments, license fees, commercial rental tax, levy, or tax (other than inheritance or estate taxes) imposed by any authority having the direct or indirect power to tax, as against any legal or equitable interest of Landlord in the Leased Premises, Building, parcel or in the Complex or on the act of entering into this Lease or, as against Landlord's right to rent or other income therefrom, or as against

Landlord's business of leasing the Leased Premises, Building, parcel or the Complex, any tax, fee, or charge with respect to the possession, leasing, transfer of interest, operation, management, maintenance, alteration, repair, use, or occupancy by Tenant, of the Leased Premises, Building, parcel or any portion thereof or the Complex, or any tax imposed in substitution, partially or totally, for any tax previously included within the definition of Taxes herein, or any additional tax, the nature of which may or may not have been previously included within the definition of Taxes. However, if any commercial rent tax, such as by way of example only, the commercial rent tax now required in the City of San Francisco, is repealed, overturned or otherwise not applicable, then the amount of any such commercial rent tax included in the Base Taxes shall be reduced from the Base Taxes. Further, if at any time during the term of this Lease the method of taxation or assessment of real estate or the income therefrom prevailing at the time of execution hereof shall be, or has been altered so as to cause the whole or any part of the Taxes now or hereafter levied, assessed or imposed on real estate to be levied, assessed or imposed upon Landlord, wholly or partially, as a capital levy, business tax, fee, permit or other charge, or on or measured by the Rents received therefrom, then such new or altered taxes, regardless of their nature, which are attributable to the land, the Building or to other improvements on the land shall be deemed to be included within the term "Real Estate Taxes" for purposes of this Section, whether in substitution for, or in addition to any other Real Estate Taxes, save and except that such shall not be deemed to include any enhancement of said tax attributable to other income of Landlord. With respect to any general or special assessments which may be levied upon or against the Leased Premises, Building, Complex, or the underlying realty, or which may be evidenced by improvement or other bonds, and may be paid in annual or semi-annual installments, only the amount of such installment, prorated for any partial year, and statutory interest shall be included within the computation of Taxes for which Tenant is responsible hereunder. Taxes shall also include any governmental or private assessments or the Complex's contribution towards a governmental or private cost-sharing agreement, such as by way of example only, a business improvement district, for the purpose of augmenting or improving the quality of services and amenities normally provided by governmental agencies.

Notwithstanding anything to the contrary contained in the foregoing definition of Real Estate Taxes, Tenant shall not be responsible or liable for the payment of any state or federal income taxes assessed against Landlord, or any estate, succession or inheritance taxes of Landlord, or corporation franchise taxes imposed upon the corporate owner of the fee of the Building.

"**Rent**" "**rent**" or "**rental**" means Minimum Monthly Rent and all other sums required to be paid by Tenant pursuant to the terms of this Lease.

"**Rentable Area**" as used in the Lease shall be determined as follows:

(a) Single Tenant Floor. As to each floor of the Building on which the entire space rentable to tenants is or will be leased to one tenant, Rentable Area shall be the entire area bounded by the inside surface of the exterior glass walls on such floor, including all areas used for elevator lobbies, corridors, special stairways, special elevators, restrooms, mechanical rooms, electrical rooms and telephone closets, without deduction for columns and other structural portions of the Building or vertical penetrations that are included for the special use of Tenant, but excluding the area contained within the interior walls of the Building stairs, fire towers, vertical ducts, elevator shafts, flues, vents, stacks, pipe shafts, and the rentable square footage described in Paragraph (c) below.

(b) Multi-Tenant Floor. As to each floor of the Building on which space is or will be leased to more than one tenant, Rentable Area attributable to each such lease shall be the total of (i) the entire area included within the Leased Premises covered by such lease, being the area bounded by the inside surface of any exterior glass walls, the exterior of all walls separating such Leased Premises from any public corridors or other public areas on such floor, and the centerline of all walls separating such Leased Premises from other areas leased or to be leased to other tenants on such floors, (ii) a pro rata portion of the area within the elevator lobbies, corridors, restrooms, mechanical rooms, electrical rooms, telephone closets and their enclosing walls situated on such floor and (iii) the rentable square footage described in Paragraph (c) below.

(c) Building Load. In any event, Rentable Area shall also include Tenant's Proportionate Share of the lobbies of the Building and Tenant's Proportionate Share of the area of the emergency equipment, fire pump equipment, electrical switching gear, telephone equipment and mail delivery facilities serving the Building.

(d) Deemed Square Footage. The Rentable Area of the Leased Premises is deemed to be the square footage set forth in section 1.4 of this Lease as of the date hereof, and Rentable Area of the Building is deemed to be the square footage set forth in section 1.5 hereof. From time to time at Landlord's option, Landlord may re-measure the Rentable Area of the Leased Premises and the Building on the parcel(s) containing the Building, which determination shall be conclusive and thereon Tenant's Proportionate Share shall be adjusted accordingly.

"**Structural**" as herein used shall mean any portion of the Leased Premises, Building or Common Areas of the Complex which provides bearing support to any other integral member of the Leased Premises, Building or Common Areas of the Complex such as, by limitation, the roof structure (trusses, joists, beams), posts, load bearing walls, foundations, girders, floor joists, footings, and other load bearing members constructed by Landlord.

"Systems and Equipment" shall mean any plant, machinery, transformers, duct work, cable, wires, and other equipment, facilities, and systems designed to supply heat, ventilation, air conditioning and humidity or any other services or utilities, or comprising or serving as any component or portion of the electrical, gas, steam, plumbing, sprinkler, communications, alarm, security, or fire/life safety systems or equipment, or any other mechanical, electrical, electronic, computer or other systems or equipment which serve the Building in whole or in part.

"**Tenant Improvements**" shall mean the Tenant Improvements, if any, as defined in Exhibit B attached hereto to be constructed by Tenant pursuant to Exhibit B attached hereto.

"**Utilities Costs**" shall mean all actual charges for utilities for the Building and the Complex which Landlord shall pay during any Expense Year, including, but not limited to, the costs of water, sewer and electricity, and the costs of HVAC and other utilities (but excluding those charges for which tenants directly reimburse Landlord, other than as part of such tenants' pro rata share of such costs) or otherwise pay directly to the utility company) as well as related fees, assessments, measurement meters and devices and surcharges. Utilities Costs shall be calculated assuming the Building (and during the period of time when any other office buildings are fully constructed and ready for occupancy and are included by Landlord within the Complex, such other office buildings) are at least one hundred percent (100%) occupied. If, during all or any part of any Expense Year, Landlord shall not provide any utilities (the cost of which, if provided by Landlord, would be included in Utilities Costs) to a tenant (including Tenant) who has undertaken to provide the same instead of Landlord, Utilities Costs shall be deemed to be increased by an amount equal to the additional Utilities Costs which would reasonably have been incurred during such period by Landlord if Landlord had at its own expense provided such utilities to such tenant. Utilities Costs shall include any costs of utilities which are allocated to the Complex under any declaration, restrictive covenant, or other instrument pertaining to the sharing of costs by the Complex or any portion thereof, including any covenants, conditions or restrictions now or hereafter recorded against or affecting the Complex.

ARTICLE 3 PREMISES AND COMMON AREAS

3.1 Demising Clause. Landlord hereby leases to Tenant, and Tenant hires from Landlord the Leased Premises, consisting of the approximate square footage listed in Section 1.4 of the Salient Lease Terms, which the parties agree shall be deemed the actual square footage, subject to change by Landlord in connection with changes in the Rentable Area of the floor on which the Leased Premises are located.

3.2 Reservation. Landlord reserves the area beneath and above the Leased Premises and Building as well as the exterior thereof together with the right to install, maintain, use, repair and replace pipes, ducts, conduits, wires, and structural elements leading through the Leased Premises serving other parts of the Building and Common Areas of the Complex, so long as such items are concealed by walls, flooring or ceilings. Such reservation in no way affects the maintenance obligations imposed herein. Landlord may change the shape, size, location, number and extent of the improvements to any portion of the Building or Common Areas of the Complex and/or the address or name of the Building without the consent of Tenant.

3.3 Covenants, Conditions and Restrictions. The parties agree that this Lease is subject to the effect of (a) any covenants, conditions, restrictions, easements, mortgages or deeds of trust, ground leases, rights of way of record, and any other matters or documents of record (such recorded covenants, conditions, restrictions and easements of record, as amended, shall be referred to as the "**CC&Rs**"); (b) any zoning laws of the city, county and state where the Complex is situated; and (c) general and special taxes not delinquent. Tenant agrees that as to its leasehold estate, Tenant and all persons in possession or holding under Tenant will conform to and will not violate the terms of any covenants, conditions or restrictions of record which may now or hereafter encumber the Building or the Complex (hereinafter the "**Restrictions**"). This Lease is subordinate to the Restrictions and any amendments or modifications thereto.

3.4 Common Areas. Landlord hereby grants to Tenant, for the benefit of Tenant and its employees, suppliers, shippers, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Landlord under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Building or the Complex and subject to the requirements and limitations on the use of parking areas. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Landlord or Landlord's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Landlord shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Tenant, which cost shall be immediately payable upon demand by Landlord.

(a) Building Lounge and Fitness Center. There currently exists a general tenant lounge area located on the first floor of the Building ("**General Lounge Area**") and showers and fitness center located on the first floor of the Building (the "**Fitness Center**"). Tenant shall have the non-exclusive right, at no additional separate charge, except for the charge for the key fob for access and for the replacement of any key fob, for use, to use the Fitness Center on a first-come, first-served basis. Tenant shall pay for the charge for the number of key-fobs issued to Tenant within twenty (20) days after issuance of the key-fobs. The General Lounge Area may only be used by employees of Tenant while Tenant is in occupancy and conducting business in the Leased Premises. Tenant's use of any General Lounge Area and Fitness Center shall be subject to such rules and regulations as may be promulgated by Landlord from time to time. The use of the General Lounge Area and Fitness Center shall be at Tenant's sole risk. Landlord has no obligation to provide any security whatsoever in connection with the General Lounge Area or Fitness Center. Tenant shall cause its employees to use the General Lounge Area (i) in a clean, safe and sanitary manner, (ii) in such a way as to minimize interference with any other person's use of any the General Lounge Area or Fitness Center, and (iii) comply with such rules and regulations now or hereafter in existence or established by Landlord from time to time. All costs incurred by Landlord in connection with the General Lounge Area and Fitness Center shall be included in Operating Costs. Landlord reserves the right in its sole and absolute discretion to add to, reduce, modify, or temporarily close or remove the General Lounge Area and/or the Fitness Center at any time; provided that the General Lounge Area and Fitness Center remain available for use for the entire Term (subject to temporary closers for maintenance and repair).

(b) Bicycle Storage Area. Tenant shall have the non-exclusive right, at no additional separate charge for use, to use on a first-come, first-served basis to utilize the existing bicycle storage area located in the basement of the Building designated by Landlord for the parking of operable non-motorized bicycles by tenants and occupants of the Building (the "**Bicycle Storage Area**"). No overnight storage of bicycles shall be permitted. The cost and expenses of repair and maintenance of the Bicycle Storage Area shall be included in Operating Costs. Motorized vehicles of any kind, including motorcycles and mopeds, are prohibited in the Bicycle Storage Area, as is the storage of any property other than bicycles. Each rider shall use the Bicycle Storage Area at is sole risk. Landlord specifically reserves the right to reasonably change the location, size, configuration, design, layout and all other aspects of the Bicycle Storage Area at any time (provided that no such action will materially diminish the capacity of the Bicycle Storage Area on other than a temporary basis), and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under the Lease, from time to time, temporarily close-off or restrict access to the Bicycle Storage Area for purposes of permitting or facilitating any such construction, alteration or improvements. Landlord has no obligation to provide any security whatsoever in connection with the Bicycle Storage Area. Landlord shall in no case be liable for personal injury or property damage for any error with regard to the admission to or exclusion from the Bicycle Storage Area of any person. Upon the expiration or earlier termination of the Lease, Tenant shall have removed all bicycles belonging to its employees from the Bicycle Storage Area and Tenant, at Tenant's sole cost and expense, shall repair all damage to the Bicycle Storage Area caused by the removal of Tenant's property therefrom, and if Tenant fails to repair such damage, Landlord may undertake such repair on account of Tenant and Tenant shall pay to Landlord upon demand the cost of such repair. If Tenant fails to remove any bicycles at the expiration or earlier termination of this Lease, Landlord may dispose of said bicycles in such lawful manner as it shall determine in its sole and absolute discretion. Each of the employees of Tenant continued right to use the Bicycle Storage Area shall be conditioned upon such employee abiding by all reasonable rules and regulations which are prescribed from time to time for the orderly operation and use of the Bicycle Storage Area.

(c) Common Areas Changes. Landlord shall have the right, in Landlord’s sole discretion, from time to time:

(1) To make changes and reductions to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas and walkways;

(2) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Leased Premises remains available;

(3) To designate other land outside the boundaries of the Building to be a part of the Common Areas;

(4) To add additional improvements to the Common Areas;

(5) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Building or Complex, or any portion thereof;

(6) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas, Building and Complex as Landlord may, in the exercise of sound business judgment, deem to be appropriate.

(d) Common Area Maintenance. Landlord shall, in Landlord's sole discretion, maintain the Common Areas (subject to reimbursement pursuant to this Lease), establish and enforce reasonable rules and regulations concerning such areas, close any of the Common Areas to whatever extent required in the opinion of Landlord's counsel to prevent a dedication of any of the Common Areas or the accrual of any rights of any person or of the public to the Common Areas, close temporarily any of the Common Areas for maintenance purposes, and make changes to the Common Areas including, without limitation, changes in the location of driveways, corridors, entrances, exits, the designation of areas for the exclusive use of others, the direction of the flow of traffic or construction of additional buildings thereupon. Landlord may provide security for the Common Areas, but is not obligated to do so. Under no circumstances shall Landlord be liable or responsible for any acts or omissions of any party providing any services to the Common Areas, Building or other improvements, including, without limitation, any security service, notwithstanding anything to the contrary contained in this Lease.

3.5 Parking. Tenant shall have the right to rent the number of parking passes allocated in Section 1.15 of this Lease on a monthly basis and unassigned and non-exclusive basis for use by Tenant and its employees for parking in the Parking Facility located at 215 Fremont Street, San Francisco. The Parking Facility is operated by a third-party operator (the "**Operator**;'). The parking space may only be used by the individual and automobile listed on the parking application form. In the event Tenant desires to rent additional parking spaces in the Parking Facility, Tenant may contact the Operator with respect to leasing such additional parking spaces so long as such additional spaces does not reduce the allocation of the total available parking spaces or passes available to Landlord. Subject to availability, as determined by Operator in its sole discretion, any additional parking spaces shall be subject to the terms and conditions of this Section 3.5 and all subsections thereof (i.e., on an unreserved, nonexclusive, first come, first served basis at a monthly parking charges for any such passes at the parking rate set forth below). In the event that, due to unavailability of spaces, Operator is unable to provide Tenant with additional parking spaces pursuant to this Section 3.5 such inability shall not subject Landlord to any liability for any loss or damage resulting therefrom or entitle Tenant to any credit, abatement or adjustment of rent or other sums payable under this Lease. If access to the Parking Facilities is controlled by an electronic system, then Tenant shall pay (at Landlord's option, to Landlord or to the owner or Operator of the Parking Facility) all amounts charged by the owner or Operator of the Parking Facility for the issuance of initial access devices and/or any replacement access devices.

(a) Availability of Parking Spaces. Landlord does not guarantee the availability of spaces at all times against the actions of other tenants of the Building and users of the Parking Facility. Tenant shall have access to the Parking Facility 24 hours per day and 7 days per week; provided, however, that (i) access to the Parking Facility may be regulated by card, pass, bumper sticker, decal or other appropriate identification issued by Landlord or the Operator, (ii) access may be limited to the individual and automobile listed on the application form, and (iii) no overnight parking is permitted. Landlord or Operator retains the right to revoke the parking privileges of any user of the Parking Facility who violates the rules and regulations governing use of the Parking Facility (and Tenant shall be responsible for causing any Tenant Representative or Visitor or other person using parking spaces allocated to Tenant to comply with all parking rules and regulations.

(b) Monthly Parking Rental. Tenant shall pay to Landlord for the parking passes on a monthly basis in advance by the first day of each month; provided, however, Landlord reserves the right to require Tenant to pay the owner or Operator of the Parking Facility for the monthly rent for each parking pass. The monthly parking rental shall be determined by the owner or Operator of the Parking Facility and may change from time to time. Any late charge shall be in addition to the late charge and interest that may be charged pursuant to this Lease for late payment of any rent or for any late charge or interest charged by the owner or Operator of the Parking Facility, and provided further that in the event Tenant fails to pay the monthly parking rental when due, Landlord shall have the right by notice to Tenant permanently to terminate Tenant's rights to use parking spaces hereunder, whether or not Landlord declares a default under this Lease. The parking rates charge for the parking passes are exclusive of any parking tax or other charges imposed by governmental authorities in connection with the use of such parking, which taxes and/or charges shall be paid directly by Tenant, or if directly imposed against Landlord, Tenant shall pay Landlord for all such taxes and charges concurrent with its payment of the parking rates.

(c) Assignment and Subletting. Notwithstanding any other provision of this Lease.to the contrary, and except with respect to a transferee of a Permitted Transfer, Tenant shall not assign its rights to the parking passes or parking spaces or any interest therein, or sublease or otherwise allow the use of all or any part of the parking passes or parking spaces to or by any other person, except as part of an assignment of the Lease or sublease of the Premises to the extent the same are Permitted Transfers or otherwise approved by Landlord or otherwise with Landlord's and the Operator's prior written consent, which may be granted or withheld by Landlord or Operator in their sole discretion. In the event of any separate assignment or sublease of parking space rights that is approved by Landlord, Landlord shall be entitled to receive, as additional Rent hereunder, one hundred percent (100%) of any profit received by Tenant in connection with such assignment or sublease.

(d) Condemnation, Damage or Destruction. In the event the Parking Facility is the subject of a condemnation, or is damaged or destroyed, and this Lease is not terminated, and if in such event the available number of parking spaces in the Parking Facility is permanently reduced, then Tenant's rights to use parking passes for the parking spaces hereunder may, at the election of Landlord, thereafter be reduced in proportion to the reduction of the total number of parking passes for parking spaces in the Parking Facility, and the monthly parking rental payable hereunder shall be reduced proportionately. In such event, Landlord and Operator reserve the right to reduce the number of parking passes for parking spaces to which Tenant is entitled or to relocate some or all of the parking spaces to which Tenant is entitled to other areas in the Parking Facility. Landlord or Operator shall have the right to temporarily close the Parking Facility, or certain areas the in order to perform necessary repairs, maintenance and improvements to the Parking Facility. Landlord shall have the right to terminate the right of Tenant to the parking passes at the Parking Facility on thirty (30) days' prior notice to Tenant should Landlord or the owner or Operator of the Parking Facility (as the case may be) cease to own or operate the Parking Facility, or if Landlord or the owner of the Parking Facility (as the case may be) decides to remodel, remove, demolish or redevelop the Parking Facility or any substantial portion thereof.

(e) Tenant Default. If Tenant shall default under the terms of Section 3.5 or any subsections thereof, Operator shall have the right to remove from or prevent access to the Parking Facility any vehicles hereunder which shall have been involved or shall have been owned or driven by parties involved in causing such default, without liability to Landlord therefor whatsoever, until such default is cured.

(f) Limitation of Liability. Tenant acknowledges that Landlord is providing access to the Parking Facility to the extent available to Landlord and that Landlord has no liability for claims arising through the acts or omissions of the owner or Operator of the Parking Facility or any other third party. Notwithstanding anything contained in the separate agreement between the Tenant and the owner or Operator of the Parking Facility and/or the terms and conditions of this Lease, Landlord shall not be liable for any damages arising in connection with Tenant's use of the Parking Facility. Landlord shall have no liability whatsoever for any damage to items located in the Parking Facility, nor for any personal injuries or death arising out of any matter relating to Tenant’s use of the Parking Facility. Tenant hereby waives on behalf of its insurance carriers all rights of subrogation against Landlord or any Landlord Party.

ARTICLE 4 TERM AND POSSESSION

4.1 Commencement Date. The Term of this Lease shall commence on the Commencement Date and shall be for the term specified in Section 1.8 hereof (which includes as set forth in Section 1.8 any partial month at the commencement of the Term if the Term commences other than on the first day of the calendar month).

4.2 Acknowledgment of Commencement. Within five (5) business days after request by Landlord, Tenant shall execute and deliver to Landlord a written acknowledgment of the Delivery Date and Commencement Date in the form attached hereto as Exhibit C, and by this reference it shall be incorporated herein. Landlord may elect to require Tenant to execute a separate acknowledgement for the Delivery Date and for the Commencement Date. The failure or delay by Landlord to request such acknowledgement or the failure or delay by Tenant to execute and deliver such acknowledgment shall not delay the Delivery Date or the Commencement Date. The failure of Tenant to execute and deliver such acknowledgement to Landlord with said five (5) business day period shall mean that the information in the acknowledgement provided by Landlord to Tenant shall be deemed correct and binding on Tenant.

4.3 Early Term Access Period. Tenant and its contractors shall have access to the Leased Premises during the Early Term Access Period for purposes of Tenant causing the construction of the Tenant Improvements and installing its furniture, fixtures and equipment. All of the terms and provisions of this Lease shall apply during the Early Term Access Period, other than the payment of Minimum Monthly Rent. Tenant shall comply with all of such terms and conditions of this Lease during the Early Term Access Period. Landlord shall not be required to provide any services for refuse removal or janitorial services during the Early Term Access Period. Such services shall be arranged and paid for by Tenant unless Landlord elects in its discretion to provide any such service, in which case Tenant shall pay Landlord for such service within 15 days after request.

4.4 Delay. If Landlord, for any reason whatsoever, cannot deliver possession of the Leased Premises to Tenant by the estimated Delivery Date, this Lease shall not be void or voidable, nor shall Landlord be liable for any loss or damage resulting therefrom except as expressly provided to the contrary in in this Section 4.4. If Delivery Date for the Leased Premises has not occurred by September 1, 2020 (the "**Outside Date**") due to any Existing Tenant not have vacated and surrendered possession of the portion of the Leased Premises leased by an Existing Tenant, then (a) Landlord agrees to commence an unlawful detainer proceeding against such Existing Tenant to recover possession of the applicable portion of the Leased Premises, and (b) Tenant will be entitled, as its sole and exclusive remedy, to one (1) day of credit for Minimum Monthly Rent for the Leased Premises for every one (1) day of delay beyond the Outside Date until the Leased Premises is delivered to Tenant (the "**Delay Credit**"). The Delay Credit shall be applicable against Minimum Monthly Rent first coming due from and after the date for commencement of payment of Minimum Monthly Rent for the Leased Premises. The right to the Delay Credit will not be applicable if the Landlord does not deliver possession of the Leased Premises (or portion thereof) due to any casualty to the Leased Premises or the Building that causes a delay in Landlord delivering the Leased Premises to Tenant.

4.5 Acceptance. Tenant shall accept possession of the Leased Premises on the Delivery Date in its AS IS condition without the construction of any improvements or the grant of any monetary allowances except for the "Allowance" (as such term is defined in Exhibit B). Tenant acknowledges that neither Landlord, nor any agent, employee or servant of Landlord, has made any representation or warranty, expressed or implied, with respect to the Leased Premises, Building or Common Areas of the Complex, or with respect to the suitability of them to the conduct of Tenant's business, nor has Landlord agreed to undertake any modifications, alterations, or improvements of the Leased Premises, Building or Common Areas of the Complex, except as specifically provided in this Lease. Landlord represents that the base Building Systems and Equipment providing service to the Leased Premises, including, without limitation, HVAC (excluding any supplement HVAC system for Tenant's network server room), electrical, plumbing, sprinkler and life safety systems (collectively, "**Operating Systems**") and the Structural elements of the Premises are in good operating condition and repair as of the Delivery Date. Tenant shall notify Landlord within sixty (60) days following the Delivery Date (the "**Warranty Period**") if any of the Operating Systems providing service to the Leased Premises malfunction or otherwise are not in good operating condition. As Tenant's sole remedy for Landlord's breach of this warranty, Landlord shall, as Landlord's sole obligation, promptly after receipt of written notice from Tenant setting forth with specificity the nature and extent of such breach, repair same at Landlord's expense; provided, however, Landlord shall have no liability hereunder for repairs or replacements necessitated by the acts or omissions of Tenant and/or any of Tenant's Parties.

4.6 Failure to Take Possession. Tenant's inability or failure to take possession of the Leased Premises when delivery is tendered by Landlord shall not delay the Delivery Date or Commencement Date of the Lease or Tenant's obligation to pay Rent. Tenant acknowledges that Landlord shall incur significant expenses upon the execution of this Lease, even if Tenant never takes possession of the Leased Premises, including, without limitation, brokerage commissions and fees, legal or other professional fees, the costs of space planning and the costs of construction of Tenant Improvements in the Leased Premises. Tenant acknowledges that all of said expenses, in addition to all other expenses incurred and damages suffered by Landlord, shall be included in measuring Landlord's damages should Tenant breach the terms of this Lease.

4.7 Disability Access Disclosure Under Section 1938 of the California Civil Code. Landlord makes the following statement in accordance with Section 1938 of the California Civil Code. The Leased Premises have not undergone an inspection by a Certified Access Specialist to determine if the Leased Premises meet all applicable construction related accessibility standards pursuant to Section 55.53 of the California Civil Code. Landlord makes no representation or warranty as to whether or not the Leased Premises comply with the accessibility requirements of the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et. seq. ("**ADA**") or any similar California legislation (the ADA and any similar California legislation shall be referred to as the "**Disability Laws**").

(a) Required Statement. Landlord makes the following statement in compliance with the requirements of Section 1938(e) of the California Civil Code.

A Certified Access Specialist ("**CASp**") can inspect the subject Leased Premises and determine whether the subject Leased Premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject Leased Premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject Leased Premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the subject Leased Premises."

If Tenant desires to obtain such CASp inspection, the CASp party, the scope of the inspection and date such inspection shall be performed shall be subject to the prior written approval of Landlord, which will not be unreasonably withheld. Landlord shall have the right to have a representative present during such inspection. The cost of such inspection shall be paid by Tenant without reimbursement or other payment from Landlord. Any work required to be completed as described in the CASp report shall be performed and paid for by Tenant. Landlord reserves the right to contest the findings in any CASp inspection report obtained by Tenant by having another CASp inspect the Leased Premises.

Any CASp inspection report obtained by or provided to Tenant shall be confidential and Tenant shall not disclose such report or the findings in such report to any other party without the prior written consent of Landlord in its sole discretion, except to the extent disclosure is required to parties on a need to know basis only for Tenant to complete repairs and corrections of violations of construction-related accessibility standard that Tenant agrees to make.

(b) Landlord's Representation. Landlord represents and warrants to its actual knowledge as of the date of this Lease that it does not have notice from any local governmental agency having jurisdiction that the Common Areas are in violation of the ADA, as the ADA is interpreted and applied by such governmental agency as of the date of this Lease or would be applied if such governmental agency had knowledge of such condition of the Common Areas that would constitute a violation of the ADA and required corrective work to satisfy such violation. If there is a breach of Landlord's representation and warranty under this paragraph, then as the sole and exclusive remedy, Landlord shall cause the work to the Common Areas to cure such violation to be completed at Landlord's expense. The foregoing representation and warranty by Landlord does not (a) cover the bathrooms and elevator lobby on the floor containing the Leased Premises, (b) cover any work required to be completed to the Common Areas due to or in connection with the Tenant Improvements or any future alterations by Tenant, or (c) cover any work required to be completed to the Common Areas due to Tenant's particular use of the Leased Premises (as opposed to general office use).

ARTICLE 5 MINIMUM MONTHLY RENT

5.1 Payment. Tenant shall pay to Landlord at the address specified in Section 1.1, or at such other place as Landlord may otherwise designate, as "Minimum Monthly Rent" for the Leased Premises the amount specified in Section 1.9 hereof, payable in advance on the first day of each month during the Term of the Lease. If the Term commences on other than the first day of a calendar month, the rent for the first partial month shall be prorated accordingly. All payments of Minimum Monthly Rent (including sums defined as rent in Section 2) shall be in lawful money of the United States, and payable without deduction, offset, counterclaim, prior notice or demand.

5.2 Advance Rent. The first full month's rent shall be paid by Tenant to Landlord upon the execution of this Lease as advance rent, provided, however, that such amount shall be held by Landlord as an additional "Security Deposit" pursuant to this Lease until it is applied by Landlord to the first Minimum Monthly Rent due hereunder.

5.3 Electronic Payment. Landlord shall have the right, on not less than thirty (30) days prior written notice to Tenant (the "**Electronic Payment Notice**"), to require Tenant to make subsequent payments of Minimum Monthly Rent and Additional Rent due pursuant to the terms of this Lease by means of a federal funds wire transfer or such other method of electronic funds transfer as may be required by Landlord in its sole and absolute discretion (the "**Electronic Payment**"). The Electronic Payment Notice shall set forth the proper bank ABA number, account number and designation of the account to which such Electronic Payment shall be made. Tenant shall promptly notify Landlord in writing of any additional information that will be required to establish and maintain Electronic Payment from Tenant's bank or financial institution. Landlord shall have the right, after at least ten (10) days prior written notice to Tenant, to change the name of the depository for receipt of any Electronic Payment and to discontinue payment of any sum by Electronic Payment.

5.4 Use of Lock Box. If Landlord shall direct Tenant to pay rent at a "lockbox" or other depository whereby checks issued in payment of rent are initially cashed or deposited by a person or entity other than Landlord (albeit on Landlord's authority), then (i) Landlord shall not be deemed to have accepted such payment until twenty (20) days after the date on which Landlord shall have actually received such funds, and (ii) Landlord shall be deemed to have accepted such payment if (and only if) within said twenty (20) day period, Landlord shall not have refunded (or attempted to refund) such payment to Tenant. Nothing in the preceding sentence shall be construed to place Tenant in default of Tenant's obligation to pay rent or subject Tenant to any late charge if Tenant shall timely pay the rent in the manner designated by Landlord to the lock box.

ARTICLE 6 ADDITIONAL RENT

6.1 Personal Property, Gross Receipts, Leasing Taxes. This section is intended to deal with impositions or taxes directly attributed to Tenant or this transaction, as distinct from taxes attributable to the Building or Common Areas of the Complex which are to be allocated among various tenants and others. Tenant shall pay before delinquency any and all taxes, assessments, license fees and public charges levied, assessed or imposed against Tenant or Tenant's estate in this Lease or the property of Tenant situated within the Leased Premises which become due during the Term. On demand by Landlord, Tenant shall furnish Landlord with satisfactory evidence of these payments. If such taxes are included in the bill for the Real Estate Taxes for the Building or Complex, then Tenant shall pay to Landlord as additional rent the amount of such taxes within ten (10) days after demand from Landlord. Tenant shall also be responsible for procuring or installing in the Leased Premises any trade fixtures, equipment, furniture, furnishings, telephone equipment or other personal property ("**Personal Property**") to be used in the Leased Premises by Tenant, and the cost of such Personal Property shall be paid by Tenant. Tenant shall conform to the Building's wiring standards in installing any telephone equipment and shall be subject to any and all rules of the site during construction.

6.2 Operating Costs, Taxes and Insurance.

(a) Base Year Increases.

(i) If the Operating Costs for any Expense Year subsequent to the Base Year, calculated on the basis of the greater of (i) actual Operating Costs; or (ii) as if the Complex were at least one hundred percent (100%) occupied and operational for the whole of such Expense Year, are more than the Base Operating Costs, Tenant shall pay to Landlord its Proportionate Share of any such increase in Operating Costs over the Base Operating Costs, as additional Rent as hereinafter provided.

(ii) If the Taxes for any Expense Year subsequent to the Base Year, calculated on the basis of the greater of (i) actual Taxes; or (ii) as if the Complex were at least one hundred percent (100%) occupied and operational for the whole of such Expense Year, are more than the Base Taxes, Tenant shall pay to Landlord its Proportionate Share of any such increase in Taxes over the Base Taxes, as additional Rent as hereinafter provided.

(b) Partial Year. If any Expense Year of less than twelve (12) months is included within the Term, the amount payable by Tenant for such period shall be prorated on a per diem basis.

6.3 Method of Payment. Any additional Rent payable by Tenant under Sections 6.1 and 6.2 hereof shall be paid as follows, unless otherwise provided:

(a) Estimated Monthly. During the Term, Tenant shall pay to Landlord monthly in advance on the first day of each month, in addition to payment of Minimum Monthly Rent, one-twelfth (l/12th) of the amount of such additional Rent as estimated by Landlord in advance, in good faith, to be due from Tenant. If at any time during the course of the fiscal year, Landlord determines that Operating Costs and/or Taxes are projected to vary from the then estimated costs for such items by more than ten percent (10%), Landlord may, by written notice to Tenant, revise the estimated Operating Costs and/or Taxes for the balance of such fiscal year, and Tenant’s monthly installments for the remainder of such year shall be adjusted so that by the end of such fiscal year Tenant will have paid to Landlord Tenant’s Proportionate Share of the such revised expenses for such year.

(b) Annual Reconciliation and Payment. Annually, within one hundred fifty (150) days after the close of each calendar year subsequent to the Base Year, or as soon after such one hundred fifty (150) day period as practicable, but in any event within one (1) year after the close of each such calendar year except for any bills from any governmental authority received after such one year period, Landlord shall prepare in good faith and deliver to Tenant a comparative statement, which statement shall be conclusive between the parties hereto (subject to the inspection rights set forth in Subsection (d), below), setting forth (1) the Operating Costs and Taxes for such Expense Year, and (2) the amount of additional Rent as determined in accordance with the provisions of this Article 6. If the aggregate amount of such estimated additional Rent payments made by Tenant in any Expense Year should be less than the additional Rent due for such year, then Tenant shall pay to Landlord as additional Rent upon demand the amount of such deficiency. If the aggregate amount of such additional Rent payments made by Tenant in any Expense Year of the Term should be greater than the additional Rent due for such year, then should Tenant not be otherwise in default hereunder, the amount of such excess will be applied by Landlord to the next succeeding installments of such additional Rent due hereunder; and if there is any such excess for the last year of the Term, the amount thereof will be refunded by Landlord to Tenant within sixty (60) days of the last day of the Term, provided Tenant is not otherwise in default under the terms of this Lease.

(c) Adjustments. If Landlord is not furnishing any particular work or service (the cost of which, if performed by Landlord, would be included in Operating Costs) to a tenant who has undertaken to perform such work or service in lieu of the performance thereof by Landlord, Operating Costs shall be deemed to be increased by an amount equal to the additional Operating Costs which would reasonably have been incurred during such period by Landlord if it had at its own expense furnished such work or service to such tenant.

Notwithstanding anything to the contrary set forth in this Article 6, when calculating Operating Costs for the Base Year, Operating Costs shall exclude one-time special charges, costs or fees incurred in the Base Year only, including those attributable to market-wide labor-rate increases or other extraordinary circumstances, including, but not limited to, boycotts and strikes, and costs relating to capital improvements or expenditures that will not recur during the Term.

(d) Inspection. Tenant shall have the right at its own expense to inspect the books and records of Landlord pertaining to Operating Costs and Taxes allocated to the Building once in any calendar year by any employee of Tenant or by a certified public accountant mutually acceptable to Landlord and Tenant (provided such certified public accountant charges for its service on an hourly basis and not based on a percentage of any recovery or similar incentive method) at reasonable times, and upon reasonable written notice to Landlord as hereinafter provided. Tenant's right to inspect such books and records is conditioned upon Tenant first paying Landlord the full amount billed by Landlord. Within one hundred eighty (180) days after receipt of Landlord's annual reconciliation of such Operating Costs and Taxes, Tenant shall have the right, after at least thirty (30) days prior written notice to Landlord, to inspect at the offices of Landlord or its property manager, the books and records of Landlord pertaining solely to the Operating Costs and Taxes allocated to the Building for the immediately preceding calendar year covered in such annual reconciliation statement. All expenses of the inspection shall be borne by Tenant and must be completed within fifteen (15) days after commencement of such inspection. If Tenant's inspection reveals a discrepancy in the comparative annual reconciliation statement, Tenant shall deliver a copy of the inspection report and supporting calculations to Landlord within thirty (30) days after completion of the inspection. If Tenant and Landlord are unable to resolve the discrepancy within thirty (30) days after Landlord's receipt of the inspection report, either party may upon written notice to the other have the matter decided by an inspection by an independent certified public accounting firm approved by Tenant and Landlord (the "**CPA Firm**"), which approval shall not be unreasonably withheld or delayed. If the inspection by the CPA Firm shows that the actual aggregate amount of Operating Costs and Taxes payable by Tenant is greater than the amount previously paid by Tenant for such accounting period, Tenant shall pay Landlord the difference within thirty (30) days. If the inspection by the CPA Firm shows that the actual applicable amount is less than the amount paid by Tenant, then the difference shall be applied in payment of the next estimated monthly installments of Tenant's Proportionate Share of Operating Costs and Taxes owing by Tenant, or in the event such accounting occurs following the expiration of the Term hereof, such difference shall be refunded to Tenant. Tenant shall pay for the cost of the inspection by the CPA Firm, unless such inspection shows that Landlord overstated the aggregate amount Operating Costs and Taxes by more than five percent (5%), in which case Landlord shall pay for the cost of the inspection by the CPA Firm, not to exceed $2,500.00.

Tenant acknowledges and agrees that any information revealed in the above described inspection may contain proprietary and sensitive information and that significant damage could result to Landlord if such information were disclosed to any party other than Tenant's auditors. Tenant shall not in any manner disclose, provide or make available any information revealed by the inspection to any person or entity without Landlord's prior written consent, which consent may be withheld by Landlord in its sole and absolute discretion. In addition, Tenant and Tenant's agents (including its auditor) must agree in advance to follow Landlord's reasonable rules and procedures regarding inspections of Landlord's records, and, if requested by Landlord, shall execute a commercially reasonable confidentiality agreement regarding such inspection. Tenant hereby acknowledges that Tenant's sole right to inspect Landlord's records and to contest the amount of Operating Costs and Taxes payable by Tenant shall be as set forth in this Section 6.3(d), and Tenant hereby waives any and all other rights pursuant to applicable law to audit such records and/or to contest the amount of Operating Costs and Taxes payable by Tenant.

ARTICLE 7 ACCORD AND SATISFACTION

7.1 Acceptance of Payment. No payment by Tenant or receipt by Landlord of a lesser amount of Minimum Monthly Rent or any other sum due hereunder, shall be deemed to be other than on account of the earliest due rent or payment, nor shall any endorsement or statement on any check or any letter accompanying any such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or payment or pursue any other remedy available in this Lease, at law or in equity. Landlord may accept any partial payment from Tenant without invalidation of any contractual notice required to be given herein (to the extent such contractual notice is required) and without invalidation of any notice required to be given pursuant to California Code of Civil Procedure Section 1161, et seq., or of any successor statute thereto.

ARTICLE 8 SECURITY DEPOSIT

8.1 Payment on Lease Execution. Tenant shall pay Landlord upon execution hereof the sum specified in the Salient Lease Terms as a Security Deposit. This sum is designated as a Security Deposit and shall remain the sole and separate property of Landlord until actually repaid to Tenant (or at Landlord's option the last assignee, if any, of Tenant's interest hereunder), said sum not being earned by Tenant until all conditions precedent for its payment to Tenant have been fulfilled. As this sum both in equity and at law is Landlord's separate property, Landlord shall not be required to (1) keep said deposit separate from his general accounts, or (2) pay interest, or other increment for its use. If Tenant fails to pay rent or other charges when due hereunder, or otherwise defaults with respect to any provision of this Lease, including and not limited to Tenant's obligation to restore or clean the Leased Premises following vacation thereof, Tenant, at Landlord's election, shall be deemed not to have earned the right to repayment of the Security Deposit, or those portions thereof used or applied by Landlord for the payment of any rent or other charges in default, or for the payment of any other sum to which Landlord may become obligated by reason of Tenant's default, or to compensate Landlord for any loss or damage which Landlord may suffer thereby. Landlord may retain such portion of the Security Deposit as it reasonably deems necessary to restore or clean the Leased Premises following vacation by Tenant. The Security Deposit is not to be characterized as rent until and unless so applied in respect of a default by Tenant. If Tenant is not in default under this Lease, then within thirty (30) days after the expiration of the Term and Tenant's vacation of the Premises, Landlord shall return the Security Deposit, less any sums Landlord is entitled to keep, to Tenant (or at Landlord's option, to the last assignee of Tenant's interest hereunder). Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code, and all other provisions of law, now or hereafter in force, which provide that Landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Tenant or to clean the Leased Premises, it being agreed that Landlord may, in addition, claim those sums reasonably necessary to compensate Landlord for any other loss or damage, foreseeable or unforeseeable, caused by the act or omission of Tenant or any officer, employee, agent or invitee of Tenant.

8.2 Restoration of Deposit. If Landlord elects to use or apply all or any portion of the Security Deposit as provided in Section 8.1, Tenant shall within ten (10) days after written demand therefor pay to Landlord in cash, an amount equal to that portion of the Security Deposit used or applied by Landlord, and Tenant's failure to so do shall be a material breach of this Lease. The ten (10) day notice specified in the preceding sentence shall insofar as not prohibited by law, constitute full satisfaction of notice of default provisions required by law or ordinance.

ARTICLE 9 USE

9.1 Permitted Use. The Leased Premises may be used and occupied only for the purposes specified in Section 1.12 hereof, and for no other purpose or purposes. Tenant shall promptly comply with all laws, ordinances, orders and regulations relating to the cleanliness, safety, occupation and use of the Leased Premises. Tenant shall not use, or permit to be used, the Leased Premises in any manner that will disturb any other tenant in the Building or Complex, or obstruct or interfere with the rights of other tenant or occupants of the Building or Complex, or injure or annoy them or create any unreasonable smells, noise or vibrations (taking into account the nature and tenant-mix of the Building). Tenant shall not do, permit or suffer in, on, or about the Leased Premises the sale of any alcoholic liquor without the written consent of Landlord first obtained. Tenant shall not allow the Leased Premises to be used for any improper, immoral, unlawful or objectionable purpose.

9.2 Safes, Heavy Equipment. Tenant shall not place a load upon any floor of the Leased Premises which exceeds the lesser of fifty (50) pounds per square foot live load or such other amount specified in writing by Landlord from time to time. Landlord reserves the right to prescribe the weight and position of all safes and heavy installations which Tenant wishes to place in the Leased Premises so as properly to distribute the weight thereof, or to require plans prepared by a qualified structural engineer at Tenant's sole cost and expense for such heavy objects. Notwithstanding the foregoing, Landlord shall have no liability for any damage caused by the installation of such heavy equipment or safes.

9.3 Machinery. Business machines and mechanical equipment belonging to Tenant which cause noise and/or vibration that may be transmitted to the structure of the Building or to any other leased space to such a degree as to be objectionable to Landlord or to any tenants in the Complex shall be placed and maintained by the party possessing the machines or equipment, at such party's expense, in settings of cork, rubber or spring type noise and/or vibration eliminators, and Tenant shall take such other measures as needed to eliminate vibration and/or noise. If the noise or vibrations cannot be eliminated, Tenant must remove such equipment within ten (10) days following written notice from Landlord.

9.4 Waste or Nuisance. Tenant shall not commit, or suffer to be committed, any waste upon the Leased Premises, or any nuisance, or other act or thing which may disturb the quiet enjoyment of any other tenant or occupant of the Complex in which the Leased Premises are located.

9.5 Operation. If Tenant shall abandon, vacate or surrender the Leased Premises, or be dispossessed by process of law, or otherwise, any Personal Property belonging to Tenant and remaining on the Leased Premises after such event shall, at the option of Landlord, be deemed abandoned. Tenant shall be required to follow the reasonable recommendations of Landlord and/or Landlord's LEED consultants to insure that the operation of Tenant's business at the Leased Premises will satisfy the LEED requirements applicable for the Building.

9.6 Access. Tenant shall have access to the Leased Premises twenty-four hours a day, seven days a week, subject to any security requirements and regulations that may be in effect at the time. Subject to applicable laws and the other provisions of this Lease, and except in the event of an emergency, Tenant acknowledges and agrees that it shall use the card-key system currently in place for entry into the Building and into the Leased Premises.

ARTICLE 10 COMPLIANCE WITH LAWS AND REGULATIONS

10.1 Compliance Obligations. Tenant shall, at its sole cost and expense, comply with all of the requirements of all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the use and occupancy of the Leased Premises, and shall faithfully observe in the use or occupancy of the Leased Premises all municipal ordinances and state and federal statutes, laws and regulations now or hereafter in force, including, without limitation, the “Environmental Laws” (as hereinafter defined), and the Americans with Disabilities Act, 42 U.S.C. §§ 12101-12213 (and any rules, regulations, restrictions, guidelines, requirements or publications promulgated or published pursuant thereto), whether or not any of the foregoing were foreseeable or unforeseeable at the time of the execution of this Lease. Tenant's obligation to comply with and observe such requirements, ordinances, statutes and regulations shall apply regardless of whether such requirements, ordinances, statutes and regulations regulate or relate to Tenant's particular use of the Leased Premises or regulate or relate to the use of premises in general, and regardless of the cost thereof. Notwithstanding the foregoing, however, Tenant shall not be required to perform any structural changes to the Leased Premises or other portions of the Building unless such changes are related to or affected or triggered by (i) the Tenant Improvements or any alteration by Tenant, (ii) Tenant’s particular use of the Leased Premises (as opposed to Tenant’s use of the Leased Premises for general office purposes in a normal and customary manner), (iii) Tenant’s particular employees or employment practices, or (iv) the construction of initial Tenant Improvements to the Leased Premises. The judgment of any court of competent jurisdiction, or the admission of Tenant in any action or proceeding against Tenant, whether Landlord be a party thereto or not, that any such requirement, ordinance, statute or regulation pertaining to the Leased Premises has been violated, shall be conclusive of that fact as between Landlord and Tenant.

10.2 Condition of Leased Premises. Tenant hereby accepts the Leased Premises in the condition existing as of the date of occupancy, subject to all applicable zoning, municipal, county and state laws, ordinances, rules, regulations, orders, Restrictions of record, and requirements in effect during the Term or any part of the Term hereof regulating the Leased Premises, and without representation, warranty or covenant by Landlord, express or implied, as to the condition, habitability or safety of the Leased Premises, the suitability or fitness thereof for their intended purposes, or any other matter. Tenant shall also be responsible for procuring or installing in the Leased Premises any trade fixtures, equipment, furniture, furnishings, telephone equipment or other personal property to be used in the Leased Premises by Tenant, and the cost of such Personal Property shall be paid by Tenant. Tenant shall conform to the Building’s wiring standards in installing any telephone equipment and shall be subject to any and all rules of the site during construction.

10.3 Hazardous Materials.

(a) Hazardous Materials. As used herein, the term “**Hazardous Materials**” shall mean any wastes, materials or substances (whether in the form of liquids, solids or gases, and whether or not air-borne), which are or are deemed to be (i) pollutants or contaminants, or which are or are deemed to be hazardous, toxic, ignitable, reactive, corrosive, dangerous, harmful or injurious, or which present a risk to public health or to the environment, or which are or may become regulated by or under the authority of any applicable local, state or federal laws, judgments, ordinances, orders, rules, regulations, codes or other governmental restrictions, guidelines or requirements, any amendments or successor(s) thereto, replacements thereof or publications promulgated pursuant thereto, including, without limitation, any such items or substances which are or may become regulated by any of the Environmental Laws (as hereinafter defined); (ii) listed as a chemical known to the State of California to cause cancer or reproductive toxicity pursuant to the California Health and Safety Code; or (iii) a pesticide, petroleum, including crude oil or any fraction thereof, asbestos or an asbestos-containing material, a polychlorinated biphenyl, radioactive material, or urea formaldehyde.

(b) Environmental Laws. In addition to the laws referred to in section 10.3(a) above, the term "**Environmental Laws**" shall be deemed to include, without limitation, all local, state and federal laws, judgments, ordinances, orders, rules, regulations, codes and other governmental restrictions, guidelines and requirements, any amendments and successors thereto, replacements thereof and publications promulgated pursuant thereto, which deal with or otherwise in any manner relate to, air or water quality, air emissions, soil or ground conditions or other environmental matters of any kind.

(c) Use of Hazardous Materials. Tenant agrees that during the Term of this Lease, there shall be no use, presence, disposal, storage, generation, leakage, treatment, manufacture, import, handling, processing, release, or threatened release of Hazardous Materials on, from or under the Leased Premises by Tenant or any of the Tenant Parties (individually and collectively, "**Hazardous Use**") except to the extent that, and in accordance with such conditions as, Landlord may have previously approved in writing in its sole and absolute discretion. However, without the necessity of obtaining such prior written consent, Tenant shall be entitled to use and store only those Hazardous Materials which are (i) typically used in the ordinary course of business in an office for use in the manner for which they were designed and in such limited amounts as may be normal, customary and necessary for Tenant's business in the Leased Premises, and (ii) in full compliance with Environmental Laws, and all judicial and administrative decisions pertaining thereto. For the purposes of this Section 10.3(c), the term Hazardous Use shall include Hazardous Use(s) on, from or under the Leased Premises by Tenant or any of its directors, officers, employees, shareholders, partners, invitees, agents, contractors or occupants (collectively, "**Tenant's Parties**"), whether known or unknown to Tenant, and whether occurring and/or existing during or prior to the commencement of the Term of this Lease.

(d) Compliance. Tenant agrees that during the Term of this Lease Tenant shall not be in violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene, soil, water, or environmental conditions on, under or about the Leased Premises including, but not limited to, the Environmental Laws.

(e) Inspection and Testing by Landlord. Landlord shall have the right at all times during the term of this Lease to (i) inspect the Leased Premises and to (ii) conduct tests and investigations to determine whether Tenant is in compliance with the provisions of this Section. Except in case of emergency, Landlord shall give reasonable notice to Tenant before conducting any inspections, tests, or investigations. The cost of all such inspections, tests and investigations shall be borne by Tenant if Tenant is in breach of Section 10.3 of this Lease. Neither any action nor inaction on the part of Landlord pursuant to this Section 10.3(e) shall be deemed in any way to release Tenant from, or in any way modify or alter, Tenant's responsibilities, obligations, and/or liabilities incurred pursuant to Section 10.3 hereof.

10.4 Indemnity. Tenant shall indemnify, hold harmless, and, at Landlord's option (with such attorneys as Landlord may approve in advance and in writing), defend Landlord and Landlord's officers, directors, shareholders, partners, members, managers, employees, property managers, agents and mortgagees and other lien holders, from and against any and all "Losses" (hereinafter defined) arising from or related to: (a) any violation or alleged violation by Tenant or any of Tenant's Parties of any of the requirements, ordinances, statutes, regulations or other laws referred to in this Article 10, including, without limitation, the Environmental Laws; (b) any breach of the provisions of this Article 10 by Tenant or any of Tenant's Parties; or (c) any Hazardous Use on, about or from the Leased Premises of any Hazardous Material approved by Landlord under this Lease. The term "**Losses**" shall mean all claims, demands, expenses, actions, judgments, damages (whether consequential, direct or indirect, known or unknown, foreseen or unforeseen), penalties, fines, liabilities, losses of every kind and nature (including, without limitation, property damage, diminution in value of Landlord's interest in the Leased Premises or the Complex, damages for the loss or restriction on use of any space or amenity within the Building or the Complex, damages arising from any adverse impact on marketing space in the Complex, sums paid in settlement of claims and any costs and expenses associated with injury, illness or death to or of any person), suits, administrative proceedings, costs and fees, including, but not limited to, attorneys' and consultants' fees and expenses, and the costs of cleanup, remediation, removal and restoration, that are in any way related to any matter covered by the foregoing indemnity.

10.5 Delivery. If during Tenant's construction of the Tenant Improvements Tenant encounters Hazardous Materials in the Leased Premises in violation of applicable Environmental Laws and which are required to be remediated or otherwise abated by the local governmental authority having jurisdiction for Tenant to proceed with the Tenant Improvements, then such Hazardous Materials shall be abated or remediated by Landlord at Landlord's sole cost in compliance with Environmental Laws and the Commencement Date shall be equitably adjusted based on the time required for Landlord to complete such work and its impact on Tenant's construction schedule only to the extent such remediation or abatement work by Landlord actually delays Tenant with the construction of the Tenant Improvements.

ARTICLE 11 SERVICE AND EQUIPMENT

11.1 Climate Control. Landlord shall provide climate control to the Leased Premises from 7:00 a.m. to 6:00 p.m. (the "**Climate Control Hours**") on weekdays (Saturdays, Sundays and holidays excepted) to maintain a temperature adequate for comfortable occupancy, provided that Landlord shall have no responsibility or liability for failure to supply climate control service when making repairs, alterations or improvements or when prevented from so doing by strikes or any cause beyond Landlord's reasonable control. Any climate control furnished for periods not within the Climate Control Hours pursuant to Tenant's request shall be at Tenant's sole cost and expense in accordance with rate schedules promulgated by Landlord from time to time. Fan service for after Climate Control Hours must be requested with 24 hours prior notice. Full HVAC service must be requested with 48 hours notice. A four hour minimum is charged for fan or HVAC service. Tenant acknowledges that Landlord has installed in the Building a system for the purpose of climate control. Any use of the Leased Premises not in accordance with the design standards or any arrangement of partitioning which interferes with the normal operation of such system may require changes or alterations in the system or ducts through which the climate control system operates. Any changes or alterations so occasioned, if such changes can be accommodated by Landlord's equipment, shall be made by Tenant at its cost and expense but only with the written consent of Landlord first had and obtained, and in accordance with drawings and specifications and by a contractor first approved in writing by Landlord. If installation of partitions, equipment or fixtures by Tenant necessitates the re-balancing of the climate control equipment in the Leased Premises, the same will be performed by Landlord at Tenant's expense. Tenant acknowledges that up to one (1) year may be required after Tenant has fully occupied the Leased Premises in order to adjust and balance the climate control systems. Any charges to be paid by Tenant hereunder shall be due within ten (10) days of receipt of an invoice from Landlord, which invoice may precede Landlord's expenditure for the benefit of Tenant. Landlord shall not be responsible for any supplemental heating, air-conditioning or ventilation system installed for service to the server room in the Leased Premises or that is not part of the Building's Systems and Equipment. Tenant, at its expense, shall be response for the repair, maintenance and replacement of such supplemental heating, air-conditioning and ventilation system.

11.2 Elevator Service. Landlord shall provide elevator service, provided that Tenant, its employees, and all other persons using such services shall do so at their own risk.

11.3 Cleaning Public Areas. Landlord shall maintain and keep clean the street level lobbies, sidewalks, truck dock, public corridors and other public portions of the Building.

11.4 Refuse Disposal. Tenant shall pay Landlord, within ten (10) days of being billed therefor, for the removal from the Leased Premises and the Building of such refuse and rubbish of Tenant as shall exceed that ordinarily accumulated daily in the routine of a reasonable office.

11.5 Janitorial Service. Landlord shall provide cleaning and janitorial service in and about the Complex and Leased Premises five days a week (which is currently scheduled for Sunday through Thursday, holidays excepted, subject to change by Landlord) in accordance with commercially reasonable standards in an office building in the city in which the Building is located.

11.6 Special Cleaning Service. To the extent that Tenant shall require special or more frequent cleaning and/or janitorial service (hereinafter referred to as "**Special Cleaning Service**") Landlord may, upon reasonable advance notice from Tenant, elect to furnish such Special Cleaning Service and Tenant agrees to pay Landlord, within ten (10) days of being billed therefor, Landlord's charge for providing such additional service. Special Cleaning Service shall include but shall not be limited to the following to the extent such services are beyond those typically provided pursuant to section 11.5 above:

(a) The cleaning and maintenance of Tenant eating facilities other than the normal and ordinary cleaning and removal of garbage, which special cleaning service shall include, without limitation, the removal of dishes, utensils and excess garbage; it being acknowledged that normal and ordinary cleaning service does not involve placing dishes, glasses and utensils in the dishwasher, cleaning any coffee pot or other cooking mechanism or cleaning the refrigerator or any appliances;

(b) The cleaning and maintenance of Tenant computer centers, including peripheral areas other than the normal and ordinary cleaning and removal of garbage if Tenant so desires;

(c) The cleaning and maintenance of special equipment areas, locker rooms, and medical centers;

(d) The cleaning and maintenance in areas of special security; and

(e) The provision of consumable supplies for private toilet rooms.

11.7 Electrical. During the Term of this Lease, there shall be available to the Leased Premises electrical facilities comparable to those supplied in other comparable office buildings in the vicinity of the Building to provide sufficient power for normal lighting and office machines of similar low electrical consumption, and one personal computer for each desk station, but not for any additional computers or extraordinary data processing equipment, special lighting and any other item of electrical equipment which requires a voltage other than one hundred ten (110) volts single phase, as determined by Landlord in its sole and absolute discretion; and provided, however, that if the installation of such electrical equipment requires additional air conditioning capacity above that normally provided to tenants of the Building or above standard usage of existing capacity as determined by Landlord in its sole and absolute discretion, then the additional air conditioning installation and/or operating costs attributable thereto shall be paid by Tenant. Tenant agrees not to use any apparatus or device in, upon or about the Leased Premises which may in any way increase the amount of such electricity usually furnished or supplied to the Leased Premises, and Tenant further agrees not to connect any apparatus or device to the wires, conduits or pipes or other means by which such electricity is supplied, for the purpose of using additional or unusual amounts of electricity, without the prior written consent of Landlord. At all times, Tenant's use of electric current shall never exceed Tenant's share of the capacity of the feeders to the Building or the risers or wiring installation. Tenant shall not install or use or permit the installation or use in the Leased Premises of any computer or electronic data processing or ancillary equipment or any other electrical apparatus designed to operate on electrical current in excess of 110 volts and 5 amps per machine, without the prior written consent of Landlord, which may be exercised in Landlord's sole and absolute discretion. If Tenant shall require electrical current in excess of that usually furnished or supplied for use of the Leased Premises as general office space, Tenant shall first procure the written consent of Landlord (which may be exercised in Landlord's sole and absolute discretion) to the use thereof and Landlord or Tenant may (i) cause a meter to be installed in or for the Leased Premises, or (ii) if Tenant elects not to install said meter, Landlord may reasonably estimate such excess electrical current. The cost of any meters (including, without limitation, the cost of any installation) or surveys to estimate such excess electrical current shall be paid by Tenant. Landlord's approval of any space plan, floor plan, construction plans, specifications, or other drawings or materials regarding the construction of the Tenant Improvements or any alterations shall not be deemed or construed as consent by Landlord under this paragraph to Tenant's use of such excess electrical current as provided above. Tenant agrees to pay to Landlord, promptly upon demand therefor, all costs of such electrical current consumed as well as an additional use charge calculated by said meters (at the rates charged for such services to the Building by the municipality or the local public utility) or the amount specified in said estimate, as the case may be, plus any additional expense incurred in keeping account of the electrical current so consumed, which additional expense Landlord shall advise Tenant within a reasonable time after request by Tenant.

11.8 Water. During the Term of this Lease, if water is made available to the Leased Premises, then water shall be used for drinking, lavatory and office kitchen purposes only as applicable. If Tenant requires, uses or consumes water for any purpose in addition to ordinary drinking, lavatory, and office kitchen purposes (as determined by Landlord in its sole and absolute discretion), as applicable, Landlord may reasonably estimate such excess and Tenant shall pay for same. At Tenant's sole cost and expense, Landlord may also install a water meter and thereby measure Tenant's water consumption for all purposes, and Tenant shall keep said meter and installation equipment in good working order and repair at Tenant's own cost and expense. Tenant agrees to pay for water consumed, as shown in said meter, as and when bills are rendered.

11.9 Interruptions. It is understood that Landlord does not warrant that any of the services referred to above or any other services which Landlord may supply will be free from interruption. Tenant acknowledges that any one or more such services may be suspended or reduced by reason of repairs, alterations or improvements necessary to be made, by strikes or accidents, by any cause beyond the reasonable control of Landlord, or by orders or regulations of any federal, state, county or municipal authority. Any such interruption or suspension of services shall not be deemed an eviction (constructive or otherwise) or disturbance of Tenant's use and possession of the Leased Premises or any part thereof, nor render Landlord liable to Tenant for damages by abatement of Rent or otherwise, nor relieve Tenant of performance of Tenant's obligations under this Lease. Notwithstanding the foregoing, if any interruption in or failure to provide electrical service to the Leased Premises occurs due solely to the negligence of Landlord and not as a result of any act or omission of Tenant any other party or the utility company providing such service, and such interruption or failure continues for five (5) or more consecutive business days after Landlord's receipt of written notice of such interruption or failure from Tenant, and Tenant is unable to conduct and does not conduct any business in a material portion of the Leased Premises as a result thereof, then Tenant as its sole and exclusive remedy shall be entitled to an abatement of rental, which abatement shall commence as of the first day after the expiration of such five (5) business day period and terminate upon the cessation of such interruption or failure of such service, and which abatement shall be based on the portion of the Leased Premises rendered inaccessible or unusable for Tenant's business by such interruption, failure or inability.

11.10 Conservation. Tenant agrees to comply with the conservation, use and recycling policies and practices from time to time established by Landlord for the use of utilities and services supplied by Landlord, and the utility charges payable by Tenant hereunder may include such excess usage penalties or surcharges as may from time to time be established by Landlord for the Building. Landlord may reduce the utilities supplied to the Leased Premises and the Common Areas as required or permitted by any mandatory or voluntary water, energy or other conservation statute, regulation, order or allocation or other program.

11.11 Excess Usage. In addition to Tenant's Proportionate Share of Operating Costs, Tenant shall pay for (the "**Excess Utility Costs**") (i) all utility costs (including, without limitation, electricity, water and/or natural gas) attributable to any HVAC or other cooling system located in the Leased Premises or that provides service to Tenant's server room, data center or other areas with special equipment or for special use, and (ii) all such utility costs consumed outside of the normal office hours of 7:00 a.m. to 6:00 p.m. Monday through Friday excluding holidays, and (iii) all utility costs consumed at the Leased Premises in excess of normal office use (such as by way of example only, extended hours of operation, heavier use of duplicating, computer, telecommunications or other equipment in excess of the normal use for general office uses, or a density of workers in excess of the normal density for general office uses). Tenant shall pay for such Excess Utility Costs within thirty (30) days after receipt of a billing from Landlord. Such billing shall be determined in good faith by Landlord based on separate meters, submeters or other measuring devices (such as an emon dmon device) to measure consumption of such utilities at the Leased Premises or otherwise based on a commercially reasonable allocation given Tenant's use of the Leased Premises. The charge for such excess use may include a reasonable charge for increased wear and tear on existing equipment caused by Tenant's excess consumption. Tenant shall pay, as additional rent, for the Excess Utility Costs within thirty (30) days after receipt of a billing from Landlord, and if requested by Landlord, Tenant shall pay for Excess Utility Costs, as additional rent, on an estimated basis in advance on the first day of each month, subject to an annual reconciliation of such Excess Utility Costs.

11.12 Energy Use Disclosures. Tenant agrees to cooperate with Landlord and provide information, including copies of Tenant's utility bills, required by Landlord regarding Tenant's energy consumption at the Leased Premises for purpose of establishing an account with the Energy Star Portfolio Manager website maintained by the EPA and Department of Energy.

ARTICLE 12 ALTERATIONS

12.1 Consent of Landlord; Ownership. Tenant shall not make, or suffer to be made, any alterations, additions or improvements, including, without limitation, any alterations, additions or improvements that result in increased telecommunication demands or require the addition of new communication or computer wires, cables and related devises or expand the number of telephone or communication lines dedicated to the Leased Premises by the Building's telecommunication design (individually, an "**alteration**" and collectively, "**alterations**") to the Leased Premises, or any part thereof, without the written consent of Landlord first had and obtained, which consent shall not be unreasonably withheld, conditioned or delayed. Subject to Section 12.4 below, any alterations, except trade fixtures, shall upon expiration or termination of this Lease become a part of the realty and belong to Landlord. Except as otherwise provided in this Lease, Tenant shall have the right to remove its trade fixtures placed upon the Leased Premises provided that Tenant restores the Leased Premises as indicated below. Tenant shall be required to follow the reasonable recommendations of Landlord and/or Landlord's LEED consultants to insure that any alteration will satisfy the LEED requirements applicable for the Building. Notwithstanding the foregoing or anything to the contrary contained elsewhere in this Article 12, Tenant shall have the right, without Landlord's consent, to make any alteration that meets all of the following criteria (a "**Cosmetic Alteration**"): (a) the alteration is decorative in nature (such as paint, carpet or other wall or floor finishes, movable partitions or other such work), (b) Tenant provides Landlord with ten (10) days' advance written notice of the commencement of such alteration, (c) such alteration does not affect the Building's electrical, mechanical, life safety, plumbing, security, or HVAC systems or any Structural components of the Building or any part of the Building other than the Leased Premises, (d) the work will not decrease the value of the Leased Premises, does not require a building permit or other governmental permit, uses only new materials comparable in quality to those being replaced and is performed in a workmanlike manner and in accordance with all Laws, (e) the work does not involve any Hazardous Materials, (f) the work does not involve opening the ceiling of the Leased Premises, and (g) the total cost of such alteration, when aggregated with the cost of all other Cosmetic Alterations performed during the previous twelve (12) month period, does not exceed One Hundred Thousand Dollars ($100,000.00). At the time Tenant notifies Landlord of any Cosmetic Alteration, Tenant shall give Landlord a copy of Tenant's plans for the work. If the Cosmetic Alteration is of such a nature that formal plans will not be prepared for the work, Tenant shall provide Landlord with a reasonably specific description of the work.

12.2 Requirements. Any alteration performed by Tenant shall be subject to strict conformity with the following requirements:

(a) All alterations shall be at the sole cost and expense of Tenant;

(b) Prior to commencement of any work of alteration, Tenant shall submit detailed plans and specifications, including working drawings (hereinafter referred to as "**Plans**"), of the proposed alteration, which shall be subject to the consent of Landlord in accordance with the terms of Section 12.1 above;

(c) Following approval of the Plans by Landlord, Tenant shall give Landlord at least ten (10) days' prior written notice of any commencement of work in the Leased Premises so that Landlord may post notices of non-responsibility in or upon the Leased Premises as provided by law;

(d) No alteration shall be commenced without Tenant having previously obtained all appropriate permits and approvals required by and of governmental agencies;

(e) All alterations shall be performed in a skillful and workmanlike manner, consistent with the best practices and standards of the construction industry, and pursued with diligence in accordance with said Plans previously approved by Landlord and in full accord with all applicable laws and ordinances. All material, equipment, and articles incorporated in the alterations are to be new and of recent manufacture and of the most suitable grade for the purpose intended;

(f) Tenant must obtain the prior written approval from Landlord for Tenant's contractors before the commencement of any work, which approval shall not be unreasonably withheld. Tenant's contractor for any work shall maintain all of the insurance reasonably required by Landlord, including, without limitation, commercial general liability and workers' compensation.

(g) As a condition of approval of an alteration costing in excess of $100,000.00, Landlord may require performance and labor and materialmen's payment bonds issued by a surety approved by Landlord, in a sum equal to the cost of the alterations guarantying the completion of the alteration free and clear of all liens and other charges in accordance with the Plans. Such bonds shall name Landlord as beneficiary;

(h) The alteration must be performed in a manner such that they will not interfere with the quiet enjoyment of the other tenants in the Complex.

12.3 Liens. Tenant shall keep the Leased Premises and the Complex in which the Leased Premises are situated free from any liens arising out of any work performed, materials furnished or obligations incurred by Tenant. In the event a mechanic's or other lien is filed against the Leased Premises, Building or the Complex as a result of a claim arising through Tenant, Landlord may demand that Tenant furnish to Landlord a surety bond satisfactory to Landlord in an amount required under applicable law to remove the lien as a lien against the Complex, indemnifying Landlord against liability for the same and holding the Leased Premises free from the effect of such lien or claim. Such bond must be posted within ten (10) days following notice from Landlord. In addition, Landlord may require Tenant to pay Landlord's reasonable attorneys' fees and costs in participating in any action to foreclose such lien if Landlord shall decide it is to its best interest to do so. If Tenant fails to post such bond within said time period, Landlord, after five (5) days prior written notice to Tenant, may pay the claim prior to the enforcement thereof, in which event Tenant shall reimburse Landlord in full, including attorneys' fees, for any such expense, as additional rent, with the next due rental.

12.4 Restoration. Tenant shall return the Leased Premises to Landlord at the expiration or earlier termination of this Lease in good and sanitary order, condition and repair, free of rubble and debris, broom clean, reasonable wear and tear excepted. Tenant shall not be required to remove any of the Tenant Improvements or any Alterations except for Non-Standard Office Improvements and Tenant's Wires. "**Non-Standard Office Improvements**" mean any Tenant Improvement or alteration that is not, in Landlord's reasonable opinion, a "typical" office improvement or which would not be conducive for use by subsequent office occupants, and will also include any alteration or improvements that (i) perforate, penetrate or require reinforcement of a floor slab (including, without limitation, high-density filing or racking systems), (ii) consist of the installation of a raised flooring system, (iii) consist of the installation of a vault or other similar device or system intended to secure the Leased Premises or a portion thereof in a manner that exceeds the level of security necessary for ordinary office space, or (iv) involve material plumbing connections (such as, for example but not by way of limitation, kitchens, saunas, showers, and executive bathrooms outside of the Building core and/or special fire safety systems). If remove is required Tenant, at its expense, shall cause such work to be completed and restore the affected area to its original condition prior to the expiration or sooner termination of this Lease. All damage to the Leased Premises caused by the removal of such trade fixtures and other Personal Property that Tenant is permitted to remove under the terms of this Lease and/or such restoration shall be repaired by Tenant at its sole cost and expense prior to termination.

Notwithstanding the foregoing, Tenant shall be required to remove all telephone, data and network communication wires, cables and lines installed by Tenant (collectively, "**Wires**") in the Leased Premises or anywhere in the Building, including the conduits and risers of the Building, by the expiration or sooner termination of the Term of this Lease, unless such work is not required under applicable Law and provided that Tenant complies with all applicable Laws with respect to leaving the Wires in place, including, without limitation, identifying and labeling all Wires for future use, and in any event providing Landlord with a written description of the Wires accompanied by a plan showing the current type, quantity, points of commencement and termination, and routes of the Wires to allow Landlord to determine if Landlord desires to retain same or to discard the same.

ARTICLE 13 PROPERTY INSURANCE

13.1 Use of Leased Premises. No use shall be made or permitted to be made on the Leased Premises, nor acts done, which will increase the existing rate of insurance upon the Building or Complex or cause the cancellation of any insurance policy covering the Building or Complex, or any part thereof, nor shall Tenant sell, or permit to be kept, used or sold, in or about the Leased Premises, any article which may be prohibited by the standard form of "All Risk" fire insurance policies. Tenant shall, at its sole cost and expense, comply with any and all requirements pertaining to the Leased Premises, of any insurance organization or company, necessary for the maintenance of reasonable property damage and commercial general liability insurance, covering the Leased Premises, the Building, or the Complex.

13.2 Increase in Premiums. Tenant agrees to pay Landlord, as additional Rent, within ten (10) days after receipt by Tenant of Landlord's billing therefor, any increase in premiums for insurance policies which may be carried by Landlord on the Leased Premises, Building or Complex resulting from any negligent or intentional act or omission of Tenant or any of its contractors, partners, officers, employees or agents.

13.3 Personal Property Insurance. Tenant shall maintain in full force and effect on alterations, additions, improvements, carpeting, floor coverings, panelings, decorations, fixtures, inventory and other business Personal Property situated in or about the Leased Premises a policy or policies providing protection against any peril included within the classification "All Risk" to the extent of one hundred percent (100%) of their replacement cost, or that percentage of the replacement cost required to negate the effect of a co-insurance provision, whichever is greater. No such policy shall have a deductible in a greater amount than FIVE THOUSAND DOLLARS ($5,000.00). Tenant shall also insure in the same manner the physical value of all its leasehold improvements and alterations in the Leased Premises. During the term of this Lease, the proceeds from any such policy or policies of insurance shall be used for the repair or replacement of the fixtures, equipment, and leasehold improvements so insured. Landlord shall have no interest in said insurance (except as a loss payee with respect to any alterations or other leasehold improvements made to the Leased Premises), and will sign all documents necessary or proper in connection with the settlement of any claim or loss by Tenant. Tenant shall also maintain business interruption insurance and insurance for all plate glass upon the Leased Premises (which may be self-insured by Tenant, provided that this right to self-insure for this type of insurance may only be exercised by the original entity signing this Lease as Tenant and such self-insurance shall not diminish the rights and privileges to which Landlord would otherwise have been entitled under the terms of the Lease had there been a third party insurer, including, without limitation, the waiver of subrogation). All insurance specified in this Section 13.3 to be maintained by Tenant shall be maintained by Tenant at its sole cost.

ARTICLE 14 INDEMNIFICATION, WAIVER OF CLAIMS AND SUBROGATION

14.1 Intent and Purpose. This Article 14 is written and agreed to in respect of the intent of the parties to assign the risk of loss, whether resulting from negligence of the parties or otherwise, to the party who is obligated hereunder to cover the risk of such loss with insurance. Thus, the indemnity and waiver of claims provisions of this Lease have as their object, so long as such object is not in violation of public policy, the assignment of risk for a particular casualty to the party carrying the insurance for such risk, without respect to the causation thereof.

14.2 Waiver of Subrogation. So long as their respective insurers so permit, Tenant and Landlord hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage, All Risks or other insurance now or hereafter existing for the benefit of the respective party but only to the extent of the net insurance proceeds payable under such policies. Each party shall obtain any special endorsements required by their insurer to evidence compliance with the aforementioned waiver.

14.3 Form of Policy. Tenant's policies of insurance required hereunder shall (a) be provided at Tenant's expense; (b) name the Landlord Entities as additional insureds (General Liability) and loss payee (Property—Special Form); (c) be issued by an insurance company with a minimum Best's rating of "A:VII" during the Term; and (d) provide that said insurance shall not be canceled unless thirty (30) days prior written notice (ten days for non-payment of premium) shall have been given to Landlord; a certificate of Liability insurance on ACORD Form 25 and a certificate of Property insurance on ACORD Form 27 shall be delivered to Landlord by Tenant upon the Commencement Date and at least thirty (30) days prior to each renewal of said insurance.

14.4 Indemnity. Except to the extent caused by the gross negligence or willful misconduct of Landlord or any Landlord Parties (defined below), Tenant shall protect, indemnify and hold Landlord, Landlord's investment manager, and the trustees, boards of directors, officers, general partners, beneficiaries, stockholders, employees and agents of each of them (the "**Landlord Entities**") harmless from and against any and all loss, claims, liability or costs (including court costs and attorney's fees) incurred by reason of (a) any damage to any property (including but not limited to property of any Landlord Entity) or any injury (including but not limited to death) to any person occurring in, on or about the Leased Premises, Building and or Complex to the extent that such injury or damage shall be caused by or arise from any actual or alleged act, neglect, fault, or omission by or of Tenant or any of Tenant's agents, contractors, employees, licensees or invitees (collectively, the "**Tenant Entities**") to meet any standards imposed by any duty with respect to the injury or damage; (b) any cause in, on or about the Leased Premises; (c) Tenant's failure to comply with any and all governmental laws, ordinances and regulations applicable to the condition or use of the Leased Premises or its occupancy; or (d) any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of the Tenant to be performed pursuant to this Lease. The provisions of this Article shall survive the termination of this Lease with respect to any claims or liability accruing prior to such termination.

14.5 Defense of Claims. In the event any action, suit or proceeding is brought against Landlord by reason of any such occurrence, Tenant, upon Landlord's request, will at Tenant's expense resist and defend such action, suit or proceeding, or cause the same to be resisted and defended by counsel designated either by Tenant or by the insurer whose policy covers the occurrence and in either case approved by Landlord. The obligations of Tenant under this Section arising by reason of any occurrence taking place during the Lease term shall survive any termination of this Lease.

14.6 Waiver of Claims. Tenant hereby waives all claims against Landlord damages to goods, wares, merchandise and loss of business, in, upon or about the Leased Premises or the Complex, and injury to Tenant, its agents, employees, invitees or third persons in, upon or about the Leased Premises or the Complex, where such damage or injury results from Landlord's failure to police or provide security for the Complex or Landlord's ordinary negligence in connection therewith.

14.7 References. Wherever in this Article the term Landlord or Tenant is used and such party is to receive the benefit of a provision contained in this Article, such term shall refer not only to that party but also to its shareholders, officers, directors, employees, partners, members, managers, mortgagees and agents.

ARTICLE 15 LIABILITY AND OTHER INSURANCE

15.1 Tenant's Insurance. Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease, a commercial general liability insurance policy insuring Tenant and protecting Landlord and the Landlord Entities against any liability to the public or to any invitee of Tenant or a Landlord Entity against the risks of, bodily injury and property damage, personal injury, contractual liability, completed operations, products liability, host liquor liability, owned and non-owned automobile liability arising out of the ownership, use, occupancy or maintenance of the Leased Premises and all areas appurtenant thereto. Such insurance shall be a combined single limit policy in an amount not less than $3,000,000.00 per occurrence with $5,000,000.00 annual aggregate. Landlord, the Landlord Entities and any lender and any other party in interest designated by Landlord shall be named as additional insured(s). The policy shall contain cross liability endorsements with coverage for Landlord for the negligence of Tenant even though Landlord is named as an additional insured; shall insure performance by Tenant of the indemnity provisions of this Lease; shall be primary, not contributing with, and not in excess of coverage which Landlord may carry; shall provide for severability of interest; shall provide that an act or omission of one of the insured or additional insureds which would void or otherwise reduce coverage shall not void or reduce coverages as to the other insured or additional insureds; and shall afford coverage after the term of this Lease (by separate policy or extension if necessary) for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the term of this Lease. The limits of said insurance shall not limit any liability of Tenant hereunder. Not more frequently than every year, if, in the reasonable opinion of Landlord, the amount of liability insurance required hereunder is not adequate, Tenant shall promptly increase said insurance coverage as required by Landlord.

15.2 Workers' Compensation Insurance. Tenant shall carry Workers' Compensation insurance as required by law, including an employers' liability endorsement.

15.3 Other Insurance. Tenant shall keep in force throughout the Term: (a) Business Auto Liability covering owned, non-owned and hired vehicles with a limit of not less than $1,000,000 per accident; (b) Employers Liability with limits of $1,000,000 each accident, $1,000,000 disease policy limit, $1,000,000 disease--each employee; (c) Business Interruption Insurance for 100% of the 12 months actual loss sustained, and (d) Excess Liability in the amount of $5,000,000. In addition, whenever Tenant shall undertake any alterations, additions or improvements in, to or about the Leased Premises ("**Work**") the aforesaid insurance protection must extend (by appropriate endorsement) to and include injuries to persons and damage to property arising in connection with such Work, without limitation including liability under any applicable structural work act, and such other insurance as Landlord shall require; and the certificates and endorsements evidencing such insurance must be delivered to Landlord prior to the commencement of any such Work.

15.4 Landlord’s Insurance. In addition to any other insurance Landlord elects in its sole and absolute discretion to obtain, including earthquake, flood and terrorism insurance, Landlord shall keep and maintain during the term hereof special causes of loss property damage insurance for the Complex in an amount of not less than one hundred percent (100%) of the full insurable replacement cost (excluding the land, foundations, footings and other elements that are not customarily covered by “full replacement cost” insurance), with a deductible in an amount selected by Landlord in its sole discretion. Any insurance carried by Landlord pursuant to this Lease may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Landlord or its affiliates.

ARTICLE 16 INSURANCE POLICY REQUIREMENTS & INSURANCE DEFAULTS

16.1 General Requirements. All insurance policies required to be carried by Tenant (except Tenant’s Personal Property insurance) hereunder shall conform to the following requirements:

(a) The insurer in each case shall carry a designation in “Best’s Insurance Reports” as issued from time to time throughout the term as follows: Policyholders’ rating of A-; financial rating of not less than VII;

(b) The insurer shall be qualified to do business in the state in which the Leased Premises are located;

(c) The policy shall be in a form and include such endorsements as are reasonably acceptable to Landlord;

(d) Certificates of insurance shall be delivered to Landlord at commencement of the term and certificates of renewal at least thirty (30) days prior to the expiration of each policy;

(e) Each policy shall require by endorsement (if such endorsement is available on commercially reasonable terms) that Landlord be notified in writing by the insurer at least thirty (30) days prior to any cancellation or expiration of such policy, or any reduction in the amounts of insurance carried; provided if such endorsement(s) is not available on commercially reasonable terms, then Tenant shall be obligated to so notify Landlord of any such cancellation or reduction.

16.2 Tenant’s Insurance Defaults. If Tenant fails to obtain any insurance required of it under the terms of this Lease, and such failure is not cured by Tenant within ten (10) days after notice from Landlord, Landlord may, at its option, but is not obligated to, obtain such insurance on behalf of Tenant and bill Tenant, as additional rent, for the cost thereof. Payment shall be due within ten (10) days of receipt of the billing therefor by Tenant.

ARTICLE 17 FORFEITURE OF PROPERTY AND LESSOR’S LIEN

17.1 Removal of Personal Property. Tenant agrees that as at the date of termination of this Lease or repossession of the Leased Premises by Landlord, by way of default or otherwise, it shall remove all Personal Property to which it has the right to ownership pursuant to the terms of this Lease. Any and all such property of Tenant not removed by such date shall, at the option of Landlord, irrevocably become the sole property of Landlord. Tenant waives all rights to notice and all common law and statutory claims and causes of action which it may have against Landlord subsequent to such date as regards the storage, destruction, damage, loss of use and ownership of the Personal Property affected by the terms of this Article. Tenant acknowledges Landlord’s need to relet the Leased Premises upon termination of this Lease or repossession of the Leased Premises and understands that the forfeitures and waivers provided herein are necessary to aid said reletting, and to prevent Landlord incurring a loss for inability to deliver the Leased Premises to a prospective Tenant.

17.2 Landlord's Lien. Tenant hereby grants to Landlord a lien upon and security interest in all fixtures, chattels and Personal Property of every kind now or hereafter to be placed or installed in or on the Leased Premises and agrees that in the event of any default on the part of Tenant, Landlord shall have all the rights and remedies afforded the secured party by the chapter on "Default" of Division 9 of the Uniform Commercial Code of the state in which the Leased Premises are located and may, in connection therewith, also (a) enter on the Leased Premises to assemble and take possession of the collateral, (b) require Tenant to assemble the collateral and make its possession available to Landlord at the Leased Premises, and (c) enter the Leased Premises, render the collateral, if equipment, unusable and dispose of it in a manner provided by the Uniform Commercial Code of the state in which the Leased Premises are located.

ARTICLE 18 MAINTENANCE AND REPAIRS

18.1 Landlord's Obligations. Subject to the other provisions of this Lease imposing obligations in this respect upon Tenant, Landlord shall repair, replace and maintain in good condition and repair the external and Structural parts of the Building and Common Areas of the Complex which do not comprise a part of the Leased Premises and are not leased to others, the Systems and Equipment (but not any supplemental HVAC system for Tenant's server room), janitor and equipment closets and shafts within the Leased Premises designated by Landlord for use by it in connection with the operation and maintenance of the Complex, and all Common Areas. Landlord shall perform such repairs, replacements and maintenance with reasonable dispatch, in a good and workmanlike manner; but Landlord shall not be liable for any damages, direct, indirect or consequential, or for damages for personal discomfort, illness or inconvenience of Tenant by reason of failure of such equipment, facilities or systems or reasonable delays in the performance of such repairs, replacements and maintenance, unless caused by the gross negligence or deliberate act or omission of Landlord. The cost for such repairs, maintenance and replacement shall be included in Operating Costs to the extent permitted by this Lease.

18.2 Negligence of Tenant. If the Building, the elevators, boilers, engines, pipes or apparatus used for the purpose of climate control of the Building or operating the elevators, or if the water pipes, drainage pipes, electric lighting or other equipment of the Building, or the roof or the outside walls of the Building, fall into a state of disrepair or become damaged or destroyed through the negligence or intentional act of Tenant, its agents, officers, partners, employees or servants, the cost of the necessary repairs, replacements or alterations shall be borne by Tenant who shall pay the same to Landlord as additional charges forthwith on demand.

18.3 Tenant's Obligations. Tenant shall repair the Leased Premises, including without limiting the generality of the foregoing, all interior partitions and walls, fixtures, Tenant Improvements and alterations in the Leased Premises, fixtures and shelving, and special mechanical and electrical equipment which equipment is not a normal part of the Leased Premises installed by or for Tenant, reasonable wear and tear, damage with respect to which Landlord has an obligation to repair as provided in Section 18.1 and Section 19 hereof only excepted. Landlord may enter and view the state of repair and Tenant will repair in a good and workmanlike manner according to notice in writing.

18.4 Cleaning. Tenant agrees at the end of each business day to leave the Leased Premises in a reasonably clean condition for the purpose of the performance of Landlord's cleaning services referred to herein.

18.5 Waiver. Tenant waives all rights it may have under law to make repairs at Landlord's expense.

18.6 Acceptance. Except as to the construction obligations of Landlord, if any, stated in Exhibit B to this Lease, Tenant shall accept the Leased Premises in "as is" condition as of the date of execution of this Lease by Tenant, and subject to the punch list items referenced in section 4.5, Tenant acknowledges that the Leased Premises in such condition are in good and sanitary order, condition and repair.

ARTICLE 19 DESTRUCTION

19.1 Rights of Termination. In the event the Leased Premises suffers (a) an "uninsured property loss" (as hereinafter defined) or (b) a property loss which cannot be repaired within one hundred twenty (120) days from the date of destruction under the laws and regulations of state, federal, county or municipal authorities, or other authorities with jurisdiction, Landlord may terminate this Lease as of the date of the damage within twenty (20) days of written notice from Landlord to Tenant that the damage from the casualty was an uninsured property loss or that time to restore will exceed such one hundred twenty (120) day period. In the event of a property loss to the Leased Premises which cannot be repaired two hundred seventy (270) days of the occurrence thereof, Tenant shall also have the right to terminate the Lease by written notice to Landlord within twenty (20) days following notice from Landlord that the time for restoration will exceed such time period. Notwithstanding anything to the contrary contained in this Lease, Tenant shall not have the right to terminate this Lease if the casualty or other loss or damage was caused by the negligence or intentional misconduct of Tenant or any Tenant Entity or a party related to Tenant. For purposes of this Lease, the term "**uninsured property loss**" shall mean any loss arising from a peril not covered by the standard form of "All Risk" property insurance policy. In the event this Lease is terminated in accordance with the terms of this Section 19.1, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance covering the leasehold improvements and alterations in the Leased Premises as required under Section 13.3 of this Lease.

19.2 Repairs. In the event of a property loss which may be repaired within one hundred twenty (120) days from the date of the damage, or, in the alternative, in the event the parties do not elect to terminate this Lease under the terms of Section 19.1 above, then this Lease shall continue in full force and effect and Landlord shall forthwith undertake to make such repairs to reconstitute the Leased Premises to as near the condition as existed prior to the property loss as practicable. Landlord shall not be required to repair or replace any damage or loss by or from fire or other cause to any panelings, decorations, partitions, additions, railings, ceilings, floor coverings, office fixtures or any other property or improvements installed on the Leased Premises by, or belonging to, Tenant. Such partial destruction shall in no way annul or void this Lease except that Tenant shall be entitled to a proportionate reduction of Rent following the property loss and until the time the Leased Premises are restored. Such reduction shall be based on the ratio that the square footage of the damaged portion of the Leased Premises bears to the total square footage of the Leased Premises. So long as Tenant conducts its business in the Leased Premises, there shall be no abatement with respect to the portion of the Leased Premises that Tenant is conducting business. Upon the resolution of the dispute, the settlement shall be retroactive and Landlord shall within ten (10) days thereafter refund to Tenant any sums due in respect of the reduced rental from the date of the property loss. Landlord's obligations to restore shall in no way include any construction originally performed by Tenant or subsequently undertaken by Tenant, but shall include solely that property constructed by Landlord prior to commencement of the Term hereof. Notwithstanding anything to the contrary contained in this Lease, in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Leased Premises, Building and/or Complex requires that any insurance proceeds be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within fifteen (15) days after such requirement is made by any such holder, whereupon this Lease shall end on the date of such damage as if the date of such damage were the date originally fixed in this Lease for the expiration of the Term.

19.3 Repair Costs. The cost of any repairs to be made by Landlord, pursuant to Section 19.2 of this Lease, shall be paid by Landlord utilizing available insurance proceeds. Tenant shall reimburse Landlord upon completion of the repairs for any commercially reasonable deductible for which no insurance proceeds will be obtained under Landlord's insurance policy, or if other premises are also repaired, a pro rata share based on total costs of repair equitably apportioned to the Leased Premises.

19.4 Waiver. Tenant hereby waives all statutory or common law rights of termination in respect to any partial destruction or property loss which Landlord is obligated to repair or may elect to repair under the terms of this Article.

19.5 Landlord’s Election. In the event that the Complex or Building is destroyed to the extent of not less than thirty-three and one-third percent (33-1/3%) of the replacement cost thereof, Landlord may elect to terminate this Lease, whether the Leased Premises be injured or not, in the same manner as in Section 19.1 above. In all events, a total destruction of the Complex or Building shall terminate this Lease.

19.6 Damage Near End of Term. If at any time during the last twelve (12) months of the Term of this Lease, as the same may be extended by Tenant for the Extension Period pursuant to Exhibit E of this Lease, there is, in Landlord's sole opinion, substantial damage to the Leased Premises or the Building, whether or not such casualty is covered in whole or in part by insurance, Landlord may at Landlord's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Tenant of Landlord's election to do so within thirty (30) days after the date of occurrence of such damage and Landlord shall have no further liability hereunder. Substantial damage shall be defined as damage that will cost over $50,000.00 to repair.

ARTICLE 20 CONDEMNATION

20.1 Definitions.

(a) “**Condemnation**” means (i) the exercise of any governmental power, whether by legal proceedings or otherwise, by a condemnor and/or (ii) a voluntary sale or transfer by Landlord to any condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

(b) “**Date of taking**” means the date the condemnor has the right to possession of the property being condemned.

(c) “**Award**” means all compensation, sums or anything of value awarded, paid or received on a total or partial condemnation.

(d) “**Condemnor**” means any public or quasi-public authority, or private corporation or individual, having the power of condemnation.

20.2 Total Taking. If the Leased Premises are totally taken by condemnation, this Lease shall terminate on the date of taking.

20.3 Partial Taking; Common Areas.

(a) If any portion of the Leased Premises is taken by condemnation, this Lease shall remain in effect, except that Tenant can elect to terminate this Lease if 33-1/3% or more of the total number of square feet in the Leased Premises is taken.

(b) If any part of the Common Areas of the Complex is taken by condemnation, this Lease shall remain in full force and effect so long as there is no material interference with the access to the Leased Premises, except that if thirty percent (30%) or more of the Common Areas is taken by condemnation, Landlord or Tenant shall have the election to terminate this Lease pursuant to this Section.

(c) If fifty percent (50%) or more of the Building in which the Leased Premises are located is taken, Landlord shall have the election to terminate this Lease in the manner prescribed herein.

20.4 Termination or Abatement. If either party elects to terminate this Lease under the provisions of Section 20.3 (such party is hereinafter referred to as the "**Terminating Party**"), it must terminate by giving notice to the other party (the "**Nonterminating Party**") within thirty (30) days after the nature and extent of the taking have been finally determined (the "**Decision Period**"). The Terminating Party shall notify the Nonterminating Party of the date of termination, which date shall not be earlier than one hundred twenty (120) days after the Terminating Party has notified the Nonterminating Party of its election to terminate nor later than the date of taking. If Notice of Termination is not given within the Decision Period, the Lease shall continue in full force and effect except that Minimum Monthly Rent shall be reduced by subtracting therefrom an amount calculated by multiplying the Minimum Monthly Rent in effect prior to the taking by a fraction the numerator of which is the number of square feet taken from the Leased Premises and the denominator of which is the number of square feet in the Leased Premises prior to the taking.

20.5 Restoration. If there is a partial taking of the Leased Premises and this Lease remains in full force and effect pursuant to this Article, Landlord, at its cost, shall accomplish all necessary restoration so that the Leased Premises is returned as near as practical to its condition immediately prior to the date of the taking, but in no event shall Landlord be obligated to expend more for such restoration than the extent of funds actually paid to Landlord by the condemnor.

20.6 Award. Any award arising from the condemnation or the settlement thereof shall belong to and be paid to Landlord except that Tenant shall receive from the award compensation for the following if specified in the award by the condemning authority, so long as it does not reduce Landlord's award in respect of the real property: Tenant's trade fixtures, tangible Personal Property, goodwill, loss of business and relocation expenses. At all events, Landlord shall be solely entitled to all award in respect of the real property, including the bonus value of the leasehold. Tenant shall not be entitled to any award until Landlord has received the above sum in full.

ARTICLE 21 ASSIGNMENT AND SUBLETTING

21.1 Lease is Personal. The purpose of this Lease is to transfer possession of the Leased Premises to Tenant for Tenant's personal use in return for certain benefits, including rent, to be transferred to the Landlord. Tenant acknowledges and agrees that it has entered into this Lease in order to occupy the Leased Premises for its own personal use and not for the purpose of obtaining the right to assign or sublet the leasehold to others.

21.2 "Transfer of the Leased Premises" Defined. Except for transfer described in section 21.5 hereof, the terms "**Transfer of the Leased Premises**" or "**Transfer**" as used herein shall include any of the following, whether voluntary or involuntary and whether effected by death, operation of law or otherwise:

(a) An assignment of all or any part this Lease or subletting of all or any part the Leased Premises or transfer of possession, or right of possession or contingent right of possession of all or any portion of the Leased Premises including, without limitation, concession, mortgage, deed of trust, devise, hypothecation, agency, license, franchise or management agreement, or the occupancy or use by any other person (the agents and servants of Tenant excepted) of any portion of the Leased Premises.

(b) If Tenant is a partnership, limited liability company or other entity other than a corporation described in Section 21.1(c) below:

(1) A change in ownership effected voluntarily, involuntarily, or by operation of law of fifty percent (50%) or more of the partners or members or fifty percent (50%) or more in the aggregate of the partnership or membership interests, whether in a single transaction or series of transactions over a period of time or

(2) The sale, mortgage, hypothecation, pledge or other encumbrance at any time of more than an aggregate of fifty percent (50%) in the aggregate of the value of Tenant's assets, whether in a single transaction or series of transactions over a period of time; or

(3) The dissolution of the partnership or limited liability company without its immediate reconstitution.

(c) If Tenant is a closely held corporation (i.e., one whose stock is not publicly held and not traded through an exchange or over the counter):

(1) The sale or other transfer of more than an aggregate of fifty percent (50%) of the voting shares of Tenant or more in the aggregate, whether in a single transaction or series of transactions over a period of time;

(2) The sale, mortgage, hypothecation, pledge or other encumbrance at any time of more than an aggregate of fifty percent (50%) in the aggregate of the value of Tenant's assets, whether in a single transaction or series of transactions over a period of time; or

(3) The dissolution, merger, consolidation, or other reorganization of Tenant.

21.3 No Transfer Without Consent. Except for a Transfer described in section 21.5 hereof, Tenant shall not suffer a Transfer of the Leased Premises or any interest therein, or any part thereof, or any right or privilege appurtenant thereto without the prior written consent of Landlord, and a consent to one Transfer of the Leased Premises shall not be deemed to be a consent to any subsequent Transfer of the Leased Premises. Any Transfer of the Leased Premises without such consent shall be void, and shall, at the option of Landlord, terminate this Lease. Any Transfer of the Leased Premises without such consent shall (i) be voidable, and (ii) terminate this Lease, in either case, at the option of Landlord. The consent by Landlord to any Transfer shall not include consent to the assignment or transferring of any lease renewal option rights or space option rights of the Leased Premises, special privileges or extra services granted to Tenant by this Lease, or addendum or amendment thereto or letter of agreement (and such options, rights, privileges or services shall terminate upon such assignment), unless Landlord specifically grants in writing such options, rights, privileges or services to such assignee or subtenant.

21.4 When Consent Granted. The consent of Landlord to a Transfer may not be unreasonably withheld, provided that it is agreed to be reasonable for Landlord to consider any of the following reasons, which list is not exclusive, in electing to deny consent:

(a) The financial strength of the proposed transferee given the remaining Lease obligations at the time of the proposed Transfer is determined by Landlord to be insufficient;

(b) A proposed transferee whose occupation of the Leased Premises would cause a diminution in the reputation of the Complex or the other businesses located therein;

(c) A proposed transferee whose impact or affect on the common facilities or the utility, efficiency or effectiveness of any utility or telecommunication system serving the Building or the Complex or the other occupants of the Complex would be adverse, disadvantageous or require improvements or changes in any utility or telecommunication capacity currently serving the Building or the Complex;

(d) A proposed transferee whose occupancy will require a variation in the terms of this Lease (including, without limitation, a variation in the use clause) or which otherwise adversely affects any interest of Landlord;

(e) The existence of any default by Tenant under any provision of this Lease;

(f) A proposed transferee who is or is likely to be, or whose business is or is likely to be, subject to compliance with additional laws or other governmental requirements beyond those to which Tenant or Tenant's business is subject;

(g) Either the proposed transferee, or any person or entity which directly or indirectly, controls, is controlled by, or is under common control with, the proposed transferee or an affiliate of the proposed transferee, (i) occupies space in the Building at the time of the request for consent, or (ii) is negotiating (or has negotiated at any time within the preceding six (6) month period) with Landlord to lease space in the Building or in the Complex at such time;

(h) the proposed Transferee is a governmental agency or unit, a non-profit or charitable entity or organization or an existing tenant in the Complex;

(i) Landlord otherwise determines that the proposed Transfer would have the effect of decreasing the value of the Building or the Complex, or increasing the expenses associated with operating, maintaining and repairing the Building or the Complex;

(j) the proposed Transferee will use, store or handle Hazardous Materials (defined below) in or about the Leased Premises of a type, nature or quantity not then acceptable to Landlord; or

(k) the portion of the Leased Premises to be sublet or assigned is irregular in shape with inadequate means of ingress and egress.

21.5 Permitted Transfer. Notwithstanding the foregoing, Tenant may assign this Lease or sublet the Leased Premises or any portion thereof, without Landlord's consent, (a) to any partnership, corporation or other entity that controls, is controlled by, or is under common control with Tenant or Tenant's parent (control being defined for such purposes as ownership of at least fifty percent (50%) of the equity interests in, and the power to direct the management of, the relevant entity) or (b) to any partnership, corporation or other entity resulting from a merger or consolidation with Tenant or Tenant's parent, or (c) to any person or entity that acquires substantially all the assets (including by means of a purchase of all or substantially all of Tenant's stock, any such purchaser being a "**Stock Purchaser**") of Tenant as a going concern (all of the foregoing, collectively, an "**Affiliate**"), provided that the following conditions are satisfied:

(i) Landlord receives at least ten (10) days' prior written notice (or, if such prior notice is prohibited by applicable Law, such lesser prior notice as shall be the earliest notice date permitted by applicable Law) of an assignment or subletting, together with evidence reasonably satisfactory to Landlord that the requirements of this Section 21.5 have been met;

(ii) the tangible net worth of Tenant or the transferee is not less than Tenant's tangible net worth immediately prior to the assignment or subletting or such Transfer (or series of transactions of which the same is a part) or as of the date of this Lease, whichever is greater;

(iii) except in the case of an assignment where the assignor is dissolved as a matter of law following the series of transactions of which the assignment is a part and where such assignor makes sufficient reserves for contingent liabilities (including its obligations under this Lease) as required by applicable Law, the Affiliate remains an Affiliate for the duration of the subletting or the balance of the term in the event of an assignment;

(iv) the Affiliate or successor assumes (in the event of an assignment) in writing all of Tenant's obligations under this Lease;

(v) Landlord receives a fully executed copy of an assignment or sublease agreement between Tenant and the Affiliate at least ten (10) days prior (or, if such prior delivery is prohibited by applicable Law, such later delivery as shall be the earliest date permitted by applicable Law) to the effective date of such assignment or sublease or, in the case of an assignment by merger or stock purchase, such later date (but no later than the effective date of the assignment) on which the assignment agreement (which assignment document may, at Tenant's election, be the merger agreement (or a copy of the statutory certificate of merger) or the stock purchase agreement if the assignment is effected by means thereof) is executed by the parties thereto, and

(vi) in the case of an assignment, the essential purpose of such assignment is to transfer an active, ongoing business with substantial assets in addition to this Lease, and in the case of an assignment or a sublease, the transaction is for legitimate business purposes unrelated to this Lease and the transaction is not a subterfuge by Tenant to avoid its obligations under this Lease or the restrictions on assignment and subletting contained herein.

A Transfer to an Affiliate that satisfies the foregoing conditions shall be referred to as a "**Permitted Transferee**" and such Transfer as a "**Permitted Transfer**").

21.6 Procedure for Obtaining Consent. In the event Tenant desires to sublet, or permit such occupancy of, the Leased Premises, or any portion thereof, or assign this Lease, Tenant shall give written notice thereof to Landlord at least thirty (30) days but no more than one hundred twenty (120) days prior to the proposed commencement date of such subletting or assignment, which notice shall set forth the name of the proposed subtenant or assignee, the relevant terms of any sublease or assignment and copies of financial reports and other relevant financial information of the proposed subtenant or assignee. With respect to a Transfer requiring Landlord's consent, Landlord need not commence its review of any proposed Transfer, or respond to any request by Tenant with respect to such, unless and until it has received from Tenant adequate descriptive information concerning the business to be conducted by the proposed transferee, the transferee's financial capacity, and such other information as may reasonably be required in order to form a prudent judgment as to the acceptability of the proposed Transfer, including, without limitation, the following:

(a) The past two years' Federal Income Tax returns of the proposed transferee (or in the alternative the past two years' audited annual Balance Sheets and Profit and Loss statements, certified correct by a Certified Public Accountant);

(b) Banking references of the proposed transferee;

(c) A resume of the business background and experience of the proposed transferee;

(d) An executed copy of the instrument by which Tenant proposes to effectuate the Transfer.

21.7 Recapture. By written notice to Tenant (the "**Termination Notice**") within thirty (30) days following submission to Landlord by Tenant of the information specified in section 21.6, Landlord may (1) terminate this Lease in the event of an assignment of this Lease or sublet of the entire Leased Premises, or (2) terminate this Lease as to the portion of the Leased Premises to be sublet, if the sublet is to be of less than the entire Leased Premises. If Landlord elects to terminate under the provisions hereof, and the area to be terminated is less than the entire Leased Premises, an amendment to this Lease shall be executed in which Tenant's obligations for rent and other charges shall be reduced in proportion to the reduction in the size of the Leased Premises caused thereby by restating the description of the Leased Premises, and its monetary obligations hereunder shall be reduced by multiplying such obligations by a fraction, the numerator of which is the Rentable Area of the Leased Premises offered for sublease and the denominator of which is the Rentable Area of the Leased Premises immediately prior to such termination, as determined by Landlord in its sole and absolute discretion.

Notwithstanding the foregoing, Landlord shall not have the right to recapture any portion Leased Premises in connection with any sublease that individually or in the aggregate of all subleases is for 25% or less of the Rentable Area of the Leased Premises. While such sublease(s) described in in this paragraph shall not be subject to Landlord's right to recapture, they shall be subject to all of the other provisions of Article 21 of this Lease.

21.8 Reasonable Restriction. The restrictions on Transfer described in this Lease are acknowledged by Tenant to be reasonable for all purposes, including, without limitation, the provisions of California Civil Code (the "**Code**") Section 1951.4(b)(2). Tenant expressly waives any rights which it might otherwise be deemed to possess pursuant to applicable law, including, without limitation, Section 1997.040 of the Code, to limit any remedy of Landlord pursuant to Section 1951.2 or 1951.4 of the Code by means of proof that enforcement of a restriction on use of the Leased Premises would be unreasonable. Tenant also waives the right to terminate this Lease pursuant to Section 1995.310(b) of the California Civil Code if Landlord unreasonably withhold consent to a Transfer.

21.9 Effect of Transfer. If Landlord consents to a Transfer and does not elect to recapture as provided in section 21.7, the following conditions shall apply:

(a) Each and every covenant, condition or obligation imposed upon Tenant by this Lease and each and every right, remedy or benefit afforded Landlord by this Lease shall not be impaired or diminished as a result of such Transfer.

(b) Tenant shall pay to Landlord on a monthly basis, fifty percent (50%) of the excess of any economic consideration received by Tenant from the Transferee in such month (whether or not for a period longer than one month), including consideration for leasehold improvements, over the aggregate of the total sums which Tenant pays Landlord under this Lease in such month, or the prorated portion thereof if the Leased Premises transferred is less than the entire Leased Premises. The amount so derived shall be paid with Tenant's payment of Minimum Monthly Rent after deducting therefrom Tenant's reasonable expenses incurred and paid by Tenant for brokerage commission and its attorney's fees for such Transfer.

(c) No Transfer, whether or not consent of Landlord is required hereunder, shall relieve Tenant of its primary obligation to pay the rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of rent by Landlord from any person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any Transfer of the Leased Premises.

(d) If Landlord consents to a sublease, such sublease shall not extend beyond the expiration of the Term of this Lease.

(e) No Transfer shall be valid and no transferee shall take possession of the Leased Premises or any part thereof unless, Tenant shall deliver to Landlord, at least ten (10) days prior to the effective date of such Transfer, a duly executed duplicate original of the Transfer instrument in form satisfactory to Landlord which provides that (i) the transferee assumes Tenant's obligations for the payment of rent and for the full and faithful observance and performance of the covenants, terms and conditions contained herein, (ii) such transferee will, at Landlord's election, attorn directly to Landlord in the event Tenant's Lease is terminated for any reason on the terms set forth in the instrument of transfer and (iii) such instrument of transfer contains such other assurances as Landlord reasonably deems necessary.

21.10 Costs. Tenant shall reimburse Landlord as additional rent for Landlord's reasonable costs and attorneys' fees incurred in conjunction with the processing and documentation of any proposed Transfer of the Leased Premises requiring Landlord's consent, whether or not consent is granted, not to exceed $2,500.00.

21.11 Restrictions on Marketing the Space. Tenant may not promote or advertise the availability of the Leased Premises or any part thereof unless Landlord has approved Tenant's advertising or promotional materials in writing, such approval not to be unreasonably withheld.

ARTICLE 22 ENTRY BY LESSOR

22.1 Rights of Landlord. Tenant shall permit Landlord and Landlord's agents and any mortgagee under a mortgage or beneficiary under a deed of trust encumbering the Building containing the Leased Premises and such party's agents to enter the Leased Premises at all reasonable times after 24 hours prior notice (except in an emergency when no such notice is required) for the purpose of (a) inspecting the same, (b) maintaining the Building, (c) making repairs, replacements, alterations or additions to any portion of the Building, including the erection and maintenance of such scaffolding, canopies, fences and props as may be required, (d) posting notices of non-responsibility for alterations, additions or repairs, (e) showing the space to prospective purchasers, investors and lenders, without any rebate of rent and without any liability to Tenant for any loss of occupation or quiet enjoyment of the Leased Premises thereby occasioned, and (f) marketing and showing the Leased Premises to prospective tenants during the final year of the Term or during any period when Tenant is marketing or making available any of the Leased Premises for a sublease or assignment. Any entry shall be conducted in such a manner as not to cause as unreasonable interference to Tenant as reasonably possible. This Section in no way affects the maintenance obligations of the parties hereto.

ARTICLE 23 SIGNS

23.1 Full Floors. Subject to Landlord's prior written approval, in its reasonable discretion, and provided all signs are in keeping with the quality, design and style of the Building and Complex, Tenant, if the Leased Premises comprise an entire floor of the Building, at Tenant's sole cost and expense, may install identification signage in the Leased Premises including in the elevator lobby of the Leased Premises, provided that such signs must not be visible from the exterior of the Building.

23.2 Multi-Tenant Floors. If any other tenant leases or occupies space on the floor on which the Leased Premises is located, Tenant's identifying signage shall be provided by Landlord, at Tenant's cost, and such signage shall be comparable to that used by Landlord for other similar floors in the Building and shall comply with Landlord's Building standard signage program.

23.3 Lobby Directory. If a directory exists in the main lobby of the Building, Landlord will include Tenant's name in the directory of the lobby in the Building containing the Leased Premises, and Landlord will pay for the initial cost to include Tenant's name in such directory. Any changes to Tenant's name or its listing in such directory shall be at Tenant's expense.

23.4 Prohibited Signage and Other Items. Any signs, notices, logos, pictures, names or advertisements which are installed and that have not been separately approved by Landlord may be removed without notice by Landlord at the sole expense of Tenant. Tenant may not install any signs on the exterior or roof of the Project or the Common Areas. Any signs, window coverings, or blinds (even if the same are located behind the Landlord-approved window coverings for the Building), or other items visible from the exterior of the Leased Premises or Building, shall be subject to the prior approval of Landlord, in its sole discretion. The cost of installation and regular maintenance of any such signs approved by Landlord shall be at the sole expense of Tenant. At the termination of this Lease, or any extension thereof, Tenant shall remove all its signs, and all damage caused by such removal shall be repaired at Tenant's expense.

ARTICLE 24 DEFAULT

24.1 Definition. The occurrence of any of the following shall constitute a material default and breach of this Lease by Tenant:

(a) Payment. Any failure by Tenant to pay the rent or to make any other payment required to be made by Tenant hereunder when due; provided, however, that not more frequently than twice each calendar year, Tenant shall not be in default for failure to pay Rent or any other sum unless Tenant fails to make such payment within five (5) days after receipt of written notice of such failure from Landlord. The foregoing notice and cure period shall not be deemed a waiver or release of the obligation to pay late charges and interest for payments not made when due; or

(b) Other Covenants. A failure by Tenant to observe and perform any other provision of this Lease to be observed or performed by Tenant, where such failure continues for ten (10) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of the default is such that the same cannot reasonably be cured within the ten (10) day period allowed, Tenant shall not be deemed to be in default if Tenant shall, within such ten (10) day period, commence to cure and thereafter diligently prosecute the same to completion. Notwithstanding the foregoing, any default by Tenant under Section 16.2, after notice of such default and the expiration of the applicable cure period provided in Section 16.2, or any default by Tenant under Section 32.1 (Estoppel Certificates) or Section 32.2 (Financial Statements) after five (5) days notice of such default, shall be an immediate default without benefit of any further notice or opportunity to cure; or

(c) Receivership. Either (1) the appointment of a receiver (except a receiver appointed at the instance or request of Landlord) to take possession of all or substantially all of the assets of Tenant, or (2) a general assignment by Tenant for the benefit of creditors, or (3) any action taken or suffered by Tenant under any insolvency or bankruptcy act shall constitute a breach of this Lease by Tenant. In such event, Landlord may, at its option, declare this Lease terminated and forfeited by Tenant, and Landlord shall be entitled to immediate possession of the Leased Premises. Upon such notice of termination, this Lease shall terminate immediately and automatically by its own limitation; or

(d) Multiple Defaults. Any two (2) failures by Tenant to observe and perform any provision of this Lease during any twelve (12) month period of the term, as such may be extended, shall constitute, at the option of Landlord, a separate and non-curable default.

ARTICLE 25 REMEDIES UPON DEFAULT

25.1 Termination and Damages. In the event of any default by Tenant, then in addition to any other remedies available to Landlord herein or at law or in equity, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder by giving written notice of such intention to terminate. In the event that Landlord shall elect to so terminate this Lease, then Landlord may recover from Tenant:

(a) The worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus

(b) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves could have been reasonably avoided; plus

(c) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus

(d) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of events would be likely to result therefrom; and

(e) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the applicable law in the state in which the Leased Premises are located.

25.2 Definition. As used in subsections 25.1(a) and (b) above, the "worth at the time of award" is computed by allowing interest at the rate of ten percent (10%) per annum. As used in subsection 25.1(c) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank for the region in which the Complex is located at the time of award plus one percent (1%).

25.3 Personal Property. In the event of any default by Tenant, Landlord shall also have the right and option, with or without terminating this Lease, to do any one or combination of the following:

(a) to reenter the Leased Premises and remove all persons and property from the Leased Premises;

(b) to have all of Tenant's fixtures, furniture, equipment, improvements, additions, alterations and other Personal Property remain upon the Leased Premises during the length of any default by Tenant or a lesser period; or

(c) to require Tenant to forthwith remove such property.

Landlord shall have the sole right to take exclusive possession of such property and to use it, rent, or charge free, until all defaults are cured. If Landlord shall remove property from the Leased Premises, Landlord may, in its sole and absolute discretion, store such property in the Complex, in a public warehouse or elsewhere. All costs incurred by Landlord under this section, including, without limitation, those for removal and storage (including, without limitation, charges imposed by Landlord for storage within the Complex), shall be at the sole cost of and for the account of Tenant. The rights stated herein are in addition to Landlord's rights described in Article 17.

25.4 Recovery of Rent; Reletting.

(a) In the event of the vacation or abandonment of the Leased Premises by Tenant or in the event that Landlord shall elect to reenter as provided in Section 25.3 above, or shall take possession of the Leased Premises pursuant to legal proceeding or pursuant to any notice provided by law, then if Landlord does not elect to terminate this Lease as provided in Section 25.1 above, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession, and Landlord may enforce all its rights and remedies under this Lease, including, without limitation, Landlord's right from time to time, without terminating this Lease, to either recover all rental as it becomes due or relet the Leased Premises or any part thereof for such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord, in its sole discretion, may deem advisable with the right to make alterations and repairs to the Leased Premises. Acts of maintenance or preservation or efforts to relet the Leased Premises or the appointment of a receiver upon initiation of Landlord or other legal proceeding granting Landlord or its agent possession to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession.

(b) In the event that Landlord shall elect to so relet, then rentals received by Landlord from such reletting shall be applied: first, to the payment of any indebtedness other than rent due hereunder from Tenant to Landlord; second, to the payment of any cost of such reletting; third, to the payment of the cost of any alterations and repairs to the Leased Premises ; fourth, to the payment of rent due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. Should that portion of such rentals received from such reletting during any month, which is applied by the payment of rent hereunder, be less than the rent payable during that month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord immediately upon demand therefor by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as ascertained, any costs and expenses incurred by Landlord in such reletting or in making such alterations and repairs not covered by the rentals received from such reletting.

(c) No reentry or taking possession of the Leased Premises or any other action under this Section shall be construed as an election to terminate this Lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any reletting without termination by Landlord because of any default by Tenant, Landlord may at any time after such reletting elect to terminate this Lease for any such default.

(d) Landlord has the remedy described in California Civil Code Section 1951.4 (Landlord may continue Lease in effect after Tenant's breach and abandonment and recover rent as it becomes due, if Tenant has right to sublet or assign, subject only to reasonable limitations).

25.5 No Waiver. Efforts by Landlord to mitigate the damages caused by Tenant's default in this Lease shall not constitute a waiver of Landlord's right to recover damages hereunder, nor shall Landlord have any obligation to mitigate damages hereunder.

25.6 Curing Defaults. Should Tenant fail to repair, maintain, and/or service the Leased Premises, or any part or contents thereof at any time or times, or perform any other obligations imposed by this Lease or otherwise, then after having given Tenant reasonable notice of the failure or failures and a reasonable opportunity which in no case shall exceed thirty (30) days, to remedy the failure, Landlord may perform or contract for the performance of the repair, maintenance, or other Tenant obligation, and Tenant shall pay Landlord for all direct and indirect costs incurred in connection therewith within ten (10) days of receiving a bill therefor from Landlord.

25.7 Subleases of Tenant. Whether or not Landlord elects to terminate this Lease on account of any default by Tenant, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Leased Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. In the event of Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

25.8 Cumulative Remedies. The various rights, options, election powers, and remedies of Landlord contained in this Article and elsewhere in this Lease shall be construed as cumulative and no one of them exclusive of any others or of any legal or equitable remedy which Landlord might otherwise have in the event of breach or default, and the exercise of one right or remedy by Landlord shall not in any way impair its right to any other right or remedy.

ARTICLE 26 BANKRUPTCY

26.1 Bankruptcy Events. If at any time during the term of this Lease there shall be filed by or against Tenant in any court pursuant to any statute either of the United States or of any state a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Tenant's property, or if a receiver or trustee takes possession of any of the assets of Tenant, or if the leasehold interest herein passes to a receiver, or if Tenant makes an assignment for the benefit of creditors or petitions for or enters into an arrangement (any of which are referred to herein as "**a bankruptcy event**"), then the following provisions shall apply:

(a) Assume or Reject. At all events any receiver or trustee in bankruptcy or Tenant as debtor in possession ("**debtor**") shall either expressly assume or reject this Lease within the earlier of one hundred twenty (120) days following the filing of a petition in bankruptcy or entry of an "Order for Relief" or such earlier period of time provided by law.

(b) Cure. In the event of an assumption of the Lease by a debtor, receiver or trustee, such debtor, receiver or trustee shall immediately after such assumption (1) cure any default or provide adequate assurances that defaults will be promptly cured; and (2) compensate Landlord for actual pecuniary loss or provide adequate assurances that compensation will be made for actual pecuniary loss; and (3) provide adequate assurance of future performance.

(c) Adequate Assurance. For the purposes of paragraph 26.1(b), adequate assurance of future performance of all obligations under this Lease shall include, but is not limited to:

(1) written assurance that rent and any other consideration due under the Lease shall first be paid before any other of Tenant's costs of operation of its business in the Leased Premises is paid;

(2) written agreement that assumption of this Lease will not cause a breach of any provision hereof including, but not limited to, any provision relating to use or exclusivity in this or any other Lease, or agreement relating to the Leased Premises, or if such a breach is caused, the debtor, receiver or trustee will indemnify Landlord against such loss (including costs of suit and attorneys' fees), occasioned by such breach;

(d) Landlord's Obligation. Where a default exists under the Lease, the party assuming the Lease may not require Landlord to provide services or supplies incidental to the Lease before its assumption by such trustee or debtor, unless Landlord is compensated under the terms of the Lease for such services and supplies provided before the assumption of such Lease.

(e) Assignment. The debtor, receiver, or trustee may assign this Lease only if adequate assurance of future performance by the assignee is provided, whether or not there has been a default under the Lease. Any consideration paid by any assignee in excess of the rental reserved in the Lease shall be the sole property of, and paid to, Landlord. Upon assignment by the debtor or trustee, the obligations of the Lease shall be deemed to have been assumed, and the assignee shall execute an assignment agreement on request of Landlord.

(f) Fair Value. Landlord shall be entitled to the fair market value for the Leased Premises and the services provided by Landlord (but in no event less than the rental reserved in the Lease) subsequent to the commencement of a bankruptcy event.

(g) Reservation of Rights. Landlord specifically reserves any and all remedies available to Landlord in Article 25 hereof or at law or in equity in respect of a bankruptcy event by Tenant to the extent such remedies are permitted by law.

ARTICLE 27 SURRENDER OF LEASE

27.1 No Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work as a merger, and shall, at the option of Landlord, terminate all or any existing subleases or subtenancies, or may, at the option of Landlord, operate as an assignment to it of any or all such subleases or subtenancies.

ARTICLE 28 LANDLORD'S EXCULPATION

28.1 Limited Liability. Redress for any claim against Landlord under this Lease shall be limited to and enforceable only against and to the extent of Landlord's interest in the Building. The obligations of Landlord shall not be personally binding on, nor shall any resort be had to the private properties of, any of its or its investment manager's trustees, directors, officers, partners, beneficiaries, members, stockholders, employees, or agents, and in no case shall Landlord be liable to Tenant hereunder for any lost profits, damage to business, or any form of special, indirect or consequential damages. In no event shall Landlord be deemed to be in default under this Lease unless Landlord fails to perform its obligations under this Lease, Tenant delivers to Landlord written notice specifying the nature of Landlord's alleged default, and Landlord fails to cure such default within thirty (30) days following receipt of such notice (or, if the default cannot reasonably be cured within such period, to commence action within such thirty (30)-day period and proceed diligently thereafter to cure such default).

ARTICLE 29 ATTORNEYS' FEES

29.1 Attorneys' Fees. In the event of any litigation or arbitration (if each party in its sole and absolute discretion elects to use arbitration) proceeding between the parties with respect to this Lease, then all costs and expenses, including without limitation, all reasonable professional fees such as appraisers', accountants' and attorneys' fees, incurred by the prevailing party therein shall be paid or reimbursed by the other party. The "**prevailing party**" means the party determined by the court or arbitrator (if the parties elected to use arbitration) to have most nearly prevailed, even if such party did not prevail in all matters, not necessarily the one in whose favor a judgment is rendered. The provisions of this section shall survive the expiration or termination of this Lease.

ARTICLE 30 NOTICES

30.1 Writing. All notices, demands and requests required or permitted to be given or made under any provision of this Lease shall be in writing. A notice shall be sufficiency given for all purposes as follows:

(a) When personally delivered to the recipient, notice is effective on delivery.

(b) When mailed first class to the last address of the recipient known to the party giving notice, notice is effective on delivery.

(c) When mailed by certified mail with return receipt requested, notice is effective on receipt if delivery is confirmed by a return receipt.

(d) When delivered by overnight delivery by FedEx or other reputable courier service with charges prepaid or charged to the sender's account, notice is effective on delivery if delivery is confirmed by the delivery service.

(e) When sent by facsimile to the last facsimile number of the recipient known to the party giving notice with confirmation that the transmission was sent; however, notice given by facsimile that is sent after 5 p.m. (recipient's time) or on a nonbusiness day shall be considered to have been received on the next business day.

(f) When sent by email transmission, notice is effective, provided sender receives no "undeliverable" notification; however, notice given by email that is sent after 5 p.m. (recipient's time) or on a nonbusiness day shall be considered to have been received on the next business day.

If a representative is not generally available during normal business hours to accept delivery or receipt of a notice, then a notice of default or other notice may be sent by first class mail to the last address of the recipient known to the party giving the notice, in which case such notice is effective on the third day after deposit such notice in the mail. A notice may be sent by a party's attorney. Any correctly addressed notice that is refused, unclaimed, or undelivered because of an act or omission or the party to be notified shall be considered to be effective as of the first date that the notice was refused, unclaimed or considered undeliverable by postal authorities, messenger, or overnight delivery service.

ARTICLE 31 SUBORDINATION AND FINANCING PROVISIONS

31.1 Priority of Encumbrances. This Lease is subordinate to any ground lease, mortgage, deed of trust or any other hypothecation for security now or hereafter placed upon the real property of which the Leased Premises are a part and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. If any mortgagee, trustee or ground lessor shall elect to have this Lease prior to the lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage, deed of trust or ground lease, whether this Lease is dated prior or subsequent to the date of said mortgage, deed of trust or ground lease or the date of recording thereof. Landlord shall request from any current or future beneficiary of a deed of trust encumbering the Complex the execution of a written "subordination, attornment and non-disturbance agreement" in favor of Tenant on such beneficiary's standard form (the "**SNDA**"), providing that so long as Tenant is not in default under this Lease beyond any applicable grace period, this Lease will not be terminated by such beneficiary, except as expressly provided in this Lease for a casualty or condemnation. Landlord will pay the initial administrative or processing fee charged by such beneficiary or its servicer to process the request for the SNDA. Landlord's sole obligation is to request such SNDA. The failure to obtain such SNDA shall not be a default by Landlord or a condition to any of Tenant's obligations under this Lease.

31.2 Execution of Documents. Tenant agrees to execute any documents required to further effectuate such subordination or to make this Lease prior to the lien of any mortgage, deed of trust or ground lease, as the case may be, if requested by Landlord or any lender. It is understood by all parties that Tenant's failure to execute the subordination documents referred to above may cause Landlord serious financial damage by causing the failure of a financing or sale transaction.

31.3 Attornment. If the holder of any ground lease, mortgage, deed of trust or security described above (or its successor-in-interest), enforces its remedies provided by law or under the pertinent mortgage, deed of trust or security instrument and succeeds to Landlord's interest in the Leased Premises, Tenant shall, upon request of any person succeeding to the interest of such lender as result of such enforcement, automatically become the Tenant of said successor-in-interest without change in the terms or other provisions of this Lease, provided, however, that said successor-in-interest shall not be (i) bound by any payment of rent for more than thirty (30) days in advance, except prepayment in the nature of security for the performance by Tenant of its obligations under this Lease, (ii) liable for any act or omission of any previous landlord (including Landlord), provided that as successor landlord it shall be obligated to cure any continuing default of the prior landlord of which it has received prior written notice and shall be liable for acts or omissions accruing or arising after such successor's succession to the position of landlord and commencement of control and management of the Property, (iii) subject to any offset, defense, recoupment or counterclaim that Tenant may have given to any previous landlord (including Landlord), or (iv) liable for any deposit that Tenant may have given to any previous landlord (including Landlord) that has not, as such, been transferred to said successor-in-interest. Within ten (10) days after receipt of request by said successor-in-interest, Tenant shall execute and deliver an instrument or instruments confirming such attornment, including a non-disturbance, attornment and subordination agreement in a form required by any such successor-in-interest.

31.4 Notice and Right to Cure Default. Tenant agrees to give any mortgagee(s) and/or trust deed holders, by registered mail, a copy of any notice of default served upon Landlord, provided that prior to such notice Tenant has been notified, in writing (by way of Notice of Assignment of Rents and Leases, or otherwise), of the address of such mortgagees and/or trust deed holders. Tenant further agrees that if Landlord shall have failed to cure such default within the time provided for in this Lease, then the mortgagees and/or trust deed holders shall have an additional thirty (30) days within which to cure such default or, if such default cannot be cured within that time, then such additional time as may be necessary if, within such thirty (30) days, any mortgagee and/or trust deed holder has commenced and is diligently pursuing the remedies necessary to cure such default (including but not limited to commencement of foreclosure proceedings, if necessary to effect such cure), in which event this Lease shall not be terminated while such remedies are being so diligently pursued.

ARTICLE 32 ESTOPPEL CERTIFICATES

32.1 Execution by Tenant. Within ten (10) days after receipt of written request by Landlord, Tenant shall execute and deliver to Landlord an estoppel certificate acknowledging such facts regarding this Lease as Landlord may reasonably require, including without limitation, that to the extent of Tenant's knowledge (i) this Lease is in full force and effect, binding and enforceable in accordance with its terms and unmodified (or if modified, specifying the written modification documents); (ii) to Tenant's knowledge, no default exists on the part of Landlord or Tenant under this Lease; (iii) to Tenant's knowledge, there are no events which with the passage of time, or the giving of notice, or both, would create a default under this Lease; (iv) no rent in excess of one month's rent has been paid in advance; (v) Tenant has not received any written notice of any other sale, assignment, transfer, mortgage or pledge of this Lease or the rent due hereunder; and (vi) to Tenant's knowledge, Tenant has no defense, setoff, recoupment or counterclaim against Landlord. Any such estoppel certificate may be relied upon by Landlord, any lender and any prospective purchaser of the Building or Complex or any interest therein. Failure to comply with this Article shall be a material breach of this Lease by Tenant giving Landlord all rights and remedies under this Lease, as well as a right to damages caused by the loss of a loan or sale which may result from such failure by Tenant.

32.2 Financial Statements and Credit Reports. In the event Landlord intends to sell or re-finance the Building or recapitalize its interest in the Complex, then promptly following Landlord's request Tenant shall deliver to Landlord a copy, certified by an officer of Tenant as being a true and correct copy, of Tenant's most recent audited financial statement, or, if unaudited, certified by Tenant's chief financial officer as being true, complete and correct in all material respects. This requirement may be satisfied by Tenant if Tenant or its parent company is a publicly held company whose financial statements are readily available to the publicly online so long the financial information available from the parent discloses the financial information of Tenant.

ARTICLE 33 MISCELLANEOUS PROVISIONS

33.1 Effect of Waiver. The waiver by Landlord or Tenant of any breach of any Lease provision by the other party shall not be deemed to be a waiver of such Lease provision or any subsequent breach of the same or any other term, covenant or condition therein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any provision of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. Any failure by Landlord or Tenant to insist upon strict performance by the other of this Lease of any of the terms and provisions of the Lease or any guaranty of this Lease shall not be deemed to be a waiver of any of the terms or provisions of the Lease or such guaranty, and Landlord or Tenant, as the case may be, shall have the right thereafter to insist upon strict performance by the other of any and all of them.

33.2 Holding Over. Tenant shall pay Landlord for each day Tenant retains possession of the Leased Premises or part of them after termination of this Lease by lapse of time or otherwise at the rate ("**Holdover Rate**") which shall be One Hundred Fifty Percent (150%) of the amount of the Minimum Monthly Rent for the last period prior to the date of such termination, plus Tenant's Proportionate Share of Operating Costs, Real Estate Taxes and Insurance, prorated on a daily basis, and also pay all damages sustained by Landlord by reason of such retention. Notwithstanding acceptance by Landlord of any sums due hereunder after such termination, a tenancy on a month to month basis or at Landlord's election, at sufferance at the Holdover Rate shall be deemed to have been created in the event of any holding over. In any event, no provision of this Section 33.2 shall be deemed to waive Landlord's right of reentry or any other right under this Lease or at law. Additionally, in the event that upon termination of the Lease, Tenant has not fulfilled its obligation with respect to repairs and cleanup of the Leased Premises or any other Tenant obligations as set forth in this Lease, then Landlord shall have the right to perform any such obligations as it deems necessary at Tenant's sole cost and expense, and any time required by Landlord to complete such obligations shall be considered a period of holding over and the terms of this section shall apply.

33.3 Binding Effect. The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of all of the parties hereto; and all of the parties hereto shall be jointly and severally liable hereunder.

33.4 Time of the Essence. Time is of the essence of this Lease with respect to each and every article, section and subsection hereof.

33.5 Release of Landlord. If, during the term of this Lease, Landlord shall sell its interest in the Building or Complex of which the Leased Premises form a part, or the Leased Premises, then from and after the effective date of the sale or conveyance, Landlord shall be released and discharged from any and all obligations and responsibilities under this Lease, except those already accrued. Upon any such conveyance, the grantee or transferee shall be deemed to have assumed the obligations of Landlord that accrue after the effective date of such transfer.

33.6 Rules and Regulations. Landlord or such other person(s) as Landlord may appoint shall have the exclusive control and management of the Common Areas and Building and shall have the right, from time to time, to establish, modify, amend and enforce reasonable rules and regulations with respect thereto. Tenant agrees to abide by and conform to all such rules and regulations, and to cause its employees, suppliers, shippers, customers, and invitees to so abide and conform. Landlord shall not be responsible to Tenant for the non-compliance with said rules and regulations by other tenants of the Building or Complex.

33.7 Transfer to Purchaser. If any security be given by Tenant to secure the faithful performance of all or any of the covenants of this Lease on the part of Tenant, Landlord may transfer and/or deliver the security, as such, to the purchaser of the reversion, in the event that the reversion be sold, and thereupon Landlord shall be discharged from any further liability in reference thereto.

33.8 Late Charges. Tenant acknowledges that late payment by Tenant to Landlord of rent or any other payment due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impractical to fix. Such costs include, without limitation, processing and accounting charges, and late charges that may be imposed on Landlord by the terms of any encumbrance and note secured by any encumbrance covering the Leased Premises. Therefore, if any installment of rent, or any other payment due hereunder from Tenant is not received by Landlord within five (5) days of when due, Tenant shall pay to Landlord an additional sum of five percent (5%) of such rent or other charge as a late charge; provided, however, that Landlord agrees that Tenant shall not have to pay such late charge if it makes its payment in full within five (5) days after receipt of written notice from Landlord, except that this notice and cure period shall only be applicable for the first two (2) times each calendar year that Tenant fails to pay any Minimum Monthly Rent or any additional rent when due. If Landlord has provided two notices of a late payment or default during a calendar year, Landlord shall not be obligated to provide any notice thereafter for the remainder of such calendar year and such late charge shall be due if payment is not made when due without any grace period or notice. The parties agree that this late charge represents a fair and reasonable estimate of the cost that Landlord will incur by reason of late payment by Tenant. Acceptance of any late charge shall not constitute a waiver of Tenant default with respect to the overdue amount, or prevent Landlord from exercising any other rights or remedies available to Landlord.

33.9 Interest. Any amount owed by Tenant to Landlord which is not paid within ten (10) days when due shall bear interest at the lesser of ten percent (10%) per annum or the maximum rate of interest permitted to be contracted for by law. However, interest shall not be payable on late charges to be paid by Tenant under this Lease. The payment of interest on such amounts shall not excuse or cure any default by Tenant under this Lease.

33.10 Authorization to Execute. If Tenant is a corporation, limited liability company, partnership or other entity, each individual executing this Lease on behalf of said organization represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said organization in accordance with a duly adopted resolution or other applicable authorization of said organization, and that this Lease is binding upon said organization in accordance with its terms. Further, if requested by Landlord, Tenant shall, within thirty (30) days after such request, deliver to Landlord a certified copy of a resolution or other applicable authorization of said organization authorizing or ratifying the execution of this Lease.

33.11 Captions. The captions of this Lease are for convenience only and are not a part of this Lease and do not in any way limit or amplify the terms and provisions of this Lease.

33.12 Number and Gender. Whenever the singular number is used in this Lease and when required by the context, the same shall include the plural, the plural shall include the singular, and the masculine gender shall include the feminine and neuter genders, and the word “person” shall include corporation, firm or association. If there be more than one Tenant, the obligations imposed under this Lease upon Tenant shall be joint and several.

33.13 Modifications. This instrument contains all of the agreements, conditions and representations made between the parties to this Lease and may not be modified orally or in any other manner than by an agreement in writing signed by all of the parties to this Lease.

33.14 Payments. Except as otherwise expressly stated, each payment required to be made by Tenant shall be in addition to and not in substitution for other payments to be made by Tenant.

33.15 Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

33.16 No Offer. The preparation and submission of a draft of this Lease by either party to the other shall not constitute an offer, nor shall either party be bound to any terms of this Lease or the entirety of the Lease itself until both parties have fully executed a final document and an original signature document has been received by both parties. Until such time as described in the previous sentence, either party is free to terminate negotiations with no obligation to the other.

33.17 Light, Air and View. No diminution of light, air, or view by any structure which may hereafter be erected (whether or not by Landlord) shall entitle Tenant to any reduction of Rent, result in any liability of Landlord to Tenant, or in any other way affect this Lease or Tenant’s obligations hereunder.

33.18 Public Transportation Information. Tenant shall establish and maintain during the Term hereof a program to encourage maximum use of public transportation by personnel of Tenant employed on the Leased Premises, including without limitation the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Complex, staggering working hours of employees, and encouraging use of such facilities, all at Tenant’s sole reasonable cost and expense. Tenant shall comply with all requirements of any local transportation management ordinance.

33.19 Joint and Several Liability. Should Tenant consist of more than one person or entity, they shall be jointly and severally liable on this Lease.

33.20 Survival of Obligations. All obligations of Tenant which may accrue or arise during the term of this Lease or as a result of any act or omission of Tenant during said term shall, to the extent they have not been fully performed, satisfied or discharged, survive the expiration or termination of this Lease.

33.21 Real Estate Brokers. Landlord and Tenant each represents and warrants to the other party that it has not authorized, retained or employed, or acted by implication to authorize, retain or employ, any real estate broker or salesman to act for it or on its behalf in connection with this Lease so as to cause the other party to be responsible for the payment of a brokerage commission, except for the Broker(s) identified in Article 1. Landlord and Tenant shall each indemnify, defend and hold the other party harmless from and against any and all claims by any real estate broker or salesman (other than the Brokers) whom the indemnifying party authorized, retained or employed, or acted by implication to authorize, retain or employ, to act for the indemnifying party in connection with this Lease.

33.22 Waiver of California Code Sections. In this Lease, numerous provisions have been negotiated by the parties, some of which provisions are covered by statute. Whenever a provision of this Lease and a provision of any statute or other law cover the same matter, the provisions of this Lease shall control. Therefore, Tenant waives (for itself and all persons claiming under Tenant) the provisions of Civil Code Sections 1932(2) and 1933(4) with respect to the destruction of the Leased Premises; Civil Code Sections 1941 and 1942 with respect to Landlord's repair duties and Tenant's right to repair; Code of Civil Procedure Section 1265.130, allowing either party to petition the Superior Court to terminate this Lease in the event of a partial taking of the Leased Premises by condemnation as herein defined; and any right of redemption or reinstatement of Tenant under any present or future case law or statutory provision (including Code of Civil Procedure Sections 473 and 1179 and Civil Code Section 3275) in the event Tenant is dispossessed from the Leased Premises for any reason. This waiver applies to future statutes enacted in addition to or in substitution for the statutes specified herein.

33.23 Quiet Enjoyment. So long as Tenant pays all of the Minimum Monthly Rent, all additional rent and other sums and charges under the Lease and otherwise performs all of its obligations in the Lease, Tenant shall have the right to possession and quiet enjoyment of the Leased Premises free from any unreasonable disturbance or interference, subject to the terms and provisions of the Lease.

33.24 Representation. Neither Tenant nor any of its constituent partners, managers, members or shareholders, nor any beneficial owner of Tenant or of any such partner, manager, member or shareholder (a) is listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury ("**OFAC**") pursuant to the Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) ("**Order**"); (b) is listed on any other list of terrorists or terrorist organizations maintained pursuant to the Order, the rules and regulations of OFAC or any other applicable requirements contained in any enabling legislation or other Executive Orders in respect of the Order (the Order and such other rules, regulations, legislation or orders are collectively called the "**Orders**"); (c) is engaged in activities prohibited in the Orders; or (d) has been convicted, pleaded nolo contendere, indicted, arraigned or custodially detained on charges involving money laundering or predicate crimes to money laundering.

33.25 Inability to Perform; Force Majeure. This Lease and the obligations of the parties hereunder shall not be affected or impaired because a party is unable to fulfill any of its obligations hereunder or is delayed in doing so, to the extent such inability or delay is caused by reason of war, civil unrest, acts of terrorism or bioterrorism, drought, strike, labor troubles, unusually inclement weather, governmental delays, inability to procure services or materials despite reasonable efforts, acts of God, or any other cause(s) beyond the reasonable control of a party (which causes are referred to collectively herein as "**Force Majeure**"), but excluding delays by Tenant in constructing the Tenant Improvements. Any time specified obligation of a party in this Lease shall be extended one day for each day of delay suffered by such party as a result of the occurrence of any Force Majeure. The application of Force Majeure shall not apply to a party's obligation to pay any sum of money under this Lease.

33.26 Counterparts. This Lease may be executed in one or more counterparts, including any facsimile or other electronic version of same, each of which shall be deemed an original, but all of which when taken together shall constitute one agreement. Any facsimile or other electronic signature shall constitute a valid and binding method for executing this Lease. Executed counterparts of this Lease exchanged by facsimile transmission or other electronic means shall be fully enforceable.

[the balance of this page has been intentionally left blank; signature page follows]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first written above.

TENANT: QUOTIENT TECHNOLOGY INC.,
a Delaware corporation

By: /s/ Scott Raskin

Name: Scott Raskin

Its: President

LANDLORD: DW CAL 301 HOWARD, LLC,
a Delaware limited liability company

By: Divco West Real Estate Services, Inc.,
a Delaware corporation
Its Agent

By: /s/ Eric Lupinski

Name: Eric Lupinski

Its: Managing Director

Exhibit 10.34

EXHIBIT A – OUTLINE OF LEASED PREMISES

Exhibit A is intended only to show the general layout of the Leased Premises as of the beginning of the Term of this Lease. The depiction of interior windows, cubicles, modules, furniture and equipment in this Exhibit is for illustrative purposes only, but does not mean that such items exist. Landlord is not required to provide, install or construct any such items. It does not in any way supersede any of Landlord's rights set forth in the Lease with respect to arrangements and/or locations of public parts of the Building and changes in such arrangements and/or locations. It is not to be scaled; any measurements or distances shown should be taken as approximate. The inclusion of elevators, stairways electrical and mechanical closets, and other similar facilities for the benefit of occupants of the Building does not mean such items are part of the Leased Premises.

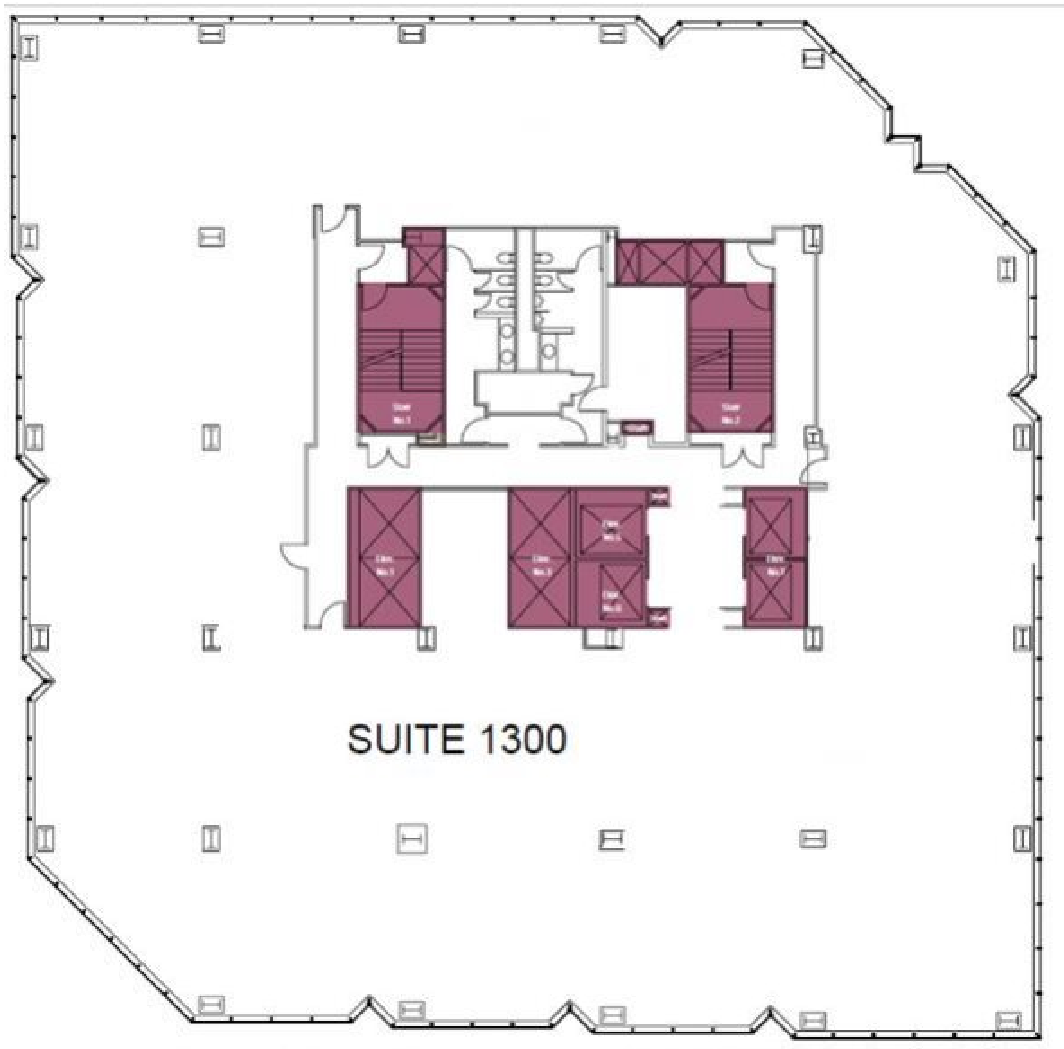


EXHIBIT B – WORK LETTER FOR TENANT IMPROVEMENS
(Tenant Performs)

This Exhibit B forms a part of that certain Office Lease (the "**Lease**") by and between DW CAL 301 HOWARD, LLC, a Delaware limited liability company, as Landlord, and QUOTIENT TECHNOLOGY INC., a Delaware corporation, as Tenant, to which this Exhibit is attached. If there is any conflict between this Exhibit and the Lease regarding the construction of the Tenant Improvements (hereinafter defined), this Exhibit shall govern. All capitalized terms referred to in this Exhibit shall have the same meaning provided in the Lease, except where expressly provided to the contrary in this Exhibit.

ARTICLE 1 DEFINITIONS

1. Additional Definitions. Each of the following terms shall have the following meaning:

Allowance: A total amount equal to $2,341,050.00 (i.e., $150.00 per square foot of Rentable Area in the Leased Premises) to be paid by Tenant for the Construction Costs for the Tenant Improvements as provided in this Exhibit. Any unused portion of the Allowance shall remain the property of Landlord, and Tenant shall have no interest in said funds. Tenant shall have until a date that is one year after the Delivery Date (the "**Outside Date**") to Substantially Complete the Tenant Improvements and use the Allowance for payment of Construction Costs for the Tenant Improvements. If Tenant has not Substantially Completed the Tenant Improvements and complied with the requirements in this Exhibit for payment of the Allowance by the Outside Date, Tenant shall not be entitled to any remaining unused amount of the Allowance; provided, however Tenant shall have the right by the Outside Date to apply any unused amount of the Allowance to pay for the costs of Tenant's furniture, fixtures and equipment to be installed in the Leased Premises, up to a maximum amount of $250,000.00 (the "**FF&E**").

Architect: The architectural firm selected by Tenant and approved by Landlord in its good faith discretion to prepare the "Preliminary Plans" and "Final Plans" (as such terms are hereinafter defined).

Construction Costs: All costs, expenses, fees, taxes and charges to construct the Tenant Improvements, including, without limitation, the following:

(1) architects, engineers and consultants in the preparation of the Preliminary Plans and the Final Plans, including mechanical, electrical, plumbing and structural drawings and of all other aspects of such plans for the Tenant Improvements, and for processing governmental applications and applications for payment, observing construction of the work, and other customary engineering, architectural, interior design and space planning services;

(2) labor, materials, equipment and fixtures supplied by the Contractor, its subcontractors and/or materialmen, including, without limitation, charges for a job superintendent and project representative;

(3) all electrical circuits, wiring, lighting fixtures, and tube outlets furnished and installed throughout the Leased Premises, including costs of meter;

(4) all window and floor coverings in the Leased Premises, including, without limitation, all treatment and preparatory work required for the installation of floor coverings over the concrete or other structural floor;

(5) all fire and life safety control systems , such as fire walls, wiring and accessories installed within the Building;

(6) all plumbing, fixtures, pipes and accessories installed within the Building;

(7) fees charged by the city and/or county where the Building is located (including, without limitation, fees for building permits and approvals and plan checks) required for the work in the Building;

(8) the Construction Management Fee (hereinafter defined) payable to Landlord's agent and property manager;

(9) all taxes, fees, charges and levies by governmental and quasi-governmental agencies for authorization, approvals, licenses and permits; and all sales, use and excise taxes for the materials supplied and services rendered in connection with the installation and construction of the Tenant Improvements; and

(10) all costs and expenses incurred to comply with all Applicable Laws of any governmental authority for any work at the Complex in order to construct the Tenant Improvements.

The term Construction Costs under this Exhibit shall not include (i) any fees, costs, expenses, compensation or other consideration payable to Tenant, or any of its officers, directors, employees or affiliates, or (ii) the cost any of Tenant's furniture, artifacts, trade fixtures, telephone and computer systems and related facilities, or equipment, except for the amount of the Allowance that may be used for the FF&E. Any fees or costs referred to in clauses (i) or (ii) above shall be paid by Tenant without resort to the Allowance.

Contractor: The general contractor selected by Tenant and approved by Landlord in its reasonable discretion to construct the Tenant Improvements, provided any such contractor uses union workers and subcontractors. The general contractor must be licensed and bondable in the State of California. Tenant may request that Landlord approve three (3) or more Contractors prior to competitive bidding, in which case Tenant may select any one of the Contractors approved by Landlord.

Substantial Completion, Substantially Complete, and Substantially Completed (or similar phrase): The foregoing shall mean when the following have occurred or would have occurred but for any delay cause by Tenant:

(a) Tenant has delivered to Landlord a certificate from the Architect, in a form reasonably approved by Landlord, that the Tenant Improvements have been Substantially Completed substantially in accordance with the Final Plans, except "punch list" items which may be completed within thirty (30) days without impairing Tenant's use of the Leased Premises or a material portion thereof, and Landlord has approved of the work in its sole and absolute discretion; and

(b) Tenant has obtained from the appropriate governmental authority a final certificate of occupancy (or all building permits with all inspections approved or the equivalent) and all other approvals and permits for the Leased Premises permitting occupancy and use of the Leased Premises for its permitted use under the Lease.

Tenant Improvements: The improvements to be constructed in accordance with the Final Plans. Said work shall include architectural, mechanical and electrical work and life safety systems, and shall be in accordance with the criteria, specifications, procedures and schedules referred to in this Exhibit. The Tenant Improvements shall comply in all respects with all applicable laws, statutes, ordinances, building codes and regulations (collectively, "**Applicable Laws**").

Test-Fit Allowance: An amount not to exceed $2,341.05 for payment of fees incurred by Tenant for the Architect to prepare test fit plan for the Tenant Improvements at the Leased Premises.

ARTICLE 2 CONSTRUCTION OF TENANT IMPROVEMENTS

2.1 Preparation of Plans.

(a) Preliminary Plans. As soon as is reasonably possible after the date of the Lease, Tenant shall submit to its Architect all additional information, including occupancy requirements for the Leased Premises ("**Information**"), necessary to enable the Architect to prepare preliminary plans and specifications for the Tenant Improvements showing, among other things, all demising walls, corridors, entrances, exits, doors, interior design and partition, and the locations of all display and storage rooms and bathrooms. As soon as is commercially reasonable after the date hereof, Tenant shall cause the Architect to prepare preliminary plans and specifications for the Tenant Improvements and shall deliver two copies of same to Landlord for its review and written approval in its good faith discretion. Within fifteen (15) days after receipt of the preliminary plans and specifications, Landlord shall notify Tenant in writing that (i) Landlord approves of such preliminary plans and specifications or (ii) Landlord disapproves of such preliminary plans and specifications, the basis for disapproval and the changes requested by Landlord. If disapproved, Tenant shall cause the preliminary plans and specifications to be revised and shall submit the revised plans and specifications to Landlord for its review and approval as provided in this section. After approval of the preliminary plans and specifications as provided above, the preliminary plans and specifications shall be referred to as the "**Preliminary Plans**."

(b) Final Plans. Tenant shall cause the Architect to prepare final working drawings, which shall be consistent with the Preliminary Plans, compatible with the design, construction and equipment of the Building, comply with all Applicable Laws, capable of logical measurement and construction, and contain all specifications for materials and contain such information as may be required for obtaining all permits and other governmental approvals for the construction of the Tenant Improvements (the "**Working Drawings**"). As soon as is commercially reasonable after approval of the Preliminary Plans are approved by the parties as provided above, Tenant shall submit two copies of the Working Drawings to Landlord for its review and approval in its good faith discretion. Within fifteen (15) days after receipt of the Working Drawings, Landlord shall notify Tenant in writing that (i) Landlord approves of such Working Drawings, or (ii) Landlord disapproves of such Working Drawings, the basis for disapproval and the changes requested by Landlord. Tenant shall cause the Working Drawings to be revised and shall submit the revised Working Drawings to Landlord for its review and approval as provided in this section. The Working Drawings approved in writing by the parties shall be referred to as the "**Final Plans**."

(c) General. It is the responsibility of Tenant to assure that the Final Plans and the Tenant Improvements constructed thereunder conform to all of the Applicable Laws. Tenant shall submit to Landlord one (1) reproducible and four (4) prints of the Final Plans and an electronic unlocked version in CAD format.

2.2 Selection and Approval of Certain Contractors. Any subcontractor performing any work on the HVAC, life safety or alarm or mechanical systems or work affecting the roof shall be subject to Landlord's prior written approval in its sole and absolute discretion and Landlord may require the Tenant use Landlord's contractor or a specific subcontractor for any such work. Landlord shall provide written notice of approval or disapproval within five (5) business days after Tenant's request for such approval. The construction contract shall be subject to the prior written reasonable approval of Landlord and shall require, among other things, that the Contractor (a) obtain and deliver to Landlord evidence of insurance required by Landlord, and (b) execute, obtain and deliver to Tenant lien waivers in the form required under Applicable Law from the Contractor and all of its subcontractors and suppliers, and (c) monthly progress payments, with a ten percent (10%) retention, and (d) such other documents as the lender under any deed of trust may require.

2.3 Information Provided by Landlord. Acceptance or approval of any plan, drawing or specification, including, without limitation, the Preliminary Plans and the Final Plans, by Landlord shall not constitute the assumption of any responsibility by Landlord for the accuracy or sufficiency of such plans and material, and Tenant shall be solely responsible therefor. Tenant agrees and understands that the review of all plans pursuant to the Lease or this Exhibit by Landlord is to protect the interests of Landlord in the Building, and Landlord shall not be the guarantor of, nor responsible for, the correctness, completeness or accuracy of any such plans or compliance of such plans with Applicable Laws. Any information that may have been furnished to Tenant by

Landlord or others about the mechanical, electrical, structural, plumbing or geological (including soil and sub-soil) characteristics of the Building or Complex (hereinafter referred to as the "**Site Characteristics**") are for Tenant's convenience only, and Landlord does not represent or warrant that the Site Characteristics are accurate, complete or correct or that the Site Characteristics are as indicated. Any information that has been furnished by Landlord to Tenant has been delivered on the expressed condition and understanding that Tenant will independently verify whether such information is accurate, complete or correct and not rely on such information provided by Landlord.

2.4 No Responsibility of Landlord. Landlord's approval of any plans, including, without limitation, the Preliminary Plans or the Final Plans, shall not: (i) constitute an opinion or agreement by Landlord that such plans and Tenant Improvements are in compliance with all Applicable Laws, (ii) impose any present or future liability on Landlord; (iii) constitute a waiver of Landlord's rights hereunder or under the Lease or this Exhibit; (iv) impose on Landlord any responsibility for a design and/or construction defect or fault in the Tenant Improvements, or (v) constitute a representation or warranty regarding the accuracy, completeness or correctness thereof.

2.5 Actual Review Costs. Tenant shall pay to Landlord its actual reasonable costs incurred by its architect in reviewing and approving the Preliminary Plans, Working Drawings and Final Plans. All such reimbursements shall be made within ten (10) days after receipt of written invoice for same.

2.6 Changes. After approval of the Preliminary Plans or Final Plans by Landlord and Tenant, any material changes in the Preliminary Plans or Final Plans shall require the prior written consent of Landlord in its reasonable discretion and the parties shall follow the same process as was required under section 2.1 for approval of plans. Any change requested by Tenant that is approved in writing by Landlord shall be prepared by the Architect and shall be subject to the review and approval of Landlord's architect in its reasonable discretion. The cost of such changes, including the cost to revise such plans, obtain any additional permits and construct any additional improvements required as a result thereof, and the cost for materials and labor, and all other additional costs incurred by Landlord from resulting delays in completing the Tenant Improvements, shall be included as part of the Construction Costs for the Tenant Improvements.

2.7 Construction Budget for Tenant Improvements. After approval of the Final Plans by Landlord and Tenant as provided above, Tenant shall prepare a detailed estimate of the Construction Costs for the Tenant Improvements. Tenant shall deliver a copy of the construction budget to Landlord.

2.8 Building Permits and Approvals. Not later than after approval by Landlord and Tenant of the Final Plans and Construction Budget as provided above, Tenant or its Contractor shall submit the Final Plans to the appropriate governmental body for plan checking and all building permits and other governmental and quasi-governmental approvals.

2.9 Conduct of Work. Tenant shall confine the construction activity to within the Leased Premises as much as possible and shall work in an orderly manner removing trash and debris from the project on a daily basis. At no time will pipes, wires, boards or other construction materials cross public areas where harm could be caused to the public. All such work shall be undertaken in strict compliance with all Applicable Laws and Landlord rules and regulations. If Tenant fails to comply with these requirements, Landlord shall have the right, but not the obligation, to cause remedial action (at Tenant's cost) as deemed necessary by Landlord to protect the public. Tenant shall complete construction of the Tenant Improvements free and clear of all liens, security interests and encumbrances of any kind.

(a) Pre-construction Submittals to Landlord. A minimum of ten (10) days prior to the commencement of construction, Tenant shall submit the following items to Landlord:

(1) A certificate setting forth the proposed commencement date of construction and the estimated completion dates of construction work, fixturing work and projected opening date;

(2) Certificates of all insurance required under the Lease and this Exhibit;

(3) Copies of all building permits, and all other permits and approvals required by governmental agencies to construct the Tenant Improvements; and

(4) Copies of the construction contract with Tenant's Contractor.

(b) Delays. Tenant shall with reasonable diligence prosecute construction of the Tenant Improvements to complete all work by the Commencement Date. Any delay in completing such work, including any delay as a result of governmental delays, acts of God and other events beyond the control of Tenant, shall not extend or delay the time for the commencement of payment Rent or any other sum under the Lease.

(c) Correction of Work. Landlord may reject any portion of the Tenant Improvements which is defective or not in conformity with the Final Plans. Landlord shall not be responsible for correcting the portions of the Tenant Improvements which were defective or not in compliance with the Final Plans; all such work shall be the responsibility of Tenant at its sole cost and expense.

2.10 Notice of Completion; Copy of Record set of Plans. Within ten (10) days after completion of construction of the Tenant Improvements, Tenant shall cause a notice of completion (or the equivalent notice required under local law to provide notice to all contractors, subcontractors and materialmen that the work is completed and the time for filing any mechanic's lien is running) to be recorded in the Official Records of the County where the Building is located, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense. At the conclusion of construction: (i) Tenant shall cause the Architect and Contractor (A) to update the Final Plans as necessary to reflect all changes made to the Final Plans during the course of construction, (B) to certify to the best of their knowledge that the "record-set" of as-built drawings are true and correct, which certification shall survive the expiration or termination of this Lease, and (C) to deliver to Landlord two (2) sets of copies of such record set of drawings within ninety (90) days following issuance of a certificate of occupancy for the Leased Premises; and (ii) Tenant shall deliver to Landlord a copy of all signed building permits and certificates of occupancy, and all warranties, guaranties, and operating manuals and information relating to the improvements, equipment and systems in the Leased Premises.

2.11 Tenant's Parties and Insurance. The Contractor and all subcontractors, laborers, materialmen, and suppliers used by Tenant collectively shall be referred to as "**Tenant's Parties**".

(a) Indemnity. Tenant's indemnity of Landlord as set forth in the Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or Tenant's Parties, or any one directly or indirectly employed by any of them, or in connection with Tenant's non-payment of any amount arising out of the Tenant Improvements and/or Tenant's disapproval of all or any portion of any request for payment.

(b) Requirements of Tenant's Parties. Each of Tenant's Parties shall guarantee to Tenant and for the benefit of Landlord that the portion of the Tenant Improvements for which it is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. Each of Tenant's Parties shall be responsible for the replacement or repair, without additional charge, of all work done or furnished in accordance with its contract that shall become defective within one (1) year after the later to occur of (i) completion of the work performed by such contractor or subcontractors, and (ii) the date when the Tenant Improvements have been Substantially Completed. The correction of such work shall include, without additional charge, all additional expenses and damages incurred in connection with such removal or replacement of all or any part of the Tenant Improvements, and/or the Building and/or common areas that may be damaged or disturbed thereby. All such warranties or guarantees as to material or workmanship of or with respect to the Tenant Improvements shall be contained in the construction contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. Tenant covenants to give to Landlord any assignment or other assurances which may be necessary to effect such right of direct enforcement.

(c) Insurance Requirements. In addition to the insurance requirements set forth in the Lease, Tenant shall comply with the following requirements:

(1) General Coverages. All of Tenant's Parties shall carry worker's compensation insurance covering all of their respective employees, and shall also carry commercial liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in the Lease.

(2) Special Coverage. Tenant shall carry "Builder's All Risk" insurance in an amount approved by Landlord covering the construction of the Tenant Improvements, and such other insurance as Landlord may require. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Landlord including, but not limited to, the requirement that all of Tenant's Parties shall carry excess liability and Products and Completed Operation Coverage insurance, each in amounts not less than $1,000,000 per incident, $2,000,000 in aggregate, and in form and with companies as are required to be carried by Tenant as set forth in the Lease.

(3) General Terms. Certificates for all insurance carried pursuant to the foregoing sections shall be delivered to Landlord before the commencement of construction of the Tenant Improvements and before the Contractor's equipment is moved onto the site. All such policies of insurance must contain a provision that the company writing said policy will give Landlord thirty (30) days' prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In the event that the Tenant Improvements are damaged by any cause during the course of the construction thereof, Tenant shall immediately repair the same at Tenant's sole cost and expense. Tenant's Parties shall maintain all of the foregoing insurance coverage in force until the Tenant Improvements are fully completed and accepted by Landlord, except for any Products and Completed Operation Coverage insurance required by Landlord, which is to be maintained for ten (10) years following completion of the work and acceptance by Landlord and Tenant. All policies carried under this section shall insure Landlord and Tenant, as their interests may appear, as well as Contractor and Tenant's Parties. All insurance, except Workers' Compensation, maintained by Tenant's Parties shall preclude or waive subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the Landlord and that any other insurance maintained by Landlord is excess and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under the Lease or this Exhibit.

2.12 Labor Matters. Tenant shall perform or cause Tenant's contractor to perform all work in the making and/or installation of any repairs, alterations or improvements in a manner so as to avoid any labor dispute which causes or is likely to cause stoppage or impairment of work or delivery service or any other services in the Complex. In the event there shall be any such stoppage or impairment as the result of any such labor dispute or potential labor dispute, Tenant shall immediately undertake such actions as may be necessary to eliminate such dispute or potential dispute, including, but not limited to, (a) removing all disputants from the job site until such time as the labor dispute no longer exists, (b) seeking an injunction in the event of a breach of contract between Tenant and Tenant's contractor, and (c) filing appropriate unfair labor practice charges in the event of a union jurisdictional dispute.

2.13 Temporary Facilities During Construction. Tenant shall obtain in its name and pay for all temporary utility facilities, and the removal of debris, as necessary and required in connection with the construction of the Leased Premises. Storage of Tenant's contractors' construction material, tools, equipment and debris shall be confined to the Leased Premises and any other areas which may be designated for such purposes by Landlord. Landlord shall not be responsible for any loss or damage to Tenant's and/or Tenant's contractors' equipment. In no event shall any materials or debris be stored in the malls or service or exit corridors of the Complex.

2.14 Miscellaneous. The Tenant Improvements shall be subject to the inspection and approval of Landlord and its supervisory personnel. All contractors engaged by Tenant shall be bondable, licensed contractors, possessing good labor relations, capable of performing quality workmanship.

2.15 Construction Management Fee. Landlord, or an agent of Landlord, shall be paid a construction management fee (the "**Construction Management Fee**") equal to three percent (3%) of the amount of the Constructions Costs for the Tenant Improvements. The Construction Management Fee shall be included in the Construction Costs. Landlord shall deduct from the Allowance and pay its agent the amount of Construction Management Fee on a monthly basis. Tenant shall be responsible for payment of the Construction Management Fee to the extent Construction Costs exceed the Allowance.

ARTICLE 3 PAYMENT OF CONSTRUCTIONS COSTS

3.1 Payment of Test-Fit Allowance. Landlord shall make one payment to Tenant of up to the amount of the Test-Fit Allowance for reimbursement of actual costs and fees charged by the Architect to prepare test-fit plan for the Tenant Improvements in the Leased Premises. Landlord shall make such payment within thirty (30) days after receipt of written request for payment from Tenant, together with reasonable supporting documentation of the actual costs and fees paid by Tenant to the Architect for a test-fit plan. Tenant shall be solely responsible for all costs and fees for the test-fit plan in excess of the Test-Fit Allowance.

3.2 Payment of Other Costs. within thirty (30) days after receipt by Landlord of (i) the final certificate of occupancy for the Leased Premises, (ii) copies of all applicable building permits reflecting final sign-off by the local governmental authority, (iii) a copy of the as-built Final Plans for the Tenant Improvements, and (iv) unconditional lien waivers from the general contractor and all subcontractors and suppliers (v) receipt and approval by Landlord of the Architect's certificate referred to in the definition of Substantial Completion in this Exhibit, which approval shall not be unreasonably withheld.

3.1 Payment of Costs. Tenant shall pay for the Tenant Improvements, except for the Allowance which Landlord shall advance as hereinafter provided. Landlord shall only be responsible for payment of up to the amount of the Allowance for the Tenant Improvements. If the Construction Costs for the Tenant Improvements are greater than the amount of the Allowance, Tenant shall be solely responsible for such additional costs. As provided in the definition of the Allowance, if funds of the Allowance are still available, Tenant must use up to $250,000.00 out of the Allowance for payment of FF&E acquired and installed in the Leased Premises.

3.2 Payment by Landlord of the Allowance. The Allowance will be disbursed in four (4) separate phases as follows (each, a "**Phase**"):

(a) Phase I. An advance of the Allowance in the amount of not more than $500,000.00 will be disbursed to Tenant upon verification by Landlord that Tenant has spent not less than $500,000.00 in Construction Costs for the Leased Premises;

(b) Phase II. A second advance of the Allowance in the amount of not more than $500,000.00 will be disbursed to Tenant upon verification by Landlord that Tenant has spent a total of not less than $1,000,000.00 in Construction Costs for the Leased Premises;

(c) Phase III. A third advance of the Allowance in the amount of not more than $500,000.00 will be disbursed to Tenant upon verification by Landlord that Tenant has spent a total of not less than an additional $1,500,000.00 in Construction Costs for the Leased Premises;

(d) Phase IV. Up to the remaining amount of Allowance will be disbursed to Tenant upon verification by Landlord that Tenant has spent the remaining amount of the Landlord Allowance in Construction Costs for the Leased Premises;

3.3 Payment Requests by Tenant. Landlord shall pay the Allowance, or applicable portions thereof, to Tenant, within thirty (30) days following any written application by Tenant therefor, which application shall be accompanied by the applicable Supporting Documentation. As used herein, "**Supporting Documentation**" shall mean the following, as applicable to the reimbursement requested: (i) written request for payment with a list of the work performed for which payment is requested, (ii) copies of invoices reasonably substantiating the charges of the applicable vendors for such work; (iii) copies of the mechanic's lien waivers received from Tenant's Contractors, subcontractors and suppliers as of the date that Tenant makes its request for payment of the Allowance advance, and (iv) as built drawings in CAD and pdf formats. Tenant agrees to cooperate with Landlord in providing the necessary backup materials for payment from Landlord's lender. Request for payment of any portion of the Allowance hereunder shall not occur more frequently than every thirty (30) days. As a condition to payment of the final advance of Landlord's (i.e., Phase IV), Tenant will provide, if applicable, to Landlord mechanic lien waivers from the Tenant's Contractor and subcontractors and suppliers.

ARTICLE 4 GENERAL PROVISIONS

4.1 Tenant's Representative. Tenant hereby authorizes Scott Raskin of Tenant, as Tenant's representative to act on its behalf and represents its interests with respect to all matters which pertain to the construction of Tenant Improvements, and to make decisions binding upon Tenant with respect to such matters.

EXHIBIT C – ACKNOWLEDGEMENT OF COMMENCEMENT DATE

This Acknowledgement of Commencement Date is dated as of ______________, between DW CAL 301 HOWARD, LLC, a Delaware limited liability company ("**Landlord**"), and QUOTIENT TECHNOLOGY INC., a Delaware corporation ("**Tenant**"), who entered into a lease dated for reference purposes as of ____________ covering certain premises located in Suite 1300 of the building at 301 Howard Street, San Francisco, California. All capitalized terms, if not defined herein, shall be defined as they are defined in the Lease.

1. The parties to this document hereby agree to the following:

(a) the date of _______________, is the Delivery Date;

(b) the date of _______________ is the "Commencement Date" of the Term; and

(c) the date of _______________ is the expiration date of the initial Term.

2. This agreement, each and all of the provisions hereof, shall inure to the benefit, or bind, as the case may require, the parties hereto, and their respective heirs, successors, and assigns subject to the restrictions upon assignment and subletting contained in the Lease.

3. Each party represents and warrants to the other that it is duly authorized to enter into this Amendment and perform its obligations without the consent or approval of any other party and that the person signing on its behalf is duly authorized to sign on behalf of such party.

4. This document may be executed in one or more counterparts, including any facsimile or other electronic version of same, each of which shall be deemed an original, but all of which when taken together shall constitute one agreement. Any facsimile or other electronic signature shall constitute a valid and binding method for executing this document. Executed counterparts of this document exchanged by facsimile transmission or other electronic means shall be fully enforceable.

LANDLORD:

DW CAL 301 HOWARD, LLC,
a Delaware limited liability company

By: Divco West Real Estate Services, Inc.,
a Delaware corporation
Its Agent

By: ______________________________
Name: ______________________________
Its: ______________________________

TENANT:

QUOTIENT TECHNOLOGY INC.,
a Delaware corporation

By: ______________________________
Name: ______________________________
Its: ______________________________

EXHIBIT D – RULES AND REGULATIONS

All capitalized terms referred to in this Exhibit shall have the same meaning provided in the Office Lease to which this Exhibit is attached, except where expressly provided to the contrary in this Exhibit D.

1. No sidewalks, entrance, passages, courts, elevators, vestibules, stairways, corridors or halls shall be obstructed or encumbered by Tenant or used for any purpose other than ingress and egress to and from the Leased Premises and if the Leased Premises are situated on the ground floor of the Building, Tenant shall further, at Tenant's own expense, keep the sidewalks and curb directly in front of the Leased Premises clean and free from rubbish.

2. No awning or other projection shall be attached to the outside walls or windows of the Building or Complex without the prior written consent of Landlord in its sole and absolute discretion. No curtains, blinds, shades, drapes or screens shall be attached to or hung in, or used in connection with any window or door of the Leased Premises, without the prior written consent of Landlord in its sole and absolute discretion. Such awnings, curtains, blinds, shades, drapes, screens and other fixtures must be of a quality, type, design, color, material and general appearance approved by Landlord, and shall be attached in the manner approved by Landlord in its sole and absolute discretion. All lighting fixtures hung in offices or spaces along the perimeter of the Leased Premises must be of a quality, type, design, bulb color, size and general appearance approved by Landlord.

3. No sign, advertisement, notice, lettering, decoration or other thing shall be exhibited, inscribed, painted or affixed by Tenant on any part of the outside or inside of the Leased Premises or of the Building, without the prior written consent of Landlord in its sole and absolute discretion. In the event of the violation of the foregoing by Tenant, Landlord may remove same without any liability, and may charge the expense incurred by such removal to Tenant.

4. The sashes, sash doors, skylights, windows and doors that reflect or admit light or air into the halls, passageways or other public places in the Building or Complex shall not be covered or obstructed by Tenant, nor shall any bottles, parcels or other articles be placed on the window sills or in the public portions of the Building or Complex.

5. No show cases or other articles shall be put in front of or affixed to any part of the exterior of the Building or Complex, nor placed in public portions thereof without the prior written consent of Landlord.

6. The restrooms, toilets, wash bowls, and other apparatus shall not be used for any purpose other than that for which they were constructed, and no sweepings, rubbish, rags or other foreign substance of any kind shall be thrown into them. The expense of any breakage, stoppage, or damage resulting from violation of this rule shall be borne by the tenant who caused, or whose agents, servants, employees, contractors, visitors or licensees caused, the breakage, stoppage, or damage.

7. Tenant shall not mark, paint, drill into or in any way deface any part of the Leased Premises or the Building or Complex. No boring, cutting or stringing of wires shall be permitted, except with the prior written consent of Landlord, and as Landlord may direct, in its sole and absolute discretion.

8. No animal or bird or bicycle or vehicle of any kind shall be brought into or kept in or about the Leased Premises, Building or Complex, except seeing-eye dogs or other seeing-eye animals or other animals or equipment required by any disabled employee or invitee of Tenant.

9. Prior to leaving the Leased Premises for the day, Tenant shall draw or lower window coverings and extinguish all lights. Tenant shall assume all responsibility, including keeping doors locked and other means of entry to the Leased Premises closed, for protecting the Leased Premises from theft, robbery, and pilferage.

10. Tenant shall not make, or permit to be made, any unseemly or disturbing noises or disturb or interfere with any occupant of the Building or Complex, or neighboring buildings or premises, or those having business with them. Tenant shall not harass or annoy any occupant of the Building or Complex, including, without limitation, any act or conduct that may violate, breach or infringe upon any federal, state or local laws or civil rights, including those pertaining to the protection of the civil rights of any person based on sex, race, religion, sexual preference, age or other consideration. Tenant shall not throw anything out of the doors, windows or skylights or down the passageways.

11. Neither Tenant nor any of Tenant's agents, servants, employees, contractors, visitors or licensees shall at any time bring or keep upon the Leased Premises, Building or Complex any flammable, combustible or explosive fluid, chemical or substance.

12. No additional locks, bolts or mail slots of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any change be made in existing locks or the mechanism thereof. Tenant must, upon the termination of the tenancy, restore to Landlord all keys of stores, offices and toilet rooms, either furnished to, or otherwise procured by Tenant, and in the event of the loss of any keys so furnished, Tenant shall pay to Landlord the cost thereof.

13. No furniture, freight, or equipment of any kind may be brought into or out of the Building without prior notice to Landlord. All moving activity into or out of the Building must be scheduled with Landlord and done only at the time and in the manner designated by Landlord. No service deliveries (other than messenger services) shall be allowed between the hours of 7:00 a.m. and 9:00 a.m., 12:00 p.m. and 1:00 p.m., and 4:00 p.m. and 6:00 p.m., Monday through Friday. Landlord may at any time restrict the elevators and areas of the Building into which messengers may enter and may require that deliveries be left at the lobby security desk for pickup by Tenant. Landlord may prescribe the weight, size, and position of all safes and other heavy property brought into the Building and the times and manner of moving those items within and out of the Building. Tenant shall not overload the floor of the Leased Premises. If considered necessary by Landlord, safes and other heavy objects must stand on supports that are adequate to distribute the weight properly. Landlord shall not be responsible for loss of or damage to any safe or property. Any damage to any part of the Building or to its contents, occupants, or visitors caused by moving or maintaining any safe or other property referred to in this clause shall be the sole responsibility and expense of Tenant. Landlord reserves the right to inspect all safes, freight or other bulky articles to be brought into the Building and to exclude from the Building all safes, freight or other bulky articles which violate any of these Rules and Regulations or the Lease of which these Rules and Regulations are a part. No packages, supplies, equipment, or merchandise may be received in the Building or carried up or down in the elevators, except between those hours and in that specific elevator that Landlord shall designate.

14. Landlord shall have the right to prohibit any advertising or business conducted by Tenant referring to the Building which, in Landlord's good faith opinion, tends to impair the reputation of the Building or its desirability as a first class building for offices and/or commercial services and upon notice from Landlord, Tenant shall refrain from or discontinue such advertising.

15. Landlord reserves the right to exclude from the Building between the hours of 6:00 p.m. and 8:00 a.m. Monday through Friday, after 1:00 p.m. on Saturdays and at all hours Sundays and legal holidays, all persons who do not present a pass to the Building issued by Landlord. Such hours are subject to change in Landlord’s sole and absolute discretion upon written from Landlord. Landlord may furnish passes to Tenant so that Tenant may validate and issue same. Tenant shall safeguard said passes and shall be responsible for all acts of persons in or about the Building who possess a pass issued to Tenant. Landlord reserves the right to exclude or expel from the Building and Complex any person who, in Landlord's judgment, is under the influence of alcohol or drugs or commits any act in violation of any of these Rules and Regulations.

16. When departing after the Building's normal business hours, Tenant and Tenant's employees and agents must be sure that the doors to the Building are securely closed and locked. Any person, including Tenant and Tenant's employees and agents, who enters or leaves the Building at any time when it is locked or at any time considered to be after the Building's normal business hours, may be required to sign the Building register. Access to the Building may be refused unless the person seeking access has proper identification or has previously arranged a pass for access to the Building. Landlord and its agents shall not be liable for damages for any error concerning the admission to, or exclusion from, the Building of any person. Landlord reserves the right, in the event of invasion, mob, riot, public excitement, or other commotion, to prevent access to the Building or Complex during the continuance of that event by any means it considers appropriate for the safety and protection of life and property.

17. Tenant's contractors shall, while in the Leased Premises, Building or elsewhere in the Complex, be subject to and under the control and direction of the Building Manager (but not as agent or servant of said Building Manager or of Landlord).

18. If the Leased Premises is or becomes infested with vermin as a result of the use or any misuse or neglect of the Leased Premises by Tenant, its agents, servants, employees, contractors, visitors or licensees, Tenant shall forthwith at Tenant's expense cause the same to be exterminated from time to time to the satisfaction of Landlord and shall employ such licensed exterminators as shall be approved in writing in advance by Landlord.

19. The requirements of Tenant will be attended to only upon application at the office of the Building. Building personnel shall not perform any work or do anything outside of their regular duties unless under special instructions from the office of the Landlord.

20. Tenant and Tenant's employees, agents, contractors and invitees shall not loiter in or on the entrances, corridors, sidewalks, lobbies, halls, stairways, elevators, or common areas for the purpose of smoking tobacco products or for any other purpose. Tenant and Tenant's employees and agents shall not obstruct those areas but use them only as a means of ingress to and egress from the Leased Premises, Building or Complex. Canvassing, soliciting and peddling in the Building or Common Areas of the Complex are prohibited and Tenant shall cooperate to prevent the same.

21. No air conditioning unit or system or other apparatus shall be installed or used by Tenant without the written consent of Landlord in its sole and absolute discretion. Tenant shall not waste electricity, water, or air-conditioning and shall cooperate fully with Landlord to ensure the most effective operation of the Building's heating and air-conditioning system.

22. There shall not be used in any premises, or in the public halls, plaza areas, lobbies, or elsewhere in the Building or Complex, either by Tenant or by jobbers or others, in the delivery or receipt of merchandise, any hand trucks or dollies, except those equipped with rubber tires and sideguards.

23. Tenant, Tenant's agents, servants, employees, contractors, licensees, or visitors shall not park any vehicles in any driveways, service entrances, or areas posted “No Parking” and shall comply with any other parking restrictions imposed by Landlord from time to time.

24. Tenant shall install and maintain, at Tenant's sole cost and expense, an adequate visibly marked (at all times properly operational) fire extinguisher next to any duplicating or photocopying machine or similar heat producing equipment, which may or may not contain combustible material, in the Leased Premises, Building or Complex.

25. Tenant shall keep its window coverings closed during any period of the day when the sun is shining directly on the windows of the Leased Premises.

26. Tenant shall not use the name of the Building for any purpose other than as the address of the business to be conducted by Tenant in the Leased Premises, nor shall Tenant use any picture of the Building in its advertising, stationery or in any other manner without the prior written permission of Landlord. Landlord expressly reserves the right at any time to change said name without in any manner being liable to Tenant therefor.

27. Tenant shall not prepare any food nor do any cooking, operate or conduct any restaurant, luncheonette or cafeteria for the sale or service of food or beverages to its employees or to others, except that food and beverage preparation by Tenant's employees using microwave ovens or coffee makers shall be permitted; provided, however, no popcorn may be cooked, heated or otherwise prepared in any microwave oven or any other equipment in the Leased Premises and no odors of cooking or other processes may emanate from the Leased Premises. Tenant shall not install or permit the installation or use of any vending machine or permit the delivery of any food or beverage to the Leased Premises except by such persons and in such manner as are approved in advance in writing by Landlord.

28. Business machines and mechanical equipment shall be placed and maintained by Tenant at Tenant's expense in settings sufficient in Landlord's judgment to absorb and prevent vibration, noise and annoyance. Tenant shall not install any machine or equipment which causes noise, heat, cold or vibration to be transmitted to the structure of the Building in which the Leased Premises are located without Landlord's prior written consent in its sole and absolute discretion. Tenant shall not place a load upon any floor of the Leased Premises exceeding the floor load per square foot which such floor was designed to carry and which is allowed by law.

29. Smoking is prohibited in the Building, including, without limitation, the main lobby, all hallways, all elevators, all elevator lobbies and all restrooms.

30. Tenant shall store all trash and garbage within the interior of the Leased Premises. Tenant shall not place or have placed in the trash boxes or receptacles any material that may not or cannot be disposed of in the ordinary and customary manner of removing and disposing of trash in the vicinity of the Building. In disposing of trash and garbage, Tenant shall comply fully with any law or ordinance governing that disposal. All trash, garbage, and refuse disposal shall be made only through entry-ways and elevators provided for that purpose and shall be made only at times designated by Landlord.

31. Tenant shall comply with requests by Landlord that Tenant inform Tenant's employees of items of importance to Landlord.

32. Tenant may not introduce telephone, cable or other communication or telecommunication wires or other wires into the Leased Premises without first obtaining Landlord's approval of the method and location of such introduction. No boring or cutting for telephone wires or other wires shall be allowed without Landlord's consent. The location of telephones, call boxes, and other office equipment affixed to the Leased Premises shall be subject to Landlord's prior approval.

33. Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations or to make any additional reasonable Rules and Regulations that, in Landlord's sole and absolute discretion, may be necessary for:

(a) The management, safety, care, and cleanliness of the Leased Premises, Building or Complex;

(b) The preservation of good order; or

(c) The convenience of other occupants and tenants in the Building or Complex.

Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenants. No waiver by Landlord shall be construed as a waiver of those Rules and Regulations in favor of any other tenant, and no waiver shall prevent Landlord from enforcing those Rules or Regulations against any other tenant of the Building or Complex.

EXHIBIT E – OPTION TO EXTEND

This Exhibit E is made in connection with and is a part of that certain Office by and between DW CAL 301 HOWARD, LLC, a Delaware limited liability company, as Landlord, and QUOTIENT TECHNOLOGY INC., a Delaware corporation, as Tenant, for the lease by Tenant of space in Suite 1300 of the Building (the "**Lease**").

1. Definitions and Conflict. All capitalized terms referred to in this Exhibit shall have the same meaning as provided in the Lease, except as expressly provided to the contrary in this Exhibit. In case of any conflict between any term or provision of the Lease and any exhibits attached thereto and this Exhibit, this Exhibit shall control.

2. Option to Extend and Rent During the Extended Period: Tenant shall have one option to extend the Term of the Lease for a period of five (5) years (the period shall be referred to as the "**Extension Period**") by giving written notice of exercise of such option ("**Extension Option Notice**") at least twelve full calendar months, but not more than fifteen (15) full calendar months, prior to the expiration of the Term. The Extension Period shall commence, if at all, immediately following the expiration of the initial Term of the Lease. If Tenant is in default under any term or provision of the Lease beyond any applicable notice and cure period on the date of giving an Extension Option Notice, or if Tenant is in default under any term or provision of the Lease beyond any applicable notice and cure period on the date of the applicable Extension Period is to commence, the Extension Period at the option of Landlord shall not commence and the Lease shall expire at the end of initial Term. The Extension Period shall be upon all of the terms and provisions of the Lease, except that (i) the Minimum Monthly Rent during such Extension Period shall be one hundred percent (100%) of then Fair Market Rent, (ii) any work, allowance, free rent, or concession provided by Landlord in connection with the commencement of the initial Term shall not apply; (iii) the Base Year shall be 2030; and (iv) Tenant shall not have any additional option to extend.

2.1 Fair Market Rent. The term "**Fair Market Rent**" for purposes of determining Minimum Monthly Rent during the Extension Period shall mean the base monthly rent per rentable square foot of space generally applicable to renewals or extensions of full service office leases at comparable class buildings of comparable size, age, quality of the Premises in the Class "A" office buildings in the financial district of San Francisco, California ("**Comparable Buildings**") projected as of the first day of the Extension Period, with annual increases, by giving due consideration for the quality of the Building and improvements therein (including the quality of the then existing improvements in the Leased Premises), for a term comparable to the Extension Period at the time the commencement of the Extension Period is scheduled to commence, and for comparable space that is not subleased or subject to another party's expansion rights or not leased to a tenant that holds an ownership interest in the landlord, and otherwise subject to the terms and conditions of this Lease that will be applicable during the Extension Period. The Fair Market Rent Rate takes into consideration the following concessions (the "**Concessions**") being granted for lease extensions or renewals in Comparable Buildings: (a) rental abatement concessions, if any, being granted such tenants in connection with such comparable space; (b) tenant improvements or allowances provided or to be provided for such comparable space, and taking into account the value, if any, of the existing improvements in the subject space, such value to be based upon the age, condition, design, quality of finishes and layout of the improvements; and (c) other reasonable monetary concessions being granted such tenants in connection with such comparable space; provided, however, that in calculating the Fair Market Rent, no consideration shall be given (i) to the fact that Landlord is or is not required to pay a real estate brokerage commission in connection with Tenant's exercise of its option to extend the Term, or the fact that landlords are or are not paying real estate brokerage commissions in connection with such comparable space, and (ii) any period of rental abatement, if any, granted to tenants in such comparable transactions in connection with the design, permitting and construction of tenant improvements in such comparable spaces.

2.2 Procedure to Determine Fair Market Rent. Landlord shall notify Tenant in writing of Landlord's determination of the Fair Market Rent ("**Landlord's FMR**") within thirty (30) days after receipt of the Extension Option Notice. Within thirty (30) days after receipt of such written notice of Landlord's FMR, Tenant shall have the right either to: (i) accept Landlord's FMR, or (ii) elect to have the Fair Market Rent determined in accordance with the appraisal procedure set forth below. The failure of Tenant to provide written notice of its election under the preceding sentence shall be deemed an acceptance of Landlord's FMR. The election (or deemed election) by Tenant under this section shall be non-revocable and binding on the parties.

2.3 Appraisers. If Tenant has elected to have the Fair Market Rent determined by an appraisal, then within ten (10) days after receipt of Tenant's written notice of such an election, each party, by giving written notice to the other party, shall appoint a broker to render a written opinion of the Fair Market Rent for the Extension Period. Each broker must be a real estate broker licensed in the State where the Building is located for at least ten years and with at least ten experience in the appraisal of rental rates of leases or in the leasing of space in full service office buildings in the area in which the Building is located and otherwise unaffiliated with either Landlord or Tenant. The two brokers shall render their written opinion of the Fair Market Rent for the Extension Period to Landlord and Tenant within thirty (30) days after the appointment of the second broker. If the Fair Market Rent of each broker is within three percent (3%) of each other, then the average of the two appraisals of Fair Market Rent shall be the Fair Market Rent for the Extension Period. If one party does not appoint its broker as provided above, then the one appointed shall determine the Fair Market Rent. The Fair Market Rent so determined under this section shall be binding on Landlord and Tenant.

2.4 Third Appraiser. If the Fair Market Rent determined by the brokers is more than three percent (3%) apart, then the two brokers shall pick a third broker within ten (10) days after the two brokers have rendered their opinions of Fair Market Rent as provided above. If the two brokers are unable to agree on the third broker within said ten (10) day period, Landlord and Tenant shall mutually agree on the third broker within ten (10) days thereafter. If the parties do not agree on a third qualified broker within ten (10) days, then at the request of either Landlord or Tenant, such third broker shall be promptly appointed by the then Presiding Judge of the Superior Court of the State of California for the County where the Building is located. The third broker shall be a person who has not previously acted in such capacity for either party and must meet the qualifications stated above.

2.5 Impartial Appraisal. Within thirty (30) days after its appointment, the third broker (the "**Third Party**"), shall render its written opinion by selecting the Fair Market Rent made Landlord's or Tenant's broker to be the Fair Market Rent for the Extension Period. The Third Party may not offer any different opinion or recommendation of Fair Market Rent. The Fair Market Rent determined in accordance with the foregoing procedure shall be binding on the parties.

2.6 Appraisal Costs. Each party shall bear the cost of its own appraiser and one-half (1/2) the cost of the third appraiser, unless the Fair Market Rent of the Third Opinion is within five percent (5%) Landlord's FMR, in which case Tenant shall bear the entire cost of the third appraiser.

2.7 Acknowledgment of Rent. After the Fair Market Rent for the Extension Period has been established in accordance with the foregoing procedure, Landlord and Tenant shall promptly execute an amendment to the Lease to reflect the minimum monthly rent for the Extension Period.

2.8 Personal Option. The foregoing option to extend is personal to the original Tenant signing the Lease (and any Permitted Transferee), but may not be assigned or transferred to or exercised by any other assignee, sublessee or transferee under a Transfer.

Exhibit 21.1

SUBSIDIARIES OF QUOTIENT TECHNOLOGY INC.

Name of Subsidiary	State Or Other Jurisdiction of Incorporation or Organization
Crisp Media, Inc.	Delaware
Crisp Media Private Limited	Singapore
Elevaate Limited	United Kingdom
MLW Squared, Inc.	Delaware
Quotient Technology India Private Limited	India
Quotient Technology Limited	United Kingdom
Savingstar, Inc.	Delaware
Shopmium S.A.	France
Ubimo, Inc.	New York
Ubimo Limited	Israel

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-194495) pertaining to the 2013 Equity Incentive Plan, 2013 Employee Stock Purchase Plan, 2006 Stock Plan and 2000 Stock Plan of Quotient Technology Inc.,

(2) Registration Statements (Form S-8 Nos. 333-202873, 333-210119, 333-216540, 333-223092 and 333-229922) pertaining to the 2013 Equity Incentive Plan and 2013 Employee Stock Purchase Plan of Quotient Technology Inc., and

(3) Registration Statement (Form S-3 No. 333-218569) and related Prospectus of Quotient Technology Inc. for the registration of 1,177,927 shares of its common stock;

of our reports dated February 28, 2020, with respect to the consolidated financial statements of Quotient Technology Inc. and the effectiveness of internal control over financial reporting of Quotient Technology Inc. included in this Annual Report (Form 10-K) of Quotient Technology Inc. for the year ended December 31, 2019.

/s/ Ernst & Young LLP

San Jose, California
February 28, 2020

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven Boal, certify that:

1. I have reviewed this Annual Report on Form 10-K of Quotient Technology Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2020

By: /s/ Steven Boal
Steven Boal
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Pamela Strayer, certify that:

1. I have reviewed this Annual Report on Form 10-K of Quotient Technology Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2020

By: /s/ Pamela Strayer
Pamela Strayer
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Quotient Technology Inc. (the “Company”) on Form 10-K for the period ending December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Steven Boal, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: February 28, 2020

By: /s/ Steven Boal

Steven Boal
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Quotient Technology Inc. (the “Company”) on Form 10-K for the period ending December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Pamela Strayer, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: February 28, 2020

By: /s/ Pamela Strayer
Pamela Strayer
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)