SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Support.com, Inc.

Form: 10-K

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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 No. 000-30901

SUPPORT.COM, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**94-3282005**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1521 Concord Pike (US 202), Suite 301, Wilmington, DE	**94089**
(Address of Registrant's Principal Executive Offices)	(Zip Code)

Registrant's telephone number including area code: (650) 556-9440

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

Title of each class	Name of each exchange on which registered
Common Stock, $.0001 par value	The NASDAQ Global Select Market
Preferred Stock Purchase Rights	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: **NONE**

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

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

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller 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 ☒

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).Yes ☒ No ☐

The aggregate market value of the registrant's common stock held by non-affiliates was $27,811,063 as of June 30, 2019. Shares of common stock held by each executive officer, director, and stockholder known by the registrant to own 10% or more of the outstanding stock based on Schedule 13G filings and other information known to us, have been excluded since such persons may be deemed affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 28, 2020, there were 19,053,854 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III, Items 10 (as to directors, section 16(a) beneficial ownership and audit committee and audit committee financial expert), 11, 12 (as to beneficial ownership), 13 and 14 incorporate by reference information from the registrant's definitive proxy statement (the "Proxy Statement") to be mailed to stockholders in connection with the solicitations of proxies for its 2020 annual meeting of stockholders. Except as expressly incorporated by reference, the registrant's Proxy

Statement shall not be deemed to be part of this report.

SUPPORT.COM, INC.

FORM 10-K
FOR FISCAL YEAR ENDED DECEMBER 31, 2018

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FORWARD LOOKING STATEMENTS AND PRESENTATION OF FINANCIAL AND OTHER INFORMATION

This Annual Report on Form 10-K (the “Form 10-K”) contains forward-looking statements that involve risks and uncertainties. Please see the section entitled *“Risk Factors”* in Item 1A of this Report for important information to consider when evaluating these statements.

In this Form 10-K, unless the context indicates otherwise, the terms “we,” “us,” “Support.com,” “the Company” and “our” refer to Support.com, Inc., a Delaware corporation, and its subsidiaries. References to “$” are to United States dollars.

We have compiled the market size and growth data in this Form 10-K using statistics and other data obtained from several third-party sources. Some market and statistical data are also based on our good faith estimates, which are derived from our review of internal surveys, as well as the third-party sources referred to. This information may prove to be inaccurate because of the method by which the data is obtained or because this information cannot be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. As a result, although we believe this information is reliable, we have not independently verified the third-party data and cannot guarantee the accuracy and completeness of this information.

Various amounts and percentages used in this Form 10-K have been rounded and, accordingly, they may not total 100%.

We own or otherwise have rights to the trademarks and trade names, including those mentioned in this Form 10-K, used in conjunction with the marketing and sale of our products.

PART I

ITEM 1. BUSINESS.

Overview

Technology is an increasingly essential feature of the modern life. Personal computers, printers, tablets, smartphones, digital cameras, connected entertainment systems, intelligent virtual assistants, home automation systems, and smart home appliances have become ubiquitous. Each year, these products become more feature-rich, offering many new capabilities. Consumers and small and medium-sized businesses ("SMBs") now depend on such technology for "must-have" information, communication, and entertainment as well as for tasks and activities in their daily lives. As connected devices proliferate and their eco-systems become more complex, users are facing an increasing number of device-specific issues and interoperability challenges.

The complexity of this environment not only creates challenges for the consumers and small businesses that use the technology, but also for the providers of the devices and connectivity that keeps them working. Customer support organizations increasingly face more difficult problems to solve, often including the need to support third-party products that is beyond their scope and ability. As a result, customer support organizations are increasingly compelled to use third-party expert agents, effective self-service tools, and integrated software and analytics to fundamentally transform how support is delivered.

Moreover, consumers need assistance across the connected device lifecycle, including help with installing, maintaining, and troubleshooting their devices, addressing inter-operability issues, and even learning how to use new features. Consumers need support 24/7, available via desktop, laptop or mobile, and delivered through professionally-trained, expert agents and effective self-service tools. In addition, small businesses need on-demand Help Desk support and managed services to keep their businesses running smoothly.

Support.com, Inc. is a full-spectrum leader in outsourced call center and direct-to-consumer and small business technical support solutions. With more than 20 years serving both businesses and consumers through white-labeled partnerships or direct solutions, Support.com has the expertise, tools and software to troubleshoot and support all the devices in the connected home, helping people get the most out of their technology.Support.com offers outsourced call center tech support services, cloud-based call center software, and premium tech support and anti-malware software for consumers and small businesses. Our skilled US-based workforce delivers high quality, turnkey support solutions, including presale and post-sale support across all devices in the connected home. Our customers include enterprise-level businesses, small businesses, and individual consumers.

Support.com offers turnkey, outsourced support services for service providers, retailers, original equipment manufacturers ("OEMs"), and warranty providers, internet of things ("IoT") solution providers, and other technology companies. Designed for both the consumer and SMB end-user markets, our programs include a range of services for connected devices, including pre-purchase concierge advice, device set-up and troubleshooting, inter-operability problem resolution, and virus and malware removal. We help businesses increase revenue, reduce costs, and delight their customers. Our programs offer integrated self-service tools and live agent access, enabling us to offer a lower-cost solution than models based entirely off of live agent interaction, and affording higher levels of customer satisfaction.

Support.com's enhanced direct-to-consumer and small business offering called TechSolutions enables people to get the most out of their technology, and small businesses to keep their businesses running smoothly. TechSolutions helps users solve a wide range of problems, including setup and troubleshooting, connectivity and interoperability problems, learning new features, and even choosing the right device for them. TechSolutions provides a fully-integrated, seamless tech support experience, featuring both a robust library of free, self-support tools (Guided Paths®) and stellar live support through the company's Tech Pros who are accessible by phone, chat, or virtual house call, 24/7. Users can access a Tech Pro directly or escalate from a Guided Path without repeating steps, purchasing premium tech support on a subscription or incident basis.

Our Support.com Cloud offering is a software-as-a-service ("SaaS") solution that enables companies to optimize support interactions with their customers using their own or third-party support personnel. The solution allows companies to more quickly resolve complex technology issues for their customers while providing effective self-service tools that reduce overall call volume, resulting in higher agent productivity and a dramatically improved customer experience.

Our Technical Support Services Programs

Support.com® support services are distributed through partners, using the partner's brand or in referral programs using the Support.com® brand. Partners include broadband providers, retailers, OEMs, software providers, internet services providers and warranty providers. The services programs include access to our library of Guided Paths®; one-time services ("incidents"), subscriptions, and bundled components of broader offerings.

For connected home technology and automation systems, we offer a complete range of services to help customers select, set up, configure and use new systems, including helping consumers personalize system settings to meet specific lifestyle needs.

We offer a variety of troubleshooting, installation, set-up and enablement services for computers, peripherals, mobile devices and gaming systems and their connectivity. We identify, diagnose and repair technical problems, including issues associated with viruses, spyware, and other forms of malware, connectivity issues, and issues with software applications. We create new user accounts, configure automatic system updates, remove unnecessary trial software, connect devices to the cloud, find and install applications, and synchronize data among devices. These services cover a wide variety of devices, regardless of manufacturer. Support is provided for devices including personal computer, laptops, tablets, mobile devices, gaming systems and other connected devices. Our smartphone and tablet services include configuring mobile devices for wireless network (WiFi) access, setting up email, and educating customers on how to browse the Internet and install apps. We secure and repair problems with wireless networks. We configure, connect and establish secure connections among computers, the wireless network and supported devices. We provide outsourced IT services to SMBs including technology assessments, equipment and service selection, procurement, installation, monitoring and ongoing support for customer's networking, backup, mobile, telephony, server, software, license management and other technology needs.

We deliver our services using our proprietary agent facing and consumer self-help diagnostic tools known as Guided Paths® and technology support specialists who work from their homes rather than in brick and mortar facilities. Our library of Guided Paths® is constantly growing and under refinement as the technology landscape continues to rapidly evolve. Our technology specialists are recruited, tested, hired and trained on a virtual basis using proprietary methods and remote technology.

Our Support.com Cloud Offering

Support.com Cloud is a SaaS offering that provides significant levels of automation and analytics that enable companies to deliver superior customer support issue resolution while improving both the customer experience and operational performance. Based on insights from supporting millions of connected technology transactions annually, our software architecture is designed to enable problem resolution in a consistent manner by using proprietary, automated workflow while capturing rich data for service delivery optimization. Flexible architecture means that companies can take advantage of additional functionality as their business requirements change, and can add richer analytics, marketing and subscription management, and third-party applications to resolve issues.

Our End-User Software Products

SUPERAntiSpyware® is a malware protection and removal software product available for personal computers and tablets. The software is licensed on an annual, subscription, or perpetual basis, and is sold direct to consumers and businesses, or through re-sellers.

Sales and Marketing

Technology Support Services. We sell our services through partners and direct to consumers or small businesses. Our partners include leading communication providers, retailers, warranty providers and technology companies. We acquire partners through our business development organization, and we support partners through our account management organization. Our partnerships typically begin with a pilot phase and can take several weeks to more than a year to progress to a broader roll-out. We typically provide wholesale services to our partners on a per-incident, per-subscription or labor rate basis and our partners bundle our services with their own to their customers – consumers and SMBs. In these partnerships, the services are generally sold under the partner's brand. We also sell our services direct to consumers and small businesses using online and offline marketing channels, including but not limited to search engine optimization (SEO), social media, affiliate marketing, and content marketing.

Support.com Cloud Offering. We license Support.com Cloud applications separately from support services provided by our customer support specialists. In such an arrangement, customers receive the right to use our cloud-based software in their own support organization, using a SaaS model under which customers pay us on a per-user or a per-session basis during the term of the arrangement. We also provide implementation services to customers, typically covering integration of our software with other customer's systems. We charge for these services on a time-and-materials basis or as part of a fixed-fee package.

We acquire Support.com Cloud customers through our direct sales channel, using Internet-based lead generation strategy, direct outreach, and brand awareness to drive demand.

End-User Software Products. We license our end-user software products directly to customers and through re-sellers or partners. To date, a majority of our end-user software revenue has come through direct sales to customers. Online advertising allows customers to click through to our software offerings where they can order and download our products on demand. In addition to fully featured software products available for a license fee, a substantial percentage of our end-user software revenue arises from customers who download free trial versions of our software or free versions of our software with limited functionality before making a purchase decision.

Engineering and IT

We maintain dedicated engineering and IT teams in Sunnyvale, California, and Eugene, Oregon. Engineering and IT expense was $4.1 million in 2019 and $2.8 million in 2018.

We develop, maintain, and continue to improve proprietary, market-leading, cloud-based technologies that are essential to our business. We focus our investment in engineering and IT across the following major areas: the creation and refinement of our Guided Paths® library; solutions for support interaction optimization; endpoint applications and other extensions to gather data to assist support interactions and allow remote support when necessary; business analytics and reporting; open application interfaces; and internal service delivery management tools.

Our SaaS technology includes Guided Paths® automated workflows, remote control of customer devices, automated device and systems data collection, and business analytics.

The service delivery management tools used by our agents for technology support services include our own Support.com cloud-based software capabilities and other contact center applications such as customer relationship management ("CRM"), ticketing, ordering, methods of payment, and telephony, which are all integrated into highly effective and efficient application for our technology specialists.

For business analytics and reporting, we build and maintain a data warehouse that securely aggregates and restructures data from all of our applications to create a comprehensive view of the service delivery lifecycle, as well as data about the disposition of support interactions. This rich data set provides visibility into sales conversion effectiveness, service delivery efficiency, service level performance, subscription utilization, partner program performance and many other aspects of running and optimizing our business. Our partners also receive reports and analytic information from the warehouse for their programs on a regular basis via secure data feeds.

Open application interfaces of our Support.com Cloud enable integration with CRM, ticketing systems, and other contact center applications.

Intellectual Property

We own the registered trademarks SUPPORT.COM®, GUIDED PATHS®, PERSONAL TECHNOLOGY EXPERTS®, BUSINESS TECHNOLOGY EXPERTS® and NEXUS® in the United States for specified support services and software, and we have registrations and common law rights for several related trademarks in the U.S. and certain other countries. We own the domain name Support.com and additional other domain names. We also retain exclusive rights to our proprietary services technology, and our end user software products. In addition, we hold non-exclusive rights to sell and distribute certain other software products.

We own two U.S. patents related to our business and have a number of pending patent applications covering certain advanced technology. Our issued patents include U.S. Patent No. 8,020,190 (“Enhanced Browser Security”) and U.S. Patent No. 6,754,707 (“Secure Computer Support System”). However, we do not know if our current patent applications or any future patent application will result in a patent being issued with the scope of the claims we seek, if at all. Also, we do not know whether any patents we have or may receive will be challenged or invalidated. It is difficult to monitor unauthorized use of technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as they do in the United States, and our competitors may develop technology that competes with ours but nevertheless does not infringe our intellectual property rights.

We rely on a combination of copyright, trade secret, trademark and contractual protection to establish and protect our proprietary rights that are not protected by patents. We also enter into confidentiality agreements with our employees and consultants involved in product development. We generally require our employees, customers and potential business partners to enter into confidentiality agreements before we will disclose any sensitive aspects of our business. Also, we generally require employees and contractors to agree to assign and surrender to us any proprietary information, inventions or other intellectual property they generate while working for us in the scope of employment. These precautions, and our efforts to register and protect our intellectual property, may not prevent misappropriation or infringement of our intellectual property.

Competition

We are active in markets that are highly competitive and subject to rapid change. Although we do not believe there is one principal competitor for all aspects of our offerings, we do compete with a number of other vendors.

With respect to partnerships for our technology support services, our competitors include companies focused on premium technology services, providers of electronics warranties, emerging IoT technology support providers, global business process outsourcing providers or contact centers focused on technical support and other companies who offer technical support through partners. We believe the principal competitive factors in our services market include: pricing; breadth and depth of service offerings; quality of the customer experience; proprietary technology; time to market; account management; vendor reputation; scale; and financial resources.

With regard to our direct-to-consumer and SMB technical support services, our competitors include retailers, multiple system operators (MSOs)/internet service providers (ISPs), and smaller privately-held or local companies in the home installation, computer repair, or general tech support space. We believe the principal competitive factors in our premium tech support market include the breadth of service offering, value-based and flexible pricing, customer experience and service levels, and company reputation and heritage.

With respect to licenses of our Support.com Cloud offering, our competitors include companies focused on service desk, knowledge management, remote support and IT process automation. We believe the principal competitive factors in our SaaS offering include breadth and depth of functionality; ease of implementation; performance; scalability; pricing; vendor reputation; financial resources; and customer support. We believe that our Support.com Cloud offering can compete favorably because it provides an integrated solution that covers different areas of functionality required by customers.

In the market for our end-user software products, we face direct competition from software vendors, application providers, operating system providers, network equipment manufacturers, and other OEMs that may provide similar solutions and function in their products, and from individuals and groups who offer "free" and open source utilities online.

The competitors in our markets for services and software can have some or all of the following competitive advantages: longer operating histories, greater economies of scale, greater financial resources, greater engineering and technical resources, greater sales and marketing resources, stronger strategic alliances and distribution channels, larger user bases, products with different functions and feature sets and greater brand recognition than we have. We expect new competitors to continue to enter the markets in which we operate.

For additional information related to competition, see Item 1A, Risk Factors.

Employees

As of December 31, 2019, we had 1,231 employees, of whom 1,140 were work-from-home agents and 91 were corporate employees. In addition to our work-from-home employees, we also use contract labor. None of our employees are covered by collective bargaining agreements.

Securities and Exchange Commission ("SEC") Filings and Other Available Information

We were incorporated in Delaware in December 1997. We file reports with the SEC, including without limitation annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"). The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at (202) 551-8090. In addition, we are an electronic filer. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers, including us, that file electronically with the SEC at the website address located at www.sec.gov.

Our telephone number is 650-556-9440 and our website address is www.support.com. The information contained on our website does not form any part of this Annual Report on Form 10-K. However, we make available, free of charge through our website, our annual reports on Form 10-K, our quarterly reports on Form 10-Q and our current reports on Form 8-K filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file this material with, or furnish it to, the SEC. In addition, we also make available on https://www.support.com/about-us/investor-relations/corporate-governance/our Code of Ethics and Business Conduct for Employees, Officers and Directors. This Code is also available in print without charge to any person who requests it emailing us at IR@Support.com.

ITEM 1A. RISK FACTORS

This report contains forward-looking statements regarding our business and expected future performance as well as assumptions underlying or relating to such statements of expectation, all of which are "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We are subject to many risks and uncertainties that may materially affect our business and future performance and cause those forward-looking statements to be inaccurate. Words such as "expects," "anticipates," "intends," "plans," "believes," "forecasts," "estimates," "seeks," "may result in," "focused on," "continue to," "on-going" and similar expressions often identify forward-looking statements. In this report, forward-looking statements include, without limitation, statements regarding the following:

- Our expectations regarding revenues, cash flows, expenses, including cost of revenue, sales and marketing, engineering and IT efforts, and administrative expenses, and profits;
- Our expectations regarding partners, renewal of contracts with these partners and the anticipated timing and magnitude of revenue from programs with these partners;

- Our ability to successfully license and grow revenue related to our consumer software, Support.com technical support subscriptions, Guided Paths® and our technology support service offerings;
- Our expectations regarding sales of our end-user software products, and our ability to source, develop and distribute enhanced versions of these products;
- The market appeal and efficacy of our Guided Paths® self-help solution and diagnostic tools;
- Our ability to expand and diversify our customer base;
- Our ability to attract and retain qualified management and employees;
- Our ability to hire, train, manage and retain customer support specialists in a home-based model in quantities sufficient to meet forecast requirements and in a cost-effective manner, and our ability to continue to enhance the flexibility of our staffing model;
- Our ability to adapt to changes in the market for customer support services;
- Our expectations regarding unit volumes, pricing and other factors in the market for computers and other technology devices, and the effects of such factors on our business;
- Our expectations regarding the results of pending, threatened or future litigation; and
- Our expectations regarding the results of pending, threatened or future government investigations and audits, including, without limitation, those investigations and audits described in Part II. Item 3. Legal Proceedings of this report.

An investment in our stock involves risk, and we caution investors that forward-looking statements are only predictions based on our current expectations about future events and are not guarantees of future performance. We encourage you to read carefully all information provided in this report and in our other filings with the SEC before deciding to invest in our stock or to maintain or change your investment. Forward-looking statements are based on information as of the filing date of this report, and we undertake no obligation to publicly revise or update any forward-looking statement for any reason.

Because forward-looking statements involve risks and uncertainties, there are important factors that may cause actual results to differ materially from our stated expectations. While a number of these factors are described below, this list does not include all risks that could affect our business or that could cause our stock price to decline. If these or any other risks or uncertainties materialize, or if our underlying assumptions prove to be inaccurate, actual results could differ materially from past results and from our expected future results, our operating results and financial condition could be harmed and our stock price could decline.

Our financial condition and results of operations may vary from quarter to quarter, which may cause the price of our common shares to decline.

Our quarterly results of operations have fluctuated in the past and could do so in the future. Because our results of operations are difficult to predict, you should not rely on quarterly comparisons of our results of operations as an indication of our future performance. Fluctuations in our results of operations may be due to a number of factors, including, but not limited to, those listed below and those identified throughout this “Risk Factors” section:

- The performance of our partners, including the success of our partners in attracting end users of our products, which can impact the amount of revenue we derive from our partners;
- Change, or reduction in or discontinuance of our programs with partners;
- Cancellations, rescheduling or deferrals of significant customer products or service programs;
- Our reliance on a small number of partners for a substantial majority of our revenue;
- Our ability to successfully license and grow revenue related to our SAS software, Guided Paths®, Support.com Cloud and our service offerings;
- The timing of our sales to our partners and our partners’ resale of our products to end users and our ability to enter into new sales with partners and renew existing programs with our partners;
- The availability and cost-effectiveness of advertising placements for our software products and services and our ability to respond to changes in the advertising markets in which we participate;
- The efficiency and effectiveness of our technology specialists;
- Our ability to effectively match staffing levels with service volumes on a cost-effective basis;
- Our ability to manage contract labor;

- Our ability to hire, train, manage and retain our home-based customer support specialists and enhance the flexibility of our staffing model in a cost-effective fashion and in quantities sufficient to meet forecast requirements;
- Our ability to manage costs under our self-funded health insurance program;
- Usage rates on the subscriptions we offer;
- Our ability to maintain a competitive cost structure for our organization;
- The rate of expansion of our offerings and our investments therein;
- Changes in the markets for computers and other technology devices relating to unit volume, pricing and other factors, including changes driven by declines in sales of personal computers and the growing popularity of tablets, and other mobile devices and the introduction of new devices into the connected home;
- Our ability to adapt to our customers' needs in a market space defined by frequent technological change;
- Severe financial hardship or bankruptcy of one or more of our major customers;
- The amount and timing of operating costs and capital expenditures in our business;
- Failure to protect our intellectual property;
- Diversion of management's attention from other business concerns, incurrence of costs and disruption of our ongoing business activities as a result of acquisitions or divestitures by us;
- Costs related to the defense and settlement of litigation, which can also have an additional adverse impact on us because of negative publicity, diversion of management resources and other factors;
- Costs related to the defense and settlement of government investigations, requests for information and audits, which can also have an additional adverse impact on us because of negative publicity, diversion of management resources and other factors, including, without limitation, those audits, requests for information and investigations described in Part II. Item 3. Legal Proceedings of this report;
- The effects of any acquisitions, divestitures or significant investments; and
- Potential losses on investments, or other losses from financial instruments we may hold that are exposed to market risk.

Due to fluctuations in our quarterly and annual results of operations and other factors, the price at which our common shares trades may be volatile. Accordingly, you may not be able to resell your common shares at or above the price you paid. In future periods, our stock price could decline if, amongst other factors, our revenue or operating results are below our estimates or the estimates or expectations of securities analysts and investors.

Our sales are concentrated in a few large customers with whom we have long-term agreements that have termination for convenience provisions and no minimum purchase commitments. If we are unable to increase the number of large customers in key markets, or if we lose or experience a significant reduction in sales to these key customers, if these key customers experience a significant decline in market share, or if these customers experience significant financial difficulties, our revenue may decrease substantially and our results of operations and financial condition may be harmed.

We receive a significant amount of our revenue from a limited number of customers. For the year ended December 31, 2019, two customers accounted for over 80% of our total revenue. We have long-term agreements that have termination for convenience provisions and no minimum purchase or billable hour commitments in place with our two major customers. As a result, the amount of revenue we derive from these customers can vary significantly, and they may terminate our relationship with them with no advance notice. In the past, sales to our largest customers have fluctuated significantly from period to period and year to year and will likely continue to fluctuate in the future. The loss of these or other significant relationships, the change of the terms or terminations of our arrangements with any of these customers, the reduction or discontinuance of programs or billable hours with any of these customers, or the failure of any of these customers to achieve their targets has in the past adversely affected, and could in the future adversely affect our business. For example, our partners may decide to shorten our billable hours and use other vendors in the provision of their business and/or may periodically place these types of services out for bid. Our competitors, many of whom have significantly more resources than we do, may offer more favorable bids for the same business compared to what we offer; and as a result, we may lose, or face a decline in the business we do with these significant customers.

Generally, the agreements with our partners do not require them to conduct any minimum amount of business with us, and therefore they have decided in the past and could decide at any time in the future to reduce or eliminate their programs or the use of our products and/or services in such programs. They may also enter into multi-sourcing arrangements with other vendors for services previously provided exclusively by us. In addition, our top customers' purchasing power has, in some cases, given them the ability to make greater demands on us with regard to pricing and contractual terms in general. We expect this trend to continue, which may adversely affect our business and, should we fail to comply with such terms, might also result in substantial liability that could harm our business, financial condition and results of operations. Further, we may not successfully obtain new partners or customers. There is also the risk that, our established programs with these and other partners may take longer than we expect to produce revenue or may not produce revenue at all, and the revenue produced may not be profitable if the costs of performing under the program are greater than anticipated or the program terminates before up-front investments can be recouped. One or more of our key partners may also choose not to renew their relationship with us, discontinue certain products or programs, offer them only on a limited basis or devote insufficient time and attention to promoting them to their customers. Some of our key partners may prefer not to work with us due to our past or present involvement in any legal or administrative proceedings. Overall, the loss of any of our large customers or a significant reduction in sales we make to them could have a material adverse effect on our operating results and financial condition.

Our business is based on a relatively new and evolving business model.

We are executing a plan to grow our business by providing customer support services, creating a robust, timely and innovative library of Guided Path® self-support tools, licensing our Support.com Cloud application, and providing end-user consumer software products. We may not be able to offer these services and software products successfully. Our customer support specialists are generally home-based, which requires a high degree of coordination and quality control of employees working from diverse and remote locations. We expect to invest cash generated from our existing business to support our growth initiatives. Our investments, which typically are made in advance of revenue, may not yield increased revenue to offset these expenses. As a result of these factors, the future revenue and income potential of our business is uncertain. Any evaluation of our business and our prospects must be considered in light of these factors and the risks and uncertainties often encountered by companies in our stage of development. Some of these risks and uncertainties relate to our ability to do the following:

- Maintain our current relationships and service programs, and develop new relationships, with service partners, subscriptions, and licensees of our Support.com technical support offering on acceptable terms or at all;
- Reach prospective customers for our software products in a cost-effective fashion;
- Reduce our dependence on a limited number of partners for a substantial majority of our revenue;
- Successfully license and grow revenue related to our consumer software, Support.com technical support subscriptions, Guided Paths® and our technology support service offerings;
- Manage our employees and contract labor efficiently and effectively;
- Maintain gross and operating margins;
- Match staffing levels with demand for services and forecast requirements;
- Obtain bonuses and avoid penalties in contractual arrangements;
- Operate successfully in a time-based pricing model;
- Operate effectively in the SMB market;
- Successfully introduce new, and adapt our existing, services and products for consumers and businesses;
- Respond effectively to changes in the market for customer support services;
- Realize benefits of any acquisitions we make;
- Adapt to changes in the markets we serve;
- Adapt to changes in our industry, including consolidation;
- Respond to government regulations relating to our current and future business;
- Manage and respond to present, threatened, and future litigation; and
- Manage and respond to present, threatened or future government investigations and audits, including, without limitation, those audits and investigations described in Part II. Item 3 Legal Proceedings of this report.

If we are unable to address these risks, our business, results of operations and prospects could suffer.

We have been, are currently and may be in the future the subject of governmental investigations relating to past products and services and how those products and services were used by our third-party partners. These investigations could harm our reputation, result in additional fines and other payments and cause us to incur expenses to respond and defend the company or our current and former employees.

We have been, are currently and may in the future be the subject of governmental investigations relating to our past products and how those products were used by our third-party partners. On November 6, 2018, we entered into a Stipulation to Entry of Order for Permanent Injunction and Monetary Judgment, or the Consent Order, with the Federal Trade Commission, or FTC, resolving a multi-year FTC investigation relating to PC Healthcheck, an obsolete software program that we developed on behalf of a third party for their use with their customers. As part of the Consent Order, we agreed to pay $10 million and to implement certain new procedures and enhance certain existing procedures.

These governmental inquiries and the Consent Order with the FTC could harm our reputation with customers and negatively impact our ability to sell to existing customers or attract new customers. In addition to the ongoing costs to respond to these inquiries, we could be required to make additional payments to resolve these or other governmental proceedings that may be brought in the future. In some cases, we may not be the subject of an investigation, but we may be required to expend resources, including time from our management team, to address information requests or to indemnify individual current or former employees who may become involved in governmental proceedings or also be requested to provide information. These historical proceedings, our ongoing matters and any inquiries or proceedings that arise in the future could have a material adverse effect on our operations, financial results and our stock price.

We have been named as a party to legal proceedings, including governmental proceedings, in the past and may be named in additional ones in the future, which could subject us to liability, require us to indemnify our customers or employees, require us to obtain or renew licenses, require us to stop selling our products, services and/or programs, or force us to redesign our products, services and/or programs.

We have been named as a party to several lawsuits, government inquiries or investigations and other legal proceedings (referred to as “litigation”), and we may be named in additional ones in the future. Please see “Part II, Item 3. Legal Proceedings” for a more detailed description of material litigation matters in which we are currently engaged. Any potential litigation also could force us to do one or more of the following:

- stop selling, offering for sale, making, having made or exporting products, services and/or programs;
- limit or restrict the type of work that employees involved in such litigation may perform for us;
- pay substantial damages and/or license fees and/or royalties to the party bringing the claim that could adversely impact our liquidity or operating results; and
- attempt to redesign those products, services and/or programs that contain the allegedly problematic component.

Under certain circumstances, we have contractual and other legal obligations to indemnify and to incur legal expenses for current and former directors and officers. Additionally, from time to time, we have agreed to indemnify or reimburse select customers or end customers for a number of potential claims. For example, we recently received notice from a customer, AOL (acquired by Verizon Communications), that it may seek reimbursement from us in order to reimburse its customers related to their use of a software product. If we are required to make a significant payment under any of our indemnification obligations, including those to our customers and/or on behalf of our former or current employees, could have a material adverse effect on our business and the trading price for our securities. Litigation may be time consuming, expensive, and disruptive to normal business operations, and the outcome of litigation is difficult to predict. The ultimate outcome of litigation could have a material adverse effect on our business and the trading price for our securities. Furthermore, litigation, regardless of the outcome, may result in significant expenditures, diversion of our management’s time and attention from the operation of our business and damage to our reputation or relationship with third parties, which could materially and adversely affect our business, financial condition, results of operations, cash flows and stock price.

Our product and service offerings are in their early stages and failure to market, sell and develop the offerings effectively and competitively could result in a lack of growth.

A number of competitive offerings exist in the market, providing various features that may overlap with our Support.com offerings today or in the future. Some competitors in these markets far exceed our spending on sales and marketing activities and benefit from greater existing brand awareness, channel relationships and existing customer relationships. We may not be able to reach the market effectively and adequately or convey our differentiation as needed to grow our customer base. To reach our target market effectively, we may be required to continue to invest substantial resources in sales and marketing and engineering and IT activities, which could have a material adverse effect on our financial results. In addition, if we fail to develop and maintain competitive features, deliver high-quality products and satisfy existing customers, our Support.com offerings could fail to grow. Disruptions in infrastructure operations could impair our ability to deliver Support.com offerings to customers, thereby affecting our reputation with existing and prospective customers and possibly resulting in monetary penalties or financial losses.

Our end-user software revenues are dependent on online traffic patterns and the availability and cost of online advertising in certain key placements.

Some of our consumer end-user software revenue stream is obtained through advertising placements in certain key online media placements. From time to time a trend or a change in a key advertising placement will impact us, decreasing traffic or significantly increasing the cost or effectiveness of online advertising and therefore compromising our ability to purchase a desired volume and placement of advertisements at profitable rates. If such a change were to continue to occur, as it did in 2013 and on several occasions in the past, we may be unable to attract desired amounts of traffic, our costs for advertising may further increase beyond our forecasts and our software revenues may further decrease. As a result, our operating results would be negatively impacted.

We operate in a highly competitive industry, with intense price competition, which may intensify as our competitors expand their operations.

The industry in which we operate is highly competitive and includes numerous small companies capable of competing effectively in our markets on a local basis, as well as several large companies that possess substantially greater financial resources than we do. Contracts are traditionally awarded on the basis of competitive bids or direct negotiations with customers.

The competitive factors in our markets include, amongst others, are product and service quality and availability, responsiveness, experience, technology, equipment quality, reputation for retaining highly-skilled agents and price. The competitive environment has intensified as mergers among industry partners have reduced the number of available customers and mergers amongst our competitors have created larger companies for us to compete against. Some of our current and potential competitors have greater resources, longer histories, more customers, and/or greater brand recognition. They may secure better terms from vendors, adopt more aggressive pricing, and devote more resources to technology, infrastructure, fulfillment, and marketing.

Competition may intensify, including with the development of new business models and the entry of new and well-funded competitors, and as our competitors enter into business combinations or alliances and established companies in other markets expand to become competitive with our business. Furthermore, we cannot be sure that our competitors will not develop competing products, systems, services or technologies that gain market acceptance in advance of our products, systems, services or technologies, or that our competitors will not develop new products, systems, services or technologies that cause our existing products, systems, services or technologies to become non-competitive or obsolete, which may adversely affect our results of operations through the potential reduction of sales and profits.

Our business is highly dependent upon our brand recognition and reputation, and the failure to maintain or enhance our brand recognition or reputation would likely have a material adverse effect on our business.

Our brand recognition and reputation are critical aspects of our business. We believe that maintaining and further enhancing our brand as well as our reputation will be critical to retaining existing customers and attracting new customers. We also believe that the importance of our brand recognition and reputation will continue to increase as competition in our markets continues to develop. Our success in this area will be dependent on a wide range of factors, some of which are out of our control, including the following:

- the efficacy of our marketing efforts;
- our ability to retain existing and obtain new customers and strategic partners;
- the quality and perceived value of our services;
- actions of our competitors, our strategic partners, and other third parties;
- positive or negative publicity, including material on the Internet;
- regulatory and other governmental related developments; and
- litigation related developments.

If we implement new marketing and advertising strategies, we may utilize marketing and advertising channels with significantly higher costs than our current channels, which in turn could adversely affect our operating results. Implementing new marketing and advertising strategies also would increase the risk of devoting significant capital and other resources to endeavors that do not prove to be cost effective. Further, we also may incur marketing and advertising expenses significantly in advance of the time we anticipate recognizing revenue associated with such expenses, and our marketing and advertising expenditures may not generate sufficient levels of brand awareness or result in increased revenue. Even if our marketing and advertising expenses result in increased revenue, the increase might not offset our related expenditures. If we are unable to maintain our marketing and advertising channels on cost-effective terms or replace or supplement existing marketing and advertising channels with similarly or more effective channels, our marketing and advertising expenses could increase substantially, our customer base could be adversely affected, and our business, operating results, financial condition, and reputation could suffer.

Furthermore, negative publicity, whether or not justified, relating to events or activities attributed to us, our employees, our strategic partners, our affiliates, or others associated with any of these parties, may tarnish our reputation and reduce the value of our brands. Damage to our reputation and loss of brand equity may reduce demand for our products and services and have an adverse effect on our business, operating results, and financial condition. Moreover, any attempts to rebuild our reputation and restore the value of our brands may be costly and time consuming, and such efforts may not ultimately be successful.

Our success depends upon our ability to attract, develop and retain highly qualified employees while also controlling our labor costs in a competitive labor market.

Our customers expect a high level of customer service and product knowledge from our employees. To meet the needs and expectations of our customers, we must attract, develop and retain a large number of highly qualified employees while at the same time control labor costs. Our ability to control labor costs is subject to numerous external factors, including prevailing wage rates and health and other insurance costs, as well as the impact of legislation or regulations governing labor relations, minimum wage, or healthcare benefits. An inability to provide wages and/or benefits that are competitive within the markets in which we operate could adversely affect our ability to retain and attract employees. Likewise, changes in market compensation rates may adversely affect our labor costs. In addition, we compete with other retail businesses for many of our employees in hourly positions, and we invest significant resources in training and motivating them to maintain a high level of job satisfaction. These positions have historically had high turnover rates, which can lead to increased training and retention costs, particularly in a competitive labor market. Effective succession planning is also important to our long-term success. Failure to ensure effective transfer of knowledge and smooth transitions involving key employees and executive management could hinder our strategic planning and execution. There is no assurance that we will be able to attract or retain highly qualified employees in the future. As such, our ability to develop and deliver successful products and services may be adversely affected.

Our business would be adversely affected by the departure of existing members of our senior management team.

Our business would be adversely affected by the departure of existing members of our senior management team. Our success depends, in large part, on the continued contributions of our senior management team. Effective succession planning is also important for our long-term success. Failure to ensure effective transfers of knowledge and smooth transitions involving senior management could hinder our strategic planning and execution. We do not currently maintain key person life insurance covering our senior management. The loss of any of our senior management could harm our ability to implement our business strategy and respond to the rapidly changing market conditions in which we operate.

If we fail to attract, train and manage our consumer support specialists in a manner that meets forecast requirements and provides an adequate level of support for our customers, our reputation and financial performance could be harmed.

Our business depends in part on our ability to attract, manage and retain our customer support specialists and other support personnel. If we are unable to attract, train and manage in a cost-effective manner adequate numbers of competent specialists and other support personnel to be available as service volumes vary, particularly as we seek to expand the breadth and flexibility of our staffing model, our service levels could decline, which could harm our reputation, result in financial losses under contract terms, cause us to lose customers and partners, and otherwise adversely affect our financial performance. Our ability to meet our need for support personnel while controlling our labor costs is subject to numerous external factors, including the level of demand for our products and services, the availability of a sufficient number of qualified persons in the workforce, unemployment levels, prevailing wage rates, changing demographics, health and other insurance costs, including managing costs under our self-funded health insurance program which can vary substantially each reporting period, and the cost of compliance with labor and wage laws and regulations. In the case of programs with time-based pricing models, the impact of failing to attract, train and manage such personnel could directly and adversely affect our revenue and profitability. Although our service delivery and communications infrastructure enables us to monitor and manage customer support specialists remotely, because they are typically home-based and geographically dispersed, we could experience difficulties meeting services levels and effectively managing the costs, performance and compliance of these customer support specialists and other support personnel. Any problems we encounter in effectively attracting, managing and retaining our customer support specialists and other support personnel could seriously jeopardize our service delivery operations and our financial results.

Changes in the market for computers and other consumer electronics and in the technology support services market could adversely affect our business.

Reductions in unit volumes of sales for computers and other devices we support, or in the prices of such equipment, could adversely affect our business. We offer both services that are attached to the sales of new computers and other devices, and services designed to fix existing computers and other devices. Declines in the unit volumes sold of these devices or declines in the pricing of such devices could adversely affect demand for our services or our revenue mix, either of which would harm our operating results. Further, we do not support all types of computers and devices, meaning that we must select and focus on certain operating systems and technology standards for computers, tablets, smart phones, and other devices. We may not be successful in supporting new devices in the connected home and “Internet of Things,” and consumers and SMBs may prefer equipment we do not support, which may decrease the market for our services and products if customers migrate away from platforms we support. In addition, the structures and pricing models for programs in the technology support services market may change in ways that reduce our revenues and our margins.

Disruptions in our information technology and service delivery infrastructure and operations could impair the delivery of our services and harm our business.

We depend on the continuing operation of our information technology and communication systems and those of our third-party service providers. Any interruption or failure of our internal or external systems could prevent us or our service providers from accepting orders and delivering services, or cause company and consumer data to be unintentionally lost, destroyed or disclosed. Our continuing efforts to upgrade and enhance the security and reliability of our information technology and communications infrastructure could be very costly, and we may have to expend significant resources to remedy problems such as a security breach or service interruption. Interruptions in our services resulting from labor disputes, telephone or Internet failures, power or service outages, natural disasters or other events, or a security breach could reduce our revenue, increase our costs, cause customers and partners and licensees to fail to renew or to terminate their use of our offerings, and harm our reputation and our ability to attract new customers.

Costs related to software or other errors in our products could have a material adverse effect on us.

From time to time, we may experience software defects, bugs and other errors associated with the introduction and/or use of our complex software products. Despite our testing procedures, errors may occur in new products or releases after commencement of commercial deployments in the future. Such errors could result in:

- Loss of or delay in market acceptance of our products;
- Material recall and replacement costs;
- Delay in revenue recognition or loss of revenue;
- The diversion of the attention of our engineering personnel from product development efforts;
- Our having to defend against litigation related to defective products; and
- Damage to our reputation in the industry that could adversely affect our relationships with our customers.

In addition, the process of identifying a software error in software products that have been widely distributed may be lengthy and require significant resources. We may have difficulty identifying the end customers of the defective products in the field, which may cause us to incur significant replacement costs, contract damage claims from our customers and further reputational harm. For example, we recently received notice from a customer, AOL (acquired by Verizon Communications), that it may seek reimbursement from us in order to reimburse its customers related to their use of a software product. Any of these problems could materially and adversely affect our results of operations. Despite our best efforts, security vulnerabilities may exist with respect to our products. Mitigation techniques designed to address such security vulnerabilities, including software and firmware updates or other preventative measures, may not operate as intended or effectively resolve such vulnerabilities. Software and firmware updates and/or other mitigation efforts may result in performance issues, system instability, data loss or corruption, unpredictable system behavior, or the theft of data by third parties, any of which could significantly harm our business and reputation.

We may engage in the acquisition of other companies, joint ventures and strategic alliances outside of our current line of business, which may have an adverse material effect on our existing business.

We may engage in the acquisition of other companies, joint ventures and strategic alliances outside of our current line of business to design and develop new technologies and products, to strengthen competitiveness by scaling up and to expand our existing business line into new regions. Such transactions, especially in new lines of business, inherently involve risk due to the difficulties in integrating operations, technologies, products and personnel. Integration issues are complex, time-consuming and expensive and, without proper planning and implementation, may adversely affect our existing business. Furthermore, we may incur significant acquisition, administrative and other costs in connection with these transactions, including costs related to integration or restructuring of acquired businesses. There can be no assurance that these transactions will be beneficial to our business or financial condition. Even assuming these transactions are beneficial, there can be no assurance that we will be able to successfully integrate the new business lines acquired or achieve all or any of the initial objectives of these transactions.

We may make acquisitions that deplete our resources and do not prove successful.

We have made acquisitions in the past and may make additional acquisitions in the future. Our management may not be able to effectively implement our acquisition program and internal growth strategy simultaneously. The integration of acquisitions involves a number of risks and presents financial, managerial and operational challenges. We may have difficulty, and may incur unanticipated expenses related to, integrating management and personnel from these acquired entities with our management and personnel. Our failure to identify, consummate or integrate suitable acquisitions could adversely affect our business and results of operations. We cannot readily predict the timing, size or success of our future acquisitions. Even successful acquisitions could have the effect of reducing our cash balances.

We may pursue investments, joint ventures and dispositions, which could adversely affect our results of operations.

We may invest in businesses that offer complementary products, services and technologies, augment our market coverage, or enhance our technological capabilities. We may also enter into strategic alliances or joint ventures to achieve these goals. We may not be able to identify suitable investment, alliance, or joint venture opportunities, or to consummate any such transactions. In addition, our original estimates and assumptions used in assessing any transaction may be inaccurate and we may not realize the expected financial or strategic benefits of any such transaction.

We may also seek to divest or wind down portions of our business, either acquired or otherwise, each of which could materially affect our cash flows and results of operations. Any future dispositions we may make could involve risks and uncertainties, including our ability to sell such businesses on terms acceptable to us, or at all. In addition, any such dispositions could result in disruption to other parts of our business, potential loss of employees or customers, or exposure to unanticipated liabilities or ongoing obligations to us following any such dispositions. For example, in connection with such dispositions, we may agree to provide certain indemnities to the purchaser, which may result in additional expenses and may adversely affect our financial condition and results of operations. In addition, dispositions may include the transfer of technology and/or the licensing of certain IP rights to third-party purchasers, which could limit our ability to utilize such IP rights or assert these rights against such third-party purchasers or other third parties.

Our stock price is subject to volatility.

Our stock price has experienced substantial price volatility in the past and may continue to do so in the future. Further, our business, the technology industry and the stock market as a whole have experienced extreme stock price and volume fluctuations that have affected stock prices in ways that may have been unrelated to corporate operating performance. We believe our stock price should reflect expectations of future growth and profitability. If we fail to meet expectations related to future growth, profitability, potential future dividends or share repurchases, or other market expectations, our stock price may decline significantly, which could have a material adverse impact on the confidence of our investors and employee retention.

Our indemnification obligations and limitations of our director and officer liability insurance may have a material adverse effect on our financial condition, results of operations and cash flows.

Under Delaware law, our Articles of Incorporation and Amended and Restated Bylaws and indemnification agreements to which we are a party, we have an obligation to indemnify, or we have otherwise agreed to indemnify, certain of our current and former directors, officers and/or employees with respect to past, current and future investigations and litigation. For example, we have incurred indemnification expenses in connection with the FTC investigation completed in March 2019 and other pending government investigations. In connection with some of these pending matters, we are required to, or we have otherwise agreed to, advance, and have advanced, legal fees and related expenses to certain of our current and former directors, officers and employees, and expect to continue to do so while these matters are pending. Indemnification obligations may not be “covered matters” under our directors’ and officers’ liability insurance, or there may be insufficient coverage available. Further, in the event the directors and officers are ultimately determined not to be entitled to indemnification, we may not be able to recover any amounts we previously advanced to them. We cannot provide any assurances that future indemnification claims, including the cost of fees, penalties or other expenses, will not exceed the limits of our insurance policies, that such claims are covered by the terms of our insurance policies or that our insurance carrier will be able to cover our claims. Additionally, to the extent there is coverage of these claims, the insurers also may seek to deny or limit coverage in some or all of these matters. Furthermore, the insurers could become insolvent and unable to fulfill their obligation to defend, pay or reimburse us for insured claims. Accordingly, we cannot be sure that claims will not arise that are in excess of the limits of our insurance or that are not covered by the terms of our insurance policy. Due to these coverage limitations, we may incur significant unreimbursed costs to satisfy our indemnification obligations, which may have a material adverse effect on our financial condition, results of operations or cash flows.

Our provision for income taxes is subject to volatility and could be adversely affected by a number of factors.

Our overall tax provisions and accruals are affected by a number of factors, including any potential reorganization or restructuring of our businesses, including tangible and intangible assets, the resulting tax effects of differing tax rates in different state jurisdictions, changes in transfer pricing rules or methods of applying these rules, and changes in tax laws in various jurisdictions. While we believe our tax estimates are reasonable, there is no assurance that the final determination of our income tax liability will not be materially different than what is reflected in our income tax provisions and accruals. Significant judgment is required to determine the recognition and measurement of tax liabilities prescribed in the relevant accounting guidance for uncertainty in income taxes. The accounting guidance for uncertainty in income taxes applies to all income tax positions, which, if resolved unfavorably, could adversely impact our provision for income taxes and our payment obligation with respect to any such taxes.

Our systems collect, access, use, and store personal customer information and enable customer transactions, which poses security risks, requires us to invest significant resources to prevent or correct problems that may be caused by security breaches, and may harm our business.

A fundamental requirement for online communications, transactions and support is the secure collection, storage and transmission of confidential information. Our systems collect and store confidential and personal information of our individual customers as well as our partners and their customers' users, including personally identifiable information and payment card information, and our employees and contractors may access and use that information in the course of providing services. In addition, we collect and retain personal information of our employees in the ordinary course of our business. We and our third-party contractors use commercially available technologies to secure this information. Despite these measures, parties may attempt to breach the security of our data or that of our customers. In addition, errors in the storage or transmission of data could breach the security of that information. We may be liable to our customers for any breach in security and any breach could subject us to governmental or administrative proceedings or monetary penalties, damage our relationships with partners and harm our business and reputation. Also, computers are vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to interruptions, delays or loss of data. We may be required to expend significant capital and other resources to comply with mandatory privacy and security standards required by law, industry standard, or contract, and to further protect against security breaches or to correct problems caused by any security breach.

A breach of our security systems may have a material adverse effect on our business.

Our security systems are designed to maintain the physical security of our facilities and protect our customers' and employees' confidential information, as well as our own proprietary information. However, we are also dependent on a number of third-party cloud-based and other service providers of critical corporate infrastructure services relating to, among other things, human resources, electronic communication services and certain finance functions, and we are, of necessity, dependent on the security systems of these providers. Accidental or willful security breaches or other unauthorized access by third parties or our employees or contractors of our facilities, our information systems or the systems of our cloud-based or other service providers, or the existence of computer viruses or malware in our or their data or software could expose us to a risk of information loss and misappropriation of proprietary and confidential information, including information relating to our products or customers and the personal information of our employees. In addition, we have, from time to time, also been subject to unauthorized network intrusions and malware on our own IT networks. Any theft or misuse of confidential, personal or proprietary information as a result of such activities could result in, among other things, unfavorable publicity, damage to our reputation, loss of our trade secrets and other competitive information, difficulty in marketing our products, allegations by our customers that we have not performed our contractual obligations, litigation by affected parties and possible financial obligations for liabilities and damages related to the theft or misuse of such information, as well as fines and other sanctions resulting from any related breaches of data privacy regulations, any of which could have a material adverse effect on our reputation, business, profitability and financial condition. Since the techniques used to obtain unauthorized access or to sabotage systems change frequently and are often not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.

Data privacy regulations are expanding and compliance with, and any violations of, these regulations may cause us to incur significant expenses.

Privacy legislation, enforcement and policy activity in this area are expanding rapidly in many jurisdictions and creating a complex regulatory compliance environment. Costs to comply with and implement these privacy-related and data protection measures could be significant. In addition, even our inadvertent failure to comply with federal, state or international privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others, and substantial fines and damages. The theft, loss or misuse of personal data collected, used, stored or transferred by us to run our business could result in significantly increased business and security costs or costs related to defending legal claims.

We are exposed to risks associated with payment card and payment fraud and with payment card processing.

Certain of our customers use payment cards to pay for our services and products. We may suffer losses as a result of orders placed with fraudulent payment cards or other payment data. Our failure to detect or control payment fraud could have an adverse effect on our results of operations. We are also subject to payment card association operating standards and requirements, as in effect from time to time. Compliance with those standards requires us to invest in network and systems infrastructure and processes. Failure to comply with these rules or requirements may subject us to fines, potential contractual liabilities, and other costs, resulting in harm to our business and results of operations.

Privacy concerns and laws or other domestic or foreign regulations may require us to incur significant costs and may reduce the effectiveness of our solutions, and our failure to comply with those laws or regulations may harm our business and cause us to lose customers.

Our software and services contain features that allow our technology specialists and other personnel to access, control, monitor, and collect information from computers and other devices. Federal, state and foreign government bodies and agencies, however, have adopted or are considering adopting laws and regulations restricting or otherwise regulating the collection, use and disclosure of personal information obtained from consumers and individuals. Those regulations could require costly compliance measures, could reduce the efficiency of our operations, or could require us to modify or cease to provide our systems or services. Liability for violation of, costs of compliance with, and other burdens imposed by such laws and regulations may limit the use and adoption of our services and reduce overall demand for them. Even the perception of privacy concerns, whether or not valid, may harm our reputation and inhibit adoption of our solutions by current and future customers. In addition, we may face claims about invasion of privacy or inappropriate disclosure, use, storage, or loss of information obtained from our customers. Any imposition of liability could harm our reputation, cause us to lose customers and cause our operating results to suffer.

We rely on third-party technologies in providing certain of our software and services. Our inability to use, retain or integrate third-party technologies could delay service or software development and could harm our business.

We license technologies from third parties, which are integrated into our services, technology and end user software. Our use of commercial technologies licensed on a non-exclusive basis from third parties poses certain risks. Some of the third-party technologies we license may be provided under “open source” licenses, which may have terms that require us to make generally available our modifications or derivative works based on such open source code. Our inability to obtain or integrate third-party technologies with our own technology could delay service development until equivalent compatible technology can be identified, licensed and integrated. These third-party technologies may not continue to be available to us on commercially reasonable terms or at all. If our relationship with third parties were to deteriorate, or if such third parties were unable to develop innovative and saleable products, or component features of our products, we could be forced to identify a new developer and our future revenue could suffer. We may fail to successfully integrate any licensed technology into our services or software, or maintain it through our own development work, which would harm our business and operating results.

Our business operates in regulated industries.

Our current and anticipated service offerings operate in industries, such as home security, that are subject to various federal, state, provincial and local laws and regulations in the markets in which we operate. In certain jurisdictions, we may be required to obtain licenses or permits in order to comply with standards governing employee selection and training and to meet certain standards or licensing requirements in the conduct of our business. The loss of such licenses or permits or the imposition of conditions to the granting or retention of such licenses or permits could have a material adverse effect on us.

Changes in laws or regulations could require us to change the way we operate or to utilize resources to maintain compliance, which could increase costs or otherwise disrupt operations. In addition, failure to comply with any applicable laws or regulations could result in substantial fines or revocation of our operating permits and licenses for us or our partners. If laws and regulations were to change, or if we or our products and services were deemed not to comply with them, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

If our services are used to commit fraud or other similar intentional or illegal acts, we may incur significant liabilities, our services may be perceived as not secure and customers may curtail or stop using our services.

Certain software and services we provide, including our Support.com Cloud applications, enable remote access to and control of third-party computer systems and devices. We generally are not able to control how such access may be used or misused by licensees of our software offerings or our employees. If our software is used by our employees or others to commit fraud or other illegal acts, including, but not limited to, violating data privacy laws, proliferating computer files that contain a virus or other harmful elements, interfering or disrupting third-party networks, infringing any third party's copyright, patent, trademark, trade secret or other rights, transmitting any unlawful, harassing, libelous, abusive, threatening, vulgar, obscene or otherwise objectionable material, or committing unauthorized access to computers, devices, or protected information, third parties may seek to hold us legally liable. As a result, defending such claims could be expensive and time-consuming regardless of the merits, and we could incur significant liability or be required to undertake expensive preventive or remedial actions. As a result, our operating results may suffer and our reputation may be damaged.

We may face intellectual property infringement claims that could be costly to defend and result in our loss of significant rights.

Our business relies on the use and licensing of technology. Other parties may assert intellectual property infringement claims against us or our customers, and our products may infringe the intellectual property rights of third parties. For example, our products may infringe patents issued to third parties. In addition, as is increasingly common in the technology sector, we may be confronted with the aggressive enforcement of patents by companies whose primary business activity is to acquire patents for the purpose of offensively asserting them against other companies. From time to time, we have received allegations or claims of intellectual property infringement, and we may receive more claims in the future. We may also be required to pursue litigation to protect our intellectual property rights or defend against allegations of infringement. Intellectual property litigation is expensive and time-consuming and could divert management's attention from our business. The outcome of any litigation is uncertain and could significantly impact our financial results. If there is a successful claim of infringement, we may be required to develop non-infringing technology or enter into royalty or license agreements which may not be available on acceptable terms, if at all. Our failure to develop non-infringing technologies or license proprietary rights on a timely basis would harm our business.

If we are unable to protect or enforce our intellectual property rights, or we lose our ability to utilize the intellectual property of others, our business could be adversely affected.

Our success depends, in part, upon our ability to obtain intellectual property protection for our proprietary processes, software and other solutions. We rely upon confidentiality policies, nondisclosure and other contractual arrangements, and patent, trade secret, copyright and trademark laws to protect our intellectual property rights. These laws are subject to change at any time and could further limit our ability to obtain or maintain intellectual property protection. There is uncertainty concerning the scope of patent and other intellectual property protection for software and business methods, which are fields in which we rely on intellectual property laws to protect our rights. Even where we obtain intellectual property protection, our intellectual property rights may not prevent or deter competitors, former employees, or other third parties from reverse engineering our solutions or software. Further, the steps we take in this regard might not be adequate to prevent or deter infringement or other misappropriation of our intellectual property by competitors, former employees or other third parties, and we may not be able to detect unauthorized use of, or take appropriate and timely steps to enforce, our intellectual property rights. Enforcing our rights might also require considerable time, money and oversight, and we may not be successful. Further, we rely on third-party software in providing some of our services and solutions. If we lose our ability to continue using any such software for any reason, including because it is found to infringe the rights of others, we will need to obtain substitute software or find alternative means of obtaining the technology necessary to continue to provide our solutions. Our inability to replace such software, or to replace such software in a timely or cost-effective manner, could materially adversely affect our results of operations

We may face class actions and similar claims that could be costly to defend or settle and result in negative publicity and diversion of management resources.

Our business involves direct sale and licensing of services and software to consumers and SMBs, and we typically include customary indemnification provisions in favor of our partners in our agreements for the distribution of our services and software. As a result, we can be subject to consumer litigation and legal proceedings related to our services and software, including putative class action claims and similar legal actions, including, but not limited to, consumer litigation and legal proceedings that may arise related to the FTC and DOL investigations described in Part II. Item 3. Legal Proceedings in this report. We can also be subject to employee litigation and legal proceedings related to our employment practices attempted on a class or representative basis. Such litigation can be expensive and time-consuming regardless of the merits of any action and could divert management's attention from our business. The cost of defense can be large as can any settlement or judgment in an action. The outcome of any litigation is uncertain and could significantly impact our financial results. Regardless of outcome, litigation can have an adverse impact on us because of defense costs, negative publicity, diversion of management resources and other factors.

We must comply with a variety of existing and future laws and regulations that could impose substantial costs on us and may adversely impact our business.

We are subject to a variety of laws and regulations, which may differ among jurisdictions, affecting our operations in areas including, but not limited to: intellectual property ownership and infringement; tax; anti-corruption such as the Foreign Corrupt Practices Act and the UK Bribery Act; foreign exchange controls and cash repatriation restrictions; data privacy requirements such as the European Economic Area Privacy Regulation, the General Data Protection Regulation ("GDPR") and the California Consumer Privacy Act ("CCPA"); competition; Consent Order terms (for example, the recent Consent Order we entered into with the FTC); advertising; employment; product regulations; health and safety requirements; and consumer laws. If we fail to continue to comply with these regulations, we may be unable to provide products or services to certain customers, or we may incur penalties or fines. We are unable to predict the outcome or effects of any of these potential actions or any other legislative or regulatory proposals on our business. Any changes to the legal and regulatory framework applicable to our businesses could have an adverse impact on the results of our operations. Although our management systems are designed to maintain compliance, if we violate or fail to comply with any laws or regulations, applicable consent orders or decrees, a range of consequences could result, including fines, sales limitations, criminal and civil liabilities or other sanctions. The costs of complying with these laws (including the costs of any investigations, auditing and monitoring) could adversely affect our current or future business.

Delaware law and our certificate of incorporation and bylaws contain anti-takeover provisions, and our Board adopted a Section 382 Tax Benefits Preservation Plan, any of which could delay or discourage takeover attempts that some stockholders may consider favorable.

Delaware law and our certificate of incorporation and amended and restated bylaws contain certain provisions, any of which could render more difficult, or discourage a merger, tender offer, or assumption of control of the Company that is not approved by our Board of Directors that some stockholders may consider favorable. In addition, on August 21, 2019, our Board acted to preserve the potential benefits of our NOLs from being limited pursuant to Section 382 of the Code by adopting a Section 382 Tax Benefits Preservation Plan (the “Section 382 Tax Benefits Preservation Plan”). The principal reason our Board adopted the Section 382 Tax Benefits Preservation Plan is that we believe that the NOLs are a potentially valuable asset and the Board believes it is in the Company’s best interests to attempt to protect this asset by preventing the imposition of limitations on their use. While the Section 382 Tax Benefits Preservation Plan is not principally intended to prevent a takeover, it does have a potential anti-takeover effect because an “acquiring person” thereunder may be diluted upon the occurrence of a triggering event. Accordingly, the overall effects of the Section 382 Tax Benefits Preservation Plan may be to render more difficult, or discourage merger, tender offer, or assumption of control by a substantial holder of our securities.

Our ability to use net operating loss carryforwards to offset future taxable income for U.S. federal income tax purposes may be limited.

We have a federal net operating loss (NOL) carryforwards that are available to offset future taxable income. We may recognize additional NOLs in the future. Section 382 of the Internal Revenue Code of 1986, as amended (the Code) imposes an annual limitation on the amount of taxable income that may be offset by a corporation's NOLs if the corporation experiences an “ownership change” as defined in Section 382 of the Code. An ownership change occurs when our “five-percent shareholders” (as defined in Section 382 of the Code) collectively increase their ownership in the Company by more than 50 percentage points (by value) over a rolling three-year period. Additionally, various states have similar limitations on the use of state NOLs following an ownership change.

If an ownership change occurs, the amount of the taxable income for any post-change year that may be offset by a pre-change loss is subject to an annual limitation that is cumulative to the extent it is not all utilized in a year. This limitation is derived by multiplying the fair market value of our stock as of the ownership change by the applicable federal long-term tax-exempt rate. To the extent that a company has a net unrealized built-in gain at the time of an ownership change, which is realized or deemed recognized during the five-year period following the ownership change, there is an increase in the annual limitation for each of the first five-years that is cumulative to the extent it is not all utilized in a year. If an ownership change should occur in the future, our ability to use the NOL to offset future taxable income will be subject to an annual limitation and will depend on the amount of taxable income generated by us in future periods. There is no assurance that we will be able to fully utilize the NOL and we may be required to record an additional valuation allowance related to the amount of the NOL that may not be realized, which could impact our result of operations.

As noted, we believe that these NOL carryforwards are a valuable asset for us. Consequently, we have a Section 382 Tax Benefits Preservation Plan in place, to protect our NOLs during the effective period of the rights plan. Although the Tax Benefits Preservation Plan is intended to reduce the likelihood of an “ownership change” that could adversely affect us, there is no assurance that the restrictions on transferability in the rights plan will prevent all transfers that could result in such an “ownership change”. The Tax Benefits Preservation Plan could make it more difficult for a third party to acquire, or could discourage a third party from acquiring, our Company or a large block of our common stock. A third party that acquires 4.9% or more of our common stock could suffer substantial dilution of its ownership interest under the terms of the Tax Benefits Preservation Plan through the issuance of common stock or common stock equivalents to all stockholders other than the acquiring person. The foregoing provisions may adversely affect the marketability of our common stock by discouraging potential investors from acquiring our stock. In addition, these provisions could delay or frustrate the removal of incumbent directors and could make more difficult a merger, tender offer or proxy contest involving us, or impede an attempt to acquire a significant or controlling interest in us, even if such events might be beneficial to us and our stockholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

Administrative and engineering activities are conducted in in Sunnyvale, California. On March 23, 2018, we entered into a two-year lease agreement with an effective date of April 1, 2018 for our Sunnyvale, CA office facility, covering approximately 6,283 square feet with the monthly rent of $15,000. The lease is scheduled to expire on March 31, 2020. We also lease office facilities in Eugene, Oregon for which the lease agreement expired on December 31, 2018 and we have renewed the 3-year term from January 1, 2018 to December 31, 2020. We also lease an office in Louisville, Colorado for which the lease agreement expired on January 31, 2017 and afterward the lease term is auto renewal every 12 months. We recently signed a one-year lease in Louisville, Colorado from February 1, 2019 to January 31, 2020 and thereafter converted to a month-to-month basis. In addition, we lease office space in Manila, Philippines for which the lease expired on May 15, 2018 and converted to a month-to-month basis. On January 8, 2019, we signed a new lease for the office in Manila, Philippines and the lease term is on a month to month basis.

ITEM 3. LEGAL PROCEEDINGS

On December 20, 2016 the Federal Trade Commission ("FTC") issued a confidential Civil Investigative Demand, or CID, to the Company requiring the Company to produce certain documents and materials and to answer certain interrogatories relating to PC Healthcheck, an obsolete software program that the Company developed on behalf of a third party for their use with their customers. The investigation relates to the Company providing software like PC Healthcheck to third parties for their use prior to December 31, 2016, when the Company was under management of the previous Board and executive team. Since issuing the CID, the FTC has sought additional written and testimonial evidence from the Company. We have cooperated fully with the FTC's investigation and provided all requested information. In addition, the Company has not used PC Healthcheck nor provided it to any customers since December 2016.

On March 9, 2018, the FTC notified the Company that the FTC was willing to engage in settlement discussions. On November 6, 2018, the Company and the FTC entered into a proposed Stipulation to Entry of Order for Permanent Injunction and Monetary Judgment, or the Consent Order. The Consent Order was approved by the Commission on March 26, 2019 and entered by the U.S. District Court for the Southern District of Florida on March 29, 2019. Entry of the Consent Order by the Court has finally resolved the FTC's multi-year investigation of this matter.

Pursuant to the Consent Order, under which the Company neither admitted nor denied the FTC's allegations (except as to the Court having jurisdiction over the matter), the FTC has agreed to accept a payment of $10 million in settlement of the $35 million judgement, subject to the factual accuracy of the information the Company has provided as part of our financial representations. The $10 million payment was made on April 1, 2019 and has been recognized in operating expenses within the Company's consolidated statements of operations for the year ended December 31, 2018.

Additionally, pursuant to the Consent Order, the Company has agreed to implement certain new procedures and enhance certain existing procedures. For example, the Consent Order necessitates that the Company cooperate with representatives of the Commission on associated investigations if needed; imposes requirements on the Company regarding obtaining acknowledgements of the Consent Order and compliance certification, including record creation and maintenance; and prohibits the Company from making misrepresentations and misleading claims or providing the means for others to make such claims regarding, among other things, detection of security or performance issues on consumer's Electronic Devices. Electronic Devices include, but are not limited to, cell phones, tablets and computers. The Company intends to monitor the impact of the Consent Order regularly and, while the Company currently does not expect the settlement to have a long-term and materially adverse impact on its business, the Company's business may be negatively impacted as the Company adjusts to some of the changes. If the Company is unable to comply with the Consent Order, then this could result in a material and adverse impact to the Company's results of operations and financial condition.

Other Proceedings

The Company has received and may in the future receive additional requests for information, including subpoenas, from other governmental agencies relating to the subject matter of the Consent Order and the Civil Investigative Demand described above. The Company intends to cooperate with these information requests and is not aware of any other legal proceedings against the Company by governmental authorities at this time.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market of Common Stock

Our common stock has been traded publicly on the Nasdaq Global Select Market ("Nasdaq") under the symbol "SPRT" since July 19, 2000. Before July 19, 2000, there was no public market for our common stock. The following table sets forth the highest and lowest sale price of our common stock for the quarters indicated:

	Low	High
Fiscal Year 2019:		
First Quarter	$ 2.07	$ 2.60
Second Quarter	$ 1.48	$ 2.78
Third Quarter	$ 1.48	$ 1.73
Fourth Quarter	$ 1.05	$ 2.20
Fiscal Year 2018:		
First Quarter	$ 2.41	$ 2.99
Second Quarter	$ 2.56	$ 3.15
Third Quarter	$ 2.63	$ 3.01
Fourth Quarter	$ 2.29	$ 3.03

Holders of Record

As of February 29, 2020, there were approximately 89 holders of record of our common stock (not including beneficial holders of stock held in street name).

Dividend Policy

Historically, we have not declared or paid any cash dividends on our capital stock. As a part of the board of directors' ongoing capital allocation review, on December 6, 2019 the board of directors authorized and declared a special cash distribution of $1.00 per share on each outstanding share of the Company's common stock. The record date for this distribution was December 17, 2019 and the payment date was December 26, 2019. Accordingly, the Company paid $19.1 million to shareholders on December 26, 2019.

We currently anticipate that all future earnings, if any, generated from operations will be retained by us to develop and expand our business. Any future determination with respect to the payment of dividends will be at the discretion of the Board of Directors and will depend on, among other things, our operating results, financial condition and capital requirements, the terms of then-existing indebtedness, general business conditions and such other factors as the Board of Directors deems relevant.

Securities Authorized for Issuance Under Equity Compensation Plans

Information regarding the securities authorized for issuance under our equity compensation plans can be found under Item 12 of Part III of this Report.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA.

As a “smaller reporting company,” as defined in Rule 12b-2 of the Exchange Act, we are not required to provide the information called for by this Item.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this Form 10-K. The following discussion includes forward-looking statements. Please see the section entitled *“Risk Factors”* in Item 1A of this Report for important information to consider when evaluating these statements.

Overview

Support.com, Inc. is a full-spectrum leader in outsourced call center and direct-to-consumer and small business technical support solutions. With more than 20 years of providing high quality technical support services to consumers and small businesses through white-labeled partnerships or direct solutions, Support.com has the expertise, tools and software solutions to troubleshoot and maintain all the devices in the connected home and business. The company's skilled U.S.-based live agents and rich self-support tools troubleshoot thousands of technical support issues consumers and small businesses face on an ongoing basis. Support.com delivers high quality, turnkey technical support solutions, software and digital support experiences that enable customers to get the most out of their technology.

Total revenue for the year ended December 31, 2019 decreased by $6.2 million, or 8.9%, from 2018. The decrease in service revenue of $4.9 million was primarily due to a decrease in the billable hours of our largest customer somewhat offset by an increase in revenues of other major customers. Revenue from software and other for the year ended December 31, 2019 decreased by $1.3 million from 2018 primarily due to the termination of a sales agreement with a major customer.

Cost of services. Cost of services consists primarily of compensation costs, and contractor, technology and telecommunication expenses related to the delivery of services. The decrease of $10.7 million, or 19%, from 2018 was primarily attributable lower compensation costs commensurate with the lower revenues as headcount decreased from 2,035 employees at December 31, 2018 to 1,231 employees at December 31, 2019.

Cost of software and other. Cost of software and other fees consists primarily of third-party royalty fees for our end-user software products. The modest decrease in cost of software and other was mainly driven by lower third party fees.

Total gross profit increased from 17% to 26%, year-over-year, due to the lower cost of services which is attributable to primarily lower compensation and employee related costs.

Operating expenses for the year ended December 31, 2019 decreased by $8.5 million or 39% from 2018. The decrease is primarily driven by the one-time $10 million litigation settlement charge incurred in 2018 offset by increased compensation and consulting costs in Engineering and IT during 2019.

We intend the following discussion of our financial condition and results of operations to provide information that will assist in understanding our consolidated financial statements, the changes in certain key items in those consolidated financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles, policies and estimates affect our consolidated financial statements.

Critical Accounting Policies and Estimates

In preparing our consolidated financial statements in conformity with generally accepted accounting principles in the United States, we make assumptions, judgments and estimates that can have a significant impact on our revenue and operating results, as well as on the value of certain assets and liabilities on our consolidated balance sheet. We base our assumptions, judgments and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. On a regular basis we evaluate our assumptions, judgments and estimates and make changes accordingly. We believe that the assumptions, judgments and estimates involved in the accounting for revenue recognition, fair value measurements, self-insurance accruals, accounting for intangible assets, stock-based compensation and accounting for income taxes have the greatest potential impact on our consolidated financial statements, so we consider these to be our critical accounting policies. We discuss below the critical accounting estimates associated with these policies. For further information on the critical accounting policies, see Note 1 of our Notes to Consolidated Financial Statements. There have been no significant changes in these critical accounting policies and estimates except the accounting for leases during the year ended December 31, 2019. For information regarding the impact of Topic 842 adoption, see *Significant Accounting Policies - Leases* and Note 8— Leases.

Disaggregation of Revenue

We generate revenue from the sale of services and sale of software for end-user software products provided through direct customer downloads and through the sale of these end-user software products via partners. The following table depicts the disaggregation of revenue (in thousands) according to revenue type and is consistent with how we evaluate our financial performance:

Revenue from Contracts with Customers:

	Twelve months ended December 31,	
	2019	2018
Services	$ 59,545	$ 64,476
Software and other	3,788	5,073
Total revenue	$ 63,333	$ 69,549

Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures,* defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

- Level 1 - Quoted prices in active markets for identical assets or liabilities. Therefore, determining fair value for Level 1 instruments generally does not require significant management judgment, and the estimation is not difficult.

- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; 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 2 instruments require limited management judgment.

- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The determination of fair value for Level 3 instruments requires the most management judgment and subjectivity.

Our Level 2 securities are priced using quoted market prices for similar instruments, nonbinding market prices that are corroborated by observable market data, or discounted cash flow techniques. Marketable securities, measured at fair value using Level 2 inputs, are primarily comprised of commercial paper, corporate bonds, corporate notes and U.S. government agencies securities. We review trading activity and pricing for these investments as of the measurement date. When sufficient quoted pricing for identical securities is not available, we use market pricing and other observable market inputs for similar securities obtained from various third-party data providers. These inputs either represent quoted prices for similar assets in active markets or have been derived from observable market data.

Stock-Based Compensation

We account for stock-based compensation in accordance with the provisions of ASC 718, *Compensation - Stock Compensation*. Under the fair value recognition provisions of ASC 718, stock-based compensation cost is estimated at the grant date based on the fair value of the award and is recognized as expense ratably over the requisite service period of the award. We estimate the fair value of stock-based awards on the grant date using (i) the Black-Scholes-Merton option-pricing model for service-based stock options and (ii) the quoted prices of the Company's common stock for restricted stock units. Determining the appropriate fair value model and calculating the fair value of stock-based awards requires judgment, including estimating stock price volatility, forfeiture rates and expected life. If any of these assumptions used in the option-pricing models change, our stock-based compensation expense could change on our consolidated financial statements.

Accounting for Income Taxes

We are required to estimate our income taxes in each of the tax jurisdictions in which we operate. This process involves management's estimation of our current tax exposures together with an assessment of temporary differences determined based on the difference between the financial statement and tax basis of certain items. These differences result in net deferred tax assets and liabilities, which are included in our consolidated balance sheet. We must assess the likelihood that we will be able to recover our deferred tax assets. If recovery is not likely, we must increase our provision for taxes by recording a valuation allowance against the deferred tax assets that we estimate will not ultimately be recoverable. We currently have provided a full valuation allowance on our U.S. deferred tax assets that management determined are not likely to be realized due to cumulative net losses since inception and the difficulty in accurately forecasting the Company's results. In addition, we currently have provided a partial valuation allowance on certain foreign deferred tax assets. If any of our estimates change, we may change the likelihood of recovery and our tax expense as well as the value of our deferred tax assets would change.

Our income tax calculations are based on the application of the respective U.S. Federal, state or foreign tax law. The Company's tax filings, however, are subject to audit by the respective tax authorities. Accordingly, we recognize tax liabilities based on our estimate of whether, and the extent to which, additional taxes will be due when such estimates are more-likely-than-not to be sustained. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Our policy is to include interest and penalties related to unrecognized tax benefits as a component of income tax expense. To the extent the final tax liabilities are different than the amounts originally accrued, the increases or decreases are recorded as income tax expense or benefit in the consolidated statements of operations.

Results of Operations

The following table presents certain Consolidated Statements of Operations data for the periods indicated as a percentage of total revenue:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Revenue:		
Services	94%	93%
Software and other	6	7
Total revenue	100	100
Cost of revenue:		
Cost of services	74	82
Cost of software and other	-	1
Total cost of revenue	74	83
Gross profit	26	17
Operating expenses:		
Engineering and IT	7	4
Sales and marketing	3	3
General and administrative	12	11
Legal settlement	-	14
Total operating expenses	22	32
Income (loss) from operations	4	(15)
Interest income and other, net	2	1
Income (loss), before income taxes	6	(14)
Income tax provision	-	-
Income (loss), after income taxes	6%	(14)%

Years Ended December 31, 2019 and 2018:

Revenue

($ in thousands)	2019	% Change 2018 to 2019	2018
Services	$ 59,545	(8)%	$ 64,476
Software and other	3,788	(25)%	5,073
Total revenue	$ 63,333	(9)%	$ 69,549

Services. Services revenue consists primarily of fees for customer support services generated from our partners. We provide these services remotely, generally using personnel who utilize our proprietary technology to deliver the services. Services revenue is also comprised of licensing of our Support.com Cloud applications. Services revenue for the year ended December 31, 2019 decreased by $4.9 million from 2018. The decrease in service revenue was primarily due to the decrease in the billable hours of our major customers. For the year ended December 31, 2019, services revenue generated from our partnerships was $56.6 million compared to $61.0 million for 2018. For the year ended December 31, 2019, direct services revenue was $2.9 million compared to $3.5 million for 2018. As with any market that is undergoing shifts, timing of downward pressures and growth opportunities in our services programs are difficult to predict. We are experiencing downward pressure with some of our services programs as personal computer and certain retail markets are subject to internal re-alignment and other sector specific softness. However, we still see opportunity in the market for growth with our service partners as a result of the evolving support market trends.

Software and other. Software and other revenue is comprised primarily of fees for end-user software products provided through direct customer downloads, and, to a lesser extent, through the sale of these software products via partners. Software and other revenue for the year ended December 31, 2019 decreased compared with the year ended 2018 primarily due to the cancellation of a significant partner contract as well as some softness in new subscriptions and renewals. For the year ended December 31, 2019, direct software and other revenue was $1.9 million compared to $2.8 million for 2018. For the year ended December 31, 2019, software and other revenue generated from our partnerships was $1.9 million compared to $2.7 million for 2018.

Revenue Mix

The components of revenue, expressed as a percentage of total revenue were:

	Year Ended December 31	
	2019	2018
Services	94%	93%
Software and other	6%	7%
Total revenue	100%	100%

For the year ended December 31, 2019, Comcast and Cox Communications accounted for 65% and 26% of our total revenue, respectively. For the year ended December 31, 2018, Comcast and Cox Communications accounted for 63% and 25% of our total revenue, respectively. No other customers accounted for 10% or more of our total revenue in any year presented. Revenue from customers outside the United States was less than 1% of our total revenue in 2019 and 2018.

Cost of Revenue

($ in thousands)	2019	% Change 2018 to 2019	2018
Cost of services	$ 46,714	(19)%	$ 57,396
Cost of software and other	151	(27)%	208
Total cost of revenues	$ 46,865	(19)%	$ 57,604

Cost of services. Cost of services consists primarily of compensation costs and contractor expenses for providing services, technology and telecommunication expenses related to the delivery of services and other personnel-related expenses in service delivery. The decrease of $10.7 million in cost of services for the year ended December 31, 2019 compared to 2018 includes a decrease in compensation and employee related charges associated with the decrease in headcount.

Cost of software and other. Cost of software and other fees consists primarily of third-party royalty fees for our end-user software products, wages, and processing fees. Cost of software and other were relatively flat year-over-year.

Operating expenses

($ in thousands)	2019	% Change 2018 to 2019	2018
Engineering and IT	$ 4,078	47%	$ 2,780
Sales and marketing	1,760	(4)%	1,823
General and administrative	7,679	4%	7,408
Legal settlement	—	(100)%	10,000
Total operating expenses	$ 13,517	(39)%	$ 22,011

Engineering and IT. Engineering an IT expense consists primarily of compensation costs, third-party consulting expenses and related overhead costs for engineering and IT personnel. Engineering an IT costs are expensed as they are incurred. The increase of $1.3 million in engineering an IT expense for the year ended December 31, 2019 compared to 2018 resulted primarily from an increase in salary and employee related expenses due to changes in headcount and higher consulting fees.

Sales and marketing. Sales and marketing expense consists primarily of compensation costs of business development, program management and marketing personnel, as well as expenses for lead generation and promotional activities, including public relations, advertising and marketing. Sales and marketing costs for the year ended December 31, 2019 were relatively flat with 2018, with no significant changes in the components of these amounts.

General and administrative. General and administrative expense consists primarily of compensation costs and related overhead costs for administrative personnel and professional fees for legal, accounting and other professional services. General and administrative expense for the year ended December 31, 2019 were relatively flat with 2018, with no significant changes in the components of these amounts.

Legal settlement. Legal settlement consists of a legal settlement with a FTC related investigation. On November 6, 2018, the FTC and the Company reached a $10 million settlement agreement and the Company agreed to record a $10.0 million legal settlement on the Consolidated Statements of Operations for the period ended December 31, 2018. This amount was paid on April 1, 2019.

Interest income and other, net

($ in thousands)	**2019**	**% Change 2018 to 2019**	**2018**
Interest income and other, net	$ 1,049	9%	$ 965

Interest income and other, net. Interest income and other, net consists primarily of interest income on our cash, cash equivalents and short-term investments. The increase in interest income and other, net of $84,000 for the year ended December 31, 2019 compared to 2018 was primarily due to due to higher yields on investments.

Income tax provision (benefit)

($ in thousands)	**2019**	**% Change 2018 to 2019**	**2018**
Income tax provision (benefit)	$ 154	(155%)	$ (1)

Income tax provision (benefit). The income tax provision (benefit) is comprised of estimates of current taxes due in domestic and foreign jurisdictions and changes in deferred tax balances. For the year ended December 31, 2019, the income tax provision consisted of a $138 provision for foreign taxes and a $16 provision for state income tax. For the year ended December 31, 2018, the income tax provision / (benefit) consisted of a ($9) provision (benefit) for foreign taxes and an $8 provision for state income tax.

Liquidity and Capital Resources

Total cash, cash equivalents and short-term investments at December 31, 2019 and 2018 was $26.4 million and $49.6 million, respectively. Cash equivalents and short-term investments are comprised of money market funds, certificates of deposit, corporate notes and bonds, and U.S. government agency securities. The decrease in cash, cash equivalents and investments was primarily due to the cash payment of $10.0 million to the FTC on April 1, 2019 in settlement of the previously disclosed on-going investigation and the Company's cash distribution to shareholders of $19.1 million on December 26, 2019. These payments were offset by net income for the period and changes impacting other working capital accounts.

Operating Activities

Net cash provided by (used in) operating activities was $(4.1) million for the year ended December 31, 2019, and $0.8 million for the year ended December 31, 2018. Net cash provided by (used in) operating activities primarily reflects the net income (loss) for the period, adjusted for non-cash items and changes in operating assets and liabilities.

Net cash used in operating activities during 2019 was the result of a net income for the period of $3.8 million, adjusted for non-cash items totaling $0.7 million and changes in operating assets and liabilities of ($8.6) million. Adjustments for non-cash items primarily consisted of stock-based compensation expense of $0.3 million and depreciation on fixed assets of $0.3 million. Changes in operating assets and liabilities primarily consisted of the $10 million payment of the accrued legal settlement related to the FTC investigation and a $1.8 million decrease in accrued compensation due to the timing of our payroll cycles offset by a decrease in accounts receivable, net, of $2.9 million due to decreased revenue from Comcast, and a $0.3 million decrease in prepaid and other current assets.

Net cash provided by operating activities during 2018 was the result of a net loss for the period of ($9.1) million, adjusted for non-cash items totaling $1.5 million and changes in operating assets and liabilities of $8.4 million. Adjustments for non-cash items primarily consisted of stock-based compensation expense of $0.7 million and depreciation on fixed assets of $0.6 million. Changes in operating assets and liabilities primarily consisted of a $10 million increase in the accrued legal settlement related to the FTC investigation and a $0.3 million increase in accrued compensation due to the timing of our payroll cycles offset by an increase in accounts receivable, net, of $0.3 million due to increased revenue as well as timing of collections with a larger percentage of accounts receivable shifting to customers with slightly longer payment terms, a $0.9 million decrease in deferred revenue due to a shift in our customer mix and the termination of the Professional Services Agreement with Office Depot in 2017, and a $0.4 million decrease in other accrued liabilities primarily from Office Depot and Office Max due to the cancellation of Professional Services Agreement as the Company no longer needs to accrue for the customer rebate incentive.

Investing Activities

Net cash provided by investing activities was $8.0 million for the year ended December 31, 2019 and $6.3 million for the year ended December 31, 2018. Net cash provided by investing activities in 2019 was primarily due to sales and maturities of investments of $43.0 million offset by purchases of investments of ($34.9) million and purchases of property and equipment of ($0.1) million.

Net cash provided by investing activities was $6.3 million for the year ended December 31, 2018. Net cash provided by investing activities in 2018 was primarily due to purchases of investments of ($30.0) million and purchases of property and equipment of ($0.2) million offset by sales and maturities of investments of $37.0 million.

Financing Activities

Net cash provided by (used in) financing activities was ($19.0) million for the year ended December 31, 2019 and $257,000 for the year ended December 31, 2018. In 2019, cash used in financing activities was primarily attributable to the $19.1 million payment of a special distribution to shareholders and $48,000 of proceeds from the issuance of common stock under employee stock purchase plans.

Net cash provided by financing activities was $0.3 million for the year ended December 31, 2018. In 2018, cash provided by financing activities was primarily attributable to the $0.2 million in proceeds from exercise of stock options and $0.1 million in proceeds from the issuance of common stock under employee stock purchase plans.

Working Capital and Capital Expenditure Requirements

At December 31, 2019, we had stockholders' equity of $33.2 million and working capital of $32.5 million. We believe that our existing cash balances will be sufficient to meet our working capital requirements for at least the next 12 months.

If we require additional capital resources to grow our business internally or to acquire complementary technologies and businesses at any time in the future, we may seek to sell additional equity or debt securities. The sale of additional equity could result in more dilution to our stockholders.

Contractual Obligations

The following table summarizes our contractual obligations at December 31, 2019 and the effect these contractual obligations are expected to have on our liquidity and cash flows in future periods (in thousands):

	Payments Due By Period			
	Total	Less than 1 year	1 - 3 Years	More than 3 Years
Operating leases	$ 381	$ 274	$ 107	$ —
Uncertain tax positions, including interest and penalties	137	—	—	137
	$ 518	$ 274	$ 107	$ 137

These obligations are for non-cancelable operating leases including our headquarters office and offices to carry out engineering and IT and operations globally.

Off-Balance Sheet Arrangements

At December 31, 2019, we did not have any significant off-balance sheet arrangements, as defined in Item 303(a) (4) (ii) of Regulation S-K.

Recent Accounting Pronouncements

See Note 1 – Organization and Summary of Significant Accounting Policies to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for a summary of new accounting standards.

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As a "smaller reporting company," as defined in Rule 12b-2 of the Exchange Act, we are not required to provide the information called for by this Item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

SUPPORT.COM, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Support.com, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Support.com, Inc. (the "Company") as of December 31, 2019 and 2018, the related consolidated statement of operations, comprehensive income, stockholders' equity, and cash flows for each of the years ended December 31, 2019 and 2018, and the related notes collectively referred to as the "financial statements". In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the year ended December 31, 2019 and 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("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 the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit 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 audit 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 audit provide a reasonable basis for our opinion.

/s/ Plante & Moran, PLLC

Denver, Colorado

March 18, 2020

We have served as the Company's auditor since 2017.

SUPPORT.COM, INC.

CONSOLIDATED BALANCE SHEETS
(in thousands except share and per share data)

	December 31, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,087	$ 25,182
Short-term investments	16,327	24,467
Accounts receivable, less allowance of $28 and $13 at December 31, 2019 and 2018, respectively	9,398	12,292
Prepaid expenses and other current assets	728	999
Total current assets	36,540	62,940
Property and equipment, net	533	703
Intangible assets	250	250
Other assets	717	707
Total assets	$ 38,040	$ 64,600
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 277	$ 368
Accrued compensation	1,610	3,423
Other accrued liabilities	1,001	978
Accrued legal settlement	-	10,000
Short-term deferred revenue	1,193	1,135
Total current liabilities	4,081	15,904
Other long-term liabilities	792	800
Total liabilities	4,873	16,704
Commitments and contingencies (Note 4)		
Stockholders' equity:		
Common stock; par value $0.0001, 50,000,000 shares authorized; 19,536,768 issued and 19,053,854 outstanding at December 31, 2019; 19,438,178 issued and 18,955,264 outstanding at December 31, 2018	2	2
Additional paid-in capital	250,092	268,794
Treasury stock, at cost (482,914 shares at December 31, 2019 and December 31, 2018)	(5,297)	(5,297)
Accumulated other comprehensive loss	(2,380)	(2,507)
Accumulated deficit	(209,250)	(213,096)
Total stockholders' equity	33,167	47,896
Total liabilities and stockholders' equity	$ 38,040	$ 64,600

See accompanying notes.

SUPPORT.COM, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands except per share data)

	Year Ended December 31, 2019	2018
Revenue:		
Services	$ 59,545	$ 64,476
Software and other	3,788	5,073
Total revenue	63,333	69,549
Costs of revenue:		
Cost of services	46,714	57,396
Cost of software and other	151	208
Total cost of revenue	46,865	57,604
Gross profit	16,468	11,945
Operating expenses:		
Engineering and IT	4,078	2,780
Sales and marketing	1,760	1,823
General and administrative	7,679	7,408
Legal settlement	—	10,000
Total operating expenses	13,517	22,011
Income (loss) from operations	2,951	(10,066)
Interest income and other, net	1,049	965
Income (loss) from operations, before income taxes	4,000	(9,101)
Income tax provision (benefit)	154	(1)
Net income (loss)	$ 3,846	$ (9,100)
Basic and diluted income (loss) per share		
Basic	$ 0.20	$ (0.48)
Diluted	$ 0.20	$ (0.48)
Shares used in computing per share amounts		
Basic	18,977	18,826
Diluted	19,026	18,826

See accompanying notes.

SUPPORT.COM, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Year Ended December 31, 2019	Year Ended December 31, 2018
Net income (loss)	$ 3,846	$ (9,100)
Other comprehensive income (loss):		
Change in foreign currency translation adjustment	49	(414)
Change in net unrealized gain on investments	78	15
Other comprehensive income (loss)	127	(399)
Comprehensive income (loss)	$ 3,973	$ (9,499)

See accompanying notes.

SUPPORT.COM, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share data)

	Common Stock						
	Shares	Amount	Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Shares
Balances at December 31, 2016	18,548,180	$ 2	$ 267,400	$ (5,295)	$ (2,329)	$ (202,470)	$ 57,308
Net loss	—	—	—	—	—	(1,526)	(1,526)
Partial shares in reverse split	(40)		(1)				(1)
Other comprehensive income	—	—	—	—	221	—	221
Stock-based compensation expense	—	—	430	—	—	—	430
Issuance of common stock upon exercise of stock options for cash and releases of RSUs	153,824	—		—	—	—	
Issuance of common stock under employee stock purchase plan	28,018	—	28	—	—	—	28
Repurchase of common stock	(1,070)	—	—	(2)	—	—	(2)
Balances at December 31, 2017	18,728,912	$ 2	$ 267,857	$ (5,297)	$ (2,108)	$ (203,996)	$ 56,458
Net loss	—	—	—	—		(9,100)	(9,100)
Other comprehensive income	—	—	—	—	(399)	—	(399)
Stock-based compensation expense	—	—	680	—	—	—	680
Issuance of common stock under employee stock purchase plan	31,387	—	72	—	—	—	72
Balances at December 31, 2018	18,955,264	$ 2	$ 268,794	$ (5,297)	$ (2,507)	$ (213,096)	$ 47,896
Net income	—		—	—		3,846	3,846
Other comprehensive income	—	—	—	—	127	—	127
Stock-based compensation expense	—	—	304	—	—	—	304
Dividend payout			(19,054)				(19,054)
Issuance of common stock upon exercise of stock options for cash and releases of RSUs	72,724	—	—	—	—	—	—
Issuance of common stock under employee stock purchase plan	25,866	—	48	—	—	—	48
Balances at December 31, 2019	19,053,854	$ 2	$ 250,092	$ (5,297)	$ (2,380)	$ (209,250)	$ 33,167

See accompanying notes.

SUPPORT.COM, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating activities:		
Net income (loss)	$ 3,846	$ (9,100)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Stock-based compensation expense	304	680
Amortization of premiums and discounts on investments	83	176
Depreciation	294	638
Deferred income taxes	-	-
Changes in operating assets and liabilities:		
Accounts receivable, net	2,893	341
Prepaid expenses and other current assets	282	(210)
Other assets	40	159
Accounts payable	(92)	136
Accrued legal settlement	(10,000)	10,000
Accrued compensation	(1,804)	257
Other accrued liabilities	26	(358
Other long-term liabilities	18	(85)
Deferred revenue	58	(884)
Net cash provided by (used in) operating activities	(4,052)	796
Investing activities:		
Purchases of property and equipment	(124)	(208)
Disposal of property and equipment	3	-
Purchases of investments	(34,898)	(30,049)
Proceeds from sale of investments	9,766	-
Maturities of investments	33,267	36,604
Net cash provided by investing activities	8,014	6,347
Financing activities:		
Proceeds from exercise of stock options	-	185
Proceeds from employee stock purchase plan	48	72
Payment of dividend	(19,054)	-
Net cash provided by (used in) financing activities	(19,006)	257
Net increase (decrease) in cash and cash equivalents	(15,044)	7,400
Effect of exchange rate changes on cash and cash equivalents	(51)	(268)
Cash and cash equivalents at beginning of year	25,182	18,050
Cash and cash equivalents at end of year	$ 10,087	$ 25,182
Supplemental schedule of cash flow information:		
Cash paid for income taxes	$ 98	$ 72

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

Nature of Operations

Support.com, Inc. (“Support.com”, “the Company”, “We” or “Our”), was incorporated in the state of Delaware on December 3, 1997. Our common stock trades on the Nasdaq Capital Market under the symbol “SPRT.”

Support.com provides technical support solutions for both businesses and consumers, delivering the expertise, tools, and software solutions to support all the devices in the connected home and business. Support.com’s tech support solutions cover the lifecycle of the connected device, including setup, troubleshooting, connectivity and interoperability problems, learning to use new features, and even pre-sales questions such as device compatibility. Functioning as a partner to large enterprise and retailer customers, Support.com offers OEMs, MSOs/ISPs, retailers, and other enterprise customers customized, turnkey support programs--including pre-sale and post-sale support--with a comprehensive, integrated approach covering all connected devices. Through TechSolutions, Support.com provides its technical expertise direct to consumers and small businesses with affordable, 24/7 access to expert tech support via phone, chat, virtual house calls, or step-by-step DIY guides. TechSolutions’ fully-integrated, seamless tech support experience combines live agents, available via phone or chat, with a robust library of free, DIY self-support tools, called Guided Paths, which offer step-by-step instructions and tutorials for thousands of tech problems.

Basis of Presentation

The consolidated financial statements include the accounts of Support.com and its wholly-owned foreign subsidiaries. All intercompany transactions and balances have been eliminated.

Impact of Disease Outbreak

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a “pandemic”. First identified in late 2019 and known now as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. As of the date of issuance of the financial statements, the Company’s operations have not been significantly impacted, however, the Company continues to monitor the situation. No impairments were recorded as of the balance sheet date as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Company’s results of operations, cash flows and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

Foreign Currency Translation

The functional currency of our foreign subsidiaries is generally the local currency. Assets and liabilities of our wholly owned foreign subsidiaries are translated from their respective functional currencies at exchange rates in effect at the balance sheet date, and revenues and expenses are translated at average exchange rates prevailing during the year. Any material resulting translation adjustments are reflected as a separate component of stockholders’ equity in accumulated other comprehensive income (loss). Realized foreign currency transaction gains (losses) were not material during the years ended December 31, 2019 and 2018.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The accounting estimates that require management’s most significant, difficult and subjective judgments include accounting for revenue recognition, assumptions used to estimate self-insurance and litigation accruals, the valuation of investments, the assessment of recoverability of intangible assets and their estimated useful lives, the valuations and recognition of stock-based compensation and the recognition and measurement of current and deferred income tax assets and liabilities. Actual results could differ materially from these estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash equivalents, investments and trade accounts receivable. Periodically throughout the year, the Company has maintained balances in various operating accounts in excess of federally insured limits. Our investment portfolio consists of investment grade securities. Except for obligations of the United States government and securities issued by agencies of the United States government, we diversify our investments by limiting our holdings with any individual issuer. We are exposed to credit risks in the event of default by the issuers to the extent of the amount recorded on the balance sheet. The credit risk in our trade accounts receivable is substantially mitigated by our evaluation of the customers’ financial conditions at the time we enter into business and reasonably short payment terms.

Trade Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are recorded at the invoiced amount. We perform evaluations of our customers' financial condition and generally do not require collateral. We make judgments as to our ability to collect outstanding receivables and provide allowances for a portion of receivables when collection becomes doubtful. Our allowances are made based on a specific review of all significant outstanding invoices. For those invoices not specifically provided for, allowances are recorded at differing rates, based on the age of the receivable. In determining these rates, we analyze our historical collection experience and current payment trends. The determination of past-due accounts is based on contractual terms.

The following table summarizes the allowance for doubtful accounts as of December 31, 2019 and 2018 (in thousands):

	Balance at Beginning of Period	Adjustments to Costs and Expenses	Write-offs	Balance at End of Period
Allowance for doubtful accounts:				
Year ended December 31, 2018	$ 9	$ 24	$ (20)	$ 13
Year ended December 31, 2019	$ 13	$ 40	$ (25)	$ 28

As of December 31, 2019, Comcast and Cox Communications accounted for approximately 59% and 33% of our total accounts receivable, respectively. As of December 31, 2018, Comcast and Cox Communications accounted for approximately 71% and 20% of our total accounts receivable, respectively. No other customers accounted for 10% or more of our total accounts receivable as of December 31, 2019 and 2018.

Cash, Cash Equivalents and Investments

All liquid instruments with an original maturity at the date of purchase of 90 days or less are classified as cash equivalents. Cash equivalents and short-term investments consist primarily of money market funds, certificates of deposit, commercial paper, corporate and municipal bonds. Our interest income on cash, cash equivalents and investments is recorded monthly and reported as interest income and other in our consolidated statements of operations.

Our cash equivalents and short-term investments are classified as investment, and are reported at fair value with unrealized gains/losses included in accumulated other comprehensive loss within stockholders' equity on the consolidated balance sheets and in the consolidated statements of comprehensive income (loss). We view this investment portfolio as available for use in our current operations, and therefore we present our marketable securities as short-term assets.

We monitor our investments for impairment on a quarterly basis and determine whether a decline in fair value is other-than-temporary by considering factors such as current economic and market conditions, the credit rating of the security's issuer, the length of time an investment's fair value has been below our carrying value, the Company's intent to sell the security and the Company's belief that it will not be required to sell the security before the recovery of its amortized cost. If an investment's decline in fair value is deemed to be other-than-temporary, we reduce its carrying value to its estimated fair value, as determined based on quoted market prices or liquidation values. Declines in value judged to be other-than-temporary, if any, are recorded in operations as incurred. At December 31, 2019, the Company evaluated its unrealized losses on security investments and determined them to be temporary. We currently do not intend to sell securities with unrealized losses, and we concluded that we will not be required to sell these securities before the recovery of their amortized cost basis.

At December 31, 2019 and 2018, the estimated fair value of cash, cash equivalents and investments was $26.4 million and $49.6 million, respectively. The following is a summary of cash, cash equivalents and investments at December 31, 2019 and 2018 (in thousands):

	For the Year Ended December 31, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash	$ 7,814	$ —	$ —	$ 7,814
Money market fund	1,137	—	—	1,137
Certificates of deposit	475	—	—	475
Commercial paper	6,912	—	(1)	6,911
Corporate notes and bonds	7,922	15	(4)	7,933
U.S. government agency securities	2,145	—	(1)	2,144
	$ 26,405	$ 15	$ (6)	$ 26,414
Classified as:				
Cash and cash equivalents	$ 10,087	$ —	$ —	$ 10,087
Short-term investments	16,318	15	(6)	16,327
	$ 26,405	$ 15	$ (6)	$ 26,414

	For the Year Ended December 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash	$ 8,391	$ —	$ —	$ 8,391
Money market fund	14,295	—	—	14,295
Certificates of deposit	1,171	—	(1)	1,170
Commercial paper	3,986	—	(1)	3,985
Corporate notes and bonds	14,899	—	(66)	14,833
U.S. government agency securities	6,976	—	(1)	6,975
	$ 49,718	$ —	$ (69)	$ 49,649
Classified as:				
Cash and cash equivalents	$ 25,182	$ —	$ —	$ 25,182
Short-term investments	24,536	—	(69)	24,467
	$ 49,718	$ —	$ (69)	$ 49,649

The following table summarizes the estimated fair value of our marketable securities classified by the stated maturity date of the security (in thousands):

	December 31,	
	2019	2018
Due within one year	$ 12,754	$ 20,874
Due within two years	3,573	3,593
	$ 16,327	$ 24,467

We determined that the gross unrealized losses on our security investments as of December 31, 2019 are temporary in nature. The fair value of our security investments at December 31, 2019 and 2018 reflects a net unrealized gain (loss) of $9,000 and $(69,000), respectively. There was net realized gains of $2,000 and $0 on security investments in the years ended December 31, 2019 and 2018. The cost of securities sold is based on the specific identification method.

The following table sets forth the unrealized losses for the Company's security investments as of December 31, 2019 and 2018 (in thousands):

As of December 31, 2019	In Gain Position Less Than 12 Months		In (Loss) Position More Than 12 Months		Total in Gain Position	
Description	Fair Value	Unrealized Gain (Losses)	Fair Value	Unrealized (Losses)	Fair Value	Unrealized Gain (Losses)
Certificates of deposit	$ 475	$ —	$ —	$ —	$ 475	$ —
Corporate notes and bonds	10,120	15	4,714	(5)	14,834	10
U.S. government agency securities	2,145	(1)	—	—	2,145	(1)
Total	$ 12,740	$ 14	$ 4,714	$ (5)	$ 17,454	$ 9

As of December 31, 2018	In Loss Position Less Than 12 Months		In Loss Position More Than 12 Months		Total in Loss Position	
Description	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Certificates of deposit	$ 1,171	$ (1)	$ —	$ —	$ 1,171	$ (1)
Corporate notes and bonds	18,885	(67)	—	—	18,885	(67)
U.S. government agency securities	6,976	(1)	—	—	6,976	(1)
Total	$ 27,032	$ (69)	$ —	$ —	$ 27,032	$ (69)

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization which is determined using the straight-line method over the estimated useful lives of two to five years for computer equipment and software, three years for furniture and fixtures, and the shorter of the estimated useful lives or the lease term for leasehold improvements. Repairs and maintenance costs are expensed as they are incurred.

Long-Lived Assets

We record purchased identifiable intangible assets at fair value as part of a business combination. Useful life is estimated as the period over which the identifiable intangible assets are expected to contribute directly or indirectly to the future cash flows of the Company. As we do not believe that we can reliably determine a pattern by which the economic benefits of these identifiable intangible assets will be consumed, management adopted straight-line amortization. The original cost is amortized on a straight-line basis over the estimated useful life of each identifiable intangible asset.

The Company assesses its long-lived assets, which includes property and equipment and identifiable intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when the sum of the future net cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. If our estimates regarding future cash flows derived from such assets were to change, we may record an impairment charge to the value of these assets. Such impairment loss would be measured as the difference between the carrying amount of the asset and its fair value.

Revenue Recognition

On January 1, 2018, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 606, Revenue from Contracts with Customers (“ASC 606"). As a result, the Company has changed its accounting policy for revenue recognition and applied ASC 606 using the modified retrospective method. Typically, this approach would result in recognizing the cumulative effect of initially applying ASC 606 as an adjustment to the opening retained earnings at January 1, 2018, while prior period amounts are not adjusted and continue to be reported in accordance with the Company's historic revenue recognition methodology under ASC 605, *Revenue Recognition*. Based on our assessment of the guidance in ASC 606, the Company did not have a material change in financial position, results of operations, or cash flows and therefore there is no cumulative impact recorded to opening retained earnings. However, we have included additional qualitative and quantitative disclosures about our revenues as is required under the new revenue standard.

Disaggregation of Revenue

We generate revenue from the sale of services and sale of software for end-user software products provided through direct customer downloads and through the sale of these end-user software products via partners. The following table depicts the disaggregation of revenue (in thousands) according to revenue type and is consistent with how we evaluate our financial performance:

Revenue from Contracts with Customers:

	Twelve months ended December 31,	
	2019	2018
Services	$ 59,545	$ 64,476
Software and other	3,788	5,073
Total revenue	$ 63,333	$ 69,549

Under Topic 606, revenue is 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; and
- recognition of revenue when, or as, we satisfy a performance obligation.

Services Revenue

Services revenue is comprised primarily of fees for technology support services. Our service programs are designed for both the consumer and SMB markets, and include computer and mobile device set-up, security and support, virus and malware removal and wireless network set-up, and automation system onboarding and support.

We offer technology services to consumers and SMBs, primarily through our partners (which include communications providers, retailers, technology companies and others) and to a lesser degree directly through our website at www.support.com. We transact with customers via reseller programs, referral programs and direct transactions. In reseller programs, the partner generally executes the financial transactions with the customer and pays a fee to us which we recognize as revenue when the service is delivered. In referral programs, we transact with the customer directly and pay a referral fee to the referring party. Referral fees are generally expensed in the period in which revenues are recognized. In such referral programs, since we are the primary obligor and bear substantially all risks associated with the transaction, we record the gross amount of revenue. In direct transactions, we sell directly to the customer at the retail price.

The technology services described above include the following offerings:

- Hourly-Based Services - In connection with the provisions of certain services programs, fees are calculated based on contracted hourly rates with partners. For these programs, we recognize revenue as services are performed, based on billable hours of work delivered by our technology specialists. These services programs also include performance standards, which may result in incentives or penalties, which are recognized as earned or incurred.

- Subscriptions - Customers purchase subscriptions or “service plans” under which certain services are provided over a fixed subscription period. Revenues for subscriptions are recognized ratably over the respective subscription periods.

- Incident-Based Services - Customers purchase a discrete, one-time service. Revenue recognition occurs at the time of service delivery. Fees paid for services sold but not yet delivered are recorded as deferred revenue and recognized at the time of service delivery.

In certain cases, we are paid for services that are sold but not yet delivered. We initially record such balances as deferred revenue, and recognize revenue when the service has been provided or, on the non-subscription portion of these balances, when the likelihood of the service being redeemed by the customer is remote (“services breakage”). Based on our historical redemption patterns for these relationships, we believe that the likelihood of a service being delivered more than 90 days after sale is remote. We therefore recognize non-subscription deferred revenue balances older than 90 days as services revenue. For the years ended December 31, 2019 and 2018, services breakage revenue accounted for less than 1% of total services revenue.

The following table represent deferred revenue activity for the years ended December 31, 2019 and 2018 (in thousands):

Changes in deferred revenues were as follows:	**Year Ended December 31,**	
	2019	**2018**
Balance, beginning of period	$ 1,135	$ 2,019
Deferred revenue	1,887	1,120
Recognition of unearned revenue	(1,829)	(2,004)
Balance, end of period	$ 1,193	$ 1,135

Partners are generally invoiced monthly. Fees from customers via referral programs and direct transactions are generally paid with a credit card at the time of sale. Revenue is recognized net of any applicable sales tax.

We generally provide a refund period on services, during which refunds may be granted to customers under certain circumstances, including inability to resolve certain support issues. For our partnerships, the refund period varies by partner, but is generally between 5 and 14 days. For referral programs and direct transactions, the refund period is generally 5 days. For all channels, we recognize revenue net of refunds and cancellations during the period. Refunds and cancellations have not been material.

Services revenue also includes fees from licensing of our Support.com cloud-based software. In such arrangements, customers receive a right to use our Support.com Cloud in their own technology support organizations. We license our cloud-based software using a SaaS model under which customers cannot take possession of the technology and pay us on a per-user basis during the term of the arrangement. In addition, services revenue includes fees from implementation services of our cloud-based software. Currently, revenues from implementation services are recognized ratably over the customer life which is estimated as the term of the arrangement once the Support.com Cloud services are made available to customers. We generally charge for these services on a time and material basis. As of December 31, 2018 and 2019, revenues from implementation services are di minimus.

Software and Other Revenue

Software and other revenue is comprised primarily of fees for end-user software products provided through direct customer downloads and through the sale of these end-user software products via partners. Our software is sold to customers as a perpetual license or as a fixed period subscription. We offer when-and-if-available software upgrades to our end-user products. Management has determined that these upgrades are not distinct, as the upgrades are an input into a combined output. In addition, Management has determined that the frequency and timing of the when-and-if-available upgrades are unpredictable and therefore we recognize revenue consistent with the sale of the perpetual license or subscription. We generally control fulfillment, pricing, product requirements, and collection risk and therefore we record the gross amount of revenue. We provide a 30-day money back guarantee for the majority of our end-user software products.

For certain end-user software products, we sell perpetual licenses. We provide a limited amount of free technical support to customers. Since the cost of providing this free technical support is insignificant and free product enhancements are minimal and infrequent, we do not defer the recognition of revenue associated with sales of these products.

For certain of our end-user software products (principally SUPERAntiSpyware), we sell licenses for a fixed subscription period. We provide regular, significant updates over the subscription period and therefore recognize revenue for these products ratably over the subscription period.

Other revenue consists primarily of revenue generated through partners advertising to our customer base in various forms, including toolbar advertising, email marketing, and free trial offers. We recognize other revenue in the period in which our partners notify us that the revenue has been earned.

Engineering and IT

Engineering and IT expenditures are charged to operations as they are incurred.

Software Development Costs

Based on our product development process, technological feasibility is established on the completion of a working model. The Company determined that technological feasibility is reached shortly before the product is ready for general release and therefore development costs incurred have been insignificant. Accordingly, we have charged all such costs to engineering and IT expense in the period in which they were incurred.

Purchased Technology for Internal Use

We capitalize costs related to software that we license and incorporate into our product and service offerings or develop for internal use.

Advertising Costs

Advertising costs are recorded as sales and marketing expense in the period in which they are incurred. Advertising expense was $24,000 and $18,000 for the years ended December 31, 2019 and 2018, respectively.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed using our net income (loss) and the weighted average number of common shares outstanding during the reporting period. Diluted earnings (loss) per share is computed using our net income (loss) and the weighted average number of common shares outstanding, including the effect of the potential issuance of common stock such as stock issuable pursuant to the exercise of stock options and warrants and vesting of RSUs using the treasury stock method when dilutive.

For the year ended December 31, 2019, diluted earnings per share was computed using our net income and the weighted average number of common shares outstanding, including the effect of the potential issuance of common stock such as stock issuable pursuant to the exercise of stock options and warrants and vesting of RSUs using the treasury stock method. For the year ended December 31, 2018, we were in a loss position, therefore all shares were anti-dilutive."

The following table sets forth the computation of basic and diluted net earnings (loss) per share (in thousands, except per share amounts):

	Year Ended December 31,	
	2019	2018
Net income (loss)	$ 3,846	$ (9,100)
Basic:		
Weighted-average shares of common stock outstanding	18,977	18,826
Shares used in computing basic net income (loss) per share	18,977	18,826
Basic net income (loss) per share	$ 0.20	$ (0.48)
Diluted:		
Weighted-average shares of common stock outstanding	18,977	18,826
Add: Common equivalent shares outstanding	49	—
Shares used in computing diluted net loss per share	19,026	18,826
Diluted net income (loss) per share	$ 0.20	$ (0.48)

Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss, which relate entirely to accumulated foreign currency translation losses associated with our foreign subsidiaries and unrealized losses on investments, consisted of the following (in thousands):

	Foreign Currency Translation Gain (Loss)	Unrealized Gain (Loss) on Investments	Total
Balance as of December 31, 2018	$ (2,438)	$ (69)	$ (2,507)
Current-period other comprehensive gain	49	78	127
Balance as of December 31, 2019	$ (2,389)	$ 9	$ (2,380)

Realized gains/losses on investments reclassified from accumulated other comprehensive loss are reported as interest income and other, net in our consolidated statements of operations.

The amounts noted in the consolidated statements of comprehensive loss are shown before taking into account the related income tax impact. The income tax effect allocated to each component of other comprehensive income for each of the periods presented is not significant.

Stock-Based Compensation

We apply the provisions of ASC 718, *Compensation - Stock Compensation,* which requires the measurement and recognition of compensation expense for all stock-based payment awards, including grants of stock and options to purchase stock, made to employees and directors based on estimated fair values.

Determining Fair Value of Share-Based Payments

Valuation and Attribution Method: Stock-based compensation expense for service-based stock options and employee stock purchase plan (“ESPP”) is estimated at the date of grant based on the fair value of awards using the *Black-Scholes-Merton* option pricing model. Stock-based compensation expense for RSUs is estimated at the date of grant based on the number of shares granted and the quoted price of the Company’s common stock on the grant date. Stock options vest on a graded schedule; however, we recognize the expense over the requisite service period based on the straight-line method for service-based stock options and the accelerated method for market-based stock options, which is generally four years for stock options, three years or four years for RSUs and six months for ESPP, net of estimated forfeitures. These limitations require that on any date the compensation cost recognized is at least equal to the portion of the grant-date fair value of the award that is vested at that date. The Company estimates pre-vesting forfeitures at the time of grant by analyzing historical data and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. The total expense recognized over the vesting period will only be for those awards that ultimately vest.

Risk-free Interest Rate: We base our risk-free interest rate on the yield currently available on U.S. Treasury zero coupon issues for the expected term of the stock options.

Expected Term: Our expected term represents the period that our stock options are expected to be outstanding and is determined based on historical experience of similar stock options considering the contractual terms of the stock options, vesting schedules and expectations of future employee behavior.

Expected Volatility: Our expected volatility represents the amount by which the stock price is expected to fluctuate throughout the period that the stock option is outstanding. The expected volatility is based on the historical volatility of the Company’s stock.

Expected Dividend: As a part of the board of directors’ ongoing capital allocation review, on December 6, 2019 the board of directors authorized and declared a special cash distribution of $1.00 per share on each outstanding share of the Company’s common stock. The record date for this distribution was December 17, 2019 and the payment date was December 26, 2019. Accordingly, the Company paid $19.1 million to shareholders on December 26, 2019.

The fair value of our stock-based awards was estimated using the following weighted average assumptions for the years ended December 31, 2019 and 2018:

	Stock Option Plan		Employee Stock Purchase Plan	
	2019	2018	2019	2018
Risk-free interest rate	1.67%	2.43%	2.01%	2.31%
Expected term (in years)	3.1	3.0	0.5	0.5
Volatility	35.6%	41.2%	42.4%	29.0%
Expected dividend	0%	0%	0%	0%
Weighted average grant-date fair value	$ 0.52	$ 0.84	$ 0.43	$ 0.67

We recorded the following stock-based compensation expense for the fiscal years ended December 31, 2019 and 2018 (in thousands):

	For the Year Ended December 31,	
	2019	2018
Stock-based compensation expense related to grants of:		
Stock options	$ 130	$ 395
ESPP	19	16
RSU	155	269
	$ 304	$ 680
Stock-based compensation expense recognized in:		
Cost of service	$ 40	$ 63
Engineering and IT	25	42
Sales and marketing	38	54
General and administrative	201	521
	$ 304	$ 680

Cash provided by (used in) from the payment of dividend, issuance of common stock, net of repurchase of common stock, was $(19,006,000) and $257,000 for the years ended December 31, 2019 and 2018, respectively.

Income Taxes

Income taxes are accounted for under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be reversed or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statements of operations in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets, if it is more likely than not, that such assets will not be realized. The Company's deferred tax asset and related valuation allowance decreased by $438K to $46 million. As the deferred tax asset is fully allowed for, this change had no impact on the Company's financial position or results of operations.

Warranties and Indemnifications

We generally provide a refund period on sales, during which refunds may be granted to consumers under certain circumstances, including our inability to resolve certain support issues. For our partnerships, the refund period varies by partner, but is generally between 5-14 days. For referral programs and direct transactions, the refund period is generally 5 days. For the majority of our end-user software products, we provide a 30-day money back guarantee. For all channels, we recognize revenue net of refunds and cancellations during the period. Refunds and cancellations have not been material to date.

We generally agree to indemnify our customers against legal claims that our end-user software products infringe certain third-party intellectual property rights. As of December 31, 2019 and 2018, we were not required to make any payment resulting from infringement claims asserted against our customers and have not recorded any related accruals.

Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures,* defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; 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 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table represents our fair value hierarchy for our financial assets (cash equivalents and investments) measured at fair value on a recurring basis as of December 31, 2019 and 2018 (in thousands):

As of December 31, 2019	Level 1	Level 2	Level 3	Total
Money market funds	$ 1,137	$ —	$ —	$ 1,137
Certificates of deposit	—	475	—	475
Commercial paper	—	6,911	—	6,911
Corporate notes and bonds	—	7,933	—	7,933
U.S. government agency securities	—	2,144	—	2,144
Total	$ 1,137	$ 17,463	$ —	$ 18,600

As of December 31, 2018	Level 1	Level 2	Level 3	Total
Money market funds	$ 14,295	$ —	$ —	$ 14,295
Certificates of deposit	—	1,170	—	1,170
Commercial paper	—	3,985	—	3,985
Corporate notes and bonds	—	14,833	—	14,833
U.S. government agency securities	—	6,975	—	6,975
Total	$ 14,295	$ 26,963	$ —	$ 41,258

For short-term investments, measured at fair value using Level 2 inputs, we review trading activity and pricing for these investments as of the measurement date. When sufficient quoted pricing for identical securities is not available, we use market pricing and other observable market inputs for similar securities obtained from various third-party data providers. These inputs either represent quoted prices for similar assets in active markets or have been derived from observable market data. Our policy is that the end of our quarterly reporting period determines when transfers of financial instruments between levels are recognized. No transfers were made between level 1, level 2 and level 3 for the years ended December 31, 2019 and 2018.

Segment Information

The Company reports its operations as a single operating segment and has a single reporting unit. Our Chief Operating Decision Maker ("CODM"), our Chief Executive Officer, manages our operations on a consolidated basis for purposes of allocating resources. When evaluating performance and allocating resources, the CODM reviews financial information presented on a consolidated basis.

Revenue from customers located outside the United States was less than 1% of total for the years ended December 31, 2019 and 2018.

For the year ended December 31, 2019, Comcast and Cox Communications accounted for approximately 63% and 25%, respectively, of our total revenue. For the year ended December 31, 2018, Comcast and Cox Communications accounted for approximately 69% and 15%, respectively, of our total revenue. There were no other customers that accounted for 10% or more of our total revenue in any of the periods presented.

Long-lived assets are attributed to the geographic location in which they are located. We include in long-lived assets all tangible assets. Long-lived assets by geographic areas are as follows (in thousands):

	December 31,	
	2019	2018
United States	$ 532	$ 702
Philippines	1	1
Total	$ 533	$ 703

Recent Accounting Pronouncements

Recent Accounting Standards Adopted in the Current Period

Lease Accounting

In February 2016, the FASB issued ASU 2016-02, Leases (“ASU 2016-02”). This new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. In July 2018, the FASB issued ASU No. 2018-11 which provides an alternative transition method that allows entities to apply the new leases standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company has adopted the requirements of ASU 2016-02 on January 1, 2019 using the option transition method. The Company took advantage of the practical expedient options, which allows an entity not to reassess whether any existing or expired contracts contain leases. As of December 31, 2019, there was an increase in assets of $68,000 and liabilities of $68,000 since the adoption of the standard due to the recognition of the required right-of-use asset and corresponding liability for all lease obligations that are currently classified as operating leases with a minimal difference related to existing deferred rent that reduced the ROU asset recorded. The standard did not have an impact in our consolidated income statements.

For information regarding the impact of Topic 842 adoption, see *Significant Accounting Policies - Leases* and Note 8— Leases.

Fixed Assets

In August 2018, the FASB issued Accounting Standard Update No. 2018-15, *Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* simplifies the Process for Accounting for Cloud Computing Expenses. The guidance states that implementation costs should be amortized over the term of the associated cloud computing arrangement service on a straight-line basis. In addition, it states that the usage rate (number of transactions, users, data throughput) should not be used as a basis for amortization. This guidance will be effective after December 15, 2019, and early adoption is permitted. The Company adopted the guidance as of December 31, 2019. As of December 31, 2019, the Company capitalized $74,000 of cloud implementation costs as part of software in Property and Equipment in the consolidated balance sheets and is amortizing it over 3 years on a straight-line basis.

New Accounting Standards to be adopted in Future Periods

Financial Instruments

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Recognition and Measurement of Financial Assets and Financial Liabilities (Topic 825)*. ASU No. 2016-01 revises the classification and measurement of investments in certain equity investments and the presentation of certain fair value changes for certain financial liabilities measured at fair value. ASU No. 2016-01 requires the change in fair value of many equity investments to be recognized in net income. The Company adopted ASU 2016-01 in its first quarter of 2020 utilizing the modified retrospective transition method. Based on the composition of the Company’s investment portfolio, the adoption of ASU 2016-01 did not have a material impact on its consolidated financial statements.

In August 2018, the FASB issued Accounting Standard Update No. 2018-13, *Changes to Disclosure Requirements for Fair Value Measurements (Topic 820)* (ASU 2018-13), which improved the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements. The standard removes, modifies, and adds certain disclosure requirements. We will adopt the new standard effective January 1, 2020 and do not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

Intangible Assets

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* (ASU 2017-04), which eliminates step two from the goodwill impairment test. Under ASU 2017-04, an entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value up to the amount of goodwill allocated to that reporting unit. This guidance will be effective for us in the first quarter of 2020 on a prospective basis, and early adoption is permitted. We do not expect the standard to have a material impact on our consolidated financial statements.

Income Taxes

In December 2019, the FASB issued Accounting Standard Update No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* (ASU 2019-12), which simplifies the accounting for income taxes. This guidance will be effective for us in the first quarter of 2021 on a prospective basis, and early adoption is permitted. We are currently evaluating the impact of the new guidance on our consolidated financial statements.

Note 2. Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation, and consist of the following as of December 31, 2019 and 2018 (in thousands):

	December 31,	
	2019	2018
Computer equipment and software	$ 7,233	$ 7,143
Furniture and office equipment	142	142
Leasehold improvements	348	348
Construction in progress	32	—
	7,755	7,633
Accumulated depreciation	(7,222)	(6,930)
	$ 533	$ 703

Depreciation expense was $294,000 and $638,000 for the years ended December 31, 2019 and 2018, respectively.

Note 3. Intangible Assets

Amortization expense related to intangible assets was $0 for the years ended December 31, 2019 and 2018, respectively.

In December 2006, we acquired the use of a toll-free telephone number for cash consideration of $250,000. This asset has an indefinite useful life. The intangible asset is tested for impairment annually or more often if events or changes in circumstances indicate that the carrying value may not be recoverable.

As of December 31, 2019, all intangible assets have been fully amortized with the exception of the indefinite-life intangibles.

Note 4. Commitments and Contingencies

Lease commitments

Sunnyvale office lease. On March 23, 2018, we entered into a two-year lease agreement with an effective date of April 1, 2018 for our Sunnyvale facility, covering approximately 6,283 square feet with the monthly rent of $14,000. The lease is scheduled to expire on March 31, 2020.

Other facility leases. We lease our facilities under non-cancelable operating lease agreements, which expire at various dates through December 2020.

Total facility rent expense pursuant to all operating lease agreements was $512,000 and $401,000 for the years ended December 31, 2019 and 2018, respectively.

As of December 31, 2019, minimum payments due under all non-cancelable lease agreements were as follows (in thousands):

Years ending December 31,		Operating Leases
2020	$	274
2021		107
Total minimum lease and principal payments	$	381

Legal contingencies

Federal Trade Commission Consent Order. As previously disclosed, on December 20, 2016 the Federal Trade Commission ("FTC") issued a confidential Civil Investigative Demand, or CID, to the Company requiring the Company to produce certain documents and materials and to answer certain interrogatories relating to PC Healthcheck, an obsolete software program that the Company developed on behalf of a third party for their use with their customers. The investigation relates to the Company providing software like PC Healthcheck to third parties for their use prior to December 31, 2016, when the Company was under management of the previous Board and executive team. Since issuing the CID, the FTC has sought additional written and testimonial evidence from the Company. We have cooperated fully with the FTC's investigation and provided all requested information. In addition, the Company has not used PC Healthcheck nor provided it to any customers since December 2016.

On March 9, 2018, the FTC notified the Company that the FTC was willing to engage in settlement discussions. On November 6, 2018, the Company and the FTC entered into a proposed Stipulation to Entry of Order for Permanent Injunction and Monetary Judgment, or the Consent Order. The Consent Order was approved by the Commission on March 26, 2019 and entered by the U.S. District Court for the Southern District of Florida on March 29, 2019. Entry of the Consent Order by the Court has finally resolved the FTC's multi-year investigation of the Company.

Pursuant to the Consent Order, under which the Company neither admitted nor denied the FTC's allegations (except as to the Court having jurisdiction over the matter), the FTC has agreed to accept a payment of $10 million in settlement of the $35 million judgement, subject to the factual accuracy of the information the Company has provided as part of our financial representations. The $10 million payment was made on April 1, 2019 and has been recognized in operating expenses within the Company's consolidated statements of operations for the year ended December 31, 2018.

Additionally, pursuant to the Consent Order, the Company has agreed to implement certain new procedures and enhance certain existing procedures. For example, the Consent Order necessitates that the Company cooperate with representatives of the Commission on associated investigations if needed; imposes requirements on the Company regarding obtaining acknowledgements of the Consent Order and compliance certification, including record creation and maintenance; and prohibits the Company from making misrepresentations and misleading claims or providing the means for others to make such claims regarding, among other things, detection of security or performance issues on consumer's Electronic Devices. Electronic Devices include, but are not limited to, cell phones, tablets and computers. The Company intends to monitor the impact of the Consent Order regularly and, while the Company currently does not expect the settlement to have a long-term and materially adverse impact on its business, the Company's business may be negatively impacted as the Company adjusts to some of the changes. If the Company is unable to comply with the Consent Order, then this could result in a material and adverse impact to the Company's results of operations and financial condition.

Other Matters. The Company has received and may in the future receive additional requests for information, including subpoenas, from other governmental agencies relating to the subject matter of the Consent Order and the Civil Investigative Demands described above. The Company intends to cooperate with these information requests and is not aware of any other legal proceedings against the Company by governmental authorities at this time.

We are also subject to other routine legal proceedings, as well as demands, claims and threatened litigation, that arise in the normal course of our business, potentially including assertions that we may be infringing patents or other intellectual property rights of others. We currently do not believe that the ultimate amount of liability, if any, for any pending claims of any type (alone or combined) will materially affect our financial position, results of operations or cash flows. The ultimate outcome of any litigation is uncertain; however, any unfavorable outcomes could have a material negative impact on our financial condition and operating results. Regardless of outcome, litigation can have an adverse impact on us because of defense costs, negative publicity, diversion of management resources and other factors.

Guarantees

We have identified guarantees in accordance with ASC 450, *Contingencies*. This guidance stipulates that an entity must recognize an initial liability for the fair value, or market value, of the obligation it assumes under the guarantee at the time it issues such a guarantee, and must disclose that information in its interim and annual financial statements. We have entered into various service level agreements with our partners, in which we may guarantee the maintenance of certain service level thresholds. Under some circumstances, if we do not meet these thresholds, we may be liable for certain financial costs. We evaluate costs for such guarantees under the provisions of ASC 450. We consider such factors as the degree of probability that we would be required to satisfy the liability associated with the guarantee and the ability to make a reasonable estimate of the resulting cost. We incurred zero costs as a result of such obligations during the years ended December 31, 2019 and 2018, respectively. We have not accrued any liabilities related to such obligations in the consolidated financial statements as of December 31, 2019 and 2018.

Note 5. Other Accrued and Other Long-Term Liabilities

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

	As of December 31,	
	2019	2018
Accrued expenses	$ 443	$ 338
Self-insurance accruals	404	585
Lease liabilities	68	-
Other accrued liabilities	86	55
Total other accrued liabilities	$ 1,001	$ 978

Other long-term liabilities consist of the following (in thousands):

	As of December 31,	
	2019	2018
Long-term income tax payable	$ 783	$ 545
FIN48 long-term income tax payable	-	253
Other long-term liabilities	9	2
Total other long-term liabilities	$ 792	$ 800

Note 6. Stockholders' Equity

Equity Compensation Plan

We adopted the amended and restated 2010 Equity and Performance Incentive Plan (the "2010 Plan"), effective as of May 19, 2010. Under the 2010 Plan, the number of shares of Common Stock that may be issued will not exceed in the aggregate 1,666,666 shares of Common Stock plus the number of shares of Common Stock relating to prior awards under the 2000 Omnibus Equity Incentive Plan that expire, are forfeited or are cancelled after the adoption of the 2010 Plan, subject to adjustment as provided in the 2010 Plan. Pursuant to an approval from the Company's shareholders, the number of shares of Common Stock that may be issued under the 2010 Plan was increased by 750,000 shares of Common Stock in May 2013 and 333,333 shares in June 2016. No grants will be made under the 2010 Plan after the tenth anniversary of its effective date. Under our 2010 Plan, as of December 31, 2019, there were approximately 1.8 million shares available for grant.

We adopted the 2014 Inducement Award Plan (the "Inducement Plan"), effective as of May 13, 2014. Under the Inducement Plan, the number of shares of Common Stock that may be issued will not exceed in the aggregate 666,666 shares of Common Stock. Under our Inducement Plan, as of December 31, 2019, there were approximately 366,000 shares available for grant.

Stock Options

The following tables represent stock option activity for the years ended December 31, 2019 and 2018:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding options at December 31, 2017	732,190	$ 3.72	8.17	$ 56
Granted	330,000	$ 2.75		
Exercised	(75,022)	$ 2.46		
Forfeited	(183,848)	$ 6.14		
Outstanding options at December 31, 2018	803,320	$ 2.89	8.43	$ 54
Granted	90,000	$ 0.94		
Exercised	-	$ -		
Forfeited	(77,135)	$ 1.97		
Outstanding options at December 31, 2019	816,185	$ 1.77	7.49	$ 16
Options vested and expected to vest	816,185	$ 1.77	7.49	$ 16
Exercisable at December 31, 2019	698,879	$ 1.88	7.34	$ 7

A summary of additional information related to the options outstanding as of December 31, 2018 under the 2010 and 2014 Plans are as follows:

Option Plans Range of Exercise Prices	Number of Outstanding Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
$ 0.56 - $1.14	90,000	9.41	$ 0.94
$ 1.29-$1.29	271,234	7.17	$ 1.29
$ 1.51-$1.56	90,232	5.27	$ 1.52
$ 1.74-$1.74	300,000	8.15	$ 1.74
$ 1.88-$12.44	56,723	6.57	$ 3.96
$ 12.50-$16.67	7,996	3.61	$ 15.88
	816,185		

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value that would have been received by the option holders had they all exercised their options on December 31, 2019 and 2018. This amount will change based on the fair market value of our stock. The total aggregate intrinsic value of options exercised under our stock option plans was $0 and $27,000 for the years ended December 31, 2019 and 2018, respectively. The total fair value of options vested during 2019 and 2018 was $53,000 and $22,000, respectively.

At December 31, 2019, there was $0 of unrecognized compensation cost related to stock options which is expected to be recognized over a weighted average period of 0.7 years.

Employee Stock Purchase Plan

In the second quarter of 2011, to advance the interests of the Company and its stockholders by providing an incentive to attract, retain and reward eligible employees and by motivating such persons to contribute to the growth and profitability of the Company, the Company's Board of Directors and stockholders approved a new Employee Stock Purchase Plan and reserved 1,000,000 shares of our common stock for issuance effective as of May 15, 2011. The ESPP continues in effect for ten (10) years from its effective date unless terminated earlier by the Company. The ESPP consists of six-month offering periods during which employees may enroll in the plan. The purchase price on each purchase date shall not be less than eighty-five percent (85%) of the lesser of (a) the fair market value of a share of stock on the offering date of the offering period, or (b) the fair market value of a share of stock on the purchase date.

A total of 25,866 shares and 28,018 shares were issued under the ESPP during the years ended December 31, 2019 and 2018, respectively.

As of December 31, 2019, approximately 104,071 shares remain available for grant under the ESPP.

Restricted Stock Units

The following table represents RSU activity for the years ended December 31, 2019 and 2018:

	Number of Shares	Weighted Average Grant-Date Fair Value per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding RSUs at December 31, 2017	136,329	$ 2.80	0.80	$ 329
Awarded	90,905	$ 2.75		
Released	(119,943)	$ 2.79		
Forfeited	(11,061)	$ 2.67		
Outstanding RSUs at December 31, 2018	96,230	$ 2.78	0.60	$ 227
Awarded	243,348	$ 1.39		
Released	(72,724)	$ 2.06		
Forfeited	(18,305)	$ 2.75		
Outstanding RSUs at December 31, 2019	248,549	$ 1.62	0.60	$ 227

At December 31, 2018, there was $112,000 of unrecognized compensation cost related to RSUs which is expected to be recognized over a weighted average period of 0.6 years.

Cash Dividend

As a part of the board of directors' ongoing capital allocation review, on December 6, 2019 the board of directors authorized and declared a special cash distribution of $1.00 per share on each outstanding share of the Company's common stock. The record date for this distribution was December 17, 2019 and the payment date was December 26, 2019. Accordingly, the Company paid $19.1 million to shareholders on December 26, 2019.

In connection with the special cash distribution of $1.00 per share, the exercise price on all outstanding options as of December 27, 2019 was reduced by $1.00 as permitted under the 2010 and 2014 Plans which includes an antidilution feature designed to equalize the fair value of options as a result of a transaction such as this special distribution. This adjustment did not affect the fair value, vesting conditions or classification of the outstanding options.

Stock Program

On April 27, 2005, our Board of Directors authorized the repurchase of up to 666,666 outstanding shares of our common stock. As of December 31, 2018, the maximum number of shares remaining that can be repurchased under this program was 602,467. The Company does not intend to repurchase shares without a pre-approval from its Board of Directors.

Stockholder Rights Agreement and Tax Benefits Preservation Plan

Our Board adopted the Section 382 Tax Benefits Preservation Plan in an effort to diminish the risk that the Company’s ability to utilize its net operating loss carryovers (collectively, the “NOLs”) to reduce potential future federal income tax obligations may become substantially limited. Under the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations promulgated thereunder by the U.S. Treasury Department, these NOLs may be “carried forward” in certain circumstances to offset any current and future taxable income and thus reduce federal income tax liability, subject to certain requirements and restrictions. However, if the Company experiences an “ownership change,” within the meaning of Section 382 of the Code (“Section 382”), its ability to utilize the NOLs may be substantially limited, and the timing of the usage of the NOLs could be substantially delayed, which could therefore significantly impair the value of those assets. Section 382 and the Treasury regulations thereunder make the Company’s commercial risk from a Section 382 limitation triggering event particularly acute given the relative size of its current cash on hand to its market capitalization. As applied to the Company’s current cash position and current market capitalization, if the Company was to currently experience an ownership change, it would be subject to Section 382’s “non-business asset” limitation which would result in the Company permanently losing all $151.1 million of its NOLs.

The Section 382 Tax Benefits Preservation Plan is intended to act as a deterrent to any person or group acquiring beneficial ownership of 4.99% or more of the outstanding Common Stock without the approval of the Board (such person, an “Acquiring Person”). A person who acquires, without the approval of the Board, beneficial ownership (other than as a result of repurchases of stock by the Company, dividends or distributions by the Company or certain inadvertent actions by stockholders) of 4.99% or more of the outstanding Common Stock (including any ownership interest held by that person's Affiliates and Associates as defined under the Section 382 Tax Benefits Preservation Plan) could be subject to significant dilution. Stockholders who beneficially own 4.99% or more of the outstanding Common Stock prior to the first public announcement by the Company of the Board’s adoption of the Section 382 Tax Benefits Preservation Plan will not trigger the Section 382 Tax Benefits Preservation Plan so long as they do not acquire beneficial ownership of additional shares of the Common Stock (other than pursuant to a dividend or distribution paid or made by the Company on the outstanding shares of Common Stock or pursuant to a split or subdivision of the outstanding shares of Common Stock) at a time when they still beneficially own 4.99% or more of such stock. In addition, the Board retains the sole discretion to exempt any person or group from the penalties imposed by the Section 382 Tax Benefits Preservation Plan.

In the event that a person becomes an Acquiring Person, each holder of a Right, other than Rights that are or, under certain circumstances, were beneficially owned by the Acquiring Person (which will thereupon become void), will thereafter have the right to receive upon exercise of a Right and payment of the Purchase Price, and subject to the terms, provisions and conditions of the Section 382 Tax Benefits Preservation Plan, a number of shares of the Common Stock having a market value of two times the Purchase Price.

Note 7. Income Taxes

The components of our income (loss) before income taxes are as follows (in thousands):

	Year Ended December 31,	
	2019	2018
United States	$ 3,634	$ (9,458)
Foreign	366	357
Total	$ 4,000	$ (9,101)

The provision (benefit) for income taxes from continuing operations consisted of the following (in thousands):

	Year Ended December 31,	
Current:	2019	2018
Federal	$ —	$ —
State	16	8
Foreign	118	(38)
Total Current	$ 134	$ (30)
Deferred		
Federal	$ —	$ —
State	—	—
Foreign	20	29
Total Deferred	$ 20	$ 29
Provision (benefit) for income taxes	$ 154	$ (1)

The reconciliation of the Federal statutory income tax rate to our effective income tax rate is as follows (in thousands):

	Year Ended December 31,	
	2019	2018
Provision at Federal statutory rate	$ 835	$ (1,911)
State taxes	16	8
Permanent differences/other	(13)	65
Stock-based compensation	23	81
Federal valuation allowance (used) provided	(707)	1,756
Provision (benefit) for income taxes	$ 154	$ (1)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of our deferred tax assets and liabilities are as follows (in thousands):

	December 31,	
	2019	2018
Deferred Tax Assets		
Fixed assets	$ 78	$ 66
Accruals and reserves	92	2,673
Stock options	197	179
Net operating loss carryforwards	38,335	35,522
Federal and state credits	3,461	3,461
Foreign credits	159	152
Intangible assets	1,789	2,139
Research and development expense	1,858	2,224
Gross deferred tax assets	45,969	46,416
Valuation allowance	(45,846)	(46,283)
Total deferred tax assets	123	133
Deferred Tax Liabilities (1)	(551)	(543)
Net deferred liabilities	$ (428)	$ (410)

(1) Of this amount, $534,000 relates to the Indian subsidiaries unremitted earnings deferred tax liability.

ASC 740, *Income Taxes*, provides for the recognition of deferred tax assets if realization of such assets is more likely than not to occur. Based on management's review of both the positive and negative evidence, which includes our historical operating performance, reported cumulative net losses since inception and difficulty in accurately forecasting its results, the Company has concluded that it is not more likely than not that the Company will be able to realize all the Company's U.S. deferred tax assets. Therefore, the Company has provided a full valuation allowance against its U.S. deferred tax assets.

Based on management's review of both positive and negative evidence, which includes the historical operating performance of our Canadian subsidiary, the Company has concluded that it is more likely than not that the Company will be able to realize a portion of the Company's Canadian deferred tax assets. Therefore, the Company has a partial valuation allowance on Canadian deferred tax assets. There is no valuation allowance against the Company's Indian deferred tax assets. The Company reassesses the need for its valuation allowance on a quarterly basis.

Based on management's review discussed above, the realization of deferred tax assets is dependent on improvements over present levels of pre-tax income. Until the Company is consistently profitable in the U.S., it will not realize its deferred tax assets.

Due to the complexities involved in accounting for the recently enacted Tax Act, the U.S. Securities and Exchange Commission's Staff Accounting Bulletin ("SAB") 118 requires that the Company include in its financial statements a reasonable estimate of the impact of the Tax Act on earnings to the extent such estimate has been determined. Pursuant to the SAB 118, the Company is allowed a measurement period of up to one year after the enactment date of the Tax Act to finalize the recording of the related tax impacts. December 22, 2018 marked the end of the measurement period for purposes of SAB 118. As such, the Company has completed the analysis relating to the Act which resulted in no additional SAB 118 tax effect in the fourth quarter of 2018 for the year ended December 31, 2018.

Beginning in 2018, the Tax Act provides a 100% deduction for dividends received from 10-percent owned foreign corporations by U.S. corporate shareholders, subject to a one-year holding period. Although dividend income is now exempt from U.S. federal tax in the hands of the U.S. corporate shareholders, companies must still apply the guidance of ASC 740-30-25-18 to account for the tax consequences of outside basis differences and other tax impacts of their investments in non-U.S. subsidiaries. Deferred income taxes have not been provided on the cumulative undistributed earnings of foreign subsidiaries except for a change in assertion at December 31, 2017 for Support.com India Private Ltd. The amount of cumulative undistributed Indian subsidiary's earnings at December 31, 2017 for which the Company is changing its assertion under ASC 740-30-25 was $2.67 million. Under the Tax Cuts and Jobs Act of 2017, all foreign subsidiaries' accumulated earnings through December 31, 2019 has been included in U.S. taxable income. As such, the only tax related to the Indian subsidiary remittance would be a dividend distribution tax of $534,000 as of December 31, 2019.

The net valuation allowance decreased and increased by approximately $0.4 million and $2.1 million during the years ended December 31, 2019 and 2018, respectively. As of December 31, 2019, the Company had Federal and state net operating loss carryforwards of approximately $151.1 million and $91.2 million, respectively. The Federal net operating loss and credit carryforwards will expire at various dates beginning in 2020 through 2039, if not utilized. The state net operating loss carryforwards will expire at various dates beginning in 2020 through 2039, if not utilized.

The Company also had Federal and state research and development credit carryforwards of approximately $2.8 million and $2.4 million, respectively. The federal credits expire in varying amounts between 2020 and 2031. The state research and development credit carryforwards do not have an expiration date.

Utilization of net operating loss carryforwards and credits may be subject to substantial annual limitation or could be lost 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 utilization.

ASC 740-10 clarifies the accounting for uncertainties in income taxes by prescribing guidance for the recognition, de-recognition and measurement in financial statements of income tax positions taken in previously filed tax returns or tax positions expected to be taken in tax returns, including a decision whether to file or not to file in a particular jurisdiction. ASC 740-10 requires the disclosure of any liability created for unrecognized tax benefits. The application of ASC 740-10 may also affect the tax bases of assets and liabilities and therefore may change or create deferred tax liabilities or assets.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	Year Ended December 31,	
	2019	2018
Balance at beginning of year	$ 2,117	$ 2,229
Increase related to prior year tax positions	4	—
Decrease related to prior year tax positions	—	(20)
Settlements with tax authorities	—	(92)
Balance at end of year	$ 2,121	$ 2,117

The Company's total amounts of unrecognized tax benefits that, if recognized, that would affect its tax rate are $0.1 million and $0.1 million as of December 31, 2019 and 2018, respectively.

The Company's policy is to include interest and penalties related to unrecognized tax benefits within its provision for (benefit from) income taxes. The Company had $113,000 accrued for payment of interest and penalties related to unrecognized tax benefits as of December 31, 2019. The Company had $110,000 accrued for payment of interest and penalties related to unrecognized tax benefit as of December 31, 2018.

As of December 31, 2019, it is reasonably possible that the balance of unrecognized tax benefits could significantly change within the next twelve months. However, an estimate of the range of reasonably possible adjustments cannot be made at this time.

The Company files federal, state and foreign income tax returns in jurisdictions with varying statutes of limitations. Due to its net operating loss carryforwards, the Company's income tax returns generally remain subject to examination by federal and most state authorities. In our foreign jurisdictions, the 2009 through 2018 tax years remain subject to examination by their respective tax authorities.

We are required to make periodic filings in the jurisdictions where we are deemed to have a presence for tax purposes. We have undergone audits in the past and have paid assessments arising from these audits. Our India entity was issued notices of income tax assessment pertaining to the 2004-2009 fiscal years. The notices claimed that the transfer price used in our inter-company agreements resulted in understated income in our Indian entity. During the fourth quarter of 2014, the Company re-evaluated the probability of its tax position and recorded an ASC 740-10 reserve related to India transfer pricing. As of December 31, 2019, the ASC 740-10 reserve for India transfer pricing totals $250,000. The Company's tax position related to India has not changed in 2019 aside from an additional $3,000 increase to the reserve representing accrued interest.

We may be subject to other income tax assessments in the future. We evaluate estimated expenses that could arise from those assessments in accordance with ASC 740-10. We consider such factors as the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate on the amount of expenses. We record the estimated liability amount of those assessments that meet the definition of an uncertain tax position under ASC 740-10.

Note 8. Leases

We have entered into various non-cancelable operating lease agreements for certain of our offices, and certain equipment. Our leases have original lease periods expiring between 2019 and 2020.

The components of lease costs, lease term and discount rate are as follows (in thousands except lease term and discount rate):

	For the Year ended December 31, 2019
Operating leases	
Operating lease right-of-use assets	$ 68
Operating lease liabilities – short term	$ 61
Operating lease liabilities – long-term	7
Total operating lease liabilities	$ 68
Weighted Average Remaining Lease Term	
Operating leases	0.4 years
Weighted Average Discount Rate	
Operating leases	4.5%

The following represents maturities of operating lease liabilities as of December 31, 2019 (in thousands):

	Operating Leases
2020	$ 62
2021	5
2022	3
Total undiscounted cash flows	70
Less imputed interest	(2)
Present value of lease liabilities	$ 68

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

	For the Year Ended December 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 181
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	$ -

The Company recorded the operating lease liabilities under other accrued liabilities on the consolidated balance sheet as of December 31, 2019.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES.

None

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of the Company's management, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act were effective as of December 31, 2019 to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and have been communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Inherent Limitations Over Internal Controls

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles ("GAAP"). The Company's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that the Company's receipts and expenditures are being made only in accordance with authorizations of the Company's management and directors; and

(iii) 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.

Management, including the Company's Chief Executive Officer and Chief Financial Officer, does not expect that the Company's internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, any evaluation of the effectiveness of controls in future periods are subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's Annual Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Management conducted an assessment of the effectiveness of the Company's 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 Company's 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.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the fourth quarter of Year 2019, which were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

This report does not include an auditors' report on the effectiveness of internal control over financial reporting due to SEC rules that exempt smaller reporting companies such as Support.com from providing such a report.

/s/ RICHARD A. BLOOM

RICHARD A. BLOOM
President and Chief Executive Officer

/s/ RICHARD A. BLOOM

RICHARD A. BLOOM
Principal Financial Officer

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by Item 10 of Form 10-K with respect to Item 401 of Regulation S-K regarding our directors is incorporated herein by reference from the information contained in the section entitled “Directors and Nominees” in our definitive Proxy Statement for the 2018 Annual Meeting of Stockholders (the “Proxy Statement”), a copy of which will be filed with the Securities and Exchange Commission.

The information required by Item 10 of Form 10-K with respect to Item 401 of Regulation S-K regarding our executive officers is incorporated herein by reference from the information contained in the section entitled “Executive Compensation and Related Information” in our definitive Proxy Statement.

The information required by Item 10 of Form 10-K with respect to Item 405 of Regulation S-K regarding section 16(a) beneficial ownership compliance is incorporated by reference from the information contained in the section entitled “Section 16(a) Beneficial Ownership Compliance” in our Proxy Statement.

We have adopted a Code of Ethics and Business Conduct for Employees, Officers and Directors which is applicable to all of our directors, executive officers and employees, including our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial and accounting officer, respectively). The Code of Ethics and Business Conduct for Employees, Officers and Directors is available on our website at http://www.support.com/about/investor-relations/corporategovernance. A copy of the Code of Ethics and Business Conduct for Employees, Officers and Directors will be provided without charge to any person who requests it by emailing us at IR@Support.com, or telephoning 1-650-556-9440. We will disclose on our website amendments to or waivers from our Code of Ethics and Business Conduct applicable to our directors or executive officers, including our Chairman, our Chief Executive Officer and our Chief Financial Officer, in accordance with all applicable laws and regulations.

The information required by Item 10 of Form 10-K with respect to Items 407(c)(3), 407(d)(4) and 407(d)(5) of Regulation S-K is incorporated by reference from the information contained in the sections entitled “Director Nominations,” “Corporate Governance” and “Committees of the Board of Directors” in our Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by Item 11 of Form 10-K is incorporated herein by reference from the information contained in the sections entitled “Executive Compensation and Related Information,” “Director Compensation,” “Compensation Committee Report” and “Compensation Committee Interlocks and Insider Participation” in our Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by Item 12 of Form 10-K with respect to Item 201 of Regulation S-K regarding securities authorized for issuance under equity compensation plans and Item 403 of Regulation S-K regarding security ownership of certain beneficial owners and management is incorporated herein by reference from the information contained in the section entitled “Security Ownership of Certain Beneficial Owners and Management” in the Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE.

The information required by Item 13 of Form 10-K is incorporated herein by reference from the information contained in the sections entitled “Certain Relationships and Related Transactions,” “Compensation Committee Interlocks and Insider Participation” and “Director Independence” in our Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required by Item 14 of Form 10-K is incorporated herein by reference from the information contained in the sections entitled “Principal Accountant Fees and Services” and “Audit Committee Pre-Approval Policies and Procedures” in our Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) The following documents are filed as part of this report:

(1) Financial Statements—See Index to the Consolidated Financial Statements and Supplementary Data in Item 8 of this report.

(2) Financial Statement Schedules.

Schedule II—Valuation and qualifying accounts was omitted as the required disclosures are included in Note 1 to the Consolidated Financial Statements.

All other schedules are omitted since the information required is not applicable or is shown in the Consolidated Financial Statements or notes thereto.

(3) Exhibits—See in Item 15(b) of this report.

(b) Exhibits.

Exhibit	Description of Document
3.1	Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 of Support.com's annual report on Form 10-K for the year ended December 31, 2001)
3.2	Certificate of Amendment to Support.com's Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of Support.com's current report on Form 8-K filed with the SEC on June 23, 2009)
3.3	Certificate of Designation of Series A Junior Participating Preferred Stock of Support.com (incorporated by reference to Exhibit 3.1 of Support.com's current report on Form 8-K filed with the SEC on October 14, 2015)
3.4	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 of Support.com's current report on Form 8-K filed with the SEC on February 5, 2016)
3.5	Certificate of Designation of Series B Junior Participating Preferred Stock, as filed with the Secretary of State of Delaware on April 21, 2016 (incorporated by reference to Exhibit 3.1 of Support.com's current report on Form 8-K filed with the SEC on April 21, 2016)
3.6	Certificate of Amendment to the Restated Certificate of Incorporation of the Company effective January 20, 2017, filed on January 13, 2017 (incorporated by reference to Exhibit 3.1 of Support.com's current report on Form 8-K filed with the SEC on January 13, 2017
3.7	Amended and Restated Certificate of Designation of Series B Junior Participating Preferred Stock of the Company (incorporated by reference to Exhibit 3.1 of Support.coms current report on Form 8-K filed with the SEC on August 22, 2019)
4.1	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 of Support.com's quarterly report on Form 10-Q for the quarter ended June 30, 2002)
4.2	Rights Agreement with Computershare Trust Company, N.A., dated October 13, 2015 (incorporated by reference to Exhibit 4.1 of Support.com's current report on Form 8-K filed with the SEC on October 14, 2015).
4.3	Section 382 Tax Benefits Preservation Plan, dated as of April 20, 2016, by and between Support.com, Inc. and Computershare Trust Company, N.A., as Rights Agent (incorporated by reference to Exhibit 4.1 of Support.com's current report on Form 8-K filed with the SEC on April 21, 2016)
4.4	Amendment No. 1, dated as of April 20, 2016, to the Rights Agreement, dated as of October 13, 2015, by and between Support.com, Inc. and Computershare Trust Company, N.A., as Rights Agent (incorporated by reference to Exhibit 4.2 to Support.com's Form 8-A/A filed with the SEC on April 21, 2016)
4.5	Certificate of Elimination of the Series A Preferred Stock filed with the Secretary of State of the State of Delaware on April 21, 2016 (incorporated by reference to Exhibit 4.3 to Support.com's Form 8-A/A filed with the SEC on April 21, 2016)
4.6	Support.com, Inc. Second Amended and Restated 2010 Equity and Performance Incentive Plan (incorporated by reference to Appendix B of Support.com's proxy statement on Schedule 14a, filed with the SEC on May 12, 2016)
4.7	Section 382 Tax Benefits Preservation Plan, dated as of August 21, 2019, by and between Support.com, Inc. and Computershare Trust Company, N.A., as Rights Agent (incorporated by reference to Exhibit 4.1 of Support.coms current report on Form 8-K filed with the SEC on August 22, 2019)
10.1*	Support.com's amended and restated 2010 Equity and Incentive Compensation Plan (incorporated by reference to Exhibit 4.1 of Support.com's current report on Form 8-K filed with the SEC on May 21, 2010)
10.2*	Support.com's 2011 Employee Stock Purchase Plan (incorporated by reference to Annex A of Support.com's definitive proxy statement for Support.com's 2011 annual meeting of stockholders filed on April 15, 2011)
10.3*	Support.com's 2014 Inducement Award Plan (incorporated by reference to Exhibit 10.2 of Support.com's current report on Form 8-K filed with the SEC on May 19, 2014)
10.4*	Form of Directors' and Officers' Indemnification Agreement (incorporated by reference to Exhibit 10.4 of Support.com's registration statement on Form S-1 filed with the SEC on February 18, 2000)
10.5*	Form of Stock Option Grant Notification for Officers and Employees (incorporated by reference to Exhibit 10.1(a) of Support.com's quarterly report on Form 10-Q filed on November 5, 2009).
10.6	Sublease Agreement with TYCO Healthcare Group LP dated June 7, 2012 (incorporated by reference to Exhibit 10.1 of Support.com's quarterly report on form 10-Q filed with the SEC on August 8, 2012).

10.7	Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of October 1, 2013 (incorporated by reference to Exhibit 10.19 of Support.com's annual report on Form 10-K filed with the SEC on March 7, 2014) (1)
10.8	Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of October 1, 2013 (incorporated by reference to Exhibit 10.20 of Support.com's annual report on Form 10-K filed with the SEC on March 7, 2014) (1)
10.9	Change Management Form Number 1 under Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of December 22, 2013 (incorporated by reference to Exhibit 10.24 of Support.com's annual report on Form 10-K filed with the SEC on March 7, 2014 (1)
10.10	Amendment Number 1 to Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of December 31, 2013 (incorporated by reference to Exhibit 10.21 of Support.com's annual report on Form 10-K filed with the SEC on March 7, 2014)
10.11	Statement of Work Number 2 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of December 31, 2013 (incorporated by reference to Exhibit 10.22 of Support.com's annual report on Form 10-K filed with the SEC on March 7, 2014) (1)
10.12	Statement of Work Number 3 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of March 21, 2014 (incorporated by reference to Exhibit 10.3 of Support.com's quarterly report on Form 10-Q filed with the SEC on May 8, 2014) (1)
10.13	Change Management Form Number 2 under Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of February 27, 2014 (incorporated by reference to Exhibit 10.1 of Support.com's quarterly report on Form 10-Q filed with the SEC on May 8, 2014) (1)
10.14	Change Management Form Number 3 under Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of March 4, 2014 (incorporated by reference to Exhibit 10.2 of Support.com's quarterly report on Form 10-Q filed with the SEC on May 8, 2014) (1)
10.15	First Change Management Form to Statement of Work Number 3 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of June 4, 2014 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on June 11, 2014)
10.16	Reseller Agreement between Comcast and Support.com, effective as of June 6, 2014 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on June 18, 2014) (1)
10.17	Change Management Form Number 4 under Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of September 17, 2014 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on October 6, 2014) (1)
10.18	Change Management Form Number 5 under Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of September 18, 2014 (incorporated by reference to Exhibit 10.2 of Support.com's current report on Form 8-K filed with the SEC on October 6, 2014) (1)
10.19	Statement of Work Number 4 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of February 6, 2015 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on February 18, 2015) (1)
10.20	Compensatory Arrangement between Support.com and Jim Stephens for his term as Executive Chairman and Interim CEO commencing March 25, 2014 (incorporated by reference to Support.com's current report on Form 8-K filed with the SEC on March 14, 2014
10.21	Change Management Form Number 6 under Statement of Work Number 3 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of April 6, 2015 (incorporated by reference to Exhibit 10.2 of Support.com's current report on Form 8-K filed with the SEC on April 9, 2015) (1)

10.22	Amendment Number 1 to Statement of Work Number 3 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of June 2, 2015 (incorporated by reference to Exhibit 10.2 of Support.com's current report on Form 8-K filed with the SEC on July 2, 2015) (1)
10.23	Change Management Form Number 6 under Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of November 18, 2015 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on November 24, 2015) (1)
10.24	Change Management Form Number 7 under Statement of Work Number 3 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of November 18, 2015 (incorporated by reference to Exhibit 10.2 of Support.com's current report on Form 8-K filed with the SEC on November 24, 2015) (1)
10.25	Form of Directors' and Officers' Indemnification Agreement (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on December 10, 2015).
10.26	Change Management Form Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of December 15, 2015 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on December 16, 2015) (1)
10.27	Amendment to Master Services Agreement Call Handling Services between Comcast and Support.com, Inc. effective as of May 23, 2016 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on May 26, 2016)
10.28	Change Management Form #8 to Statement of Work #1, between Comcast and Company, signed June 2, 2016 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on June 7, 2016) (1)
10.29	Change Management Form #8 to Statement of Work #3, between Comcast and Company, signed June 2, 2016 (incorporated by reference to Exhibit 10.2 of Support.com's current report on Form 8-K filed with the SEC on June 7, 2016) (1)
10.30	Change Management Form #9 to Statement of Work #3, between Comcast and Support.com, signed July 13, 2016 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on July 29, 2016) (1)
10.31	Separation Agreement and General Release, dated October 31, 2016, by and between Support.com, Inc. and Elizabeth M. Cholawsky (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on November 1, 2016)
10.32	Change Management Form #7 to Statement of Work #1, between Comcast and Company, signed December 9, 2016 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on December 20, 2016) (1)
10.33	Change Management Form #10 to Statement of Work #3, between Comcast and Support.com, signed December 9, 2016 (incorporated by reference to Exhibit 10.2 of Support.com's current report on Form 8-K filed with the SEC on December 20, 2016) (1)
10.34	Lease Agreement between HCP LS Redwood City, LLC and the Company dated December 20, 2016 (incorporated by reference to Exhibit 10.36 of Support.com's annual report on Form 10-K filed with the SEC on March 7, 2017)
10.35*	Employment Offer Letter between Rick Bloom and Support.com, Inc., dated December 21, 2016 and effective as of October 28, 2016 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on December 22, 2016)
10.36	Change Management Form #11 to Statement of Work #3, between Comcast and Company, signed February 6, 2017 (incorporated by reference to Exhibit 10.1 of Support.com's Form 8-K filed with the SEC on February 10, 2017) (1)
10.37	Change Management Form #12 to Statement of Work #3, between Comcast and Company, signed March 7, 2017 (incorporated by reference to Exhibit 10.1 of Support.com's Form 8-K filed with the SEC on March 16, 2017) (1)
10.38	Change Management Form #9 to Statement of Work #1, between Comcast and Company, signed February 24, 2017 (incorporated by reference to Exhibit 10.2 of Support.com's Form 8-K filed with the SEC on March 16, 2017) (1)

10.39	Change Management Form #13 to Statement of Work #3, between Comcast and Company, signed February 24, 2017 (incorporated by reference to Exhibit 10.3 of Support.com's Form 8-K filed with the SEC on March 16, 2017) (1)
10.40	Change Management Form #14 to Statement of Work #3, between Comcast and Company, signed February 24, 2017 (incorporated by reference to Exhibit 10.4 of Support.com's Form 8-K filed with the SEC on March 16, 2017) (1)
10.41	Standard Sublease between the Company and NantMobile, LLC dated April 29, 2017 (incorporated by reference to Exhibit 10.1 of Support.com's Form 8-K filed with the SEC on May 3, 2017)
10.42	Change Management Form 15 to Statement of Work #3, between Comcast and Company, signed May 17, 2017 (incorporated by reference to Exhibit 10.1 of Support.com's Form 8-K filed with the SEC on May 23, 2017) (1)
10.43	Change Management Form to Statement of Work #3 between Comcast and Company, signed July 6, 2017 (incorporated by reference to Exhibit 10.1 of Support.com's Form 8-K filed with the SEC on July 13, 2017)(1)
10.44	Amendment #3 to Master Services Agreement Call Handling Services between Comcast and Company, entered into on July 24, 2017 (incorporated by reference to Exhibit 10.1 of Support.com's Form 8-K filed with the SEC on July 27, 2017)
10.45	Change Management Form to Statement of Work #1 and Statement of Work #3 between Comcast and Company, signed August 10, 2017 (incorporated by reference to Exhibit 10.1 of Support.com's Form 8-K filed with the SEC on August 23, 2017)
10.47	Change Management Form to Statement of Work #3 between Comcast and Company, signed August 10, 2017 (incorporated by reference to Exhibit 10.2 of Support.com's Form 8-K filed with the SEC on August 23, 2017) (1)
10.48	Settlement Agreement (Consent Order) between the U.S. Federal Trade Commission and Company entered into on November 6, 2018 (incorporated by reference to Support.com's current report on Form 8-K filed with the SEC on November 7, 2018)
10.49	Extension of Lease Agreement between the Company and Mariposa Building, LLC executed on February 21, 2019 (incorporated by reference to Exhibit 10.1 of Support.com's Form 8-K filed with the SEC on February 26, 2019)
21.1	Subsidiaries of Support.com, Inc.
23.1	Consent of Independent Registered Public Accounting Firm
24.1	Power of Attorney (see the signature page of this Form 10-K)
31.1	Chief Executive Officer Section 302 Certification.
31.2	Chief Financial Officer Section 302 Certification.
32.1	Statement of the Chief Executive Officer under 18 U.S.C. § 1350(2)
32.2	Statement of the Chief Financial Officer under 18 U.S.C. § 1350(2)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Denotes an executive or director compensation plan or arrangement.

(1) Confidential treatment has been requested for portions of this exhibit.

(2) The material contained in Exhibit 32.1 and 32.2 shall not be deemed "filed" with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof irrespective of any general incorporation language contained in such filing, except to the extent that the registrant specifically incorporates it by reference.

c) Financial Statement Schedules.

No schedules have been filed because the information required to be set forth therein is not applicable or is shown in the financial statements or related notes included as part of this report.

SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 18th day of March, 2020.

SUPPORT.COM, INC.

By: /s/ RICHARD A. BLOOM
Richard A. Bloom
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Rick Bloom and each of them individually, as his or her attorney-in-fact, each with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact, or his or her substitute, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated:

Signature	Title	Date
/s/ RICHARD A. BLOOM Richard A. Bloom	President and Chief Executive Officer and Director (Principal Executive Officer)	March 18, 2020
/s/ RICHARD A. BLOOM Richard A. Bloom	Principal Financial Officer (Principal Accounting Officer)	March 18, 2020
/s/ JOSHUA E. SCHECHTER Joshua E. Schechter	Chairman of the Board of Directors	March 18, 2020
/s/ BRADLEY L. RADOFF Bradley L. Radoff	Director	March 18, 2020
/s/ BRIAN KELLEY Brian Kelley	Director	March 18, 2020

Exhibit	Description of Document
3.1	Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 of Support.com's annual report on Form 10-K for the year ended December 31, 2001)
3.2	Certificate of Amendment to Support.com's Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of Support.com's current report on Form 8-K filed with the SEC on June 23, 2009)
3.3	Certificate of Designation of Series A Junior Participating Preferred Stock of Support.com (incorporated by reference to Exhibit 3.1 of Support.com's current report on Form 8-K filed with the SEC on October 14, 2015)
3.4	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 of Support.com's current report on Form 8-K filed with the SEC on February 5, 2016)
3.5	Certificate of Designation of Series B Junior Participating Preferred Stock, as filed with the Secretary of State of Delaware on April 21, 2016 (incorporated by reference to Exhibit 3.1 of Support.com's current report on Form 8-K filed with the SEC on April 21, 2016)
3.6	Certificate of Amendment to the Restated Certificate of Incorporation of the Company effective January 20, 2017, filed on January 13, 2017 (incorporated by reference to Exhibit 3.1 of Support.com's current report on Form 8-K filed with the SEC on January 13, 2017
3.7	Amended and Restated Certificate of Designation of Series B Junior Participating Preferred Stock of the Company (incorporated by reference to Exhibit 3.1 of Support.coms current report on Form 8-K filed with the SEC on August 22, 2019)
4.1	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 of Support.com's quarterly report on Form 10-Q for the quarter ended June 30, 2002)
4.2	Rights Agreement with Computershare Trust Company, N.A., dated October 13, 2015 (incorporated by reference to Exhibit 4.1 of Support.com's current report on Form 8-K filed with the SEC on October 14, 2015).
4.3	Section 382 Tax Benefits Preservation Plan, dated as of April 20, 2016, by and between Support.com, Inc. and Computershare Trust Company, N.A., as Rights Agent (incorporated by reference to Exhibit 4.1 of Support.com's current report on Form 8-K filed with the SEC on April 21, 2016)
4.4	Amendment No. 1, dated as of April 20, 2016, to the Rights Agreement, dated as of October 13, 2015, by and between Support.com, Inc. and Computershare Trust Company, N.A., as Rights Agent (incorporated by reference to Exhibit 4.2 to Support.com's Form 8-A/A filed with the SEC on April 21, 2016)
4.5	Certificate of Elimination of the Series A Preferred Stock filed with the Secretary of State of the State of Delaware on April 21, 2016 (incorporated by reference to Exhibit 4.3 to Support.com's Form 8-A/A filed with the SEC on April 21, 2016)
4.6	Support.com, Inc. Second Amended and Restated 2010 Equity and Performance Incentive Plan (incorporated by reference to Appendix B of Support.com's proxy statement on Schedule 14a, filed with the SEC on May 12, 2016)
4.7	Section 382 Tax Benefits Preservation Plan, dated as of August 21, 2019, by and between Support.com, Inc. and Computershare Trust Company, N.A., as Rights Agent (incorporated by reference to Exhibit 4.1 of Support.coms current report on Form 8-K filed with the SEC on August 22, 2019)
10.1*	Support.com's amended and restated 2010 Equity and Incentive Compensation Plan (incorporated by reference to Exhibit 4.1 of Support.com's current report on Form 8-K filed with the SEC on May 21, 2010)
10.2*	Support.com's 2011 Employee Stock Purchase Plan (incorporated by reference to Annex A of Support.com's definitive proxy statement for Support.com's 2011 annual meeting of stockholders filed on April 15, 2011)
10.3*	Support.com's 2014 Inducement Award Plan (incorporated by reference to Exhibit 10.2 of Support.com's current report on Form 8-K filed with the SEC on May 19, 2014)
10.4*	Form of Directors' and Officers' Indemnification Agreement (incorporated by reference to Exhibit 10.4 of Support.com's registration statement on Form S-1 filed with the SEC on February 18, 2000)
10.5*	Form of Stock Option Grant Notification for Officers and Employees (incorporated by reference to Exhibit 10.1(a) of Support.com's quarterly report on Form 10-Q filed on November 5, 2009).
10.6	Sublease Agreement with TYCO Healthcare Group LP dated June 7, 2012 (incorporated by reference to Exhibit 10.1 of Support.com's quarterly report on form 10-Q filed with the SEC on August 8, 2012).

10.7	Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of October 1, 2013 (incorporated by reference to Exhibit 10.19 of Support.com's annual report on Form 10-K filed with the SEC on March 7, 2014) (1)
10.8	Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of October 1, 2013 (incorporated by reference to Exhibit 10.20 of Support.com's annual report on Form 10-K filed with the SEC on March 7, 2014) (1)
10.9	Change Management Form Number 1 under Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of December 22, 2013 (incorporated by reference to Exhibit 10.24 of Support.com's annual report on Form 10-K filed with the SEC on March 7, 2014 (1)
10.10	Amendment Number 1 to Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of December 31, 2013 (incorporated by reference to Exhibit 10.21 of Support.com's annual report on Form 10-K filed with the SEC on March 7, 2014)
10.11	Statement of Work Number 2 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of December 31, 2013 (incorporated by reference to Exhibit 10.22 of Support.com's annual report on Form 10-K filed with the SEC on March 7, 2014) (1)
10.12	Statement of Work Number 3 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of March 21, 2014 (incorporated by reference to Exhibit 10.3 of Support.com's quarterly report on Form 10-Q filed with the SEC on May 8, 2014) (1)
10.13	Change Management Form Number 2 under Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of February 27, 2014 (incorporated by reference to Exhibit 10.1 of Support.com's quarterly report on Form 10-Q filed with the SEC on May 8, 2014) (1)
10.14	Change Management Form Number 3 under Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of March 4, 2014 (incorporated by reference to Exhibit 10.2 of Support.com's quarterly report on Form 10-Q filed with the SEC on May 8, 2014) (1)
10.15	First Change Management Form to Statement of Work Number 3 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of June 4, 2014 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on June 11, 2014)
10.16	Reseller Agreement between Comcast and Support.com, effective as of June 6, 2014 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on June 18, 2014) (1)
10.17	Change Management Form Number 4 under Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of September 17, 2014 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on October 6, 2014) (1)
10.18	Change Management Form Number 5 under Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of September 18, 2014 (incorporated by reference to Exhibit 10.2 of Support.com's current report on Form 8-K filed with the SEC on October 6, 2014) (1)
10.19	Statement of Work Number 4 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of February 6, 2015 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on February 18, 2015) (1)
10.20	Compensatory Arrangement between Support.com and Jim Stephens for his term as Executive Chairman and Interim CEO commencing March 25, 2014 (incorporated by reference to Support.com's current report on Form 8-K filed with the SEC on March 14, 2014
10.21	Change Management Form Number 6 under Statement of Work Number 3 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of April 6, 2015 (incorporated by reference to Exhibit 10.2 of Support.com's current report on Form 8-K filed with the SEC on April 9, 2015) (1)

10.22	Amendment Number 1 to Statement of Work Number 3 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of June 2, 2015 (incorporated by reference to Exhibit 10.2 of Support.com's current report on Form 8-K filed with the SEC on July 2, 2015) (1)
10.23	Change Management Form Number 6 under Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of November 18, 2015 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on November 24, 2015) (1)
10.24	Change Management Form Number 7 under Statement of Work Number 3 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of November 18, 2015 (incorporated by reference to Exhibit 10.2 of Support.com's current report on Form 8-K filed with the SEC on November 24, 2015) (1)
10.25	Form of Directors' and Officers' Indemnification Agreement (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on December 10, 2015).
10.26	Change Management Form Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of December 15, 2015 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on December 16, 2015) (1)
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10.28	Change Management Form #8 to Statement of Work #1, between Comcast and Company, signed June 2, 2016 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on June 7, 2016) (1)
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10.30	Change Management Form #9 to Statement of Work #3, between Comcast and Support.com, signed July 13, 2016 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on July 29, 2016) (1)
10.31	Separation Agreement and General Release, dated October 31, 2016, by and between Support.com, Inc. and Elizabeth M. Cholawsky (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on November 1, 2016)
10.32	Change Management Form #7 to Statement of Work #1, between Comcast and Company, signed December 9, 2016 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on December 20, 2016) (1)
10.33	Change Management Form #10 to Statement of Work #3, between Comcast and Support.com, signed December 9, 2016 (incorporated by reference to Exhibit 10.2 of Support.com's current report on Form 8-K filed with the SEC on December 20, 2016) (1)
10.34	Lease Agreement between HCP LS Redwood City, LLC and the Company dated December 20, 2016 (incorporated by reference to Exhibit 10.36 of Support.com's annual report on Form 10-K filed with the SEC on March 7, 2017)
10.35*	Employment Offer Letter between Rick Bloom and Support.com, Inc., dated December 21, 2016 and effective as of October 28, 2016 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on December 22, 2016)
10.36	Change Management Form #11 to Statement of Work #3, between Comcast and Company, signed February 6, 2017 (incorporated by reference to Exhibit 10.1 of Support.com's Form 8-K filed with the SEC on February 10, 2017) (1)
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10.45	Change Management Form to Statement of Work #1 and Statement of Work #3 between Comcast and Company, signed August 10, 2017 (incorporated by reference to Exhibit 10.1 of Support.com's Form 8-K filed with the SEC on August 23, 2017)
10.47	Change Management Form to Statement of Work #3 between Comcast and Company, signed August 10, 2017 (incorporated by reference to Exhibit 10.2 of Support.com's Form 8-K filed with the SEC on August 23, 2017) (1)
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24.1	Power of Attorney (see the signature page of this Form 10-K)
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31.2	Chief Financial Officer Section 302 Certification.
32.1	Statement of the Chief Executive Officer under 18 U.S.C. § 1350(2)
32.2	Statement of the Chief Financial Officer under 18 U.S.C. § 1350(2)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Denotes an executive or director compensation plan or arrangement.

(1) Confidential treatment has been requested for portions of this exhibit.

(2) The material contained in Exhibit 32.1 and 32.2 shall not be deemed "filed" with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof irrespective of any general incorporation language contained in such filing, except to the extent that the registrant specifically incorporates it by reference.

(c) Financial Statement Schedules.

No schedules have been filed because the information required to be set forth therein is not applicable or is shown in the financial statements or related notes included as part of this report.

Exhibit 21.1

Subsidiaries of Support.com, Inc.

Name of Subsidiary	State or Jurisdiction in whichIncorporated or Organized
Foreign Subsidiaries	
SDC Services Canada Inc.	Canada
Support.com India Pvt Ltd	India
Support.com Philippines, Inc.	Philippines

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTING FIRM

Support.com, Inc.
Wilmington, Delaware

We hereby consent to the incorporation by reference in the Registration Statements (Form S-8 No.'s 333-106276, 333-116602, 333-48726, 333-96623, 333-65964, 333-127299, 333-136408, 333-141383, 333-158541, 333-172230, 333-173802, 333-194426, 333-196118, 333-208545 and 333-213505) pertaining to the Support.com, Inc. Amended and Restated 1998 Stock Option Plan, the Support.com, Inc. 2000 Omnibus Equity Incentive Plan, the Support.com, Inc. 2010 Equity and Performance Incentive Plan (as Amended and Restated), the Support.com, Inc. 2011 Employee Stock Purchase Plan and the Support.com, Inc. 2014 Inducement Award Plan of our reports dated March 18, 2020, relating to the consolidated financial statements as of December 31, 2019 and 2018 and for the year ended December 31, 2019 and 2018, which appear in this form 10-K.

/s/ Plante & Moran, PLLC

Denver, Colorado
March 18, 2020

CHIEF EXECUTIVE OFFICER SECTION 302 CERTIFICATION

I, Richard A. Bloom, certify that:

1. I have reviewed this Annual Report on Form 10-K of Support.com, 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 fourth fiscal quarter 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.

By: /s/ RICHARD A. BLOOM

RICHARD A. BLOOM

President and Chief Executive Officer

Date: March 18, 2020

Exhibit 31.2

CHIEF FINANCIAL OFFICER SECTION 302 CERTIFICATION

I, Richard A. Bloom, certify that:

1. I have reviewed this Annual Report on Form 10-K of Support.com, 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 fourth fiscal quarter 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.

By: /s/ RICHARD A. BLOOM

Richard A. Bloom

Principal Financial Officer

Date: March 18, 2020

Exhibit 32.1(1)

STATEMENT OF CHIEF EXECUTIVE OFFICER UNDER 18 U.S.C. § 1350

I, Richard A. Bloom, the Chief Executive Officer of Support.com, Inc. (the “Company”), certify for the purposes of section 1350 of chapter 63 of title 18 of the United States Code that, to the best of my knowledge,

(i) the Annual Report of the Company on Form 10-K for the year ended December 31, 2019 (the “Report”), fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, and

(ii) the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RICHARD A. BLOOM

RICHARD A. BLOOM

President and Chief Executive Officer

Date: March 18, 2020

A signed original of this written statement required by 18 U.S.C. § 1350 has been provided to Support.com, Inc. and will be retained by Support.com, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

(1) The material contained in this Exhibit 32.1 is not deemed “filed” with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing, except to the extent that the registrant specifically incorporates it by reference.

Exhibit 32.2(1)

STATEMENT OF CHIEF FINANCIAL OFFICER UNDER 18 U.S.C. § 1350

I, Richard A. Bloom, the Chief Financial Officer of Support.com, Inc. (the “Company”), certify for the purposes of section 1350 of chapter 63 of title 18 of the United States Code that, to the best of my knowledge,

(i) the Annual Report of the Company on Form 10-K for the year ended December 31, 2019 (the “Report”), fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, and

(ii) the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RICHARD A. BLOOM

Richard A. Bloom

Principal Financial Officer

Date: March 18, 2020

A signed original of this written statement required by 18 U.S.C. § 1350 has been provided to Support.com, Inc. and will be retained by Support.com, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

(1) The material contained in this Exhibit 32.1 is not deemed “filed” with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing, except to the extent that the registrant specifically incorporates it by reference.