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, 2020

or

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

For the transition period from ________ to ________

Commission file number: 001-38034

Alteryx, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**90-0673106**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
3345 Michelson Drive, Suite 400, Irvine, California	**92612**
(Address of principal executive offices)	**(Zip Code)**

(888) 836-4274
(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Class A Common Stock, $0.0001 par value per share	**AYX**	**New York Stock Exchange**

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or 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	☐	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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of the registrant’s voting and non-voting common equity held by non-affiliates of the registrant, as of June 30, 2020, the last business day of the registrant’s most recently completed second fiscal quarter, was approximately $7.9 billion based upon the closing price reported for such date on the New York Stock Exchange.

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

As of February 5, 2021, there were 58,860,094 shares of the registrant’s Class A common stock outstanding and 8,003,746 shares of the registrant’s Class B common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive proxy statement for its 2021 Annual Meeting of Stockholders, or Proxy Statement, to be filed within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, are incorporated by reference in Parts II and III. Except with respect to information specifically incorporated by reference in this Annual Report, the Proxy Statement shall not be deemed to be filed as part hereof.

Alteryx, Inc.
Annual Report on Form 10-K
For the Fiscal Year Ended December 31, 2020
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, or Annual Report, includes “forward-looking statements” within the meaning of the federal securities laws. All statements contained in this Annual Report, other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. In some cases, forward-looking statements can be identified by the use of terminology such as “believe,” “may,” “will,” “intend,” “expect,” “plan,” “anticipate,” “estimate,” “potential,” or “continue,” or other comparable terminology. Forward-looking statements contained in this Annual Report include, but are not limited to, statements about our expectations regarding:

- the duration and impact of the novel coronavirus and the coronavirus disease, or COVID-19, pandemic;
- trends in revenue, cost of revenue, and gross margin;
- the successful transition and onboarding of our new chief executive officer, chief revenue officer and other senior management roles;
- our investments in cloud infrastructure and the cost of third-party data center hosting fees;
- trends in operating expenses, including research and development expense, sales and marketing expense, and general and administrative expense, and expectations regarding these expenses as a percentage of revenue;
- expansion of our international operations and the impact on foreign tax expense;
- maintaining a valuation allowance for net deferred tax assets to the extent they are not expected to be recoverable;
- the timing and method of settlement of any series of our convertible senior notes;
- the global opportunity for our analytic process automation software platform;
- our investments in our marketing efforts and sales organization, including indirect sales channels and headcount, and the impact of any changes to our sales organization on revenue and growth;
- the continued development and success of Alteryx Community, our online user community, distribution channels and our partner relationships, including the ability of our partners to successfully enable and deliver specialized support to our customers;
- our expectations for the Alteryx APA platform, Alteryx Connect, Alteryx Promote, Alteryx Analytics Hub and Alteryx Intelligence Suite and the speed of, and ability to deliver, additional product innovation;
- expansion of and within our customer base;
- continued investments in research and development;
- competitors and competition in our markets;
- the impact of foreign currency exchange rates;
- legal proceedings and the impact of such proceedings;
- cash and cash equivalents and short-term investments and any positive cash flows from operations being sufficient to support our working capital and capital expenditure requirements for at least the next 12 months; and
- other statements regarding our future operations, financial condition, and prospects and business strategies.

Although we believe that the expectations reflected in the forward-looking statements contained herein are reasonable, these expectations or any of the forward-looking statements could prove to be incorrect, and actual results could differ materially from those projected or assumed in the forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to risks and uncertainties, including, but not limited to, the factors set forth in this Annual Report under Part I, Item 1A. Risk Factors. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the forward-looking statements made in this Annual Report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

All forward-looking statements and reasons why results may differ included in this Annual Report are made as of the date of the filing of this Annual Report, and we assume no obligation to update any such forward-looking statements or reasons why actual results may differ. The following discussion should be read in conjunction with our consolidated financial statements and notes thereto appearing in Part II, Item 8 of this Annual Report.

PART I

Item 1. Business.

Overview

We are a leader in Analytic Process Automation, or APA. The Alteryx APA software platform unifies analytics, data science and business process automation in one self-service platform to accelerate digital transformation, deliver high-impact business outcomes, accelerate the democratization of data and rapidly upskill modern workforces. Data workers, regardless of technical acumen, are empowered to be curious and solve problems. With the Alteryx APA software platform, users can automate the full range of analytics, data science and processes, embed intelligent decision-making and actions, and empower their organization to enable top and bottom line impact, efficiency gains, and rapid upskilling.

Leveraging data for actionable insights is critical to modern business success, but has become increasingly challenging as the volume, velocity, and variety of data continues to expand. Traditional data analysis tools and processes are slow, complex, difficult to use, and resource-intensive, often requiring multiple steps by data analysts, data scientists, data engineers, information technology, or IT, employees, and other data workers to complete even the most basic analysis. As a result, these point tools and processes are unable to keep pace with the sophistication and speed of analytics demanded by organizations today.

Our platform democratizes access to data-driven insights by expanding the capabilities and analytical sophistication available to all analytic producers, ranging from business analysts to expert programmers and trained data scientists. We unify the analytics and analytic process into one simple self-service experience by combining tasks that were previously distributed among multiple tools and parties. Our platform allows a single user or group of users to easily and quickly discover, access, and prepare data from a multitude of sources, perform a variety of analyses, and deliver analytical output to drive data-driven decisions and improve business outcomes. This is done through a no-code, low-code approach and visual workflows and an intuitive drag-and-drop interface that can reduce tedious, time-consuming manual tasks to a few mouse-clicks while eliminating the need to write complex software code. The resulting opportunity is significant, as our platform can enable and upskill millions of underserved data workers to do their jobs more effectively.

Our platform has been adopted by organizations across a wide variety of industries and sizes. As of December 31, 2020, we had approximately 7,100 customers in more than 90 countries, including over 760 of the Global 2000 companies. Our customers include Anheuser Busch, LLC, Barclays Capital Inc., Biogen Idec Inc., Chevron Corporation, Daimler AG, Federal Home Loan Mortgage Association, General Mills, Inc., L'Oreal USA, Inc., Netflix, Inc., Pfizer Inc., salesforce.com, inc., Société Générale S.A., Unilever PLC and Visa Inc.

We employ a “land and expand” business model. Our go-to-market approach often begins with a free trial of Alteryx Designer and is followed by an initial purchase of our platform offerings. As organizations quickly realize the benefits derived from our platform, use frequently spreads across departments, divisions, and geographies through word-of-mouth, collaboration, and standardization and automation of business processes. Both for an initial purchase and as part of expanding a current customer’s use of our products, we have also begun, where appropriate, to target and involve members of the customer’s senior management team to accelerate adoption within their organization. Over time, many of our customers find that the use of our platform is strategic and collaborative in nature and it becomes a fundamental element of their operational, analytical, and business processes.

Customers license our platform under a subscription-based model, and we have seen rapid expansion as adoption spreads across an enterprise through an increase in the number of users, additional use cases, and additional products. For each of the last twelve quarters, including the quarter ended December 31, 2020, our dollar-based net expansion rate has exceeded 120%. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics” for additional information regarding our dollar-based net expansion rate and customers. Over the past several years, we have made significant investments to grow our business, including in sales and marketing, infrastructure, operations, and headcount.

Growth Strategy

Our focus on empowering business analysts and the organizations they serve to quickly and easily access data-driven insights presents a significant opportunity. Key elements of our strategy for growth include:

- ***Increase our overall customer base.*** We are accelerating the secular shift towards self-service analytics. As a result, we have the opportunity to increase our current customer base of approximately 7,100 customers through an active “land and expand” strategy. We plan to expand our online and offline marketing efforts to increase demand for our platform and awareness of our brand. We also plan to continue to invest in growing both our direct sales teams and indirect sales channels. In 2021, our direct sales teams have been aligned to certain market and customer opportunities, with an increased focus on Global 2000 companies, in order to reduce the complexity of the organization, redeploy our resources to higher-productivity activities, and maximize our sales opportunities with those companies.
- ***Expand within our current customer base.*** We plan on expanding existing customers’ use of our platform by identifying additional use cases, departments, and divisions for our platform and increasing the number of users within our existing customers’ organizations. Over time, many of our customers find that the use of our platform is more strategic and collaborative in nature and it becomes a fundamental element of their operational, analytical, and business processes. We also plan to add specialized support through our strategic alliance partners globally to augment our current customer experience and training initiatives.
- ***Continue to penetrate international markets.*** We have continued to increase our focus on international markets. We believe that the global opportunity for self-service data analytics solutions is significant and should continue to expand as organizations outside the United States seek to adopt self-service platforms as we have experienced with our existing customers.
- ***Extend our value proposition.*** We intend to continue to rapidly improve the capabilities of our platform and invest in innovation and our category leadership. For example, in June 2020, we introduced Alteryx Analytics Hub, our next-generation automation and collaboration product, and Alteryx Intelligence Suite, our augmented machine learning, auto-modeling, and text mining product. We plan to continue to invest in research and development, including hiring top technical talent and maintaining an agile organization that focuses on core technology innovation. In particular, we intend to focus on further developing our cloud capabilities, modernizing the Alteryx Designer experience, and developing a robust extensibility framework for our customers and partners.
- ***Grow our distribution channels and channel partner ecosystem.*** We plan to continue investing in distribution channels and our relationships with technology alliances, solution providers, strategic global system integrators, solution partners, and value-added-resellers, or VARs, to help us enter and grow in new markets while complementing our direct sales efforts. For example, in February 2020, we entered into a strategic relationship with PwC U.S., which included the designation of PwC as a "Global Elite Partner." In February 2021, we also entered into a strategic relationship with HCL America Solutions Inc., which included the designation of HCL as an "Elite Partner." We also plan to continue to collaborate with management consulting firms to drive additional business activity. In addition, we plan to increase our engagement overall with our channel partners worldwide, with these partners having more responsibility for sales to smaller customers in the United States.
- ***Deepen our user community.*** We benefit from a vibrant and engaged user community and continue to promote initiatives intended to further expand and energize our community. Although the COVID-19 pandemic has restricted our ability to hold in-person user conferences, which had grown to three annual events worldwide and over 6,400 attendees in 2019, we have utilized and may continue to utilize various forms of digital and virtual events to continue to create market awareness. Additionally, university courses and analytic clubs help evangelize the benefits of our platform and introduce its capabilities to business analysts just starting their careers. We intend to continue expanding our community development efforts and seek to continue enriching the lives of business analysts everywhere. For example, in 2020, we launched Advancing Data and Analytics Potential Together, or ADAPT. ADAPT offers free data training to thousands of workers globally who have found themselves unemployed due to the COVID-19 pandemic in 2020. Every graduate is certified in the fundamentals of data analytics through Alteryx Core Certification and is given the opportunity to advance to the Udacity Nanodegree program in predictive analytics.

Products and Services

Our analytics platform enables organizations to rapidly improve business outcomes and the productivity of their business analysts, data scientists, citizen data scientists and data engineers. Our subscription-based platform allows organizations to easily discover, access, prepare, and analyze data from a multitude of sources and benefit from data-driven decisions, including through consumption of results and insights discovered and through real-time model deployment. Our platform offers a secure collaboration environment for even the largest organizations. The ease-of-use, speed, and sophistication of the analysis that our platform enables are enhanced through highly repeatable visual workflows. Our platform's intuitive user interface includes over 200 drag-and-drop tools that can be used to create and share these analytics. These tools allow business analysts to assemble workflows that represent their models visually, making them easily comprehensible and highly repeatable. Our user interface allows business analysts to seamlessly view the underlying data, metadata, and applied analytics at any stage during the process.

Our platform is designed to interact with almost any data source. Native connectors exist for a wide variety of sources ranging from traditional databases, including those offered by International Business Machines Corporation, Microsoft Corporation, Oracle Corporation, and SAP SE, to an array of emerging data platforms, including Amazon Web Services, Cloudera, Databricks, Microsoft Azure Services, and MongoDB. Additionally, our platform is capable of processing data from cloud applications, such as Google Analytics, Marketo, NetSuite, salesforce.com, and Workday, as well as social media platforms, such as Facebook and Twitter.

Powered by our proprietary in-memory engine, our analytics platform comprises:

- ***Alteryx Designer.*** Our data profiling, preparation, blending, and analytics product used to create visual workflows or analytic processes, through an intuitive drag-and-drop interface.
- ***Alteryx Server.*** Our secure and scalable server-based product for scheduling, sharing, and running analytic processes and applications in a web-based environment.
- ***Alteryx Connect.*** Our collaborative data exploration platform for discovering information assets and sharing recommendations across the enterprise.
- ***Alteryx Promote.*** Our advanced analytics model management product for data scientists and analytics teams to build, manage, monitor, and deploy predictive models into real-time production applications.
- ***Alteryx Analytics Hub.*** Our next generation, server-based product that provides a centralized and governed, web-based experience for process automation, collaboration, and advanced analytics at scale for the largest enterprises.
- ***Alteryx Intelligence Suite.*** Our hub for machine learning and artificial intelligence capabilities for automated modeling, optical character recognition, and natural language processing to gain insights and produce production models.

In addition, Alteryx Analytics Gallery, our cloud-based collaboration offering, allows users to share workflows in a centralized repository, and Alteryx Community allows users to gain valuable insights from one another, collaborate and share their experiences and ideas, and innovate around our platform. With Alteryx Analytics Gallery, users can share workflows with version control to enable effective and secure collaboration within and across organizations, create analytic apps and macros that can be shared both privately and publicly, and discover new analytic apps and macros to leverage best practices or to be used as the blueprint for a customized purpose-built analytic workflow.

We typically sell Alteryx Designer on a per-user basis. Alteryx Server is deployed in larger scale environments and is typically sold on a per-CPU core basis as an extension of Alteryx Designer. Alteryx Connect is sold as an extension of Alteryx Server and is typically licensed on a per-CPU core basis. Alteryx Promote is sold as part of our platform or as a standalone solution and is licensed on a per-CPU core basis. Alteryx Analytics Hub has multi-element pricing that includes both per-user based and per-CPU core based components. Alteryx Intelligence Suite is sold on a per-user basis as an add-on to Alteryx Designer.

Alteryx Designer

Alteryx Designer, our self-service data profiling, preparation, blending, and analytics product, allows business analysts to perform analysis on their own in a matter of hours or even minutes. In addition to dramatically reducing the time and resources required, Alteryx Designer delivers more accurate, transparent, and sophisticated results. The ability to share workflows and analytic outputs through the Alteryx Analytics Gallery allows the analytic power of Alteryx Designer to be consumed by anyone in an organization. Key capabilities include:

- ***Data profiling.*** Empowers data workers and analysts to independently assess the health and quality of a dataset prior to building analytic models. For a large number of analysts, assessing data quality often requires turning to statisticians or data scientists, delaying the model development and decision-making process. Automated data profiling accelerates the data preparation and insight development process, and can enable the analysts to maintain control of the entire analytic process.
- ***Data preparation and blending.*** Provides the ability to easily connect, clean, transform, and filter data significantly faster than traditional analytic tools. Business analysts can easily blend structured, unstructured, and semi-structured data sources without complex programming requirements. Business analysts use a simple visual workspace and straightforward drag-and-drop tools to clean and combine data and create a repeatable workflow. Once a workflow is

assembled, it automates the analytic process and can be rerun in seconds. The data can also be enriched and augmented with critical location, consumer, and business insights data through the purchase of our third-party data packages.

- ***Advanced analytics.*** Enables business analysts to create analytic models ranging from basic to highly complex. Our platform supports cleansing, calculations, aggregations, and advanced analytics functions, including those used to understand data relative to spatial criteria or more advanced tools used to apply statistical algorithms for predictive analysis. Business analysts can leverage a wide range of code-free tools within the product to create a dataset optimized for a specific analysis, run a broad set of analytics, and share the results in a variety of formats. Data scientists can also incorporate R and Python models using Designer's code-friendly tools to bring more advanced analytic modeling into the repeatable workflows. Additionally, our platform embeds a suite of tutorials and pre-built analytic templates, and the expertise of thousands of analysts from Alteryx Community within the interface to help familiarize users with our platform's capabilities, enabling business analysts to adopt sophisticated analytic methodologies without significant training.
- ***Visualytics.*** Introduces visual, interactive charting and reporting into the workflow experience within Alteryx Designer to enable more insights throughout the entire analytic process. Visualytics' interactive charts and reports can be published in Alteryx Server and Alteryx Analytics Gallery for broader consumption and collaboration across the entire organization.
- ***Analytic application creation.*** Offers native drag-and-drop app-building capabilities for business analysts to create, publish, and share applications for any user to execute. These applications can also be configured to share the results in a variety of formats, including visualization and dashboard programs such as those offered by Microsoft Corporation, Qlik Technologies, Inc., or Tableau Software, Inc., or to write back to a database. Business analysts can use workflows within other workflows as building blocks to leverage functionality that has already been built. These workflows can also be utilized as reusable blueprints for designing and deploying analytical applications to Alteryx Server or Alteryx Analytics Gallery.

Alteryx Server

Alteryx Server is a comprehensive and scalable server-based product that enables business analysts to share and run analytic applications in a web-based environment. Alteryx Server offers enterprise-class data scalability, distribution, and security designed to maximize the value enterprises can achieve from their analytics. Key capabilities include:

- ***Collaboration.*** Enables business analysts to easily create, publish, share, and reference analytic workflows or applications and collaborate with others across their organizations. Business analysts can also develop analytic applications that act as front-end interfaces for their workflows, and these analytic results can be shared publicly and privately in Alteryx Analytics Gallery.
- ***Workload scaling.*** Allows for data-intensive workloads to be offloaded from user desktops to a server or cluster of servers, harnessing greater computing power. Business analysts can schedule and execute workflows to refresh datasets and analytic outputs automatically, without slowing down the work process.
- ***Analytic application consumption.*** Allows business analysts to access previously built macros or analytic models in a secure, custom application library. Business analysts can also extend the analytic tools they have built directly into other applications using our application program interfaces, or APIs, and macros.
- ***Enterprise-compliant governance.*** Restrict, create, edit, or revoke access to appropriate data with corporate authentication, permission, and encryption protocols through a centralized data connection manager for data access control and governance. Workflows are stored centrally with version control and governance capabilities, allowing multiple users to build, run, and reference the same workflow all within the confines of existing IT governance controls. Detailed usage reporting, auditing, and standardized logging tools enable system administrators to properly control access and security and meet service level agreements.

Alteryx Connect

Alteryx Connect is a collaborative data exploration platform for the enterprise. Alteryx Connect empowers business analysts to find, manage, understand, and collaborate on the data that resides in their organization. Alteryx Connect combines data cataloging with social collaboration to accelerate insights by connecting to data, analytics, and content. Key capabilities include:

- ***Asset catalog.*** Allows business analysts to assemble information in one place by collecting metadata from information systems, business intelligence reports, visualizations, and workflows in a comprehensive and fully indexed data store.
- ***Business glossary.*** Defines standard business terms within an organization in a data dictionary and links them to assets in the catalog to ensure consistent use, as well as identify relevant sources for each item.

- ***Data discovery.*** Allows users to run a comprehensive search of content in the system and sort results by certification or user rating.
- ***Data enrichment and collaboration.*** Unlocks knowledge in an organization using social techniques to gather information about data systems. Annotates, discusses, and rates information assets to provide business context and enables the organization with relevant data.
- ***Certification and trust.*** Allows users to understand the trustworthiness of data and information assets through certification, lineage, and versioning.

Alteryx Promote

Alteryx Promote is an analytics model management product for the enterprise. Alteryx Promote makes deploying, managing, and monitoring predictive models easier and faster. Alteryx Promote allows data scientists and analytics teams to build, manage, and deploy predictive models to production faster and more reliably via a code-friendly and code-free environment. Key capabilities include:

- ***Model deployment***. Deploys predictive models easily for users, including data scientists and business analysts, by utilizing the code-free environment of Alteryx Designer to build and deploy models. Code-friendly model deployment is also supported allowing data scientists the freedom of choice for R and Python-based models.
- ***Embed models.*** Embeds predictive models in any business application capable of making REST API requests, including CRM applications, web and mobile applications, and internal applications. Deploys R and Python models through standard REST API without recoding, making models quickly accessible.
- ***Real-time scoring.*** Executes real-time predictions in consumer-facing applications or uses batch mode for scoring from within other workflows.
- ***Model management.*** Ensures that analytic models deliver quality and insights by using model versioning throughout the production process, from development to staging and production.
- ***Monitoring.*** Allows users to understand the ongoing performance and health of production-based analytic models to ensure their effectiveness.

Alteryx Analytics Hub

Alteryx Analytics Hub scales the power of analytics across teams through automating analytic processes to empower everyone to discover and share insights in a central platform and securely collaborate on data-driven decisions across silos. Key capabilities include:

- ***Sharing and collaboration.*** Includes multiple different roles to satisfy the needs of the entire organization. Among others, it enables analysts to easily create, publish, share, and reference analytic workflows or applications and collaborate with others across their organizations. The access controls and flexibility within the platform ensure that each department and individual can be given the correct permissions to collaborate and empower others to make data-driven decisions while consistently upskilling the entire workforce.
- ***Automation and scheduling.*** Allows for data-intensive workloads to be offloaded from user desktops to a server or cluster of servers, harnessing greater computing power. Analysts can flexibly schedule workflows and apps customized to their parameters by date, time, frequency, on a one-time, recurring or customized basis.
- ***Data discovery.*** Allows users to utilize an integrated smart search to find and access analytic workflows, assets, and data sources across their organization. It provides the capability to leverage and reuse trusted assets from internal teams and experts to accelerate the delivery of new insights and drive faster outcomes.
- ***Analytic application consumption.*** Allows users access to previously-built macros and analytic models in a secure, custom application library. Analysts can also extend the analytic tools they have built directly into other applications using our APIs and macros.
- ***Enterprise-compliant governance.*** Restrict, create, edit, or revoke access to appropriate data with corporate authentication, permission, and encryption protocols through a centralized data connection manager for data access control and governance. Workflows are stored centrally with version control and governance capabilities, allowing multiple users to build, run, and reference the same workflow all within the confines of existing IT governance controls. Detailed usage reporting, auditing, and standardized logging tools enable system administrators to properly control access and security and meet service level agreements.

Alteryx Intelligence Suite

Alteryx Intelligence Suite is a machine learning extension to our Designer product. Alteryx Intelligence Suite allows users to build models and perform natural language processing and optical character recognition to their data and documents to produce insights and deploy models. Key capabilities include:

- ***Assisted and auto-modeling***. Guided and automated modeling deliver best practice data science techniques to deliver high performing models with feature engineering, imputation techniques, hyper-parameter tuning and a suite of modeling techniques to handle a wide array of data types.
- ***Natural language processing***. Allows users to perform sentiment analysis to understand if documents contain positive or negative remarks automatically and summarize key topics contained in a large body of text. Users can understand patterns in non-structured data, such as a Twitter feed, and produce visualizations, such as word clouds, to gain insights.
- ***Text Mining***. Extracts useful information from semi-structured and unstructured data and converts that data back to data-in-text and numbers to then analyze with the full suite of Alteryx capabilities.

Our Technology

Underpinning our platform is a set of technological innovations that make robust data analytics easy through an in-memory engine, sophisticated analytic models, and an open and modular core:

In-Memory Engine

Our in-memory engine is optimized to process data within RAM and can utilize disk, when necessary, as temporary virtual memory. This facilitates significantly faster and more secure processing of data than traditional disk-based mechanisms while ensuring that the source data remains unaltered and is not duplicated. In addition to our high speed in-memory processing capabilities, our platform enables in-database processing to take advantage of computing resources where the data resides for certain use cases involving large datasets. Key features of our engine include:

- ***Connected.*** Business analysts can rapidly connect to data in existing formats and locations, reducing the need for time-consuming data transformation processes that typically require IT personnel.
- ***Non-persisted.*** Our engine leverages non-persisted data pipelines to enable users to process large amounts of data securely while applying complex logic every time they run an analytic workflow.
- ***Scaled-out.*** While most workflows can be run on any single desktop or laptop, when greater processing capability is required, workloads can be pushed to a server or cluster of servers, including Hadoop or Spark clusters.

Sophisticated Analytic Models

We enable business analysts, data scientists and citizen data scientists to produce analytics ranging from basic to highly complex, including predictive, prescriptive, and spatial. Specifically, we enable predictive analytics through utilization of R, an open source programming language and software environment for statistical computing, and Python, a popular programming language for analytics with many publicly available packages. Our capabilities allow transparency and editing of the R and Python code without requiring prior coding experience. In addition, in-database processing enables analysts to scale predictive analytics and harness the value of large sets of data without moving the data out of a database, improving predictive model development performance over traditional approaches. Deep geospatial tools, such as a drive time engine, create the basis for performing location-based analysis.

Open and Modular Core

Our platform is built with an open and modular core that enables additional functions and programming models to interact with it. For example, our platform can utilize R for advanced analytics while providing a simple drag-and-drop interface that abstracts the complexity of the underlying code. For sophisticated business analysts, the underlying code is available for review and adjustment. The integration of our platform with R and Python takes advantage of segmented, but integrated, main-memory resources to ensure seamless, fast operations. More recently, we introduced the JavaScript V8 engine for our platform in a similar capacity. This enables the introduction of new HTML5 UI, Server-side JavaScript, and JSON/REST APIs to fuel the innovation being driven from our platform.

Our Customers

Organizations of all sizes and across a wide variety of industries have adopted our platform. As of December 31, 2020, we served customers in more than 90 countries, including over 760 of the Global 2000 companies. Our customers include Anheuser Busch, LLC, Barclays Capital Inc., Biogen Idec Inc., Chevron Corporation, Daimler AG, Federal Home Loan Mortgage Association, General Mills, Inc., L'Oreal USA, Inc., Netflix, Inc., Pfizer Inc., salesforce.com, inc., Société Générale S.A., Unilever PLC. and Visa Inc.

Our customer base has grown from 3,392 customers as of December 31, 2017 to approximately 7,100 customers as of December 31, 2020.

No customer represented more than 10% of our revenue in any of the years ended December 31, 2020, 2019, and 2018.

Support and Training

Although our platform is designed to operate on a self-service basis, we also provide technical support, instruction, and customer service to further our customer experience. Our customer support team is available to assist with questions about installation, licensing, workflow development, technical and functional matters, and our APIs and software development kit. Additionally, we provide our customers with support five days a week across multiple geographies as well additional support offerings to cover 24x7 requirements. We also rely on our engaged user community to enhance the support experience of our customers through Alteryx Community.

In order to facilitate adoption and rapid benefits from the use of our platform, we offer free online training through our website that includes hundreds of hours of training videos and sample analytic workflows. We also provide a variety of fee-based training options ranging from instructor-led courses in a traditional classroom setting to online courses.

Our Community

We have built a strong and growing community of employees, users, customers, potential customers, and channel partners who are passionate about our platform and mission. The purpose of Alteryx Community is to create a support channel for all constituents to gain valuable insights from one another, collaborate and share their experiences and ideas, and innovate around our platform.

Alteryx Community currently offers:

- discussions and knowledge bases that help users, customers, and channel partners learn about topics of interest, ask questions, and share ideas and insights;
- user groups, which are independent volunteer organizations that provide a platform for users to meet locally throughout the year and provide other users with an opportunity to network with peers and share ideas, experiences, and best practices;
- an avenue for users, customers, and channel partners to share product suggestions with us;
- interactive lessons, live trainings, weekly challenges and an opportunity to become certified via Alteryx Academy; and
- blogs, news and events portals.

We also organize events to engage and foster our user community. At such events, our users, customers, potential customers, and channel partners have the opportunity to network, learn best practices, attend training sessions and workshops, and present their questions and suggestions directly to our software developers, executives, and other employees. We also host roadshows and workshops domestically and internationally with our channel partners to teach our users how self-service data analytics simplifies and automates the analysis of data. Due to the COVID-19 pandemic and where possible, we pivoted to provide these events virtually and intend to resume in-person events when possible based on our policies and public health guidance.

Human Capital

Our Chief Human Resources Officer is responsible for developing and executing our human capital strategy. This includes our approach to attraction, hiring, onboarding, development, engagement and retention of our employees, whom we call associates. Rooted in our five core values of Customer First, Accountability, Equality, Integrity, and Empowerment, our associates and our leadership team are focused on a culture of values in action across each dimension of the associate experience. Our management regularly updates our board of directors and its committees on the operation and status of overall human capital trends and the associate-focused activities and initiatives of the company.

Employees and Culture

Our values-based culture is a critical component of our success. Our associates are the lifeblood of our company and we strive to create an environment where they can contribute, learn, and grow in their careers in a fun and supportive work environment. Our culture focuses on fostering an environment of feedback, individual and team development through a collaborative and dynamic approach to team composition, and cross-organizational work activities. We foster opportunities for our associates to grow in both formal and informal learning environments, inside and outside the company.

Our “Alteryx for Good” program provides our associates with 20 hours of volunteer time each year to partner with charity organizations of their choice to make a difference. The program also provides universities, not-for-profit organizations, government entities and transitioning career professionals the opportunity to obtain access to our platform and learning content to help them achieve their goals.

As of December 31, 2020, we had over 1,450 full-time associates, including approximately 420 associates located outside the United States. None of our associates are represented by a labor union or covered by a collective bargaining agreement. We have not experienced any work stoppages, and we consider our relations with our associates to be good, as evidenced by our annual associate engagement survey results.

Diversity and Inclusion

We are committed to creating and maintaining a workplace free from discrimination or harassment on the basis of race, color, citizenship status, religious creed, national origin, ancestry, gender, sexual orientation, age, marital status, veteran status, physical or mental disability, medical condition, or any other status protected by applicable law. Our management team and associates are expected to exhibit and promote honest, ethical, and respectful conduct in the workplace. All of our associates must adhere to a code of business conduct and ethics that sets standards for appropriate behavior and are required to attend annual training on the code of business conduct and ethics and biannual training to help prevent, identify, report, and stop any type of discrimination and harassment.

Our diversity and inclusion council, Alter.Us, encourages associates to engage with and support each other across our employee resource groups, or ERGs. Alter.Us and the ERGs focus on three key priorities: sharing ideas, elevating innovation and promoting authenticity and learning. To facilitate these priorities, we have hosted several trainings and workshops, including several hours of bias and awareness training in 2020 for all people leaders. In 2021, we hired a leader for corporate social responsibility to champion our strategy and build an ongoing framework for our diversity, equity and inclusion and environmental, social and governance efforts.

Employee Development and Training

We believe that investing in our talent’s growth and development will directly enhance our overall company performance. Associates are encouraged to invest regularly in their own professional development or to focus on longer term projects. We offer development opportunities through short-term mentoring programs, longer-term leadership development training, frequent live trainings provided by our Learning and Development team on topics such as giving and receiving feedback, change management, managing your career, and goal-setting, and on-demand training modules covering a variety of topics that are available at any time through our intranet. In addition, we offer our associates a tuition support program to promote ongoing external classroom learning at accredited programs and institutions.

Competitive Pay and Benefits

We strive to provide pay, comprehensive benefits and services that help meet the varying needs of our associates. Our total rewards package includes market-competitive pay, including equity compensation, paid time off, and other comprehensive and competitive global benefits. For example, in the United States, we provide 12 weeks of paid parental leave for all new parents (either through birth or adoption). And, for all of our associates, we offer competitive financial benefits and programming focused on aiding our associates with their financial wellness and retirement planning. To foster a stronger sense of ownership and align the interests of associates with our stockholders, we offer equity compensation to associates under our broad-based stock incentive programs and the opportunity for eligible associates in the United States to participate in an employee stock purchase plan.

Sales and Marketing

Our sales and marketing teams work closely together to increase market awareness, drive demand for our platform, and cultivate customer relationships to drive revenue growth.

Sales

We sell our platform through our direct sales organization and indirect channel partners both internationally and domestically. Our sales strategy relies on a "land and expand" model. Prospective customers can download a fully functional free trial of Alteryx Designer from our website and, as a result, become leads for our sales and marketing teams. Our initial deployments with new customers are typically individual business analysts focused on a single use case such as data preparation and data blending. These initial deployments frequently expand across departments, divisions, and geographies as additional use cases are identified and deployed, and through word-of-mouth, collaboration, and standardization of business processes. As our platform expands throughout organizations and becomes increasingly strategic in nature, our platform is recognized by corporate executives, IT personnel, and organization leaders as the solution to their analytics needs.

Our sales organization is comprised of inside sales teams dedicated to selling to new customers and direct field sales teams responsible for identifying and maximizing future expansion opportunities with our existing customers. Our inside sales and direct field sales teams are tightly integrated to promote an efficient customer acquisition model and seamless growth for expansion opportunities. Our customer success and support organizations are responsible for post-sales training and support, maintaining customer relationships, and renewing existing contracts.

The majority of our domestic sales are through our direct sales organization, with our channel partners having more responsibility for sales to smaller customers. We serve Asia-Pacific, Europe, the Middle East, and Africa, and Latin America regions, and select other emerging countries through our direct sales organization and a variety of partners, including VARs and solution providers.

Marketing

Our marketing organization is responsible for increasing awareness of and generating demand for our platform, creating high-quality leads for our sales force through a mix of volume demand generation and account-based marketing, and fostering our community of users. A central focus of our marketing efforts is to drive awareness of our platform and increase website traffic. These goals are intended to increase downloads of free trials of our platform and encourage use of our free online training, which are integral parts of our customer acquisition process. We utilize a wide range of online and offline marketing initiatives including our website, social media, paid search, email, webinars, partner events, and field events often with analytic leaders and data scientists. Our annual U.S., European, and Asia-Pacific user conferences play a key role in providing current and prospective customers with a better understanding of our platform through interactions with peers, training, and the highlighting of customer use cases and best practices.

Strategic Partnerships

We have cultivated strong relationships with channel partners to help us extend the reach of our sales and marketing efforts, especially internationally. Our partnerships are primarily with strategic alliances, solution providers, and a growing network of VARs.

Strategic Alliance Partnerships

Our strategic alliance partnerships include global system integrators, strategic consulting and advisory firms, independent software vendors, cloud and data platforms, and solution and augmented technology offerings that enhance and extend our platform and solutions. For example, PricewaterhouseCoopers LLP and HCL America Solutions Inc. have specific practice areas that leverage Alteryx software. We have optimized integrations and solutions for a variety of independent software vendor solutions, data platforms and software-as-a-service, or SaaS, offerings, including Microsoft Azure Services, Amazon Web Services, Inc., Snowflake Inc., leading robotic process automation, or RPA, solutions, and solutions offered by Google, LLC, International Business Machines Corporation, Oracle Corporation, salesforce.com, inc., and SAP SE, machine learning and artificial intelligence applications. We natively support output to most visual formats such as those offered by Microsoft Corporation, Qlik Technologies, Inc., and Tableau Software, Inc.

Solution Providers

Our solution providers consist of system integrators, management consulting firms, and VARs. Solution providers bring product expertise and implementation services and best practices to our customers globally. As of December 31, 2020, we had approximately 500 solution providers and VARs that create scale for our platform through their network of trained consultants, on-point analytic services, and deep domain expertise. They provide vertical expertise and technical advice while solving complex business challenges and generating repeatable analytic workflows and applications in addition to reselling or bundling our software. Our reseller program is designed to scale growth, help generate new opportunities, optimize customer experience and care, increase profitability, and increase sales efficiency.

Research and Development

Our research and development efforts focus on improving current technology, developing new technologies in current and adjacent markets, and supporting existing customer deployments. Our research and development team, which consisted of 366 employees as of December 31, 2020 located primarily in California, Colorado, and Massachusetts in the United States as well as the Czech Republic, Ukraine, and the United Kingdom, comprises dedicated research employees, software engineers, quality assurance engineers, user experience experts, site and site operations engineers, and product managers. We leverage agile development methodologies and work with the latest technologies, resulting in a dynamic, state of the art, automated software development process that has allowed us to deliver high-quality products and services and adapt to market changes and new requirements quickly.

Seasonality

Due to the budgeting cycles of our current and potential customers, historically, we enter into more agreements with new customers and more renewed agreements with existing customers in the fourth quarter of each calendar year than in any other quarter. The impact of seasonality is heightened on subscriptions that are multi-year in nature with more revenue recognized at a point in time when the platform is first made available to the customers, or the beginning of the subscription term, if later, and the remaining portion recognized ratably over the life of the contract. Our rapid growth in recent years may obscure the extent to which seasonality trends have affected our business and may continue to affect our business. Seasonality in our business can also be impacted by introductions of new or enhanced products and services, including the costs associated with such introductions, or wider macroeconomic effects, such as the impact of the COVID-19 pandemic.

Competition

The market for self-service data analytics solutions is new and rapidly evolving. In many cases, our primary competitors are manual, spreadsheet-driven processes and custom-built approaches in which potential customers have made significant investments. In addition, we compete with large software companies, including providers of traditional business intelligence tools that offer one or more capabilities that are competitive with our platform. These capabilities include data preparation and/or advanced analytic modeling tools from Microsoft Corporation, Oracle Corporation, and SAS Institute Inc. Additionally, data visualization companies which already offer products and services in adjacent markets have recently introduced products and services that may become competitive with our offerings in the future.

We could also face competition from new market entrants, some of whom might be our current technology partners. In addition, some business analytics software companies offer data preparation options that are competitive with some of the features within our platform, such as Dataiku Ltd., DataRobot, Inc., salesforce.com, inc., TIBCO Software Inc., and Trifacta, Inc.

Many of our current and potential competitors, particularly the large software companies named above, have longer operating histories, significantly greater financial, technical, marketing, distribution, professional services, or other resources and greater name recognition than us. We expect competition to increase as other established and emerging companies enter the self-service data analytics software market, as customer requirements evolve, and as new products and services and technologies are introduced.

We believe the principal competitive factors in our market include:

- ease of use;
- platform features, quality, functionality, reliability, performance, and effectiveness;
- ability to automate analytical tasks or processes;
- ability to integrate with other technology infrastructures;
- vision for the market and product innovation;
- software analytics expertise;
- total cost of ownership;
- adherence to industry standards and certifications;
- strength of sales and marketing efforts;
- brand awareness and reputation; and
- customer experience, including support.

We believe we compete favorably with our competitors on the basis of the factors described above. Our ability to remain competitive will largely depend on our ongoing performance and quality of our platform.

Intellectual Property

Intellectual property is an important aspect of our business, and we seek protection for our intellectual property as appropriate. We currently rely on a combination of patents, copyrights, trademarks, trade secrets, confidentiality procedures, contractual commitments, and other legal rights to protect our intellectual property. We pursue the registration of our domain names and trademarks and service marks in the United States and in certain locations outside the United States. We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with other parties.

Intellectual property laws, procedures, and restrictions provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed, or misappropriated. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States and, therefore, in certain jurisdictions, we may be unable to protect our proprietary technology. Despite our efforts to protect our proprietary technology and our intellectual property rights, unauthorized parties may attempt to copy or obtain and use our technology to develop applications with the same functionality as our applications. Policing unauthorized use of our technology and intellectual property rights is difficult.

We expect that software and other applications in our industry may be subject to third-party infringement claims as the number of competitors grows and the functionality of applications in different industry segments overlaps. Any of these third parties might make a claim of infringement against us at any time.

Corporate Information

We were organized in California in March 1997 as SRC, LLC. We changed our name to Alteryx, LLC in March 2010 and converted into a Delaware corporation in March 2011 under the name Alteryx, Inc. Our principal executive offices are located at 3345 Michelson Drive, Suite 400, Irvine, California 92612, and our telephone number is (888) 836-4274. Our website address is www.alteryx.com. The information contained on, or that can be accessed through, our website is not incorporated by reference into, and is not a part of, this Annual Report.

Unless the context indicates otherwise, the terms "Alteryx," "the Company," "we," "us," and "our" refer to Alteryx, Inc., a Delaware corporation, together with its consolidated subsidiaries, unless otherwise noted.

Alteryx, the Alteryx logo, Alteryx Designer, Alteryx Server, Alteryx Analytics Gallery, Alteryx Connect, Alteryx Promote, Alteryx Analytics Hub, Alteryx Intelligence Suite, Semanta, Yhat, ClearStory Data, Feature Labs, and other registered or common law trade names, trademarks, or service marks of Alteryx appearing in this Annual Report are the property of Alteryx. This Annual Report contains additional trade names, trademarks, and service marks of other companies that are the property of their respective owners. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us, by these other companies. Solely for convenience, our trademarks and tradenames referred to in this Annual Report appear without the ® and ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or the right of the applicable licensor, to these trademarks and tradenames.

Available Information

We file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to reports filed or furnished pursuant to Sections 13(a), 14, and 15(d) of the Securities and Exchange Act of 1934, as amended, or the Exchange Act. The Securities and Exchange Commission, or SEC, maintains a website at http://www.sec.gov that contains reports, and other information regarding us and other companies that file materials with the SEC electronically. Copies of our reports on Forms 10-K, Forms 10-Q, and Forms 8-K, may be obtained, free of charge, electronically through our corporate website at www.alteryx.com as soon as reasonably practicable after we file such material electronically with, or furnish to, the SEC.

Item 1A. Risk Factors.

An investment in our Class A common stock involves a high degree of risk. You should carefully consider the risks described below and the other information in this Annual Report and in our other public filings before making an investment decision. Our business, prospects, financial condition, or operating results could be harmed by any of these risks, as well as other risks not currently known to us or that we currently consider immaterial. If any of such risks and uncertainties actually occurs, our business, prospects, financial condition, or operating results could differ materially from the plans, projections, and other forward-looking statements included in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Annual Report and in our other public filings. The trading price of our Class A common stock could decline due to any of these risks, and, as a result, you may lose all or part of your investment.

Summary Risk Factors

The below summary of risk factors provides an overview of many of the risks we are exposed to in the normal course of our business activities. As a result, the below summary risks do not contain all of the information that may be important to you, and you should read the summary risks together with the more detailed discussion of risks set forth following this section under the heading "Risk Factors," as well as elsewhere in this Annual Report. Additional risks, beyond those summarized below or discussed elsewhere in this Annual Report, may apply to our activities or operations as currently conducted or as we may conduct them in the future or in the markets in which we operate or may in the future operate. Consistent with the foregoing, we are exposed to a variety of risks, including risks associated with the following:

Risks Related to Our Business and Industry

- The ongoing outbreak of the COVID-19 pandemic around the world, or other similar health crises, could adversely impact our business and operating results.
- We have grown rapidly and we expect to continue to invest in our growth. If we are unable to manage our growth effectively, our revenue and profits could be adversely affected.
- We have incurred net losses in the past, anticipate increasing our operating expenses in the future, and may not sustain profitability.
- We derive a large portion of our revenue from our software platform, and our future growth is dependent on its success.
- If we are unable to attract new customers, expand sales to existing customers, both domestically and internationally, and maintain the subscription amount and subscription term to renewing customers, our revenue growth could be slower than we expect and our business may be harmed.

- If we are unable to develop and release product and service enhancements and new products and services to respond to rapid technological change in a timely and cost-effective manner, our business, operating results, and financial condition could be adversely affected.
- We face intense and increasing competition, and we may not be able to compete effectively, which could reduce demand for our platform and adversely affect our business, revenue growth, and market share.
- If the market for analytics products and services fails to grow as we expect, or if businesses fail to adopt our platform, our business, operating results, and financial condition could be adversely affected.
- The competitive position of our software platform depends in part on its ability to operate with third-party products and services, and if we are not successful in maintaining and expanding the compatibility of our platform with such third-party products and services, our business, financial position, and operating results could be adversely impacted.
- We use channel partners and if we are unable to establish and maintain successful relationships with them, our business, operating results, and financial condition could be adversely affected.
- We depend on technology and data licensed to us by third parties that may be difficult to replace or cause errors or failures that may impair or delay implementation of our products and services or force us to pay higher license fees.
- As we continue to pursue sales to large enterprises, our sales cycle, forecasting processes, and deployment processes may become more unpredictable and require greater time and expense.
- Our long-term success depends, in part, on our ability to expand the licensing of our software platform to customers located outside of the United States and our current, and any further, expansion of our international operations exposes us to risks that could have a material adverse effect on our business, operating results, and financial condition.
- Our revenue growth and ability to sustain profitability depends on being able to expand our skilled talent base and increase their productivity, particularly with respect to our direct sales force and software engineers.
- If we fail to develop, maintain, and enhance our brand and reputation cost-effectively, our business and financial condition may be adversely affected.
- Our sales are generally more heavily weighted toward the end of each quarter which could cause our billings and revenue to fall below expected levels.
- Our operating results may fluctuate from quarter to quarter, which makes our future results difficult to predict.
- We have undergone recent changes to our senior management team and if we are unable to integrate new members of our senior management team, if we lose the services of any of our senior management or other key personnel, or if we are unable to recruit or retain skilled personnel, our business, operating results, and financial condition could be adversely affected.

Risks Related to Information Technology, Intellectual Property, and Data Security and Privacy

- We have experienced, and may in the future experience, security breaches and if unauthorized parties obtain access to our customers' data, our data, or our platform, networks, or other systems, our platform may be perceived as not being secure, our reputation may be harmed, demand for our platform may be reduced, our operations may be disrupted, we may incur significant legal liabilities, and our business could be materially adversely affected.
- Cybersecurity risks and cyber incidents could result in the compromise of confidential data or critical data systems and give rise to potential harm to customers, remediation and other expenses under consumer protection laws or other laws or common law theories, subject us to litigation and federal and state governmental inquiries, damage our reputation, and otherwise be disruptive to our business and operations.
- Business disruptions or performance problems associated with our technology and infrastructure, including interruptions, delays, or failures in service from our third-party data center hosting facility and other third-party services, could adversely affect our operating results or result in a material weakness in our internal controls.
- Failure to protect our intellectual property could adversely affect our business.

Risks Related to Legal, Regulatory, Accounting, and Tax Matters

- Current and future litigation could have a material adverse impact on our operating results and financial condition.
- We may require additional capital to fund our business and support our growth, and any inability to generate or obtain such capital may adversely affect our operating results and financial condition.

Risks Related to Ownership of Our Class A Common Stock

- The market price of our Class A common stock has been, and will likely continue to be, volatile, and you could lose all or part of the value of your investment.
- The dual class structure of our common stock has the effect of concentrating voting control with holders of our Class B common stock, including our directors, executive officers, and 5% stockholders and their affiliates, which limits or precludes your ability to influence corporate matters, including the election of directors and the approval of any change of control transaction.

Risks Related to Our Business and Industry

The ongoing outbreak of the COVID-19 pandemic around the world, or other similar health crises, could adversely impact our business and operating results.

The outbreak of the novel coronavirus and the COVID-19 disease that it causes continues to be a global pandemic. In light of the uncertain and rapidly evolving situation relating to the spread of COVID-19, we continue to take precautionary measures intended to minimize the risk of the virus to our employees, our customers, and the communities in which we operate, including maintaining the closure of most of our offices worldwide and postponing or cancelling customer, employee or industry events, which could negatively impact our business. Although we continue to monitor the situation and may adjust our current policies as more information and public health guidance become available, the ongoing effects of the COVID-19 pandemic and/or the precautionary measures that we, our customers and governmental authorities have adopted have resulted in, and could continue to result in, customers not purchasing or renewing our products or services, significant delays or lengthening of our sales cycles, and reductions in average transaction sizes, and could negatively affect our customer success and sales and marketing efforts, result in difficulties or changes to our customer support, or create operational or other challenges, any of which could harm our business and operating results. In addition, the COVID-19 pandemic may disrupt the operations of our customers and partners for an indefinite period of time, including as a result of travel restrictions and/or business shutdowns, all of which could negatively impact our business and operating results. If the COVID-19 pandemic and its effects on the economy continue and our operations are adversely impacted, we also risk a delay, default and/or nonperformance under existing agreements.

Our management team has committed and continues to commit significant time, attention and resources to monitor and mitigate the effects of the COVID-19 pandemic on our business and workforce, which has diverted, and could continue to result in diversions of, management's attention from other business concerns. As long as the pandemic continues, our workforce may be exposed to health risks. Our efforts to re-open our offices safely may not be successful, could expose our workforce, customers and partners to health risks and us to associated liability, and will involve additional financial burdens. The COVID-19 pandemic may have long-term effects on the nature of the office environment and remote working, and this may present operational and workplace culture challenges that may adversely affect our business.

More generally, the COVID-19 pandemic has and could continue to adversely affect economies and financial markets globally, leading to an economic downturn, which could decrease technology spending and adversely affect demand for our products and services. Any prolonged economic downturn or a recession as a result of the COVID-19 pandemic could materially harm the business and operating results of our company and our customers, and could result in additional business closures, layoffs or furloughs of, or reductions in the number of hours worked by, our and our customers' employees, and a significant increase in unemployment in the United States and elsewhere, which may continue even after the COVID-19 pandemic is contained. Such events may lead to a reduction in the capital and operating budgets we or our customers have available, which could harm our business, financial condition and operating results. The trading prices for our common stock and other technology companies have been highly volatile as a result of the COVID-19 pandemic, which may reduce our ability to access capital on favorable terms or at all. In addition, a recession, depression or other sustained adverse market event resulting from the spread of the COVID-19 pandemic could materially and adversely affect our business and the value of our common stock. It is not possible at this time to estimate the impact that COVID-19 could have on our business, as the impact will depend on future developments, which are highly uncertain and cannot be predicted. Because our products are offered as subscription-based licenses, the effect of the pandemic may not be fully reflected in our operating results until future periods. While we have developed and continue to develop plans to help mitigate the negative impact of the pandemic on our business, these efforts may not be effective and any protracted economic downturn could significantly affect our business and results of operations.

Historically, a significant portion of our field sales and professional services have been conducted in person. Currently, as a result of the work and travel restrictions related to the COVID-19 pandemic, substantially all of our sales and professional services activities are being conducted remotely. While we have experienced adverse changes in customer buying behavior as a result of the impact of the COVID-19 pandemic, including decreased engagement, delayed sales cycles, and deterioration of near-term demand, and an increased volume of sales occurring in the final weeks of each fiscal quarter, as of the date of this Annual Report, we do not yet know the extent of the negative impact on our ability to attract new customers or retain and expand existing customers. Furthermore, in addition to potentially reducing or delaying technology spending, existing and potential customers may attempt to renegotiate contracts and obtain concessions as a result of the COVID-19 pandemic, which may materially and negatively impact our operating results, financial condition and prospects.

We have grown rapidly and we expect to continue to invest in our growth. If we are unable to manage our growth effectively, our revenue and profits could be adversely affected.

We have experienced rapid growth in a relatively short period of time. Our number of full-time employees increased from 1,291 employees as of December 31, 2019 to 1,469 employees as of December 31, 2020, and has increased significantly since our initial public offering. We have also established and expanded our operations in a number of countries outside the United States in the last several years.

Prior to the COVID-19 pandemic, we had invested or committed significant administrative, operational, and financial resources to growing our operations, including expanding into additional countries, enhancing our infrastructure and systems, and growing our talent base. If the effects of the COVID-19 pandemic on us, the economy or our customers are prolonged, we may be unable to realize the benefits of these rapid investments, or the resources we have committed, which could materially harm our operations, result in our revenue being materially offset by these investments, and require us to adopt more aggressive cost mitigation strategies that could further adversely affect our business, operating results and financial condition. To implement our current sales strategy, we realigned our sales associates to certain market and customer opportunities and reduced our sales force in certain geographies and market segments. This realignment and any future furlough, layoff or other reduction in force of our employees that we may take to either realign our resources or reduce our ongoing costs may result in the loss of a number of long-term employees, voluntary departures of other employees, the loss of institutional knowledge and expertise, the reallocation and combination of certain roles and responsibilities across the organization, and an increased risk of related litigation and claims, all of which could adversely affect our operations. In addition, we may not be able to effectively realize all of the cost savings anticipated by such actions and may incur unanticipated charges or liabilities as a result of such actions that were not previously contemplated, which could result in additional adverse effects on our business or operating results.

In light of the COVID-19 pandemic, our global hiring and expansion plans temporarily ceased or significantly slowed in 2020. However, in 2021, we expect to continue to expand our operations and headcount and we anticipate that further significant expansion will be required in the future. In addition, we license our platform to customers in more than 90 countries and have employees in the United States, Australia, Canada, Czech Republic, France, Germany, Japan, Netherlands, Singapore, Ukraine, the United Arab Emirates and the United Kingdom. We plan to continue to expand our operations into other countries in the future, which will place additional demands on our resources and operations. Our future operating results depend to a large extent on our ability to manage this expansion and growth successfully. Sustaining our growth will place significant demands on our management as well as on our administrative, operational, and financial resources. To manage our growth, we must continue to improve our operational, financial, and management information systems and expand, motivate, and manage our workforce. If we are unable to manage our growth successfully without compromising our quality of service or our profit margins, or if new systems that we implement to assist in managing our growth do not produce the expected benefits, our revenue and profits could be harmed. Risks that we face in undertaking future expansion include:

- effectively recruiting, integrating, training, and motivating a large number of new employees, including our direct sales force and engineering and development employees, while retaining existing employees, maintaining the beneficial aspects of our corporate culture, and effectively executing our business plan;
- satisfying existing customers and attracting new customers;
- successfully improving and expanding the capabilities of our platform and introducing new products and services;
- expanding our channel partner ecosystem;
- controlling expenses and investments in anticipation of expanded operations;
- implementing and enhancing our administrative, operational, and financial infrastructure, systems, and processes;
- addressing new markets; and
- expanding operations in the United States and international regions.

A failure to manage our growth effectively could harm our business, operating results, financial condition, and ability to market and sell our platform.

Further, due to our rapid growth in recent years, we have limited experience operating at our current scale and potentially at a larger scale, and, as a result, it may be difficult for us to fully evaluate future prospects and risks. Our recent and historical growth should not be considered indicative of our future performance. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our financial condition and operating results could differ materially from our expectations, our growth rates may slow and our business would by adversely impacted.

We have incurred net losses in the past, anticipate increasing our operating expenses in the future, and may not sustain profitability.

Although we generated net income in recent periods, we incurred a net loss in the twelve months ended December 31, 2020, have incurred net losses in the past, and could incur net losses in the future. If the effects of the COVID-19 pandemic on us, the economy and our customers are not prolonged, we expect our operating expenses to continue to increase substantially in the foreseeable future as we implement initiatives designed to grow our business, including increasing our overall customer base and expanding sales within our current customer base, continuing to penetrate international markets, investing in research and development to improve the capabilities of our platform, growing our distribution channels and channel partner ecosystem, deepening our user community, hiring additional employees, expanding our operations and infrastructure, both domestically and internationally, and in connection with legal, accounting, and other administrative expenses related to operating as a public company. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently, or at all, to offset these higher expenses and to sustain profitability. Some or all of the foregoing initiatives have been and may continue to be temporarily delayed or re-evaluated as part of our efforts to mitigate the effects of the COVID-19 pandemic on our business, which may negatively affect our ability to expand our operations and maintain or increase our sales. In addition, growth of our revenue has slowed and may continue to slow or revenue may decline for a number of possible reasons, including a decrease in our ability to attract and retain customers, a failure to increase our number of channel partners, increasing competition, decreasing growth of our overall market, decreases in term length in our contracts with customers and an inability to timely and cost-effectively introduce new products and services that are favorably received by customers and partners. A shortfall in revenue could lead to operating results being below expectations because we may not be able to quickly reduce our fixed operating expenses in response to short-term business changes. If we are unable to meet these risks and challenges as we encounter them, our business and operating results may be adversely affected.

We derive a large portion of our revenue from our software platform, and our future growth is dependent on its success.

Nearly all of our revenue has come from sales of our subscription-based software platform and because we expect these sales to account for a large portion of our revenue for the foreseeable future, the continued growth in market demand for our platform is critical to our continued success. In 2017, we announced two new products for our software platform, Alteryx Connect and Alteryx Promote, and, in 2020, we announced Alteryx Analytics Hub, or AAH, and Alteryx Intelligence Suite, or AIS. We cannot be certain, however, that any of these products will generate significant revenue. Accordingly, our business and financial results will continue to be substantially dependent on our single software platform.

If we are unable to attract new customers, expand sales to existing customers, both domestically and internationally, and maintain the subscription amount and subscription term to renewing customers, our revenue growth could be slower than we expect and our business may be harmed.

Our future revenue growth depends in part upon increasing our customer base. Our ability to achieve significant growth in revenue in the future will depend, in large part, upon the effectiveness of our marketing efforts, both domestically and internationally, and our ability to attract new customers. In particular, we are dependent upon lead generation strategies to drive our sales and revenue. If these marketing strategies fail to continue to generate sufficient sales opportunities necessary to increase our revenue and to the extent that we are unable to successfully attract and expand our customer base, we will not realize the intended benefits of these marketing strategies and our ability to grow our revenue may be adversely affected.

Demand for our platform by new customers may also be affected by a number of factors, many of which are beyond our control, such as continued market acceptance of our platform for existing and new use cases, the timing of development and new releases of our software, technological change, growth or contraction in our addressable market, and accessibility across operating systems. In addition, mitigation and containment measures adopted by government authorities to contain the spread of the COVID-19 pandemic in the United States and internationally, including travel restrictions and other requirements that limit in-person meetings, could limit our ability to establish and maintain relationships with new and existing customers. Further, if competitors introduce lower cost or differentiated products or services that are perceived to compete with our products and services, our ability to sell our products and services based on factors such as pricing, technology and functionality could be impaired. As a result, we may be unable to attract new customers at rates or on terms that would be favorable or comparable to prior periods, which could negatively affect the growth of our revenue. Attracting new customers may also be particularly challenging where an organization has already invested substantial personnel and financial resources to integrate traditional data analytics tools into its business, as such organization may be reluctant or unwilling to invest in new products and services. If we fail to attract new customers and maintain and expand those customer relationships, our revenue will grow more slowly than expected and our business will be harmed.

Even if we continue to attract new customers, the cost of new customer acquisition may prove so high as to prevent us from sustaining profitability. Our future revenue growth also depends upon expanding sales and renewals of subscriptions to our platform with existing customers. If our customers do not purchase additional licenses or capabilities, our revenue may grow more slowly than expected, may not grow at all or may decline. Additionally, increasing incremental sales to our current customer base requires increasingly sophisticated and costly sales efforts that are targeted at senior management. We plan to continue expanding our sales efforts, both domestically and internationally, but we may be unable to hire qualified sales personnel, may be unable to successfully train those sales personnel that we are able to hire, and sales personnel may not become fully productive on the timelines that we have projected or at all. Additionally, although we dedicate significant resources to sales and marketing programs, including Internet and other online advertising, these sales and marketing programs may not have the desired effect and may not expand sales. We cannot assure you that our efforts would result in increased sales to existing customers and additional revenue. If our efforts to upsell to our customers are not successful, our business and operating results would be adversely affected.

Our customers generally enter into license agreements with one to three year subscription terms and generally have no obligation or contractual right to renew their subscriptions after the expiration of their initial subscription period. New customers may enter into license agreements for lower subscription amounts or for shorter subscription terms than we anticipate, which reduces our ability to forecast revenue growth accurately. Moreover, our customers may not renew their subscriptions and those customers that do renew their subscriptions may renew for lower subscription amounts or for shorter subscription terms. Customer renewal rates may decline or fluctuate as a result of a number of factors, including the breadth of early deployment, reductions in our customers' spending levels, our pricing or pricing structure, the pricing or capabilities of products or services offered by our competitors, our customers' satisfaction or dissatisfaction with our platform, or the effects of economic conditions, including as a result of the COVID-19 pandemic. If our customers do not renew their agreements with us, or renew on terms less favorable to us, our revenue may decline.

If we are unable to develop and release product and service enhancements and new products and services to respond to rapid technological change in a timely and cost-effective manner, our business, operating results, and financial condition could be adversely affected.

The market for our platform is characterized by rapid technological change, frequent new product and service introductions and enhancements, changing customer demands, and evolving industry standards. The introduction of products and services embodying new technologies can quickly make existing products and services obsolete and unmarketable. Analytics products and services are inherently complex, and it can take a long time and require significant research and development expenditures to develop and test new or enhanced products and services. In 2020, we announced AAH, a new product, and AIS, a new product enhancement. The success of any enhancements or improvements to our platform or any new products and services depends on several factors, including timely completion, competitive pricing, adequate quality testing, integration with existing technologies and our platform, and overall market acceptance. We cannot be sure that we will succeed in developing, marketing, and delivering on a timely and cost-effective basis enhancements or improvements to our platform or any new products and services that respond to technological change or new customer requirements, nor can we be sure that any enhancements or improvements to our platform, including, but not limited to AAH and AIS, or any new products and services will achieve market acceptance. Any new products that we develop may not be introduced in a timely or cost-effective manner, may contain errors or defects, or may not achieve the broad market acceptance necessary to generate sufficient revenue. The introduction of new products and enhancements could also increase costs associated with customer support and customer success as demand for these services increase. This increase in cost could negatively impact our profit margins, including our gross margin. Moreover, even if we introduce new products and services, we may experience a decline in revenue of our existing products and services that is not offset by revenue from the new products or services. For example, customers may delay making purchases of new products and services to permit them to make a more thorough evaluation of these products and services or until industry and marketplace reviews become widely available. Some customers may hesitate migrating to a new product or service due to concerns regarding the complexity of migration and product or service infancy issues on performance. Further, we may make changes to our platform that customers do not find useful and we may also discontinue certain features or increase the price or price structure for our platform. In addition, we may lose existing customers who choose a competitor's products and services rather than migrate to our new products and services. This could result in a temporary or permanent revenue shortfall and adversely affect our business.

Further, the emergence of new industry standards related to analytics products and services may adversely affect the demand for our platform. This could happen if new Internet standards and technologies or new standards in the field of operating system support emerged that were incompatible with customer deployments of our platform. For example, if we are unable to adapt our platform on a timely basis to new database standards, the ability of our platform to access customer databases and to analyze data within such databases could be impaired. In addition, because part of our platform is cloud-based, we need to continually enhance and improve our platform to keep pace with changes in Internet-related hardware, software, communications, and database technologies and standards.

Any failure of our platform to operate effectively with future infrastructure platforms and technologies could reduce the demand for our platform. If we are unable to respond to these changes in a timely and cost-effective manner, our platform may become less marketable, less competitive, or obsolete, and our operating results may be adversely affected.

Moreover, SaaS business models have become increasingly demanded by customers and adopted by other software providers, including our competitors. While part of our platform is cloud-based, most of our platform is currently deployed on-premise and over time we expect customers to increasingly demand that our platform be provided through a SaaS business model. Such a shift would require us to make additional investments to our infrastructure in order to be able to more fully provide our platform through a SaaS model so that our platform remains competitive. Such investments may involve expanding our data centers, servers, and networks and increasing our technical operations and engineering teams.

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

The market for self-service data analytics software is new and rapidly evolving. In many cases, our primary competitors are manual, spreadsheet-driven processes and custom-built approaches in which potential customers have made significant investments. In addition, we compete with large software companies, including providers of traditional business intelligence tools that offer one or more capabilities that are competitive with our platform. These capabilities include data preparation and/or advanced analytic processing and modeling tools from Microsoft Corporation, Oracle Corporation, and SAS Institute Inc. Additionally, data visualization companies which already offer products and services in adjacent markets have introduced products and services that are increasingly competitive with our offerings. We could also face competition from new market entrants, some of whom might be our current technology partners, such as Databricks, Inc., DataRobot, Inc., Sisense Inc., and Snowflake Inc. In addition, some business analytics software companies offer data preparation and/or advanced analytic processing and modeling tools that are competitive with some of the features within our platform, such as Dataiku Ltd., salesforce.com, inc., TIBCO Software Inc., and Trifacta, Inc.

Many of our current and potential competitors, particularly the large software companies named above, have longer operating histories, significantly greater financial, technical, marketing, distribution, professional services, or other resources and greater name recognition than us. We expect competition to increase as other established and emerging companies enter the self-service data analytics software market, as customer requirements evolve, and as new products and services and technologies are introduced. In addition, many of our current and potential competitors have strong relationships with current and potential customers and extensive knowledge of the business analytics industry. As a result, our current and potential competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, or customer requirements or devote greater resources than we can to the development, promotion, and sale of their products and services. Moreover, many of these companies are bundling their analytics products and services into larger deals or subscription renewals, often at significant discounts as part of a larger sale. In addition, some current and potential competitors may offer products or services that address one or a number of functions at lower prices or at no cost, or with greater depth than our platform. Further, our current and potential competitors may develop and market new technologies with comparable functionality to our platform. As a result of the foregoing or other developments, we may experience fewer customer orders, reduced gross margins, longer sales cycles, and loss of market share. This could lead us to decrease prices, implement alternative pricing structures, or introduce products and services available for free or a nominal price in order to remain competitive. We may not be able to compete successfully against current and future competitors, and our business, operating results, and financial condition will be harmed if we fail to meet these competitive pressures.

Our ability to compete successfully in our market depends on a number of factors, both within and outside of our control. We believe the principal competitive factors in our market include: ease of use; platform features, quality, functionality, reliability, performance, and effectiveness; ability to automate analytical tasks or processes; ability to integrate with other technology infrastructures; vision for the market and product innovation; software analytics expertise; total cost of ownership; adherence to industry standards and certifications; strength of sales and marketing efforts; brand awareness and reputation; and customer experience, including support. Any failure by us to compete successfully in any one of these or other areas may reduce the demand for our platform, as well as adversely affect our business, operating results, and financial condition. Further, while part of our platform is cloud-based, most of our platform is currently deployed on-premise and over time we expect customers to increasingly demand that our platform be provided through a SaaS business model. Such a shift would require us to make additional investments to our infrastructure in order to be able to more fully provide our platform through a SaaS model so that our platform remains competitive. Such investments may involve expanding our data centers, servers, and networks and increasing our technical operations and engineering teams. If we are unable to develop a cloud-based product as quickly as may be demanded by the market, we may not be able to compete successfully against our competitors that have already deployed such products, and our business, operating results, and financial condition may be harmed.

Moreover, current and future competitors may also make strategic acquisitions or establish cooperative relationships among themselves or with others, including our current or future technology partners. By doing so, these competitors may increase their ability to meet the needs of our customers or potential customers. In addition, our current or prospective indirect sales channel partners may establish cooperative relationships with our current or future competitors. These relationships may limit our ability to sell or certify our platform through specific distributors, technology providers, database companies, and distribution channels and allow our competitors to rapidly gain significant market share. These developments could limit our ability to obtain revenue from existing and new customers. If we are unable to compete successfully against current and future competitors, our business, operating results, and financial condition would be harmed.

If the market for analytics products and services fails to grow as we expect, or if businesses fail to adopt our platform, our business, operating results, and financial condition could be adversely affected.

Nearly all our revenue has come from licenses of our subscription-based software platform, including PCS and support included with the subscription, and we expect these sales to account for a large portion of our revenue for the foreseeable future. Although demand for analytics products and services has grown in recent years, the market for analytics products and services continues to evolve and the secular shift towards self-service analytics may not be as significant as we expect. We cannot be sure that this market will continue to grow or, even if it does grow, that businesses will adopt our platform. Our future success will depend in large part on our ability to further penetrate the existing market for business analytics software, as well as the continued growth and expansion of what we believe to be an emerging market for analytics products and services that are faster, easier to adopt, easier to use, and more focused on self-service capabilities. Our ability to further penetrate the business analytics market depends on a number of factors, including the cost, performance, and perceived value associated with our platform, as well as customers' willingness to adopt a different approach to data analysis. We have spent, and intend to keep spending, considerable resources to educate potential customers about analytics products and services in general and our platform in particular. However, we cannot be sure that these expenditures will help our platform achieve any additional market acceptance. Furthermore, potential customers may have made significant investments in legacy analytics software systems and may be unwilling to invest in new products and services. In addition, resistance from consumer and privacy groups to increased commercial collection and use of data on spending patterns and other personal behavior and governmental restrictions on the collection and use of personal data may impair the further growth of this market by reducing the value of data to organizations, as may other developments. If the market fails to grow or grows more slowly than we currently expect or businesses fail to adopt our platform, our business, operating results, and financial condition could be adversely affected.

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

We believe that our corporate culture has been vital to our success, including in attracting, developing, and retaining personnel, as well as our customers. As we have grown rapidly over the last several years, it has become more challenging to maintain that culture. In addition, as a result of the COVID-19 pandemic, nearly all of our employees have been working remotely, which can create additional obligations and difficulties for certain employees and could negatively impact our corporate culture. Further, when the economy begins to recover from the impact of COVID-19, we plan to expand our international operations into other countries, which may impact our culture as we seek to find, hire, and integrate additional employees while maintaining our corporate culture. If we are unable to maintain our corporate culture for any of these or other reasons, we could lose the innovation, passion, and dedication of our team and as a result, our business and ability to focus on our corporate objectives may be harmed.

The competitive position of our software platform depends in part on its ability to operate with third-party products and services, and if we are not successful in maintaining and expanding the compatibility of our platform with such third-party products and services, our business, financial position, and operating results could be adversely impacted.

The competitive position of our software platform depends in part on its ability to operate with products and services of third parties, software services and infrastructure. As such, we must continuously modify and enhance our platform to adapt to changes in hardware, software, networking, browser, and database technologies. In the future, one or more technology companies may choose not to support the operation of their hardware, software, or infrastructure, or our platform may not support the capabilities needed to operate with such hardware, software, or infrastructure. In addition, to the extent that a third party were to develop software or services that compete with ours, that provider may choose not to support our platform. We intend to facilitate the compatibility of our software platform with various third-party hardware, software, and infrastructure by maintaining and expanding our business and technical relationships. If we are not successful in achieving this goal, our business, financial condition, and operating results could be adversely impacted.

We use channel partners and if we are unable to establish and maintain successful relationships with them, our business, operating results, and financial condition could be adversely affected.

In addition to our direct sales force, we use partners such as technology alliances, solutions providers, strategic global system integrators, solution partners, and VARs to sell and support our platform. Channel partners are becoming an increasingly important aspect of our business, particularly with regard to enterprise, governmental, and international sales. For example, we have established strategic alliances with PricewaterhouseCoopers LLP and HCL America Solutions Inc. to target these and other specific market segments and intend to continue pursuing additional strategic alliance relationships in the future. Our future growth in revenue and ability to sustain profitability depends in part on our continuing ability to identify, establish, and retain successful channel partner relationships in the United States and internationally, which will take significant time and resources and involve significant risk. We intend to continue making significant investments to grow our indirect sales channel. If we are unable to maintain our relationships with these channel partners, or otherwise develop and expand our indirect distribution channel, our business, operating results, financial condition, or cash flows could be adversely affected. Our business, operating results, financial condition, or cash flows could also be adversely affected if the anticipated benefits and value of our strategic alliance partnerships are not realized or are not realized in the timeframes anticipated.

We cannot be certain that we will be able to identify suitable indirect sales channel partners. To the extent we do identify such partners, we will need to negotiate the terms of a commercial agreement with them under which the partner would distribute our platform. We cannot be certain that we will be able to negotiate commercially-attractive terms with any such channel partner. In addition, all channel partners must be trained to distribute our platform. In order to develop and expand our distribution channel, we must continue developing and improving our processes for channel partner introduction and training. If we do not succeed in identifying suitable indirect sales channel partners, our business, operating results, and financial condition may be adversely affected.

We also cannot be certain that we will be able to maintain successful relationships with any channel partners and, to the extent that our channel partners are unsuccessful in selling our platform, our ability to sell, and our channel partners' willingness to sell, our platform and our business, operating results, and financial condition could be adversely affected. Our channel partners may offer customers the products and services of several different companies, including products and services that compete with our platform. Because our channel partners generally do not have an exclusive relationship with us, we cannot be certain that they will prioritize or provide adequate resources to selling our platform. Moreover, divergence in strategy by any of these channel partners may materially adversely affect our ability to develop, market, sell, or support our platform. We cannot assure you that our channel partners will continue to cooperate with us. Further, we rely on our channel partners to operate in accordance with the terms of their contractual agreements with us and any actions taken or omitted to be taken by such parties may adversely affect us. For example, our agreements with our channel partners limit the terms and conditions pursuant to which they are authorized to resell or distribute our platform and offer technical support and related services. We also typically require our channel partners to represent to us the dates and details of licenses sold through to our customers. If our channel partners do not comply with their contractual obligations to us, our business, operating results, and financial condition may be adversely affected.

In addition, all our sales to Federal government entities have been made indirectly through our channel partners. Government entities may have statutory, contractual, or other legal rights to terminate contracts with our channel partners for convenience or due to a default, and, in the future, if the portion of government contracts that are subject to renegotiation or termination at the election of the government entity are material, any such termination or renegotiation may adversely impact our future operating results. In the event of such termination, it may be difficult for us to arrange for another channel partner to sell our platform to these government entities in a timely manner, and we could lose sales opportunities during the transition.

Government entities routinely investigate and audit government contractors' administrative processes, and any unfavorable audit could result in the government entity refusing to purchase through a particular channel partner or renew its subscription to our platform, a reduction of revenue, or fines or civil or criminal liability if the audit uncovers improper or illegal activities.

We depend on technology and data licensed to us by third parties that may be difficult to replace or cause errors or failures that may impair or delay implementation of our products and services or force us to pay higher license fees.

We license third-party technologies and data that we incorporate into, use to operate, or provide to be used with our platform. We cannot assure you that the licenses for such third-party technologies or data will not be terminated or that we will be able to license third-party software or data for future products and services. Third parties may terminate their licenses with us for a variety of reasons, including actual or perceived failures or breaches of security or privacy. In addition, we may be unable to renegotiate acceptable third-party replacement license terms in the event of termination, or we may be subject to infringement liability if third-party software or data that we license is found to infringe intellectual property or privacy rights of others. In addition, the data that we license from third parties for potential use in our platform may contain errors or defects, which could negatively impact the analytics that our customers perform on or with such data. This may have a negative impact on how our platform is perceived by our current and potential customers and could materially damage our reputation and brand.

Changes in or the loss of third-party licenses could lead to our platform becoming inoperable or the performance of our platform being materially reduced resulting in our potentially needing to incur additional research and development costs to ensure continued performance of our platform or a material increase in the costs of licensing, and we may experience decreased demand for our platform.

As we continue to pursue sales to large enterprises, our sales cycle, forecasting processes, and deployment processes may become more unpredictable and require greater time and expense.

Sales to large enterprises involve risks that may not be present or that are present to a lesser extent with sales to smaller organizations and, accordingly, our sales cycle may lengthen as we continue to pursue sales to large enterprises. In addition, as a result of the COVID-19 pandemic, many large enterprises have reduced or delayed technology or other discretionary spending, which, in addition to resulting in longer sales cycles, may materially and negatively impact our operating results, financial condition and prospects. As we seek to increase our sales to large enterprise customers, we also face more complex customer requirements, substantial upfront sales costs, and less predictability in completing some of our sales than we do with smaller customers. With larger organizations, the decision to subscribe to our platform frequently requires the approvals of multiple management personnel and more technical personnel than would be typical of a smaller organization and, accordingly, sales to larger organizations may require us to invest more time educating these potential customers. In addition, large enterprises often require extensive configuration, integration services, and pricing negotiations, which increase our upfront investment in the sales effort with no guarantee that these customers will deploy our platform widely enough across their organization to justify our substantial upfront investment. Purchases by large enterprises are also frequently subject to budget constraints and unplanned administrative, processing, and other delays, which means we may not be able to come to agreement on the terms of the sale to large enterprises. In addition, our ability to successfully sell our platform to large enterprises is dependent on us attracting and retaining sales personnel with experience in selling to large organizations. If we are unable to increase sales of our platform to large enterprise customers while mitigating the risks associated with serving such customers, our business, financial position, and operating results may be adversely impacted. Furthermore, if we fail to realize an expected sale from a large customer in a particular quarter or at all, our business, operating results, and financial condition could be adversely affected for a particular period or in future periods.

Our long-term success depends, in part, on our ability to expand the licensing of our software platform to customers located outside of the United States and our current, and any further, expansion of our international operations exposes us to risks that could have a material adverse effect on our business, operating results, and financial condition.

We are generating a growing portion of our revenue from international licenses, and conduct our business activities in various foreign countries, including some emerging markets where we have limited experience, where the challenges of conducting our business can be significantly different from those we have faced in more developed markets and where business practices may create internal control risks. There are certain risks inherent in conducting international business, including:

- fluctuations in foreign currency exchange rates, which could add volatility to our operating results;
- new, or changes in, regulatory requirements;
- uncertainty regarding regulation, currency, tax, and operations resulting from the United Kingdom's exit from the European Union and possible disruptions in trade, the sale of our services and commerce, and movement of our people between the United Kingdom, European Union, and other locations;

- tariffs, export and import restrictions, restrictions on foreign investments, sanctions, and other trade barriers or protection measures;
- costs of localizing products and services;
- lack of acceptance of localized products and services;
- the need to make significant investments in people, solutions and infrastructure, typically well in advance of revenue generation;
- challenges inherent in efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits and compliance programs;
- difficulties in maintaining our company culture with a dispersed and distant workforce;
- treatment of revenue from international sources, evolving domestic and international tax environments, and other potential tax issues, including with respect to our corporate operating structure and intercompany arrangements;
- different or weaker protection of our intellectual property, including increased risk of theft of our proprietary technology and other intellectual property;
- economic weakness or currency-related crises;
- compliance with multiple, conflicting, ambiguous or evolving governmental laws and regulations, including employment, tax, privacy, anti-corruption, import/export, antitrust, data transfer, storage and protection, and industry-specific laws and regulations, including rules related to compliance by our third-party resellers and our ability to identify and respond timely to compliance issues when they occur, and regulations applicable to us and our third party data providers from whom we purchase and resell syndicated data;
- vetting and monitoring our third-party resellers in new and evolving markets to confirm they maintain standards consistent with our brand and reputation;
- generally longer payment cycles and greater difficulty in collecting accounts receivable;
- our ability to adapt to sales practices and customer requirements in different cultures;
- the lack of reference customers and other marketing assets in regional markets that are new or developing for us, as well as other adaptations in our market generation efforts that we may be slow to identify and implement;
- dependence on certain third parties, including resellers with whom we do not have extensive experience;
- natural disasters, acts of war, terrorism, or pandemics, including the ongoing COVID-19 pandemic;
- corporate espionage; and
- political instability and security risks in the countries where we are doing business and changes in the public perception of governments in the countries where we operate or plan to operate.

We have undertaken, and might undertake additional, corporate operating restructurings that involve our group of foreign country subsidiaries through which we do business abroad. We consider various factors in evaluating these restructurings, including the alignment of our corporate legal entity structure with our organizational structure and its objectives, the operational and tax efficiency of our group structure, and the long-term cash flows and cash needs of our business. Such restructurings increase our operating costs, and if ineffectual, could increase our income tax liabilities and our global effective tax rate.

Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. The U.S. enacted significant tax reform in December 2017 and the Coronavirus Aid, Relief, and Economic Security, or the CARES Act, in response to the COVID-19 pandemic in March 2020, and we are continuing to evaluate the impact of these tax laws as new guidance and regulations are published. In addition, the Organization for Economic Co-operation and Development, or OECD, issued final action items or proposals related to its initiative to combat base erosion and profit shifting, or BEPS. A central theme of the OECD's BEPS recommendations is increased transparency and reporting regarding business models, legal entity structures and transfer pricing policies used by multinationals. The OECD has recommended that multinationals be required to provide a single global country-by-country report and a single global master file detailing information about their operations in every jurisdiction where they operate. The OECD urged its members to adopt the proposals to counteract the effects of taxpayers' use of tax havens and preferential tax regimes globally. Some countries have incorporated the BEPS proposals into their laws and we expect other countries to follow suit, including the adoption of market-based, income sourcing provisions that assign a greater share of taxable income of a non-resident taxpayer to the country of its customer's location than do traditional "arm's length" income sourcing provisions.

Given these developments, tax authorities in the U.S. and other jurisdictions are likely to increase their audit efforts and might challenge some of our tax positions, which could increase the amount of taxes we incur in those jurisdictions, and in turn, increase our global effective tax rate.

In addition, compliance with foreign and U.S. laws and regulations that are applicable to our international operations is complex and may increase our cost of doing business in international jurisdictions, and our international operations could expose us to fines and penalties if we fail to comply with these regulations. These laws and regulations include import and export requirements and anti-bribery laws, such as the United States Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, the United Kingdom Bribery Act 2010, or the Bribery Act, and local laws prohibiting corrupt payments to governmental officials as well as commercial bribery. Although we have implemented policies and procedures designed to help ensure compliance with these laws, we cannot assure you that our employees, partners, and other persons with whom we do business will not take actions in violation of our policies or these laws. Any violations of these laws could subject us to civil or criminal penalties, including substantial fines or prohibitions on our ability to offer our platform in one or more countries, and could also materially damage our reputation and our brand. These factors may have an adverse effect on our future sales and, consequently, on our business, operating results, and financial condition.

Our revenue growth and ability to sustain profitability depends on being able to expand our skilled talent base and increase their productivity, particularly with respect to our direct sales force and software engineers.

In the software industry, there is substantial and continuous competition for engineers with high levels of experience in designing, developing and managing software, as well as competition for experienced sales personnel. We may not be successful in, and from time to time have experienced difficulty in, recruiting, training and retaining qualified personnel. In addition, as a result of the COVID-19 pandemic, we may not be able to hire as quickly as planned and it may be more challenging to entice qualified personnel to leave their current positions to join us.

Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training, and retaining sufficient numbers of direct sales personnel and software engineers to support our growth. New hires require significant training, and sales personnel typically take four to six months or more to achieve target productivity levels. In addition, due to the COVID-19 pandemic, nearly all of our employees are temporarily working remotely, which may further impact and lengthen the time period for our personnel to achieve full productivity. Our recent hires and planned hires may not become productive as quickly as we expect and if our new sales employees do not become fully productive on the timelines that we have projected or at all, our revenue will not increase at anticipated levels and our ability to achieve long term projections may be negatively impacted. We may also be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. Furthermore, hiring personnel in new countries requires additional set up and upfront costs that we may not recover if those personnel fail to achieve full productivity. In addition, as we continue to grow rapidly, a large percentage of our talent will be new to our company and our platform, which may adversely affect our revenue if we cannot train our talent quickly or effectively. Attrition rates may increase, and we may face integration challenges as we continue to seek to aggressively expand our talent base. If we are unable to hire and train sufficient numbers of effective sales personnel, if we are unable to identify and recruit sufficient numbers of software engineers with the skills and technical knowledge that we require, if the sales personnel are not successful in obtaining new customers or increasing sales to our existing customer base, if the software engineers are unable to timely contribute to the development of our products and services, if we are unable to resume hiring at our planned rates as the economy begins to recover from the impact of the COVID-19 pandemic, or in the event we are required to reduce our workforce as a result of the COVID-19 pandemic, our business will be adversely affected.

Further, to date, the majority of our revenue has been attributable to the efforts of our direct sales force in the United States. In order to increase our revenue and sustain profitability, we must, and we intend to, increase the size of our direct sales force, both in the United States and internationally, to generate additional revenue from new and existing customers. We periodically change and make adjustments to our sales organization in response to market opportunities, competitive threats, management changes, product introductions or enhancements, acquisitions, sales performance, increases in sales headcount, cost levels and other internal and external considerations. Any future sales organization changes may result in a temporary reduction of productivity, which could negatively affect our rate of growth. In addition, any significant change to the way we structure the compensation of our sales organization may be disruptive and may affect our revenue growth.

If we fail to develop, maintain, and enhance our brand and reputation cost-effectively, our business and financial condition may be adversely affected.

We believe that developing, maintaining, and enhancing awareness and integrity of our brand and reputation in a cost-effective manner is important to achieving widespread acceptance of our platform and is an important element in attracting new customers and maintaining existing customers. We believe that the importance of our brand and reputation will increase as competition in our market further intensifies. Successful promotion of our brand will depend on the effectiveness of our marketing efforts, our ability to provide a reliable and useful platform at competitive prices, the perceived value of our platform, and our ability to provide quality customer support. Brand promotion activities may not yield increased revenue, and even if they do, the increased revenue may not offset the expenses we incur in building and maintaining our brand and reputation. We also rely on our customer base and community of end-users in a variety of ways, including to give us feedback on our platform and to provide user-based support to our other customers. If we fail to promote and maintain our brand successfully or to maintain loyalty among our customers, or if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, we may fail to attract new customers and partners or retain our existing customers and partners and our business and financial condition may be adversely affected. Any negative publicity relating to our employees or partners, or others associated with these parties, may also tarnish our own reputation simply by association and may reduce the value of our brand. Damage to our brand and reputation may result in reduced demand for our platform and increased risk of losing market share to our competitors. Any efforts to restore the value of our brand and rebuild our reputation may be costly and may not be successful.

We have limited experience with respect to determining the optimal prices and pricing structures for our products and services.

We expect that we may need to change our pricing model from time to time, including as a result of competition, global economic conditions, reductions in our customers' spending levels generally, changes in product mix, pricing studies or changes in how information technology infrastructure is broadly consumed. Similarly, as we introduce new products and services, or as a result of the evolution of our existing products and services, we may have difficulty determining the appropriate price structure for our products and services. In addition, as new and existing competitors introduce new products or services that compete with ours, or revise their pricing structures, we may be unable to attract new customers at the same price or based on the same pricing model as we have used historically. Moreover, as we continue to target selling our products and services to larger organizations, these larger organizations may demand substantial price concessions. As a result, we may be required from time to time to revise our pricing structure or reduce our prices, which could adversely affect our business, operating results, and financial condition.

Our sales are generally more heavily weighted toward the end of each quarter which could cause our billings and revenue to fall below expected levels.

As a result of customer purchasing patterns, our quarterly sales cycles are generally more heavily weighted toward the end of each quarter with an increased volume of sales in the last few weeks and days of the quarter. This impacts the timing of recognized revenue and billings, cash collections and delivery of professional services. Furthermore, the concentration of contract negotiations in the last few weeks and days of the quarter could require us to expend more in the form of compensation for additional sales, legal and finance employees and contractors. Compression of sales activity to the end of the quarter also greatly increases the likelihood that sales cycles will extend beyond the quarter in which they are forecasted to close for some sizable transactions, which may harm forecasting accuracy, adversely impact new customer acquisition metrics for the quarter in which they are forecasted to close, and result in a revenue shortfall that could adversely affect our business.

Our operating results may fluctuate from quarter to quarter, which makes our future results difficult to predict.

Our quarterly operating results have fluctuated in the past and may fluctuate in the future. Additionally, we have a limited operating history with the current scale of our business, which makes it difficult to forecast our future results. As a result, you should not rely upon our past quarterly operating results as indicators of future performance. You should take into account the risks and uncertainties frequently encountered by companies in rapidly evolving markets. Our operating results in any given quarter can be influenced by numerous factors, many of which are unpredictable or are outside of our control, including:

- the impact of the COVID-19 pandemic and the effectiveness of any cost mitigation strategies we may implement, which may be offset by increased costs in other areas;
- our ability to generate significant revenue from new products and services;
- our ability to maintain and grow our customer base;
- our ability to expand our number of partners and distribution of our platform;
- the development and introduction of new products and services by us or our competitors;
- increases in and timing of operating expenses that we may incur to grow and expand our operations and to remain competitive;
- the timing of significant new purchases or renewals by our customers;
- purchasing patterns of our customers, including as a result of seasonality or changes in product mix;
- the timing of our annual user conferences;
- costs related to the acquisition of businesses, talent, technologies, or intellectual property, including potentially significant amortization costs and possible write-downs;
- actual or perceived failures or breaches of security or privacy, and the costs associated with remediating any actual failures or breaches;
- adverse litigation, judgments, settlements, or other litigation-related costs;
- changes in the legislative or regulatory environment, such as with respect to privacy;

- the application of new or changing financial accounting standards or practices;
- fluctuations in currency exchange rates and changes in the proportion of our revenue and expenses denominated in foreign currencies; and
- general economic conditions in either domestic or international markets, as well as economic conditions specifically affecting industries in which our customers operate, including the impact of the ongoing COVID-19 pandemic.

Our business is affected by seasonality.

Our business is affected by seasonality. Due to the budgeting cycles of our current and potential customers, historically, we enter into more agreements with new customers and more renewed agreements with existing customers in the fourth quarter of each calendar year than in any other quarter. The impact of seasonality is heightened on subscriptions that are multi-year in nature with more revenue recognized at a point in time when the platform is first made available to the customers, or the beginning of the subscription term, if later, and the remaining portion recognized ratably over the life of the contract. Additionally, seasonal patterns may be affected by the timing of particularly large transactions. For example, we may achieve higher revenue growth in the first fiscal quarter than in the second fiscal quarter due to the effect of one or more large contracts that are entered into in the first fiscal quarter.

In addition, we generally have increased sales and marketing expenses associated with our annual sales kickoff and our annual U.S., European and Asia-Pacific user conferences in the period in which each occurs. We also generally see increased sales activity following our user conferences as a result of increased customer engagement during and after the events. However, due to the impact of the COVID-19 pandemic, we cancelled our 2020 user conferences in North America and Europe during the three months ended June 30, 2020 and December 31, 2020, respectively. Accordingly, we did not incur the related increase in expenses during those periods and the extent of any impact on sales activity as a result of those cancellations may have been, and may continue to be, significant. Our rapid growth in recent years may obscure the extent to which seasonality trends have affected our business and may continue to affect our business. Seasonality in our business can also be impacted by introductions of new or enhanced products and services, including the costs associated with such introductions. Moreover, seasonal and other variations related to our revenue recognition or otherwise may cause significant fluctuations in our operating results and cash flows, may make it challenging for an investor to predict our performance on a quarterly or annual basis and may prevent us from achieving our quarterly or annual forecasts or meeting or exceeding the expectations of research analysts or investors, which in turn may cause our stock price to decline. Additionally, yearly or quarterly comparisons of our operating results may not be useful and our operating results in any particular period will not necessarily be indicative of the results to be expected for any future period.

We have undergone recent changes to our senior management team and if we are unable to integrate new members of our senior management team, if we lose the services of any of our senior management or other key personnel, or if we are unable to recruit or retain skilled personnel, our business, operating results, and financial condition could be adversely affected.

In October 2020, as part of a succession plan, Dean A. Stoecker, our co-founder, Chief Executive Officer and Chairman of our Board of Directors resigned from his role as Chief Executive Officer and the Board of Directors appointed Mark Anderson as our Chief Executive Officer. In addition, our Board of Directors appointed Dean Darwin as our Chief Revenue Officer effective January 1, 2021 and, in the last twelve months, we have added several new senior management employees. Any significant leadership change or senior management transition involves inherent risk and any failure to ensure the timely and suitable replacement and a smooth transition could hinder our strategic planning, business execution and future performance. In particular, this or any future leadership transition may result in a loss of personnel with deep institutional or technical knowledge and changes in business strategy or objectives, and has the potential to disrupt our operations and relationships with employees and customers due to added costs, operational inefficiencies, decreased employee morale and productivity and increased turnover. We must successfully integrate our new leadership team members within our organization to achieve our operating objectives.

Our future success depends in large part on the continued service of senior management and other key personnel. In particular, we are highly dependent on the services of our senior management team, many of whom are critical to the development of our technology, platform, future vision, and strategic direction. We rely on our leadership team in the areas of operations, security, marketing, sales, support, and general and administrative functions, and on individual contributors on our research and development team. Our senior management and other key personnel are all employed on an at-will basis, which means that they could terminate their employment with us at any time, for any reason and without notice. From time to time, there may be changes in our senior management team resulting from the hiring or departure of executives. If we lose the services of senior management or other key personnel, including due to illness resulting from COVID-19, or if our senior management team cannot work together effectively, our business, operating results, and financial condition could be adversely affected.

Our future success also depends on our continuing ability to attract, train, assimilate, and retain highly skilled personnel. We face intense competition for qualified individuals from numerous software and other technology companies. We may not be able to retain our current key employees or attract, train, assimilate, or retain other highly skilled personnel in the future. If we are able to resume our hiring at the rate we expected prior to the COVID-19 pandemic, we may incur significant costs to attract and retain highly skilled personnel, and we may lose new employees to our competitors or other technology companies, including as a result of new opportunities arising during the COVID-19 pandemic, before we realize the benefit of our investment in recruiting and training them. As we continue to move into new geographies, we will need to attract and recruit skilled personnel in those areas, which may involve adopting new working methodologies, including full-time remote work arrangements. If we are unable to attract and retain suitably qualified individuals who are capable of meeting our growing technical, operational, and managerial requirements, on a timely basis or at all, our business may be adversely affected. Volatility or lack of performance in our stock price may also affect our ability to attract and retain key employees. In particular, as a result of the impact of the COVID-19 pandemic or otherwise, if we do not continue to grow at the same pace that we have experienced in the last few years, if there is a significant adverse change in our business or operations, or if our stock price declines significantly, our employees may not find employment with us as attractive or may find opportunities with our competitors or other technology companies more attractive.

Any failure to offer high-quality technical support may harm our relationships with our customers and have a negative impact on our business and financial condition.

Once our platform is deployed, our customers depend on our customer support team to resolve technical and operational issues relating to our platform. Our ability to provide effective customer support is largely dependent on our ability to attract, train, and retain qualified personnel with experience in supporting customers on platforms such as ours. The number of our customers has grown significantly and that has and will put additional pressure on our customer support team. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for technical support. We also may be unable to modify the scope and delivery of our technical support to compete with changes in the technical support provided by our competitors. Increased customer demand for support, without corresponding revenue, could increase costs and negatively affect our operating results. In addition, as we continue to grow our operations and expand internationally, we need to be able to provide efficient customer support that meets our customers' needs globally at scale and our customer support team will face additional challenges, including those associated with delivering support, training, and documentation in languages other than English. If we are unable to provide efficient customer support globally at scale, our ability to grow our operations may be harmed and we may need to hire additional support personnel, which could negatively impact our operating results. In addition, we provide self-service support resources to our customers. Some of these resources, such as Alteryx Community, rely on engagement and collaboration by and with other customers. If we are unable to continue to develop self-service support resources that are easy to use and that our customers utilize to resolve their technical issues, or if our customers choose not to collaborate or engage with other customers on technical support issues, customers may continue to direct support requests to our customer support team instead of relying on our self-service support resources and our customers' experience with our platform may be negatively impacted. Any failure to maintain high-quality support, or a market perception that we do not maintain high-quality support, could harm our reputation, our ability to sell our platform to existing and prospective customers, and our business, operating results, and financial condition.

Future acquisitions of, or investments in, other companies, products, or technologies could require significant management attention, disrupt our business, dilute stockholder value, and adversely affect our operating results.

Our business strategy has included, and may in the future include, acquiring other complementary products, technologies, or businesses. For example, we acquired Feature Labs, Inc. in October 2019 to augment our machine learning capabilities and establish an engineering hub on the East Coast of the U.S., and ClearStory Data Inc. in April 2019 to add talented developers to our organization. We also may enter into relationships with other businesses in order to expand our platform, which could involve preferred or exclusive licenses, additional channels of distribution, or discount pricing or investments in other companies. Negotiating these transactions can be time-consuming, difficult, and expensive, and our ability to close these transactions may be subject to third-party approvals, such as government regulatory approvals, which are beyond our control. Consequently, we can make no assurance that these transactions, once undertaken and announced, will close.

These kinds of acquisitions or investments may result in unforeseen operating difficulties and expenditures. If we acquire businesses or technologies, we may not be able to integrate the acquired personnel, operations, and technologies successfully, or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including:

- inability to integrate or benefit from acquired technologies or services in a profitable manner and the potential for customer non-acceptance of multiple platforms on a temporary or permanent basis;
- unanticipated costs or liabilities associated with the acquisition, including potential liabilities due to litigation and potential identified or unknown security vulnerabilities in acquired technologies that expose us to additional security risks or delay our ability to integrate the product into our offerings or recognize the benefits of our investment;
- incurrence of acquisition-related costs;
- difficulty integrating the accounting systems, operations, and personnel of the acquired business;
- augmenting the acquired technologies and platforms to the levels that are consistent with our brand and reputation;
- difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business;
- challenges converting the acquired company’s revenue recognition policies and forecasting the related revenues, including subscription-based revenues and software license revenue;
- potential write-offs of acquired assets or investments, and potential financial and credit risks associated with acquired customers;
- difficulty converting the customers of the acquired business onto our platform and contract terms;
- diversion of management’s attention from other business concerns;
- the potential entry into new markets in which we have little or no experience or where competitors may have stronger market positions;
- adverse effects to our existing business relationships with business partners and customers as a result of the acquisition;
- the potential loss of key employees;
- use of resources that are needed in other parts of our business; and
- use of substantial portions of our available cash to consummate the acquisition.

Moreover, we cannot assure you that the anticipated benefits of any acquisition or investment would be realized or that we would not be exposed to unknown liabilities.

In connection with these types of transactions, we may issue additional equity securities that would dilute our stockholders, use cash that we may need in the future to operate our business, incur debt on terms unfavorable to us or that we are unable to repay, incur large charges or substantial liabilities, encounter difficulties integrating diverse business cultures and values, and become subject to adverse tax consequences, substantial depreciation, or deferred compensation charges. These challenges related to acquisitions or investments could adversely affect our business, operating results, financial condition, and prospects.

We are exposed to collection and credit risks, which could impact our operating results.

Our accounts receivable and contract assets are subject to collection and credit risks, which could impact our operating results. These assets may include upfront purchase commitments for multiple years of subscription-based software licenses, which may be invoiced over multiple reporting periods, increasing these risks. During 2019 and 2020, we had an increase in the volume of multi-year deals, which has increased our exposure to credit risks due to the longer duration. Our operating results may also be impacted by significant bankruptcies among customers, which could negatively impact our revenues and cash flows. Although we have processes in place that are designed to monitor and mitigate these risks, we cannot guarantee these programs will be effective. If we are unable to adequately control these risks, our business, operating results and financial condition could be harmed. Furthermore, as a result of the COVID-19 pandemic, existing customers may attempt to renegotiate contracts and obtain concessions, including, among other things, longer payment terms or modified subscription dates, or may fail to make payments on their existing contracts, which may materially and negatively impact our operating results and financial condition.

Risks Related to Information Technology, Intellectual Property, and Data Security and Privacy

The nature of our platform makes it particularly vulnerable to undetected errors or bugs, which could cause problems with how our platform performs and which could, in turn, reduce demand for our platform, reduce our revenue, and lead to product liability claims against us.

Because our platform is complex, it may contain errors or defects, especially when new updates or enhancements are released. Our software is often installed and used in large-scale computing environments with different operating systems, system management software, and equipment and networking configurations, which may cause errors or failures of our software or other aspects of the computing environment into which it is deployed. In addition, deployment of our software into these computing environments may expose previously undetected errors, compatibility issues, failures, or bugs in our software. Although we test our platform extensively, we have in the past discovered software errors in our platform after introducing new updates or enhancements. Despite testing by us and by our current and potential customers, errors may be found in new updates or enhancements after deployment by our customers. Real or perceived errors, failures, vulnerabilities, or bugs in our platform could result in negative publicity, loss of customer data, loss of or delay in market acceptance of our platform, loss of competitive position, or claims by customers for losses sustained by them, all of which could negatively impact our business and operating results and materially damage our reputation and brand. Alleviating any of these problems could require significant expenditures of our capital and other resources and could cause interruptions, delays, or cessation in the sale of our platform, which could cause us to lose existing or potential customers and could adversely affect our operating results and growth prospects.

Our agreements with customers typically contain provisions designed to limit our exposure to product liability, warranty, and other claims. However, these provisions do not eliminate our exposure to these claims. In addition, it is possible that these provisions may not be effective under the laws of certain domestic or international jurisdictions and we may be exposed to product liability, warranty, and other claims. A successful product liability, warranty, or other similar claim against us could have an adverse effect on our business, operating results, and financial condition.

We have experienced, and may in the future experience, security breaches and if unauthorized parties obtain access to our customers' data, our data, or our platform, networks, or other systems, our platform may be perceived as not being secure, our reputation may be harmed, demand for our platform may be reduced, our operations may be disrupted, we may incur significant legal liabilities, and our business could be materially adversely affected.

As part of our business, we process, store, and transmit certain registration and usage data of our customers as well as our own confidential and/or proprietary business information and trade secrets, including in our platform, networks, and other systems, and we rely on third parties that are not directly under our control to do so as well. We, and our third-party partners, have security measures and disaster response plans in place to help protect our customers' data, our own data and information, and our platform, networks, and other systems against unauthorized access or inadvertent exposure. However, we cannot assure you that these security measures and disaster response plans will be effective against all security threats and natural disasters. System failures or outages, including any potential disruptions due to significantly increased global demand on certain cloud-based systems during the COVID-19 pandemic, could compromise our ability to perform our day-to-day operations in a timely manner, which could negatively impact our business or delay our financial reporting. Such failures could also materially adversely affect our operating results and financial condition. Our and our third-party partners' security measures have in the past been, and may in the future be, breached as a result of third-party action, including intentional misconduct by computer hackers, fraudulent inducement of employees or customers to disclose sensitive information such as user names or passwords, and the errors or malfeasance of our or our third-party partners' personnel. In addition, due to the COVID-19 pandemic, nearly all of our employees are temporarily working remotely, which may pose additional data security risks. For example, there has been an increase in phishing and spam emails as well as social engineering attempts from "hackers" hoping to use the recent COVID-19 pandemic to their advantage. A breach could result in someone obtaining unauthorized access to our customers' data, our own data, confidential and/or proprietary business information, trade secrets, personal data, or our platform, networks, or other systems. Although we have incurred significant costs and expect to incur additional significant costs to prevent such unauthorized access, because there are many different security threats and the security threat landscape continues to evolve, we and our third-party partners may be unable to anticipate attempted security breaches and implement adequate preventative measures. Third parties may also conduct attacks designed to temporarily deny customers access to our services.

Any actual or perceived security breach or compromise or failure of our or our third-party partners' systems, networks, data or confidential information could result in actual or alleged breaches of applicable laws or our contractual obligations, regulatory investigations and orders, litigation, indemnity obligations, damages, penalties, fines, costs, and other liabilities. Any such incident could also materially damage our reputation and harm our business, operating results, and financial condition, including reducing our revenue, resulting in our customers or third-party partners terminating their relationships with us, subjecting us to costly notification and remediation requirements, or harming our brand. For example, in 2018, we were subject to lawsuits filed against us related to potential access to a commercially available, third-party marketing dataset that provided consumer marketing information intended to help marketing professionals advertise and sell their products. While these lawsuits were ultimately resolved in 2018, future litigation or similar proceedings could be resolved less favorably and adversely affect our business or operations.

Cybersecurity risks and cyber incidents could result in the compromise of confidential data or critical data systems and give rise to potential harm to customers, remediation and other expenses under consumer protection laws or other laws or common law theories, subject us to litigation and federal and state governmental inquiries, damage our reputation, and otherwise be disruptive to our business and operations.

Cyber incidents can result from deliberate attacks or unintentional events. We collect and store on our networks sensitive information, including intellectual property, proprietary business information and personal data of individuals, such as our customers and employees. The secure maintenance of this information and technology is critical to our business operations. We have implemented multiple layers of security measures designed to protect the confidentiality, integrity, availability and privacy of this data and the systems and devices that store and transmit such data. We utilize current security technologies, and our defenses are monitored and routinely tested internally and by external parties. Despite these efforts, threats from malicious persons and groups, new vulnerabilities and advanced new attacks against information systems create risk of cybersecurity incidents. These incidents can include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. For example, in December 2020, SolarWinds Worldwide, LLC, which provides network management software, notified its customers that a recent update to one of its products contained data collection malware that had also been distributed to thousands of its other customers, including federal, state and local government agencies, educational institutions and several private companies and governments around the world. While we do not believe we were affected by this incident, similar incidents or breaches could occur to us directly or indirectly through our vendors. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may not immediately produce signs of intrusion, we may be unable to anticipate these incidents or techniques, timely discover them, or implement adequate preventative measures.

These threats can come from a variety of sources, ranging in sophistication from an individual hacker to malfeasance by employees, consultants or other service providers to state-sponsored attacks. Cyber threats may be generic, or they may be custom-crafted against our information systems. Over the past several years, cyber-attacks have become more prevalent and much harder to detect and defend against. Our network and storage applications may be vulnerable to cyber-attack, malicious intrusion, malfeasance, loss of data privacy or other significant disruption and may be subject to unauthorized access by hackers, employees, consultants or other service providers. In addition, hardware, software or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to our systems or facilities through fraud, trickery or other forms of deceiving our employees, contractors and temporary staff.

There can be no assurance that we will not be subject to cybersecurity incidents that bypass our security measures, impact the integrity, availability or privacy of data that may be subject to privacy laws or disrupt our information systems, devices or business. As a result, cybersecurity, physical security and the continued development and enhancement of our controls, processes and practices designed to protect our enterprise, information systems and data from attack, damage or unauthorized access remain a priority for us. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any cybersecurity vulnerabilities. The occurrence of any of these events could result in:

- harm to customers;
- business interruptions and delays;
- the loss, misappropriation, corruption or unauthorized access of data;
- litigation, including potential class action litigation, and potential liability under privacy, security and consumer protection laws or other applicable laws;
- notification to governmental agencies, the media and/or affected individuals pursuant to various federal, state and international privacy and security laws;
- regulatory fines and sanctions;
- reputational damage;
- increase to insurance premiums; and
- foreign, federal and state governmental inquiries.

Any of the foregoing events could have a material, adverse effect on our financial position and operating results and harm our business reputation.

We maintain cyber liability insurance policies covering certain security and privacy damages. However, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. Risks related to cybersecurity will increase as we continue to grow the scale and functionality of our platform and process, store, and transmit increasingly large amounts of our customers' information and data, which may include proprietary or confidential data or personal data.

Our platform may infringe the intellectual property rights of third parties and this may create liability for us or otherwise harm our business.

Third parties may claim that our current or future products and services infringe their intellectual property rights, and such claims may result in legal claims against our customers and us. These claims may damage our brand and reputation, harm our customer relationships, and create liability for us. We expect the number of such claims will increase as the number of products and services and the level of competition in our market grows, the functionality of our platform overlaps with that of other products and services, and the volume of issued software patents and patent applications continues to increase. We generally agree in our customer contracts to indemnify customers for expenses or liabilities they incur as a result of third party intellectual property infringement claims associated with our platform. To the extent that any claim arises as a result of third-party technology we have licensed for use in our platform, we may be unable to recover from the appropriate third party any expenses or other liabilities that we incur.

Companies in the software and technology industries, including some of our current and potential competitors, own large numbers of patents, copyrights, trademarks, and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. In addition, many of these companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. Furthermore, patent holding companies, non-practicing entities, and other adverse patent owners that are not deterred by our existing intellectual property protections may seek to assert patent claims against us. From time to time, third parties, including certain of these leading companies, have contacted us inviting us to license their patents and may, in the future, assert patent, copyright, trademark, or other intellectual property rights against us, our channel partners, our technology partners, or our customers. We have received, and may in the future receive, notices that claim we have misappropriated, misused, or infringed other parties' intellectual property rights, and, to the extent we gain greater market visibility, we face a higher risk of being the subject of intellectual property infringement claims, which is not uncommon with respect to the enterprise software market.

There may be third-party intellectual property rights, including issued or pending patents, that cover significant aspects of our technologies or business methods. In addition, if we acquire or license technologies from third parties, we may be exposed to increased risk of being the subject of intellectual property infringement due to, among other things, our lower level of visibility into the development process with respect to such technology and the care taken to safeguard against infringement risks. Any intellectual property claims, with or without merit, could be very time-consuming, could be expensive to settle or litigate, and could divert our management's attention and other resources. These claims could also subject us to significant liability for damages, potentially including treble damages if we are found to have willfully infringed patents or copyrights, and may require us to indemnify our customers for liabilities they incur as a result of such claims. These claims could also result in our having to stop using technology found to be in violation of a third party's rights. We might be required to seek a license for the intellectual property, which may not be available on reasonable terms or at all. Even if a license were available, we could be required to pay significant royalties, which would increase our operating expenses. Alternatively, we could be required to develop alternative non-infringing technology, which could require significant time, effort, and expense, and may affect the performance or features of our platform. If we cannot license or develop alternative non-infringing substitutes for any infringing technology used in any aspect of our business, we would be forced to limit or stop sales of our platform and may be unable to compete effectively. Any of these results would adversely affect our business operations and financial condition.

Business disruptions or performance problems associated with our technology and infrastructure, including interruptions, delays, or failures in service from our third-party data center hosting facility and other third-party services, could adversely affect our operating results or result in a material weakness in our internal controls.

Continued adoption of our platform depends in part on the ability of our existing and potential customers to access our platform within a reasonable amount of time. We have experienced, and may in the future experience, disruptions, data loss, outages, and other performance problems with our infrastructure and website due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, capacity constraints, denial of service attacks, or other security-related incidents. If our platform is unavailable or if our users and customers are unable to access our platform within a reasonable amount of time, or at all, we may experience a decline in renewals, damage to our brand, or other harm to our business. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed, and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business, operating results, and financial condition could be adversely affected.

A significant portion of our critical business operations are concentrated in the United States. For instance, we serve our customers and manage certain critical internal processes using a third-party data center hosting facility located in Colorado and other third-party services, including cloud services. We are a highly automated business, and a disruption or failure of our systems, or the third-party hosting facility or other third-party services that we use, could cause delays in completing sales and providing services. For example, from time to time, our data center hosting facility has experienced outages. Such disruptions or failures could also include a major earthquake, blizzard, fire, cyber-attack, act of terrorism, or other catastrophic event, or a decision by one of our third-party service providers to close facilities that we use without adequate notice or other unanticipated problems with the third-party services that we use, including a failure to meet service standards. Further, due to nearly all of our employees working remotely as a result of COVID-19, we increased infrastructure capacity in those areas where we anticipated increased demand on our infrastructure.

Interruptions or performance problems with either our technology and infrastructure or our data center hosting facility, including any failure to foresee those areas of our infrastructure that could be adversely impacted as a result of COVID-19, could, among other things:

- result in the destruction or disruption of any of our critical business operations, controls, or procedures or information technology systems;
- severely affect our ability to conduct normal business operations;
- result in a material weakness in our internal control over financial reporting;
- cause us to be in breach of our contractual obligations and result in our customers terminating their subscriptions;
- result in our issuing credits or paying penalties or fines;
- harm our brand and reputation;
- adversely affect our renewal rates or our ability to attract new customers; or
- cause our platform to be perceived as unreliable or unsecure.

Any of the above could adversely affect our business operations and financial condition.

Failure to protect our intellectual property could adversely affect our business.

We currently rely on a combination of patents, copyrights, trademarks, trade secrets, confidentiality procedures, contractual commitments, and other legal rights to establish and protect our intellectual property. We currently have “Alteryx” and variants and other marks registered as trademarks or pending registrations in the U.S. and certain foreign countries. We also rely on copyright laws to protect computer programs related to our platform and our proprietary technologies, although to date we have not registered for statutory copyright protection. We have registered numerous Internet domain names in the U.S. and certain foreign countries related to our business. Despite our efforts, the steps we take to protect our intellectual property may be inadequate and we will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Unauthorized third parties may try to copy or reverse engineer portions of our platform or otherwise obtain and use our intellectual property. In addition, we may not be able to obtain sufficient intellectual property protection for important features of our platform, in which case our competitors may discover ways to provide similar features without infringing or misappropriating our intellectual property rights.

Historically, we have prioritized keeping our technology architecture, trade secrets, and engineering roadmap confidential, and as a general matter, have not extensively patented our proprietary technology. As a result, we generally cannot look to patent enforcement rights to protect a significant portion of our proprietary technology. Furthermore, our patent strategy is still in its early stages. Any patents that we may own and rely on may be challenged or circumvented by others or invalidated through administrative process or litigation. Our current and future patent applications may not be issued with the scope of the claims we seek, if at all. In addition, any patents issued in the future may not provide us with competitive advantages, may not be enforceable in actions against alleged infringers or may be successfully challenged by third parties. Further, the process of obtaining patent protection is expensive and time-consuming and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. For those patents that we do own and may own in the future, the United States Patent and Trademark Office and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and to maintain issued patents. There are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. If this occurs, it could have a material adverse effect on our business operations and financial condition.

Moreover, U.S. patent law, developing jurisprudence regarding U.S. patent law, and possible future changes to U.S. or foreign patent laws and regulations may affect our ability to protect our intellectual property and defend against claims of patent infringement. In addition, the laws of some countries do not provide the same level of protection of our intellectual property as do the laws of the United States. As we expand our international activities, our exposure to unauthorized copying and use of our platform and proprietary information will likely increase. Despite our precautions, it may be possible for unauthorized third parties to infringe upon or misappropriate our intellectual property, to copy our platform, and use information that we regard as proprietary to create products and services that compete with ours. Effective intellectual property protection may not be available to us in every country in which our platform is available, and mechanisms for enforcement of intellectual property rights in those countries may be inadequate. For example, some foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, many countries limit the enforceability of patents against certain third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. We may need to expend additional resources to defend our intellectual property rights domestically or internationally, which could impair our business or adversely affect our domestic or international expansion. If we cannot protect our intellectual property against unauthorized copying or use, we may not remain competitive and our business, operating results, and financial condition may be adversely affected.

We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with other parties. We cannot assure you that these agreements will be effective in controlling access to, use of, and distribution of our proprietary information or in effectively securing exclusive ownership of intellectual property developed by our employees and consultants. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our platform.

In order to protect our intellectual property rights, we may be required to spend significant resources to acquire, maintain, monitor, and protect our intellectual property rights. We cannot assure you that our monitoring efforts will detect every infringement of our intellectual property rights by a third party. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming, and distracting to management, and could result in the impairment or loss of portions of our intellectual property. Further, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our platform, impair the functionality of our platform, delay introductions of new products and services, result in our substituting inferior or more costly technologies into our platform, or damage our brand and reputation.

In addition, we contribute software source code under open source licenses. As a result of our open source contributions, we may disclose code and/or innovations that turn out to be material to our business and may also be exposed to increased litigation risk. If the protection of our proprietary rights is inadequate to prevent unauthorized use or appropriation by third parties, the value of our brand and other intangible assets may be diminished and competitors may be able to more effectively mimic our products, services, and methods of operations. Any of these events could have an adverse effect on our business and financial results.

Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses.

Our agreements with customers and other third parties may include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of third-party claims of intellectual property infringement or other violations of intellectual property rights, damages caused by us to property or persons, or other liabilities relating to or arising from our software, services or other contractual obligations. Large indemnity payments could harm our business, operating results and financial condition. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other existing customers and new customers and harm our business and operating results.

Our platform contains third-party open source software components, and failure to comply with the terms of the underlying open source software licenses could restrict our ability to sell our platform.

Our platform incorporates open source software code. An open source license allows the use, modification, and distribution of software in source code form. Certain kinds of open source licenses further require that any person who creates a product or service that contains, links to, or is derived from software that was subject to an open source license must also make their own product or service subject to the same open source license. Using software that is subject to this kind of open source license can lead to a requirement that our platform be provided free of charge or be made available or distributed in source code form. Although we do not believe our platform includes any open source software in a manner that would result in the imposition of any such requirement, the interpretation of open source licenses is legally complex and, despite our efforts, it is possible that our platform could be found to contain this type of open source software.

Moreover, we cannot assure you that our processes for controlling our use of open source software in our platform will be effective. If we have not complied with the terms of an applicable open source software license, we could be required to seek licenses from third parties to continue offering our platform on terms that are not economically feasible, to re-engineer our platform to remove or replace the open source software, to discontinue the sale of our platform if re-engineering could not be accomplished on a timely basis, to pay monetary damages, or to make generally available the source code for our proprietary technology, any of which could adversely affect our business, operating results, and financial condition.

In addition to risks related to license requirements, use of open source software can involve greater risks than those associated with use of third-party commercial software, as open source licensors generally do not provide warranties or assurance of title, performance, non-infringement, or controls on origin of the software. There is typically no support available for open source software, and we cannot assure you that the authors of such open source software will not abandon further development and maintenance. Many of the risks associated with the use of open source software, such as the lack of warranties or assurances of title or performance, cannot be eliminated, and could, if not properly addressed, negatively affect our business. We have established processes to help alleviate these risks, including a review process for screening requests from our development organizations for the use of open source software, but we cannot be sure that all open source software is identified or submitted for approval prior to use in our platform.

Responding to any infringement claim, regardless of its validity, or discovering the use of certain types of open source software code in our platform could harm our business, operating results, and financial condition, by, among other things:

- resulting in time-consuming and costly litigation;
- diverting management’s time and attention from developing our business;
- requiring us to pay monetary damages or enter into royalty and licensing agreements that we would not normally find acceptable;
- causing delays in the deployment of our platform;
- requiring us to stop selling some aspects of our platform;
- requiring us to redesign certain components of our platform using alternative non-infringing or non-open source technology or practices, which could require significant effort and expense;
- requiring us to disclose our software source code, the detailed program commands for our software; and
- requiring us to satisfy indemnification obligations to our customers.

Risks Related to Legal, Regulatory, Accounting, and Tax Matters

Political and economic uncertainty, particularly in the United Kingdom and the European Union, could cause disruptions to, and create uncertainty surrounding, our business in the United Kingdom and the European Union, including affecting our relationships with our existing and prospective customers, partners, and employees, and could have a material impact on our operations in the United Kingdom.

In a June 2016 referendum, the United Kingdom voted in favor of leaving the European Union, and in March 2017, the United Kingdom notified the European Union of its plan to leave the European Union, a process commonly referred to as “Brexit.” Brexit occurred on January 31, 2020 and continues to create political and economic uncertainty. For example, our U.K.-headquartered subsidiary co-develops and licenses our products to customers outside of North and South America, many of which are in the European Union. The transition period terminated on December 31, 2020 and on that date, the U.K. passed legislation giving effect to a Trade and Cooperation Agreement with the E.U. that the E.U. expects to formally adopt in early 2021. Under the Trade and Cooperation Agreement, U.K. service suppliers no longer benefit from automatic access to the entire E.U. single market, U.K. goods no longer benefit from the free movement of goods and there is no longer the free movement of people between the U.K. and the E.U., resulting in our U.K. subsidiary losing access to the E.U. single market and to E.U. trade agreements with other jurisdictions. We may be required to move certain operations to other E.U. member states to maintain access to the E.U. single market and to E.U. trade deals, which could disrupt our business and our relationships with existing and prospective customers, partners, and employees.

Depending on the application of the terms of the Trade and Cooperation Agreement, we could face new regulatory costs and burdens, including imposition of customs duties, or tariffs, on our products licensed to customers in the European Union. We are unable to predict how and to what extent Brexit will impact our future operating results and cash flows.

The nature of our business requires the application of complex revenue recognition rules and changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our reported operating results.

U.S. generally accepted accounting principles, or U.S. GAAP, is subject to interpretation by the Financial Accounting Standards Board, or FASB, the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in accounting standards or practices can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective, as occurred in connection with our adoption of ASU, 2014-09, *Revenue from Contracts with Customers* (Topic 606), or ASC 606. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business.

Accounting for revenue from sales of subscriptions to software is particularly complex, is often the subject of intense scrutiny by the SEC and will evolve as FASB continues to consider applicable accounting standards in this area. For example, ASC 606 became effective for our annual reporting period for the year ended December 31, 2018 and had a material impact on our operating results for the year ended December 31, 2018. ASC 606 is principles-based and interpretation of those principles may vary from company to company based on their unique circumstances. It is possible that interpretation, industry practice and guidance may evolve. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in our stock price.

We also implemented changes to our accounting processes, internal controls and disclosures to support ASC 606. For example, the timing by which we recognize revenue from each of our products differs as a result of our transition to ASC 606. If a shift in our product mix favors the sale of one or more product(s) over our other product offerings, our revenue may be affected and may grow more slowly than it has in the past, or decline, and our operating results may be adversely impacted. In addition, industry and financial analysts may have difficulty understanding any shifts in our product mix, resulting in changes in financial estimates or failure to meet investor expectations. Furthermore, if we are unsuccessful in adapting our business to the requirements of any new accounting standard, or if changes to our go-to-market strategy create new risks, then we may experience greater volatility in our quarterly and annual operating results, which may have a material adverse effect on the trading price of our Class A common stock.

In addition, in February 2016, FASB issued an accounting standards update on leases, requiring lessees, among other things, to recognize lease assets and lease liabilities on the balance sheet for those leases classified as operating leases under previous authoritative guidance. Effective January 1, 2019, we adopted Accounting Standards Update, or ASU, 2016-02, *Leases*, or ASC 842. Under ASC 842, we determine if an arrangement is a lease at contract inception. Other companies in our industry may apply these accounting principles differently than we do, adversely affecting the comparability of our consolidated financial statements. Any difficulties in implementing these and other new accounting pronouncements could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us.

Changes in laws or regulations relating to privacy or the protection or transfer of personal data, or any actual or perceived failure by us to comply with such laws and regulations or our privacy policies, could adversely affect our business.

Components of our business, including our platform, involve processing, storing, and transmitting personal data, which is subject to our privacy policies and certain federal, state, and foreign laws and regulations relating to privacy and data protection. The amount of customer and employee personal data that we store through our platform, networks, and other systems, including personal data, is increasing. In recent years, the collection and use of personal data by companies have come under increased regulatory and public scrutiny.

For example, in the United States, protected health information is subject to the Health Insurance Portability and Accountability Act, or HIPAA. HIPAA has been supplemented by the Health Information Technology for Economic and Clinical Health Act with the result of increased civil and criminal penalties for noncompliance. Under HIPAA, entities performing certain functions and creating, receiving, maintaining, or transmitting protected health information provided by covered entities and other business associates are directly subject to HIPAA. If we have access to protected health information through our platform in the future, we may be obligated to comply with certain privacy rules and data security requirements under HIPAA. Any systems failure or security breach that results in the release of, or unauthorized access to, personal data, or any failure or perceived failure by us to comply with our privacy policies or any applicable laws or regulations relating to privacy or data protection, could result in proceedings against us by governmental entities or others. Such proceedings could result in the imposition of sanctions, fines, penalties, liabilities, or governmental orders requiring that we change our data practices, any of which could have a material adverse effect on our business, operating results, and financial condition.

Various local, state, federal, and international laws, directives, and regulations apply to the collection, use, retention, protection, disclosure, transfer, and processing of personal data. These data protection and privacy laws and regulations continue to evolve and various federal, state and foreign legislative or regulatory bodies may enact new or additional laws or regulations concerning privacy and data protection that could adversely impact our business. Complying with these varying requirements could cause us to incur substantial costs or require us to change our business practices, either of which could adversely affect our business and operating results. For example, the General Data Protection Regulation, or GDPR, adopted by the European Union and effective as of May 2018, imposes stringent EU data protection requirements, including mandating burdensome documentation requirements and granting certain privacy rights to individuals to control how companies collect, use, disclose, retain, and process information about them. In addition, the GDPR increases the scrutiny of transfers of personal data from the European Economic Area, or EEA, to the United States and other jurisdictions that the European Commission does not recognize as having "adequate" data protection laws. For example, on July 16, 2020, the Court of Justice of the European Union issued a decision invalidating outright the EU-US Privacy Shield framework, which companies had generally relied upon for the transfer of data from the European Union to the United States, on the grounds that the EU-US Privacy Shield failed to offer adequate protections to EU personal data transferred to the United States. While the Court of Justice upheld the use of other data transfer mechanisms, such as the Standard Contractual Clauses, the decision has led to some uncertainty regarding the use of such mechanisms for data transfers to the United States, and the court made clear that reliance on Standard Contractual Clauses alone may not necessarily be sufficient in all circumstances. The use of Standard Contractual Clauses for the transfer of personal data specifically to the United States also remains under review by a number of European data protection supervisory authorities. For example, German and Irish supervisory authorities have indicated that the Standard Contractual Clauses alone provide inadequate protection for EU-US data transfers. Use of the data transfer mechanisms must now be assessed on a case-by-case basis taking into account the legal regime applicable in the destination country, in particular applicable surveillance laws and rights of individuals. The European Data Protection Board issued additional guidance regarding the Court of Justice's decision on November 11, 2020, which imposes higher burdens on the use of data transfer mechanisms, such as the Standard Contractual Clauses, for cross-border data transfers. To comply with this guidance, we may need to implement additional safeguards to further enhance the security of data transferred out of the EEA, which could increase our compliance costs, expose us to further regulatory scrutiny and liability, and adversely affect our business. Further, the European Commission published new versions of the Standard Contractual Clauses for comment and is expected to finalize and implement the new Standard Contractual Clauses in early 2021.

Additionally, the U.K. implemented the Data Protection Act, effective May 2018 and statutorily amended in 2019, that contains provisions, including its own derogations, for how GDPR is applied in the U.K. These developments in the European Union could increase the risk of non-compliance and the costs of providing our products and services in a compliant manner. From the beginning of 2021 (when the transitional period following Brexit expired), we have to continue to comply with the GDPR and also the Data Protection Act, with each regime having the ability to fine up to the greater of €20 million (£17.5 million) or 4% of global turnover. The relationship between the U.K. and the EU remains uncertain, for example how data transfers between the U.K. and the EU and other jurisdictions will be treated and the role of the U.K.'s supervisory authority. The EU is expected to either issue an adequacy decision for personal data transfers from the EEA to the U.K. in early 2021, or an adequacy mechanism, such as the Standard Contractual Clauses, will be required for transfer of personal data from the EEA to the U.K. These changes will lead to additional costs as we try to ensure compliance with new privacy legislation and will increase our overall risk exposure.

In addition, the California Consumer Privacy Act, or CCPA, became effective on January 1, 2020 and became enforceable by the California Attorney General on July 1, 2020, along with related regulations which came into force on August 14, 2020. Additionally, although not effective until January 1, 2023, the California Privacy Rights Act, or CPRA, which expands upon the CCPA, was passed in the recent election on November 3, 2020. The CCPA gives, and the CPRA will give, California residents expanded rights to access and require deletion of their personal data, opt out of certain personal data sharing, and receive detailed information about how their personal data is collected, used and shared. The CCPA provides for civil penalties for violations, as well as a private right of action for security breaches that may increase security breach litigation. The CCPA and CPRA may increase our compliance costs and potential liability, particularly in the event of a data breach, and could have a material adverse effect on our business, including how we use personal data, our financial condition, our operating results or prospects. The CCPA has also prompted a number of proposals for new federal and state privacy legislation that, if passed, could increase our potential liability, increase our compliance costs and adversely affect our business. Changing definitions of personal data and information may also limit or inhibit our ability to operate or expand our business, including limiting strategic partnerships that may involve the sharing of data. Also, some jurisdictions require that certain types of data be retained on servers within these jurisdictions. Our failure to comply with applicable laws, directives, and regulations may result in enforcement action against us, including fines, and damage to our reputation, any of which may have an adverse effect on our business and operating results.

Contractual disputes with our customers could be costly, time-consuming, and harm our reputation.

Our business is contract intensive and we are party to contracts with our customers all over the world. Our contracts can contain a variety of terms, including security obligations, indemnification obligations and regulatory requirements. Contract terms may not always be standardized across our customers and can be subject to differing interpretations, which could result in disputes with our customers from time to time. If our customers notify us of an alleged contract breach or otherwise dispute any provision under our contracts, the resolution of such disputes in a manner adverse to our interests could negatively affect our operating results.

Additionally, if customers fail to pay us under the terms of our agreements, we may be adversely affected both from the inability to collect amounts due and the cost of enforcing the terms of our contracts, including litigation. The risk of such negative effects increases with the term length of our customer arrangements. Furthermore, some of our customers may seek bankruptcy protection or other similar relief and fail to pay amounts due to us, pay those amounts more slowly or seek to recover amounts already paid, any of which could adversely affect our operating results, financial position, and cash flow.

Failure to comply with governmental laws and regulations could harm our business.

Our business is subject to regulation by various federal, state, local and foreign governments. In certain jurisdictions, these regulatory requirements may be more stringent than those in the United States. Noncompliance with applicable regulations or requirements could subject us to investigations, sanctions, mandatory product recalls, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, injunctions or other collateral consequences. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, operating results, and financial condition could be materially adversely affected. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions and sanctions could harm our business, reputation, operating results and financial condition.

Current and future litigation could have a material adverse impact on our operating results and financial condition.

From time to time, we have been subject to litigation. For example, between August and October 2020, three putative securities class action lawsuits were filed against us and certain of our executive officers in U.S. federal court relating to alleged violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. These proceedings are further described in Note 15, *Commitments and Contingencies*, in the notes to our consolidated financial statements included elsewhere in this Annual Report. Additional actions alleging similar claims could be brought in the future. These proceedings all remain in the early stages and we intend to vigorously defend against these claims. In addition, in December 2017 and January 2018, four putative consumer class action lawsuits were filed against us based upon claims we failed to properly secure on Amazon Web Services a commercially available, third-party marketing dataset that provided consumer marketing information intended to help marketing professionals advertise and sell their products. The complaints asserted claims for violation of the Fair Credit Reporting Act, 15 U.S.C. §§ 1681 et seq. and state consumer-protection statutes, as well as claims for common law negligence. These actions were dismissed during 2018. The outcome of any litigation, including the litigation relating to the alleged securities law violations, regardless of its merits, is inherently uncertain. Regardless of the merits of any claims that may be brought against us, pending or future litigation could result in a diversion of management's attention and resources and we may be required to incur significant expenses defending against these claims. If we are unable to prevail in litigation, we could incur payments of substantial monetary damages or fines, or undesirable changes to our products or business practices, and accordingly our business, financial condition, or operating results could be materially and adversely affected. Where we can make a reasonable estimate of the liability relating to pending litigation and determine that it is probable, we record a related liability. As additional information becomes available, we assess the potential liability and revise estimates as appropriate. However, because of uncertainties relating to litigation, the amount of our estimates could change. Any adverse determination related to litigation could require us to change our technology or our business practices, pay monetary damages or fines, or enter into royalty or licensing arrangements, which could adversely affect our operating results and cash flows, harm our reputation, or otherwise negatively impact our business.

Failure to comply with anti-corruption and anti-money laundering laws, including the FCPA and similar laws associated with our activities outside of the United States, could subject us to penalties and other adverse consequences.

We are subject to the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the Bribery Act, and possibly other anti-bribery and anti-money laundering laws in countries in which we conduct activities. We face significant risks if we fail to comply with the FCPA and other anti-corruption laws that prohibit companies and their employees and third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to foreign government officials, political parties, and private-sector recipients for the purpose of obtaining or retaining business, directing business to any person, or securing any advantage. In many foreign countries, particularly in countries with developing economies, it may be a local custom that businesses engage in practices that are prohibited by the FCPA or other applicable laws and regulations. In addition, we use various third parties to sell our platform and conduct our business abroad. We or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. We have implemented an anti-corruption compliance program but cannot assure you that all our employees and agents, as well as those companies to which we outsource certain of our business operations, will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

Any violation of the FCPA, other applicable anti-corruption laws, and anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and, in the case of the FCPA, suspension or debarment from U.S. government contracts, which could have an adverse effect on our reputation, business, operating results, and prospects. In addition, responding to any enforcement action may result in a significant diversion of management's attention and resources and significant defense costs and other professional fees.

We are required to comply with governmental export control laws and regulations. Our failure to comply with these laws and regulations could have an adverse effect on our business and operating results.

Our platform is subject to governmental, including United States and European Union, export control laws and regulations. U.S. export control laws and regulations and economic sanctions prohibit the shipment of certain products and services to U.S. embargoed or sanctioned countries, governments, and persons, and complying with export control and sanctions regulations for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities. While we take precautions to prevent our platform from being exported in violation of these laws, if we were to fail to comply with U.S. export laws, U.S. customs regulations and import regulations, U.S. economic sanctions, and other countries' import and export laws, we could be subject to substantial civil and criminal penalties, including fines for the company and incarceration for responsible employees and managers, and the possible loss of export or import privileges.

We incorporate encryption technology into certain of our products. Encryption products may be exported outside of the United States only with the required export authorization including by license, a license exception or other appropriate government authorization. In addition, various countries regulate the import of certain encryption technology, including import permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our products or could limit our customers' ability to implement our products in those countries. Although we take precautions to prevent our products from being provided in violation of such laws, we cannot assure you that inadvertent violations of such laws have not occurred or will not occur in connection with the distribution of our products despite the precautions we take. Governmental regulation of encryption technology and regulation of imports or exports, or our failure to obtain required import or export approval for our products, could harm our international sales and adversely affect our operating results.

Further, if our channel or other partners fail to obtain appropriate import, export, or re-export licenses or permits, we may also be harmed, become the subject of government investigations or penalties, and incur reputational harm. Changes in our platform or changes in export and import regulations may create delays in the introduction of our platform in international markets, prevent our customers with international operations from deploying our platform globally or, in some cases, prevent the export or import of our platform to certain countries, governments, or persons altogether. Any change in export or import laws or regulations, economic sanctions, or related legislation, shift in the enforcement or scope of existing laws and regulations, or change in the countries, governments, persons, or technologies targeted by such laws and regulations, could result in decreased use of our platform by, or in our decreased ability to export or sell our platform to, existing or potential customers with international operations. Any decreased use of our platform or limitation on our ability to export or sell our platform would likely harm our business, financial condition, and operating results.

Our financial statements are subject to change and if our estimates or judgments relating to our critical and significant accounting policies prove to be incorrect, our operating results could be adversely affected.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and related notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Critical and significant accounting policies and estimates used in preparing our consolidated financial statements include those related to revenue recognition, convertible senior notes, and accounting for income taxes. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the price of our Class A common stock.

If our goodwill or intangible assets become impaired, we may be required to record a significant charge to earnings.

We review our goodwill and intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, such as declines in stock price, market capitalization, or cash flows and slower growth rates in our industry. Goodwill is required to be tested for impairment at least annually. If we are required to record a significant charge in our financial statements during the period in which any impairment of our goodwill or intangible assets is determined, that would negatively affect our operating results.

We may have exposure to additional tax liabilities.

We are subject to complex tax laws and regulations in the United States and a variety of foreign jurisdictions. All of these jurisdictions have in the past and may in the future make changes to their corporate income tax rates and other income tax laws which could increase our future income tax provision.

Our future income tax obligations could be affected by earnings that are lower than anticipated in jurisdictions where we have lower statutory rates and by earnings that are higher than anticipated in jurisdictions where we have higher statutory rates, by changes in the valuation of our deferred tax assets and liabilities, changes in the amount of unrecognized tax benefits, or by changes in tax laws, regulations, accounting principles, or interpretations thereof.

Our determination of our tax liability is subject to review by applicable U.S. and foreign tax authorities. Any adverse outcome of such a review could harm our operating results and financial condition. The determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment and, in the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is complex and uncertain. Moreover, as a multinational business, we have subsidiaries that engage in many intercompany transactions in a variety of tax jurisdictions where the ultimate tax determination is complex and uncertain. Our existing corporate structure and intercompany arrangements have been implemented in a manner we believe is in compliance with current prevailing tax laws. However, the taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology or intercompany arrangements, which could impact our worldwide effective tax rate and harm our financial position and operating results.

We are also subject to non-income taxes, such as payroll, sales, use, value-added, net worth, property, and goods and services taxes in the United States and various foreign jurisdictions. We are periodically reviewed and audited by tax authorities with respect to income and non-income taxes. Tax authorities may disagree with certain positions we have taken and we may have exposure to additional income and non-income tax liabilities, which could have an adverse effect on our operating results and financial condition. In addition, our future effective tax rates could be favorably or unfavorably affected by changes in tax rates, changes in the valuation of our deferred tax assets or liabilities, the effectiveness of our tax planning strategies, or changes in tax laws or their interpretation. Such changes could have an adverse impact on our financial condition.

As a result of these and other factors, the ultimate amount of tax obligations owed may differ from the amounts recorded in our financial statements and any such difference may harm our operating results in future periods in which we change our estimates of our tax obligations or in which the ultimate tax outcome is determined.

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations which could subject our business to higher tax liability.

Our ability to use our net operating losses, or NOLs, to offset future taxable income may be subject to certain limitations which could subject our business to higher tax liability. We may be limited in the portion of NOL carryforwards that we can use in the future to offset taxable income for U.S. federal and state income tax purposes, and federal tax credits to offset federal tax liabilities. Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, limit the use of NOLs and tax credits after a cumulative change in corporate ownership of more than 50% occurs within a three-year period. The statutes place a formula limit on how much NOLs and tax credits a corporation can use in a tax year after a change in ownership. Avoiding an ownership change is generally beyond our control. Although the ownership changes we experienced in the past and in the year ended December 31, 2019 have not prevented us from using all NOLs and tax credits accumulated before such ownership changes, we could experience another ownership change that might limit our use of NOLs and tax credits in the future. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security, or CARES Act, was signed into law. The CARES Act changes certain provisions of the Tax Cuts and Jobs Act of 2017, or Tax Act. Under the CARES Act, NOLs arising in taxable years beginning after December 31, 2017 and before January 1, 2021 may be carried back to each of the five taxable years preceding the tax year of such loss, but NOLs arising in taxable years beginning after December 31, 2020 may not be carried back. Under the Tax Act, as modified by the CARES Act, NOLs from tax years that began after December 31, 2017 may offset no more than 80% of current taxable income annually for taxable years beginning after December 31, 2020. Accordingly, if we generate NOLs after the tax year ended December 31, 2017, we might have to pay more federal income taxes in a subsequent year as a result of the 80% taxable income limitation than we would have had to pay under the law in effect before the Tax Act was modified by the CARES Act. On June 29, 2020, California Senate Bill 85, or S.B. 85, was signed into law. S.B. 85 suspends NOL deductions in each of 2020, 2021 and 2022 when a taxpayer has more than $1 million of taxable income before the application of NOLs. S.B. 85 also limits tax credits to $5 million for each taxpayer for the same tax years to reduce their California income tax liability in 2020, 2021 and 2022, respectively. Both the NOL and credit provisions capped by the annual limits in 2020, 2021, or 2022 have an extended carryover period for each year the limit applies. Therefore, if we have more than $1 million of California taxable income in any of 2020, 2021 and 2022, the application of NOLs and credits would be limited by the new legislation.

We may require additional capital to fund our business and support our growth, and any inability to generate or obtain such capital may adversely affect our operating results and financial condition.

In order to support our growth and respond to business challenges, such as developing new features or enhancements to our platform to stay competitive, acquiring new technologies, and improving our infrastructure, we have made significant financial investments in our business and we intend to continue to make such investments. As a result, we may need to engage in additional equity or debt financings to provide the funds required for these investments and other business endeavors. If we raise additional funds through equity or convertible debt issuances, our existing stockholders may suffer significant dilution and these securities could have rights, preferences, and privileges that are superior to that of holders of our common stock. If we obtain additional funds through debt financing, we may not be able to obtain such financing on terms favorable to us. Such terms may involve restrictive covenants making it difficult to engage in capital raising activities and pursue business opportunities, including potential acquisitions. The trading prices for our common stock and other technology companies have been highly volatile as a result of the COVID-19 pandemic, which may reduce our ability to access capital on favorable terms or at all. In addition, a recession, depression or other sustained adverse market event resulting from the spread of the COVID-19 pandemic could materially and adversely affect our business and the value of our common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired and our business may be adversely affected, requiring us to delay, reduce, or eliminate some or all of our operations.

Risks Related to Our Notes

Although our Notes are referred to as senior notes, they are effectively subordinated to any of our secured debt and any liabilities of our subsidiaries.

The Notes (as defined in Note 9, *Convertible Senior Notes*, of the notes to our consolidated financial statements included elsewhere in this Annual Report) rank senior in right of payment to any of our indebtedness and other liabilities that are expressly subordinated in right of payment to the Notes; equal in right of payment among all series of Notes and to any other existing and future indebtedness and other liabilities that are not subordinated; effectively junior in right of payment to any of our secured indebtedness and other liabilities to the extent of the value of the assets securing such indebtedness and other liabilities; and structurally junior in right of payment to all of our existing and future indebtedness and other liabilities (including trade payables) of our current or future subsidiaries. In the event of our bankruptcy, liquidation, reorganization, or other winding up, our assets that secure debt ranking senior or equal in right of payment to the Notes will be available to pay obligations on the Notes only after the secured debt has been repaid in full from these assets, and the assets of our subsidiaries will be available to pay obligations on the Notes only after all claims senior to the Notes have been repaid in full. There may not be sufficient assets remaining to pay amounts due on any or all of the Notes then outstanding. The indentures governing the Notes do not prohibit us from incurring additional senior debt or secured debt, nor do they prohibit any of our current or future subsidiaries from incurring additional liabilities.

Recent and future regulatory actions and other events may adversely affect the trading price and liquidity of the Notes.

We expect that many investors in, and potential purchasers of, the Notes have employed or will employ, or seek to employ, a convertible arbitrage strategy with respect to the Notes. Investors would typically implement such a strategy by selling short the Class A common stock underlying the Notes and dynamically adjusting their short position while continuing to hold the Notes. Investors may also implement this type of strategy by entering into swaps on our Class A common stock in lieu of or in addition to short selling the Class A common stock.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may impact those engaging in short selling activity involving equity securities (including our Class A common stock). Such rules and actions include Rule 201 of SEC Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc. and the national securities exchanges of a “Limit Up-Limit Down” program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain regulatory reforms required by the Dodd-Frank Act. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the Notes to effect short sales of our Class A common stock, borrow our Class A common stock, or enter into swaps on our Class A common stock could adversely affect the trading price and the liquidity of the Notes.

Volatility in the market price and trading volume of our Class A common stock could adversely impact the trading price of the Notes.

We expect that the trading price of the Notes will be significantly affected by the market price of our Class A common stock. The stock market in recent years, including during the ongoing COVID-19 pandemic, has experienced significant price and volume fluctuations that have often been unrelated to the operating performance of companies. The market price of our Class A common stock has fluctuated, and could continue to fluctuate, significantly for many reasons, including in response to the other risks described in this Annual Report or for reasons unrelated to our operations, many of which are beyond our control, such as responses to the COVID-19 pandemic, reports by industry analysts, investor perceptions, or negative announcements by our customers or competitors regarding their own performance, as well as industry conditions and general financial, economic and political instability. A decrease in the market price of our Class A common stock would likely adversely impact the trading price of the Notes. The market price of our Class A common stock could also be affected by possible sales of our Class A common stock by investors who view the Notes as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that we expect to develop involving our Class A common stock. This trading activity could, in turn, affect the trading price of the Notes.

An increase in market interest rates could result in a decrease in the value of the Notes.

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value because the premium, if any, over market interest rates will decline. Consequently, if market interest rates increase, the market value of the Notes may decline. We cannot predict the future level of market interest rates.

We may incur substantially more debt or take other actions which would intensify the risks discussed above.

We and our subsidiaries may incur substantial additional debt in the future, subject to the restrictions contained in our debt instruments, some of which may be secured debt. We are not restricted under the terms of the indentures governing the Notes from incurring additional debt, securing existing or future debt, recapitalizing our debt, or taking a number of other actions that are not limited by the terms of the indentures governing the Notes that could have the effect of diminishing our ability to make payments on the Notes when due.

We may not have the ability to raise the funds necessary to settle conversions of the Notes in cash or to repurchase the Notes upon a fundamental change, and any future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the Notes.

Holders of a series of Notes have the right to require us to repurchase all or a portion of their Notes of the relevant series upon the occurrence of a fundamental change before the relevant maturity date at a fundamental change repurchase price equal to 100% of the principal amount of the Notes of the relevant series to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion of such Notes, unless we elect to deliver solely shares of our Class A common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we are required to make cash payments in respect of the Notes being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of Notes surrendered therefor or pay cash with respect to Notes being converted.

In addition, our ability to repurchase Notes or to pay cash upon conversions of Notes may be limited by law, regulatory authority, or any agreements governing our future indebtedness. Our failure to repurchase Notes at a time when the repurchase is required by the applicable indenture or to pay any cash upon conversions of Notes as required by the applicable indenture would constitute a default under such indenture. A default under an indenture or the fundamental change itself could also lead to a default under agreements governing any future indebtedness. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Notes or to pay cash upon conversions of Notes.

The conditional conversion feature of the Notes may adversely affect our financial condition and operating results.

As a result of meeting certain conditional conversion criteria during the three months ended December 31, 2020, the outstanding 2023 Notes are currently convertible at the option of the holders during the quarter ending March 31, 2021. During this time, and in the event the conditional conversion feature of the relevant series of Notes is triggered in future quarters, holders of such Notes are, with respect to the 2023 Notes, and will be, with respect to all Notes, entitled to convert their Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class A common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation in cash, which could adversely affect our liquidity. In addition, even if holders of such Notes do not elect to convert their Notes, we are currently, with respect to the 2023 Notes, and could in the future be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the relevant series of Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital. Accordingly, as a result of the current convertibility of the 2023 Notes, we have classified the 2023 Notes as current liabilities on the consolidated balance sheet as of December 31, 2020.

Our stockholders may experience dilution upon the conversion of the Notes if we elect to satisfy our conversion obligation by delivering shares of our Class A common stock.

Upon conversion by the holders of the relevant series of Notes, we may elect to satisfy our conversion obligation by delivering shares of our Class A common stock. The 2023 Notes have an initial conversion rate of 22.5572 shares of our Class A common stock per $1,000 principal amount of 2023 Notes, which is equivalent to an initial conversion price of approximately $44.33 per share of Class A common stock. The 2024 & 2026 Notes each have an initial conversion rate of 5.2809 shares of our Class A common stock per $1,000 principal amount of 2024 & 2026 Notes, as applicable, which is equivalent to an initial conversion price of approximately $189.36 per share of Class A common stock**.** If we elect to deliver shares of our Class A common stock upon a conversion, our stockholders will incur dilution.

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

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

In addition, under certain circumstances, convertible debt instruments (such as the Notes) that may be settled entirely or partially in cash may be accounted for utilizing the treasury stock method, the effect of which is that the shares issuable upon conversion of a series of Notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of such series of Notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of Class A common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued. We cannot be sure that the accounting standards in the future will continue to permit the use of the treasury stock method. For example, in August 2020, the FASB issued ASU 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, or ASU 2020-06, which simplifies the diluted earnings per share calculation in certain areas. We are currently evaluating the full impact the guidance will have on our financial statements, but if we are unable or otherwise elect not to use the treasury stock method in accounting for the shares issuable upon conversion of a series of Notes, then our diluted earnings per share could be adversely affected. The guidance is effective for us beginning in the year ended December 21, 2022.

The capped call transactions may affect the value of the Notes and our Class A common stock.

In connection with the pricing of each series of Notes, we entered into capped call transactions relating to such Notes with the option counterparties. The capped call transactions relating to each series of Notes cover, subject to customary adjustments, the number of shares of our Class A common stock that initially underlie such series of Notes. The capped call transactions are expected generally to reduce the potential dilution upon any conversion of the relevant series of Notes and/or offset any cash payments we are required to make in excess of the principal amount upon any conversion of such Notes, with such reduction and/or offset subject to a cap.

The option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our Class A common stock and/or purchasing or selling our Class A common stock in secondary market transactions following the pricing of each series of Notes and prior to the maturity of each series of Notes (and are likely to do so during any observation period related to a conversion of such Notes or following any repurchase of such Notes by us on any fundamental change repurchase date or otherwise). This activity could also cause or avoid an increase or a decrease in the market price of our Class A common stock or the Notes, which could affect a holder's ability to convert their Notes and, to the extent the activity occurs during any observation period related to a conversion of a relevant series of Notes, it could affect the amount and value of the consideration that a holder will receive upon conversion of such Notes.

The potential effect, if any, of these transactions and activities on the market price of our Class A common stock or the Notes will depend in part on market conditions and cannot be ascertained at this time. Any of these activities could adversely affect the value of our Class A common stock and the value of the Notes (and as a result, the amount and value of the consideration that a holder would receive upon the conversion of any Notes) and, under certain circumstances, a holder's ability to convert their Notes.

We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of the Notes or our Class A common stock. In addition, we do not make any representation that the option counterparties or their respective affiliates will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

We are subject to counterparty risk with respect to the capped call transactions.

The option counterparties to the capped call transactions are financial institutions, and we will be subject to the risk that one or more of the option counterparties may default or otherwise fail to perform, or may exercise certain rights to terminate their obligations, under the capped call transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. If an option counterparty to one or more capped call transactions becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under such transaction. Our exposure will depend on many factors but, generally, our exposure will increase if the market price or the volatility of our common stock increases. In addition, upon a default or other failure to perform, or a termination of obligations, by an option counterparty, we may suffer more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the option counterparties.

Risks Related to Ownership of Our Class A Common Stock

The market price of our Class A common stock has been, and will likely continue to be, volatile, and you could lose all or part of the value of your investment.

The market price of our Class A common stock has been, and will likely continue to be, volatile. Since shares of our Class A common stock were sold in our initial public offering, or IPO, in March 2017 at a price of $14.00 per share, our closing stock price has ranged from $14.80 to $181.98 through December 31, 2020. In addition to factors discussed in this Annual Report, the market price of our Class A common stock may continue to fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- overall performance of the equity markets;
- actual or anticipated fluctuations in our revenue and other operating results;
- changes in the financial projections we may provide to the public or our failure to meet these projections;
- failure of securities analysts to maintain coverage of us, inaccurate or unfavorable research published by securities analysts, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- recruitment or departure of key personnel;
- the economy as a whole and market conditions in our industry;
- negative publicity related to the real or perceived quality of our platform, as well as the failure to timely launch new products and services that gain market acceptance;
- rumors and market speculation involving us or other companies in our industry;
- announcements by us or our competitors of significant technical innovations;
- acquisitions, strategic partnerships, joint ventures, or capital commitments;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- lawsuits threatened or filed against us;
- developments or disputes concerning our intellectual property or our platform, or third-party proprietary rights;
- the inclusion of our Class A common stock on stock market indexes, including the impact of rules adopted by certain index providers, such as S&P Dow Jones Indices and FTSE Russell, that limit or preclude inclusion of companies with multi-class capital structures;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- the impact of the COVID-19 pandemic, including on the global economy, our operating results and enterprise technology spending;
- other events or factors, including those resulting from war, incidents of terrorism, or responses to these events; and
- sales of shares of our Class A common stock by us or our stockholders, including sales and purchases of any Class A common stock issued upon conversion of any series of our Notes.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. Stock prices of many companies, and technology companies in particular, have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. Furthermore, market volatility arising from the COVID-19 pandemic has led to increased shareholder activism and, between August and October 2020, three putative securities class action lawsuits were filed against us and certain of our executive officers relating to alleged violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. These proceedings are further described in Note 15, *Commitments and Contingencies*, in the notes to our consolidated financial statements included elsewhere in this Annual Report. In addition, activist campaigns that contest or conflict with our strategic direction or seek changes in the composition of our board of directors could have an adverse effect on our operating results and financial condition. Securities litigation may subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business.

Sales of substantial amounts of our Class A common stock in the public markets, or the perception that they might occur, could cause the market price of our Class A common stock to decline.

Sales of a substantial number of shares of our Class A common stock into the public market, particularly sales by our directors, executive officers, and principal stockholders, or the perception that these sales might occur, could cause the market price of our Class A common stock to decline. We had a total of 66.7 million shares of our Class A and Class B common stock outstanding as of December 31, 2020. All shares of our common stock are freely tradable, without restrictions or further registration under the Securities Act of 1933, as amended, or Securities Act, except that any shares held by our “affiliates” as defined in Rule 144 under the Securities Act would only be able to be sold in compliance with Rule 144.

In addition, certain holders of our common stock are, subject to certain conditions, entitled, under contracts providing for registration rights, to require us to file registration statements for the public resale of the Class A common stock issuable upon conversion of such holders' shares of Class B common stock or to include such shares in registration statements that we may file for us or other stockholders.

Sales of our shares pursuant to registration rights may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause the trading price of our Class A common stock to fall and make it more difficult for you to sell shares of our Class A common stock.

In addition, we have filed a registration statement to register shares reserved for future issuance under our equity compensation plans. Subject to the satisfaction of vesting conditions, the shares issued upon exercise of outstanding stock options or settlement of outstanding restricted stock units, or RSUs, will be available for immediate resale in the United States in the open market.

We have issued and may in the future issue our shares of common stock or securities convertible into shares of our common stock from time to time in connection with a financing, acquisition, investment, or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the market price of our Class A common stock to decline.

The dual class structure of our common stock has the effect of concentrating voting control with holders of our Class B common stock, including our directors, executive officers, and 5% stockholders and their affiliates, which limits or precludes your ability to influence corporate matters, including the election of directors and the approval of any change of control transaction.

Our Class B common stock has ten votes per share and our Class A common stock has one vote per share. As of December 31, 2020, our directors, executive officers, and holders of more than 5% of our common stock, and their respective affiliates, held a substantial majority of the voting power of our capital stock. Because of the ten-to-one voting ratio between our Class B common stock and Class A common stock, the holders of our Class B common stock collectively control a majority of the combined voting power of our common stock and therefore are able to control all matters submitted to our stockholders for approval until the earliest of (i) the date specified by a vote of the holders of at least 66 2/3% of the outstanding shares of Class B common stock, (ii) March 29, 2027, or (iii) the date the shares of Class B common stock cease to represent at least 10% of the aggregate number of shares of Class A common stock and Class B common stock then outstanding. Specifically, as of December 31, 2020, Dean A. Stoecker, our co-founder, Executive Chairman, and former Chief Executive Officer directly or indirectly controlled a majority of the combined voting power of our common stock. This concentrated control limits or precludes your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain permitted transfers effected for estate planning purposes. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term.

If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research, about our business, the price of our Class A common stock and trading volume could decline.

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

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

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that for the foreseeable future we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Provisions in our charter documents, Delaware law, and in each series of our Notes could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management, limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees, and limit the market price of our Class A common stock.

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

- provide that our board of directors will be classified into three classes of directors with staggered three-year terms;
- permit the board of directors to establish the number of directors and fill any vacancies and newly-created directorships;
- require super-majority voting to amend some provisions in our restated certificate of incorporation and amended and restated bylaws;
- authorize the issuance of "blank check" preferred stock that our board of directors could use to implement a stockholder rights plan;
- provide that only the chairman of our board of directors, our chief executive officer, president, lead independent director, or a majority of our board of directors will be authorized to call a special meeting of stockholders;
- provide for a dual class common stock structure in which holders of our Class B common stock have the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the outstanding shares of our common stock, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter, or repeal our bylaws; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for: any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, or DGCL, our restated certificate of incorporation, or our amended and restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine.

Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all claims brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. In May 2020, we amended and restated our restated bylaws to provide that the federal district courts of the United States will, to the fullest extent permitted by law, be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, or a Federal Forum Provision. Our decision to adopt a Federal Forum Provision followed a decision by the Supreme Court of the State of Delaware holding that such provisions are facially valid under Delaware law. While there can be no assurance that federal or state courts will follow the holding of the Delaware Supreme Court or determine that the Federal Forum Provision should be enforced in a particular case, application of the Federal Forum Provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court. Neither the exclusive forum provision nor the Federal Forum Provision applies to suits brought to enforce any duty or liability created by the Exchange Act. Section 27 of the Exchange Act, however, creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal court.

Notwithstanding the foregoing, our stockholders will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder.

Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to our exclusive forum provisions, including the Federal Forum Provision. The exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provisions contained in our restated certificate of incorporation or amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results, and financial condition.

Moreover, Section 203 of the DGCL may discourage, delay, or prevent a change of control of our company. Section 203 imposes certain restrictions on mergers, business combinations, and other transactions between us and holders of 15% or more of our common stock.

Further, the fundamental change provisions of each series of our Notes that are set forth in the applicable indenture may make a change in control of our company more difficult because those provisions allow note holders to require us to repurchase such series of Notes upon the occurrence of a fundamental change.

General Risks

Economic uncertainty or downturns, particularly as it impacts particular industries, could adversely affect our business and operating results.

As a result of the ongoing COVID-19 pandemic, and over the last decade, the United States and other significant markets have experienced both acute and cyclical downturns and worldwide economic conditions remain uncertain. In addition, global financial developments seemingly unrelated to us or the software industry may harm us. The United States and other significant markets have been affected from time to time by falling demand for a variety of goods and services, reduced corporate profitability, volatility in equity and foreign exchange markets and overall uncertainty with respect to the economy, including with respect to tariff and trade issues. Economic uncertainty and associated macroeconomic conditions make it extremely difficult for our customers and us to accurately forecast and plan future business activities, and could cause our customers to slow spending on our platform, which could delay and lengthen sales cycles. Furthermore, during uncertain economic times our customers may face issues gaining timely access to sufficient credit, which could result in an impairment of their ability to make timely payments to us. If that were to occur, we may be required to increase our allowance for doubtful accounts and our results would be negatively impacted.

For example, the rapid spread of the COVID-19 pandemic globally in 2020 has resulted in travel restrictions and in some cases, prohibitions of non-essential travel, disruption and shutdown of businesses and greater uncertainty in global financial markets. Although we continue to monitor the situation, the ongoing effects of the COVID-19 pandemic and/or the precautionary measures that we, our customers and governmental authorities have adopted have resulted in, and could continue to result in, customers not purchasing or renewing our products or services, significant delays or lengthening of our sales cycles, and reductions in average transaction sizes, and could negatively affect our customer success and sales and marketing efforts, result in difficulties or changes to our customer support, or create operational or other challenges, any of which could harm our business and operating results. It is not possible at this time to estimate the extent of the impact that the COVID-19 pandemic could have on our business, as the impact will depend on future developments, which are highly uncertain and cannot be predicted.

Furthermore, we have customers in a variety of different industries. A significant downturn in the economic activity attributable to any particular industry, including, but not limited to, the retail and financial industries, may cause organizations to react by reducing their capital and operating expenditures in general or by specifically reducing their spending on information technology. In addition, our customers may delay or cancel information technology projects or seek to lower their costs by renegotiating vendor contracts. To the extent purchases of our platform are perceived by customers and potential customers to be discretionary, our revenue may be disproportionately affected by delays or reductions in general information technology spending. Also, customers may choose to develop in-house software as an alternative to using our platform. Moreover, competitors may respond to challenging market conditions by lowering prices and attempting to lure away our customers.

We cannot predict the timing, strength, or duration of any economic slowdown or any subsequent recovery generally, or any industry in particular. If the conditions in the general economy and the markets in which we operate worsen from present levels, our business, financial condition, and operating results could be materially adversely affected.

We may be adversely affected by natural disasters, pandemics and other catastrophic events, and by man-made problems such as terrorism, that could disrupt our business operations, and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

Natural disasters or other catastrophic events may cause damage or disruption to our operations, international commerce, and the global economy, and could have an adverse effect on our business, operating results, and financial condition. Our business operations are also subject to interruption by fire, power shortages, and other events beyond our control. In addition, our global operations expose us to risks associated with public health crises, such as pandemics and epidemics, which could harm our business and cause our operating results to suffer. For example, the ongoing effects of the COVID-19 pandemic and/

or the precautionary measures that we, our customers and governmental authorities have adopted have resulted in, and could continue to result in, customers not purchasing or renewing our products or services, significant delays or lengthening of our sales cycles, and reductions in average transaction sizes, and could negatively affect our customer success and sales and marketing efforts, result in difficulties or changes to our customer support, or create operational or other challenges, any of which could harm our business and operating results. Further, acts of terrorism and other geopolitical unrest could cause disruptions in our business or the businesses of our partners or the economy as a whole. In the event of a natural disaster, including a major earthquake, blizzard, or hurricane, or a catastrophic event such as a fire, power loss, or telecommunications failure, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in development of our platform, lengthy interruptions in service, breaches of data security, and loss of critical data, all of which could have an adverse effect on our future operating results. For example, our corporate offices are located in California, a state that frequently experiences earthquakes and wildfires. Additionally, all the aforementioned risks may be further increased if we do not implement an effective disaster recovery plan or our partners' disaster recovery plans prove to be inadequate.

We are obligated to develop and maintain proper and effective internal control over financial reporting. If we identify material weaknesses in the future, or otherwise fail to maintain an effective system of internal control over financial reporting in the future, we may not be able to accurately or timely report our financial condition or operating results, which may adversely affect investor confidence in our company and, as a result, the value of our Class A common stock.

We are required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. Effective internal control over financial reporting is necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our Class A common stock.

This report will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our independent registered public accounting firm has issued an opinion on our internal control over financial reporting. Section 404(b) of the Sarbanes-Oxley Act requires our independent registered public accounting firm to annually attest to the effectiveness of our internal control over financial reporting, which has required, and will continue to require, increased costs, expenses, and management resources. An independent assessment of the effectiveness of our internal controls could detect problems that our management's assessment might not. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur the expense of remediation. We are required to disclose changes made in our internal controls and procedures on a quarterly basis. To comply with the requirements of being a public company, we have undertaken, and may need to further undertake in the future, various actions, such as implementing new internal controls and procedures and hiring additional accounting or internal audit staff.

We previously identified a material weakness in our internal control over financial reporting. Although we believe the material weakness has since been remediated, we cannot assure you that the measures we have taken to date, or any measures we may take in the future, will be sufficient to identify or prevent future material weaknesses. If other material weaknesses or other deficiencies occur, our ability to accurately and timely report our financial position could be impaired, which could result in a material misstatement of our financial statements that would not be prevented or detected on a timely basis.

If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal control, including as a result of any identified material weakness, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our Class A common stock to decline, and we may be subject to investigation or sanctions by the SEC. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the New York Stock Exchange.

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

As we continue to expand our international operations, we become more exposed to the effects of fluctuations in currency exchange rates. Although we expect an increasing number of sales contracts to be denominated in currencies other than the U.S. dollar in the future, the majority of our sales contracts have historically been denominated in U.S. dollars, and therefore, most of our revenue has not been subject to foreign currency risk. However, changes in the value of foreign currencies relative to the U.S. dollar could affect our revenue and operating results due to transactional and translational remeasurement that is reflected in our earnings. In addition, we incur expenses for employee compensation and other operating expenses at our non-U.S.

locations in the local currency. Fluctuations in the exchange rates between the U.S. dollar and other currencies could result in the dollar equivalent of such expenses being higher. Furthermore, volatile market conditions arising from the COVID-19 pandemic may result in significant changes in exchange rates, and, in particular, a weakening of foreign currencies relative to the U.S. dollar may negatively affect our revenue. This could have a negative impact on our operating results. Although we may in the future decide to undertake foreign exchange hedging transactions to cover a portion of our foreign currency exchange exposure, we currently do not hedge our exposure to foreign currency exchange risks.

We are exposed to fluctuations in the market values of our investments.

Credit ratings and pricing of our investments can be negatively affected by liquidity, credit deterioration, financial results, economic risk, political risk, sovereign risk, changes in interest rates, or other factors. As a result, the value and liquidity of our cash and cash equivalents and investments may fluctuate substantially. Therefore, although we have not realized any significant losses on our cash and cash equivalents and investments, future fluctuations in their value could result in a significant realized loss, which could materially adversely affect our financial condition and operating results.

The requirements of being a public company may strain our resources, divert management's attention, and affect our ability to attract and retain additional executive management and qualified board members.

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or Dodd-Frank Act, the listing requirements of the New York Stock Exchange, and other applicable securities rules and regulations. Compliance with these rules and regulations has increased our legal and financial compliance costs, made some activities more difficult, time-consuming, or costly and increased demand on our systems and resources.

The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight have been, and may in the future be, required. For example, our adoption of ASC 606 required us to make significant updates to our financial information technology systems and significant modifications to our accounting controls and procedures and placed a significant burden on our accounting and information technology teams, both financially and through the expenditure of management time. Our failure to meet our reporting obligations as a result of any changes to our disclosure controls and procedures and internal control over financial reporting could have a material adverse effect on our business and on the trading price of our Class A common stock. Our failure to maintain an effective internal control environment may, among other things, result in material misstatements in our financial statements and failure to meet our reporting obligations. As a result of ongoing efforts to maintain and improve our disclosure controls and procedures and internal control over financial reporting, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future or engage outside consultants, which will increase our costs and expenses.

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

The rules and regulations applicable to public companies make it more expensive for us to obtain and maintain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

As a result of disclosure of information in filings required of a public company, our business and financial condition is visible, which has and we believe may continue to result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our corporate headquarters are located in Irvine, California, where we occupy facilities totaling approximately 70,000 square feet under a lease agreement that expires in August 2025. We also maintain offices in California, Colorado, Illinois, Massachusetts, Michigan, New York and Texas in the United States and Australia, Brazil, Canada, the Czech Republic, France, Germany, Japan, Singapore, Ukraine, the United Arab Emirates, and the United Kingdom.

We intend to procure additional space as we add employees and expand geographically. In October 2019, we entered into a new operating lease agreement for approximately 180,000 square feet of office space located in Irvine, California that will eventually replace our existing corporate headquarters. We currently expect that the new leased facility will be fully available for occupancy in the second quarter 2021, at which point we expect to cease the use of our existing corporate headquarters. We believe that our facilities are adequate to meet our needs for the immediate future, and that, should it be needed, suitable additional or substitute space will be available as needed to accommodate any such expansion of our operations.

Item 3. Legal Proceedings.

For a description of our legal proceedings, see Note 15, *Commitments and Contingencies*, of the notes to our consolidated financial statements included elsewhere in this Annual Report, which is incorporated by reference in response to this item.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

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

Market Information for Common Stock

Our Class A common stock has been traded on the New York Stock Exchange under the symbol "AYX" since March 24, 2017. Prior to that time, there was no public market for our common stock.

Our Class B common stock is not listed or traded on any stock exchange.

Holders of Record

As of February 5, 2021, there were 26 registered holders of our Class A common stock and 14 registered holders of our Class B common stock. Because many of our shares of Class A common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

Dividend Policy

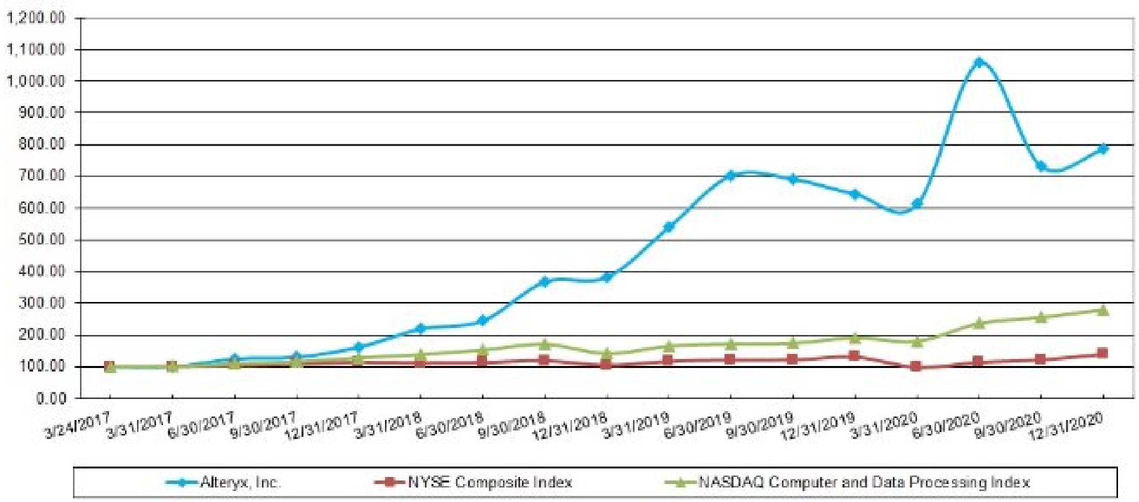
We have never declared or paid cash dividends on our capital stock. We do not expect to pay dividends on our capital stock for the foreseeable future. Instead, we anticipate that all of our earnings for the foreseeable future will be used for the operation and growth of our business. Any future determination to declare cash dividends would be subject to the discretion of our board of directors and would depend upon various factors, including our operating results, financial condition, and capital requirements, restrictions that may be imposed by applicable law, and other factors deemed relevant by our board of directors.

Securities Authorized for Issuance under Equity Compensation Plans

The information required by this item will be included in our Proxy Statement for the 2021 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2020 and is incorporated herein by reference.

Stock Performance Graph

The following performance graph and related information shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or incorporated by reference into any of our other filings under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.



The chart compares the cumulative return on our Class A common stock with that of the NYSE Composite Index and the NASDAQ Computer and Data Processing Services Index. The chart assumes $100 was invested at the close of market on March 24, 2017, which was our initial trading day, in our Class A common stock, the NYSE Composite Index, and the NASDAQ Computer and Data Processing Services Index, and assumes the reinvestment of any dividend. The stock price performance reflected in the performance graph is not necessarily indicative of future stock performance.

Recent Sales of Unregistered Securities

None.

Use of Proceeds

None.

Issuer Purchases of Equity Securities

None.

Item 6. Selected Financial Data

The following tables provide our historical selected consolidated financial data for the periods indicated. We have derived the selected consolidated statements of operations data for the fiscal years ended December 31, 2020, 2019, and 2018 and the selected consolidated balance sheet data as of December 31, 2020 and 2019 from our audited consolidated financial statements included elsewhere in this Annual Report. We have derived the selected consolidated statements of operations data for the fiscal years ended December 31, 2017 and 2016 and the selected consolidated balance sheet data as of December 31, 2018, 2017, and 2016 from the related audited consolidated financial statements, which are not included in this Annual Report. Our historical results are not necessarily indicative of the results we expect in the future.

We adopted ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), or ASC 606, effective January 1, 2018 on a modified retrospective basis. Financial results for the years ended December 31, 2020, 2019, and 2018 are presented in accordance with this new revenue recognition standard. Historical financial results for reporting periods prior to 2018 are presented in conformity with amounts previously disclosed under the prior revenue recognition standard, ASC 605, *Revenue Recognition*, or ASC 605. The following historical selected consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this Annual Report.

	Year Ended December 31,				
	2020	2019	2018	2017	2016
	(in thousands)				
Consolidated Statements of Operations Data:					
Revenue	$ 495,308	$ 417,910	$ 253,570	$ 131,607	$ 85,790
Income (loss) from operations	$ (3,907)	$ 37,981	$ 29,770	$ (18,199)	$ (23,022)
Net income (loss)	$ (24,374)	$ 27,143	$ 28,020	$ (17,499)	$ (24,258)
Net income (loss) per share attributable to common stockholders, basic	$ (0.37)	$ 0.43	$ 0.46	$ (0.37)	$ (0.95)
Net income (loss) per share attributable to common stockholders, diluted	$ (0.37)	$ 0.40	$ 0.43	$ (0.37)	$ (0.95)

	As of December 31,				
	2020	2019	2018	2017	2016
	(in thousands)				
Consolidated Balance Sheet Data:					
Cash and cash equivalents and short-term and long-term investments	$ 1,022,136	$ 974,865	$ 426,243	$ 194,066	$ 52,700
Total assets	$ 1,465,295	$ 1,342,338	$ 618,167	$ 291,416	$ 111,415
Long-term convertible senior notes, net	$ 657,501	$ 630,321	$ 173,647	$ —	$ —
Redeemable convertible preferred stock	$ —	$ —	$ —	$ —	$ 99,182

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

You should read the following discussion and analysis of our financial condition and results of operations together with the consolidated financial statements and related notes that are included elsewhere in this Annual Report. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors," set forth in Part I, Item 1A of this Annual Report. See "Special Note Regarding Forward-Looking Statements" above.

Overview

We are a leader in Analytic Process Automation, or APA. The Alteryx APA software platform unifies analytics, data science and business process automation in one self-service platform to accelerate digital transformation, deliver high-impact business outcomes, accelerate the democratization of data and rapidly upskill modern workforces. Data workers, regardless of technical acumen, are empowered to be curious and solve problems. With the Alteryx APA software platform, users can automate the full range of analytics, data science and processes, embed intelligent decision-making and actions, and empower their organization to enable top and bottom line impact, efficiency gains, and rapid upskilling.

Our platform has been adopted by organizations across a wide variety of industries and sizes. We derive a large portion of our revenue from subscriptions for use of our platform. Our software can be licensed for use on a desktop or server, or it can be deployed in the cloud. Subscription periods for our platform generally range from one to three years and the subscription fees are typically billed annually in advance. We also generate revenue from professional services, including training and consulting services.

Highlights from Fiscal Year 2020

- Generated total GAAP revenue of $495.3 million during fiscal year 2020, a 19% increase from fiscal year 2019.
- Ended the fiscal year 2020 with cash, cash equivalents, and short-term and long-term investments of $1.0 billion, compared with $974.9 million as of December 31, 2019. Generated $74.8 million in cash flow from operations during fiscal year 2020, compared to $34.2 million generated during the prior year.
- Ended the fourth quarter of 2020 with Annual Recurring Revenue of $492.6 million, a 32% increase from the fourth quarter of 2019.
- Announced a new analytics software category, Analytic Process Automation (APA), which unifies analytics, data science and business process automation. By bringing data, processes and people together, the Alteryx APA platform helps enable high impact outcomes and rapid upskilling of people across the organization in one end-to-end platform.
- Introduced Alteryx Analytics Hub and Alteryx Intelligence Suite, the latest innovations that extend the functionality of the Alteryx APA platform.
- Announced strategic alliances with PricewaterhouseCoopers LLP, HCL America Solutions Inc., Snowflake Inc., Adobe Inc., UiPath, Inc., and ABBYY Solutions Ltd. to accelerate adoption of APA and to potentially accelerate business outcomes for joint customers.

COVID-19 Impact

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic, which continues to spread throughout the U.S. and the world and has resulted in authorities implementing numerous measures to contain the virus, including travel bans and restrictions, quarantines, shelter-in-place orders, and business limitations and shutdowns. While we are unable to accurately predict the full impact that the COVID-19 pandemic will have on our operating results, financial condition, liquidity and cash flows due to numerous uncertainties, including the duration and severity of the pandemic or any resurgences of the pandemic locally or globally, our compliance with these measures has impacted our day-to-day operations and could continue to disrupt our business and operations, as well as that of certain of our customers whose industries are more severely impacted by these measures, for an indefinite period of time. During fiscal year 2020, we experienced adverse changes in customer buying behavior that began in March as a result of the impact of the COVID-19 pandemic, including decreased customer engagement, delayed sales cycles, deterioration in near-term demand, and an increased volume of sales occurring in the final weeks of each quarter. Specifically, economic challenges that enterprise customers in certain verticals have experienced, as well as weakness in our commercial segment that targets small- and medium-sized businesses, have adversely impacted the length of the sales cycle and the expansion and new business sales with these customers, which has further resulted in a continued reduction in our dollar-based net expansion rate. See *Key Business Metrics* and *Results of Operations* for further discussion. Despite these changes, we experienced an increase in revenue for the twelve months ended December 31, 2020 as compared to the twelve months ended December 31, 2019. However, as a result of the impact of the COVID-19 pandemic on our operating results for the twelve months ended December 31, 2020, we performed at levels lower than planned prior to the COVID-19 pandemic.

To support the health and well-being of our employees, customers, partners and communities, the majority of our offices worldwide remain temporarily closed and nearly all of our employees continue to work remotely. Our offices will not re-open until local authorities permit us to do so and our own criteria and conditions to ensure employee health and safety are satisfied, including social distancing and enhanced cleaning protocols. While we have developed plans for our employees to begin safely returning to their respective offices, we cannot predict when or how we will begin to lift the work from home requirements for geographic areas that continue to be significantly impacted by the pandemic or certain other actions taken as part of our business continuity plans, including travel restrictions. While the adjustments to our operations may result in inefficiencies, delays and additional costs in our product development, sales, marketing, and customer support efforts, as of the date of this filing, we do not believe our work from home protocol has materially adversely impacted our internal controls, financial reporting systems or our operations. In October 2019, we entered into a new operating lease agreement for space located in Irvine, California that will eventually replace our existing corporate headquarters. Although the impact of the pandemic on the commercial real estate market is still evolving, the continued restrictions imposed by local authorities over the use of office space could impair our ability to find viable subtenants for our existing corporate headquarters, which could result in additional costs when we cease use of that space.

In response to the ongoing COVID-19 pandemic, we have implemented plans to manage our costs. In 2020, we temporarily limited the addition of new employees and third-party contracted services, curtailed most travel expense except where critical to the business, and acted to limit discretionary spending. We intend to resume these activities in 2021 to the extent possible based on our policies and public health guidance, but to the extent the business disruption continues for an extended period, additional cost management actions may be considered. Although we continue to monitor the situation and may adjust our current policies as more information and public health guidance become available, the ongoing effects of the COVID-19 pandemic and/or the precautionary measures that we, our customers and governmental authorities have adopted have resulted in, and could continue to result in, customers not purchasing or renewing our products or services, significant delays or lengthening of our sales cycles, and reductions in average transaction sizes, and could negatively affect our customer success and sales and marketing efforts, result in difficulties or changes to our customer support, or create operational or other challenges, any of which could harm our business and operating results. Because our products are offered as subscription-based licenses and a portion of that revenue is recognized over time, the effect of the pandemic may not be fully reflected in our operating results until future periods. Further, the COVID-19 pandemic and its impact on us and the economy has significantly limited our ability to forecast our future operating results, including our ability to predict revenue and expense levels, and plan for and model future operating results. Our competitors could experience similar or different impacts as a result of the COVID-19 pandemic, which could result in changes to our competitive landscape. While we have developed and continue to develop plans to help mitigate the negative impact of the pandemic on our business, these efforts may not be effective and any protracted economic downturn could significantly affect our business and operating results. We will continue to evaluate the nature and extent of the impact of the COVID-19 pandemic to our business. See Part I, Item 1A. *Risk Factors* of this Annual Report for further discussion of the possible impact of the COVID-19 pandemic on our business.

Key Factors Affecting Our Performance

We believe that our current and future performance are dependent on many factors, including, but not limited to, those described below. While these areas present significant opportunity, they also present risks that we must manage to achieve successful results. For more information about these risks, see the section titled "Risk Factors" included elsewhere in this Annual Report. If we are unable to address these risks, our business and operating results could be adversely affected.

Expansion and Further Penetration of Our Customer Base. We employ a "land and expand" business model that focuses on efficiently acquiring new customers and growing our relationships with existing customers over time. Our current and future revenue growth and our ability to maintain profitability is dependent upon our ability to continue landing new customers and expanding the adoption of our platform by additional users within their organizations. We have increased our number of customers from 4,973 at March 31, 2019 to 7,083 at December 31, 2020. We have maintained a net expansion rate in excess of 120% in each of the periods presented. See *Dollar-Based Net Expansion Rate* within this Management's Discussion and Analysis of Financial Condition and Result of Operations for additional information. In 2021, our sales strategy will place an increased emphasis on the annual contract value of our customer contracts, which may result in a decrease in contract term length and affect total revenue recognized during a period.

International Expansion. We have continued to focus on international markets. For the years ended December 31, 2020, 2019, and 2018, we derived 32%, 29%, and 29% of our revenue outside of the United States, respectively. We believe that the global opportunity for self-service data analytics solutions is significant, and should continue to expand as organizations outside the United States seek to adopt self-service platforms as we have experienced with our existing customers. To capitalize on this opportunity, we intend to continue to invest in growing our presence internationally.

Investment in Growth. Despite our cost mitigation efforts during the COVID-19 pandemic, operating expenses have increased from $201.0 million for the year ended December 31, 2018 to $455.4 million for the year ended December 31, 2020 as we continue investing in our business so that we can capitalize on our market opportunity. Full-time headcount has increased over this same time period from 817 employees to 1,469 employees. We intend to continue to add headcount to our global sales and marketing teams to acquire new customers and to increase sales to existing customers. We intend to continue to add headcount to our research and development team to extend the functionality and range of our platform by bringing new and improved products and services to our customers. We believe that these investments will contribute to our long-term growth, although they may adversely affect our operating results in the near term.

Market Adoption of Our Platform. A key focus of our sales and marketing efforts is to continue creating market awareness about the benefits of our platform. Although the COVID-19 pandemic has restricted our ability to hold in-person user conferences, which had grown to three annual events worldwide and over 6,400 attendees in 2019, we have utilized and may continue to utilize various forms of digital and virtual events to continue to create market awareness. While we cannot predict customer adoption rates and demand, the future growth rate and size of the self-service data analytics market, or the introduction of competitive products and services, our business and operating results will be significantly affected by the degree to and speed with which organizations adopt self-service data analytics solutions and our platform.

Acquisitions. Our business strategy has included acquiring other complementary products, technologies, or businesses that allow us to reduce the time or costs required to develop new technologies, incorporate enhanced functionality into and complement our existing product offerings, augment our engineering workforce, and enhance our technological capabilities. In April 2019, we acquired ClearStory Data Inc. to add talented developers to our organization; and in October 2019, we acquired Feature Labs, Inc. to augment our machine learning capabilities and establish an engineering hub on the East Coast of the U.S. The consolidated financial statements include the results of operations of all of our acquired companies commencing as of their respective acquisition dates. See Note 4, *Business Combinations*, of the notes to our consolidated financial statements included elsewhere in this Annual Report for additional information related to these acquisitions.

Key Business Metrics

We review the following key business metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions:

Number of Customers. We believe that our ability to expand our customer base is a key indicator of our market penetration, the growth of our business, and our future potential business opportunities. We define a customer at the end of any particular period as an entity with a subscription agreement that runs through the current or future period as of the measurement date. Organizations with free trials have not entered into a subscription agreement and are not considered customers. A single organization with separate subsidiaries, segments, or divisions that use our platform may represent multiple customers, as we treat each entity that is invoiced separately as a single customer. In cases where customers subscribe to our platform through our channel partners, each end customer is counted separately.

The following table summarizes the number of our customers at each quarter end for the periods indicated:

	As of							
	Mar. 31, 2019	**Jun. 30, 2019**	**Sep. 30, 2019**	**Dec. 31, 2019**	**Mar. 31, 2020**	**Jun. 30, 2020**	**Sep. 30, 2020**	**Dec. 31, 2020**
Customers	4,973	5,278	5,613	6,087	6,443	6,714	6,955	7,083

Dollar-Based Net Expansion Rate. Our dollar-based net expansion rate is a trailing four-quarter average of the annual contract value, or ACV, which is defined as the subscription revenue that we would contractually expect to recognize over the term of the contract divided by the term of the contract, in years, from a cohort of customers in a quarter as compared to the same quarter in the prior year. A dollar-based net expansion rate equal to 100% would generally imply that we received the same amount of ACV from our cohort of customers in the current quarter as we did in the same quarter of the prior year. A dollar-based net expansion rate less than 100% would generally imply that we received less ACV from our cohort of customers in the current quarter than we did in the same quarter of the prior year. A dollar-based net expansion rate greater than 100% would generally imply that we received more ACV from our cohort of customers in the current quarter than we did in the same quarter of the prior year.

To calculate our dollar-based net expansion rate, we first identify a cohort of customers, or the Base Customers, in a particular quarter, or the Base Quarter. A customer will not be considered a Base Customer unless such customer has an active subscription on the last day of the Base Quarter. We then divide the ACV in the same quarter of the subsequent year attributable to the Base Customers, or the Comparison Quarter, including Base Customers from which we no longer derive ACV in the Comparison Quarter, by the ACV attributable to those Base Customers in the Base Quarter. Our dollar-based net expansion rate in a particular quarter is then obtained by averaging the result from that particular quarter with the corresponding result from each of the prior three quarters. The dollar-based net expansion rate excludes contract value relating to professional services from that cohort.

The following table summarizes our dollar-based net expansion rate at each quarter for the periods indicated:

	Three Months Ended							
	Mar. 31, 2019	**Jun. 30, 2019**	**Sep. 30, 2019**	**Dec. 31, 2019**	**Mar. 31, 2020**	**Jun. 30, 2020**	**Sep. 30, 2020**	**Dec. 31, 2020**
Dollar-based net expansion rate	134 %	133 %	132 %	130 %	128 %	126 %	124 %	122 %

Annual Recurring Revenue. We derive a large portion of our revenue from subscriptions for use of our platform. Subscription periods for our platform generally range from one to three years and the subscription fees are typically billed annually in advance. A portion of revenue from our subscriptions is recognized at the point in time when the platform is first made available to the customer, or the beginning of the subscription term, if later, and the remaining portion is recognized ratably over the life of the contract. This revenue recognition creates variability in the revenue we recognize period to period based on the timing of subscription start dates and the subscription term. In order to measure the underlying performance of our subscription-based contracts, we calculate annual recurring revenue, or ARR, which represents the annualized recurring value of all active subscription contracts at the end of a reporting period and excludes the value of non-recurring revenue streams, such as professional services. ARR is a performance metric and should be viewed independently of revenue and deferred revenue, and is not intended to be a substitute for, or combined with, any of these items. Both multi-year contracts and contracts with terms less than one year are annualized by dividing the total committed contract value by the number of months in the subscription term and then multiplying by twelve.

The following table summarizes our annual recurring revenue (in millions) for each quarter end for the periods indicated:

	As of							
	Mar. 31, 2019	**Jun. 30, 2019**	**Sep. 30, 2019**	**Dec. 31, 2019**	**Mar. 31, 2020**	**Jun. 30, 2020**	**Sep. 30, 2020**	**Dec. 31, 2020**
Annual recurring revenue	$ 281.9	$ 306.7	$ 326.3	$ 372.8	$ 404.9	$ 432.3	$ 449.5	$ 492.6

Components of Our Results of Operations

Revenue

We derive our revenue primarily from the sale of software subscriptions. Revenue from subscriptions reflects the revenue recognized from sales of licenses to our platform to new customers and additional licenses to existing customers. Subscription fees are based primarily on the number of users of our platform. Our subscription agreements generally have terms ranging from one to three years and are billed annually in advance. Subscriptions are generally non-cancelable during the subscription term and subscription fees are non-refundable. We recognize a portion of subscription revenue upfront on the date which the platform is first made available to the customer, or the beginning of the subscription term, if later, and the remaining portion of revenue ratably over the subscription term. Our subscription agreements generally provide for unspecified future updates, upgrades, enhancements, technical product support, and access to hosted services and support. We also generate revenue from selling subscriptions to third-party syndicated data, which we recognize ratably over the subscription period, as well as revenue from professional services fees earned for consulting engagements related to training customers and channel partners, and consulting services. Revenue from professional services relating to training results from contracts to provide educational services to customers and channel partners regarding the use of our technologies and is recognized as the services are provided. Revenue from professional services represented 5% or less of revenue for each of the years ended December 31, 2020, 2019, and 2018. In addition, due to our “land and expand” business model, a large portion of our revenue in any given period is attributable to our existing customers compared to new customers.

For a description of our revenue recognition policies, see the section titled “Critical Accounting Estimates” within this Management’s Discussion and Analysis of Financial Condition and Result of Operations.

Cost of Revenue

Cost of revenue consists primarily of employee-related costs, including salaries and bonuses, stock-based compensation expense, and employee benefit costs associated with our customer support and professional services organizations. It also includes expenses related to hosting and operating our cloud infrastructure in a third-party data center, licenses of third-party syndicated data, amortization and impairment of intangible assets, and related overhead expenses. The majority of our cost of revenue does not fluctuate directly with increases in revenue.

We allocate shared overhead costs such as information technology infrastructure, rent, and occupancy charges in each expense category based on headcount in that category. As such, certain general overhead expenses are reflected in cost of revenue.

We intend to continue to invest additional resources in our cloud infrastructure. We expect that the cost of third-party data center hosting fees will increase over time as we continue to expand our cloud-based offering.

Gross Profit and Gross Margin

Gross profit is revenue less cost of revenue. Gross margin is gross profit expressed as a percentage of revenue. Our gross margin has fluctuated and may fluctuate from period to period based on a number of factors, including the timing and mix of products and services we sell, the channel through which we sell our products and services, and, to a lesser degree, the utilization of customer support and professional services resources, as well as third-party hosting and syndicated data fees in any given period. Our gross margin may fluctuate from period to period depending on the interplay of the factors discussed above.

Operating Expenses

Our operating expenses are classified as research and development, sales and marketing, and general and administrative. For each of these categories, the largest component is employee-related costs, which include salaries, bonuses, sales commissions, stock-based compensation expense, and employee benefit costs. We allocate shared overhead costs such as information technology infrastructure, rent, and occupancy charges to each expense category based on headcount in that category.

Research and development. Research and development expense consists primarily of employee-related costs for our research and development employees, depreciation of equipment used in research and development, third-party contractors, and related allocated overhead costs. We expect research and development expenses to continue to increase in absolute dollars for the foreseeable future as we continue to increase the functionality and otherwise enhance our platform and develop new products and services. However, we expect research and development expense to decrease as a percentage of revenue over the long term, although research and development expense may fluctuate as a percentage of revenue from period to period due to the seasonality of revenue and the timing and extent of these expenses.

Sales and marketing. Sales and marketing expense consists primarily of employee-related costs for our sales and marketing employees, marketing programs, and related allocated overhead costs. Our sales and marketing employees include quota-carrying headcount, sales operations, marketing, and management. Marketing programs consist of advertising, promotional events, such as our U.S., European, and Asia-Pacific user conferences, corporate communications, brand building, and product marketing activities, such as online lead generation.

We plan to continue to invest in sales and marketing by expanding our global promotional activities, building brand awareness, attracting new customers, and sponsoring additional marketing events. The timing of these events, such as our annual sales kickoff and our annual U.S., European, and Asia-Pacific user conferences, will affect our sales and marketing expense in the period in which each occurs. We expect sales and marketing expense to continue to increase in absolute dollars for the foreseeable future as we expand our online and offline marketing efforts to increase demand for our platform and awareness of our brand and as we continue to expand our direct sales team and indirect sales channels both in the United States and internationally, and to continue to be our largest operating expense category. However, we expect sales and marketing expense to decrease as a percentage of revenue over the long term, although sales and marketing expense may fluctuate as a percentage of revenue from period to period due to the seasonality of revenue and the timing and extent of these expenses.

General and administrative. General and administrative expense consists primarily of employee-related costs for our executive officers and finance, legal, human resources, IT and security, and administrative personnel, professional fees for external legal, accounting, and other consulting services, including those incurred in connection with our business combinations, changes in the fair value of contingent consideration, and related allocated overhead costs. We expect general and administrative expense to continue to increase in absolute dollars for the foreseeable future as we continue to grow and incur the costs associated with being a publicly traded company, including increased legal, audit, and consulting fees. However, we expect general and administrative expense to decrease as a percentage of revenue over the long term as we improve our processes, systems, and controls to enable our internal support functions to scale with the growth of our business, although general and administrative expense may fluctuate as a percentage of revenue from period to period due to the seasonality of revenue and the timing and extent of these expenses.

Interest Expense

Interest expense consists primarily of amortization of the debt discount, issuance costs, and interest expense attributable to our 2023 Notes and 2024 & 2026 Notes issued during the years ended December 31, 2018 and 2019, respectively.

Other Income, Net

Other income, net consists primarily of gains and losses on foreign currency remeasurement and transactions and interest income from our available-for-sale investments.

Loss on Induced Conversion and Debt Extinguishment

Loss on induced conversion and debt extinguishment is attributable to exchange agreements entered into during the year ended December 31, 2019 with certain holders of our 2023 Notes. We exchanged principal, together with accrued and unpaid interest thereon, for cash and shares of our Class A common stock.

Provision for (Benefit of) Income Taxes

Provision for (benefit of) income taxes consists primarily of accrued current and deferred income taxes imposed by the United States and foreign jurisdictions in which we conduct business.

Results of Operations for the Years Ended December 31, 2020, 2019 and 2018

	Year Ended December 31,					
	2020	**% of Total Revenue**	**2019**	**% of Total Revenue**	**2018**	**% of Total Revenue**
	(in thousands, except percentages)					
Revenue:						
Subscription-based software license	$ 237,035	48 %	$ 229,194	55 %	$ 124,669	49 %
PCS and services	258,273	52	188,716	45	128,901	51
Total revenue	495,308	100	417,910	100	253,570	100
Cost of revenue:						
Subscription-based software license	5,125	1	3,923	1	1,505	1
PCS and services	38,714	8	35,228	8	21,295	8
Total cost of revenue	43,839	9	39,151	9	22,800	9
Gross profit	451,469	91	378,759	91	230,770	91
Operating expenses:						
Research and development (1)	101,117	20	69,100	17	43,449	17
Sales and marketing (1)	252,820	51	191,735	46	109,284	43
General and administrative (1)	101,439	20	79,943	19	48,267	19
Total operating expenses	455,376	92	340,778	82	201,000	79
Income (loss) from operations	(3,907)	(1)	37,981	9	29,770	12
Interest expense	(38,119)	(8)	(21,844)	(5)	(7,378)	(3)
Other income, net	14,382	3	10,434	2	3,042	1
Loss on induced conversion and debt extinguishment	(1)	—	(20,507)	(5)	—	—
Income (loss) before benefit of income taxes	(27,645)	(6)	6,064	1	25,434	10
Benefit of income taxes	(3,271)	(1)	(21,079)	(5)	(2,586)	(1)
Net income (loss)	$ (24,374)	(5) %	$ 27,143	6 %	$ 28,020	11 %

(1) Amounts include stock-based compensation expense as follows:

	Year Ended December 31,					
	2020	% of Total Revenue	2019	% of Total Revenue	2018	% of Total Revenue
	(in thousands, except percentages)					
Cost of revenue	$ 2,550	1 %	$ 1,634	— %	$ 797	— %
Research and development	18,388	4	6,954	2	3,699	1
Sales and marketing	28,463	6	12,659	3	6,153	2
General and administrative	25,515	5	11,878	3	5,998	2
Total	$ 74,916	15 %	$ 33,125	8 %	$ 16,647	7 %

A discussion regarding our financial condition and results of operations for the year ended December 31, 2019 compared to the year ended December 31, 2018 is included in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operation," included in our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on February 14, 2020.

Revenue

	Year Ended December 31,		2020 vs 2019	
	2020	2019	$ Change	% Change
	(in thousands, except percentages)			
Subscription-based software license	$ 237,035	$ 229,194	$ 7,841	3.4 %
PCS and services	258,273	188,716	69,557	36.9 %
Total Revenue	$ 495,308	$ 417,910	$ 77,398	18.5 %

The increase in subscription-based software license revenue for the year ended December 31, 2020 as compared to the year ended December 31, 2019 was primarily due to additional sales to new and existing customers, as well as the impact of product mix. The average term length of sales to our customers remained relatively flat at approximately two years for both 2020 and 2019.

PCS and services revenue is primarily recognized ratably over the subscription term. Due to the ratable recognition of this revenue over time, the increases in PCS and service revenue is primarily attributed to sales to customers in prior periods and the growth in our customer base between December 31, 2019 and December 31, 2020. Our product pricing was not a significant driver of the increase in subscription-based software license or PCS and services revenue for the periods presented.

The disaggregation of revenue by region was as follows (in thousands):

	Year Ended December 31,		2020 vs 2019	
	2020	2019	$ Change	% Change
	(in thousands, except percentages)			
United States	$ 338,190	$ 296,108	$ 42,082	14.2 %
International	157,118	121,802	35,316	29.0 %
Total Revenue	$ 495,308	$ 417,910	$ 77,398	18.5 %

Cost of Revenue and Gross Margin

	Year Ended December 31,		2020 vs 2019	
	2020	2019	$ Change	% Change
	(in thousands, except percentages)			
Subscription-based software license	$ 5,125	$ 3,923	$ 1,202	30.6 %
PCS and services	38,714	35,228	3,486	9.9 %
Cost of revenue	$ 43,839	$ 39,151	$ 4,688	12.0 %
Gross margin	91.1 %	90.6 %		

Cost of revenue increased for the year ended December 31, 2020 as compared to the year ended December 31, 2019 primarily due to an increase in employee-related costs, including stock-based compensation expense of $1.5 million due to the timing of when employees were hired in 2019 and 2020. The increase was also attributable to an increase in consulting and outsourced labor costs of $0.3 million, an increase in IT and overhead costs of $0.3 million to support the additional headcount and an increase of $2.0 million due to a non-cash impairment charge related to certain developed technology assets as a result of our strategic decision to discontinue further investment and enhancements in the standalone existing technology.

As of December 31, 2020, we had 101 cost of revenue personnel compared to 102 as of December 31, 2019.

The increase in gross margin for the year ended December 31, 2020 as compared to the year ended December 31, 2019 was the result of an increase in revenue from PCS and services as described above, attributable mainly to sales to customers in prior periods, as the majority of our cost of revenue does not fluctuate directly with increases in revenue. Our customers continue to utilize Alteryx Community for self-service support, which relies on engagement with other end-users and our partners, resulting in lower support costs as a percentage of revenue.

Research and Development

	Year Ended December 31,		2020 vs 2019	
	2020	2019	$ Change	% Change
	(in thousands, except percentages)			
Research and development	$ 101,117	$ 69,100	$ 32,017	46.3 %

Research and development expense increased for the year ended December 31, 2020 as compared to the year ended December 31, 2019 primarily due to an increase in employee-related costs, including stock-based compensation expense, of $24.9 million resulting from an increase in headcount and the timing of when employees were hired, partly attributable to the ClearStory Data and Feature Labs acquisitions in 2019. In addition, there was an increase of $1.0 million in consulting and professional fees due to the utilization of contractors for certain development projects and an increase of $5.1 million in overhead costs to support the additional headcount.

As of December 31, 2020, we had 366 research and development personnel compared to 302 as of December 31, 2019.

Sales and Marketing

	Year Ended December 31,		2020 vs 2019	
	2020	2019	$ Change	% Change
	(in thousands, except percentages)			
Sales and marketing	$ 252,820	$ 191,735	$ 61,085	31.9 %

Sales and marketing expense increased for the year ended December 31, 2020 as compared to the year ended December 31, 2019 primarily due to an increase in employee-related costs, including stock-based compensation, of $49.9 million due to an increase in headcount and the timing when employees were hired, with such amount including the effect of a decrease in travel and entertainment expense of $6.3 million as a result of travel restrictions associated with the COVID-19 pandemic. The increase is also attributable to an increase of $6.9 million in IT and overhead costs to support the additional headcount and an increase of $3.0 million associated with consulting and outsourced labor related to fees paid to channel partners and contractors to extend the reach of our sales and marketing programs. These increases were partially offset by a decrease of $0.7 million in marketing programs primarily due to the cancellation of our annual user conferences and other in-person marketing events, with such decrease partially offset by an increase in our digital marketing programs.

As of December 31, 2020, we had 746 sales and marketing personnel compared to 639 as of December 31, 2019.

General and Administrative

	Year Ended December 31,		2020 vs 2019	
	2020	2019	$ Change	% Change
	(in thousands, except percentages)			
General and administrative	$ 101,439	$ 79,943	$ 21,496	26.9 %

General and administrative expense increased for the year ended December 31, 2020 as compared to the year ended December 31, 2019 primarily due to an increase in employee-related costs, including stock-based compensation, of $20.3 million due to an increase in headcount and the timing of when employees were hired and an increase of $1.5 million in IT and overhead costs to support the additional headcount. These increases were partially offset by a decrease of $2.4 million in consulting and professional fees due to the completion of scheduled infrastructure projects as of December 31, 2019 and additional costs incurred associated with the implementation of certain new accounting standards and our change in independent registered public accounting firm in 2019.

As of December 31, 2020, we had 256 general and administrative personnel compared to 248 as of December 31, 2019.

Interest Expense

	Year Ended December 31,		2020 vs 2019	
	2020	2019	$ Change	% Change
	(in thousands, except percentages)			
Interest expense	$ (38,119)	$ (21,844)	$ (16,275)	74.5 %

Interest expense is primarily attributable to our 2023 Notes and 2024 & 2026 Notes issued during the years ended December 31, 2018 and 2019, respectively. The increase in interest expense is due to the issuance of the 2024 & 2026 Notes in August 2019, resulting in higher aggregate interest expense during the year ended December 31, 2020 as compared to the year ended December 31, 2019, during which interest expense for such Notes was only incurred during a portion of the period.

Other Income, Net

	Year Ended December 31,		2020 vs 2019	
	2020	2019	$ Change	% Change
	(in thousands, except percentages)			
Other income, net	$ 14,382	$ 10,434	$ 3,948	*

* Not meaningful

The increase in other income, net for the year ended December 31, 2020 as compared to the year ended December 31, 2019 was primarily attributable to an increase in gains on foreign currency remeasurement and an increase in interest income due to an increase in balances of available-for-sale securities.

Loss on Induced Conversion and Debt Extinguishment

	Year Ended December 31,		2020 vs 2019	
	2020	2019	$ Change	% Change
	(in thousands, except percentages)			
Loss on induced conversion and debt extinguishment	$ (1)	$ (20,507)	$ 20,506	*

* Not meaningful

Loss on induced conversion and debt extinguishment is attributable to exchange agreements entered into during the year ended December 31, 2019 with certain holders of our 2023 Notes. We exchanged principal together with accrued and unpaid interest thereon for cash and shares of our Class A common stock. During the year ended December 31, 2020, we settled immaterial conversions, attributing to the minimal debt extinguishment activity in the current year.

Benefit of Income Taxes

	Year Ended December 31,		2020 vs 2019	
	2020	2019	$ Change	% Change
	(in thousands, except percentages)			
Benefit of income taxes	$ (3,271)	$ (21,079)	$ 17,808	*

* Not meaningful

The change in the benefit of income taxes for the year ended December 31, 2020 as compared to the year ended December 31, 2019 was primarily due to the reversal of deferred tax liabilities of $5.6 million and establishing a valuation allowance against U.S. deferred tax assets. Due to the full valuation allowance for U.S. and U.K. deferred tax assets, we did not recognize a full tax benefit for our net losses and excess tax benefits in 2020 to the same extent we were able to recognize these benefits in 2019.

Liquidity and Capital Resources

A discussion of our liquidity and capital resources for the year ended December 31, 2018 is included in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources,” included in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on March 1, 2019.

	As of December 31,		$ Change
	2020	2019	
	(in thousands)		
Cash and cash equivalents and short-term and long-term investments	$ 1,022,136	$ 974,865	$ 47,271
Working capital	$ 704,286	$ 725,155	$ (20,869)

Cash and marketable securities increased for the year ended December 31, 2020 as compared to the year ended December 31, 2019 primarily due to cash flow from operations. During the year ended December 31, 2019, we sold $400.0 million in aggregate principal amount of our 2024 Notes and $400.0 million in aggregate principal amount of our 2026 Notes, including the initial purchasers’ exercise in full of their options to purchase an additional $50.0 million of each of the 2024 Notes and 2026 Notes, in a private offering. This was offset in part by the purchase of capped call transactions with respect to our Class A common stock of $87.4 million and the exchange of a portion of our 2023 Notes of $145.2 million.

Our principal uses of cash are funding our operations and other working capital requirements.

We believe that our existing cash and cash equivalents and short-term investments and any positive cash flows from operations will be sufficient to support our working capital and capital expenditure requirements for at least the next 12 months. To the extent existing cash and cash equivalents and short-term investments and cash from operations are not sufficient to fund future activities, we may need to raise additional funds. We may seek to raise additional funds through equity, equity-linked, or debt financings. If we raise additional funds through the incurrence of indebtedness, such indebtedness may have rights that are senior to holders of our equity securities and could contain covenants that restrict operations. Any additional equity or convertible debt financing may be dilutive to stockholders. If we are unable to raise additional capital when desired, our business, operating results, and financial condition could be adversely affected.

We also believe that our current financial resources will allow us to manage the anticipated impact of COVID-19 on our business operations for the foreseeable future, which could include reductions in revenue and delays in payments from customers and partners. The challenges posed by COVID-19 on our business are expected to evolve over time. Consequently, we will continue to evaluate our financial position in light of future developments, particularly those relating to COVID-19. In addition to the uncertainties caused by COVID-19, our future capital requirements and the adequacy of available funds will depend on many factors, including the rate of our revenue growth, the timing and extent of our spending on research and development efforts and other business initiatives, the expansion of our sales and marketing activities, the timing of new product and service introductions, market acceptance of our platform, and overall economic conditions.

Cash Flows

The following table sets forth cash flows for the periods indicated:

	Year Ended December 31,		
	2020	2019	2018
		(in thousands)	
Net cash provided by operating activities	$ 74,782	$ 34,192	$ 26,089
Net cash used in investing activities	$ (311,846)	$ (277,131)	$ (270,858)
Net cash provided by (used in) financing activities	$ (1,496)	$ 563,846	$ 215,980

Operating Activities

Our net income (loss) and cash flow from operating activities are significantly influenced by our investments in headcount and infrastructure to support anticipated growth.

For the year ended December 31, 2020, net cash provided by operating activities was $74.8 million. Net cash provided by operating activities primarily reflected net non-cash activity of $123.9 million, offset in part by net loss of $24.4 million and change in operating assets and liabilities of $24.7 million.

For the year ended December 31, 2019, net cash provided by operating activities was $34.2 million. Net cash provided by operating activities primarily reflected net income of $27.1 million and net non-cash activity of $58.4 million, offset in part by a change in operating assets and liabilities of $51.4 million.

The increase in non-cash activity was primarily driven by $31.7 million of amortization of debt discount and issuance costs, stock-based compensation expense of $74.9 million due to higher headcount and additional stock-based awards, partially offset by deferred income taxes of $4.9 million primarily associated with excess tax deductions from exercised stock options and settled RSUs.

The change in operating assets and liabilities is primarily driven by the following:

- an increase in accounts receivable of $7.4 million due to higher billings in the current year;
- an increase in deferred commissions of $7.3 million due to additional commissions earned in the current year as compared to commissions where the amortization period expired, principally from commissions earned in 2018;
- an increase in prepaid expenses, other current assets and other assets of $16.5 million, primarily due to prepaid assets and deposits associated with our new office headquarters in 2020 and an increase of contract assets related to new multi-year deals;

- a decrease in accrued payroll and payroll-related liabilities of $7.5 million due to lower commissions related to bookings and lower accrued bonuses earned as compared to the previous year;

- a decrease in accrued expenses, other current liabilities, operating lease liabilities and other liabilities of $9.4 million due primarily to payments on operating lease liabilities; and

- an increase in deferred revenue of $26.2 million as a result of billings for the second year of multi-year contracts entered into in 2019.

Investing Activities

Our investing activities consist primarily of purchases, sales and maturities of available-for-sale securities, property and equipment purchases, including computer-related equipment, and leasehold improvements to leased office facilities, and cash used in our business acquisitions.

Net cash used in investing activities for the year ended December 31, 2020 was $311.8 million, consisting primarily of $285.5 million of net purchases of investments and $26.4 million of purchases of property and equipment.

Net cash used in investing activities for the year ended December 31, 2019 was $277.1 million, consisting primarily of $224.7 million of net purchases of investments, $40.9 million of net cash paid in connection with our business acquisitions, and $11.5 million of purchases of property and equipment.

Financing Activities

Our financing activities consist primarily of proceeds from, and costs associated with, the issuances and/or payments of common stock and convertible senior notes, including purchases of capped calls, proceeds from the exercise of stock options, and minimum tax withholding paid on behalf of employees for RSUs.

Net cash used in financing activities for the year ended December 31, 2020 was $1.5 million, consisting primarily of the minimum tax withholding paid on behalf of employees for RSUs of $21.2 million and $3.4 million in other financing activity, offset in part by proceeds from stock option exercises and purchases under our employee stock purchase plan of $23.1 million.

Net cash provided by financing activities for the year ended December 31, 2019 was $563.8 million, consisting primarily of proceeds from the issuance of the 2024 & 2026 Notes of $783.3 million, $20.2 million of proceeds from stock option exercises and purchases under our employee stock purchase plan, and proceeds of $4.9 million from the disgorgement by a stockholder of certain profits under Section 16(b) of the Exchange Act. This was offset in part by principal payments on our 2023 Notes of $145.2 million, purchases of the capped calls related to the 2024 & 2026 Notes of $87.4 million, and the minimum tax withholding paid on behalf of employees for RSUs of $10.6 million.

The timing and number of stock option exercises and employee stock purchases and the amount of proceeds we receive from these equity awards is not within our control. As it is now our general practice to issue principally RSUs to our employees, cash paid on behalf of employees for minimum statutory withholding taxes on RSUs will likely increase.

Contractual Obligations and Commitments

Our principal long term contractual obligations consist of our operating leases, convertible senior notes and multi-year non-cancellable software licenses and royalty agreements. See Note 9, *Convertible Senior Notes*, Note 14, *Leases* and Note 15, *Commitments and Contingencies*, of the notes to our consolidated financial statements included elsewhere in this Annual Report for additional information related to these long-term commitments.

The following table summarizes our contractual obligations, including interest, as of December 31, 2020:

	Payments Due by Period				
	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
	(in thousands)				
Operating leases	$ 133,653	$ 23,094	$ 43,790	$ 38,688	$ 28,081
Convertible senior notes and related interest	917,808	6,424	97,384	410,000	404,000
Purchase obligations	60,539	40,155	18,342	2,042	—
Total	$ 1,112,000	$ 69,673	$ 159,516	$ 450,730	$ 432,081

Unrecognized tax benefits as of December 31, 2020 were $8.5 million, of which $3.2 million would result in a potential cash payment of taxes and $5.3 million would result in a reduction in certain NOLs. We are not including any amount related to uncertain tax positions in the table presented above because of the difficulty in making reasonably reliable estimates of the timing of settlements with the respective taxing authorities. In addition, we had no material accruals for interest or penalties related to uncertain tax positions in our consolidated balance sheets as of December 31, 2020 and 2019.

In the ordinary course of business, we enter into agreements in which we may agree to indemnify clients, suppliers, vendors, lessors, channel partners, lenders, stockholders, and other parties with respect to certain matters, including losses resulting from claims of intellectual property infringement, damages to property or persons, business losses, or other liabilities. In addition, we have entered into indemnification agreements with our directors, executive officers, and other officers that will require us to indemnify them against liabilities that may arise by reason of their status or service as directors, officers, or employees. There are no claims that we are aware of that could have a material effect on our consolidated financial statements.

Off-Balance Sheet Arrangements

As of December 31, 2020, we did not have any relationships with unconsolidated entities or financial partnerships, such as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements.

Critical Accounting Estimates

Our consolidated financial statements and the related notes have been prepared in accordance with U.S. GAAP. The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and operating expenses, provision for income taxes, and related disclosures. Generally, we base our estimates on historical experience and on various other assumptions in accordance with U.S. GAAP that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and our actual results, our future financial statements will be affected.

Critical accounting estimates are those that we consider the most important to the portrayal of our financial condition and operating results because they require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Our critical accounting estimates are described below.

Revenue Recognition

Our revenue is derived from the licensing of subscription-based software, data subscription services, and professional services, including training and consulting services. Our subscriptions are generally licensed for terms of one to three years and generally include access to hosted services and software and PCS, which provides the customer the right to receive when-and-if-available unspecified future updates, upgrades and enhancements, and technical product support.

Our contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. In contracts that contain multiple performance obligations we allocate the transaction price to the various performance obligations based on standalone selling price, or SSP. Certain performance obligations are not sold on a stand-alone basis. Therefore, significant judgment is required to determine SSP for each distinct performance obligation. We utilize several inputs when determining SSP, including sales of goods and services sold on a standalone basis, our overall pricing strategies, market conditions, including the geographic locations in which the products are sold, the useful life of our products, and market data. Typically, our contracts with customers contain multiple performance obligations. Although our SSP for these performance obligations has not changed materially from 2019 to 2020, we may modify our go-to-market practices in the future, which may result in changes to SSP for one or more of our performance obligations. Any such changes to SSP could impact the pattern and timing of revenue recognition for identical arrangements executed in future periods but will not change the total revenue recognized for any given arrangement.

Convertible Senior Notes

In accounting for the issuance of our Notes, we separated each series of Notes into liability (debt) and equity components of the instrument. The carrying amount of the debt component was calculated by estimating the fair value of similar liabilities that do not have associated convertible features. The carrying amount of the equity component, representing the conversion option, was determined by deducting the fair value of the debt component from the principal amount. The difference between the principal amount of each series of our Notes and its respective fair value of the debt component are amortized to interest expense over its respective term using the effective interest method. The equity component, net of issuance costs and deferred tax effects, of each series of our Notes is presented within additional paid-in-capital, and will not be remeasured as long as it continues to meet the requirements for equity classification. These assumptions involve inherent uncertainties and management judgment. In accounting for the issuance costs related to our Notes, the allocation of issuance costs incurred between the debt and equity components was based on their relative values.

Income Taxes

Our provision for income taxes, deferred tax assets and liabilities, and reserves for unrecognized tax benefits reflect our best assessment of estimated future taxes to be paid. Significant judgments and estimates based on interpretations of existing tax laws or regulations in the United States and the numerous foreign jurisdictions where we are subject to income tax are required in determining our provision for income taxes. Changes in tax laws, statutory tax rates, and estimates of our future taxable income could impact the deferred tax assets and liabilities provided for in the consolidated financial statements and would require an adjustment to the provision for income taxes.

Deferred tax assets are regularly assessed to determine the likelihood they will be realized from future taxable income. A valuation allowance is established when we believe it is not more likely than not all or some of a deferred tax asset will be realized. In evaluating our ability to recover deferred tax assets within the jurisdiction in which they arise, we consider all available positive and negative evidence. Factors reviewed include the cumulative pre-tax book income for the past three years, scheduled reversals of deferred tax liabilities, our history of earnings and reliable forecasting, projections of pre-tax book income over the foreseeable future, and the impact of any feasible and prudent tax planning strategies. Due to cumulative losses over recent years and based on all available positive and negative evidence, we have determined that it is not more likely than not that our U.S. and U.K. deferred tax assets will be realizable as of December 31, 2020. We intend to continue maintaining a full valuation allowance on our deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. A release of the valuation allowance would result in the recognition of certain deferred tax assets and a decrease to income tax expense or an income tax benefit for the period in which the release is recorded.

We recognize the impact of a tax position in our consolidated financial statements only if that position is more likely than not of being sustained upon examination by taxing authorities, based on the technical merits of the position. Tax authorities may examine our returns in the jurisdictions in which we do business and we regularly assess the tax risk of our return filing positions. Due to the complexity of some of the uncertainties, the ultimate resolution may result in payments that are materially different from our current estimate of the tax liability. These differences, as well as any interest and penalties, will be reflected in the provision for income taxes in the period in which they are determined.

Recent Accounting Pronouncements

See Note 2, *Significant Accounting Policies*, of the notes to our consolidated financial statements included elsewhere in this Annual Report for a description of recent accounting pronouncements.

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

Foreign Currency Exchange Risk

Due to our international operations, we have foreign currency risks related to revenue and operating expenses denominated in currencies other than the U.S. dollar, primarily the British Pound and Euro. Our sales contracts are primarily denominated in the local currency of the customer making the purchase. In addition, a portion of our operating expenses are incurred outside the United States and are denominated in foreign currencies where our operations are located. We are also exposed to certain foreign exchange rate risks related to our foreign subsidiaries, including as a result of intercompany loans denominated in non-functional currencies. Decreases in the relative value of the U.S. dollar to other currencies may negatively affect revenue and other operating results as expressed in U.S. dollars. We do not believe that an immediate 10% increase or decrease in the relative value of the U.S. dollar to other currencies would have a material effect on our operating results.

We have experienced and will continue to experience fluctuations in net income (loss) as a result of transaction gains or losses related to remeasuring certain current asset and liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. To date, we have not entered into derivatives or hedging transactions, as our exposure to foreign currency exchange rates has historically been partially hedged by our U.S. dollar denominated inflows covering our U.S. dollar denominated expenses and our foreign currency denominated inflows covering our foreign currency denominated expenses. However, we may enter into derivative or hedging transactions in the future if our exposure to foreign currency should become more significant.

Interest Rate and Market Risk

We had cash and cash equivalents and short-term and long-term investments of $1.0 billion as of December 31, 2020. The primary objective of our investment activities is the preservation of capital, and we do not enter into investments for trading or speculative purposes. A hypothetical 10% increase in interest rates during the year ended December 31, 2020 would not have had a material impact on our consolidated financial statements. We do not have material exposure to market risk with respect to short-term and long-term investments, as any investments we enter into are primarily highly liquid investments.

Each series of our Notes bears a fixed interest rate, and therefore, is not subject to interest rate risk. We have not utilized derivative financial instruments, derivative commodity instruments or other market risk sensitive instruments, positions or transactions in any material fashion, except for the privately negotiated capped call transactions entered into in May and June 2018 related to the issuance of our 2023 Notes and August 2019 related to the issuance of our 2024 & 2026 Notes.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition, or operating results.

Item 8. Consolidated Financial Statements and Supplementary Data.

Alteryx, Inc.
Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Directors of Alteryx, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Alteryx, Inc. and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of operations and comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

Changes in Accounting Principle

As discussed in Note 2 to the financial statements, effective January 1, 2019, the Company adopted FASB ASC 842, *Leases*, using the modified retrospective approach.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. 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 audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

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

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

Critical Audit Matter

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

Revenue Recognition – Determination of Standalone Selling Prices – Refer to Notes 2 and 3 of the Financial Statements

Critical Audit Matter Description

The Company's revenue is derived from subscription-based software licenses, maintenance and support (PCS), data subscription services, and professional services, including training and consulting services. The Company recognized subscription-based licenses and PCS and services revenue of $237.0 million and $258.3 million, respectively, for the year ended December 31, 2020. The Company allocates the transaction price to each performance obligation based on its relative standalone selling price (SSP). However, certain performance obligations are not sold on a stand-alone basis; therefore, significant judgment is required to estimate the SSP. The estimated SSP is determined using sales of goods and services sold on a stand-alone basis when available, pricing strategies, market conditions, the useful life of our products and market data.

We identified the determination of the SSPs for performance obligations as a critical audit matter. There is significant judgement involved in the determination of SSP based on observable inputs, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing audit procedures and evaluating audit evidence related to management's determination of the SSP.

How the Critical Audit Matter Was Addressed in the Audit

The primary procedures we performed to address this critical audit matter included the following, among others:

- We tested the effectiveness of certain controls over revenue recognition, including management's controls over the methodology used to determine SSPs and controls over the Company's validation of the underlying data used in the SSP analysis.
- We evaluated the appropriateness of the Company's methodology used to determine SSP by comparing to historical analysis completed by the Company and practices observed in the industry.
- We tested the underlying data used by the Company to determine SSP by (a) selecting a sample of customer contracts, obtaining the related source documents and comparing that data to the historical data used to develop SSP; (b) comparing the list price of products and services to the consideration received from the customer and recalculated the discount from list price for a sample of arrangements; (c) comparing the useful life of the Company's software to the Company's historical development data; and (d) evaluating the value relationship between performance obligations not sold separately.
- We tested the mathematical accuracy of management's calculation of SSP and verified the consistent application of the methodology of establishing SSP across periods.
- We tested the allocation of transaction price among performance obligations based on relative SSP for a sample of contracts.

/s/ Deloitte & Touche LLP

Los Angeles, California
February 12, 2021

We have served as the Company's auditor since 2019.

Alteryx, Inc.
Consolidated Statements of Operations and Comprehensive Income (Loss)
(in thousands, except per share data)

	Year Ended December 31,		
	2020	2019	2018
Revenue:			
Subscription-based software license	$ 237,035	$ 229,194	$ 124,669
PCS and services	258,273	188,716	128,901
Total revenue	495,308	417,910	253,570
Cost of revenue:			
Subscription-based software license	5,125	3,923	1,505
PCS and services	38,714	35,228	21,295
Total cost of revenue	43,839	39,151	22,800
Gross profit	451,469	378,759	230,770
Operating expenses:			
Research and development	101,117	69,100	43,449
Sales and marketing	252,820	191,735	109,284
General and administrative	101,439	79,943	48,267
Total operating expenses	455,376	340,778	201,000
Income (loss) from operations	(3,907)	37,981	29,770
Interest expense	(38,119)	(21,844)	(7,378)
Other income, net	14,382	10,434	3,042
Loss on induced conversion and debt extinguishment	(1)	(20,507)	—
Income (loss) before benefit of income taxes	(27,645)	6,064	25,434
Benefit of income taxes	(3,271)	(21,079)	(2,586)
Net income (loss)	$ (24,374)	$ 27,143	$ 28,020
Net income (loss) per share attributable to common stockholders, basic	$ (0.37)	$ 0.43	$ 0.46
Net income (loss) per share attributable to common stockholders, diluted	$ (0.37)	$ 0.40	$ 0.43
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders, basic	66,058	63,424	60,829
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders, diluted	66,058	68,661	64,744
Other comprehensive income (loss), net of tax:			
Net unrealized holding gain (loss) on investments, net of tax	925	714	(22)
Foreign currency translation adjustments, net of tax	(892)	(1,669)	(195)
Other comprehensive income (loss), net of tax	$ 33	$ (955)	$ (217)
Total comprehensive income (loss)	$ (24,341)	$ 26,188	$ 27,803

The accompanying notes are an integral part of these consolidated financial statements.

Alteryx, Inc.
Consolidated Balance Sheets
(in thousands, except par value)

	As of December 31,	
	2020	**2019**
Assets		
Current assets:		
Cash and cash equivalents	$ 171,891	$ 409,949
Short-term investments	584,445	376,995
Accounts receivable, net	136,985	129,912
Prepaid expenses and other current assets	79,144	55,129
Total current assets	972,465	971,985
Property and equipment, net	40,645	20,296
Operating lease right-of use assets	62,508	33,600
Long-term investments	265,800	187,921
Goodwill	37,070	36,910
Intangible assets, net	16,191	22,083
Other assets	70,616	69,543
Total assets	$ 1,465,295	$ 1,342,338
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 5,340	$ 9,383
Accrued payroll and payroll related liabilities	46,569	53,683
Accrued expenses and other current liabilities	34,987	31,715
Deferred revenue	108,664	83,895
Convertible senior notes, net	72,619	68,154
Total current liabilities	268,179	246,830
Convertible senior notes, net	657,501	630,321
Deferred revenue	3,806	2,733
Operating lease liabilities	53,860	29,293
Other liabilities	5,158	2,660
Deferred income tax, net	—	5,594
Total liabilities	988,504	917,431
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, $0.0001 par value: 10,000 shares authorized as of December 31, 2020 and December 31, 2019, respectively; no shares issued and outstanding as of December 31, 2020 and December 31, 2019, respectively	—	—
Common stock, $0.0001 par value: 500,000 Class A shares authorized, 58,634 and 52,056 shares issued and outstanding, as of December 31, 2020 and December 31, 2019, respectively; 500,000 Class B shares authorized, 8,108 and 13,204 shares issued and outstanding as of December 31, 2020 and December 31, 2019, respectively	7	7
Additional paid-in capital	489,025	412,191
Retained earnings (accumulated deficit)	(10,748)	14,235
Accumulated other comprehensive loss	(1,493)	(1,526)
Total stockholders' equity	476,791	424,907
Total liabilities and stockholders' equity	$ 1,465,295	$ 1,342,338

The accompanying notes are an integral part of these consolidated financial statements.

Alteryx, Inc.
Consolidated Statements of Stockholders' Equity
(in thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount				
Balances at December 31, 2017	59,635	$ 5	$ 257,399	$ (103,546)	$ (354)	$ 153,504
Cumulative effect of adoption of ASC 606	—	—	—	64,197	—	64,197
Cumulative effect of adoption of other accounting standards	—	—	141	(1,579)	—	(1,438)
Shares issued pursuant to stock awards, net of tax withholdings related to vesting of restricted stock units	1,925	1	11,424	—	—	11,425
Stock-based compensation	—	—	16,647	—	—	16,647
Equity settled contingent consideration	19	—	656	—	—	656
Equity component of 2023 Notes, net of issuance costs and tax	—	—	43,569	—	—	43,569
Purchase of capped calls, net of tax	—	—	(14,545)	—	—	(14,545)
Cumulative translation adjustment	—	—	—	—	(195)	(195)
Unrealized loss on investments	—	—	—	—	(22)	(22)
Net income	—	—	—	28,020	—	28,020
Balances at December 31, 2018	61,579	6	315,291	(12,908)	(571)	301,818
Receipt of Section 16(b) disgorgement, net of tax effect	—	—	3,743	—	—	3,743
Shares issued pursuant to stock awards, net of tax withholdings related to vesting of restricted stock units	1,755	—	9,513	—	—	9,513
Induced conversion on 2023 Notes, net of tax	2,190	1	(7,905)			(7,904)
Extinguishment of capped calls	(285)	—	—	—	—	—
Stock-based compensation	—	—	33,125	—	—	33,125
Equity settled contingent consideration	21	—	750	—	—	750
Equity component of 2024 & 2026 Notes, net of issuance costs and tax	—	—	124,173	—	—	124,173
Purchase of capped calls, net of tax	—	—	(66,499)	—	—	(66,499)
Cumulative translation adjustment	—	—	—	—	(1,669)	(1,669)
Unrealized gain on investments	—	—	—	—	714	714
Net income	—	—	—	27,143	—	$ 27,143
Balances at December 31, 2019	65,260	7	412,191	14,235	(1,526)	424,907
Cumulative effect of adoption of ASC 326	—	—	—	(609)	—	(609)
Shares issued pursuant to stock awards, net of tax withholdings related to vesting of restricted stock units	1,482	—	1,919	—	—	1,919
Conversion on 2023 Notes, net of tax	—	—	(1)			(1)
Stock-based compensation	—	—	74,916	—	—	74,916
Cumulative translation adjustment	—	—	—	—	(892)	(892)
Unrealized gain on investments	—	—	—	—	925	925
Net loss	—	—	—	(24,374)	—	(24,374)
Balances at December 31, 2020	66,742	$ 7	$ 489,025	$ (10,748)	$ (1,493)	$ 476,791

The accompanying notes are an integral part of these consolidated financial statements.

Alteryx, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2020	**2019**	**2018**
Cash flows from operating activities:			
Net income (loss)	$ (24,374)	$ 27,143	$ 28,020
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	12,101	8,292	5,218
Non-cash operating lease cost	8,424	5,088	—
Stock-based compensation	74,916	33,125	16,647
Amortization (accretion) of discounts and premiums on investments, net	1,085	(3,030)	(1,382)
Amortization of debt discount and issuance costs	31,654	18,625	6,652
Deferred income taxes	(4,945)	(22,844)	(3,434)
Loss on induced conversion and debt extinguishment	1	20,507	—
Other non-cash operating activities, net	618	(1,328)	1,024
Changes in operating assets and liabilities, net of effect of business acquisitions:			
Accounts receivable	(7,368)	(35,325)	(45,640)
Deferred commissions	(7,323)	(20,461)	(12,741)
Prepaid expenses and other current assets and other assets	(16,502)	(34,971)	(16,077)
Accounts payable	(2,746)	2,319	4,530
Accrued payroll and payroll related liabilities	(7,547)	28,651	12,898
Accrued expenses, other current liabilities, operating lease liabilities, and other liabilities	(9,406)	8,091	1,315
Deferred revenue	26,194	310	29,059
Net cash provided by operating activities	74,782	34,192	26,089
Cash flows from investing activities:			
Purchases of property and equipment	(26,358)	(11,453)	(6,728)
Cash paid in business acquisitions, net of cash acquired	—	(40,949)	(3,537)
Purchases of investments	(1,141,598)	(602,703)	(445,705)
Sales and maturities of investments	856,110	377,974	185,112
Net cash used in investing activities	(311,846)	(277,131)	(270,858)
Cash flows from financing activities:			
Proceeds from issuance of Notes, net of issuance costs	—	783,321	224,246
Principal payments on 2023 Notes	(11)	(145,241)	—
Purchase of capped calls	—	(87,360)	(19,113)
Proceeds from receipt of Section 16(b) disgorgement	—	4,918	—
Proceeds from exercise of stock options	23,125	20,156	14,154
Minimum tax withholding paid on behalf of employees for restricted stock units	(21,206)	(10,643)	(2,730)
Other financing activity	(3,404)	(1,305)	(577)
Net cash provided by (used in) financing activities	(1,496)	563,846	215,980
Effect of exchange rate changes on cash and cash equivalents	801	(444)	(166)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(237,759)	320,463	(28,955)
Cash, cash equivalents, and restricted cash—beginning of year	$ 411,424	$ 90,961	$ 119,916
Cash, cash equivalents, and restricted cash—end of year	$ 173,665	$ 411,424	$ 90,961

The accompanying notes are an integral part of these consolidated financial statements.

Alteryx, Inc.
Consolidated Statements of Cash Flows (Continued)
(in thousands)

	Year Ended December 31,		
	2020	2019	2018
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 6,240	$ 930	$ 617
Cash paid for income taxes	$ 2,198	$ 1,630	$ 1,782
Cash paid for amounts included in the measurement of operating lease liabilities	$ 10,310	$ 6,040	$ —
Supplemental disclosure of noncash investing and financing activities:			
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 43,568	$ 13,312	$ —
Property and equipment recorded in accounts payable	$ 3,983	$ 2,002	$ 720
Reduction of right-of-use assets due to remeasurement	$ (5,948)	$ —	$ —
Consideration for business acquisition included in accrued expenses and other current liabilities and other liabilities	$ —	$ 3,000	$ 1,200
Contingent consideration settled through issuance of common stock	$ —	$ 750	$ 656

The accompanying notes are an integral part of these consolidated financial statements.

Alteryx, Inc.
Notes to Consolidated Financial Statements

1. Organization and Nature of Operations

Alteryx, Inc. was initially organized in California in March 1997 as SRC, LLC, commenced principal operations in November 1997, changed its name to Alteryx, LLC in March 2010, and converted into a Delaware corporation in March 2011 under the name Alteryx, Inc. Alteryx, Inc. and its subsidiaries, or we, our, or us, are headquartered in Irvine, California.

The Alteryx Analytic Process Automation, or APA, software platform unifies analytics, data science and business process automation in one self-service platform to accelerate digital transformation, deliver high-impact business outcomes, accelerate the democratization of data and rapidly upskill modern workforces. Data workers, regardless of technical acumen, are empowered to be curious and solve problems. With the Alteryx APA software platform, users can automate the full range of analytics, data science and processes, embed intelligent decision-making and actions, and empower their organization to enable top and bottom line impact, efficiency gains, and rapid upskilling.

2. Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

Our consolidated financial statements are presented in accordance with accounting standards generally accepted in the United States of America, or U.S. GAAP, and include the accounts of Alteryx, Inc. and its wholly owned subsidiaries after elimination of intercompany transactions and balances.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates and assumptions.

On an ongoing basis, our management evaluates estimates and assumptions, including those related to determination of standalone selling prices of our products and services, income tax valuations, stock-based compensation, and goodwill and intangible assets valuations and recoverability. We base our estimates on historical data and experience, as well as various other factors that our management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities.

Concentration of Risk

Financial instruments, which subject us to concentrations of credit risk, consist primarily of cash and cash equivalents, investments, and trade accounts receivable. We maintain our cash and cash equivalents and investments with three major financial institutions and a portion of such balances exceed or are not subject to Federal Deposit Insurance Corporation, or FDIC, insurance limits.

We extend differing levels of credit to customers, do not require collateral deposits, and, when necessary, maintain reserves for potential credit losses based upon the expected collectability of accounts receivable. We manage credit risk related to our customers by following credit approval processes, establishing credit limits, performing periodic evaluations of credit worthiness and applying other credit risk monitoring procedures.

Accounts receivable include amounts due from customers with principal operations primarily in the United States.

As of December 31, 2019, one of our distributors accounted for 10.6% of our total accounts receivable balance. No other customers accounted for 10% or more of our accounts receivable balance or 10% or more of our revenue in any years presented.

Fair Value of Financial Instruments

We utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. We determine fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
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 near the measurement date; 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 fair value of our money market funds was determined based on “Level 1” inputs.

The fair values of our certificates of deposit, commercial paper, U.S. Treasury and agency bonds, and corporate bonds were determined based on “Level 2” inputs. The valuation techniques used to measure the fair values of certificates of deposit and commercial paper included observable market-based inputs for similar assets, which primarily include yield curves and time-to-maturity factors. The valuation techniques used to measure the fair values of U.S. Treasury and agency bonds and corporate bonds included standard observable inputs, including reported trades, quoted market prices, matrix pricing, benchmark yields, broker/dealer quotes, issuer spreads, two-sided markets or benchmark securities and data provided by third parties as many of the bonds are not actively traded.

There were no marketable securities measured on a recurring basis in the “Level 3” category.

We have not elected the fair value option as prescribed by ASC 825, *The Fair Value Option for Financial Assets and Financial Liabilities*, for our financial assets and liabilities that are not otherwise required to be carried at fair value. Under ASC 820, *Fair Value Measurements and Disclosures,* or ASC 820, material financial assets and liabilities not carried at fair value, such as our Notes and accounts receivable and payable, are reported at their carrying values.

Cash and Cash Equivalents and Restricted Cash

We consider cash and cash equivalents to include short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present an insignificant risk of changes in the value, including investments that mature within three months from the date of original purchase. Amounts receivable from a credit card processor of approximately $2.2 million and $0.6 million as of December 31, 2020 and 2019, respectively, are considered cash equivalents because they were both short-term and highly liquid in nature and are typically converted to cash within three days of the sales transaction.

We had restricted cash of $1.8 million and $1.5 million as of December 31, 2020 and 2019, respectively. This balance, presented in other assets on the consolidated balance sheet, relates to amounts required to be restricted as to use by our letters of credit associated with our leases and by our credit card processor.

Investments in Marketable Securities

Our investments consist of available-for-sale marketable securities, which are composed of fixed income securities, certificates of deposit, and money market funds. Our fixed income securities are predominantly high-grade corporate bonds, U.S. Treasury bonds, and U.S. Agency bonds. The classification of investments is determined at the time of purchase and reevaluated at each balance sheet date. Investments are stated at fair value and are classified as current or non-current based on the nature of the securities as well as their stated maturities. Unrealized gains and losses that are not associated with a credit loss are recognized in other comprehensive income in our consolidated balance sheets.

At each balance sheet date, we assess available-for-sale securities in an unrealized loss position to assess whether a decline in the fair value below the amortized cost basis (i.e., impairment) of an available-for-sale debt security is due to credit-related factors or noncredit-related factors. If it is determined that the unrealized losses are credit-related, we record the credit-related impairment as an allowance on the balance sheet with a corresponding adjustment in our consolidated statement of operations and comprehensive income (loss). Credit losses are limited to the amount by which the security's amortized cost basis exceeds its fair value and both the allowance and the adjustment to net income can be reversed if conditions change. If the unrealized loss is determined not to be credit-related, the corresponding adjustment is made in accumulated other comprehensive income (loss) in our consolidated balance sheets.

Accounts Receivable, Allowance for Doubtful Accounts, and Sales Reserves

Our accounts receivable consists of amounts due from customers and are typically unsecured. Accounts receivable are recorded at the invoiced amount and are non-interest bearing.

The allowance for doubtful accounts is estimated and established by assessing individual accounts receivable over a specific age and dollar value, pooling all other receivables by similar risk characteristics, considering historical loss rates, adjusted for asset-specific characteristics, current conditions, or forecasts, and applying a loss rate to the amortized cost of the asset. Additions to the allowance are charged to general and administrative expenses or revenue in the consolidated statements of operations and comprehensive income (loss), or against deferred revenue in the consolidated balance sheets depending on the timing of the addition in relation to the contract term. Accounts receivable are written off against the allowance when an account balance is deemed uncollectible.

We estimate a sales reserve based upon the historical adjustments made to customer billings. Such reserve is recorded as a reduction of revenue and deferred revenue in the consolidated statements of operations and comprehensive income (loss) and balance sheets, respectively.

Assets Recognized from the Costs to Obtain a Contract with a Customer

We record an asset for the incremental costs of obtaining a contract with a customer, which primarily consists of sales commissions and partner referral fees that are earned upon execution of contracts. We pay commissions for new product sales as well as for renewals of existing contracts, and partner referral fees only for new product sales. For customer contracts in which the commissions paid on new business and renewals are commensurate, we generally amortize these costs over the contractual term of the contract, consistent with the pattern of revenue recognition for each performance obligation. For customer contracts in which the commissions paid on new business and renewals are not commensurate and for partner referral fees, we amortize the costs on new business over an expected period of benefit, which we have determined to be approximately four years. The expected period of benefit was determined by taking into consideration our customer contracts, the duration of our relationships with our customers and the useful life of our technology. In capitalizing and amortizing deferred commissions and partner referral fees, we have elected to apply a portfolio approach. We include amortization of this asset in sales and marketing expense in our consolidated statements of operations and comprehensive income (loss).

Royalties

We pay royalties associated with licensed third-party syndicated data sold with our platform and we recognize royalty expense to cost of revenue in our consolidated statements of operations and comprehensive income (loss) when incurred. For the years ended December 31, 2020, 2019, and 2018, we recognized royalty expense of approximately $12.4 million, $12.2 million, and $7.2 million respectively.

Property and Equipment

Property and equipment are stated at historical cost, less accumulated depreciation and amortization. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or lease terms. Useful lives by asset category are as follows:

Computer equipment	3 years
Furniture and fixtures	3 to 7 years
Leasehold improvement	Shorter of useful life or lease term

Repairs and maintenance costs are charged to expense as incurred. Upon the sale or retirement of property and equipment, the cost and the related accumulated depreciation or amortization are removed from the accounts, with any resulting gain or loss included in our consolidated statements of operations and comprehensive income (loss).

Intangible Assets

Intangible assets consist primarily of acquired developed technology. We determine the appropriate useful life of our intangible assets by performing an analysis of expected cash flows of the acquired assets. Intangible assets are amortized over their estimated useful lives of two to eight years, using the straight-line method, which approximates the pattern in which the economic benefits are consumed.

Impairment of Long-Lived Assets

We review our long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be fully recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted cash flows attributable to such assets to their carrying value. If the carrying value of the assets exceeds the forecasted undiscounted cash flows, then the assets are written down to their fair value. Fair value is determined based on discounted cash flows or appraised values, depending upon the nature of the assets.

Business Combinations

The results of businesses acquired in a business combination are included in our consolidated financial statements from the date of the acquisition. We allocate the purchase price, including the fair value of any non-cash and contingent consideration, to the identifiable assets and liabilities of the relevant acquired business at their acquisition date fair values. Any excess consideration over the fair value of assets acquired and liabilities assumed is recognized as goodwill.

Contingent consideration payable in cash or a fixed dollar amount settleable in a variable number of shares is classified as a liability and recorded at fair value, with changes in fair value recorded in general and administrative expenses each period. Transaction costs associated with business combinations are expensed as incurred, and are included in general and administrative expense in the consolidated statements of operations and comprehensive income (loss).

We perform valuations of assets acquired, liabilities assumed, and contingent consideration and allocate the purchase price to its respective assets and liabilities. Determining the fair value of assets acquired, liabilities assumed, and contingent consideration requires us to use significant judgment and estimates, including the selection of valuation methodologies, estimates of future revenue, costs and cash flows, discount rates, the probability of achievement of specified milestones, and selection of comparable companies. We engage the assistance of valuation specialists in concluding on fair value measurements in connection with determining fair values of assets acquired, liabilities assumed, and contingent consideration in a business combination.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. We test goodwill for impairment in accordance with the provisions of ASC 350, *Intangibles – Goodwill and Other,* or ASC 350. Goodwill is tested for impairment at least annually at the reporting unit level or whenever events or changes in circumstances indicate that goodwill might be impaired. Events or changes in circumstances which could trigger an impairment review include a significant adverse change in legal factors or in the business climate, unanticipated competition, loss of key personnel, significant changes in the use of the acquired assets or our strategy, significant negative industry or economic trends, or significant underperformance relative to expected historical or projected future results of operations.

ASC 350 provides that an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then additional impairment testing is not required. However, if an entity concludes otherwise, then it is required to perform an impairment test.

The impairment test involves comparing the estimated fair value of a reporting unit with its book value, including goodwill. If the estimated fair value exceeds book value, goodwill is considered not to be impaired. If, however, the fair value of the reporting unit is less than book value, then an impairment loss is recognized in an amount equal to the amount that the book value of the reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to the reporting unit.

We have one reporting unit and we test for goodwill impairment annually during the fourth quarter of each calendar year using a quantitative assessment. At each of December 31, 2020 and 2019, we determined our goodwill was not impaired as our fair value significantly exceeded the carrying value of our net assets.

Revenue Recognition

Our revenue is derived from the licensing of subscription-based software, data subscription services, and professional services, including training and consulting services. The subscription-based license generally includes access to hosted services and software and post-contract support, or PCS, which provides the customer the right to receive when-and-if-available unspecified future updates, upgrades and enhancements, and technical product support. The core principle of ASC 606, *Revenue from Contracts with Customers*, or ASC 606, is to recognize revenue upon the transfer of goods or services to our customers in an amount that reflects the consideration to which we expect to be entitled. In order to adhere to this core principle, we apply the following five-step approach:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognize revenue when (or as) we satisfy a performance obligation.

We only apply the five-step model to contracts when it is probable that we will collect the consideration we are entitled to in exchange for goods or services we transfer to the customer.

Revenue is measured based on consideration specified in a contract with a customer, and excludes any taxes we collect concurrent with revenue-producing activities. Most of our contracts contain a fixed transaction price. Our subscription agreements typically range from one to three years and are billed annually in advance with net payment terms of 60 days or less. The primary purpose of our payment and invoicing terms is to provide customers with predictable ways to purchase our software and services, and not to provide customers with financing.

Our contracts with customers typically contain multiple performance obligations. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. All of our licenses are sold as subscription-based, on-premise, licenses and are bundled with maintenance and support, or PCS, and cloud-based offerings. In addition to our on-premise licenses, we sell subscriptions to third-party syndicated data and provide professional service offerings primarily related to trainings for our customers. We allocate the transaction price of the contract to each performance obligation using the relative standalone selling price, or SSP, of each distinct good or service in the contract. We determine estimates of SSP based on sales of goods and services sold on a standalone basis, our overall pricing strategies, market conditions, including the geographic locations in which the products are sold, the useful life of our products, and market data. We review the SSP for each of our performance obligations at least every financial reporting period and update it when appropriate to ensure that the practices employed reflect our recent pricing experience and maximize the use of observable data.

We recognize revenue when we satisfy a performance obligation by transferring control of a good or service to a customer. Revenue related to our subscription-based licenses is recognized at a point in time when the platform is first made available to the customer, or the beginning of the subscription term, if later. Revenue related to PCS, cloud-based offerings, and data subscriptions is recognized ratably over the subscription terms. Professional services revenue is recognized when the services are provided to the customer, or when they expire.

Contract Assets and Contract Liabilities

Timing may differ between the satisfaction of performance obligations and the invoicing and collection of amounts related to our contracts with customers. Contract assets primarily relate to unbilled amounts for contracts with customers for which the amount of revenue recognized exceeds the amount billed to the customer. Contract assets are transferred to accounts receivable when the right to invoice becomes unconditional. Contract assets are recorded as current if the invoice will be delivered to the customer within the succeeding 12-month period with the remaining recorded as long-term. Current contract assets are included in prepaid expenses and other current assets and long-term contract assets are included in other assets on our consolidated balance sheets.

Contract liabilities, or deferred revenue, are recorded for amounts that are collected in advance of the satisfaction of performance obligations. These liabilities are classified as current if the performance obligation will be satisfied during the succeeding 12-month period and the remaining portion is recorded as non-current deferred revenue in our consolidated balance sheet.

Cost of Revenue

Cost of revenue is accounted for in accordance with ASC 705, *Cost of Sales and Services*, and consists of employee-related costs, including salaries and bonuses, stock-based compensation expense, and employee benefit costs associated with our customer support and professional services organizations, expenses related to hosting and operating our cloud infrastructure in a third-party data center, licenses of third-party syndicated data, amortization and impairment of acquired completed technology intangible assets, and related overhead expenses. Out-of-pocket travel costs related to the delivery of professional services are typically reimbursed by the customers and are accounted for as both revenue and cost of revenue in the period in which the cost is incurred.

Research and Development

Research and development expense consists primarily of employee-related costs, including salaries and bonuses, stock-based compensation expense, and employee benefits costs, depreciation of equipment used in research and development for our research and development employees, third-party contractor costs, and related allocated overhead costs. Product development expenses, other than software development costs qualifying for capitalization, are expensed as incurred.

Software Development Costs

Costs incurred in the development of new software products and enhancements to existing software products to be accounted for under software revenue recognition guidance are accounted for in accordance with ASC 985-20, *Costs of Software to be Sold, Leased, or Marketed,* or ASC 985-20. These costs, consisting primarily of salaries and related payroll costs, are expensed as incurred until technological feasibility has been established. After technological feasibility is established, costs are capitalized in accordance with ASC 985-20. Because our process for developing software is completed concurrently with the establishment of technological feasibility, no internally generated software development costs have been capitalized as of December 31, 2020 and 2019.

We account for costs to develop or obtain internal-use software and implementation costs incurred in hosting arrangements in accordance with ASC 350-40, *Internal-Use Software,* or ASC 350-40. We also account for costs of significant upgrades and enhancements resulting in additional functionality under ASC 350-40. These costs are primarily software purchased for internal-use, purchased software licenses, implementation costs, and development costs related to our hosted product, which is accessed by customers on a subscription basis. Costs incurred for maintenance, training, and minor modifications or enhancements are expensed as incurred. Internal-use software is amortized on a straight-line basis over its estimated useful life, which is generally three years. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. Development costs related to internal-use software were insignificant during each of the years ended December 31, 2020 and 2019, and immaterial costs related to the implementation of cloud computing arrangements were included in prepaid expenses and other current assets on our consolidated balance sheets as of December 31, 2020.

Convertible Senior Notes

Our Notes (as defined in Note 9, *Convertible Senior Notes*, of these notes to our consolidated financial statements) are accounted for in accordance with ASC 470-20, *Debt with Conversion and Other Options*, or ASC 470-20. Pursuant to ASC 470-20, issuers of certain convertible debt instruments that have a net settlement feature and may be settled wholly or partially in cash upon conversion are required to separately account for the liability (debt) and equity (conversion option) components of the instrument. The carrying amount of the debt component for each series of our Notes was calculated by estimating the fair value of similar liabilities that do not have associated convertible features. The carrying amount of the equity component for each series of our Notes was determined by deducting the fair value of the debt component from their respective principal amounts. The difference between the principal amount of each series of our Notes and its respective fair value of debt component are amortized to interest expense over its respective terms using the effective interest method. The equity component, net of issuance costs and deferred tax effects, of each series of our Notes is presented within additional paid-in-capital in our consolidated balance sheet, and will not be remeasured as long as it continues to meet the requirements for equity classification. In accounting for the issuance costs related to our Notes, the allocation of issuance costs incurred between the debt and equity components was based on their relative values.

Leases

Through December 31, 2018, we recognized rent expense related to operating leases on a straight-line basis over the lease term and, accordingly, recorded the difference between rent payments and rent expense as a deferred rent liability. Effective January 1, 2019, we adopted ASU 2016-02, *Leases*, or ASC 842.

Under ASC 842, we determine if an arrangement is a lease at contract inception. Operating leases are included in operating lease right-of-use assets, accrued expenses and other current liabilities and operating lease liabilities in our consolidated balance sheets. Operating lease charges are recorded in cost of revenue and operating expenses in our consolidated statements of operations and comprehensive income (loss).

Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. We do not separate lease and non-lease components for all underlying asset classes. As most of our leases do not provide a readily determinable implicit rate, we estimate our incremental borrowing rate to discount the lease payments based on information available at lease commencement. We determine our incremental borrowing rate for each lease based primarily on the lease term and the economic environment of the applicable country or region. The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. The lease term includes options to extend or terminate when we are reasonably certain the option will be exercised. In general, we are not reasonably certain to exercise such options. We recognize lease expense for minimum lease payments on a straight-line basis over the lease term, while variable lease payments, such as common area maintenance, are recognized as incurred. We elected the practical expedient to not recognize operating lease right-of-use assets and operating lease liabilities that arise from short-term leases (i.e., leases with a term of 12 months or less).

Advertising Costs

Advertising costs are expensed as incurred. We incurred advertising costs of approximately $16.3 million, $17.8 million, and $9.1 million for the years ended December 31, 2020, 2019, and 2018, respectively. Such costs primarily relate to our annual user conferences, online and print advertising as well as sponsorship of public marketing events, and are reflected in sales and marketing expense in our consolidated statements of operations and comprehensive income (loss).

Stock-Based Compensation

We recognize stock-based compensation expense in accordance with the provisions of ASC 718, *Compensation—Stock Compensation,* or ASC 718. ASC 718 requires the measurement and recognition of compensation expense for all stock-based payment awards made to employees and directors based on the grant date fair values of the awards. We use the Black-Scholes option-pricing method for valuing stock options and shares granted under the employee stock purchase plan. Restricted stock units, or RSUs, are valued based on the fair value of our common stock on the date of grant, less our expected dividend yield. For awards that vest solely based on continued service, the fair value of an award is recognized as an expense over the requisite service period on a straight-line basis. For awards that contain performance conditions, the fair value of an award is recognized based on the probability of the performance condition being met using the graded vesting method. Stock-based compensation expense is included in cost of revenue and operating expenses within our consolidated statements of operations and comprehensive income (loss) based on the classification of the individual earning the award.

The determination of the grant date fair value of stock-based awards is affected by the estimated fair value per share of our common stock as well as other highly subjective assumptions, including, but not limited to, the expected term of the stock-based awards, expected stock price volatility, risk-free interest rates, and expected dividends yields, which are estimated as follows:

- *Expected term*. We determine the expected term of the awards using the simplified method, which estimates the expected term based on the average of the vesting period and contractual term of the stock option.
- *Expected volatility*. We estimate the expected volatility based on our own historical volatility as well as the volatility of similar publicly held entities (referred to as “guideline companies”) over a period equivalent to the expected term of the awards. In evaluating the similarity of guideline companies to us, we considered factors such as industry, stage of life cycle, size, and financial leverage. We intend to continue to consistently apply this process using the same or similar guideline companies to estimate the expected volatility until sufficient historical information regarding the volatility of the share price of our common stock becomes available.
- *Risk-free interest rate*. The risk-free interest rate used to value our stock-based awards is based on the U.S. Treasury yield in effect at the time of grant for a period consistent with the expected term of the award.

- *Estimated dividend yield*. The expected dividend is assumed to be zero as we have never declared or paid any cash dividends and do not currently intend to declare dividends in the foreseeable future.

The assumptions used in calculating the fair value of stock-based awards represent our best estimates, but these estimates involve inherent uncertainties and the application of judgment. As a result, if factors change or we use different assumptions, stock-based compensation expense could be materially different in the future.

Foreign Currency Remeasurement, Translation, and Transactions

The functional currency of our wholly owned subsidiaries is the currency of the primary economic environment in which the entity operates. Assets and liabilities denominated in currencies other than the functional currency are remeasured using the current exchange rate for monetary accounts and historical exchange rates for nonmonetary accounts, with exchange differences on remeasurement included in other income (expense), net in our consolidated statements of operations and comprehensive income (loss). Our foreign subsidiaries that utilize foreign currency as their functional currency translate such currency into U.S. dollars using (i) the exchange rate on the balance sheet dates for assets and liabilities, (ii) the average exchange rates prevailing during the period for revenues and expenses, and (iii) historical exchange rates for equity. Any translation adjustments resulting from this process are shown separately as a component of accumulated other comprehensive income (loss) within stockholder's equity in the consolidated balance sheets.

Transactions denominated in currencies other than the U.S. dollar may result in transaction gains or losses at the end of the period and when the related receivable or payable is settled. Gains (losses) associated with fluctuations in foreign exchange rates were $3.0 million, $1.0 million, and ($1.5 million) for the years ended December 31, 2020, 2019, and 2018, respectively, and are included in other income (expense) in our consolidated statements of operations and comprehensive income (loss).

Income Taxes

We apply the provisions of ASC 740, *Income Taxes,* or ASC 740. Under ASC 740, we account for our income taxes using the asset and liability method whereby deferred tax assets and liabilities are determined based on temporary differences between the bases used for financial reporting and income tax reporting purposes. Deferred income taxes are provided based on the enacted tax rates and laws that will be in effect at the time such temporary differences are expected to reverse. A valuation allowance is provided for deferred tax assets if it is more likely than not that we will not realize those tax assets through future operations.

We also utilize the guidance in ASC 740 to account for uncertain tax positions. ASC 740 contains a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more likely than not to be realized and effectively settled. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately reflect actual outcomes. We recognize interest and penalties on unrecognized tax benefits as a component of benefit of income taxes in our consolidated statements of operations and comprehensive income (loss).

Net Income (Loss) Per Share Attributable to Common Stockholders

In periods in which we have net income, and a contingent event has been met, we apply the two-class method for calculating earnings per share. Under the two-class method, net income is attributed to common stockholders and participating securities based on their participation rights. Participating securities include our Notes. In periods in which we have net losses, we do not attribute losses to participating securities as they are not contractually obligated to share our losses.

Under the two-class method, basic net income (loss) per share attributable to common stockholders is computed by dividing the net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Net income (loss) attributable to common stockholders is calculated as net income (loss) including current period convertible preferred stock accretion.

Diluted earnings per share attributable to common stockholders adjusts basic earnings per share for the potentially dilutive impact of stock options, restricted stock units and convertible notes as computed under the treasury stock method. In periods in which we incurred a net loss, all potentially dilutive securities are antidilutive and accordingly, basic net loss per share equals diluted net loss per share.

Recently Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2016-13, *Financial Instruments - Credit Losses*, or ASC 326. The new standard amends the impairment model to utilize an expected loss methodology in place of the currently used incurred loss methodology. As a result, we are now required to use a forward-looking expected credit loss model for accounts receivables and other commitments to extend credit. Through December 31, 2019, we calculated our allowance for credit losses using a single pool of trade receivables as the basis for our credit loss rate. Effective January 1, 2020, we adopted ASC 326 and made changes to our accounting policies related to credit loss calculations, including the consideration of forecasted economic data and the pooling of financial assets with similar risk profiles, and now recognize credit losses associated with our available-for-sale securities. We adopted the new allowance for credit losses accounting standard on January 1, 2020 by means of a cumulative-effect adjustment, where we recognized the cumulative effect of initially applying the guidance as a $0.6 million addition to our contract asset reserve with an offsetting adjustment to retained earnings. As of January 1, 2020, we did not have an allowance for credit losses related to our available-for-sale securities. See Note 5, *Fair Value Measurements,* and Note 6, *Allowance for Doubtful Accounts and Sales Reserves*, for additional details.

In August 2018, the FASB issued ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing costs incurred to develop or obtain internal-use software. We adopted this standard prospectively effective January 1, 2020. As a result of the adoption, we are required to capitalize additional costs related to the implementation of cloud computing arrangements that we have historically expensed as incurred, particularly costs incurred during the application development phase. This policy aligns the accounting for implementation costs associated with cloud computing arrangements with our existing policy related to internal-use software. Capitalized costs related to cloud computing arrangements for the twelve months ended December 31, 2020 which are included in prepaid expenses and other current assets on our consolidated balance sheets, were not material.

Recently Issued Accounting Pronouncements

In August 2020, the FASB issued ASU 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, or ASU 2020-06, which simplifies the accounting for convertible instruments by removing certain separation models required under current U.S. GAAP, including the beneficial conversion feature and cash conversion models. ASU 2020-06 removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception and it also simplifies the diluted earnings per share calculation in certain areas. This guidance will be effective for us for annual reporting periods beginning after December 15, 2021 and for interim periods within those annual periods, and can be applied utilizing either a modified or full retrospective transition method. Early adoption is permitted. We currently account for our Notes, as described in Note 9*, Convertible Senior Notes*, utilizing the cash conversion model. We do not expect to early adopt the guidance and are currently evaluating the full impact the guidance will have on our financial statements, but we currently expect that the adoption will have a material impact on our consolidated financial statements and related disclosures.

In October 2020, the FASB issued ASU 2020-10, *Codification Improvements,* which updates various codification topics by clarifying disclosure requirements to align with the SEC's regulations. We will adopt ASU 2020-10 as of the reporting period beginning January 1, 2021. Adoption of this update is not expected to have a material effect on our consolidated financial statements and related disclosures.

3. Revenue

Disaggregation of Revenue

The disaggregation of revenue by region was as follows (in thousands):

	Year Ended December 31,		
Revenue by region:	**2020**	**2019**	**2018**
United States	$ 338,190	$ 296,108	$ 178,774
International	157,118	121,802	74,796
Total	$ 495,308	$ 417,910	$ 253,570

No countries outside of the United States comprised more than 10% of revenue during the year ended December 31, 2020. Revenue attributable to the United Kingdom comprised 10.7% and 10.2% of total revenue for the years ended December 31, 2019 and 2018, respectively. Other than the United Kingdom for the years ended December 31, 2019 and 2018, no other country outside the United States comprised more than 10% of revenue for any of the periods presented. Our operations outside the United States include sales offices in Australia, Canada, France, Germany, Japan, Singapore, the United Arab Emirates and the United Kingdom, and a research and development center in Ukraine and the Czech Republic. Revenue by location is determined by the billing address of the customer.

Revenue related to our subscription-based software licenses is recognized at a point in time when the platform is first made available to the customer, or the beginning of the subscription term, if later. Revenue recognized related to post contract support, or PCS, service, and hosted services is recognized ratably over the subscription term, with the exception of professional services related to training services. Revenue related to professional services is recognized at a point in time as the services are performed, and represents less than 5% of total revenue for all periods presented.

Contract Assets and Contract Liabilities

As of December 31, 2020 and 2019, our contract assets are expected to be transferred to receivables within the next 12 to 24 months and, with respect to these contract assets, $25.4 million and $18.5 million, respectively, is included in prepaid expenses and other current assets, and $37.2 million and $39.3 million, respectively, are included in other assets on our consolidated balance sheets. There were no impairments of contract assets during each of the years ended December 31, 2020 and 2019.

During the years ended December 31, 2020 and 2019, we recognized $83.9 million and $84.0 million, respectively, of revenue related to amounts that were included in deferred revenue as of January 1, 2020 and 2019, respectively.

Assets Recognized from the Costs to Obtain our Contracts with Customers

We recognize an asset for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. This primarily consists of sales commissions and partner referral fees that are earned upon execution of the related contracts. We amortize these deferred commissions, which include partner referral fees, proportionate with related revenues over the benefit period. A summary of the activity impacting our deferred commissions during the years ended December 31, 2020 and 2019 are presented below (in thousands):

	Year Ended December 31,	
	2020	**2019**
Beginning balance	$ 43,035	$ 22,391
Additional deferred commissions	46,109	55,024
Amortization of deferred commissions and other adjustments	(37,958)	(34,380)
Ending balance	$ 51,186	$ 43,035

As of December 31, 2020 and 2019, $24.8 million and $17.5 million, respectively, of our deferred commissions are expected to be amortized within the next 12 months, and therefore are included in prepaid assets and other current assets on our consolidated balance sheets. The remaining amount of our deferred commissions are included in other long-term assets. There were no impairments of assets related to deferred commissions during each of the years ended December 31, 2020 and 2019. There were no assets recognized related to the costs to fulfill contracts during each of the years ended December 31, 2020 and 2019 as these costs were not material.

Remaining Performance Obligations

Transaction price allocated to the remaining performance obligations represents contracted revenue that has not yet been recognized, which includes deferred revenue on our consolidated balance sheets and unbilled amounts that will be recognized as revenue in future periods. As of December 31, 2020 and 2019, we had an aggregate transaction price of $484.3 million and $407.0 million, respectively, allocated to unsatisfied performance obligations related primarily to PCS, cloud-based offerings, and subscriptions to third-party syndicated data. As of December 31, 2020 and 2019, we expect to recognize $434.9 million and $340.1 million, respectively, as revenue over the next 24 months with the remaining amount recognized thereafter.

4. Business Combinations

Goodwill represents the excess of the purchase price consideration over the fair value of the underlying intangible assets and net liabilities assumed. We believe the amount of goodwill resulting from acquisitions during the years ended December 31, 2019 and 2018 are primarily attributable to expected synergies from an assembled workforce, increased development capabilities, offerings to customers, and enhanced opportunities for growth and innovation.

Pro forma information and revenue and operating results of the companies acquired during the years ended December 31, 2019 and 2018 have not been presented as the impacts are not significant to our consolidated financial statements.

The consolidated financial statements include the results of operations of each acquisition commencing as of the acquisition date of the respective acquisition. Acquisition-related costs associated with the below acquisitions were not material, and are recorded in general and administrative expense in the consolidated statements of operations and comprehensive income (loss).

2019 Acquisitions

Feature Labs, Inc.

On October 3, 2019, we acquired 100% of the outstanding equity of Feature Labs, Inc., a Delaware corporation, or Feature Labs, pursuant to an Agreement and Plan of Merger, or the Feature Labs Merger Agreement, dated as of October 2, 2019. The acquisition was made to augment our machine learning capabilities and establish an engineering hub on the East Coast of the U.S. The aggregate consideration payable in exchange for all of the outstanding equity interests of Feature Labs was $25.2 million in cash, subject to customary adjustments set forth in the Feature Labs Merger Agreement.

In connection with the acquisition, we entered into employment agreements with certain employees from Feature Labs, which include up to $12.5 million in equity incentive awards based on continued employment over a period of 48 months with respect to certain time-based equity incentive awards and continued employment and the achievement of certain milestones over a period of 36 months with respect to certain performance-based equity incentive awards. As the awards are subject to the continued employment of the employees, they were excluded from the purchase consideration, and will be recognized as post-acquisition compensation.

The purchase consideration for the acquisition of $25.2 million consisted of $7.9 million in developed technology, $18.0 million of goodwill, which was not tax deductible, and $0.7 million of net liabilities assumed.

We determined the fair value of the developed technology acquired using the multi-period excess earnings model, which is a variation of the income approach that estimates the value of the assets based on the present value of the incremental after-tax cash flow attributable only to the intangible assets. This model utilizes certain unobservable inputs classified as Level 3 measurements as defined by ASC 820, *Fair Value Measurements and Disclosures*, or ASC 820. Key inputs utilized in the models include a discount rate of 40.0% and estimated revenue and expense forecasts. Based on the valuation model, we determined the fair value of the developed technology to be $7.9 million with an amortization period of 7.0 years.

ClearStory Data Inc.

On April 4, 2019, we acquired 100% of the outstanding equity of ClearStory Data Inc., a Delaware corporation, or ClearStory Data, pursuant to an Agreement and Plan of Merger, or the ClearStory Merger Agreement, dated as of March 28, 2019. The acquisition was made to augment our research and development team and acquire certain developed technology.

The aggregate consideration payable in exchange for all of the outstanding equity interests of ClearStory Data was $19.6 million in cash, subject to customary adjustments set forth in the ClearStory Merger Agreement. The acquisition of ClearStory Data included $3.0 million of cash consideration held back for customary indemnification matters for a period of 18 months following the acquisition date. As of December 31, 2020, cash held back for customary indemnification matters had been released.

In connection with the acquisition, we entered into employment agreements with certain employees from ClearStory Data, which include up to $6.0 million in aggregate cash payments based on the achievement of certain milestones over a period of 24 months. As the awards are subject to the continued employment of the employees, they were excluded from the purchase consideration, and will be recognized as post-acquisition compensation.

The purchase consideration for the acquisition of $19.6 million consisted of $10.7 million in developed technology, $9.5 million of goodwill, which is tax deductible, and $0.6 million of net liabilities assumed.

We determined the fair value of the developed technology acquired using the replacement cost model which uses estimated costs to recreate the technology. This model utilizes certain unobservable inputs classified as Level 3 measurements as defined by ASC 820. Key inputs utilized in the models include a discount rate of 20% and estimated costs to recreate the technology. Based on the valuation model, we determined the fair value of the developed technology to be $10.7 million with an amortization period of 4.0 years.

2018 Acquisition

Alteryx ANZ Pty Limited

In February 2018, we acquired 100% of the outstanding equity of Alteryx ANZ Pty Limited, or Alteryx ANZ, in Sydney, Australia, our exclusive master distributor in Australia and New Zealand. The total purchase consideration for the acquisition was approximately $5.7 million consisting of (i) $3.3 million in cash consideration, (ii) $1.2 million in contingent consideration payable in cash, and (iii) $1.2 million for the settlement of preexisting relationships.

The allocation of the total purchase price for this acquisition was $3.2 million of net tangible assets, $1.6 million of identifiable intangible assets, consisting of customer contracts and relationships, and $0.9 million of residual goodwill, which was not tax deductible.

We determined the fair value of the customer contracts and relationships acquired in the acquisition using the multi-period excess earnings model. This model utilizes certain unobservable inputs, including discounted cash flows, historical and projected financial information, and customer attrition rates, classified as Level 3 measurements as defined by ASC 820. Based on the valuation models, we determined the fair value of the customer contracts and relationships to be $1.6 million with a weighted-average amortization period of 7.0 years.

A portion of the consideration for the acquisition was subject to earn-out provisions. Additional contingent earn-out consideration of up to $1.5 million was included that would be payable to the former shareholder of Alteryx ANZ over two years upon the achievement of specified milestones. We utilized a probability weighted scenario-based model to determine the fair value of the contingent consideration. Based on this valuation model, we determined the fair value of the contingent consideration to be $1.2 million as of the acquisition date. As of December 31, 2020, all contingent consideration had been settled.

5. Fair Value Measurements

Instruments Measured at Fair Value on a Recurring Basis. The following tables present our cash and cash equivalents and investments' costs, gross unrealized gains (losses), and fair value by major security type recorded as cash and cash equivalents or short-term or long-term investments (in thousands):

	As of December 31, 2020					
	Cost	Net Unrealized Gains (Losses)	Fair Value	Cash and Cash Equivalents	Short-term Investments	Long-term Investments
Cash	$ 88,991	$ —	$ 88,991	$ 88,991	$ —	$ —
Level 1:						
Money market funds	35,010	—	35,010	35,010	—	—
Subtotal	35,010	—	35,010	35,010	—	—
Level 2:						
Commercial paper	161,124	(8)	161,116	46,491	114,625	—
Certificates of deposit	2,800	—	2,800	—	2,800	—
U.S. Treasury and agency bonds	554,860	1,220	556,080	1,399	358,822	195,859
Corporate bonds	177,790	349	178,139	—	108,198	69,941
Subtotal	896,574	1,561	898,135	47,890	584,445	265,800
Level 3	—	—	—	—	—	—
Total	$ 1,020,575	$ 1,561	$ 1,022,136	$ 171,891	$ 584,445	$ 265,800

	As of December 31, 2019					
	Cost	Net Unrealized Gains (Losses)	Fair Value	Cash and Cash Equivalents	Short-term Investments	Long-term Investments
Cash	$ 53,039	$ —	$ 53,039	$ 53,039	$ —	$ —
Level 1:						
Money market funds	223,580	—	223,580	223,580	—	—
Subtotal	223,580	—	223,580	223,580	—	—
Level 2:						
Commercial paper	217,140	(6)	217,134	98,325	118,809	—
Certificates of deposit	1,000	—	1,000	—	—	1,000
U.S. Treasury and agency bonds	294,953	199	295,152	35,005	161,767	98,380
Corporate bonds	184,516	444	184,960	—	96,419	88,541
Subtotal	697,609	637	698,246	133,330	376,995	187,921
Level 3	—	—	—	—	—	—
Total	$ 974,228	$ 637	$ 974,865	$ 409,949	$ 376,995	$ 187,921

There were no transfers between Level 1, Level 2, or Level 3 securities during each of the years ended December 31, 2020 and 2019.

All long-term investments had maturities between one and two years in duration as of December 31, 2020 and 2019. Cash and cash equivalents, restricted cash, and investments as of December 31, 2020 and 2019 held domestically were approximately $1.0 billion and $963.4 million, respectively.

We review our marketable securities on a regular basis to evaluate whether or not any security has experienced an other-than-temporary decline in fair value. We consider factors such as the length of time and extent to which the market value has been less than the cost, the financial condition and near-term prospects of the issuer and our intent to sell, and whether it is more likely than not we will be required to sell the investment before recovery of the investment's amortized cost basis. We have determined that the gross unrealized losses of less than $0.1 million with respect to our available-for-sale securities as of both December 31, 2020 and 2019 were due to changes in market rates, and we have determined the losses are temporary in nature. These gross unrealized losses were classified in accumulated other comprehensive income (loss) in our consolidated balance sheets as of December 31, 2020 and 2019.

Interest income from our marketable securities was $10.5 million, $9.2 million, and $5.4 million for the years ended December 31, 2020, 2019, and 2018, respectively.

Instruments Not Recorded at Fair Value on a Recurring Basis. We estimate the fair value of our Notes carried at face value less unamortized discount and issuance costs quarterly for disclosure purposes. The estimated fair value of our Notes is determined by Level 2 inputs and is based on observable market data including prices for similar instruments. As of December 31, 2020 and 2019, the fair value of our Notes were $1.1 billion and $956.8 million, respectively. The carrying amounts of our financial instruments, including cash, accounts receivable, prepaid expenses and other current assets, accounts payable, and accrued liabilities, approximate their current fair value because of their nature and relatively short maturity dates or durations.

Assets and Liabilities Recorded at Fair Value on a Non-Recurring Basis. See Note 4, *Business Combinations*, and Note 8, *Goodwill and Intangible Assets*, of these notes to our consolidated financial statements for fair value measurements of certain assets and liabilities recorded at fair value on a non-recurring basis. These include the fair value of assets acquired and liabilities assumed in a business acquisition, and goodwill and other long-lived assets when they are held for sale or determined to be impaired.

6. Allowance for Doubtful Accounts and Sales Reserves

The following table summarizes the changes in the allowance for doubtful accounts and sales reserve included in accounts receivable in our consolidated balance sheets (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Beginning balance	$ 2,662	$ 2,297	$ 1,714
Provision	2,544	1,513	2,160
Recoveries	(1,225)	(600)	(693)
Charge-offs	(867)	(548)	(884)
Ending balance	$ 3,114	$ 2,662	$ 2,297

The following table summarizes the changes in the allowance applied to our contract assets in our consolidated balance sheets (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Beginning balance	$ 205	$ 180	$ 62
Adoption of new accounting standard - ASC 326	609	—	—
Provision	1,818	197	197
Recoveries	(110)	(172)	(79)
Charge-offs	(84)	—	—
Ending balance	$ 2,438	$ 205	$ 180

During the twelve months ended December 31, 2020, we analyzed the risk associated with each portfolio segment within our accounts receivables and contract assets balances. As a result of the economic uncertainties caused by the impact of the COVID-19 pandemic, we aggregated our portfolio into pools using different risk profiles. We increased our expected credit loss rates for customers in industries that we expect will be more adversely impacted by the economic downturn caused by the COVID-19 pandemic, resulting in a total increase of $0.6 million included in our provisions for expected credit losses during the twelve months ended December 31, 2020.

7. Property and Equipment

Property and equipment, net consisted of the following (in thousands):

	Year Ended December 31,	
	2020	2019
Computer equipment & software	$ 14,627	$ 10,521
Furniture and fixtures	9,941	4,972
Leasehold improvements	22,006	10,438
Construction in process	8,618	3,771
	$ 55,192	$ 29,702
Less: Accumulated depreciation and amortization	(14,547)	(9,406)
Total property and equipment, net	$ 40,645	$ 20,296

Depreciation and amortization expense for the years ended December 31, 2020, 2019, and 2018 was approximately $8.1 million, $4.3 million, and $3.2 million, respectively.

8. Goodwill and Intangible Assets

The change in carrying amount of goodwill was as follows (in thousands):

Goodwill as of December 31, 2018	$ 9,494
Goodwill recorded in connection with acquisition	27,437
Effects of foreign currency translation	(21)
Goodwill as of December 31, 2019	$ 36,910
Effects of foreign currency translation	160
Goodwill as of December 31, 2020	$ 37,070

Intangible assets consisted of the following (in thousands, except years):

	As of December 31, 2020			
	Weighted-Average Useful Life in Years	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer Relationships	7.0	$ 1,652	$ (678)	$ 974
Completed Technology	5.7	21,780	(6,563)	15,217
		$ 23,432	$ (7,241)	$ 16,191

	As of December 31, 2019			
	Weighted-Average Useful Life in Years	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer Relationships	7.0	$ 1,503	$ (402)	$ 1,101
Completed Technology	5.4	27,821	(6,839)	20,982
		$ 29,324	$ (7,241)	$ 22,083

During the twelve months ended December 31, 2020, we recorded an impairment charge of $2.0 million, related to certain developed technology assets, due to our strategic decision to discontinue further investment and enhancements in the standalone existing technology.

We classified intangible asset amortization expense in the accompanying consolidated statements of operations and comprehensive income (loss) as follows (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Cost of revenue	$ 3,758	$ 3,801	$ 1,809
Sales and marketing	212	221	220
Total	$ 3,970	$ 4,022	$ 2,029

The following table presents our estimates of remaining amortization expense for each of the five succeeding fiscal years and thereafter for intangible assets at December 31, 2020 (in thousands):

2021	$ 4,622
2022	4,622
2023	2,630
2024	1,954
2025	1,377
Thereafter	986
Total amortization expense	$ 16,191

9. Convertible Senior Notes

The following table presents details of our convertible senior notes, which are further discussed below (original principal in thousands):

	Month Issued	Maturity Date	Original Principal (including over-allotment)	Coupon Interest Rate	Effective Interest Rate	Conversion Rate	Initial Conversion Price
2023 Notes	May and June 2018	June 1, 2023	$ 230,000	0.5 %	7.00 %	$ 22.5572	$ 44.33
2024 Notes	August 2019	August 1, 2024	$ 400,000	0.5 %	4.96 %	$ 5.2809	$ 189.36
2026 Notes	August 2019	August 1, 2026	$ 400,000	1.0 %	5.41 %	$ 5.2809	$ 189.36

As further defined and described below, the 2024 Notes and the 2026 Notes are together referred to as the 2024 & 2026 Notes, and the 2023 Notes and the 2024 & 2026 Notes are collectively referred to as the Notes.

In May and June 2018, we sold $230.0 million aggregate principal amount of our 0.50% Convertible Senior Notes due 2023, or the 2023 Notes, including the initial purchasers' exercise in full of their option to purchase an additional $30.0 million of the 2023 Notes, in a private offering to qualified institutional buyers pursuant to Rule 144A promulgated under the Securities Act of 1933, as amended, or the Act. The 2023 Notes are our senior, unsecured obligations, and interest is payable semi-annually in arrears on June 1 and December 1 of each year beginning December 1, 2018.

In August 2019, we sold $400.0 million aggregate principal amount of our 0.50% Convertible Senior Notes due 2024, or the 2024 Notes, and $400.0 million aggregate principal amount of our 1.00% Convertible Senior Notes due 2026, or the 2026 Notes, including the initial purchasers' exercise in full of their options to purchase an additional $50.0 million of the 2024 Notes and an additional $50.0 million of the 2026 Notes, in a private offering to qualified institutional buyers pursuant to Rule 144A promulgated under the Act. The 2024 & 2026 Notes are our senior, unsecured obligations, and interest is payable semi-annually in arrears on February 1 and August 1 of each year beginning February 1, 2020.

Prior to the close of business on the business day immediately preceding March 1, 2023, or the 2023 Conversion Date, in the case of the 2023 Notes, or May 1, 2024, or the 2024 Conversion Date, in the case of the 2024 Notes, or May 1, 2026, or the 2026 Conversion Date, in the case of the 2026 Notes, the respective Notes are convertible at the option of holders only upon satisfaction of certain conditions and during certain periods, and thereafter, at any time until the close of business on the second scheduled trading day immediately preceding the relevant maturity date. The applicable conversion rate is subject to customary adjustments for certain events as described in the applicable indenture between us and U.S. Bank National Association, as trustee, or, collectively, the Indentures. Upon conversion, the Notes may be settled in shares of our Class A common stock, cash or a combination of cash and shares of our Class A common stock, at our election. It is our current intent to settle the principal amount of the Notes with cash. During the year ended December 31, 2019, a portion of the 2023 Notes were exchanged, as further discussed below.

Prior to the close of business on the business day immediately preceding the applicable Conversion Date, the applicable series of Notes is convertible at the option of the holders under the following circumstances:

- during any calendar quarter commencing after the calendar quarter subsequent to the calendar quarter in which the applicable series of Notes was issued (and only during such calendar quarter), if the last reported sale price of our Class A common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the applicable conversion price of the applicable series of Notes on each applicable trading day;
- during the five business day period after any five consecutive trading day period in which the trading price per $1,000 principal amount of the applicable series of Notes for each day of that five day consecutive trading day period was less than 98% of the product of the last reported sale price of our Class A common stock and the applicable conversion rate of the applicable series of Notes on such applicable trading day; or
- upon the occurrence of specified corporate events described in the applicable Indenture.

For at least 20 trading days during the period of 30 consecutive trading days ending December 31, 2020, the last reported sale price of our Class A common stock was greater than or equal to 130% of the conversion price of the 2023 Notes on each applicable trading day. As a result, the 2023 Notes are convertible at the option of the holders during the quarter ending March 31, 2021 and were classified as current liabilities on the consolidated balance sheet as of December 31, 2020. As of December 31, 2020, the if-converted value of the 2023 Notes exceeded its principal amount by $148.1 million. As of December 31, 2020, the 2024 & 2026 Notes were not currently convertible.

We may not redeem any series of Notes prior to the relevant maturity date. Holders of any series of Notes have the right to require us to repurchase for cash all or a portion of their applicable series of Notes at 100% of its respective principal amount, plus any accrued and unpaid interest, upon the occurrence of a fundamental change as defined in the applicable Indenture for such series of Notes. We are also required to increase the conversion rate for holders who convert their Notes in connection with certain corporate events occurring prior to the relevant maturity date.

The Notes are our senior unsecured obligations and rank senior in right of payment to any of our indebtedness and other liabilities that are expressly subordinated in right of payment to the Notes, equal in right of payment among all series of Notes and to any other existing and future indebtedness and other liabilities that are not subordinated, effectively junior in right of payment to any of our secured indebtedness and other liabilities to the extent of the value of the assets securing such indebtedness and other liabilities, and structurally junior in right of payment to all of our existing and future indebtedness and other liabilities (including trade payables) of our current or future subsidiaries.

Capped Call Transactions

In connection with the pricing of the 2023 Notes, we entered into privately negotiated capped call transactions with an affiliate of one of the initial purchasers of the 2023 Notes and other financial institutions. In connection with the pricing of the 2024 & 2026 Notes, we entered into privately negotiated capped call transactions with other financial institutions. The capped call transactions are expected generally to reduce or offset potential dilution to holders of our common stock and/or offset the potential cash payments that we could be required to make in excess of the principal amount upon any conversion of the applicable series of Notes under certain circumstances, with such reduction and/or offset subject to a cap based on the cap price. Under the capped call transactions, we purchased capped call options that in the aggregate relate to the total number of shares of our Class A common stock underlying the applicable series of Notes, with an initial strike price of approximately $44.33 per share in the case of the 2023 Notes, which corresponds to the initial conversion price of the 2023 Notes, and approximately $189.36 per share in the case of the 2024 & 2026 Notes, which corresponds to the initial conversion price of each of the 2024 &

2026 Notes. Further, the capped call options are subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the applicable series of Notes, and have a cap price of $62.22 per share in the case of the 2023 Notes, and $315.60 per share in the case of the 2024 & 2026 Notes. The cost of the purchased capped calls of $19.1 million in the case of the 2023 Notes and $87.4 million in the case of the 2024 & 2026 Notes was recorded as a reduction to additional paid-in-capital.

We elected to integrate the applicable capped call options with the applicable series of Notes for federal income tax purposes pursuant to applicable U.S. Treasury Regulations. Accordingly, the $19.1 million gross cost of the purchased capped calls in the case of the 2023 Notes and the $87.4 million gross cost of the purchased capped calls in the case of the 2024 & 2026 Notes will be deductible for income tax purposes as original discount interest over the term of the 2023 Notes and the applicable series of the 2024 & 2026 Notes, respectively. We recorded deferred tax assets of $4.6 million with respect to the 2023 Notes and $20.9 million with respect to the 2024 & 2026 Notes, which represent the tax benefit of these deductions with an offsetting entry to additional paid-in capital.

In connection with the exchange agreements discussed below, we terminated a corresponding portion of the existing capped call transactions that we entered into in connection with the issuance of the 2023 Notes, which resulted in the net share settlement and our receipt and retirement of 285,466 shares of Class A common stock.

Exchange and Conversion of 2023 Notes

In connection with the issuance of the 2024 & 2026 Notes discussed above, we entered into exchange agreements with certain holders of our outstanding 2023 Notes and, using a portion of the net proceeds from the issuance of the 2024 & 2026 Notes, we exchanged $145.2 million principal amount, together with accrued and unpaid interest thereon, of the 2023 Notes for aggregate consideration of $145.4 million in cash, representing the principal and accrued interest of the exchanged 2023 Notes, and 2.2 million shares of Class A common stock.

The exchange agreements were accounted for as an induced conversion, resulting from the issuance of shares of Class A common stock in excess of the shares that would have been issuable under the terms of the original 2023 Notes.

This exchange resulted in a loss on induced conversion and debt extinguishment of $20.5 million, consisting of (i) a $8.2 million market premium representing the excess of the fair value of the total consideration delivered over the fair value of the Class A common stock issuable for the principal amount exchanged pursuant to the original conversion terms and (ii) $12.3 million representing the difference between the fair value and the carrying value, net of unamortized issuance costs, of the liability component of the exchanged 2023 Notes.

In the twelve months ended December 31, 2020, we settled $11.0 thousand principal amount of the 2023 Notes upon requests for conversion, which were settled in a combination of cash and shares of our Class A common stock. As of the date of this filing, we have received no additional requests for conversion.

The Notes consisted of the following (in thousands):

	As of December 31, 2020			As of December 31, 2019		
	2023 Notes	2024 Notes	2026 Notes	2023 Notes	2024 Notes	2026 Notes
Liability:						
Principal	$ 84,748	$ 400,000	$ 400,000	$ 84,759	$ 400,000	$ 400,000
Less: debt discount and issuance costs, net of amortization	(12,129)	(58,148)	(84,351)	(16,605)	(72,669)	(97,010)
Net carrying amount	$ 72,619	$ 341,852	$ 315,649	$ 68,154	$ 327,331	$ 302,990
Equity, net of issuance costs	$ 46,473	$ 69,749	$ 93,380	$ 46,474	$ 69,749	$ 93,380

The following table sets forth interest expense recognized related to the Notes (in thousands):

	Year Ended December 31,	
	2020	2019
Contractual interest expense	$ 6,424	$ 3,186
Amortization of debt issuance costs and discount	31,654	18,625
Total	$ 38,078	$ 21,811

The following table sets forth future contractual obligations of contractual interest and principal related to the Notes (in thousands):

	Payments Due by Period				
	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
Notes and related interest	$ 917,808	$ 6,424	$ 97,384	$ 410,000	$ 404,000

10. Accrued Payroll and Payroll-Related Liabilities

Accrued payroll and payroll-related liabilities included accrued commissions and bonuses as follows (in thousands):

	As of December 31,	
	2020	2019
Accrued commissions	$ 11,793	$ 23,037
Accrued bonuses	$ 15,046	$ 16,730

11. Stockholders' Equity

Dual Class Common Stock Structure

In February 2017, we implemented a dual class common stock structure in which each then existing share of common stock converted into a share of Class B common stock and we also authorized a new class of common stock, the Class A common stock. The Class A common stock is entitled to one vote per share and the Class B common stock is entitled to ten votes per share. The Class A common stock and Class B common stock have the same dividend and liquidation rights, and the Class B common stock converts to Class A common stock at any time at the option of the holder, or automatically upon the date that is the earliest of (i) the date specified by a vote of the holders of at least 66 2/3% of the outstanding shares of Class B common stock, (ii) March 29, 2027, and (iii) the date that the total number of shares of Class B common stock outstanding cease to represent at least 10% of the aggregate number of shares of Class A common stock and Class B common stock then outstanding. In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon any transfer, except for certain permitted transfers described in our restated certificate of incorporation, or the Restated Certificate. Upon the creation of the dual class common stock structure all outstanding options to purchase common stock became options to purchase an equivalent number of shares of Class B common stock, and all RSUs became RSUs for an equivalent number of shares of Class B common stock.

Upon the effectiveness of the Restated Certificate in March 2017, the number of shares of capital stock that were authorized to be issued consisted of 500,000,000 shares of Class A common stock, $0.0001 par value per share, 500,000,000 shares of Class B common stock, $0.0001 par value per share, and 10,000,000 shares of undesignated preferred stock, $0.0001 par value per share.

Preferred Stock

Our board of directors is authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences, and rights of the shares of each series and any of its qualifications, limitations, or restrictions, in each case without further vote or action by our stockholders. As of December 31, 2020, no shares of preferred stock were outstanding.

12. Equity Awards

Amended and Restated 2013 Stock Plan

We granted options and RSUs under our Amended and Restated 2013 Stock Plan, or 2013 Plan, until March 22, 2017, when the plan was terminated in connection with our IPO. Accordingly, no shares are available for future issuance under the 2013 Plan following the IPO. The 2013 Plan continues to govern outstanding equity awards granted thereunder.

2017 Equity Incentive Plan

In February 2017, our board of directors adopted, and our stockholders approved, the 2017 Equity Incentive Plan, or 2017 Plan. The 2017 Plan became effective on March 22, 2017 and is the successor plan to the 2013 Plan. Under the 2017 Plan, we initially reserved (i) 5.1 million shares of Class A common stock for future issuance and (ii) 0.5 million shares of Class A common stock equal to the number of Class B shares reserved but not issued under the 2013 Plan as of the effective date of the 2017 Plan. The number of shares of Class A common stock reserved for issuance under our 2017 Plan will increase automatically on the first day of January of each of 2018 through 2027 by the lesser of (a) 5% of the total outstanding shares of our Class A and Class B common stock as of the immediately preceding December 31 and (b) the number of shares determined by our board of directors. The share reserve may also increase to the extent that outstanding awards under our 2013 Plan expire or terminate. As of December 31, 2020, an aggregate of 11.4 million shares of Class A common stock were reserved for issuance under the 2017 Plan.

2017 Employee Stock Purchase Plan

In February 2017, our board of directors adopted, and our stockholders approved, the 2017 Employee Stock Purchase Plan, or 2017 ESPP. The 2017 ESPP became effective on March 23, 2017. Under the 2017 ESPP, we reserved 1.1 million shares of Class A common stock for future issuance. The number of shares of Class A common stock reserved for issuance under our 2017 ESPP will increase automatically on the first day of January of each of 2018 through 2027 by the lesser of (a) 1% of the total outstanding shares of our Class A and Class B common stock as of the immediately preceding December 31 and (b) the number of shares determined by our board of directors. The aggregate number of shares issued over the term of the 2017 ESPP may not exceed 11,000,000 shares of Class A common stock.

Under the 2017 ESPP, eligible employees are allowed to purchase shares of our Class A common stock at a discount through payroll deductions of up to 15% of their eligible compensation, subject to plan limitations. Except for the first offering period, which began on the date our Registration Statement on Form S-1 covering the initial public offering of our shares of Class A common stock was declared effective by the SEC, purchase periods are approximately six months in duration starting on the first trading date on or after February 15th and August 15th of each year. Participants are able to purchase shares of our Class A common stock at 85% of the lower of its fair market value on (i) the first day of the purchase period or on (ii) the purchase date, which is the last day of the purchase period.

In 2020, employees purchased 0.1 million shares of Class A common stock at an average price per share of $101.37. As of December 31, 2020, 2.6 million shares of Class A common stock were available for future issuance under the 2017 ESPP.

Stock Options

Stock options generally vest over a period of three to four years and expire ten years from the date of grant. Unvested stock options will be forfeited in case of a termination of employment or service before the satisfaction of the vesting schedule. Vested stock options generally expire three months after termination of employment.

Stock option activity, excluding activity related to the ESPP, during the year ended December 31, 2020 consisted of the following (in thousands, except weighted-average information):

	Options Outstanding	Weighted-Average Exercise Price	Aggregate Intrinsic Value	Weighted-Average Remaining Contractual Term (Years)
Options outstanding at December 31, 2019	2,712	$ 22.58	$ 211,488	6.6
Granted	640	139.88		
Exercised	(1,072)	15.09	$ 118,551	
Cancelled/forfeited	(209)	47.26		
Options outstanding at December 31, 2020	2,071	$ 60.22	$ 138,942	7.0
Exercisable	1,120	$ 17.11	$ 117,230	5.4
Vested and expected to vest at December 31, 2020	2,071	$ 60.22	$ 138,942	7.0

The total intrinsic value of options exercised in the years ended December 31, 2019 and 2018 was $115.4 million and $56.9 million, respectively. The weighted-average exercise price of options granted in the years ended December 31, 2019 and 2018 was $80.88 and $28.26, respectively.

As of December 31, 2020, there was $39.5 million of unrecognized compensation cost related to unvested stock options, which is expected to be recognized over a weighted-average period of 2.4 years.

Valuation Assumptions

The following table presents the weighted-average assumptions used for stock options granted under our 2017 Plan and for shares of our Class A common stock issued under our ESPP for each of the years indicated:

	Stock Options			Employee Stock Purchase Plan		
	2020	2019	2018	2020	2019	2018
Expected term (in years)	5.8	5.8	6.1	0.5	0.5	0.5
Estimated volatility	48 %	38 %	41 %	78 %	56 %	52 %
Risk-free interest rate	1 %	2 %	2 %	1 %	2 %	2 %
Estimated dividend yield	—	—	—	—	—	—
Weighted average fair value	$ 62.37	$ 32.20	$ 12.09	$ 48.07	$ 30.02	$ 12.13

Restricted Stock Units

RSUs granted under the 2017 Plan generally vest over a period of three to four years and expire ten years from date of grant. RSUs will be forfeited in case of a termination of employment or service before the satisfaction of the vesting schedule. RSU activity during the year ended December 31, 2020 consisted of the following (in thousands, except weighted-average information):

	Awards Outstanding	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
RSUs outstanding at December 31, 2019	1,576	$ 64.46	$ 157,752
Granted	1,224	132.89	
Vested	(518)	60.22	$ 62,482
Cancelled/forfeited	(322)	84.41	
RSUs outstanding at December 31, 2020	1,960	$ 105.04	$ 238,764
RSUs expected to vest at December 31, 2020	1,960	$ 105.04	$ 238,764

The total intrinsic value of RSUs vested in the years ended December 31, 2019 and 2018 was $30.2 million and $9.8 million, respectively. The weighted-average grant date fair value of RSUs granted in the years ended December 31, 2019 and 2018 was $90.00 and $35.51, respectively.

As of December 31, 2020, total unrecognized compensation expense related to unvested RSUs was approximately $156.6 million, which is expected to be recognized over a weighted-average period of 2.2 years.

We classified stock-based compensation expense in the accompanying consolidated statements of operations and comprehensive income (loss) as follows (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Cost of revenue	$ 2,550	$ 1,634	$ 797
Research and development	18,388	6,954	3,699
Sales and marketing	28,463	12,659	6,153
General and administrative	25,515	11,878	5,998
Total	$ 74,916	$ 33,125	$ 16,647

13. Retirement Plan

We established a savings plan that qualifies as a defined contribution plan under Section 401(k) of the Internal Revenue Code of 1986, as amended, or the Code, for the benefit of our employees. Our contributions to the savings plan are discretionary and vest immediately. We contributed approximately $6.2 million, $3.9 million and $2.4 million to the savings plan for the years ended December 31, 2020, 2019, and 2018, respectively.

14. Leases

We have various non-cancelable operating leases for our corporate offices in California, Colorado, Illinois, Massachusetts, Michigan, New York, and Texas in the United States and Australia, Brazil, Canada, the Czech Republic, France, Germany, Japan, Singapore, Ukraine, the United Arab Emirates and the United Kingdom. These leases expire at various times through 2029. Certain lease agreements contain renewal options, rent abatement, and escalation clauses that are factored into our determination of lease payments when appropriate.

The table below presents lease-related assets and liabilities recorded on the consolidated balance sheet (in thousands):

	Classification	As of December 31, 2020	2019
Assets			
Operating lease right-of-use assets	Operating lease right-of-use assets	$ 62,508	$ 33,600
Liabilities			
Operating lease liabilities (current)	Accrued expenses and other current liabilities	$ 11,471	$ 6,627
Operating lease liabilities (noncurrent)	Operating lease liabilities	53,860	29,293
Total lease liabilities		$ 65,331	$ 35,920

Lease Costs

The following lease costs were included in our consolidated statements of operations and comprehensive income (loss) (in thousands):

	Year Ended December 31, 2020	2019
Operating lease cost	$ 11,150	$ 7,066
Short-term lease cost	1,451	1,604
Variable lease cost	3,993	1,767
Total lease cost	$ 16,594	$ 10,437

Supplemental Information

The table below presents supplemental balance sheet information related to operating leases:

	Year Ended December 31, 2020	2019
Weighted-average remaining lease term (in years)	5.7	5.9
Weighted-average discount rate	5.03 %	6.18 %

In addition to the leases included on our consolidated balance sheet as of December 31, 2020, we have five leases that have been executed but not yet commenced as of December 31, 2020 with lease terms that range from two to eight years. As of December 31, 2020, we have either not gained access to, not begun construction on, or are underway with construction, but do not have control of the underlying assets. We anticipate that these operating leases will commence during the next twelve months. We expect to pay approximately $59.8 million in minimum rent payments related to these leases, $17.4 million of which will be paid over the next 24 months.

In October 2019, we entered into a new operating lease agreement for space located in Irvine, California that will eventually replace our existing corporate headquarters. We currently expect that the new leased facility will be available for occupancy in the second quarter 2021, at which point we will cease the use of our existing corporate headquarters. It is management’s current intent to sublease our existing headquarters. As of December 31, 2020, operating lease liabilities related to our existing corporate headquarters were approximately $12.2 million.

Undiscounted Cash Flows

The table below reconciles the undiscounted cash flows of the operating leases for each of the first five years, and total of the remaining years, to the operating lease liabilities recorded on the consolidated balance sheet as of December 31, 2020 (in thousands):

2021	$	14,471
2022		13,911
2023		12,083
2024		11,240
2025		10,551
2026		7,411
Thereafter		6,066
Total minimum lease payments	$	75,733
Less imputed interest		(10,402)
Present value of future minimum lease payments	$	65,331
Less current obligations under leases		(11,471)
Long-term lease obligations	$	53,860

15. Commitments and Contingencies

In the ordinary course of business, we enter into purchase orders with vendors for the purchase of goods and services including non-cancelable agreements for software licenses and royalty agreements. Our minimum purchase obligations as of December 31, 2020 were as follows (in thousands):

2021	$	40,155
2022		17,964
2023		378
2024		2,033
2025		9
Thereafter		—
Total minimum payments	$	60,539

Indemnification

In the ordinary course of business, we enter into agreements in which we may agree to indemnify other parties with respect to certain matters, including losses resulting from claims of intellectual property infringement, damages to property or persons, business losses, or other liabilities. In addition, we have entered into indemnification agreements with our directors, executive officers, and certain other employees that will require us to indemnify them against liabilities that may arise by reason of their status or service as directors, officers, or employees. The term of these indemnification agreements with our directors, executive officers, and other employees, are generally perpetual after execution of the agreement. The maximum potential amount of future payments we could be required to make under these indemnification provisions is unlimited; however, we maintain insurance that reduces our exposure and enables us to recover a portion of any future amounts paid. As of each of December 31, 2020 and December 31, 2019, we have not accrued a liability for these indemnification provisions because the likelihood of incurring a payment obligation, if any, in connection with these arrangements is not probable or reasonably estimable.

Litigation

From time to time, we may be involved in lawsuits, claims, investigations, and proceedings, consisting of intellectual property, commercial, employment, and other matters, which arise in the ordinary course of business. Other than the matters described below, we are not currently party to any material legal proceedings or claims, nor are we aware of any pending or threatened legal proceedings or claims that could have a material adverse effect on our business, operating results, cash flows, or financial condition should such legal proceedings or claims be resolved unfavorably.

As of the date of this filing, three putative securities class action lawsuits have been filed against us and certain of our executive officers in U.S. federal court relating to alleged violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and Rule 10b-5 promulgated thereunder: (1) *Smith v. Alteryx, Inc.*, Case No. 8:20-cv-01540 (CD Cal.), filed on August 19, 2020; (2) *Chau v. Alteryx, Inc.*, Case No. 8:20-cv-01886 (CD Cal.), filed on September 30, 2020; and (3) *Lalgudi v. Alteryx, Inc.*, Case No. 8:20-cv-01910 (CD Cal.), filed on October 2, 2020. On November 13, 2020, lead plaintiffs were appointed, or the Lead Plaintiffs, and the three cases were consolidated into one action, *In re Alteryx, Inc. Securities Litigation*, Case No. 8:20-cv-01540 (C.D. Cal). On January 28, 2021, a first amended complaint was filed asserting claims on behalf of persons and entities that purchased or otherwise acquired our securities between February 13, 2020 and August 7, 2020. Lead Plaintiffs allege that such persons and entities were harmed as a result of certain alleged false or misleading statements, or omissions, made by us and certain of our executive officers. These proceedings remain in the early stages. We intend to vigorously defend against these claims. Because of the early stages of these matters, we are unable to estimate a reasonably possible range of loss, if any, that may result from these matters.

Warranty

We provide an assurance-type warranty to customers that our platform will operate substantially in accordance with its specifications. Historically, no significant costs have been incurred related to product warranties and none are expected in the future and, as such, no accruals for product warranty costs have been made.

16. Income Taxes

The components of income (loss) before benefit of income taxes were as follows (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Domestic	$ (32,569)	$ 9,259	$ 27,849
Foreign	4,924	(3,195)	(2,415)
Total	$ (27,645)	$ 6,064	$ 25,434

The components of the benefit of income taxes were as follows (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Current:			
Federal	$ —	$ (375)	$ (14)
State	248	158	314
Foreign	327	1,176	587
Total current income tax expense	$ 575	$ 959	$ 887
Deferred:			
Federal	$ (2,617)	$ (18,684)	$ (2,321)
State	(958)	(3,406)	(869)
Foreign	(271)	52	(283)
Total deferred income tax benefit:	$ (3,846)	$ (22,038)	$ (3,473)
Total	$ (3,271)	$ (21,079)	$ (2,586)

The following table reconciles our benefit of income taxes at the statutory rate to that at the effective tax rate, using a U.S. federal statutory tax rate of 21% for each of 2020, 2019, and 2018 (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Income tax at federal statutory rate	$ (5,806)	$ 1,273	$ 5,341
Increase/(decrease) in tax resulting from:			
State income tax expense, net of federal	(3,105)	(2,567)	(438)
Foreign rate differential	47	789	853
Stock-based compensation	(16,852)	(20,913)	(7,916)
Change in valuation allowance	24,363	18,129	510
Meals and entertainment	764	658	310
Research credits	(4,677)	(3,177)	(1,563)
Tax basis step-up due to internal reorganization	—	(15,321)	—
Other	1,995	50	317
Total benefit of income taxes	$ (3,271)	$ (21,079)	$ (2,586)

The following table shows the significant components of deferred income tax assets (liabilities) (in thousands):

	As of December 31,	
	2020	2019
Deferred tax assets:		
Deferred revenue	$ 923	$ 739
Net operating losses	20,147	10,997
Accruals and reserves	5,513	5,679
Research & other credits	17,770	11,027
Intangibles	10,570	12,291
Operating lease liabilities	14,475	7,586
Effect of Section 163(j) on interest expense	6,696	4,046
Stock-based compensation	14,376	6,623
Other	—	353
Total deferred tax assets	90,470	59,341
Less valuation allowance	(44,046)	(19,683)
Net deferred tax assets	46,424	39,658
Deferred tax liabilities:		
Operating lease right-of-use assets	(13,831)	(7,002)
Deferred commissions	(10,213)	(8,924)
Convertible senior notes	(16,990)	(20,459)
Effects of ASC 606 adoption	(4,343)	(8,819)
Other	(776)	(48)
Total deferred tax liabilities	(46,153)	(45,252)
Net deferred tax assets (liabilities)	$ 271	$ (5,594)

We record a valuation allowance against our deferred tax assets if and to the extent it is more likely than not that we will not recover our deferred tax assets. In evaluating the need for a valuation allowance, we weight all relevant positive and negative evidence, including among other factors, historical financial performance, forecasts of income over the applicable carryforward periods, and our market environment, with each piece weighted based on its reliability. As of December 31, 2020, we had insufficient objective positive evidence that we will generate sufficient future pre-tax income to overcome the negative evidence of cumulative losses. Accordingly, we recorded a full valuation allowance against our U.S. and U.K. deferred tax assets as of December 31, 2020. We had a deferred tax liability of $5.6 million as of December 31, 2019, included in other liabilities in our consolidated balance sheets.

The following table shows the changes in our valuation allowance (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Beginning balance	$ 19,683	$ 1,138	$ 7,304
Decrease in valuation allowance due to adoption of ASC 606	—	—	(6,676)
Increase in valuation allowance due to internal reorganization	—	15,321	—
Other increase in valuation allowance	24,363	3,224	510
Ending balance	$ 44,046	$ 19,683	$ 1,138

In 2019, through an internal reorganization, our U.K. subsidiary acquired foreign exploitation rights to intellectual property from two other of our subsidiaries. The U.K. subsidiary acquired the rights for their fair market value and that amount became the U.K. tax basis in such rights, which exceeds their carrying amount under U.S. GAAP. Accordingly, we recorded a deferred tax asset for the excess of U.K. tax basis over the U.S. GAAP carrying amount. Based on cumulative U.K. losses, we have concluded it was more likely than not that we would not realize our U.K. deferred tax asset, and accordingly, we have recorded a full valuation allowance against it.

As of December 31, 2020, we had U.S. federal and state income tax net operating loss carryforwards of approximately $73.0 million and $42.7 million, respectively. The U.S. federal and state net operating losses will begin to expire in 2035 and 2024, respectively, unless previously utilized.

Under Sections 382 and 383 of the Code, annual use of our net operating loss carryforwards and tax credits may be limited if a cumulative change in ownership of more than 50% occurs within a three-year period. We determined that ownership changes occurred in 2015 and 2019, which limit the future annual use of our net operating loss carryforwards and tax credits, but neither of which permanently disallows any of those tax attributes.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, was signed into law. The CARES Act includes tax provisions applicable to businesses, such as net operating losses, enhanced interest deductibility, optional deferral of deposits of payroll taxes and a refundable employee retention payroll tax credit. We have concluded the analysis of these provisions as of year-end and the CARES Act did not have a material impact on our income taxes for 2020.

We have not accrued U.S. state income taxes or foreign withholding taxes on the earnings of our foreign subsidiaries, as these amounts are intended to be indefinitely reinvested in operations outside the United States. As of December 31, 2020, there were immaterial cumulative amounts of undistributed earnings at our foreign subsidiaries.

We are subject to taxation in the United States and various states and international jurisdictions. Our U.S. federal tax returns are open for examination for tax years 2017 and forward, and our state tax returns are open for examination for tax years 2014 and forward. Our tax returns for international jurisdictions are open for examination for tax years 2016 and forward. However, net operating loss and other tax attribute carryforwards utilized in subsequent years continue to be subject to examination by the tax authorities until the year to which the net operating loss and/or other tax attributes are carried forward is no longer subject to examination. Neither we nor any of our subsidiaries are currently under examination from tax authorities in the jurisdictions in which we do business.

At December 31, 2020, we had approximately $8.5 million of unrecognized tax benefits. If fully recognized, $5.3 million of the unrecognized tax benefits would reduce our net operating losses. In the next 12 months, we do not expect our unrecognized tax benefits to decrease. Accrued interest related to our uncertain tax positions was not material at December 31, 2020.

The following table shows the activity in gross unrecognized tax benefits (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Balance at beginning of year	$ 7,556	$ 6,234	$ [illegible]
Additions based on tax position related to the current year	652	1,322	
Additions for tax positions of prior years	312	—	
Balance at end of year	$ 8,520	$ 7,556	$ 6[illegible]

17. Basic and Diluted Net Income (Loss) Per Share

The following table presents the computation of net income (loss) per share (in thousands except per share data):

	Year Ended December 31,		
	2020	2019	2018
Numerator:			
Net income (loss) attributable to common stockholders	$ (24,374)	$ 27,143	$ 28[illegible]
Denominator:			
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders, basic	66,058	63,424	60[illegible]
Effect of dilutive securities:			
Convertible senior notes	—	1,975	
Employee stock awards	—	3,259	3[illegible]
Contingently issuable shares	—	3	
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders, diluted	66,058	68,661	64[illegible]
Net income (loss) per share attributable to common stockholders, basic	$ (0.37)	$ 0.43	$ [illegible]
Net income (loss) per share attributable to common stockholders, diluted	$ (0.37)	$ 0.40	$ [illegible]

The following weighted-average equivalent shares of common stock, excluding the impact of the treasury stock method, were excluded from the diluted net income (loss) per share calculation because their inclusion would have been anti-dilutive (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Stock awards	4,053	209	510
Convertible senior notes	6,137	1,644	—
Total shares excluded from net income (loss) per share	10,190	1,853	510

It is our current intent to settle the principal amount of the Notes with cash, and therefore, we use the treasury stock method for calculating any potential dilutive effect of the conversion option on diluted net income per share. The conversion options may have a dilutive impact on net income per share of common stock when the average market price per share of our Class A common stock for a given period exceeds the initial conversion price of the 2023 Notes and the 2024 & 2026 Notes of $44.33 and $189.36 per share, respectively.

18. Segment and Geographic Information

Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker, or CODM, who is our chief executive officer, in deciding how to allocate resources and assess our financial and operational performance. Our CODM evaluates our financial information and resources and assesses the performance of these resources on a consolidated and aggregated basis. As a result, we have determined that our business operates in a single operating segment.

Long-lived assets classified by geographic location, and, with respect to the year ended December 31, 2019, with countries over 10% of this total, were as follows (in thousands):

	As of December 31,	
Long-lived assets:	2020	2019
United States	$ 84,055	$ 39,641
United Kingdom	6,236	7,263
Other countries	12,862	6,992
Total	$ 103,153	$ 53,896

19. Selected Quarterly Financial Data (Unaudited)

The following table sets forth unaudited quarterly financial information for the years ended December 31, 2020 and 2019. We have prepared the unaudited quarterly consolidated statements of operations data on a basis consistent with the audited annual consolidated financial statements. In the opinion of management, the financial information in this table reflects all adjustments, consisting of normal and recurring adjustments, necessary for the fair statement of this data (in thousands except per share data):

	2020			
	Quarter Ended			
	March 31	June 30	September 30	December 31
Revenue	$ 108,831	$ 96,233	$ 129,717	$ 160,527
Gross profit	$ 95,784	$ 86,598	$ 119,303	$ 149,784
Income (loss) from operations	$ (20,105)	$ (17,794)	$ 9,633	$ 24,359
Net income (loss)	$ (15,473)	$ (35,293)	$ 4,357	$ 22,035
Diluted income (loss) per share	$ (0.24)	$ (0.53)	$ 0.06	$ 0.32

	2019			
	Quarter Ended			
	March 31	June 30	September 30	December 31
Revenue	$ 76,020	$ 82,043	$ 103,397	$ 156,450
Gross profit	$ 68,020	$ 72,748	$ 93,752	$ 144,239
Income (loss) from operations	$ (4,402)	$ (8,288)	$ 11,936	$ 38,735
Net income (loss)	$ 5,914	$ (3,219)	$ (6,240)	$ 30,688
Diluted income (loss) per share	$ 0.09	$ (0.05)	$ (0.10)	$ 0.44

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

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as of December 31, 2020. Our disclosure controls and procedures are designed to provide reasonable assurance that information we are required to disclose in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief

Financial Officer, as appropriate to allow timely decisions regarding required disclosures, and is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded as of December 31, 2020 that our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2020 based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the results of its evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2020. The effectiveness of our internal control over financial reporting as of December 31, 2020 has been audited by Deloitte and Touche LLP, an independent registered public accounting firm, as stated in its report which is included in Part II, Item 8 of this Annual Report.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended December 31, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be 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 controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance.

The information required by this item, including information relating to compliance with Section 16(a) of the Exchange Act, will be included in our Definitive Proxy Statement for the 2021 Annual Meeting of Stockholders to be filed with the SEC, within 120 days of the fiscal year ended December 31, 2020, and is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this item will be included in our Definitive Proxy Statement for the 2021 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2020, and is incorporated herein by reference.

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

The information required by this item will be included in our Definitive Proxy Statement for the 2021 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2020, and is incorporated herein by reference.

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

The information required by this item will be included in our Definitive Proxy Statement for the 2021 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2020, and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information required by this item will be included in our Definitive Proxy Statement for the 2021 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2020, and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

The following documents are filed as part of this Annual Report:

1 Financial Statements

Our consolidated financial statements are listed in the “Index to Consolidated Financial Statements” under Part II, Item 8, of this Annual Report.

2 Financial Statement Schedules

All financial statement schedules have been omitted because they are not required or are not applicable, or the required information is shown in our consolidated financial statements or the notes thereto.

3 Exhibits

Exhibit Number	Exhibit Title	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Restated Certificate of Incorporation.	10-Q	001-38034	3.1	May 11, 2017	
3.2	Amended and Restated Bylaws.	8-K	001-38034	3.1	May 5, 2020	
4.1	Form of Class A common stock certificate.	S-1/A	333-216237	4.1	March 13, 2017	
4.2	Second Amended and Restated Investors' Rights Agreement by and among the Registrant and certain security holders of the Registrant, dated September 24, 2015, as amended.	S-1	333-220342	4.2	September 5, 2017	
4.3	Indenture dated May 18, 2018 between Alteryx, Inc. and U.S. Bank National Association.	8-K	001-38034	4.1	May 18, 2018	
4.4	Indenture, with respect to the 2024 Notes, dated August 12, 2019 between Alteryx, Inc. and U.S. Bank National Association.	8-K	001-38034	4.1	August 12, 2019	
4.5	Indenture, with respect to the 2026 Notes, dated August 12, 2019 between Alteryx, Inc. and U.S. Bank National Association.	8-K	001-38034	4.2	August 12, 2019	
4.6	Description of Class A Common Stock Registered Under Section 12 of the Securities Exchange Act of 1934, as amended.					X
10.1*	Form of Indemnity Agreement.	S-1	333-216237	10.1	February 24, 2017	
10.2*	Amended and Restated 2013 Stock Plan and forms of award agreements.	S-1	333-216237	10.2	February 24, 2017	
10.3*	2017 Equity Incentive Plan and forms of award agreements.	S-1	333-216237	10.3	February 24, 2017	
10.4*	2017 Employee Stock Purchase Plan and form of subscription agreement.	S-1	333-216237	10.4	February 24, 2017	
10.5*	Alteryx 2020 Discretionary Bonus Plan.					X
10.6*	Amended and Restated Offer Letter by and between the Registrant and Dean A. Stoecker, dated February 22, 2017.	S-1	333-216237	10.6	February 24, 2017	
10.7*	Amended and Restated Offer Letter by and between the Registrant and Robert S. Jones.	10-K	001-38034	10.9	March 8, 2018	

Exhibit Number	Exhibit Title	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.8*	Amended and Restated Offer Letter by and between the Registrant and Christopher M. Lal.	10-K	001-38034	10.9	March 1, 2019	
10.9*	Amended and Restated Offer Letter by and between the Registrant and Kevin Rubin.	10-K	001-38034	10.10	March 1, 2019	
10.10*	Offer Letter by and between the Registrant and Derek Knudsen.	10-K	001-38034	10.11	February 14, 2020	
10.11*	Separation Agreement by and between the Registrant and Robert S. Jones.					X
10.12	Lease by and between the Registrant and LBA IV-PPI, LLC, dated December 7, 2015.	S-1	333-216237	10.9	February 24, 2017	
10.13	First Amendment to Multi-Tenant Office Lease by and between the Registrant and LBG IV-PPO, LLC, dated December 11, 2017.	10-K	001-38034	10.11	March 8, 2018	
10.14	Second Amendment to Multi-Tenant Office Lease by and between the Registrant and LBG IV-PPO, LLC, dated August 6, 2018.	10-Q	001-38034	10.1	November 8, 2018	
10.15	Third Amendment to Multi-Tenant Office Lease by and between the Registrant and LBG IV-PPO, LLC, dated September 27, 2018.	10-Q	001-38034	10.2	November 8, 2018	
10.16	Lease between the Registrant and Irvine Spectrum Terrace I LLC, dated October 14, 2019.	10-K	001-38034	10.17	February 14, 2020	
10.17*	Form of Severance and Change in Control Agreement.	10-Q	001-38034	10.10	May 7, 2020	
10.18*	Offer Letter by and between the Registrant and Mark Anderson.					X
10.19*	Executive Chairman Agreement by and between the Registrant and Dean A. Stoecker.					X
21.1	List of Subsidiaries.					X
23.1	Consent of Deloitte & Touche, LLP, independent registered public accounting firm.					X
24.1	Power of Attorney (included on signature pages to Annual Report).					
31.1	Certification of Mark Anderson, Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Kevin Rubin, Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1#	Certification of Mark Anderson, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X

Exhibit Number	Exhibit Title	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
32.2#	Certification of Kevin Rubin, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	Cover Page Interactive Data File - the cover page from the Registrant's Annual Report on Form 10-K for the year ended December 31, 2020 is formatted in Inline XBRL.					X

* Indicates a management contract or compensatory plan.

\# This certification is deemed not filed for purposes of section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned thereunto duly authorized.

		Alteryx, Inc.	
Date:	February 12, 2021	By:	/s/ Mark Anderson
			Mark Anderson Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Mark Anderson and Kevin Rubin, and each of them, as his or her true and lawful attorneys-in-fact, proxies, and agents, each with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, proxies, and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact, proxies, and agents, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Mark Anderson Mark Anderson	Chief Executive Officer and Director (Principal Executive Officer)	February 12, 2021
/s/ Kevin Rubin Kevin Rubin	Chief Financial Officer (Principal Financial and Accounting Officer)	February 12, 2021
/s/ Dean A. Stoecker Dean A. Stoecker	Executive Chairman and Chairman of the Board of Directors	February 12, 2021
/s/ Kimberly E. Alexy Kimberly E. Alexy	Director	February 12, 2021
/s/ John Bellizzi John Bellizzi	Director	February 12, 2021
/s/ Charles R. Cory Charles R. Cory	Director	February 12, 2021
/s/ Jeffrey L. Horing Jeffrey L. Horing	Director	February 12, 2021
/s/ Timothy I. Maudlin Timothy I. Maudlin	Director	February 12, 2021
/s/ Eileen M. Schloss Eileen M. Schloss	Director	February 12, 2021

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

As of December 31, 2020, Alteryx, Inc. (the "Company," "we" or "our") had one class of securities registered under Section 12 of the Securities Exchange Act of 1934: our Class A common stock.

Description of Capital Stock

The following summary of the terms of our capital stock is based upon our restated certificate of incorporation and our amended and restated bylaws. The summary is not complete and is qualified by reference to our restated certificate of incorporation and our amended and restated bylaws, which are filed as exhibits to this Annual Report on Form 10-K and are incorporated by reference herein. We encourage you to read our restated certificate of incorporation, our amended and restated bylaws and the applicable provisions of the Delaware General Corporation Law, or DGCL, for additional information.

General

We have authorized capital stock consisting of 500,000,000 shares of Class A common stock, $0.0001 par value per share, 500,000,000 shares of Class B Common Stock, $0.0001 par value per share, and 10,000,000 shares of undesignated preferred stock, $0.0001 par value per share.

Common Stock

Dividend rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine.

Voting rights

Holders of our Class A common stock are entitled to one vote for each share of Class A common stock held on all matters submitted to a vote of stockholders and holders of our Class B common stock are entitled to ten votes for each share of Class B common stock held on all matters submitted to a vote of stockholders. Holders of shares of our Class A common stock and Class B common stock vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders, unless otherwise required by law. Our restated certificate of incorporation does not provide for cumulative voting for the election of directors.

As a result, the holders of a majority of our voting shares can elect all of the directors then standing for election. Our restated certificate of incorporation establishes a classified board of directors that is divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms.

No preemptive or similar rights

Our common stock is not entitled to preemptive rights and is not subject to redemption or sinking fund provisions.

Conversion

Each outstanding share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. In addition, each share of Class B common stock converts automatically into one share of Class A common stock upon any transfer, whether or not for value, except for certain permitted transfers described in our restated certificate of incorporation, including transfers to family members, trusts solely for the benefit of the stockholder or their family members, and partnerships, corporations, and other entities exclusively owned by the stockholder or their family members. Once converted or transferred and converted into Class A common stock, the Class B common stock will not be reissued.

All the outstanding shares of Class B common stock will convert automatically into shares of Class A common stock upon the date that is the earliest of (i) the date specified by a vote of the holders of 66 2/3% of the outstanding shares of Class B common stock, (ii) March 29, 2027, and (iii) the date that the total number of shares of Class B common stock outstanding cease to represent at least 10% of all outstanding shares of our common stock. Following such conversion, each share of Class A common stock will have one vote per share and the rights of the holders of all outstanding common stock will be identical. Once converted into Class A common stock, the Class B common stock may not be reissued.

Right to receive liquidation distributions

Upon our liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Preferred Stock

Our board of directors is authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences, and rights of the shares of each series and any of its qualifications, limitations, or restrictions, in each case without further vote or action by our stockholders. Our board of directors can also increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring, or preventing a change in our control and might adversely affect the market price of our Class A common stock and the voting and other rights of the holders of our common stock.

Anti-Takeover Provisions

The provisions of Delaware law, our restated certificate of incorporation, and our amended and restated bylaws could have the effect of delaying, deferring, or discouraging another person from acquiring control of our company. These provisions, which are summarized below, may have the effect of discouraging takeover bids.

Delaware Law

We are subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. In general, DGCL Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years following the date on which the person became an interested stockholder unless:

- prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, (i) shares owned by persons who are directors and also officers and (ii) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to the date of the transaction, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66.67% of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction or series of transactions together resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We also anticipate that DGCL Section 203 may also discourage attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

Restated Certificate of Incorporation and Amended and Restated Bylaws Provisions

Our restated certificate of incorporation and our amended and restated bylaws include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our management team, including the following:

- *Dual Class Common Stock*. Our restated certificate of incorporation provides for a dual class common stock structure pursuant to which holders of our Class B common stock have the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A common stock and Class B common stock, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets. Directors, executive officers, and employees, and their respective affiliates, have the ability to exercise significant influence over those matters.
- *Board of Directors Vacancies*. Our restated certificate of incorporation and amended and restated bylaws authorize only our board of directors to fill vacant directorships, including newly created seats. In addition, the number of directors constituting our board of directors is permitted to be set only by a resolution adopted by a majority vote of our entire board of directors. These provisions prevent a stockholder from increasing the size of our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. This makes it more difficult to change the composition of our board of directors but promotes continuity of management.
- *Classified Board*. Our restated certificate of incorporation and amended and restated bylaws provide that our board of directors is classified into three classes of directors. The existence of a classified board of directors could discourage a third-party from making a tender offer or otherwise attempting to obtain control of us as it is more difficult and time consuming for stockholders to replace a majority of the directors on a classified board of directors.
- *Directors Removed Only for Cause*. Our restated certificate of incorporation provides that stockholders may remove directors only for cause.
- *Supermajority Requirements for Amendments of Our Restated Certificate of Incorporation and Amended and Restated Bylaws*. Our restated certificate of incorporation further provides that the affirmative vote of holders of at least 66 2/3% of the voting power of all of the then outstanding shares of voting stock is required to amend certain provisions of our restated certificate of incorporation, including provisions relating to the classified board, the size of the board, removal of directors, special meetings, actions by written consent, and designation of our preferred stock. In addition, the affirmative vote of holders of 75% of the voting power of each of our Class A common stock and Class B common stock, voting separately by class, is required to amend the provisions of our restated certificate of incorporation relating to the terms of our Class B common stock. The affirmative vote of holders of at least 66 2/3% of the

voting power of all of the then outstanding shares of voting stock is required to amend or repeal our amended and restated bylaws, although our amended and restated bylaws may be amended by a simple majority vote of our board of directors.

- *Stockholder Action; Special Meeting of Stockholders*. Our restated certificate of incorporation provides that special meetings of our stockholders may be called only by a majority of our board of directors, the chairman of our board of directors, our lead independent director, our chief executive officer, or our president. Our restated certificate of incorporation provides that our stockholders may not take action by written consent but may only take action at annual or special meetings of our stockholders. As a result, holders of our capital stock would not be able to amend our amended and restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws. Further, our amended and restated bylaws provide that special meetings of our stockholders may be called only by a majority of our board of directors, the chairman of our board of directors, our lead independent director, our chief executive officer, or our president, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders to take any action, including the removal of directors.
- *Advance Notice Requirements for Stockholder Proposals and Director Nominations*. Our amended and restated bylaws provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our amended and restated bylaws also specify certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions might also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.
- *No Cumulative Voting*. The DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our restated certificate of incorporation and amended and restated bylaws do not provide for cumulative voting.
- *Issuance of Undesignated Preferred Stock*. Our board of directors has the authority, without further action by the stockholders, to issue up to 10,000,000 shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of preferred stock enables our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest, or other means.
- *Choice of Forum*. Our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or

proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the DGCL, our restated certificate of incorporation, or our amended and restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. Our amended and restated bylaws provide that the federal district courts of the United States will, to the fullest extent permitted by law, be the exclusive jurisdiction for any litigation arising under the Securities Act of 1933, as amended.

Exchange Listing

Our Class A common stock is listed on The New York Stock Exchange under the symbol “AYX.”

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock is American Stock Transfer & Trust Company, LLC.

Exhibit 10.5

Alteryx 2020 Discretionary Bonus Plan

1. Purpose

To provide a performance-based incentive bonus plan that will:

- align the interests of our company, our associates, and our investors,
- enable Alteryx to achieve and exceed specified financial goals,
- attract and retain associates to enhance our leadership position within the industry, and
- recognize and reward employees for their individual contributions to our success.

2. Performance Period

The performance period is January 1, 2020 through December 31, 2020.

3. Eligibility

Eligible participants are Alteryx employees and employees of its wholly owned subsidiaries who:

- were employed prior to October 1, 2020,
- are in positions deemed as bonus eligible,
- are actively employed, in good standing, on the date that bonus payments are made and are not on a performance improvement plan, and
- are not eligible for another incentive, commission, or variable compensation plan (*e.g.*, sales/services commission plans).

4. **Payments**

The payment schedule for the bonus plan will be as follows:

- Payable with the normal payroll payment on or before March 15, 2021

5. **Eligible Compensation**

Eligible compensation for purposes of calculating an employee's bonus payment will be the employee's annual base salary in effect on December 31, 2020.

Eligible employees starting after March 31, 2020 will be eligible for a prorated bonus based on their employment start date.

For employees on Leave of Absence during the performance period, eligible bonus will be prorated for the number of days on active status.

6. **Company Performance Metrics**

Company performance will be determined by achievement of a specific Annual Recurring Revenue (ARR) target.

ARR represents the total annual contract value for active customer subscription contracts as of a measurement date, , including or excluding certain adjustments as determined by the Chief Financial Officer.

The ARR target as of December 31, 2020 is $515 million.

An employee's bonus award calculated on the above performance metric may be increased or decreased at the discretion of management to reflect individual performance or extraordinary events.

7. **Bonus Pool Funding**

The Company must achieve a minimum performance threshold of ARR for the bonus pool to be funded and paid.

At 100% achievement or higher of the ARR performance target, the bonus pool will be funded at 100% of target. If ARR is below the target, the bonus pool funding amount will be interpolated between pool funding amounts as exemplified on the chart shown below.

Measurement: AR at 12/31/20	
Target Achievement	**Pool Funding**
< 80%	$0
100%	100%

For example, the bonus pool will not fund until 80% of target is reached, achievement of 80% to 100% of target will result in pool funding at a percent-for percent rate, and achievement of greater than 100% of target will result in pool funding at 100%.

Achievement will be rounded the nearest whole percentage. The chart is for illustrative purposes only to summarize bonus pool funding and may change based on company goals.

8. Participant’s Target Bonus

A participant’s target bonus award is determined by his or her job level and is expressed as a percentage of base salary. The final award is determined by the amount available for disbursement (*see* Section 7), Company performance, and any adjustments for individual performance pursuant to Section 9.

9. Individual Performance

Based on performance and the achievement of individual goals (MBOs), modification to a participant’s target award can range from 0% to 150%. However, the total of all bonus awards for any Department cannot exceed 100% of the available pool unless approved by the Chief Financial Officer.

Revenue vs. Target	X	Individual Performance %	=	Individual Bonus Award

10. Administration

The bonus program will be administered by Alteryx's Compensation Committee, with day- to-day management to be conducted by Human Resources and the Chief Financial Officer.

The Committee has authority, among other things, to:

◦ determine eligibility for participation in the bonus program;

◦ determine performance measures, performance targets, award opportunities and earned awards; and

◦ interpret the bonus program and exercise its power to prescribe, amend, suspend or rescind the terms of the bonus program.

11. General Provisions

Alteryx may deduct any taxes required by law to be withheld upon payment of any bonus under this program.

Bonus awards granted under the program will not be transferrable other than by will or laws of descent and distribution.

Nothing in the program or in any bonus award granted will confer on an individual any right to an award, or to continue in the employ of the company or any of its subsidiaries or deter in any way the right of the company or any subsidiary to terminate any employment.

December 30, 2020

Via Email

Robert Scott Jones

Re: Terms of Transition and Separation

Dear Scott:

This letter confirms the agreement ("***Agreement***") between you and Alteryx, Inc. (the "***Company***") concerning the terms of your transition and separation from employment and offers you certain benefits to which you would not otherwise be entitled, conditioned upon your provision of a general release of claims and covenant not to sue now and upon the Separation Date (defined below) as provided herein. If you agree to the terms outlined herein, please sign and return this Agreement to me in the timeframe outlined below.

1. Separation from Employment: Your employment with the Company will end upon the Separation Date (as defined below). You and the Company have decided to end your relationship amicably and also to establish the obligations of the parties including, without limitation, all amounts due and owing to you. The Company has also discussed with you the terms under which it is willing to continue your employment through the Transition Period, as described further below.

2. Continued Employment; Other Release Consideration: In exchange for your agreement to the general release and waiver of claims and covenant not to sue set forth below and your other promises herein, the Company agrees to continue your employment on the following terms:

a. Separation Date; Transition Period and Services: Your last day in your current role of President and Chief Revenue Officer will be December 31, 2020, and your last day of employment with the Company will be February 12, 2021 (the "***Separation Date***") subject to the at-will nature of your employment, as described in Paragraph 2(d) below. Between now and the Separation Date (the "***Transition Period***"), you agree to carry out such transition services as directed principally by the Company's Chief Executive Officer, Mark Anderson, to whom you will report, including transition of the responsibilities, duties, and knowledge relative to your position (the "***Transition Services***").

b. Compensation and Benefits: During the Transition Period, the Company will continue to pay you your current base salary and you will continue to be eligible to participate in benefits customarily afforded to other employees, including participation in the Company-sponsored health benefits plan and continued vesting of equity awards, to the fullest extent allowed by the governing plans, agreements, or policies.

c. Separation Compensation: Provided that you cooperatively and diligently provide the Transition Services as determined by the Company in good faith and in its sole discretion, then in exchange for your agreement to the general release and waiver of claims and covenant not to sue set forth in Exhibit A (the "***Second Release***"), to be signed no earlier than the Separation Date, and your other promises herein, the Company agrees as follows:

i. Severance. The Company agrees to pay you, within ten (10) business days following the effectiveness of the Second Release (as provided therein), a lump sum payment in the gross amount of $294,300, less applicable state and federal payroll deductions, which equals nine (9) months of your current base salary; and

ii. Bonus. The Company agrees to pay you a lump sum payment equal to the amount of your variable incentive compensation payable under the 2020 Alteryx Bonus Plan pursuant to your 2020 Alteryx Bonus Plan Addendum (the "***Addendum***"), as amended, subject to satisfaction of applicable Company corporate performance targets and subject to reduction for the amount of any First Half Bonus Amount (as defined under the Addendum) previously paid, with such amount to be paid at such time as annual incentive bonuses are paid to other participants, but in any event no later than December 31, 2021, less applicable state and federal payroll deductions.

iii. COBRA. Upon your timely election to continue your existing health benefits under COBRA, and consistent with the terms of COBRA and the Company's health insurance plan, the Company will pay the insurance premiums to continue your existing health benefits for nine (9) months following the Separation Date. You will remain responsible for, and must continue to pay, the portion of premiums, co-payments, etc. that you would have paid had your employment continued.

d. At-Will Employment. During the Transition Period, your employment with the Company will remain at-will, meaning either you or the Company may terminate your employment at any time with or without notice or reason.

By signing below, you acknowledge that you are receiving the release consideration outlined in this paragraph in consideration for waiving your rights to claims referred to in this Agreement (and the Second Release, if applicable) and that you would not otherwise be entitled to the release consideration.

3. Final Pay. On your final day of employment, the Company will pay you for all wages, salary, bonuses, commissions, reimbursable expenses previously submitted by you, accrued vacation (if applicable) and any similar payments due you from the Company as of your separation from employment. By signing below, you acknowledge that the Company does not owe you any other amounts, except as otherwise may become payable under this Agreement.

4. Return of Company Property. You hereby warrant to the Company that, no later than your final day of employment, you will return to the Company all property or data of the Company of any type whatsoever that has been in your possession or control.

5. Proprietary Information. You hereby acknowledge that you are bound by the Confidential Information and Invention Assignment Agreement previously entered into, and that as a result of your employment with the Company you have had access to the Company's Proprietary Information (as defined in the agreement), that you will hold all Proprietary Information in strictest confidence and that you will not make use of such Proprietary Information on behalf of anyone, except as required in the course of your employment with the Company. You further confirm that you will deliver to the Company, no later than the Separation Date, all documents and data of any nature containing or pertaining to such Proprietary Information and that you will not take with you any such documents or data or any reproduction thereof.

6. Company Equity. During the Transition Period, your outstanding Company equity awards will continue to vest according to their terms; however, all vesting will cease as of the Separation Date (assuming your continuous employment through that date). At all times, your rights concerning your awards will continue to be governed by the Company's 2017 Equity Incentive Plan or the Amended and Restated 2013 Stock Plan, as applicable, and the written award agreements governing their grant (collectively, the "***Equity Agreements***").

7. General Release and Waiver of Claims.

a. The payments and promises set forth in this Agreement are in full satisfaction of all accrued salary, vacation pay, bonus and commission pay, profitsharing, stock, stock options or other ownership interest in the Company, termination benefits or other compensation to which you may be entitled by virtue of your employment with the Company or your separation from the Company, including under your Company Severance and Change in Control Agreement effective March 25, 2020(your "***Severance and CIC Agreement***") and your Offer Letter dated March 21, 2017 (your "***Offer Letter***"). To the fullest extent permitted by law, you hereby release and waive any other claims you may have against the Company and its owners, agents, officers, shareholders, employees, directors, attorneys, subscribers, subsidiaries, affiliates, successors and assigns (collectively "***Releasees***"), whether known or not known, including, without limitation, claims under any employment laws, including, but not limited to, claims of unlawful discharge, breach of contract, breach of the covenant of good faith and fair dealing, fraud, violation of public policy, defamation, physical injury, emotional distress, claims for additional compensation or benefits arising out of your employment or your separation of employment, claims under Title VII of the 1964 Civil Rights Act, as amended, and any other laws and/or regulations relating to employment or employment discrimination, including, without limitation, claims based on disability or under the Americans with Disabilities Act. By signing this Agreement, you are not releasing or waiving any claims under the California Fair Employment and Housing Act; however, for the avoidance of doubt, you will release and waive such claims once you sign the Second Release.

b. By signing below, you expressly waive any benefits of Section 1542 of the Civil Code of the State of California, which provides as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

c. You and the Company do not intend to release claims that you may not release as a matter of law, including but not limited to claims for indemnity under California Labor Code Section 2802, or any claims for enforcement of this Agreement. To the fullest extent permitted by law, any dispute regarding the scope of this general release shall be determined by an arbitrator under the procedures set forth in the arbitration clause below.

8. Covenant Not to Sue.

a. To the fullest extent permitted by law, at no time subsequent to the execution of this Agreement will you pursue, or cause or knowingly permit the prosecution, in any state, federal or foreign court, or before any local, state, federal or foreign administrative agency, or any other tribunal, of any charge, claim or action of any kind, nature and character whatsoever, known or unknown, which you may now have, have ever had, or may in the future have against Releasees, which is based in whole or in part on any matter released by this Agreement.

b. Nothing in this paragraph shall prohibit or impair you or the Company from complying with all applicable laws, nor shall this Agreement be construed to obligate either party to commit (or aid or abet in the commission of) any unlawful act.

9. Protected Rights. You understand that nothing in the General Release and Waiver of Claims and Covenant Not to Sue paragraphs above, or otherwise in this Agreement, limits your ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local government agency or commission ("***Government Agencies***"). You further understand that this Agreement does not limit your ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. This Agreement does not limit your right to receive an award for information provided to any Government Agencies.

10. Arbitration. Except for any claim for injunctive relief arising out of a breach of a party's obligations to protect the other's proprietary information, the parties agree to arbitrate, in Orange County, California through JAMS, any and all disputes or claims arising out of or related to the validity, enforceability, interpretation, performance or breach of this Agreement and/or the Second Release, whether sounding in tort, contract, statutory violation or otherwise, or involving the construction or application or any of the terms, provisions, or conditions of this Agreement and/or the Second Release. Any arbitration may be initiated by a written demand to the other party. The arbitrator's decision shall be final, binding, and conclusive. The parties further agree that this Agreement and the Second Release are intended to be strictly construed to provide for arbitration as the sole and exclusive means for resolution of all disputes hereunder to the fullest extent permitted by law. The parties expressly waive any entitlement to have such controversies decided by a court or a jury.

11. Attorneys' Fees. If any action is brought to enforce the terms of this Agreement and the Second Release, the prevailing party will be entitled to recover its reasonable attorneys' fees, costs and expenses from the other party, in addition to any other relief to which the prevailing party may be entitled.

12. Confidentiality. You agree that if you are asked for information concerning this Agreement, you will state only that you and the Company reached an amicable resolution of any disputes concerning your separation from the Company. Any breach of this confidentiality provision shall be deemed a material breach of this Agreement.

13. Section 409A:

a. To the extent (i) any payments or benefits to which you become entitled under this Agreement, or under any agreement or plan referenced herein, in connection with your termination of employment with the Company constitute deferred compensation subject to Section 409A of the IRS Code of 1986, as amended (the "***Code***") and (ii) you are deemed at the time of such termination of employment to be a "specified employee" under Section 409A of the Code, then such payments will not be made or commence until the earlier of (A) the expiration of the six (6)-month period measured from the date of your "separation from service" (as such term is at the time defined in Treasury Regulations under Section 409A of the Code) from the Company or (B) the date of your death following such separation from service; provided, however, that such deferral will only be effected to the extent required to avoid adverse tax treatment to you, including (without limitation) the additional twenty percent (20%) tax for which you would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this Paragraph will be paid to you or your beneficiary in one lump sum (without interest).

b. It is intended that each installment of the payments provided hereunder constitute separate "payments" for purposes of Treasury Regulation Section 1.409A-2(b)(2)(i).

c. It is further intended that payments hereunder satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Code (and any state law of similar effect) provided under Treasury Regulation Section 1.409A-1(b)(4) (as a "short-term deferral") and/or Treasury Regulation Section 1.409A-1(b)(9) (iii) (as "involuntary separation pay").

d. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision will be read in such a manner so that all payments hereunder comply with Section 409A of the Code.

e. Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement is determined to be subject to Section 409A of the Code, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year will not affect the expenses eligible for reimbursement in any other taxable year (except for any lifetime or other aggregate limitation applicable to medical expenses), in no event will any expenses be reimbursed after the last day of the calendar year following the calendar year in you incurred such expenses, and in no event will any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

14. No Admission of Liability. This Agreement is not and shall not be construed or contended by you to be an admission or evidence of any wrongdoing or liability on the part of Releasees, their representatives, heirs, executors, attorneys, agents, partners, officers, shareholders, directors, employees, subsidiaries, affiliates, divisions, successors or assigns. This Agreement shall be afforded the maximum protection allowable under California Evidence Code Section 1152 and/or any other state or federal provisions of similar effect.

15. Complete and Voluntary Agreement. This Agreement, together with Exhibit A hereto and the Equity Agreements, constitute the entire agreement between you and Releasees with respect to the subject matter hereof and supersedes all prior negotiations and agreements, whether written or oral, relating to such subject matter, including but not limited to your Offer Letter and Severance and CIC Agreement. You acknowledge that neither Releasees nor their agents or attorneys have made any promise, representation or warranty whatsoever, either express or implied, written or oral, which is not contained in this Agreement for the purpose of inducing you to execute this Agreement, and you acknowledge that you have executed this Agreement in reliance only upon such promises, representations and warranties as are contained herein, and that you are executing this Agreement voluntarily, free of any duress or coercion.

16. All Payments. You understand and agrees that except as expressly provided for this Agreement, you shall not be entitled to any other consideration, separation or change in control benefits, including, but not limited to, any severance payments, equity or equity acceleration benefits or any other severance benefits provided for under any agreement by and between you and the Company, including, but not limited to your Company Severance and Change in Control Agreement, your Offer Letter or the agreements evidencing any of your Company equity awards.

17. Severability. The provisions of this Agreement are severable, and if any part of it is found to be invalid or unenforceable, the other parts shall remain fully valid and enforceable. Specifically, should a court, arbitrator, or government agency conclude that a particular claim may not be released as a matter of law, it is the intention of the parties that the general release, the waiver of unknown claims and the covenant not to sue above shall otherwise remain effective to release any and all other claims.

18. Modification; Counterparts; Electronic/PDF Signatures. It is expressly agreed that this Agreement may not be altered, amended, modified, or otherwise changed in any respect except by another written agreement that specifically refers to this Agreement, executed by authorized representatives of each of the parties to this Agreement. This Agreement may be executed in any number of counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument. Execution of an electronic or PDF copy shall have the same force and effect as execution of an original, and a copy of a signature will be equally admissible in any legal proceeding as if an original.

19. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

20. Review of Separation Agreement; Effective Date; Second Release. This Agreement is effective on the date it is signed by you and is not revocable after you sign it (the "***Effective Date***"). You understand that you may take up to twenty-one (21) days to consider the Second Release (the "***Consideration Period***"). You also understand you may revoke the Second Release within seven (7) days of signing it and that the consideration to be provided to you pursuant to Paragraph 2(c) will be provided only after the expiration of that seven (7) day revocation period. The Second Release will be effective on the eighth (8th) day after you sign it provided you have not revoked it as of that time.

If you agree to abide by the terms outlined in this Agreement, please sign and return it to me. I wish you the best in your future endeavors.

Sincerely,

Alteryx, Inc.

By: /s/ Mark Anderson
Mark Anderson
Chief Executive Officer

READ, UNDERSTOOD AND AGREED

/s/ Robert Scott Jones

Robert Scott Jones
Date: 12/31/2020

EXHIBIT A

SECOND RELEASE

This General Release of All Claims and Covenant Not to Sue (the "***Second Release***") is entered into between Robert Scott Jones ("***Employee***") and Alteryx, Inc. (the "***Company***") (collectively, "***the parties***").

WHEREAS, on December ___, 2020, Employee and the Company entered into an agreement regarding Employee's transition and separation from employment with the Company (the "***Separation Agreement***," to which this Second Release is attached as Exhibit A);

WHEREAS, on ____________, Employee's employment with the Company terminated (the "***Separation Date***");

WHEREAS, the Company has determined that Employee cooperatively and diligently provided the Transition Services (as defined in the Separation Agreement);

WHEREAS, this agreement serves as the Second Release, pursuant to the Separation Agreement; and

WHEREAS, Employee and the Company desire to mutually, amicably and finally resolve and compromise all issues and claims surrounding Employee's employment and separation from employment with the Company;

NOW THEREFORE, in consideration for the mutual promises and undertakings of the parties as set forth below, Employee and the Company hereby enter into this Second Release.

1. Acknowledgment of Payment of Wages. By his signature below, Employee acknowledges that, on the Separation Date, the Company paid him for all wages, salary, accrued vacation (if applicable), bonuses, commissions, reimbursable expenses previously submitted by him, and any similar payments due him from the Company as of the Separation Date. By signing below, Employee acknowledges that the Company does not owe him any other amounts, except as may become payable under the Separation Agreement and the Second Release. Please promptly submit for reimbursement all final outstanding expenses, if any.

2. Return of Company Property. Employee hereby warrants to the Company that he has returned to the Company all property or data of the Company of any type whatsoever that has been in his possession, custody or control.

3. Consideration. In exchange for Employee's agreement to this Second Release and his other promises in the Separation Agreement and herein, the Company agrees to provide Employee with the consideration set forth in Paragraph 2(c) of the Separation Agreement. By signing below, Employee acknowledges that he is receiving the consideration in exchange for waiving his rights to claims referred to in this Second Release and he would not otherwise be entitled to the consideration.

4. General Release and Waiver of Claims.

a. The payments and promises set forth in this Second Release are in full satisfaction of all accrued salary, vacation pay, bonus and commission pay, profitsharing, stock, stock options or other ownership interest in the Company, termination benefits or other compensation to which Employee may be entitled by virtue of his employment with the Company or his separation from the Company, including pursuant to the Separation Agreement. To the fullest extent permitted by law, Employee hereby releases and waives any other claims he may have against the Company and its owners, agents, officers, shareholders, employees, directors, attorneys, subscribers, subsidiaries, affiliates, successors and assigns (collectively "***Releasees***"), whether known or not known, including, without limitation, claims under any employment laws, including, but not limited to, claims of unlawful discharge, breach of contract, breach of the covenant of good faith and fair dealing, fraud, violation of public policy, defamation, physical injury, emotional distress, claims for additional compensation or benefits arising out of his employment or separation of employment, claims under Title VII of the 1964 Civil Rights Act, as amended, the California Fair Employment and Housing Act and any other laws and/or regulations relating to employment or employment discrimination, including, without limitation, claims based on age or under the Age Discrimination in Employment Act or Older Workers Benefit Protection Act, and/or claims based on disability or under the Americans with Disabilities Act.

b. By signing below, Employee expressly waives any benefits of Section 1542 of the Civil Code of the State of California, which provides as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

c. Employee and the Company do not intend to release claims that he may not release as a matter of law, including but not limited to claims for indemnity under California Labor Code Section 2802, or any claims for enforcement of this Second Release. To the fullest extent permitted by law, any dispute regarding the scope of this general release shall be determined by an arbitrator under the procedures set forth in the arbitration clause set forth in the Separation Agreement.

5. Covenant Not to Sue.

d. To the fullest extent permitted by law, at no time subsequent to the execution of this Second Release will Employee pursue, or cause or knowingly permit the prosecution, in any state, federal or foreign court, or before any local, state, federal or foreign administrative agency, or any other tribunal, of any charge, claim or action of any kind, nature and character whatsoever, known or unknown, which he may now have, have ever had, or may in the future have against Releasees, which is based in whole or in part on any matter released by this Second Release.

e. Nothing in this paragraph shall prohibit or impair Employee or the Company from complying with all applicable laws, nor shall this Second Release be construed to obligate either party to commit (or aid or abet in the commission of) any unlawful act.

6. Protected Rights. Employee understands that nothing in the General Release and Waiver of Claims and Covenant Not to Sue paragraphs above, or otherwise in this Second Release, limits his ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local government agency or commission ("***Government Agencies***"). Employee further understands that this Second Release does not limit his ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information,

without notice to the Company. This Second Release does not limit Employee's right to receive an award for information provided to any Government Agencies.

7. Non-disparagement. Employee agrees that he will not disparage Releasees or their products, services, agents, representatives, directors, officers, shareholders, attorneys, employees, vendors, affiliates, successors or assigns, or any person acting by, through, under or in concert with any of them, with any written or oral statement. Nothing in this paragraph shall prohibit Employee from providing truthful information in response to a subpoena or other legal process.

8. Review of Second Release; Expiration of Offer. Employee understands that he may take up to twenty-one (21) days to consider this Second Release (the "***Consideration Period***"). The offer set forth in this Second Release, if not accepted by Employee before the end of the Consideration Period, will automatically expire. By signing below, Employee affirms that he was advised to consult with an attorney prior to signing this Second Release. Employee also understands that he may revoke this Second Release within seven (7) days of signing this document and that the consideration to be provided to him pursuant to Paragraph 2(c) of the Separation Agreement will be provided only after the expiration of that seven (7) day revocation period.

9. Effective Date. This Second Release is effective on the eighth (8th) day after Employee signs it, provided he has not revoked it as of that time (the "***Effective Date***").

10. Other Terms of Separation Agreement Incorporated Herein. All other terms of the Separation Agreement to the extent not inconsistent with the terms of this Second Release are hereby incorporated in this Second Release as though fully stated herein and apply with equal force to this Second Release, including, without limitation, the provisions on Arbitration, Governing Law, and Attorneys' Fees.

Alteryx, Inc.

By:____________________________________
Mark Anderson
Chief Executive Officer

READ, UNDERSTOOD AND AGREED

____

Robert Scott Jones

Date: _________________

ALTERYX, INC.

October 2, 2020

Mark Anderson

Sent via email

Dear Mark:

On behalf of Alteryx, Inc. (the "***Company***"), this letter agreement (this "***Agreement***") sets forth the terms and conditions of your appointment as Chief Executive Officer of the Company.

1. Position. Effective as of October 5, 2020 (the "***Start Date***"), you will be appointed as the Company's Chief Executive Officer ("***CEO***") reporting to the Company's Board of Directors (the "***Board***"). You will have all of the duties, responsibilities and authority commensurate with the position of Chief Executive Officer, including those set forth in the Company's Bylaws with respect to the Company's Chief Executive Officer.

   You will be expected to devote your full working time and attention to the business of the Company, and while you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that could create an actual or potential business or fiduciary conflict of interest with the Company. Notwithstanding the foregoing, you may maintain your existing board memberships, manage personal investments, participate in civic, charitable, professional and academic activities (including serving on boards and committees), provided that such activities do not at the time the activity or activities commence or thereafter create an actual or potential business or fiduciary conflict of interest and you comply with applicable Company policies.

   You currently serve on the Board, and for so long as you serve as the CEO, subject to the requirements of applicable law (including, without limitation, any rules or regulations of any exchange on which the common stock of the Company is listed, if applicable), the Board or the appropriate committee of the Board will nominate you for re-election to the Board at each annual meeting at which you are subject to re-election. If your position as CEO is terminated by you or the Company for any reason, you shall promptly resign from the Board and any committee thereof, unless requested otherwise by the Board.

2. Cash Compensation.

   a. Base Salary. The Company will pay you an initial base salary (the "***Base Salary***") at the annualized rate of Six Hundred Thousand Dollars ($600,000.00) per year. Payment of your salary shall be less applicable withholding taxes and payable in accordance with the Company's standard payroll schedule. Your Base Salary for fiscal year 2020 will be pro-rated based upon the number of days you are employed as CEO during fiscal year 2020. Your Base Salary will be periodically reviewed as a part of the Company's regular review of compensation; provided, however, that no change to your Base Salary will be made for 2021.

b. Annual Bonus. You will initially be eligible for an annual target bonus of 100% of your Base Salary ("***Target Bonus***"), with the actual bonus amount awarded to you (the "***Actual Bonus***") based in all cases upon the achievement of Company and individual performance objectives established by the Compensation Committee of the Board. Your Actual Bonus for fiscal year 2020 will be pro-rated based upon the number of days you are employed as CEO during fiscal year 2020. The payment of your Actual Bonus for fiscal year 2020 and subsequent fiscal years will be subject to your continued employment in good standing through and until the date of payment in accordance with the Company's customary practices, less applicable withholding taxes. Your Target Bonus will be periodically reviewed as a part of the Company's regular review of compensation; provided, however, that no change to your Target Bonus will be made for 2021 and no decrease in your Target Bonus will be made for 2021 or 2022.

c. Expenses and Reimbursement under Company Policies. The Company will, in accordance with applicable Company policies and guidelines, reimburse you for all reasonable and necessary expenses incurred by you in connection with your performance of services on behalf of the Company.

d. Relocation. Your primary work location will be at the Company's headquarters, currently located in Orange County, California. In connection with your procurement of residential real estate in either Los Angeles County or Orange County, California, the Company will pay you a one-time lump sum amount of Three Hundred Thousand Dollars ($300,000.00), less applicable withholding taxes (the "***Relocation Bonus***"), within thirty days following Start Date. In the event your services with the Company are terminated for Cause (as defined in the Severance CIC Agreement (as defined below)) or you resign other than other for Good Reason (as defined in the Severance CIC Agreement) within twelve months following your Start Date, you agree to repay the Relocation Bonus to the Company with the repayment decreasing on a prorated basis for each full month employed during such twelve month period (the "***Repayment Amount***"). The Repayment Amount will include the gross amount of the Repayment Amount received by you (and will not take into account any taxes previously withheld by the Company). If applicable, you agree to repay the Repayment Amount within ten calendar days following the termination of your employment and you hereby authorize the Company to withhold the Repayment Amount from any amounts owed to you, to the extent legally permitted.

3. Benefits. You will be entitled to participate in all employee retirement, welfare, insurance, benefit and vacation programs of the Company as are in effect from time to time and in which other senior executives of the Company are eligible to participate, on the same terms as such other senior executives.

4. CEO Equity Awards. Subject to this Section 4, and in consideration for your services as CEO (notwithstanding any provision in the Company's Equity Plan (as defined below) to the contrary), you will be granted the New Hire Option and the New Hire RSU (each as defined below and together, the "***CEO Equity Awards***") as follows:

a. New Hire Option. On the second business day following the public announcement of this Agreement, assuming your Start Date occurs on or prior thereto (the "***Grant Date***"), the Company will grant you a stock option to purchase Three Hundred Thousand (300,000) shares of the Company's Class A common stock (the "***New Hire Option***") under the Company's 2017 Equity Incentive Plan (the "***Equity Plan***"). The New Hire Option will vest in twelve equal quarterly installments on each quarterly anniversary of the Grant Date, subject to your continued employment as the CEO, except as set forth in the Severance CIC Agreement. The New Hire Option shall be granted with an exercise price equal to the closing price of the Company's Class A common stock on the New York Stock Exchange on the Grant Date. The New Hire Option will be a non-qualified stock option and will be exercisable (to the extent vested) for ten years from the Grant Date (subject to earlier termination in connection with the cessation of your services as CEO). The New Hire Option will be subject to the terms and conditions of the written agreement governing the grant, the Equity Plan, this Agreement and the Severance CIC Agreement and will permit the transfer of the New Hire Option in connection with estate planning activities as long as the recipient of the transfer qualifies as a "family member" under the instructions to Form S-8 under the Securities Act of 1933.

b. New Hire RSU. On the Grant Date, the Company will grant you an award of restricted stock units to acquire that number of shares of the Company's Class A common stock equal to Two Hundred Fifty Thousand Dollars ($250,000.00) divided by the average daily closing price of the Company's Class A common stock on the New York Stock Exchange for the twenty trading days ending on the trading day immediately prior to the Grant Date, rounded up to the nearest whole share (the "***New Hire RSU***") under the Equity Plan. The New Hire RSU will vest in full on the one year anniversary of the Grant Date, subject to your continued employment as the CEO, except as set forth in the Severance CIC Agreement. The New Hire RSU will be subject to the terms and conditions of the written agreement governing the grant, the Equity Plan, this Agreement and the Severance CIC Agreement.

c. Fiscal 2021 Equity Awards. You will not be entitled to additional equity incentive awards in 2021.

5. Board Compensation. You acknowledge that for so long as you are serving as CEO, you shall not receive any cash or equity compensation as a non-employee member of the Board; provided, that, any restricted stock units previously awarded to you in your capacity as a member of the Board will continue to vest according to their terms following the Start Date and will remain entitled to acceleration upon a Change in Control pursuant to Section 21.3 of the Equity Plan. For the avoidance of doubt, any CEO Equity Awards granted to you as compensation for your employment as CEO are not entitled to acceleration upon a Change

in Control pursuant to Section 21.3 of the Equity Plan and are only eligible for the acceleration set forth in the Severance CIC Agreement.

6. Severance and Change in Control Agreement. You and the Company have entered into the Severance and Change in Control Agreement, dated on or about the date hereof (the "***Severance CIC Agreement***").

7. Section 409A. To the extent (i) any payments to which you become entitled under this Agreement, or any agreement or plan referenced herein, in connection with your termination of

service as CEO with the Company constitute deferred compensation subject to Section 409A of the Code and (ii) you are deemed at the time of such termination of service as CEO to be a "specified" employee under Section 409A of the Code, then such payment or payments shall not be made or commence until the earlier of (i) the expiration of the six (6)-month period measured from the date of your "separation from service" (as such term is at the time defined in regulations under Section 409A of the Code) with the Company; or (ii) the date of your death following such separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to you, including (without limitation) the additional twenty percent (20%) tax for which you would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to you or your beneficiary in one lump sum (without interest).

Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement (or otherwise referenced herein) is determined to be subject to (and not exempt from) Section 409A of the Code, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement or in kind benefits to be provided in any other calendar year, in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which you incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

To the extent that any provision of this Agreement is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that all payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. To the extent any payment under this Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this Agreement (or referenced in this Agreement), and each installment thereof, are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the regulations under Section 409A of the Code. Notwithstanding anything to the contrary in this Agreement, any reference herein to a termination of your employment is intended to constitute a "separation from service" within the meaning of Section 409A of the Code, and Section 1.409A-1(h) of the regulations promulgated thereunder, and shall be so construed.

8. At Will Employment. Your service with the Company as CEO is for no specific period of time. Your service with the Company will be "at will," meaning that either you or the Company may terminate your service as CEO at any time and for any reason, with or without cause, subject to the terms of the Severance CIC Agreement. Any contrary representations that may have been made to you are superseded by this Agreement. This is the full and complete agreement between you and the Company on this term. Although your compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your service as CEO may only be changed in an express written agreement signed by you and the Chairman of the Board or the Lead Independent Director.

9. Confidential Information and Other Company Policies. You will be bound by and comply fully with the Company's standard confidentiality and invention assignment agreement (a form or forms of which was been provided to you and which you shall execute on or before your first day of employment) (the "***Confidentiality Agreement***"), insider trading policy, code of conduct, and any other policies and programs adopted by the Company regulating the behavior of its employees, as such policies and programs may be amended from time to time to the extent the same are not inconsistent with this Agreement, unless you consent to the same at the time of such amendment.

10. Company Records and Confidential Information.

    a. Records. All records, files, documents and the like, or abstracts, summaries or copies thereof, relating to the business of the Company or the business of any subsidiary or affiliated companies, which the Company or you prepare or use or come into contact with, will remain the sole property of the Company or the affiliated or subsidiary company, as the case may be, and will be promptly returned upon termination of your service as CEO, subject to your reasonable needs to fulfill your fiduciary duties as a member of the Board, if applicable.

    b. Confidentiality. You acknowledge that you have acquired and will acquire knowledge regarding confidential, proprietary and/or trade secret information in the course of performing your responsibilities for the Company, and you further acknowledge that such knowledge and information is the sole and exclusive property of the Company. You recognize that disclosure of such knowledge and information, or use of such knowledge and information, to or by a competitor could cause serious and irreparable harm to the Company.

11. Indemnification. You will continue to be named as an insured on the director and officer liability insurance policy currently maintained by the Company, or as may be maintained by the Company from time to time, and will continue to be subject to indemnification as required by the Company's Bylaws and the Indemnification Agreement previously entered into between you and the Company upon the commencement of your service as a member of the Board.

12. Arbitration. You and the Company agree to submit to mandatory binding arbitration, in Orange County, California, before a single neutral arbitrator, any and all claims arising out of or related to this Agreement and your service as CEO with the Company and the termination thereof, except that each party may, at its or his option, seek injunctive relief in court related to the improper use, disclosure or misappropriation of a party's proprietary, confidential or trade secret information. YOU AND THE COMPANY HEREBY WAIVE ANY RIGHTS TO TRIAL BY JURY IN REGARD TO SUCH CLAIMS. This agreement to arbitrate does not restrict your right to file administrative claims you may bring before any government agency where, as a matter of law, the parties may not restrict your ability to file such claims (including, but not limited to, the National Labor Relations Board, the Equal Employment Opportunity Commission and the Department of Labor). However, you and the Company agree that, to the fullest extent permitted by law, arbitration shall be the exclusive remedy for the subject matter of such administrative claims. The arbitration shall be conducted through the American Arbitration Association (the "***AAA***"), *provided that*, the arbitrator shall have no authority to make any ruling or judgment that would confer any rights with respect to the trade secrets, confidential and proprietary information or other intellectual property of the Company upon you

or any third party. The arbitrator shall issue a written decision that contains the essential findings and conclusions on which the decision is based. The arbitration will be conducted in accordance with the AAA employment arbitration rules then in effect. The AAA rules may be found and reviewed at http://www.adr.org. If you are unable to access these rules, please let me know and I will provide you with a hardcopy. The parties acknowledge that they are hereby waiving any rights to trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other in connection with any matter whatsoever arising out of or in any way connected with this Agreement.

13. Compensation Recoupment. All amounts payable to you hereunder shall be subject to recoupment pursuant to the Company's current compensation recoupment and forfeiture policy and any additional compensation recoupment policy or amendments to the then-current policy adopted by the Board or any committee thereof as required by law during the term of your service as CEO with the Company that is applicable generally to executive officers of the Company.

14. Miscellaneous.

   a. Successors. This Agreement is binding on and may be enforced by the Company and its successors and permitted assigns and is binding on and may be enforced by you and your heirs and legal representatives. Any successor to the Company or substantially all of its business (whether by purchase, merger, consolidation or otherwise) will in advance assume in writing and be bound by all of the Company's obligations under this Agreement and shall be the only permitted assignee.

   b. Notices. Notices under this Agreement must be in writing and will be deemed to have been given when delivered to you by email at and personally delivered or two days after mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. Mailed notices to you will be addressed to you at the home address which you have most recently communicated

   to the Company in writing. Notices to the Company will be addressed to the Chairman of the Board and the Lead Independent Director at the Company's corporate headquarters.

   c. Waiver. No provision of this Agreement will be modified or waived except in writing signed by you and the Chairman of the Board or the Lead Independent Director. No waiver by either party of any breach of this Agreement by the other party will be considered a waiver of any other breach of this Agreement.

   d. Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.

   e. Withholding. All sums payable to you hereunder shall be reduced by all federal, state, local and other withholding and similar taxes and payments required by applicable law.

   f. Entire Agreement. This Agreement, the Severance CIC Agreement, the Confidentiality Agreement, the Equity Plan and the written agreements representing the New Hire Option and the New Hire RSU represent the entire agreement between the parties concerning the subject matter herein. It may be amended, or any of its provisions waived, only by a written document executed by both parties in the case of an amendment, or by the party against whom the waiver is asserted.

g. Governing Law. This Agreement will be governed by the laws of the State of California without reference to conflict of laws provisions.

h. Survival. The provisions of this Agreement shall survive the termination of your service as CEO for any reason to the extent necessary to enable the parties to enforce their respective rights under this Agreement.

[Signature Page to Agreement Follows]

Please sign and date this Agreement, and return it to me if you wish to accept service as CEO at the Company under the terms described above.

Best regards,

/s/ Chuck Cory

Chuck Cory
Lead Independent Director of the Board of Directors
Alteryx, Inc.

I, the undersigned, hereby accept and agree to the terms and conditions of my service as CEO with the Company as set forth in this Agreement.

By: /s/ Mark Anderson
Mark Anderson

Date: 10/3/2020

[Signature Page to CEO Letter Agreement]

ALTERYX, INC.

October 2, 2020

Dean A. Stoecker

Sent via email

Dear Dean:

On behalf of Alteryx, Inc. (the "***Company***"), this letter agreement (this "***Agreement***") sets forth the terms and conditions of your employment with the Company as Executive Chairman.

1. Position. Effective as of October 5, 2020 (the "***Transition Date***") you will cease to be the Chief Executive Officer of the Company and will be appointed as the Company's Executive Chairman ("***Executive Chairman***"), reporting to the Company's Board of Directors (the "***Board***"). You will have all of the duties, responsibilities and authority commensurate with the position of Executive Chairman.

You will be expected to devote your full working time and attention to the business of the Company, and you will not render services to any other business without the prior approval of the Board, other than continuing service on the boards of directors of OnRamp Bioinformatics, Inc. and i-Rise Foundation, each of which you currently serve on the date hereof. Notwithstanding the foregoing, you may manage personal investments, participate in civic, charitable, professional and academic activities (including serving on boards and committees), provided that such activities do not at the time the activity or activities commence or thereafter create an actual or potential business or fiduciary conflict of interest.

2. Term. Subject to the terms of this Agreement, this Agreement will remain in effect from the Transition Date and until terminated by you or the Company.

3. Cash Compensation.

a. Base Salary. During the remainder of calendar year 2020, the Company will continue to pay you your current base salary (the "***Base Salary***") at the annualized rate of Five Hundred Thousand Dollars ($500,000.00) per year. Payment of your salary shall be less applicable withholding taxes and payable in accordance with the Company's standard payroll schedule.

b. Annual Bonus. You will remain eligible for an annual target bonus applicable to fiscal year 2020 of 100% of your Base Salary ("***Target Bonus***"), with the actual bonus amount awarded to you (the "***Actual Bonus***") based in all cases upon the achievement of Company and individual performance objectives established by the Compensation Committee of the Board (the "***Compensation Committee***"). The payment of your Actual Bonus for fiscal year 2020 will be subject to your continued employment as Executive Chairman through and until the date of payment in accordance with the Company's customary practices, less applicable withholding taxes.

c. Expenses and Reimbursement under Company Policies. The Company will, in accordance with applicable Company policies and guidelines, reimburse you for all reasonable and necessary expenses incurred by you in connection with your performance of services on behalf of the Company.

4. Benefits. You will continue to be entitled to participate in all employee retirement, welfare, insurance, benefit and vacation programs of the Company as are in effect from time to time and in which other senior executives of the Company are eligible to participate, on the same terms as such other senior executives. Notwithstanding the foregoing, and except as expressly set forth in this Agreement, you will not be eligible for any payments or benefits under the Severance and Change in Control Agreement by and between you and the Company, dated on or about March 19, 2020 (the "***Severance CIC Agreement***").

5. Equity Awards. Your outstanding options to purchase common stock of the Company, as well as any and all other share-based awards granted to you, including but not limited to share bonus awards, restricted shares, restricted share units or share appreciation rights (your "***Equity Awards***") will continue to vest pursuant to the terms and conditions of the respective award agreements and the Company's 2017 Equity Incentive Plan (the "***2017 Equity Plan***") or the Company's Amended and Restated 2013 Stock Plan (the "***2013 Stock Plan***" and together with the 2017 Equity Plan, the "***Equity Plans***"), subject to your continued service to the Company.

6. Fiscal Year 2021 Compensation. The Board (or the Compensation Committee) intends to determine your compensation for fiscal year 2021 (and any subsequent year, as applicable), including your Base Salary, Target Bonus and potential for long-term equity incentive awards, at the same time it reviews executive officer compensation for fiscal year 2021 in accordance with standard practices. The determination of the Board (or the Compensation Committee) of your fiscal year 2021 compensation will be based, in part, on the extent and level of your then-current and expected involvement in the business, including the percentage of working time dedicated to the Company.

7. Board Compensation. You acknowledge that for so long as you are employed as Executive Chairman (or in any other position), you shall not receive any cash or equity compensation as a non- employee member of the Board.

8. Effect of Termination of Employment as Executive Chairman and/or as Services as a Member of the Board.

a. Conclusion of Services as CEO. You agree and acknowledge that your transition from the position of Chief Executive Officer of the Company to the position of Executive Chairman, including, but not limited to, any adjustment in the terms and conditions of your employment related thereto (including entry into this Agreement) shall not constitute grounds for you to terminate your employment for Good Reason (as defined in the Severance CIC Agreement) under the Severance CIC Agreement and will not be considered an involuntary termination under this Agreement, the Severance CIC Agreement or any plan, program or arrangement of the Company, which means you will not be eligible to receive severance or equity acceleration benefits in connection with this transition. You also hereby waive the ability to terminate for Good Reason and receive any payments or benefits under the Severance CIC Agreement following the Transition Date. You further acknowledge and agree that the Severance CIC Agreement shall terminate on December 31, 2020, and you shall cease to have any right or entitlement to payment thereunder for any reason following December 31, 2020.

b. Any Termination. Upon termination of your employment at any time for any reason, you will be paid: (i) any earned but unpaid Base Salary, (ii) other unpaid and then-vested amounts, including any amount payable to you under the specific terms of any agreements, plans or awards, including insurance and health and benefit plans in which you participate and (iii) reimbursement for all reasonable and necessary expenses incurred by you in connection with your performance of services on behalf of the Company in accordance with applicable Company policies and guidelines, in each case as of the effective date of such termination of employment (the "***Accrued Compensation***"). To the extent that you remain on the Board following any such termination, your Equity Awards will continue to vest pursuant to the terms of this Agreement and the terms of such Equity Awards.

If your position as Executive Chairman is terminated by you or the Company for any reason, you shall promptly resign from the Board and any committee thereof, unless otherwise requested by the Board.

c. Termination as Executive Chairman without Cause Absent a Change in Control. If, on or prior to December 31, 2020, the Company terminates your employment as Executive Chairman without Cause outside of the Change in Control Period (as defined in the Severance CIC Agreement), provided that (except with respect to the Accrued Compensation) you deliver to the Company a signed general release of claims in favor of the Company in a form acceptable to the Company; provided, however, such general release of claims shall not extend to, and will have no effect upon, your rights to indemnification by the Company, and continued coverage by the Company's director's and officer's insurance (the "***Release***") and satisfy all conditions to make the Release effective within sixty (60) days following your termination of employment, you shall be entitled to the termination benefits set forth in Section 2(a) of the Severance CIC Agreement. If, after December 31, 2020, the Company terminates your employment as Executive Chairman without Cause not in connection with a Change in Control, you will no longer be entitled to any benefits under the Severance CIC Agreement and instead you will only be entitled to the Accrued Compensation set forth in Section 8(b) above.

d. Termination as Executive Chairman without Cause in Connection with a Change in Control. If, on or prior to December 31, 2020, the Company or its successor, as the case may be, terminates your employment as Executive Chairman without Cause during the Change in Control Period, provided that (except with respect to the Accrued Compensation) you deliver to the Company a signed Release and satisfy all conditions to make the Release effective within sixty (60) days following your termination of employment, you shall be entitled to the termination benefits set forth in Section 2(b) of the Severance CIC Agreement. If, after December 31, 2020, the Company or its successor, as the case may be, terminates your employment as Executive Chairman without Cause within twelve (12) months following such Change in Control, you will no longer be entitled to any benefits under the Severance CIC Agreement and instead you shall be entitled to (i) the Accrued Compensation and (ii) immediate acceleration of all of the then- unvested shares subject to your Equity Awards.

e. Other Terminations; Cessation of Board Service. Except as provided under Section 9 below, in the event your employment is terminated for Cause, your employment terminates due to your death or Disability, you voluntarily resign your employment for any reason or you resign from the Board, are not re-nominated or re-elected to the Board, or you are removed from the Board, you will be paid only the Accrued Compensation.

9. Change in Control.

a. In the event a Change in Control occurs following December 31, 2020 and at such time you are serving as a Board member, but are no longer serving as Executive Chairman, then you shall be entitled to immediate acceleration of all of the then-unvested shares subject to your Equity Awards.

b. Notwithstanding anything to the contrary, if the successor or acquiring corporation (if any) of the Company refuses to assume, convert, replace or substitute your unvested Equity Awards as provided in Section 21.1 of the 2017 Equity Plan, in connection with a Corporate Transaction (as defined in the 2017 Equity Plan), or as provided in Section 12 of the 2013 Stock Plan in connection with a Change of Control (as defined in the 2013 Stock Plan) then notwithstanding any other provision in this Agreement, the Equity Plans or any equity award agreement to the contrary, each of your then-outstanding and unvested Equity Awards, other than performance awards, that are not assumed, converted, replaced or substituted, shall

accelerate and become vested and exercisable as to 100% of the then-unvested shares subject to the Equity Awards effective immediately prior to the Corporate Transaction or Change of Control, as applicable, and terminate to the extent not exercised (as applicable) upon the Corporate Transaction or Change of Control, as applicable. With respect to performance awards, the vesting for such performance awards will accelerate as set forth in the terms of the applicable performance-based equity award agreement.

10. Definitions. As used in this Agreement, the following terms have the following meanings:

a. "***Cause***" means (i) you have been convicted of, or have pleaded guilty or nolo contendere to, any felony or crime involving moral turpitude, (ii) you have engaged in willful misconduct which is injurious to the Company or materially failed or refused to perform the material duties lawfully and reasonably assigned to you or you have performed such material duties with gross negligence or have breached any material term or condition of this Agreement, your Confidential Information and Invention Assignment Agreement with the Company or any other material agreement with the Company or any Company policy, including its code of conduct, in any case after written notice by the Company of such misconduct, performance issue, gross negligence or breach of terms or conditions and an opportunity to cure within thirty (30) days of such written notice thereof from the Company, unless such misconduct, performance issue, gross negligence or breach is, by its nature, not curable, or (iii) you have committed any act of fraud, theft, embezzlement, misappropriation of funds, breach of fiduciary duty or other willful act of material dishonesty against the Company that results in material harm to the Company.

b. "***Change in Control***" means the occurrence of any of the following events: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company's then outstanding voting securities; or (ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; or (iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

11. Parachute Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to you (i) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "***Code***"), and (ii) but for this Section 11, would be subject to the excise tax imposed by Section 4999 of the Code, then, your severance and other benefits under this Agreement shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance and other benefits being subject to the excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by you on an after-tax basis, of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code.

12. Section 409A. To the extent (i) any payments to which you become entitled under this Agreement, or any agreement or plan referenced herein, in connection with your termination of service as Executive Chairman with the Company constitute deferred compensation subject to Section 409A of the Code and (ii) you are deemed at the time of such termination of service as Executive Chairman to be a "specified" employee under Section 409A of the Code, then such payment or payments shall not be made or commence until the earlier of (i) the expiration of the six (6)-month period measured from the date of your "separation from service" (as such term is at the time defined in regulations under Section 409A of the Code) with the Company; or (ii) the date of your death following such separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to you, including (without limitation) the additional twenty percent (20%) tax for which you would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the

applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to you or your beneficiary in one lump sum (without interest).

Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement (or otherwise referenced herein) is determined to be subject to (and not exempt from) Section 409A of the Code, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement or in kind benefits to be provided in any other calendar year, in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which you incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

To the extent that any provision of this Agreement is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that all payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. To the extent any payment under this Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this Agreement (or referenced in this Agreement), and each installment thereof, are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the regulations under Section 409A of the Code. Notwithstanding anything to the contrary in this Agreement, any reference herein to a termination of your employment is intended to constitute a "separation from service" within the meaning of Section 409A of the Code, and Section 1.409A-1(h) of the regulations promulgated thereunder, and shall be so construed.

13. At Will Employment. Your service with the Company as Executive Chairman is for no specific period of time. Your service with the Company will be "at will," meaning that either you or the Company may terminate your service as Executive Chairman at any time and for any reason, with or without cause, subject to the terms of Section 8 of this Agreement. Any contrary representations that may have been made to you are superseded by this Agreement. This is the full and complete agreement between you and the Company on this term. Although your compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your service as Executive Chairman may only be changed in an express written agreement signed by you and the Chairman of the Board (if not you) or the Lead Independent Director.

14. Confidential Information and Other Company Policies. You will continue to be bound by and comply fully with your Confidential Information and Invention Assignment Agreement with the Company (the "***Confidentiality Agreement***"), insider trading policy, code of conduct, and any other policies and programs adopted by the Company regulating the behavior of its employees, as such policies and programs may be amended from time to time to the extent the same are not inconsistent with this Agreement, unless you consent to the same at the time of such amendment.

15. Company Records and Confidential Information.

a. Records. All records, files, documents and the like, or abstracts, summaries or copies thereof, relating to the business of the Company or the business of any subsidiary or affiliated companies, which the Company or you prepare or use or come into contact with, will remain the sole property of the Company or the affiliated or subsidiary company, as the case may be, and will be promptly returned upon termination of your service as Executive Chairman, subject to your reasonable needs to fulfill your fiduciary duties as a member of the Board, if applicable.

b. Confidentiality. You acknowledge that you have acquired and will acquire knowledge regarding confidential, proprietary and/or trade secret information in the course of performing your responsibilities for the Company, and you further acknowledge that such knowledge and information is the sole and exclusive property of the Company. You recognize that disclosure of such knowledge and information, or use of such knowledge and information, to or by a competitor could cause serious and irreparable harm to the Company.

16. Indemnification. You will continue to be named as an insured on the director and officer liability insurance policy currently maintained by the Company, or as may be maintained by the Company from time to time, and will continue to be subject to indemnification as required by the Company's Bylaws and the Indemnification Agreement previously entered into between you and the Company.

17. Arbitration. You and the Company agree to submit to mandatory binding arbitration, in Orange County, California, before a single neutral arbitrator, any and all claims arising out of or related to this Agreement and your service as Executive Chairman with the Company and the termination thereof, except that each party may, at its or his option, seek injunctive relief in court related to the improper use, disclosure or misappropriation of a party's proprietary, confidential or trade secret information. YOU AND THE COMPANY HEREBY WAIVE ANY RIGHTS TO TRIAL BY JURY IN REGARD TO SUCH CLAIMS. This agreement to arbitrate does not restrict your right to file administrative claims you may bring before any government agency where, as a matter of law, the parties may not restrict your ability to file such claims (including, but not limited to, the National Labor Relations Board, the Equal Employment Opportunity Commission and the Department of Labor). However, you and the Company agree that, to the fullest extent permitted by law, arbitration shall be the exclusive remedy for the subject matter of such administrative claims. The arbitration shall be conducted through the American Arbitration Association (the "***AAA***"), *provided that*, the arbitrator shall have no authority to make any ruling or judgment that would confer any rights with respect to the trade secrets, confidential and proprietary information or other intellectual property of the Company upon you or any third party. The arbitrator shall issue a written decision that contains the essential findings and conclusions on which the decision is based. The arbitration will be conducted in accordance with the AAA employment arbitration rules then in effect. The AAA rules may be found and reviewed at http://www.adr.org. If you are unable to access these rules, please let me know and I will provide you with a hardcopy. The parties acknowledge that they are hereby waiving any rights to trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other in connection with any matter whatsoever arising out of or in any way connected with this Agreement.

18. Compensation Recoupment. All amounts payable to you hereunder shall be subject to recoupment pursuant to the Company's current compensation recoupment and forfeiture policy and any additional compensation recoupment policy or amendments to the then-current policy adopted by the Board or any committee thereof as required by law during the term of your service as Executive Chairman with the Company that is applicable generally to executive officers of the Company.

19. Miscellaneous.

a. Successors. This Agreement is binding on and may be enforced by the Company and its successors and permitted assigns and is binding on and may be enforced by you and your heirs and legal representatives. Any successor to the Company or substantially all of its business (whether by purchase, merger, consolidation or otherwise) will in advance assume in writing and be bound by all of the Company's obligations under this Agreement and shall be the only permitted assignee.

b. Notices. Notices under this Agreement must be in writing and will be deemed to have been given when personally delivered or two days after mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. Mailed notices to you will be addressed to you at the home address which you have most recently communicated to the Company in writing. Notices to the Company will be addressed to the Chairman of the Board (if not you) and the Lead Independent Director at the Company's corporate headquarters.

c. Waiver. No provision of this Agreement will be modified or waived except in writing signed by you and the Chairman of the Board (if not you) or the Lead Independent Director. No waiver by either party of any breach of this Agreement by the other party will be considered a waiver of any other breach of this Agreement.

d. Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.

e. Withholding. All sums payable to you hereunder shall be reduced by all federal, state, local and other withholding and similar taxes and payments required by applicable law.

f. Entire Agreement. This Agreement, the Severance CIC Agreement (as amended by this Agreement), the Confidentiality Agreement, the Equity Plans and the equity award agreements representing your Equity Awards represent the entire agreement between the parties concerning the subject matter herein (and expressly supersede any prior agreements that you may have entered into regarding your employment as Chief Executive Officer of the Company). It may be amended, or any of its provisions waived, only by a written document executed by both parties in the case of an amendment, or by the party against whom the waiver is asserted.

g. Governing Law. This Agreement will be governed by the laws of the State of California without reference to conflict of laws provisions.

h. Survival. The provisions of this Agreement shall survive the termination of your service as Executive Chairman for any reason to the extent necessary to enable the parties to enforce their respective rights under this Agreement.

[SIGNATURE PAGE TO AGREEMENT FOLLOWS]

Please sign and date this Agreement, and return it to me if you wish to accept service as Executive Chairman at the Company under the terms described above.

Best regards,

/s/ Chuck Cory

Chuck Cory
Lead Independent Director of the Board of Directors
Alteryx, Inc.

I, the undersigned, hereby accept and agree to the terms and conditions of my service as Executive Chairman with the Company as set forth in this Agreement.

By: /s/ Dean A. Stoecker
Dean A. Stoecker

Date: 10/3/2020

[SIGNATURE PAGE TO EXECUTIVE CHAIRMAN LETTER AGREEMENT]

Exhibit 21.1

Subsidiaries of Alteryx, Inc.

Name of Subsidiary	Jurisdiction
Alteryx ANZ Holdings Pty Limited	Australia
Alteryx ANZ Pty Limited	Australia
Alteryx Canada Inc.	Canada
Alteryx Czech Republic s.r.o.	Czech Republic
Alteryx France SARL	France
Alteryx GmbH	Germany
Alteryx Japan GK	Japan
Alteryx MEA FZ-LLC	United Arab Emirates
Alteryx Singapore Pte. Ltd.	Singapore
Alteryx UK Ltd	England and Wales
Alteryx Ukraine LLC	Ukraine
ClearStory Data Inc.	Delaware
Feature Labs, Inc.	Delaware
Yhat, LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-236473, No. 333-230024, No. 333-223511 and No. 333-216931 on Form S-8, of our report dated February 12, 2021, relating to the consolidated financial statements of Alteryx, Inc. and subsidiaries (the "Company") and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2020.

/s/ DELOITTE & TOUCHE LLP

Los Angeles, California
February 12, 2021

Exhibit 31.1

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Mark Anderson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Alteryx, 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2021

/s/ Mark Anderson

Mark Anderson
Chief Executive Officer
(*Principal Executive Officer*)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kevin Rubin, certify that:

1. I have reviewed this Annual Report on Form 10-K of Alteryx, 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2021

/s/ Kevin Rubin

Kevin Rubin
Chief Financial Officer
(*Principal Financial and Accounting Officer*)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark Anderson, Chief Executive Officer of Alteryx, Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 12, 2021

/s/ Mark Anderson
Mark Anderson
Chief Executive Officer
(*Principal Executive Officer*)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Kevin Rubin, Chief Financial Officer of Alteryx, Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 12, 2021

/s/ Kevin Rubin
Kevin Rubin
Chief Financial Officer
(*Principal Financial and Accounting Officer*)