

**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 transition period from _____ to _____

Commission File Number: **001-36089**

RingCentral, Inc.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

94-3322844

(I.R.S. Employer
Identification No.)

20 Davis Drive

Belmont, California 94002

(Address of principal executive offices)

(650) 472-4100

(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 par value \$0.0001	RNG	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 an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 Act). Yes No

The aggregate market value of voting stock held by non-affiliates of the Registrant on June 30, 2020, based on the closing price of \$285.01 for shares of the Registrant's common stock as reported by the New York Stock Exchange, was approximately \$22.6 billion. Shares of common stock held by each executive officer, director, and their affiliated holders have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 18, 2021, there were 80,271,589 shares of Class A common stock and 10,220,948 shares of Class B common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Information required in response to Part III of Form 10-K (Items 10, 11, 12, 13 and 14) is hereby incorporated by reference to portions of the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held in 2021. Such Proxy Statement will be filed by the Registrant with the Securities and Exchange Commission no later than 120 days after the end of the Registrant's fiscal year ended December 31, 2020.

TABLE OF CONTENTS

	<u>PART I</u>	
Item 1.	<u>Business</u>	4
Item 1A.	<u>Risk Factors</u>	13
Item 1B.	<u>Unresolved Staff Comments</u>	43
Item 2.	<u>Properties</u>	43
Item 3.	<u>Legal Proceedings</u>	43
Item 4.	<u>Mine Safety Disclosures</u>	43
	<u>PART II</u>	
Item 5.	<u>Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities</u>	44
Item 6.	<u>Selected Consolidated Financial Data</u>	46
Item 7.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	47
Item 7A.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	60
Item 8.	<u>Consolidated Financial Statements and Supplementary Data</u>	61
Item 9.	<u>Change in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	95
Item 9A.	<u>Controls and Procedures</u>	95
Item 9B.	<u>Other Information</u>	96
	<u>PART III</u>	
Item 10.	<u>Directors, Executive Officers, and Corporate Governance</u>	97
Item 11.	<u>Executive Compensation</u>	97
Item 12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	97
Item 13.	<u>Certain Relationships and Related Transactions and Director Independence</u>	98
Item 14.	<u>Principal Accountant Fees and Services</u>	98
	<u>PART IV</u>	
Item 15.	<u>Exhibits</u>	99

PART I.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to our management. The forward-looking statements are contained principally in, but not limited to, the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". Forward-looking statements include all statements that are not historical facts and can be identified by terms such as "anticipates", "believes", "could", "seeks", "estimates", "expects", "intends", "may", "plans", "potential", "predicts", "projects", "should", "will", "would" or similar expressions and the negatives of those terms. Forward-looking statements include, but are not limited to, statements about:

- our progress against short-term and long-term goals;
- our future financial performance;
- our anticipated growth, growth strategies and our ability to effectively manage that growth and effect these strategies;
- the impact of the coronavirus ("COVID-19") pandemic, any associated economic downturn, and related actions by individuals, governments and private industry on our business, future operating and financial performance, and markets;
- our success in the enterprise market;
- anticipated trends, developments and challenges in our business and in the markets in which we operate, as well as general macroeconomic conditions;
- our ability to scale to our desired goals, particularly the implementation of new processes and systems and the addition to our workforce;
- the impact of competition in our industry and innovation by our competitors;
- our ability to anticipate and adapt to future changes in our industry;
- our ability to predict subscriptions revenues, formulate accurate financial projections, and make strategic business decisions based on our analysis of market trends;
- our ability to anticipate market needs and develop new and enhanced solutions and subscriptions to meet those needs, and our ability to successfully monetize them;
- maintaining and expanding our customer base;
- maintaining, expanding and responding to changes in our relationships with other companies;
- maintaining and expanding our distribution channels, including our network of sales agents and resellers, and our strategic partnerships;
- our success with our carrier partners;
- our ability to sell, market, and support our solutions and services;
- our ability to expand our business to larger customers as well as expanding domestically and internationally;
- our ability to realize increased purchasing leverage and economies of scale as we expand;
- the impact of seasonality on our business;
- the impact of any failure of our solutions or solution innovations;
- our reliance on our third-party product and service providers;
- the potential effect on our business of litigation to which we may become a party;
- our liquidity and working capital requirements;
- the impact of changes in the regulatory environment;
- our ability to protect our intellectual property and rely on open source licenses;
- our expectations regarding the growth and reliability of the internet infrastructure;
- the timing of acquisitions of, or making and exiting investments in, other entities, businesses or technologies;

- our ability to successfully and timely execute on, integrate, and realize the benefits of any acquisition, investment, strategic partnership, or other strategic transaction we may make or undertake;
- our capital expenditure projections;
- the estimates and estimate methodologies used in preparing our consolidated financial statements;
- the political environment and stability in the regions in which we or our subcontractors operate;
- the impact of economic downturns on us and our customers;
- our ability to defend our systems and our customer information from fraud and cyber-attack;
- our ability to prevent the use of fraudulent payment methods for our solutions;
- our ability to retain key employees and to attract qualified personnel; and
- the impact of foreign currencies on our non-U.S. business as we expand our business internationally.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be significantly different from any future results, performance or achievements expressed or implied by the forward-looking statements. We discuss these risks in greater detail in the section entitled “Risk Factors” and elsewhere in this Annual Report on Form 10-K. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management’s beliefs and assumptions only as of the date of this Annual Report on Form 10-K. You should read this Annual Report on Form 10-K completely and with the understanding that our actual future results may be significantly different from what we expect.

Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ significantly from those anticipated in these forward-looking statements, even if new information becomes available in the future.

ITEM 1. BUSINESS

Overview

We are a leading provider of global enterprise cloud communications, video meetings, collaboration, and contact center software-as-a-service (“SaaS”) solutions. We believe that our innovative, cloud-based communication and contact center solutions disrupt the large market for business communications and collaboration by providing flexible and cost-effective solutions that support mobile and distributed workforces. We enable convenient and effective communications for organizations across all their locations and employees, enabling them to be more productive and more responsive to their customers.

Our cloud-based solutions are designed to be easy to use, providing a single user identity across multiple locations and devices, including smartphones, tablets, PCs and desk phones. Our solutions can be deployed rapidly and configured and managed easily. Our cloud-based solutions are location and device independent and better suited to address the needs of modern mobile and global enterprise workforces than are legacy on-premise systems. Through our platform, we enable third-party developers and customers to integrate our solution with leading business applications to customize their own business workflows.

The rapid growth of mobile communications has changed the way businesses interact. Employees connect from anywhere with any device, using multiple modes of communications including voice, video, text, messaging, and social media. These forms of flexible communications enable employees to be productive in ways that traditional on-premise systems do not support.

We believe RingCentral benefits from both the shift to mobile and distributed workforces and the migration of hardware on-premise based communication systems to cloud-based software solutions. Our cloud communications and contact center solutions are based on our Message Video Phone (“MVP”) platform, which has been designed from the ground up, specifically for today’s mobile and distributed workforce. In addition, our differentiated open platform Application Programming Interfaces (“APIs”) enable seamless integration with third-party and custom software applications. These integrations improve business workflows resulting in higher employee productivity and better customer service. Our global delivery capabilities support the needs of multi-national enterprises in multiple countries.

We offer three key products in our portfolio, including:

- RingCentral Office, a Unified Communications as a Service ("UCaaS") platform, including team messaging, video meetings, and a cloud phone system;
- RingCentral cloud Contact Center as a Service ("CCaaS"); and
- RingCentral Glip ("Glip"), our new branded video meeting solution with team messaging that enables smart video meetings that was launched in 2020.

We generate revenues primarily from the sale of subscriptions for our cloud-based services. We focus on acquiring and retaining our customers, adding value to their experience, and increasing their use of our solutions. As their needs change, customers add users to services, upgrade to premium subscription editions which provide additional features and functionality and expand their use of other solutions.

We use our direct and indirect sales channels to market our brand and sell our solutions. Key developments in our go-to-market expansion:

- In October 2019, we entered into a strategic partnership with Avaya Holdings Corp. ("Avaya"), which included the introduction of a new solution, Avaya Cloud Office by RingCentral ("ACO"), to be marketed and sold by Avaya and its subsidiaries. We launched the co-branded solution in March 2020.
- In December 2019, we entered into a strategic partnership agreement with Atos SE ("Atos") and its subsidiary, Unify Software and Solutions GmbH & CO. KG ("Unify"), which included the introduction of a co-branded solution, Unified Office by RingCentral ("UO"), to be marketed and sold as the UCaaS offering for the Atos Unify product family installed base. We launched the co-branded solution in September 2020.
- In July 2020, we entered into a strategic partnership with Alcatel-Lucent Enterprise ("ALE"), which includes the introduction of a new co-branded solution to be marketed and sold as the UCaaS solution offering of ALE beginning in 2021.
- In November 2020, we entered into a strategic partnership with Vodafone Group Services Limited ("Vodafone"), which includes a new co-branded UCaaS and CCaaS solutions to be marketed and sold by Vodafone and its subsidiaries.

Our principal executive offices are located in Belmont, California. Our principal address is 20 Davis Drive, Belmont, California 94002, and our primary website address is www.ringcentral.com. Information contained on, or that can be accessed through, our website, does not constitute part of this Annual Report on Form 10-K and inclusion of our website address in this Annual Report on Form 10-K is an inactive textual reference only.

"RingCentral" and other of our trademarks appearing in this report are our property. This report also contains trade names and trademarks of other companies. We do not intend our use or display of other companies' trade names or trademarks to imply an endorsement or sponsorship of us by such companies, or any relationship with any of these companies.

Our Solutions

Our cloud-based business communications, collaboration, and customer engagement solutions function across multiple locations and devices, including smartphones, tablets, PCs and desk phones, allow for communication across multiple modes, including high-definition ("HD") voice, video, SMS, messaging and collaboration, conferencing, online meetings, and fax. Our proprietary solutions enable a more productive and dynamic workforce and are architected using industry standards to meet modern business communications and collaboration requirements, including workforce mobility, "bring-your-own" communications device environments and multiple communications methods.

Our solutions are delivered using a highly available, and rapidly and easily scalable infrastructure, allowing our customers to add new users regardless of where they are located. Our solutions are generally affordable, requiring little to no upfront infrastructure hardware costs or ongoing maintenance and upgrade costs commonly associated with on-premise systems and can be integrated with other existing communication systems.

We believe that our solutions go beyond the core functionality of existing on-premise communications solutions by providing additional key benefits that address the changing requirements of business to allow business communications using voice, HD video web conferencing, SMS, team messaging, collaboration, fax, and social media. The key benefits of our solutions include:

- **Location Independence.** Our cloud-based solutions are designed to be location independent. We seamlessly connect distributed and mobile users, enabling employees to communicate with a single identity whether working from a central location, a branch office, on the road, or at home.
- **Global.** Our RingCentral Global Office capabilities support multinational enterprise workforces. RingCentral Global Office connects multinational workforces globally, while reducing the complexity and high costs of maintaining multiple legacy private branch exchanges ("PBX systems") with a single global cloud solution.
- **Device Independence.** Our solutions are designed to work with a broad range of devices, including smartphones, tablets, PCs, and desk phones, enabling businesses to successfully implement a "bring-your-own" communications device strategy.
- **Instant Activation and Easy Account Management.** Our solutions are designed for rapid deployment and ease of management. Our intuitive graphical user interfaces allow administrators and users to set up and manage their business communications system with little or no IT expertise, training, or dedicated staffing.
- **Scalability.** Our cloud-based solutions scale easily and efficiently with the growth of our customers. Customers can add users, regardless of their location, without having to purchase additional infrastructure hardware or software upgrades.
- **Lower Cost of Ownership.** We believe that our customers experience significantly lower cost of ownership compared to legacy on-premise systems. Using our cloud-based solutions, our customers can avoid the significant upfront costs of infrastructure hardware, software, ongoing maintenance and upgrade costs, and the need for dedicated and trained IT personnel to support these systems.
- **Seamless and Intuitive Integration with Other Applications.** Applications are proliferating within businesses of all sizes. Integration of these business applications with legacy on-premise systems is typically complex and expensive, which limits the ability of businesses to leverage cloud-based applications. Our platform provides seamless and intuitive integration with multiple popular cloud-based business applications such as Microsoft productivity and CRM tools, Google G-Suite, Salesforce CRM, Oracle, Okta, Zendesk, Box, and Workday, as well as customer lines-of-business applications.

We have a portfolio of cloud-based offerings that are subscription-based and made available at different monthly rates, varying by the specific functionalities, services, and number of users. We primarily generate revenues from the sale of subscriptions of our offerings, which include the following:

RingCentral Office. RingCentral Office, our flagship solution, provides a unified experience for communication and collaboration across multiple modes, including HD voice, video, SMS, messaging and collaboration, conferencing, online meetings, and fax. RingCentral Office offers a unified Message, Video, and Phone (MVP) experience on our global platform. Customers can extend RingCentral Office to support their multinational workforce in many countries around the world. This subscription is designed primarily for businesses that require a communications solution, regardless of location, type of device, expertise, size, or budget. Businesses are able to seamlessly connect users working in multiple office locations on smartphones, tablets, PCs and desk phones. We sell RingCentral Office in four editions: Essentials, Standard, Premium, and Ultimate. The features, capabilities and price per user increase from Essentials to Ultimate. The solution capabilities include high definition voice, call management, mobile applications, business SMS and MMS, fax, team messaging and collaboration, audio/video/web conferencing capabilities, out-of-the-box integrations with other cloud-based business applications, and business analytics and reporting. Our platform also enables customers to create, develop, and deploy custom integrations using our APIs. RingCentral Office customers also have available to them RingCentral Global Office.

Key features of RingCentral Office include:

- **Cloud-Based Business Communications Solutions.** We offer multi-user, multi-extension, cloud-based business communications solutions that do not require installation, configuration, management, or maintenance of on-premise hardware and software. Our solutions are instantly activated and deliver a rich set of functionalities across multiple locations and devices.
- **Collaboration.** We offer team messaging and collaboration solutions which allow diverse teams to stay connected through multiple modes of communication. In addition to team messaging and communications, teams can share tasks, notes, group calendars, and files.
- **RingCentral Video ("RCV") and RingCentral Rooms.** RingCentral Video leverages RingCentral's open platform to address the demand in work from anywhere by leveraging technologies to enable a fast, unified, open, and trusted video meetings experience. It includes a robust analytics platform that gives IT system

administrators access to key performance indicators such as adoption, usage, and quality of service metrics. RCV is also integrated with business productivity applications such as Google G-Suite and Gmail, HubSpot, Microsoft (Teams and Office365), Slack, Theta Lake, and Zoho, among others. RingCentral Rooms and Rooms Connector bring a cloud web conferencing solution to meeting rooms and meeting spaces that have dedicated video conferencing equipment such as monitors, speakers, microphones, and cameras, and support for large meetings and Webinars for a monthly per license add-on fee.

- **Mobile-Centric Approach.** Our solution includes smartphone and tablet mobile applications that customers can use to set up and manage company, department, and user settings from anywhere. Our applications turn iOS and Android smartphones and tablets into business communication devices. Users can change their personal settings instantly and communicate via voice, text, team messaging and collaboration, HD video and web conferencing, and fax. Personal mobile devices are fully integrated into the customer's cloud-based communication solution, using the company's numbers, and displaying one of the company's caller ID for calls made through our mobile applications.
- **Easy Set-Up and Control.** Our user interfaces provide a consistent user experience across smartphones, tablets, PCs, and desk phones, making it intuitive and easy for our customers to quickly discover and use our solution across devices. Among other capabilities, administrators can specify and modify company, department, user settings, auto-receptionist settings, call-handling, and routing rules, and add, change, and customize users and departments.
- **Flexible Call Routing.** Our solution includes an auto-attendant to easily customize call routing for the entire company, departments, groups, or individual employees. It includes a robust suite of communication management options, including time of day, caller ID, call queuing, and sophisticated routing rules for complex call handling for the company, departments, groups, and individual employees.
- **Cloud-based Business Application Integrations.** Our solution seamlessly integrates with other cloud-based business applications such as Salesforce CRM, Google Cloud, Box, Dropbox, Office365, Outlook, Oracle, Okta, Zendesk, Jira, Asana, and others. For example, our integration with Salesforce CRM brings up customer records immediately based on inbound caller IDs, resulting in increased productivity and efficiency. Our open platform is supported by APIs and software developers' kits ("SDKs") that allows developers to integrate our solution with leading business applications or with other custom applications to customize their own business workflows.
- **RingCentral Global Office.** Our solution includes RingCentral Global Office, a single global UCaaS solution designed for multinational enterprises that allows these companies to support distributed offices and employees globally with a single cloud solution. With RingCentral Global Office, multinational enterprises can operate in other countries while also acting as one integrated business, with capabilities including local phone numbers, local caller ID, worldwide extension-to-extension dialing, and included minute bundles for international calling.
- **RingCentral CloudConnect.** RingCentral CloudConnect is a service that allows enterprises to leverage their dedicated and secure connections to exchange data directly with the RingCentral cloud. Customers use their preferred network service provider to connect to the RingCentral cloud through a secure data exchange enabling lower latency, greater network reliability and availability, and added security.
- **High-Volume SMS.** High-Volume SMS is a service that enables businesses to send high-volume and commercial SMS messages and updates to their customers eliminating the need to purchase and program a separate number. Our service also provides access to message status, logs, store, and analytics for advanced insights and regulatory compliance.

RingCentral Contact Center. Our RingCentral Contact Center is a collaborative contact center solution that delivers omni-channel and integrates with RingCentral Office and Glip. RingCentral Contact Center enables businesses to transform the way they engage their customers across all channels while effectively maximizing agent availability. The solution leverages technology from NICE inContact, Inc., has a comprehensive feature set, and can integrate with RingCentral Office and Glip. This enables businesses to build customer loyalty and increase productivity by resolving customer issues faster and more effectively. We offer RingCentral Contact Center in three editions: Basic, Advanced, and Ultimate. The features, capabilities, and price per user increase from Basic to Ultimate.

RingCentral Engage Digital. RingCentral Engage is a digital customer engagement platform allowing enterprises to interact with their customers through a single platform across all digital channels. The platform uses AI-based smart routing

engine that enables agents to efficiently manage customer interactions across digital channels including mobile and in-app messaging, social media, live chats, and email.

RingCentral Engage Voice. Engage Voice is a cloud-based outbound/blended customer engagement platform for midsize and enterprise companies. The platform provides automated dialing capabilities to help accelerate the sales process and improve the time it takes sales teams to reach prospects.

RingCentral Glip. Glip is a smart video meeting service, which includes our RCV video and team messaging capabilities. It is an easy-to-use solution that offers high quality and high availability video and audio conferencing, seamlessly integrated with team messaging, file sharing, contact, task, and calendar management. It includes pre-meeting, in-meeting, and post-meeting capabilities, and provides a completely integrated team collaboration capability. Glip is provided in two editions: Pro, which is a free service, and a paid Pro Plus subscription service which offers a higher number of meeting participants and additional video meeting and administrative management capabilities.

RingCentral Live Reports. RingCentral Live Reports is an add-on for RingCentral Office customers to gather real-time information needed to maximize the performance with dashboards that contain information on agent utilization and overall customer experience.

RingCentral Professional. RingCentral Professional is a cloud based virtual telephone service offering designed for professionals who are on the go. It provides inbound call answering and management services, and includes inbound local, long-distance, and toll-free minutes.

RingCentral Fax. RingCentral Fax provides online fax capabilities that allow businesses to send and receive fax documents without the need for a fax machine. RingCentral Fax capability is made available to all RingCentral Office customers or as a stand-alone offering at monthly subscription rates that vary based on the desired number of pages and phone numbers allotted to the plan.

Segment Reporting

Our organizational structure is a single reportable segment. A discussion of the results of our operations is included in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", and in Part II, Item 8, "Consolidated Financial Statements and Supplementary Data" of this Annual Report on Form 10-K, under Consolidated Financial Statements, which are incorporated herein by reference.

Our Customers

We have a diverse and growing customer base across a wide range of industries, including financial services, education, healthcare, legal services, real estate, retail, technology, insurance, construction, hospitality, and state and local government, among others. We seek to establish and maintain long-term relationships with our customers. We do not have significant customer concentration and none of our customers accounted for more than 10% of total revenue for the years ended December 31, 2020, 2019, and 2018. We believe that we will not have significant customer concentration in the future.

We sell our solutions to enterprise customers, and small and medium-sized businesses. We define a "customer" as a party that purchases or subscribes to our products and services directly or indirectly through our channel partners. We continuously expand our solution offering globally and believe that there are additional growth opportunities in international markets.

Marketing, Sales and Support

We use a variety of marketing, sales, and support activities to generate and cultivate ongoing customer demand for our subscriptions, acquire new customers, and engage with our existing customers. We sell globally through both direct and indirect channels, which includes resellers, carriers, and strategic partners. We provide onboarding implementation services to help our customers set up and configure their newly purchased communications system, as well as ongoing self-service, phone support, online chat support, and training. We also closely track and monitor customer acquisition costs to assess how we are deploying our marketing, sales, and customer support spending.

- **Marketing.** Our marketing efforts include search engine marketing, search engine optimization, affiliates, list buys, shared leads, content leads, appointment setting, radio advertising, online display advertising, sports sponsorships, billboard advertising, tradeshow and events, and other forms of demand generation. We track

and measure our marketing costs closely across all channels so that we can acquire customers in a cost-efficient manner.

- **Direct Sales.** We primarily sell our solutions and subscriptions through direct inbound and outbound sales efforts. We have direct sales representatives located in the U.S. and internationally.
- **Indirect Sales.** Our indirect sales channel consists of global and regional networks of resellers and carriers including AT&T, Inc. ("AT&T"), TELUS Communications Company ("TELUS"), BT Group plc ("BT"), and Vodafone. Our indirect sales channels help broaden the adoption of our solutions without the need for a large direct sales force.
- **Customer Support and Services.** While our intuitive and easy-to-use user interface serves to reduce our customers' need for support and services, we provide online chat and phone customer support, as well as post-sale implementation support, as an option to help customers configure and use our solution. We track and measure our customer satisfaction and our support costs closely across all channels to provide a high level of customer service in a cost-efficient manner.
- **Strategic Partnerships.** We have strategic partnerships with several third parties including Avaya, Atos, and Alcatel Lucent Enterprise. These partnerships enable us to leverage the sales force of our strategic partners to sell our services as well as access to their customer bases.

Research and Development

We believe that continued investment in research and development is critical to expanding our leadership position within the cloud-based business communications and collaboration solutions market and is a key element of our culture. We devote the majority of our research and development resources to software development. Our engineering team has significant experience in various disciplines related to our platform, such as voice, video, text, team messaging and collaboration, mobile application development, IP networking and infrastructure, contact center, digital customer engagement, user experience, security, and robust multi-tenant cloud-based system architecture.

Our development methodology, in combination with our SaaS delivery model, allows us to provide new and enhanced capabilities on a regular basis. Based on feedback from our customers and prospects and our review of the broader business communications and SaaS markets, we continuously develop new functionality while maintaining and enhancing our existing solutions. We typically have multiple releases per year, where we constantly improve our solutions and introduce new capabilities and features to make our customers' workforce more productive and to build out the feature set required by larger and global enterprises.

As part of our strategy to expand our technological capabilities, we engage in strategic transactions from time to time. Such strategic acquisitions enable us to complement our technology and skill sets and expand our solution reach.

Technology and Operations

Our platforms are hosted both in private and public clouds. Our private clouds are built on a highly scalable and flexible infrastructure comprised of commercially available hardware and software components. We believe that both hardware and software components of our platform can be replaced, upgraded or added with minimal or no interruption in service. The system is designed to have no single point-of-failure.

Our private cloud is served from multiple data centers and third-party co-location facilities located in several cities in the United States and throughout the world. Our data centers are designed to host mission-critical computer and communications systems with redundant, fault-tolerant subsystems, and compartmentalized security zones. We maintain a security program designed to ensure the security and integrity of customer data, protect against security threats or data breaches, and prevent unauthorized access to our customers' data. We limit access to on-demand servers and networks at our production and remote backup facilities.

Intellectual Property

We rely on a combination of patent, copyright, and trade secret laws in the U.S. and other jurisdictions, as well as license agreements and other contractual protections, to protect our proprietary technology. We also rely on a number of registered and unregistered trademarks to protect our brand. In addition, we seek to protect our intellectual property rights by implementing a policy that requires our employees and independent contractors involved in the development of intellectual property on our behalf to enter into agreements acknowledging that all works or other intellectual property generated or

conceived by them on our behalf are our property, and assigning to us any rights, including intellectual property rights, that they may claim or otherwise have in those works or property, to the extent allowable under applicable law.

Our worldwide intellectual property portfolio includes over 262 issued patents, which expire between 2022 and 2039, and over 57 patent applications pending examination in the U.S. and in foreign jurisdictions, all of which are related to U.S. applications. In general, our patents and patent applications apply to certain aspects of our SaaS and mobile applications and underlying communications infrastructure. We are also a party to various license agreements with third parties that typically grant us the right to use certain third-party technology in conjunction with our solutions and subscriptions.

Competition

The market for business communications and collaboration solutions is very large, rapidly evolving, complex, fragmented and defined by changing technology, and customer needs. We expect competition to continue to increase in the future. We believe that the principal competitive factors in our market include:

- product features and capabilities;
- system reliability, availability, and performance;
- speed and ease of activation, setup, and configuration;
- ownership and control of the underlying technology;
- open platform;
- integration with mobile devices;
- brand awareness and recognition;
- simplicity of the pricing model; and
- total cost of ownership.

We believe that we generally compete favorably on the basis of the factors listed above.

We face competition from a broad range of providers of business communications and collaboration solutions. Some of these competitors include:

- traditional on-premise, hardware business communications providers such as Alcatel-Lucent Enterprise, Avaya Inc., Cisco Systems, Inc., Mitel Networks Corporation, NEC Corporation, and Siemens Enterprise Networks, LLC, any of which may now or in the future also host their solutions through the cloud;
- software providers such as Microsoft Corporation and Cisco Systems, Inc. that generally license and/or host their software solutions, and their resellers including major carriers and cable companies;
- established business communications providers that resell on-premise hardware, software, and hosted solutions, such as AT&T, BT, Comcast Corporation, Sprint Corporation, TELUS, Verizon Communications Inc., Vodafone Group Plc, and others, all of whom have significantly greater resources than us and do now or may in the future also develop and/or host their own or other solutions through the cloud;
- other cloud companies such as 8x8, Inc., Amazon.com, Inc., DialPad, Inc., Fuze Inc., StarBlue, Inc., Intermedia.net, Inc., J2 Global, Inc., LogMeIn, Inc, Microsoft Corporation, Nextiva, Inc., Twilio Inc., Vonage Holdings Corp., West Corporation, and Zoom Video Communications, Inc.;
- video meeting and collaboration service providers such as Amazon.com, Inc., Apple Inc., Alphabet Inc. (Google G-Suite and Meet), Facebook, Inc., Microsoft Teams, Slack Technologies, Inc. (which has announced it will be acquired by salesforce.com, inc.), and Zoom Video Communications, Inc.;
- other large internet companies such as Alphabet Inc. (Google Voice), Facebook, Inc., Oracle Corporation, and salesforce.com, inc., any of which might launch its own cloud-based business communication services or acquire other cloud-based business communications companies in the future;
- providers of communications platform as a service solutions and messaging software platforms with APIs such as Twilio Inc., Vonage Holding Corp., and Slack Technologies, Inc., on which customers can build diverse solutions by integrating cloud communications into business applications;

- contact center and customer relationship management providers such as Amazon.com, Inc., Aspect Software, Inc., Avaya Inc., Five9, Inc., NICE InContact, Genesys Telecommunications Laboratories, Inc., Serenova, LLC (acquired by Lifesize, Inc.), Talkdesk, Inc., Vonage Holdings Corp., salesforce.com, inc., and Twilio Inc.; and
- digital engagement vendors such as eGain Corporation, Lithium Technologies, LLC, LivePerson, Inc., SparkCentral Inc. (recently acquired by Hootsuite Inc.), among others named above that may offer similar features.

Employees and Human Capital

We believe that our culture and our workforce are critically important to our success. Our human capital resources objectives include identifying, recruiting, retaining, incentivizing and integrating our existing and new employees, advisors and consultants. We continuously invest in our global workforce by seeking to create a diverse, inclusive, and safe work environment where our employees can learn, innovate, and deliver their best. We are committed to being inclusive to enable our workforce and customers to succeed.

We invest in developing our talent and creating a superior team member experience and a highly engaged workforce to remain at the forefront of innovation and make RingCentral an employer of choice. We believe that our approach to talent development and innovation enables our team members to grow in their current positions and build new skills. We provide virtual and in-person interactive learning courses across a broad range of categories such as leadership, inclusion and diversity, technical and compliance, among others. We have regular employee surveys that allow employees to voice their perceptions of the Company and their work experience.

Our diversity and inclusion initiatives honor the unique background, identity, ethnicity, and perspectives of each individual in our organization and we are committed to the success of our workforce and customers. We continue to drive key initiatives in talent acquisition and diversity to focus on increasing the representation of women and underrepresented groups in our global workforce. We received recognition for our initiatives in the area of diversity, equity and inclusiveness, wherein our CEO was recognized as the "Best CEO for Women" and "Diversity" by Comparably. We actively encourage and support employee resource groups like our LGBTQ+ group, Black employees group and Pan-Asian group, among others. We continue to further expand our efforts in the area of diversity, equity and inclusion.

We face competition for highly skilled technical and other personnel with experience in our industry and locations where we maintain offices. We strive to provide competitive pay, benefits, and services that help meet the varying needs of our employees. The principal purposes of our equity and cash incentive plans are to attract, retain and reward personnel through the granting of stock-based and cash based compensation awards, in order to increase stockholder value and the success of our Company by motivating such individuals to perform to the best of their abilities and achieve our objectives. We also provide access to a variety of flexible health and wellness programs to our employees, which became increasingly critical in 2020 due to the COVID-19 pandemic.

As of December 31, 2020, we had 3,140 full-time employees located in 13 countries. As of December 31, 2020, approximately 30% of our full-time employees were located outside of the United States. Our geographic diversification enhances our ability to retain and attract highly skilled talent as well as manage our headcount costs.

In certain countries in which we operate, we are subject to, and comply with, local labor law requirements, which may automatically make our employees subject to industry-wide collective bargaining agreements. For instance, our employees in France are covered by the Syntec Collective Bargaining Agreement. We are not subject to any other collective bargaining agreements. We believe that our employee relations are good, and we have never experienced any work stoppages.

Regulatory

As a provider of communication services over the Internet, we are subject to regulation in the U.S. by the FCC. Some of these regulatory obligations include contributing to the Federal Universal Service Fund, Telecommunications Relay Service Fund, and federal programs related to phone number administration; providing access to E-911 services; protecting customer information; and porting phone numbers upon a valid customer request. We are also required to pay state and local 911 fees and contribute to state universal service funds in those states that assess interconnected Voice over Internet Protocol ("VoIP") services. In addition, we have certified a wholly owned subsidiary as a competitive local exchange carrier in thirty-four states. This subsidiary, RCLEC, is subject to the same FCC regulations applicable to telecommunications companies, as well as regulation by the public utility commissions in states where the subsidiary provides services. Specific regulations vary on a state-by-state basis, but generally include the requirement for our subsidiary to register or seek certification to provide its services, to file and update tariffs setting forth the terms, conditions and prices for our intrastate services and to comply with various reporting, record-keeping, surcharge collection, and consumer protection requirements.

As we expand internationally, we will be subject to laws and regulations in the countries in which we offer our subscriptions. Regulatory treatment of communications services over the Internet outside the U.S. varies from country to country, and may be more onerous than imposed on our subscriptions in the U.S. In the United Kingdom, for example, our subscriptions are regulated by Ofcom, which, among other things, requires electronic communications services providers such as our company to provide all users access to both 112 (EU-mandated) and 999 (U.K.-mandated) emergency service numbers at no charge. Similarly, in Canada, our subscriptions are regulated by the CRTC, which, among other things, imposes requirements like those in the U.S. related to the provision of E-911 services, in all areas of Canada where the wireline incumbent carrier offers such 911 services. Our regulatory obligations in foreign jurisdictions could have a material adverse effect on the use of our subscriptions in international locations.

In the course of providing our services, we collect, store, and process many types of data, including personal data. Moreover, our customers can use our subscriptions to store contact and other personal or identifying information, and to process, transmit, receive, store, and retrieve a variety of communications and messages, including information about their own customers and other contacts. Customers are able, and may be authorized under certain circumstances, to use our subscriptions to transmit, receive, and/or store personal information.

There are a number of federal, state, local, and foreign laws and regulations, such as the European Union's General Data Protection Regulation ("GDPR") and the recently enacted California Consumer Privacy Act, as well as contractual obligations and industry standards, that provide for certain obligations and restrictions with respect to data privacy and security, and the collection, storage, retention, protection, use, processing, transmission, sharing, disclosure, and protection of personal information and other customer data. We expect that with the expansion of our Global Office solution and sales of our services into new countries, we will become subject to additional data privacy regulations in other countries throughout the world. The scope of these obligations and restrictions is changing, subject to differing interpretations, and may be inconsistent among countries or conflict with other rules, and their status remains uncertain.

As Internet commerce and communication technologies continue to evolve, thereby increasing online service providers' and network users' capacity to collect, store, retain, protect, use, process, and transmit large volumes of personal information, increasingly restrictive regulation by federal, state, or foreign agencies becomes more likely.

Regulations that do not directly apply to our business, but which do apply to our customers and partners, can also impact our business. As we expand our business, addressing customer and partner requirements in new jurisdictions and new verticals often requires investment on our part to address regulations that apply to our customers. Globally, these regulations continue to be introduced and to change over time. Such regulations can impact our ability to offer services to various customer segments, and our cost to deliver our services.

See the section entitled "Risk Factors" for more information.

Available Information

We make available our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, free of charge on our website, ir.ringcentral.com as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission, or the "SEC". In addition, the SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov.

The Company announces material information to the public about the Company, its solutions and services and other matters through a variety of means, including the Company's website (www.ringcentral.com), the investor relations section of its website (ir.ringcentral.com), press releases, filings with the SEC, and public conference calls, in order to achieve broad, non-exclusionary distribution of information to the public. The Company encourages investors and others to review the information it makes public in these locations, as such information could be deemed to be material information. Please note that this list may be updated from time to time.

ITEM 1A. RISK FACTORS

This Report contains forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to, the risk factors set forth below. The risks and uncertainties described in this Report are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial may also affect our business. If any of these known or unknown risks or uncertainties actually occurs and have a material adverse effect on us, our business, financial condition and results of operations could be seriously harmed. In addition, the impacts of the COVID-19 pandemic and any worsening of the economic environment may exacerbate the risks described below, any of which could have a material impact on us. This situation is changing rapidly and additional impacts may arise that we are not currently aware of.

Summary Risk Factors

An investment in our Class A Common Stock involves a high degree of risk, and the following is a summary of key risk factors when considering an investment. You should read this summary together with the more detailed description of each risk factor contained in the subheadings further below.

- We have incurred significant losses and negative cash flows in the past and anticipate continuing to incur losses for at least the foreseeable future, and we may therefore not be able to achieve or sustain profitability in the future.
- Our quarterly and annual results of operations have fluctuated in the past and may continue to do so in the future. As a result, we may fail to meet or to exceed the expectations of research analysts or investors, which could cause our stock price to fluctuate.
- Our rapid growth and the quickly changing markets in which we operate make it difficult to evaluate our current business and future prospects, which may increase the risk of investing in our stock.
- Our future operating results will rely in part upon the successful execution of our strategic partnerships with Avaya, Atos/Unify, Alcatel-Lucent Enterprise, Vodafone and others, which may not be successful.
- We face intense competition in our markets and may lack sufficient financial or other resources to compete successfully.
- We rely and may in the future rely significantly on our strategic partners, resellers, and carriers to sell our subscriptions; our failure to effectively develop, manage, and maintain our indirect sales channels could materially and adversely affect our revenues.
- To deliver our subscriptions, we rely on third parties for our network connectivity and for certain of the features in our subscriptions.
- Interruptions or delays in service from our third-party data center hosting facilities and co-location facilities could impair the delivery of our subscriptions, require us to issue credits or pay penalties and harm our business.
- Failures in Internet infrastructure or interference with broadband access could cause current or potential users to believe that our systems are unreliable, possibly leading our customers to switch to our competitors or to avoid using our subscriptions.
- A cyber-attack, information security breach or denial of service event could delay or interrupt service to our customers, harm our reputation, or subject us to significant liability.
- Increased customer turnover, or costs we incur to retain and upsell our customers, could materially and adversely affect our financial performance.
- If we are unable to attract new customers to our subscriptions or upsell to those customers on a cost-effective basis, our business will be materially and adversely affected.
- The dual class structure of our common stock as contained in our charter documents has the effect of concentrating voting control with a limited number of stockholders that held our stock prior to our initial public offering, including our founders and our executive officers, employees and directors and their affiliates, and limiting other stockholders' ability to influence corporate matters.

Risks Related to Our Business and Our Industry

We have incurred significant losses and negative cash flows in the past and anticipate continuing to incur losses for at least the foreseeable future, and we may therefore not be able to achieve or sustain profitability in the future.

We have incurred substantial net losses since our inception. Over the past few years, we have spent considerable amounts of time and money to develop new business communications solutions and enhanced versions of our existing business communications solutions to position us for future growth. Additionally, we have incurred substantial losses and expended significant resources upfront to market, promote and sell our solutions and expect to continue to do so in the future. We also

expect to continue to invest for future growth, including for advertising, customer acquisition, technology infrastructure, storage capacity, services development and international expansion. In addition, as a public company, we incur significant accounting, legal, and other expenses.

We expect to continue to incur losses for at least the foreseeable future and will have to generate and sustain increased revenues to achieve future profitability. Achieving profitability will require us to increase revenues, manage our cost structure, and avoid significant liabilities. Revenue growth may slow, revenues may decline, or we may incur significant losses in the future for a number of possible reasons, including general macroeconomic conditions, increasing competition (including competitive pricing pressures), a decrease in the growth of the markets in which we compete, in particular the SaaS market, or if we fail for any reason to capitalize on growth opportunities. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays, service delivery, and quality problems and other unknown factors that may result in losses in future periods. If these losses exceed our expectations or our revenue growth expectations are not met in future periods, our financial performance will be harmed and our stock price could be volatile or decline.

Our quarterly and annual results of operations have fluctuated in the past and may continue to do so in the future. As a result, we may fail to meet or to exceed the expectations of research analysts or investors, which could cause our stock price to fluctuate.

Our quarterly and annual results of operations have varied historically from period to period, and we expect that they will continue to fluctuate due to a variety of factors, many of which are outside of our control, including:

- our ability to retain existing customers, resellers, and carriers, and expand our existing customers' user base, and attract new customers;
- our ability to introduce new solutions;
- the actions of our competitors, including pricing changes or the introduction of new solutions;
- our ability to effectively manage our growth;
- our ability to successfully penetrate the market for larger businesses;
- the mix of annual and multi-year subscriptions at any given time;
- the timing, cost, and effectiveness of our advertising and marketing efforts;
- the timing, operating cost, and capital expenditures related to the operation, maintenance and expansion of our business;
- our ability to successfully and timely execute on, integrate, and realize the benefits of any acquisition, investment, strategic partnership, or other strategic transaction or partnership we may make or undertake;
- service outages or actual or perceived information security breaches and any related impact on our reputation;
- our ability to accurately forecast revenues and appropriately plan our expenses;
- our ability to realize our deferred tax assets;
- costs associated with defending and resolving intellectual property infringement and other claims;
- changes in tax laws, regulations, or accounting rules;
- the timing and cost of developing or acquiring technologies, services or businesses, and our ability to successfully manage any such acquisitions;
- the impact of foreign currencies on our business as we continue to expand our business internationally; and
- the impact of worldwide economic, political, industry, and market conditions, including the continued effects of the global outbreak of COVID-19.

The extent to which the global COVID-19 pandemic continues to impact our results will depend on future developments, which are uncertain and cannot be fully predicted, including the duration of the pandemic, travel restrictions and social distancing in the U.S. and other countries, business closures or business disruptions and the effectiveness of actions taken by governments and private businesses to attempt to contain and treat the disease. Any prolonged shutdown of a significant portion of global economic activity or downturn in the global economy, along with any adverse effects on industries in which our customers operate, could materially and adversely impact our business, results of operations and financial condition.

Any one of the factors above, or the cumulative effect of some or all of the factors referred to above, may result in significant fluctuations in our quarterly and annual results of operations. This variability and unpredictability could result in our failure to meet our publicly announced guidance or the expectations of securities analysts or investors for any period, which could cause our stock price to decline. In addition, a significant percentage of our operating expenses is fixed in nature and is based on forecasted revenues trends. Accordingly, in the event of revenue shortfalls, we may not be able to mitigate the negative impact on net income (loss) and margins in the short term. If we fail to meet or exceed the expectations of research analysts or investors, the market price of our shares could fall substantially, and we could face costly lawsuits, including securities class-action suits.

The global COVID-19 pandemic could harm our business, financial condition and results of operations.

In December 2019, a novel coronavirus, COVID-19 was reported in China and, in March 2020, the World Health Organization declared it a pandemic. This contagious disease outbreak has continued to spread across the globe and is impacting worldwide economic activity and financial markets. In light of the uncertain and rapidly evolving situation relating to the spread of COVID-19, we have taken precautionary measures intended to minimize the risk of the virus to our employees, our customers, and the communities in which we operate, which could negatively impact our business. We are, with certain exceptions, requiring all employees around the globe to work remotely and have closed all of our offices. We have also suspended all non-essential travel worldwide for our employees. While we have a distributed workforce and our employees are accustomed to working remotely or working with other remote employees, our workforce is not fully remote. Our employees travel frequently to establish and maintain relationships with one another, our customers and prospective customers, resellers and other channel partners, and investors. Although we continue to monitor the situation and may adjust our current policies as more information and public health guidance becomes available, temporarily suspending travel and restricting the ability to do business in person could negatively affect our customer success efforts, sales and marketing efforts, challenge our ability to enter into customer and other commercial contracts in a timely manner and our ability to source, assess, negotiate, and successfully implement and execute on, and realize the benefits of, acquisitions, investments, strategic partnerships and other strategic transactions, slow down our recruiting efforts, or create operational or other challenges, any of which could harm our business, financial condition and results of operations. Furthermore, if a natural disaster, power outage, connectivity issue, or other event occurred that impacted our employees' ability to work remotely, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The increase in remote working may also result in privacy, security and fraud concerns as well as increase our exposure to potential wage and hour issues. In addition, the COVID-19 pandemic has and will continue to disrupt the operations of our customers, resellers and other channel partners, strategic partners, suppliers and other third-party providers for an indefinite period of time, including as a result of travel restrictions and/or business shutdowns, all of which could continue to negatively impact our business, financial condition and results of operations. For example, to address customer hardships, in vertical markets most impacted by COVID-19, such as retail and hospitality, we are actively working with some customers to provide greater flexibility to manage challenges they are facing, but we cannot be assured that they will not reduce their number of users or terminate their subscriptions altogether. Furthermore, some governments have enacted indefinite orders prohibiting providers of telecommunications services from discontinuing service for non-payment. This could adversely affect us by increasing the risk of non-payment by our customers. We may also incur further costs by opting not to discontinue services to non-paying customers for reasons such as maintaining goodwill. More generally, the COVID-19 pandemic could continue to adversely affect economies and financial markets globally, continuing the economic downturn, which could decrease technology spending and continue to adversely affect demand for our solutions and harm our business. The full extent to which the COVID-19 pandemic may impact our financial condition or results of operations remains uncertain.

Our rapid growth and the quickly changing markets in which we operate make it difficult to evaluate our current business and future prospects, which may increase the risk of investing in our stock.

We have grown rapidly since 2009, when we introduced RingCentral Office, our current flagship product. We have encountered and expect to continue to encounter risks and uncertainties frequently experienced by growing companies in rapidly changing markets. If our assumptions regarding these uncertainties are incorrect or change in reaction to changes in our markets, or if we do not manage or address these risks successfully, our results of operations could differ materially from our expectations, and our business could suffer.

Growth may place significant demands on our management and our infrastructure.

We continue to experience substantial growth in our business. This growth has placed and may continue to place significant demands on our management, organizational structure, and our operational and financial infrastructure. As our

operations grow in size, scope, and complexity, we will need to increase our sales and marketing efforts and add additional sales and marketing personnel in various regions worldwide and improve and upgrade our systems and infrastructure to attract, service, and retain an increasing number of customers. For example, we expect the volume of simultaneous calls to increase significantly as our customer base grows. Our network hardware and software may not be able to accommodate this additional simultaneous call volume. The expansion of our systems and infrastructure will require us to commit substantial financial, operational, and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will increase. Any such additional capital investments will increase our cost base.

Continued growth could also strain our ability to maintain reliable service levels for our customers, resellers, and carriers develop and improve our operational, financial and management controls, enhance our billing and reporting systems and procedures and recruit, train and retain highly skilled personnel. In addition, our existing systems, processes, and controls may not prevent or detect all errors, omissions, or fraud. We may also experience difficulties in managing improvements to our systems, processes, and controls or in connection with third-party software licensed to help us with such improvements. Any future growth, particularly as we continue to expand internationally, would add complexity to our organization and require effective communication and coordination throughout our organization. Additionally, our productivity and the quality of our solutions and services may be adversely affected if we do not integrate and train our new employees quickly and effectively, particularly doing so remotely in the short term during the COVID-19 pandemic. If we fail to achieve the necessary level of efficiency in our organization as we grow, our business, results of operations and financial condition could be materially and adversely affected.

Our future operating results will rely in part upon the successful execution of our strategic partnerships with Avaya, Atos/Unify, Alcatel-Lucent Enterprise, Vodafone and others, which may not be successful.

A strategic partnership between two independent businesses is a complex, costly, and time-consuming process that will require significant management attention and resources. Realizing the benefits of our strategic partnerships, particularly our relationships with Avaya Holdings Corp. (“Avaya”) and its subsidiaries, Atos SE (“Atos”) and its subsidiaries, including Unify Software and Solutions GmbH & CO. KG (“Unify”), and ALE Holding (“ALE Holding”) and its subsidiaries, including ALE International (“ALE International” and together “ALE”) and Vodafone Business (“Vodafone”) and its subsidiaries, will depend in part on our ability to work with our strategic partners to develop, market and sell co-branded solutions, such as Avaya Cloud Office by RingCentral (“ACO”), Unify Office by RingCentral (“UO”), and Rainbow Office powered by RingCentral (“Rainbow Office”). Setting up and maintaining the operations and processes of these strategic partnerships may cause us to incur significant costs, disrupt our business and, if implemented ineffectively, would limit the expected benefits to us. In addition, the process of bringing ACO, UO, Rainbow Office and other co-branded solutions to market may take longer than anticipated or fail to materialize, which could negate or reduce our anticipated benefits and revenue opportunities. In addition, we must be successful in marketing and selling ACO to realize the benefits of our prepayment to Avaya of \$345 million in our Class A Common Stock. The failure to successfully and timely implement and operate our strategic partnerships could harm our ability to realize the anticipated benefits of these partnerships and could adversely affect our results of operations.

We face intense competition in our markets and may lack sufficient financial or other resources to compete successfully.

The cloud-based business communications and collaboration solutions industry is competitive, and we expect competition to increase in the future. We face intense competition from other providers of business communications and collaboration systems and solutions.

Our competitors include traditional on-premise, hardware business communications providers such as ALE, Avaya Inc., Cisco Systems, Inc., Mitel Networks Corporation, NEC Corporation, Siemens Enterprise Networks, LLC, their resellers, and others, as well as companies such as Microsoft Corporation and Cisco Systems, Inc., and their resellers that license their software. In addition, certain of our carriers and strategic partners, such as AT&T, BT, TELUS, Avaya, Vodafone, and Atos sell or are expected to sell our solutions, but they are also competitors for business communications. These companies have significantly greater resources than us and currently, or may in the future, develop and/or host their own or other solutions through the cloud. Such competitors may not be successful in or cease marketing and selling our solutions to their customers and ultimately be able to transition some or all of those customers onto their competing solutions, which could materially and adversely affect our revenues and growth. We also face competition from other cloud companies and established communications providers that resell on-premise hardware, software, and hosted solutions, such as 8x8, Inc., Amazon.com, Inc., Dialpad, Inc., Fuze, Inc., StarBlue, Inc., Intermedia.net, Inc., J2 Global, Inc., LogMeIn, Inc, Microsoft Corporation, Nextiva, Inc., Twilio Inc., Vonage Holdings Corp., West Corporation, and Zoom Video Communications, Inc., which has introduced a voice solution. Established communications providers, such as AT&T, Verizon Communications Inc., Sprint Corporation and Comcast Corporation in the U.S., TELUS and others in Canada, and BT, Vodafone Group plc, and others in

the U.K., that resell on-premise hardware, software, and hosted solutions, compete with us in business communications and currently, or may in the future, develop and/or host their own cloud solutions. We may also face competition from other large Internet companies, such as Alphabet Inc. (Google Voice), Facebook, Inc., Oracle Corporation, and salesforce.com, inc., any of which might launch its own cloud-based business communications services or acquire other cloud-based business communications companies in the future. We also compete against providers of communications platform as a service solutions and messaging software platforms with APIs such as Twilio Inc., Vonage Holdings Corp., and Slack Technologies, Inc., on which customers can build diverse solutions by integrating cloud communications into business applications. We face competition with respect to this solution from contact center and customer relationship management providers such as Amazon.com, Inc., Aspect Software, Inc., Avaya Inc., Five9, Inc., NICE InContact, Genesys Telecommunications Laboratories, Inc., Serenova, LLC, Talkdesk, Inc., Vonage Holdings Corp., salesforce.com, inc., and Twilio Inc. We also face competition from digital engagement vendors such as eGain Corporation, Lithium Technologies, LLC, LivePerson, Inc., SparkCentral Inc., among others named above that may offer similar features.

Many of our current and potential competitors have longer operating histories, significantly greater resources and name recognition, more diversified offerings, and larger customer bases than we have. As a result, these competitors may have greater credibility with our existing and potential customers and may be better able to withstand an extended period of downward pricing pressure. In addition, certain of our competitors have partnered with, or been acquired by, and may in the future partner with or acquire, other competitors to offer services, leveraging their collective competitive positions, which makes it more difficult to compete with them and could significantly and adversely affect our results of operations. Demand for our platform is also sensitive to price. Many factors, including our marketing, user acquisition and technology costs, and our current and future competitors' pricing and marketing strategies, can significantly affect our pricing strategies. Our competitors may be able to adopt more aggressive pricing policies and devote greater resources to the development, promotion and sale of their services than we can to ours. Some of these service providers have in the past and may choose in the future to sacrifice revenues in order to gain market share by offering their services at lower prices or for free, or offering alternative pricing models, such as "freemium" pricing, in which a basic offering is provided for free with advanced features provided for a fee, on the services they offer. Our competitors may also offer bundled service arrangements offering a more complete service offering, despite the technical merits or advantages of our subscriptions. In addition, some of the commercially available solutions in the markets in which we compete, such as video and web conferencing solutions of our competitors, including Zoom Video Communications and Microsoft Corporation, have seen dramatically increased adoption, usage and publicity in connection with the global response to the COVID-19 pandemic. Competition could result in a decrease to our prices, slow our growth, increase our customer turnover, reduce our sales, or decrease our market share.

We rely and may in the future rely significantly on our strategic partners, resellers, and carriers to sell our subscriptions; our failure to effectively develop, manage, and maintain our indirect sales channels could materially and adversely affect our revenues.

Our future success depends on our continued ability to establish and maintain a network of channel relationships, and we expect that we will need to expand our network in order to support and expand our historical base of smaller enterprises as well as attract and support larger customers and expand into international markets. An increasing portion of our revenues are derived from our network of sales agents and resellers, which we refer to collectively as resellers, many of which sell or may in the future decide to sell their own services or services from other business communications providers. We generally do not have long-term contracts with these resellers, and the loss of or reduction in sales through these third parties could materially reduce our revenues. Our competitors may in some cases be effective in causing our current or potential resellers to favor their services or prevent or reduce sales of our subscriptions. Furthermore, while AT&T, BT, TELUS, Avaya, Atos (through its subsidiary Unify), ALE, and Vodafone also sell our solutions, they are also competitors for business communications. These companies have significantly greater resources than us and currently, or may in the future, develop and/or host their own or other solutions through the cloud. Such competitors may cease marketing or selling our solutions to their customers and ultimately be able to transition some or all of those customers onto their competing solutions, which could materially and adversely affect our revenues and growth. In this regard, AT&T launched a competing hosted business communications solution in 2016, and new subscriptions for our solution sold by AT&T declined to an immaterial level in 2017 and into 2018. In August 2018, we entered into a revised agreement with AT&T, under which AT&T resumed reselling our solutions, and sales of our solutions by AT&T have increased as a result, but there can be no guarantee that AT&T will not cease reselling our solutions in the future. We also recently entered into certain agreements for strategic partnerships with Avaya, Atos, ALE, and Vodafone to sell certain of our solutions. Avaya introduced the ACO solution at the end of the first quarter of 2020, Atos and Unify introduced the UO solution during the third quarter of 2020, and ALE is expected to introduce the Rainbow Office solution during the first quarter of 2021; however, there can be no guarantee that Avaya, Atos, Unify, ALE, Vodafone and/or any of their respective channel partners will be successful in marketing or selling our solutions or that they will not cease marketing or selling our solutions in the future. If AT&T, Avaya, Atos, Unify, ALE, Vodafone and/or any of their respective channel partners are not successful in

marketing and selling our solutions or cease to market and sell our solutions, our revenues and growth could be significantly and adversely affected. If we fail to maintain relationships with our resellers and other channel partners, carriers and strategic partners or fail to develop new and expanded relationships in existing or new markets, or if our networks of indirect channel relationships are not successful in their sales efforts, sales of our subscriptions may decrease and our operating results would suffer. Further, the ability of our resellers, carriers and strategic partners to market and sell our solutions could be adversely impacted by the COVID-19 pandemic. In addition, we may not be successful in managing, training, and providing appropriate incentives to our existing resellers and other channel partners, carriers and strategic partners, and they may not be able to commit adequate resources in order to successfully sell our solutions.

Recruiting and retaining qualified resellers and other channel partners and carriers in our network and training them in our technology and subscription offerings requires significant time and resources. To develop and expand our indirect sales channels, we must continue to scale and improve our processes and procedures to support these channels, including investment in systems and training. Many resellers and other channel partners and carriers may not be willing to invest the time and resources required to train their staff to effectively market our subscriptions.

To deliver our subscriptions, we rely on third parties for our network connectivity and for certain of the features in our subscriptions.

We currently use the infrastructure of third-party network service providers, including CenturyLink, Inc. and Bandwidth.com, Inc. in North America and several others internationally, to deliver our subscriptions over their networks. Our third-party network service providers provide access to their Internet protocol (“IP”) networks and public switched telephone networks, and provide call termination and origination services, including 911 emergency calling in the U.S. and equivalent services internationally, and local number portability for our customers. We expect that we will continue to rely heavily on third-party network service providers to provide these subscriptions for the foreseeable future.

Through our wholly-owned local exchange carrier subsidiary, RCLEC, Inc. (“RCLEC”), we also obtain certain connectivity and network services directly from incumbent local exchange carriers (“ILECs”) and from other competitive local exchange carriers (“CLECs”) in certain geographic markets at lower prices than we pay for such services through third-party network service providers. However, RCLEC also uses the infrastructure of third-party network service providers to deliver its services and the ILECs may favor themselves and their affiliates may not provide network services to us at lower prices than we could obtain through third-party CLECs, or at all. If we are unable to continue to reduce our pricing as a result of obtaining network services through our subsidiary, we may be forced to rely on other third-party network service providers and be unable to effectively lower our cost of service. Historically, our reliance on third-party networks has reduced our operating flexibility and ability to make timely service changes and control quality of service, and we expect that this will continue for the foreseeable future. If any of these network service providers stop providing us with access to their infrastructure, fail to provide these services to us on a cost-effective basis or at reasonable levels of quality and security, cease operations, or otherwise terminate these services, the delay caused by qualifying and switching to another third-party network service provider, if one is available, could have a material adverse effect on our business and results of operations.

In addition, we currently use and may in the future use third-party service providers to deliver certain features of our subscriptions. For example, although we introduced our own video and web conferencing solution in April 2020, we continue to rely in part on Zoom Video Communications for our HD video and web conferencing and screen sharing features, Bandwidth.com for our texting capabilities, and NICE inContact, Inc. for our contact center capabilities. We do not or may not in the future, have long-term contracts with certain of these third-party providers. If any of these service providers elects to stop providing us with access to their services, fails to provide these services to us on a cost-effective basis or at reasonable levels of quality and security, ceases operations, or otherwise terminates these services, the delay caused by qualifying and switching to another third-party service provider, if one is available, or building a proprietary replacement solution could have a material adverse effect on our business and results of operations.

Finally, if problems occur with any of these third-party network or service providers, it may cause errors or poor call quality in our subscriptions, and we could encounter difficulty identifying the source of the problem. These third-party network or service providers have been and will continue to be adversely impacted or overloaded by the large increase in traffic caused by the COVID-19 pandemic, which could increase our exposure to damage from service interruptions. The occurrence of errors or poor call quality in our subscriptions, whether caused by our systems or a third-party network or service provider, may result in the loss of our existing customers, delay or loss of market acceptance of our subscriptions, termination of our relationships and agreements with our resellers or carriers, or liability for failure to meet service level agreements, and may seriously harm our business and results of operations.

We rely on third-party software that may be difficult to replace or which could cause errors or failures of our subscriptions.

We rely on software licensed from certain third parties in order to offer our solutions. In some cases, we integrate third-party licensed software components into our platform. This software may not continue to be available at reasonable prices or on commercially reasonable terms, or at all. Any loss of the right to use any of this software could significantly increase our expenses and otherwise result in delays in the provisioning of our solutions until equivalent technology is either developed by us, or, if available, is identified, obtained, and integrated. Any errors or defects in third-party software could result in errors or a failure of our solutions, which could harm our business.

Interruptions or delays in service from our third-party data center hosting facilities and co-location facilities could impair the delivery of our subscriptions, require us to issue credits or pay penalties and harm our business.

We currently serve our North American customers from geographically disparate data center hosting facilities in North America, where we lease space from Equinix, Inc., and other providers, and we serve our European customers from third-party data center hosting facilities in Europe. We also use third-party co-location facilities located in various international regions to serve our customers in these regions. Certain of our solutions are hosted by third party data center facilities including Amazon Web Services, Inc. (“AWS”), NICE inContact, Inc., and Google Cloud Platform. In addition, RCLEC uses third-party co-location facilities to provide us with network services at several locations. Damage to, or failure of, these facilities, the communications network providers with whom we or they contract, or with the systems by which our communications providers allocate capacity among their customers, including us, or software errors, have in the past and could in the future result in interruptions in our services. Additionally, in connection with the addition of new data centers or expansion or consolidation of our existing data center facilities, we may move or transfer our data and our customers’ data to other data centers. Despite precautions that we take during this process, any unsuccessful data transfers may impair or cause disruptions in the delivery of our subscriptions. Interruptions in our subscriptions may reduce our revenues, may require us to issue credits or pay penalties, subject us to claims and litigation, cause customers to terminate their subscriptions and adversely affect our renewal rates and our ability to attract new customers. Our ability to attract and retain customers depends on our ability to provide customers with a highly reliable subscription and even minor interruptions in our subscriptions could harm our brand and reputation and have a material adverse effect on our business.

As part of our current disaster recovery arrangements, our North American and European infrastructure and our North American and European customers’ data is currently replicated in near real-time at data center facilities in the U.S. and Europe, respectively. We do not control the operation of these facilities or of our other data center facilities or RCLEC’s co-location facilities, and they are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures, and similar events. They may also be subject to human error or to break-ins, sabotage, acts of vandalism, and similar misconduct.

Despite precautions taken at these facilities, the occurrence of a natural disaster, public health crisis, such as the COVID-19 pandemic, human error, an act of terrorism or other unanticipated problems at these facilities could result in lengthy interruptions in our subscriptions. Even with the disaster recovery arrangements in place, our subscriptions could be interrupted.

We may also be required to transfer our servers to new data center facilities in the event that we are unable to renew our leases on acceptable terms, if at all, or the owners of the facilities decide to close their facilities, and we may incur significant costs and possible subscription interruption in connection with doing so. In addition, any financial difficulties, such as bankruptcy or foreclosure, faced by our third-party data center operators, or any of the service providers with which we or they contract may have negative effects on our business, the nature and extent of which are difficult to predict. Additionally, if our data centers are unable to keep up with our increasing needs for capacity, our ability to grow our business could be materially and adversely impacted.

Failures in Internet infrastructure or interference with broadband access could cause current or potential users to believe that our systems are unreliable, possibly leading our customers to switch to our competitors or to avoid using our subscriptions.

Unlike traditional communications services, our subscriptions depend on our customers’ high-speed broadband access to the Internet. Increasing numbers of users and increasing bandwidth requirements may degrade the performance of our services and applications due to capacity constraints and other Internet infrastructure limitations. As our customer base grows and their usage of our services increases, we will be required to make additional investments in network capacity to maintain adequate data transmission speeds, the availability of which may be limited, or the cost of which may be on terms unacceptable to us. If adequate capacity is not available to us as our customers’ usage increases, our network may be unable to achieve or

maintain sufficiently high reliability or performance. In addition, if Internet access service providers have outages or deteriorations in their quality of service, our customers will not have access to our subscriptions or may experience a decrease in the quality of our services. Frequent or persistent interruptions could cause current or potential users to believe that our systems or services are unreliable, leading them to switch to our competitors or to avoid our subscriptions, and could permanently harm our reputation and brands.

In addition, users who access our subscriptions and applications through mobile devices, such as smartphones and tablets, must have a high-speed connection, such as Wi-Fi, 3G, 4G, 5G, or LTE, to use our services and applications. Currently, this access is provided by companies that have significant and increasing market power in the broadband and Internet access marketplace, including incumbent phone companies, cable companies, and wireless companies. Some of these providers offer solutions and subscriptions that directly compete with our own offerings, which can potentially give them a competitive advantage. Also, these providers could take measures that degrade, disrupt or increase the cost of user access to third-party services, including our subscriptions, by restricting or prohibiting the use of their infrastructure to support or facilitate third-party services or by charging increased fees to third parties or the users of third-party services, any of which would make our subscriptions less attractive to users, and reduce our revenues.

Further, in January 2018, the Federal Communications Commission (the “FCC”) released an order reclassifying broadband Internet access as an information service, subject to certain provisions of Title I of the Communications Act. Among other things, the order eliminates rules adopted in 2015 that prohibited broadband providers from blocking, impairing, or degrading access to legal content, applications, services, or non-harmful devices, or engaging in the practice of paid prioritization, e.g., the favoring of some lawful Internet traffic over other traffic in exchange for higher payments. The order was contested in federal court, was largely affirmed by a three-judge panel; the request for rehearing was denied and the parties declined to appeal the decision to the Supreme Court. A number of states have enacted or are considering legislation or executive actions that would regulate the conduct of broadband providers. We cannot predict whether the FCC order or state initiatives will be modified, overturned, or vacated by legal action of the court, federal or state legislation, or the FCC. Under the new FCC rules, broadband Internet access providers may be able to charge web-based services such as ours for priority access to customers, which could result in increased costs and a loss of existing users, impair our ability to attract new users, and materially and adversely affect our business and opportunities for growth.

Interruptions in our services caused by undetected errors, failures, or bugs in our subscriptions could harm our reputation, result in significant costs to us, and impair our ability to sell our subscriptions.

Our subscriptions may have errors or defects that customers identify after they begin using them that could result in unanticipated interruptions of service. Internet-based services frequently contain undetected errors and bugs when first introduced or when new versions or enhancements are released. While the substantial majority of our customers are small and medium-sized businesses, the use of our subscriptions in complicated, large-scale network environments may increase our exposure to undetected errors, failures, or bugs in our subscriptions. Although we test our subscriptions to detect and correct errors and defects before their general release, we have, from time to time, experienced significant interruptions in our subscriptions as a result of such errors or defects and may experience future interruptions of service if we fail to detect and correct these errors and defects. The costs incurred in correcting such defects or errors may be substantial and could harm our results of operations. In addition, we rely on hardware purchased or leased and software licensed from third parties to offer our subscriptions.

Any defects in, or unavailability of, our or third-party software or hardware that cause interruptions of our subscriptions could, among other things:

- cause a reduction in revenues or delay in market acceptance of our subscriptions;
- require us to pay penalties or issue credits or refunds to our customers, resellers, or carriers, or expose us to claims for damages;
- cause us to lose existing customers and make it more difficult to attract new customers;
- divert our development resources or require us to make extensive changes to our software, which would increase our expenses and slow innovation;
- increase our technical support costs; and
- harm our reputation and brand.

We rely on third parties, including third parties outside the U.S., for some of our software development, quality assurance, operations, and customer support.

We currently depend on various third parties for some of our software development efforts, quality assurance, operations, and customer support services. Specifically, we outsource some of our software development and design, quality assurance, and operations activities to third-party contractors that have employees and consultants located in St. Petersburg, Russia, Odessa, Ukraine, and Manila, the Philippines. In addition, we outsource a portion of our customer support, inside sales and network operation control functions to third-party contractors located in Manila, the Philippines. Our dependence on third-party contractors creates a number of risks, in particular, the risk that we may not maintain service quality, control, or effective management with respect to these business operations. These third parties have been and will continue to be adversely impacted by the COVID-19 pandemic as a result of widespread illness and disruptions or restrictions on employees' ability to work, which may continue to affect their ability to perform satisfactorily or at all.

In addition, recent political and military events in Ukraine, poor relations between the U.S. and Russia, and sanctions by the U.S. and the EU against Russia could have an adverse impact on our third-party software development and quality assurance operations in Ukraine and Russia. Additionally, we rely on purchased or leased hardware and software licensed from third parties in order to offer our subscriptions, and in some cases, we integrate third-party licensed software components into our platform. Any errors or defects in third-party hardware or software could result in errors or a failure of our subscriptions which could harm our business.

We anticipate that we will continue to depend on these and other third-party relationships in order to grow our business for the foreseeable future. If we are unsuccessful in maintaining existing and, if needed, establishing new relationships with third parties, our ability to efficiently operate existing services or develop new services and provide adequate customer support could be impaired, and, as a result, our competitive position or our results of operations could suffer.

A cyber-attack, information security breach or denial of service event could delay or interrupt service to our customers, harm our reputation, or subject us to significant liability.

Our operations depend on our ability to protect our production and corporate information technology services from interruption or damage from unauthorized entry, computer malware or other events beyond our control. We have, from time to time, been subject to communications fraud and cyber-attacks by malicious actors, and denial of service events, and we may be subject to similar attacks in the future. We cannot assure you that our backup systems, regular data backups, security controls and other procedures currently in place, or that may be in place in the future, will be adequate to prevent significant damage, system failure, service outages, data breach, data loss, or increased charges from our technology vendors.

Also, our subscriptions are web-based. The amount of data we store for our users increases as our business grows. We host services, which includes hosting customer data, both in co-located data centers and in multiple public cloud services. Our solutions allow users to store files, tasks, calendar events, messages and other data indefinitely on our services or as may be directed by our customers. We also maintain sensitive data related to our technology and business, and that of our employees, strategic partners, and customers, including intellectual property, proprietary business information and personally identifiable information (also called personal data) on our own systems and in multiple vendors' cloud services. As a result of maintaining larger volumes of data and user files and/or as a result of our continued movement up market, or movement into new customer segments and acquisition of larger and more recognized customers, we may become more of a target for hackers, nation states and other malicious actors.

In addition, we use third-party vendors which, in some cases, have access to our data and our customers' data. We employ layered security measures and have a means of working with third parties who report vulnerabilities to us. Despite the implementation of security measures by us or our vendors, our computing devices, infrastructure, or networks, or our vendors' computing devices, infrastructure, or networks, may be vulnerable to hackers, computer viruses, worms, other malicious software programs, or similar disruptive problems that are caused by or through a security weakness or vulnerability in our or our vendors' infrastructure, network, or business practices or our or our vendors' customers, employees, business partners, consultants, or other Internet users who attempt to invade our or our vendors' corporate and personal computers, tablets, mobile devices, software, data networks, or voice networks. If there is a security weakness or vulnerability in our, our vendors', or our customers' infrastructure, networks, or business practices that is successfully targeted, we could face increased costs, liability claims, including contractual liability claims relating to security obligations in agreements with our partners and our customers, fines, claims, investigations and other proceedings, reduced revenue, or harm to our reputation or competitive position. In addition, even if not targeted, in strengthening our security controls or in remediating security vulnerabilities, we could incur increased costs and capital expenditures. The COVID-19 pandemic is generally increasing the attack surface available to

criminals, as more companies and individuals work online, and as such, the risk of a cybersecurity incident potentially occurring, and our investment in risk mitigations against such an incident, is increasing. Also, cyber-attacks, including on the supply chain, appear to be increasing in sophistication. For example, while we do not use SolarWinds products in our environment, we have evaluated our internal systems and networks and found no evidence of unauthorized access to customer data as a result of the issue. We continue to investigate, including reaching out to our third party supply chain partners to understand whether there have been impacts to vendors in our supply chain. We continue to monitor for insights to enhance our code review and security-by-design process to help prevent a similar incident. We cannot provide assurances that our preventative efforts will be successful.

Further, in some cases we do not have in place disaster recovery facilities for certain ancillary services, such as email delivery of messages. We rely on encryption and authentication technology to ensure secure transmission of and access to confidential information, including customer credit card numbers, debit card numbers, direct debit information, customer communications, and files uploaded by our customers. Advances in computer capabilities, new discoveries in the field of cryptography, discovery of software bugs or vulnerabilities, discovery of hardware bugs or vulnerabilities, social engineering activities, or other developments may result in a compromise or breach of the technology we use to protect our data and our customer data, or of the data itself.

Additionally, third parties have attempted in the past, and may attempt in the future, to induce domestic and international employees, consultants, or customers into disclosing sensitive information, such as user names, provisioning data, customer proprietary network information (“CPNI”) or other information in order to gain access to our customers’ user accounts or data, or to our data. CPNI includes information such as the phone numbers called by a customer, the frequency, duration, and timing of such calls, and any services purchased by the consumer, such as call waiting, call forwarding, and caller ID, in addition to other information that may appear on a customer’s bill. Third parties may also attempt to induce employees, consultants, or customers into disclosing sensitive information regarding our intellectual property and other confidential business information, our customers, the customer information we hold, or our information technology systems. In addition, the techniques used to obtain unauthorized access, to perform hacking, phishing and social engineering, or to sabotage systems change and evolve frequently and may not be recognized until launched against a target, may be new and previously unknown or little-known, or may not be detected or understood until well after such actions are conducted. We may be unable to anticipate these techniques or to implement adequate preventative measures, and any security breach or other incident may take longer than expected to remediate or otherwise address. Any system failure or security breach that causes interruptions or data loss in our operations or in the computer systems of our customers or leads to the misappropriation of our or our customers’ confidential or personal information could result in significant liability to us, loss of our intellectual property, cause our subscriptions to be perceived as not being secure, cause considerable harm to us and our reputation (including requiring notification to customers, regulators, or the media), and deter current and potential customers from using our subscriptions. Any of these events could have a material adverse effect on our business, results of operations, and financial condition.

It is critical to our business that our information and our employees’, strategic partners’, and customers’ sensitive information remains secure and that our customers perceive that this information is secure. An information security incident could result in unauthorized access to, loss of, or unauthorized disclosure of such information. A cybersecurity breach could expose us to litigation, indemnity obligations, government investigations, contractual liability, and other possible liabilities. Additionally, a cyber-attack or other information security incident, whether actual or perceived, could result in negative publicity, which could harm our reputation and reduce our customers’ confidence in the effectiveness of our solutions, which could materially and adversely affect our business and operating results. A breach of our security systems could also expose us to increased costs, including remediation costs, disruption of operations, or increased cybersecurity protection costs, that may have a material adverse effect on our business. In addition, a cybersecurity breach of our customers’ systems can also result in exposure of their authentication credentials, unauthorized access to their accounts, exposure of their account information and data (including CPNI), and fraudulent calls on their accounts, which can subsequently have similar actual or perceived impacts to us as described above. A cybersecurity breach of our partners’ or vendors’ systems can result in similar actual or perceived impacts.

While we maintain cybersecurity insurance, our insurance may be insufficient to cover all liabilities incurred by privacy or security incidents. We also cannot be certain that our insurance coverage will be adequate for data handling or data security liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that an insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, operating results, and reputation.

Laws, regulations, and enforcement actions relating to security and privacy of information continue to evolve. We have incurred and expect to continue to incur significant expenses to prevent security incidents. It is possible that, in order to support changes to applicable laws and to support our expansion of sales into new geographic areas or into new industry segments, we will need to increase or change our cybersecurity systems and expenditures. Further, it is possible that changes to laws and regulations relating to security and privacy may make it more expensive to operate in certain jurisdictions and may increase the risk of our non-compliance with such changing laws and regulations.

Potential problems with our information systems could interfere with our business and operations.

We rely on our information systems and those of third parties for processing customer orders, distribution of our subscriptions, billing our customers, processing credit card transactions, customer relationship management, supporting financial planning and analysis, accounting functions and financial statement preparation, and otherwise running our business. Information systems may experience interruptions, including interruptions of related services from third-party providers, which may be beyond our control. Such business interruptions could cause us to fail to meet customer requirements. All information systems, both internal and external, are potentially vulnerable to damage or interruption from a variety of sources, including without limitation, computer viruses, security breaches, energy blackouts, natural disasters, terrorism, war, telecommunication failures, employee or other theft, and third-party provider failures. In addition, since telecommunications billing is inherently complex and requires highly sophisticated information systems to administer, our internally developed billing system, which is currently being implemented, may experience errors or we may improperly operate the system, which could result in the system incorrectly calculating the fees owed by our customers for our subscriptions or related taxes and administrative fees. Any such errors in our customer billing could harm our reputation and cause us to violate truth in billing laws and regulations. Our current internally developed billing system requires us to process an increasing number of invoices manually, which could result in billing errors. Any errors or disruption in our information systems and those of the third parties upon which we rely could have a significant impact on our business. In addition, we may implement further and enhanced information systems in the future to meet the demands resulting from our growth and to provide additional capabilities and functionality. The implementation of new systems and enhancements is frequently disruptive to the underlying business of an enterprise, and can be time-consuming and expensive, increase management responsibilities, and divert management attention.

We depend largely on the continued services of our senior management and other highly-skilled employees, and if we are unable to hire, retain, manage and motivate our employees, we may not be able to grow effectively and our business, results of operations and financial condition could be adversely affected.

Our future performance depends on the continued services and contributions of our senior management and other key employees to execute on our business plan, and to identify and pursue opportunities and services innovations. The loss of services of senior management or other key employees could significantly delay or prevent the achievement of our development and strategic objectives. In particular, we depend to a considerable degree on the vision, skills, experience, and effort of our co-founder, Chairman and Chief Executive Officer, Vladimir Shmunis. None of our executive officers or other senior management personnel is bound by a written employment agreement and any of them may therefore terminate employment with us at any time with no advance notice. The replacement of any of these senior management personnel would likely involve significant time and costs, and such loss could significantly delay or prevent the achievement of our business objectives. The loss of the services of our senior management or other key employees for any reason could adversely affect our business, financial condition, or results of operations.

Our future success also depends on our ability to continue to attract and retain highly skilled personnel. We believe that there is, and will continue to be, intense competition for highly skilled technical and other personnel with experience in our industry in the San Francisco Bay Area, where our headquarters is located, in Denver, Colorado, where our U.S. sales and customer support office and our network operations center is located, and in other locations where we maintain offices. In addition, changes to U.S. immigration policies, particularly to H-1B and other visa programs, and restrictions on travel (including but not limited to current travel restrictions due to the COVID-19 pandemic) could restrain the flow of technical and professional talent into the U.S. and may inhibit our ability to hire qualified personnel. We must provide competitive compensation packages and a high-quality work environment to hire, retain, and motivate employees. If we are unable to retain and motivate our existing employees and attract qualified personnel to fill key positions, we may be unable to manage our business effectively, including the development, marketing, and sale of existing and new subscriptions, which could have a material adverse effect on our business, financial condition, and results of operations. To the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited or divulged proprietary or other confidential information. Volatility in, or lack of performance of, our stock price may also affect our ability to attract and retain key personnel.

Increased customer turnover, or costs we incur to retain and upsell our customers, could materially and adversely affect our financial performance.

Although we have entered into long-term contracts with larger customers, those customers who do not have long-term contracts with us may terminate their subscriptions at any time without penalty or early termination charges. We cannot accurately predict the rate of customer terminations or average monthly subscription cancellations or failures to renew, which we refer to as turnover. Our customers with subscription agreements have no obligation to renew their subscriptions for our service after the expiration of their initial subscription period, which is typically between one and three years. In the event that these customers do renew their subscriptions, they may choose to renew for fewer users, shorter contract lengths, or for a less expensive subscription plan or edition. We cannot predict the renewal rates for customers that have entered into subscription contracts with us.

Customer turnover, as well as reductions in the number of users for which a customer subscribes, each could have a significant impact on our results of operations, as does the cost we incur in our efforts to retain our customers and encourage them to upgrade their subscriptions and increase their number of users. Our turnover rate could increase in the future if customers are not satisfied with our subscriptions, the value proposition of our subscriptions or our ability to otherwise meet their needs and expectations. Turnover and reductions in the number of users for whom a customer subscribes may also increase due to factors beyond our control, including the failure or unwillingness of customers to pay their monthly subscription fees due to financial constraints and the impact of a slowing economy. In addition, any economic downturn resulting from the COVID-19 pandemic could cause financial hardship for our customers, decrease technology spending and materially and negatively impact our customers' willingness to enter into or renew subscriptions with us, or cause our customers to seek a decrease in the number of users or solutions for which they subscribe. For example, to address customer hardships, in vertical markets most impacted by COVID-19, such as retail and hospitality, we are actively working with some customers to provide greater flexibility to manage challenges they are facing, but we cannot be assured that they will not reduce their number of users or terminate their subscriptions altogether. Due to turnover and reductions in the number of users for whom a customer subscribes, we must acquire new customers, or acquire new users within our existing customer base, on an ongoing basis simply to maintain our existing level of customers and revenues. If a significant number of customers terminate, reduce, or fail to renew their subscriptions, we may be required to incur significantly higher marketing expenditures than we currently anticipate in order to increase the number of new customers or to upsell existing customers, and such additional marketing expenditures could harm our business and results of operations.

Our future success also depends in part on our ability to sell additional subscriptions and additional functionalities to our current customers. This may require increasingly sophisticated and more costly sales efforts and a longer sales cycle. Any increase in the costs necessary to upgrade, expand and retain existing customers could materially and adversely affect our financial performance. If our efforts to convince customers to add users and, in the future, to purchase additional functionalities are not successful, our business may suffer. In addition, such increased costs could cause us to increase our subscription rates, which could increase our turnover rate.

If we are unable to attract new customers to our subscriptions or upsell to those customers on a cost-effective basis, our business will be materially and adversely affected.

In order to grow our business, we must continue to attract new customers and expand the number of users in, and services provided to, our existing customer base on a cost-effective basis. We use and periodically adjust the mix of advertising and marketing programs to promote our subscriptions. Significant increases in the pricing of one or more of our advertising channels would increase our advertising costs or may cause us to choose less expensive and perhaps less effective channels to promote our subscriptions. As we add to or change the mix of our advertising and marketing strategies, we may need to expand into channels with significantly higher costs than our current programs, which could materially and adversely affect our results of operations. In addition, the COVID-19 pandemic and global slowdown of economic activity has and will continue to disrupt our sales channels and our ability to attract new customers, which may require us to adjust our advertising and marketing programs or make further investments in these programs. We will incur advertising and marketing expenses in advance of when we anticipate recognizing any revenues generated by such expenses, and we may fail to otherwise experience an increase in revenues or brand awareness as a result of such expenditures. We have made in the past, and may make in the future, significant expenditures and investments in new advertising campaigns, and we cannot assure you that any such investments will lead to the cost-effective acquisition of additional customers. If we are unable to maintain effective advertising programs, our ability to attract new customers could be materially and adversely affected, our advertising and marketing expenses could increase substantially, and our results of operations may suffer.

Some of our potential customers learn about us through leading search engines, such as Google, Yahoo!, and Bing. While we employ search engine optimization and search engine marketing strategies, our ability to maintain and increase the number of visitors directed to our website is not entirely within our control. If search engine companies modify their search algorithms in a manner that reduces the prominence of our listing, or if our competitors' search engine optimization efforts are more successful than ours, or if search engine companies restrict or prohibit us from using their services, fewer potential customers may click through to our website. In addition, the cost of purchased listings has increased in the past and may increase in the future. A decrease in website traffic or an increase in search costs could materially and adversely affect our customer acquisition efforts and our results of operations.

As a result of the COVID-19 pandemic, there has been an increase in the rate of adoption of video and web conferencing solutions; however, we cannot predict whether or for how long these patterns will continue.

A significant portion of our revenues today come from small and medium-sized businesses, which may have fewer financial resources to weather an economic downturn.

A significant portion of our revenues today come from small and medium-sized businesses. These customers may be materially and adversely affected by economic downturns to a greater extent than larger, more established businesses. These businesses typically have more limited financial resources, including capital-borrowing capacity, than larger entities. The COVID-19 pandemic has had adverse effects on economies and financial markets globally, which have particularly impacted many small and medium sized businesses. Any economic downturn resulting from the COVID-19 pandemic and preventative measures taken by governments and private business worldwide could decrease technology spending and adversely affect demand for our offerings and harm our business and results of operations. Although the U.S. government and others throughout the world have taken steps to provide monetary and fiscal assistance to individuals and businesses affected by the pandemic, it is unclear whether government actions will successfully avert or mitigate any economic downturn. As the majority of our customers pay for our subscriptions through credit and debit cards, weakness in certain segments of the credit markets and in the U.S. and global economies has resulted in and may in the future result in increased numbers of rejected credit and debit card payments, which could materially affect our business by increasing customer cancellations and impacting our ability to engage new small and medium-sized customers. If small and medium-sized businesses experience financial hardship as a result of a weak economy, industry consolidation or for any other reason, the overall demand for our subscriptions could be materially and adversely affected.

We face significant risks in our strategy to target medium-sized and larger businesses for sales of our subscriptions and, if we do not manage these efforts effectively, our business and results of operations could be materially and adversely affected.

Sales to medium-sized and larger businesses continue to grow in both absolute dollars and as a percentage of our total sales. As we continue to target more of our sales efforts to medium-sized and larger businesses, we expect to incur higher costs and longer sales cycles and we may be less effective at predicting when we will complete these sales. In these market segments, the decision to purchase our subscriptions generally requires the approval of more technical personnel and management levels within a potential customer's organization, and therefore, these types of sales require us to invest more time educating these potential customers about the benefits of our subscriptions. In addition, larger customers may demand more features, integration services, and customization, and may require highly skilled sales and support personnel. Our investment in marketing our subscriptions to these potential customers may not be successful, which could significantly and adversely affect our results of operations and our overall ability to grow our customer base. Furthermore, many medium-sized and larger businesses that we target for sales may already purchase business communications solutions from our larger competitors. As a result of these factors, these sales opportunities may require us to devote greater research and development resources and sales support to individual customers, and invest in hiring and retaining highly skilled personnel, resulting in increased costs and could likely lengthen our typical sales cycle, which could strain our sales and support resources. Moreover, these larger transactions may require us to delay recognizing the associated revenues we derive from these customers until any technical or implementation requirements have been met.

Support for smartphones and tablets are an integral part of our solutions. If we are unable to develop robust mobile applications that operate on mobile platforms that our customers use, our business and results of operations could be materially and adversely affected.

Our solutions allow our customers to use and manage our cloud-based business communications solution on smart devices. As new smart devices and operating systems are released, we may encounter difficulties supporting these devices and services, and we may need to devote significant resources to the creation, support, and maintenance of our mobile applications.

In addition, if we experience difficulties in the future integrating our mobile applications into smart devices or if problems arise with our relationships with providers of mobile operating systems, such as those of Apple Inc. or Alphabet Inc. (the parent company of Google Inc.), our future growth and our results of operations could suffer.

If we are unable to develop, license, or acquire new services or applications on a timely and cost-effective basis, our business, financial condition, and results of operations may be materially and adversely affected.

The cloud-based business communications industry is an emerging market that is characterized by rapid development of and changes in customer requirements, frequent introductions of new and enhanced services, and continuing and rapid technological advancement. We cannot predict the effect of technological changes on our business, and the market for cloud-based business communications may develop more slowly than we anticipate, or develop in a manner different than we expect, and our solutions could fail to achieve market acceptance. Our continued growth depends on continued use of voice and video communications by businesses, as compared to email and other data-based methods, and future demand for and adoption of Internet voice and video communications systems and services. In addition, to compete successfully in this emerging market, we must anticipate and adapt to technological changes and evolving industry standards, and continue to design, develop, manufacture, and sell new and enhanced services that provide increasingly higher levels of performance and reliability at lower cost. Currently, we derive a majority of our revenues from subscriptions to RingCentral Office, and we expect this will continue for the foreseeable future. However, our future success will also depend on our ability to introduce and sell new services, features, and functionality that enhance or are beyond the subscriptions we currently offer, as well as to improve usability and support and increase customer satisfaction. Our failure to develop solutions that satisfy customer preferences in a timely and cost-effective manner may harm our ability to renew our subscriptions with existing customers and create or increase demand for our subscriptions and may materially and adversely impact our results of operations.

The introduction of new services by competitors or the development of entirely new technologies to replace existing offerings could make our solutions obsolete or adversely affect our business and results of operations. Announcements of future releases and new services and technologies by our competitors or us could cause customers to defer purchases of our existing subscriptions, which also could have a material adverse effect on our business, financial condition or results of operations. We may experience difficulties with software development, operations, design, or marketing that could delay or prevent our development, introduction, or implementation of new or enhanced services and applications. We have in the past experienced delays in the planned release dates of new features and upgrades and have discovered defects in new services and applications after their introduction. We cannot assure you that new features or upgrades will be released according to schedule, or that, when released, they will not contain defects. Either of these situations could result in adverse publicity, loss of revenues, delay in market acceptance, or claims by customers brought against us, all of which could harm our reputation, business, results of operations, and financial condition. Moreover, the development of new or enhanced services or applications may require substantial investment, and we must continue to invest a significant amount of resources in our research and development efforts to develop these services and applications to remain competitive. We do not know whether these investments will be successful. If customers do not widely adopt any new or enhanced services and applications, we may not be able to realize a return on our investment. If we are unable to develop, license, or acquire new or enhanced services and applications on a timely and cost-effective basis, or if such new or enhanced services and applications do not achieve market acceptance, our business, financial condition, and results of operations may be materially and adversely affected.

If we fail to continue to develop our brand or our reputation is harmed, our business may suffer.

We believe that continuing to strengthen our current brand will be critical to achieving widespread acceptance of our subscriptions and will require continued focus on active marketing efforts. The demand for and cost of online and traditional advertising have been increasing and may continue to increase. Accordingly, we may need to increase our investment in, and devote greater resources to, advertising, marketing, and other efforts to create and maintain brand loyalty among users. Brand promotion activities may not yield increased revenues, and even if they do, any increased revenues may not offset the expenses incurred in building our brand. In addition, if we do not handle customer complaints effectively, our brand and reputation may suffer, we may lose our customers' confidence, and they may choose to terminate, reduce or not to renew their subscriptions. Many of our customers also participate in social media and online blogs about Internet-based software solutions, including our subscriptions, and our success depends in part on our ability to minimize negative and generate positive customer feedback through such online channels where existing and potential customers seek and share information. If we fail to sufficiently invest in, promote and maintain our brand, our business could be materially and adversely affected.

If we experience excessive fraudulent activity or cannot meet evolving credit card association merchant standards, we could incur substantial costs and lose the right to accept credit cards for payment, which could cause our customer base to decline significantly.

Most of our customers authorize us to bill their credit card accounts directly for service fees that we charge. If customers pay for our subscriptions with stolen credit cards, we could incur substantial third-party vendor costs for which we may not be reimbursed. Further, our customers provide us with credit card billing information online or over the phone, and we do not review the physical credit cards used in these transactions, which increases our risk of exposure to fraudulent activity. We also incur charges, which are referred to in the industry as chargebacks, from the credit card companies from claims that a customer did not authorize the specific credit card transaction to purchase our subscription. If the number of chargebacks becomes excessive, we could be assessed substantial fines or be charged higher transaction fees, and we could lose the right to accept credit cards for payment. In addition, credit card issuers may change merchant and/or service provider standards, including data protection standards, required to utilize their services from time to time. We have established and implemented measures intended to comply with the Payment Card Industry Data Security Standard (“PCI DSS”) in the U.S., Canada, and the U.K. If we fail to maintain compliance with such standards or fail to meet new standards, the credit card associations could fine us or terminate their agreements with us, and we would be unable to accept credit cards as payment for our subscriptions. If we fail to maintain compliance with current service provider standards, such as PCI DSS, or fail to meet new standards, customers may choose not to use our services for certain types of communication they have with their customers. If such a failure to comply with relevant standards occurs, we may also face legal liability if we are found to not comply with applicable laws that incorporate, by reference or by adoption of substantially similar provisions, merchant or service provider standards, including PCI DSS. Our subscriptions may also be subject to fraudulent usage, including but not limited to revenue share fraud, domestic traffic pumping, subscription fraud, premium text message scams, and other fraudulent schemes. This usage can result in, among other things, substantial bills from our vendors, for which we would be responsible, for terminating fraudulent call traffic. In addition, third parties may have attempted in the past, and may attempt in the future, to induce employees, sub-contractors, or consultants into disclosing customer credentials and other account information, which can result in unauthorized access to customer accounts and customer data, unauthorized use of customers’ services, charges to customers for fraudulent usage and costs that we must pay to carriers. Although we implement multiple fraud prevention and detection controls, we cannot assure you that these controls will be adequate to protect against fraud. Substantial losses due to fraud or our inability to accept credit card payments could cause our paid customer base to significantly decrease, which would have a material adverse effect on our results of operations, financial condition, and ability to grow our business.

We are in the process of expanding our international operations, which exposes us to significant risks.

We have significant operations in the U.S., Canada, the U.K., Russia, China, Ukraine, the Philippines and France. We also sell our solutions to customers in other countries in the EU and in Australia, and we expect to grow our international presence in the future. The future success of our business will depend, in part, on our ability to expand our operations and customer base worldwide. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic, and political risks that are different from those in the U.S. Due to our limited experience with international operations and developing and managing sales and distribution channels in international markets, our international expansion efforts may not be successful. In addition, we will face risks in doing business internationally that could materially and adversely affect our business, including:

- our ability to comply with differing and evolving technical and environmental standards, telecommunications regulations, and certification requirements outside the U.S.;
- difficulties and costs associated with staffing and managing foreign operations;
- our ability to effectively price our subscriptions in competitive international markets;
- potentially greater difficulty collecting accounts receivable and longer payment cycles;
- the need to adapt and localize our subscriptions for specific countries;
- the need to offer customer care in various native languages;
- reliance on third parties over which we have limited control, including those that market and resell our subscriptions;
- availability of reliable broadband connectivity and wide area networks in targeted areas for expansion;
- lower levels of adoption of credit or debit card usage for Internet related purchases by foreign customers and compliance with various foreign regulations related to credit or debit card processing and data protection requirements;
- difficulties in understanding and complying with local laws, regulations, and customs in foreign jurisdictions;
- restrictions on travel to or from countries in which we operate or inability to access certain areas;
- export controls and economic sanctions;

- changes in diplomatic and trade relationships, including tariffs and other non-tariff barriers, such as quotas and local content rules;
- U.S. government trade restrictions, including those which may impose restrictions, including prohibitions, on the exportation, re-exportation, sale, shipment or other transfer of programming, technology, components, and/or services to foreign persons;
- our ability to comply with different and evolving laws, rules, and regulations, including the European General Data Protection Regulation (the “GDPR”) and other data privacy and data protection laws, rules and regulations;
- compliance with various anti-bribery and anti-corruption laws such as the Foreign Corrupt Practices Act and U.K. Bribery Act of 2010;
- more limited protection for intellectual property rights in some countries;
- adverse tax consequences;
- fluctuations in currency exchange rates;
- exchange control regulations, which might restrict or prohibit our conversion of other currencies into U.S. dollars;
- restrictions on the transfer of funds;
- new and different sources of competition;
- natural disasters or global health crises, including the ongoing COVID-19 pandemic;
- political and economic instability created by the U.K.'s departure from the EU (“Brexit”); and
- deterioration of political relations between the U.S. and other countries in which we operate, particularly Russia, Ukraine, China, and the Philippines; or
- political or social unrest, economic instability, conflict or war in such countries, or sanctions implemented by the U.S. against these countries, all of which could have a material adverse effect on our operations.

Our failure to manage any of these risks successfully could harm our future international operations and our overall business.

We may expand through acquisitions of, investments in, or strategic partnerships or other strategic transactions with other companies, each of which may divert our management's attention, result in additional dilution to our stockholders, increase expenses, disrupt our operations, and harm our results of operations.

Our business strategy may, from time to time, include acquiring or investing in complementary services, technologies or businesses, strategic investments and partnerships, or other strategic transactions, such as our acquisitions of Dimelo SA and Connect First, and our investment in and strategic partnerships with Avaya, Atos, ALE and Vodafone. We cannot assure you that we will successfully identify suitable acquisition candidates or transaction counterparties, securely or effectively integrate or manage disparate technologies, lines of business, personnel and corporate cultures, realize our business strategy or the expected return on our investment, or manage a geographically dispersed company. Any such acquisition, investment, strategic partnership, or other strategic transaction could materially and adversely affect our results of operations. The process of negotiating, effecting, and realizing the benefits from acquisitions, investments, strategic partnerships, and strategic transactions is complex, expensive and time-consuming, and may cause an interruption of, or loss of momentum in, development and sales activities and operations of both companies, and we may incur substantial cost and expense, as well as divert the attention of management. We may issue equity securities which could dilute current stockholders’ ownership, incur debt, assume contingent or other liabilities and expend cash in acquisitions, investments, strategic partnerships, and other strategic transactions which could negatively impact our financial position, stockholder equity, and stock price.

Acquisitions, investments, strategic partnerships, and other strategic transactions involve significant risks and uncertainties, including:

- the potential failure to achieve the expected benefits of the acquisition, investment, strategic partnership, or other strategic transaction;
- unanticipated costs and liabilities;
- difficulties in integrating new solutions and subscriptions, software, businesses, operations, and technology infrastructure in an efficient and effective manner;
- difficulties in maintaining customer relations;
- the potential loss of key employees of any acquired businesses;
- the diversion of the attention of our senior management from the operation of our daily business;

- the potential adverse effect on our cash position to the extent that we use cash for the transaction consideration;
- the potential significant increase of our interest expense, leverage, and debt service requirements if we incur additional debt to pay for an acquisition, investment, strategic partnership, or other strategic transaction;
- the potential issuance of securities that would dilute our stockholders' percentage ownership;
- the potential to incur large and immediate write-offs and restructuring and other related expenses;
- the potential liability or expenses associated with new types of data stored, existing security obligations or liabilities, unknown weaknesses in our solutions, insufficient security measures in place, and compromise of our networks via access to our systems from assets not previously under our control; and
- the inability to maintain uniform standards, controls, policies, and procedures.

Any acquisition, investment, strategic partnership, or other strategic transaction could expose us to unknown liabilities. Moreover, we cannot assure you that we will realize the anticipated benefits of any acquisition, investment, strategic partnership, or other strategic transaction. In addition, our inability to successfully operate and integrate newly acquired businesses or newly formed strategic partnerships appropriately, effectively, and in a timely manner could impair our ability to take advantage of future growth opportunities and other advances in technology, as well as on our revenues, gross margins, and expenses.

For example, in connection with our strategic partnership with Avaya, we purchased \$125.0 million of Avaya Series A Preferred Stock and made an advance of \$375.0 million, predominantly for future fees, as well as for certain licensing rights (paid primarily in our Class A Common Stock). These are significant investments on which we may not realize the anticipated benefits for various reasons, including a lack of success in the marketing and sale of ACO, potential or actual financial distress, insolvency, or bankruptcy of Avaya or any of its subsidiaries, or other facts or circumstances that may limit our ability to recover, or realize benefits from, these investments.

We may be subject to liabilities on past sales for taxes, surcharges, and fees and our operating results may be harmed if we are required to collect such amounts in jurisdictions where we have not historically done so.

We believe we collect state and local sales tax and use, excise, utility user, and ad valorem taxes, fees, or surcharges in all relevant jurisdictions in which we generate sales, based on our understanding of the applicable laws in those jurisdictions. Such tax, fees and surcharge laws and rates vary greatly by jurisdiction, and the application of such taxes to e-commerce businesses, such as ours, is a complex and evolving area. There is uncertainty as to what constitutes sufficient "in state presence" for a state to levy taxes, fees, and surcharges for sales made over the Internet, and after the U.S. Supreme Court's ruling in *South Dakota v. Wayfair*, U.S. states may require an online retailer with no in-state property or personnel to collect and remit sales tax on sales to the state's residents, which may permit wider enforcement of sales tax collection requirements. Therefore, the application of existing or future laws relating to indirect taxes to our business, or the audit of our business and operations with respect to such taxes or challenges of our positions by taxing authorities, all could result in increased tax liabilities for us or our customers that could materially and adversely affect our results of operations and our relationships with our customers.

We may be unable to use some or all of our net operating loss carryforwards, which could materially and adversely affect our reported financial condition and results of operations.

As of December 31, 2020, we have federal net operating loss carryforwards ("NOLs") of \$1.4 billion, of which \$272.9 million expire between 2023 and 2037 and the remainder do not expire. Additionally, we have state net operating loss carryforwards of \$1.1 billion which will begin to expire in 2021. We also have federal research tax credit carryforwards that will begin to expire in 2028. Realization of these net operating loss and research tax credit carryforwards depends on future income, and there is a risk that our existing carryforwards could expire unused and be unavailable to offset future income tax liabilities, which could materially and adversely affect our results of operations.

In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, our ability to utilize NOLs or other tax attributes, such as research tax credits, in any taxable year may be limited if we experience an "ownership change." An "ownership change" generally occurs if one or more stockholders or groups of stockholders, who each own at least 5% of our stock, increase their collective ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Similar rules may apply under state tax laws.

No material deferred tax assets have been recognized on our Consolidated Balance Sheets related to these NOLs, as they are fully offset by a valuation allowance. If we have previously had, or have in the future, one or more Section 382 “ownership changes,” including in connection with our initial public offering or another offering, or if we do not generate sufficient taxable income, we may not be able to utilize a material portion of our NOLs, even if we achieve profitability. If we are limited in our ability to use our NOLs in future years in which we have taxable income, we will pay more taxes than if we were able to fully utilize our NOLs. This could materially and adversely affect our results of operations.

If we are unable to effectively process local number and toll-free number portability provisioning in a timely manner, our growth may be negatively affected.

We support local number and toll-free number portability, which allows our customers to transfer to us and thereby retain their existing phone numbers when subscribing to our services. Transferring numbers is a manual process that can take up to 15 business days or longer to complete. A new customer of our subscriptions must maintain both our subscription and the customer’s existing phone service during the number transferring process. Any delay that we experience in transferring these numbers typically results from the fact that we depend on third-party carriers to transfer these numbers, a process that we do not control, and these third-party carriers may refuse or substantially delay the transfer of these numbers to us. Local number portability is considered an important feature by many potential customers, and if we fail to reduce any related delays, we may experience increased difficulty in acquiring new customers. Moreover, the FCC requires Internet voice communications providers to comply with specified number porting timeframes when customers leave our subscription for the services of another provider. Several international jurisdictions have imposed similar number portability requirements on subscription providers like us. If we or our third-party carriers are unable to process number portability requests within the requisite timeframes, we could be subject to fines and penalties. Additionally, in the U.S., both customers and carriers may seek relief from the relevant state public utility commission, the FCC, or in state or federal court for violation of local number portability requirements.

Our business could suffer if we cannot obtain or retain direct inward dialing numbers or are prohibited from obtaining local or toll-free numbers or if we are limited to distributing local or toll-free numbers to only certain customers.

Our future success depends on our ability to procure large quantities of local and toll-free direct inward dialing numbers (“DIDs”) in the U.S. and foreign countries in desirable locations at a reasonable cost and without restrictions. Our ability to procure and distribute DIDs depends on factors outside of our control, such as applicable regulations, the practices of the communications carriers that provide DIDs, the cost of these DIDs, and the level of demand for new DIDs. Due to their limited availability, there are certain popular area code prefixes that we generally cannot obtain. Our inability to acquire DIDs for our operations would make our subscriptions less attractive to potential customers in the affected local geographic areas. In addition, future growth in our customer base, together with growth in the customer bases of other providers of cloud-based business communications, has increased, which increases our dependence on needing sufficiently large quantities of DIDs.

We may not be able to manage our inventory levels effectively, which may lead to inventory obsolescence that would force us to incur inventory write-downs.

Our vendor-supplied phones have lead times of up to several months for delivery to our fulfillment agents and are built to forecasts that are necessarily imprecise. It is likely that, from time to time, we will have either excess or insufficient product inventory. In addition, because we rely on third-party vendors for the supply of our vendor-supplied phones, our inventory levels are subject to the conditions regarding the timing of purchase orders and delivery dates that are not within our control. Excess inventory levels would subject us to the risk of inventory obsolescence, while insufficient levels of inventory may negatively affect relations with customers. For instance, our customers rely upon our ability to meet committed delivery dates, and any disruption in the supply of our subscriptions could result in loss of customers or harm to our ability to attract new customers. Any reduction or interruption in the ability of our vendors to supply our customers with vendor-supplied phones, including as a result of the ongoing COVID-19 pandemic, could cause us to lose revenue, damage our customer relationships and harm our reputation in the marketplace. Any of these factors could have a material adverse effect on our business, financial condition or results of operations.

We currently depend on three phone device suppliers and two fulfillment agents to configure and deliver the phones that we sell and any delay or interruption in manufacturing, configuring and delivering by these third parties would result in delayed or reduced shipments to our customers and may harm our business.

We rely on three suppliers to provide phones that we offer for sale to our customers that use our subscriptions, and we rely on two fulfillment agents to configure and deliver the phones that we sell to our customers. Accordingly, we could be adversely affected if such third parties fail to maintain competitive phones or configuration services or fail to continue to make them available on attractive terms, or at all. These suppliers have been and will continue to be adversely impacted by the COVID-19 pandemic, which could affect their ability to perform satisfactorily or at all.

If our fulfillment agents are unable to deliver phones of acceptable quality, or if there is a reduction or interruption in their ability to supply the phones in a timely manner, our ability to bring services to market, the reliability of our subscriptions and our relationships with customers or our overall reputation in the marketplace could suffer, which could cause us to lose revenue. We expect that it could take several months to effectively transition to new third-party manufacturers or fulfillment agents.

If our vendor-supplied phones are not able to interoperate effectively with our own back-end servers and systems, our customers may not be able to use our subscriptions, which could harm our business, financial condition and results of operations.

Phones must interoperate with our back-end servers and systems, which contain complex specifications and utilize multiple protocol standards and software applications. Currently, the phones used by our customers are manufactured by only three third-party providers. If any of these providers changes the operation of their phones, we will be required to undertake development and testing efforts to ensure that the new phones interoperate with our system. In addition, we must be successful in integrating our solutions with strategic partners' devices in order to market and sell these solutions. These efforts may require significant capital and employee resources, and we may not accomplish these development efforts quickly or cost-effectively, if at all. If our vendor-supplied phones do not interoperate effectively with our system, our customers' ability to use our subscriptions could be delayed or orders for our subscriptions could be canceled, which would harm our business, financial condition, and results of operations.

We may require additional capital to pursue our business objectives and to respond to business opportunities, challenges or unforeseen circumstances. If capital is not available to us, our business, results of operations, and financial condition may be adversely affected.

We intend to continue to make expenditures and investments to support the growth of our business and may require additional capital to pursue our business objectives and respond to business opportunities, challenges, or unforeseen circumstances, including the need to develop new solutions or enhance our existing solutions, enhance our operating infrastructure, and acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. However, additional funds may not be available when we need them on terms that are acceptable to us, or at all. Any debt financing that we secure in the future could involve restrictive covenants, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. In addition, the restrictive covenants in credit facilities we may secure in the future may restrict us from being able to conduct our operations in a manner required for our business and may restrict our growth, which could have an adverse effect on our business, financial condition, or results of operations.

We cannot assure you that we will be able to comply with any such restrictive covenants. In the event that we are unable to comply with these covenants in the future, we would seek an amendment or waiver of the covenants. We cannot assure you that any such waiver or amendment would be granted. In such event, we may be required to repay any or all of our existing borrowings, and we cannot assure you that we will be able to borrow under our existing credit agreements, or obtain alternative funding arrangements on commercially reasonable terms, or at all.

In addition, volatility in the credit markets, including any due to the COVID-19 pandemic, may have an adverse effect on our ability to obtain debt financing. The conversion of our 0% convertible senior notes due 2023 (the "2023 Notes"), our 0% convertible senior notes due 2025 (the "2025 Notes") and our 0% convertible senior notes due 2026 (the "2026 Notes" and, together with the 2023 Notes and the 2025 Notes, the "Notes") and any future issuances of other equity or any future issuances of equity or convertible debt securities could result in significant dilution to our existing stockholders, and any new equity or convertible debt securities we issue could have rights, preferences, and privileges superior to those of holders of our Class A Common Stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our

ability to continue to pursue our business objectives and to respond to business opportunities, challenges, or unforeseen circumstances could be significantly limited, and our business, results of operations, financial condition and prospects could be materially and adversely affected.

Risks Related to Regulatory Matters

Our subscriptions are subject to regulation, and future legislative or regulatory actions could adversely affect our business and expose us to liability in the U.S. and internationally.

Federal Regulation

Our business is regulated by the FCC. As a communications services provider, we are subject to existing or potential FCC regulations relating to privacy, disability access, porting of numbers, maintaining records for disconnected numbers, cooperation with law enforcement, Federal Universal Service Fund (“USF”) contributions, Enhanced 911 (“E-911”), outage reporting, call authentication, call spoofing, call blocking and other requirements and regulations. FCC classification of our Internet voice communications services as telecommunications services could result in additional federal and state regulatory obligations. If we do not comply with FCC rules and regulations, we could be subject to FCC enforcement actions, fines, loss of licenses, and possibly restrictions on our ability to operate or offer certain of our subscriptions. Any enforcement action by the FCC, which may be a public process, would hurt our reputation in the industry, possibly impair our ability to sell our subscriptions to customers and could have a materially adverse impact on our revenues.

Through RCLEC, we also provide competitive local exchange carrier (“CLEC”) services which are regulated by the FCC as traditional telecommunications services. Our CLEC services depend on certain provisions of the Telecommunications Act of 1996 that require incumbent local exchange carriers (“ILECs”) to provide us facilities and services that are necessary to provide our services. Over the past several years, the FCC has reduced or eliminated a number of regulations governing ILECs’ wholesale offerings. If ILECs were no longer required by law to provide such services to us, or ceased to provide these services at reasonable rates, terms and conditions, our business could be adversely affected and our cost of providing CLEC services could increase. This could have a materially adverse impact on our results of operations and cash flows.

In addition, the federal Telephone Consumer Protection Act (“TCPA”) and FCC rules implementing the TCPA, prohibit sending unsolicited facsimile advertisements or making illegal robocalls, subject to certain exceptions. The FCC may take enforcement action against persons or entities that send “junk faxes,” or make illegal robocalls and individuals also may have a private cause of action. Although the FCC’s rules prohibiting unsolicited fax advertisements or making illegal robocalls apply to those who “send” the advertisements or make the calls, fax transmitters or other service providers that have a high degree of involvement in, or actual notice of, unlawful sending of junk faxes or making of illegal robocalls and have failed to take steps to prevent such transmissions may also face liability under the FCC’s rules, or in the case of illegal robocalls, Federal Trade Commission rules. We take significant steps designed to prevent our systems from being used to make illegal robocalls or send unsolicited faxes on a large scale, and we do not believe that we have a high degree of involvement in, or notice of, the use of our systems to broadcast junk faxes or make illegal robocalls. However, because fax transmitters and related service providers do not enjoy an absolute exemption from liability under the TCPA and related FCC rules, we could face FCC or FTC inquiry and enforcement or civil litigation, or private causes of action, if someone uses our system for such purposes. If any of these were to occur, we could be required to incur significant costs and management’s attention could be diverted. Further, if we were to be held liable for the use of our service to send unsolicited faxes or make illegal robocalls or to settle any action or proceeding, any judgment, settlement, or penalties could cause a material adverse effect on our operations.

State Regulation

States currently do not regulate our Internet voice communications subscriptions, which are considered to be nomadic because they can be used from any broadband connection. However, a number of states require us to register as a Voice over Internet Protocol (“VoIP”) provider, contribute to state USF, contribute to E-911, and pay other surcharges and annual fees that fund various utility commission programs, while others are actively considering extending their public policy programs to include the subscriptions we provide. We pass USF, E-911 fees, and other surcharges through to our customers, which may result in our subscriptions becoming more expensive or require that we absorb these costs. State public utility commissions may attempt to apply state telecommunications regulations to Internet voice communications subscriptions like ours.

RCLEC services are subject to regulation by the public utility regulatory agency in those states where we provide local telecommunications services. This regulation includes the requirement to obtain a certificate of public convenience and necessity or other similar licenses prior to offering our CLEC services. We may also be required to file tariffs that describe our CLEC services and provide rates for those services. We are also required to comply with regulations that vary by state

concerning service quality, disconnection and billing requirements. State commissions also have authority to review and approve interconnection agreements between incumbent phone carriers and CLECs such as our subsidiary.

Both we and RCLEC are also subject to state consumer protection laws, as well as U.S. state or municipal sales, use, excise, gross receipts, utility user and ad valorem taxes, fees, or surcharges.

International Regulation

As we expand internationally, we may be subject to telecommunications, consumer protection, data protection, emergency call services, and other laws, regulations, taxes, and fees in the foreign countries where we offer our subscriptions. Any foreign regulations could impose substantial compliance costs on us, restrict our ability to compete, and impact our ability to expand our service offerings in certain markets. Moreover, the regulatory environment is constantly evolving and changes to the applicable regulations could impose additional compliance costs and require modifications to our technology and operations. Internationally, we currently offer our subscriptions in Canada, the U.K., Australia, and several European countries. We also offer our Global Office solution, enabling our multinational customers in the U.S., U.K., Canada, and other locations where we sell our solutions, to establish local phone solutions in various countries internationally. We may be subject to telecommunications, consumer protection, data protection, emergency call services, call authentication, and other laws and regulations in additional countries as we continue to expand our Global Office solution internationally.

In addition, our international operations are potentially subject to country-specific governmental regulation and related actions that may increase our costs or impact our solution and service offerings or prevent us from offering or providing our solutions and subscriptions in certain countries. Certain of our subscriptions may be used by customers located in countries where VoIP and other forms of IP communications may be illegal or require special licensing or in countries on a U.S. embargo list. Even where our solutions are reportedly illegal or become illegal or where users are located in an embargoed country, users in those countries may be able to continue to use our solutions and subscriptions in those countries notwithstanding the illegality or embargo. We may be subject to penalties or governmental action if customers continue to use our solutions and subscriptions in countries where it is illegal to do so, and any such penalties or governmental action may be costly and may harm our business and damage our brand and reputation. We may be required to incur additional expenses to meet applicable international regulatory requirements or be required to discontinue those subscriptions if required by law or if we cannot or will not meet those requirements.

The increasing growth and popularity of Internet voice communications, video conferencing and messaging heighten the risk that governments will regulate or impose new or increased fees or taxes on these services. To the extent that the use of our subscriptions continues to grow, and our user base continues to expand, regulators may be more likely to seek to regulate or impose new or additional taxes, surcharges or fees on our subscriptions.

We process, store, and use personal information and other data, which subjects us and our customers to a variety of evolving international statutes, governmental regulation, industry standards and self-regulatory schemes, contractual obligations, and other legal obligations related to privacy and data protection, which may increase our costs, decrease adoption and use of our solutions and subscriptions, and expose us to liability.

In the course of providing our services, we collect, store, and process many types of data, including personal data. Moreover, our customers can use our subscriptions to store contact and other personal or identifying information, and to process, transmit, receive, store, and retrieve a variety of communications and messages, including information about their own customers and other contacts. Customers are able, and may be authorized under certain circumstances, to use our subscriptions to transmit, receive, and/or store personal information.

There are a number of federal, state, local, and foreign laws and regulations, as well as contractual obligations and industry standards, that provide for certain obligations and restrictions with respect to data privacy and security, and the collection, storage, retention, protection, use, processing, transmission, sharing, disclosure, and protection of personal information and other customer data. We expect that with the implementation of our Global Office solution, we may become subject to additional data privacy regulations in other countries throughout the world. The scope of these obligations and restrictions is changing, subject to differing interpretations, and may be inconsistent among countries or conflict with other rules, and their status remains uncertain. Failure to comply with obligations and restrictions related to data privacy and security in any jurisdiction in which we operate could subject us to lawsuits, fines, criminal penalties, statutory damages, consent decrees, injunctions, adverse publicity, and other losses that could harm our business.

For example, the GDPR, which came into force in May 2018, strengthened the existing data protection regulations in the EU and its provisions include increasing the maximum level of fines that EU regulators may impose for the most serious of

breaches to the greater of €20 million or 4% of worldwide annual turnover. Such fines would be in addition to (i) the rights of individuals to sue for damages in respect of any data privacy breach which causes them to suffer harm and (ii) the right of individual member states to impose additional sanctions over and above the administrative fines specified in the GDPR. Other examples include, but are not limited to, Canadian anti-spam legislation and Australia's Spam Act 2003, as amended.

Until recently, we used the EU-U.S. Privacy Shield framework as well as the Swiss-U.S. Privacy Shield framework and EU Standard Contractual Clauses ("Model Clauses") to protect data exports between the European Economic Area (the "EEA") and U.S. On July 16, 2020, the Court of Justice of the European Union, invalidated the EU-U.S. Privacy Shield as a mechanism to transfer EU personal data to the U.S. and imposed additional requirements for data transfers under Model Clauses. On September 8, 2020 the Federal Data Protection and Information Commissioner of Switzerland issued an opinion concluding that the Swiss-U.S. Privacy Shield did not provide an adequate level of protection for data transfers from Switzerland to the U.S. pursuant to Swiss data protection law. We are putting in place alternative data transfer mechanisms such as additional Model Clauses where we previously relied on the EU-U.S. Privacy Shield and Swiss-U.S. Privacy Shield frameworks. Data protection authorities may require measures be put in place in addition to Model Clauses for transfers to countries outside of the EEA and Switzerland. We may, in addition to other impacts, experience additional costs associated with increased compliance burdens following this decision, and we and our customers face the potential for regulators in the EEA or Switzerland to apply different standards to the transfer of personal data from the EEA or Switzerland to the U.S. and other non-EEA countries, and to block, or require ad hoc verification of measures taken with respect to, certain data flows from the EEA and Switzerland to the U.S. and other non-EEA countries. We also may be required to engage in new contract negotiations with third parties that aid in processing data on our behalf.

The future of cross-border data flows from the EEA to the U.K. following the U.K.'s exit from the EU on January 31, 2020 is uncertain. Although the transition period ended on December 31, 2020, the UK-EU Trade Cooperation Agreement delays any restrictions on cross-border data flows from the EEA to the UK for up to six months (the "Bridge"). If the EU does not provide the UK with an adequacy determination during the Bridge, it may become necessary for us to implement additional data export solutions like the Model Clauses to enable the continued flow of personal data to our U.K. operations from our EEA customers and affiliates. These solutions may take time and be challenging to put in place and, if not implemented promptly before or immediately following the Bridge, our business may be disrupted, and we may be exposed to potential regulatory fines and civil claims.

These developments and future regulatory guidance may result in a determination that the industry-standard measures we, and other companies, have taken are insufficient. Additionally, it is possible that the EU-U.S. Privacy Shield, the Swiss-U.S. Privacy Shield and/or the Model Clauses may be updated by the European Commission, the Swiss Administration, and the U.S. Department of Commerce. Should any of these prove to be the case, we will need to take any necessary and additional measures to ensure compliance with EU, Swiss and U.K. law with respect to our transfers of personal data from the EEA, Switzerland and the U.K. to the U.S. and other non-EEA countries. If we are unable to take such measures, then we may be at risk of experiencing reluctance or refusal of European or multi-national customers to use our solutions and incurring regulatory penalties, which may have an adverse effect on our business.

In the U.S., there are numerous federal and state laws governing the privacy and security of personal information. In particular, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") establishes privacy and security standards that limit the use and disclosure of individually identifiable health information and requires the implementation of administrative, physical, and technical safeguards to protect the privacy of protected health information and ensure the confidentiality, integrity, and availability of electronic protected health information by certain institutions. We act as a "Business Associate" through our relationships with certain customers and are thus directly subject to certain provisions of HIPAA. In addition, if we are unable to protect the privacy and security of protected health information, we could be found to have breached our contracts with customers with whom we have a Business Associate relationship and may also face regulatory liability. Additionally, we are subject to FCC regulations imposing obligations related to our use and disclosure of certain data related our interconnected VoIP service. If we experience a data security incident, we may be required by state law or FCC or other regulations to notify our customers and/or law enforcement. We may also be subject to Federal Trade Commission ("FTC") enforcement actions if the FTC has reason to believe we have engaged in unfair or deceptive privacy or data security practices.

Noncompliance with laws and regulations relating to privacy and security of personal information, including HIPAA, or with contractual obligations under any Business Associate agreement may lead to significant fines, civil and criminal penalties, or liabilities. The U.S. Department of Health and Human Services ("HHS") audits the compliance of Business Associates and enforces HIPAA privacy and security standards. HHS enforcement activity has become more significant over the last few years and HHS has signaled its intent to continue this trend. Violation of the FCC's privacy rules can result in large monetary forfeitures and injunctive relief. The FTC has broad authority to seek monetary redress for affected consumers and

injunctive relief. In addition to federal regulators, state attorneys general (and, in some states, individual residents) are authorized to bring civil actions seeking either injunctions or damages to the extent violations implicate the privacy of state residents. Class action lawsuits are common in the event of a data breach affecting financial or other forms of sensitive information.

Additionally, California has enacted the California Consumer Privacy Act (“CCPA”), which came into effect on January 1, 2020, with implementing regulations effective August 14, 2020. Pursuant to the CCPA, we are required, among other things, to make certain enhanced disclosures related to California residents regarding our use or disclosure of their personal information, allow California residents to opt-out of certain uses and disclosures of their personal information without penalty, provide Californians with other choices related to personal data in our possession, and obtain opt-in consent before engaging in certain uses of personal information relating to Californians under the age of 16. The California Attorney General may seek substantial monetary penalties and injunctive relief in the event of our non-compliance with the CCPA. The CCPA also allows for private lawsuits from Californians in the event of certain data breaches. Aspects of the CCPA remain uncertain, and we may be required to make modifications to our policies or practices in order to comply. Moreover, a new proposed privacy law, the California Privacy Rights Act (“CPRA”) recently was approved by California voters. The CPRA significantly modifies the CCPA, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses in an effort to comply. The CPRA creates obligations relating to consumer data beginning on January 1, 2022, with implementing regulations expected on or before July 1, 2022, and enforcement beginning July 1, 2023.

As Internet commerce and communication technologies continue to evolve, thereby increasing online service providers’ and network users’ capacity to collect, store, retain, protect, use, process, and transmit large volumes of personal information, increasingly restrictive regulation by federal, state, or foreign agencies becomes more likely.

While we try to comply with applicable data protection laws, regulations, standards, and codes of conduct, as well as our own posted privacy policies and contractual commitments to the extent possible, any actual or alleged failure by us to comply with any of the foregoing or to protect our users’ privacy and data, including as a result of our systems being compromised by hacking or other malicious or surreptitious activity, could result in a loss of user confidence in our subscriptions and ultimately in a loss of users, which could materially and adversely affect our business.

Regulation of personal information is evolving, and new laws, such as those in Brazil, could further impact how we handle personal information or could require us to incur additional compliance costs, either of which could have an adverse impact on our operations. Further, our actual compliance, our customers’ perception of our compliance, costs of compliance with such regulations, and obligations and customer concerns regarding their own compliance obligations (whether factual or in error) may limit the use and adoption of our subscriptions and reduce overall demand. Privacy-related concerns, including the inability or impracticality of providing advance notice to customers of privacy issues related to the use of our subscriptions, may cause our customers’ customers to resist providing the personal data necessary to allow our customers to use our subscriptions effectively. Even the perception of privacy-related concerns, whether or not valid, may inhibit market adoption of our subscriptions in certain industries.

Additionally, due to the nature of our service, we are unable to maintain complete control over data security or the implementation of measures that reduce the risk of a data security incident. For example, our customers may accidentally disclose their passwords or store them on a mobile device that is lost or stolen, creating the perception that our systems are not secure against third-party access. Additionally, our third-party contractors in the Philippines, Russia, Ukraine, India, and Poland may have access to customer data. If these or other third-party vendors violate applicable laws or our policies, such violations may also put our customers’ information at risk and could in turn have a material and adverse effect on our business.

Our emergency and E-911 calling services may expose us to significant liability.

The FCC requires Internet voice communications providers, such as our company, to provide E-911 service in all geographic areas covered by the traditional wire-line E-911 network. Under the FCC’s rules, Internet voice communications providers must transmit the caller’s phone number and registered location information to the appropriate public safety answering point (“PSAP”) for the caller’s registered location. Our CLEC services are also required by the FCC and state regulators to provide E-911 service to the extent that they provide services to end users. We are also subject to similar requirements internationally.

In connection with the regulatory requirements that we provide access to emergency services dialing to our interconnected VoIP customers, we must obtain from each customer, prior to the initiation of or changes to service, the physical locations at which the service will first be used for each VoIP line. For subscriptions that can be utilized from more than one

physical location, we must provide customers one or more methods of updating their physical location. Because we are not able to confirm that the service is used at the physical addresses provided by our customers, and because customers may provide an incorrect location or fail to provide updated location information, it is possible that emergency services calls may get routed to the wrong PSAP. If emergency services calls are not routed to the correct PSAP, and if the delay results in serious injury or death, we could be sued and the damages substantial. We are evaluating measures to attempt to verify and update the addresses for locations where our subscriptions are used.

In August 2019, the FCC adopted an order that will require providers of non-fixed interconnected VoIP service (service that is capable of being used from more than one location) to automatically provide with each 911 call, when technically feasible, specific address information that can be used to adequately identify the location of the caller. The requirement is scheduled to take effect on January 6, 2022. The implementation of this requirement may increase our costs and make our service more expensive, which could adversely affect our results of operations.

We could be subject to enforcement action by the FCC or international regulators for our customer lines that cannot provide access to emergency services in accordance with regulatory requirements. This enforcement action could result in significant monetary penalties and restrictions on our ability to offer non-compliant subscriptions.

In addition, customers may attempt to hold us responsible for any loss, damage, personal injury, or death suffered as a result of delayed, misrouted, or uncompleted emergency service calls or text messages, subject to any limitations on a provider's liability provided by applicable laws, regulations and our customer agreements.

We rely on third parties to provide the majority of our customer service and support representatives and to fulfill various aspects of our E-911 service. If these third parties do not provide our customers with reliable, high-quality service, our reputation will be harmed, and we may lose customers.

We offer customer support through both our online account management website and our toll-free customer support number in multiple languages. Our customer support is currently provided via a third-party provider located in the Philippines, as well as our employees in the U.S. Our third-party providers generally provide customer service and support to our customers without identifying themselves as independent parties. The ability to support our customers may be disrupted by natural disasters, inclement weather conditions, civil unrest, strikes, and other adverse events in the Philippines. Furthermore, as we expand our operations internationally, we may need to make significant expenditures and investments in our customer service and support to adequately address the complex needs of international customers, such as support in additional foreign languages. We also use third parties to deliver onsite professional services to our customers in deploying our solutions. If these vendors do not deliver timely and high-quality services to our customers, our reputation could be damaged, and we could lose customers. In addition, third party professional services vendors may not be available when needed, which would adversely impact our ability to deliver on our customer commitments.

We also contract with third parties to provide emergency services calls in the U.S., Canada, the U.K., and other jurisdictions in which we provide access to emergency services dialing, including assistance in routing emergency calls and terminating emergency services calls. Our domestic providers operate a national call center that is available 24 hours a day, seven days a week, to receive certain emergency calls and maintain PSAP databases for the purpose of deploying and operating E-911 services. We rely on providers for similar functions in other jurisdictions in which we provide access to emergency services dialing. On mobile devices, we rely on the underlying cellular or wireless carrier to provide emergency services dialing. Interruptions in service from our vendors could cause failures in our customers' access to E-911/999/112 services and expose us to liability and damage our reputation.

If any of these third parties do not provide reliable, high-quality service, our reputation and our business will be harmed. In addition, industry consolidation among providers of services to us may impact our ability to obtain these services or increase our costs for these services.

Risks Related to Intellectual Property

Accusations of infringement of third-party intellectual property rights could materially and adversely affect our business.

There has been substantial litigation in the areas in which we operate regarding intellectual property rights. For instance, we have recently and in the past been sued by third parties claiming infringement of their intellectual property rights and we may be sued for infringement from time to time in the future. Also, in some instances, we have agreed to indemnify our

customers, resellers, and carriers for expenses and liability resulting from claimed intellectual property infringement by our solutions. From time to time, we have received requests for indemnification in connection with allegations of intellectual property infringement and we may choose, or be required, to assume the defense and/or reimburse our customers and/or resellers and carriers for their expenses, settlement and/or liability. In the past, we have settled infringement litigation brought against us; however, we cannot assure you that we will be able to settle any future claims or, if we are able to settle any such claims, that the settlement will be on terms favorable to us. Our broad range of technology may increase the likelihood that third parties will claim that we, or our customers and/or resellers, and carriers, infringe their intellectual property rights.

We have in the past received, and may in the future receive, notices of claims of infringement, misappropriation or misuse of other parties' proprietary rights. Furthermore, regardless of their merits, accusations and lawsuits like these, whether against us or our customers, resellers, and carriers, may require significant time and expense to defend, may negatively affect customer relationships, may divert management's attention away from other aspects of our operations and, upon resolution, may have a material adverse effect on our business, results of operations, financial condition, and cash flows.

Certain technology necessary for us to provide our subscriptions may, in fact, be patented by other parties either now or in the future. If such technology were validly patented by another person, we would have to negotiate a license for the use of that technology. We may not be able to negotiate such a license at a price that is acceptable to us or at all. The existence of such a patent, or our inability to negotiate a license for any such technology on acceptable terms, could force us to cease using the technology and cease offering subscriptions incorporating the technology, which could materially and adversely affect our business and results of operations.

If we, or any of our solutions, were found to be infringing on the intellectual property rights of any third party, we could be subject to liability for such infringement, which could be material. We could also be prohibited from using or selling certain subscriptions, prohibited from using certain processes, or required to redesign certain subscriptions, each of which could have a material adverse effect on our business and results of operations.

These and other outcomes may:

- result in the loss of a substantial number of existing customers or prohibit the acquisition of new customers;
- cause us to pay license fees for intellectual property we are deemed to have infringed;
- cause us to incur costs and devote valuable technical resources to redesigning our subscriptions;
- cause our cost of revenues to increase;
- cause us to accelerate expenditures to preserve existing revenues;
- cause existing or new vendors to require pre-payments or letters of credit;
- materially and adversely affect our brand in the marketplace and cause a substantial loss of goodwill;
- cause us to change our business methods or subscriptions;
- require us to cease certain business operations or offering certain subscriptions or features; and
- lead to our bankruptcy or liquidation.

Our limited ability to protect our intellectual property rights could materially and adversely affect our business.

We rely, in part, on patent, trademark, copyright, and trade secret law to protect our intellectual property in the U.S. and abroad. We seek to protect our technology, software, documentation and other information under trade secret and copyright law, which afford only limited protection. For example, we typically enter into confidentiality agreements with our employees, consultants, third-party contractors, customers, and vendors in an effort to control access to, use of, and distribution of our technology, software, documentation, and other information. These agreements may not effectively prevent unauthorized use or disclosure of confidential information and may not provide an adequate remedy in the event of such unauthorized use or disclosure, and it may be possible for a third party to legally reverse engineer, copy, or otherwise obtain and use our technology without authorization. In addition, improper disclosure of trade secret information by our current or former employees, consultants, third-party contractors, customers, or vendors to the public or others who could make use of the trade secret information would likely preclude that information from being protected as a trade secret.

We also rely, in part, on patent law to protect our intellectual property in the U.S. and internationally. Our intellectual property portfolio includes over 262 issued patents, which expire between 2022 and 2039. We also have 50 patent applications pending examination in the U.S. and 7 patent applications pending examination in foreign jurisdictions, all of which are related to U.S. applications. We cannot predict whether such pending patent applications will result in issued patents or whether any issued patents will effectively protect our intellectual property. Even if a pending patent application results in an issued patent, the patent may be circumvented or its validity may be challenged in various proceedings in United States District Court or before the U.S. Patent and Trademark Office, such as Post Grant Review or Inter Partes Review, which may require legal

representation and involve substantial costs and diversion of management time and resources. We have also acquired patents in connection with a strategic partnership that are currently pending assignment in their respective patent offices. In addition, we cannot assure you that every significant feature of our solutions is protected by our patents, or that we will mark our solutions with any or all patents they embody. As a result, we may be prevented from seeking injunctive relief or damages, in whole or in part for infringement of our patents.

The unlicensed use of our brand, including domain names, by third parties could harm our reputation, cause confusion among our customers and impair our ability to market our solutions and subscriptions. To that end, we have registered numerous trademarks and service marks and have applied for registration of additional trademarks and service marks and have acquired a large number of domain names in and outside the U.S. to establish and protect our brand names as part of our intellectual property strategy. If our applications receive objections or are successfully opposed by third parties, it will be difficult for us to prevent third parties from using our brand without our permission. Moreover, successful opposition to our applications might encourage third parties to make additional oppositions or commence trademark infringement proceedings against us, which could be costly and time consuming to defend against. If we are not successful in protecting our trademarks, our trademark rights may be diluted and subject to challenge or invalidation, which could materially and adversely affect our brand.

Despite our efforts to implement our intellectual property strategy, we may not be able to protect or enforce our proprietary rights in the U.S. or internationally (where effective intellectual property protection may be unavailable or limited). For example, we have entered into agreements containing confidentiality and invention assignment provisions in connection with the outsourcing of certain software development and quality assurance activities to third-party contractors located in Russia and Ukraine. We have also entered into an agreement containing a confidentiality provision with a third-party contractor located in the Philippines, where we have outsourced a significant portion of our customer support function. We cannot assure you that agreements with these third-party contractors or their agreements with their employees and contractors will adequately protect our proprietary rights in the applicable jurisdictions and foreign countries, as their respective laws may not protect proprietary rights to the same extent as the laws of the U.S. In addition, our competitors may independently develop technologies that are similar or superior to our technology, duplicate our technology in a manner that does not infringe our intellectual property rights or design around any of our patents. Furthermore, detecting and policing unauthorized use of our intellectual property is difficult and resource-intensive. Moreover, litigation may be necessary in the future to enforce our intellectual property rights, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity. Such litigation, whether successful or not, could result in substantial costs and diversion of management time and resources and could have a material adverse effect on our business, financial condition, and results of operations.

Our use of open source technology could impose limitations on our ability to commercialize our subscriptions.

We use open source software in our platform on which our subscriptions operate. There is a risk that the owners of the copyrights in such software may claim that such licenses impose unanticipated conditions or restrictions on our ability to market or provide our subscriptions. If such owners prevail in such claim, we could be required to make the source code for our proprietary software (which contains our valuable trade secrets) generally available to third parties, including competitors, at no cost, to seek licenses from third parties in order to continue offering our subscriptions, to re-engineer our technology, or to discontinue offering our subscriptions in the event re-engineering cannot be accomplished on a timely basis or at all, any of which could cause us to discontinue our subscriptions, harm our reputation, result in customer losses or claims, increase our costs or otherwise materially and adversely affect our business and results of operations.

Risks Related to Our Class A Common Stock, Our Notes and Our Charter Provisions

The market price of our Class A Common Stock is likely to be volatile and could decline.

The stock market in general, and the market for SaaS and other technology-related stocks in particular, has been highly volatile. As a result, the market price and trading volume for our Class A Common Stock has been and may continue to be highly volatile, and investors in our Class A Common Stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. Factors that could cause the market price of our Class A Common Stock to fluctuate significantly include:

- our operating and financial performance and prospects and the performance of other similar companies;
- our quarterly or annual earnings or those of other companies in our industry;
- conditions that impact demand for our subscriptions;

- the public’s reaction to our press releases, financial guidance, and other public announcements, and filings with the Securities and Exchange Commission (the "SEC");
- changes in earnings estimates or recommendations by securities or research analysts who track our Class A Common Stock;
- actual or perceived security breaches, or other privacy or cybersecurity incidents;
- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in government and other regulations;
- changes in accounting standards, policies, guidance, interpretations, or principles;
- arrival and departure of key personnel;
- sales of common stock by us, our investors, or members of our management team; and
- changes in general market, economic, and political conditions in the U.S. and global economies or financial markets, including those resulting from natural disasters, telecommunications failure, cyber-attack, changes in diplomatic or trade relationships, civil unrest in various parts of the world, acts of war, terrorist attacks, or other catastrophic events, such as the global outbreak of COVID-19.

Any of these factors may result in large and sudden changes in the trading volume and market price of our Class A Common Stock and may prevent investors from being able to sell their shares at or above the price they paid for their shares of our Class A Common Stock. Following periods of volatility in the market price of a company’s securities, stockholders often file securities class-action lawsuits against such company. Our involvement in a class-action lawsuit could divert our senior management’s attention and, if adversely determined, could have a material and adverse effect on our business, financial condition, and results of operations.

The dual class structure of our common stock as contained in our charter documents has the effect of concentrating voting control with a limited number of stockholders that held our stock prior to our initial public offering, including our founders and our executive officers, employees and directors and their affiliates, and venture capital investors, and limiting other stockholders’ ability to influence corporate matters.

Our Class B common stock, par value \$0.0001 per share (“Class B Common Stock” and, together with our Class A Common Stock, our "common stock"), has 10 votes per share, and our Class A Common Stock has one vote per share. Stockholders who hold shares of Class B Common Stock, including our founders, previous investors and our executive officers, employees and directors and their affiliates, together hold approximately 56% of the voting power of our outstanding capital stock, and our founders, including our CEO and Chairman, together hold a majority of such voting power. As a result, for the foreseeable future, our stockholders who acquired their shares prior to the completion of our initial public offering will continue to have significant influence over the management and affairs of our company and over the outcome of many matters submitted to our stockholders for approval, including the election of directors and significant corporate transactions, such as a merger, consolidation or sale of substantially all of our assets.

In addition, because of the ten-to-one voting ratio between our Class B and Class A Common Stock, the holders of Class B Common Stock collectively will continue to control many matters submitted to our stockholders for approval even if their stock holdings represent less than 50% of the outstanding shares of our common stock. This concentrated control will limit your ability to influence corporate matters for the foreseeable future, and, as a result, the market price of our Class A Common Stock could be adversely affected.

Future transfers by holders of Class B Common Stock will generally result in those shares converting to Class A Common Stock, which may have the effect, over time, of increasing the relative voting power of those holders of Class B Common Stock who retain their shares in the long term. If, for example, Mr. Shmunis retains a significant portion of his holdings of Class B Common Stock for an extended period of time, he could, in the future, control a majority of the combined voting power of our Class A and Class B Common Stock. As a board member, Mr. Shmunis owes fiduciary duties to our stockholders and must act in good faith in a manner he reasonably believes to be in the best interests of our stockholders. As a stockholder, even a controlling stockholder, Mr. Shmunis is generally entitled to vote his shares in his own interests, which may not always be in the interests of our stockholders generally.

We have never paid cash dividends and do not anticipate paying any cash dividends on our common stock.

We currently do not plan to declare dividends on shares of our common stock in the foreseeable future and plan to, instead, retain any earnings to finance our operations and growth. Because we have never paid cash dividends and do not anticipate paying any cash dividends on our common stock in the foreseeable future, the only opportunity to achieve a return on an investor's investment in our company will be if the market price of our Class A Common Stock appreciates and the investor sells its shares at a profit. There is no guarantee that the price of our Class A Common Stock that will prevail in the market will ever exceed the price that an investor pays.

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 or pay the principal amount of the Notes at maturity, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the Notes.

Holders of the either series of Notes will have the right to require us to repurchase all or a portion of such Notes upon the occurrence of a fundamental change before the applicable maturity date at a repurchase price equal to 100% of the principal amount of such Notes to be repurchased, plus any accrued and unpaid special interest thereon, if any, as set forth in the applicable indenture governing the Notes. In addition, upon conversion of the Notes of the applicable series, 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 will be required to make cash payments in respect of such Notes being converted, as set forth in the applicable indenture governing the Notes. Moreover, we will be required to repay the Notes of the applicable series in cash at their respective maturity unless earlier converted, redeemed or repurchased. However, we may not have enough available cash on hand or be able to obtain financing at the time we are required to make repurchases of such Notes surrendered therefor or pay cash with respect to such series of Notes being converted or at their respective maturity.

In addition, our ability to repurchase the Notes of the applicable series or to pay cash upon conversions of the Notes or at their respective maturity may be limited by law, regulatory authority, or agreements governing our future indebtedness. Our failure to repurchase such Notes at a time when the repurchase is required by the applicable indenture governing the Notes or to pay cash upon conversions of such Notes or at their respective maturity as required by the applicable indenture governing the Notes would constitute a default under such indenture. A default under such indenture, or the fundamental change itself, could also lead to a default under agreements governing our future indebtedness. Moreover, the occurrence of a fundamental change under the applicable indenture governing the Notes could constitute an event of default under any such agreement. If the repayment 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 such series of Notes or make cash payments upon conversions thereof.

The conditional conversion feature of each series of Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of each series of Notes is triggered, holders of the Notes of the applicable series will be entitled under the applicable indenture governing the Notes to convert such Notes at any time during specified periods at their option. If one or more holders of a series 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, in certain circumstances, such as conversion by holders or redemption, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of such series of Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The capped call transactions may affect the value of the Notes and our Class A Common Stock and we are subject to counterparty risk.

In connection with the issuances of the Notes, we entered into capped call transactions with the counterparties with respect to each series of Notes. The capped call transactions cover, subject to customary adjustments, the number of shares of our Class A Common Stock initially underlying each series of Notes. The capped call transactions are expected to offset the potential dilution as a result of conversion of the Notes.

The 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 or

other securities of ours in secondary market transactions at any time prior to the respective maturity of the Notes (and are likely to do so on each exercise date of the capped call transactions). This activity could also cause or prevent an increase or a decrease in the market price of our Class A Common Stock.

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 each series of Notes or the shares of our Class A Common Stock. In addition, we do not make any representation that these transactions will not be discontinued without notice.

In addition, the counterparties to the capped call transactions are financial institutions and we will be subject to the risk that one or more of the counterparties may default or otherwise fail to perform, or may exercise certain rights to terminate, their obligations under the capped call transactions. If a counterparty to one or more capped call transaction becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at the time under such transaction. Our exposure will depend on many factors but, generally, it will increase if the market price or the volatility of our Class A Common Stock increases. Upon a default or other failure to perform, or a termination of obligations, by a counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our Class A Common Stock. We can provide no assurances as to the financial stability or viability of the counterparties.

Anti-takeover provisions in our restated certificate of incorporation and bylaws and under Delaware corporate law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our Class A Common Stock.

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

- authorize our board of directors to issue, without further action by the stockholders, up to 100,000,000 shares of undesignated preferred stock;
- require that, once our outstanding shares of Class B Common Stock represent less than a majority of the combined voting power of our common stock, any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent; specify that special meetings of our stockholders can be called only by our board of directors, the Chairman of our board of directors, or our Chief Executive Officer;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- prohibit cumulative voting in the election of directors;
- provide that our directors may be removed only for cause, subject to such amendment as provided in our current proxy statement;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- require the approval of our board of directors or the holders of a supermajority of our outstanding shares of capital stock to amend our bylaws and certain provisions of our certificate of incorporation; and
- reflect two classes of common stock, as discussed above.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder.

General Risk Factors

Changes in effective tax rates, or adverse outcomes resulting from examination of our income or other tax returns, could adversely affect our results of operations and financial condition.

Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expiration of, or lapses in, the research and development tax credit laws;
- expiration or non-utilization of net operating loss carryforwards;

- tax effects of share-based compensation;
- expansion into new jurisdictions;
- potential challenges to and costs related to implementation and ongoing operation of our intercompany arrangements;
- changes in tax laws and regulations and accounting principles, or interpretations or applications thereof; and
- certain non-deductible expenses as a result of acquisitions.

Any changes in our effective tax rate could adversely affect our results of operations.

Changes in U.S. and foreign tax laws could have a material adverse effect on our business, cash flow, results of operations or financial conditions.

We are subject to tax laws, regulations, and policies of the U.S. federal, state, and local governments and of comparable taxing authorities in foreign jurisdictions. Changes in tax laws, as well as other factors, could cause us to experience fluctuations in our tax obligations and effective tax rates in 2018 and thereafter and otherwise adversely affect our tax positions and/or our tax liabilities. For example, on July 25, 2019, France introduced a digital services tax at a rate of 3% on revenues derived from digital activities in France, and other jurisdictions are proposing or could introduce similar laws in the future. There can be no assurance that our effective tax rates, tax payments, tax credits, or incentives will not be adversely affected by these or other initiatives.

If our internal control over financial reporting is not effective, it may adversely affect investor confidence in our company.

Pursuant to Section 404 of the Sarbanes-Oxley Act, our independent registered public accounting firm, KPMG LLP, is required to and has issued an attestation report as of December 31, 2020. While management concluded internal control over financial reporting was at a reasonable assurance level as of December 31, 2020, there can be no assurance that material weaknesses will not be identified in the future. A “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal controls are effective. As a result, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring accounting or internal audit staff. Our remediation efforts may not enable us to avoid a material weakness in the future.

If our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal controls, we could lose investor confidence in the accuracy and completeness of our financial reports, which could cause the price of our Class A Common Stock to decline, and we may be subject to investigation or sanctions by the SEC.

The nature of our business requires the application of complex revenue and expense recognition rules and the current legislative and regulatory environment affecting generally accepted accounting principles is uncertain. Significant changes in current principles could affect our financial statements going forward and changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and harm our operating results.

The accounting rules and regulations that we must comply with are complex and subject to interpretation by the Financial Accounting Standards Board (the “FASB”), the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. Recent actions and public comments from the FASB and the SEC have focused on the integrity of financial reporting and internal controls. In addition, many companies’ accounting policies are being subject to heightened scrutiny by regulators and the public. Further, the accounting rules and regulations are continually changing in ways that could materially impact our financial statements.

We cannot predict the impact of future changes to accounting principles or our accounting policies on our financial statements going forward, which could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of the change. Due to the COVID-19 pandemic, there is ongoing uncertainty and significant disruption in the global economy and financial markets, and while we are not aware of any specific event or circumstance that would require a material update to our estimates, judgments or assumptions, this may change in the future. In addition, if we were to change our critical accounting estimates, including those related to the recognition of subscription revenue and other revenue sources, our operating results could be significantly affected.

Our corporate headquarters, one of our data centers and co-location facilities, our third-party customer service and support facilities, and a research and development facility are located near known earthquake fault zones, and the occurrence of an earthquake, tsunami, or other catastrophic disaster could damage our facilities or the facilities of our contractors, which could cause us to curtail our operations.

Our corporate headquarters and many of our data centers, co-location and research and development facilities, and third-party customer service call centers are located in California, Florida, and several countries in Asia, including the Philippines and Australia. All of these locations are near known earthquake fault zones, which are vulnerable to damage from earthquakes and tsunamis, or are in areas subject to hurricanes. We and our contractors are also vulnerable to other types of disasters, such as power loss, fire, floods, pandemics such as the global outbreak of COVID-19, cyber-attack, war, political unrest, and terrorist attacks and similar events that are beyond our control. If any disasters were to occur, our ability to operate our business could be seriously impaired, and we may endure system interruptions, reputational harm, loss of intellectual property, delays in our subscriptions development, lengthy interruptions in our services, breaches of data security, and loss of critical data, all of which could harm our future results of operations. In addition, we do not carry earthquake insurance and we may not have adequate insurance to cover our losses resulting from other disasters or other similar significant business interruptions. Any significant losses that are not recoverable under our insurance policies could seriously impair our business and financial condition.

If research analysts do not publish research or reports about our business, or if they issue unfavorable commentary or downgrade our Class A Common Stock, our stock price and trading volume may decline.

The trading market for our Class A Common Stock will depend in part on the research and reports that research analysts publish about us and our business. If we do not maintain adequate research coverage or if one or more analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, the price of our Class A Common Stock may decline. If one or more of the research analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our Class A Common Stock may decrease, which could cause our stock price or trading volume to decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters is located in Belmont, California, and consists of approximately 110,000 square feet of office space under leases that expire in July 2026.

We also lease offices in Denver, Colorado; Charlotte, North Carolina; Fort Lauderdale, Florida; London, England; Xiamen, China; Paris, France; and other small offices worldwide. In addition, we lease space from third-party datacenter hosting facilities under co-location agreements that support our cloud infrastructure, the most significant locations being Vienna and Ashburn, Virginia; San Jose and Santa Clara, California; Chicago, Illinois; Amsterdam, the Netherlands; Zurich, Switzerland; Frankfurt, Germany; and other small locations worldwide. We believe that we will be able to obtain additional space at other locations at commercially reasonable terms to support our continuing expansion.

ITEM 3. LEGAL PROCEEDINGS

Information with respect to this item may be found in Note 8 - *Commitment and Contingencies* in the accompanying notes to the consolidated financial statements included in Part II, Item 8, “Consolidated Financial Statements and Supplementary Data” of this Annual Report on Form 10-K, under “Legal Matters” which is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET 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 listed on the New York Stock Exchange under the symbol "RNG" since September 27, 2013.

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

Dividend Policy

We have never declared or paid cash dividends on our capital stock. We currently intend to retain any future earnings for use in the operation of our business and do not intend to declare or pay any cash dividends in the foreseeable future. Any further determination to pay dividends on our capital stock will be at the discretion of our board of directors, subject to applicable laws, and will depend on our financial condition, results of operations, capital requirements, general business conditions, and other factors that our board of directors considers relevant.

Stockholders

As of February 18, 2021, there were 18 stockholders of record of our Class A common stock and Class B common stock. Because most 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 beneficial stockholders represented by these record holders.

Sales of Unregistered Equity Securities and Use of Proceeds

None.

Securities Authorized for Issuance under Equity Compensation Plans

Information regarding the securities authorized for issuance under our equity compensation plans can be found under Item 12 of this Annual Report on Form 10-K.

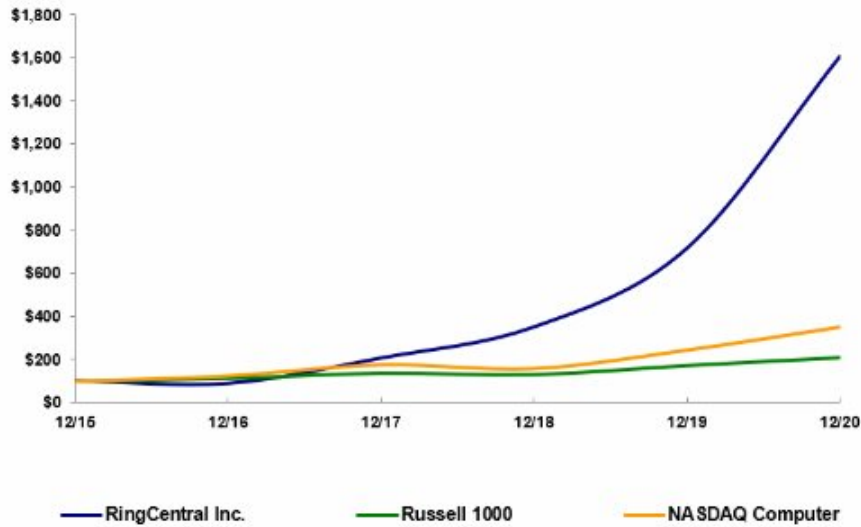
Stock Performance Graph

The following shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or incorporated by reference into any of our other filings under the Exchange Act or the Securities Act of 1933, as amended, except to the extent we specifically incorporate it by reference into such filing.

The graph below matches RingCentral Inc.'s cumulative 5-year total shareholder return on common stock with the cumulative total returns of the Russell 1000 index and the NASDAQ Computer index. The graph tracks the performance of a \$100 investment in our common stock and in each index (with the reinvestment of all dividends) from December 31, 2015 to December 31, 2020. The stock price performance on the following graph is not intended to forecast or be indicative of future stock price performance of our Class A common stock.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among RingCentral Inc., the Russell 1000 Index
and the NASDAQ Computer Index



*\$100 invested on 12/31/15 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

Copyright© 2021 Russell Investment Group. All rights reserved.

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial statements and data should be read together with the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, our consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K. Our historical results are not necessarily indicative of our results in any future period.

	Year ended December 31,				
	2020	2019	2018	2017	2016
(in thousands, except per share amounts)					
Consolidated Statements of Operations					
Revenues					
Subscriptions	\$ 1,086,276	\$ 817,811	\$ 612,888	\$ 465,254	\$ 356,562
Other	97,381	85,047	60,736	38,363	23,874
Total revenues	1,183,657	902,858	673,624	503,617	380,436
Loss from operations	(113,239)	(45,675)	(16,436)	(5,338)	(12,868)
Net loss	\$ (82,996)	\$ (53,607)	\$ (26,203)	\$ (4,204)	\$ (16,225)
Net loss per common share					
Basic and diluted	(0.94)	(0.64)	(0.33)	(0.06)	(0.22)
Weighted-average number of shares used in computing net loss per share					
Basic and diluted	88,684	83,130	79,500	76,281	72,994
As of December 31,					
	2020	2019	2018	2017	2016
Consolidated Balance Sheet Data (in thousands)					
Cash and cash equivalents	\$ 639,853	\$ 343,606	\$ 566,329	\$ 181,192	\$ 160,355
Working capital surplus	\$ 488,061	\$ 254,826	\$ 508,155	\$ 139,602	\$ 100,220
Total assets	\$ 2,184,597	\$ 1,450,747	\$ 894,326	\$ 359,814	\$ 286,296
Deferred revenue	\$ 142,223	\$ 107,372	\$ 88,527	\$ 62,917	\$ 44,618
Debt and financing obligations	\$ 1,412,502	\$ 389,718	\$ 370,324	\$ —	\$ 15,021
Total stockholders' equity	\$ 308,459	\$ 745,700	\$ 317,609	\$ 228,346	\$ 164,248

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

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K. As discussed in the section entitled "Special Note Regarding Forward-Looking Statements," the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ significantly from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this report, particularly in the section entitled "Risk Factors" included under Part I, Item 1A.

This section of this Form 10-K generally discusses 2020 and 2019 items and year-to-year comparisons between 2020 and 2019. Discussion regarding our financial condition and results of operations for fiscal 2019 as compared to fiscal 2018 is included in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on February 26, 2020.

Overview

We are a leading provider of cloud communications, video meetings, collaboration, and contact center software-as-a-service ("SaaS") solutions. We believe that our innovative, cloud-based communication and contact center solutions disrupt the large market for business communications and collaboration by providing flexible and cost-effective solutions that support mobile and distributed workforces. We enable convenient and effective communications for organizations across all their locations and employees, enabling them to be more productive and more responsive to their customers.

Our cloud-based business communications and collaboration solutions are designed to be easy to use, providing a single user identity across multiple locations and devices, including smartphones, tablets, PCs and desk phones. Our solutions can be deployed rapidly and configured and managed easily. Through our platform, we enable third-party developers and customers to integrate our solution with leading business applications to customize their own business workflows.

We have a portfolio of cloud-based offerings that are subscription based, made available at different rates varying by the specific functionalities, services, and number of users. We primarily generate revenues from the sale of subscriptions to our offerings. Our subscription plans have monthly, annual, or multi-year contractual terms. We believe that this flexibility in contract duration is important to meet the different needs of our customers. For the years ended December 31, 2020, 2019, and 2018, subscriptions revenues accounted for 90% or more of our total revenues. The remainder of our revenues has historically been primarily comprised of product revenues from the sale and rental of pre-configured phones and professional services. We do not develop, manufacture, or otherwise touch the delivery of physical phones and offer it as a convenience for a total solution to our customers in connection with subscriptions to our services. We rely on third-party providers to develop and manufacture these devices and fulfillment partners to successfully serve our customers.

We continue to invest in our direct inside sales force while also developing indirect sales channels to market our brand and our subscription offerings. Our indirect sales channels who sell our solutions consist of:

- a regional and global network of resellers;
- carriers including AT&T, Inc. ("AT&T"), TELUS Communications Company ("TELUS"), and BT Group plc ("BT"). Also, in November 2020 we entered into a strategic partnership with Vodafone Group Services Limited ("Vodafone") to deliver new cloud-based communications services. The parties will introduce a new co-branded cloud-based service that will be the Unified Communications as a Service ("UCaaS") solution for Vodafone and a Contact Center as a Service ("CCaaS") solution to Vodafone customers;
- strategic partners who market and sell our co-branded solutions directly and through their subsidiaries. Such partnerships include Avaya Holdings Corp. ("Avaya"), under which we introduced a new solution Avaya Cloud Office by RingCentral ("ACO") in March 2020; Atos SE ("Atos") and its subsidiary, Unify Software and Solutions GmbH & CO. KG ("Unify"), under which we introduced a new Unified Communications as a Service ("UCaaS") solution called Unify Office by RingCentral ("UO") in September 2020; and in July 2020, we entered into a strategic partnership with Alcatel-Lucent Enterprise ("ALE"), which includes the introduction of a new co-branded solution which will be marketed and sold as the UCaaS solution offering of ALE beginning in 2021.

Since its launch, our revenue growth has primarily been driven by our flagship RingCentral Office product offering, which has resulted in an increased number of customers, increased average subscription revenue per customer, and increased

retention of our existing customer and user base. We define a “customer” as any party that purchases or subscribes to our products and services directly or indirectly through our channel partners. As of December 31, 2020, we had customers from a range of industries, including financial services, education, healthcare, legal services, real estate, retail, technology, insurance, construction, hospitality, and state and local government, among others. For the years ended December 31, 2020, 2019 and 2018, the vast majority of our total revenues were generated in the U.S. and Canada, although we expect the percentage of our total revenues derived outside of the U.S. and Canada to grow as we continue to expand internationally.

The growth of our business and our future success depend on many factors, including our ability to expand our customer base to larger customers, expansion of our indirect sales channels including strategic partnerships, continue to innovate, grow revenues from our existing customer base, expand our distribution channels, and scale internationally.

In December 2019, a novel strain of coronavirus (“COVID-19”) was reported and in January 2020, the World Health Organization (the “WHO”) declared the outbreak a “Public Health Emergency of International Concern.” In February 2020, the WHO raised the COVID-19 threat level from high to very high at a global level and in March 2020, the WHO characterized the COVID-19 as a pandemic. The worldwide spread of COVID-19 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.

During the year ended December 31, 2020, we noted contributions from new bookings as more businesses transition to RingCentral in the current work-from-anywhere environment. In the first and early part of the second quarter, we experienced higher churn rate mainly with small business customers in certain verticals. Since then we have seen stabilization in churn levels. Due to the shelter-in-place, we continue to see more customers opting for the RingCentral apps on laptops and mobile devices over traditional desktop phones which has impacted demand for physical phone devices. We also observed customer requests for extension in payment terms. To address customer hardships, we continue to engage with these customers providing them greater flexibility to manage challenges they are facing.

While our revenues and earnings are relatively predictable as a result of our subscription-based business model, the effect of the COVID-19 pandemic, may not be fully reflected in our results of operations and overall financial performance until future periods. The COVID-19 pandemic has created a global slowdown of economic activity which has and will likely continue to decrease demand for a broad variety of goods and services, while also disrupting sales channels and marketing activities for an unknown period of time until the disease is contained.

We may experience curtailed customer demand due to reduced customer spend, shortened contract duration, higher churn, lengthened payment terms, credit card declines, potential delays in professional services implementations, and reduction in demand for desktop phones, which could adversely impact our business, results of operations and overall financial performance in future periods. We may in the future continue to experience elevated churn in certain customer verticals and customer requests for extension of payment terms.

The extent of the impact of the COVID-19 pandemic on our operational and financial performance will also depend on certain developments, including the duration and spread of the outbreak, actions taken to contain the virus or its impact, impact on our partners, resellers, employees, vendors and customers, and employee or industry events, all of which are uncertain and cannot be predicted. For example, to support the health and well-being of our employees, customers, partners and communities in response to the COVID-19 pandemic, a vast majority of our employees are working remotely and we have shifted some of our customer events to virtual-only experiences, and we may deem it advisable to similarly alter, postpone or cancel entirely additional customer, employee or industry events in the future. At this point, the full extent to which the COVID-19 pandemic may impact our financial condition or results of operations is uncertain, but changes we have implemented have not affected and are not expected to affect our ability to maintain operations, including financial reporting systems, internal control over financial reporting, and disclosure controls and procedures.

Further discussion of the potential impacts of the COVID-19 pandemic on our business can be found in the section titled “Risk Factors” included in Part I, Item 1A.

Key Business Metrics

In addition to United States generally accepted accounting principles (“U.S. GAAP”) and financial measures such as total revenues, gross margin, and cash flows from operations, we regularly review a number of key business metrics to evaluate growth trends, measure our performance, and make strategic decisions. We discuss revenues and gross margin under “Results of Operations”, and cash flow from operations and free cash flows under “Liquidity and Capital Resources.” Other key business metrics are discussed below.

Annualized Exit Monthly Recurring Subscriptions

We believe that our Annualized Exit Monthly Recurring Subscriptions (“ARR”) is a leading indicator of our anticipated subscriptions revenues. We believe that trends in revenue are important to understanding the overall health of our business, and we use these trends in order to formulate financial projections and make strategic business decisions. Our ARR equals our Monthly Recurring Subscriptions multiplied by 12. Our Monthly Recurring Subscriptions equals the monthly value of all customer recurring charges at the end of a given month. For example, our Monthly Recurring Subscriptions at December 31, 2020 was \$108.3 million. As such, our ARR at December 31, 2020 was \$1.3 billion compared to \$960.1 million at December 31, 2019.

RingCentral Office Annualized Exit Monthly Recurring Subscriptions

We calculate our RingCentral Office Annualized Exit Monthly Recurring Subscriptions (“Office ARR”) in the same manner as we calculate our ARR, except that primarily customer subscriptions from RingCentral Office and RingCentral customer engagement solutions customers are included when determining Monthly Recurring Subscriptions for the purposes of calculating this key business metric. We believe that trends in revenue with respect to these products are important to the understanding of the overall health of our business, and we use these trends in order to formulate financial projections and make strategic business decisions. Our Office ARR at December 31, 2020 was \$1.2 billion compared to \$876.8 million at December 31, 2019.

Net Monthly Subscription Dollar Retention Rate

We believe that our Net Monthly Subscription Dollar Retention Rate provides insight into our ability to retain and grow subscriptions revenue, as well as our customers’ potential long-term value to us. We believe that our ability to retain our customers and expand their use of our solutions over time is a leading indicator of the stability of our revenue base and we use these trends in order to formulate financial projections and make strategic business decisions. We define our Net Monthly Subscription Dollar Retention Rate as (i) one plus (ii) the quotient of Dollar Net Change divided by Average Monthly Recurring Subscriptions.

We define Dollar Net Change as the quotient of (i) the difference of our Monthly Recurring Subscriptions at the end of a period minus our Monthly Recurring Subscriptions at the beginning of a period minus our Monthly Recurring Subscriptions at the end of the period from new customers we added during the period, all divided by (ii) the number of months in the period. We define our Average Monthly Recurring Subscriptions as the average of the Monthly Recurring Subscriptions at the beginning and end of the measurement period.

For example, if our Monthly Recurring Subscriptions were \$118 at the end of a quarterly period and \$100 at the beginning of the period, and \$20 at the end of the period from new customers we added during the period, then the Dollar Net Change would be equal to (\$0.67), or the amount equal to the difference of \$118 minus \$100 minus \$20, all divided by three months. Our Average Monthly Recurring Subscriptions would equal \$109, or the sum of \$100 plus \$118, divided by two. Our Net Monthly Subscription Dollar Retention Rate would then equal 99.4%, or approximately 99%, or one plus the quotient of the Dollar Net Change divided by the Average Monthly Recurring Subscriptions.

Our key business metrics for the five quarterly periods ended December 31, 2020 were as follows (dollars in millions):

	<u>December 31, 2020</u>	<u>September 30, 2020</u>	<u>June 30, 2020</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Net Monthly Subscription Dollar Retention Rate	>99%	>99%	>99%	>99%	>99%
Annualized Exit Monthly Recurring Subscriptions	\$ 1,299.5	\$ 1,179.0	\$ 1,106.5	\$ 1,029.7	\$ 960.1
RingCentral Office Annualized Exit Monthly Recurring Subscriptions	\$ 1,215.2	\$ 1,091.6	\$ 1,018.3	\$ 943.3	\$ 876.8

Components of Results of Operations**Revenues**

Our revenues for the years presented consisted of subscriptions and other revenues. Our subscriptions revenue includes all fees billed in connection with subscriptions to our solution offerings. These fees include recurring fixed plan subscription fees, variable usage-based fees for usage in excess of plan limits, recurring administrative cost recovery fees, one-time fees, and other recurring fees related to our subscriptions. We provide our subscriptions to our customers pursuant to contractual arrangements that range in duration typically from one month to five years. We provide our subscriptions to our customers

pursuant to either “click through” online agreements for service terms up to one year or written agreements when the arrangement is expected to be one year or longer. We offer our subscriptions based on the functionalities and services selected by a customer, and generally our subscription arrangements automatically renew for additional periods at the end of the initial subscription term. We believe that this flexibility in contract duration is important to meet the different needs of our customers.

We generally bill our subscription fees in advance. We recognize subscription revenue over the term of the agreement. Amounts billed in excess of revenue recognized for the period are reported as deferred revenue on our Consolidated Balance Sheets.

We also generate revenues through sales of our subscriptions and products by resellers, strategic partners, and carrier partners. When we control the performance of the contractual obligations, we record the revenues on a gross basis and amounts retained by our resellers are recorded as sales and marketing expense. Our assumption of such control is evidenced when, among other things, we are primarily responsible for the delivery of the service or products, have inventory risk, and have discretion in establishing pricing of the arrangement.

“Other revenues” includes product revenues from the sale of pre-configured phones, phone rentals, and professional services. Product revenue is recognized when the product has been delivered to the customer. Professional services revenue is recognized as services are delivered.

Cost of Revenues and Gross Margin

Our cost of subscriptions revenue primarily consists of fees paid to third-party telecommunications providers, network operations, costs to build out and maintain data centers, including co-location fees for the right to place our servers in data centers owned by third parties, depreciation of servers and equipment, along with related utilities and maintenance costs, personnel costs associated with customer care and support of the functionality of our platform and data center operations, including share-based compensation expenses, and allocated costs of facilities and information technology.

We define subscriptions gross margins as subscriptions revenue minus the cost of subscriptions revenue expressed as a percentage of subscriptions revenue.

Cost of other revenue is comprised primarily of the cost associated with the purchase of phones, cost of professional services, and allocated costs of facilities and information technology.

Operating Expenses

We classify our operating expenses as research and development, sales and marketing, and general and administrative expenses.

Our research and development efforts are focused on developing new and expanded features for our solutions, integrations with distributors and other software platforms, and improvements to our backend architecture. Research and development expenses consist primarily of personnel costs for employees and contractors, including share-based compensation expenses, and allocated costs of facilities and information technology, software tools, and product certification. We expense research and development costs as incurred, except for certain internal-use software development costs that we capitalize. We believe that continued investment in our products is important for our future growth, and we expect our research and development expenses to continue to increase in absolute dollars for the foreseeable future, although these expenses may fluctuate as a percentage of our total revenues from period to period depending on the timing of these expenses.

Sales and marketing expenses are the largest component of our operating expenses and consist primarily of personnel costs for employees and contractors directly associated with our sales and marketing activities including share-based compensation expenses, internet advertising fees, radio and billboard advertising, public relations, commissions paid to employees, resellers and other third parties, amortization of capitalized sales commissions, trade shows, travel expenses, credit card fees, marketing and promotional activities, amortization of acquired customer relationship intangibles, and allocated costs of facilities and information technology. We expect our sales and marketing expenses to continue to increase in absolute dollars for the foreseeable future as we expand our sales and marketing efforts domestically and internationally and continue to build our brand, although these expenses may fluctuate as a percentage of our total revenues from period to period depending on the timing of these expenses.

General and administrative expenses consist primarily of personnel costs, including share-based compensation expenses, for employees and contractors engaged in infrastructure and administrative activities to support the day-to-day

operations of our business. Other significant components of general and administrative expenses include professional service fees, allocated costs of facilities and information technology, cost of compliance with certain government-imposed taxes, the costs of legal matters, business acquisition costs, and loss contingencies. We expect our general and administrative expenses to continue to increase in absolute dollars for the foreseeable future, although these expenses may fluctuate as a percentage of our total revenues from period to period, depending on the timing of these expenses.

Results of Operations

The following tables set forth selected consolidated statements of operations data and such data as a percentage of total revenues. The historical results presented below are not necessarily indicative of the results that may be expected for any future period (in thousands):

	Year ended December 31,		
	2020	2019	2018
Revenues			
Subscriptions	\$ 1,086,276	\$ 817,811	\$ 612,888
Other	97,381	85,047	60,736
Total revenues	1,183,657	902,858	673,624
Cost of revenues			
Subscriptions	236,990	160,320	109,454
Other	86,617	70,723	47,675
Total cost of revenues	323,607	231,043	157,129
Gross profit	860,050	671,815	516,495
Operating expenses			
Research and development	189,484	136,363	101,042
Sales and marketing	583,773	439,100	329,116
General and administrative	200,032	142,027	102,773
Total operating expenses	973,289	717,490	532,931
Loss from operations	(113,239)	(45,675)	(16,436)
Other income (expense), net			
Interest expense	(49,281)	(20,512)	(16,102)
Other income, net	80,458	9,247	6,475
Other income (expense), net	31,177	(11,265)	(9,627)
Loss before income taxes	(82,062)	(56,940)	(26,063)
Provision for (benefit from) income taxes	934	(3,333)	140
Net loss	\$ (82,996)	\$ (53,607)	\$ (26,203)

Percentage of Total Revenues*

	Year ended December 31,		
	2020	2019	2018
Revenues			
Subscriptions	92 %	91 %	91 %
Other	8	9	9
Total revenues	100	100	100
Cost of revenues			
Subscriptions	20	18	16
Other	7	8	7
Total cost of revenues	27	26	23
Gross profit	73	74	77
Operating expenses			
Research and development	16	15	15
Sales and marketing	49	49	49
General and administrative	17	16	15
Total operating expenses	82	79	79
Loss from operations	(10)	(5)	(2)
Other income (expense), net			
Interest expense	(4)	(2)	(2)
Other income, net	7	1	1
Other income (expense), net	3	(1)	(1)
Loss before income taxes	(7)	(6)	(4)
Provision for (benefit from) income taxes	—	—	—
Net loss	(7 %)	(6 %)	(4 %)

* Percentages may not add up due to rounding.

Comparison of Fiscal Years Ended December 31, 2020, 2019, and 2018:
Revenues

(in thousands, except percentages)	Year ended December 31,				Year ended December 31,			
	2020	2019	\$ Change	% Change	2019	2018	\$ Change	% Change
Revenues								
Subscriptions	\$ 1,086,276	\$ 817,811	\$ 268,465	33 %	\$ 817,811	\$ 612,888	\$ 204,923	33 %
Other	97,381	85,047	12,334	15 %	85,047	60,736	24,311	40 %
Total revenues	\$ 1,183,657	\$ 902,858	\$ 280,799	31 %	\$ 902,858	\$ 673,624	\$ 229,234	34 %
Percentage of revenues								
Subscriptions	92 %	91 %			91 %	91 %		
Other	8	9			9	9		
Total	100 %	100 %			100 %	100 %		

Subscriptions revenue. Subscriptions revenue increased by \$268.5 million, or 33%, during fiscal year 2020 as compared to fiscal year 2019. The increase was primarily a combination of the acquisition of new customers and upsells of seats and additional offerings to our existing customer base. This growth was primarily driven by an increase in sales to our mid-market and enterprise customers as we continue to move up market and increased sales through our direct and indirect sales channels. Although we expect to continue to add new customers and for existing customers to increase their usage of our product, we will continue to monitor the COVID-19 pandemic carefully and its impact on customer demand, contract duration, churn, payment terms, and credit card declines. Fluctuations in foreign currency exchange rates and volatility in the market, including those resulting from the COVID-19 pandemic, could also cause variability in our revenue.

Other revenues. Other revenues are primarily comprised of product revenue from the sale of pre-configured phones, phone rentals, and professional services.

Other revenue increased by \$12.3 million, or 15%, during fiscal year 2020 as compared to fiscal year 2019, primarily due to the increase in product sales and professional services resulting from the overall growth in our business. Due to shelter in place restrictions adopted in many jurisdictions in response to the COVID-19 pandemic, we continued to see a shift towards using RingCentral apps on laptops and mobile devices over traditional desktop phones and timing of professional services projects. We may see a reduction in demand for desktop phones and slower implementation services. We will continue to monitor the COVID-19 pandemic carefully and its impact on phone and professional services revenue.

Cost of Revenues and Gross Margin

(in thousands, except percentages)	Year ended December 31,				Year ended December 31,			
	2020	2019	\$ Change	% Change	2019	2018	\$ Change	% Change
Cost of revenues								
Subscriptions	\$ 236,990	\$ 160,320	\$ 76,670	48 %	\$ 160,320	\$ 109,454	\$ 50,866	46 %
Other	86,617	70,723	15,894	22 %	70,723	47,675	23,048	48 %
Total cost of revenues	\$ 323,607	\$ 231,043	\$ 92,564	40 %	\$ 231,043	\$ 157,129	\$ 73,914	47 %
Percentage of revenues								
Subscriptions	20 %	18 %			18 %	16 %		
Other	7 %	8 %			8 %	7 %		
Gross margins								
Subscriptions	78 %	80 %			80 %	82 %		
Other	11 %	17 %			17 %	22 %		
Total gross margin %	73 %	74 %			74 %	77 %		

Subscription cost of revenues and gross margin. Cost of subscriptions revenues increased by \$76.7 million, or 48%, during fiscal year 2020 as compared to fiscal year 2019. The primary drivers of the increase were third-party costs to support our solution offerings of \$25.9 million, amortization of acquired intangible assets of \$25.1 million, infrastructure support costs of \$16.7 million, and personnel and contractor-related costs including share-based compensation expenses of \$11.7 million. Gross margin decreased mainly due to timing of acquisition of intangible assets which resulted in higher amortization of acquired intangible assets of \$25.1 million and timing of our equity grants which resulted in higher share-based compensation expense of \$3.6 million.

The increase in headcount and other expense categories described herein was driven primarily by investments in our infrastructure and capacity to improve the availability of our subscription offerings, while also supporting the growth in new customers and increased usage of our subscriptions by our existing customer base. We expect subscription gross margin to be within a relatively similar range in the future. However, we continue to monitor the COVID-19 pandemic carefully and its impact on our customers.

Other cost of revenues and gross margin. Cost of other revenues increased by \$15.9 million, or 22%, during fiscal year 2020 as compared to fiscal year 2019. This was primarily due to the increase in personnel costs including share-based compensation expense of \$10.1 million and cost of product sales of \$5.4 million. Other revenue gross margin fluctuated based on timing of completion of professional services projects and transaction price for product sales.

We continue to monitor the impact of the COVID-19 pandemic on timing of professional services and transaction price of product sales.

Research and Development

(in thousands, except percentages)	Year ended December 31,				Year ended December 31,			
	2020	2019	\$ Change	% Change	2019	2018	\$ Change	% Change
Research and development	\$ 189,484	\$ 136,363	\$ 53,121	39 %	\$ 136,363	\$ 101,042	\$ 35,321	35 %
Percentage of total revenues	16 %	15 %			15 %	15 %		

Research and development expenses increased by \$53.1 million, or 39%, during fiscal year 2020 as compared to fiscal year 2019, primarily due to \$48.0 million increase in personnel and contractor costs and \$4.9 million increase in overhead costs to support our research and development efforts. The increase in personnel and contractor costs was mainly driven by approximately \$30.3 million relating to headcount growth and \$16.2 million share-based compensation expense.

The increases in research and development headcount and other expense categories were driven by continued investment in current and future software development projects for our applications. Given the continued emphasis and focus on product innovation, we expect research and development expenses to continue to increase in absolute dollars.

Sales and Marketing

(in thousands, except percentages)	Year ended December 31,				Year ended December 31,			
	2020	2019	\$ Change	% Change	2019	2018	\$ Change	% Change
Sales and marketing	\$ 583,773	\$ 439,100	\$ 144,673	33 %	\$ 439,100	\$ 329,116	\$ 109,984	33 %
Percentage of total revenues	49 %	49 %			49 %	49 %		

Sales and marketing expenses increased by \$144.7 million, or 33%, during fiscal year 2020 as compared to fiscal year 2019, primarily due to increases in personnel and contractor costs of \$73.3 million, third-party commissions of \$35.2 million, advertising and marketing costs of \$35.1 million, and amortization of deferred sales commission costs of \$17.1 million, partially offset by a \$9.9 million decrease in travel costs resulting from the impact of COVID-19 and a \$6.6 million decrease in professional fees mainly due to costs associated with strategic partnerships and acquisitions in fiscal year 2019. Of the total increase in personnel and contractor costs, \$45.5 million was primarily due to headcount growth and approximately \$25.9 million was due to higher share-based compensation expense.

The increases in sales and marketing headcount and other expense categories were necessary to support our growth strategy to acquire new customers with a focus on larger customers, and to establish brand recognition to achieve greater penetration into the North America and international markets. Additionally, we expect sales and marketing expenses to continue to increase in absolute dollars as we continue to expand our presence in North America and international markets.

General and Administrative

(in thousands, except percentages)	Year ended December 31,				Year ended December 31,			
	2020	2019	\$ Change	% Change	2019	2018	\$ Change	% Change
General and administrative	\$ 200,032	\$ 142,027	\$ 58,005	41 %	\$ 142,027	\$ 102,773	\$ 39,254	38 %
Percentage of total revenues	17 %	16 %			16 %	15 %		

General and administrative expenses increased by \$58.0 million, or 41%, during fiscal year 2020 as compared to fiscal year 2019, primarily due to increases in personnel and contractor costs of \$51.1 million including \$40.6 million due to higher share-based compensation expense, business fees and taxes of \$6.4 million, overhead costs of \$3.9 million, professional fees of \$3.2 million, and increased allowance for doubtful accounts of \$3.0 million partly driven by customer collection related matters stemming from COVID-19, partially offset by cost savings of \$10.0 million including credits and decreased travel costs.

We expect general and administrative expenses to continue to increase in absolute dollars as we continue to make additional investments in processes, systems, and personnel to support our anticipated revenue growth.

Other Income (expense), net

(in thousands, except percentages)	Year ended December 31,				Year ended December 31,			
	2020	2019	\$ Change	% Change	2019	2018	\$ Change	% Change
Interest expense	\$ (49,281)	\$ (20,512)	\$ (28,769)	nm	\$ (20,512)	\$ (16,102)	\$ (4,410)	nm
Other income, net	80,458	9,247	71,211	nm	9,247	6,475	2,772	nm
Other income (expense), net	\$ 31,177	\$ (11,265)	\$ 42,442	nm	\$ (11,265)	\$ (9,627)	\$ (1,638)	nm

nm - not meaningful

Other income (expense), net increased by \$42.4 million during fiscal year 2020 as compared to fiscal year 2019.

Other income, net was higher by \$71.2 million primarily due to \$81.1 million net unrealized gain recognized on our long-term investments, which depends on market fluctuations, partially offset by \$13.3 million loss on partial repurchase of our convertible senior notes during fiscal 2020 and decrease in interest income on our investments of \$9.1 million mainly as a result of reduction in interest rates. Fiscal 2019 expense were also higher due to costs associated with strategic partnerships and acquisitions of \$10.6 million, which did not recur in fiscal 2020.

Interest expense was higher by \$28.8 million due to increase in the amortization of debt discount and issuance costs from our 2025 and 2026 convertible senior notes issued in the first and third quarters of 2020, respectively.

We expect interest income to further reduce in the future due to interest rate volatility in the current macroeconomic environment.

Net loss

Net loss increased by \$29.4 million during fiscal year 2020, mainly due to non-cash items including \$88.2 million higher share-based compensation expense primarily driven by equity awards granted to new employees and annual merit based equity awards to existing employees, \$28.7 million increase in interest expense from the amortization of debt discount and issuance costs from our convertible senior notes, and \$25.1 million increase in amortization of acquired intangibles, partially offset by \$81.1 million net unrealized gain recognized from our long-term investments, and a decrease in acquisition-related costs of \$24.0 million.

Liquidity and Capital Resources

Liquidity is a measure of our ability to access sufficient cash flows to meet the short-term and long-term cash requirements of our business operations.

As of December 31, 2020 and 2019, we had cash and cash equivalents of \$639.9 million and \$343.6 million, respectively. We finance our operations primarily through sales to our customers, which could be billed either on a monthly or annually one year in advance. For customers with annual or multi-year contracts and those who opt for annual invoicing, we generally invoice only one annual period in advance and revenue is deferred for such advanced billings. We also finance our operations from proceeds from issuance of convertible senior notes and proceeds from issuance of stock under our stock plans.

In March 2020, we issued \$1.0 billion aggregate principal of 0% convertible senior notes due 2025 (the "2025 Notes") in a private placement. As of December 31, 2020, the carrying value of our 2025 Notes totaled \$825.0 million. In September 2020, we issued \$650.0 million aggregate principal of 0% convertible senior notes due 2026 (the "2026 Notes") in a private placement. As of December 31, 2020, the carrying value of our 2026 Notes totaled \$510.3 million. Our 2025 Notes and 2026 Notes contain customary financial covenants. In connection with both these offering, we used approximately \$1.0 billion of the total net proceeds of \$1.6 billion to repurchase a portion of the 0% convertible senior notes due 2023 (the "2023 Notes").

The 2023 Notes outstanding principal balance as of December 31, 2020 was \$80.2 million, out of which \$34.9 million conversion requests were outstanding as of December 31, 2020, and we received additional conversion requests of \$4.1 million subsequent to December 31, 2020. We expect to pay approximately \$185 million in the first quarter of 2021 to settle these outstanding conversion requests. As of the filing date, the remaining outstanding principal balance of the 2023 Notes is \$45.3 million. We intend to settle this outstanding principal amount out of our cash and cash equivalents outstanding balance. For additional details, refer to Note 6 – *Convertible Senior Notes* of the notes to the consolidated financial statements included in Part II, Item 8, "Consolidated Financial Statements and Supplementary Data" of this Annual Report on Form 10-K for additional information. We are in compliance with all covenants under the 2026, 2025 and 2023 Notes as of December 31, 2020.

During the year ended December 31, 2020, we entered into strategic partnership agreements with ALE and Vodafone under which we paid approximately \$163.7 million. We also financed approximately \$4.7 million of property, equipment, and software licenses through vendor financing arrangements and paid approximately \$4.5 million to purchase additional intellectual property rights.

We believe that our operations, existing liquidity sources as well as capital resources and ability to raise cash through additional financing will satisfy our future cash requirements and obligations for at least the next 12 months. Our future capital requirements will depend on many factors, including revenue growth and costs incurred to support customer growth, acquisitions and expansions, sales and marketing, research and development, increased general and administrative expenses to support the anticipated growth in our operations, and capital equipment required to support our growing headcount and in support of our co-location data center facilities, as well as the extent of the COVID-19 pandemic and its effect on our business. Our capital expenditures in future periods are expected to grow in line with our business. We continually evaluate our capital needs and may decide to raise additional capital to fund the growth of our business for general corporate purposes through public or private equity offerings or through additional debt financing. We also may in the future make investments in or acquire businesses or technologies that could require us to seek additional equity or debt financing. Access to additional capital may not be available or on favorable terms. The uncertainty created by the changing markets and economic conditions related to the COVID-19 pandemic may also impact our customers' ability to pay on a timely basis, which could negatively impact our operating cash flows.

The table below provides selected cash flow information for the periods indicated (in thousands):

	Year ended December 31,		
	2020	2019	2018
Net cash (used in) provided by operating activities	\$ (35,191)	\$ 64,846	\$ 72,130
Net cash used in investing activities	(107,686)	(296,780)	(83,448)
Net cash provided by financing activities	437,590	9,042	397,255
Effect of exchange rate changes	1,534	169	(800)
Net increase (decrease) in cash and cash equivalents	<u>\$ 296,247</u>	<u>\$ (222,723)</u>	<u>\$ 385,137</u>

Net Cash (Used in) Provided by Operating Activities

Cash used in or provided by operating activities is driven by our net loss, the timing of customer collections, as well as the amount and timing of disbursements to our vendors, the amount of cash we invest in personnel, marketing, and infrastructure costs to support the anticipated growth of our business, payments under strategic arrangements, and amounts attributable to repayment of convertible notes.

Net cash used in operating activities was \$35.2 million for the year ended December 31, 2020. This was driven primarily by \$141.6 million paid under strategic agreements and \$35.0 million attributable to debt discount on a portion of the 2023 convertible senior notes that was repaid. These were offset by \$141.4 million in cash flow from operating activities during the year ended December 31, 2020. The cash flow from operating activities was driven by timing of cash receipts and prepayments from customers and carriers and cash payments for personnel related costs and to vendors.

Net cash used in operating activities for the year ended December 31, 2020, increased by \$100.0 million as compared to the year ended December 31, 2019. This change was driven by payments under strategic arrangements and debt discount for a portion of the 2023 senior convertible notes that was repaid, offset with the additional cash generated from operating activities.

Net Cash Used in Investing Activities

Our primary investing activities have consisted of our long-term investments, business acquisitions and purchase of intellectual properties, and capital expenditures and internal-use software. As our business grows, we expect our capital expenditures to continue to increase.

Net cash used in investing activities was \$107.7 million for the year ended December 31, 2020, primarily due to capital expenditures including personnel-related costs associated with development of internal-use software of \$81.7 million and acquisition of IP of \$26.0 million to complement and support our product development and enhancement initiatives.

Net cash used in investing activities for the year ended December 31, 2020 decreased by \$189.1 million as compared to the year ended December 31, 2019, primarily due to \$135.6 million used in 2019 to acquire our long-term investments and lower cash used in 2020 for business combinations and asset acquisitions of \$91.0 million, partially offset by higher capital expenditures and internal use software investment of \$37.4 million to support the growth in our business.

Net Cash Provided by Financing Activities

Our primary financing activities have consisted of raising proceeds through the issuance of our 2025 Notes and 2026 Notes in the first and third quarters of 2020, respectively, and stock under our stock plans, offset by partial repurchase and conversion of our 2023 Notes.

Net cash provided by financing activities was approximately \$437.6 million for the year ended December 31, 2020, primarily due to \$1.6 billion proceeds from the issuance of our 2025 Notes and 2026 Notes, net of issuance costs, partially offset by \$1.1 billion paid for the partial repurchase and conversions of our 2023 Notes and \$102.7 million payments for capped calls transactions and costs. We also had proceeds from issuance of stock in connection with our stock plans of \$41.2 million, which was offset with payments for taxes paid in connection with our stock plans of \$36.7 million.

Net cash provided by financing activities for the year ended December 31, 2020, increased by \$428.5 million as compared to the year ended December 31, 2019, primarily proceeds from the 2025 Notes and the 2026 Notes issued in 2020, partially offset by the partial repurchases and conversions of the 2023 Notes. Refer to Note 6, *Convertible Senior Notes*, of the notes to the consolidated financial statements included in Part II, Item 8, “Consolidated Financial Statements and Supplementary Data” of this Annual Report on Form 10-K for additional information.

Non-GAAP Free Cash Flow

To supplement our statements of cash flows presented on a GAAP basis, we use non-GAAP measures of cash flows to analyze cash flow generated from our operations. We define free cash flow, a non-GAAP financial measure, as GAAP net cash provided by (used in) operating activities plus cash paid for strategic partnerships and repayments of convertible senior notes attributable to debt discount, reduced by purchases of property and equipment and capitalized internal-use software. We believe information regarding free cash flow provides useful information to management and investors in understanding the strength of liquidity and available cash. A limitation of the use of free cash flow is that it does not represent the total increase or decrease in our cash balance for the period. Free cash flow should not be considered in isolation or as an alternative to cash flows from operations, and should be considered alongside our other GAAP-based financial liquidity performance measures, such as net cash used in operating activities and our other GAAP financial results.

The following table presents a reconciliation of free cash flow to net cash provided by (used in) operating activities, the most directly comparable GAAP measure, for each of the periods presented (in thousands):

	Year ended December 31,		
	2020	2019	2018
Net cash (used in) provided by operating activities	\$ (35,191)	\$ 64,846	\$ 72,130
Strategic partnerships	141,584	34,500	—
Repayment of convertible senior notes attributable to debt discount	35,020	—	—
Non-GAAP net cash provided by operating activities	141,413	99,346	72,130
Purchases of property and equipment	(43,618)	(27,767)	(27,123)
Capitalized internal-use software	(38,113)	(16,526)	(11,421)
Non-GAAP free cash flow	<u>\$ 59,682</u>	<u>\$ 55,053</u>	<u>\$ 33,586</u>

Backlog

We have generally signed new customers contracts with varying length, from month-to-month to multi-year terms for our subscription services. At any point in the contract term, there can be amounts allocated to services that we have not yet contractually performed, which constitute a backlog. Until we meet our performance obligations, we do not recognize them as revenues in our consolidated financial statements. Given the variability in our contract length, we believe that backlog is not a reliable indicator of future revenues and we do not utilize backlog as a key management metric internally.

Deferred Revenue

Deferred revenue primarily consists of the unearned portion of monthly or annual invoiced fees for our subscriptions, which we recognize as revenue in accordance with our revenue recognition policy. For customers with multi-year contracts, we generally invoice for only one monthly or annual subscription period in advance. Therefore, our deferred revenue balance does not capture the full contract value of multi-year contracts. Accordingly, we believe that deferred revenue is not a reliable indicator of future revenues and we do not utilize deferred revenue as a key management metric internally.

Contractual Obligations

The following summarizes our contractual obligations as of December 31, 2020 (in thousands):

	Payments due by period				Total
	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years	
Operating lease obligations ⁽¹⁾	\$ 18,965	\$ 25,398	\$ 11,754	\$ 7,414	\$ 63,531
Financing obligations	5,451	5,515	—	—	10,966
Long-term debt	—	80,213	1,000,000	650,000	1,730,213
Purchase obligations	53,729	25,526	18,620	16,426	114,301
Total	\$ 78,145	\$ 136,652	\$ 1,030,374	\$ 673,840	\$ 1,919,011

(1) Operating lease obligations includes operating leases of \$1.1 million that have not yet commenced as of December 31, 2020.

Purchase obligations represent an estimate of open purchase orders and contractual obligations in the normal course of business for which we have not received the goods or services as of December 31, 2020. Although open purchase orders are considered enforceable and legally binding, except for our purchase orders with our inventory suppliers, the terms generally allow us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to the delivery of goods or performance of services. Our purchase orders with our inventory suppliers are non-cancellable. In addition, we have other obligations for goods and services that we enter into in the normal course of business. These obligations, however, are either not enforceable or legally binding, or are subject to change based on our business decisions. The aggregate of these items represents our estimate of purchase obligations.

Indemnification Obligations

Certain of our agreements with sales agents, resellers and customers include provisions for indemnification against liabilities if our products infringe a third-party's intellectual property rights. To date, we have not incurred any material costs as a result of such indemnification provisions and have not accrued any liabilities related to such obligations in the consolidated financial statements as of December 31, 2020.

Contingencies

We are and may be in the future subject to certain legal proceedings and from time to time may be involved in a variety of claims, lawsuits, investigations, and proceedings relating to contractual disputes, intellectual property rights, employment matters, regulatory compliance matters, and other matters relating to various claims that arise in the normal course of business. We record a provision for a liability when we believe that it is both probable that a liability has been incurred, and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount of loss. Such legal proceedings are inherently unpredictable and subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to be incorrect, it could have a significant impact on our results of operations, financial position, and cash flows.

Refer to Note 8 – *Commitment and Contingencies* of the notes to the consolidated financial statements included in Part II, Item 8, "Consolidated Financial Statements and Supplementary Data" of this Annual Report on Form 10-K for additional information.

Off-Balance Sheet Arrangements

Through December 31, 2020, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP. In many cases, the accounting treatment of a particular transaction is specifically dictated by U.S. GAAP and does not require management's judgment in its application. In other cases, management's judgment is required in selecting among available alternative accounting standards

that provide for different accounting treatment for similar transactions. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the amounts we report as assets, liabilities, revenues, costs, and expenses, and affect the related disclosures. We base our estimates on historical experience and other assumptions that we believe are reasonable under the circumstances. In many instances, we could reasonably use different accounting estimates, and in some instances changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, our actual results could differ significantly from the estimates made by our management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows will be affected. A summary of our significant accounting policies is included in Note 1 of the notes to the consolidated financial statements included in Part II, Item 8, which is incorporated herein by reference. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Revenue Recognition

We derive our revenues from subscriptions, sale of products, and professional services. Subscriptions revenue is generally recognized over the period of the subscription contract. Subscription contracts generally allow the customers to terminate their services at any time during the first 30 days of the subscription period and are charged for the term of usage. Upon cancellation during the termination period, customers receive a pro-rata refund for any amounts paid. After the end of the termination period, the contract is non-cancellable and the customer is obligated to pay for the remaining term of the contract. For sale of products, revenue is recognized when control is transferred. For professional services, revenue is recognized as services are rendered.

Recent Accounting Pronouncements

For a summary of recent accounting pronouncements and the anticipated effects on our consolidated financial statements, see Note 1 to the consolidated financial statements included in Part II, Item 8, "Consolidated Financial Statements and Supplementary Data" of this Annual Report on Form 10-K, which is incorporated herein by reference.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency exchange rates and interest rates. We do not hold or issue financial instruments for trading purposes.

Foreign Currency Risk

The majority of our sales and contracts are denominated in U.S. dollars, and therefore our net revenue is not currently subject to significant foreign currency risk. As part of our international operations, we charge customers in British Pounds, European Union (“EU”) Euro, Canadian Dollars and Australian Dollars, among others. Fluctuations in foreign currency exchange rates and volatility in the market, including those resulting from the COVID-19 pandemic, will cause variability in our revenue. However, this impact has not been significant during 2020. Our operating expenses are generally denominated in the currencies of the countries in which our operations are located, which are primarily in the U.S., and to a lesser extent in Canada, Europe, and Asia-Pacific. The functional currency of our foreign subsidiaries is generally the local currency. Our consolidated results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign currency exchange rates. To date, we have not entered into any hedging arrangements with respect to foreign currency risk. During fiscal 2020, a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have had a material impact on our consolidated financial statements. As our international operations continue to expand, risks associated with fluctuating foreign currency rates may increase. We will continue to reassess our approach to managing these risks.

Interest Rate Risk

As of December 31, 2020, we had cash and cash equivalents of \$639.9 million. We invest our cash and cash equivalents in short-term money market funds. We have experienced a decline in the interest rates associated with money market funds over the last several quarters. Declines in interest rates would reduce future interest income. During fiscal year 2020, a hypothetical 10% increase or decrease in overall interest rates would not have had a material impact on our interest income. The carrying amount of our cash equivalents reasonably approximates fair values. Due to the short-term nature of our money-market funds, we believe that exposure to changes in interest rates will not have a material impact on the fair value of our cash equivalents. Interest income may further reduce in the future due to interest rate volatility in the current macroeconomic environment.

As of December 31, 2020, we had \$71.2 million, \$825.0 million, \$510.3 million outstanding from the 2023 Notes, 2025 Notes, and 2026 Notes (collectively the “Notes”), respectively. We carry the Notes at face value less unamortized discount on our balance sheet, and we present the fair value for required disclosure purposes only. The Notes have a zero percent fixed annual interest rate and, therefore, we have no economic exposure to changes in interest rates. The fair value of the Notes is exposed to interest rate risk. Generally, the fair value of our fixed interest rate Notes will increase as interest rates decline and decrease as interest rates increase. In addition, the fair values of the Notes are affected by our stock price. The fair value of the Notes will generally increase as our common stock price increases and will generally decrease as our common stock price decrease in value.

Market Risk

As of December 31, 2020, we had long term investments in convertible and redeemable preferred stock of \$213.2 million. These equity investments are subject to market related risks that could decrease or increase the fair value of our holdings. These equity investments are adjusted to fair value based on market inputs at the balance sheet date, which are subject to market-related risks that could decrease or increase the fair value of our holdings, including the potential impacts from COVID-19. A fluctuation in the investee's stock price, volatility or a combination of both could have an adverse impact on the fair value of our investment. A hypothetical adverse stock price or volatility change of 10% could have resulted in a potential decrease of up to \$16.8 million in the fair-value of our investment as of December 31, 2020.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

**RINGCENTRAL, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	62
Consolidated Balance Sheets	64
Consolidated Statements of Operations	65
Consolidated Statements of Comprehensive Loss	66
Consolidated Statements of Stockholders' Equity	67
Consolidated Statements of Cash Flows	68
Notes to Consolidated Financial Statements	69

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors

RingCentral, Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of RingCentral, Inc. and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated 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.

In our opinion, the consolidated 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 years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles. 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 the Committee of Sponsoring Organizations of the Treadway Commission.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for leases as of January 1, 2019 due to the adoption of Financial Accounting Standards Board's Accounting Standards Codification (ASC) Topic 842, Leases.

Basis for Opinions

The Company's management is responsible for these consolidated 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 Annual Report on Internal Controls Over Financial Reporting appearing in Item 9A of this Annual Report on Form 10-K. Our responsibility is to express an opinion on the Company's consolidated 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 consolidated 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 consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgment. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of the Sufficiency of Audit Evidence Over Subscriptions Revenue

As discussed in Note 1 to the consolidated financial statements, and disclosed in the consolidated statements of operations, the Company recorded \$1,183.7 million of total revenues for the year ended December 31, 2020, of which \$1,086.3 million related to subscriptions. There are high volumes of subscription transactions processed across multiple information technology (IT) systems.

We identified the evaluation of the sufficiency of audit evidence over subscriptions revenue as a critical audit matter. This matter required especially subjective auditor judgment because of the number of IT applications involved in the subscriptions revenue recognition process. This matter also included determining the nature and extent of audit evidence obtained over subscriptions revenue, and the need to involve IT professionals to assist with the performance of certain procedures.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's subscriptions revenue process, including associated IT controls. We applied auditor judgment to determine the nature and extent of procedures to be performed over subscriptions revenue, including the determination of the IT applications subject to testing. We assessed the recorded subscriptions revenue by selecting transactions and comparing the amounts recognized for consistency with underlying documentation, including contracts with customers. We also involved IT professionals with specialized skills and knowledge, who assisted in testing certain IT applications that are used by the Company in its subscriptions revenue recognition process. We evaluated the sufficiency of audit evidence obtained by assessing the results of procedures performed, including the appropriateness of such evidence.

/s/ KPMG LLP

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

San Francisco, California
February 26, 2021

RINGCENTRAL, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value per share)

	December 31, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	\$ 639,853	\$ 343,606
Accounts receivable, net	176,034	129,990
Deferred and prepaid sales commission costs	63,726	36,589
Prepaid expenses and other current assets	46,516	25,354
Total current assets	926,129	535,539
Property and equipment, net	142,208	89,230
Operating lease right-of-use assets	51,115	39,269
Long-term investments	213,176	132,188
Deferred and prepaid sales commission costs, non-current	667,779	462,344
Goodwill	57,313	55,278
Acquired intangibles, net	118,313	127,338
Other assets	8,564	9,561
Total assets	\$ 2,184,597	\$ 1,450,747
Liabilities, Temporary Equity, and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 54,043	\$ 34,612
Accrued liabilities	210,654	138,729
Current portion of convertible senior notes, net	31,148	—
Deferred revenue	142,223	107,372
Total current liabilities	438,068	280,713
Convertible senior notes, net	1,375,320	386,889
Operating lease liabilities	38,722	28,516
Other long-term liabilities	20,241	8,929
Total liabilities	1,872,351	705,047
Commitments and contingencies (Note 8)		
Temporary equity (Note 6)	3,787	—
Stockholders' equity		
Class A common stock, \$0.0001 par value; 1,000,000 shares authorized at December 31, 2020 and 2019; 80,207 and 75,901 shares issued and outstanding at December 31, 2020 and 2019	8	8
Class B common stock, \$0.0001 par value; 250,000 shares authorized at December 31, 2020 and 2019; 10,223 and 11,039 shares issued and outstanding at December 31, 2020 and 2019	1	1
Additional paid-in capital	673,950	1,033,053
Accumulated other comprehensive income	6,806	1,948
Accumulated deficit	(372,306)	(289,310)
Total stockholders' equity	308,459	745,700
Total liabilities, temporary equity and stockholders' equity	\$ 2,184,597	\$ 1,450,747

See accompanying notes to consolidated financial statements

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

	Year ended December 31,		
	2020	2019	2018
Revenues			
Subscriptions	\$ 1,086,276	\$ 817,811	\$ 612,888
Other	97,381	85,047	60,736
Total revenues	<u>1,183,657</u>	<u>902,858</u>	<u>673,624</u>
Cost of revenues			
Subscriptions	236,990	160,320	109,454
Other	86,617	70,723	47,675
Total cost of revenues	<u>323,607</u>	<u>231,043</u>	<u>157,129</u>
Gross profit	860,050	671,815	516,495
Operating expenses			
Research and development	189,484	136,363	101,042
Sales and marketing	583,773	439,100	329,116
General and administrative	200,032	142,027	102,773
Total operating expenses	<u>973,289</u>	<u>717,490</u>	<u>532,931</u>
Loss from operations	(113,239)	(45,675)	(16,436)
Other income (expense), net			
Interest expense	(49,281)	(20,512)	(16,102)
Other income, net	80,458	9,247	6,475
Other income (expense), net	31,177	(11,265)	(9,627)
Loss before income taxes	(82,062)	(56,940)	(26,063)
Provision for (benefit from) income taxes	934	(3,333)	140
Net loss	<u>\$ (82,996)</u>	<u>\$ (53,607)</u>	<u>\$ (26,203)</u>
Net loss per common share			
Basic and diluted	<u>\$ (0.94)</u>	<u>\$ (0.64)</u>	<u>\$ (0.33)</u>
Weighted-average number of shares used in computing net loss per share			
Basic and diluted	<u>88,684</u>	<u>83,130</u>	<u>79,500</u>

See accompanying notes to consolidated financial statements

RINGCENTRAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)

	<u>Year ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net loss	\$ (82,996)	\$ (53,607)	\$ (26,203)
Other comprehensive income (loss)			
Foreign currency translation adjustments, net	4,858	(278)	(772)
Comprehensive loss	<u>\$ (78,138)</u>	<u>\$ (53,885)</u>	<u>\$ (26,975)</u>

See accompanying notes to consolidated financial statements

RINGCENTRAL, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Common stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance as of December 31, 2017	78,054	\$ 8	\$ 434,840	\$ 2,998	\$ (209,500)	\$ 228,346
Issuance of common stock in connection with Equity Incentive and Employee Stock Purchase plans, net of tax withholdings	3,231	—	13,449	—	—	13,449
Shares repurchased	(239)	—	(15,000)	—	—	(15,000)
Share-based compensation	—	—	68,876	—	—	68,876
Equity component of 2023 convertible senior notes, net of issuance cost	—	—	98,823	—	—	98,823
Purchase of capped calls	—	—	(49,910)	—	—	(49,910)
Changes in comprehensive income	—	—	—	(772)	—	(772)
Net loss	—	—	—	—	(26,203)	(26,203)
Balance as of December 31, 2018	81,046	\$ 8	\$ 551,078	\$ 2,226	\$ (235,703)	\$ 317,609
Issuance of common stock in connection with Equity Incentive and Employee Stock Purchase plans, net of tax withholdings	3,723	1	15,160	—	—	15,161
Issuance of common stock in connection with investments	2,171	—	361,000	—	—	361,000
Share-based compensation	—	—	105,815	—	—	105,815
Changes in comprehensive income	—	—	—	(278)	—	(278)
Net loss	—	—	—	—	(53,607)	(53,607)
Balance as of December 31, 2019	86,940	\$ 9	\$ 1,033,053	\$ 1,948	\$ (289,310)	\$ 745,700
Issuance of common stock in connection with Equity Incentive and Employee Stock Purchase plans, net of tax withholdings	3,149	—	4,513	—	—	4,513
Share-based compensation	—	—	194,667	—	—	194,667
Equity component of 2026 and 2025 convertible senior notes, net of issuance costs	—	—	329,280	—	—	329,280
Purchase of capped calls related to 2026 and 2025 convertible senior notes	—	—	(102,695)	—	—	(102,695)
Equity component from partial repurchases of 2023 convertible senior notes	341	—	(781,081)	—	—	(781,081)
Temporary equity reclassification (Note 6)	—	—	(3,787)	—	—	(3,787)
Changes in comprehensive income	—	—	—	4,858	—	4,858
Net loss	—	—	—	—	(82,996)	(82,996)
Balance as of December 31, 2020	90,430	\$ 9	\$ 673,950	\$ 6,806	\$ (372,306)	\$ 308,459

See accompanying notes to consolidated financial statements

RINGCENTRAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year ended December 31,		
	2020	2019	2018
Cash flows from operating activities			
Net loss	\$ (82,996)	\$ (53,607)	\$ (26,203)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation and amortization	75,612	37,870	23,273
Share-based compensation	189,600	101,354	68,088
Amortization of deferred and prepaid sales commission costs	47,207	30,134	19,754
Amortization of debt discount and issuance costs	49,031	20,337	15,918
Loss on early extinguishment of debt	13,284	—	—
Repayment of convertible senior notes attributable to debt discount	(35,020)	—	—
Reduction of operating lease right-of-use assets	15,712	13,256	—
Unrealized gain and other related costs on investments	(80,988)	3,369	—
Foreign currency remeasurement (gain) loss	(2,954)	(105)	951
Provision for bad debt	5,936	2,949	3,091
Deferred income taxes	(499)	(737)	(303)
Tax benefit from release of valuation allowance	—	(3,210)	—
Other	512	240	614
Changes in assets and liabilities:			
Accounts receivable	(51,980)	(37,163)	(47,877)
Deferred and prepaid sales commission costs	(274,908)	(102,303)	(45,232)
Prepaid expenses and other current assets	(20,878)	(1,575)	(342)
Other assets	266	764	279
Accounts payable	21,916	21,753	2,783
Accrued liabilities	62,451	27,095	33,695
Deferred revenue	34,851	18,845	24,780
Operating lease liabilities	(15,362)	(13,830)	—
Other liabilities	14,016	(590)	(1,139)
Net cash (used in) provided by operating activities	<u>(35,191)</u>	<u>64,846</u>	<u>72,130</u>
Cash flows from investing activities			
Purchases of property and equipment	(43,618)	(27,767)	(27,123)
Capitalized internal-use software	(38,113)	(16,526)	(11,421)
Cash paid for business combination, net of cash acquired	—	(27,870)	(26,434)
Purchases of long-term investments	—	(135,557)	—
Cash paid for acquisition of intangible assets	(25,955)	(89,060)	(18,470)
Net cash used in investing activities	<u>(107,686)</u>	<u>(296,780)</u>	<u>(83,448)</u>
Cash flows from financing activities			
Proceeds from issuance of convertible senior notes, net of issuance costs	1,627,177	—	449,457
Payments for 2023 convertible senior notes partial repurchase	(1,086,268)	—	—
Payments for capped calls and transaction costs	(102,695)	—	(49,910)
Repurchase of common stock	—	—	(15,000)
Proceeds from issuance of stock in connection with stock plans	41,230	29,827	20,621
Payments for taxes related to net share settlement of equity awards	(36,717)	(14,666)	(7,172)
Payment for contingent consideration for business acquisition	(3,648)	(5,176)	—
Repayment of financing obligations	(1,489)	(943)	(741)
Net cash provided by financing activities	<u>437,590</u>	<u>9,042</u>	<u>397,255</u>
Effect of exchange rate changes	1,534	169	(800)
Net increase (decrease) in cash, cash equivalents, and restricted cash	<u>296,247</u>	<u>(222,723)</u>	<u>385,137</u>
Cash, cash equivalents, and restricted cash			
Beginning of year	<u>343,606</u>	<u>566,329</u>	<u>181,192</u>
End of year	<u>\$ 639,853</u>	<u>\$ 343,606</u>	<u>\$ 566,329</u>
Supplemental disclosure of cash flow data:			
Cash paid for interest	\$ 220	\$ 189	\$ 40
Cash paid for income taxes, net of refunds	\$ 870	\$ 996	\$ 433
Non-cash investing and financing activities			
Cash held for future indemnity claims and other potential future payments	\$ 197	\$ 7,148	\$ 971
Equipment and capitalized internal-use software purchased and unpaid at period end	\$ 7,926	\$ 5,215	\$ 4,785
Common stock issued for acquisition of intangible assets	\$ —	\$ 16,450	\$ —
Common stock issued for prepaid and deferred sales commission cost	\$ —	\$ 345,000	\$ —
Reclassification from intangible assets to prepaid and other assets	\$ —	\$ —	\$ 8,223
Equipment acquired under financing obligations	\$ 4,694	\$ —	\$ 4,513
Earnout related matters, including issuance of common stock for milestone achievements	\$ —	\$ —	\$ 5,375

See accompanying notes to consolidated financial statements

RINGCENTRAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Description of Business and Summary of Significant Accounting Policies

Description of Business

RingCentral, Inc. (the “Company”) is a provider of software-as-a-service (“SaaS”) solutions that enables businesses to communicate, collaborate and connect. The Company was incorporated in California in 1999 and was reincorporated in Delaware on September 26, 2013.

Principles of Consolidation

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

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 assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The significant estimates made by management affect revenues, the allowance for doubtful accounts, valuation of long-term investments, deferred and prepaid sales commission costs, goodwill, useful lives of intangible assets, share-based compensation, capitalization of internally developed software, liability and equity allocation of convertible senior notes, return reserves, provision for income taxes, uncertain tax positions, loss contingencies, sales tax liabilities, and accrued liabilities. Management periodically evaluates these estimates and will make adjustments prospectively based upon the results of such periodic evaluations. Actual results may differ from these estimates.

In March 2020, the World Health Organization declared the outbreak of the novel strain of coronavirus (“COVID-19”) as a global pandemic with widespread and detrimental effect on the global economy. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Company's customers and sales cycles, and its employees, all of which are uncertain and cannot be predicted. As of the date of issuance of these financial statements, the Company is not aware of any specific event or circumstance that would require updating significant estimates or judgments or revising the carrying value of the Company's assets or liabilities as presented in the consolidated financial statements. These estimates may change as new events occur and additional information is obtained. Actual results could differ materially from these estimates.

Foreign Currency

The functional currency of the Company's foreign subsidiaries is generally the local currency. Adjustments resulting from translating foreign functional currency financial statements into U.S. dollars are recorded as part of a separate component of stockholders' equity and reported in the Consolidated Statements of Comprehensive Loss. Foreign currency transaction gains and losses are included in net loss for the period. All assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the exchange rate on the balance sheet date. Revenues and expenses are translated at the average exchange rate during the period. Equity transactions are translated using historical exchange rates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are stated at fair value.

Allowance for Doubtful Accounts

For the years ended December 31, 2020 and 2019, a portion of revenues were realized from credit card transactions while the remaining revenues generated accounts receivable. The Company determines provisions based on historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with delinquent accounts.

Below is a summary of the changes in allowance for doubtful accounts for the years ended December 31, 2020, 2019 and 2018 (in thousands):

	Balance at beginning of year	Provision, net of recoveries	Write-offs	Balance at end of year
Year ended December 31, 2020				
Allowance for doubtful accounts	\$ 2,358	\$ 5,936	\$ 3,110	\$ 5,184
Year ended December 31, 2019				
Allowance for doubtful accounts	\$ 2,506	\$ 2,949	\$ 3,097	\$ 2,358
Year ended December 31, 2018				
Allowance for doubtful accounts	\$ 712	\$ 3,091	\$ 1,297	\$ 2,506

Long-Term Investments

Long-term investments consist of convertible and redeemable preferred securities in which the Company does not have a controlling interest or significant influence. These investments are recorded at fair value using both observable and unobservable inputs and the valuation requires judgment. These investments are reported at fair value in long-term investments in the Consolidated Balance Sheets. All gains and losses on these investments, realized and unrealized, are recognized in other income (expense), net in the Consolidated Statements of Operations.

Internal-Use Software Development Costs

The Company capitalizes qualifying internal-use software development costs that are incurred during the application development stage, provided that management with the relevant authority authorizes and commits to the funding of the project, it is probable the project will be completed, and the software will be used to perform the function intended. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Capitalized internal-use software development costs are included in property and equipment and are amortized on a straight-line basis over their estimated useful lives.

For the years ended December 31, 2020 and 2019, the Company capitalized \$41.9 million and \$18.5 million, net of impairment, of internal-use software development costs, respectively. The carrying value of internal-use software development costs was \$66.4 million and \$35.6 million at December 31, 2020 and 2019, respectively.

Property and Equipment, net

Property and equipment, net is stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is calculated on a straight-line basis over the estimated useful lives of those assets as follows:

Computer hardware and software	3 to 5 years
Internal-use software development costs	3 to 5 years
Furniture and fixtures	1 to 5 years
Leasehold improvements	Shorter of the estimated lease term or useful life

The Company evaluates the recoverability of property and equipment and intangible assets for possible impairment whenever events or circumstances indicate that the carrying amount of such assets or asset groups may not be recoverable. Recoverability of these assets or asset groups is measured by comparing the carrying amounts of such assets or asset groups to the future undiscounted cash flows that such assets or asset groups are expected to generate. If this evaluation indicates that the carrying amount of the assets or asset groups is not recoverable, the carrying amount of such assets or asset groups is reduced to its estimated fair value.

Maintenance and repairs are charged to expense as incurred.

Leases

The Company determines if a contract is a lease or contains a lease at the inception of the contract and reassesses that conclusion if the contract is modified. All leases are assessed for classification as an operating lease or a finance lease. Operating lease right-of-use ("ROU") assets are presented separately on the Company's Consolidated Balance Sheets. Operating lease liabilities are separated into a current portion, included within accrued liabilities on the Company's

Consolidated Balance Sheets, and a non-current portion included within operating lease liabilities on the Company's Consolidated Balance Sheets. The Company does not have significant finance lease ROU assets or liabilities. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. The Company does not obtain and control its right to use the identified asset until the lease commencement date.

The Company's lease liabilities are recognized at the applicable lease commencement date based on the present value of the lease payments required to be paid over the lease term. Because the rate implicit in the lease is not readily determinable, the Company generally uses an incremental borrowing rate to discount the lease payments to present value. The estimated incremental borrowing rate is derived from information available at the lease commencement date. The Company factors in publicly available data for instruments with similar characteristics when calculating its incremental borrowing rates. The Company's ROU assets are also recognized at the applicable lease commencement date. The ROU asset equals the carrying amount of the related lease liability, adjusted for any lease payments made prior to lease commencement and lease incentives provided by the lessor. Variable lease payments are expensed as incurred and do not factor into the measurement of the applicable ROU asset or lease liability.

The term of the Company's leases equal the non-cancellable period of the lease, including any rent-free periods provided by the lessor, and also include options to renew or extend the lease (including by not terminating the lease) that the Company is reasonably certain to exercise. The Company establishes the term of each lease at lease commencement and reassesses that term in subsequent periods when one of the triggering events outlined in Topic 842, *Leases*, occurs. Operating lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Company's lease contracts often include lease and non-lease components. For facility leases, the Company has elected the practical expedient offered by the standard to not separate lease from non-lease components and accounts for them as a single lease component. For the Company's other contracts that include leases, the Company accounts for the lease and non-lease components separately.

The Company has elected, for all classes of underlying assets, not to recognize ROU assets and lease liabilities for leases with a term of twelve months or less. Lease cost for short-term leases is recognized on a straight-line basis over the lease term. Additionally, for certain facility leases, the Company applies a portfolio approach, whereby it effectively accounts for the operating lease ROU assets and liabilities for multiple leases as a single unit of account because the accounting effect of doing so is not material.

On January 1, 2019, the Company adopted Topic 842 using a modified retrospective transition approach. As a result, the Company was not required to adjust its comparative periods' financial information for effects of the standard or make the new required lease disclosures for the periods before the date of adoption. The adoption of the standard did not have a material impact on the Company's consolidated statement of Operations or Cash Flows. The impact on the Company's Consolidated Balance Sheet as of January 1, 2019 was the recognition of ROU assets and lease liabilities for operating leases in the amount of \$33.5 million.

Goodwill and Intangible Assets

Goodwill is tested for impairment at the reporting unit level at a minimum on an annual basis or more frequently when an event occurs or circumstances change that indicate that the carrying value may not be recoverable. Goodwill is considered impaired if the carrying value of the reporting unit exceeds its fair value. The Company conducted its annual impairment test of goodwill in the fourth quarter of 2020 and 2019 and determined that no adjustment to the carrying value of goodwill was required.

Intangible assets consist of purchased customer relationships and developed technology. Intangible assets are amortized over the period of estimated benefit using the straight-line method and estimated useful lives ranging from two to five years. No residual value is estimated for intangible assets.

Concentrations

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. Although the Company deposits its cash with multiple financial institutions, its deposits, at times, may exceed federally insured limits. The Company's accounts receivable are primarily derived from sales by resellers and to larger direct customers. The Company maintains an allowance for doubtful accounts for estimated potential credit losses.

As of December 31, 2020, 2019 and 2018, and for the years then ended, none of the Company's customers accounted for more than 10% of total accounts receivable, total revenues, or subscription revenues.

During the years ended December 31, 2020, 2019 and 2018, the Company contracted a significant portion of its software development efforts from third-party vendors located in Russia and Ukraine. A cessation of services provided by these vendors could result in a disruption to the Company's research and development efforts.

Long-lived assets by geographic location is based on the location of the legal entity that owns the asset. As of December 31, 2020 and 2019, approximately 90% and 89% of the Company's consolidated long-lived assets, respectively, were located in the U.S. No other single country outside of the U.S. represented more than 10% of the Company's consolidated long-lived assets as of December 31, 2020 and 2019.

Revenue Recognition

The Company derives its revenues primarily from subscriptions, sale of products, and professional services. Revenues are recognized when control of these services is transferred to the customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services.

The Company determines revenue recognition through the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, the Company satisfies a performance obligation.

The Company recognizes revenues as follows:

Subscriptions revenue

Subscriptions revenue is generated from fees that provide customers access to one or more of the Company's software applications and related services. These arrangements have contractual terms typically ranging from one month to five years and include recurring fixed plan subscription fees and variable usage-based fees for usage in excess of plan limits.

Arrangements with customers do not provide the customer with the right to take possession of the Company's software at any time. Instead, customers are granted continuous access to the services over the contractual period. The Company transfers control evenly over the contractual period by providing stand-ready service. Accordingly, the fixed consideration related to subscription is recognized over time on a straight-line basis over the contract term beginning on the date the Company's service is made available to the customer. The Company may offer its customer services for no consideration during the initial months. Such discounts are recognized ratably over the term of the contract.

Fees for additional minutes of usage in excess of plan limits are deemed to be variable consideration that meet the allocation exception for variable consideration as they are specific to the month that the usage occurs.

The Company's subscription contracts typically allow the customers to terminate their services within the first 30 or 60 days and receive a refund for any amounts paid. After the end of the termination period, the contract is non-cancellable and the customer is obligated to pay for the remaining term of the contract. Accordingly, the Company considers the non-cancellable term of the contract to begin after the expiration of the termination period.

The Company records reductions to revenue for estimated sales returns and customer credits at the time the related revenue is recognized. Sales returns and customer credits are estimated based on the Company's historical experience, current trends and the Company's expectations regarding future experience. The Company monitors the accuracy of its sales reserve estimates by reviewing actual returns and credits and adjusts them for its future expectations to determine the adequacy of its current and future reserve needs. If actual future returns and credits differ from past experience, additional reserves may be required.

Other revenue

Other revenue includes revenue generated from sale of pre-configured phones, professional implementation services, and phone rentals.

Phone revenue is recognized upon transfer of control to the customer which is generally upon shipment from the Company's or its designated agents' warehouse. The amount of revenue recognized for products is adjusted for expected returns, which are estimated based on historical data.

The Company offers professional services to support implementation and deployment of its subscription services. Professional services do not result in significant customization of the product and are generally short-term in duration. The majority of the Company's professional services contracts are on a fixed price basis and revenue is recognized when services are delivered.

Principal vs. Agent

A portion of the Company's subscriptions and product revenues are generated through sales by resellers, strategic partners, and carrier partners. When the Company controls the performance of contractual obligations to the customer, it records these revenues at the gross amount paid by the customer with amounts retained by the resellers recognized as sales and marketing expenses. The Company assesses control of goods or services when it is primarily responsible for fulfilling the promise to provide the good or service, has inventory risk and has discretion in establishing the price.

Deferred and prepaid sales commission costs

The Company capitalizes sales commission expenses and associated payroll taxes paid to internal sales personnel and resellers, who sell the Company's offerings. The resellers are selling agents for the Company and earn sales commissions which are directly tied to the value of the contracts that the Company enters with the end-user customers. These sales commissions are incremental costs the Company incurs to obtain contracts with its end-user customers. The Company pays sales commissions on initial contracts and contracts for increased purchases with existing customers (expansion contracts). The Company does not pay sales commissions for contract renewals.

These sales commission costs are deferred and then amortized over the expected period of benefit, which is estimated to be five years. The Company has determined the period of benefit taking into consideration the expected subscription term and expected renewal periods of its customer contracts, the duration of its relationships with its customers considering historical and expected customer retention, technology and other factors. Amortization expense is included in sales and marketing expenses in the accompanying Consolidated Statements of Operations.

Cost of Revenues

Cost of subscriptions revenue primarily consists of costs of network capacity purchased from third-party telecommunications providers, network operations, costs to build out and maintain data centers, including co-location fees for the right to place the Company's servers in data centers owned by third-parties, depreciation of the servers and equipment, along with related utilities and maintenance costs, personnel costs associated with customer care and support of the functionality of the Company's platform and data center operations, including share-based compensation expenses, and allocated costs of facilities and information technology. Cost of subscriptions revenue is expensed as incurred.

Cost of other revenue is comprised primarily of the cost associated with purchased phones, shipping costs, costs of professional services, and allocated costs of facilities and information technology related to the procurement, management and shipment of phones. Cost of other revenue is expensed in the period product is delivered to the customer.

Share-Based Compensation

Share-based compensation expense resulting from options, restricted stock units ("RSUs"), performance-based awards, and employee stock purchase plan ("ESPP") rights granted is measured as the grant date fair value of the award and is generally recognized using the straight-line attribution method over the requisite service period of the award, which is generally the vesting period. The Company estimates the fair value of stock options, ESPP rights, and performance-based awards using the Black-Scholes-Merton option-pricing model. The Company estimates the fair value of RSUs as the closing market value of its Class A Common Stock on the grant date. For awards with performance-based and service-based conditions, compensation cost is recognized over the requisite service period if it is probable that the performance condition will be satisfied. The expense for

performance-based awards is evaluated each quarter based on the achievement of the performance conditions. The effect of a change in the estimated number of performance-based awards expected to be earned is recognized in the period those estimates are revised. Compensation expense is recognized net of estimated forfeiture activity, which is based on historical forfeiture rates.

Research and Development

Research and development expenses consist primarily of third-party contractor costs, personnel costs, technology license expenses, and depreciation associated with research and development equipment. Research and development costs are expensed as incurred.

Advertising Costs

Advertising costs, which include various forms of e-commerce such as search engine marketing, search engine optimization and online display advertising, as well as more traditional forms of media advertising such as radio and billboards, are expensed as incurred and were \$76.6 million, \$59.9 million, and \$58.3 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Convertible Debt

The Company bifurcates the debt and equity (the contingently convertible feature) components of its convertible debt instruments in a manner that reflects its nonconvertible debt borrowing rate at the time of issuance. The equity components of the convertible debt instruments are recorded within stockholders' equity with an allocated issuance discount. The debt issuance discount is amortized to interest expense in the Consolidated Statements of Operations using the effective interest method over the expected term of the convertible debt.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. The Company records a valuation allowance to reduce its deferred tax assets to the amount of future tax benefit that is more likely than not to be realized. As of December 31, 2020, except for deferred tax assets associated with its subsidiary in China, the Company recorded a full valuation allowance against all other net deferred tax assets due to its history of operating losses. The Company classifies interest and penalties on unrecognized tax benefits as income tax expense.

Segment Information

The Company has determined the chief executive officer is the chief operating decision maker. The Company's chief executive officer reviews financial information presented on a consolidated basis for purposes of assessing performance and making decisions on how to allocate resources. Accordingly, the Company has determined that it operates in a single reportable segment.

Indemnification

Certain of the Company's agreements with resellers and customers include provisions for indemnification against liabilities if its subscriptions infringe upon a third-party's intellectual property rights. At least quarterly, the Company assesses the status of any significant matters and its potential financial statement exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount or the range of loss can be estimated, the Company accrues a liability for the estimated loss. The Company has not incurred any material costs as a result of such indemnification provisions. The Company has not accrued any material liabilities related to such obligations as of December 31, 2020 and 2019.

Recent Accounting Pronouncements Not Yet Adopted

In December 2019, the Financial Accounting Standard Board ("FASB") issued Accounting Standard Update ("ASU") No. 2019-12, *Accounting Standards Update (Topic 740): Simplifying the Accounting for Income Taxes*. The ASU removed certain exceptions for recognizing deferred taxes for investments, performing intraperiod allocation and calculating income

taxes in interim periods. The ASU added guidance to reduce complexity in certain areas, including recognizing deferred taxes for goodwill and allocating taxes to members of a consolidated group. The ASU also amended the reporting requirement of taxes not based on income. The ASU is effective for calendar year-end public entities on January 1, 2021. Entities may early adopt the ASU in any interim period for which financial statements have not yet been issued (or made available for issuance). The Company has not yet adopted the new guidance. The adoption is not expected to have a material impact on the Company's consolidated financial statements.

In March 2020, the FASB issued optional guidance for a limited time to ease the potential burden in accounting for or recognizing the effects of reference rate reform, particularly, the risk of cessation of the London Interbank Offered Rate ("LIBOR") on financial reporting. The guidance provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments are elective and are effective upon issuance for all entities through December 31, 2022. The Company is currently evaluating the impact of the new guidance.

In August 2020, the FASB issued ASU No. 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which simplifies the accounting for certain convertible instruments, amends the guidance on derivative scope exceptions for contracts in an entity's own equity, and modifies the guidance on diluted earnings per share calculations as a result of these changes. This new standard is effective for public entities for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. The amendment is to be adopted through either a fully retrospective or modified retrospective method of transition. Early adoption is permitted. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements.

Note 2. Revenues and Cost of Revenue

Disaggregation of revenue

Revenue by geographic location are based on the billing address of the customer. The following table provides information about disaggregated revenue by primary geographical markets:

	Year ended December 31,		
	2020	2019	2018
Primary geographical markets			
North America	92 %	93 %	95 %
Others	8 %	7 %	5 %
Total revenues	100 %	100 %	100 %

The Company derived over 90% of subscription revenues from RingCentral Office and RingCentral customer engagement solutions products for the years ended December 31, 2020 and 2019, and approximately 88% for the year ended December 31, 2018.

Deferred revenue

During the year ended December 31, 2020, the Company recognized revenue of approximately all of the \$107.4 million that was included in the corresponding deferred revenue balance at the beginning of the year.

Remaining performance obligations

The typical subscription term ranges from one month to five years. Contract revenue as of December 31, 2020 that has not yet been recognized was approximately \$1.3 billion. This excludes contracts with an original expected length of less than one year. Of these remaining performance obligations, the Company expects to recognize revenue of 53% of this balance over the next 12 months and 47% thereafter.

Other revenues and cost of revenues

Other revenues are primarily comprised of product revenue from the sale of pre-configured phones, professional services, and phone rentals. Product revenues from the sale of pre-configured phones were \$43.3 million, \$42.9 million, and \$34.4 million for the years ended December 31, 2020, 2019 and 2018, respectively. Cost of product revenues were \$41.4 million, \$39.1 million, and \$29.6 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Note 3. Financial Statement Components

Cash and cash equivalents consisted of the following (in thousands):

	December 31, 2020	December 31, 2019
Cash	\$ 124,853	\$ 46,295
Money market funds	515,000	297,311
Total cash and cash equivalents	<u>\$ 639,853</u>	<u>\$ 343,606</u>

The Company has no restricted cash balance as of December 31, 2020 and 2019.

Accounts receivable, net consisted of the following (in thousands):

	December 31, 2020	December 31, 2019
Accounts receivable	\$ 148,741	\$ 114,745
Unbilled accounts receivable	32,477	17,603
Allowance for doubtful accounts	(5,184)	(2,358)
Accounts receivable, net	<u>\$ 176,034</u>	<u>\$ 129,990</u>

Prepaid expenses and other current assets consisted of the following (in thousands):

	December 31, 2020	December 31, 2019
Prepaid expenses	\$ 18,497	\$ 16,249
Inventory	551	401
Other current assets	27,468	8,704
Total prepaid expenses and other current assets	<u>\$ 46,516</u>	<u>\$ 25,354</u>

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

	December 31, 2020	December 31, 2019
Computer hardware and software	\$ 169,093	\$ 120,841
Internal-use software development costs	90,361	48,419
Furniture and fixtures	8,217	7,690
Leasehold improvements	12,910	11,327
Property and equipment, gross	280,581	188,277
Less: accumulated depreciation and amortization	(138,373)	(99,047)
Property and equipment, net	<u>\$ 142,208</u>	<u>\$ 89,230</u>

Total depreciation and amortization expense related to property and equipment was \$39.8 million, \$27.2 million, and \$18.9 million for the years ended December 31, 2020, 2019 and 2018, respectively.

During the year ended December 31, 2020, the Company financed \$4.7 million of property, equipment, and software licenses through vendor financing arrangements at interest rates ranging up to 3.95% to be repaid over a three-year term. As of December 31, 2020, \$3.2 million of the related equipment is collateralized under the vendor financing arrangement. The financing arrangements and the assets purchased under these arrangements are non-cash investing and financing activities.

The carrying value of goodwill is as follows (in thousands):

	December 31, 2020
Balance at December 31, 2019	\$ 55,278
Foreign currency translation adjustments	2,035
Balance at December 31, 2020	<u>\$ 57,313</u>

The carrying values of intangible assets are as follows (in thousands):

	Estimated Lives	December 31, 2020			December 31, 2019		
		Cost	Accumulated Amortization	Acquired Intangibles, Net	Cost	Accumulated Amortization	Acquired Intangibles, Net
Customer relationships	2 to 5 years	\$ 22,087	\$ 12,289	\$ 9,798	\$ 21,245	\$ 8,178	\$ 13,067
Developed technology	2 to 5 years	149,987	41,472	108,515	123,547	9,276	114,271
Total acquired intangible assets		<u>\$ 172,074</u>	<u>\$ 53,761</u>	<u>\$ 118,313</u>	<u>\$ 144,792</u>	<u>\$ 17,454</u>	<u>\$ 127,338</u>

Amortization expense from acquired intangible assets for the years ended December 31, 2020, 2019 and 2018 was \$35.8 million, \$10.7 million, and \$4.4 million, respectively. Amortization of developed technology is included in cost of revenues expenses and amortization of customer relationships is included in sales and marketing expenses in the Consolidated Statements of Operations. As of December 31, 2020, the weighted-average amortization period for developed technology is approximately 2.8 years and for customer relationships is approximately 2.0 years.

Estimated amortization expense for acquired intangible assets for the following five fiscal years is as follows (in thousands):

2021	\$ 46,216
2022	40,073
2023	17,854
2024	14,170
2025 onwards	—
Total estimated amortization expense	<u>\$ 118,313</u>

Accrued liabilities consisted of the following (in thousands):

	December 31, 2020	December 31, 2019
Accrued compensation and benefits	\$ 43,225	\$ 30,541
Accrued sales, use, and telecom related taxes	31,311	25,757
Accrued marketing	30,332	17,505
Operating lease liabilities, short-term	16,267	14,249
Other accrued expenses	89,519	50,677
Total accrued liabilities	<u>\$ 210,654</u>	<u>\$ 138,729</u>

Deferred and Prepaid Sales Commission Costs

Amortization expense for the deferred and prepaid sales commission costs for the years ended December 31, 2020, 2019 and 2018 were \$47.2 million, \$30.1 million, and \$19.8 million, respectively. There was no impairment loss in relation to the costs capitalized for the periods presented.

Note 4. Fair Value of Financial Instruments

The Company measures and reports certain cash equivalents, including money market funds and certificates of deposit, in addition to its long-term investments at fair value in accordance with the provisions of the authoritative accounting guidance that addresses fair value measurements. This guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

- Level 1: Observable inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Other inputs, such as quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are based on management's assumptions, including fair value measurements determined by using pricing models, discounted cash flow methodologies or similar techniques.

The financial assets carried at fair value were determined using the following inputs (in thousands):

	Fair Value at December 31, 2020	Level 1	Level 2	Level 3
Cash equivalents:				
Money market funds	\$ 515,000	\$ 515,000	\$ —	\$ —
Noncurrent assets:				
Long-term investments	213,176	—	—	213,176
	Fair Value at December 31, 2019	Level 1	Level 2	Level 3
Cash equivalents:				
Money market funds	\$ 297,311	\$ 297,311	\$ —	\$ —
Noncurrent assets:				
Long-term investments	132,188	—	—	132,188

The Company's other financial instruments, including accounts receivable, accounts payable, and other current liabilities, are carried at cost, which approximates fair-value due to the relatively short maturity of those instruments.

Convertible Senior Notes

As of December 31, 2020, the fair value of the 0% convertible senior notes due 2026 (the "2026 Notes") was approximately \$763.9 million. The fair value was determined based on the quoted price for the 2026 Notes in an inactive market on the last trading day of the reporting period and is considered as Level 2 in the fair value hierarchy.

As of December 31, 2020, the fair value of the 0% convertible senior notes due 2025 (the "2025 Notes") was approximately \$1.3 billion. The fair value was determined based on the quoted price for the 2025 Notes in an inactive market on the last trading day of the reporting period and is considered as Level 2 in the fair value hierarchy.

As of December 31, 2020, the fair value of the 0% convertible senior notes due 2023 (the "2023 Notes") was approximately \$381.1 million. The fair value was determined based on the quoted price for the 2023 Notes in an inactive market on the last trading day of the reporting period and is considered as Level 2 in the fair value hierarchy.

Long-Term Investments

As of December 31, 2020 and 2019, the fair value of the Company's long-term investments in convertible and redeemable preferred stock was \$213.2 million and \$132.2 million, respectively. The Company classifies its long-term investments as Level 3 in the fair value hierarchy based on the nature of the fair value inputs and judgment involved in the valuation process. The Company uses a lattice model to value these investments and relies on observable inputs including share-price, credit spread, and volatility. The model also incorporates judgments relating to the probability of special redemption triggers, the expected holding period of the investment and interest rates. These investments are reported at fair value in long-term investments in the Consolidated Balance Sheets. The Company's total net unrealized gain recorded in other income (expense), net, for the years ended December 31, 2020 and 2019 was \$77.2 million and \$6.6 million, respectively. Volatility in the global economic climate and financial markets, including the effects of COVID-19, could result in a significant change in the underlying share-price of the Company's investees, resulting in a material change in the value of the long-term investments.

Note 5. Business Combinations, Strategic Partnerships, and Asset Acquisitions

In November 2020, the Company entered into a strategic partnership with Vodafone Group Services Limited (“Vodafone”), a telecommunication provider in Europe and Africa. The parties intend to introduce a new co-branded cloud-based service that will be the Unified Communications as a Service (“UCaaS”) solution for Vodafone and offer Contact Center as a Service (“CCaaS”) to Vodafone’s customers. In July 2020, the Company entered into a strategic partnership with Alcatel-Lucent Enterprise (“ALE”), a provider of communications, networking, and cloud solutions in Europe. The parties intend to introduce a new co-branded solution, which will be the UCaaS solution marketed and sold by ALE. In addition to the above transactions, in 2020, the Company also entered into arrangements with unrelated third parties to acquire intellectual property rights. Under these agreements, the Company paid total upfront consideration of \$141.6 million in cash. These consideration represent cost to obtain contracts with customers and were included in deferred and prepaid sales commission costs on the Company's Consolidated Balance Sheets. The Company also paid \$26.6 million to acquire intellectual property rights, which will be amortized over their expected useful life of approximately two years to four years.

In December 2019, the Company entered into a strategic partnership with Atos SE (“Atos”) and its subsidiary, Unify Software and Solutions GmbH & CO. KG (“Unify”), which, among other things, provided for a one-time upfront consideration towards the acquisition of certain intellectual property rights and a commercial arrangement. Under the commercial agreement Unify is engaged in the marketing and sale of the Company's product, which represents advance payment for cost to obtain contracts with customers. In October 2019, the Company entered into certain agreements for a strategic partnership with Avaya Holdings Corp. (“Avaya”) and its subsidiaries, including Avaya Inc. In connection with the strategic partnership, the Company purchased \$125.0 million aggregate principal amount of 3% convertible and redeemable preferred stock, with a conversion price of \$16.00 per share, representing an approximately 6% position in Avaya on an as-converted basis. The Company also paid Avaya \$345.0 million in the Company's Class A Common Stock, predominantly for future fees, which was capitalized and will be amortized over the expected benefit period. The transaction closed on October 31, 2019. The investment in preferred securities in which the Company does not have a controlling interest or significant influence are measured at fair value with changes recorded through other income (expense) in the Consolidated Statements of Operations. The advance payment represents prepayment for cost to obtain contracts with customers. The Company also purchased intellectual property rights, which have been capitalized as an intangible asset and will be amortized over the useful life of three years. In addition to the above transactions, in 2019, the Company also separately entered into arrangements with unrelated third parties to acquire intellectual property rights.

In connection with the above transactions, in 2019, the Company recorded in aggregate \$105.5 million in acquired intangible assets relating to developed technology on the Consolidated Balance Sheets, which will be amortized over their respective useful life of three to five years. The Company also recorded \$371.1 million as deferred and prepaid sales commission costs representing cost to obtain contracts with customers. The prepaid assets will be amortized over their useful life based on the pattern of benefit since they are considered to be incremental customer acquisition costs. Certain of the strategic agreements entered in 2020 and 2019 may require the parties to incur certain costs towards strategic efforts. Such net costs are recorded as cost of revenues and operating expenses in the Consolidated Statements of Operations, in the period incurred.

On January 14, 2019, the Company acquired the equity interests of Connect First, Inc. (“Connect First”), a cloud-based outbound/blended customer engagement platform for midsize and enterprise companies. The acquisition complements the Company’s current Customer Engagement portfolio to provide differentiated customer experiences.

The total purchase price of approximately \$36.4 million consisted of cash of \$29.3 million and \$7.1 million held to cover indemnity claims made by the Company after the closing date. In connection with the acquisition, the Company granted \$4.0 million in restricted stock units, which vest over four years.

The allocation of the purchase price of the assets acquired and liabilities assumed based on their estimated fair values was as follows (in thousands):

Cash and cash equivalents	\$	1,427
Other tangible assets acquired		2,266
Acquired intangible assets		13,300
Goodwill		24,465
Total assets acquired		41,458
Liabilities assumed		(5,013)
Total consideration	\$	36,445

The amortizable intangible assets have a weighted average useful life of three years. The purchase price exceeded the estimated fair value of the tangible and identifiable intangible assets and liabilities acquired and, as a result of the allocation, the Company recorded goodwill of \$24.5 million, which is not deductible for tax purposes. The goodwill recognized is attributable primarily to contributions of the entity's technology to the overall corporate strategy, enhancements to the Company's contact center product offerings, and assembled workforce of the acquired business.

Note 6. Convertible Senior Notes

In March 2018, the Company issued \$460.0 million aggregate principal amount of 0% convertible senior notes due 2023 in a private placement, including the exercise in full of the over-allotment options of the initial purchasers (the "2023 Notes"). The 2023 Notes will mature on March 15, 2023, unless earlier repurchased or redeemed by the Company or converted pursuant to their terms. The total net proceeds from the debt offering, after deducting initial purchase discounts and debt issuance costs, were approximately \$449.5 million.

In March 2020, the Company issued \$1.0 billion aggregate principal amount of 0% convertible senior notes due 2025 in a private placement to qualified institutional buyers (the "2025 Notes"). The 2025 Notes will mature on March 1, 2025, unless earlier repurchased or redeemed by the Company or converted pursuant to their terms. The total net proceeds from the debt offering, after deducting initial purchase discounts and debt issuance costs, were approximately \$986.5 million.

In September 2020, the Company issued \$650 million aggregate principal amount of 0% convertible senior notes due 2026 in a private placement to qualified institutional buyers (the "2026 Notes"). The 2026 Notes will mature on March 15, 2026, unless earlier repurchased or redeemed by the Company or converted pursuant to their terms. The total net proceeds from the debt offering, after deducting initial purchase discounts and debt issuance costs, were approximately \$640.2 million.

The 2023 Notes, 2025 Notes and 2026 Notes (collectively, the "Notes") are senior, unsecured obligations of the Company that do not bear regular interest, and the principal amount of the Notes do not accrete. The Notes may bear special interest under specified circumstances relating to the Company's failure to comply with its reporting obligations under the indentures governing each of the Notes (collectively, the "Notes Indentures") or if the Notes are not freely tradeable as required by each respective Notes Indenture.

Partial Repurchase of 2023 Notes

In March 2020, the Company used \$509.6 million of the net proceeds from the offering of the 2025 Notes to repurchase \$172.5 million aggregate principal amount of the 2023 Notes in cash through individual privately negotiated transactions (the "First Partial Repurchase of 2023 Notes"). Of the \$509.6 million net proceeds, \$153.7 million and \$355.9 million were allocated to the debt and equity components, respectively. As of the repurchase date, the carrying value of the 2023 Notes subject to the First Partial Repurchase of 2023 Notes, net of unamortized debt discount and issuance costs, was \$146.4 million. The First Partial Repurchase of 2023 Notes resulted in a \$7.3 million loss on early debt extinguishment.

In September 2020, the Company used \$452.6 million of the net proceeds from the offering of the 2026 Notes to repurchase \$132.6 million aggregate principal amount of the 2023 Notes in cash through individual privately negotiated transactions (the "Second Partial Repurchase of 2023 Notes"). Of the \$452.6 million net proceeds, \$121.1 million and \$331.5 million were allocated to the debt and equity components, respectively. As of the repurchase date, the carrying value of the 2023 Notes subject to the Second Partial Repurchase of 2023 Notes, net of unamortized debt discount and issuance costs, was \$115.6 million. The Second Partial Repurchase of 2023 Notes resulted in a \$5.5 million loss on early debt extinguishment.

The allocation between the debt and equity components utilized an effective interest rate to determine the fair value of the liability component. The interest rate reflected the Company's incremental borrowing rate, adjusted for the Company's credit standing on nonconvertible debt with similar maturity as of each repurchase date.

Redemptions of 2023 Notes

During the year ended December 31, 2020, the Company received conversion requests of approximately \$109.6 million, of which approximately \$74.7 million principal amount were settled during the year. The Company recognized an immaterial loss on these conversions, representing the fair value of the liability component in excess of the net carrying amount of the converted notes on the respective settlement dates. The amount is included in other income (expense), net in the Consolidated Statement of Operations.

In relation to the remaining \$34.9 million principal amount of unsettled conversion requests, as of December 31, 2020, the Company reclassified the net carrying value of the debt of \$31.1 million from long-term to short-term debt and a portion of equity of approximately \$3.8 million to temporary equity. The amount reclassified to temporary equity represents the difference between the principal and net carrying amount of the liability component of the 2023 Notes requested for conversion. These requests will be settled during the first quarter of fiscal 2021. In addition, from January 1, 2021 to the date of this filing, the Company has received additional conversion requests for \$4.1 million principal amounts, which are expected to be settled during the quarter ending March 31, 2021.

Other Terms of the Notes

	2023 Note	2025 Note	2026 Note
\$1,000 principal amount initially convertible into number of the Company's Class A common stock par value \$0.0001	12.2782 shares	2.7745 shares	2.3583 shares
Equivalent initial approximate conversion price per share	\$ 81.45	\$ 360.43	\$ 424.03

The conversion rate is subject to adjustment upon the occurrence of certain specified events but will not be adjusted for any accrued and unpaid special interest. In addition, upon the occurrence of a make-whole fundamental change or a redemption period, each as defined in the respective Notes Indentures, the Company will, in certain circumstances, increase the conversion rate by a number of additional shares for a holder that elects to convert its Notes in connection with such make-whole fundamental change or during the relevant redemption period.

The Notes will be convertible at the option of the holders at any time prior to the close of business on the business day immediately preceding December 15, 2022, December 1, 2024, and December 15, 2025, for the 2023 Notes, 2025 Notes, and 2026 Notes respectively, only under the following circumstances:

(1) during any calendar quarter commencing after June 30, 2018 for the 2023 Notes, June 30, 2020 for the 2025 Notes, and December 31, 2020 for the 2026 Notes, and only during such calendar quarter, if the last reported sale price of the Class A Common Stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;

(2) during the five-business day period after any five consecutive trading day period in which, for each trading day of that period, the trading price per \$1,000 principal amount of each Notes for such trading day was less than 98% of the product of the last reported sale price of the Class A Common Stock and the conversion rate for the respective Notes on each such trading day;

(3) upon the Company's notice that it is redeeming any or all of either of the Notes, but only with respect to the Notes called for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or

(4) upon the occurrence of specified corporate events.

On or after December 15, 2022 for the 2023 Notes, December 1, 2024 for the 2025 Notes, and December 15, 2025 for the 2026 Notes, until the close of business on the scheduled trading day immediately preceding the maturity date, holders of the Notes may convert all or a portion of their notes regardless of the foregoing conditions.

Upon conversion, the Company will pay or deliver, as the case may be, either cash, shares of Class A Common Stock or a combination of cash and shares of Class A Common Stock, at the Company's election. It is the Company's current intent to settle the principal amount of the Notes with cash.

During the three months ended December 31, 2020, the stock price condition allowing holders of the 2023 Notes to convert was met. As a result, holders have the option to convert their 2023 Notes at any time during the fiscal quarter ending March 31, 2021. During the three months ended December 31, 2020, the conditions allowing holders of the 2025 and 2026 Notes to convert were not met. The Notes may be convertible thereafter if one or more of the conversion conditions specified in the indentures are satisfied during future measurement periods.

The Company may redeem at its option, on or after September 20, 2020 for the 2023 Notes, March 5, 2022 for the 2025 Notes, and March 20, 2023 for the 2026 Notes, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid special interest if the last reported sale price of the Company's Class A Common Stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which the Company provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides written notice of redemption. No sinking fund is provided for the Notes.

Upon the occurrence of a fundamental change (as defined in each respective Notes Indentures) prior to the maturity date, holders may require the Company to repurchase all or a portion of the 2023 Notes, 2025 Notes or 2026 Notes for cash at a price equal to 100% of the principal amount of the Notes to be repurchased, plus any accrued and unpaid special interest to, but excluding, the fundamental change repurchase date.

The 2026 Notes are senior unsecured obligations and will rank senior in right of payment to any of the Company's indebtedness that is expressly subordinated in right of payment to the 2026 Notes; equal in right of payment with the Company's existing and future liabilities that are not so subordinated, including the 2023 Notes and the 2025 Notes; effectively junior in right of payment to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of current or future subsidiaries of the Company.

Accounting for the Notes

In accounting for the issuance of the Notes, the Company separated the respective notes into liability and equity components. The carrying amount of the liability component was calculated by measuring the fair value of a similar debt instrument that does not have an associated convertible feature. The carrying amount of the equity component of the Notes representing the conversion option was determined by deducting the fair value of the liability component from the par value. The equity component is not remeasured as long as it continues to meet the conditions for equity classification. The excess of the principal amount of the liability component over its carrying amount ("debt discount") is amortized to interest expense at an effective interest rate over the contractual terms of the note.

In accounting for the transaction costs related to the Notes, the Company allocated the total amount incurred to the liability and equity components of the notes based on the proportion of the proceeds allocated to the debt and equity components. Issuance costs attributable to the liability component recorded as additional debt discount were \$8.2 million for the 2023 Notes, \$10.9 million for the 2025 Notes, and \$7.7 million for the 2026 Notes, and will be amortized to interest expense using the effective interest method over the contractual terms of the 2026 Notes. Issuance costs attributable to the equity component of the Notes were netted with the equity component in stockholders' equity.

The initial net carrying amount of the equity component of the Notes were as follows (in thousands):

	2023 Note	2025 Note	2026 Note
Proceeds allocated to the conversion option (debt discount)	\$ 101,141	\$ 195,074	\$ 138,923
Issuance cost	(2,318)	(2,632)	(2,085)
Net carrying amount	\$ 98,823	\$ 192,442	\$ 136,838

The net carrying amount of the liability component of the Notes as of December 31, 2020 were as follows (in thousands):

	2023 Note	2025 Note	2026 Note
Principal	\$ 80,213	\$ 1,000,000	\$ 650,000
Unamortized discount	(8,275)	(165,614)	(132,364)
Unamortized issuance cost	(728)	(9,403)	(7,361)
Net carrying amount (1)	\$ 71,210	\$ 824,983	\$ 510,275

(1) As of December 31, 2020, \$31.1 million net carrying amount of the liability component of the 2023 Notes was classified as a current liability on the Consolidated Balance Sheets.

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

	Year ended December 31,		
	2020	2019	2018
2023 Notes			
Amortization of debt discount	\$ 10,420	\$ 18,920	\$ 14,872
Amortization of debt issuance cost	825	1,417	1,046
Total interest expense related to the 2023 Notes	\$ 11,245	\$ 20,337	\$ 15,918
2025 Notes			
Amortization of debt discount	\$ 29,460	\$ —	\$ —
Amortization of debt issuance cost	1,457	—	—
Total interest expense related to the 2025 Notes	\$ 30,917	\$ —	\$ —
2026 Notes			
Amortization of debt discount	\$ 6,559	\$ —	\$ —
Amortization of debt issuance cost	310	—	—
Total interest expense related to the 2026 Notes	\$ 6,869	\$ —	\$ —

Capped Calls

In connection with the offering of the Notes, the Company entered into privately-negotiated capped call transactions relating to each series of notes with certain counterparties (collectively the “Capped Calls”). The initial strike price of the Notes corresponds to the initial conversion price of each of the Notes. The Capped Calls are generally intended to reduce or offset the potential dilution to the Class A Common Stock upon any conversion of the Notes with such reduction or offset, as the case may be, subject to a cap based on the cap price. The Capped Calls settle in components commencing and expiring on dates specified in the table below. The Capped Calls are subject to either adjustment or termination upon the occurrence of specified extraordinary events affecting the Company, including a merger event; a tender offer; and a nationalization, insolvency or delisting involving the Company. In addition, the Capped Calls are subject to certain specified additional disruption events that may give rise to a termination of the Capped Calls, including changes in law; insolvency filings; and hedging disruptions. The Capped Call transactions are recorded in stockholders’ equity and are not accounted for as derivatives. The net cost incurred to purchase the Capped Call transactions was recorded as a reduction to additional paid-in-capital on the Company’s Consolidated Balance Sheets.

The following table below sets forth key terms and costs incurred for the Capped Calls related to each of the Notes:

	2023 Note	2025 Note	2026 Note
Initial approximate strike price per share, subject to certain adjustments	\$ 81.45	\$ 360.43	\$ 424.03
Initial cap price per share, subject to certain adjustments	\$ 119.04	\$ 480.56	\$ 556.10
Net cost incurred (in millions)	\$ 49.9	\$ 60.9	\$ 41.8
Class A common stock covered, subject to anti-dilution adjustments (in millions)	5.6	2.8	1.5
Settlement commencement date	1/13/2023	1/31/2024	2/13/2025
Settlement expiration date	3/13/2023	2/28/2024	3/13/2025

Note 7. Leases

The Company primarily leases facilities for office and datacenter space under non-cancelable operating leases for its U.S. and international locations. As of December 31, 2020, non-cancelable leases expire on various dates between 2021 and 2029.

Generally, the non-cancelable leases include one or more options to renew, with renewal terms that can extend the lease term from one to five years or more. The Company has the right to exercise or forego the lease renewal options. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As of December 31, 2020 and 2019, the components of leases and lease costs are as follows (in thousands):

	December 31, 2020	December 31, 2019
Operating leases		
Operating lease right-of-use assets	\$ 51,115	\$ 39,269
Accrued liabilities	\$ 16,267	\$ 14,249
Operating lease liabilities	38,722	28,516
Total operating lease liabilities	\$ 54,989	\$ 42,765
	Year ended December 31,	
	2020	2019
Lease Cost		
Operating lease cost (a)	\$ 21,031	\$ 17,584

(a) Includes short-term leases and variable lease costs, which are immaterial.

The Company recognized rent expense prior to the adoption of Topic 842 on operating lease facilities of \$6.9 million for the year ended December 31, 2018.

Maturities of operating lease liabilities as of December 31, 2020 are presented in the table below (in thousands):

Year Ending December 31,		
2021	\$	18,731
2022		13,945
2023		10,599
2024		5,878
2025		5,866
2026 onwards		7,414
Total future minimum lease payments		62,433
Less: Imputed interest		(7,444)
Present value of lease liabilities	\$	54,989

Other supplemental information is as follows:

	December 31, 2020	December 31, 2019
Lease Term and Discount Rate		
Weighted-average remaining operating lease term (years)	4.5	4.2
Weighted-average operating lease discount rate	5 %	5 %

	Year ended December 31,	
	2020	2019
Supplemental Cash Flow Information (in thousands)		
Operating cash flows resulting from operating leases:		
Cash paid for amounts included in the measurement of lease liabilities	\$ 17,774	\$ 15,709
New ROU assets obtained in exchange of lease liabilities:		
Operating leases	\$ 27,033	\$ 18,584

As of December 31, 2020, the Company has additional operating leases of approximately \$1.1 million that have not yet commenced and as such, have not yet been recognized on the Company's Consolidated Balance Sheet. These operating leases are expected to commence in the first quarter of 2021 with lease terms of up to three years.

Note 8. Commitments and Contingencies

Legal Matters

The Company is subject to certain legal proceedings described below, and from time to time may be involved in a variety of claims, lawsuits, investigations, and proceedings relating to contractual disputes, intellectual property rights, employment matters, regulatory compliance matters, and other litigation matters relating to various claims that arise in the normal course of business.

The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses its potential liability by analyzing specific litigation and regulatory matters using reasonably available information. The Company develops its views on estimated losses in consultation with inside and outside counsel, which involves a subjective analysis of potential results and outcomes, assuming various combinations of appropriate litigation and settlement strategies. Actual claims could settle or be adjudicated against the Company in the future for materially different amounts than the Company has accrued due to the inherently unpredictable nature of litigation. Legal fees are expensed in the period in which they are incurred.

TCPA Matter

On November 17, 2017, Joann Hurley (“Hurley”), filed a second amended complaint in an ongoing putative class action lawsuit pending in the United States District Court for the Southern District of West Virginia, adding the Company as a named defendant and alleging that the Company and other defendants violated the Telephone Consumer Protection Act (“TCPA”) and regulations promulgated thereunder by allegedly using an automated telephone dialing system to deliver prerecorded political messages to Hurley, an incumbent running for reelection, and others. Hurley alternatively alleged that the Company was vicariously liable for the actions of the other co-defendants. Hurley seeks statutory, compensatory, consequential, incidental and punitive damages, costs, and attorneys’ fees in connection with her claims. The Company was served with the second amended complaint on January 4, 2018. On March 23, 2018, the Company filed a motion to dismiss the complaint for lack of standing and failure to sufficiently state a claim on which relief may be granted. Hurley filed her opposition brief on April 6, 2018, and the Company filed its reply brief on April 13, 2018. On October 4, 2018, the district court issued its memorandum and opinion order granting in part and denying in part the Company’s motion to dismiss. The district court dismissed Hurley’s vicarious liability claim but allowed Hurley’s TCPA claim to proceed. The Company filed its answer and affirmative defenses to the second amended complaint on October 18, 2018. Hurley filed a motion to certify a class on July 9, 2019. The Company and another defendant filed oppositions to the motion, which were fully briefed and are pending decision by the court. Discovery closed on October 25, 2019. The Company filed a motion for summary judgment on November 14, 2019. Hurley opposed the motion, which also has been fully briefed and is pending decision by the court. The parties mediated the case before a private mediator on January 23, 2020, at which time a tentative settlement was achieved. A fairness hearing on the proposed settlement was held on January 25, 2021, at which time the Court tentatively gave final approval of the settlement. The Court thereafter entered its final order and judgement approving the settlement on February 9, 2021. Any appeal of the Court's order must be filed by March 12, 2021. If no appeal is filed, the settlement will become effective as of March 12, 2021. The consolidated financial statements include an immaterial accrual for the estimated loss that is expected to occur.

Patent Infringement Matter

On April 25, 2017, Uniloc USA, Inc. and Uniloc Luxembourg, S.A. (together, “Uniloc”) filed in the U.S. District Court for the Eastern District of Texas two actions against the Company alleging infringement of U.S. Patent Nos. 7,804,948; 7,853,000; and 8,571,194 by RingCentral’s Glip unified communications application. The plaintiffs seek a declaration that the Company has infringed the patents, damages according to proof, injunctive relief, as well as their costs, attorney’s fees, expenses and interest. On October 9, 2017, the Company filed a motion to dismiss or transfer requesting that the case be transferred to the United States District Court for the Northern District of California. In response to the motion, plaintiffs filed a first amended complaint on October 24, 2017. The Company filed a renewed motion to dismiss or transfer on November 15, 2017. Although briefing on that motion has been completed, the motion has not yet been decided. On February 5, 2018, Uniloc moved to stay the litigation pending the resolution of certain third-party inter partes review proceedings (“IPRs”) before the United States Patent and Trademark Office. On February 9, 2018, the court stayed the litigation pending resolution of the IPRs without prejudice to or waiver of the Company’s motion to dismiss or transfer. This litigation is still in its earliest stages. Based on the information known by the Company as of the date of this filing and the rules and regulations applicable to the preparation of the Company’s consolidated financial statements, it is not possible to provide an estimated amount of any such loss or range of loss that may occur. The Company intends to vigorously defend against this lawsuit.

CIPA Matter

On June 16, 2020, Plaintiff Meena Reuben (“Reuben”) filed a complaint against the Company for a putative class action lawsuit in California Superior Court for San Mateo County. The complaint alleges claims on behalf of a class of individuals for whom, while they were in California, the Company allegedly intercepted and recorded communications between individuals and the Company’s customers without the individual’s consent, in violation of the California Invasion of Privacy Act (“CIPA”) Sections 631 and 632.7. Reuben seeks statutory damages of \$5,000 for each alleged violation of Sections 631 and 632.7, injunctive relief, and attorneys’ fees and costs, and other unspecified amount of damages. On July 7, 2020, the Court granted the parties’ stipulation to extend time for the Company to respond to the Reuben’s complaint. The Company has not responded to the complaint. This litigation is still in its earliest stages. Based on the information known by the Company as of the date of this filing and the rules and regulations applicable to the preparation of the Company’s consolidated financial

statements, it is not possible to provide an estimated amount of any such loss or range of loss that may occur. The Company intends to vigorously defend against this lawsuit.

Other matter

On June 14, 2019, the Company filed suit in the Superior Court of California, County of Alameda, against Bright Pattern, Inc. and two of its officers, alleging that the defendants negotiated a potential acquisition of Bright Pattern by RingCentral fraudulently and in bad faith. The Company seeks its costs incurred in negotiating under the Letter of Intent ("LOI") that the parties entered into and damages for lost opportunity as a result of forgoing another acquisition opportunity, and attorneys' fees and costs. On August 26, 2019, Bright Pattern filed a cross-complaint against the Company and two of its executive officers alleging breach of the LOI as well as tort claims arising from the Company's allegedly inducing Bright Pattern to enter into the LOI and subsequent extensions while allegedly misstating the timeframe for the proposed transaction. As damages, Bright Pattern seeks audit fees it allegedly incurred, a \$5 million break-up fee, its alleged "cash burn" during the negotiations, and unspecified lost opportunity damages. The Company filed a demurrer to Bright Pattern's amended cross-complaint, as well as a related motion to strike. On May 7, 2020, the court denied both the motion to strike and demurrer. The Court has set the matter for trial on March 14, 2022. This litigation is still in early stages. Based on the information known by the Company as of the date of this filing and the rules and regulations applicable to the preparation of the Company's consolidated financial statements, it is not possible to provide an estimated amount of any loss or range of loss that may occur. The Company intends to vigorously prosecute and defend this lawsuit.

Employee Agreements

The Company has signed various employment agreements with executives and key employees pursuant to which if the Company terminates their employment without cause or if the employee terminates his or her employment for good reason following a change of control of the Company, the employees are entitled to receive certain benefits, including severance payments, accelerated vesting of stock options and RSUs, and continued COBRA coverage. As of December 31, 2020, no triggering events which would cause these provisions to become effective have occurred. Therefore, no liabilities have been recorded for these agreements in the consolidated financial statements.

Note 9. Stockholders' Equity

In connection with the Company's initial public offering, the Company reincorporated in Delaware on September 26, 2013. The Delaware certificate of incorporation provides for two classes of common stock: Class A and Class B common stock, both with a par value of \$0.0001 per share. In addition, the certificate of incorporation authorizes shares of undesignated preferred stock with a par value of \$0.0001 per share. The terms of preferred stock are described below.

Preferred Stock

The board of directors may, without further action by the stockholders, fix the rights, preferences, privileges and restrictions of up to an aggregate of 100,000,000 shares of preferred stock in one or more series and authorizes their issuance. These rights, preferences, and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of the Class A and Class B common stock. As of December 31, 2020 and 2019, there were 100,000,000 shares of preferred stock authorized and no shares issued or outstanding.

Class A and Class B Common Stock

The Company has authorized 1,000,000,000 and 250,000,000 shares of Class A common stock and Class B common stock for issuance. Holders of Class A common stock and Class B common stock have identical rights for matters submitted to a vote of the Company's stockholders. Holders of Class A common stock are entitled to one vote per share of Class A common stock and holders of Class B common stock are entitled to 10 votes per share of Class B common stock. Holders of shares of Class A common stock and Class B common stock vote together as a single class on all matters (including the election of directors) except for specific circumstances that would adversely affect the powers, preferences, or rights of a particular class of common stock. Subject to preferences that may apply to any shares of preferred stock outstanding at the time, holders of Class A and Class B common stock share equally, identically and ratably, on a per share basis, with respect to any dividend or distribution of cash, property or shares of the Company's capital stock. Holders of Class A and Class B common stock also share equally, identically, and ratably in all assets remaining after the payment of any liabilities and liquidation preferences and any accrued or declared but unpaid dividends, if any, with respect to any outstanding preferred stock at the time. Each 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 will convert automatically to Class A common stock upon: (i) the date specified by an affirmative vote or written consent of holders of at least 67% of the outstanding shares of Class B common stock, or (ii) the date on which the number of outstanding shares of Class B common stock represents less than 10% of the aggregate combined number of outstanding shares of Class A common stock and Class B common stock, or (iii) any time seven years after the Company's initial public offering (October 2, 2020), when a stockholder owns less than 50% of the shares of Class B common stock that such holder owned immediately prior to completion of the initial public offering.

Shares of Class A common stock reserved for future issuance were as follows (in thousands):

	December 31, 2020
Preferred stock	100,000
Class B common stock	10,223
2013 Employee stock purchase plan	4,670
2013 Equity incentive plan:	
Outstanding options and restricted stock unit awards	3,622
Available for future grants	17,382
	<u>135,897</u>

Note 10. Share-Based Compensation

A summary of share-based compensation expense recognized in the Company's Consolidated Statements of Operations is as follows (in thousands):

	Year ended December 31,		
	2020	2019	2018
Cost of revenues	\$ 14,275	\$ 8,741	\$ 4,982
Research and development	39,283	23,132	14,975
Sales and marketing	64,240	38,325	27,324
General and administrative	71,802	31,156	20,807
Total share-based compensation expense	<u>\$ 189,600</u>	<u>\$ 101,354</u>	<u>\$ 68,088</u>

A summary of share-based compensation expense by award type is as follows (in thousands):

	Year ended December 31,		
	2020	2019	2018
Options	\$ 44	\$ 986	\$ 3,433
Employee stock purchase plan rights	7,161	4,176	3,094
Restricted stock units	182,395	96,192	61,561
Total share-based compensation expense	<u>\$ 189,600</u>	<u>\$ 101,354</u>	<u>\$ 68,088</u>

Equity Incentive Plans

In September 2013, the Board adopted and the Company's stockholders approved the 2013 Equity Incentive Plan ("2013 Plan"), which became effective on September 26, 2013. In connection with the adoption of the 2013 Plan, the Company terminated the 2010 Equity Incentive Plan ("2010 Plan"), under which stock options had been granted prior to September 26, 2013. The 2010 Plan was established in September 2010, when the 2003 Equity Incentive Plan ("2003 Plan") was terminated. After the termination of the 2003 and 2010 Plans, no additional options were granted under these plans; however, options previously granted under these plans will continue to be governed by these plans and will be exercisable into shares of Class B common stock. In addition, options authorized to be granted under the 2003 and 2010 Plans, including forfeitures of previously granted awards, are authorized for grant under the 2013 Plan.

A total of 6,200,000 shares of Class A common stock were originally reserved for issuance under the 2013 Plan. The 2013 Plan includes an annual increase on the first day of each fiscal year beginning in 2014, equal to the least of: (i) 6,200,000 shares of Class A common stock; (ii) 5% of the outstanding shares of all classes of common stock as of the last day of the

Company’s immediately preceding fiscal year; or (iii) such other amount as the board of directors may determine. During the year ended December 31, 2020, a total of 4,347,007 shares of Class A common stock were added to the 2013 Plan in connection with the annual automatic increase provision. As of December 31, 2020, a total of 17,381,894 shares remain available for grant under the 2013 Plan.

The plans permit the grant of stock options and other share-based awards, such as restricted stock units, to employees, officers, directors, and consultants by the board of directors. Option awards are generally granted with an exercise price equal to the fair market value of the Company’s Class A common stock at the date of grant. Option awards generally vest according to a graded vesting schedule based on four years of continuous service. On January 29, 2014, the board of directors approved an amendment to decrease the contractual term of all equity awards issued from the 2013 Plan from 10 years to 7 years for all awards granted after January 29, 2014. Certain option awards provide for accelerated vesting if there is a change in control (as defined in the option agreement) and early exercise of options prior to vesting (subject to the Company’s repurchase right).

A summary of option activity under all of the Company’s equity incentive plans at December 31, 2020 and changes during the period then ended is presented in the following table:

	Number of Options Outstanding (in thousands)	Weighted- Average Exercise Price Per Share	Weighted- Average Contractual Term (in Years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2017	5,286	\$ 10.30	4.2	\$ 201,480
Exercised	(1,138)	8.17		
Canceled/Forfeited	(17)	18.79		
Outstanding at December 31, 2018	4,131	\$ 10.86	3.3	\$ 295,921
Exercised	(1,742)	8.53		
Canceled/Forfeited	(132)	2.73		
Outstanding at December 31, 2019	2,257	\$ 13.13	2.5	\$ 351,428
Exercised	(1,360)	13.87		
Canceled/Forfeited	—	—		
Outstanding at December 31, 2020	897	\$ 12.02	1.7	\$ 329,151
Vested and expected to vest as of December 31, 2020	897	\$ 12.02	1.7	\$ 329,150
Exercisable as of December 31, 2020	897	\$ 12.02	1.7	\$ 329,107

There were no options granted for the year ended December 31, 2020 and 2019. The total intrinsic value of options exercised during year ended December 31, 2020, 2019 and 2018 were \$343.7 million, \$215.5 million, and \$74.6 million, respectively.

As of December 31, 2020 and 2019, there was an immaterial amount of unrecognized share-based compensation expense, net of estimated forfeitures, related to non-vested stock option grants, which will be recognized on a straight-line basis over the remaining weighted-average vesting periods of approximately 0.2 years and 0.3 years, respectively.

Employee Stock Purchase Plan

The Company’s Employee Stock Purchase Plan (“ESPP”) allows eligible employees to purchase shares of the Company’s Class A common stock at a discounted price, through payroll deductions of up to the lesser of 15% of their eligible compensation or the IRS allowable limit per calendar year. A participant may purchase a maximum of 3,000 shares during an offering period. The offering periods are for a period of six months and generally start on the first trading day on or after May 13th and November 13th of each year. At the end of the offering period, the purchase price is set at the lower of: (i) 90% of the fair value of the Company’s common stock at the beginning of the six month offering period and (ii) 90% of the fair value of the Company’s Class A common stock at the end of the six month offering period.

The ESPP provides for annual increases in the number of shares available for issuance under the ESPP on the first day of each fiscal year beginning in fiscal 2014, equal to the least of: (i) 1% of the outstanding shares of all classes of common stock on the last day of the immediately preceding year; (ii) 1,250,000 shares; or (iii) such other amount as may be determined by the board of directors. During the year ended December 31, 2020, a total of 869,401 shares of Class A common stock were

added to the ESPP Plan in connection with the annual increase provision. At December 31, 2020, a total of 4,670,020 shares were available for issuance under the ESPP.

The weighted-average assumptions used to value ESPP rights under the Black-Scholes-Merton option-pricing model and the resulting offering grant date fair value of ESPP rights granted in the periods presented were as follows:

	Year ended December 31,		
	2020	2019	2018
Expected term (in years)	0.5	0.5	0.5
Expected volatility	63 %	47 %	42 %
Risk-free interest rate	0.13 %	2.01 %	2.31 %
Expected dividend yield	0 %	0 %	0 %
Offering grant date fair value of ESPP rights	\$ 79.85	\$ 33.66	\$ 18.07

As of December 31, 2020 and 2019, there was approximately \$3.2 million and \$2.3 million of unrecognized share-based compensation expense, net of estimated forfeitures, related to ESPP, which will be recognized on a straight-line basis over the remaining weighted-average vesting periods of approximately 0.4 years.

Restricted Stock Units

The 2013 Plan provides for the issuance of RSUs to employees, directors, and consultants. RSUs issued under the 2013 Plan generally vest over four years. A summary of activity of RSUs under the 2013 Plan at December 31, 2020 and changes during the periods then ended is presented in the following table:

	Number of RSUs Outstanding (in thousands)	Weighted- Average Grant Date Fair Value Per Share	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2017	4,281	\$ 25.51	\$ 207,197
Granted	1,746	67.64	
Released	(1,971)	30.50	
Canceled/Forfeited	(495)	34.99	
Outstanding at December 31, 2018	3,561	\$ 42.09	\$ 293,523
Granted	2,069	122.35	
Released	(1,906)	50.99	
Canceled/Forfeited	(475)	60.38	
Outstanding at December 31, 2019	3,249	\$ 85.39	\$ 548,145
Granted	1,599	236.97	
Released	(1,804)	99.31	
Canceled/Forfeited	(319)	111.47	
Outstanding at December 31, 2020	2,725	\$ 162.04	\$ 1,032,997

As of December 31, 2020 and 2019, there was a total of \$316.9 million and \$198.3 million of unrecognized share-based compensation expense, net of estimated forfeitures, related to RSUs, which will be recognized on a straight-line basis over the remaining weighted-average vesting periods of approximately 2.6 years and 2.3 years, respectively.

Bonus Plan

In December 2018, the Company's board of directors (the "Board") adopted the Selective 2019 Key Employee Equity Bonus Plan (the "2019 KEEB Plan"), which became effective on January 1, 2019, and in December 2019, the Board adopted the Selective 2020 Key Employee Equity Bonus Plan (the "2020 KEEB Plan" and together with the 2019 KEEB Plan the "KEEB Plans"), which became effective on January 1, 2020. Both of the KEEB Plans allow the recipients to earn fully vested shares of the Company's Class A Common Stock upon the achievement of quarterly service and performance conditions. During the year ended December 31, 2020 and 2019, 0.1 million and 0.1 million RSUs were issued under the KEEB Plans, respectively. The total requisite service period of each quarterly award is approximately 0.4 years.

The unrecognized share-based compensation expense as of December 31, 2020 was approximately \$2.1 million, which will be recognized over the remaining service period of 0.1 years. The shares issued under the KEEB Plans will be issued from the reserve of shares available for issuance under the 2013 Plan.

Note 11. Income Taxes

Net loss before provision for (benefit from) income taxes consisted of the following (in thousands):

	Year ended December 31,		
	2020	2019	2018
United States	\$ (93,979)	\$ (64,822)	\$ (29,584)
International	11,917	7,882	3,521
Total net loss before provision for (benefit from) income taxes	\$ (82,062)	\$ (56,940)	\$ (26,063)

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

	Year ended December 31,		
	2020	2019	2018
Current			
Federal	\$ —	\$ —	\$ —
State	208	150	61
Foreign	1,386	464	382
Total current	\$ 1,594	\$ 614	\$ 443
Deferred			
Federal	\$ —	\$ (2,765)	\$ —
State	—	(445)	—
Foreign	(660)	(737)	(303)
Total deferred	(660)	(3,947)	(303)
Total income tax provision	\$ 934	\$ (3,333)	\$ 140

The provision for (benefit from) income tax differed from the amounts computed by applying the U.S. federal income tax rate to pretax loss as a result of the following (in thousands):

	Year ended December 31,		
	2020	2019	2018
Federal tax benefit at statutory rate	\$ (17,233)	\$ (11,957)	\$ (5,473)
State tax, net of federal tax benefit	164	(233)	48
Research and development credits	(9,330)	(5,312)	(3,284)
Share-based compensation	(93,866)	(58,780)	(25,170)
Debt extinguishment	2,790	—	—
Other permanent differences	10	3,149	1,325
Change in U.S. federal Tax Rate	—	—	—
Foreign tax rate differential	(694)	(799)	(288)
Net operating (gains) losses not recognized	119,093	73,364	32,982
Release of valuation allowance associated with acquisitions	—	(2,765)	—
Total income tax provision	\$ 934	\$ (3,333)	\$ 140

In general, it is the Company's practice and intention to reinvest the earnings of its non-U.S. subsidiaries in those operations. Because the Company's non-U.S. subsidiary earnings have previously been subject to the one-time transition tax on foreign earnings required by the 2017 Tax Act, any additional taxes due with respect to such earnings or the excess of the amount for financial reporting over the tax basis of its foreign investments would generally be limited to foreign withholding taxes and/or U.S. state income taxes.

The types of temporary differences that give rise to significant portions of the Company's deferred tax assets and liabilities are as follows (in thousands):

	Year ended December 31,	
	2020	2019
Deferred tax assets		
Net operating loss and credit carry-forwards	\$ 352,895	\$ 196,930
Research and development credits	38,719	24,452
Sales tax liability	158	157
Share-based compensation	8,006	5,937
Acquired intangibles	3,122	—
Accrued liabilities	17,735	6,612
Gross deferred tax assets	420,635	234,088
Valuation allowance	(255,409)	(180,090)
Total deferred tax assets	165,226	53,998
Deferred tax liabilities		
Convertible debt discount	(74,821)	(16,701)
Deferred sales commissions	(49,272)	(28,601)
Acquired intangibles	—	(3,857)
Lease right of use assets	(10,541)	—
Basis difference in investments	(17,876)	—
Property and equipment	(14,108)	(6,731)
Net deferred tax (liabilities) assets	\$ (1,392)	\$ (1,892)

In connection with the acquisition of Connect First on January 14, 2019, a net deferred tax liability of \$3.2 million was established, the most significant component of which is related to the book/tax basis differences associated with the acquired technology and customer relationships. The net deferred tax liability from this acquisition created an additional source of income to realize deferred tax assets. As the Company continues to maintain a full valuation allowance against its deferred tax assets, this additional source of income resulted in the release of the Company's previously recorded valuation allowance against deferred assets. Consistent with the applicable guidance the release of the valuation allowance of \$3.2 million caused by the acquisition was recorded in the consolidated financial statements outside of acquisition accounting as a tax benefit to the Consolidated Statements of Operations.

As of December 31, 2020, the Company has federal net operating loss carryforwards of approximately \$1.4 billion, of which approximately \$272.9 million expire between 2023 and 2037 and the remainder do not expire. As of December 31, 2020, the Company had state net operating loss carryforwards of approximately \$1.1 billion which will begin to expire in 2021. The Company also has research credit carryforwards for federal and California tax purposes of approximately \$32.6 million and \$24.0 million, respectively, available to reduce future income subject to income taxes. The federal research credit carryforwards will begin to expire in 2028 and the California research credits carry forward indefinitely.

The Internal Revenue Code of 1986, as amended, imposes restrictions on the utilization of net operating losses in the event of an "ownership change" of a corporation. Accordingly, a company's ability to use net operating losses may be limited as prescribed under Internal Revenue Code Section 382 ("IRC Section 382"). Events which may cause limitations in the amount of the net operating losses that the Company may use in any one year include, but are not limited to, a cumulative ownership change of more than 50% over a three-year period. Utilization of the federal and state net operating losses may be subject to substantial annual limitation due to the ownership change limitations provided by the IRC Section 382 and similar state provisions.

The Company's management believes that, based on a number of factors, it is more likely than not, that all or some portion of the deferred tax assets will not be realized; and accordingly, for the year ended December 31, 2020, the Company has provided a valuation allowance against the Company's U.S. net deferred tax assets. The net change in the valuation allowance for the years ended December 31, 2020 and 2019 was an increase of \$75.3 million, \$86.0 million, respectively.

The following shows the changes in the gross amount of unrecognized tax benefits as of December 31, 2020 (in thousands):

	2020	2019	2018
Unrecognized tax benefits, beginning of the year	\$ 8,965	\$ 6,029	\$ 3,004
Increases related to prior year tax positions	—	—	1,050
Decreases related to prior year tax positions	—	(48)	—
Increases related to current year tax positions	5,193	2,984	1,975
Unrecognized tax benefits, end of year	<u>\$ 14,158</u>	<u>\$ 8,965</u>	<u>\$ 6,029</u>

In accordance with ASC 740-10, *Income Taxes*, the Company has adopted the accounting policy that interest and penalties recognized are classified as part of its income taxes.

The Company does not anticipate that its total unrecognized tax benefits will significantly change due to settlement of examination or the expiration of statute of limitations during the next 12 months. Due to the full valuation allowance at December 31, 2020, current adjustments to the unrecognized tax benefit will have no impact on our effective income tax rate. Any adjustments made after the valuation allowance is released will have an impact on the tax rate.

The Company files U.S. and foreign income tax returns with varying statutes of limitations. Due to the Company's net carry-over of unused operating losses and tax credits, all years from 2003 forward remain subject to future examination by tax authorities.

Note 12. Basic and Diluted Net Loss Per Share

Basic net loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by giving effect to all potential shares of common stock, stock options, restricted stock units, ESPP, and convertible senior notes, to the extent dilutive. For the years ended December 31, 2020, 2019 and 2018, all such common stock equivalents have been excluded from diluted net loss per share as the effect to net loss per share would be anti-dilutive.

The following table sets forth the computation of the Company's basic and diluted net loss per share of common stock (in thousands, except per share data):

	Year Ended December 31,		
	2020	2019	2018
Numerator			
Net loss	\$ (82,996)	\$ (53,607)	\$ (26,203)
Denominator			
Weighted-average common shares for basic and diluted net loss per share	88,684	83,130	79,500
Basic and diluted net loss per share	<u>\$ (0.94)</u>	<u>\$ (0.64)</u>	<u>\$ (0.33)</u>

The following table summarizes the potentially dilutive common shares that were excluded from diluted weighted-average common shares outstanding because including them would have had an anti-dilutive effect (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Shares of common stock issuable under equity incentive awards outstanding	4,760	6,832	8,943
Shares of common stock related to convertible senior notes	1,669	1,905	79
Potential common shares excluded from diluted net loss per share	<u>6,429</u>	<u>8,737</u>	<u>9,022</u>

Since the Company expects to settle the principal amount on its outstanding 2023, 2025, and 2026 Notes in cash and any excess in cash or shares of the Company's Class A Common Stock, the Company uses the treasury stock method for calculating any potential dilutive effect of the conversion spread on diluted net income per share, if applicable. The conversion spread will have a dilutive impact on diluted net income per share of common stock when the average market price of the Company's Class A Common Stock for a given period exceeds the conversion price of \$81.45, \$360.43, and \$424.03 per share for the 2023, 2025, and 2026 Notes, respectively.

The denominator for diluted net income per share does not include any effect from the capped call transactions the Company entered into concurrently with the issuance of the Notes as this effect would be anti-dilutive. In the event of conversion of a 2023, 2025, or 2026 Note, if shares are delivered to the Company under the capped call, they will offset the dilutive effect of the shares that the Company would issue under the Notes.

Note 13. 401(k) Plan

The Company has a qualified defined contribution plan under Section 401(k) of the Internal Revenue Code covering eligible employees. Substantially all of the U.S. employees are eligible to make contributions to the 401(k) plan. The Company matches 401(k) based on the amount of the employees' contributions subject to certain limitations. Employer contributions were \$5.4 million, \$4.1 million, and \$2.9 million for the years ended December 31, 2020, 2019 and 2018.

Note 14. Selected Quarterly Financial Data (unaudited)

The following tables set forth selected unaudited quarterly consolidated statements of operations data for each of the eight quarters in the years ended December 31, 2020 and 2019 (in thousands except per share data):

	<u>Dec 31, 2020</u>	<u>Sep 30, 2020</u>	<u>Jun 30, 2020</u>	<u>Mar 31, 2020</u>	<u>Dec 31, 2019</u>	<u>Sep 30, 2019</u>	<u>Jun 30, 2019</u>	<u>Mar 31, 2019</u>
Consolidated Statements of Operations Data								
Revenues	\$ 334,536	\$ 303,624	\$ 277,985	\$ 267,512	\$ 252,865	\$ 233,352	\$ 215,152	\$ 201,489
Gross profit	243,324	221,310	201,348	194,068	185,992	173,647	161,522	150,654
Operating loss	(28,743)	(29,670)	(29,336)	(25,490)	(20,369)	(10,663)	(7,180)	(7,463)
Net loss	(1,827)	(20,957)	509	(60,721)	(25,257)	(12,749)	(9,243)	(6,358)
Net loss per share, basic and diluted	\$ (0.02)	\$ (0.24)	\$ 0.01	\$ (0.70)	\$ (0.30)	\$ (0.15)	\$ (0.11)	\$ (0.08)

Note 15. Related-Party Transactions

In the ordinary course of business, the Company made purchases from Google Inc., at which one of the Company's directors serves as President, Americas. Total payables to Google Inc. at December 31, 2020 and 2019 were \$2.1 million and \$1.5 million, respectively. Total expenses incurred from Google Inc. in 2020, 2019, and 2018 were \$23.6 million, \$18.7 million, and \$18.8 million, respectively.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this Annual Report on Form 10-K.

In designing and evaluating our disclosure controls and procedures, management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on management’s evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are designed to, and are effective to, provide assurance at a reasonable level that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information 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.

Management’s Annual Report on Internal Controls Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2020 based on the guidelines established in the *Internal Control—Integrated Framework* (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Our internal control over financial reporting includes policies and procedures that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

The effectiveness of our internal control over financial reporting as of December 31, 2020 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in its report which is included in Item 8 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There are no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We have not experienced any material impact to our internal controls over financial reporting although since March 2020 most of our employees and extended workforce are now working remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the COVID-19 situation on our internal controls to address impacts to their design, implementation and operating effectiveness.

Inherent Limitations on Effectiveness of Controls

Our management, including our chief executive officer and chief financial officer, do not expect that our disclosure controls or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls

can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information concerning our directors, compliance with Section 16(a) of the Exchange Act, our Audit Committee and any changes to the process by which stockholders may recommend nominees to the Board required by this Item are incorporated herein by reference to information contained in the Proxy Statement to be filed with the SEC pursuant to Regulation 14A not later than 120 days after the fiscal year to which this report relates.

The information concerning our executive officers required by this Item is incorporated herein by reference to information contained in the Proxy Statement to be filed pursuant to Regulation 14A.

We have adopted a code of ethics, our Code of Conduct, which applies to all employees, including our principal executive officers, our principal financial officer, and all other executive officers. The Code of Conduct is available on our Web site at www.ringcentral.com within the investor relations section. A copy may also be obtained without charge by contacting Investor Relations, RingCentral, Inc., 20 Davis Drive, Belmont, California 94002 or by calling (650) 472-4100.

We plan to post on our Web site at the address described above any future amendments or waivers of our Code of Conduct.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to information contained in the Proxy Statement to be filed pursuant to Regulation 14A.

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

The information required by this Item with respect to security ownership of certain beneficial owners and management is incorporated herein by reference to information contained in the Proxy Statement to be filed pursuant to Regulation 14A.

The following chart sets forth certain information as of December 31, 2020, with respect to our equity compensation plans, specifically our 2003 Equity Incentive Plan (the “2003 Plan”), 2010 Equity Incentive Plan (the “2010 Plan”), 2013 Equity Incentive Plan (the “2013 Plan”), and our Amended and Restated Employee Stock Purchase Plan (the “ESPP”). Each of the 2003 Plan, the 2010 Plan, the 2013 Plan and the ESPP has been approved by our stockholders.

Plan Category	Equity Compensation Plan Information		
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (1)
Equity compensation plans approved by security holders	3,680,993	\$ 127.15	22,051,914

Equity Compensation Plan Information

- (1) Includes shares reserved for issuance under the 2013 Plan and the ESPP. The number of shares reserved for issuance under the 2013 Plan automatically increases on January 1st of each year by the lesser of (i) 6,200,000 shares, or (ii) five percent (5%) of the number of shares of our common stock outstanding on the last day of the immediately preceding fiscal year. During the year ended December 31, 2020, a total of 4,347,007 shares of Class A common stock were added to the 2013 Plan in connection with the annual automatic increase provision. In addition, the number of shares reserved for issuance under the 2013 Plan is increased from time to time in an amount equal to the number of shares subject to outstanding options under the 2003 and 2010 Plans that are subsequently forfeited or terminate for any other reason before being exercised and unvested shares that are forfeited pursuant to the 2003 and 2010 Plans. The number of shares reserved for issuance under the ESPP automatically increases on January 1st of each year by the lesser of (i) 1,250,000 shares, or (ii) one percent (1%) of the number of shares of our common stock outstanding on the last trading day of the immediately preceding fiscal year. During the year ended December 31,

2020, a total of 869,401 shares of Class A common stock were added to the 2013 ESPP Plan in connection with the annual increase provision.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated herein by reference to information contained in the Proxy Statement to be filed pursuant to Regulation 14A.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated herein by reference to information contained in the Proxy Statement to be filed pursuant to Regulation 14A.

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) *Exhibits.* The following exhibits are included herein or incorporated herein by reference:

Exhibit Number	Description
3.1	Second Amended and Restated Certificate of Incorporation of the Registrant (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on June 3, 2015, and incorporated herein by reference).
3.2	Bylaws of the Registrant (filed as Exhibit 3.4 to the Registrant's Registration Statement on Form S-1, File No. 333-190815, and incorporated herein by reference).
4.1	Fourth Amended Investor Rights Agreement, dated November 23, 2012, by and among the Registrant and the investors listed on Exhibit A thereto (filed as Exhibit 4.3 to the Registrant's Registration Statement on Form S-1, File No. 333-190815, and incorporated herein by reference).
4.2	Indenture, dated March 5, 2018, between RingCentral, Inc. and U.S. Bank National Association. (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on March 6, 2018, and incorporated herein by reference).
4.3	Form of 0% Convertible Senior Note due 2023 (included in Exhibit 4.2) (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on March 6, 2018, and incorporated herein by reference).
4.4	Indenture, dated March 3, 2020, between RingCentral, Inc. and U.S. Bank National Association. (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on March 4, 2020, and incorporated herein by reference).
4.5	Form of 0% Convertible Senior Notes due 2025 (included in Exhibit 4.4). (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on March 4, 2020, and incorporated herein by reference).
4.6	Indenture, dated September 15, 2020, between RingCentral, Inc. and U.S. Bank National Association. (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on September 16, 2020, and incorporated herein by reference).
4.7	Form of 0% Convertible Senior Note due 2026 (included in Exhibit 4.6). (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on September 16, 2020, and incorporated herein by reference).
4.8	Registration Rights Agreement, dated October 31, 2019, by and between the Registrant and Avaya Inc. (filed as Exhibit 4.1 to the Registrant's Registration Statement on Form S-3ASR, File No. 333-234647, and incorporated herein by reference).
4.9	Description of Securities (filed as Exhibit 4.5 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2019, filed on February 26, 2020, and incorporated herein by reference).
10.1+	2003 Equity Incentive Plan, as amended, and forms of stock option agreements thereunder (filed as Exhibit 10.1 to the Registrant's Registration Statement on Form S-1, File No. 333-190815, and incorporated herein by reference).
10.2+	2010 Equity Incentive Plan, as amended, and forms of stock option agreements thereunder (filed as Exhibit 10.2 to the Registrant's Registration Statement on Form S-1, File No. 333-190815, and incorporated herein by reference).
10.3+	2013 Equity Incentive Plan and forms of stock option agreements thereunder (filed as Exhibit 10.3 to the Registrant's Registration Statement on Form S-1, File No. 333-190815, and incorporated herein by reference).
10.4+	Amended and Restated Employee Stock Purchase Plan (filed as Exhibit 10.2 to the Registrant's Quarterly Statement on Form 10-Q for the quarter ended June 30, 2018, filed on August 7, 2018, and incorporated herein by reference).
10.5+	Amended and Restated Employee Stock Purchase Plan.
10.6+	Form of Global Restricted Stock Unit Agreement.
10.7+	Equity Acceleration Policy (filed as Exhibit 10.5 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2018, filed on February 27, 2019, and incorporated herein by reference).
10.8+	Form of Director and Executive Officer Indemnification Agreement (filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed on August 7, 2017, and incorporated herein by reference).

Exhibit Number	Description
10.9+	Employment Letter by and between the Registrant and Vladimir Shmunis, dated September 13, 2013 (filed as Exhibit 10.19 to the Registrant's Registration Statement on Form S-1, File No. 333-190815, and incorporated herein by reference).
10.10+	Offer Letter by and between the Registrant and Anand Eswaran, dated December 23, 2019. (filed as Exhibit 10.8 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2019, filed on February 26, 2020, and incorporated herein by reference).
10.11+	Offer Letter by and between the Registrant and David Sipes, dated June 10, 2008 (filed as Exhibit 10.13 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015, filed on February 29, 2016, and incorporated herein by reference).
10.12+	Supplemental Offer Letter by and between the Registrant and David Sipes, dated as of August 12, 2016 (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, filed on November 7, 2016, and incorporated herein by reference).
10.13+	Offer Letter by and between the Registrant and Mitesh Dhruv, dated March 1, 2012 (filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed on August 7, 2017, and incorporated herein by reference).
10.14+	Offer Letter by and between the Registrant and Mitesh Dhruv, dated July 28, 2017 (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, filed on November 9, 2017, and incorporated herein by reference).
10.15+	Offer Letter by and between the Registrant and Praful Shah, dated March 31, 2008 (filed as Exhibit 10.6 to the Registrant's Registration Statement on Form S-1, File No. 333-190815, and incorporated herein by reference).
10.16+	Revised Employment Offer Letter by and between the Registrant and John Marlow, dated September 13, 2013 (filed as Exhibit 10.7 to the Registrant's Registration Statement on Form S-1, File No. 333-190815, and incorporated herein by reference).
10.17+	2019 Bonus Plan, Appendix A 2019. (filed as Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2019, filed on February 26, 2020, and incorporated herein by reference).
10.18+	2020 Bonus Plan, Appendix A 2020.
10.19	Office Lease, dated September 25, 2014, by and between the Registrant and Helen M. Raiser, Trustee of the JHR Marital Trust under Trust Agreement dated October 2, 1969, as amended, Helen M. Raiser, Trustee of the JHR Bypass Trust under Trust Agreement dated October 2, 1969, as amended, Harvey E. Chapman, Jr., Trustee of the Harvey E. Chapman, Jr. Living Trust under Trust Agreement dated July 17, 2006, and Colleen C. Badell, Trustee of the Colleen C. Badell Living Trust under Trust Agreement dated July 17, 2006, as tenants in common (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed on November 3, 2014, and incorporated herein by reference).
10.20	Commercial Lease Agreement, dated May 17, 2017, by and between the Registrant and TG Brothers, LLC. (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed on August 7, 2017, and incorporated herein by reference).
10.21	First Amendment to Lease, dated May 7, 2018, by and between the Registrant and TG Brothers, LLC. (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, filed on August 7, 2018, and incorporated herein by reference).
10.22	Second Amendment to Lease, dated September 20, 2019, by and between the Registrant and TG Brothers, LLC. (filed as Exhibit 10.20 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2019, filed on February 26, 2020, and incorporated herein by reference).
10.23	Second Amendment to Lease, dated August 6, 2020 by and between the Registrant and Phillip H. Raiser, Trustee of the JHR Marital Trust under Trust Agreement dated October 2, 1969, as amended, Phillip H. Raiser, Trustee of the JHR Bypass Trust under Trust Agreement dated October 2, 1969, as amended, Harvey E. Chapman, Jr., Trustee of the Harvey E. Chapman, Jr. Living Trust under Trust Agreement dated July 17, 2006, and Colleen C. Badell, Trustee of the Colleen C. Badell Living Trust under Trust Agreement dated July 17, 2006, as tenants in common. (filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, filed on November 9, 2020, and incorporated herein by reference).
10.24	Purchase Agreement, dated February 28, 2018, by and among the Registrant and Morgan Stanley & Co. LLC and Goldman Sachs & Co. LLC, as representatives of the initial purchasers named therein. (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on March 6, 2018, and incorporated herein by reference).

Exhibit Number	Description
10.25	Form of Capped Call Confirmation. (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on March 6, 2018, and incorporated herein by reference).
10.26	Form of Capped Call Confirmation. (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on March 4, 2020, and incorporated herein by reference).
10.27	Form of Capped Call Confirmation. (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on September 16, 2020, and incorporated herein by reference).
10.28	Investment Agreement, dated as of October 3, 2019, by and between the Registrant and Avaya Holdings Corp. (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on October 3, 2019, and incorporated herein by reference).
10.29*	First Amended and Restated Framework Agreement, dated as of February 10, 2020, by and between the Registrant and Avaya Inc. (filed as Exhibit 10.24 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2019, filed on February 26, 2020, and incorporated herein by reference).
21.1	List of subsidiaries of the Registrant.
23.1	Consent of KPMG LLP, independent registered public accounting firm.
24.1	Power of Attorney (included in signature page).
31.1	Certification of Periodic Report by Principal Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Periodic Report by Principal Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

+ Indicates a management or compensatory plan

* Certain identified information has been omitted pursuant to Item 601(b)(10) of Regulation S-K because such information is both (i) not material and (ii) would likely cause competitive harm to the Registrant if publicly disclosed.

(b) *Financial Statements.* Our consolidated financial statements are included under Part II, Item 8 of this Annual Report on Form 10-K.

(c) *Financial Statement Schedules.* All financial statement schedules are omitted because they are not applicable or the information is included in the Registrant's consolidated financial statements or related notes.

**PART IV.
SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Belmont, State of California, on this 26th day of February 2021.

RINGCENTRAL, INC.

Date: February 26, 2021

/s/ Vladimir Shmunis

Vladimir Shmunis
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: February 26, 2021

/s/ Mitesh Dhruv

Mitesh Dhruv
Chief Financial Officer
(Principal Financial Officer)

Date: February 26, 2021

/s/ Vaibhav Agarwal

Vaibhav Agarwal
Chief Accounting Officer
(Principal Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Vladimir Shmunis, Mitesh Dhruv, and Vaibhav Agarwal, and each of them, his true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for him and in his name, place and stead, 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 exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that each of said attorneys-in-fact and agents, or his 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 report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Vladimir Shmunis</u> Vladimir Shmunis	Chairman and Chief Executive Officer <i>(Principal Executive Officer)</i>	February 26, 2021
<u>/s/ Mitesh Dhruv</u> Mitesh Dhruv	Chief Financial Officer <i>(Principal Financial Officer)</i>	February 26, 2021
<u>/s/ Vaibhav Agarwal</u> Vaibhav Agarwal	Chief Accounting Officer <i>(Principal Accounting Officer)</i>	February 26, 2021
<u>/s/ Michelle McKenna</u> Michelle McKenna	Director	February 26, 2021
<u>/s/ Robert Theis</u> Robert Theis	Director	February 26, 2021
<u>/s/ Allan Thygesen</u> Allan Thygesen	Director	February 26, 2021
<u>/s/ R. Neil Williams</u> R. Neil Williams	Director	February 26, 2021
<u>/s/ Kenneth A. Goldman</u> Kenneth A. Goldman	Director	February 26, 2021
<u>/s/ Godfrey Sullivan</u> Godfrey Sullivan	Director	February 26, 2021
<u>/s/ Mignon L. Clyburn</u> Mignon L. Clyburn	Director	February 26, 2021
<u>/s/ Arne Duncan</u> Arne Duncan	Director	February 26, 2021

RINGCENTRAL, INC.**AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN**

1. **Purpose.** The purpose of the Plan is to provide employees of the Company and its Designated Companies with an opportunity to purchase Common Stock through accumulated Contributions. The Company's intends for the Plan to have two components: a Code Section 423 Component ("423 Component") and a non-Code Section 423 Component ("Non-423 Component"). The Company's intention is to have 423 Component of the Plan qualify as an "employee stock purchase plan" under Section 423 of the Code. The provisions of the 423 Component, accordingly, will be construed so as to extend and limit Plan participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code. In addition, this Plan authorizes the grant of an option to purchase shares of Common Stock under the Non-423 Component that does not qualify as an "employee stock purchase plan" under Section 423 of the Code; such an option will be granted pursuant to rules, procedures or sub-plans adopted by the Administrator designed to achieve tax, securities laws or other objectives for Eligible Employees and the Company. Except as otherwise provided herein, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

2. **Definitions.**

(a) "Administrator" means the Board or any Committee designated by the Board to administer the Plan pursuant to Section 14.

(b) "Affiliate" means any entity, other than a Subsidiary, in which the Company has an equity or other ownership interest.

(c) "Applicable Laws" means the requirements relating to the administration of equity-based awards and the related issuance of shares of Common Stock under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable securities and exchange control laws of any foreign country or jurisdiction where options are, or will be, granted under the Plan.

(d) "Board" means the Board of Directors of the Company.

(e) "Change in Control" means the occurrence of any of the following events:

(i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this clause (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection, the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final U.S. Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is to change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(f) "Code" means the U.S. Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or U.S. Treasury Regulation thereunder will include such section or regulation, any valid regulation or other official applicable guidance promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(g) “Committee” means a committee of the Board appointed in accordance with Section 14 hereof.

(h) “Common Stock” means the Class A common stock of the Company.

(i) “Company” means RingCentral, Inc., a Delaware corporation, or any successor thereto.

(j) “Compensation” means an Eligible Employee’s base straight time gross earnings, incentive compensation, bonuses, payments for overtime and shift premium, but exclusive of payments for equity compensation income, bonuses or other compensation “grossed-up” for taxes and the tax “gross-up” payments made thereon, and other similar compensation. The Administrator, in its discretion, may, on a uniform and nondiscriminatory basis, establish a different definition of Compensation for a subsequent Offering Period.

(k) “Contributions” means the payroll deductions and other additional payments that the Company may permit to be made by a Participant to fund the exercise of options granted pursuant to the Plan.

(l) “Designated Company” means any Subsidiary or Affiliate that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the Plan. For purposes of the 423 Component, only the Company and its Subsidiaries may be Designated Companies, provided, however that at any given time, a Subsidiary that is a Designated Company under the 423 Component shall not be a Designated Company under the Non-423 Component.

(m) “Director” means a member of the Board.

(n) “Eligible Employee” means any individual who is a common law employee providing services to the Company or a Designated Company and is customarily employed for at least twenty (20) hours per week and more than five (5) months in any calendar year by the Employer, or any lesser number of hours per week and/or number of months in any calendar year established by the Administrator (if required under applicable local law) for purposes of any separate Offering or for Eligible Employee participating in the Non-423 Component. For purposes of the Plan, the employment relationship will be treated as continuing intact while the individual is on sick leave or other leave of absence that the Employer approves or is legally protected under applicable local laws. Where the period of leave exceeds three (3) months and the individual’s right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be deemed to have terminated three (3) months and one (1) day following the commencement of such leave. The Administrator, in its discretion, from time to time may, prior to an Enrollment Date for all options to be granted on such Enrollment Date in an Offering, determine (for each Offering under the 423 Component, on a uniform and nondiscriminatory basis or as otherwise permitted by Treasury Regulation Section 1.423-2) that the definition of Eligible Employee will or will not include an individual if he or she: (i) has not completed at least two (2) years of service since his or her last hire date (or such lesser period of time as may be determined by the Administrator in its discretion), (ii) customarily works not more than twenty (20) hours per week (or such lesser period of time as may be determined by the Administrator in its discretion), (iii) customarily works not more than five (5) months per calendar year (or such lesser period of time as may be determined by the

Administrator in its discretion), (iv) is a highly compensated employee within the meaning of Section 414(q) of the Code, or (v) is a highly compensated employee within the meaning of Section 414(q) of the Code with compensation above a certain level or is an officer or subject to the disclosure requirements of Section 16(a) of the Exchange Act, provided the exclusion is applied with respect to each Offering under the 423 Component in an identical manner to all highly compensated individuals of the Employer whose employees are participating in that Offering. Each exclusion shall be applied with respect to an Offering under a 423 Component in a manner complying with U.S. Treasury Regulation Section 1.423-2(e)(2)(ii). Such exclusions may be applied with respect to an Offering under the Non- 423 Component without regard to the limitations of Treasury Regulation Section 1.423-2.

(o) “Employer” means the employer of the applicable Eligible Employee(s).

(p) “Enrollment Date” means the first Trading Day of each Offering Period.

(q) “Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

(r) “Exercise Date” means the first Trading Day on or after May 12 and November 12 of each Purchase Period.

(s) “Fair Market Value” means, as of any date and unless the Administrator determines otherwise, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the New York Stock Exchange, NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market of The NASDAQ Stock Market, its Fair Market Value will be the closing sales price for such stock as quoted on such exchange or system on the date of determination (or the closing bid, if no sales were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value will be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or if no bids and asks were reported on that date, as applicable, on the last Trading Day such bids and asks were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof will be determined in good faith by the Administrator.

Notwithstanding the foregoing, if the determination date for the Fair Market Value occurs on a weekend or holiday, the Fair Market Value will be the price as determined in accordance with subsections (i) through (iii) above (as applicable) on the next business day, unless otherwise determined by the Administrator.

(t) “Fiscal Year” means the fiscal year of the Company.

(u) “New Exercise Date” means a new Exercise Date if the Administrator shortens any Offering Period then in progress.

(v) “Offering” means an offer under the Plan of an option that may be exercised during an Offering Period as further described in Section 4. For purposes of the Plan, the Administrator may designate separate Offerings under the Plan (the terms of which need not be identical) in which Eligible Employees of one or more Employers will participate, even if the dates of the applicable Offering Periods of each such Offering are identical and the provisions of the Plan will separately apply to each Offering. To the extent permitted by U.S. Treasury Regulation Section 1.423-2(a)(1), the terms of each Offering need not be identical provided that the terms of the Plan and an Offering together satisfy U.S. Treasury Regulation Section 1.423-2(a)(2) and (a)(3).

(w) “Offering Periods” means the periods of approximately six (6) months during which an option granted pursuant to the Plan may be exercised, commencing on the first Trading Day on or after May 13 and November 13 of each year and terminating on the first Trading Day on or after November 12 and May 12, approximately six (6) months later.

(x) “Parent” means a “parent corporation,” whether now or hereafter existing, as defined in Section 424(e) of the Code.

(y) “Participant” means an Eligible Employee that participates in the Plan.

(z) “Plan” means this RingCentral, Inc. Amended and Restated Employee Stock Purchase Plan.

(aa) “Purchase Period” means the approximately six (6) month period commencing after one Exercise Date and ending with the next Exercise Date, except that the first Purchase Period of any Offering Period will commence on the Enrollment Date and end with the next Exercise Date. Unless the Administrator provides otherwise, the Purchase Period will have the same duration and coincide with the length of the Offering Period.

(ab) “Purchase Price” means (i) for Offering Periods commencing before the Restatement Effective Date, an amount equal to ninety percent (90%) of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower, and (ii) for Offering Periods commencing on or after the Restatement Effective Date, an amount equal to eighty-five percent (85%) of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower; provided however, that the Purchase Price may be determined for subsequent Offering Periods by the Administrator subject to compliance with Section 423 of the Code (or any successor rule or provision or any other Applicable Law, regulation or stock exchange rule) or pursuant to Section 20.

(ac) “Restatement Effective Date” means February 11, 2021, the date the amendment and restatement of the Plan became effective.

(ad) “Subsidiary” means a “subsidiary corporation,” whether now or hereafter existing, as defined in Section 424(f) of the Code.

(ae) “Trading Day” means a day on which the national stock exchange upon which the Common Stock is listed is open for trading.

(af) “U.S. Treasury Regulations” means the Treasury regulations of the Code. Reference to a specific Treasury Regulation or Section of the Code shall include such Treasury Regulation or Section, any valid regulation promulgated under such Section, and any comparable

provision of any future legislation or regulation amending, supplementing or superseding such Section or regulation.

3. Eligibility.

(a) Any Eligible Employee on a given Enrollment Date will be eligible to participate in the Plan, subject to the requirements of Section 5.

(b) Non-U.S. Employees. Eligible Employees who are citizens or residents of a non-U.S. jurisdiction (without regard to whether they also are citizens or residents of the United States or resident aliens (within the meaning of Section 7701(b)(1) (A) of the Code)) may be excluded from participation in the Plan or an Offering if the participation of such Eligible Employees is prohibited under the laws of the applicable jurisdiction or if complying with the laws of the applicable jurisdiction would cause the Plan or an Offering to violate Section 423 of the Code. In the case of the Non-423 Component, an Eligible Employee may be excluded from participation in the Plan or an Offering if the Administrator has determined that participation of such Eligible Employee is not advisable or practicable.

(c) Limitations. Any provisions of the Plan to the contrary notwithstanding, no Eligible Employee will be granted an option under the Plan (i) to the extent that, immediately after the grant, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or any Parent or Subsidiary of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Parent or Subsidiary of the Company, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Company or any Parent or Subsidiary of the Company accrues at a rate, which exceeds twenty-five thousand dollars (\$25,000) worth of stock (determined at the Fair Market Value of the stock at the time such option is granted) for each calendar year in which such option is outstanding at any time, as determined in accordance with Section 423 of the Code and the regulations thereunder.

4. Offering Periods. The Plan will be implemented by consecutive Offering Periods with a new Offering Period commencing on the first Trading Day on or after May 13 and November 13 each year, or on such other date as the Administrator will determine. The Administrator will have the power to change the duration of Offering Periods (including the commencement dates thereof) with respect to future Offerings without stockholder approval if such change is announced prior to the scheduled beginning of the first Offering Period to be affected thereafter; provided, however, that no Offering Period may last more than twenty-seven (27) months.

5. Participation. An Eligible Employee may participate in the Plan pursuant to Section 3(b) by (i) submitting to the Company's stock administration office (or its designee), on or before a date determined by the Administrator prior to an applicable Enrollment Date, a properly completed subscription agreement authorizing Contributions in the form provided by the Administrator for such purpose, or (ii) following an electronic or other enrollment procedure determined by the Administrator.

6. Contributions.

(a) At the time a Participant enrolls in the Plan pursuant to Section 5, he or she will elect to have Contributions (in the form of payroll deductions or otherwise, to the extent permitted by the Administrator) made on each pay day during the Offering Period in an amount not exceeding fifteen percent (15%) of the Compensation, which he or she receives on each pay day during the Offering Period (for illustrative purposes, should a pay day occur on an Exercise Date, a Participant will have any payroll deductions made on such day applied to his or her account under the then-current Purchase Period or Offering Period). The Administrator, in its sole discretion, may permit all Participants in a specified Offering to contribute amounts to the Plan through payment by cash, check or other means set forth in the subscription agreement prior to each Exercise Date of each Purchase Period. A Participant's subscription agreement will remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof.

(b) In the event Contributions are made in the form of payroll deductions, such payroll deductions for a Participant will commence on the first pay day following the Enrollment Date and will end on the last pay day prior to the Exercise Date of such Offering Period to which such authorization is applicable, unless sooner terminated by the Participant as provided in Section 10 hereof.

(c) All Contributions made for a Participant will be credited to his or her account under the Plan and Contributions will be made in whole percentages only. A Participant may not make any additional payments into such account.

(d) A Participant may discontinue his or her participation in the Plan as provided in Section 10. Except as may be permitted by the Administrator, as determined in its sole discretion, a Participant may not change the rate of his or her Contributions during an Offering Period.

(e) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(d), a Participant's Contributions may be decreased to zero percent (0%) at any time during a Purchase Period. Subject to Section 423(b)(8) of the Code and Section 3(b) hereof, Contributions will recommence at the rate originally elected by the Participant effective as of the beginning of the first Purchase Period scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10.

(f) Notwithstanding any provisions to the contrary in the Plan, the Administrator may allow Eligible Employees to participate in the Plan via cash contributions instead of payroll deductions if (i) payroll deductions are not permitted under applicable local law, (ii) the Administrator determines that cash contributions are permissible under Section 423 of the Code or (iii) for Participants participating in the Non-423 Component.

(g) At the time the option is exercised, in whole or in part, or at the time some or all of the Common Stock issued under the Plan is disposed of (or any other time that a taxable event related to the Plan occurs), the Participant must make adequate provision for the Company's or Employer's federal, state, local or any other tax liability payable to any authority including taxes imposed by jurisdictions outside of the U.S., national insurance, social security or other tax withholding obligations, if any, which arise upon the exercise of the option or the

disposition of the Common Stock (or any other time that a taxable event related to the Plan occurs). At any time, the Company or the Employer may, but will not be obligated to, withhold from the Participant's compensation the amount necessary for the Company or the Employer to meet applicable withholding obligations, including any withholding required to make available to the Company or the Employer any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Eligible Employee. In addition, the Company or the Employer may, but will not be obligated to, withhold from the proceeds of the sale of Common Stock or any other method of withholding the Company or the Employer deems appropriate to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f).

7. Grant of Option. On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period will be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of Common Stock determined by dividing such Eligible Employee's Contributions accumulated prior to such Exercise Date and retained in the Eligible Employee's account as of the Exercise Date by the applicable Purchase Price; provided that in no event will an Eligible Employee be permitted to purchase during each Purchase Period more than 3,000 shares of Common Stock (subject to any adjustment pursuant to Section 19) and provided further that such purchase will be subject to the limitations set forth in Sections 3(c) and 13. The Eligible Employee may accept the grant of such option with respect to any Offering Period under the Plan, by electing to participate in the Plan in accordance with the requirements of Section 5. The Administrator may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of Common Stock that an Eligible Employee may purchase during each Purchase Period of an Offering Period. Exercise of the option will occur as provided in Section 8, unless the Participant has withdrawn pursuant to Section 10. The option will expire on the last day of the Offering Period.

8. Exercise of Option.

(a) Unless a Participant withdraws from the Plan as provided in Section 10, his or her option for the purchase of shares of Common Stock will be exercised automatically on the Exercise Date, and the maximum number of full shares subject to the option will be purchased for such Participant at the applicable Purchase Price with the accumulated Contributions from his or her account. No fractional shares of Common Stock will be purchased. Any Contributions accumulated in a Participant's account after the Exercise Date, including any Contributions which are not sufficient to purchase a full share, will be automatically returned to the Participant as soon as administratively practicable following the Exercise Date. During a Participant's lifetime, a Participant's option to purchase shares hereunder is exercisable only by him or her.

(b) If the Administrator determines that, on a given Exercise Date, the number of shares of Common Stock with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period, or (ii) the number of shares of Common Stock available for sale under the Plan on such Exercise Date, the Administrator may in its sole discretion (x) provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a

manner as will be practicable and as it will determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date, and continue all Offering Periods then in effect or (y) provide that the Company will make a pro rata allocation of the shares available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all participants exercising options to purchase Common Stock on such Exercise Date, and terminate any or all Offering Periods then in effect pursuant to Section 20. The Company may make a pro rata allocation of the shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date.

9. Delivery. As soon as reasonably practicable after each Exercise Date on which a purchase of shares of Common Stock occurs, the Company will arrange the delivery to each Participant of the shares purchased upon exercise of his or her option in a form determined by the Administrator (in its sole discretion) and pursuant to rules established by the Administrator. The Company may permit or require that shares be deposited directly with a broker designated by the Company or to a designated agent of the Company, and the Company may utilize electronic or automated methods of share transfer. The Company may require that shares be retained with such broker or agent for a designated period of time and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares. No Participant will have any voting, dividend, or other stockholder rights with respect to shares of Common Stock subject to any option granted under the Plan until such shares have been purchased and delivered to the Participant as provided in this Section 9.

10. Withdrawal.

(a) A Participant may withdraw all but not less than all the Contributions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by (i) submitting to the Company's stock administration office (or its designee) a written notice of withdrawal in the form determined by the Administrator for such purpose (which may be similar to the form attached hereto as Exhibit B), or (ii) following an electronic or other withdrawal procedure determined by the Administrator. All of the Participant's Contributions credited to his or her account will be paid to such Participant promptly after receipt of notice of withdrawal and such Participant's option for the Offering Period will be automatically terminated, and no further Contributions for the purchase of shares will be made for such Offering Period. If a Participant withdraws from an Offering Period, Contributions will not resume at the beginning of the succeeding Offering Period, unless the Participant re-enrolls in the Plan in accordance with the provisions of Section 5.

(b) A Participant's withdrawal from an Offering Period will not have any effect upon his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or in succeeding Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

11. Termination of Employment. Upon a Participant's ceasing to be an Eligible Employee, for any reason, he or she will be deemed to have elected to withdraw from the Plan and the Contributions credited to such Participant's account during the Offering Period but not

yet used to purchase shares of Common Stock under the Plan will be returned to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15, and such Participant's option will be automatically terminated. Unless determined otherwise by the Administrator in a manner that, with respect to an Offering under the 423 Component, is permitted by, and compliant with, Section 423 of the Code, a Participant whose employment transfers between entities through a termination with an immediate rehire (with no break in service) by the Company or a Designated Company shall not be treated as terminated under the Plan; however, no Participant shall be deemed to switch from an Offering under the Non-423 Component to an Offering under the 423 Component or vice versa unless (and then only to the extent) such switch would not cause the 423 Component or any Option thereunder to fail to comply with Section 423 of the Code.

12. Interest. No interest will accrue on the Contributions of a participant in the Plan, except as may be required by Applicable Law, as determined by the Company, and if so required by the laws of a particular jurisdiction, shall, with respect to Offerings under the 423 Component, apply to all Participants in the relevant Offering, except to the extent otherwise permitted by U.S. Treasury Regulation Section 1.423-2(f).

13. Stock.

(a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, the maximum number of shares of Common Stock that will be made available for sale under the Plan will be 1,250,000 shares of Common Stock. The number of shares of Common Stock available for issuance under the Plan will be increased on the first day of each Fiscal Year beginning with the 2014 Fiscal Year equal to the least of (i) 1,250,000 shares of Common Stock, (ii) one percent (1%) of the outstanding shares of all classes of the Company's common stock on the last day of the immediately preceding Fiscal Year, or (iii) an amount determined by the Administrator.

(b) Until the shares of Common Stock are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), a Participant will only have the rights of an unsecured creditor with respect to such shares, and no right to vote or receive dividends or any other rights as a stockholder will exist with respect to such shares.

(c) Shares of Common Stock to be delivered to a Participant under the Plan will be registered in the name of the Participant or in the name of the Participant and his or her spouse.

14. Administration. The Plan will be administered by the Board or a Committee appointed by the Board, which Committee will be constituted to comply with Applicable Laws. The Administrator will have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to designate separate Offerings under the Plan, to designate Subsidiaries and Affiliates as participating in the 423 Component or Non-423 Component, to determine eligibility, to adjudicate all disputed claims filed under the Plan and to establish such procedures that it deems necessary for the administration of the Plan (including, without limitation, to adopt such procedures and sub-plans as are necessary or appropriate to permit the participation in the Plan by employees who are foreign nationals or employed outside the U.S.,

the terms of which sub-plans may take precedence over other provisions of this Plan, with the exception of Section 13(a) hereof, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan). Unless otherwise determined by the Administrator, the employees eligible to participate in each sub-plan will participate in a separate Offering and will be in the Non-423 Component, unless such designation would cause the 423 Component to violate the requirements of Section 423 of the Code. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding eligibility to participate, the definition of Compensation, handling of Contributions, making of Contributions to the Plan (including, without limitation, in forms other than payroll deductions), establishment of bank or trust accounts to hold Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of stock certificates that vary with applicable local requirements. The Administrator also is authorized to determine that, to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f), the terms of an option granted under the Plan or an Offering to citizens or residents of a non-U.S. jurisdiction will be less favorable than the terms of options granted under the Plan or the same Offering to employees resident solely in the U.S. Every finding, decision and determination made by the Administrator will, to the full extent permitted by law, be final and binding upon all parties.

15. Designation of Beneficiary.

(a) If permitted by the Administrator, a Participant may file a designation of a beneficiary who is to receive any shares of Common Stock and cash, if any, from the Participant's account under the Plan in the event of such Participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such Participant of such shares and cash. In addition, if permitted by the Administrator, a Participant may file a designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to exercise of the option. If a Participant is married and the designated beneficiary is not the spouse, spousal consent will be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the Participant at any time by notice in a form determined by the Administrator. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company will deliver such shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

(c) All beneficiary designations will be in such form and manner as the Administrator may designate from time to time. Notwithstanding Sections 15(a) and (b) above, the Company and/or the Administrator may decide not to permit such designations by Participants in non-U.S. jurisdictions to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f).

16. Transferability. Neither Contributions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares of Common Stock under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

17. Use of Funds. The Company may use all Contributions received or held by it under the Plan for any corporate purpose, and the Company will not be obligated to segregate such Contributions except under Offerings or for Participants in the Non-423 Component for which Applicable Laws require that Contributions to the Plan by Participants be segregated from the Company's general corporate funds and/or deposited with an independent third party. Until shares of Common Stock are issued, Participants will only have the rights of an unsecured creditor with respect to such shares.

18. Reports. Individual accounts will be maintained for each Participant in the Plan. Statements of account will be given to participating Eligible Employees at least annually, which statements will set forth the amounts of Contributions, the Purchase Price, the number of shares of Common Stock purchased and the remaining cash balance, if any.

19. Adjustments, Dissolution, Liquidation, Merger or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock occurs, the Administrator, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will, in such manner as it may deem equitable, adjust the number and class of Common Stock that may be delivered under the Plan, the Purchase Price per share and the number of shares of Common Stock covered by each option under the Plan that has not yet been exercised, and the numerical limits of Sections 7 and 13.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a New Exercise Date, and will terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date will be before the date of the Company's proposed dissolution or liquidation. The Administrator will notify each Participant in writing or electronically, prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) Merger or Change in Control. In the event of a merger or Change in Control, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that

the successor corporation refuses to assume or substitute for the option, the Offering Period with respect to which such option relates will be shortened by setting a New Exercise Date on which such Offering Period shall end. The New Exercise Date will occur before the date of the Company's proposed merger or Change in Control. The Administrator will notify each Participant in writing or electronically prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

20. Amendment or Termination.

(a) The Administrator, in its sole discretion, may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. If the Plan is terminated, the Administrator, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Exercise Date (which may be sooner than originally scheduled, if determined by the Administrator in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 19). If the Offering Periods are terminated prior to expiration, all amounts then credited to Participants' accounts that have not been used to purchase shares of Common Stock will be returned to the Participants (without interest thereon, except as otherwise required under Applicable Laws, as further set forth in Section 12 hereof) as soon as administratively practicable.

(b) Without stockholder consent and without limiting Section 20(a), the Administrator will be entitled to change the Offering Periods or Purchase Periods, designate separate Offerings, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit Contributions in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed Contribution elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with Contribution amounts, and establish such other limitations or procedures as the Administrator determines in its sole discretion advisable that are consistent with the Plan.

(c) In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) amending the Plan to conform with the safe harbor definition under the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto), including with respect to an Offering Period underway at the time;

(ii) altering the Purchase Price for any Offering Period or Purchase Period including an Offering Period or Purchase Period underway at the time of the change in Purchase Price;

- (iii) shortening any Offering Period or Purchase Period by setting a New Exercise Date, including an Offering Period or Purchase Period underway at the time of the Administrator action;
- (iv) reducing the maximum percentage of Compensation a Participant may elect to set aside as Contributions; and
- (v) reducing the maximum number of shares of Common Stock a Participant may purchase during any Offering Period or Purchase Period.

Such modifications or amendments will not require stockholder approval or the consent of any Plan Participants.

21. Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan will be deemed to have been duly given when received in the form and manner specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Conditions Upon Issuance of Shares. Shares of Common Stock will not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto will comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and will be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. Code Section 409A. The 423 Component of the Plan is exempt from the application of Code Section 409A and any ambiguities herein will be interpreted to so be exempt from Code Section 409A. In furtherance of the foregoing and notwithstanding any provision in the Plan to the contrary, if the Administrator determines that an option granted under the Plan may be subject to Code Section 409A or that any provision in the Plan would cause an option under the Plan to be subject to Code Section 409A, the Administrator may amend the terms of the Plan and/or of an outstanding option granted under the Plan, or take such other action the Administrator determines is necessary or appropriate, in each case, without the Participant's consent, to exempt any outstanding option or future option that may be granted under the Plan from or to allow any such options to comply with Code Section 409A, but only to the extent any such amendments or action by the Administrator would not violate Code Section 409A. Notwithstanding the foregoing, the Company shall have no liability to a Participant or any other party if the option to purchase Common Stock under the Plan that is intended to be exempt from or compliant with Code Section 409A is not so exempt or compliant or for any action taken by the Administrator with respect thereto. The Company makes no representation that the option to purchase Common Stock under the Plan is compliant with Code Section 409A.

24. Term of Plan. The Plan will become effective upon the earlier to occur of its adoption by the Board or its approval by the stockholders of the Company. It will continue in effect for a term of twenty (20) years, unless sooner terminated under Section 20.

25. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

26. Governing Law. The Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware (except its choice-of-law provisions).

27. No Right to Employment. Participation in the Plan by a Participant shall not be construed as giving a Participant the right to be retained as an employee of the Company or a Subsidiary or Affiliate, as applicable. Furthermore, the Company or a Subsidiary or Affiliate may dismiss a Participant from employment at any time, free from any liability or any claim under the Plan.

28. Severability. If any provision of the Plan is or becomes or is deemed to be invalid, illegal, or unenforceable for any reason in any jurisdiction or as to any Participant, such invalidity, illegality or unenforceability shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as to such jurisdiction or Participant as if the invalid, illegal or unenforceable provision had not been included.

29. Compliance with Applicable Laws. The terms of this Plan are intended to comply with all Applicable Laws and will be construed accordingly.

EXHIBIT A
RINGCENTRAL, INC.
AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN
GLOBAL SUBSCRIPTION AGREEMENT

1. I hereby elect to participate in the RingCentral, Inc. Amended and Restated Employee Stock Purchase Plan (the “Plan”) and subscribe to purchase shares of the Company’s Class A Common Stock (“Shares”) in accordance with the Plan and this Global Subscription Agreement, including the additional Terms and Conditions for my country attached hereto (the “Appendix” and, together with the Global Subscription Agreement, this “Agreement”). Capitalized terms used but not defined in this Agreement will have the meanings set forth in the Plan.

2. I hereby authorize payroll deductions from each paycheck in the amount I have specified to the Company, from 1% to 15% (in whole numbers only) of my Compensation, on each payday during the Offering Period in accordance with the Plan. I understand that said payroll deductions will be accumulated for the purchase of Shares at the applicable Purchase Price determined in accordance with the Plan. I understand that, if I do not withdraw from an Offering Period and remain an Eligible Employee, any accumulated payroll deductions will be used to automatically exercise my option and purchase Shares under the Plan.

3. I understand that I may suspend my Contribution and reduce my percentage to 0% without withdrawing from the Purchase Period.

4. I understand that I may decrease my Contribution percentage one time during each Offering Period, and that I may increase my Contribution percentage only during the next open enrollment period, to be effective for the following Offering Period.

5. I have received a copy of the complete Plan and its accompanying prospectus. I understand that my participation in the Plan is in all respects subject to the terms of the Plan.

6. I understand that share purchases for me under the Plan will be issued in my name.

7. I acknowledge that, regardless of any action taken by the Company or, if different, the Designated Company that employs me (the “Employer”), the ultimate liability for

all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to my participation in the Plan and legally applicable or deemed applicable to me (“Tax-Related Items”) is and remains my responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. I further acknowledge that the Company and/or Employer (i) make no representation or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of my participation in the Plan, the subsequent sale of Shares acquired pursuant to such participation and the receipt of any dividends, and (ii) do not commit to and are under no obligation to structure the terms of the option or any aspect of participation in the Plan to reduce or eliminate my liability for Tax-Related Items or achieve any particular tax result. Further, if I am subject to Tax-Related Items in more than one jurisdiction, I acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, I agree to make adequate arrangements satisfactory to the Company and/or Employer to satisfy all Tax-Related Items. In this regard, I authorize the Company and/or the Employer, or their respective agents, at their discretion, to withhold any Tax-Related Items from any wages or other cash compensation payable to me by the Company and/or the Employer. Alternatively, or in addition, if permissible under Applicable Laws, the Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit or require me to satisfy such tax withholding obligation, in whole or in part (without limitation) by (a) paying cash, (b) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value equal to the amount required to be withheld, (c) selling a number of Shares otherwise deliverable to me through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld, or (d) any other method of withholding determined by the Company and to the extent required by Applicable Laws or the Plan, approved by the Administrator.

Unless otherwise provided in the Plan or herein, the Company may withhold or account for Tax-Related Items by considering statutory or other withholding rates, including minimum or maximum rates applicable in my jurisdiction(s). In the event of over-withholding, I may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent in Shares), or if not refunded, I may be able to seek a refund from the local tax authorities. In the event of under-withholding, I may be required to pay any additional Tax-Related Items directly to the applicable tax authority. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, I will be deemed to have been issued the full number of Shares subject to the Plan, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items.

If I fail to make satisfactory arrangements to satisfy all Tax-Related Items hereunder prior to any relevant taxable or tax withholding event, as applicable, I will permanently forfeit any right to receive Shares and participation in the Plan.

8. By enrolling and participating in the Plan, I acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) participation in the Plan is voluntary and occasional, and does not create any contractual or other right to receive future grants of options to purchase Shares, or benefits in lieu of options to purchase Shares, even if options to purchase Shares have been granted in the past;

(c) all decisions with respect to future options to purchase Shares, if any, will be at the sole discretion of the Company;

(d) the grant of the option to purchase Shares under, and my participation in, the Plan shall not create a right to employment or be interpreted as amending or forming an employment or service contract with the Company and shall not interfere with the ability of the Employer to terminate my employment relationship (if any);

(e) I am voluntarily participating in the Plan;

(f) participation in the Plan, the Shares purchased under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;

(g) participation in the Plan, the Shares purchased under the Plan, and the income from and value of same, are not part of normal or expected compensation for any purposes, including but not limited to the calculation of any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(h) unless otherwise agreed with the Company in writing, participation in the Plan, the Shares purchased under the Plan, and the income from and value of same, are not granted as consideration for, or in connection with, the service I may provide as a director of a Subsidiary;

(i) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(j) if I purchase Shares under the Plan, the value of such Shares may increase or decrease, even below the Purchase Price;

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of the option to purchase Shares resulting from my termination of employment (for any reason whatsoever, and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where I am employed or the terms of my employment agreement, if any);

(l) in the event of termination of my employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where I am employed or the terms of my employment agreement, if any), my right to participate in the Plan and purchase Shares, if any, will terminate effective as of the date I cease to actively provide services to the Company or a Designated Company and will not be extended by any notice period (e.g., employment would not include any contractual notice or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where I am employed or the terms of my employment agreement, if any); the Administrator shall have exclusive discretion to determine when I am no longer actively providing services for purposes of my participation in the Plan (including whether I may still be considered to be providing services while I am on leave of absence);

(m) unless otherwise provided in the Plan or by the Company in its discretion, participation in the Plan and the benefits evidenced by this Agreement do not create any entitlement to have the options to purchase Shares or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

(n) neither the Company nor the Employer shall be liable for any foreign exchange rate fluctuation between my local currency and the United States Dollar that may affect the value of any amounts due to me under the Plan or the subsequent sale of any Shares acquired upon purchase.

9.

(a) Data Collection and Usage. *The Company and the Employer may collect, process and use certain personal information about me, including, but not limited to, my name, home address, telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options to purchase Shares granted under the Plan or any other entitlement to stock awarded, canceled, exercised, vested, unvested or outstanding in my favor (“Data”), for purposes of implementing, administering and managing my participation in the Plan. The legal basis, where required, for the processing of Data is my consent.*

(b) Stock Plan Administration Service Providers. *The Company will transfer Data to E*TRADE Financial Services, Inc. and certain of its affiliated entities (the “E*TRADE”), an independent service provider based in the United States which assists the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Data with such other provider serving in a similar manner. I may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.*

(c) International Data Transfers. *The Company and E*TRADE are based in the U.S. My country or jurisdiction may have different data privacy laws and protections than the U.S. The Company's legal basis for the transfer of Data, where required, is my consent.*

(d) Data Retention. *The Company will hold and use Data only as long as is necessary to implement, administer and manage my participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.*

(e) Voluntariness and Consequences of Consent Denial or Withdrawal. *Participation in the Plan is voluntary and I am providing the consents herein on a purely voluntary basis. If I do not consent, or if I later seek to revoke the consent, my salary/compensation from or service relationship will not be affected; the only consequence of refusing or withdrawing consent is that the Company would not be able to offer the option to purchase Shares or other awards or administer or maintain such awards.*

(f) Data Subject Rights. *I may have a number of rights under data privacy laws depending on my jurisdiction, including the right to (i) request access to or copies of Data the Company processes, (ii) rectify incorrect Data, (iii) delete Data, (iv) restrict the processing of Data, (v) restrict the portability of Data, (vi) lodge complaints with competent authorities in my jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, I can contact the Company's data privacy officer at privacy@ringcentral.com.*

10. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding my participation in the Plan, or my acquisition or sale of the Shares. I hereby agree to consult with my own personal tax, legal and financial advisors regarding my participation in the Plan before taking any action related to the Plan.

11. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means or request my consent to participate in the Plan by electronic means. I hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

12. In the event that any provision in this Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

13. Notwithstanding any provisions in this Agreement, the right to participate in the Plan shall be subject to any additional terms and conditions the Appendix attached hereto for my country. Moreover, if I relocate to another country, the additional terms and conditions for such country will apply to me, to the extent the Company determines that the application of such

terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

14. The Company reserves the right to impose other requirements on my participation in the Plan and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require me to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

15. If at any time the Company will determine, in its discretion, that the listing, registration, qualification or rule compliance of the Shares upon any securities exchange or under Applicable Laws or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to me hereunder, such issuance will not occur unless and until such listing, registration, qualification, rule compliance, consent or approval will have been completed, effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of any Shares will violate any Applicable Laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such Applicable Laws and to obtain any such consent or approval of any such governmental authority or securities exchange.

16. This Agreement will be governed by the laws of Delaware without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under participation in the Plan or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California, and agree that such litigation will be conducted exclusively in the courts of San Mateo County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where the option to purchase Shares is offered and/or to be performed.

17. I acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by me or any other Participant.

18. I hereby agree to be bound by the terms of the Plan. The effectiveness of this Agreement is dependent upon my eligibility to participate in the Plan.

I UNDERSTAND THAT THIS AGREEMENT WILL REMAIN IN EFFECT THROUGHOUT SUCCESSIVE OFFERING PERIODS UNLESS I CEASE TO BE AN ELIGIBLE EMPLOYEE OR WITHDRAW FROM THE PLAN; PROVIDED, HOWEVER, THAT PARTICIPATION IN ANY SUBSEQUENT OFFERING PERIOD WILL BE GOVERNED BY THE TERMS AND CONDITIONS OF THE PLAN AND THIS AGREEMENT IN EFFECT AT THE BEGINNING OF SUCH OFFERING PERIOD, SUBJECT TO MY RIGHT TO WITHDRAW.

APPENDIX
ADDITIONAL TERMS AND CONDITIONS
FOR NON-U.S. PARTICIPANTS

Capitalized terms used but not defined in this Appendix will have the meanings set forth in the Plan and/or the Global Subscription Agreement.

Terms and Conditions

This Appendix, which is part of the Agreement, includes additional terms and conditions applicable to me if I work and/or reside outside the United States or am otherwise subject to the laws of a country other than the United States. If I am a citizen or resident of a country other than the one in which I am currently working and/or residing (or if I am considered as such for local law purposes), or if I transfer employment or residence to another country after enrolling in the Plan, I acknowledge and agree that the Company, in its discretion, will determine the extent to which the terms and conditions herein will be applicable to me.

Notifications

This Appendix also includes information regarding securities laws, exchange controls and certain other issues of which I should be aware with respect to my participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that I do not rely on the information in this Appendix as the only source of information relating to the consequences of my participation in the Plan, because the information included herein may be out of date at the time that I acquire Shares under the Plan or subsequently sell such Shares.

In addition, the information contained herein is general in nature and may not apply to my particular situation and the Company is not in a position to assure me of any particular result. Accordingly, I should seek appropriate professional advice as to how the relevant laws in my country may apply to my individual situation.

Finally, if I am a citizen or resident of a country other than the one in which I currently am working and/or residing (or if I am considered as such for local law purposes), or if I transfer employment and/or residency to another country after options to purchase Shares have been granted to me under the Plan, the information contained herein may not be applicable to me.

ALL EMPLOYEES OUTSIDE THE U.S.

Terms and Conditions

1. Language. I acknowledge that I am sufficiently proficient in English, or have consulted with an advisor who is proficient in the English language, so as to enable me to understand the terms and conditions in this Agreement and the Plan. If I have received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

2. Insider-Trading / Market-Abuse Laws. I acknowledge that I may be subject to insider-trading restrictions and/or market-abuse laws in applicable jurisdictions, including but not limited to the United States and my country, which may affect my ability to purchase or sell Shares acquired under the Plan during such times as I am considered to have “inside information” regarding the Company (as defined by the laws or regulations in my country). Local insider-trading laws and regulations may prohibit the cancellation or amendment of orders I place before possessing inside information. Furthermore, I could be prohibited from (i) disclosing the inside information to any third party (other than on a “need to know” basis) and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider-trading policy. I am responsible for complying with any applicable restrictions, and I should speak to my personal legal advisor for further details regarding any applicable insider-trading and/or market-abuse laws in applicable jurisdictions.

3. Foreign Asset/Account Reporting and Exchange Control Requirements. I acknowledge that there may be certain foreign asset and/or account reporting and/or exchange control requirements which may affect my ability to acquire or hold the Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on the Shares acquired under the Plan) in a brokerage or bank account outside my country. I may be required to report such accounts, assets or transactions to the tax or other authorities in my country. I also may be required to repatriate sale proceeds or other funds received as a result of my participation in the Plan to my country through a designated bank or broker and/or within a certain time after receipt. I acknowledge that it is my responsibility to be compliant with such regulations, and I should consult my personal advisor on this matter.

AUSTRALIA

Terms and Conditions

Australia Offer Document. The Company is pleased to provide this offer to participate in the Plan. This offer sets out information regarding the grant of options to purchase Shares to Australian resident employees. This information is provided by the Company to ensure

compliance of the Plan with Australian Securities and Investments Commission (“ASIC”) Class Order 14/1000 and relevant provisions of the Corporations Act 2001.

In addition to the information set out in this Agreement (including this Appendix), the Company is also providing with copies of the following documents:

- (a) the Plan;
- (b) the Plan prospectus; and
- (c) Employee Information Supplement (collectively, the “Additional Documents”).

The Additional Documents provide further information to help me make an informed investment decision about participating in the Plan. Neither the Plan nor the Plan prospectus is a prospectus for the purposes of the Corporations Act 2001.

I should not rely upon any oral statements made in relation to this offer. I understand that I I should rely only upon the statements contained in this Agreement (including this Appendix), and the Additional Documents when considering participation in the Plan.

Notifications

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

Securities Law Information. Investment in Shares involves a degree of risk. Eligible employees who elect to participate in the Plan should monitor their participation and consider all risk factors relevant to the acquisition of Shares under the Plan as set forth below and in the Additional Documents.

The information herein is general information only. It is not advice or information that takes into account my objectives, financial situation and needs. I understand that I should consider obtaining my own financial product advice from a person who is licensed by ASIC to give such advice.

Additional Risk Factors for Australian Residents. I understand that I should have regard to risk factors relevant to investment in securities generally and, in particular, to holding Shares. For example, the price at which an individual Share is quoted on the New York Stock Exchange (“NYSE”) may increase or decrease due to a number of factors. There is no guarantee that the price of a Share will increase. Factors that may affect the price of an individual Share include fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, the nature of the markets in which the Company operates and general operational and business risks.

More information about potential factors that could affect the Company’s business and financial results will be included in the Company’s most recent Annual Report on Form 10-K and the

Company's Quarterly Report on Form 10-Q. Copies of these reports are available at www.sec.gov, on the Company's investor's page at ir.ringcentral.com, and upon request to the Company.

In addition, I understand that I should be aware that the Australian dollar ("AUD") value of any Shares acquired under the Plan will be affected by the USD/AUD exchange rate. Participation in the Plan involves certain risks related to fluctuations in this rate of exchange.

Common Stock in a U.S. Corporation. Common stock of a U.S. corporation is analogous to ordinary shares of an Australian corporation. Each holder of a Share is entitled to one vote. Dividends may be paid on the Shares out of any funds of the Company legally available for dividends at the discretion of the Board. Further, Shares are not liable to any further calls for payment of capital or for other assessment by the Company and have no sinking fund provisions, pre-emptive rights, conversion rights or redemption provisions.

Ascertaining the Market Price of Shares. I understand that I may ascertain the current market price of an individual Share as traded on the NYSE under the symbol "RNG" at www.nyse.com/quote/XNYS:RNG. The AUD equivalent of that price can be obtained at www.rba.gov.au/statistics/frequency/exchange-rates.html. *Please note that this is not a prediction of what the market price of the Shares will be on any applicable vesting date or when Shares are issued to me (or at any other time), or of the applicable exchange rate at such time.*

CANADA

Terms and Conditions

Termination of Employment. The following provisions replace Section 8(l) of the Global Subscription Agreement:

In the event of termination of my employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where I am employed or the terms of my employment agreement, if any), my right to participate in the Plan and purchase Shares, if any, will terminate effective as of the date that is the earlier of (i) the date my employment relationship terminates, and (ii) the date I receive notice of termination of employment. In either case, the date shall exclude any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under applicable employment standards legislation. For greater certainty, I will not be entitled to any pro-rated option to purchase Shares under the Plan for that portion of time before the date on which my participation terminates, nor will I be entitled to any compensation for lost ability to purchase Shares.

Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued participation in the Plan during a statutory notice period, my option to purchase Shares under the Plan, if any, will terminate effective as of the last day of my minimum statutory notice period, but I will not be entitled to a pro-rata option to purchase Shares if the Exercise Date falls

after the end of the my statutory notice period, nor will I be entitled to any compensation for lost ability to purchase Shares.

The following provisions apply if I reside in Quebec:

Language Consent. The parties acknowledge that it is their express wish that this Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement Relatif à la Langue. *Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.*

Data Privacy. The following provisions supplement Section 9 of the Global Subscription Agreement:

I hereby authorize the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. I further authorize the Company, the Employer (or any other Parent or Subsidiary) and the Administrator to disclose and discuss the Plan with their advisors. I further authorize the Company, the Employer (or any other Parent or Subsidiary) to record such information and to keep such information in my employee file.

Notifications

Securities Law Information. I am permitted to sell Shares acquired under the Plan through the designated broker appointed under the Plan, if any, provided the sale of the Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed (*i.e.*, the New York Stock Exchange).

CHINA

The following provisions apply if I am subject to exchange control restrictions imposed by the State Administration of Foreign Exchange ("SAFE"), as determined by the Administrator in its sole discretion:

Terms and Conditions

Purchase of Shares. Notwithstanding anything in the Plan or this Agreement to the contrary, I understand that I will not be permitted to exercise the option to purchase Shares granted to me under the Plan or purchase any Shares under the Plan unless the Company determines that all necessary exchange control or other approvals with respect to the options granted under the Plan have been obtained from SAFE or its local counterpart. Further, the Company is under no obligation to allow me to exercise the option and/or purchase Shares if the Company's SAFE approval becomes invalid or ceases to be in effect prior to any applicable Exercise Date under the Plan, in which case any options granted to me under the Plan may be cancelled, without any liability to the Company or any Parent or Subsidiary, and any payroll deductions that I have

contributed towards the purchase of Shares under the Plan will be refunded to me, without interest.

Due to local regulatory requirements, the Company reserves the right to force the sale of any Shares issued upon purchase. The sale may occur (i) immediately upon issuance, (ii) following termination, (iii) following transfer to the Company, a Parent or Subsidiary outside of China, or (iv) within any other time frame as the Company determines to be necessary or advisable for legal or administrative reasons. I am required to maintain any Shares acquired under the Plan in an account at a broker designated by the Company (“Designated Account”) and any Shares deposited into the Designated Account cannot be transferred out of the Designated Account unless and until they are sold.

In order to facilitate the foregoing, the Company is authorized to instruct its designated broker to assist with the sale of the Shares (on my behalf pursuant to this authorization without further consent) and I expressly authorize the Company’s designated broker to complete the sale of such Shares. I acknowledge that the Company’s designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company will pay to me the cash proceeds from the sale, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items. If the Shares acquired under the Plan are sold, the repatriation requirements described below shall apply.

Exchange Control Requirement. Pursuant to exchange control requirements in China, I will be required to immediately repatriate to China any cash proceeds from the sale of the Shares that I acquired under the Plan or the receipt of any dividends paid on such Shares. I understand that, under Applicable Laws, such repatriation of the cash proceeds may need to be effectuated through a special exchange control account established by the Company or a Parent or Subsidiary in China, and I hereby consent and agree that any proceeds from the sale of Shares or the receipt of dividends may be transferred to such special account prior to being delivered to me. I also understand that the Company will deliver the proceeds to me as soon as possible, but that there may be delays in distributing the funds to me due to exchange control requirements. I understand that the proceeds may be paid to me in U.S. dollars or in local currency, at the Company’s discretion. If the proceeds are paid to me in U.S. dollars, I will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are paid to me in local currency, the Company is under no obligation to secure any particular exchange conversion rate and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions.

Finally, I agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

FRANCE

Terms and Conditions

Authorization for Payroll Deductions. Section 2 of the Global Subscription Agreement has been translated into French to expressly authorize payroll deductions under the Plan:

Par la présente, j'autorise des prélèvements sur chacun de mes salaires d'un montant que j'ai indiqué à la Société, de 1 % à 15 % (en nombre entier uniquement) de ma Rémunération, effectués à l'occasion du versement de chaque salaire pendant la Période d'Offre conformément au Plan. Je comprends que lesdits prélèvements sur salaire seront accumulés pour l'achat d'Actions au Prix d'Achat applicable déterminé conformément au Plan. Je comprends que, si je ne me retire pas d'une Période d'Offre, tous les prélèvements sur salaire accumulés seront utilisés automatiquement pour exercer mon option et acheter des Actions dans le cadre du Plan.

Language Consent. By electing to participate in the Plan, I confirm that I have read and understood the documents relating to the option to purchase Shares (the Plan and this Agreement (including this Appendix), which were provided to me in the English language. I accept the terms of these documents accordingly.

Consentement Relatif à la Langue. *En choisissant de participer au Plan, je confirme avoir lu et compris les documents relatifs à l'octroi du droit d'acquérir des actions ordinaires (le Plan d'Achat d'Actions et le Contrat de Souscription, y compris la présente Annexe), lesquels vous m'ont été communiqués en langue anglaise. J'accepte les termes de ces documents en connaissance de cause.*

GERMANY

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. In case of payments in connection with securities (including proceeds realized upon the sale of Shares or from the receipt of any dividends paid on such Shares), the report must be made by the fifth day of the month following the month in which the payment was received. The report must be filed electronically. The form of report (“*Allgemeine Meldeportal Statistik*”) can be accessed via the Bundesbank’s website (www.bundesbank.de) and is available in both German and English. I am responsible for complying with applicable reporting requirements.

HONG KONG

Notifications

Securities Law Information. *WARNING: Participation in the Plan and the issuance of Shares at purchase do not constitute a public offer of securities under Hong Kong law and are available only to employees of the Company or any Parent or Subsidiaries. This Agreement, the Plan, and other incidental communication materials that I may receive have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under applicable securities laws in Hong Kong. Furthermore, none of the documents relating to the Plan have been reviewed by any regulatory authority in Hong Kong. Participation in the Plan is intended only for the personal use of each eligible employee of the Employer, the Company and any Parent or Subsidiary and may not be distributed to any other*

person. I should exercise caution in relation to the offer. If I am in any doubt about any of the contents of this Agreement, the Plan or any other communication materials, I should obtain independent professional advice.

INDIA

Notifications

Exchange Control Information. I understand that I must repatriate the proceeds from the sale of Shares and any dividends received in relation to the Shares to India within a certain number of days after receipt. I further understand that I must maintain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is my responsibility to comply with applicable exchange control laws in India.

IRELAND

Notifications

Director Notification Obligation. Directors, shadow directors or secretaries of an Irish subsidiary, whose interests in the Company represent more than 1% of the Company's voting share capital, must notify the Irish subsidiary, as applicable, in writing when (i) receiving or disposing of an interest in the Company (*e.g.*, Shares, etc.), (ii) becoming aware of the event giving rise to the notification requirement, or (iii) becoming a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of a spouse or minor children of such individuals (whose interests will be attributed to the director, shadow director or secretary).

ISRAEL

Terms and Conditions

Tax Consent. The Israeli Tax Authority has issued a tax ruling to the Company in connection with the non-trustee track of Section 102 of the Income Tax Ordinance [New Version], 1961 (the "Tax Ruling") regarding the taxation of Shares purchased under the Plan. I may review a copy of the Tax Ruling by contacting Stock Administration, at RingCentral, Inc., at 20 Davis Drive, Belmont, California 94002 94107, United States or through stock@ringcentral.com. In accordance with the Tax Ruling and by participating in the Plan, I hereby declare that I understand the provisions of the Tax Ruling and the obligation to report and pay any capital gains tax due upon the sale of the Shares purchased under the Plan (including filing an annual tax return). Further, I agree to act in accordance with the Tax Ruling and will not request to amend,

cancel, and/or replace it with a different ruling and/or demand any additional tax benefit beyond the provisions of the Tax Ruling.

Notifications

Securities Law Information. This offer of an option to purchase Shares under the Plan does not constitute a public offering under the Securities Law, 1968.

SINGAPORE

Notifications

Securities Law Information. Participation in the Plan is being offered to me pursuant to the “Qualifying Person” exemption under section 273(1)(f) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”). The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. I should note that such off of participation in the Plan is subject to section 257 of the SFA and I will not be able to make any subsequent sale in Singapore, or any offer of such subsequent sale of the Shares unless such sale or offer in Singapore is made (i) more than six months from the Enrollment Date, (ii) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA, or (iii) pursuant to, and in accordance with, the conditions of any other applicable provisions of the SFA.

Director Notification Obligation. If I am a director, associate director or shadow director of a Singaporean Parent or Subsidiary, I understand that I will be subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singaporean Parent or Subsidiary in writing when I receive an interest (*e.g.*, Shares) in the Company or any Parent or Subsidiary. In addition, I understand that I must notify the Singaporean Parent or Subsidiary when I sell any Shares (including when I sell the Shares acquired under the Plan). These notifications must be made within two days of acquiring or disposing of any interest in the Company or any Parent or Subsidiary. In addition, a notification must be made of my interests in the Company or any Parent or Subsidiary within two days of becoming a director.

SOUTH KOREA

Terms and Conditions

Power of Attorney. I understand and agree that a Power of Attorney form may be required to effect transfers of my payroll deductions outside Korea for the purchase of Shares under the Plan, in which case I agree to print, sign, and return such Power of Attorney form as may be provided to me by the Company or the local human resources representative in order to participate in the Plan.

SWEDEN

Terms and Conditions

Authorization to Withhold. The following provision supplements Section 7 of the Global Subscription Agreement:

Without limiting the Company's and the Employer's authority to satisfy their withholding obligations for Tax-Related Items as set forth in Section 7 of this Global Subscription Agreement, in participating in the Plan, I authorize the Company and/or the Employer to withhold Shares or to sell Shares otherwise deliverable to me upon purchase to satisfy any Tax-Related Items, regardless of whether the Company and/or the Employer have an obligation to withhold such amounts.

UNITED KINGDOM

Terms and Conditions

Responsibility for Taxes. The following provision supplements Section 7 of the Global Subscription Agreement:

Without limitation to Section 7 of this Global Subscription Agreement, I agree that I am liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or, if different, the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). I also agree to indemnify and keep indemnified the Company and, if different, the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on my behalf.

Notwithstanding the foregoing, if I am a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the immediately foregoing provision will not apply; instead, the amount of any uncollected Tax-Related Items may constitute a benefit to me on which additional income tax and National Insurance contributions ("NICs") may be payable. I will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Employer (as appropriate) the amount of any NICs due on this additional benefit.

UNITED STATES

Notifications

Responsibility for Taxes. The following provision supplements Section 7 of the Global Subscription Agreement:

I understand that if I dispose of any Shares received by me pursuant to the Plan within two (2) years after the Enrollment Date (the first Trading Day of the Offering Period during which I purchased such Shares) or one (1) year after the Enrollment Date, I will be treated for federal income tax purposes as having received ordinary income at the time of such disposition in an amount equal to the excess of the fair market value of the Shares at the time such Shares were purchased by me over the price that I paid for the Shares. I hereby agree to notify the Company in writing within thirty (30) days after the date of any disposition of my Shares and I will make adequate provision for Tax-Related Items, if any, which arise upon the disposition of the Shares. The Company may, but will not be obligated to, withhold from my Compensation the amount necessary to meet any applicable withholding obligation including any withholding necessary to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Shares by me. If I dispose of such Shares at any time after the expiration of the two (2)-year and one (1)-year periods, I understand that I will be treated for federal income tax purposes as having received income only at the time of such disposition, and that such income will be taxed as ordinary income only to the extent of an amount equal to the lesser of (a) the excess of the fair market value of the Shares at the time of such disposition over the Purchase Price which I paid for the Shares, or (b) 10% of the fair market value of the Shares on the Enrollment Date. The remainder of the gain, if any, recognized on such disposition will be taxed as capital gain.

EXHIBIT B
RINGCENTRAL, INC.
AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN
NOTICE OF WITHDRAWAL

The undersigned participant in the Offering Period of the RingCentral, Inc. Amended and Restated Employee Stock Purchase Plan that began on _____, _____ (the "Offering Date") hereby notifies the Company that he or she hereby withdraws from the Offering Period. He or she hereby directs the Company to pay to the undersigned as promptly as practicable all the payroll deductions credited to his or her account with respect to such Offering Period. The undersigned understands and agrees that his or her option for such Offering Period will be automatically terminated. The undersigned understands further that no further payroll deductions will be made for the purchase of shares in the current Offering Period and the undersigned will be eligible to participate in succeeding Offering Periods only by delivering to the Company a new Subscription Agreement.

Name and Address of Participant:

Signature:

Date:

Neither this document, nor any agreement connected with it, is an approved prospectus for the purposes of section 85(1) of the Financial Services and Markets Act 2000 (“FSMA”) and no offer of transferable securities to the public (for the purposes of section 102B of FSMA) is being made in connection with the UK Sub-Plan to the RingCentral, Inc. Amended and Restated Employee Stock Purchase Plan (the “Sub-Plan”). The Sub-Plan is exclusively available to bona fide employees and former employees of RingCentral, Inc., RingCentral UK Limited and any other UK Subsidiary.

**UK SUB-PLAN TO THE
RINGCENTRAL INC.
AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN**

Additional Terms and Conditions for Options received by Optionees resident in the UK

1. The purpose of this Sub-Plan is to provide additional terms for the grant of options to present and future UK tax resident employees of RingCentral, Inc., RingCentral UK Limited and any other UK Subsidiary over shares of Common Stock of RingCentral, Inc. (the “Company”). This Sub-Plan is to operate as a Non-423 Component.
2. Capitalized terms are defined in the Company’s Amended and Restated Employee Stock Purchase Plan (the “Plan”), subject to the provisions of this Sub-Plan.
3. Rule 6 (g) of the Plan shall be deleted and replaced as follows:

“In the event that the Company or the Employer determines that it is required to account (or pay) for income tax (under the UK withholding system of PAYE (pay as you earn)) or any other taxation provisions and primary class 1 National Insurance Contributions in the United Kingdom to HM Revenue & Customs (“Option Tax Liability”) and any liability to employer’s Class 1 National Insurance Contributions (“Secondary NIC Liability”) arising from the grant, exercise, assignment, release, cancellation or any other disposal of an option or arising out of the acquisition, retention and disposal of the shares acquired pursuant to this Option, the Participant, as a condition to the issue of shares of Common Stock in connection with the exercise of an Option, or on the grant, assignment, release or cancellation of an Option, shall make such arrangements satisfactory to the Company to enable it or any Subsidiary to satisfy any requirement to account for any Option Tax Liability and Secondary NIC Liability that may arise in connection with the Option or the purchase of shares of Common Stock pursuant to it including, but not limited to, arrangements satisfactory to the Company for withholding Shares that would otherwise be issued pursuant to the Stock Option Agreement to the Participant and sold on behalf of the Participant.

The Participant shall be required to agree to pay the Secondary NIC Liability and to sign a joint election agreement (in such terms and such form as provided in paragraphs 3A and 3B of Schedule 1 to the Social Security Contributions and Benefits Act 1992), which has been approved by HM Revenue & Customs for the transfer of the whole of any Secondary NIC Liability before the Exercise Date.

The Company may require the Participant to sign an election under section 431 Income Tax (Earnings and Pensions) Act 2003 (“Section 431 Election”).”

4. Rule 15 of the Plan shall be deleted and replaced as follows:

“In the event of the death of the Participant the Administrator shall transfer any shares of Common Stock and cash, if any, from the Participant’s account under the Plan to the personal representative(s) of a Participant (being either the executors of his will or if he dies intestate the duly appointed administrator(s) of his estate).”

5. A new rule 18A shall be inserted in the Plan as follows:

“By signing the Subscription Agreement to participate in the Sub-Plan the Participant consents to the collection, use, and transfer of personal data as described in this paragraph to the full extent permitted by and in full compliance with applicable laws.

- (a) Participant understands that the Company and its Subsidiaries hold certain personal information about the Participant, including, but not limited to, name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any stock, units or directorships held in the Company, details of all options or other entitlement to shares awarded, cancelled, exercised, vested, unvested, or outstanding in the Participant’s favour (“Data”) about the Participant for the purpose of managing and administering the Sub-Plan.
- (b) Participant further understands that the Company and/or its Subsidiaries will transfer Data among themselves as necessary for the purposes of implementation, administration, and management of Participant’s participation in the Plan, and that the Company and/or its Subsidiary may each further transfer Data to any third parties assisting the Company in the implementation, administration, and management of the Plan (“Data Recipients”).
- (c) Participant understands that these Data Recipients may be located in Participant’s country of residence or elsewhere, such as the United States. Participant authorises the Data Recipients to receive, possess, use, retain, and transfer Data in electronic or other form, for the purposes of implementing, administering, and managing Participant’s participation in the Plan, including any transfer of such Data, as may be required for the administration of the Plan and/or the subsequent holding of Shares on Participant’s behalf, to a broker or third party with whom the Shares acquired on exercise may be deposited. Where the transfer is to be to a destination outside the European Economic Area, the Company shall take reasonable steps to ensure that the Participant’s personal data continues to be adequately protected and securely held.
- (d) Participant understands that Participant may, at any time, review the Data, request that any necessary amendments be made to it, or withdraw Participant’s consent herein in writing by contacting the Company. Participant further understands that withdrawing consent may affect Participant’s ability to participate in the Plan.”

RINGCENTRAL, INC.
2013 EQUITY INCENTIVE PLAN
GLOBAL RESTRICTED STOCK UNIT AGREEMENT

Unless otherwise defined herein, the terms defined in the RingCentral, Inc. 2013 Equity Incentive Plan (the “Plan”) will have the same defined meanings in this Global Restricted Stock Unit Agreement (the “Award Agreement”), which includes the Notice of Restricted Stock Unit Grant (the “Notice of Grant”), Terms and Conditions of Restricted Stock Unit Grant, attached hereto as Exhibit A, and Country-Specific Terms and Conditions of Restricted Stock Unit Grant, attached hereto as Exhibit B.

NOTICE OF RESTRICTED STOCK UNIT GRANT

Participant Name:

Address:

Participant has been granted an Award of Restricted Stock Units, subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Date of Grant

Grant Number

Vesting Commencement Date

Number of Restricted Stock Units

Vesting Schedule:

Subject to any acceleration provisions contained in the Plan or set forth below, the Restricted Stock Units will vest in accordance with the following schedule:

RSU Vesting Date

Number of RSUs Vesting

In each case, subject to Participant continuing to be a Service Provider through each such date, “RSU Vesting Date” means each of February 20, May 20, August 20 and November 20.

Notwithstanding the foregoing, the vesting of the Restricted Stock Units shall be subject to any vesting acceleration provisions applicable to the Restricted Stock Units contained in the Plan and/or any change in control severance agreement or other agreement that, prior to and effective as of the date of this Award Agreement, has been entered into between Participant and the Company or any Parent or Subsidiary (such agreement, a “Separate Agreement”) to the extent not otherwise duplicative of the vesting terms described above (by way of example, if a Separate Agreement provides for different acceleration of vesting provisions for all of Participant’s restricted stock units upon a termination of Participant as a Service Provider for “good reason” that is defined differently, and Participant’s status as a Service Provider terminates in a manner that would trigger “good reason” under the Separate Agreement but not

under this Award Agreement, Participant would remain entitled to the acceleration of vesting under the Separate Agreement).

In the event Participant ceases to be a Service Provider for any or no reason before Participant vests in the Restricted Stock Units, the Restricted Stock Units and Participant's right to acquire any Shares hereunder will immediately terminate.

By Participant's signature and the signature of the representative of RingCentral, Inc. (the "Company") below, Participant and the Company agree that this Award of Restricted Stock Units is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Restricted Stock Unit Grant attached hereto as Exhibit A and the Country-Specific Terms and Conditions of Restricted Stock Unit Grant attached hereto as Exhibit B, all of which are made a part of this document. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated above.

PARTICIPANT:

RINGCENTRAL, Inc.

For Participants in EU/EEA/UK, by accepting this Award Agreement and providing an additional signature below, Participant declares that Participant expressly agrees with the data processing practices described in Section 12 of the Terms and Conditions of Restricted Stock Unit Grant, and consents to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned therein, including recipients located in countries which do not provide an adequate level of protection from a European data protection law perspective, for the purposes described therein. Participant understands that providing his or her signature below is a condition of receiving this grant of Restricted Stock Units and that the Company may forfeit the Restricted Stock Units if a signature is not obtained. Participant understands that he or she may withdraw consent at any time with future effect for any or no reason as described therein.

PARTICIPANT: _____

EXHIBIT A

TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT GRANT

1. Grant. The Company hereby grants to the individual named in the Notice of Grant (the “Participant”) under the Plan an Award of Restricted Stock Units, subject to all of the terms and conditions in this Award Agreement, the Plan, and the Separate Agreement (as applicable), which are incorporated herein by reference. Subject to Section 19(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. Company’s Obligation to Pay. Each Restricted Stock Unit represents the right to receive a Share on the date it vests. Unless and until the Restricted Stock Units will have vested in the manner set forth in Sections 3 or 4, Participant will have no right to payment of any such Restricted Stock Units. Prior to actual payment of any vested Restricted Stock Units, such Restricted Stock Units will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Any Restricted Stock Units that vest in accordance with Sections 3 or 4 will be paid to Participant (or in the event of Participant’s death, to his or her estate) in whole Shares, subject to Participant satisfying any obligations for Tax-Related Items (as defined in Section 7). Subject to the provisions of Section 4, such vested Restricted Stock Units shall be paid in whole Shares as soon as practicable after vesting, but in each such case within the period sixty (60) days following the vesting date. In no event will Participant be permitted, directly or indirectly, to specify the taxable year of the payment of any Restricted Stock Units payable under this Award Agreement.

3. Vesting Schedule. Except as provided in Section 4, and subject to Section 5, the Restricted Stock Units awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Restricted Stock Units scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs.

4. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Administrator. The payment of Shares vesting pursuant to this Section 4 shall in all cases be paid at a time or in a manner that is exempt from, or complies with, Section 409A.

Notwithstanding anything in the Plan or this Award Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with Participant’s termination as a Service Provider (provided that such termination is a “separation from service” within the meaning of Section 409A, as determined by the Company), other than due to death, and if (x) Participant is a “specified employee” within the meaning of Section 409A at the time of such termination as a Service

Provider and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant's termination as a Service Provider, then the payment of such accelerated Restricted Stock Units will not be made until the date six (6) months and one (1) day following the date of Participant's termination as a Service Provider, unless Participant dies following his or her termination as a Service Provider, in which case the Restricted Stock Units will be paid in Shares to Participant's estate as soon as practicable following his or her death. It is the intent of this Award Agreement that it and all payments and benefits hereunder be exempt from, or comply with, the requirements of Section 409A so that none of the Restricted Stock Units provided under this Award Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to be so exempt or so comply. Each payment payable under this Award Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). For purposes of this Award Agreement, "Section 409A" means Section 409A of the Code, and any final Treasury Regulations and U.S. Internal Revenue Service guidance thereunder, as each may be amended from time to time.

5. Forfeiture upon Termination of Status as a Service Provider. Notwithstanding any contrary provision of this Award Agreement, the balance of the Restricted Stock Units that have not vested as of the time of Participant's termination as a Service Provider for any or no reason, and Participant's right to acquire any Shares hereunder, will immediately terminate. The date of Participant's termination as a Service Provider is detailed in Section 10(f).

6. Death of Participant. Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Responsibility for Taxes. Participant acknowledges that, regardless of any action taken by the Company or, if different, the Subsidiary to which Participant provides services (the "Service Recipient"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable or deemed applicable to Participant ("Tax-Related Items") is and remains Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Service Recipient. Participant further acknowledges that the Company and/or Service Recipient (i) make no representation or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units or the underlying Shares, including but not limited to the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends, and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or

the Service Recipient (or former service recipient, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or Service Recipient to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Service Recipient, or their respective agents, to sell on Participant's behalf a number of Shares from those Shares otherwise deliverable to Participant, either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization without further consent), as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy any applicable withholding obligations or rights for Tax-Related Items. Alternatively, or in addition, if permissible under applicable local law, the Company, in its sole discretion and pursuant to such procedures as it may specify from time to time, may satisfy such tax withholding obligation, in whole or in part (without limitation) by (a) requiring Participant to make a payment in a form acceptable to the Company, (b) withholding otherwise deliverable Shares upon settlement having a fair market value equal to the minimum amount required to be withheld, (c) withholding any wages or other cash compensation payable to Participant by the Company and/or the Service Recipient, (d) if Participant is a U.S. employee, delivering to the Company already vested and owned Shares, or (e) any other method of withholding determined by the Company and to the extent required by applicable law or the Plan, approved by the Administrator. Notwithstanding the above, if Participant is a Section 16 officer of the Company under the Exchange Act, then the obligation for Tax-Related Items will be satisfied by method (b) above, unless otherwise provided by the Administrator (as constituted to satisfy Rule 16b-3 of the Exchange Act) prior to the withholding event.

Unless otherwise provided in the Plan or herein, the Company may withhold or account for Tax-Related Items by considering statutory or other withholding rates applicable in Participant's jurisdiction(s). In the event of over-withholding, Participant may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent in Shares), or if not refunded, Participant may be able to seek a refund from the local tax authorities. In the event of under-withholding, Participant may be required to pay any additional Tax-Related Items directly to the applicable tax authority. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant will be deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items.

If Participant fails to make satisfactory arrangements to satisfy all Tax-Related Items hereunder prior to any relevant taxable or tax withholding event, as applicable, Participant will permanently forfeit such Restricted Stock Units and any right to receive Shares thereunder and the Restricted Stock Units will be returned to the Company at no cost to the Company.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars,

and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

9. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER OF THE COMPANY OR A PARENT OR SUBSIDIARY, AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY OR THE SERVICE RECIPIENT TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

10. Nature of Grant. In accepting the grant, Participant acknowledges, understands and agrees that:

- a. the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
 - b. the grant of the Restricted Stock Units is voluntary and occasional, and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;
 - c. all decisions with respect to future Restricted Stock Units or other grants, if any, will be at the sole discretion of the Company;
 - d. Participant is voluntarily participating in the Plan;
 - e. the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of same, are not intended to replace any pension rights or compensation;
 - f. the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of same, are not part of normal or expected compensation for any purpose, including but not limited to the calculation of any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments;
-

g. unless otherwise agreed with the Company in writing, the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of same, are not granted as consideration for, or in connection with, the service Participant may provide as a director of a Subsidiary;

h. the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

i. no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from the termination of Participant's status as a Service Provider (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's service agreement, if any);

j. for purposes of the Restricted Stock Units, Participant's status as a Service Provider will be considered terminated as of the date Participant is no longer actively providing services to the Company or any Parent or Subsidiary (regardless of the reason for such termination and whether or not later to be found invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any), and unless otherwise expressly provided in this Award Agreement or determined by the Administrator, Participant's right to vest in the Restricted Stock Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of the Restricted Stock Units (including whether Participant may still be considered to be providing services while on a leave of absence);

k. unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Award Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

l. none of the Company, the Service Recipient, or any Parent or Subsidiary shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States dollar that may affect the value of the Restricted Stock Units or of any amounts due to Participant pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any Shares acquired upon settlement.

11. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's

participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant agrees to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

12. Data Privacy.

(a) **Data Collection and Usage.** *The Company and the Service Recipient may collect, process and use certain personal information about Participant, including, but not limited to, Participant's name, home address, telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Restricted Stock Units granted under the Plan or any other entitlement to stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for purposes of implementing, administering and managing Participant's participation in the Plan. The legal basis, where required, for the processing of Data is Participant's consent.*

(b) **Stock Plan Administration Service Providers.** *The Company will transfer Data to E*TRADE Financial Services, Inc. and certain of its affiliated entities (the "E*TRADE"), an independent service provider based in the United States which assists the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Data with such other provider serving in a similar manner. Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.*

(c) **International Data Transfers.** *The Company and E*TRADE are based in the U.S. Participant's country or jurisdiction may have different data privacy laws and protections than the U.S. The Company's legal basis for the transfer of Data, where required, is Participant's consent.*

(d) **Data Retention.** *The Company will hold and use Data only as long as is necessary to implement, administer and manage Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.*

(e) **Voluntariness and Consequences of Consent Denial or Withdrawal.** *Participation in the Plan is voluntary and Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke the consent, Participant's salary/compensation from or service relationship will not be affected; the only consequence of refusing or withdrawing consent is that the Company would not be able to grant the Restricted Stock Units or other awards or administer or maintain such awards.*

(f) **Data Subject Rights.** *Participant may have a number of rights under data privacy laws depending on his or her jurisdiction, including the right to (i) request access to or copies of Data the Company processes, (ii) rectify incorrect Data, (iii) delete Data, (iv) restrict the processing of Data, (v) restrict the portability of Data, (vi) lodge complaints with competent*

authorities in Participant's jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, Participant can contact the Company's data privacy officer at privacy@ringcentral.com.

13. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company at RingCentral, Inc., 20 Davis Drive, Belmont, CA 94002, U.S.A. or at such other address as the Company may hereafter designate in writing.

14. Grant is Not Transferable. Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

15. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

16. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration, qualification or rule compliance of the Shares upon any securities exchange or under U.S. or non-U.S. federal or state law, tax code and related regulations or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate) hereunder, such issuance will not occur unless and until such listing, registration, qualification, rule compliance, consent or approval will have been completed, effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate U.S. or non-U.S. federal or state securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such U.S. and non-U.S. federal or state law or securities exchange and to obtain any such consent or approval of any such governmental authority or securities exchange.

17. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

18. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units

have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

19. **Electronic Delivery and Participation.** The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

20. **Language.** Participant acknowledges that Participant is proficient in the English language, or has consulted with an advisor who is proficient in the English language, so as to enable Participant to understand the provisions of this Award Agreement and the Plan. If Participant has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

21. **Captions.** Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

22. **Agreement Severable.** In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

23. **Amendment, Suspension or Termination of the Plan.** By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock Units under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

24. **Governing Law and Venue.** This Award Agreement will be governed by the laws of Delaware without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock Units or this Award Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California, and agree that such litigation will be conducted exclusively in the courts of San Mateo County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this Award of Restricted Stock Units is made and/or to be performed.

25. **Appendix.** Notwithstanding any provisions in this Award Agreement, the Restricted Stock Unit grant shall be subject to any additional terms and conditions set forth in

any appendix to this Award Agreement for Participant's country (the "Appendix"). Moreover, if Participant relocates to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Award Agreement.

26. **Modifications to the Award Agreement.** This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise the Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this Award of Restricted Stock Units.

27. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

28. **Waiver.** Participant acknowledges that a waiver by the Company of breach of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by Participant or any other Participant.

29. **Insider-Trading/Market-Abuse Laws.** Participant acknowledges that he or she may be subject to insider-trading and/or market-abuse laws in applicable jurisdictions, including but not limited to the United States and Participant's country, which may affect Participant's ability to purchase or sell Shares acquired under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in applicable jurisdictions). Local insider-trading laws and regulations may prohibit the cancellation or amendment of orders Participant places before possessing inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow Service Providers. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider-trading policy. Participant is responsible for complying with any applicable restrictions, so Participant should speak to his or her personal legal advisor for further details regarding any applicable insider-trading and/or market-abuse laws in applicable jurisdictions.

30. **Foreign Asset/Account Reporting and Exchange Control Requirements.** Participant acknowledges that there may be certain foreign asset and/or account reporting and/or

exchange control requirements which may affect his or her ability to acquire or hold the Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on the Shares acquired under the Plan) in a brokerage or bank account outside his or her country. Participant may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. Participant also may be required to repatriate sale proceeds or other funds received as a result of participating in the Plan to his or her country through a designated bank or broker within a certain time after receipt. Participant acknowledges that it is his or her responsibility to be compliant with such regulations, and Participant should speak to his or her personal advisor on this matter.

EXHIBIT B

APPENDIX

COUNTRY-SPECIFIC TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT GRANT

Capitalized terms used but not defined in this Appendix shall have the meanings set forth in the Plan, the Notice of Grant and/or the Terms and Conditions of Restricted Stock Unit Grant (“Terms and Conditions”).

Terms and Conditions

This Appendix includes additional terms and conditions that govern the Restricted Stock Units granted to Participant under the Plan if Participant works or resides in one of the countries listed below. If Participant is a citizen or resident of a country (or is considered as such for local law purposes) other than the one in which he or she is currently working and/or residing, or if Participant relocates to another country after receiving the Restricted Stock Units, the Company will, in its discretion, determine the extent to which the terms and conditions contained herein will be applicable to Participant.

Notifications

This Appendix also includes notifications relating to exchange control and other issues of which Participant should be aware with respect to his or her participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the countries herein as of January 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the notifications herein as the only source of information relating to the consequences of his or her participation in the Plan, because the information may be outdated when Participant vests in the Restricted Stock Units and acquires Shares, or when Participant subsequently sells Shares acquired under the Plan.

In addition, the notifications are general in nature and may not apply to Participant’s particular situation, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in Participant’s country may apply to Participant’s situation.

Finally, if Participant is a citizen or resident of a country other than the one in which Participant is currently working and/or residing (or is considered as such for local law purposes), or if Participant relocates to another country after receiving the Restricted Stock Units, the information contained herein may not be applicable to Participant.

AUSTRALIA

Terms and Conditions

Australia Offer Document. The Company is pleased to provide Participant with this offer to participate in the Plan. This offer sets out information regarding the grant of Restricted Stock Units to Australian resident Service Providers. This information is provided by the Company to ensure compliance of the Plan with Australian Securities and Investments Commission (“ASIC”) Class Order 14/1000 and relevant provisions of the Corporations Act 2001.

In addition to the information set out in this Award Agreement (including this Appendix), Participant is also being provided with copies of the following documents:

- (a) the Plan;
- (b) the Plan prospectus; and
- (c) Employee Information Supplement (collectively, the “Additional Documents”).

The Additional Documents provide further information to help Participant make an informed investment decision about participating in the Plan. Neither the Plan nor the Plan prospectus is a prospectus for the purposes of the Corporations Act 2001.

Participant should not rely upon any oral statements made in relation to this offer. Participant should rely only upon the statements contained in this Award Agreement (including this Appendix) and the Additional Documents when considering participation in the Plan.

Notifications

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

Securities Law Information. Investment in Shares involves a degree of risk. Eligible employees who elect to participate in the Plan should monitor their participation and consider all risk factors relevant to the acquisition of Shares under the Plan as set forth below and in the Additional Documents.

The information herein is general information only. It is not advice or information that takes into account Participant’s objectives, financial situation and needs. Participant should consider obtaining his or her own financial product advice from a person who is licensed by ASIC to give such advice.

Additional Risk Factors for Australian Residents. Participant should have regard to risk factors relevant to investment in securities generally and, in particular, to holding Shares. For example, the price at which an individual Share is quoted on the New York Stock Exchange (“NYSE”) may increase or decrease due to a number of factors. There is no guarantee that the price of a Share will increase. Factors that may affect the price of an individual Share include fluctuations

in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, the nature of the markets in which the Company operates and general operational and business risks.

More information about potential factors that could affect the Company's business and financial results will be included in the Company's most recent Annual Report on Form 10-K and the Company's Quarterly Report on Form 10-Q. Copies of these reports are available at www.sec.gov, on the Company's investor's page at ir.ringcentral.com, and upon request to the Company.

In addition, Participant should be aware that the Australian dollar ("AUD") value of any Shares acquired under the Plan will be affected by the USD/AUD exchange rate. Participation in the Plan involves certain risks related to fluctuations in this rate of exchange.

Common Stock in a U.S. Corporation. Common stock of a U.S. corporation is analogous to ordinary shares of an Australian corporation. Each holder of a Share is entitled to one vote. Dividends may be paid on the Shares out of any funds of the Company legally available for dividends at the discretion of the Board. Further, Shares are not liable to any further calls for payment of capital or for other assessment by the Company and have no sinking fund provisions, pre-emptive rights, conversion rights or redemption provisions.

Ascertaining the Market Price of Shares. Participant may ascertain the current market price of an individual Share as traded on the NYSE under the symbol "RNG" at www.nyse.com/quote/XNYS:RNG. The AUD equivalent of that price can be obtained at www.rba.gov.au/statistics/frequency/exchange-rates.html. *Please note that this is not a prediction of what the market price of the Shares will be on any applicable vesting date or when Shares are issued to Participant (or at any other time), or of the applicable exchange rate at such time.*

CANADA

Terms and Conditions

Company's Obligation to Pay. The following provision supplements Section 2 of the Terms and Conditions:

Notwithstanding the discretion of the Administrator to settle earned Restricted Stock Units in cash, Shares or a combination of both as described in Section 8(d) of the Plan, vested Restricted Stock Units shall be paid to Participant in Shares only.

Termination as a Service Provider. The following provisions replace Section 10(f) of the Terms and Conditions:

For purposes of the Restricted Stock Units, Participant's status as a Service Provider will be considered terminated (regardless of the reason for such termination and whether or not later to be found invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any) as of the date that is the earlier of (i) the date Participant's employment or service relationship terminates, and (ii) the date Participant receives notice of termination of employment or other service

relationship. In either case, the date shall exclude any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under local law. For greater certainty, Participant will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which Participant's right to vest terminates, nor will Participant be entitled to any compensation for lost vesting.

Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued participation in the Plan during a statutory notice period, Participant acknowledges that his or her right to participate in the Plan, if any, will terminate effective as of the last day of Participant's minimum statutory notice period, but Participant will not earn or be entitled to pro-rata vesting if the vesting date falls after the end of Participant's statutory notice period, nor will Participant be entitled to any compensation for lost vesting.

The following provisions apply if Participant resides in Quebec:

Language Consent. The parties acknowledge that it is their express wish that this Award Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement Relatif à la Langue. *Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.*

Data Privacy. The following provisions supplement Section 12 of the Terms and Conditions:

Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Participant further authorizes the Company, the Service Recipient (or any Parent or Subsidiary) and the Administrator to disclose and discuss the Plan with their advisors. Participant further authorizes the Company, the Service Recipient (or any Parent or Subsidiary) to record such information and to keep such information in Participant's employee file.

Notifications

Securities Law Information. Participant is permitted to sell Shares acquired under the Plan through the designated broker appointed under the Plan, if any, provided the sale of the Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed (*i.e.*, the New York Stock Exchange).

CHINA

The following provisions apply if Participant is subject to exchange control restrictions imposed by the State Administration of Foreign Exchange ("SAFE"), as determined by the Administrator in its sole discretion:

Terms and Conditions

Vesting Schedule and Company's Obligation to Pay. The following provisions supplement Sections 3 and 4 of the Terms and Conditions:

The Restricted Stock Units will not vest and Shares will not be issued at vesting unless the Company determines that such vesting and the issuance and delivery of Shares comply with all relevant provisions of law. Further, the Company is under no obligation to vest the Restricted Stock Units and/or issue Shares if the Company's SAFE approval becomes invalid or ceases to be in effect by the time Participant vests in the Restricted Stock Units.

Due to local regulatory requirements, the Company reserves the right to force the sale of any Shares issued upon settlement of the Restricted Stock Units. The sale may occur (i) immediately upon issuance, (ii) following termination, (iii) following transfer to the Company, a Parent or Subsidiary outside of China, or (iv) within any other time frame as the Company determines to be necessary or advisable for legal or administrative reasons. Participant is required to maintain any Shares acquired under the Plan in an account at a broker designated by the Company ("Designated Account") and any Shares deposited into the Designated Account cannot be transferred out of the Designated Account unless and until they are sold.

In order to facilitate the foregoing, the Company is authorized to instruct its designated broker to assist with the sale of the Shares (on Participant's behalf pursuant to this authorization without further consent) and Participant expressly authorizes the Company's designated broker to complete the sale of such Shares. Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company will pay to Participant the cash proceeds from the sale, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items. If the Shares acquired under the Plan are sold, the repatriation requirements described below shall apply.

Exchange Control Requirement. Pursuant to exchange control requirements in China, Participant will be required to immediately repatriate to China any cash proceeds from the sale of the Shares that Participant acquired under the Plan or the receipt of any dividends paid on such Shares. Participant understands that, under applicable laws, such repatriation of the cash proceeds may need to be effectuated through a special exchange control account established by the Company or a Parent or Subsidiary in China, and Participant hereby consents and agrees that any proceeds from the sale of Shares or the receipt of dividends may be transferred to such special account prior to being delivered to Participant. Participant also understands that the Company will deliver the proceeds to Participant as soon as possible, but that there may be delays in distributing the funds to Participant due to exchange control requirements. Participant understands that the proceeds may be paid to Participant in U.S. dollars or in local currency, at

the Company's discretion. If the proceeds are paid to Participant in U.S. dollars, Participant will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are paid to Participant in local currency, the Company is under no obligation to secure any particular exchange conversion rate and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions.

Finally, Participant agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

FRANCE

Terms and Conditions

Language Consent. By accepting the Award of Restricted Stock Units, Participant confirms having read and understood the documents relating to the grant (the Plan, this Award Agreement and this Appendix) which were provided in English language. Participant accepts the terms of those documents accordingly.

Consentement Relatif à la Langue. En acceptant l'attribution, vous confirmez ainsi avoir lu et compris les documents relatifs à cette attribution (le Plan, le contrat et cette Annexe) qui ont été communiqués en langue anglaise. Vous acceptez les termes en connaissance de cause.

Notifications

Tax Information. The Restricted Stock Units are not intended to be a French tax-qualified Award.

GERMANY

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. In case of payments in connection with securities (including proceeds realized upon the sale of Shares or from the receipt of any dividends paid on such Shares), the report must be made by the fifth day of the month following the month in which the payment was received. The report must be filed electronically. The form of report ("*Allgemeine Meldeportal Statistik*") can be accessed via the Bundesbank's website (www.bundesbank.de) and is available in both German and English. Participant is responsible for complying with applicable reporting requirements.

HONG KONG

Terms and Conditions

Company's Obligation to Pay. The following provision supplements Section 2 of the Terms and Conditions:

Notwithstanding the discretion of the Administrator to settle earned Restricted Stock Units in cash, Shares or a combination of both as described in Section 8(d) of the Plan, vested Restricted Stock Units shall be paid to Participant in Shares only.

Transfer Restriction. Notwithstanding anything contrary in this Award Agreement or the Plan, in the event the Restricted Stock Units vest such that Shares are issued to Participant or his or her estate within six months of the Date of Grant, Participant agrees that Participant or his or her estate will not dispose of or transfer any Shares acquired prior to the six-month anniversary of the Date of Grant.

Notifications

Securities Law Information. *WARNING: The Award of Restricted Stock Units and the issuance of Shares at vesting of the Restricted Stock Units do not constitute a public offer of securities under Hong Kong law and are available only to employees of the Company or any Parent or subsidiaries. This Award Agreement, the Plan, and other incidental communication materials that Participant may receive have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under applicable securities laws in Hong Kong. Furthermore, none of the documents relating to the Plan have been reviewed by any regulatory authority in Hong Kong. The Award of Restricted Stock Units is intended only for the personal use of each eligible employee of the Service Recipient, the Company and any Parent or Subsidiary and may not be distributed to any other person. Participant should exercise caution in relation to the offer. If Participant is in any doubt about any of the contents of this Award Agreement, the Plan or any other communication materials, Participant should obtain independent professional advice.*

INDIA

Notifications

Exchange Control Information. Participant must repatriate the proceeds from the sale of Shares and any dividends received in relation to the Shares to India within a certain number of days after receipt. Participant must maintain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or the Service Recipient requests proof of repatriation. It is Participant's responsibility to comply with applicable exchange control laws in India.

IRELAND

Notifications

Director Notification Obligation. Directors, shadow directors or secretaries of an Irish Subsidiary, whose interests in the Company represent more than 1% of the Company's voting share capital, must notify the Irish Subsidiary, as applicable, in writing when (i) receiving or

disposing of an interest in the Company (e.g., Restricted Stock Units, Shares, etc.), (ii) becoming aware of the event giving rise to the notification requirement, or (iii) becoming a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of a spouse or minor children of such individuals (whose interests will be attributed to the director, shadow director or secretary).

ISRAEL

Terms and Conditions

The following terms and conditions apply to Participant only if Participant is an Israeli tax resident at the time of grant of the Restricted Stock Units, which were made under the capital gains trustee track of Section 102 of the Israeli Income Tax Ordinance.

Israeli Subplan. By accepting the Restricted Stock Units, Participant understands and agrees that the Restricted Stock Units are offered subject to and in accordance with the RingCentral, Inc. 2013 Equity Incentive Plan Israeli Subplan (the “Israeli Subplan”) and the Restricted Stock Units are intended to qualify as a 102 Capital Gains Track Grant (as defined in the Israeli Subplan). Notwithstanding the foregoing, the Company does not undertake to maintain the qualified status of the Restricted Stock Units, and Participant acknowledges that Participant will not be entitled to damages of any nature whatsoever if the Restricted Stock Units become disqualified and no longer qualify as a 102 Capital Gains Track Grant. In the event of any inconsistencies between the Israeli Subplan, this Award Agreement and/or the Plan, the terms of the Israeli Subplan will govern.

Further, to the extent requested by the Company or the Service Recipient, Participant agrees to execute any letter or other agreement in connection with the grant of the Restricted Stock Units or any future Awards granted under the Israeli Subplan. If Participant fails to comply with such request, the Restricted Stock Units may not qualify as a 102 Capital Gains Track Grant.

Trust Arrangement. Participant acknowledges and agrees that any Shares issued upon vesting of the Restricted Stock Units will be subject to a supervisory trust arrangement with the Company’s designated trustee in Israel, ESOP Management and Trust Company Ltd. (the “Trustee”) in accordance with the terms of the trust agreement between the Company and the Trustee. Participant further agrees that such Shares will be subject to the Required Holding Period (as defined in the Israeli Subplan), which shall be 24 months from the Date of Grant. The Company may, in its sole discretion, replace the Trustee from time to time and instruct the transfer of all Awards and Shares held and/or administered by such Trustee at such time to its successor. The provisions of this Award Agreement, including this Appendix, shall apply to the new Trustee *mutatis mutandis*.

Restriction on Sale. Participant acknowledges that any Shares underlying the Restricted Stock Units may not be disposed of prior to the expiration of the Required Holding Period in order to qualify for tax treatment under the 102 Capital Gains Track. Accordingly, Participant shall not dispose of (or request the Trustee to dispose of) any such Shares prior to the expiration of the Required Holding Period, other than as permitted by applicable laws. For purposes of this Appendix for Israel, “dispose” shall mean any sale, transfer or other disposal of the Shares by

Participant (including by means of an instruction by Participant to the designated broker) or the Trustee, including a release of such Shares from the Trustee to Participant.

Responsibility for Taxes. The following provisions supplement Section 7 of the Terms and Conditions:

Participant agrees that the Trustee may act on behalf of the Company or the Service Recipient, as applicable, to satisfy any obligation to withhold Tax-Related Items applicable to Participant in connection with the Restricted Stock Units granted under the Israeli Subplan.

The following provision applies to Participant only if Participant was not an Israeli tax resident at the time of grant of the Restricted Stock Units and the Restricted Stock Units do not qualify as Section 102 capital gains trustee track grants:

Payment of Restricted Stock Units and Sale of Shares. Due to local regulatory requirements, the Company reserves the right to force the sale of any Shares issued upon settlement of the Restricted Stock Units. Participant is required to maintain the Shares acquired in an account at a broker designated by the Company and any Shares deposited into the account cannot be transferred out of the account unless and until they are sold.

If the Shares are immediately sold upon settlement of the Restricted Stock Units, Participant agrees that the Company is authorized to instruct its designated broker to assist with the mandatory sale (on Participant's behalf pursuant to this authorization), and Participant expressly authorizes the Company's designated broker to complete the sale of such Shares. Participant agrees to sign any forms and/or consents required by the Company's designated broker to effectuate the sale of Shares. Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay Participant the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items.

Notifications

Securities Law Information. This offer of Restricted Stock Units does not constitute a public offering under the Securities Law, 1968.

RUSSIA

Terms and Conditions

Transaction Outside Russia. Participant understands that agreeing to the terms of this Award Agreement and accepting the Restricted Stock Units will result in a contract between Participant and the Company completed in the U.S. and that this Award Agreement is governed by U.S. law. Participant understands and acknowledges that any Shares acquired under the Plan shall be delivered to Participant through a brokerage account maintained outside Russia. Participant understands that Participant may hold Shares in Participant's brokerage account outside Russia; however, in no event will Shares issued to Participant and/or share certificates or other instruments be delivered to Participant in Russia. Participant acknowledges and agrees that Participant is not permitted to sell or otherwise transfer the Shares directly to other Russian legal

entities or individuals. Finally, Participant acknowledges and agrees that Participant may sell or otherwise transfer the Shares only outside Russia.

Data Privacy Acknowledgement. Participant acknowledge that Participant has read and understands the terms regarding collection, processing and transfer of Data contained in Section 12 of the Terms and Conditions, and, by agreeing to the terms of this Award Agreement and electing to participate in the Plan, Participant agrees to such terms. In this regard, upon request of the Company or the Service Recipient, Participant agrees to provide an executed data privacy consent form to the Service Recipient or the Company, or any other agreements or consents that the Company and/or the Service Recipient may deem necessary to obtain Participant's consent to collect, process or transfer Data for purposes of administering Participant's participation in the Plan under the data privacy laws in Participant's country, either now or in the future. Participant understands that Participant will not be able to participate in the Plan if Participant fails to execute any such consent or agreement.

Notifications

Securities Law Information. This Award Agreement, the Plan and all other materials that Participant may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. Absent any requirement under local law, the issuance of Shares under the Plan has not and will not be registered in Russia.

Exchange Control Information. Participant is responsible for complying with any and all Russian foreign exchange requirements in connection with the Restricted Stock Units, any Shares acquired and funds remitted into Russia in connection with the Plan. This may include, in certain circumstances, reporting and repatriation requirements. Participant should contact his or her personal advisor regarding any such requirements resulting from participation in the Plan.

Anti-Corruption Information. Anti-corruption laws prohibit certain public servants, their spouses and their dependent children from owning any foreign source financial instruments (*e.g.*, shares of foreign companies such as the Company). Participant should inform the Company if he or she is covered by these laws because Participant should not hold Shares under the Plan.

SINGAPORE

Notifications

Securities Law Information. The Award of Restricted Stock Units is being granted to Participant pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) ("SFA"). The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. Participant should note that such Award of Restricted Stock Units is subject to section 257 of the SFA and Participant will not be able to make any subsequent sale in Singapore, or any offer of such subsequent sale of the Shares underlying the Restricted Stock Units unless such sale or offer in Singapore is made (i) more than six months from the Date of Grant, (ii) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA, or (iii) pursuant to, and in accordance with, the conditions of any other applicable provisions of the SFA.

Director Notification Obligation. If Participant is a director, associate director or shadow director of a Singaporean Parent or Subsidiary, Participant is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singaporean Parent or Subsidiary in writing when Participant receives an interest (*e.g.*, Restricted Stock Units, Shares) in the Company or any Parent or Subsidiary . In addition, Participant must notify the Singaporean Parent or Subsidiary when he or she sells any Shares (including when Participant sells the Shares acquired under the Plan). These notifications must be made within two days of acquiring or disposing of any interest in the Company or any Parent or Subsidiary. In addition, a notification must be made of Participant’s interests in the Company or any Parent or Subsidiary within two days of becoming a director.

SOUTH KOREA

There are no country-specific provisions.

SWEDEN

Terms and Conditions

Authorization to Withhold. The following provision supplements Section 7 of the Terms and Conditions:

Without limiting the Company’s and the Service Recipient’s authority to satisfy their withholding obligations for Tax-Related Items as set forth in Section 7 of the Terms and Conditions, in accepting the Award of Restricted Stock Units, Participant authorizes the Company and/or the Service Recipient to withhold Shares or to sell Shares otherwise deliverable to Participant upon vesting/settlement to satisfy any Tax-Related Items, regardless of whether the Company and/or the Service Recipient have an obligation to withhold such amounts.

UNITED KINGDOM

Terms and Conditions

Responsibility for Taxes. The following provision supplements Section 7 of the Terms and Conditions:

Without limitation to Section 7 of the Terms and Conditions, Participant agrees that Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or, if different, the Service Recipient or by Her Majesty’s Revenue & Customs (“HMRC”) (or any other tax authority or any other relevant authority). Participant also agrees to indemnify and keep indemnified the Company and, if different, the Service Recipient against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on Participant’s behalf.

Notwithstanding the foregoing, if Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the immediately foregoing provision

will not apply; instead, the amount of any uncollected Tax-Related Items may constitute a benefit to Participant on which additional income tax and National Insurance contributions (“NICs”) may be payable. Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Service Recipient (as appropriate) the amount of any NICs due on this additional benefit.

APPENDIX A-2020**To RingCentral, Inc. Executive Bonus Plan****2020 Performance Goals****(Effective as of January 1, 2020)**

1. **2020 Performance Periods and Performance Goals.** For the calendar year 2020, there are four quarterly Performance Periods, ending on March 31, June 30, September 30 and December 31, 2020 (each, a “2020 Performance Period”). For each of the four 2020 Performance Periods, there are two equally weighted (50% each) performance goals (each, a “2020 Performance Goal”): Revenue and Operating Margin (each as defined below). The chart below set forth the Revenue and Operating Margin Performance Goals for the four 2020 Performance Periods.

2020 Performance Period	Revenue Performance Goal (in millions)	Operating Margin Performance Goal
Q1	\$267.10	8.20%
Q2	\$280.80	9.10%
Q3	\$302.40	10.50%
Q4	325.2	0.105

“**Revenue**” means as to each of the 2020 Performance Periods, the Company’s net revenues generated from third parties, including both services revenues and product revenues as defined in the Company’s Form 10-K filed for the calendar year ended December 31, 2019. Net revenue is defined as gross sales less any pertinent discounts, refunds or other contra-revenue amounts, as presented on the Company’s press releases reporting its quarterly financial results.

“**Operating Margin**” means as to each of the 2020 Performance Periods, the Company’s non-GAAP operating income divided by its Revenue. Non-GAAP operating income means the Company’s Revenues less cost of revenues and operating expenses, excluding the impact of stock-based compensation expense, amortization of acquisition related intangibles, legal settlement related charges and as adjusted for certain acquisitions, as presented on the Company’s press releases reporting its quarterly financial results.

2. **Funding of 2020 Bonus Pool.** Subject to the terms of the Plan, including but not limited to Section 3(d) of the Plan, following the end of each of the 2020 Performance Periods, the Committee will determine the extent to which each of the 2020 Performance Goals are achieved in accordance with the following guidelines.
- If the Company achieves Revenue in the 2020 Performance Period that is lower than the amount of Revenue expected by analyst consensus estimates after the Company has released its guidance for such 2020 Performance Period (“Revenue Floor”), the 2020 Bonus Pool related to the Revenue Performance Goal for such 2020 Performance Period will not fund.
 - If the Company achieves Operating Margin in the 2020 Performance Period that is lower than the Operating Margin expected by analyst consensus estimates after the Company has released its guidance for such 2020 Performance Period (“Operating Margin Floor”), the 2020 Bonus Pool related to the Operating Margin Performance Goal for such 2020 Performance Period will not fund.
-

- c. If the Company achieves Revenue that is at least equal to the Revenue Floor, the 2020 Bonus Pool related to the Revenue Performance goal for the 2020 Performance Period will fund as follows based on the achievement relative to the applicable Performance Goal.

Revenue: For 100% of the Bonus Pool with respect to Revenue to fund, 100% to 101% of the Performance Goal for Revenue must be achieved. For each 0.5% of Revenue that is achieved above 101% of the Performance Goal for Revenue, the Bonus Pool with respect to Revenue will be increased by 5%, and for each 0.5% of Revenue that is achieved below 100% of the Performance Goal for Revenue, the Bonus Pool with respect to Revenue will be reduced by 5%.

- d. If the Company achieves Operating Margin that is at least equal to the Operating Margin Floor, the 2020 Bonus Pool related to the Operating Margin Performance goal for the 2020 Performance Period will fund as follows based on the achievement relative to the applicable Performance Goal.

Operating Margin: For 100% of the Bonus Pool with respect to Operating Margin to fund, 100% of the Performance Goal for Operating Margin must be achieved. For each 0.5% of Operating Margin that is achieved above the Performance Goal for Operating Margin, the Bonus Pool with respect to operating Margin will be increased by 5% (up to a maximum of 120%), and for each 0.5% of Operating Margin that is achieved below the Performance Goal for Operating Margin, the Bonus Pool with respect to Operating Margin will be reduced by 5%.

The chart below illustrates examples of the funding multiple that will apply to each Performance Goal.

Performance Goal Achievement Revenue	2020 Bonus Pool Funding Multiple for Revenue*	Performance Goal Achievement Operating Margin	2020 Bonus Pool Funding Multiple for Operating Margin*
97%	.70x	1.5% below Goal	.85x
97.50%	.75x	1.0% below Goal	.90x
98%	.80x	0.5% below Goal	.95x
98.50%	.85x	At Goal	1.00x
99%	.90x	0.5% above Goal	1.05x
99.50%	.95x	1.0% above Goal	1.10x
100% - 101%	1.00x	1.5% above Goal	1.15x
101.50%	1.05x	2.0% above Goal	1.20x
102%	1.10x	--	--
102.50%	1.15x	--	--
103%	1.20x	--	--

* "x" equals the target bonus amount at achievement of 100%-101% of the 2020 Performance Goal for Revenue, and equals the target bonus amount at achievement of 100% of the 2020 Performance Goal for Operating Margin. The lowest Funding Multiple for Revenue set forth above assumes that the achievement of the 2020 Performance Goal for Revenue is equal to at least the Revenue Floor required to fund the 2020 Bonus Plan. The maximum Funding Multiple for Operating Margin shall be 1.20x. There is no maximum Funding Multiple for Revenue.

Illustration

For example, if the Company achieves its Revenue at 101% of the 2020 Performance Goal for Revenue and achieves its Operating Margin at 1.3% above the 2020 Performance Goal for Operating Margin, the 2020 Bonus Pool will fund as to 106.5%, determined as follows:

- 50% on achievement of the Revenue 2020 Performance Goal (50% weighted target * 1.00x)
- 56.5% on achievement of the Operating Margin 2020 Performance Goal (50% weighted target * 1.13x)

3. **Timing of Bonus Payments.** Quarterly bonuses earned under this 2020 Bonus Plan shall be paid in the quarter following the quarter in which earned.

List of Subsidiaries

<u>Name</u>	<u>Jurisdiction of Incorporation</u>
RingCentral International, Inc.	Delaware
RCLEC, Inc.	Delaware
RCVA, Inc.	Virginia
Connect First, Inc.	Delaware
RingCentral Florida, LLC	Florida
RingCentral Canada Inc.	Canada
RingCentral Brasil Soluções em TI LTDA	Brazil
RingCentral UK LTD	United Kingdom
RingCentral CH GmbH	Switzerland
RingCentral B.V.	Netherlands
RingCentral Ireland Limited	Ireland
RingCentral Espana SL	Spain
RingCentral Italy S.R.L.	Italy
RingCentral France	France
RingCentral Hong Kong Limited	Hong Kong
Xiamen RingCentral Software Co., Ltd.	China
RingCentral Singapore Pte. Ltd.	Singapore
RingCentral Australia Pty Ltd	Australia
RingCentral Japan K.K.	Japan
RingCentral Korea, Ltd.	South Korea
RingCentral Holdings I, Inc.	Delaware
RingCentral IP Holdings, Inc.	Delaware
RingCentral Estonia OÜ	Estonia
RingCentral South Africa Pty Ltd	South Africa
RingCentral Germany GmbH	Germany
RingCentral India Private Limited	India
RingCentral Israel Ltd.	Israel

Consent of Independent Registered Public Accounting Firm

The Board of Directors
RingCentral, Inc.:

We consent to the incorporation by reference in the registration statement (No. 333-234647) on Form S-3 and registration statements (Nos. 333-191433, 333-202367, 333-209794, 333-216297, 333-223228, 333-229898 and 333-236641) on Form S-8 of RingCentral, Inc. of our report dated February 26, 2021, with respect to the consolidated balance sheets of RingCentral, Inc. as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of December 31, 2020, which report appears in the December 31, 2020 Annual Report on Form 10-K of RingCentral, Inc.

Our report on the consolidated financial statements refers to RingCentral, Inc.'s adoption of Financial Accounting Standards Board's Accounting Standard Codification (ASC) Topic 842, Leases, as of January 1, 2019.

/s/ KPMG LLP

San Francisco, California
February 26, 2021

**Certification of Principal Executive Officer
pursuant to
Exchange Act Rules 13a-14(a) and 15d-14(a),
as adopted pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Vladimir Shmunis, certify that:

1. I have reviewed this Annual Report on Form 10-K of RingCentral, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Vladimir Shmunis

Vladimir Shmunis
Chief Executive Officer and Chairman
(Principal Executive Officer)

Date: February 26, 2021

**Certification of Principal Financial Officer
pursuant to
Exchange Act Rules 13a-14(a) and 15d-14(a),
as adopted pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Mitesh Dhruv, certify that:

1. I have reviewed this Annual Report on Form 10-K of RingCentral, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Mitesh Dhruv

Mitesh Dhruv
Chief Financial Officer
(Principal Financial Officer)

Date: February 26, 2021

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of RingCentral, Inc. (the "Company") on Form 10-K for the annual period ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Vladimir Shmunis, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2021

/s/ Vladimir Shmunis

Vladimir Shmunis
Chief Executive Officer and Chairman
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of RingCentral, Inc. (the "Company") on Form 10-K for the annual period ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mitesh Dhruv, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2021

/s/ Mitesh Dhruv

Mitesh Dhruv
Chief Financial Officer
(Principal Financial Officer)