BOX INC
Form S-1/A
January 09, 2015
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As filed with the Securities and Exchange Commission on January 9, 2015

Registration No. 333-194767

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 3 TO

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Box, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**7372**	**20-2714444**

(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

4440 El Camino Real

Los Altos, California 94022

(877) 729-4269

(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)

Aaron Levie, Chairman and Chief Executive Officer

Dan Levin, President and Chief Operating Officer

Dylan Smith, Chief Financial Officer

Box, Inc.

4440 El Camino Real

Los Altos, California 94022

(877) 729-4269

(Names, address, including zip code, and telephone number, including area code, of agents for service)

Please send copies of all communications to:

Steven E. Bochner, Esq. **Jose F. Macias, Esq.** **Jon C. Avina, Esq.** **Wilson Sonsini Goodrich & Rosati, P.C.** **650 Page Mill Road** **Palo Alto, California 94304** **(650) 493-9300**	**Peter McGoff, Esq.** **Senior Vice President and General Counsel** **Box, Inc.** **4440 El Camino Real** **Los Altos, California 94022** **(877) 729-4269**	**Richard A. Kline, Esq.** **Anthony J. McCusker, Esq.** **Goodwin Procter LLP** **135 Commonwealth Drive** **Menlo Park, California 94025** **(650) 752-3100**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to be Registered(1)**	**Proposed Maximum Offering Price Per Share(2)**	**Proposed Maximum Aggregate Offering Price(1)(2)**	**Amount of Registration Fee(3)**
Class A common stock, $0.0001 par value per share	14,375,000	$13.00	$186,875,000	$21,715

(1) Includes the additional shares that the underwriters have the right to purchase from the Registrant.
(2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended.
(3) The Registrant previously paid the registration fee in connection with the initial filing of this Registration Statement.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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We have not authorized anyone to provide any information or make any representations other than those contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are offering to sell, and seeking offers to buy, shares of our Class A common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our Class A common stock.

Through and including , 2015 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer s obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

For investors outside of the United States: Neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus outside of the United States.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary is not complete and does not contain all of the information you should consider in making your investment decision. You should read the following summary together with the more detailed information appearing elsewhere in this prospectus, including the sections titled Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes, before deciding whether to purchase shares of our Class A common stock.

BOX, INC.

Our Mission and Vision

Our mission is to make organizations more productive, competitive and collaborative by connecting people and their most important information. We believe our platform can become the cloud-based content layer that spans organizations, applications and devices to enable users to get work done more efficiently when, where and how they want.

Overview

Box provides a cloud-based, mobile-optimized Enterprise Content Collaboration platform that enables organizations of all sizes to easily and securely manage their content and collaborate internally and externally. Our platform combines powerful, elegant and easy-to-use functionality that is designed for users with the security, scalability and administrative controls required by IT departments. We have built our platform to enable users to get their work done regardless of file format, application environment, operating system, device or location. Our paying business customers include more than 48% of Fortune 500 companies and more than 22% of Global 2000 companies, and our over 32 million registered users include employees from 99% of Fortune 500 companies, including companies in highly regulated industries such as healthcare and life sciences, telecommunications, energy and financial services.

There are several fundamental technology trends that are dramatically changing both individual behavior and enterprise IT infrastructure. Information workers increasingly expect to be able to access and work with their business content from any internet-enabled device, and they demand solutions that are as simple to use as their consumer internet applications, such as Facebook, LinkedIn and Twitter. However, legacy on-premise IT architectures were not built for ease of use or mobility. As a result, IT departments are increasingly pressured to find easier to use solutions that address employees changing work styles, while also protecting confidential content, including documents, presentations, spreadsheets and multimedia.

At our founding, we recognized that content is more accessible, useful and powerful when it is centrally stored, managed and shared. We have architected our Enterprise Content Collaboration platform from the ground up to be cloud-based and mobile-optimized to meet the evolving demands of today s information worker. Cloud-based Enterprise Content Collaboration is especially powerful because it enables users to access and collaborate on centralized content from anywhere and allows organizations to access new features and apply policies and controls across all users and content simultaneously. Our solution is especially well-suited to support globally distributed workers with multiple devices.

We are building a rich ecosystem around Box. Our platform integrates with the applications of our technology partners, including salesforce.com, NetSuite and others, giving our users full access to Box without leaving partner applications. In addition, third-party developers can rapidly build, update and provision new

applications that leverage and extend the core functionality of our service, increasingly with a focus on specific industries and vertical market use cases. To date, tens of thousands of third-party developers have leveraged our platform as the secure content layer for their applications, including developers that are part of our Box OneCloud ecosystem, which provides users with access to more than 1,300 iOS and Android third-party applications.

Our go-to-market strategy combines end-user-driven bottoms-up adoption with top-down sales efforts. We offer individuals a free basic version of Box to provide them with a first-hand experience of the simplicity and effectiveness of our service. Our solution often spreads virally within and across organizations, as users adopt Box and invite new users to collaborate. We monetize this network effect by making it easy for users and organizations to subscribe to paid versions of our service on our self-service web portal. We also target senior IT and line of business management within organizations through direct and indirect sales strategies to formalize large-scale deployments. Frequently, an organization will purchase Box for one use case and later expand its deployment to other use cases and larger groups of employees.

Our go-to-market strategy also includes targeting specific industries that have content and collaboration challenges in their business. We deliver and are continuing to create solutions that target specific business problems within those industries with a combination of technology, services and marketing programs aimed at prospective buyers. Where relevant, we also facilitate compliance with industry-specific regulations to ensure companies can use Box in accordance with legal requirements. These industry solutions are aimed to speed the deployment and time to value for customers in industries such as healthcare and life sciences, financial services, legal services, media and entertainment, retail, education, energy and government.

Our solution is highly scalable and can support deployments ranging in size from one user to over a hundred thousand users. As of October 31, 2014, we had over 32 million registered users and supported over 275,000 organizations that collectively interact with their content on average over four billion times every three months. Our customers include over 44,000 paying organizations globally, and our largest deployment to date is over 97,000 users. We currently offer our solution in 20 languages. Our customer base includes leading organizations across industries, including Ameriprise Financial, Inc., Bechtel, Eli Lilly and Company, Gap, Inc., Schneider Electric, Sunbelt Rentals and Viacom.

We have experienced significant growth since our incorporation in 2005. For the 12 months ended December 31, 2011, January 31, 2013 and 2014, our revenue was $21.1 million, $58.8 million and $124.2 million, respectively, representing year-over-year growth of 179% and 111%. For the nine months ended October 31, 2013 and 2014, our revenue was $85.4 million and $153.8 million, respectively, representing period-over-period growth of 80%. We have invested and continue to invest heavily in our business to capitalize on our large market opportunity. As a result, we incurred net losses of $50.3 million, $112.6 million and $168.6 million for the 12 months ended December 31, 2011, January 31, 2013 and 2014, respectively. For the nine months ended October 31, 2013 and 2014, we incurred net losses of $125.2 million and $121.5 million, respectively.

Industry Trends

Trends such as Cloud, Mobility and the Proliferation of Data are Changing How People Work

Several technology trends have driven down the cost of storage, enabled faster, more powerful applications and increased the number of connected devices, paving the way for cloud and mobile to transform the way that people live and work.

Shift from On-Premise to Cloud-Based Applications. Advances in technology architectures have supported the rise of cloud computing, which enables the delivery of software-as-a-service (SaaS).

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Today, mission-critical applications can be delivered reliably, securely and cost-effectively to customers over the internet without the need to purchase supporting hardware, software or ongoing maintenance. The lower total cost of ownership, better functionality and flexibility of cloud applications represent a compelling alternative to traditional on-premise solutions. As a result, Gartner, Inc. (Gartner) expects total cloud spending to increase from $130 billion worldwide in 2013 to $243 billion in 2017.

Increased Functionality and Proliferation of Mobile Devices. The rapidly increasing functionality of smartphones, tablets and other mobile devices has resulted in the significant adoption of such devices within organizations. According to International Data Corporation (IDC), there were 1.3 billion mobile internet users worldwide in 2013 and there will be 2.2 billion in 2017. Forrester Research, Inc. (Forrester) estimates that 29% of the global workforce in 2012 used three or more devices, worked from multiple locations and accessed several applications.

Explosion of Content and Data. The volume of data continues to grow significantly as users and organizations increase their usage of data-rich applications and access content from multiple connected devices. According to IDC, from 2005 to 2020, the volume of digital information will grow by a factor of 300, increasing demand for cost-efficient and scalable storage and content management solutions.

These technology advancements have enabled the rapid development of a number of highly intuitive and engaging consumer-oriented internet and mobile applications that have changed the expectations of today s workforce. The rich functionality and usability of applications such as Facebook, LinkedIn and Twitter have led today s generation to expect their work applications to be similarly accessible, intuitive, social and collaborative, and their content to be available in the cloud and on any of their mobile devices. In response to the growing desire among workers to access and interact with their business information through their preferred personal devices, many organizations have established bring your own device policies. At the same time, workers are increasingly utilizing their favorite applications in the workplace in order to be more productive without seeking approval from their IT departments.

IT is Changing to Embrace These Trends while Maintaining Security and Scalability Standards

IT departments are mandated to ensure security for enterprise content in the face of an increasing number of cyber attacks and data leaks, to comply with ever-changing regulatory requirements and to maintain control and visibility over internal and external users while also taking advantage of the benefits of cloud and mobility. While it is clear that embracing cloud and mobility is a competitive imperative, meeting the permissions, security, scalability and administrative requirements typical of IT departments has become increasingly difficult as the proliferation of devices and applications on various architectures has created a more heterogeneous IT environment. Regulatory and compliance requirements for content, collaboration and storage have grown increasingly complex across geographies and industries. At the same time, reliance on technology for critical content and data has made organizations more vulnerable to both sophisticated external cyber attacks and data leaks.

Effective Content Management is Critical to Business Success Today

The technology trends described above are changing where and how work gets done because people can now access information and do their work from anywhere at any time. Employees, clients, vendors and contractors can now be seamlessly connected, creating new opportunities for sharing, collaboration and productivity. Ultimately, these modern approaches to productivity are empowering organizations to increase information velocity and speed up decision making, thereby increasing their competitiveness in the marketplace.

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Our Market Opportunity

Our Enterprise Content Collaboration platform provides a combination of intuitive, user-friendly content applications with enterprise-grade features and security to serve as a central content layer across organizations. Our platform addresses several traditional IT categories defined by IDC, including content management, cloud storage, collaboration, and project and portfolio management, which in aggregate represents an estimated $25 billion in global IT spending in 2014. We believe our opportunity includes large segments of existing enterprise IT spending as well as new use cases and users that are not currently captured by traditional market sizing studies. Customers purchase our services both to replace existing storage and content management solutions, as well as to enable entirely new use cases not well served by existing content or collaboration solutions.

The size and importance of the Enterprise Content Collaboration market is driven by the fact that information is central to every organization s workflow, and organizations regularly invest in new ways to increase workforce productivity. According to Forrester, there were 615 million information workers as of 2013, and there are expected to be 865 million information workers by 2016. We believe our mobile-optimized platform extends our opportunity beyond information workers to anyone who uses information to get his or her job done, including all mobile workers. According to IDC, there were 1.0 billion mobile workers as of 2010, and there will be 1.3 billion mobile workers by 2015.

The Box Solution

Box empowers people to securely manage, share and collaborate on their content both internally and externally. We deliver applications (web and mobile), a platform for custom development and a series of industry-specific solutions.

Modern Cloud Architecture. We have built our platform from the ground up on a cloud-based architecture, which enables us to rapidly develop, update and provision our services to users.

Mobility. Our solution enables users to securely manage, share and collaborate on their content anytime and anywhere via nearly any device and operating system, including Mac, iOS, Android, Windows and Blackberry through both native and web applications.

Elegant, Intuitive and User-Focused Interface. We strive to enable quick and viral user adoption by maintaining a simple and elegant interface with compelling content collaboration features.

Simple and Rapid Deployment. Our cloud-based software allows organizations to easily, quickly and inexpensively deploy our product.

Enterprise-Grade Security, Reporting and Administrative Controls. We have invested heavily to build robust security, reporting and administrative controls that satisfy our customers most demanding security requirements. Box gives IT administrators powerful tools to define access rights by user, content type, device and usage.

Comprehensive Data Governance Strategy. We provide a secure, centralized system of record with Data Loss Prevention (DLP) capabilities. Our data security policies allow customers to apply quarantine or notification-only policies to sensitive confidential files, and we provide robust integrations for leading eDiscovery and DLP systems.

Built to Handle Content of Nearly Any Type. We have designed our solution to serve as the central content and collaboration layer for an organization s employees. Users securely manage, share and collaborate on all types of information on our platform, regardless of format or file type, and from any device, location or operating system.

Extensible Platform for Custom and Third-Party Application Development. We provide an open platform with an application programming interface (API) that gives independent software vendors

(ISVs), companies and third-party developers access to our functionality. Our API can be used to build and deploy unique applications with custom interfaces and workflows that leverage Box capabilities for content access, viewing, sharing, collaboration, security and reporting. We have a growing developer ecosystem building applications on the Box platform, including over 1,300 OneCloud mobile applications.

Easy Integration with Other Cloud-Based Applications. We offer a number of off-the-shelf integrations with critical business applications, including Salesforce, NetSuite and others. Using Box Embed, customers are able to embed nearly all of our functionality in any web-based site or application, ensuring consistent accuracy and access.

Focus on Industry-Specific Solutions. In order to facilitate easier and faster deployment of Box, we have created and are continuing to create industry-specific solutions for those industries that have significant content and collaboration challenges. These solutions target specific business problems within those industries with a combination of Box, integration with industry-specific partner technologies, implementation expertise from Box Consulting and/or implementation partners, and templates for metadata and workflows that are applicable to those industries. Where relevant, we have obtained regulatory and compliance certifications as well. For example, we facilitate compliance with the Health Insurance Portability and Accountability Act (HIPAA) and the Health Information Technology for Economic and Clinical Health (HITECH) Act, both particularly relevant to the healthcare industry. We also facilitate compliance with the Payment Card Industry Data Security Standard (PCI DSS), which is critical to the financial services and insurance industries.

Pricing Plans. We offer our solution via multiple plans to meet the varying needs of our diverse customer base. Organizations can purchase different packages based on the size of their teams and level of functionality required.

Version for Free Users. We offer users a free version of Box in order to promote additional usage, brand and product awareness, and adoption. Our free offering allows users to invite anyone to collaborate on Box, enabling faster collaboration among employees, vendors, clients, contractors and other parties while exposing more potential users to our solution and helping our solution grow virally. Approximately one-third of our free users join Box because existing Box users and paying enterprises invited them to collaborate on a folder or file or access shared content.

Focus on Customer Success. Our customer success team works closely with customers to ensure they are obtaining the highest value from our services. Box Consulting, our professional services team, engages with customers to understand their specific use cases and deployment needs. We believe our customer success efforts are one of the reasons why we have been successful in retaining customers and increasing their use of our service both within and across their organizations.

Benefits of Our Platform

We provide the following key benefits to users, IT departments, organizations, and technology partners and third-party developers:

Benefits to Users. We provide users with the ability to securely manage, share and collaborate on content from any location using any operating system and on any device, ranging from PCs to smartphones and tablet devices. Our real-time collaboration solution enables users and their partners and customers to work together securely and more productively across functions, organizations and geographies. We provide these benefits with a service that is both powerful and simple to use.

Benefits to IT Departments. Our cloud-based service is quick and inexpensive to deploy. At the same time, our solution provides IT departments with enterprise-grade security, sophisticated data encryption technologies, data governance capabilities, secure content delivery networks and an intrusion detection system to monitor network traffic. We also offer an administrative console that allows IT administrators to manage their users and content, exercise granular security control, apply permission policies and maintain visibility on actions taken within corporate accounts.

Benefits to Organizations. Our solution enables organizations to replace technologies, such as File Transfer Protocol (FTP) servers, Managed File Transfer (MFT) tools and networked file servers, and experience greater ease of use at a lower total cost of ownership compared to their prior solutions. Moreover, our product is optimized for cloud and mobile, allowing organizations to extend content and collaboration to a broader base of users who work remotely using tablets and smartphones, enabling increased user productivity. Finally, by delivering our software as a cloud-based service, our customers always operate with the latest features and functionality.

Benefits to Technology Partners and Third-Party Developers. We have designed Box to integrate with the applications of our technology partners, such as salesforce.com, NetSuite and over 70 others, giving our users full access to Box s complete functionality without leaving partner applications. ISVs, system integrators and other third-party developers can rapidly build, update and provision new applications that leverage and extend the core functionality of Box. We also give developers access to an audience of over 32 million registered users, which we believe allows our ecosystem of technology partners and third-party developers to address a broad set of use cases.

Our Growth Strategy

With an increasing number of information workers, industry trends toward cloud and mobility, and the increased need for global collaboration, we believe the market opportunity for Enterprise Content Collaboration is significant and growing. Key elements of our growth strategy include:

Extending Our Technology Leadership. We have made, and will continue to make, significant investments in research and development to strengthen our existing platform, continually enhance usability and develop additional Enterprise Content Collaboration functionality to improve productivity.

Increasing Our Customer Base Globally. We plan to continue investing in direct and indirect sales and free user marketing to acquire new customers both in the United States and internationally.

Growing Our Presence within Our Existing Customer Base. We will continue to expand deployment of our solution with existing customers by, among other things, growing from departmental deployments to broader implementations and addressing a broader range of use cases.

Target Industry Verticals. We will continue to target specific business problems across multiple industries including, but not limited to, healthcare and life sciences, financial services, legal services, media and entertainment, retail, education, energy and government. Where relevant, we also obtain regulatory and compliance certifications to ensure that companies can use Box in accordance with legal requirements.

Extending Our Sales Reach through Channel and Strategic Partners. We will continue to develop partnerships with leading channel partners, mobile device and hardware manufacturers, telecommunications service providers and system integrators.

Expanding Our Platform Ecosystem. We will continue to expand our platform ecosystem by developing additional relationships with ISVs, our customers internal development organizations and other third-party developers. By supporting these strategic relationships, we believe our platform ecosystem will extend to new use cases that deliver more targeted, higher value solutions. We also believe that, as more ISVs and other third-party developers join the ecosystem, we will attract more customers, further strengthening our ecosystem and making it more attractive to new developers.

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Risks Affecting Us

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled Risk Factors immediately following this prospectus summary. These risks include, but are not limited to, the following:

- We have a history of cumulative losses, and we do not expect to be profitable for the foreseeable future;
- We have a limited operating history, which makes it difficult to predict our future operating results;
- The market in which we participate is intensely competitive, and if we do not compete effectively, our operating results could be harmed;
- If the cloud-based Enterprise Content Collaboration market develops more slowly than we expect or declines, our business could be adversely affected;
- We have experienced rapid growth in recent periods. If we fail to manage our growth effectively, we may be unable to execute our business plan, maintain high levels of service or adequately address competitive challenges;
- Our business depends substantially on customers renewing their subscriptions with us and expanding their use of our services. Any decline in our customer renewals or failure to convince our customers to broaden their use of our services would harm our future operating results;
- If we are not able to provide successful enhancements, new features and modifications to our services, our business could be adversely affected;
- Actual or perceived security vulnerabilities in our services or any breaches of our security controls and unauthorized access to a customer s data could harm our business and operating results; and
- The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock prior to the completion of this offering, including our executive officers, employees and directors and their affiliates, which will limit your ability to influence the outcome of important transactions, including a change in control. The holders of our outstanding Class B common stock will hold approximately 98.8% of the voting power of our outstanding capital stock following this offering.

Corporate Information

Our principal executive offices are located at 4440 El Camino Real, Los Altos, California 94022, and our telephone number is (877) 729-4269. Our website address is www.box.com. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider information on our website to be part of this prospectus. We were incorporated in 2005 as Box.Net, Inc., a Washington corporation, and later reincorporated in 2008 under the same name as a Delaware corporation. In November 2011, we changed our name to Box, Inc. We changed our fiscal year end from December 31 to January 31, effective for our fiscal year ended January 31, 2013.

Unless expressly indicated or the context requires otherwise, the terms Box, company, we, us, and our in this prospectus refer to Box, Inc., a Delaware corporation, and, where appropriate, its wholly-owned subsidiaries. The Box design logo, Box and our other registered and common law trade names, trademarks and service marks are the property of Box, Inc. This prospectus contains additional trade names, trademarks and service marks of other companies. We do not intend our use or display of other companies trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, these other companies.

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Emerging Growth Company

The Jumpstart Our Business Startups Act (JOBS Act) was enacted in April 2012 with the intention of encouraging capital formation in the United States and reducing the regulatory burden on newly public companies that qualify as emerging growth companies. We are an emerging growth company within the meaning of the JOBS Act. As an emerging growth company, we may take advantage of certain exemptions from various public reporting requirements, including the requirement that our internal control over financial reporting be audited by our independent registered public accounting firm pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley Act), certain requirements related to the disclosure of executive compensation in this prospectus and in our periodic reports and proxy statements and the requirement that we hold a nonbinding advisory vote on executive compensation and any golden parachute payments. We may take advantage of these exemptions until we are no longer an emerging growth company.

We will remain an emerging growth company until the earliest to occur of (i) the last day of the fiscal year in which we have more than $1.0 billion in annual revenue; (ii) the date we qualify as a large accelerated filer, with at least $700 million of equity securities held by non-affiliates; (iii) the date on which we have issued, in any three-year period, more than $1.0 billion in non-convertible debt securities; and (iv) the last day of the fiscal year ending after the fifth anniversary of the completion of this offering.

See the section titled *Risk Factors Risks Related to Our Business and Our Industry We are an emerging growth company, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make our Class A common stock less attractive to investors* for certain risks related to our status as an emerging growth company.

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THE OFFERING

Class A common stock offered by us	12,500,000 shares
Class A common stock to be outstanding after this offering	12,500,000 shares
Class B common stock to be outstanding after this offering	106,973,689 shares
Total Class A common stock and Class B common stock to be outstanding after this offering	119,473,689 shares
Over-allotment option of Class A common stock offered by us	1,875,000 shares
Use of proceeds	We estimate that our net proceeds from the sale of our Class A common stock that we are offering will be approximately $134.3 million, assuming an initial public offering price of $12.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. The principal purposes of this offering are to increase our capitalization and financial flexibility and create a public market for our Class A common stock. We intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses and capital expenditures. While we cannot specify with certainty the particular uses of the net proceeds we receive from this offering, we currently expect to invest at least 50% of the net proceeds in sales and marketing activities, product development, general and administrative matters and capital expenditures to support the growth in our business. We also may use a portion of the net proceeds to acquire complementary businesses, products, services or technologies. However, we do not have agreements or commitments for any specific acquisitions at this time. See the section titled Use of Proceeds for additional information.
Voting rights	Shares of our Class A common stock are entitled to one vote per share.

Shares of our Class B common stock are entitled to 10 votes per share.

Holders of our Class A common stock and Class B common stock will generally vote together as a single class, unless otherwise required by law or our amended and restated certificate of incorporation. The holders of our outstanding Class B common stock will hold

	approximately 98.8% of the voting power of our outstanding capital stock following this offering and will have the ability to control the outcome of matters submitted to our stockholders for approval, including the election of our directors and the approval of any change in control transaction. See the sections titled Principal Stockholders and Description of Capital Stock for additional information.
NYSE trading symbol	BOX

Prior to the completion of this offering, we had two classes of common stock: Class A common stock and Class B common stock. The rights of the holders of our Class A common stock and Class B common stock were identical except with respect to voting. The holders of our Class A common stock were entitled to one vote per share, and the holders of our Class B common stock had no voting rights.

Upon the completion of this offering, we will have authorized a new class of Class A common stock and a new class of Class B common stock. All currently outstanding shares of our Class A common stock, Class B common stock and redeemable convertible preferred stock will be reclassified into shares of our new Class B common stock. In addition, all currently outstanding restricted stock units (RSUs) and options to purchase shares of our capital stock will become eligible to be settled in or exercisable for shares of our new Class B common stock.

Unless otherwise indicated, other than in our consolidated financial statements, references in this prospectus to our Class A common stock and Class B common stock are to our new Class A common stock and new Class B common stock, respectively. We refer to our Class A common stock prior to the completion of this offering as Existing Class A common stock and our Class B common stock prior to the completion of this offering as Existing Class B common stock.

The number of shares of our Class A common stock and Class B common stock that will be outstanding after this offering is based on no shares of our Class A common stock and 106,973,689 shares of our Class B common stock outstanding as of October 31, 2014, and excludes:

- 18,050,150 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock outstanding as of October 31, 2014, with a weighted-average exercise price of $5.12 per share;

- 4,063,953 shares of our Class B common stock issuable upon the vesting of RSUs outstanding as of October 31, 2014;

- 295,000 shares of our Class B common stock issued after October 31, 2014, in connection with our acquisition of Clariso, Inc. (MedXT);

- 155,787 shares of our Class B common stock issuable after October 31, 2014, in connection with our acquisition of Greply Inc. (Streem);

936,000 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock granted after October 31, 2014, with an exercise price of $14.05 per share;

1,110,890 shares of our Class B common stock issuable upon the vesting of RSUs granted after October 31, 2014;

4,302 shares of our Class B common stock issued pursuant to restricted stock awards granted after October 31, 2014, at a purchase price of $0.0001 per share; and

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14,700,000 shares of our Class A common stock reserved for future issuance under our equity compensation plans, consisting of:

12,200,000 shares of our Class A common stock reserved for future issuance under our 2015 Equity Incentive Plan (2015 Plan), which will become effective prior to the completion of this offering; and

2,500,000 shares of our Class A common stock reserved for future issuance under our 2015 Employee Stock Purchase Plan (ESPP), which will become effective prior to the completion of this offering.

Our 2015 Plan and ESPP each provide for annual automatic increases in the number of shares reserved thereunder, and our 2015 Plan also provides for increases in the number of shares reserved thereunder based on awards under our 2011 Plan and our 2006 Stock Incentive Plan (2006 Plan) that expire, are forfeited or otherwise repurchased by us, as more fully described in the section titled Executive Compensation Employee Benefit and Stock Plans.

Of the shares described above, up to 24,316,780 shares of our Class B common stock will be issuable after this offering upon the exercise or vesting of outstanding stock options or RSUs or in connection with our acquisition of Streem.

Unless otherwise indicated, other than in our consolidated financial statements, all information in this prospectus assumes:

the filing and effectiveness of our amended and restated certificate of incorporation and the effectiveness of our amended and restated bylaws, each of which will occur immediately prior to the completion of this offering;

the reclassification of our outstanding Existing Class A common stock and the conversion and reclassification of our outstanding Existing Class B common stock into an equivalent number of shares of our Class B common stock, which will occur immediately prior to the completion of this offering, and the authorization of our Class A common stock;

the automatic conversion and reclassification of all outstanding shares of our redeemable convertible preferred stock (other than our Series E redeemable convertible preferred stock and Series F redeemable convertible preferred stock) into an aggregate of 64,783,259 shares of our Class B common stock, which will occur immediately prior to the completion of this offering;

the automatic conversion and reclassification of all 11,454,838 outstanding shares of our Series E redeemable convertible preferred stock into an aggregate of 12,499,996 shares of our Class B common stock immediately prior to the completion of this offering, based on the assumed initial public offering price of $12.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus. A $1.00 decrease in the initial public offering price would increase the number of shares of our Class B common stock issuable upon conversion and reclassification of our Series E redeemable convertible preferred stock by 1,136,363, and a $1.00 increase in the initial public offering price would decrease the number of shares of our Class B common stock issuable upon conversion and reclassification of our Series E redeemable convertible preferred stock by 961,538;

the automatic conversion and reclassification of all 7,500,000 outstanding shares of our Series F redeemable convertible preferred stock into an aggregate of 13,888,888 shares of our Class B common stock immediately prior to the completion of this offering, based on the assumed initial public offering price of $12.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus. A $1.00 decrease in the initial public offering price would increase the number of shares of our Class B common stock issuable upon conversion and reclassification of our

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Series F redeemable convertible preferred stock by 1,262,627, and a $1.00 increase in the initial public offering price would decrease the number of shares of our Class B common stock issuable upon conversion and reclassification of our Series F redeemable convertible preferred stock by 1,068,376;

the issuance of 85,056 shares of our Class B common stock upon the assumed net exercise of a warrant to purchase shares of our redeemable convertible preferred stock outstanding as of October 31, 2014, which exercise will occur immediately prior to the completion of this offering at an exercise price of $0.29 per share, based upon the assumed initial public offering price of $12.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus; and

no exercise of the underwriters over-allotment option.

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SUMMARY CONSOLIDATED FINANCIAL DATA

We changed the end of our fiscal year from December 31 to January 31, effective for our fiscal year ended January 31, 2013, and as a result, we also present below certain summary consolidated financial information for the one-month transition period ended January 31, 2012. The summary consolidated statements of operations data presented below for the year ended December 31, 2011, the one-month period ended January 31, 2012 and the years ended January 31, 2013 and 2014 are derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated statements of operations data for the nine months ended October 31, 2013 and 2014 and the consolidated balance sheet data as of October 31, 2014 are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements were prepared on a basis consistent with our audited financial statements and reflect, in the opinion of management, all adjustments of a normal recurring nature that are necessary for the fair presentation of those unaudited consolidated financial statements. Our historical results are not necessarily indicative of the results that may be expected in any future period, and the results for the nine months ended October 31, 2014 are not necessarily indicative of results to be expected for the full year. The following summary consolidated financial data should be read together with the section titled Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus.

	Year Ended December 31, 2011	One Month Ended January 31, 2012	Year Ended January 31, 2013	Year Ended January 31, 2014	Nine Months Ended October 31, 2013	Nine Months Ended October 31, 2014
					(unaudited)	(unaudited)
	(in thousands, except per share data)					
Consolidated Statements of Operations Data:						
Revenue	$ 21,084	$ 3,376	$ 58,797	$ 124,192	$ 85,363	$ 153,801
Cost of revenue[(1)]	6,873	850	14,280	25,974	17,640	32,579
Gross profit	14,211	2,526	44,517	98,218	67,723	121,222
Operating expenses:						
Research and development[(1)]	14,396	1,915	28,996	45,967	32,494	48,415
Sales and marketing[(1)]	36,189	4,246	99,221	171,188	124,174	152,354
General and administrative[(1)]	13,480	1,125	25,429	39,843	29,657	41,276
Total operating expenses	64,065	7,286	153,646	256,998	186,325	242,045
	(49,854)	(4,760)	(109,129)	(158,780)	(118,602)	(120,823)

Loss from operations											
Remeasurement of redeemable convertible preferred stock warrant liability		(356)		(371)		(1,727)		(8,477)		(5,883)	140
Interest income (expense), net		(109)		27		(1,764)		(3,705)		(3,243)	(1,450)
Other income (expense), net		49		(8)		116		(26)		29	41
Loss before provision (benefit) for income taxes		(50,270)		(5,112)		(112,504)		(170,988)		(127,699)	(122,092)
Provision (benefit) for income taxes		1		15		59		(2,431)		(2,514)	(598)
Net loss		(50,271)		(5,127)		(112,563)		(168,557)		(125,185)	(121,494)
Accretion of redeemable convertible preferred stock		(80)		(9)		(226)		(341)		(256)	(7,577)
Net loss attributable to common stockholders	$	(50,351)	$	(5,136)	$	(112,789)	$	(168,898)	$	(125,441)	$ (129,071)
Net loss per share attributable to common stockholders, basic and diluted	$	(9.53)	$	(0.84)	$	(14.68)	$	(14.89)	$	(11.48)	$ (8.94)
Weighted-average shares used to compute net loss per share attributable to common stockholders, basic and diluted		5,284		6,099		7,684		11,341		10,928	14,444
Pro forma net loss per share attributable to common stockholders,							$	(1.90)			$ (1.25)

basic and diluted (unaudited)		
Weighted-average shares used to compute pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)	84,078	97,527

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(1) Includes stock-based compensation expense as follows:

	Year Ended December 31, 2011	One Month Ended January 31, 2012	Year Ended January 31, 2013	Year Ended January 31, 2014	Nine Months Ended October 31, 2013	Nine Months Ended October 31, 2014
					(unaudited)	
			(in thousands)			
Cost of revenue	$ 686	$ 6	$ 1,087	$ 450	$ 249	$ 1,102
Research and development	899	19	1,211	3,154	1,866	8,220
Sales and marketing	837	24	1,893	5,017	3,297	8,306
General and administrative	3,800	23	3,345	3,128	2,102	4,716
Total stock-based compensation	$ 6,222	$ 72	$ 7,536	$ 11,749	$ 7,514	$ 22,344

Our consolidated balance sheet data as of October 31, 2014 is presented on:

- an actual basis;
- a pro forma basis, giving effect to the automatic conversion and reclassification of all outstanding shares of our redeemable convertible preferred stock into 91,172,143 shares of our Class B common stock, the issuance of 85,056 shares of our Class B common stock upon the assumed net exercise of a warrant, the related reclassification of the redeemable convertible preferred stock warrant liability to additional paid-in capital, the recording of a deemed dividend related to the conversion of the outstanding Series F redeemable convertible preferred stock, and the effectiveness of our amended and restated certificate of incorporation, as if such conversion, issuance, reclassification, recording and effectiveness had occurred on October 31, 2014; and
- a pro forma as adjusted basis, giving effect to the pro forma adjustments and the sale and issuance of 12,500,000 shares of our Class A common stock by us in this offering, based upon the assumed initial public offering price of $12.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the initial public offering price is equal to the midpoint of the estimated offering price range set forth on the cover page of this prospectus, the shares of our Series E redeemable convertible preferred stock would convert and be reclassified into 12,499,996 shares of our Class B common stock. A $1.00 decrease in the initial public offering price would increase the number of shares of our Class B common stock issuable upon conversion and reclassification of our Series E redeemable convertible preferred stock by 1,136,363, and a $1.00 increase in the initial public offering price would decrease the number of shares of our Class B common stock issuable upon conversion and reclassification of our Series E redeemable convertible preferred stock by 961,538.

If the initial public offering price is equal to the midpoint of the estimated offering price range set forth on the cover page of this prospectus, the shares of our Series F redeemable convertible preferred stock would convert and be reclassified into 13,888,888 shares of our Class B common stock. A $1.00 decrease in the initial public offering price would increase the number of shares of our Class B common stock issuable upon conversion and reclassification of our Series F redeemable convertible preferred stock by 1,262,627, and a $1.00 increase in the initial public offering price would decrease the number of shares of our Class B common stock issuable upon conversion and reclassification of our Series F redeemable convertible preferred stock by 1,068,376.

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The pro forma as adjusted information set forth in the table below is illustrative only and will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing.

	October 31, 2014		
	Actual (unaudited)	Pro Forma	Pro Forma As Adjusted(1)
		(in thousands)	
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 165,270	$ 165,270	$ 299,570
Working capital	85,367	85,367	219,667
Total assets	313,941	313,941	448,241
Deferred revenue, current and non-current	100,680	100,680	100,680
Debt, non-current	40,000	40,000	40,000
Redeemable convertible preferred stock warrant liability, non-current	1,206		
Redeemable convertible preferred stock	550,408		
Total stockholders (deficit) equity	(431,673)	119,941	254,241

(1) Each $1.00 increase (decrease) in the assumed initial public offering price of $12.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) our cash and cash equivalents, working capital, total assets and total stockholders (deficit) equity by approximately $11.6 million, assuming that the number of shares of our Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Key Business Metrics

We monitor the following key metrics to help us measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. In addition to our results determined in accordance with generally accepted accounting principles in the United States (GAAP), we believe the following non-GAAP financial and operational measures are useful in evaluating our operating performance.

	Year Ended December 31, 2011	Year Ended January 31, 2013	Year Ended January 31, 2014	Nine Months Ended October 31, 2013	Nine Months Ended October 31, 2014
Billings (in thousands)	$ 30,391	$ 85,727	$ 174,165	$ 112,695	$ 164,409
Billings growth rate	177%	182%	103%	109%	46%
Retention rate (period end)	129%	144%	136%	138%	130%

Billings

Billings represent our revenue plus the change in deferred revenue in the period. Billings we record in any particular period reflect sales to new customers plus subscription renewals and upsells to existing customers, and represent amounts invoiced for subscription, premier support and professional services (which we refer to as Box Consulting). We typically invoice our customers at the beginning of the term, in multiyear, annual, quarterly or monthly installments. If the customer elects to pay the full subscription amount at the beginning of the period, the total subscription amount for the entire term will be reflected in billings. If the customer elects to be invoiced annually or more frequently, only the amount billed for such period will be included in billings. See the section titled Selected Consolidated Financial Data Reconciliation of Billings to Revenue for a reconciliation of billings to revenue, the most directly comparable GAAP financial measure, and explanations of why we track billings and why billings may be a useful measure for investors.

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Retention Rate

We calculate our retention rate as of a period end by starting with the annual contract value (ACV) from customers with contract value of $5,000 or more as of 12 months prior to such period end (Prior Period ACV) and a subscription term of at least 12 months. We then calculate the ACV from these same customers as of the current period end (Current Period ACV). Finally, we divide the aggregate Current Period ACV for the trailing 12-month period by the aggregate Prior Period ACV for the trailing 12-month period to arrive at our retention rate. We believe our retention rate is an important metric that provides insight into the long-term value of our subscription agreements and our ability to retain and grow revenue from our customer base. We focus on contracts that have a value of $5,000 or more because, over time, these customers give us the best indicator for the growth of our business and the potential for incremental business as they renew and expand their deployments, and contracts with these customers represented a substantial majority of our revenue for the period ended October 31, 2014. See the section titled Selected Consolidated Financial Data for explanations of why we track retention rate, why retention rate may be a useful measure for investors and an explanation that there is no comparable GAAP financial measure to which we can reconcile this particular key metric.

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RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this prospectus, including in the section titled Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes, before making a decision to invest in our Class A common stock. If any of the risks actually occur, our business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the market price of our Class A common stock could decline, and you could lose part or all of your investment.

Risks Related to Our Business and Our Industry

We have a history of cumulative losses, and we do not expect to be profitable for the foreseeable future.

We have incurred significant losses in each period since our inception in 2005. We incurred net losses of $50.3 million in our fiscal year ended December 31, 2011, $112.6 million in our fiscal year ended January 31, 2013, $168.6 million in our fiscal year ended January 31, 2014, and $121.5 million in the nine months ended October 31, 2014. As of October 31, 2014, we had an accumulated deficit of $482.7 million. These losses and accumulated deficit reflect the substantial investments we made to acquire new customers and develop our services. We intend to continue scaling our business to increase our number of users and paying organizations and to meet the increasingly complex needs of our customers. We have invested, and expect to continue to invest, in our sales and marketing organizations to sell our services around the world and in our development organization to deliver additional features and capabilities of our cloud services to address our customers evolving needs. We also expect to continue to make significant investments in our datacenter infrastructure and in our professional service organization as we focus on customer success. As a result of our continuing investments to scale our business in each of these areas, we do not expect to be profitable for the foreseeable future. Furthermore, to the extent we are successful in increasing our customer base, we will also incur increased losses due to upfront costs associated with acquiring new customers, particularly as a result of the limited free trial version of our service and the nature of subscription revenue, which is generally recognized ratably over the term of the subscription period, which is typically one year, although we also offer our services for terms ranging between one month to three years or more. We cannot assure you that we will achieve profitability in the future or that, if we do become profitable, we will sustain profitability.

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

We were incorporated and introduced our first service in 2005. As a result of our limited operating history, our ability to accurately forecast our future operating results is limited and subject to a number of uncertainties. We have encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as the risks and uncertainties described herein. If our assumptions regarding these risks and uncertainties (which we use to plan our business) are incorrect or change due to changes in our markets, or if we do not address these risks and uncertainties successfully, our operating and financial results could differ materially from our expectations, and our business could suffer.

The market in which we participate is intensely competitive, and if we do not compete effectively, our operating results could be harmed.

The market for cloud-based Enterprise Content Collaboration services is fragmented, rapidly evolving and highly competitive, with relatively low barriers to entry for certain applications and services. Many of our competitors and potential competitors are larger and have greater name recognition, much longer operating histories, larger marketing budgets and significantly greater resources than we do. Our competitors include Citrix, Dropbox, EMC, Google, and Microsoft. With the introduction of new technologies and market entrants, we expect competition to continue to intensify in the future. If we fail to compete effectively, our business will be harmed. Some of our principal competitors offer their products or services at a lower price, which has resulted in pricing pressures on our business. If we are unable to achieve our target pricing levels, our operating results would be negatively impacted. In addition, pricing pressures and increased competition generally could result in reduced sales, lower margins, losses or the failure of our services to achieve or maintain widespread market acceptance, any of which could harm our business.

Many of our competitors are able to devote greater resources to the development, promotion and sale of their products or services. In addition, many of our competitors have established marketing relationships and major distribution agreements with channel partners, consultants, system integrators and resellers. Moreover, many software vendors could bundle products or offer them at lower prices as part of a broader product sale or enterprise license arrangement. Some competitors may offer products or services that address one or a number of business execution functions at lower prices or with greater depth than our services. As a result, our competitors may be able to respond more quickly and effectively to new or changing opportunities, technologies, standards or customer requirements. Furthermore, some potential customers, particularly large enterprises, may elect to develop their own internal solutions. For all of these reasons, we may not be able to compete successfully against our current and future competitors.

If the cloud-based Enterprise Content Collaboration market develops more slowly than we expect or declines, our business could be adversely affected.

The cloud-based Enterprise Content Collaboration market is not as mature as the market for on-premise enterprise software, and it is uncertain whether a cloud-based service like ours will achieve and sustain high levels of customer demand and market acceptance. Because we derive, and expect to continue to derive, substantially all of our revenue and cash flows from sales of our cloud-based Enterprise Content Collaboration solution, our success will depend to a substantial extent on the widespread adoption of cloud computing in general and of cloud-based content collaboration services in particular. Many organizations have invested substantial personnel and financial resources to integrate traditional enterprise software into their organizations and, therefore, may be reluctant or unwilling to migrate to a cloud-based model for storing, accessing, sharing and managing their content. It is difficult to predict customer adoption rates and demand for our services, the future growth rate and size of the cloud computing market or the entry of competitive services. The expansion of a cloud-based Enterprise Content Collaboration market depends on a number of factors, including the cost, performance and perceived value associated with cloud computing, as well as the ability of companies that provide cloud-based services to address security and privacy concerns. If we or other providers of cloud-based services experience security incidents, loss of customer data, disruptions in delivery or other problems, the market for cloud-based services as a whole, including our services, may be negatively affected. If cloud-based services do not achieve widespread adoption, or there is a reduction in demand for cloud-based services caused by a lack of customer acceptance, technological challenges, weakening economic conditions, security or privacy concerns, competing technologies and products, decreases in corporate spending or otherwise, it could result in decreased revenue, harm our growth rates, and adversely affect our business and operating results.

We have experienced rapid growth in recent periods. If we fail to manage our growth effectively, we may be unable to execute our business plan, maintain high levels of service or adequately address competitive challenges.

We have recently experienced a period of rapid growth in our operations and employee headcount. In particular, we grew from 689 employees as of January 31, 2013 to 1,131 employees as of October 31, 2014, and have also significantly increased the size of our customer base. You should not consider our recent growth in revenue as indicative of our future performance. However, we anticipate that we will significantly expand our operations and employee headcount in the near term, including internationally. This growth has placed, and future growth will place, a significant strain on our management, administrative, operational and financial infrastructure. Our success will depend in part on our ability to manage this growth effectively. To manage the expected growth of our operations and personnel, we will need to continue to improve our operational, financial and management controls, and our reporting systems and procedures. Failure to effectively manage growth could result in difficulty or delays in deploying customers, declines in quality or customer satisfaction, increases in costs, difficulties in introducing new features or other operational difficulties. Any of these difficulties could adversely impact our business performance and operating results.

Our business depends substantially on customers renewing their subscriptions with us and expanding their use of our services. Any decline in our customer renewals or failure to convince our customers to broaden their use of our services would harm our future operating results.

In order for us to maintain or improve our operating results, it is important that our customers renew their subscriptions with us when the existing subscription term expires. Our customers have no obligation to renew their subscriptions upon expiration, and we cannot assure you that customers will renew subscriptions at the same or higher level of service, if at all. Although our retention rate has historically been high, some of our customers have elected not to renew their subscriptions with us.

Our retention rate may decline or fluctuate as a result of a number of factors, including our customers satisfaction or dissatisfaction with our services, the effectiveness of our customer support services, our pricing, the prices of competing products or services, mergers and acquisitions affecting our customer base, the effects of global economic conditions or reductions in our customers spending levels. If our customers do not renew their subscriptions, purchase fewer seats or renew on less favorable terms, our revenue may decline, and we may not realize improved operating results from our customer base.

In addition, the growth of our business depends in part on our customers expanding their use of our services. The use of our cloud-based Enterprise Content Collaboration platform often expands within an organization as new users are added or as additional services are purchased by or for other departments within an organization. Further, as we have introduced new services throughout our operating history, our existing customers have constituted a significant portion of the users of such services. If we are unable to encourage our customers to broaden their use of our services, our operating results may be adversely affected.

If we are not able to provide successful enhancements, new features and modifications to our services, our business could be adversely affected.

Our industry is marked by rapid technological developments and new and enhanced applications and services. If we are unable to provide enhancements and new features for our existing services or new services that achieve market acceptance or that keep pace with rapid technological developments, our business could be adversely affected. For example, we have recently introduced Box Notes, which allows users to create documents, take notes and share ideas in real-time with anyone. The success of enhancements, new features and services depends on several factors, including the timely completion, introduction and market acceptance of such enhancements, features or services. Failure in this regard may significantly impair our revenue growth. In addition, because our services are designed to operate on a variety of systems, we will need to continuously modify and enhance our services to keep pace with changes in internet-related hardware, mobile operating systems such as iOS and Android, and other software, communication, browser and database technologies. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely fashion. Furthermore, modifications to existing platforms or technologies will increase our research and development expenses. Any failure of our services to operate effectively with future network platforms and technologies could reduce the demand for our services, result in customer dissatisfaction and adversely affect our business.

Actual or perceived security vulnerabilities in our services or any breaches of our security controls and unauthorized access to a customer s data could harm our business and operating results.

The services we offer involve the storage of large amounts of our customers sensitive and proprietary information. Cyber attacks and other malicious internet-based activity continue to increase in frequency and in magnitude generally, and cloud-based content collaboration services have been targeted in the past. As we increase our customer base and our brand becomes more widely known and recognized, we may become more of a target for these malicious third parties. If our security measures are breached as a result of third-party action, employee negligence and/or error, malfeasance, product defects or otherwise, and this results in the disruption of the confidentiality, integrity or availability of our customers data, we could incur significant liability to our customers and to individuals or organizations whose information was being stored by our customers, and our business may suffer and our reputation may be damaged. Techniques used to obtain unauthorized access to, or to sabotage, systems or networks, change frequently and generally are not recognized until launched against a target. Therefore, we may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventive measures. In addition, our customer contracts often include (i) specific obligations that we maintain the availability of the customer s data through our service and that we secure customer content against unauthorized access or loss, and (ii) indemnity provisions whereby we indemnify our customers for third-party claims asserted against them that result from our failure to maintain the availability of their content or securing the same from unauthorized access or loss. While our customer contracts contain limitations on our liability in connection with these obligations and indemnities, if an actual or perceived security breach occurs, the market perception of the effectiveness of our security measures could be harmed, we could be subject to indemnity or damage claims in certain customer contracts, and we could lose future sales and customers, any of which could harm our business and operating results. Furthermore, while our errors and omissions insurance policies include liability coverage for these matters, if we experienced a widespread security breach that impacted a significant number of our customers for whom we have these indemnity obligations, we could be subject to indemnity claims that exceed such coverage.

As a substantial portion of our sales efforts are increasingly targeted at enterprise customers, our sales cycle may become lengthier and more expensive, we may encounter greater pricing pressure and implementation and customization challenges, and we may have to delay revenue recognition for more complicated transactions, all of which could harm our business and operating results.

As a substantial portion of our sales efforts are increasingly targeted at enterprise customers, we face greater costs, longer sales cycles and less predictability in the completion of some of our sales. In this market segment, the customer s decision to use our services may be an enterprise-wide decision, in which case these types of sales require us to provide greater levels of customer education regarding the uses and benefits of our services, as well as education regarding security, privacy, and data protection laws and regulations, especially for those customers in more heavily regulated industries or those with significant international operations. In addition, larger enterprises may demand more customization, integration and support services, and features. As a result of these factors, these sales opportunities may require us to devote greater sales support and professional services resources to individual customers, which could increase our costs and sales cycle and divert our own sales and professional services resources to a smaller number of larger customers. Meanwhile, this would potentially require us to delay revenue recognition on some of these transactions until the technical or implementation requirements have been met. Professional services may also be performed by a third party or a combination of our own staff and a third party. Our strategy is to work with third parties to increase the breadth of capability and depth of capacity for delivery of these services to our customers. If a customer is not satisfied with the quality or interoperability of our services with their own IT environment, we could incur additional costs to address the situation, which could adversely affect our margins. Moreover, any customer dissatisfaction with our services could damage our ability to encourage broader adoption of our services by that customer. In addition, any negative publicity resulting from such situations, regardless of its accuracy, may further damage our business by affecting our ability to compete for new business with current and prospective customers.

Privacy concerns and laws or other domestic or foreign regulations may reduce the effectiveness of our services and harm our business.

Users can use our services to store personal or identifying information. However, federal, state and foreign government bodies and agencies have adopted or are considering adopting laws and regulations regarding the collection, use and disclosure of personal information obtained from consumers and other individuals. The costs of compliance with, and other burdens imposed by, such laws and regulations that are applicable to our business or the businesses of our customers may limit the use and adoption of our services and reduce overall demand for them.

In addition, foreign data protection, privacy and other laws and regulations are often more restrictive than those in the United States. For example, a revision to the 1995 European Union Data Protection Directive is currently being considered by European legislative bodies that may include more stringent operational requirements for data processors and significant penalties for non-compliance. Similarly, there have been a number of recent legislative proposals in the United States, at both the federal and state level, that would impose new obligations in areas such as privacy and liability for copyright infringement by third parties. These existing and proposed laws and regulations can be costly to comply with and can delay or impede the development of new products, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to claims or other remedies, including fines or demands that we modify or cease existing business practices.

These U.S. federal and state and foreign laws and regulations, which can be enforced by private parties or governmental entities, are constantly evolving and can be subject to significant change. A number of proposals are pending before federal, state and foreign legislative and regulatory bodies that could affect our business. For example, the European Commission is currently considering a data protection regulation that may include operational requirements for companies that receive personal data that are different than those currently in place in the European Union, and that may also include significant penalties for non-compliance. In addition, some countries are considering legislation requiring local storage and processing of data that could increase the cost and complexity of delivering our services.

Furthermore, government agencies may seek to access sensitive information that our users upload to Box, or restrict users access to Box. Laws and regulations relating to government access and restrictions are evolving, and compliance with such laws and regulations could limit adoption of our services by users and create burdens on our business. Moreover, regulatory investigations into our compliance with privacy-related laws and regulations could increase our costs and divert management attention.

If we are not able to satisfy data protection, security, privacy, and other government- and industry-specific requirements, our growth could be harmed.

There are a number of data protection, security, privacy and other government- and industry-specific requirements, including those that require companies to notify individuals of data security incidents involving certain types of personal data. Security compromises experienced by our competitors, by our customers or by us may lead to public disclosures, which could harm our reputation, erode customer confidence in the effectiveness of our security measures, negatively impact our ability to attract new customers, or cause existing customers to elect not to renew their agreements with us. In addition, some of the industries we serve have industry-specific requirements relating to compliance with certain security and regulatory standards, such as those required by the Health Insurance Portability and Accountability Act (HIPAA) and the Health Information Technology for Economic and Clinical Health (HITECH) Act. As we expand into new verticals and regions, we will need to comply with these and other new requirements. If we cannot comply or if we incur a violation in one or more of these requirements, our growth could be adversely impacted, and we could incur significant liability.

Because we recognize revenue from subscriptions for our services over the term of the subscription, downturns or upturns in new business may not be immediately reflected in our operating results.

We generally recognize revenue from customers ratably over the terms of their subscription agreements, which are typically one year. As a result, most of the revenue we report in each quarter is the result of subscription agreements entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any one quarter may not be reflected in our revenue results for that quarter. However, any such decline will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our services, and potential changes in our retention rate may not be fully reflected in our operating results until future periods. Our subscription model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers must be recognized over the applicable subscription term.

Our platform must integrate with a variety of operating systems and software applications that are developed by others, and if we are unable to ensure that our solutions interoperate with such systems and applications, our service may become less competitive, and our operating results may be harmed.

We offer our services across a variety of operating systems and through the internet. We are dependent on the interoperability of our platform with third-party mobile devices, desktop and mobile operating systems, as well as web browsers that we do not control. Any changes in such systems, devices or web browsers that degrade the functionality of our services or give preferential treatment to competitive services could adversely affect usage of our services. In order to deliver high quality services, it is important that they work well with a range of operating systems, networks, devices, web browsers and standards that we do not control. In addition, because a substantial number of our users access our services through mobile devices, we are particularly dependent on the interoperability of our services with mobile devices and operating systems. We may not be successful in developing relationships with key participants in the mobile industry or in developing services that operate effectively with these operating systems, networks, devices, web browsers and standards. In the event that it is difficult for our users to access and use our services, our user growth may be harmed, and our business and operating results could be adversely affected.

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

In order for us to improve our operating results and continue to grow our business, it is important that we continue to attract new customers and expand deployment of our solution with existing customers. To the extent we are successful in increasing our customer base, we could incur increased losses because costs associated with new customers are generally incurred up front, while revenue is recognized ratably over the term of our subscription services. Alternatively, to the extent we are unsuccessful in increasing our customer base, we could also incur increased losses as costs associated with marketing programs and new products intended to attract new customers would not be offset by incremental revenue and cash flow. Furthermore, if our customers do not expand their deployment of our services, our revenue may grow more slowly than we expect. All of these factors can negatively impact our future revenue and operating results.

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

Our quarterly operating results, including the levels of our revenue, gross margin, profitability, cash flow and deferred revenue, may vary significantly in the future, and period-to-period comparisons of our operating results may not be meaningful. Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control and, as a result, may not fully reflect the underlying performance of our business. Fluctuations in quarterly results may negatively impact the value of our Class A common stock. Factors that may cause fluctuations in our quarterly financial results include, but are not limited to:

our ability to attract new customers;

our ability to convert users of our limited free versions to paying customers;

the addition or loss of large customers, including through acquisitions or consolidations;

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our retention rate;

the timing of recognition of revenue;

the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure;

network outages or security breaches;

general economic, industry and market conditions;

increases or decreases in the number of features in our services or pricing changes upon any renewals of customer agreements;

changes in our pricing policies or those of our competitors;

seasonal variations in sales of our services, which has historically been highest in the fourth quarter of a calendar year;

the timing and success of new services and service introductions by us and our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors, customers or strategic partners; and

the timing of expenses related to the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired companies.

One of our marketing strategies is to offer a limited free version of our service, and we may not be able to realize the benefits of this strategy.

We offer a limited version of our service to users free of charge in order to promote additional usage, brand and product awareness, and adoption. Some users never convert from a free version to a paid version of our service. Our marketing strategy also depends in part on persuading users who use the free version of our service to convince decision-makers to purchase and deploy our service within their organization. To the extent that these users do not become, or lead others to become, paying customers, we will not realize the intended benefits of this marketing strategy, and our ability to grow our business and revenue may be harmed.

If we fail to effectively manage our technical operations infrastructure, our customers may experience service outages and delays in the further deployment of our services, which may adversely affect our business.

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

Interruptions or delays in service from our third-party datacenter hosting facilities could impair the delivery of our services and harm our business.

We currently store our customers information within two third-party datacenter hosting facilities located in Northern California. As part of our current disaster recovery arrangements, our production environment and all of our customers data is currently replicated in near real time in a facility located in Las Vegas, Nevada. In addition, all of our customers data is further replicated on a third-party storage platform located on the East Coast. These facilities are located in areas prone to earthquakes and are also vulnerable to damage or interruption from floods, fires, power loss, telecommunications failures and similar events. They may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Any damage to, or failure of, our systems generally could result in interruptions in our service. Interruptions in our service may reduce our revenue, cause us to issue credits or pay penalties, cause customers to terminate their subscriptions and adversely affect our renewal rate and our ability to attract new customers. Our business will also be harmed if our customers and potential customers believe our service is unreliable. Despite precautions taken at these facilities, the occurrence of a natural disaster, an act of terrorism, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in our service. Even with the disaster recovery arrangements, our service could be interrupted. As we continue to add datacenters and add capacity in our existing datacenters, we may move or transfer our data and our customers data. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of our service. Further, as we continue to grow and scale our business to meet the needs of our customers, additional burdens may be placed on our hosting facilities. In particular, a rapid expansion of our business could cause our network or systems to fail.

If we overestimate or underestimate our data center capacity requirements, our operating results could be adversely affected.

Only a small percentage of our customers that are organizations currently use our service as a way to organize all of their internal files. In particular, larger organizations and enterprises typically use our service to connect people and their most important information so that they are able to get work done more efficiently. However, over time, we may experience an increase in customers that look to Box as their complete content storage solution. The costs associated with leasing and maintaining our data centers already constitute a significant portion of our capital and operating expenses. We continuously evaluate our short- and long-term data center capacity requirements to ensure adequate capacity for new and existing customers while minimizing unnecessary excess capacity costs. If we overestimate the demand for our cloud-based storage service and therefore secure excess data center capacity, our operating margins could be reduced. If we underestimate our data center capacity requirements, we may not be able to service the expanding needs of new and existing customers and may be required to limit new customer acquisition, which would impair our revenue growth. Furthermore, regardless of our ability to appropriately manage our data center capacity requirements, an increase in the number of organizations, in particular large businesses and enterprises, that use our service as a larger component of their content storage requirements could result in lower gross and operating margins or otherwise have an adverse impact on our financial condition and operating results.

We depend on highly skilled personnel to grow and operate our business, and if we are unable to hire, retain and motivate our personnel, we may not be able to grow effectively.

Our future success will depend upon our continued ability to identify, hire, develop, motivate and retain highly skilled personnel, including senior management, engineers, designers, product managers, sales representatives, and customer support representatives. Our ability to execute efficiently is dependent upon contributions from our employees, including our senior management team and, in particular, Aaron Levie, our co-founder, Chairman and Chief Executive Officer. In addition, occasionally, there may be changes in our senior management team that may be disruptive to our business. If our senior management team, including any new hires that we may make, fails to work together effectively and to execute on our plans and strategies on a timely basis, our business could be harmed.

Our growth strategy also depends on our ability to expand our organization with highly skilled personnel. Identifying, recruiting, training and integrating qualified individuals will require significant time, expense and attention. In addition to hiring new employees, we must continue to focus on retaining our best employees. Many of our employees may be able to receive significant proceeds from sales of our equity in the public markets after this offering, which may reduce their motivation to continue to work for us. Competition for highly skilled personnel is intense, particularly in the San Francisco Bay Area, where our headquarters are located. We may need to invest significant amounts of cash and equity to attract and retain new employees, and we may never realize returns on these investments. If we are not able to effectively add and retain employees, our ability to achieve our strategic objectives will be adversely impacted, and our business will be harmed.

We may be sued by third parties for alleged infringement of their proprietary rights.

There is considerable patent and other intellectual property development activity in our industry. Our success depends on our not infringing upon the intellectual property rights of others. Our competitors, as well as a number of other entities, including non-practicing entities, and individuals, may own or claim to own intellectual property relating to our industry.

For example, on June 5, 2013, Open Text S.A. (Open Text) filed a lawsuit against us in U.S. District Court, Eastern District of Virginia, alleging that our core cloud software and Box Edit application directly and indirectly infringe 12 patents in three patent families that Open Text acquired through its acquisition of various companies. Open Text is seeking preliminary and permanent injunctions against infringement, treble damages, and attorney s fees. A claims construction hearing, also known as a Markman hearing, was held on November 20, 2014, and a trial date has been scheduled for February 2, 2015.

Should Open Text prevail on its claims that one or more elements of our solution infringe one or more of its valid patents, we could be required to pay substantial damages for past sales of our solution, enjoined from developing, using, and licensing such elements of our solution if a license or other right to continue selling such elements is not made available to us or we are unable to work around such patents, and required to pay substantial ongoing royalties and comply with unfavorable terms if such a license is made available to us. While we believe we have valid defenses to Open Text s claims, any of these outcomes could result in a material adverse effect on our business. Even if we were to prevail, this litigation could be costly and time-consuming, divert the attention of our management and key personnel from our business operations and dissuade potential customers from purchasing our solution, which would also materially harm our business. During the course of litigation, we anticipate announcements of the results of hearings and motions, and other interim developments related to the litigation. If securities analysts or investors regard these announcements as negative, the market price of our common stock may decline. We intend to defend the lawsuit vigorously. See the section titled Business Legal Proceedings for additional information related to this litigation.

From time to time, certain other third parties have claimed that we are infringing upon their intellectual property rights, and we may be found to be infringing upon such rights. In addition, we cannot assure you that actions by other third parties alleging infringement by us of third-party patents will not be asserted or prosecuted against us. In the future, others may claim that our services and underlying technology infringe or violate their intellectual property rights. However, we may be unaware of the intellectual property rights that others may claim cover some or all of our technology or services. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our services, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or business partners or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify services, or refund fees, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time consuming and divert the attention of our management and key personnel from our business operations.

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Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand.

Our success and ability to compete depend in part on our intellectual property. As of October 31, 2014, we had seven issued U.S. patents, nine issued Great Britain patents and more than 130 pending patent applications. We primarily rely on copyright, trade secret and trademark laws, trade secret protection and confidentiality or license agreements with our employees, customers, partners and others to protect our intellectual property rights. However, the steps we take to protect our intellectual property rights may be inadequate. We may not be able to obtain any further patents, and our pending applications may not result in the issuance of patents. We have issued patents and pending patent applications outside the U.S., and we may have to expend significant resources to obtain additional patents as we expand our international operations.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Accordingly, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. Our failure to secure, protect and enforce our intellectual property rights could materially adversely affect our brand and adversely impact our business.

We rely on third parties for certain financial and operational services essential to our ability to manage our business. A failure or disruption in these services could materially and adversely affect our ability to manage our business effectively.

We rely on third parties for certain essential financial and operational services. Traditionally, the vast majority of these services have been provided by large enterprise software vendors who license their software to customers. However, we receive many of these services on a subscription basis from various software-as-a-service companies that are smaller and have shorter operating histories than traditional software vendors. Moreover, these vendors provide their services to us via a cloud-based model instead of software that is installed on our premises. As a result, we depend upon these vendors providing us with services that are always available and are free of errors or defects that could cause disruptions in our business processes, which would adversely affect our ability to operate and manage our operations.

We are subject to governmental export controls that could impair our ability to compete in international markets due to licensing requirements and economic sanctions programs that subject us to liability if we are not in full compliance with applicable laws.

Certain of our services are subject to export controls, including the U.S. Department of Commerce s Export Administration Regulations and various economic and trade sanctions regulations administered by the U.S. Treasury Department s Office of Foreign Assets Controls. The provision of our products and services must comply with these laws. The U.S. export control laws and U.S. economic sanctions laws include prohibitions on the sale or supply of certain products and services to U.S. embargoed or sanctioned countries, governments, persons and entities and also require authorization for the export of encryption items. In addition, various countries regulate the import of certain encryption technology, including through import permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our services or could limit our customers ability to implement our services in those countries.

Although we take precautions to prevent our services from being provided in violation of such laws, our solutions may have been in the past, and could in the future be, provided inadvertently in violation of such laws, despite the precautions we take. If we fail to comply with these laws, we and our employees could be subject to civil or criminal penalties, including the possible loss of export privileges, monetary penalties, and, in extreme

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cases, imprisonment of responsible employees for knowing and willful violations of these laws. We may also be adversely affected through penalties, reputational harm, loss of access to certain markets, or otherwise.

Changes in our services, or changes in export, sanctions and import laws, may delay the introduction and sale of our services in international markets, prevent our customers with international operations from deploying our services or, in some cases, prevent the export or import of our services to certain countries, governments, persons or entities altogether. Any change in export or import regulations, economic sanctions or related laws, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our services, or in our decreased ability to export or sell our services to existing or potential customers with international operations. Any decreased use of our services or limitation on our ability to export or sell our services would likely adversely affect our business, financial condition and operating results.

We focus on product innovation and user engagement rather than short-term operating results.

We focus heavily on developing and launching new and innovative products and features, as well as on improving the user experience for our services. We also focus on growing the number of Box users and paying organizations through direct field sales, direct inside sales, indirect channel sales and through word-of-mouth by individual users, some of whom use our services at no cost. We prioritize innovation and the experience for users on our platform, as well as the growth of our user base, over short-term operating results. We frequently make product and service decisions that may reduce our short-term operating results if we believe that the decisions are consistent with our goals to improve the user experience and to develop innovative features that we feel our users desire. These decisions may not be consistent with the short-term expectations of investors and may not produce the long-term benefits that we expect.

We provide service level commitments under our subscription agreements. If we fail to meet these contractual commitments, we could be obligated to provide credits or refunds for prepaid amounts related to unused subscription services or face subscription terminations, which could adversely affect our revenue. Furthermore, any failure in our delivery of high-quality customer support services may adversely affect our relationships with our customers and our financial results.

Our subscription agreements with customers provide certain service level commitments. If we are unable to meet the stated service level commitments or suffer extended periods of downtime that exceed the periods allowed under our customer agreements, we may be obligated to provide these customers with service credits, or we could face subscription terminations, which could significantly impact our revenue. Any extended service outages could also adversely affect our reputation, which would also impact our future revenue and operating results.

Our customers depend on our customer success organization to resolve technical issues relating to our services. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services. Increased customer demand for these services, without corresponding revenue, could increase costs and adversely affect our operating results. In addition, our sales process is highly dependent on the ease of use of our services, on our reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality customer support, or a market perception that we do not maintain high-quality support, could adversely affect our reputation and our ability to sell our services to existing and prospective customers.

If our services fail to perform properly or if we are unable to scale our services to meet the needs of our customers, our reputation could be adversely affected, our market share could decline and we could be subject to liability claims.

Our services are inherently complex and may contain material defects or errors. Any defects either in functionality or that cause interruptions in the availability of our services, as well as user error, could result in:

- loss or delayed market acceptance and sales;

- breach of warranty claims;
- sales credits or refunds for prepaid amounts related to unused subscription services;
- loss of customers;
- diversion of development and customer service resources; and
- harm to our reputation.

The costs incurred in correcting any material defects or errors might be substantial and could adversely affect our operating results.

Because of the large amount of data that we collect and manage, it is possible that hardware failures, errors in our systems or user errors could result in data loss or corruption that our customers regard as significant. Furthermore, the availability or performance of our services could be adversely affected by a number of factors, including customers inability to access the internet, the failure of our network or software systems, security breaches or variability in customer traffic for our services. We may be required to issue credits or refunds for prepaid amounts related to unused services or otherwise be liable to our customers for damages they may incur resulting from some of these events. In addition to potential liability, if we experience interruptions in the availability of our services, our reputation could be adversely affected, which could result in the loss of customers. For example, our customers access our services through their internet service providers. If a service provider fails to provide sufficient capacity to support our services or otherwise experiences service outages, such failure could interrupt our customers access to our services, adversely affect their perception of our services reliability and consequently reduce our revenue.

Our errors and omissions insurance may be inadequate or may not be available in the future on acceptable terms, or at all. In addition, our policy may not cover all claims made against us, and defending a lawsuit, regardless of its merit, could be costly and divert management s attention.

Furthermore, we will need to ensure that our services can scale to meet the needs of our customers, particularly as we continue to focus on larger enterprise customers. If we are not able to provide our services at the scale required by our customers, potential customers may not adopt our solution and existing customers may not renew their agreements with us.

If the prices we charge for our services are unacceptable to our customers, our operating results will be harmed.

As the market for our services matures, or as new or existing competitors introduce new products or services that compete with ours, we may experience pricing pressure and be unable to renew our agreements with existing customers or attract new customers at prices that are consistent with our pricing model and operating budget. If this were to occur, it is possible that we would have to change our pricing model or reduce our prices, which could harm our revenue, gross margin and operating results.

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

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

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

We both sell our services and incur operating expenses in various currencies. Therefore, fluctuations in the value of the U.S. dollar and foreign currencies may impact our operating results when translated into U.S. dollars. We currently manage our exchange rate risk by matching foreign currency cash balances with payables but do not have any other hedging programs in place to limit the risk of exchange rate fluctuations.

Failure to adequately expand our direct sales force will impede our growth.

We will need to continue to expand and optimize our sales infrastructure in order to grow our customer base and our business. We plan to continue to expand our direct sales force, both domestically and internationally. Identifying and recruiting qualified personnel and training them requires significant time, expense and attention. Our business may be adversely affected if our efforts to expand and train our direct sales force do not generate a corresponding increase in revenue. If we are unable to hire, develop and retain talented sales personnel or if new direct sales personnel are unable to achieve desired productivity levels in a reasonable period of time, we may not be able to realize the intended benefits of this investment or increase our revenue.

If we are unable to maintain and promote our brand, our business and operating results may be harmed.

We believe that maintaining and promoting our brand is critical to expanding our customer base. Maintaining and promoting our brand will depend largely on our ability to continue to provide useful, reliable and innovative services, which we may not do successfully. We may introduce new features, products, services or terms of service that our customers do not like, which may negatively affect our brand and reputation. Additionally, the actions of third parties may affect our brand and reputation if customers do not have a positive experience using third-party apps or other services that are integrated with Box. Maintaining and enhancing our brand may require us to make substantial investments, and these investments may not achieve the desired goals. If we fail to successfully promote and maintain our brand or if we incur excessive expenses in this effort, our business and operating results could be adversely affected.

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Our growth depends in part on the success of our strategic relationships with third parties.

In order to grow our business, we anticipate that we will continue to depend on our relationships with third parties, such as alliance partners, distributors, system integrators and developers. For example, we have entered into agreements with partners to market, resell, integrate with or endorse our services. We also partner with channel partners and resellers to sell our services. Identifying partners and resellers, and negotiating and documenting relationships with them, requires significant time and resources. Also, we depend on our ecosystem of system integrators and developers to create applications that will integrate with our platform. Our competitors may be effective in providing incentives to third parties to favor their products or services, or to prevent or reduce subscriptions to our services. In addition, acquisitions of our partners by our competitors could result in a decrease in the number of current and potential customers, as our partners may no longer facilitate the adoption of our services by potential customers.

If we are unsuccessful in establishing or maintaining our relationships with third parties, our ability to compete in the marketplace or to grow our revenue could be impaired and our operating results may suffer. Even if we are successful, we cannot assure you that these relationships will result in increased customer usage of our services or increased revenue.

Furthermore, if our partners and resellers fail to perform as expected, our reputation may be harmed and our business and operating results could be adversely affected.

We depend on our ecosystem of system integrators and developers to create applications that will integrate with our platform.

We depend on our partner ecosystem of system integrators and developers to create applications that will integrate with our platform. This presents certain risks to our business, including:

- we cannot provide any assurance that these applications meet the same quality standards that we apply to our own development efforts, and to the extent that they contain bugs or defects, they may create disruptions in our customers use of our services or negatively affect our brand;

- we do not currently provide support for software applications developed by our partner ecosystem, and users may be left without support and potentially cease using our services if these system integrators and developers do not provide adequate support for their applications; and

- these system integrators and developers may not possess the appropriate intellectual property rights to develop and share their applications.

Many of these risks are not within our control to prevent, and our brand may be damaged if these applications do not perform to our users satisfaction and that dissatisfaction is attributed to us.

Our corporate culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the innovation, creativity and teamwork fostered by our culture, and our business may be harmed.

We believe that our culture has been and will continue to be a key contributor to our success. From January 31, 2014 to October 31, 2014, we increased the size of our workforce by over 158 employees, and we expect to continue to hire aggressively as we expand. If we do not continue to develop our corporate culture or maintain our core values as we grow and evolve both in the United States and internationally, we may be unable to foster the innovation, creativity and teamwork we believe we need to support our growth. Moreover, liquidity available to our employee security holders following this offering could lead to disparities of wealth among our employees, which could adversely impact relations among employees and our culture in general. Our transition from a private company to a public company may result in a change to our corporate culture, which could harm our business.

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Our services contain open source software, and we license some of our software through open source projects, which may pose particular risks to our proprietary software, products, and services in a manner that could have a negative impact on our business.

We use open source software in our services and will use open source software in the future. In addition, we regularly contribute software source code to open source projects under open source licenses or release internal software projects under open source licenses, and anticipate doing so in the future. The terms of many open source licenses to which we are subject have not been interpreted by U.S. or foreign courts, and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our services. Additionally, we may from time to time face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works that we developed using such software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license or cease offering the implicated services unless and until we can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources, and we may not be able to complete it successfully. In addition to risks related to license requirements, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. Additionally, because any software source code we contribute to open source projects is publicly available, our ability to protect our intellectual property rights with respect to such software source code may be limited or lost entirely, and we are unable to prevent our competitors or others from using such contributed software source code. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a negative effect on our business, financial condition and operating results.

Future acquisitions and investments could disrupt our business and harm our financial condition and operating results.

Our success will depend, in part, on our ability to expand our services and grow our business in response to changing technologies, customer demands, and competitive pressures. In some circumstances, we may choose to do so through the acquisition of complementary businesses and technologies rather than through internal development, including, for example, our recent acquisitions of Crocodoc, Inc., a company with advanced HTML5 based document rendering technology, Streem, a company with technology that allows users to mount a cloud drive onto their computer and MedXT, a company with technology that allows us to display medical images (DICOM) files in an online and mobile viewer. The identification of suitable acquisition candidates can be difficult, time-consuming and costly, and we may not be able to successfully complete identified acquisitions. The risks we face in connection with acquisitions include:

- diversion of management time and focus from operating our business to addressing acquisition integration challenges;
- coordination of research and development and sales and marketing functions;
- retention of key employees from the acquired company;

cultural challenges associated with integrating employees from the acquired company into our organization;

integration of the acquired company s accounting, management information, human resources and other administrative systems;

the need to implement or improve controls, procedures, and policies at a business that prior to the acquisition may have lacked effective controls, procedures and policies;

liability for activities of the acquired company before the acquisition, including intellectual property infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities;

- unanticipated write-offs or charges; and

- litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former stockholders or other third parties.

Our failure to address these risks or other problems encountered in connection with our past or future acquisitions and investments could cause us to fail to realize the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities, and harm our business generally. Future acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortization expenses, incremental operating expenses or the write-off of goodwill, any of which could harm our financial condition or operating results.

We may require additional capital to support our operations or the growth of our business, and we cannot be certain that this capital will be available on reasonable terms when required, or at all.

On occasion, we may need additional financing to operate or grow our business. Our ability to obtain additional financing, if and when required, will depend on investor and lender demand, our operating performance, the condition of the capital markets and other factors. We cannot guarantee that additional financing will be available to us on favorable terms when required, or at all. If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our Class A common stock, and our existing stockholders may experience dilution. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support the operation or growth of our business could be significantly impaired and our operating results may be harmed.

Financing agreements we are party to or may become party to may contain operating and financial covenants that restrict our business and financing activities.

Our existing credit agreement with certain lenders contains certain operating and financial restrictions and covenants, including the prohibition of the incurrence of certain indebtedness and liens, the prohibition of certain investments, restrictions against certain merger and consolidation transactions, certain restrictions against the disposition of assets and the requirement to maintain a minimum level of liquidity. These restrictions and covenants, as well as those contained in any future financing agreements that we may enter into, may restrict our ability to finance our operations, engage in, expand or otherwise pursue our business activities and strategies. Our ability to comply with these covenants may be affected by events beyond our control, and breaches of these covenants could result in a default under the credit agreement and any future financial agreements that we may enter into. If not waived, defaults could cause our outstanding indebtedness under our credit agreement and any future financing agreements that we may enter into to become immediately due and payable.

Adverse economic conditions may negatively impact our business.

Our business depends on the overall demand for Enterprise Content Collaboration and on the economic health of our current and prospective customers. The financial recession resulted in a significant weakening of the economy in the United States, Europe and worldwide, more limited availability of credit, a reduction in business confidence and activity, and other difficulties that may affect one or more of the industries to which we sell our services. In addition, there has been pressure to reduce government spending in the United States, and tax increases and spending cuts at the Federal level (the sequester) have gone into effect. In the event lawmakers cannot agree on matters such as the national debt ceiling or future budgets, the United States could default on its obligations. This may reduce demand for our services from organizations that receive funding from the U.S. government and this could negatively affect the U.S. economy, which could further reduce demand for our services. Furthermore, the economies of certain European countries have been experiencing difficulties associated with high sovereign debt levels, weakness in the banking sector and uncertainty over the future of the eurozone. We have operations in the United Kingdom, Germany and France and current and potential customers in Europe. If economic conditions in Europe and other key markets for our services continue to remain uncertain or deteriorate further, many customers may delay or reduce their information technology spending. This could result in reductions in sales of our services, longer sales cycles, reductions in subscription duration and value, slower adoption of new technologies and increased price competition. Any of these events would likely have an adverse effect on our business, operating results and financial position. In addition, there can be no assurance that Enterprise Content Collaboration spending levels will increase following any recovery.

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

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

In addition, the use of the internet and, in particular, the cloud as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease of use, accessibility, and quality of service. The performance of the internet and its acceptance as a business tool have been adversely affected by viruses, worms and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the internet is adversely affected by these issues, demand for our services could suffer.

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

Our services incorporate certain third-party software obtained under licenses from other companies. We anticipate that we will continue to rely on such third-party software and development tools in the future. Although we believe that there are commercially reasonable alternatives to the third-party software we currently license, this may not always be the case, or it may be difficult or costly to replace. In addition, integration of the software used in our services with new third-party software may require significant work and require substantial investment of our time and resources. Also, to the extent that our services depend upon the successful operation of third-party software in conjunction with our software, any undetected errors or defects in this third-party software could prevent the deployment or impair the functionality of our services, delay new services introductions, result in a failure of our services, and injure our reputation. Our use of additional or alternative third-party software would require us to enter into additional license agreements with third parties.

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

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (Exchange Act), the Sarbanes-Oxley Act and the listing standards of the New York Stock Exchange (NYSE). We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time consuming and costly, and place significant strain on our personnel, systems and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures, and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the U.S. Securities and Exchange Commission (SEC) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. We are also continuing to improve our internal control over financial reporting. We have expended, and anticipate that we will continue to expend, significant resources in order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting.

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

We are not currently required to comply with the SEC rules that implement Section 404 of the Sarbanes-Oxley Act, and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a public company, we will be required to provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second annual report on Form 10-K. Our independent registered public accounting firm is not required to audit the effectiveness of our internal control over financial reporting until after we are no longer an emerging growth company, as defined in the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating.

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

We are an emerging growth company, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make our Class A common stock less attractive to investors.

We are an emerging growth company, and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to emerging growth companies, including: not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years following the completion of this offering. We will remain an emerging growth company until the earliest to occur of (i) the last day of the fiscal year in which we have more than $1.0 billion in annual revenue; (ii) the date we qualify as a large accelerated filer, with at least $700 million of equity securities held by non-affiliates;

(iii) the date on which we have issued, in any three-year period, more than $1.0 billion in non-convertible debt securities; and (iv) the last day of the fiscal year ending after the fifth anniversary of the completion of this offering. We cannot predict if investors will find our Class A common stock less attractive if we choose to rely on these exemptions. If some investors find our Class A common stock less attractive as a result of any choices we make to avail ourselves of these exemptions, there may be a less active trading market for our Class A common stock and the market price of our Class A common stock may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this accommodation allowing for delayed adoption of new or revised accounting standards, and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of January 31, 2014, we had U.S. federal net operating loss carryforwards of approximately $263.7 million and state net operating loss carryforwards of approximately $262.6 million. Under Sections 382 and 383 of Internal Revenue Code of 1986, as amended (the Code), if a corporation undergoes an ownership change, the corporation s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as research tax credits, to offset its post-change income and taxes may be limited. In general, an ownership change occurs if there is a cumulative change in our ownership by 5% shareholders that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. We have in the past experienced an ownership change which has impacted our ability to fully realize the benefit of these net operating loss carryforwards. If we experience additional ownership changes as a result of this offering or future transactions in our stock, then we may be further limited in our ability to use our net operating loss carryforwards and other tax assets to reduce taxes owed on the net taxable income that we earn. Any such limitations on the ability to use our net operating loss carryforwards and other tax assets could adversely impact our business, financial condition and operating results.

Tax laws or regulations could be enacted or changed and existing tax laws or regulations could be applied to us or to our customers in a manner that could increase the costs of our services and adversely impact our business.

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

In addition, existing tax laws, statutes, rules, regulations or ordinances could be interpreted or applied adversely to us, possibly with retroactive effect, which could require us or our customers to pay additional tax amounts, as well as require us or our customers to pay fines or penalties, as well as interest for past amounts. If we are unsuccessful in collecting such taxes due from our customers, we could be held liable for such costs, thereby adversely impacting our operating results and cash flows.

We may be subject to additional tax liabilities.

We are subject to income, sales, use, value added and other taxes in the United States and other countries in which we conduct business, and such laws and rates vary by jurisdiction. Certain jurisdictions in which we do not collect sales, use, value added or other taxes on our sales may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect such taxes in the future. Significant judgment is required in determining our worldwide provision for income taxes. These determinations are highly complex and require detailed analysis of the available information and applicable statutes and regulatory materials. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical tax practices, provisions and accruals. If we receive an adverse ruling as a result of an audit, or we unilaterally determine that we have misinterpreted provisions of the tax regulations to which we are subject, there could be a material effect on our tax provision, net income or cash flows in the period or periods for which that determination is made. In addition, liabilities associated with taxes are often subject to an extended or indefinite statute of limitations period. Therefore, we may be subject to additional tax liability (including penalties and interest) for a particular year for extended periods of time.

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the United States.

Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results, and could affect the reporting of transactions completed before the announcement of a change.

Risks Related to Ownership of Our Class A Common Stock and this Offering

The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock prior to the completion of this offering, including our executive officers, employees and directors and their affiliates, which will limit your ability to influence the outcome of important transactions, including a change in control.

Our Class B common stock has 10 votes per share, and our Class A common stock, which is the stock we are offering in this offering, has one vote per share. Upon the completion of this offering, stockholders who hold shares of our Class B common stock, including our executive officers, employees and directors and their affiliates, will collectively hold approximately 98.8% of the voting power of our outstanding capital stock. Because of the ten-to-one voting ratio between our Class B common stock and Class A common stock, after the completion of this offering, the holders of our Class B common stock will collectively continue to control a majority of the combined voting power of our capital stock and therefore be able to control all matters submitted to our stockholders for approval so long as the shares of our Class B common stock represent at least 9.1% of all outstanding shares of our Class A common stock and Class B common stock. These holders of our Class B common stock may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentrated control may have the effect of delaying, preventing or deterring a change in control of our company, could deprive our stockholders of an opportunity to receive a premium for their capital stock as part of a sale of our company and might ultimately affect the market price of our Class A common stock.

Future transfers by holders of our Class B common stock will generally result in those shares converting into shares of our Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning or charitable purposes. The conversion of shares of our Class B common stock into shares of our Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. If, for example, Messrs. Levie, Levin and Smith retain a significant portion of their holdings of our Class B common stock for an extended period of time, they could control a significant portion of the voting power of our capital stock for the foreseeable future. As board members, Messrs. Levie, Levin and Smith each owe a fiduciary duty to our stockholders and must act in good faith and in a manner they reasonably believe to be in the best interests of our stockholders. As stockholders, Messrs. Levie, Levin and Smith are entitled to vote their shares in their own interests, which may not always be

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in the interests of our stockholders generally. For a description of the dual class structure, see the section titled Description of Capital Stock.

Anti-takeover provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law contain provisions which could have the effect of rendering more difficult, delaying or preventing an acquisition deemed undesirable by our board of directors. Among other things, our amended and restated certificate of incorporation and amended and restated bylaws include provisions:

- creating a classified board of directors whose members serve staggered three-year terms;
- authorizing blank check preferred stock, which could be issued by our board of directors without stockholder approval and may contain voting, liquidation, dividend and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- limiting the ability of our stockholders to call and bring business before special meetings;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors;
- controlling the procedures for the conduct and scheduling of board of directors and stockholder meetings; and
- authorizing two classes of common stock, as discussed above.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation law, which prevents certain stockholders holding more than 15% of our outstanding capital stock from engaging in certain business combinations without approval of the holders of at least two-thirds of our outstanding common stock not held by such stockholder.

Any provision of our amended and restated certificate of incorporation, amended and restated bylaws or Delaware law that has the effect of delaying, preventing or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our capital stock, and could also affect the price that some investors are willing to pay for our Class A common stock.

An active trading market for our Class A common stock may never develop or be sustained.

Our Class A common stock has been approved for listing on the NYSE under the symbol BOX. However, we cannot assure you that an active trading market for our Class A common stock will develop on that exchange or elsewhere or, if developed, that any market will be sustained. Accordingly, we cannot assure you of the liquidity of any trading market, your ability to sell your shares of our Class A common stock when desired or the prices that you may obtain for your shares of our Class A common stock.

The market price of our Class A common stock may be volatile, and you could lose all or part of your investment.

Prior to the completion of this offering, there has been no public market for shares of our Class A common stock. The initial public offering price of our Class A common stock will be determined through negotiation

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between us and the underwriters. This price will not necessarily reflect the price at which investors in the market will be willing to buy and sell shares of our Class A common stock following this offering. In addition, the market price of our Class A common stock following this offering is likely to be highly volatile, may be higher or lower than the initial public offering price of our Class A common stock and could be subject to wide fluctuations in response to various factors, some of which are beyond our control and may not be related to our operating performance.

Fluctuations in the price of our Class A common stock could cause you to lose all or part of your investment because you may not be able to sell your shares at or above the price you paid in this offering. Factors that could cause fluctuations in the market price of our Class A common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the market prices and trading volumes of technology stocks;
- changes in operating performance and stock market valuations of other technology companies generally or those in our industry in particular;
- sales of shares of our Class A common stock by us or our stockholders;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow us, or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public, any changes in those projections or our failure to meet those projections;
- announcements by us or our competitors of new products or services;
- the public s reaction to our press releases, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our operating results or fluctuations in our operating results;
- actual or anticipated developments in our business, our competitors businesses or the competitive landscape generally;

- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- any significant change in our management; and
- general economic conditions and slow or negative growth of our markets.

In addition, in the past, following periods of volatility in the overall market and the market price of a particular company s securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management s attention and resources.

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A total of 106,973,689, or 89.5%, of the outstanding shares of our capital stock after this offering will be restricted from immediate resale but may be sold on a stock exchange in the near future. The large number of shares of our capital stock eligible for public sale or subject to rights requiring us to register them for public sale could depress the market price of our Class A common stock.

The market price of our Class A common stock could decline as a result of sales of a large number of shares of our Class A common stock in the market after this offering, and the perception that these sales could occur may also depress the market price of our Class A common stock. Based on shares of our capital stock outstanding as of October 31, 2014, we will have 119,473,689 shares of our capital stock outstanding after this offering. Our executive officers, directors and the holders of substantially all of our capital stock and securities convertible into or exchangeable for our capital stock have entered into market standoff agreements with us and/or lock-up agreements with the underwriters under which they have agreed, subject to specific exceptions, not to sell any of our capital stock for 180 days following the date of this prospectus. As a result of these agreements, the provisions of our investors rights agreement described further in the section titled Description of Capital Stock Registration Rights and the provisions of Rule 144 or Rule 701 under the Securities Act of 1933, as amended (Securities Act), shares of our capital stock will be available for sale in the public market as follows:

- beginning on the date of this prospectus, all 12,500,000 shares of our Class A common stock sold in this offering will be immediately available for sale in the public market; and

- beginning 180 days after the date of this prospectus, the remainder of the shares of our capital stock will be eligible for sale in the public market from time to time thereafter, subject in some cases to the volume and other restrictions of Rule 144 and our insider trading policy.

Following the expiration of the lock-up agreements referred to above, stockholders owning an aggregate of up to 95,915,456 shares of our Class B common stock can require us to register shares of our capital stock owned by them for public sale in the United States. In addition, we intend to file a registration statement to register approximately 38,860,993 shares of our capital stock reserved for future issuance under our equity compensation plans. Upon effectiveness of that registration statement, subject to the satisfaction of applicable exercise periods and expiration of the market standoff agreements and lock-up agreements referred to above, the shares of our capital stock issued upon exercise of outstanding options to purchase shares of our Class B common stock and upon the vesting of outstanding RSUs will be available for immediate resale in the United States in the open market.

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

In making your investment decision, you should understand that we and the underwriters have not authorized any other party to provide you with information concerning us or this offering.

You should carefully evaluate all of the information in this prospectus. We have in the past received, and may continue to receive, a high degree of media coverage, including coverage that is not directly attributable to statements made by our officers or employees, that incorrectly reports on statements made by our officers or employees or that is misleading as a result of omitting information provided by us, our officers or employees. We and the underwriters have not authorized any other party to provide you with information concerning us or this offering.

We may invest or spend the proceeds of this offering in ways with which you may not agree or in ways which may not yield a return.

Our net proceeds from the sale of shares of our Class A common stock in this offering will be used for general corporate purposes, including working capital, operating expenses and capital expenditures. Additionally, we may use a portion of the net proceeds to acquire businesses, products, services or technologies. However, we do not have agreements or commitments for any specific material acquisitions at this time. Our management will have considerable discretion in the application of the net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. Until the net proceeds are used, they may be placed in investments that do not produce significant income or that may lose value.

Purchasers in this offering will experience immediate and substantial dilution in the book value of their investment.

The assumed initial public offering price of $12.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, is substantially higher than the pro forma net tangible book value per share of our outstanding capital stock upon the completion of this offering. Therefore, if you purchase shares of our Class A common stock in this offering, you will incur immediate dilution of $10.05 in the net tangible book value per share from the price you paid. In addition, investors purchasing shares of our Class A common stock from us in this offering will have contributed 21.5% of the total consideration paid to us by all stockholders who purchased shares of our common stock, in exchange for acquiring approximately 10.5% of the outstanding shares of our common stock as of October 31, 2014, after giving effect to this offering. The exercise of outstanding options to purchase shares of our Class B common stock and the vesting of outstanding RSUs will result in further dilution.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business, our market or our competitors, or if they adversely change their recommendations regarding our Class A common stock, the market price of our Class A common stock and trading volume could decline.

The trading market for our Class A common stock will be influenced by the research and reports that securities or industry analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us adversely change their recommendations regarding our Class A common stock or provide more favorable recommendations about our competitors, the market price of our Class A common stock would likely decline. If any of the analysts who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price of our Class A common stock or trading volume to decline.

We do not expect to declare any dividends in the foreseeable future.

We do not anticipate declaring any cash dividends to holders of our Class A common stock in the foreseeable future. Consequently, investors may need to rely on sales of our Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase shares of our Class A common stock.

Prior to the completion of this offering, there has been limited trading of our securities at prices that may be higher than what our Class A common stock will trade at once it is listed.

Prior to the completion of this offering, our securities have not been listed on any stock exchange or other public trading market, but there has been some trading of our securities in private transactions. These transactions were speculative, and the trading prices of our securities in these transactions were privately negotiated. We cannot assure you that the market price of our Class A common stock will equal or exceed the price at which our securities have traded prior to the completion of this offering.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the sections titled Prospectus Summary, Risk Factors, Use of Proceeds, Management s Discussion and Analysis of Financial Condition and Results of Operations, Business, and Executive Compensation, contains forward-looking statements. The words believe, may, will, potentially, estimate, continue, anticipa could, would, project, plan, expect and similar expressions that convey uncertainty of future events or outcomes intended to identify forward-looking statements.

These forward-looking statements include, but are not limited to, statements concerning the following:

our ability to maintain an adequate rate of revenue growth;

our business plan and our ability to effectively manage our growth;

costs associated with defending intellectual property infringement and other claims;

our ability to attract and retain end-customers;

our ability to further penetrate our existing customer base;

our ability to displace existing products in established markets;

our ability to expand our leadership position in Enterprise Content Collaboration solutions;

our ability to timely and effectively scale and adapt our existing technology;

our ability to innovate new products and bring them to market in a timely manner;

our ability to expand internationally;

the effects of increased competition in our market and our ability to compete effectively;

the effects of seasonal trends on our operating results;

- our expectations concerning relationships with third parties;
- the attraction and retention of qualified employees and key personnel;
- our ability to maintain, protect and enhance our brand and intellectual property; and
- future acquisitions of or investments in complementary companies, products, services or technologies.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the section titled Risk Factors and elsewhere in this prospectus. Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus to conform these statements to actual results or to changes in our expectations, except as required by law.

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You should read this prospectus and the documents that we reference in this prospectus and have filed with the SEC as exhibits to the registration statement of which this prospectus is a part with the understanding that our actual future results, levels of activity, performance, and events and circumstances may be materially different from what we expect.

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MARKET AND INDUSTRY DATA

This prospectus contains estimates and information concerning our industry, including market size and growth rates of the markets in which we participate, that are based on industry publications and reports. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and reports. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled Risk Factors, that could cause results to differ materially from those expressed in these publications and reports.

Certain information in the text of this prospectus is contained in independent industry publications. The source of these independent industry publications is provided below:

(1) Gartner, Inc., Forecast: Public Cloud Services, Worldwide, 2012-2018, 4Q14 Update, December 2014

(2) International Data Corporation, Worldwide New Media Market Model 1H2014, September 2014

(3) Forrester Research, Inc., 2013 Mobile Workforce Adoption Trends, February 2013

(4) International Data Corporation, THE DIGITAL UNIVERSE IN 2020: Big Data, Bigger Digital Shadows, and Biggest Growth in the Far East, December 2012

(5) International Data Corporation, Worldwide Content Management Software 2014-2018 Forecast, June 2014

(6) International Data Corporation, Worldwide and Regional Public IT Cloud Services 2014-2018 Forecast, October 2014

(7) International Data Corporation, Worldwide Collaborative Applications 2014-2018 Forecast and 2013 Vendor Shares, June 2014

(8) International Data Corporation, Worldwide Project and Portfolio Management 2014-2018 Forecast and 2013 Vendor Shares: Ongoing Growth Driven by Demand, September 2014

(9) Forrester Research, Inc., Info Workers Will Erase The Boundary Between Enterprise And Consumer Technologies, August 2012

(10)

International Data Corporation, Worldwide Mobile Worker Population 2011-2015 Forecast, December 2011

The Gartner Report described herein represents data, research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this prospectus) and the opinions expressed in the Gartner Report are subject to change without notice.

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USE OF PROCEEDS

We estimate that our net proceeds from the sale of shares of our Class A common stock that we are offering at the assumed initial public offering price of $12.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $134.3 million, or $155.2 million if the underwriters exercise their over-allotment option in full. A $1.00 increase (decrease) in the assumed initial public offering price would increase (decrease) the net proceeds from this offering by approximately $11.6 million, assuming the number of shares of our Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, a one million increase (decrease) in the number of shares of our Class A common stock offered by us would increase (decrease) the net proceeds from this offering by approximately $11.2 million, assuming the assumed initial public offering price remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purposes of this offering are to increase our capitalization and financial flexibility and create a public market for our Class A common stock. We intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses and capital expenditures. While we cannot specify with certainty the particular uses of the net proceeds we receive from this offering, we currently expect to invest at least 50% of the net proceeds in sales and marketing activities, product development, general and administrative matters and capital expenditures to support the growth in our business. We also may use a portion of the net proceeds to acquire complementary businesses, products, services or technologies. However, we do not have agreements or commitments for any specific acquisitions at this time. We will have broad discretion over the uses of the net proceeds from this offering, provided that we comply with the terms and conditions contained in our revolving line of credit facility. Pending the use of proceeds from this offering as described above, we intend to invest the net proceeds from this offering in short-term, investment-grade interest-bearing securities such as money market accounts, certificates of deposit, commercial paper and guaranteed obligations of the U.S. government.

DIVIDEND POLICY

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

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of October 31, 2014 on:

- an actual basis;

- a pro forma basis, giving effect to the automatic conversion and reclassification of all outstanding shares of our redeemable convertible preferred stock into 91,172,143 shares of our Class B common stock, the issuance of 85,056 shares of our Class B common stock upon the assumed net exercise of a warrant, the related reclassification of the redeemable convertible preferred stock warrant liability to additional paid-in capital, the recording of a deemed dividend related to the conversion of the outstanding Series F redeemable convertible preferred stock, and the effectiveness of our amended and restated certificate of incorporation, as if such conversion, issuance, reclassification, recording and effectiveness had occurred on October 31, 2014; and

- a pro forma as adjusted basis, giving effect to the pro forma adjustments and the sale and issuance of 12,500,000 shares of our Class A common stock by us in this offering, based upon the assumed initial public offering price of $12.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the initial public offering price is equal to the midpoint of the estimated offering price range set forth on the cover page of this prospectus, the shares of our Series E redeemable convertible preferred stock would convert and be reclassified into 12,499,996 shares of our Class B common stock. A $1.00 decrease in the initial public offering price would increase the number of shares of our Class B common stock issuable upon conversion and reclassification of our Series E redeemable convertible preferred stock by 1,136,363, and a $1.00 increase in the initial public offering price would decrease the number of shares of our Class B common stock issuable upon conversion and reclassification of our Series E redeemable convertible preferred stock by 961,538.

If the initial public offering price is equal to the midpoint of the estimated offering price range set forth on the cover page of this prospectus, the shares of our Series F redeemable convertible preferred stock would convert and be reclassified into 13,888,888 shares of our Class B common stock. A $1.00 decrease in the initial public offering price would increase the number of shares of our Class B common stock issuable upon conversion and reclassification of our Series F redeemable convertible preferred stock by 1,262,627, and a $1.00 increase in the initial public offering price would decrease the number of shares of our Class B common stock issuable upon conversion and reclassification of our Series F redeemable convertible preferred stock by 1,068,376.

The pro forma as adjusted information set forth in the table below is illustrative only and will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing.

You should read this table together with the section titled Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus.

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	October 31, 2014		
	Actual (unaudited)	Pro Forma	Pro Forma as Adjusted[(1)]
	(in thousands, except share and per share data)		
Cash and cash equivalents	$ 165,270	$ 165,270	$ 299,570
Debt, non-current	40,000	40,000	40,000
Redeemable convertible preferred stock warrant liability, non-current	1,206		
Redeemable convertible preferred stock, par value $0.0001 per share; 84,601,959 shares authorized, 83,738,097 issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	550,408		
Stockholders equity (deficit):			
Preferred Stock, par value $0.0001 per share; no shares authorized, issued and outstanding, actual; 100,000,000 shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted			
Existing Class A common stock, par value $0.0001 per share; 128,356,000 shares authorized, 11,995,070 shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	1		
Existing Class B common stock, par value $0.0001 per share; 25,000,000 shares authorized, 3,721,420 shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted			
Class A common stock, par value $0.0001 per share; no shares authorized, issued and outstanding, actual; 1,000,000,000 shares authorized, no shares issued and outstanding, pro forma; 1,000,000,000 shares authorized, 12,500,000 shares issued and outstanding, pro forma as adjusted			1
Class B common stock, par value $0.0001 per share; no shares authorized, issued and outstanding, actual; 200,000,000 shares authorized, 106,973,689 shares issued and outstanding, pro forma and pro forma as adjusted		11	11
Additional paid-in capital	52,169	603,773	738,072
Treasury stock	(1,177)	(1,177)	(1,177)
Accumulated other comprehensive loss	(6)	(6)	(6)
Accumulated deficit	(482,660)	(482,660)	(482,660)
Total stockholders equity (deficit)	(431,673)	119,941	254,241
Total capitalization	$ 159,941	$ 159,941	$ 294,241

(1) Each $1.00 increase (decrease) in the assumed initial public offering price of $12.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders equity (deficit), and total capitalization by approximately $11.6 million, assuming that the number of shares of our Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma and pro forma as adjusted columns in the table above are based on no shares of our Class A common stock and 106,973,689 shares of our Class B common stock outstanding as of October 31, 2014, and exclude:

18,050,150 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock outstanding as of October 31, 2014, with a weighted-average exercise price of $5.12 per share;

4,063,953 shares of our Class B common stock issuable upon the vesting of RSUs outstanding as of October 31, 2014;

295,000 shares of our Class B common stock issued after October 31, 2014, in connection with our acquisition of MedXT;

155,787 shares of our Class B common stock issuable after October 31, 2014, in connection with our acquisition of Streem;

936,000 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock granted after October 31, 2014, with an exercise price of $14.05 per share;

- 1,110,890 shares of our Class B common stock issuable upon the vesting of RSUs granted after October 31, 2014;

- 4,302 shares of our Class B common stock issued pursuant to restricted stock awards granted after October 31, 2014, at a purchase price of $0.0001 per share; and

- 14,700,000 shares of our Class A common stock reserved for future issuance under our equity compensation plans, consisting of:

  - 12,200,000 shares of our Class A common stock reserved for future issuance under our 2015 Plan, which will become effective prior to the completion of this offering; and

  - 2,500,000 shares of our Class A common stock reserved for future issuance under our ESPP, which will become effective prior to the completion of this offering.

Our 2015 Plan and ESPP each provide for annual automatic increases in the number of shares reserved thereunder and our 2015 Plan also provides for increases in the number of shares reserved thereunder based on awards under our 2011 Plan and our 2006 Plan that expire, are forfeited or otherwise repurchased by us, as more fully described in the section titled Executive Compensation Employee Benefit and Stock Plans.

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DILUTION

If you invest in our Class A common stock in this offering, your interest will be diluted to the extent of the difference between the initial public offering price per share of our Class A common stock in this offering and the pro forma as adjusted net tangible book value per share of our common stock immediately after this offering.

As of October 31, 2014, our pro forma net tangible book value was approximately $98.1 million, or $0.92 per share of common stock. Our pro forma net tangible book value per share represents the amount of our total tangible assets reduced by the amount of our total liabilities and divided by the total number of shares of our common stock outstanding as of October 31, 2014, assuming the automatic conversion and reclassification of all outstanding shares of our redeemable convertible preferred stock into 91,172,143 shares of our Class B common stock, the issuance of 85,056 shares of our Class B common stock upon the assumed net exercise of a warrant, which conversion, reclassification and issuance will occur immediately prior to the completion of the offering, and the related reclassification of the redeemable convertible preferred stock warrant liability to additional paid-in capital.

After giving effect to the sale of 12,500,000 shares of our Class A common stock in this offering, at the assumed initial public offering price of $12.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of October 31, 2014 would have been approximately $232.4 million, or $1.95 per share. This represents an immediate increase in pro forma as adjusted net tangible book value of $1.03 per share to our existing stockholders and an immediate dilution of $10.05 per share to investors purchasing shares in this offering.

The following table illustrates this dilution:

Assumed initial public offering price per share		$ 12.00
Pro forma net tangible book value per share as of October 31, 2014	$ 0.92	
Increase in pro forma net tangible book value per share attributable to investors purchasing shares in this offering	1.03	
Pro forma net tangible book value, as adjusted to give effect to this offering		$ 1.95
Dilution in pro forma net tangible book value per share to investors purchasing shares in this offering		$ 10.05

A $1.00 increase (decrease) in the assumed initial public offering price of $12.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted net tangible book value by approximately $0.11 per share and the dilution per share to new investors in this offering by $0.87 per share, assuming the number of shares of our Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, a one million increase (decrease) in the number of shares of our Class A common stock offered by us would increase (decrease) our pro forma as adjusted net tangible book value by approximately $0.08 per share and decrease (increase) the dilution per share to new investors in this offering by $0.08 per share, assuming the assumed initial public offering price remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the initial public offering price is equal to the midpoint of the estimated offering price range set forth on the cover page of this prospectus, the shares of our Series E redeemable convertible preferred stock would convert and be reclassified into 12,499,996 shares of our Class B common stock. A $1.00 decrease in the initial public offering price would increase the number of shares of our Class B common stock issuable upon conversion and reclassification of our Series E redeemable convertible preferred stock by 1,136,363, and a $1.00 increase in the initial public offering price would decrease the number of shares of our Class B common stock issuable upon conversion and reclassification of our Series E redeemable convertible preferred stock by 961,538.

If the initial public offering price is equal to the midpoint of the estimated offering price range set forth on the cover page of this prospectus, the shares of our Series F redeemable convertible preferred stock would convert and be reclassified into 13,888,888 shares of our Class B common stock. A $1.00 decrease in the initial public offering price would increase the number of shares of our Class B common stock issuable upon conversion and reclassification of our Series F redeemable convertible preferred stock by 1,262,627, and a $1.00 increase in the initial public offering price would decrease the number of shares of our Class B common stock issuable upon conversion and reclassification of our Series F redeemable convertible preferred stock by 1,068,376.

If the underwriters exercise their over-allotment option in full, the pro forma as adjusted net tangible book value per share of our common stock would be $2.09 per share, and the dilution in pro forma net tangible book value per share to investors purchasing shares in this offering would be $9.91 per share.

The following table summarizes, on a pro forma as adjusted basis as of October 31, 2014 after giving effect to (i) the automatic conversion and reclassification of all outstanding shares of our redeemable convertible preferred stock into 91,172,143 shares of our Class B common stock, the issuance of 85,056 shares of our Class B common stock upon the assumed net exercise of a warrant and the effectiveness of our amended and restated certificate of incorporation, and (ii) this offering at the assumed initial public offering price of $12.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, the difference between existing stockholders and new investors with respect to the number of shares of our common stock purchased from us, the total consideration paid, and the average price per share paid, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		**Total Consideration**		**Average Price**
	Number	**Percent**	**Amount**	**Percent**	**Per Share**
Existing stockholders	106,973,689	89.5%	$ 546,812,406	78.5%	$ 5.11
Investors purchasing shares in this offering	12,500,000	10.5	150,000,000	21.5	12.00
Total	119,473,689	100.0%	$ 696,812,406	100.0%	

A $1.00 increase (decrease) in the assumed initial public offering price of $12.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) total consideration paid by new investors and total consideration paid by all stockholders by approximately $12.5 million, assuming that the number of shares of our Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

To the extent that any outstanding options to purchase shares of our Class B common stock are exercised, outstanding RSUs vest, or new awards are granted under our equity compensation plans, there will be further dilution to investors participating in this offering.

Except as otherwise indicated, the above discussion and tables assume no exercise of the underwriters over-allotment option. If the underwriters exercise their over-allotment option in full, our existing stockholders would own 88.2% and our new investors would own 11.8% of the total number of shares of our common stock outstanding upon the completion of this offering.

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The number of shares of our Class A common stock and Class B common stock that will be outstanding after this offering is based on no shares of our Class A common stock and 106,973,689 shares of our Class B common stock outstanding as of October 31, 2014, and excludes:

- 18,050,150 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock outstanding as of October 31, 2014, with a weighted-average exercise price of $5.12 per share;
- 4,063,953 shares of our Class B common stock issuable upon the vesting of RSUs outstanding as of October 31, 2014;
- 295,000 shares of our Class B common stock issued after October 31, 2014, in connection with our acquisition of MedXT;
- 155,787 shares of our Class B common stock issuable after October 31, 2014, in connection with our acquisition of Streem;
- 936,000 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock granted after October 31, 2014, with an exercise price of $14.05 per share;
- 1,110,890 shares of our Class B common stock issuable upon the vesting of RSUs granted after October 31, 2014;
- 4,302 shares of our Class B common stock issued pursuant to restricted stock awards granted after October 31, 2014, at a purchase price of $0.0001 per share; and
- 14,700,000 shares of our Class A common stock reserved for future issuance under our equity compensation plans, consisting of:
  - 12,200,000 shares of our Class A common stock reserved for future issuance under our 2015 Plan, which will become effective prior to the completion of this offering; and
  - 2,500,000 shares of our Class A common stock reserved for future issuance under our ESPP, which will become effective prior to the completion of this offering.

Our 2015 Plan and ESPP each provide for annual automatic increases in the number of shares reserved thereunder, and our 2015 Plan also provides for increases in the number of shares reserved thereunder based on awards under our 2011 Plan and our 2006 Plan that expire, are forfeited or otherwise repurchased by us, as more fully described in the section titled Executive Compensation Employee Benefit and Stock Plans.

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SELECTED CONSOLIDATED FINANCIAL DATA

We changed the end of our fiscal year from December 31 to January 31, effective for our fiscal year ended January 31, 2013, and as a result, we also present below certain selected financial data for the one-month transition period ended January 31, 2012. The selected consolidated statements of operations data presented below for the year ended December 31, 2011, the one-month period ended January 31, 2012 and the years ended January 31, 2013 and 2014 and the consolidated balance sheet data as of January 31, 2013 and 2014 are derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statements of operations data for the nine months ended October 31, 2013 and 2014 and the consolidated balance sheet data as of October 31, 2014 are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements were prepared on a basis consistent with our audited financial statements and reflect, in the opinion of management, all adjustments of a normal recurring nature that are necessary for the fair presentation of those unaudited consolidated financial statements. Our historical results are not necessarily indicative of the results that may be expected in any future period, and the results for the nine months ended October 31, 2014 are not necessarily indicative of results to be expected for the full year. The following consolidated financial data should be read together with the section titled Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus. The selected consolidated financial data in this section are not intended to replace our consolidated financial statements and the related notes, and are qualified in their entirety by the consolidated financial statements and related notes included elsewhere in this prospectus.

	Year Ended December 31, 2011	One Month Ended January 31, 2012	Year Ended January 31, 2013	Year Ended January 31, 2014	Nine Months Ended October 31, 2013	Nine Months Ended October 31, 2014
					(unaudited)	
	(in thousands, except per share data)					
Consolidated Statements of Operations Data:						
Revenue	$ 21,084	$ 3,376	$ 58,797	$ 124,192	$ 85,363	$ 153,801
Cost of revenue[(1)]	6,873	850	14,280	25,974	17,640	32,579
Gross profit	14,211	2,526	44,517	98,218	67,723	121,222
Operating expenses:						
Research and development[(1)]	14,396	1,915	28,996	45,967	32,494	48,415
Sales and marketing[(1)]	36,189	4,246	99,221	171,188	124,174	152,354
General and administrative[(1)]	13,480	1,125	25,429	39,843	29,657	41,276
Total operating expenses	64,065	7,286	153,646	256,998	186,325	242,045
Loss from operations	(49,854)	(4,760)	(109,129)	(158,780)	(118,602)	(120,823)
Remeasurement of redeemable convertible preferred stock warrant	(356)	(371)	(1,727)	(8,477)	(5,883)	140

liability						
Interest income (expense), net	(109)	27	(1,764)	(3,705)	(3,243)	(1,450)
Other income (expense), net	49	(8)	116	(26)	29	41
Loss before provision (benefit) for income taxes	(50,270)	(5,112)	(112,504)	(170,988)	(127,699)	(122,092)
Provision (benefit) for income taxes	1	15	59	(2,431)	(2,514)	(598)
Net loss	(50,271)	(5,127)	(112,563)	(168,557)	(125,185)	(121,494)
Accretion of redeemable convertible preferred stock	(80)	(9)	(226)	(341)	(256)	(7,577)
Net loss attributable to common stockholders	$ (50,351)	$ (5,136)	$ (112,789)	$ (168,898)	$ (125,441)	$ (129,071)
Net loss per share attributable to common stockholders, basic and diluted	$ (9.53)	$ (0.84)	$ (14.68)	$ (14.89)	$ (11.48)	$ (8.94)
Weighted-average shares used to compute net loss per share attributable to common stockholders, basic and diluted	5,284	6,099	7,684	11,341	10,928	14,444

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	Year Ended December 31, 2011	One Month Ended January 31, 2012	Year Ended January 31, 2013	Year Ended January 31, 2014	Nine Months Ended October 31, 2013	Nine Months Ended October 31, 2014
					(unaudited)	
	(in thousands, except per share data)					
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)				$ (1.90)		$ (1.25)
Weighted-average shares used to compute pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)				84,078		97,527

(1) Includes stock-based compensation expense as follows:

	Year Ended December 31, 2011	One Month Ended January 31, 2012	Year Ended January 31, 2013	Year Ended January 31, 2014	Nine Months Ended October 31, 2013	Nine Months Ended October 31, 2014
					(unaudited)	
	(in thousands)					
Cost of revenue	$ 686	$ 6	$ 1,087	$ 450	$ 249	$ 1,102
Research and development	899	19	1,211	3,154	1,866	8,220
Sales and marketing	837	24	1,893	5,017	3,297	8,306
General and administrative	3,800	23	3,345	3,128	2,102	4,716
Total stock-based compensation	$ 6,222	$ 72	$ 7,536	$ 11,749	$ 7,514	$ 22,344

	January 31, 2013	January 31, 2014	October 31, 2014
			(unaudited)
	(in thousands)		
Consolidated Balance Sheet Data:			

Cash and cash equivalents	$ 127,625	$ 108,851	$ 165,270
Working capital	104,799	44,289	85,367
Total assets	195,792	235,429	313,941
Deferred revenue, current and non-current	40,099	90,072	100,680
Debt, current and non-current	31,028	34,000	40,000
Redeemable convertible preferred stock warrant liability, current and non-current	2,869	1,346	1,206
Redeemable convertible preferred stock	281,899	393,217	550,408
Total stockholders deficit	(183,656)	(332,512)	(431,673)

Key Business Metrics

We monitor the following key metrics to help us measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. In addition to our results determined in accordance with GAAP, we believe the following non-GAAP financial and operational measures are useful in evaluating our operating performance.

	Year Ended December 31, 2011	Year Ended January 31, 2013	Year Ended January 31, 2014	Nine Months Ended October 31, 2013	Nine Months Ended October 31, 2014
Billings (in thousands)	$ 30,391	$ 85,727	$ 174,165	$ 112,695	$ 164,409
Billings growth rate	177%	182%	103%	109%	46%
Retention rate (period end)	129%	144%	136%	138%	130%

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Billings

Billings represent our revenue plus the change in deferred revenue in the period. Billings we record in any particular period reflect sales to new customers plus subscription renewals and upsells to existing customers, and represent amounts invoiced for subscription, premier support and professional services (which we refer to as Box Consulting). We typically invoice our customers at the beginning of the term, in multiyear, annual, quarterly or monthly installments. If the customer elects to pay the full subscription amount at the beginning of the period, the total subscription amount for the entire term will be reflected in billings. If the customer elects to be invoiced annually or more frequently, only the amount billed for such period will be included in billings.

Retention Rate

We calculate our retention rate as of a period end by starting with the annual contract value (ACV) from customers with contract value of $5,000 or more as of 12 months prior to such period end (Prior Period ACV) and a subscription term of at least 12 months. We then calculate ACV from these same customers as of the current period end (Current Period ACV). Finally, we divide the aggregate Current Period ACV for the trailing 12-month period by the aggregate Prior Period ACV for the trailing 12-month period to arrive at our retention rate. We believe our retention rate is an important metric that provides insight into the long-term value of our subscription agreements and our ability to retain and grow revenue from our customer base. We focus on contracts that have a value of $5,000 or more because, over time, these customers give us the best indicator for the growth of our business and the potential for incremental business as they renew and expand their deployments, and contracts with these customers represented a substantial majority of our revenue for the period ended October 31, 2014. Retention rate is an operational metric and there is no comparable GAAP financial measure to which we can reconcile this particular key metric.

Reconciliation of Billings to Revenue

To provide investors with additional information regarding our financial results, we have disclosed in the table above and within this prospectus billings, a non-GAAP financial measure. We have provided a reconciliation below of billings to revenue, the most directly comparable GAAP financial measure. We consider billings a significant performance measure and a leading indicator of future revenue. Billings also help investors better understand our sales activity for a particular period, which is not necessarily reflected in our revenue as a result of the fact that we recognize subscription revenue ratably over the subscription term. We monitor billings to manage our business, make planning decisions, evaluate our performance and allocate resources.

Our use of billings, a non-GAAP financial measure, has the following limitations as an analytical tool and should not be considered in isolation or as a substitute for revenue or an analysis of our results as reported under GAAP. Billings are recognized when invoiced, while the related revenue is recognized ratably over the term of the subscription or premier support services. When we invoice customers more frequently than their subscription period, amounts not yet invoiced will not be reflected in deferred revenue or billings. Also, other companies, including companies in our industry, may not use billings, may calculate billings differently, may have different billing frequencies, or may use other financial measures to evaluate their performance, all of which could reduce the usefulness of billings as a comparative measure.

A reconciliation of billings to revenue, the most directly comparable GAAP financial measure, is presented below:

	Year Ended December 31, 2011	Year Ended January 31, 2013	Year Ended January 31, 2014	Nine Months Ended October 31, 2013	Nine Months Ended October 31, 2014
				(unaudited)	
			(in thousands)		
Revenue	$ 21,084	$ 58,797	$ 124,192	$ 85,363	$ 153,801
Deferred revenue, end of period	12,921	40,099	90,072	67,431	100,680
Less: deferred revenue, beginning of period	(3,614)	(13,169)	(40,099)	(40,099)	(90,072)
Billings	$ 30,391	$ 85,727	$ 174,165	$ 112,695	$ 164,409

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the section titled Selected Consolidated Financial Data and the consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed in the section titled Risk Factors and in other parts of this prospectus.

Overview

Box provides a cloud-based, mobile-optimized Enterprise Content Collaboration platform that enables organizations of all sizes to easily and securely manage their content and collaborate internally and externally. Our platform combines powerful, elegant and easy-to-use functionality that is designed for users with the security, scalability and administrative controls required by IT departments. We have built our platform to enable users to get their work done regardless of file format, application environment, operating system, device or location. Our mission is to make organizations more productive, competitive and collaborative by connecting people and their most important information.

We were founded and publicly launched our platform in 2005 with a simple but powerful idea: to make it incredibly easy for people to securely manage, share and collaborate on their most important content online. In 2006, we introduced a free version of our product in order to rapidly grow our user base, surpassing one million registered users by July 2007. As users began to bring our solution into the workplace, we learned that businesses were eager for a solution to empower user-friendly content sharing and collaboration in a secure, manageable way. Starting in 2007, we began enhancing our platform to serve businesses and large enterprises, which meant expanding our business functionality with features such as our administrative console, identity integration, activity reporting and full-text search. To further satisfy the requirements of IT departments in large organizations, we began to invest heavily in enhancing the security of our platform. Also in 2007, we began to build an enterprise sales team. The continual evolution of our platform features allowed our sales team to sell into increasingly larger organizations. To empower users to work securely from anywhere, we built native applications for all major mobile platforms. The introduction of our iPad application in 2010 further accelerated enterprise adoption of our platform. In 2012, we introduced our Box OneCloud platform and our Box Embed framework to encourage developers and independent software vendors (ISVs) to build powerful applications that connect to Box, furthering the reach of the Box service. In recent years, we have expanded our global presence, opening our first international office in London in 2012, followed by Paris and Tokyo in 2013. For the nine months ended October 31, 2014, revenue from non-U.S. customers represented 20% of our revenue. We expect our revenue from non-U.S. customers to increase at a higher rate than our revenue from U.S. customers over time.

We offer our solution to our customers as a subscription-based service, with subscription fees based on the requirements of our customers, including the number of users and functionality deployed. The majority of our customers subscribe to our service through one-year contracts, although we also offer our services for terms ranging between one month to three years or more. We typically invoice our customers at the beginning of the term, in multiyear, annual, quarterly or monthly installments. We recognize revenue ratably over the term of the subscription period.

Our objective is to build an enduring business that creates sustainable revenue and earnings growth over the long term. To best achieve this objective, we focus on growing the number of Box users and paying organizations through direct field sales, direct inside sales, indirect channel sales and through word-of-mouth by individual users, some of whom use our services at no cost. Individual users and organizations can also simply sign up to use our solution on our website. We believe this approach not only helps us build a critical mass of users but also has a viral effect within organizations as more of their employees use our service and encourage their IT professionals to deploy our services to a broader user base.

We have achieved significant growth in a short period of time. Our user base includes over 32 million registered users across more than 275,000 organizations. We define a registered user as a Box account that has been provisioned to a unique user ID. As of October 31, 2014, approximately 90% of our registered users are non-paying users who have independently registered for accounts and approximately 10% of our registered users are paying users who register as part of a larger enterprise or business account or by using a personal account. We currently have over 44,000 paying organizations, and our solution is offered in 20 languages. We define paying organizations as separate and distinct buying entities, such as a company, an educational or government institution, or a distinct business unit of a large corporation, that have entered into a subscription agreement with us to utilize our services.

Organizations typically purchase our solution in the following ways: (i) employees in one or more small groups within the organization may individually purchase our service; (ii) organizations may purchase IT-sponsored, enterprise-level agreements with deployments for specific, targeted use cases ranging from tens to thousands of user seats; or (iii) organizations may purchase IT-sponsored, enterprise-level agreements where the number of user seats sold is intended to accommodate and enable nearly all information workers within the organization in whatever use cases they desire to adopt over the term of the subscription.

For the trailing 12 months ended October 31, 2014, 60% of our orders for subscription services were from new enterprise customers and upsells from existing enterprise customers. We consider enterprise customers to be organizations with at least 1,000 employees, as such organizations are the focus of our Enterprise Accounts and Major Accounts sales teams.

We intend to continue scaling our organization to meet the increasingly complex needs of our customers. Our sales and customer success teams are organized to efficiently serve organizations ranging from small businesses to the world s largest global organizations. We have invested and expect to continue to invest heavily in our sales and marketing teams to sell our services around the world, as well as in our development efforts to deliver additional features and capabilities of our cloud services to address customers evolving needs. We also expect to continue to make significant investments in both our datacenter infrastructure to meet the needs of our growing user base and our professional services organization to address the strategic needs of our customers in more complex deployments and to drive broader adoption across a wide array of use cases. As a result of our continuing investments to scale our business in each of these areas, we do not expect to be profitable for the foreseeable future.

For the 12 months ended December 31, 2011, January 31, 2013 and 2014, our revenue was $21.1 million, $58.8 million and $124.2 million, respectively, representing year-over-year growth of 179% and 111%, and our net losses were $50.3 million, $112.6 million and $168.6 million, respectively. For the nine months ended October 31, 2013 and 2014, our revenue was $85.4 million and $153.8 million, respectively, representing period-over-period growth of 80%, and our net losses were $125.2 million and $121.5 million, respectively. Box is headquartered in Los Altos, California and operates offices in California, New York, Texas, London, Paris and Tokyo.

Fiscal Year End

We changed our fiscal year end from December 31 to January 31, effective for our fiscal year ended January 31, 2013. For the year-over-year discussions below, the 12 months ended January 31, 2013 is compared to the 12 months ended December 31, 2011.

Our Business Model

Our business model focuses on maximizing the lifetime value of a customer relationship. We make significant investments in acquiring new customers and believe that we will be able to achieve a positive return on these investments by retaining customers and expanding the size of our deployments within our customer base over time. In connection with the acquisition of new customers, we incur and recognize significant upfront costs. These costs include sales and marketing costs associated with acquiring new customers, such as sales commission expenses, a significant portion of which is expensed upfront and the remaining portion of which is expensed over the length of the non-cancellable subscription term, and marketing costs, which are expensed as incurred. Due to our subscription model, we recognize revenue ratably over the term of the subscription period, which commences when all of the revenue recognition criteria have been met. Although our objective is for each customer to be profitable for us over the duration of our relationship, the costs we incur with respect to any customer relationship, whether a new customer or an upsell to an existing customer, may exceed revenue in earlier periods because we recognize those costs faster than we recognize the associated revenue.

Because of these dynamics, we experience a range of profitability with our customers depending in large part upon what stage of the customer phase they are in. We generally incur higher sales and marketing expenses for new customers and existing customers who are still in an expanding stage. For new customers, our associated sales and marketing expenses typically exceed the first year revenue we recognize from those customers. For customers who are expanding their use of Box, we incur various associated marketing expenses as well as sales commission expenses, though we typically recognize higher revenue than sales and marketing expenses. For typical customers who are renewing their Box subscriptions, our associated sales and marketing expenses are significantly less than the revenue we recognize from those customers. These differences are primarily driven by the higher compensation we provide to our sales force for new customers and customer subscription expansions compared to the compensation we provide to our sales force for routine subscription renewals by customers. In addition, our sales and marketing expenses, other than the compensation we provide to our sales force, are generally higher for acquiring new customers versus expansions or renewals of existing customer subscriptions. We believe that, over time, as our existing customer base grows and a relatively higher percentage of our revenue is attributable to renewals versus new or expanding Box deployments, we will experience lower associated sales and marketing expenses as a percentage of revenue.

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To provide a deeper understanding of our customer economics, we are providing an analysis of the customers we acquired in fiscal year 2010, which we will refer to as the 2010 Cohort. The 2010 Cohort includes every customer we acquired in fiscal year 2010, including customers who at one point did not renew their subscriptions but are customers today. We selected the 2010 Cohort as a representative set of customers for this analysis because 2010 was the first year since our inception during which we acquired a material number of customers across a diverse range of industries, and we think the perspective of time is important to help investors understand the long-term value of our customers. In fiscal year 2010, we recognized \$2.8 million in revenue and incurred variable costs that resulted in a negative contribution margin for the 2010 Cohort. In fiscal year 2014, we recognized \$14.4 million in revenue from the 2010 Cohort and incurred variable costs that resulted in a positive contribution margin of 34% from the 2010 Cohort. In the nine months ended October 31, 2014, we recognized \$14.3 million in revenue from the 2010 Cohort and incurred variable costs that resulted in a positive contribution margin of 40% from the 2010 Cohort. The contribution margin of our cohorts will fluctuate from one period to another depending upon the volume of expansion of the customers in those cohorts as the expansions, while contributing to significant revenue increases in future cohort periods, will also drive higher sales and marketing costs in the current period of the expansion.

We define contribution margin for a period as the revenue recognized from the customer in excess of the estimated variable costs for the period associated with expanding the size of our deployments within the customer and supporting the customer, expressed as a percentage of associated revenue. The expenses allocated to the customer include estimates for personnel costs associated with the sales teams that support that customer, such as salaries, commissions and allocated management overhead expenses. The expenses allocated to the customer also include the costs associated with use of technology infrastructure and personnel costs associated with the marketing, operations, professional services and customer success teams that support the customer. Personnel costs exclude stock-based compensation for purposes of this calculation. In addition, we exclude all research and development and general and administrative expenses from this analysis because these expenses support the growth of our business and benefit our users, customers, technology partners and third-party developers.

We cannot assure you that we will experience similar financial outcomes from customers added in other years or in future periods. You should not rely on the allocated expenses or relationship of revenue to sales and marketing or other variable costs as being indicative of our current or future performance. Because we are still in the early stages of our development, we do not yet have enough operating history to measure the lifetime of our customer relationships. Therefore, we cannot predict the average duration of a customer relationship for the 2010 Cohort or for customers acquired in other fiscal years. We also cannot predict whether revenue from the 2010 Cohort will continue to grow at the rate of growth experienced through October 31, 2014, or whether the growth rate of other cohorts will be similar to that of the 2010 Cohort. We may not achieve profitability even if our revenue exceeds costs from our customers over time. We encourage you to read our consolidated financial statements that are included in this prospectus.

Key Business Metrics

We monitor the following key metrics to help us measure our performance, identify trends affecting our business, formulate financial projections, assess operational efficiencies and make strategic decisions. In addition to our results determined in accordance with GAAP, we believe the following non-GAAP financial and operational measures are useful in evaluating our operating performance.

	Year Ended December 31, 2011	Year Ended January 31, 2013	Year Ended January 31, 2014	Nine Months Ended October 31, 2013	Nine Months Ended October 31, 2014
Billings (in thousands)	$ 30,391	$ 85,727	$ 174,165	$ 112,695	$ 164,409
Billings growth rate	177%	182%	103%	109%	46%
Retention rate (period end)	129%	144%	136%	138%	130%

See the section titled Selected Consolidated Financial Data Reconciliation of Billings to Revenue for a reconciliation of billings to revenue, the most directly comparable GAAP financial measure and explanations of why we track billings and why billings may be a useful measure for investors.

Billings

Billings represent our revenue plus the change in deferred revenue in the period. Billings we record in any particular period reflect sales to new customers plus subscription renewals and upsells to existing customers, and represent amounts invoiced for subscription, premier support and professional services. We typically invoice our customers at the beginning of the term, in multiyear, annual, quarterly or monthly installments. If the customer elects to pay the full subscription amount at the beginning of the period, the total subscription amount for the entire term will be reflected in billings. If the customer elects to be invoiced annually or more frequently, only the amount billed for such period will be included in billings.

We consider billings a significant performance measure and a leading indicator of future revenue. Billings also help investors better understand our sales activity for a particular period, which is not necessarily reflected in our revenue as a result of the fact that we recognize subscription revenue ratably over the subscription term. We monitor billings to manage our business, make planning decisions, evaluate our performance and allocate resources. We believe that billings offers valuable supplemental information regarding the performance of our business and will help investors better understand the sales volumes and performance of our business.

Billings increased 182% in the year ended January 31, 2013 over the year ended December 31, 2011, 103% in the year ended January 31, 2014 over the year ended January 31, 2013, and 46% in the nine months ended October 31, 2014 over the nine months ended October 31, 2013. The growth rate for our billings declined for the nine months ended

October 31, 2014 compared to the nine months ended October 31, 2013, primarily due to a larger billings base in the nine months ended October 31, 2013 as our billings continued to increase over time, as well as a higher percentage of invoices with quarterly and monthly installments. The increase in billings was primarily driven by the addition of new customers with larger initial deployments and expansion with respect to the number of users within existing customers. However, as our billings continue to grow to a higher level, we expect our billings growth rate to trend down over time.

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Retention Rate

We calculate our retention rate as of a period end by starting with the annual contract value (ACV) from customers with contract value of $5,000 or more as of 12 months prior to such period end (Prior Period ACV) and a subscription term of at least 12 months. We then calculate ACV from these same customers as of the current period end (Current Period ACV). Finally, we divide the aggregate Current Period ACV for the trailing 12 month period by the aggregate Prior Period ACV for the trailing 12 month period to arrive at our retention rate. We believe our retention rate is an important metric that provides insight into the long-term value of our subscription agreements and our ability to retain and grow revenue from our customer base. We focus on contracts that have a value of $5,000 or more because, over time, these customers give us the best indicator for the growth of our business and the potential for incremental business as they renew and expand their deployments, and contracts with these customers represented a substantial majority of our revenue for the nine months ended October 31, 2014. Retention rate is an operational metric and there is no comparable GAAP financial measure to which we can reconcile this particular key metric.

Our retention rate was approximately 129%, 144%, 136% and 130% as of December 31, 2011, January 31, 2013, January 31, 2014 and October 31, 2014, respectively. The calculation of our retention rate reflects the loss of customers who do not renew their subscriptions with us, which was approximately 5% of the Prior Period ACV for the 12 months ended October 31, 2014, a decrease from the 12 months ended October 31, 2013. Our retention rates consistently exceeded 100% and were primarily attributable to an increase in user expansion, particularly expansion within larger enterprises, which oftentimes implement a limited initial deployment of our services before renewing their subscription on a broader scale. We believe our investments in product, customer service, and Box Consulting are driving improvements in customer retention. As we penetrate customer accounts, we expect our rate of growth in upsells to trend down over time but our retention rate to remain above 100% for the foreseeable future.

Components of Results of Operations

Revenue

We derive our revenue from three sources: (1) subscription revenue, which is comprised of subscription fees from customers utilizing our cloud-based Enterprise Content Collaboration services that include routine customer support; (2) revenue from customers purchasing our premier support package; and (3) revenue from professional services such as implementing best practice use cases, project management and other implementation services.

To date, practically all of our revenue has been derived from subscription and premier support services. Subscription and premier support revenue is driven primarily by the number of customers, the number of seats sold to each customer and the price of our services.

Subscription and premier support revenue is recognized ratably over the contract term beginning on the later of the date the service is provisioned to the customer and the date all other revenue recognition criteria have been met. Our subscription and support contracts are typically non-cancellable and do not contain refund-type provisions. The majority of our customers subscribe to our service through one-year contracts, although we also offer our services for terms ranging between one month to three years or more. We typically invoice our customers at the beginning of the term, in multiyear, annual, quarterly or monthly installments. Amounts that have been invoiced are initially recorded as deferred revenue and are recognized ratably over the invoice period. Amounts that have not been invoiced are not reflected in deferred revenue. Revenue is recognized ratably over the subscription term.

Professional services revenue is recognized as the services are rendered for time and material contracts, and using the proportional performance method over the period the services are performed for fixed price contracts. Professional services revenue was not material for all periods presented.

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Cost of Revenue

Our cost of revenue consists primarily of costs related to providing our cloud-based services to our paying customers, including employee compensation and related expenses for datacenter operations, customer support and professional services personnel, payments to outside infrastructure service providers, depreciation of servers and equipment, security services and other tools, as well as amortization of acquired technology. We allocate overhead such as rent, information technology costs and employee benefit costs to all departments based on headcount. As such, general overhead expenses are reflected in cost of revenue and each of the operating expense categories set forth below. We expect our cost of revenue to increase in dollars and may increase as a percentage of revenue as we continue to invest in our datacenter operations and customer support to support the growth of our business, our customer base, as well as our international expansion.

Operating Expenses

Our operating expenses consist of research and development, sales and marketing, and general and administrative expenses. Personnel costs are the most significant component of each category of operating expenses. Operating expenses also include allocated overhead costs for facilities, information technology costs and employee benefit costs.

Research and Development. Research and development expense consists primarily of employee compensation and related expenses, as well as allocated overhead. Our research and development efforts are focused on scaling our platform, adding enterprise grade features, functionality and security, and enhancing the ease of use of our cloud-based services. We expect our research and development expense to increase in dollars but decrease as a percentage of revenue over time, as we continue to invest in our future products and services.

Sales and Marketing. Sales and marketing expense consists primarily of employee compensation and related expenses, sales commissions, marketing programs, travel related expenses, as well as allocated overhead. Marketing programs include but are not limited to advertising, events, corporate communications, brand building, and product marketing. Sales and marketing expense also consists of datacenter and customer support costs related to providing our cloud-based services to our free users. We market and sell our cloud-based services worldwide through our direct sales organization and through indirect distribution channels such as strategic resellers. We expect our sales and marketing expense to continue to increase in dollars but decrease as a percentage of revenue over time as we increase the size of our sales and marketing organization and expand our international presence.

General and Administrative. General and administrative expense consists primarily of employee compensation and related expenses for administrative functions including finance, legal, human resources and recruiting, and fees for external professional services as well as allocated overhead. External professional services fees are primarily comprised of outside legal, litigation, accounting, temporary services, audit and outsourcing services. We expect our general and administrative expense to increase in dollars but decrease as a percentage of revenue over time as we incur additional costs related to operating as a publicly traded company including increased headcount and audit, legal, regulatory and other related fees.

Remeasurement of Redeemable Convertible Preferred Stock Warrant Liability

The remeasurement of redeemable convertible preferred stock warrant liability includes charges from the change in fair value of our redeemable convertible preferred stock warrant liability as of each period end. These redeemable convertible preferred stock warrants will remain outstanding until the exercise or expiration of the warrants or the completion of this offering, at which time the warrant liability will be remeasured to fair value and reclassified to additional paid-in capital.

Interest Income (Expense), Net

Interest income consists of interest earned on our cash and cash equivalents and marketable securities balances. We have historically invested our cash in overnight deposits and short-term, investment-grade corporate securities. Interest expense consists of interest charges, fees on letters of credit and the amortization of capitalized debt issuance costs associated with our outstanding borrowings.

Other Income (Expense), Net

Other income (expense), net consists primarily of gains and losses from foreign currency transactions and other income (expense).

Provision (Benefit) for Income Taxes

Provision (benefit) for income taxes consists primarily of state income taxes in the United States and income taxes in certain foreign jurisdictions in which we conduct business. At January 31, 2014, we had federal and state net operating loss carryforwards (NOLs) of $263.7 million and $262.6 million, which expire at various dates beginning in 2025 and 2016, respectively. Federal and state tax laws impose limitations on the utilization of NOLs in the event of an ownership change for tax purposes, as defined in Section 382 of the Internal Revenue Code. In the past, we have experienced an ownership change which has impacted our ability to fully realize the benefit of these NOLs. If we experience additional ownership changes as a result of this offering, our ability to utilize our NOLs may be further limited.

Results of Operations

The following tables set forth our results of operations for the periods presented in dollars and as a percentage of our revenue:

	Year Ended December 31, 2011	Year Ended January 31, 2013	Year Ended January 31, 2014	Nine Months Ended October 31, 2013	Nine Months Ended October 31, 2014
				(unaudited)	
			(in thousands)		
Consolidated Statements of Operations Data:					
Revenue	$ 21,084	$ 58,797	$ 124,192	$ 85,363	$ 153,801
Cost of revenue(1)	6,873	14,280	25,974	17,640	32,579
Gross profit	14,211	44,517	98,218	67,723	121,222
Operating expenses:					
Research and development(1)	14,396	28,996	45,967	32,494	48,415
Sales and marketing(1)	36,189	99,221	171,188	124,174	152,354
General and administrative(1)	13,480	25,429	39,843	29,657	41,276
Total operating expenses	64,065	153,646	256,998	186,325	242,045
Loss from operations	(49,854)	(109,129)	(158,780)	(118,602)	(120,823)
	(356)	(1,727)	(8,477)	(5,883)	140

Remeasurement of redeemable convertible preferred stock warrant liability					
Interest expense, net	(109)	(1,764)	(3,705)	(3,243)	(1,450)
Other income (expense), net	49	116	(26)	(29)	41
Loss before provision (benefit) for income taxes	(50,270)	(112,504)	(170,988)	(127,699)	(122,092)
Provision (benefit) for income taxes	1	59	(2,431)	(2,514)	(598)
Net loss	$ (50,271)	$ (112,563)	$ (168,557)	$ (125,185)	$ (121,494)

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(1) Includes stock-based compensation expense as follows:

	Year Ended December 31, 2011	Year Ended January 31, 2013	Year Ended January 31, 2014	Nine Months Ended October 31, 2013 (unaudited)	Nine Months Ended October 31, 2014 (unaudited)
			(in thousands)		
Cost of revenue	$ 686	$ 1,087	$ 450	$ 249	$ 1,102
Research and development	899	1,211	3,154	1,866	8,220
Sales and marketing	837	1,893	5,017	3,297	8,306
General and administrative	3,800	3,345	3,128	2,102	4,716
Total stock-based compensation	$ 6,222	$ 7,536	$ 11,749	$ 7,514	$ 22,344

	Year Ended December 31, 2011	Year Ended January 31, 2013	Year Ended January 31, 2014	Nine Months Ended October 31, 2013 (unaudited)	Nine Months Ended October 31, 2014 (unaudited)
Percentage of Revenue:					
Revenue	100%	100%	100%	100%	100%
Cost of revenue	33	24	21	21	21
Gross profit	67	76	79	79	79
Operating expenses:					
Research and development	68	49	37	38	31
Sales and marketing	172	169	138	145	99
General and administrative	64	43	32	35	27
Total operating expenses	304	261	207	218	157
Loss from operations	(237)	(185)	(128)	(139)	(78)
Remeasurement of redeemable convertible preferred stock warrant liability	(1)	(3)	(7)	(7)	
Interest expense, net		(3)	(3)	(4)	(1)
Other income (expense), net					
Loss before provision (benefit) for income taxes	(238)	(191)	(138)	(150)	(79)
Provision (benefit) for income taxes			(2)	(3)	
Net loss	(238)%	(191)%	(136)%	(147)%	(79)%

Comparison of the Nine Months Ended October 31, 2013 and October 31, 2014

Revenue

	Nine Months Ended October 31,			
	2013	2014	$ Change	% Change
	(dollars in thousands, unaudited)			
Revenue	$ 85,363	$ 153,801	$ 68,438	80%

Revenue increased by $68.4 million, or 80%, during the nine months ended October 31, 2014 compared to the nine months ended October 31, 2013. The increase in revenue was substantially driven by an increase in subscription services. The increase in subscription services was due to the addition of new customers, as the number of paying organizations increased by 47% from October 31, 2013 to October 31, 2014. Also in this period, we experienced increased renewals from and expansion within existing customers as they broadened their deployment of our product offerings, as reflected in our retention rate of 130% as of October 31, 2014.

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Cost of Revenue and Gross Margin

	Nine Months Ended October 31, 2013	2014	$ Change	% Change
	(dollars in thousands, unaudited)			
Cost of revenue	$ 17,640	$ 32,579	$ 14,939	85%
Gross margin	79%	79%		

Cost of revenue increased by $14.9 million, or 85%, during the nine months ended October 31, 2014 compared to the nine months ended October 31, 2013. The increase was primarily due to an increase in employee and related costs resulting from headcount growth in our datacenter operations, customer support and professional services functions. Headcount in these functions grew from 110 employees as of October 31, 2013 to 151 employees as of October 31, 2014. In addition, there was an increase in datacenter service costs and depreciation of our server equipment as we brought our Las Vegas datacenter online and increased our capacity to serve a larger number of customers.

Research and Development

	Nine Months Ended October 31, 2013	2014	$ Change	% Change
	(dollars in thousands, unaudited)			
Research and development	$ 32,494	$ 48,415	$ 15,921	49%

Research and development increased by $15.9 million, or 49%, during the nine months ended October 31, 2014 compared to the nine months ended October 31, 2013. The increase was primarily driven by an increase of $8.0 million in employee and related costs and an increase of $6.4 million in stock-based compensation expense, as we increased our headcount from 215 employees as of October 31, 2013 to 254 employees as of October 31, 2014 to support continued investment in our product and service offerings and scalability.

Sales and Marketing

	Nine Months Ended October 31, 2013	2014	$ Change	% Change
	(dollars in thousands, unaudited)			
Sales and marketing	$ 124,174	$ 152,354	$ 28,180	23%

Sales and marketing increased by $28.2 million, or 23%, during the nine months ended October 31, 2014 compared to the nine months ended October 31, 2013. The increase was primarily due to an increase of $7.5 million in employee and related costs and an increase of $5.0 million in stock-based compensation expense, as we increased our headcount from 528 employees as of October 31, 2013 to 566 employees as of October 31, 2014, an increase of $6.7 million in datacenter and customer support costs to support free users, an increase of $3.1 million in advertising expenses, an increase of $1.9 million in allocated overhead costs, and an increase of $1.3 million in travel-related costs.

General and Administrative

	Nine Months Ended October 31,			
	2013	2014	$ Change	% Change
	(dollars in thousands, unaudited)			
General and administrative	$ 29,657	$ 41,276	$ 11,619	39%

General and administrative increased by $11.6 million, or 39%, during the nine months ended October 31, 2014 compared to the nine months ended October 31, 2013. The increase was primarily due to an increase of $5.7 million in legal and litigation expenses and an increase of $5.7 million in employee and related costs resulting from headcount growth from 109 employees as of October 31, 2013 to 160 employees as of October 31, 2014.

Remeasurement of Redeemable Convertible Preferred Stock Warrant Liability

	Nine Months Ended October 31,			
	2013	2014	$ Change	% Change
	(dollars in thousands, unaudited)			
Remeasurement of redeemable convertible preferred stock warrant liability	$ (5,883)	$ 140	$ 6,023	*

* Not meaningful

Remeasurement of redeemable convertible preferred stock warrant liability decreased by $6.0 million during the nine months ended October 31, 2014 compared to the nine months ended October 31, 2013. The decrease was primarily due to the exercise of certain warrants to purchase our redeemable convertible preferred stock in January 2014.

Interest Expense, Net and Other Income (Expense), Net

	Nine Months Ended October 31,			
	2013	2014	$ Change	% Change
	(dollars in thousands, unaudited)			
Interest expense, net	$ (3,243)	$ (1,450)	$ 1,793	55%
Other income (expense), net	29	41	12	41%

Interest expense, net decreased by $1.8 million, or 55%, during the nine months ended October 31, 2014 compared to the nine months ended October 31, 2013. The decrease was primarily due to the end-of-term and early payment fees in connection with the payoff of prior borrowings recognized during the nine months ended October 31, 2013.

Other income (expense), net consisted primarily of foreign currency gains (losses).

Provision (Benefit) for Income Taxes

	Nine Months Ended October 31,			
	2013	2014	$ Change	% Change
	(dollars in thousands, unaudited)			
Provision (benefit) for income taxes	$ (2,514)	$ (598)	$ (1,916)	*

* Not meaningful

The decrease in provision (benefit) for income taxes during the nine months ended October 31, 2014 compared to the nine months ended October 31, 2013 was primarily due to a smaller discrete tax benefit recognized from the release of our valuation allowance in connection with acquisitions.

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Comparison of the Years Ended January 31, 2013 and January 31, 2014

Revenue

	Year Ended January 31,			
	2013	2014	$ Change	% Change
	(dollars in thousands)			
Revenue	$ 58,797	$ 124,192	$ 65,395	111%

Revenue increased by $65.4 million, or 111%, during the year ended January 31, 2014 compared to the year ended January 31, 2013. The increase in revenue was substantially driven by an increase in subscription services. The increase in subscription services was due to the addition of new customers, as the number of paying organizations increased by 44% from January 31, 2013 to January 31, 2014. Also in this period, we experienced increased renewals from and expansion within existing customers as they broadened their deployment of our product offerings, as reflected in our retention rate of 136% as of January 31, 2014.

Cost of Revenue and Gross Margin

	Year Ended January 31,			
	2013	2014	$ Change	% Change
	(dollars in thousands)			
Cost of revenue	$ 14,280	$ 25,974	$ 11,694	82%
Gross margin	76%	79%		

Cost of revenue increased by $11.7 million, or 82%, during the year ended January 31, 2014 compared to the year ended January 31, 2013. The increase was primarily due to an increase in employee and related costs resulting from growth in our datacenter operations, customer support and professional services headcount from 81 employees as of January 31, 2013 to 116 employees as of January 31, 2014 to support an increased number of paying customers and an increase in depreciation of our server equipment as we brought our Las Vegas datacenter online and increased our capacity to serve a larger number of customers.

Research and Development

	Year Ended January 31,			
	2013	2014	$ Change	% Change
	(dollars in thousands)			
Research and development	$ 28,996	$ 45,967	$ 16,971	59%

Research and development increased by $17.0 million, or 59%, during the year ended January 31, 2014 compared to the year ended January 31, 2013. The increase was primarily driven by an increase of $14.3 million in employee and related costs as we increased our headcount from 159 employees as of January 31, 2013 to 234 employees as of January 31, 2014 to support continued investment in our product and service offerings and scalability, and a

$2.5 million increase in allocated overhead costs.

Sales and Marketing

	Year Ended January 31,			
	2013	2014	$ Change	% Change
		(dollars in thousands)		
Sales and marketing	$ 99,221	$ 171,188	$ 71,967	73%

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Sales and marketing increased by $72.0 million, or 73%, during the year ended January 31, 2014 compared to the year ended January 31, 2013. The increase was primarily due to an increase of $45.5 million in employee and related costs, including higher commission expenses of $16.0 million, driven by headcount growth from 374 employees as of January 31, 2013 to 513 employees as of January 31, 2014, and higher sales, an increase of $12.6 million in datacenter and customer support costs to support free users, an increase of $6.4 million in allocated overhead costs, and an increase of $2.8 million in travel-related costs.

General and Administrative

	Year Ended January 31,			
	2013	2014	$ Change	% Change
		(dollars in thousands)		
General and administrative	$ 25,429	$ 39,843	$ 14,414	57%

General and administrative increased by $14.4 million, or 57%, during the year ended January 31, 2014 compared to the year ended January 31, 2013. The increase was primarily due to an increase of $7.9 million in consulting, legal and accounting and audit fees as we expand internationally and prepare to become a public company, as well as an increase of $6.5 million in employee and related costs resulting from headcount growth from 75 employees as of January 31, 2013 to 109 employees as of January 31, 2014.

Remeasurement of Redeemable Convertible Preferred Stock Warrant Liability

	Year Ended January 31,			
	2013	2014	$ Change	% Change
		(dollars in thousands)		
Remeasurement of redeemable convertible preferred stock warrant liability	$ (1,727)	$ (8,477)	$ (6,750)	*

* Not meaningful

Remeasurement of redeemable convertible preferred stock warrant liability increased by $6.8 million during the year ended January 31, 2014 compared to the year ended January 31, 2013. The increase in the fair value of our outstanding redeemable convertible preferred stock warrants was primarily driven by the increase in the value of our underlying common stock.

Interest Expense, Net and Other Income (Expense), Net

	Year Ended January 31,			
	2013	2014	$ Change	% Change
		(dollars in thousands)		

Interest expense, net	$ (1,764)	$ (3,705)	$ (1,941)	110%
Other income (expense), net	116	(26)	(142)	*

* Not meaningful

Interest expense, net increased by $1.9 million, or 110%, during the year ended January 31, 2014 compared to the year ended January 31, 2013. The increase was primarily due to the end-of-term and early payment fees in connection with the payoff of prior borrowings, which was recorded as interest expense during the year ended January 31, 2014.

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Other income (expense), net consisted primarily of foreign currency gains (losses).

Provision (Benefit) for Income Taxes

	Year Ended January 31, 2013	Year Ended January 31, 2014	$ Change	% Change
		(dollars in thousands)		
Provision (benefit) for income taxes	$ 59	$ (2,431)	$ (2,490)	*

* Not meaningful

The decrease in provision (benefit) for income taxes during the year ended January 31, 2014 compared to the year ended January 31, 2013 was primarily due to a discrete tax benefit from a partial release of the valuation allowance on our deferred tax assets, primarily in connection with our acquisition of Crocodoc. With the acquisition, a deferred tax liability was established for the book-tax basis difference related to purchased intangibles. The net deferred tax liability provided an additional source of income to support the realizability of pre-existing deferred tax assets.

Comparison of the Years Ended December 31, 2011 and January 31, 2013

Revenue

	Year Ended December 31, 2011	Year Ended January 31, 2013	$ Change	% Change
		(dollars in thousands)		
Revenue	$ 21,084	$ 58,797	$ 37,713	179%

Revenue increased by $37.7 million, or 179%, during the year ended January 31, 2013 compared to the year ended December 31, 2011. The increase in revenue was substantially driven by an increase in subscription services. The increase in subscription services was due to a 61% increase in the number of paying organizations from December 31, 2011 to January 31, 2013. Also in this period, we experienced increased renewals from and expansion within existing customers as they broadened their deployment of our services, as reflected by our retention rate of approximately 144% as of January 31, 2013.

Cost of Revenue and Gross Margin

	Year Ended December 31, 2011	Year Ended January 31, 2013	$ Change	% Change
		(dollars in thousands)		
Cost of revenue	$ 6,873	$ 14,280	$ 7,407	108%
Gross margin	67%	76%		

Cost of revenue increased by $7.4 million, or 108%, during the year ended January 31, 2013 compared to the year ended December 31, 2011. The increase was primarily due to an increase in employee and related costs resulting from growth in our datacenter operations, customer support and professional services headcount from 36 employees as of December 31, 2011 to 81 employees as of January 31, 2013 to support an increased number of paying customers and an increase in depreciation of our server equipment as we expanded our Box services deployment capacity.

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Research and Development

	Year Ended December 31, 2011	January 31, 2013	$ Change	% Change
	(dollars in thousands)			
Research and development	$ 14,396	$ 28,996	$ 14,600	101%

Research and development expense increased by $14.6 million, or 101%, during the year ended January 31, 2013 compared to the year ended December 31, 2011. The increase was primarily driven by an increase of $10.4 million in employee and related costs as we increased our headcount from 99 employees as of December 31, 2011 to 159 employees as of January 31, 2013 to support continued investment in our product and service offerings, and a $3.1 million increase in allocated overhead costs.

Sales and Marketing

	Year Ended December 31, 2011	January 31, 2013	$ Change	% Change
	(dollars in thousands)			
Sales and marketing	$ 36,189	$ 99,221	$ 63,032	174%

Sales and marketing expense increased by $63.0 million, or 174%, during the year ended January 31, 2013 compared to the year ended December 31, 2011. The increase was primarily due to an increase of $31.6 million in employee and related costs, including an increase in commission expenses of $9.2 million driven by headcount growth from 160 employees as of December 31, 2011 to 374 employees as of January 31, 2013, and higher sales, an increase of $11.9 million in lead generation, brand awareness and marketing costs, an increase of $9.1 million in datacenter and customer support costs to support free users, and an increase of $8.6 million in allocated overhead costs.

General and Administrative

	Year Ended December 31, 2011	January 31, 2013	$ Change	% Change
	(dollars in thousands)			
General and administrative	$ 13,480	$ 25,429	$ 11,949	89%

General and administrative expense increased by $11.9 million, or 89%, during the year ended January 31, 2013 compared to the year ended December 31, 2011. The increase was primarily due to an increase of $2.8 million in outside placement fees and related costs, a $2.6 million increase in consulting, legal and accounting fees, a $2.3 million increase in miscellaneous taxes, as well as a $1.4 million increase in employee and related costs resulting from headcount growth from 41 employees as of December 31, 2011 to 75 employees as of January 31, 2013.

Remeasurement of Redeemable Convertible Preferred Stock Warrant Liability

	Year Ended December 31, 2011	Year Ended January 31, 2013	$ Change	% Change
	(dollars in thousands)			
Remeasurement of redeemable convertible preferred stock warrant liability	$ (356)	$ (1,727)	$ (1,371)	*

* Not meaningful

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Remeasurement of redeemable convertible preferred stock warrant liability increased by $1.4 million during the year ended January 31, 2013 compared to the year ended December 31, 2011. The increase in the fair value of our outstanding redeemable convertible preferred stock warrants during the year ended January 31, 2013 was primarily driven by the underlying increase in the value of our common stock.

Interest Expense, Net and Other Income, Net

	Year Ended December 31, 2011	Year Ended January 31, 2013	$ Change	% Change
	(dollars in thousands)			
Interest expense, net	$ (109)	$ (1,764)	$ (1,655)	*
Other income, net	49	116	67	137%

* Not meaningful

Interest expense, net increased by $1.7 million during the year ended January 31, 2013 compared to the year ended December 31, 2011. The increase was primarily due to additional borrowings during the year ended January 31, 2013.

Provision for Income Taxes

	Year Ended December 31, 2011	Year Ended January 31, 2013	$ Change	% Change
	(dollars in thousands)			
Provision for income taxes	$ 1	$ 59	$ 58	*

* Not meaningful

The increase in provision for income taxes during the year ended January 31, 2013 compared to the year ended December 31, 2011 was due to an increase in foreign taxes related to our foreign operations.

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Quarterly Results of Operations

The following tables set forth selected unaudited quarterly consolidated statements of operations data for each of the eight quarters in the period ended October 31, 2014. The information for each of these quarters has been prepared on the same basis as the audited annual consolidated financial statements included elsewhere in this prospectus and, in the opinion of management, includes all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the results of operations for these periods in accordance with generally accepted accounting principles in the United States. This data should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this prospectus. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

	Three Months Ended (in thousands)							
	Jan. 31, 2013	Apr. 30, 2013	Jul. 31, 2013	Oct. 31, 2013	Jan. 31, 2014	Apr. 30, 2014	Jul. 31, 2014	Oct. 31, 2014
Consolidated Statements of Operations Data:								
Revenue	$ 19,662	$ 23,414	$ 28,364	$ 33,585	$ 38,829	$ 45,330	$ 51,423	$ 57,048
Cost of revenue	4,277	4,561	5,907	7,172	8,334	9,228	10,833	12,518
Gross profit	15,385	18,853	22,457	26,413	30,495	36,102	40,590	44,530
Operating expenses:								
Research and development	8,346	9,439	10,965	12,090	13,473	14,898	16,345	17,172
Sales and marketing	30,953	33,936	41,416	48,822	47,014	47,440	49,657	55,257
General and administrative	7,687	8,261	10,010	11,386	10,186	11,546	12,875	16,855
Total operating expenses	46,986	51,636	62,391	72,298	70,673	73,884	78,877	89,284
Loss from operations	(31,601)	(32,783)	(39,934)	(45,885)	(40,178)	(37,782)	(38,287)	(44,754)
Remeasurement of redeemable convertible preferred stock warrant liability	(117)	(693)	(1,607)	(3,583)	(2,594)	(267)	461	(54)
Interest income (expense), net	(581)	(548)	(716)	(1,979)	(462)	(405)	(382)	(663)
Other income (expense), net	101	(9)	(73)	111	(55)	7	(71)	105
Loss before provision (benefit) for income taxes	(32,198)	(34,033)	(42,330)	(51,336)	(43,289)	(38,447)	(38,279)	(45,366)

Provision (benefit) for income taxes	48	6	(2,575)	55	83	64	(717)	55
Net loss	$ (32,246)	$ (34,039)	$ (39,755)	$ (51,391)	$ (43,372)	$ (38,511)	$ (37,562)	$ (45,421)

	Jan. 31, 2013	Apr. 30, 2013	Jul. 31, 2013	Oct. 31, 2013	Jan. 31, 2014	Apr. 30, 2014	Jul. 31, 2014	Oct. 31, 2014
Percentage of Revenue:								
Revenue	100%	100%	100%	100%	100%	100%	100%	100%
Cost of revenue	22	19	21	21	21	20	21	22
Gross profit	78	81	79	79	79	80	79	78
Operating expenses:								
Research and development	42	40	39	36	35	33	32	30
Sales and marketing	157	146	146	145	121	105	97	97
General and administrative	39	35	35	34	26	25	25	30
Total operating expenses	238	221	220	215	182	163	154	157
Loss from operations	(160)	(140)	(141)	(136)	(103)	(83)	(75)	(79)
Remeasurement of redeemable convertible preferred stock warrant liability	(1)	(3)	(6)	(11)	(7)	(1)	1	
Interest income (expense), net	(4)	(2)	(2)	(6)	(2)	(1)		
Other income (expense), net	1							(1)
Loss before provision (benefit) for income taxes	(164)	(145)	(149)	(153)	(112)	(85)	(74)	(80)
Provision (benefit) for income taxes			(9)				(1)	
Net loss	(164)%	(145)%	(140)%	(153)%	(112)%	(85)%	(73)%	(80)%

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Quarterly Revenues Trends

Our quarterly revenues increased sequentially for all periods presented due primarily to increases in the number of new customers as well as increased renewals from and expansion within existing customers as they broadened their deployment of our services. Our fourth quarter has historically been our strongest quarter for contracting activity as a result of large enterprise buying patterns.

Quarterly Costs and Expenses Trends

Total costs and expenses generally increased sequentially for all periods presented, primarily due to the addition of personnel in connection with the expansion of our business. Sales and marketing expenses generally grew sequentially over the periods. General and administrative costs generally increased in recent quarters due to higher professional service fees for preparing to be a public company.

Our quarterly operating results may fluctuate due to various factors affecting our performance. As noted above, we recognize revenue from subscription fees ratably over the term of the contract. Therefore, changes in our contracting activity in the near term may not be apparent as a change to our reported revenue until future periods. Most of our expenses are recorded as period costs, and thus, factors affecting our cost structure may be reflected in our financial results sooner than changes to our contracting activity. In addition, we generally incur higher sales and marketing expenses in our third fiscal quarter due to our annual users conference.

Liquidity and Capital Resources

	Year Ended December 31, 2011	Year Ended January 31, 2013	Year Ended January 31, 2014	Nine Months Ended October 31, 2013	Nine Months Ended October 31, 2014
		(in thousands)		(unaudited)	
Cash flow used in operating activities	$ (34,273)	$ (81,751)	$ (91,769)	$ (69,124)	$ (69,311)
Cash flow provided by (used in) investing activities	(38,293)	314	(32,185)	(22,570)	(29,966)
Cash flow provided by financing activities	102,849	172,797	105,165	78,954	155,717

As of October 31, 2014, we had cash and cash equivalents of $165.3 million. Our cash and cash equivalents are comprised primarily of overnight cash deposits. We have generated significant operating losses and negative cash flows from operations as reflected in our accumulated deficit and consolidated statements of cash flows. We may continue to incur operating losses and negative cash flows from operations in the future and may require additional capital resources to execute strategic initiatives to grow our business.

Since our inception, we have financed our operations primarily through equity and, to a lesser extent, debt financing, as well as cash generated from sales. We believe our existing cash and cash equivalents, our credit facilities, and cash provided by this offering will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months. Our future capital requirements will depend on many factors including our growth rate, subscription renewal activity, billing frequency, the timing and extent of spending to support development efforts, the expansion of sales and marketing and international operation activities, the introduction of new and enhanced services offerings, and the continuing market acceptance of our services. We may in the future enter into arrangements to acquire or invest in complementary businesses, services and technologies, including intellectual property rights. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, operating results and financial condition would be adversely affected.

In August 2013, we entered into a $100.0 million two-year revolving line of credit facility with Credit Suisse AG, Cayman Islands Branch, JPMorgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc. and

BMO Harris Financing, Inc. The credit facility is denominated in U.S. dollars and, depending on certain conditions, each borrowing is subject to a floating interest rate equal to the London Interbank Offer Rate (LIBOR) plus 3.0% or the Alternate Base Rate (ABR) plus 2.0%. Also in August 2013, we drew $34.0 million of the credit facility at 3.4% (six month LIBOR plus 3.0%), which was used to pay down outstanding borrowings and related end-of-term and early payment fees, as well as for other general corporate purposes. In July 2014, we drew an additional $12.0 million under the credit facility at 3.3% (six month LIBOR plus 3.0%). In September 2014, we paid down $6.0 million and amended the credit facility to reduce our borrowing capacity from $100.0 million to $75.0 million and extend the facility through August 2016. Concurrently and in conjunction with the execution of our new headquarters lease in September 2014, letters of credit in the aggregate amount of $25.0 million were issued under the credit facility. These letters of credit reduce our available borrowing capacity under the credit facility and are subject to interest at 3.25% per annum. As of October 31, 2014, the outstanding borrowings under the credit facility were $40.0 million.

The revolving line of credit facility is collateralized by substantially all of our assets. It also contains various covenants, including covenants related to the delivery of financial and other information, the maintenance of quarterly financial covenants, as well as limitations on dispositions, mergers or consolidations and other corporate activities. As of October 31, 2014, we were in compliance with all financial covenants.

Operating Activities

For the nine months ended October 31, 2014, cash used in operating activities was $69.3 million. The primary factors affecting our operating cash flows during this period were our net loss of $121.5 million, partially offset by non-cash charges of $22.3 million for stock-based compensation, $20.0 million for depreciation and amortization of our property and equipment and intangible assets, $8.8 million for amortization of deferred commissions, and net cash inflows of $1.6 million provided by changes in our operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities were a $10.6 million increase in deferred revenue, a $2.8 million decrease in accounts receivable, a $2.3 million increase in accounts payable, and a $2.0 million increase in deferred rent, partially offset by a $9.7 million increase in deferred commissions, a $2.5 million increase in prepaid expenses and other assets, and a $3.9 million decrease in accrued expenses and other liabilities. The increase in deferred revenue was primarily due to the growth in the number of paying customers and increased renewals and upsells to our existing customers as they broadened their deployment of our services. The increase in deferred commissions was due to higher sales. The decrease in accounts receivable was due to the timing of our cash collections during the period.

For the nine months ended October 31, 2013, cash used in operating activities was $69.1 million. The primary factors affecting our operating cash flows during this period were our net loss of $125.2 million, partially offset by non-cash charges of $12.0 million for depreciation and amortization of our property and equipment and intangible assets, $10.5 million for amortization of deferred commissions, $7.5 million for stock-based compensation, and $5.9 million for the remeasurement of our redeemable convertible preferred stock warrant liability, and net cash inflows of $22.7 million provided by changes in our operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities were a $27.3 million increase in deferred revenue and a $12.1 million increase in accrued expenses and other liabilities, partially offset by a $8.1 million increase in deferred commissions and a $7.8 million increase in accounts receivable. The increase in deferred revenue was primarily due to the growth in the number of paying customers and increased renewals from, and expansion within, our existing customers as they broadened their deployment of our services. The increase in accrued expenses and other liabilities was primarily attributable to increased activities to support the overall growth of our business. The increase in deferred commissions was due to higher sales. The increase in accounts receivable was due to increased sales and the timing of our cash collections during the period.

For the year ended January 31, 2014, cash used in operating activities was $91.8 million. The primary factors affecting our operating cash flows during this period were our net loss of $168.6 million, partially offset by non-cash charges of $17.9 million for depreciation and amortization of our property and equipment and intangible assets, $13.5 million for amortization of deferred commissions, $11.7 million for stock-based compensation, and $8.5 million for the remeasurement of our redeemable convertible preferred stock warrant liability, and net cash inflows of $27.6 million provided by changes in our operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities were a $50.0 million increase in deferred revenue and a $24.1 million increase in accrued expenses and other liabilities, partially offset by a $25.2 million increase in accounts receivable and a $14.0 million increase in deferred commissions. The increase in deferred revenue was primarily due to the growth in the number of paying customers and increased renewals from, and expansion within, our existing customers as they broadened their deployment of our services. The increase in accrued expenses and other liabilities was primarily attributable to increased activities to support the overall growth of our business. The increase in deferred commissions was due to higher sales. The increase in accounts receivable was due to increased sales and the timing of our cash collections during the period.

For the year ended January 31, 2013, cash used in operating activities was $81.8 million. The primary factors affecting our operating cash flows during this period were our net loss of $112.6 million, partially offset by non-cash charges of $8.6 million for depreciation and amortization of our property and equipment, $7.5 million for stock-based compensation, and $7.0 million for the amortization of deferred commissions, and net cash inflows of $5.3 million provided by changes in our operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities were a $26.9 million increase in deferred revenue, partially offset by a $14.0 million increase in deferred commissions and a $11.5 million increase in accounts receivable. The increase in deferred revenue was primarily driven by the growth in the number of paying customers and increased renewals from and expansion within our existing customers as they broadened their deployment of our services. The increase in deferred commissions was due to increased sales. The increase in accounts receivable was due to increased sales and the timing of our cash collections during the period.

For the year ended December 31, 2011, cash used in operating activities was $34.3 million. The primary factors affecting our operating cash flows during this period were our net loss of $50.3 million, partially offset by non-cash charges of $6.2 million for stock-based compensation and $2.8 million for depreciation and amortization of our property and equipment, and net cash inflows of $4.7 million provided by changes in our operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities were a $9.3 million increase in deferred revenue, partially offset by a $4.1 million increase in accounts receivable. The increase in deferred revenue was primarily driven by the growth in the number of paying customers and increased renewals from and expansion within our existing customers as they broadened their deployment of our services. The increase in accounts receivable was due to increased sales and the timing of our cash collections during the period.

Investing Activities

Cash used in investing activities of $30.0 million for the nine months ended October 31, 2014 was primarily due to capital expenditures.

Cash used in investing activities of $22.6 million for the nine months ended October 31, 2013 was primarily due to $14.8 million in capital expenditures and $7.8 million in connection with the acquisition of Crocodoc and other intangible assets.

Cash used in investing activities of $32.2 million for the year ended January 31, 2014 was due to $24.4 million in capital expenditures and $7.8 million in connection with the acquisition of Crocodoc and other intangible assets.

Cash provided by investing activities of $0.3 million for the year ended January 31, 2013 was primarily due to $20.0 million in proceeds from the maturity of marketable securities, partially offset by $19.5 million in capital expenditures.

Cash used in investing activities of $38.3 million for the year ended December 31, 2011 was primarily due to $23.8 million from net purchases of and proceeds from maturities of marketable securities and $13.5 million in capital expenditures.

Financing Activities

Cash provided by financing activities of $155.7 million for the nine months ended October 31, 2014 was primarily due to $149.6 million in net proceeds from the issuance of our Series F redeemable convertible preferred stock and net proceeds of $6.0 million from borrowings.

Cash provided by financing activities of $79.0 million for the nine months ended October 31, 2013 was primarily due to $76.0 million in net proceeds from the issuance of our Series E-1 redeemable convertible preferred stock. During this period, we also drew a net of $32.7 million on our revolving line of credit and repaid $31.0 million in connection with our prior borrowings.

Cash provided by financing activities of $105.2 million for the year ended January 31, 2014 was primarily due to $99.9 million in net proceeds from the issuance of our Series E-1 redeemable convertible preferred stock and $3.0 million of proceeds from the exercise of stock options. During this period, we also drew a net of $32.7 million on our new revolving line of credit facility and repaid $31.0 million in connection with our prior borrowings.

Cash provided by financing activities of $172.8 million for the year ended January 31, 2013 was primarily attributable to $150.8 million in net proceeds from the issuance of our Series D-2 and Series E redeemable convertible preferred stock and $19.8 million in net proceeds from borrowings.

Cash provided by financing activities of $102.8 million for the year ended December 31, 2011 was primarily due to $92.0 million in net proceeds from the issuance of our Series D, D-1 and D-2 redeemable convertible preferred stock and net proceeds of $10.6 million from borrowings.

Contractual Obligations and Commitments

The following summarizes our contractual obligations and commitments as of October 31, 2014:

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
	(in thousands)				
Debt[1]	$ 44,020	$ 2,194	$ 41,826	$	$
Operating leases[2]	276,865	8,892	34,876	44,116	188,981
Purchase obligations[3]	32,552	20,343	12,209		
Total	$ 353,437	$ 31,429	$ 88,911	$ 44,116	$ 188,981

(1) Includes interest and unused commitment fee on our line of credit.
(2) Includes obligations related to our new headquarters lease signed in September 2014.

(3) Purchase obligations relate primarily to datacenter operations and sales activities.

Off-Balance Sheet Arrangements

Through October 31, 2014, 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

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

We believe that of our significant accounting policies, which are described in Note 2 to our consolidated financial statements, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of our operations.

Revenue Recognition

We derive our revenue from three sources: (1) subscription revenue, which is comprised of subscription fees from customers utilizing our cloud-based Enterprise Content Collaboration services that include routine customer support; (2) revenue from customers purchasing our premier support package; and (3) revenue from professional services such as implementing best practice use cases, project management and implementation services.

We recognize revenue when all of the following conditions are met:

- there is persuasive evidence of an arrangement;
- the service has been provided to the customer;
- the collection of fees is reasonably assured; and
- the amount of fees to be paid by the customer is fixed or determinable.

We typically invoice our customers at the beginning of the term, in multiyear, annual, quarterly or monthly installments. Our subscription and support contracts are typically non-cancellable and do not contain refund-type provisions.

In instances where we collect fees in advance of service delivery, revenue under the contract is deferred until we successfully deliver such services.

Subscription revenue is recognized ratably over the period of the subscription beginning once all requirements for revenue recognition have been met, including provisioning the service so that it is available to our customers. Premier support is sold together with the subscription hosting services, and the term of the premier support is generally the same as the related subscription hosting services arrangement. Accordingly, we recognize premier support revenue in the same manner as the associated subscription hosting service. Professional services revenue is recognized as the services are rendered for time and material contracts, and using the proportional performance method over the period the services are performed for fixed price contracts. Professional services and premier support services revenues were not material for all periods presented.

We assess collectability based on a number of factors, such as past collection history and creditworthiness of the customer. If management determines collectability is not reasonably assured, we defer revenue recognition until collectability becomes reasonably assured.

Our arrangements can include multiple elements which may consist of some or all of subscription services, premier support and professional services. When multiple-element arrangements exist, we evaluate whether these individual deliverables should be accounted for as separate units of accounting or one single unit of accounting.

In order to treat deliverables in a multiple-element arrangement as separate units of accounting, the delivered item or items must have standalone value upon delivery. A delivered item has standalone value to the customer when either (1) any vendor sells that item separately or (2) the customer could resell that item on a standalone basis. Our subscription hosting services have standalone value as such services are often sold separately. Our premier support services do not have standalone value because we and other vendors do not sell premier support services separately. Our professional services have stand-alone value because there are other vendors which sell the same professional services separately. Accordingly, we consider the separate units of accounting in our multiple deliverable arrangements to be the professional services, subscription services or a combined deliverable comprised of subscription hosting services and premier support services. When multiple deliverables included in an arrangement are separable into different units of accounting, the arrangement consideration is allocated to the identified separate units of accounting based on their relative selling price. Multiple-element arrangement accounting guidance provides a hierarchy to use when determining the relative selling price for each unit of accounting. Vendor-specific objective evidence (VSOE) of selling price, based on the price at which the item is regularly sold by the vendor on a standalone basis, should be used if it exists. If VSOE of selling price is not available, third-party evidence (TPE) of selling price is used to establish the selling price if it exists. We have not established VSOE for our subscription services, premier support or professional services due to lack of pricing consistency, the introduction of new services and other factors. We have also concluded that third-party evidence of selling price is not a practical alternative due to differences in our service offerings compared to other parties and the availability of relevant third-party pricing information. Accordingly, we use our best estimate of selling price (BESP) to determine the relative selling price for our subscription, premier support and professional services offerings. For arrangements with multiple deliverables which can be separated into different units of accounting, we allocate the arrangement fee to the separate units of accounting based on our BESP. The amount of arrangement fee allocated is limited by contingent revenue, if any.

We determined BESP by considering our overall pricing objectives and market conditions. Significant pricing practices taken into consideration for our subscription hosting services, which may also include premier support, and professional services, include discounting practices, the size and volume of our transactions, the customer demographic, the geographic area where services are sold, price lists, our go-to-market strategy, historical standalone sales and contract prices. The determination of BESP is made through consultation with and approval by our management, taking into consideration our go-to-market strategy. As our go-to-market strategies evolve, we may modify our pricing practices in the future, which could result in changes in relative selling prices.

Deferred Commissions

Deferred commissions consist of direct incremental costs paid to our sales force associated with non-cancellable terms of the related contracts. The deferred commission amounts are recoverable through future revenue streams under the non-cancellable customer contracts. Direct sales commissions are deferred when earned and amortized over the same period that revenue is recognized for the related non-cancellable subscription period. Amortization of deferred commissions is included in sales and marketing expense in the consolidated statements of operations.

Stock-Based Compensation

We measure and recognize compensation expense for all stock-based awards granted to our employees and other service providers, including stock options, restricted stock units and restricted stock, based on the estimated fair value of the award on the grant date. We use the Black-Scholes option pricing model to estimate the fair value of stock option awards. The fair value of restricted stock units and restricted stock is determined based on the fair value of our common stock estimated as part of the capital stock and business enterprise valuation process. The fair value is recognized as an expense, net of estimated forfeitures, on a straight line basis over the requisite service period.

Our option pricing model requires the input of highly subjective assumptions, including the fair value of the underlying common stock, the expected term of the option, the expected volatility of the price of our common stock, risk-free interest rates, and the expected dividend yield of our common stock. The assumptions used in our

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option-pricing model represent management s best estimates. These estimates involve inherent uncertainties and the application of management s judgment. If factors change and different assumptions are used, our stock-based compensation expense could be materially different in the future.

These assumptions are estimated as follows:

Fair Value of Our Common Stock. As our common stock is not publicly traded, we must estimate the fair value of our common stock, as discussed in the section Common Stock Valuations below.

Risk-Free Interest Rate. We base the risk-free interest rate used in the Black-Scholes option pricing model on the implied yield available on U.S. Treasury zero-coupon issues with remaining terms similar to the expected term on the options.

Expected Term. The expected term represents the period that our stock-based awards are expected to be outstanding. We determined the expected term assumption based on the vesting terms, exercise terms and contractual terms of the options.

Volatility. We determine the price volatility factor based on the historical volatilities of our comparable companies as we do not have a sufficient trading history for our common stock. To determine our comparable companies, we consider public enterprise cloud-based application providers and select those that are similar to us in size, stage of life cycle, and financial leverage. For valuations prior to June 2013, we used the same group of comparable companies. For valuations beginning June 2013, we updated the group with companies that have recently become publicly traded and are similar to us. We intend to continue to apply this process using the same or similar public companies until a sufficient amount of historical information regarding the volatility of our own common stock share price becomes available, or unless circumstances change such that the identified companies are no longer similar to us, in which case, more suitable companies whose share prices are publicly available would be utilized in the calculation.

Dividend Yield. We have never declared or paid any cash dividends and do not plan to pay cash dividends in the foreseeable future, and, therefore, use an expected dividend yield of zero.

The following table summarizes the assumptions relating to our stock options as follows:

	Year Ended December 31, 2011		**Year Ended January 31, 2013**		**Year Ended January 31, 2014**		**Nine Months Ended October 31,**			
							2013		**2014**	
							(unaudited)			
Expected term (in years)	5.0	6.1	5.0	7.4	4.9	6.3	4.9	6.3	5.7	6.1
Volatility	55%	57%	53%	55%	48%	57%	49%	57%	46%	49%
Risk-free interest rate	1.1%	2.7%	0.7%	1.7%	0.8%	1.9%	0.8%	1.8%	1.8%	2.1%
Expected dividend yield		0%		0%		0%		0%		0%

In addition, we are required to estimate the expected forfeiture rate and only recognize expense for those shares that are expected to vest. We estimate the expected forfeiture rate based on historical experience and our expectations regarding future pre-vesting termination behavior of employees and other service providers. To the extent our actual forfeiture rate is different from our estimate, stock-based compensation expense is adjusted accordingly.

We will continue to use judgment in evaluating the assumptions related to our stock-based compensation on a prospective basis. As we continue to accumulate additional data related to our common stock, we may have refinements to our estimates, which could materially impact our future stock-based compensation expense.

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The following table summarizes, by grant date, all stock options, restricted stock units and restricted stock awards since January 1, 2013:

Grant Date	Number of Options Granted	Number of Shares of Restricted Stock Units Granted	Number of Shares of Restricted Stock Granted	Exercise Price Per Share for Options Granted	Deemed Fair Value of Common Stock Per Share
February 2013	807,100			$ 4.28 4.63	$ 4.63
April 2013	600,000			4.63	5.48
May 2013	943,750		322,435	4.63	5.85 5.96
June 2013	49,000			4.63	6.53
July 2013	2,628,380				