Amber Road, Inc.
Form 10-K
March 13, 2015

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

Form 10-K

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

For the fiscal year ended December 31, 2014.

OR

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

For the Transition Period from to .

Commission file number 001-36360

AMBER ROAD, INC.

(Exact name of registrant as specified in its charter)

Delaware	22-2590301
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
One Meadowlands Plaza East Rutherford, NJ	07073
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (201) 935-8588

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

Title of each class	Name of exchange on which registered
Common Stock, $0.001 par value	New York Stock Exchange

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

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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.

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

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

The aggregate market value of common stock held by non-affiliates of the registrant as of June 30, 2014, the last business day of the registrant's most recently completed second fiscal quarter, based upon the $16.13 closing sales price for the registrant's common stock as reported on the New York Stock Exchange on that date, was approximately $203,866,522. Solely for purposes of this disclosure, shares of common stock held by each executive officer, director and holder of 10% or more of the outstanding common stock have been excluded because such persons may be deemed to be affiliates. This determination of affiliate status does not reflect a determination that such persons are affiliates of the registrant for any other purpose.

As of March 2, 2015, there were 26,028,365 shares of the registrant's common stock, par value $0.001, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Parts of the registrant's Proxy Statement for the Registrant's 2015 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

AMBER ROAD, INC.
ANNUAL REPORT ON FORM 10-K
For the Year Ended December 31, 2014

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Amber Road, the Amber Road logo, Global Knowledge, Enterprise Technology Framework and other trademarks of Amber Road appearing in this report on Form 10-K are the property of Amber Road. All other trademarks, service marks and trade names in this report on Form 10-K are the property of their respective owners. We have omitted the ® and ™ designations, as applicable, for the trademarks used in this report on Form 10-K.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements are often identified by the use of words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “will,” “would” or the negative or plural of these similar expressions or variations. Such forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified herein, including those discussed in the section titled “Risk Factors”, set forth in Part I, Item 1A of this Annual Report on Form 10-K and in our other SEC filings. You should not rely upon forward-looking statements as predictions of future events. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. As used in this report, the terms "Amber Road", "we", "us", and "our" mean Amber Road, Inc. and its subsidiaries unless the context indicates otherwise.

PART I

Item I. Business

Company Overview

We are a leading provider of a cloud-based global trade management (GTM) solution, which automates import and export processes to enable goods to flow across international borders in the most efficient, compliant and profitable way. Our solution combines enterprise-class software, trade content sourced from government agencies and transportation providers across 145 countries, and a global supply chain network connecting our customers with their trading partners, including suppliers, freight forwarders, customs brokers and transportation carriers. As a result, our solution reduces transportation costs, optimizes logistics, leverages trade agreements, provides shipment tracking, and ensures compliance with import and export regulations. By automating more GTM processes, we enable our customers to enjoy significantly lower supply chain costs compared to legacy systems. We deliver our GTM solution using a Software-as-a-Service (SaaS) model and leverage a highly flexible technology framework to quickly and efficiently meet our customers' unique requirements around the world.

We deliver our solution in individual modules or as a suite, depending on our customers' needs, utilizing a highly flexible technology framework. This cloud-based suite addresses the growing complexity of the global trade landscape by automating GTM functions to minimize import and export costs, optimize transportation, track shipments within a supply chain, and automate compliance with regulations and free trade agreements. Without this delivery in the cloud, it would be difficult to effectively enable collaboration among the large number of trading partners involved in a global supply chain.

Our solution integrates Global Knowledge, a vast library of regulations and other content that we transform into a proprietary knowledgebase that enables our customers to automate GTM functions across 145 countries. Global Knowledge includes import and export regulations, shipping documents, preferential duties and taxes, specifications for free trade agreements, transportation rates, sailing schedules, embargoed country and restricted party lists, and harmonized tariff codes that identify goods based on standardized classifications, all sourced directly from government agencies and transportation carriers. Our GTM solution also includes a global supply chain network of pre-built connections to our customers' trading partners, allowing us to deploy our solution efficiently and economically.

Because global trade processes vary across industry verticals and countries, no single software or SaaS solution built with traditional technologies can serve the needs of every participant in a global supply chain. To address these variations, we built our GTM solution using a proprietary technology architecture that we refer to as our Enterprise Technology Framework. Our Enterprise Technology Framework separates customer-specific configurations in each deployment from our core application, permitting our customers to configure our GTM solution without one-off customizations. This in turn permits us to maintain a single version of our software across deployments, facilitating our development cycle and simplifying upgrades for our customers.

Our GTM solution drives value to our customers through faster and more predictable delivery times, less labor, reduced in-transit inventories, and reduced international trading costs such as brokerage fees, logistics fees, transportation costs and customs duties. We sell our GTM solution to many of the largest enterprises in the world, including companies such as General Electric, Monsanto, Sherwin Williams, Tyco International, Walmart and Weatherford International, representing diversified industry verticals including Chemical/Pharmaceutical, High Technology/Electronics, Industrial/Manufacturing, Logistics, Oil & Gas, and Retail/Apparel.

We have achieved consistent revenue growth while expanding our global presence. Our revenue for the years ended December 31, 2014, 2013, and 2012 was $64.8 million, $52.5 million and $43.4 million, respectively. Also, we had net losses of $27.7 million, $14.4 million, and $2.1 million for the years ended December 31, 2014, 2013, and 2012, respectively.

Recent Developments

ecVision Acquisition

On March 2, 2015, we entered into and completed the acquisition of ecVision (International) Inc., a Cayman Islands company with U.S., Hong Kong and China subsidiaries pursuant to a merger transaction whereby ecVision became our wholly-owned subsidiary. ecVision, Inc. is a cloud-based provider of global sourcing and collaborative supply chain solutions for brand-focused companies. We paid a purchase price of $26.4 million before giving effect to certain expenses and adjustments that resulted in an upfront cost to us of approximately $27.1 million. We acquired ecVision for a net cash amount

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of approximately $24.4 million, before giving effect to these expenses and adjustments, and net of ecVision’s $2.0 million of target working capital. We will also make an earn out payment of up to $5.2 million on June 1, 2016 as follows: (i) $3.5 million if ecVision’s products and services revenues under U.S. Generally Accepted Accounting Principles (GAAP) from April 1, 2015 through March 31, 2016 (the New Year Period) grow at an annual rate of 18% compared to the period from April 1, 2014 through March 31, 2015 (the Prior Year Period); (ii) the full $5.2 million if ecVision’s products and services revenues under GAAP grow in the New Year Period at 20% or more compared to the Prior Year Period; or (iii) a proportional payment between $3.5 million and $5.2 million if ecVision’s products and services revenues under GAAP grow in the New Year Period at more than 18% but less than 20% compared to the Prior Year Period. In addition, on June 1, 2017, we will pay to ecVision’s former equity-holders $3.7 million based upon the employment retention of ecVision's founder.

New Credit Agreement

We financed the ecVision acquisition with a combination of cash on hand and a new term loan from KeyBank National Association pursuant to a new Credit Agreement entered into on March 4, 2015. The new financing is comprised of two credit facilities: (i) a senior secured revolving credit facility of $5.0 million, which includes a $2.0 million sublimit for the issuance of letters of credit, and (ii) a senior secured term loan facility of $20.0 million. The $20.0 million term loan was fully drawn on March 4, 2015 in order to fund a portion of the merger consideration and we paid the balance of the merger consideration due at closing with our cash on hand. No portion of the revolving facility has been drawn. The maturity date for obligations under the new credit facilities is March 4, 2018.

The interest rate on the outstanding balance from time to time of the credit facilities is based upon, at our option, either "LIBOR” plus 3.5% or the “Base Rate” plus 1.5%. The term loan will amortize in quarterly installments as follows: (i) 2.5% in the first year; (ii) 2.5% in the second year; and (iii) 5% in the third year, with the with balance payable on the maturity date. Our obligations under the credit facilities, subject to certain exceptions, are guaranteed by our subsidiaries and are secured by our equity interests in our subsidiaries. In addition, subject to certain exceptions, we and each of the guarantors granted to KeyBank a first priority lien on and a security interest in substantially all real and personal properties and a negative pledge of our intellectual property. The credit facilities provide for voluntary prepayments as well as mandatory prepayments in certain circumstances. The credit facilities also contain certain financial covenants as well as customary affirmative and negative covenants and events of default for financings of its type.

Industry Overview

The Origin and Rapid Growth of Global Trade Automation

Most global trade functions historically have been handled manually by outsourced service providers and internal specialists. Early global trade automation software focused narrowly on discrete problems such as restricted party screening and shipment tracking. These software programs were not integrated with each other or existing enterprise software and were weak in functionality. At the same time, demand for global trade automation has increased rapidly over the past few years, fueled by a combination of macro and microeconomic trends. We believe these trends will continue to support the rapid increase of global trade and demand for GTM solutions.

Macroeconomic Drivers of Growth. We believe five macroeconomic trends are expanding the GTM automation marketplace:

- Growth in Imports from Low Cost Country Sourcing—Companies of all sizes and nearly every industry are pursuing low cost country sourcing strategies with suppliers in locations such as China, India and Southeast Asia.
- Rising Demand in Global and Emerging Markets—Global trade volumes are being driven by higher exports as producers seek new markets to accelerate their growth. As the wealth of emerging market nations continues to rise, these countries have become significant sales opportunities for U.S. and European companies.
- Increasing Border Security and Surveillance—Since 9/11, governments have imposed additional border security regulations that affect global trade. These additional security and automation requirements are driving additional demand for GTM automation.
- Increasing Government Regulation—Government regulatory agencies have also promulgated additional regulations aimed at protecting consumers, spurring local economic growth, and boosting revenues from duties and taxes. Customs agencies around the world supervise cross-border trade by enforcing these regulations. All of these requirements increase the need for GTM automation.

- Proliferating Free Trade Agreements—Governments are entering into multilateral free trade agreements to promote trade. For example, under the North American Free Trade Agreement (NAFTA) among the United States, Mexico and Canada, companies are able to import goods from partner countries with dramatically lower import duties. Complying with these requirements without automation can be difficult and expensive, and the challenge is not limited to NAFTA. There are more than 500 free and preferential trade agreements around the globe, each presenting myriad rules that governments modify continuously.

Microeconomic Drivers of Growth. To compete effectively, organizations must increase inventory turns, reduce cash-to-cash cycles, improve customer service, and reduce product cost after accounting for expenses such as transportation, brokerage fees, logistics fees, and customs duties, which we refer to as landed cost. Many firms that attempt to exploit low cost country sourcing fail to capture any benefits from their efforts. We believe this is due in part to a lack of automation and skilled GTM practitioners. Due to long delivery times associated with shifting supply bases overseas, importers experience ballooning inventory levels, leading to higher costs. These problems increase the urgency of making low cost country sourcing work through GTM automation.

The Complexity of Global Trade Automation

As compared to domestic distribution management, global trade management introduces the complexities of multiple languages, time zones, currencies, and modes of transport. Further, there can be more than a dozen parties involved in a single international shipment. The laws governing global trade are numerous, highly complex and ever-changing. Organizations must review and act on a heavy volume of regulatory information, which is often published on paper in varying formats. These challenges are difficult to master without a solution that integrates up-to-date regulatory content with rules-based transactional software connected to each supply chain party.

The complexity of global trade is compounded by each global trade participant’s unique position in the field. No two participants have identical needs, and automating global trade requires managing numerous combinations of functional requirements across a trading partner network, with each partner potentially using varied enterprise software. Successful GTM solutions must be flexible and adapt to changing regulations and business requirements without an ongoing need for significant professional services.

Shortcomings of Traditional Approaches to GTM

Even in some of the world’s largest organizations, traditional manual approaches to global trade predominate. Legacy approaches often use a combination of paper, facsimile and telephone based processes, spreadsheets, and other ineffective home-grown solutions that often create silos of unmanageable data. Where better automation exists, it is often based on applications developed using a legacy software architecture that is difficult to maintain and upgrade, and that delivers poor performance limited by a one-size-fits-all design. These applications may provide only basic transactional functionality while lacking the ability to perform deep trend analyses that provide important business insights and help management drive operational improvements.

Many legacy applications were deployed gradually, sourced from a variety of vendors in response to separately identified operating inefficiencies and rolled out as annual budget cycles permitted. They require significant ongoing professional services to maintain, and the difficulty of upgrading and maintaining them leads to an inherent lack of reliability in the face of constantly changing government regulations and input formats from supply chain partners. This software may also keep end users and support staff beholden to a patchwork of supporting legacy software that exists as part of an ecosystem that further frustrates modernization.

The SaaS Approach to GTM

Capturing the full value of information—and attaining the network effects possible in our global economy— requires modern software that can exchange information with varied systems in a flexible manner while presenting timely and actionable information to end users. A SaaS model allows organizations to replace patchworks of legacy products and/or manual processes with a comprehensive solution suite that automates trade from the time a purchase order is placed with an overseas supplier to the time a shipment is delivered. The SaaS alternative permits customers to outsource their GTM automation needs.

Our Growth Strategy

We intend to expand our role as a provider of a market-leading GTM solution by bringing our existing solution to new customers and new markets, and by expanding our solution to offer the most comprehensive and innovative features in the GTM marketplace. Key elements of our growth strategy include our plans to:

Invest in Sales. As a complement to our investment in infrastructure, we recently began to invest more heavily in our sales force, which has led to an acceleration of our business. We expect to continue to ramp our investment in sales by hiring new sales directors and supporting personnel, particularly for territories outside of the United States, including China. We will focus our expanded sales efforts on acquiring new customers and, to a lesser extent, selling more modules to our existing customers.

Invest in Marketing. We also recently began to invest more heavily in marketing. We plan to continue this expansion by maintaining our marketing focus on lead generation, in particular by running more marketing programs to jump-start new territories. We also expect to devote additional resources to solidifying our brand as a leading GTM solution provider.

Further International Expansion. Currently, we sell our solution predominantly in the United States, regions of Europe and China, where we target our marketing efforts and maintain dedicated inside and outside sales persons. Because our solution has a global appeal, we believe that there are significant opportunities in the rest of the world, particularly in Brazil, Russia, and India. Although our customers are headquartered primarily in the United States and Europe, we have deployed our solution to their users in more than 80 countries, giving us a foothold in many countries where we currently have no sales offices. We intend to invest in new sales and support offices in these regions, which will build on our pre-existing user base.

Expand Our Solution. We have a history of bringing an innovative solution to market as demonstrated by our robust Global Knowledge library and flexible, proprietary Enterprise Technology Framework. We will continue to leverage our solution team to expand the depth and breadth of our solution in response to customer requests and the evolving nature of global trade. For example, we may expand our solution to automate working with free trade zones, which are areas where goods may be imported, transformed, and then exported without the need to pay customs duties. We also intend to maintain our market leadership in trade content.

Execute Strategic Acquisitions. Strategic acquisitions represent an opportunity for us to augment our solution capabilities and sales team. The GTM solutions market is fragmented, and we believe some participants may have best-of-breed solutions to specific problems, particularly those created by the unique trading requirements of foreign countries. We may acquire those participants to expand our solution. Further, developing an effective sales force in foreign markets requires a nuanced understanding of local business customs. We may, for example, choose to acquire local GTM software companies in order to obtain sales teams with a track record of success in their markets. As an example of our acquisition strategy, on March 2, 2015, we acquired ecVision (International) Inc., a cloud-based provider of global sourcing and collaborative supply chain solutions for brand-focused companies. We currently have no agreements or understandings to acquire any such companies.

Our Solution Modules and Services

We implement our solution as modules, selling them individually or as a suite, depending on our customers’ needs. All of our modules rely on our trade content, and our professional services team configures them to address the following mission-critical GTM business challenges:

Import Management. Our import management module assists customers with landed cost calculations to determine the lowest-cost country from which to source goods, and streamlines legal compliance, reporting of product classifications, admissibility review, customs entry management and security filings.

Key Import Management Capabilities

- Global Master Record Modeling—Store master global trade attributes related to trading partners, multi-sourcing supplier options and products, including multi-variant attributes such as style, color and size.
- Country Sourcing—Analyze sourcing and supplier options by comparing total landed costs and trade restrictions in a side-by-side format.
- Admissibility—Automatically detect government import requirements using Global Knowledge trade content, apply business rules and alert users regarding admissibility.
- Restricted Party Screening—Screen trading partners, including suppliers, against global blacklists of companies and people with whom it is illegal to do business.
- Valuation—Model the correct import value of goods.
- Cost Calculation—Calculate the complete import costs or total landed cost by taking into consideration all charges as well as duties, taxes and other fees.
- Transaction Management—Automatically propagate partner and product global trade master attributes into import transactions to create electronic customs entry transactions.
- Post Entry Transaction Management—Manage and process corrections to customs entries after submission to customs authorities.
- Document Management—Create, generate, and distribute government documents required to import goods.
- Reporting—Create, generate, and distribute reports and analyses.

Benefits

- Reduced brokerage fees
- Reduced import delays
- Improved import cycle times
- Improved classification efficiency
- Improved entry processing via automated communication with customs brokers
- Reduced or eliminated post entry reviews
- Improved import audit

Export Management. Our export management module allows exporters to adopt best practices on a global level, gain a centralized view of export compliance and automate key export processes.

Key Export Management Capabilities

- Partner & Product Modeling—Store master global trade attributes related to trading partners and products, including multi-variant attributes such as style, color and size.
- Product Classification—Correctly classify products to apply taxes, tariffs and fees, as well as determine import/export controls and license requirements.
- Restricted Party Screening—Screen trading partners, including customers, against global blacklists of companies and people with whom it is illegal to do business.
- Export Compliance—Validate export transactions from order to shipment and delivery against applicable country regulations.
- License Tracking—Model the export license and automatically detect and decrement the license as appropriate.
- Import Compliance—Identify country of destination import requirements at the time of export to ensure customers meet entry requirements.
- Transaction Management—Automatically propagate partner and product global trade master attributes to the export transaction to create electronic export transactions.
- Document Management—Determine which documents to provide to freight forwarders, customers and government authorities, and then generate and transmit them to the appropriate parties.
- Reporting—Create, generate, and distribute reports.

Benefits

- Reduced freight forwarder fees
- Improved classification efficiency
- Improved restricted party screening efficiency
- Improved licensing efficiency
- Improved shipment processing (documents, filing, etc.)
- Improved export audit processes
- Avoid reputational injury
- Avoid fines and penalties, including loss of export privileges

China Trade Management. Our China Trade Management (CTM) module automates the Processing Trade regime in China, whereby companies import components and materials into China for manufacturing and then export finished goods, without paying import duties and value-added taxes.

Key China Trade Management Capabilities

- Processing Trade—Automate the Processing Trade regime with both China import processes, tracking components and materials through a manufacturing process tied to a bill-of-materials, and China export processes, providing tools to report trade to Chinese customs authorities.
- General Trade—Automate the general trade regime in China including import and export processing, license management, document management, calculation of duties and taxes, and reporting.
- Free Trade Zone—Automate Chinese free trade zones and other customs warehousing regimes, including inventory management and China customs reporting.

Benefits

Eliminate the manual effort to manage China workbooks and customs reporting	Implement better reporting with Chinese customs authorities
Eliminate payment of import duties and value-added taxes under Processing Trade regime	Respond quickly to Chinese regulatory changes

Global Logistics Management. Our global logistics management module enhances both global trade management and supply chain visibility. Global trade management solutions optimize the movement of goods by helping to manage transportation contracts, evaluate alternative routes, select carriers and oversee logistics operations. Supply chain visibility solutions connect importers and exporters with their overseas suppliers, logistics providers, brokers and carriers to enable them to track and monitor goods in near real time as they move through the global supply chain.

Key Global Logistics Management Capabilities

- Contract and Rate Management—Analyze exporters' shipping contracts and provide business rules for calculating rates, including rates for ancillary services provided by ocean, air, truck and rail carriers.
- Carrier Selection & Booking—Provide customers with a simplified view of rates, routes, schedules and accessorial charges in a side-by-side format.
- Freight Audit—Compare bills-of-lading received from carriers with expected charges to identify billing errors and submit them to carriers for resolution.
- Purchase Order Management—Extend purchasing and compliance processes to trading partners with a sophisticated supplier portal applet.
- Alerts and Notifications—Track inbound and outbound shipments by booking number, container number and bill-of-lading number, and receive alerts regarding supply chain performance.
- Trading Partner Network—Connect to a global trading network to integrate internal systems with an extended supply chain of suppliers, freight forwarders, carriers, customs brokers, and third-party sales channels.
- Data Quality Management—Utilize data quality management to normalize inconsistent message formats, terminology and codes across multiple trading partners and permit them to exchange accurate messages.
- Reporting—Create, generate, and distribute reports and analyses to help optimize supply chain networks and develop carriers score cards.

Benefits

Improved transportation procurement	Improved consolidation/mode shift
Improved carrier selection	Reduced detention and demurrage fees
Improved booking efficiency	Reduced expedited shipments
Reduced transportation cost by automating freight audits	Reduced order cycle times
Use approved carriers at latest contracted rates	Improved procurement/negotiations
Reduced in-transit inventory	Improved customer service
Reduced on-hand inventory	

Trade Agreement Management. Our trade agreement management module automates free trade agreement administration.

Key Trade Agreement Management Capabilities

- Rules of Origin Management—Intuitively manage complex rules of origin for global free trade agreements in a consistent manner.
- Trade Agreement Content Packs—Update and add new free trade agreement rules of origin without new software though Global Knowledge content plug-ins.
- Bills of Material Modeling—Store master global trade attributes for bills-of-materials, including the structural hierarchical of a manufactured part with infinite sub-assemblies.
- Bills of Material Qualification—Perform in depth processing of all potential rules of origin and instantly determine if manufactured parts qualify under free trade agreements.
- Ad-hoc Qualification—Quickly construct a qualification transaction and run one-off rules of origin calculations for "what if" analyses.
- Supplier Solicitation Campaigns—Determine if goods are eligible for a given free trade agreement based on their Harmonized Schedule (HS) classification and source country, and solicit suppliers for product information and certificates of origin.
- Certificate Management—Issue and manage trade agreement claims as open contracts over time and amend them with an audit trail.
- Certificate Requests—Quickly and easily respond to free trade agreement certificate requests from customers.
- Reporting—Create, generate, and distribute reports.

Benefits

- Improved supplier solicitation efficiency
- Improved qualification efficiency
- Improved processing efficiency
- Improved customer service and price management for exports
- Reduced customs duties

Professional Services. Our global professional services team encompasses subject matter experts, information technology professionals and project managers who implement our solution. These consultants have years of experience implementing enterprise solutions, and expertise with a wide range of customers, industries and industry-standard applications and integration technologies. Our professional services cover four areas:

- Assessment—We review customers' business processes on a project and an ongoing basis to discover opportunities for automation.
- Implementation—We deploy our solution with a proven methodology focused on best practices and create thorough documentation to facilitate training, support and upgrades.
- Education and Training—We train users to ensure proper compliance and efficiency, including sessions for end users, solution administrators and technical operators.
- Maintenance and Support—We provide production support 24 hours per day, 365 days per year for any critical issues, and regular solution upgrades. We provide our professional services pursuant to a professional service agreement and a related statement of work. In most cases, we bill professional services on a time and expense basis. The length of time and cost to implement our GTM solution depends on many factors, including the number of modules being implemented, the scope of the deployment, the complexity of our customer's environment and the availability of customer resources. We can implement entry level configurations for basic GTM modules in several weeks, whereas large scale, enterprise deployments of the GTM suite typically require several months or longer. For the years ended December 31, 2014, 2013, and 2012, revenue from professional services accounted for 30%, 26% and 25%, respectively, of our total revenue, with the remainder representing subscription revenue.

Customers

In 2014, 2013, and 2012, our solution served 552, 463 and 399 customers, respectively. Our customers are headquartered primarily in the United States and Europe. Of our 552 customers in 2014, 193 were multi-national enterprise customers with annual revenues that we believe are greater than $1 billion, and 359 were mid-market customers, with annual revenues that we believe are less than $1 billion. The average term of our current customers' initial agreement with us is approximately 4.0 and 3.6 years for our enterprise and mid-market customers, respectively. In 2014, our average revenue from enterprise customers was approximately $290,000 and our average revenue from mid-market customers was approximately $24,000.

Our customers typically pay us an annual subscription fee at the start of each contract year. The subscription fee is fixed for the term of the agreement, and typically is based on expected transaction volumes, such as the number of annual shipments or import entries. To the extent that a customer exceeds contracted maximum transaction volumes, they incur per transaction fees. This pricing structure allows us to sell more affordable, entry-level configurations to customers with fewer needs, as well as sophisticated configurations to enterprise customers with greater needs. The subscription fees typically begin the first month following contract execution, whether or not we have completed the solution's implementation, and our subscription agreements may typically only be terminated for cause. Generally, we charge for professional services to implement our solution on a time and materials basis.

For each of our fiscal years ended December 31, 2014, 2013, and 2012, our annualized recurring revenue retention was 100%, 102% and 102%, respectively. We calculate our annualized recurring revenue retention rate by comparing, for a given quarter, subscription revenue for all customers in the corresponding quarter of the prior year to the subscription revenue from those same customers in the given quarter and calculating the average of the four quarters for the stated year. For the years ended December 31, 2014, 2013, and 2012, revenue from international customers accounted for 14%, 11%, and 9% of total revenue, respectively and for 2014, we had two customers that each accounted for 10% of total revenue. A customer who accounted for approximately $6.6 million of our revenue for the year ended December 31, 2014 did not renew its subscription at the end of its current term that ended on December 31, 2014.

Competition

The market for GTM automation solutions is competitive, rapidly evolving, and subject to shifts in technology and customer needs. While we do not believe that any specific competitor offers the breadth of capabilities that we do, we compete with three types of organizations:

Enterprise Resource Planning Vendors. We compete with the large, enterprise resource planning software companies such as Oracle Corporation and SAP AG. These companies are extremely well financed, have prominent brands, and have extensive coverage of the enterprise software market across business functions. In many cases, they have entrenched relationships with the IT departments of our current and prospective customers. We compete with these organizations by:

- providing greater subject matter expertise throughout the sales cycle;
- demonstrating our superior solution capabilities and breadth;
- providing a lower total cost of ownership by delivering a complete solution, including trade content and a global trading partner network, as compared to acquiring these capabilities from separate vendors;
- aligning our interests with those of our customers by charging them a recurring subscription fee for recurring value, rather than a large, up-front licensing fee; and
- providing quick time to value by deploying under a SaaS model.

GTM Vendors. We also compete with focused GTM vendors. These vendors provide one or more functions including import management, export management, trade content, supply chain visibility, or free trade agreement management. They generally do not have the solution breadth that we provide, but may have superior capabilities in the functions they provide and they may have lower pricing than we do. We compete with these organizations by:

- demonstrating our superior solution breadth and selling our GTM suite; and
- delivering a complete offering, that provides a lower total cost of ownership than acquiring all needed capabilities from separate vendors.

Service Providers. To a much lesser extent, we compete with service firms including large freight forwarders. This occurs when companies outsource a particular GTM function such as license management or classification to service firms who generally perform these functions manually. In many cases, we work with these service providers rather than competing with them. For example, they may provide their services by working with our GTM solution on behalf of mutual customers. We compete with these organizations by demonstrating the superior return on investment attainable through higher levels of automation compared to the service providers' more manual approach.

Sales and Marketing

Our sales and marketing team consisted of 71 professionals as of December 31, 2014. The team primarily focuses on lead generation for our sales force, and also dedicates an increasing amount of time to branding. Our marketing activities consist of email campaigns, search engine optimization and marketing, webinars, seminars and sponsored campaigns with

trade journals. We focus heavily on marketing analytics enabled by automated tools that allow us to track prospects and funnel them from initial contact to qualified lead and finally to our sales force.

We sell our solution through a direct sales force. We have outside sales teams comprised of sales directors and technical specialists across the United States and Europe who sell to enterprise customers. We also employ inside sales persons and technical specialists who target mid-market companies in the United States.

Research and Development

Our success to date, and our growth strategy for the future, rely on advancing the state of the art of GTM automation. As of December 31, 2014, our research and development team consisted of 184 employees dedicated to the development of our GTM solution. The majority of our engineers reside in Bangalore, India and many of them have domain expertise in the GTM field. Accordingly, we will continue to devote substantial resources to help us to remain a leader in global trade management. In the years ended December 31, 2014, 2013, and 2012, our total expenses on research and development were $9.7 million, $7.9 million and $5.8 million, respectively.

Technology

Enterprise Technology Framework

Our solution is based on our Enterprise Technology Framework, a proprietary technology developed by our employees. Our Enterprise Technology Framework includes application programming interfaces, web-based development tools, run-time engines that execute meta-data components, and a comprehensive set of administrative features that combine to provide a unified technology architecture and user experience.

Our Enterprise Technology Framework is capable of delivering our solution over the Internet using a SaaS model, and can be configured as a multi-tenant environment that permits different customers to share a common operating environment while protecting them from unauthorized access to each other’s applications and data. For customers who require physical segregation of their applications and data from those of other customers, our Enterprise Technology Framework is also capable of delivering our solution in a separate instance configuration through dedicated servers in our data center or on the customer’s premises.

Regardless of the deployment method, our customers retain the ability to uniquely configure our solution and determine how data is shared or segregated among their operating groups, with the potential to provide each operating group a customized view of our solution optimized for the business processes they execute.

The most important capability of our Enterprise Technology Framework to our customers, and the most difficult technical problem that it solves, is permitting our professional services organization to configure our solution during implementation in a manner that separates customer-specific configurations from our core application, allowing our customers to upgrade to new versions of our solution while retaining their configurations and avoiding the need for re-implementation.

Data Center Operations

We host our GTM solution for our cloud delivery model customers in highly secure co-location facilities located in Jacksonville, Florida and Carlstadt, New Jersey. These facilities are protected by state-of-the art physical security features, heating and cooling systems, and redundant, uninterruptible power systems that can provide power for 20 to 30 days without refueling. Each is staffed and designed to be operational 24 hours per day, 365 days per year. Our equipment is located in a portion of the data center that is dedicated to our use and securely separated from other tenants of the data center. We host our CTM solution from a single co-location facility located in Shanghai, China and it is designed for high availability and continuity of service in the case of a catastrophe.

We own or lease all of the equipment that provides our solution, and our employees manage all of the hardware, software, databases, data backup, security and local network hardware necessary to provide our solution. Our network infrastructure features redundant load balanced Internet connections provided by diverse internet service providers. We perform data backups in accordance with industry custom, including real time database backups. We maintain backup co-location facilities with third parties to provide continuity of services in case of a catastrophe affecting our primary co-location facility. We conduct disaster recovery tests annually and are capable of bringing our solution online following any catastrophe.

Multiple layers of security protect our solution from malicious external activity (cyber-attacks). We monitor the integrity and availability of our solution in real time and hire third party consultants to audit the security of our information technology systems quarterly, and conduct application and network vulnerability testing annually. We utilize licensed and certified third parties to review our operating controls and information systems. We maintain certifications through independent audit reviews for SSAE 16, SOC 1 Type II, and SOC 2 for the “Security”, “Confidentiality”, “Data Privacy” and “Availability” principles and receive attestations of compliance with these standards.

Intellectual Property

We rely upon a combination of trade secrets, copyright and trademark law, as well as contractual restrictions such as confidentiality agreements, to establish and protect our proprietary rights. We have a number of registered and unregistered trademarks and no pending patent applications or issued patents. We maintain a policy requiring our employees, consultants and other third parties to enter into confidentiality and proprietary rights agreements before developing or accessing our software, documentation and other proprietary information, as applicable. We believe that our experience in the market, our significant research and development investments, and our flexible Enterprise Technology Framework will help us to maintain our leadership position in GTM automation.

Despite our efforts to protect our proprietary rights, unauthorized parties may misappropriate our technology to develop a competing solution. Policing unauthorized use of our technology is difficult and the laws of other countries in which we sell our solution may offer little or no effective protection for our technology. Our competitors could also independently develop technologies equivalent to ours, and without patent protection for our intellectual property, we would not be able to restrict them from selling their solution. Despite the potential competition for GTM technology, our Global Knowledge trade content library represents a significant barrier to any competitor seeking to offer a comprehensive GTM solution.

Employees

As of December 31, 2014, we had 547 employees. None of our employees are represented by a labor union with respect to their employment with us, we have not experienced any work stoppages, and we consider our relations with our employees to be good.

Corporate Information

We are incorporated in the state of Delaware and our corporate headquarters are located at One Meadowlands Plaza, East Rutherford, NJ 07073. Our telephone number is (201) 935-8588. We maintain a website at www.amberroad.com. Our website and information contained on or linked to our website are not a part of this Annual Report on Form 10-K.

Item 1A. Risk Factors

Our operating and financial results are subject to various risks and uncertainties including those described below, together with all of the other information in this Annual Report on Form 10-K, including the Consolidated Financial Statements and the related notes included elsewhere in this report, which you should consider before deciding whether to invest in shares of our common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks or others not specified below actually occurs, our business, financial condition, results of operations, and future prospects could be materially and adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment.

Risks Related to Our Business and Solution

If we are unable to attract new customers or our existing customers do not renew their subscriptions, the growth of our business and cash flows will be adversely affected.

To increase our revenue and cash flows, we must regularly add new customers. If we are unable to hire or retain effective sales personnel, generate sufficient sales leads through our marketing programs, or if our existing or new customers do not perceive our solution to be of sufficiently high value and quality, we may not be able to increase sales and our operating results would be adversely affected. In addition, our existing customers have no obligation to renew their subscriptions, and renewal rates may decline or fluctuate due to a number of factors, including customers’ satisfaction with our solution, our professional services, our customer support, our prices and the prices of competing solutions, as well as mergers and acquisitions affecting our customer base, global economic conditions and customers’ spending budgets. The average term of our current customers’ initial agreement with us is approximately 4.0 and 3.6

years for our enterprise and mid-market

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customers, respectively, and the average remaining contract term for our enterprise and mid-market customers is approximately 2.3 and 2.0 years, respectively. If we fail to sell our solution and services to new customers or if our existing customers do not renew their subscriptions, our operating results will suffer, and our revenue growth, cash flows and profitability may be materially and adversely affected.

The market for cloud-based GTM solutions is at an early stage of development. If this market does not develop or develops more slowly than we expect, our revenue may decline or fail to grow and we may incur additional operating losses.

We derive, and expect to continue to derive, substantially all of our revenue from providing a cloud-based GTM solution and related services. The market for cloud-based GTM solutions is in an early stage of development, and it is uncertain whether these solutions will achieve and sustain high levels of demand and market acceptance. Our success will depend on the willingness of companies to accept our cloud-based GTM solution as an alternative to manual processes, traditional enterprise resource planning software and internally-developed GTM solutions. Some customers may be reluctant or unwilling to use our cloud-based GTM solution for a number of reasons, including existing investments in GTM technology.

Traditional approaches to GTM automation have required, among other things, purchasing hardware and licensing software. Because these traditional approaches often require significant initial investments to purchase the necessary technology and to establish systems that comply with customers' unique requirements, companies may be unwilling to abandon their current solutions for our cloud-based GTM solution. Other factors that may limit market acceptance of our solution include:

- our ability to maintain high levels of customer satisfaction;
- our ability to maintain continuity of service for all users of our solution;
- the price, performance and availability of competing solutions; and
- our ability to address companies' confidentiality concerns about information stored outside of their premises.

If companies do not perceive the benefits of our cloud-based GTM solution, or if companies are unwilling to accept our solution as an alternative to traditional approaches, the market for our solution might not continue to develop or might develop more slowly than we expect, either of which would significantly adversely affect our revenues and growth prospects.

The information we source from third parties for inclusion in our Global Knowledge library may not be accurate and complete, our trade experts may make errors in interpreting legal and other requirements when processing this information, and our trade content may not be updated on a timely basis, which can expose our customers to fines and other substantial claims and penalties.

Our customers often use our solution as a system of record and many of our customers are subject to regulation of their products, services and activities. Our Global Knowledge library includes trade content sourced from government agencies and transportation carriers in numerous countries. It is often sourced from text documents and includes import and export regulations, shipping documents, preferential duties and taxes, specifications for free trade agreements, transportation rates, sailing schedules, embargoed country and restricted party lists, and harmonized tariff codes. The information in these text documents may not be accurate and complete. Our team of trade experts transforms these documents into a normalized and propriety knowledgebase, interpretable by software, and in so doing has to interpret the legal and other requirements contained in the source documents. We can provide no assurances that our trade experts do not make errors in the interpretation of these requirements. Furthermore, rules and regulations and other trade content used in our solution change constantly, and we must continuously update our Global Knowledge library. Maintaining a complete and accurate library is time-consuming and costly and we can provide no assurances that our specialists will always make appropriate updates to the library on a timely basis. Errors or defects in updating the trade content we provide to our customers and any defects or errors in, or failure of, our software, hardware, or systems, can result in an inability to process transactions or lead to violations that could expose our customers to fines and other substantial claims and penalties and involve criminal activity. In addition, these errors and delays may damage our reputation with both existing and new customers and result in lost customers and decreased revenue, which could materially and adversely affect our business, revenue and results of operations.

Any of these problems may enable our customers to terminate our agreements or we may be required to issue credits or refunds, and may be subject to product liability, breach of warranty or other contractual claims. We also may be required to

indemnify our customers or third parties as a result of any of these problems. Any provisions in our customer agreements intended to limit liability may not be sufficient to protect us against any such claims. Insurance may not be available on acceptable terms, or at all. In addition, any insurance we do have may not cover claims related to specific defects, errors, failures or delays, may not cover indirect or consequential damages, and otherwise may be inadequate, and defending a suit, regardless of its merit, could be costly and divert management's attention. In general, losses from customers terminating their agreements with us and our cost of defending claims resulting from defects, errors, failures or delays might be substantial, and could have a material adverse effect on our business, financial position, results of operations and cash flows.

Our sales cycle can be long and unpredictable and requires considerable time and expense, which may cause our operating results to fluctuate.

The sales cycle for our solution, from initial contact with a potential lead to contract execution and implementation, varies widely by customer, and can be lengthy. Some of our customers undertake a significant evaluation process that frequently involves not only our solution, but also solutions of our competitors, which may result in extended sales cycles. Our sales efforts involve educating our customers about the use, technical capabilities and benefits of our solution. We have no assurance that the substantial time and money spent on our sales efforts will produce any sales. Furthermore, our sales and marketing efforts in a given period may only result in sales in subsequent periods, or not at all. If we do not realize sales from a customer in the time period expected or at all, our business, operating results and financial condition could be adversely affected.

The complexity of our sales and implementation cycles exposes us to operational risks that we must manage carefully.

The complexity of our sales and implementation cycles makes predicting the time to close a sale and implement our solution difficult, thereby exposing us to operational risks. The length of these cycles depends on our customers' motivation and the resources they devote to the process. If our sales or implementation cycles are longer than we anticipate, we may face staffing shortages or cost overruns.

If our customers are not satisfied with our solution implementation, we could incur additional costs to address these issues, reducing our professional services revenue and the opportunity to sell additional solution modules to these customers. In addition, any negative publicity related to our customer relationships, regardless of its accuracy, may damage our business by affecting our ability to compete for new business with current and prospective customers.

We face intense competition, and our failure to compete successfully would make it difficult for us to add and retain customers and would impede the growth of our business.

The GTM solutions market is fragmented, competitive and rapidly evolving. We compete with GTM vendors, traditional enterprise resource planning vendors such SAP and Oracle, and other service providers, as well as with solutions developed internally by enterprises seeking to manage their global trade. Some of our actual and potential competitors may enjoy competitive advantages over us, such as greater name recognition, more varied offerings and larger marketing budgets, as well as greater financial, technical and other resources. Furthermore, some competitors may have best-of-breed solutions to problems created by the unique trading requirements of particular countries. As a result, our competitors may be able to respond more quickly than we can to new or changing opportunities, technologies, standards or customer requirements or devote greater resources to the promotion and sale of their products and services than we can.

The intensity of competition in the GTM market has resulted in pricing pressure as the market has developed and our competitors very frequently offer substantial price discounts for their products. We expect the intensity of competition to increase in the future as existing competitors develop their capabilities and as new companies, which could include one or more large software or trade content providers, enter our market. Increased competition could result in additional pricing pressure, reduced sales, shorter term lengths for customer contracts, lower margins or the failure of our solution to achieve or maintain broad market acceptance. If we are unable to compete effectively, it will be difficult for us to maintain our pricing rates and add and retain customers, and our business, financial condition and results of operations will be harmed.

We may expand by acquiring or investing in other companies, which may divert our management's attention, result in additional dilution to our stockholders and consume resources that are necessary to sustain our business.

Although we have no current definitive agreements or commitments for any acquisitions, our business strategy includes acquiring complementary services, technologies or businesses to augment our solution capabilities and sales platform, particularly in foreign markets. We also may enter into relationships with, or invest in, other businesses to expand our service

offerings or our ability to provide service in foreign jurisdictions. Negotiating these transactions can be time-consuming, difficult and expensive, and our ability to close these transactions may often be subject to approvals that are beyond our control. Consequently, these transactions, even if undertaken and announced, may not close.
An acquisition, investment or business relationship may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies, solutions, personnel or operations of the acquired companies, particularly if the key personnel of the acquired company choose not to work for us, the company’s technology is not easily adapted to work with ours or we have difficulty retaining the customers of any acquired business due to changes in management or otherwise. Acquisitions may also disrupt our business, divert our resources and require significant management attention that would otherwise be available for development of our business. Moreover, the anticipated benefits of any acquisition, investment or business relationship may not be realized or we may be exposed to unknown liabilities. Our acquisitions may not be successfully integrated or any such acquisitions may not otherwise be successful. If our acquisitions are unsuccessful for any reason, our business may be harmed and the value of your investment may decline.
Our success depends in part on our ability to develop and market new and enhanced solution modules, and we may not be able to do so, or do so quickly enough to respond to changes in demand. Even if we anticipate changes in demand, it may be difficult for us to transition existing customers to new versions of our solution.
Our success depends in part on our ability to develop and market new and enhanced solution modules, and to do so on a timely basis. Successful module development and marketing depends on numerous factors, including anticipating customer requirements, changes in technology requirements, our ability to differentiate our solution from those of our competitors, and market acceptance of our solutions. Enterprises are requiring their software application vendors to provide ever increasing levels of functionality and broader offerings. Moreover, our industry is characterized by rapid evolution, and shifts in technology and customer needs. We may not be able to develop and market new or enhanced modules in a timely or cost-effective manner or at all. Our solution also may not achieve market acceptance or correctly anticipate technological changes or the changing needs of our customers or potential customers.
In addition, even if we correctly anticipate changes in technology or demand, it might be difficult for us to transition existing customers to new versions of our solution. Such transitions or upgrades may require considerable professional services effort and expense and customers may choose to discontinue using our solution rather than proceed with a lengthy and expensive upgrade. If customers fail to accept new versions of our solution, if our newest solution contains errors, or if we expend too many resources supporting multiple versions of our solution, we may suffer a material adverse effect on our business, financial position, results of operations and cash flows.
Our cost structure is relatively fixed in the short term, which makes it difficult to reduce our expenses quickly in response to declines in revenue or revenue growth.
Most of our expenses, such as those associated with headcount and facilities, as well as those involved with maintaining our extensive Global Knowledge database, are relatively fixed and can be difficult to reduce in the short term. Our expense levels are based in part on our expectations regarding future revenue levels. As a result, if revenue for a particular quarter is below our expectations, our expenses for that quarter may constitute a larger percentage of our operating budget than we planned, causing a disproportionately negative effect on our expected results of operations and profitability for that quarter.
Our solution is complex and customers may experience difficulty in implementing, upgrading or otherwise achieving the benefits attributable to it.
Due to the scope and complexity of the solution that we provide, our implementation cycle can be lengthy and unpredictable. Our solution requires configuration and must integrate with many existing computer systems and applications of our customers and their trading partners. This can be time-consuming and expensive for our customers and can result in delays in the implementation of our solution. As a result, some customers have had, and may in the future have, difficulty implementing our solution successfully or otherwise achieving the expected benefits of our solution. Delayed or ineffective implementation or upgrades of our solution may limit our future sales opportunities, negatively affect revenue, result in customer dissatisfaction and harm our reputation.

We have different revenue recognition policies for professional services depending on our solution deployment model, and, as a result, our revenue, gross profit and operating results may fluctuate substantially from quarter to quarter and be adversely affected depending on the model our customers choose.

We generally employ two different deployment models for our solution and our revenue and operating results may fluctuate substantially from quarter to quarter depending on the model that our customers choose. Customers access our solution using either our cloud-based infrastructure or by deploying our solution on their own premises. Regardless of the delivery model, we sell our solution through subscription agreements that entitle our customers to access our solution and receive support, and we generally charge for professional services to implement the solution on a time and materials basis.

For customers who select our cloud-based solution deployment model, we recognize all revenue for our related professional services as we perform them. For customers who deploy our solution on their own premises, we recognize professional services revenue ratably over the remaining term of the subscription period. However, we recognize the costs of providing professional services as we incur them under either deployment model, and as a result, in any given period where we deliver professional services to on-premises customers, our revenue, gross profit and operating results may fluctuate substantially and will be adversely affected by this different revenue recognition treatment, especially in comparison to professional services delivered to our cloud-based customers.

If unauthorized persons breach our security measures, or those of third parties that provide infrastructure for, or components of, our GTM solution, they could access client data, leading clients to curtail or stop their use of our solution, which could harm our business, financial condition and results of operations.

Our GTM solution involves the storage and transmission of confidential information of customers, including certain financial data. We may also in the course of our service engagements have access to confidential customer information. If unauthorized persons breach our security measures, or those of third parties that provide infrastructure for, or components of, our solution as a result of employee error, malfeasance or otherwise, and, as a result, an unauthorized party obtains access to this confidential data, our reputation and business would suffer, and we could incur significant liability. Techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not discovered until launched against a target. As a result, we and our third-party providers may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our solutions occurs, the market perception of our solution could be harmed and we could lose sales and customers.

Selling our solution and services internationally subjects us to various risks.

Expanding our GTM software solution internationally is important to our growth and profitability. In the fiscal year ended December 31, 2014, 14% of our revenue was attributable to sales in international markets, primarily Europe. We intend to expand our sales efforts to other continents, which will require financial resources and management attention and may subject us to new or increased levels of risk. We cannot be assured that we will be successful in creating new international demand for our solution and services.

By doing business in international markets, we are exposed to risks separate and distinct from those we face in our domestic operations, and if we are unable to manage these risks effectively, it may harm the growth and profitability of our business.

Engaging in international business inherently involves a number of other difficulties and risks, including:

- changes in foreign currency exchange rates;
- changes in a specific country’s or region’s political or economic conditions, particularly in emerging markets;
- burdens of complying with a wide variety of foreign customs, laws and regulations, and with U.S. laws such as the Foreign Corrupt Practices Act;
- increased financial accounting and reporting burdens and complexities;
- changes in diplomatic and trade relationships;
- international terrorism and anti-American sentiment;
- possible future limitations on the ownership of foreign businesses;

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- difficulties in enforcing agreements and collecting receivables through certain foreign legal systems or difficulty collecting international accounts receivable or longer accounts receivable payment cycles; and
- less effective protection of intellectual property.

Our exposure to each of these risks may increase our costs, impair our ability to market and sell our solution and services, and require significant management attention. Our business, financial position, results of operations and cash flows may be materially adversely affected by the realization of any of these risks.

Our software is complex and may contain material undetected errors, which could enable or otherwise cause our customers to terminate or not renew their subscriptions, damage our reputation and adversely affect our business, revenue and results of operations.

Our software is inherently complex and, despite extensive testing and quality control, may contain material undetected errors or failures especially when first introduced or as new versions are released. Failures or errors in our software could result in data loss or corruption. We may not find errors in new or enhanced solution modules before we release them and such errors may not be discovered by us or our customers until after we have implemented these modules. These errors in our modules could enable or otherwise cause our customers to terminate or not renew their subscriptions. In addition, they may damage our reputation with both existing and new customers and result in lost customers and decreased revenue, which could materially and adversely affect our business, revenue and results of operations.

Industry consolidation may result in increased competition.

The GTM market is highly fragmented, and we believe that it is likely that some of our existing competitors will consolidate or will be acquired. Some of our competitors have made or may make acquisitions or may enter into partnerships or other strategic relationships to offer a more comprehensive solution than they individually had offered. We expect consolidation in the industry as companies attempt to strengthen or maintain their market positions. This could result in competitors with greater financial, technical, sales, marketing, service and other resources than us. The companies resulting from such combinations may eliminate gaps in their solutions, including a lack of integrated or comprehensive trade content, and these combinations may create more intense competition. Any such consolidation, acquisition, alliance or cooperative relationship could lead to pricing pressure, erosion of our margins, and loss of market share, all of which could have a material adverse effect on our business, results of operations and financial condition.

We have a history of losses and we may not achieve or sustain profitability in the future.

We have incurred significant losses since our formation, including net losses of $2.1 million in 2012, $14.4 million in 2013, and $27.7 million in 2014. As of December 31, 2014, we had an accumulated deficit of $108.1 million. As part of our strategy to develop and expand our business, we have increased and we expect to significantly increase sales and marketing expenses to attract additional customers, as well as research and development expenses to further develop our solution and services. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. Any failure to increase our revenue or generate revenue from developing new modules and expanding our services could prevent us from attaining or increasing profitability. In addition, as a public company, we will continue to incur significant accounting, legal and other expenses that we did not incur as a private company. Furthermore, we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may result in continuing or greater losses in future periods. You should not consider our historical revenue growth rates to be indicative of our future performance. We do not expect to be profitable in the foreseeable future and we cannot be certain that we will be able to attain profitability on a quarterly or annual basis, or if we do, that we will sustain profitability.

Uncertainty in global economic conditions may adversely affect our business, operating results or financial condition.

Our operations and performance depend on global economic conditions. Challenging or uncertain economic conditions make it difficult for our customers and potential customers to accurately forecast and plan future business activities, and may cause our customers and potential customers to slow, reduce or fail to commence spending on our solution. Furthermore, during challenging or uncertain economic times, our customers may face difficulties gaining timely access to sufficient credit and experience decreasing cash flow, which could affect their willingness to make purchases and their ability to make timely payments to us. Global economic conditions have in the past, and could continue to, have an adverse effect on demand for our solution, on our ability to predict future operating results and on our financial condition and operating results. If global economic conditions remain uncertain or deteriorate, it may materially affect our business, operating results and financial condition.

Our quarterly results of operations may fluctuate in the future, which could result in volatility in our stock price.

Our quarterly revenue and results of operations have varied in the past and may fluctuate as a result of a variety of factors. If our quarterly revenue or results of operations fluctuate, the price of our common stock could decline substantially. Fluctuations in our results of operations may be due to a number of factors, including, but not limited to:

- the volume and mix of solution modules sold, which can be influenced by enterprise customer demand for more professional services than our midmarket customers;
- our ability to retain and increase sales to existing customers and attract new customers, particularly as we obtain more revenue from new customers than old customers who add modules to their subscriptions;
- the timing and success of introductions of new modules or upgrades by us or our competitors;
- the strength of the global economy;
- competition, including entry into the industry by new competitors and new offerings by existing competitors;
- the amount and timing of expenditures related to expanding our operations, research and development, or introducing new modules, including challenges related to expanding our significant research and development presence in Bangalore, India given the competitive market for labor in that region; and
- changes in the payment terms for our solution or changes in our revenue recognition policies.

Due to the foregoing factors, and the other risks discussed in this prospectus, you should not rely on quarter-to-quarter comparisons of our results of operations as an indication of our future performance.

Declines in new subscriptions or in the rate of renewal of our subscriptions may not be fully reflected in our current period operating results and could lead to future revenue shortfalls that could affect our results of operations.

In 2014, we derived 70% of our total revenue from subscription agreements. We recognize revenue from these subscriptions over the term of the agreement, and accordingly downturns or upturns in new or renewal subscriptions may not be fully reflected in our current period operating results. If our new and renewal subscriptions in any period decline or fail to grow at a rate consistent with our historical trends, our revenue in future periods could fall short of analysts' expectations which, in turn, could adversely affect the price of our common stock.

We rely entirely on our own employees to sell and implement our solution and may be at a disadvantage compared to competitors that utilize external channels.

Many enterprise software companies, including some of our competitors, utilize partner networks to sell and deploy their solutions. These partners can include consulting companies of national reputation who may have established relationships with our potential customers. The dedication of a national consulting company to a particular GTM offering enhances the reputation of that offering in the marketplace. To date, we have relied entirely on our own sales and professional services employees to sell and implement our solution, which may put us at a competitive disadvantage. To increase our revenue and cash flows, we must regularly add new customers and maintain the ability to provide them with timely professional services. If we are unable to do so on our own, the market perception of our solution could be harmed and we could suffer a material adverse effect on our business, results of operations and financial condition.

If we lose the services of our Chief Executive Officer or other members of our senior management team, it could impair our ability to execute our business strategy and our sales and profitability could suffer.

Our success and future growth depend on the skills, working relationships and continued services of our senior management team and in particular, our Chief Executive Officer, James W. Preuninger. In the event that we are unable to retain the services of any of these key contributors, we may be unable to execute our business strategy in a timely manner, if at all, which would adversely affect our business, operating results and financial condition.

Our business could be adversely affected if we are unable to attract, integrate and retain key personnel.

Our success in the highly competitive GTM solutions market depends largely on our ability to attract, integrate and retain highly skilled managerial, solution, engineering, trade content and sales and marketing personnel. Competition for these personnel in our industry is intense. We may not be able to attract and retain the appropriately qualified, highly skilled employees necessary for the development of our solution and services and the growth of our business, or to replace personnel who leave our employ in the future. The loss of services of any of our key personnel, the inability to retain and attract qualified personnel in the future, or delays in hiring required personnel, particularly global trade subject matter experts, information technology professionals and project managers, could make it difficult to meet key objectives, such as timely and effective upgrades and introductions, penetration and expansion into existing accounts and growth in the GTM solutions market.

Our growth is dependent upon the continued development and retention of our direct sales force and any failure to hire and/or retain these personnel may impede our growth.

We have recently begun investing extensively in our direct sales force. We believe that our future growth will depend on the continued development of this sales force and their ability to obtain new customers, particularly enterprise customers, and to manage our existing customer base. Our ability to achieve significant growth in revenue in the future will depend, in large part, on our success in recruiting, training and retaining a sufficient number of direct sales personnel. New sales personnel require significant training and may, in some cases, take more than a year before becoming productive, if at all. If we are unable to hire and develop sufficient numbers of productive direct sales personnel, sales of our GTM solution and related services will suffer and our growth will be impeded.

We are exposed to exchange rate risks on foreign currencies that may adversely affect our business and results of operations.

Because most of our international sales are denominated in the currency of the country where the purchaser is located, as we continue to expand our direct sales presence in international regions, the portion of our accounts receivable and payment obligations denominated in foreign currencies continues to increase. In addition, we incur significant costs related to our operations in India in Rupees, and we also incur costs related to our operations in China in Renminbi which will continue to increase in 2014. As a result, increases or decreases in the value of the U.S. dollar relative to foreign currencies may affect our financial position, results of operations and cash flow. Our largest exposures to foreign exchange rates exist with respect to the Euro, the Rupee and Renminbi, which together represented approximately 14% of revenue and approximately 12% of our cost of revenue in 2014. We do not currently hedge our exposure to fluctuations in foreign exchange rates. Any hedging policies we may implement in the future may not be successful, and the cost of those hedging techniques may have a significant negative effect on our operating results.

Interruptions or delays in the delivery of our GTM solution could impair the availability or use of our solution, resulting in customer dissatisfaction, damage to our reputation, loss of customers, limited growth and reduction in revenue.

We host our GTM software solution from co-location facilities located in Jacksonville, Florida and Carlstadt, New Jersey. We host our CTM solution from a single co-location facility located in Shanghai, China.

Design or mechanical errors, power losses, spikes in usage volume, hardware failures, systems failures, communications failures, failure to follow system protocols and procedures, intentional bad acts, natural disasters, war, terrorist attacks or security breaches, including cyber attacks, could cause our systems to fail, resulting in interruptions in our service.

Other interruptions or delays in delivering our GTM and CTM solutions can result from changes to or termination of our arrangements with the owners of the facilities. The owners of our facilities have no obligation to renew their agreements with us on commercially reasonable terms, or at all. If we are unable to renew these agreements on commercially reasonable terms, we may be required to transfer to one or more new data center facilities, and we may incur significant costs and possible service interruption in doing so.

In addition, our Jacksonville data center's location may make it relatively susceptible to tropical storms and hurricanes, which, depending on severity, could also cause interruptions or delays in the delivery of our solution. All of our GTM solutions are hosted primarily from our Jacksonville facility, and our Carlstadt facility acts as a disaster recovery site that can host our solution following a catastrophic event at our Jacksonville co-location facility. For customers who do not have real

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time replication of their data to our Carlstadt facility, it can take us a substantial amount of time to migrate them to Carlstadt and restore functionality for them.

Many of our customers may consider our GTM solution to be “mission critical,” and any delay in restoring our solution may be unacceptable to customers. Any equipment failures and delays in restoring our solution could enable or otherwise cause our customers to terminate or not renew their subscriptions. In addition, they may damage our reputation with both existing and new customers and result in lost customers and decreased revenue, which could materially and adversely affect our business, revenue and results of operations.

If we fail to manage our international operations effectively, our business, financial condition and results of operations could be adversely affected.

We have offices in the United States, Germany, India and China, and plan to continue our international expansion. Managing a geographically dispersed workforce in multiple time zones in compliance with diverse local laws and customs is challenging. If we fail to manage our international workforce effectively, our business, financial condition and results of operations could be adversely affected.

Political, economic, social and other factors in India and China may adversely affect our operations and our ability to achieve our business objectives.

We have offices in Bangalore, India, in which the majority of our engineers are situated. Since the early 1990s, the Indian government has been implementing an economic structural reform program with the objective of liberalizing India’s exchange and trade policies, reducing the fiscal deficit, controlling inflation, promoting a sound monetary policy, reforming the financial sector, and placing greater reliance on market mechanisms to direct economic activity. While economic liberalization efforts in India continue, there can be no assurance that these economic reforms will persist, and that any newly elected government will continue the program of economic liberalization of previous governments. In addition, despite the economic reforms, India continues to have relatively poor business conditions. India has also experienced terrorist attacks in the past decade. Religious and border disputes persist and remain pressing problems. Military hostilities and civil unrest in Afghanistan, Iraq and other Asian countries persist. These events could adversely influence the Indian economy and, as a result, materially and adversely affect our operations and our ability to achieve our business objectives.

We conduct our business in China through our EasyCargo Chinese subsidiary. The results of operations and future prospects of our Chinese subsidiary are subject to evolving economic, political and social developments in China. In particular, these results may be adversely affected by changes in China’s political, economic and social conditions, changes in policies of the Chinese government, changes in laws and regulations or in the interpretation of existing laws and regulations, changes in foreign exchange regulations, measures that may be introduced to control inflation, and changes in the rates or methods of taxation. Also, Chinese commercial laws, regulations and interpretations applicable to non-Chinese owned market participants such as us are continually changing. These laws, regulations and interpretations could impose restrictions on our ownership or operations of our interests in China and could have a material adverse effect on our business.

Uncertainties with respect to the Chinese legal system may adversely affect the operations of our Chinese subsidiary.

Our Chinese subsidiary is subject to laws and regulations applicable to foreign investment in China. There are uncertainties regarding the interpretation and enforcement of laws, rules and policies in China. The Chinese legal system is based on written statutes, and prior court decisions have limited precedential value. Because many laws and regulations are relatively new and the Chinese legal system is still evolving, the interpretations of many laws, regulations and rules are not always uniform. Moreover, the relative inexperience of China’s judiciary in many cases creates additional uncertainty as to the outcome of any litigation, and the interpretation of statutes and regulations may be subject to government policies reflecting domestic political agendas. Finally, enforcement of existing laws or contracts based on existing law may be uncertain and sporadic. As a result of the forgoing, it may be difficult for us to obtain swift or equitable enforcement of laws ostensibly designed to protect companies like ours, which could have a material adverse effect on our business and results of operations.

We may be exposed to liabilities under the FCPA and anti-corruption laws, including those under Chinese law, and any determination that we violated these laws could have a material adverse effect on our business.

We are subject to the U.S. Foreign Corrupt Practice Act of 1977, or FCPA, and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by U.S. persons and issuers as defined by the statute, for the purpose of obtaining or retaining business. Through our EasyCargo Chinese subsidiary, we have agreements with more than 35 customers that are subject to Chinese law. China also strictly prohibits bribery of government officials. Our activities in China create the risk of unauthorized payments or offers of payments by our employees, consultants or sales agents, even though they may not always be subject to our control. It is our policy to implement safeguards to discourage these practices by our employees. However, our existing safeguards and any future improvements may prove to be ineffective, and our employees, consultants or sales agents may engage in conduct for which we might be held responsible. Violations of the FCPA or anti-corruption laws, including such anti-corruption laws in China, may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition. In addition, the U.S. government may seek to hold us liable for successor liability FCPA violations committed by EasyCargo or any other company in which we invest or that we acquire.

We may need substantial additional funding and we may be unable to raise capital when needed, which could force us to delay, reduce or eliminate our solution development programs.

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to enhance existing and develop new modules, improve our operating infrastructure or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when required, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired. In that case, we may not be able to, among other things, develop or enhance our solution, continue to expand our sales and marketing, acquire complementary technologies, solutions or businesses, expand operations in the United States or internationally, hire, train and retain employees, or respond to competitive pressures or unanticipated working capital requirements. Our failure to do any of these things could have a material adverse effect on our business, financial condition, and operating results.

Our effective tax rate may fluctuate, and we may incur obligations in tax jurisdictions in excess of amounts that have been accrued.

We are subject to income taxes in both the United States and various foreign jurisdictions, and we may take certain income tax positions on our tax returns with which tax authorities may disagree. When necessary, we provide reserves for potential payments of tax to various tax authorities related to uncertain tax positions. However, the calculation of our tax liabilities involves the application of complex tax regulations to our global operations in many jurisdictions. Therefore, any dispute with any tax authority may result in a payment that is materially different from our current estimate of the tax liabilities associated with our returns.

Changes in tax laws or tax rulings could materially affect our effective tax rate. There are several proposals to reform United States tax rules being considered by law makers, including proposals that may reduce or eliminate the deferral of United States income tax on our unrepatriated earnings, potentially requiring those earnings to be taxed at the U.S. federal income tax rate, reduce or eliminate our ability to claim foreign tax credits, and eliminate various tax deductions until foreign earnings are repatriated to the United States. At December 31, 2014, we had net operating loss carryforwards for federal income tax purposes of approximately $70.0 million. Our future reported financial results may be adversely affected by tax rule changes which restrict or eliminate our ability to utilize net operating loss carry-forwards, claim foreign tax credits or deduct expenses attributable to foreign earnings, or otherwise affect the treatment of our unrepatriated earnings.

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Our ability to use our net operating loss carryforwards may be subject to limitation.

Under Section 382 of the Internal Revenue Code of 1986, as amended, substantial changes in our ownership may limit the amount of net operating loss carryforwards that could be utilized annually in the future to offset our taxable income. Specifically, this limitation may arise in the event of a cumulative change in ownership of our company of more than 50% within a three-year period. Any such annual limitation may significantly reduce the utilization of our net operating loss carryforwards before they expire. Our prior business acquisitions, and our recently completed initial public offering (IPO), alone or together with transactions that may occur in the future, could limit the amount of net operating loss carryforwards that could be utilized annually in the future to offset our taxable income, if any. Any such limitation, whether as the result of our prior business acquisitions, the IPO, sales of common stock by our existing stockholders or additional sales of common stock by us could have a material adverse effect on our results of operations in future years. We have not completed a study to assess whether an ownership change occurred as a result of the IPO, or whether there have been one or more ownership changes since our inception, due to the costs and complexities associated with such study. Accordingly, our ability to use our net operating loss carryforwards to reduce future tax payments may be currently limited or may be limited as a result of the IPO or any future issuance of shares of our stock.

If we are unable to manage our expected growth, our performance may suffer.

Our business has grown rapidly, and if we are successful in executing our business strategy, this growth will continue as we leverage our existing customer relationships, expand internationally, increase our solution offerings and execute strategic acquisitions. We will need to continue to expand our managerial, operational, financial and other systems and resources to manage our operations, continue our research and development activities, increase our sales force and expand our professional services team. It is possible that our management, finance, development personnel, systems and facilities currently in place may not be adequate to support this future growth. Our need to effectively manage our operations and growth requires that we continue to develop more robust business processes and improve our systems and procedures in each of these areas and attract and retain sufficient numbers of talented employees. We may be unable to successfully implement these tasks on a larger scale and, accordingly, may not achieve our research, development and growth goals.

Our loan and security agreement with our lender contains operating and financial covenants that may restrict our business and financing activities.

We are party to a credit agreement in connection with our term loan and revolving line of credit. Borrowings under the credit agreement are secured by substantially all of our assets, excluding intellectual property. Our credit agreement contains customary restrictions and requires us to maintain a minimum cash balance as well as a maximum leverage ratio.

The operating and financial restrictions and covenants in the credit agreement, as well as any future financing agreements that we may enter into, restrict our ability to finance our operations, engage in business activities or expand or fully pursue our business strategies. Our ability to comply with these covenants may be affected by events beyond our control, and we may not be able to meet those covenants. From time to time we may be required to seek waivers, a forbearance or an amendment to the credit agreement in order to maintain compliance with these covenants, and there can be no certainty that any such waiver, amendment or forbearance will be available, or what the cost of such waiver, amendment or forbearance, if obtained, would be. A breach of any of these covenants could result in a default under the credit agreement, which could cause all of the outstanding indebtedness under our line of credit to become immediately due and payable, terminate all commitments to extend further credit and permit our lender to take possession of and sell our assets pledged as collateral.

If we are unable to generate sufficient cash available to repay our debt obligations when they become due and payable, either when they mature or in the event of a default, we may not be able to obtain additional debt or equity financing on favorable terms, if at all, which may negatively affect our ability to continue as a going concern.

Risks Related to Our Intellectual Property

We may not be able to adequately protect our intellectual property rights in internally developed software and other materials and efforts to protect them may be costly.

Our ability to compete effectively depends in part upon our ability to protect our intellectual property rights in our software and other materials that we have developed internally. We hold no issued or pending patents and have relied largely on copyright, trade secret and, to a lesser extent, trademark laws, as well as confidentiality procedures and agreements with

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our employees, consultants, customers and vendors, to control access to, ownership of and distribution of technology, software, documentation and other confidential information. Despite these precautions, it may be possible for a third party to copy, reverse engineer or otherwise obtain, use or distribute our technology, software and/or documentation without authorization. If this were to occur, we could lose revenue as a result of competition from products infringing or misappropriating our technology and intellectual property and we may be required to initiate litigation to protect our proprietary rights and market position.

United States copyright and trade secret laws offer us only limited protection and the laws of some foreign countries protect proprietary rights to an even lesser extent. Accordingly, defense of our proprietary technology may become an increasingly important issue as we continue to expand our operations and technology development into countries that provide a lower level of intellectual property protection than the United States. Policing unauthorized use of our technology is difficult and the steps we take may not prevent misappropriation of the technology we rely on. If competitors are able to use our technology without recourse, our ability to compete would be harmed and our business would be materially and adversely affected.

We may elect to initiate litigation in the future to enforce or protect our proprietary rights or to determine the validity and scope of our rights or the rights of others. That litigation may not be ultimately successful and could result in substantial costs to us, the reduction or loss in intellectual property protection for our technology, the diversion of our management attention and harm to our reputation, any of which could materially and adversely affect our business and results of operations.

Assertions by any other third party that we infringe its intellectual property, whether successful or not, could subject us to costly and time-consuming litigation and expensive licenses.

The software and technology industries are characterized by frequent litigation based on allegations of infringement or other violations of patents, copyrights, trademarks, trade secrets or other intellectual property rights. For example, in 2011 a non-practicing entity claimed that our solution infringed one of its patents. Although we successfully defended this claim, we cannot be certain that our solution and services do not infringe the intellectual property rights of other third parties. Additionally, because our software is integrated with our customers' business processes and other software applications, third parties may bring claims of infringement or misappropriation against us, as well as our customers and other software suppliers. Claims of alleged infringement of intellectual property rights of third parties could be asserted against us in the future. We cannot be sure that we would prevail against any such asserted claim. In addition to possible claims with respect to our proprietary information, some of our solution modules contain technology developed by and licensed from third parties and we may likewise be susceptible to infringement or misappropriation claims with respect to these third party technologies.

Claims of alleged infringement of third party intellectual property rights may have a material adverse effect on our business. Any intellectual property rights claim made against us or our customers, with or without merit, could be time-consuming, expensive to litigate or settle, and could divert management attention and financial resources. An adverse determination could prevent us from offering our modules or services to our customers and may require that we procure or develop substitute modules or services that do not infringe. Claims of intellectual property infringement also might require us to enter into costly royalty or license agreements. We may be unable to obtain royalty or license agreements on terms acceptable to us or at all. Furthermore, many of our license agreements require us to indemnify and defend our customers for certain third-party intellectual property infringement claims, which could increase our costs as a result of defending such claims and may require that we pay damages if there were an adverse ruling related to any such claims. Even if we are not a party to any litigation between a customer and a third party, an adverse outcome in any such litigation could make it more difficult for us to defend our services and solution in any subsequent litigation in which we are a named party. Moreover, such infringement claims may harm our relationships with our existing customers and may deter future customers from purchasing our solution on acceptable terms, if at all.

We may be subject to damages resulting from claims that we or our employees have wrongfully used or disclosed alleged trade secrets of employees' former employers.

We could in the future be subject to claims that we or our employees have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of our employees' former employers. Litigation may be necessary to defend against these claims. If we fail in defending against such claims, a court could order us to pay substantial damages and prohibit us from using technologies or features that are essential to our solution if such technologies or features are found to incorporate or be derived from the trade secrets or other proprietary information of the former employers. In addition, we may lose valuable intellectual property rights or personnel. A loss of key personnel or their work product could hamper or prevent our ability to develop, market and support new solution modules or enhancements to existing modules, which could severely harm our business. Even if we are successful in defending against these claims, such litigation could result in substantial costs and distract management.

Evolving regulation of the Internet may increase our expenditures related to compliance efforts, which may adversely affect our financial condition.

As Internet commerce continues to evolve, increasing regulation by federal, state or foreign agencies becomes more likely. We are particularly sensitive to these risks because the Internet and cloud computing are critical components of our business model. For example, we believe that increased regulation is likely in the area of data privacy on the Internet, and laws and regulations applying to the solicitation, collection, processing or use of personal or consumer information could affect our customers' ability to use and share data, potentially reducing demand for solutions accessed via the Internet and restricting our ability to store, process and share certain data with our clients via the Internet. In addition, taxation of services provided over the Internet or other charges imposed by government agencies or by private organizations for accessing the Internet may be imposed. Any regulation imposing greater fees for Internet use or restricting information exchange over the Internet could result in a decline in the use of the Internet and the viability of Internet-based services, which could have a material adverse effect on our business.

Risks Related to Ownership of Our Common Stock

The concentration of our capital stock ownership with insiders will limit your ability to influence corporate matters.

As of December 31, 2014, our executive officers, directors, current 5% or greater stockholders, and their respective affiliates together beneficially own or control, in aggregate, approximately 59.4% of the shares of our common stock outstanding. As a result, these executive officers, directors and principal stockholders, were they to act together, would be able to significantly influence most matters that require approval by our stockholders, including the election of directors, any merger, consolidation or sale of all or substantially all or of our assets or any other significant corporate transaction. Corporate action might be taken even if other stockholders oppose such action. Those stockholders may delay or prevent a change of control or otherwise discourage a potential acquirer from attempting to obtain control of our company, even if such change of control would benefit our other stockholders. This concentration of stock ownership may adversely affect investors' perception of our corporate governance or delay, prevent or cause a change in control of our company, any of which could have material adverse effect on the market price of our common stock.

The market price for our common stock may be volatile.

Fluctuations in the price of our common stock could contribute to the loss of all or part of your investment. The trading price of our common stock is likely to be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. Any of the factors listed below could have a material adverse effect on your investment in our common stock. In such circumstances, the trading price of our common stock may not recover and may experience a further decline.

The market price for our common stock could be subject to wide fluctuations in response to many risk factors listed in this section, and others beyond our control. Factors affecting the trading price of our common stock may include:

- actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- changes in the market's expectations about our operating results;
- the effects of seasonality on our business cycle;
- success of competitive solutions and services;
- our operating results failing to meet the expectation of securities analysts or investors in a particular period or failure of securities analysts to publish reports about us or our business;
- changes in financial estimates and recommendations by securities analysts concerning our company, the GTM market, or the software industry in general;
- operating and stock price performance of other companies that investors deem comparable to us;

- news reports relating to trends in global trade, including changes in estimates of the future size and growth rate of our markets;
- announcements by us or our competitors of acquisitions, new offerings or improvements, significant contracts, commercial relationships or capital commitments;
- our ability to market new and enhanced solution modules on a timely basis;
- changes in laws and regulations affecting our business;
- commencement of, or involvement in, litigation involving our company, our general industry, or both;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of our common stock available for public sale;
- any major change in our board or management;
- sales of substantial amounts of common stock by our directors, executive officers or principal stockholders or the perception that such sales could occur; and
- general economic and political conditions such as recessions, interest rates, fuel prices, international currency fluctuations and acts of war or terrorism.

Broad market and industry factors may materially harm the market price of our common stock irrespective of our operating performance. The stock market in general and the market for technology companies and software companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of ours, may not be predictable. A loss of investor confidence in the market for technology or software stocks or the stocks of other companies which investors perceive to be similar to us, the opportunities in the GTM market or the stock market in general, could depress our stock price regardless of our business, prospects, financial conditions or results of operations.

In addition, in the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against the affected company. This type of litigation, even if unsuccessful, could be costly to defend and distract our management.

The JOBS Act allows us to postpone the date by which we must comply with certain laws and regulations intended to protect investors and to reduce the amount of information we provide in our reports filed with the SEC, which could undermine investor confidence in our company and adversely affect the market price of our common stock.

Under the JOBS Act we are an "emerging growth company" and we will, in general, qualify as an emerging growth company until the earliest of:

- the last day of our fiscal year following the fifth anniversary of the date of our initial public offering of common equity securities;
- the last day of our fiscal year in which we have annual gross revenue of $1.0 billion or more;
- the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; and
- the date on which we are deemed to be a "large accelerated filer," which will occur at such time as we (a) have an aggregate worldwide market value of common equity securities held by non-affiliates of $700 million or more as of the last business day of its most recently completed second fiscal quarter, (b) have been required to file annual and quarterly reports under the Securities Exchange Act of 1934 for a period of at least 12 months, and (c) have filed at least one annual report pursuant to the Securities Act of 1934.

Under this definition, we could remain an emerging growth company until as late as December 31, 2019.

The JOBS Act provides that, so long as we qualify as an emerging growth company, we will, among other things:

- be exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting;
- be exempt from the "say on pay" provisions (requiring a non-binding stockholder vote to approve compensation of certain executive officers) and the "say on golden parachute" provisions (requiring a non-binding stockholder vote

to approve golden parachute arrangements for certain executive officers in connection with mergers and certain other business combinations) of the Dodd-Frank Act and certain disclosure requirements of the Dodd-Frank Act relating to compensation of our chief executive officer;

- be permitted to omit the detailed compensation discussion and analysis from proxy statements and reports filed under the Securities Exchange Act of 1934 and instead provide a reduced level of disclosure concerning executive compensation; and
- be exempt from any rules that may be adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation or a supplement to the auditor's report on the financial statements.

We currently intend to and continue to take advantage of some or all of the reduced regulatory and reporting requirements available to us so long as we qualify as an "emerging growth company," except that we have irrevocably elected not to take advantage of the extension of time to comply with new or revised financial accounting standards available under Section 102(b) of the JOBS Act. Among other things, this means that our independent registered public accounting firm will not be required to provide an attestation report on the effectiveness of our internal control over financial reporting so long as we qualify as an emerging growth company, which may increase the risk that weaknesses or deficiencies in our internal control over financial reporting go undetected. Likewise, so long as we qualify as an emerging growth company, we may elect not to provide you with certain information, including certain financial information and certain information regarding compensation of our executive officers, that we would otherwise have been required to provide in filings we make with the SEC, which may make it more difficult for investors and securities analysts to evaluate our company. As a result, investor confidence in our company and the market price of our common stock may be materially and adversely affected.

We are subject to numerous financial and other reporting and corporate governance requirements that may be difficult for us to satisfy. Corporate governance and public disclosure regulations may result in additional expenses and continuing uncertainty.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the rules and regulations of the New York Stock Exchange, which will impose significant compliance obligations upon us, particularly after we are no longer an emerging growth company. These obligations will require a commitment of additional resources and divert our senior management's time and attention from our day-to-day operations. We may not be successful in complying with these obligations, and compliance with these obligations will be time-consuming and expensive.

The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing the costly process of implementing and testing our systems to report our results as a public company, to continue to manage our growth and to implement internal controls. We are and will continue to be required to implement and maintain various other control and business systems related to our equity, finance, treasury, information technology, other recordkeeping systems and other operations. As a result of this implementation and maintenance, management's attention may be diverted from other business concerns, which could adversely affect our business.

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

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If we are unable to maintain effective internal control over financial reporting, investors could lose confidence in our financial statements and our company, which could have an adverse effect on our business and stock price.

In order to provide reliable financial reports, mitigate the risk of fraud and operate successfully as a publicly traded company, we must maintain effective control over our financial reporting as required by Section 404 of the Sarbanes-Oxley Act of 2002.

Commencing this fiscal year ended December 31, 2015, we will be required to assess the effectiveness of our internal control over financial reporting as of the end of that fiscal year. This assessment must include disclosure of any material weakness in our internal control over financial reporting that is identified by management. Once we are no longer an emerging growth company, our independent registered public accounting firm will also be required to consider our internal controls over financial reporting and express an opinion as to their effectiveness. If our management or our independent registered public accounting firm identifies one or more material weaknesses in our internal control over financial reporting, we will be unable to conclude that such internal control is effective. We are in the very early stages of the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404. If we are unable to conclude that our internal control over financial reporting is effective, or, when we are no longer an emerging growth company, if our independent registered public accounting firm is unable to express an opinion that our internal control over financial reporting is effective, investors could lose confidence in the accuracy and completeness of our financial reports, which could have a materially adverse effect on our stock price.

If securities analysts do not publish research or reports about our business or if they downgrade our stock, the price of our common stock could decline.

The trading market for our common stock will rely in part on the research and reports that industry or financial analysts publish about us, our business, our markets and our competitors. We do not control these analysts. If one or more of the analysts who cover us downgrade our stock or if those analysts issue other unfavorable commentary about us or our business, our stock price would likely decline. If one or more of these analysts cease coverage of us or fails to regularly publish reports on us, we could lose visibility in the market and interest in our stock could decrease, which in turn could cause our stock price or trading volume to decline.

We do not currently intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on the appreciation in the price of our common stock.

We have never declared or paid any cash dividends on our common stock and covenants in our loan and security agreement also prevent us from paying cash dividends. We currently intend to retain any future earnings to fund our future growth and do not expect to declare or pay any dividend on shares of our common stock in the foreseeable future. As a result, you may only realize a gain on your investment in our common stock if the market price of our common stock appreciates and you sell your shares at a price above your cost after accounting for any taxes. The price of our common stock may not appreciate in value or ever exceed the price at which our stockholders purchased their shares.

Anti-takeover provisions in our certificate of incorporation and bylaws, as well as provisions in Delaware law, might discourage, delay or prevent a change of control of our company or changes in our management and, therefore, depress the trading price of our common stock.

Our certificate of incorporation, bylaws and Delaware law contain provisions that could have the effect of rendering more difficult or discouraging an acquisition deemed undesirable by our board of directors. Our corporate governance documents include provisions: (i) dividing our board of directors into three classes with staggered three-year terms; (ii) denying cumulative voting rights to stockholders; (iii) specifying that directors may be removed by our stockholders only for cause upon the vote of two thirds or more of our outstanding common stock; (iv) specifying that the authorized number of directors may be changed only by resolution of the board of directors; (v) eliminating the right of stockholders to act by written consent without a meeting; (vi) specifying that only our chairman of the board, Chief Executive Officer or the board of directors may call a special meeting of stockholders; (vii) limiting stockholder proposals to nominate director candidates to those for which timely advance notice was provided; and (viii) limiting stockholder amendments of the foregoing provisions to a vote of at least two thirds of our outstanding common stock. These provisions, alone or together, could delay hostile takeovers and changes in control or changes in our management.

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As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation law, which prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the last three years has owned, 15% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

The existence of the foregoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition.

Future sales, or the availability for sale, of our common stock may cause our stock price to decline.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales may occur, could cause the market price of our common stock to decline. As of March 2, 2015, we had 26,028,365 shares of common stock outstanding. All shares of our common stock sold in the IPO are freely transferable without restriction or additional registration under the Securities Act of 1933. The remaining shares outstanding became available for sale upon the expiration of the 180-day lock-up period on September 16, 2014, if applicable, subject to volume and other restrictions as applicable under Rule 144 under the Securities Act of 1933. To the extent these shares are sold into the market, the market price of our common stock could decline.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our corporate headquarters is located in East Rutherford, New Jersey and consists of approximately 11,000 square feet of office space under a lease that expires in January 2017. Our headquarters accommodates our principal administrative activities. Our European headquarters are in Munich, Germany and consist of approximately 1,800 square feet. We also occupy space in McLean, Virginia, consisting of approximately 26,000 square feet under a lease that expires in August 2022 and space in Cary, North Carolina, consisting of approximately 14,000 square feet under a lease that expires in October 2015. In addition, we occupy space in Bangalore, India consisting of approximately 30,000 square feet under a lease expiring January 2020. For the leases expiring in 2015, we plan to negotiate renewals to remain in the space; however, there can be no assurance that we will enter into renewals on terms favorable to us, if at all. We also have space in Shanghai, China consisting of approximately 7,000 square feet pursuant to a lease expiring in August 2015. We use all of these facilities primarily for sales, professional services, customer support and software engineering. We do not own any real property. We believe that our current facilities are suitable and adequate to meet our current needs. We intend to add new facilities or expand existing facilities as we add employees, and we believe that suitable additional or substitute space will be available as needed to accommodate any such expansion of our operations.

Item 3. Legal Proceedings

We are involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on our financial position, results of operations, or liquidity.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Market Information for our Common Stock

Our common stock has been listed on the New York Stock Exchange since March 21, 2014 under the symbol “AMBR”. Prior to that date, there was no public trading market for our common stock. Our initial public offering was priced at $13.00 per share. The following table sets forth for the period indicated the high and low sales prices per share of our common stock, as reported by The New York Stock Exchange.

Year Ended December 31, 2014:	High	Low
First quarter (from March 21, 2014)	$17.90	$14.67
Second quarter	17.70	11.90
Third quarter	18.09	12.01
Fourth quarter	17.24	8.09

Holders of Record

As of February 28, 2015, there were approximately 22 holders of record of our common stock (not including an indeterminate number of beneficial holders of stock held in street name).

Dividend Policy

We have never paid or declared any cash dividends on our common stock and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. Covenants in our new term loan and revolving line of credit agreements we entered into on March 4, 2015 also prevent us from paying cash dividends. We intend to retain all available funds and any future earnings, if any, to fund the development and expansion of our business. Payment of future cash dividends, if any, will be at the discretion of our board of directors after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, outstanding indebtedness and plans for expansion and restrictions imposed by lenders, if any.

Securities Authorized for Issuance under Equity Compensation Plans

The information concerning our equity compensation plans is incorporated by reference from information contained under the section "Securities Authorized for Issuance under Equity Compensation Plans" in our Proxy Statement for the Annual Meeting of Stockholders.

Use of Proceeds

On March 26, 2014, we closed our IPO of 8,500,299 shares of common stock, including 1,108,734 shares sold pursuant to the underwriters’ option to purchase additional shares. Of the total shares sold, 3,717,429 shares were sold by selling stockholders, and we did not receive any of the proceeds of such sales. The public offering price of the shares sold in our IPO was $13.00 per share. All outstanding shares of redeemable convertible preferred stock were automatically converted into 13,993,566 shares of common stock immediately prior to the closing of the IPO. All of the shares issued and sold in our IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-193858), which was declared effective by the SEC on March 20, 2014. The offering did not terminate until after the sale of all of the shares registered on the registration statement. Stifel, Nicolaus & Company, Incorporated served as the sole book-running manager of the offering, Pacific Crest Securities LLC served as co-lead manager and Canaccord Genuity Inc., Needham & Company, LLC and Raymond James & Associates, Inc. served as co-managers.

We received proceeds from our IPO of $57.8 million, net of underwriting discounts and commissions of $4.4 million, but before offering expenses of $4.7 million million. No offering expenses were paid directly or indirectly to any of our directors or officers (or their associates) or persons owning 10% or more of any class of our equity securities or to any other affiliates. As of December 31, 2014, we have used a portion of the proceeds for the repayment of debt and general corporate purposes. Pending their use, we plan to invest the net proceeds in a variety of capital preservation investments, including short-term, investment-grade and interest-bearing instruments.

There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus filed with the SEC pursuant to rule 424(b) under the Securities Act on March 24, 2014.

Stock Performance Graph

This performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of Amber Road, Inc. under the Securities Act of 1933, as amended, or the Exchange Act.

The graph below compares the cumulative total stockholder return on our common stock with the cumulative total return on the NYSE Composite Index and the Standard & Poor's Software Services Select Industry Index for the period beginning on March 21, 2014 (the date our common stock commenced trading on the New York Stock Exchange) through December 31, 2014, assuming an initial investment of $100. Data for the NYSE Composite Index and the Standard & Poor's Software Services Select Industry Index assume reinvestment of dividends. The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.

	March 21, 2014	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Amber Road, Inc.	$100.00	$118.46	$124.08	$133.38	$78.62
S&P Software Index	$100.00	$96.71	$97.31	$94.48	$103.51
NYSE Composite Index	$100.00	$101.30	$105.65	$102.99	$104.30

Item 6. Selected Financial Data

The following selected consolidated financial data should be read together with Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes in Item 8, Financial Statements and Supplementary Data. The selected consolidated financial data in this section are not intended to replace our consolidated financial statements and the related notes. Our historical results are not necessarily indicative of our future results. The selected consolidated statements of operations data for the years ended December 31, 2014, 2013, and 2012 and the consolidated balance sheet data as of December 31, 2014 and 2013 are derived from our audited consolidated financial statements contained in Item 8, Financial Statements and Supplementary Data. We derived the consolidated statements of operations data for the years ended December 31, 2011, and 2010 and the consolidated balance sheet data as of December 31, 2012, 2011, and 2010 from our audited consolidated financial statements not included in this Annual Report on Form 10-K.

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Consolidated Statements of Operations Data:					
Revenue:					
Subscription	$45,142,117	$38,866,989	$32,399,577	$28,825,453	$24,538,386
Professional services	19,691,349	13,660,000	10,968,131	8,746,844	7,527,470
Total revenue	64,833,466	52,526,989	43,367,708	37,572,297	32,065,856
Cost of revenue (1):					
Cost of subscription revenue	14,586,245	12,747,971	10,731,302	10,145,217	9,464,805
Cost of professional services revenue	12,901,935	9,498,225	8,680,446	6,968,645	5,515,762
Total cost of revenue	27,488,180	22,246,196	19,411,748	17,113,862	14,980,567
Gross profit	37,345,286	30,280,793	23,955,960	20,458,435	17,085,289
Operating expenses (1):					
Sales and marketing	20,033,251	16,246,583	12,807,458	11,277,135	8,328,466
Research and development	9,745,137	7,935,614	5,774,695	5,946,184	5,343,444
General and administrative	15,761,895	10,468,776	6,275,160	6,476,899	5,801,769
Restricted stock expense	18,683,277	9,327,594	877,892	683,325	285,182
Total operating expenses	64,223,560	43,978,567	25,735,205	24,383,543	19,758,861
Loss from operations	(26,878,274)	(13,697,774)	(1,779,245)	(3,925,108)	(2,673,572)
Interest income	2,009	18,432	30,629	28,952	23,891
Interest expense	(275,074)	(168,810)	(37,041)	(159,470)	(747,434)
Loss before income taxes	(27,151,339)	(13,848,152)	(1,785,657)	(4,055,626)	(3,397,115)
Income tax expense	552,619	549,718	310,900	591,654	177,081
Net loss	(27,703,958)	(14,397,870)	(2,096,557)	(4,647,280)	(3,574,196)
Accretion of redeemable convertible preferred stock and puttable common stock	(2,416,505)	(4,849,607)	(4,035,920)	(3,358,691)	(1,432,548)
Preferred stock deemed dividend	—	—	(536,107)	(674,820)	(674,820)
Net loss attributable to common stockholders	$(30,120,463)	$(19,247,477)	$(6,668,584)	$(8,680,791)	$(5,681,564)
Net loss per common share:					
Basic and diluted	$(1.46)	$(5.11)	$(1.82)	$(2.41)	$(1.58)
Weighted-average common shares outstanding:					
Basic and diluted	20,623,760	3,763,562	3,673,181	3,596,911	3,596,911

(1) Includes stock-based compensation as follows:

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Cost of subscription revenue	$289,611	$80,204	$42,624	$21,486	$48,653
Cost of professional services revenue	189,598	40,037	1,110	341	—
Sales and marketing	346,545	76,912	46,512	51,849	98,513
Research and development	486,031	62,387	28,668	25,058	28,737
General and administrative	1,434,988	262,044	100,505	71,540	77,633
	$2,746,773	$521,584	$219,419	$170,274	$253,536

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Key Metrics (unaudited):					
Recurring revenue retention (2)	100 %	102 %	102 %	102 %	102 %
Adjusted EBITDA (3)	$2,752,411	$1,668,052	$1,917,463	$(1,230,729)	$(662,087)

(2) We calculate our annualized recurring revenue retention rate by comparing, for a given quarter, subscription revenue for all customers in the corresponding quarter of the prior year to the subscription revenue from those same customers in the given quarter and calculating the average of the four quarters for the stated year.

(3) Adjusted EBITDA. EBITDA consists of net income (loss) plus depreciation and amortization, interest expense (income) and income tax expense (benefit). Adjusted EBITDA consists of EBITDA plus our non-cash, stock-based compensation expense, restricted stock expense, compensation expense related to loan forgiveness for certain executives, puttable stock compensation, changes in fair value of our warrant liability and contingent consideration liability, and severance costs. We use adjusted EBITDA as a measure of operating performance because it assists us in comparing performance on a consistent basis across reporting periods, as it removes from our operating results the impact of our capital structure. We believe adjusted EBITDA is useful to an investor in evaluating our operating performance because it is widely used to measure a company's operating performance without regard to items such as depreciation and amortization, which can vary depending upon accounting methods and the book value of assets, and to present a meaningful measure of performance exclusive of our capital structure and the method by which assets were acquired.

Adjusted EBITDA is a financial measure that is not calculated in accordance with generally accepted accounting principles, or GAAP. We have provided below a reconciliation of adjusted EBITDA to net loss, the most directly comparable GAAP financial measure. Our use of adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- adjusted EBITDA does not reflect the potentially dilutive impact of equity-based compensation;
- adjusted EBITDA does not reflect interest or tax payments that may represent a reduction in cash available to us; and
- other companies, including companies in our industry, may calculate adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these and other limitations, you should consider adjusted EBITDA together with other GAAP-based financial performance measures, including various cash flow metrics, net loss and our other GAAP results.

The following table presents a reconciliation of net loss to adjusted EBITDA for each of the periods indicated:

	Year Ended December 31,		
	2014	2013	2012
Net loss	$(27,703,958)	$(14,397,870)	$(2,096,557)
Depreciation and amortization expense	4,896,713	3,791,973	2,566,673
Interest expense	275,074	168,810	37,041
Interest income	(2,009)	(18,432)	(30,629)
Income tax expense	552,619	549,718	310,900
EBITDA	(21,981,561)	(9,905,801)	787,428
Stock-based compensation	2,746,773	521,584	219,419
Restricted stock expense	18,683,277	9,327,594	877,892
Compensation expense related to loan forgiveness	927,093	—	—
Puttable stock compensation	54,764	18,255	—
Change in fair value of contingent consideration liability	(43,855)	106,244	—
Warrant expense	1,244,635	1,600,176	32,724
Severance costs	1,121,285	—	—
Adjusted EBITDA	$2,752,411	$1,668,052	$1,917,463

The following table sets forth our consolidated balance sheet data as of the dates presented:

	As of December 31,				
	2014	2013	2012	2011	2010
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$41,242,200	$5,147,735	$4,279,821	$5,290,349	$12,759,898
Working capital, excluding current deferred revenue	50,811,768	10,276,466	11,658,134	15,457,642	16,101,045
Total assets	108,230,657	70,097,121	54,756,369	54,086,363	53,913,852
Deferred revenue, current and long term	27,922,244	30,756,632	30,251,448	30,190,967	24,336,754
Convertible preferred stock and puttable common stock	—	76,921,359	69,923,745	65,351,718	61,318,206
Total stockholders' equity (deficit)	64,958,707	(63,281,483)	(53,572,150)	(47,747,164)	(40,036,379)

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

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

Overview

We are a leading provider of a cloud-based global trade management (GTM) solution, which automates import and export processes to enable goods to flow across international borders in the most efficient, compliant and profitable way. Our solution combines enterprise-class software, trade content sourced from government agencies and transportation providers in 145 countries, and a global supply chain network connecting our customers with their trading partners, including suppliers, freight forwarders, customs brokers and transportation carriers. As a result, our solution reduces transportation costs, optimizes logistics, leverages trade agreements, provides shipment tracking, and ensures compliance with import and export regulations. By automating more GTM processes, we enable our customers to enjoy significantly lower supply chain costs compared to legacy systems. We deliver our GTM solution using a Software-as-a-Service (SaaS) model and leverage a highly flexible technology framework to quickly and efficiently meet our customers' unique requirements around the world.

We have achieved significant growth since our inception and plan to continue to invest in growth. For the year ended December 31, 2013 compared to the year ended December 31, 2014, our subscription revenue grew from $38.9 million to $45.1 million, representing a 15.9% period over period growth rate. For the year ended December 31, 2013 compared to the year ended December 31, 2014, our total revenue grew from $52.5 million to $64.8 million, representing a 23.4% period over period growth rate. To continue to achieve this growth, we will invest in our sales and marketing efforts worldwide. For the years ended December 31, 2014, 2013, and 2012, revenue from international customers accounted for 14%, 11%, and 9% of total revenue, respectively. For 2014, we had two customers that each accounted for 10% of total revenue.

In order to maintain our growth in revenue, we must regularly add new customers and continue to renew existing subscriptions at our historical rate of performance. While a downturn in subscription renewals may not be fully reflected in current operating results, it may cause our revenue growth to fall short of market expectations in future periods unless we are able to accelerate the rate of new subscriptions from our existing sales pipeline. A customer who accounted for approximately $6.6 million of our revenue for the year ended December 31, 2014 did not renew its subscription at the end of its current term that ended on December 31, 2014. We will need to continue to attract new customers and renew other existing subscriptions to offset the negative impact of the loss of this one customer on our revenue growth and results of operations for the year ending December 31, 2015.

Our operating results in a given year can fluctuate based on the mix of subscription and professional services revenue. For the years ended December 31, 2014, 2013, and 2012, subscription revenue accounted for 70%, 74%, and 75% of total revenue, respectively. Our subscription agreements typically have an initial term of three to five years, with an average initial term of approximately 4.0 and 3.6 years for enterprise and mid-market customers, respectively. We expect our cost of revenue and operating expenses to continue to increase in absolute dollars in future periods. We expect sales and marketing expenses to increase as we continue to expand our sales teams, increase our marketing activities and grow our international operations. We also expect research and development expenses to increase in absolute dollars as we enhance our existing solution modules and develop new ones. We also plan to invest in maintaining a high quality of professional services and customer support, and plan to continue investing in our data center infrastructure in order to support continued customer growth. Considering all of these plans for investment, we cannot assure you that we will be profitable in the near term.

On March 26, 2014, we closed our initial public offering (IPO) of 8,500,299 shares of common stock, including 1,108,734 shares sold pursuant to the underwriters' option to purchase additional shares. Of the total shares sold, 3,717,429 were sold by selling stockholders, and we did not receive any of the proceeds of such sales. The public offering price of the shares sold in our IPO was $13.00 per share. Immediately prior to the closing of our IPO, all outstanding shares of our redeemable convertible preferred stock converted to 13,993,566 shares of common stock and 808,622 shares of common stock were issued in satisfaction of accrued but unpaid dividends to preferred stockholders. We received proceeds from our IPO of $57.8 million, net of underwriting discounts and commissions, but before offering expenses of $4.7 million.

Key Metrics

We regularly review the following key metrics to evaluate our business, measure our performance, identify trends in our business, prepare financial projections and make strategic decisions.

Annualized Recurring Revenue Retention. We believe our annualized recurring revenue retention rate is an important metric to measure the long-term value of customer agreements with regard to revenue and billings visibility. We calculate our annualized recurring revenue retention rate by comparing, for a given quarter, subscription revenue for all customers in the corresponding quarter of the prior year to the subscription revenue from those same customers in the given quarter and calculating the average of the four quarters for the stated year. The annualized recurring revenue retention rate for the years ended December 31, 2014, 2013, and 2012 was 100%, 102%, and 102%, respectively.

Adjusted EBITDA. EBITDA consists of net income (loss) plus depreciation and amortization, interest expense (income) and income tax expense (benefit). Adjusted EBITDA consists of EBITDA plus our non-cash, stock-based compensation expense, restricted stock expense, compensation expense related to loan forgiveness for certain executives, puttable stock compensation, changes in fair value of our warrant liability and contingent consideration liability, and severance costs. We use adjusted EBITDA as a measure of operating performance because it assists us in comparing performance on a consistent basis across reporting periods, as it removes from our operating results the impact of our capital structure. We believe adjusted EBITDA is useful to an investor in evaluating our operating performance because it is widely used to measure a company’s operating performance without regard to items such as depreciation and amortization, which can vary depending upon accounting methods and the book value of assets, and to present a meaningful measure of performance exclusive of our capital structure and the method by which assets were acquired.

Adjusted EBITDA is a financial measure that is not calculated in accordance with generally accepted accounting principles, or GAAP. We have provided below a reconciliation of adjusted EBITDA to net loss, the most directly comparable GAAP financial measure. Our use of adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- adjusted EBITDA does not reflect the potentially dilutive impact of equity-based compensation;
- adjusted EBITDA does not reflect interest or tax payments that may represent a reduction in cash available to us; and
- other companies, including companies in our industry, may calculate adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these and other limitations, you should consider adjusted EBITDA together with other GAAP-based financial performance measures, including various cash flow metrics, net loss and our other GAAP results.

The following table provides a reconciliation of net loss to adjusted EBITDA:

	Year Ended December 31,		
	2014	2013	2012
Net loss	$(27,703,958)	$(14,397,870)	$(2,096,557)
Depreciation and amortization expense	4,896,713	3,791,973	2,566,673
Interest expense	275,074	168,810	37,041
Interest income	(2,009)	(18,432)	(30,629)
Income tax expense	552,619	549,718	310,900
EBITDA	(21,981,561)	(9,905,801)	787,428
Stock-based compensation	2,746,773	521,584	219,419
Restricted stock expense	18,683,277	9,327,594	877,892
Compensation expense related to loan forgiveness	927,093	—	—
Puttable stock compensation	54,764	18,255	—
Change in fair value of contingent consideration liability	(43,855)	106,244	—
Warrant expense	1,244,635	1,600,176	32,724
Severance costs	1,121,285	—	—
Adjusted EBITDA	$2,752,411	$1,668,052	$1,917,463

Components of Operating Results

Revenue

Revenue. We primarily generate revenue from the sale of subscriptions and subscription-related professional services. Our subscriptions are multi-year arrangements for software and content, and in certain instances include a transactional component. We derive professional services revenue from implementation, integration and other elements associated with solution and content subscriptions.

We typically invoice subscription customers in advance on an annual basis, with payment due upon receipt of the invoice. We reflect invoiced amounts on our balance sheet as accounts receivable or as cash when collected, and as deferred revenue until earned and recognized as revenue ratably over the performance period. Accordingly, deferred revenue represents the amount billed to customers that has not yet been earned or recognized as revenue, pursuant to agreements executed during current and prior periods, and does not reflect that portion of a contract to be invoiced to customers on a periodic basis for which payment is not yet due.

Subscription Revenue. We derive our subscription revenue from fees paid to us by our customers for access to our solution. We recognize the revenue associated with subscription agreements ratably on a straight-line basis over the term of the agreement, provided all criteria required for revenue recognition have been met.

Professional Services Revenue. Professional services revenue consists primarily of fees charged for implementation, integration, training and other services associated with the subscription agreements entered into with our customers. Generally, we charge for professional services to implement our solution on a time and materials basis.

Cost of Revenue

Cost of Subscription Revenue. Cost of subscription revenue consists primarily of personnel and related costs of our hosting, support, and content teams, including salaries, benefits, bonuses, payroll taxes, stock-based compensation and allocated overhead, software license fees, hosting costs, internet connectivity, depreciation expenses directly related to delivering our solution, as well as amortization of capitalized software development costs. As we continue to add datacenter capacity and personnel, as well as develop our trade content and support teams in advance of anticipated growth, our cost of subscription revenue may increase. We generally expense our cost of subscription revenue as we incur the costs.

Cost of Professional Services Revenue. Cost of professional services revenue consists primarily of personnel and related costs of our professional services team, including salaries, benefits, bonuses, payroll taxes, stock-based compensation, the costs of contracted third-party vendors, reimbursable expenses and depreciation, amortization and other allocated costs. As our personnel are employed on a full-time basis, our cost of professional services is largely fixed in the short-term, while our

professional services revenue may fluctuate, leading to fluctuations in professional services gross profit. We expense our cost of professional services revenue as we incur the costs.

Operating Expenses

Our operating expenses are classified into three categories: sales and marketing, research and development, and general and administrative.

Sales and Marketing. Sales and marketing expenses primarily consist of personnel and related costs for our sales and marketing staff, including salaries, benefits, commissions, bonuses, payroll taxes, stock-based compensation and costs of promotional events, corporate communications, online marketing, solution marketing and other brand-building activities, in addition to depreciation, amortization and other allocated costs. When the initial customer contract is signed and upon any renewal, we capitalize and amortize commission costs as an expense ratably over the term of the related customer contract in proportion to the recognition of the subscription revenue. If a subscription agreement is terminated, we recognize the unamortized portion of any deferred commission cost as an expense immediately upon such termination. We expect that sales and marketing expenses will continue to increase in absolute dollars as we continue to expand our business.

Research and Development. Research and development expenses primarily consist of personnel and related costs of our research and development staff, including salaries, benefits, bonuses, payroll taxes, stock-based compensation and costs of certain third-party contractors, as well as depreciation, amortization and other allocated costs. We capitalize research and development costs related to the development of our solution modules and amortize them over their useful life. We have devoted our solution modules development efforts primarily to enhancing the functionality and expanding the capabilities of our solution. We expect that our research and development expenses will continue to increase in absolute dollars as we increase our research and development headcount to further strengthen and enhance our solution.

General and Administrative. General and administrative expenses primarily consist of personnel and related costs for our executive, administrative, finance, information technology, legal, accounting and human resource staffs, including salaries, benefits, bonuses, payroll taxes and stock-based compensation, professional fees, other corporate expenses and depreciation, amortization and other allocated costs. In addition, general and administrative expenses included our expenses related to certain outstanding warrants that had liability accounting prior to our IPO and, as such, any changes in fair value of the warrants was recorded in general and administrative expenses. Subsequent to our IPO, the warrants were exercised and therefore, we will not incur any additional expenses related to the warrants. We have recently incurred, and expect to continue to incur additional expenses as we grow our operations and operate as a public company, including higher legal, corporate insurance, accounting and auditing expenses, and the additional costs of enhancing and maintaining our internal control environment through the adoption of new corporate policies. Excluding the warrant expense, we expect that general and administrative expenses will continue to increase in absolute dollars as we expand our operations, including internationally.

Restricted Stock. Restricted stock expense includes an intrinsic value charge related to vested restricted shares purchased by certain members of our management. In connection with the purchase of these shares, we loaned, on a nonrecourse basis, certain amounts to the purchasers of these shares to cover related tax liabilities incurred by them. Accordingly, we accounted for these shares as stock options. All of the restricted stock expense relates to our general and administrative functions. Prior to our IPO, we had the ability to repurchase 50% of these shares under certain conditions. These repurchase rights have lapsed and the shares became fully vested upon the closing of our IPO on March 26, 2014. Therefore, subsequent to our IPO, we will no longer incur charges for restricted stock expense.

In connection with the purchase of these shares, we loaned, on a nonrecourse basis, an aggregate of $960,599 to the purchasers of the shares to cover related tax liabilities incurred by the purchasers. The loans bore interest at an annual rate of 4.75% and were repayable upon the earlier of (i) 15 years following the date of the loans or (ii) upon each sale or other disposition by the purchasers of any shares to a third party, until the balance of the loans has been paid in full. On January 30, 2014, we forgave these loans, which amounted to $1,430,722, inclusive of accrued interest. In addition, we recorded compensation expense of $927,093 in general and administrative expense in our consolidated statement of operations for the year ended December 31, 2014 related to a bonus provided to the borrowers to offset the tax consequences related to the loan forgiveness.

Interest and Other Income (Expense)

Interest and other income (expense) consists primarily of interest income on our cash balances, and interest expense on outstanding debt and capital lease obligations.

Income Tax Expense (Benefit)

Because we have generated net losses in all periods to date and recorded a full valuation allowance against our deferred tax assets, we have historically not recorded a provision for federal or state income taxes. The tax provision for 2014 is exclusively related to foreign income taxes and is a result of the cost-plus transfer pricing agreements we have in place with our foreign subsidiaries. Realization of any of our deferred tax assets depends upon future earnings, the timing and amount of which are uncertain. Utilization of our net operating losses may be subject to annual limitations due to the ownership change rules under the Internal Revenue Code of 1986, as amended, and similar state provisions. We have not yet made a determination regarding the potential impact of these limitations. Moreover, in the event we have future changes in ownership, the availability of net operating losses could be further limited.

Critical Accounting Policies

We prepare our consolidated financial statements in accordance with generally accepted accounting principles in the United States. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by our management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected. We believe that the estimates and judgments used for revenue recognition, deferred revenue, stock-based compensation, goodwill, capitalized software costs, and income taxes have the greatest potential impact on our consolidated financial statements, and consider these to be our critical accounting policies and estimates.

The following critical accounting policies reflect significant judgments and estimates used in the preparation of our consolidated financial statements:

- revenue recognition;
- deferred revenue;
- stock-based compensation;
- goodwill;
- capitalized software costs; and
- income taxes.

Revenue Recognition

We primarily generate revenue from the sale of subscriptions and subscription-related services. In instances involving subscriptions, we generate subscription revenue under customer contracts with multiple elements, which are comprised of (1) subscription fees that provide the customers with access to our on-demand solution and trade content, unspecified solution and content upgrades, and customer support, (2) professional services associated with implementing our solution (primarily implementation services), and (3) transaction-related fees (including publishing services). Our initial customer contracts have contract terms typically ranging from three to five years and our renewal contracts range from one to five years in length. Typically, the customer does not take or have the right to take possession of the software supporting our on demand solution. However, in certain instances, we have customers that take possession of the software whereby it is installed on the customer's premises. Our subscription service arrangements typically may only be terminated for cause and do not contain refund provisions.

We provide our software as a service and follow the provisions of ASC Topic 605, Revenue Recognition (ASC 605) and ASC Topic 985, Software (ASC 985). We commence revenue recognition when all of the following conditions are met:

- There is persuasive evidence of an arrangement;
- The service has been or is being provided to the customer;
- The collection of the fees is probable; and

- The amount of fees to be paid by the customer is fixed or determinable.

Subscription Revenue. We recognize subscription revenue ratably over the contract terms beginning on the commencement date of each contract, which is the date the service is made available to customers. We record amounts that have been invoiced in accounts receivable and in deferred revenue or revenue, depending on whether the revenue recognition criteria have been met. We recognize transaction-related revenue as the transactions occur.

Professional Services Revenue. The majority of our professional services agreements are on a time and material basis. When these services are not combined with subscription revenue as a single unit of accounting, as discussed below, we recognize this revenue as we render the services for time and material agreements, and when the customer accepts the milestones that we achieve for fixed price agreements.

Multiple-Deliverable Arrangements. We enter into arrangements with multiple deliverables that generally include subscription, professional services (primarily implementation) as well as transaction-related fees. Prior to January 1, 2010, we accounted for deliverables in multiple-deliverable arrangements separately if the delivered items had standalone value and there was objective and reliable evidence of fair value for the undelivered items. If the deliverables in a multiple-deliverable arrangement could not be accounted for separately, the total arrangement fee was recognized ratably as a single unit of accounting over the contracted term of the subscription agreement. We accounted for a significant portion of our multiple-deliverable arrangements as a single unit of accounting because we did not have objective and reliable evidence of fair value for certain of the deliverables. Additionally, in these situations, we expensed the direct costs of the professional services arrangement as incurred whereas the revenue from the services was recognized over the contracted terms of the subscription.

In October 2009, the FASB issued Accounting Standards Update No. 2009-13, “Revenue Recognition (Topic 605), Multiple-Deliverable Revenue Arrangements-a consensus of the FASB Emerging Issues Task Force” (ASU 2009-13) which amended the previous multiple-deliverable arrangements accounting guidance. Pursuant to the updated guidance, objective and reliable evidence of fair value of the deliverables to be delivered was no longer required in order to account for deliverables in a multiple-deliverable arrangement separately. Instead, arrangement consideration is allocated to deliverables based on their relative selling price.

We adopted this accounting guidance on January 1, 2010, for applicable arrangements entered into or materially modified after January 1, 2010 (the beginning of our fiscal year). Under the updated accounting guidance, in order to treat deliverables in a multiple-deliverable arrangement as separate units of accounting, the deliverables must have standalone value upon delivery. If the deliverables have standalone value upon delivery, we account for each deliverable separately. Subscription services have standalone value as such services are often sold separately. In determining whether professional services have standalone value, we consider the following factors for each professional services agreement: availability of the services from other vendors, the nature of the professional services, the timing of when the professional services contract was signed in comparison to the subscription service start date, and the contractual dependence of the subscription service on the customer’s satisfaction with the professional services work. To date, we have concluded that all of the professional services included in multiple-deliverable arrangements executed have standalone value.

As a result of adopting ASU 2009-13, we allocate revenue to each element in an arrangement based on a selling price hierarchy. The selling price for a deliverable is based on its vendor specific objective evidence (VSOE), if available, third party evidence (TPE), if VSOE is not available, or estimated selling prices (ESP), if neither VSOE nor TPE is available. As we have been unable to establish VSOE or TPE for the elements of its arrangements, we establish the ESP for each element primarily by considering the weighted average of actual sales prices of professional services sold on a standalone basis and subscription including various add-on modules if and when sold together without professional services, and other factors such as gross margin objectives, pricing practice and growth strategy. We have established processes to determine ESP and allocate revenue in multiple arrangements using ESP.

For those contracts in which our customer accesses our software via our on-demand, cloud based solution, we account for such transactions in accordance with the ASC 605-25, Multiple-Element Arrangements. The majority of these contracts represent multiple-element arrangements, and we evaluate each element to determine whether it represents a separate unit of accounting. We recognize the consideration allocated to the subscription as revenue ratably over the contract period. The consideration allocated to professional services is recognized as the services are performed, which is typically over the first three to six months of an arrangement.

For those contracts in which the customer takes possession of the software, we account for such transactions in accordance with ASC 985, Software. We account for these agreements as subscriptions and recognize the entire arrangement fee (subscription and professional services) ratably over the term of the agreement. In addition, we do not have VSOE for any add-on professional services, and accordingly, we recognize revenue related to such add-on professional services over the remaining term of the contract.

We account for sales tax collected from customers and remitted to governmental authorities on a net basis and, therefore, we do not include them in revenue and cost of revenue in our consolidated statement of operations.

We classify customer reimbursements received for direct costs paid to third parties and related expenses as revenue, in accordance with ASC 605. The amounts included in professional services revenue and cost of professional services revenue for the years ended December 31, 2014, 2013, and 2012 were \$579,955, \$496,474 and \$432,702, respectively.

Deferred Revenue

Deferred revenue represents amounts collected from (or invoiced to) customers in advance of revenue earned. Deferred revenue to be recognized in the succeeding 12 month period is included in current deferred revenue with the remaining amounts included in noncurrent deferred revenue. Deferred revenue at December 31, 2014 and 2013 included approximately \$4.0 million and \$6.7 million related to an arrangement with one customer in which we were recognizing revenue equal only to the extent of costs incurred. We started to recognize this deferred revenue ratably beginning in May 2012.

Stock-Based Compensation

We recognize stock-based compensation as an expense in the consolidated financial statements and measure that cost based on the estimated fair value of the award.

For awards granted after January 1, 2006, we recognized compensation expense based on the estimated grant date fair value using the Black Scholes option pricing model.

Determining the fair value of stock-based awards at the grant date requires judgment. We use the Black-Scholes option-pricing model to determine the fair value of stock options. The determination of the grant date fair value of options using an option-pricing model is affected by our common stock fair value as well as assumptions regarding a number of other complex and subjective variables. These variables include the fair value of our common stock, the expected term of the options, our expected stock price volatility, risk-free interest rates, and expected dividends, which are estimated as follows:

- Fair value of our common stock. Prior to our IPO, we estimated the value of our common stock. See "—Common Stock Valuations" below. Subsequent to our IPO, our Board of Directors determined the fair value of our common stock based on the closing price of our common stock as reported on the New York Stock Exchange on the day of grant.
- Expected term. The expected term represents the period that our stock-based awards are expected to be outstanding. As we do not have sufficient historical experience for determining the expected term of the stock option awards granted, we have based our expected term on the simplified method, which represents the average period from vesting to the expiration of the award.
- Expected volatility. As we do not have a sufficient trading history for our common stock, the expected stock price volatility for our common stock was estimated by taking the average historic price volatility for industry peers based on daily price observations over a period equivalent to the expected term of the stock option grants. We did not rely on implied volatilities of traded options in our industry peers' common stock because the volume of activity was relatively low. We intend to continue to consistently 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.
- Risk-free rate. The risk-free interest rate is based on the yields of U.S. Treasury securities with maturities similar to the expected term of the options for each option group.
- Dividend yield. We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. Consequently, we used an expected dividend yield of zero.

If any of the assumptions used in the Black-Scholes model change significantly, stock-based compensation for future awards may differ materially compared with the awards previously granted.

Common Stock Valuations. Prior to our IPO, the fair value of the common stock underlying our stock options was determined by our board of directors, which intended that all options granted have an exercise price that is not less than the estimated fair value of a share of our common stock underlying those options on the date of grant. The valuations of our common stock were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation. The assumptions we used in the valuation model were based on future expectations combined with management judgment. In the absence of a public trading market, our board of directors, with input from management, exercised significant judgment and considered numerous objective and subjective factors to determine the fair value of our common stock as of the date of each option grant, including the following factors:

- contemporaneous third-party valuations performed at periodic intervals by a valuation firm;
- the prices, rights, preferences and privileges of our preferred stock relative to the common stock;
- the purchases of shares of preferred stock by unaffiliated venture capital firms;
- our operating and financial performance and forecast;
- current business conditions;
- significant new customer wins;
- the hiring of key personnel;
- our stage of development;
- the likelihood of achieving a liquidity event for the shares of common stock underlying these stock options, such as an initial public offering or sale of our company, given prevailing market conditions;
- any adjustment necessary to recognize a lack of marketability for our common stock;
- the market performance of comparable publicly-traded technology companies; and
- the U.S. and global capital market conditions.

In order to determine the fair value of our common stock underlying option grants, we considered, among other things, contemporaneous valuations of our stock from an independent valuation firm that provided us with their estimation of our enterprise value and the allocation of that value to each element of our capital structure (preferred stock, common stock, warrants and options). For stock options granted in or prior to June 2011, we determined our enterprise value using the market based approach and, within the market based approach, the comparable company method and the recent transaction method. We selected the companies used for comparison based on a number of factors, including but not limited to, the similarity of their industry, business model, and financial risk profile to those of ours. We used the same set of comparable companies for all relevant valuation estimates. The market-based approach considers multiples of financial metrics based on both acquisitions and trading multiples of a selected peer group of technology companies. We then apply these multiples to our financial metrics to derive a range of indicated values. We also considered appropriate adjustments to recognize a lack of marketability.

For stock options and restricted stock units granted subsequent to our IPO, our Board of Directors determined the fair value based on the closing price of our common stock as reported on The New York Stock Exchange on the date of grant.

Goodwill

Goodwill represents the excess of the cost of an acquired business over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed in a business combination. At December 31, 2014, we had $24.5 million of goodwill recorded on our Consolidated Balance Sheet. For the purposes of impairment testing, we have determined that we have one reporting unit. A two-step impairment test of goodwill is required pursuant to ASC 350-20-35. In the first step, the fair value of the reporting unit is compared to its carrying value. If the fair value exceeds the carrying value, goodwill is not impaired and further testing is not required. If the carrying value exceeds the fair value, then the second step of the impairment test is required to determine the implied fair value of the reporting unit's goodwill. The implied fair value of goodwill is calculated by deducting the fair value of all tangible and intangible net assets of the reporting unit, excluding goodwill, from the fair value of the reporting unit as determined in the first step. If the carrying value of the reporting unit's

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goodwill exceeds its implied fair value, then an impairment loss must be recorded that is equal to the difference. The identification and measurement of goodwill impairment involves the estimation of the fair value of the company. The estimate of our fair value, based on the best information available as of the date of the assessment, is subjective and requires judgment, including management assumptions about expected future revenue forecasts and discount rates.

Capitalized Software Costs

Certain development costs related to our software products are capitalized in accordance with ASC Topic 350-40, Internal-Use Software. ASC 350-40 contains the following provisions: (1) preliminary project costs are expensed as incurred; (2) all costs associated with the development of the application are to be capitalized; and (3) all costs associated with the post-implementation operation of the software shall be expensed as incurred. In addition, the costs for all upgrades and enhancements to the originally developed software may be capitalized if additional functionality is added. Accordingly, we capitalize certain software development costs, including the costs to develop solution modules or significant enhancements to existing modules, which are developed or obtained for internal use. We capitalize software development costs when application development begins, it is probable that the project will be completed, and the software will be used as intended. Such capitalized costs are amortized on a straight-line basis over the estimated useful life of the related asset, which is generally three years. Costs associated with preliminary project stage activities, training, maintenance and all post-implementation stage activities are expensed as incurred. It is difficult to predict the amount of Internal-Use Software that will be capitalized in the future as it is project-specific and as such each project will be reviewed on a case-by-case basis.

Income Taxes

We account for income taxes under the asset and liability method in accordance with authoritative guidance for income taxes. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying accounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carry forwards. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. We recognize the effect on deferred tax assets and liabilities of a change in tax rates in income in the period that includes the enactment date.

We adopted the provisions of ASC 740-10, Accounting for Uncertainty in Income Tax, on February 1, 2009. There was no impact upon adoption of ASC 740-10 as we have not identified any uncertain tax positions. We have adopted the accounting policy that interest and penalties relating to income taxes are classified within income tax expense (benefit).

Recent Accounting Pronouncements

In May of 2014, the Financial Accounting Standards Board (FASB) issued a new revenue recognition standard entitled “Revenue from Contracts with Customers.” The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows from a contract with a customer. The standard is effective for annual reporting periods beginning after December 15, 2016, which for us is January 1, 2017. Earlier application is not permitted. The standard allows for either “full retrospective” adoption, meaning the standard is applied to all periods presented, or “modified retrospective” adoption, meaning the standard is applied only to the most current period presented in the financial statements. We are currently assessing which method we will choose for adoption, and are evaluating the impact of the adoption on our consolidated results of operations and financial position.

In July 2013, the FASB issued ASU 2013-11 Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. The new guidance was effective for fiscal years and interim periods after December 15, 2013. The adoption of ASU 2013-11 in 2014 did not have a material impact on our consolidated financial statements.

Results of Operations

The following tables summarize key components of our results of operations for the periods indicated, both in dollars and as a percentage of revenue. The period-to-period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

	Year Ended December 31,		
	2014	2013	2012
Revenue:			
Subscription	$45,142,117	$38,866,989	$32,399,577
Professional services	19,691,349	13,660,000	10,968,131
Total revenue	64,833,466	52,526,989	43,367,708
Cost of revenue:			
Cost of subscription revenue	14,586,245	12,747,971	10,731,302
Cost of professional services revenue	12,901,935	9,498,225	8,680,446
Total cost of revenue	27,488,180	22,246,196	19,411,748
Gross profit	37,345,286	30,280,793	23,955,960
Operating expenses:			
Sales and marketing	20,033,251	16,246,583	12,807,458
Research and development	9,745,137	7,935,614	5,774,695
General and administrative	15,761,895	10,468,776	6,275,160
Restricted stock expense	18,683,277	9,327,594	877,892
Total operating expenses	64,223,560	43,978,567	25,735,205
Loss from operations	(26,878,274)	(13,697,774)	(1,779,245)
Interest income	2,009	18,432	30,629
Interest expense	(275,074)	(168,810)	(37,041)
Loss before income taxes	(27,151,339)	(13,848,152)	(1,785,657)
Income tax expense	552,619	549,718	310,900
Net loss	$(27,703,958)	$(14,397,870)	$(2,096,557)

	Year Ended December 31,		
	2014	2013	2012
Revenue:			
Subscription	70 %	74 %	75 %
Professional services	30	26	25
Total revenue	100	100	100
Cost of revenue:			
Cost of subscription revenue (1)	32	33	33
Cost of professional services revenue (1)	66	70	79
Total cost of revenue	42	42	45
Gross profit	58	58	55
Operating expenses:			
Sales and marketing	31	31	30
Research and development	15	15	13
General and administrative	24	20	14
Restricted stock expense	29	18	2
Total operating expenses	99	84	59
Loss from operations	(41)	(26)	(4)
Interest income	—	—	—
Interest expense	—	—	—
Loss before income taxes	(41)	(26)	(4)
Income tax expense	1	1	1

Net loss	(42)%	(27)%	(5)%

(1) The table shows cost of revenue as a percentage of each component of revenue.

Year Ended December 31, 2014 Compared to the Year Ended December 31, 2013
Revenue. Revenue for 2014 was $64.8 million, an increase of $12.3 million, or 23.4%, over revenue of $52.5 million for 2013.
Subscription Revenue. Subscription revenue for 2014 was $45.1 million, an increase of $6.2 million, or 15.9%, over subscription revenue of $38.9 million for 2013. The increase in subscription revenue resulted from an increase in the number of large subscriptions from customers, as well as recognition of revenue for a full year for the new customers added in 2013. We have increased our customer count through our sales and marketing efforts and our acquisition of EasyCargo in September 2013.
Professional Services Revenue. Professional services revenue for 2014 was $19.7 million, an increase of $6.0 million, or 43.8%, over professional services revenue of $13.7 million for 2013. The increase is attributable to an increase in demand for professional services from our expanding customer base as well as services provided to our existing customers.
Cost of Subscription Revenue. Cost of subscription revenue for 2014 was $14.6 million, an increase of $1.9 million, or 15.0%, over cost of subscription revenue of $12.7 million for 2013. As a percentage of subscription revenue, cost of subscription revenue was 32.4% for 2014 and 32.6% and 2013, respectively. The increase in dollar amount resulted from an increase of $0.8 million for the cost of new employees hired during the period, an increase of $0.2 million for stock-based compensation expense, an increase of $0.2 million for outside services, an increase of $0.1 million in recruiting costs and an increase of $0.7 million in depreciation, amortization and other allocated costs. This was offset by a decrease of $0.1 million in software maintenance costs.
Cost of Professional Services Revenue. Cost of professional services revenue for 2014 was $12.9 million, an increase of $3.4 million, or 35.8%, over cost of professional services revenue of $9.5 million for 2013. As a percentage of professional services revenue, cost of professional services revenue was 65.5% for 2014 and 69.3% for 2013. The increase in dollar amount resulted from an increase of $3.1 million for the costs of new professional services employees hired during the period and employee costs related to the EasyCargo acquisition, an increase of $0.2 million for stock-based compensation expense, an increase of $0.1 million in travel costs and an increase of $0.2 million in depreciation, amortization and other allocated costs. This was offset by decrease of $0.2 million in recruiting costs.
Sales and Marketing Expenses. Sales and marketing expenses for 2014 were $20.0 million, an increase of $3.8 million, or 23.5%, over sales and marketing expenses of $16.2 million for 2013. As a percentage of revenue, sales and marketing expenses was 30.9% for 2014 and 30.9% for 2013. The increase in dollar amount is due to an increase of $1.5 million resulting from the cost of new employees hired during the period, an increase of $0.8 million in commission expense, an increase of $0.3 million in stock-based compensation expense and an increase of $0.1 million in depreciation, amortization and other allocated costs. There also was an increase of $0.7 million primarily for international marketing events, an increase of $0.2 million in travel costs, an increase of $0.1 million in recruiting costs and a $0.1 million increase in software development costs.
Research and Development Expenses. Research and development expenses for 2014 were $9.7 million, an increase of $1.8 million, or 22.8%, from research and development expenses of $7.9 million for 2013. As a percentage of revenue, research and development expenses was 15.0% for both 2014 and 2013. The increase in dollar amount was due to an increase of $0.4 in employee compensation and benefits, primarily related to the hiring of senior level employees, a $0.4 million increase in stock-based compensation expense, a $0.4 million increase for decreased employee costs capitalized for software projects in 2014 compared to 2013 and an increase of $0.4 million in depreciation, amortization and other allocated costs. Also, there was an increase of $0.1 million for travel costs and a $0.2 million increase for outside services, which was offset by a decrease of $0.1 million for software maintenance costs.
General and Administrative Expenses. General and administrative expenses for 2014 were $15.8 million, an increase of $5.3 million, or 50.5%, over general and administrative expenses of $10.5 million for 2013. As a percentage of revenue, general and administrative expenses increased to 24.4% for 2014 from 20.0% for 2013. The increase in dollar amount is due to an increase of $4.0 million in compensation costs, which includes $1.1 million in severance costs related to the resignation of our chief operating officer and $1.4 million for stock-based compensation expense. Also, there was an increase of $0.3 million for travel costs, an increase of $0.5 million in rent, a $0.1 million increase

in software maintenance costs, a $0.3 million increase in professional fees, a $0.1 million increase in taxes and a $0.6 million increase in other costs. This was offset by a decrease of $0.4 million as we no longer have fair value mark-to-market costs for warrants that were converted to common stock in March 2014 and a decrease of $0.2 million in depreciation, amortization and other allocated costs.

Income Tax Expense. Income tax expense for 2014 was $0.6 million compared to 0.5 million for 2013. Income tax expense is primarily related to foreign operations.

Year Ended December 31, 2013 Compared to the Year Ended December 31, 2012

Revenue. Revenue for 2013 was $52.5 million, an increase of $9.1 million, or 21.0%, over revenue of $43.4 million for 2012.

Subscription Revenue. Subscription revenue for 2013 was $38.9 million, an increase of $6.5 million, or 20.1%, over subscription revenue of $32.4 million for 2012. The increase in subscription revenue resulted from an increase in the number of large subscriptions from customers, as well as recognition of revenue for a full year for the new customers added in 2012. We have increased our customer count through our sales and marketing efforts.

Professional Services Revenue. Professional services revenue for 2013 was $13.7 million, an increase of $2.7 million, or 24.5%, over professional services revenue of $11.0 million for 2012. The increase is attributable to an increase in demand for professional services from our expanding customer base.

Cost of Subscription Revenue. Cost of subscription revenue for 2013 was $12.7 million, an increase of $2.0 million, or 18.7%, over cost of subscription revenue of $10.7 million for 2012. As a percentage of subscription revenue, cost of subscription revenue was 32.6% for 2013 and 33.0% for 2012. The increase in dollar amount resulted from a $1.0 million increase in depreciation, amortization and other allocated costs, an increase of $0.8 million resulting from salary increases for existing employees and the cost of new employees hired during the period and an increase of $0.2 million in software maintenance costs.

Cost of Professional Services Revenue. Cost of professional services revenue for 2013 was $9.5 million, an increase of $0.8 million, or 9.2%, over cost of professional services revenue of $8.7 million for 2012. As a percentage of professional services revenue, cost of professional services revenue was 69.3% for 2013 and 79.1% for 2012. The increase in dollar amount resulted from an increase of $1.6 million resulting from salary increases for existing professional services employees and the cost of new professional services employees hired during the period. Also, there was an increase of $0.2 million in recruiting costs, $0.1 million in travel costs and $0.3 million in other costs. These costs were offset by a $0.3 million decrease in outside services and a decrease of $1.1 million in employee-related costs transferred from research and development in 2012 as our engineering team temporarily assisted our professional services organization to address a particular customer implementation.

Sales and Marketing Expenses. Sales and marketing expenses for 2013 were $16.2 million, an increase of $3.4 million, or 26.6%, over sales and marketing expenses of $12.8 million for 2012. As a percentage of revenue, sales and marketing expenses increased to 30.9% for 2013 from 29.5% for 2012. The increase in dollar amount is due to an increase of $1.3 million resulting from salary increases for existing employees and the cost of new employees hired during the period, an increase of $0.1 million in recruiting costs and an increase of $0.5 million in commission expense. We also had a $0.9 million increase in marketing event costs, a $0.3 million increase in travel costs, a $0.2 million increase in allocated general and administrative costs, and an increase of $0.1 million in other marketing related costs.

Research and Development Expenses. Research and development expenses for 2013 were $7.9 million, an increase of $2.1 million, or 36.2%, from research and development expenses of $5.8 million for 2012. As a percentage of revenue, research and development expenses increased to 15.0% for 2013 from 13.4% for 2012. The increase in dollar amount was due to $2.1 million of costs allocated to cost of professional services in 2012 as our engineering team temporarily assisted our professional services organization to address a particular customer implementation while no costs were allocated to cost of professional services revenue in 2013. There also was a $0.1 million increase in other costs that were offset by a $0.1 million decrease in travel and related costs.

General and Administrative Expenses. General and administrative expenses for 2013 were $10.5 million, an increase of $4.2 million, or 66.7%, over general and administrative expenses of $6.3 million for 2012. As a percentage of revenue, general and administrative expenses increased to 20.0% for 2013 from 14.5% for 2012. The increase in dollar amount is due to an increase of $1.6 million related to changes in the fair value of warrants issued, and an increase of $0.8 million resulting from salary increases for existing employees and for additional general and administrative employees hired during the period.

There also was an increase of $1.0 million in professional fees, a $0.2 million increase in travel costs, a $0.2 million increase in software maintenance costs, a $0.2 million increase in the costs for recruiting and outside services and an increase of $0.2 million in allocated general and administrative costs.

Income Tax Expense. Income tax expense for 2013 was $0.5 million compared to $0.3 million for 2012. Income tax expense is primarily related to foreign operations.

Quarterly Results of Operations

The following table sets forth our unaudited operating results for each of the eight quarters preceding and including the period ended December 31, 2014 and the percentages of revenue for each line item shown. The information is derived from our unaudited financial statements. In the opinion of management, our unaudited financial statements include all adjustments, consisting only of normal recurring items, except as noted in the notes to the financial statements, necessary for a fair statement of interim periods. The financial information presented for the interim periods has been prepared in a manner consistent with our accounting policies described elsewhere and should be read in conjunction therewith. These quarterly results are not necessarily indicative of the results that may be expected for any future period.

	Three Months Ended,							
	Mar 31, 2013	Jun 30, 2013	Sep 30, 2013	Dec 31, 2013	Mar 31, 2014	Jun 30, 2014	Sep 30, 2014	Dec 31, 2014
Revenue:								
Subscription	$8,747,187	$8,668,142	$9,827,099	$11,624,561	$10,509,769	$10,630,709	$11,441,819	$12,559
Professional services	2,845,877	3,273,244	3,558,641	3,982,238	4,479,239	5,178,236	4,981,001	5,052,87
Total revenue	11,593,064	11,941,386	13,385,740	15,606,799	14,989,008	15,808,945	16,422,820	17,612,6
Cost of revenue:								
Cost of subscription revenue	3,005,199	3,184,923	3,314,294	3,243,555	3,344,728	3,651,853	3,778,873	3,810,79
Cost of professional services revenue	2,016,431	2,340,002	2,392,352	2,749,440	2,900,324	3,342,566	3,224,945	3,434,10
Total cost of revenue	5,021,630	5,524,925	5,706,646	5,992,995	6,245,052	6,994,419	7,003,818	7,244,89
Gross profit	6,571,434	6,416,461	7,679,094	9,613,804	8,743,956	8,814,526	9,419,002	10,367,8
Operating expenses:								
Sales and marketing	3,673,254	4,091,874	4,103,382	4,378,073	4,848,024	5,114,468	4,717,795	5,352,96
Research and development	1,941,140	1,833,111	2,051,430	2,109,933	2,188,474	2,379,144	2,492,531	2,684,98
General and administrative	2,257,852	2,624,834	2,801,763	2,784,327	4,752,136	3,299,735	4,249,190	3,460,83
Restricted stock expense	3,529,854	3,182,357	1,993,543	621,840	18,683,277	—	—	—
Total operating expenses	11,402,100	11,732,176	10,950,118	9,894,173	30,471,911	10,793,347	11,459,516	11,498,7
Loss from operations	(4,830,666)	(5,315,715)	(3,271,024)	(280,369)	(21,727,955)	(1,978,821)	(2,040,514)	(1,130,9
	167	17,861	211	193	213	91	1,615	90

Interest income								
Interest expense	(5,448)	(18,745)	(51,210)	(93,407)	(112,977)	(55,917)	(48,546)	(57,634
Loss before income taxes	(4,835,947)	(5,316,599)	(3,322,023)	(373,583)	(21,840,719)	(2,034,647)	(2,087,445)	(1,188,5
Income tax expense	201,243	41,325	169,472	137,678	99,012	150,537	150,901	152,169
Net loss	$(5,037,190)	$(5,357,924)	$(3,491,495)	$(511,261)	$(21,939,731)	$(2,185,184)	$(2,238,346)	$(1,340,

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	Three Months Ended,							
	Mar 31, 2013	Jun 30, 2013	Sep 30, 2013	Dec 31, 2013	Mar 31, 2014	Jun 30, 2014	Sep 30, 2014	Dec 31, 2014
Revenue:								
Subscription	75 %	73 %	73 %	74 %	70 %	67 %	70 %	71 %
Professional services	25	27	27	26	30	33	30	29
Total revenue	100	100	100	100	100	100	100	100
Cost of revenue:								
Cost of subscription revenue (1)	34	37	34	28	32	34	33	30
Cost of professional services revenue (1)	71	71	67	69	65	65	65	68
Total cost of revenue	43	46	43	38	42	44	43	41
Gross profit	57	54	57	62	58	56	57	59
Operating expenses:								
Sales and marketing	32	34	31	28	32	32	29	30
Research and development	17	15	15	14	15	15	15	15
General and administrative	19	22	21	18	32	21	26	20
Restricted stock expense	30	27	15	4	125	—	—	—
Total operating expenses	98	98	82	64	204	68	70	65
Loss from operations	(41)	(44)	(25)	(2)	(146)	(12)	(13)	(6)
Interest income	—	—	—	—	—	—	—	—
Interest expense	—	—	—	(1)	(1)	—	—	—
Loss before income taxes	(41)	(44)	(25)	(3)	(147)	(12)	(13)	(6)
Income tax expense	2	—	1	1	1	1	1	1
Net loss	(43)%	(44)%	(26)%	(4)%	(148)%	(13)%	(14)%	(7)%

(1) The table shows cost of revenue as a percentage of each component of revenue.

We have experienced certain quarterly trends in our subscription and professional services revenues. In particular, our subscription revenue in the first quarter of certain years has been lower than the sequential fourth quarter of the prior year due to the transactional volumes associated with retail cycles.

Liquidity and Capital Resources

	Year Ended December 31,		
	2014	2013	2012
Cash provided by (used in):			
Operating activities	$(8,303,391)	$989,089	$3,922,486
Investing activities	(2,411,339)	(5,186,036)	(4,772,105)
Financing activities	46,942,282	5,455,396	(120,552)

	December 31,	
	2014	2013
Cash and cash equivalents	$41,242,200	$5,147,735

Historically, we have financed our operations through the sale of preferred stock and borrowing from credit facilities. On March 26, 2014, we closed our IPO and received proceeds of $57.8 million, net of underwriting discounts and commissions, but before offering expenses of $4.7 million.

At December 31, 2014, our principal sources of liquidity were cash and cash equivalents totaling $41.2 million and accounts receivable, net of allowance for doubtful accounts of $15.6 million, compared to cash and cash equivalents of $5.1 million and accounts receivable, net of allowance for doubtful accounts of $11.0 million at December 31, 2013. We bill our customers in advance for annual subscriptions, while professional services are typically billed on a monthly basis as services are performed. As a result, the amount of our accounts receivable at the end of a period is driven significantly by our annual subscription and professional services billings for the last month of the period, and our cash flows from operations are affected by our collection of amounts due from customers for subscription and professional services billings that resulted in the recognition of revenue in a prior period.

Net Cash Flows from Operating Activities

For 2014, net cash used in operating activities was $8.3 million, which reflects our net loss of $27.7 million, adjusted for non-cash charges of $27.7 million consisting primarily of $18.7 million for restricted stock compensation, $1.2 million for the change in the valuation of warrants, $2.7 million for stock-based compensation and $4.9 million for depreciation and amortization. Additionally, we had a $8.3 million decrease in our working capital accounts consisting primarily of an increase of $4.7 million in accounts receivable and a decrease of $2.8 million in deferred revenue.

For 2013, net cash provided by operating activities was $1.0 million, which reflects our net loss of $14.4 million, adjusted for non-cash charges of $15.5 million consisting primarily of $9.3 million for restricted stock compensation, $1.6 million for the change in the valuation of warrants and $3.8 million for depreciation and amortization. Additionally, we had a net decrease in our working capital accounts consisting of $3.2 million in prepaid and other assets and $1.0 million in accounts receivable offset by an increase of $3.7 million in accounts payable and accrued expenses and an increase of $0.5 million in deferred revenue. In 2013, prepaid expenses and other assets decreased principally as a result of a $3.3 million increase in deferred commissions.

For 2012, net cash provided by operating activities of $3.9 million was primarily the result of $2.1 million of net loss, offset by non-cash depreciation and amortization expense of $2.6 million, a less than $0.1 million increase in deferred revenue, a $1.6 million decrease in accounts receivable and a $1.1 million increase in accrued liabilities, offset by an increase in prepaid expenses of $1.2 million. Increases in deferred revenue are due to continued growth in new business, offset by the subscription revenue recognized ratably over time. Increases in accounts receivable are primarily due to growth in the number of customer subscription agreements.

Our deferred revenue was $27.9 million at December 31, 2014 and $30.8 million at December 31, 2013. The increases and decreases in deferred revenue at the end of each of these periods reflect the timing of invoicing to new and existing customers offset by amortization of previously billed subscription agreements. Customers are invoiced annually in advance for their annual subscription fee and the invoices are recorded in accounts receivable and deferred revenue, which is then recognized ratably over the term of the subscription agreement. With respect to professional services fees, customers are invoiced as the services are performed, and the invoices are recorded in accounts receivable. Where appropriate based on revenue recognition criteria, professional services invoices are initially recorded in deferred revenue and then recognized ratably over the remaining term of the subscription agreement.

Net Cash Flows from Investing Activities

For 2014, net cash used in investing activities was $2.4 million, consisting of various capital expenditures of $0.7 million and capitalization of $2.0 million for software development costs. In general, our capital expenditures are for our network infrastructure to support our increasing customer base and growth in new business and for internal use, such as equipment for our increasing employee headcount.

For 2013, net cash used in investing activities was $5.2 million, consisting of various capital expenditures of $0.3 million, the capitalization for $2.4 million of software development costs, cash paid for deposits of $0.5 million and $1.9 million for the acquisition of our China subsidiary, EasyCargo, in September 2013 .

For 2012, net cash used in investing activities was $4.8 million, consisting of various capital expenditures of $1.5 million and capitalization of $3.3 million for software development costs.

Net Cash Flows from Financing Activities

For 2014, net cash provided by financing activities was $46.9 million and consists of net proceeds from the sale of common stock from our IPO of $53.5 million and $1.6 million in proceeds from the exercise of stock options. This was offset by the repayment of $7.0 million on our revolving line of credit and $1.2 million in capital lease repayments.

For 2013, net cash provided by financing activities was $5.5 million as we borrowed $7.0 million on our revolving line of credit, had capital lease repayments of $1.0 million and paid $0.5 million in deferred offering costs.

For 2012, net cash used in financing activities was $0.1 million and was primarily for the repayment of capital lease obligations.

Line of Credit

During April 2013, we entered into a loan and security agreement with a financial institution that provided a line of credit for up to the lesser of $10 million or 80% of eligible accounts, as defined, which was approximately $9.1 million as of December 31, 2014. Borrowings under this line of credit bore interest each month at an interest rate equal to the prime rate, as defined in the loan and security agreement, plus 1.5% or 2.5% depending on cash balances and the availability of the line of credit. The interest rate as of December 31, 2014 was Prime Rate plus 1.5%. Borrowings under the line of credit were subject to certain reporting and financial covenants, and are secured by substantially all of our assets, excluding intellectual property. The line was scheduled to expire on April 10, 2015. As of December 31, 2014, there was no outstanding balance under this line of credit and we were in compliance with all reporting and financial covenants in the loan and security agreement. In connection with our acquisition of ecVision (International), Inc., on March 2, 2015, we entered into a new credit agreement with a financial institution to provide for a $20,000,000 term loan and a $5,000,000 revolving credit facility (see Recent Developments in Part I, Item 1). As such, our previous loan and security agreement was terminated on March 4, 2015.

Off-Balance Sheet Arrangements

As of December 31, 2014, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Other than our operating leases for office space, we do not engage in off-balance sheet financing arrangements. Our operating lease arrangements do not and are not reasonably likely to have a material current or future effect on our financial condition, results of operations, liquidity, capital resources and capital expenditures. In addition, we do not engage in trading activities involving non-exchange traded contracts. As such, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in these relationships.

Capital Resources

Our future capital requirements may vary materially from those now planned and will depend on many factors, including the costs to develop and implement new solution modules and services, the sales and marketing resources needed to further penetrate our targeted markets and gain acceptance of new modules we develop, the expansion of our operations in the United States and internationally and the response of competitors to our solution and services. Historically, we have experienced increases in our expenditures consistent with the growth in our operations and personnel, and we anticipate that our expenditures will continue to increase as we grow our business. In the future, we may also acquire complementary businesses, solutions or technologies. For example, on March 2, 2015, we acquired ecVision (International) Inc., a cloud-based provider of global sourcing and collaborative supply chain solutions for brand-focused companies. We have no definitive agreements or commitments with respect to any acquisitions at this time.

We believe our existing cash and cash equivalents, together with the available borrowing capacity under our new line of credit that we entered into on March 4, 2015 and cash flows from our operations will be sufficient to meet our working capital and capital expenditure requirements for at least the next 12 months. During the last three years, inflation and changing prices have not had a material effect on our business, and we do not expect that inflation or changing prices will materially affect our business in the foreseeable future.

Contractual and Commercial Commitment Summary

The following table summarizes our contractual obligations as of December 31, 2014. These contractual obligations require us to make future cash payments.

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Contractual Obligations: (1)					
Operating lease commitments	$14,305,593	$2,824,912	$4,844,741	$3,808,313	$2,827,627
Capital lease commitments	3,745,040	1,479,914	2,067,483	197,643	—
Other*	2,500,000	—	2,500,000	—	—
Total	$20,550,633	$4,304,826	$9,412,224	$4,005,956	$2,827,627

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* Represents the maximum earnout payment relating to our acquisition of EasyCargo. By March 15, 2016, we are obligated to pay additional consideration if, during the three-year period ending December 31, 2015, aggregate China Trade Management (CTM) revenue exceeds $7.7 million. The additional consideration will be equal to 50% of CTM revenue in excess of $7.7 million for that period, up to a maximum of $2.5 million, and we may pay the additional consideration at our option in cash or common stock.

(1) On March 2, 2015, we entered into and completed the acquisition of ecVision (International) Inc., a Cayman Islands company with US, Hong Kong and China subsidiaries. We paid a purchase price of $26,398,400 before giving effect to certain expenses and adjustments that resulted in an upfront cost to us of approximately $27,100,000. We acquired ecVision for a net cash amount of approximately $24,400,000, before giving effect to these expenses and adjustments, and net of ecVision's $2,000,000 of target working capital. We will also make an earn out payment of up to $5,176,000 on June 1, 2016 as follows: (i) $3,500,000 if ecVision's products and services revenues under GAAP from April 1, 2015 through March 31, 2016 (the New Year Period) grow at an annual rate of 18% compared to the period from April 1, 2014 through March 31, 2015 (the Prior Year Period); (ii) the full $5,176,000 if ecVision's products and services revenues under GAAP grow in the New Year Period at 20% or more compared to the Prior Year Period; or (iii) a proportional payment between $3,500,000 and $5,176,000 if ecVision's products and services revenues under GAAP grow in the New Year Period at more than 18% but less than 20% compared to the Prior Year Period.

In addition, on June 1, 2017, we will pay to ecVision's former equity-holders $3,675,000 if the founder of ecVision, has not been terminated by us for "Cause" and if he has not left us without "Good Reason," as such terms are defined in the merger agreement.

In connection with the ecVision acquisition, on March 4, 2015, we entered into a credit agreement (the Credit Agreement) with a financial institution providing for an aggregate of $25,000,000 of financing comprised of two credit facilities: (i) a senior secured revolving credit facility of $5,000,000 (the Revolving Facility), which includes a $2,000,000 sublimit for the issuance of letters of credit and (ii) a senior secured term loan facility of $20,000,000 (the Term Loan and together with the Revolving Facility, the Senior Facilities). The Term Loan was fully funded on March 4, 2015 in order to fund a portion of the acquisition consideration and we paid the balance due at closing with cash on hand. The Revolving Facility has not been drawn down and the maturity date for obligations under the Senior Facilities is March 4, 2018 (the Maturity Date).

The interest rate on the outstanding balance from time to time of the Senior Facilities is based upon, at our option, either (i) the "LIBOR" rate plus 3.5% or (ii) the "Base Rate" plus 1.5%, as such terms are defined in the Credit Agreement. The Term Loan will amortize in quarterly installments as follows: (i) 2.5% in the first year; (ii) 2.5% in the second year; and (iii) 5% in the third year, with the with balance payable on the Maturity Date.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Exchange Risk. We bill our customers predominately in U.S. dollars and receive payment predominately in U.S. dollars. However, because most of our international sales are denominated in the currency of the country where the purchaser is located, as we continue to expand our direct sales presence in international regions, the portion of our accounts receivable denominated in foreign currencies may continue to increase. Historically, our greatest accounts receivable foreign currency exposure has been related to revenue denominated in Euros. In addition, we incur significant costs related to our operations in India in Rupees and since our acquisition of EasyCargo in 2013, we also have foreign currency risk related to our operations in China in Renminbi. As a result of these factors, our results of operations and cash flows are and will increasingly be subject to fluctuations due to changes in foreign currency exchange rates.

Interest Rate Sensitivity. Interest income and expense are sensitive to changes in the general level of U.S. interest rates. However, based on the nature and current level of our investments, which are primarily cash and cash equivalents, and our debt obligations, we believe there is no material risk of exposure.

Item 8. Financial Statements and Supplementary Data

Our consolidated financial statements and accompanying notes and the report of our independent registered public accounting firm are listed in Part IV starting on page F-1.

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

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None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms, and that such information is accumulated and communicated to us, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do, and we necessarily were required to apply our judgment in evaluating whether the benefits of the controls and procedures that we adopt outweigh their costs.

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended, an evaluation as of December 31, 2014 was conducted under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures, as of December 31, 2014, were effective for the purposes stated above.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management’s Annual Report on Internal Control Over Financial Reporting

This Annual Report on Form 10-K does not include a report of management’s assessment regarding internal control over financial reporting or an attestation report of our registered public accounting firm due to a transition period established by the rules of the SEC for newly public companies.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this item is incorporated by reference from information contained under the sections “Election of Directors” and “Section 16(a) Beneficial Ownership Reporting Compliance” in our Proxy Statement for the Annual Meeting of Stockholders.

Item 11. Executive Compensation

Information required by this item is incorporated by reference from information contained under the section “Executive Compensation” and "Director Compensation" in our Proxy Statement for the Annual Meeting of Stockholders.

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

Information required by this item is incorporated by reference from information contained under the section “Security Ownership of Certain Beneficial Owners and Management” in our Proxy Statement for the Annual Meeting of Stockholders.

Item 13. Certain Relationships and Related Transactions and Director Independence

Information required by this item is incorporated by reference from information contained under the section “Certain Relationships and Related Party Transactions” in our Proxy Statement for the Annual Meeting of Stockholders.

Item 14. Principal Accounting Fees and Services

Information with respect to this item is incorporated by reference from information under the section “Ratification of Appointment of Independent Registered Public Accounting Firm” in our Proxy Statement for the Annual Meeting of Stockholders.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this Annual Report on Form 10-K:

(1)Financial Statements:

Our consolidated financial statements and the Report of Independent Registered Public Accounting Firm are included herein on page F-1

(2)Financial Statement Schedules:

The financial statement schedules are omitted as they are either not applicable or the information required is presented in the financial statements and notes thereto on page F-1

(3)Exhibits:

See Exhibit Index immediately following the signature page of this Annual Report on Form 10-K.

SIGNATURES

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

AMBER ROAD, INC.

Date: March 13, 2015

By: /s/ JAMES W. PREUNINGER
James W. Preuninger
Chief Executive Officer and Director
(Principal Executive Officer)

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

Signature	Title	Date
/s/ JAMES W. PREUNINGER James W. Preuninger	Chief Executive Officer and Director (Principal Executive Officer)	March 13, 2015
/s/ THOMAS E. CONWAY Thomas E. Conway	Chief Financial Officer (Principal Financial and Accounting Officer)	March 13, 2015
/s/ DONALD R. CALDWELL Donald R. Caldwell	Director	March 13, 2015
/s/ PAMELA F. CRAVEN Pamela F. Craven	Director	March 13, 2015
/s/ KENNETH M. HARVEY Kenneth M. Harvey	Director	March 13, 2015
/s/ CHO YING DAVY HO Cho Ying Davy Ho	Director	March 13, 2015
/s/ RUDY C. HOWARD Rudy C. Howard	Director	March 13, 2015
/s/ JOHN MALONE John Malone	Director	March 13, 2015
/s/ BARRY M. V. WILLIAMS Barry M. V. Williams	Director	March 13, 2015

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date/ Period End Date
2.1	Merger Agreement, dated as of March 2, 2015, among ecVision (International) Inc., Project 20/20 Acquisition Corp., the Registrant and Fortis Advisors LLC.	8-K	2.1	3/6/15
3.1	Form of Amended and Restated Certificate of Incorporation of the Registrant effective March 26, 2014.	S-1/A	3.1	3/5/14
3.2	Amended and Restated Bylaws of the Registrant effective March 26, 2014.	S-1/A	3.2	3/5/14
4.1	Specimen Common Stock Certificate of Amber Road, Inc.	S-1/A	4.1	3/5/14
4.2	Warrant to Purchase Common Stock, issued March 27, 2007 to Orix Venture Finance LLC.	S-1/A	4.2	3/5/14
10.1	Data Center and General Services Agreement, dated as of November 1, 2009, between Florida Technology Managed Services, Inc. and the Registrant.	S-1/A	10.1	3/5/14
10.2	Amendment 1 to Data Center and General Services Agreement, dated as of November 1, 2012, between Registrant and Florida Technology Managed Services, Inc.	S-1/A	10.2	3/5/14
10.3	Fourth Amended and Restated Investor Rights Agreement, dated as of July 16, 2010, by and among the Registrant and the investors signatory thereto.	S-1/A	10.3	3/5/14
10.4*	Employment Agreement with James W. Preuninger, dated March 3, 2014.	S-1/A	10.4	3/5/14
10.5*	Employment Agreement with John W. Preuninger, dated March 3, 2014.	S-1/A	10.5	3/5/14
10.6	Form of Change in Control Agreement.	S-1/A	10.6	3/5/14
10.7*	2002 Stock Option Plan, as amended.	S-1/A	10.7	3/5/14
10.8*	Form of Employee Stock Option Agreement under the 2002 Stock Option Plan, as amended.	S-1/A	10.8	3/5/14
10.9*	Form of Director Stock Option Agreement under the 2002 Stock Option Plan, as amended.	S-1/A	10.9	3/5/14
10.10*	2012 Omnibus Incentive Compensation Plan.	S-1/A	10.10	3/5/14
10.11*	Form of Stock Option Agreement for officers and employees under 2012 Omnibus Incentive Compensation Plan.	S-1/A	10.11	3/5/14
10.12*	Form of Stock Option Agreement for directors under 2012 Omnibus Incentive Compensation Plan.	S-1/A	10.12	3/5/14
10.13*	Form of Indemnification Agreement.	S-1/A	10.13	3/5/14
10.15	Office Lease by and between the Metropolitan Life Insurance Company and the Registrant, dated as of October 5, 1998, as amended.	S-1/A	10.15	3/5/14
10.16	Deed of Lease by and between MEPT 1660 International Drive LLC and the Registrant, dated as of June 14, 2011.	S-1/A	10.16	3/5/14
10.17	Lease Agreement by and between PFRS Crossroads Corp. and the Registrant, dated as of April 30, 2010.	S-1/A	10.17	3/5/14
10.18	Loan and Security Agreement, dated as of April 10, 2013, between Silicon Valley Bank and the Registrant.	S-1/A	10.18	3/5/14
10.19	Waiver and First Amendment to Loan and Security Agreement, dated as of December 30, 2013, between Silicon Valley Bank and the Registrant.	S-1/A	10.19	3/5/14
10.20	Share Purchase Agreement dated as of September 3, 2013 among Sunrise International Ltd., the Shareholder Representative Committee, the shareholders of Sunrise International Ltd., the Registrant and Amber Road Holdings, Inc.	S-1/A	10.20	3/5/14

10.21	Lease Deed, dated November 8, 2013, between M/s. Paliwal Overseas Private Limited and M/s. Amber Road Software Private Limited.	S-1/A	10.21	3/5/14
10.22*	Form of Management Severance Policy.	S-1/A	10.22	3/5/14
10.23*	Employment agreement with Kae-por Chang.	S-1/A	10.23	3/5/14
10.24‡	Amendment 2 to Data Center and General Services Agreement, dated as of November 1, 2014, between the Registrant and Florida Technology Managed Services, Inc.	10-Q	10.24	11/7/14
10.25	Credit Agreement, dated as of March 4, 2015, between the Registrant and KeyBank National Association.	8-K	10.1	3/6/15
10.26	Form of the 2015 Stock Option Award Certificate	8-K	10.1	2/25/15
10.27	Form of the 2015 Performance Share Award Certificate	8-K	10.2	2/25/15
10.28**	Form of Non-Employee Director Restricted Stock Units Award Agreement.			
10.29*	Separation Agreement and General Release dated July 16, 2014, between the Registrant and John W. Preuninger.	8-K	10.1	7/17/14
21.1**	Subsidiaries of the Registrant.			
23.1**	Consent of KPMG LLP, independent registered public accounting firm.			
31.1**	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.			
31.2**	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.			

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date/ Period End Date
32.1***	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350.			
32.2***	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350.			
101.INS†	XBRL Instance Document.			
101.SCH†	XBRL Taxonomy Extension Schema Linkbase Document.			
101.CAL†	XBRL Taxonomy Calculation Linkbase Document.			
101.DEF†	XBRL Taxonomy Extension Definition Linkbase Document.			
101.LAB†	XBRL Taxonomy Label Linkbase Document.			
101.PRE†	XBRL Taxonomy Presentation Linkbase Document.			

* Indicates management contract or compensatory plan or agreement
** Filed herewith
*** Furnished herewith
‡ Portions of this exhibit have been omitted pursuant to a request for confidential treatment and have been separately filed with the Securities and Exchange Commission.
† In accordance with Rule 406T of Regulation S-T, the XBRL-related information in Exhibit 101 to this Annual Report on Form 10-K is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act, is deemed not filed for purposes of section 18 of the Exchange Act, and otherwise is not subject to liability under these sections.

AMBER ROAD, INC. AND SUBSIDIARIES
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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Amber Road, Inc.:

We have audited the accompanying consolidated balance sheets of Amber Road, Inc. and subsidiaries (the Company) as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity (deficit), and cash flows for each of the years in the three-year period ended December 31, 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Amber Road, Inc. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Philadelphia, Pennsylvania
March 13, 2015

AMBER ROAD, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

	December 31, 2014	2013
Assets		
Current assets:		
Cash and cash equivalents	$41,242,200	$5,147,735
Accounts receivable, net	15,645,386	11,017,671
Unbilled receivables	254,243	144,067
Deferred commissions	3,322,553	2,983,400
Prepaid expenses and other current assets	1,445,964	869,108
Deferred offering costs	—	2,786,376
Total current assets	61,910,346	22,948,357
Property and equipment, net	12,918,540	13,102,380
Goodwill	24,476,157	24,476,157
Other intangibles, net	1,011,526	1,201,034
Deferred commissions	6,906,165	7,066,512
Deposits and other assets	1,007,923	1,302,681
Total assets	$108,230,657	$70,097,121
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Current installments of obligations under capital leases	$1,321,610	$1,022,176
Accounts payable	1,733,209	2,568,161
Accrued expenses	8,043,759	9,081,554
Deferred revenue	26,168,358	26,115,001
Total current liabilities	37,266,936	38,786,892
Capital lease obligations, less current portion	2,141,584	2,068,308
Deferred revenue, less current portion	1,753,886	4,641,631
Revolving credit facility	—	6,978,525
Other noncurrent liabilities	2,109,544	3,981,889
Total liabilities	43,271,950	56,457,245
Commitments and contingencies (Note 12)		
Redeemable convertible preferred stock and puttable common stock:		
Series A Redeemable Convertible Preferred Stock, no par value. Authorized, issued, and outstanding, none and 6,725,000 shares at December 31, 2014 and 2013, respectively	—	8,900,911
Series B Redeemable Convertible Preferred Stock, no par value. Authorized, issued, and outstanding, none and 1,853,568 shares at December 31, 2014 and 2013, respectively	—	6,617,778
Series C Redeemable Convertible Preferred Stock, no par value. Authorized, issued, and outstanding, none and 5,227,761 shares at December 31, 2014 and 2013, respectively	—	20,187,957
Series D Redeemable Convertible Preferred Stock, no par value. Authorized, issued, and outstanding, none and 2,669,384 shares at December 31, 2014 and 2013, respectively	—	10,818,014
Series E Redeemable Convertible Preferred Stock, no par value. Authorized, issued and outstanding, none at December 31, 2014; Authorized 6,709,007 shares, issued and outstanding 4,472,671 shares at December 31, 2014	—	28,248,692
Puttable common stock, no par value, issued and outstanding, none and 197,914 shares at December 31, 2014 and 2013, respectively	—	2,148,007

Total redeemable convertible preferred stock and puttable common stock	—	76,921,359
Stockholders' equity (deficit):		
Common stock, $0.001 par value at December 31, 2014, no par value at December 31, 2013. Authorized, 100,000,000 and 38,100,100 shares at December 31, 2014 and 2013, respectively; issued and outstanding 25,765,792 and 5,005,911 shares at December 31, 2014 and 2013, respectively	25,766	15,221,195
Additional paid-in capital	173,665,585	—
Accumulated other comprehensive loss	(607,492)	(485,917)
Accumulated deficit	(108,125,152)	(78,016,761)
Total stockholders' equity (deficit)	64,958,707	(63,281,483)
Total liabilities and stockholders' equity (deficit)	$ 108,230,657	$ 70,097,121

See accompanying notes to consolidated financial statements.

AMBER ROAD, INC. AND SUBSIDIARIES
Consolidated Statements of Operations

	Year Ended December 31,		
	2014	2013	2012
Revenue:			
Subscription	$45,142,117	$38,866,989	$32,399,577
Professional services	19,691,349	13,660,000	10,968,131
Total revenue	64,833,466	52,526,989	43,367,708
Cost of revenue (1):			
Cost of subscription revenue	14,586,245	12,747,971	10,731,302
Cost of professional services revenue	12,901,935	9,498,225	8,680,446
Total cost of revenue	27,488,180	22,246,196	19,411,748
Gross profit	37,345,286	30,280,793	23,955,960
Operating expenses (1):			
Sales and marketing	20,033,251	16,246,583	12,807,458
Research and development	9,745,137	7,935,614	5,774,695
General and administrative	15,761,895	10,468,776	6,275,160
Restricted stock expense	18,683,277	9,327,594	877,892
Total operating expenses	64,223,560	43,978,567	25,735,205
Loss from operations	(26,878,274)	(13,697,774)	(1,779,245)
Interest income	2,009	18,432	30,629
Interest expense	(275,074)	(168,810)	(37,041)
Loss before income taxes	(27,151,339)	(13,848,152)	(1,785,657)
Income tax expense	552,619	549,718	310,900
Net loss	(27,703,958)	(14,397,870)	(2,096,557)
Accretion of redeemable convertible preferred stock and puttable common stock	(2,416,505)	(4,849,607)	(4,035,920)
Preferred stock deemed dividend	—	—	(536,107)
Net loss attributable to common stockholders	$(30,120,463)	$(19,247,477)	$(6,668,584)
Net loss per common share (Note 11):			
Basic and diluted	$(1.46)	$(5.11)	$(1.82)
Weighted-average common shares outstanding (Note 11):			
Basic and diluted	20,623,760	3,763,562	3,673,181

(1) Includes stock-based compensation as follows:

	Year Ended December 31,		
	2014	2013	2012
Cost of subscription revenue	$289,611	$80,204	$42,624
Cost of professional services revenue	189,598	40,037	1,110
Sales and marketing	346,545	76,912	46,512
Research and development	486,031	62,387	28,668
General and administrative	1,434,988	262,044	100,505
	$2,746,773	$521,584	$219,419

See accompanying notes to consolidated financial statements.

AMBER ROAD, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Loss

	Year Ended December 31,		
	2014	2013	2012
Net loss	$(27,703,958)	$(14,397,870)	$(2,096,557)
Other comprehensive loss:			
Foreign currency translation	(121,575)	(305,133)	(298,080)
Total other comprehensive loss	(121,575)	(305,133)	(298,080)
Comprehensive loss	$(27,825,533)	$(14,703,003)	$(2,394,637)

See accompanying notes to consolidated financial statements.

AMBER ROAD, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity (Deficit)

	Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Income (Loss)	Deficit	Equity (Deficit)
Balance at December 31, 2011	4,818,643	$4,200,589	$—	$ 117,296	$(52,065,049)	$(47,747,164)
Net loss	—	—	—	—	(2,096,557)	(2,096,557)
Other comprehensive loss	—	—	—	(298,080)	—	(298,080)
Accretion of Redeemable Convertible Preferred Stock	—	—	—	—	(4,572,027)	(4,572,027)
Exercise of common stock options	107,776	44,367	—	—	—	44,367
Compensation related to restricted stock	—	877,892	—	—	—	877,892
Stock-based compensation expense	—	219,419	—	—	—	219,419
Balance at December 31, 2012	4,926,419	5,342,267	—	(180,784)	(58,733,633)	(53,572,150)
Net loss	—	—	—	—	(14,397,870)	(14,397,870)
Other comprehensive loss	—	—	—	(305,133)	—	(305,133)
Accretion of Redeemable Convertible Preferred Stock	—	—	—	—	(4,849,607)	(4,849,607)
Exercise of common stock options	79,492	29,750	—	—	—	29,750
Compensation related to restricted stock	—	9,327,594	—	—	—	9,327,594
Stock-based compensation expense	—	521,584	—	—	—	521,584
Accretion of puttable common stock	—	—	—	—	(35,651)	(35,651)
Balance at December 31, 2013	5,005,911	15,221,195	—	(485,917)	(78,016,761)	(63,281,483)
Net loss	—	—	—	—	(27,703,958)	(27,703,958)
Other comprehensive loss	—	—	—	(121,575)	—	(121,575)
Effect of par value on existing shares	—	(15,216,189)	15,216,189	—	—	—
Accretion of Redeemable Convertible Preferred Stock	—	—	—	—	(2,380,858)	(2,380,858)
Exercise of common stock options	767,593	768	1,567,369	—	—	1,568,137
Exercise of common stock warrant	196,304	196	3,011,712	—	—	3,011,908
	—	—	18,683,277	—	—	18,683,277

Compensation related to restricted stock						
Stock-based compensation expense	—	—	2,746,773	—	—	2,746,773
Accretion of puttable common stock	197,914	198	2,183,456	—	(23,575)	2,160,079
Conversion of Preferred Stock	14,802,188	14,802	77,139,409	—	—	77,154,211
Issuance of common stock for initial public offering, net	4,782,870	4,783	53,074,721	—	—	53,079,504
Common stock issued for contingent consideration	13,012	13	(13)	—	—	—
Stock compensation for contingent consideration	—	—	42,692	—	—	42,692
Balance at December 31, 2014	25,765,792	$25,766	$173,665,585	$(607,492)	$(108,125,152)	$64,958,707

See accompanying notes to consolidated financial statements.

AMBER ROAD, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2014	2013	2012
Cash flows from operating activities:			
Net loss	$(27,703,958)	$(14,397,870)	$(2,096,557)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,896,713	3,791,973	2,566,673
Bad debt expense	47,006	46,500	60,000
Stock-based compensation	2,746,773	521,584	219,419
Loss on asset impairment	11,964	30,261	—
Restricted stock non-cash compensation	18,683,277	9,327,594	877,892
Compensation related to puttable common stock	54,764	18,255	—
Change in fair value of contingent consideration liability	(43,855)	106,244	—
Non-cash interest expense related to debt	—	23,227	—
Change in fair value of warrant liability	1,244,635	1,600,176	32,674
Amortization of debt financing costs	43,858	—	—
Changes in operating assets and liabilities:			
Accounts receivable	(4,684,880)	(1,004,874)	1,559,364
Unbilled receivables	(113,471)	96,170	41,651
Prepaid expenses and other current assets	(801,221)	(3,274,161)	(1,201,895)
Accounts payable	(182,112)	431,342	(497,224)
Accrued expenses	432,225	3,232,110	1,105,675
Other liabilities	(102,032)	(64,266)	1,194,333
Deferred revenue	(2,833,077)	504,824	60,481
Net cash provided by (used in) operating activities	(8,303,391)	989,089	3,922,486
Cash flows from investing activities:			
Capital expenditures	(723,475)	(327,024)	(1,511,114)
Addition of capitalized software development costs	(1,970,963)	(2,409,325)	(3,272,403)
Acquisition, net of cash acquired of $85,310	—	(1,914,768)	—
Cash received (paid) for deposits	226,690	(534,919)	11,412
Decrease in restricted cash	56,409	—	—
Net cash used in investing activities	(2,411,339)	(5,186,036)	(4,772,105)
Cash flows from financing activities:			
Proceeds from revolving line of credit	—	7,478,525	—
Payments on revolving line of credit	(6,978,525)	(500,000)	—
Debt financing costs	—	(51,764)	—
Repayments on capital lease obligations	(1,246,226)	(1,022,176)	(164,919)
Proceeds from the exercise of stock options	1,568,137	29,750	44,367
Proceeds from the exercise of common stock warrant	40,452	—	—
Payment of offering costs	(4,266,455)	(478,939)	—
Proceeds from initial public offering, net of underwriting discounts and commissions	57,824,899	—	—
Net cash provided by (used in) financing activities	46,942,282	5,455,396	(120,552)
Effect of exchange rate on cash and cash equivalents	(133,087)	(390,535)	(40,357)
Net increase (decrease) in cash and cash equivalents	36,094,465	867,914	(1,010,528)
Cash and cash equivalents at beginning of period	5,147,735	4,279,821	5,290,349
Cash and cash equivalents at end of period	$41,242,200	$5,147,735	$4,279,821
Supplemental disclosures of cash flow information:			

Accretion of Series E Preferred Stock	$2,289,793	$4,743,956	$3,941,358
Accrual for Series D Preferred Stock dividends	—	—	536,107
Accretion of Series A, B, C, D and E issuance costs	91,065	105,651	94,562
Accretion of puttable common stock	35,647	—	—
Cash paid for interest	275,074	145,207	23,841
Non-cash property and equipment acquired under capital lease	1,618,936	3,532,086	707,911
Non-cash property and equipment purchases in accounts payable	236,398	112,111	69,498
Non-cash deferred offering costs in accounts payable and accrued expenses	—	2,307,437	—
Non-cash conversion of Series A, B, C, D and E preferred stock	77,139,409	—	—

See accompanying notes to consolidated financial statements.

AMBER ROAD, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(1) Background

Amber Road, Inc. (we, our or us) is a leading provider of a cloud-based global trade management solution, including modules for logistics contract and rate management, supply chain visibility and event management, international trade compliance, and Global Knowledge trade content database to importers and exporters, nonvessel owning common carriers (resellers), and ocean carriers. Our solution is primarily delivered using an on-demand, cloud based, delivery model. During 2011, we changed our name from Management Dynamics Inc. to Amber Road, Inc. We are incorporated in the state of Delaware and our corporate headquarters are located in East Rutherford, New Jersey. We also have offices in McLean, Virginia, Cary, North Carolina, Munich, Germany, Bangalore, India and Shanghai, China.

(2) Summary of Significant Accounting Policies and Practices

(a) Basis of Presentation and Principles of Consolidation

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and include our accounts and those of our wholly owned subsidiaries located in India, China and the United Kingdom. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Initial Public Offering

On March 26, 2014, we closed our initial public offering (IPO) of 8,500,299 shares of common stock, including 1,108,734 shares sold pursuant to the underwriters' option to purchase additional shares. Of the total shares sold, 3,717,429 shares were sold by selling stockholders, and we did not receive any of the proceeds of such sales. The public offering price of the shares sold in our IPO was $13.00 per share. Immediately prior to the closing of our IPO, all outstanding shares of our redeemable convertible preferred stock converted to 13,993,566 shares of common stock and 808,622 shares of common stock were issued in satisfaction of accrued but unpaid dividends to preferred stockholders. Our shares of common stock are traded on the New York Stock Exchange under the symbol "AMBR". We received proceeds from our IPO of $57,824,899, net of underwriting discounts and commissions, but before offering expenses of $4,745,394.

(c) Reverse Stock Split

On March 4, 2014, our board of directors approved a 1-for-1.497 reverse stock split of our common stock. The reverse stock split became effective upon filing of an amended and restated certificate of incorporation with the Secretary of State of the State of Delaware on March 4, 2014. The conversion value of our Series A, Series B, Series C, Series D, and Series E Redeemable Convertible Preferred Stock and the number of shares subject to and the exercise price of our outstanding options and warrants were adjusted to proportionately reflect the split. All common stock, restricted common stock share and per-share data included in these financial statements give effect to the reverse stock split and have been adjusted retroactively for all periods presented.

(d) Use of Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant items subject to such estimates and assumptions include the carrying amount of intangibles and goodwill; valuation allowance for receivables and deferred income tax assets; revenue; capitalization of software costs; and valuation of share-based payments. Actual results could differ from those estimates.

(e) Foreign Currency

We account for foreign currency in accordance with Accounting Standards Codification (ASC) Topic 830, Foreign Currency Matters (ASC 830), for operating subsidiaries where the functional currency is the local currency rather than the U.S. dollar. ASC 830 requires that translation of monetary assets and liabilities be made at year-end exchange rates, that nonmonetary assets and liabilities and related income statement items be translated at historical rates, and that remaining revenues and expenses be translated at average rates. Cumulative translation adjustments are reflected in the results of the current period. We recognize transaction gains and losses that result from changes in exchange rates on foreign transactions. Such gains and losses are also included in the determination of our net loss for the period.

AMBER ROAD, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(f) Cash and Cash Equivalents
We consider all highly liquid investments with original maturities of three months or less at the balance sheet date to be cash equivalents. Cash and cash equivalents at December 31, 2014 and 2013 consist of the following:

	December 31,	
	2014	2013
Cash and cash equivalents	$41,241,784	$5,147,360
Money market accounts	416	375
	$41,242,200	$5,147,735

(g) Fair Value of Financial Instruments and Fair Value Measurements
Our financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses. Management believes that the carrying values of these instruments are representative of their fair value due to the relatively short-term nature of those instruments.
We follow FASB accounting guidance on fair value measurements for financial assets and liabilities measured on a recurring basis. ASC 820, Fair Value Measurements, among other things, defines fair value, establishes a framework for measuring fair value, and requires disclosure about such fair value measurements. Assets and liabilities measured at fair value are based on one or more of three valuation techniques provided for in the standards. The three value techniques are as follows:

Market Approach	—	Prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities;
Income Approach	—	Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques and option pricing models); and
Cost Approach	—	Amount that currently would be required to replace the service capacity of an asset (often referred to as replacement cost).

The standards clarify that fair value is an exit price, representing the amount that would be received to sell an asset, based on the highest and best use of the asset, or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for evaluating such assumptions, the standards establish a three-tier fair value hierarchy, which prioritizes the inputs in measuring fair value as follows:
Level 1 — Quoted prices in active markets for identical assets or liabilities;
Level 2 — Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; or
Level 3 — Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions about what market participants would use in pricing the asset or liability.

AMBER ROAD, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The following tables provide the financial assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2014 and 2013:

		Fair Value Measurements Using		
	Total Carrying Value December 31, 2014	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents:				
Money market accounts	$416	$416	$—	$—
Restricted cash:				
Money market accounts	282,050	282,050	—	—
Total assets measured at fair value on a recurring basis	$282,466	$282,466	$—	$—
Liabilities:				
Acquisition contingent consideration liability	$287,441	$—	$—	$287,441
Total liabilities measured at fair value on a recurring basis	$287,441	$—	$—	$287,441

		Fair Value Measurements Using		
	Total Carrying Value December 31, 2013	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents:				
Money market accounts	$375	$375	$—	$—
Restricted cash:				
Money market accounts	338,459	338,459	—	—
Total assets measured at fair value on a recurring basis	$338,834	$338,834	$—	$—
Liabilities:				
Acquisition contingent consideration liability	$331,296	$—	$—	$331,296
Warrants	1,726,862	—	—	1,726,862
Total liabilities measured at fair value on a recurring basis	$2,058,158	$—	$—	$2,058,158

Acquisition contingent consideration liability is measured at fair value and is based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The valuation of contingent consideration uses assumptions we believe would be made by a market participant.

Prior to our IPO, the change in the value of the warrant liability in the table below is based on changes in fair value as determined using Level 3 inputs. The changes in fair value are primarily the result of changes in the fair value of our common stock.

AMBER ROAD, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The reconciliation of the warrant liability and the acquisition contingent consideration liability measured at fair value on a recurring basis using unobservable inputs (Level 3) is as follows:

	Warrant Liability	Acquisition Contingent Consideration Liability
Balance at December 31, 2012	$126,686	$—
Acquisition (Note 3)	—	225,052
Mark to estimated fair value recorded as general and administrative expense	1,600,176	106,244
Balance at December 31, 2013	1,726,862	331,296
Mark to estimated fair value recorded as general and administrative expense	1,244,635	(43,855)
Exercise of common stock warrants	(2,971,497)	—
Balance at December 31, 2014	$—	$287,441

(h) Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is our best estimate of the amount of probable credit losses in our existing accounts receivable. We determine the allowance based on historical write-off experience, the industry, and the economy. We review our allowance for doubtful accounts monthly. Past-due balances over 90 days and over a specified amount are reviewed individually for collectibility. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. We do not have any off-balance-sheet credit exposure related to our customers. We record unbilled receivables for contracts on which revenue has been recognized, but for which the customer has not yet been billed. The table below presents the changes in the allowance for doubtful accounts:

	Year Ended December 31,		
	2014	2013	2012
Beginning balance	$91,709	$27,384	$52,702
Provision for doubtful accounts	47,006	46,500	60,000
Acquisition (Note 3)	—	24,695	—
Write-offs, net of recoveries	—	(6,870)	(85,318)
Ending balance	$138,715	$91,709	$27,384

(i) Major Customers and Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash and cash equivalents and trade receivables. We invest our excess cash with a large high-credit-quality financial institution. Our customer base is principally comprised of enterprise and mid-market companies within the global trade industry. We do not require collateral from our customers. The following customers comprised 10% or more of our total revenue and of our accounts receivable for the periods indicated:

	Year Ended December 31,		
	2014	2013	2012
Revenue:			
Company A (1)	10%	12%	11%
Company B	10%	*	*

	December 31,	
	2014	2013
Accounts Receivable:		
Company A (1)	10%	13%

Company B	*	*

* Less than 10%

(1) Company A did not renew its subscription at the end of its current term, which ended December 31, 2014.

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(j) Prepaid Expense and Other Current Assets
Prepaid expenses and other current assets as of December 31, 2014 and 2013 primarily consist of annual prepaid license and maintenance fees related to our internal software licenses, and prepaid marketing fees.
(k) Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and amortization. Equipment acquired under capital leases is recorded at the present value of the minimum lease payments and subsequently depreciated based on its classification below. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets as follows:

Asset Classification	Estimated Useful Life
Computer and equipment	3 to 5 years
Software	3 to 5 years
Furniture and fixtures	7 years
Leasehold improvements	Shorter of the estimated useful life or the remaining lease term

(l) Goodwill
Goodwill represents the excess of costs over the fair value of the assets of businesses acquired. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead are tested for impairment at least annually in accordance with the provisions of ASC 350, Intangibles — Goodwill and Other (ASC 350). To accomplish this, we are required to identify our reporting units and determine the carrying value of each reporting unit by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of the annual impairment testing date. Management has determined that we operate in one reporting unit.
Management is required to determine the fair value of our reporting unit and compare it to the carrying amount of the reporting unit on the annual impairment testing date. To the extent the carrying amount of the reporting unit exceeds the fair value of the reporting unit, we would be required to perform the second step of the annual impairment test, as this is an indication that the reporting unit goodwill may be impaired. We performed our annual impairment test as of December 31, 2014, and the second step was not required as the fair value exceeded the carrying value. Accordingly, our reporting unit was not at risk of failing step one of the goodwill impairment testing process.
(m) Other Intangibles
Other intangibles, net of accumulated amortization, are primarily the result of the allocation of the purchase price related to businesses acquired. Each intangible asset acquired is being amortized on a basis consistent with the utilization of the assets over their estimated useful lives and is reviewed for impairment in accordance with ASC 350.
(n) Deposits and Other Assets
Deposits and other assets mainly consist of rental security deposits.
(o) Impairment of Long-Lived Assets
In accordance with ASC 350, Long-Lived Assets, such as property and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, then an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. During the years ended December 31, 2014, 2013, and 2012, management believes that no revision of the remaining useful lives or write-down of long-lived assets is required.
(p) Income Taxes
Income taxes are accounted for under the provisions of ASC Topic 740, Income Taxes (ASC 740). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial

statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

We recognize the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

(r) Revenue

We primarily generate revenue from the sale of subscriptions and subscription-related professional services. In instances involving subscriptions, revenue is generated under customer contracts with multiple elements, which are comprised of (1) subscription fees that provide the customers with access to our on-demand application and content, unspecified solution and content upgrades, and customer support, (2) professional services associated with consulting services (primarily implementation services) and (3) transaction-related fees (including publishing services). Our initial customer contracts have contract terms from, typically, three to five years in length. Typically, the customer does not take possession of the software nor does the customer have the right to take possession of the software supporting the on-demand application service. However, in certain instances, we have customers that take possession of the software whereby the application is installed on the customer’s premises. Our subscription service arrangements typically may only be terminated for cause and do not contain refund provisions.

We provide our software as a service and follow the provisions of ASC Topic 605, Revenue Recognition (ASC 605) and ASC Topic 985, Software (ASC 985). We commence revenue recognition when all of the following conditions are met:

- There is persuasive evidence of an arrangement;
- The service has been or is being provided to the customer;
- The collection of the fees is probable; and
- The amount of fees to be paid by the customer is fixed or determinable.

The subscription fees typically begin the first month following contract execution, whether or not we have completed the solution’s implementation. In addition, typically, any services performed by us for our customers are not essential to the functionality of our products.

Subscription Revenue

Subscription revenue is recognized ratably over contract terms beginning on the commencement date of each contract, which is the date our service is made available to customers. Amounts that have been invoiced are recorded in accounts receivable and in deferred revenue or revenue, depending on whether the revenue recognition criteria have been met. Transaction-related revenue is recognized as the transactions occur.

Professional Services Revenue

The majority of professional services contracts are on a time and material basis. When these services are not combined with subscription revenue as a single unit of accounting, as discussed below, this revenue is recognized as the services are rendered for time and material contracts, and when the milestones are achieved and accepted by the customer for fixed price contracts.

Multiple-Deliverable Arrangements

We enter into arrangements with multiple deliverables that generally include subscription, professional services (primarily implementation) as well as transaction-related fees.

Prior to January 1, 2010, the deliverables in multiple-deliverable arrangements were accounted for separately if the delivered items had stand-alone value and there was objective and reliable evidence of fair value for the undelivered items. If the deliverables in a multiple-deliverable arrangement could not be accounted for separately, the total arrangement fee was recognized ratably as a single unit of accounting over the contracted term of the subscription agreement. A significant portion of our multiple-deliverable arrangements were accounted for as a single unit of accounting because there was no objective and reliable evidence of fair value for certain of the deliverables. Additionally, in these situations, we expensed the direct

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costs of the professional services arrangement as incurred whereas the revenue from the services was recognized over the contracted terms of the subscription.

In October 2009, the FASB issued Accounting Standards Update No. 2009-13, Revenue Recognition (Topic 605), Multiple-Deliverable Revenue Arrangements—a consensus of the FASB Emerging Issues Task Force (ASU 2009-13) which amended the previous multiple-deliverable arrangements accounting guidance. Pursuant to the updated guidance, objective and reliable evidence of fair value of the deliverables to be delivered was no longer required in order to account for deliverables in a multiple-deliverable arrangement separately. Instead, arrangement consideration is allocated to deliverables based on their relative selling price.

We adopted this accounting guidance on January 1, 2010, for applicable arrangements entered into or materially modified after January 1, 2010 (the beginning of our fiscal year). Under the updated accounting guidance, in order to treat deliverables in a multiple-deliverable arrangement as separate units of accounting, the deliverables must have stand-alone value upon delivery. If the deliverables have stand-alone value upon delivery, we account for each deliverable separately. Subscription services have standalone value as such services are often sold separately. In determining whether professional services have standalone value, we consider the following factors for each professional services agreement: availability of the services from other vendors, the nature of the professional services, the timing of when the professional services contract was signed in comparison to the subscription service start date, and the contractual dependence of the subscription service on the customer’s satisfaction with the professional services work. To date, we have concluded that all of the professional services included in multiple-deliverable arrangements executed have stand-alone value.

As a result of the adoption of ASU 2009-13, we allocate revenue to each element in an arrangement based on a selling price hierarchy. The selling price for a deliverable is based on its vendor specific objective evidence (VSOE), if available, third party evidence (TPE), if VSOE is not available, or estimated selling prices (ESP), if neither VSOE nor TPE is available. As we have been unable to establish VSOE or TPE for the elements of its arrangements, we establish the ESP for each element primarily by considering the weighted average of actual sales prices of professional services sold on a standalone basis and subscription including various add-on modules if and when sold together without professional services, and other factors such as gross margin objectives, pricing practice and growth strategy. We have established processes to determine ESP and allocate revenue in multiple arrangements using ESP.

For those contracts in which the customer accesses our software via an on-demand application, we account for these contracts in accordance with ASC 605-25, Revenue Recognition—Multiple- Element Arrangements. The majority of these agreements represent multiple-element arrangements, and we evaluate each element to determine whether it represents a separate unit of accounting. The consideration allocated to subscription is recognized as revenue ratably over the contract period. The consideration allocated to professional services is recognized as the services are performed, which is typically over the first three to six months of an arrangement.

For those contracts in which the customer takes possession of the software, we account for such transactions in accordance with ASC 985, Software. We account for these contracts as subscriptions and recognize the entire arrangement fee (subscription and services) ratably over the term of the agreement. In addition, as we do not have VSOE for services, any add-on services entered into during the term of the subscription are recognized over the remaining term of the agreement.

Other Revenue Items

Sales tax collected from customers and remitted to governmental authorities is accounted for on a net basis and, therefore, is not included in revenue and cost of revenue in the consolidated statements of operations. We classify customer reimbursements received for direct costs paid to third parties and related expenses as revenue, in accordance with ASC 605. The amounts included in professional services revenue and cost of professional services revenue for the years ended December 31, 2014, 2013, and 2012 were $579,955, $496,474, and $432,702, respectively.

(s) Cost of Revenue

Cost of subscription revenue. Cost of subscription revenue consists primarily of personnel and related costs of our hosting, support, and content teams, including salaries, benefits, bonuses, payroll taxes, stock-based compensation and allocated overhead, as well as software license fees, hosting costs, Internet connectivity, and depreciation expenses directly related to delivering solutions, as well as amortization of capitalized software development costs. As we add data center

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capacity and personnel in advance of anticipated growth, our cost of subscription revenue may increase. Our cost of subscription revenue is generally expensed as the costs are incurred.

Cost of professional services revenue. Cost of professional services revenue consists primarily of personnel and related costs, including salaries, benefits, bonuses, payroll taxes, stock-based compensation, the costs of contracted third-party vendors, reimbursable expenses and allocated overhead. As our personnel are employed on a full-time basis, our cost of professional services is largely fixed in the short term, while our professional services revenue may fluctuate, leading to fluctuations in professional services gross profit. Cost of professional services revenue is generally expensed as costs are incurred.

(t) Deferred Commissions

We defer commission costs that are incremental and directly related to the acquisition of customer contracts. Commission costs are accrued and deferred upon execution of the sales contract by the customer. Payments to sales personnel are made shortly after the receipt of the related customer payment. Deferred commissions are amortized over the term of the related noncancelable customer contract and are recoverable through the related future revenue streams. Our commission costs deferred for the years ended December 31, 2014, 2013, and 2012 were $3,939,722, $6,404,396, and $4,204,787, respectively. Amortization of deferred commissions for the years ended December 31, 2014, 2013, and 2012 were $3,760,916, $3,089,052, and $2,611,052, respectively.

(u) Stock-Based Compensation

We recognize stock-based compensation as an expense in the consolidated financial statements and measure that cost based on the estimated grant-date fair value using the Black-Scholes option pricing model.

(v) Segments

We have one operating segment. Our Chief Operating Decision Maker (CODM) is our Chief Executive Officer, who manages operations on a consolidated basis for purposes of allocating resources. When evaluating performance and allocating resources, the CODM reviews financial information presented on a consolidated basis.

(w) Geographic Information

Revenue by geographic area is as follows:

	Year Ended December 31,		
Country	2014	2013	2012
United States	$55,817,733	$46,750,740	$39,505,790
International	9,015,733	5,776,249	3,861,918
Total revenue	$64,833,466	$52,526,989	$43,367,708

Approximately four percent of long-lived assets are located outside of the United States.

(x) Recent Accounting Pronouncements

In May of 2014, the Financial Accounting Standards Board (FASB) issued a new revenue recognition standard entitled “Revenue from Contracts with Customers.” The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows from a contract with a customer. The standard is effective for annual reporting periods beginning after December 15, 2016, which for us is January 1, 2017. Earlier application is not permitted. The standard allows for either “full retrospective” adoption, meaning the standard is applied to all periods presented, or “modified retrospective” adoption, meaning the standard is applied only to the most current period presented in the financial statements. We are currently assessing which method we will choose for adoption, and are evaluating the impact of the adoption on our consolidated results of operations and financial position.

In July 2013, the FASB issued ASU 2013-11 Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. The new guidance was

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effective for fiscal years and interim periods after December 15, 2013. The adoption of ASU 2013-11 in 2014 did not have a material impact on our consolidated financial statements.

(3) Acquisition

On September 3, 2013, we acquired 100% of the issued and outstanding shares of Sunrise International Ltd., a Barbados company which owns 100% of the issued and outstanding shares of EasyCargo (Shanghai) Co., Ltd. (EasyCargo), a software as a service company focused on a subset of global trade management called China Trade Management, or CTM.

We acquired EasyCargo for a payment of $2,000,000 in cash and up to 296,547 shares of common stock. In addition, we will make additional earnout payments of up to $2,500,000 in cash or shares of our common stock (at our option) by March 15, 2016 if certain CTM revenue targets are achieved for the periods ending December 31, 2015.

The 296,547 shares of common stock are comprised of the following:

- 197,914 shares of common stock issued at closing;
- 66,077 shares of common stock that are contingently issuable based upon the achievement of CTM revenue targets through 2015; and
- 32,556 shares of common stock that are contingently issuable based upon our continued employment of EasyCargo's founder.

For accounting purposes, subsequent to our IPO, the 197,914 common shares issued as part of the consideration paid were included as common stock. At December 31, 2013, these shares were included within temporary equity as puttable common stock.

As it relates to the contingently issuable equity consideration, the shareholders of EasyCargo will retain the 66,077 shares if the CTM revenue targets are met in 2014, 2015 or for the cumulative period from January 1, 2013 through December 31, 2015. For accounting purposes, the fair value of these shares is classified within other noncurrent liabilities in the consolidated balance sheet and is being marked-to-market at each reporting date until issued or forfeited. At December 31, 2014 and 2013, the fair value of these shares was $287,051 and $149,196, respectively.

The shareholders of EasyCargo will retain the remaining 32,556 contingently issuable shares in the event that EasyCargo's founder maintains employment with the EasyCargo subsidiary through December 31, 2015. For accounting purposes, a portion of the value of these shares held by the founder of EasyCargo is being recorded as compensation expense over the required employment term. Additionally, at December 31, 2013, the value of these shares was included within temporary equity as puttable common stock. As of December 31, 2014, 13,012 shares have been issued and 19,544 are considered contingently issuable shares.

The arrangement requires us to pay additional earnout consideration of 50% of CTM revenues in excess of $7,700,000 for the period from January 1, 2013 through December 31, 2015, subject to a maximum earnout payment of $2,500,000. We have the option to pay any amounts due related to this contingency in cash or shares of our common stock. For accounting purposes, the fair value of this contingent consideration is classified within other noncurrent liabilities in the consolidated balance sheet and is being marked-to-market at each reporting date through December 31, 2015, which is the end of the earnout period. At December 31, 2014 and 2013, the fair value of this contingent consideration was $390 and $182,100, respectively.

The revenue and net loss of the combined entity in 2013 as if the acquisition date had been January 1, 2013 are as follows:

	Revenue (unaudited)	Net Loss (unaudited)
Supplemental pro forma for January 1, 2013 – December 31, 2013	$53,263,089	$14,816,453

As of the acquisition date, EasyCargo had a promissory note for loans aggregating to $252,502, which is payable to EasyCargo's founder. The promissory note bears interest at a rate of 2% and matures in 2016. In May 2014, the promissory note was repaid in full.

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(4) Consolidated Balance Sheet Components

Components of property and equipment, accrued expenses, deferred revenue and other noncurrent liabilities consisted of the following:

(a) Property and Equipment

	December 31, 2014	2013
Computer software and equipment	$12,115,113	$9,493,279
Software development costs	12,939,065	11,374,854
Furniture and fixtures	1,986,607	1,790,875
Leasehold improvements	2,671,037	2,561,065
Total property and equipment	29,711,822	25,220,073
Less: accumulated depreciation and amortization	(16,793,282)	(12,117,693)
Total property and equipment, net	$12,918,540	$13,102,380

Depreciation and amortization expense for the years ended December 31, 2014, 2013, and 2012 were $4,707,205, $3,657,757, and $2,446,221, respectively.

During the years ended December 31, 2011 and 2012, we received tenant improvement allowances of $1,116,775 and $258,063, respectively, related to rental agreements for two of our office leases. We did not receive any tenant improvement allowances during the years ended December 31, 2014 and 2013. In accordance with the provisions of ASC Topic 840, Leases (ASC 840), leasehold improvements purchased with funds from the tenant allowances are being depreciated over the remaining term of the lease.

We also recorded deferred rent in the amount of $1,887,478 related to the tenant improvement allowances and are amortizing the amount in accordance with the provisions of ASC 840. Current and long-term deferred rent in the amounts of $195,681 and $1,822,061, and $196,761 and $1,897,137 are included in accrued expenses and other long-term liabilities in the consolidated balance sheet as of December 31, 2014 and 2013, respectively.

Certain development costs of our software solution are capitalized in accordance with ASC Topic 350-40, Internal Use Software, which outlines the stages of computer software development and specifies when capitalization of costs is required. Projects that are determined to be in the development stage are capitalized and amortized over their useful lives of five years. Projects that are determined to be within the preliminary stage are expensed as incurred. Capitalized software costs for the years ended December 31, 2014, 2013, and 2012 were $1,970,963, $2,409,325, and 3,272,403, respectively. Amortization expense for the years ended December 31, 2014, 2013, and 2012 were $1,924,121, $1,813,602, and $1,137,647, respectively, and is included in cost of subscription revenue on the accompanying consolidated statements of operations. As of December 31, 2014 and 2013, capitalized software costs not yet subject to amortization were $933,400 and $794,411, respectively.

(b) Accrued Expenses

Accrued expenses at December 31, 2014 and 2013 consisted of the following:

	December 31, 2014	2013
Accrued bonus	$2,999,209	$1,749,780
Accrued commission	2,332,910	3,928,419
Deferred rent	195,681	196,761
Accrued offering costs	—	1,445,000
Accrued severance	845,810	—
Other accrued expenses	1,670,149	1,761,594
Total	$8,043,759	$9,081,554

Accrued severance is related to our previously announced resignation of a member of our senior management team in July 2014.

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(c) Deferred revenue
Deferred revenue at December 31, 2014 and 2013 consisted of the following:

	December 31, 2014	2013
Current:		
Subscription revenue	$20,907,087	$19,881,982
Professional services revenue	1,603,757	2,575,505
Other	3,657,514	3,657,514
Total current	26,168,358	26,115,001
Noncurrent:		
Subscription revenue	387,965	376,245
Professional services revenue	1,055,282	1,192,233
Other	310,639	3,073,153
Total noncurrent	1,753,886	4,641,631
Total deferred revenue	$27,922,244	$30,756,632

Deferred revenue from subscriptions represents amounts collected from (or invoiced to) customers in advance of earning subscription revenue. Typically, we bill our annual subscription fees in advance of providing the service. Deferred revenue from professional services represents revenue that is being deferred and amortized over the remaining term of the related subscription contract related to customers who have taken possession of the software. See note 2(r).

Other deferred revenue is related to one customer with which we signed an agreement during 2008. The agreement provided for significant customization and modification of the software which subjected the arrangement to contract accounting. Additionally, this subscription agreement provided for unspecified future software modules. Since we could not separate the subscription element from the contract accounting element, the arrangement was a single unit of accounting. Accordingly, we accounted for the arrangement on the zero gross profit approach of applying percentage of completion accounting until the project was completed in May 2012. As of May 2012, the deferred revenue balance related to this contract was $10,525,434 which is being recognized ratably over the remaining term of the contract, to January 2016. For the years ended December 31, 2014, 2013, and 2012, we recorded revenue of $3,657,514, $3,657,514, and $3,209,213, respectively, related to this arrangement.

(d) Other Noncurrent Liabilities

	December 31, 2014	2013
Deferred rent	$1,822,061	$1,897,137
Warrant	—	1,726,862
Acquisition contingent consideration liability	287,441	331,296
Other	42	26,594
Total	$2,109,544	$3,981,889

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(5) Goodwill and Other Intangibles
Other intangibles are comprised of the following:

	Amortization Period	December 31, 2014	2013
Acquired technology	3 to 5 years	$1,462,600	$1,462,600
Customer related intangibles	10 to 15 years	2,979,300	2,979,300
Patents and other	Not applicable	96,700	96,700
		4,538,600	4,538,600
Less: accumulated amortization		(3,527,074)	(3,337,566)
		$1,011,526	$1,201,034

Intangible assets acquired related to the EasyCargo acquisition in September 2013 were as follows:

Assets Acquired:	Amount
Customer relationship assets	$719,300
Developed technology	102,600
Trade name	56,700
	$878,600

Amortization expense was $189,508, $134,216, and $120,452 for the years ended December 31, 2014, 2013, and 2012, respectively. The estimated future amortization expense of other intangibles as of December 31, 2014 is as follows:

2015	$172,433
2016	160,127
2017	102,259
2018	94,490
2019	87,721
Thereafter	354,496
	$971,526

The rollforward of goodwill is as follows:

Balance at December 31, 2012	$21,290,501
EasyCargo acquisition (Note 3)	3,185,656
Balance at December 31, 2013	24,476,157
2014 activity	—
Balance at December 31, 2014	$24,476,157

(6) Income Taxes
Loss before income taxes and income tax expense (benefit) is comprised of the following:

	Year Ended December 31, 2014	2013	2012
Loss before income taxes:			
Domestic	$(17,138,329)	$(6,491,150)	$5,057,650
Foreign	(10,013,010)	(7,357,002)	(6,843,307)
	$(27,151,339)	$(13,848,152)	$(1,785,657)
Current provision:			
Federal	$—	$—	$—
State	—	11,087	16,300
Foreign	552,619	538,631	294,600
	$552,619	$549,718	$310,900

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A reconciliation of the statutory U.S. federal tax rate to our effective rate is as follows:

	Year Ended December 31,		
	2014	2013	2012
Statutory U.S. federal tax rate (benefit)	(35.0)%	(35.0)%	(35.0)%
State income taxes, net of federal benefit	0.0	0.1	0.6
Foreign taxes	2.5	3.9	16.5
Stock-based compensation	22.0	23.6	14.6
Change in valuation allowance	7.1	9.2	7.4
Non-deductible expenses and other	5.5	2.2	13.3
Effective tax rate	2.1 %	4.0 %	17.4 %

Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been recognized in the financial statements or tax returns. A valuation allowance is provided for deferred tax assets if it is more likely than not that these items will not be realized. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. We recorded a valuation allowance in the amount of $20,624,216 and $19,176,223 as of December 31, 2014 and 2013, respectively, as management believes it is not more likely than not that we will realize our net deferred tax assets. The net change in the valuation allowance during the years ended December 31, 2014 and 2013 was $1,447,993, and $1,359,984, respectively.

We have a subsidiaries in India, the UK and China. The India entity is treated as a branch for U.S. tax purposes. As such, all income attributable to the Indian branch is currently recognized in the U.S. The India entity also pays taxes locally in India. As it relates to our UK subsidiary, there are not any significant undistributed earnings due to the U.S. parent. Our China entity is operating at a net loss. The foreign current taxes consist of taxes paid locally in the UK and India.

Deferred tax assets and liabilities are comprised of the following:

	December 31,	
	2014	2013
Current deferred tax asset:		
Accrued bonuses	$—	$651,413
Accounts receivable	43,068	36,504
Other	44,923	849,471
Non-Current deferred tax asset:		
Intangibles	—	120,373
Deferred revenue	1,193,522	1,755,048
NOL's	25,902,622	20,511,936
Other	1,150,043	549,750
Deferred tax assets	$28,334,178	$24,474,495
Current deferred tax liability:		
Deferred commissions	$(4,310,753)	$(2,436,614)
Non-current deferred tax liability:		
Intangibles	(112,186)	—

Fixed assets	(3,287,023)	(2,861,658)
Deferred tax liabilities	$(7,709,962)	$(5,298,272)
Less: valuation allowance	$(20,624,216)	$(19,176,223)
Total	$—	$—

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We have a federal net operating loss (NOL) carryforward of approximately $70,000,000 and $55,000,000 as of December 31, 2014 and 2013, respectively. The federal NOL carryforward will begin to expire in 2019. For state income tax purposes, we have net operating loss carryforwards in a number of jurisdictions in varying amounts and with varying expiration dates from 2014 through 2034.
The Internal Revenue Code contains provisions that limit the yearly utilization of net operating loss carryforwards if there has been an ownership change, as defined. Such an ownership change, as described in Section 382 of the Internal Revenue Code, may limit our ability to utilize our net operating loss carryforwards on a yearly basis. As a result, to the extent that any single-year limitation is not utilized to the full amount of the limitation, such unused amounts are carried over to subsequent years until the earlier of its utilization or the expiration of the relevant carryforward period. We have not yet made a determination regarding the potential impact of these limitations.
Our federal, state, and foreign income tax returns remain open to examination by income taxing authorities for the years 2011 through 2013. In July 2014, we were notified by the Internal Revenue Service that we had been selected at random for a compliance research examination related to the year ended December 31, 2012.
(7) Leases
We have several noncancelable operating leases that expire through 2022. These leases generally contain renewal options for periods ranging from three to five years and require us to pay all executory costs such as maintenance and insurance. Rental expense for operating leases for the years ended December 31, 2014, 2013, and 2012 was approximately $2,526,000, $2,195,000, and $1,867,000 respectively, and is allocated to various line items in the consolidated statements of operations.
The carrying value of assets recorded under capital leases was approximately $3,282,825 and $2,949,473 as of December 31, 2014 and 2013, respectively, which includes accumulated amortization of $2,253,066 and $570,889, respectively. Amortization of assets held under capital leases is allocated to various line items in the consolidated statements of operations.
Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments as of December 31, 2014 are as follows:

	Capital Leases	Operating Leases
2015	$1,479,914	$2,824,912
2016	1,308,395	2,759,734
2017	759,088	2,085,007
2018	193,709	1,897,489
2019	3,934	1,910,824
2020 and thereafter	—	2,827,627
Total minimum lease payments	3,745,040	$14,305,593
Less amount representing interest	(281,846)	
Present value of net minimum capital lease payments	3,463,194	
Less current installments of obligations under capital leases	(1,321,610)	
Obligations under capital leases excluding current installments	$2,141,584	

(8) Debt
(a) Line of Credit
On April 10, 2013, we established a loan and security agreement with a revolving line of credit with a financial institution in an amount up to the lesser of $10,000,000 or 80% of eligible accounts, as defined, which was approximately $9,100,000 as of December 31, 2014. Borrowings under this facility bear interest each month at an interest rate equal to the Prime Rate, as defined, plus 1.5%. Borrowings under the line of credit are subject to certain reporting and financial covenants, as defined, and are secured by substantially all our assets excluding intellectual property. On December 30, 2013, we amended the loan and security agreement. Under the amended terms,

borrowings bear interest at an interest rate equal to the Prime Rate as defined, plus 1.5% or 2.5% depending on cash balances and the availability of the line of credit. The interest rate as of December 31, 2014 was Prime Rate plus 1.5%. As of December 31, 2014, we were in compliance with all

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the reporting and financial covenants. The line of credit expires on April 10, 2015. As of December 31, 2014 and 2013, we had $0 and $6,978,525, respectively, outstanding under this facility. The outstanding balance was repaid during the quarter ended March 31, 2014. The amount outstanding at December 31, 2013 was classified as a noncurrent liability based upon the terms of the arrangement (see note 15).

(b) Term Loan

In conjunction with establishing term loan financing with a financial institution in 2007, we issued the financial institution warrants to purchase 245,946 shares of our common stock at $3.29 per share. At the grant date, the fair value of the warrants was approximately $274,000. The fair value of the exercisable warrants was recorded at a discount to the debt and was being amortized over the term of the debt using the effective interest method. The warrants also contained certain “down round” anti-dilution provisions, and accordingly were recorded in other noncurrent liabilities on our consolidated balance sheets with changes in the fair value recorded in our consolidated statements of operations. The warrants were exercised during the quarter ended March 31, 2014 and are no longer outstanding.

At December 31, 2014 and 2013, the warrant liability was $0 and $1,726,862, respectively. For the years ended December 31, 2014, 2013, and 2012, we recorded expense from the change in fair value of $1,244,635, $1,600,176, and $32,724 respectively, which was included in general and administrative expense on the consolidated statements of operations.

(9) Stockholders' Equity (Deficit)

(a) Redeemable Convertible Preferred Stock and Preferred Stock Dividends

On March 26, 2014, immediately prior to the closing of our IPO, all outstanding shares of our redeemable convertible preferred stock were automatically converted to 13,993,566 shares of common stock and 808,622 shares of common stock were issued in satisfaction of accrued but unpaid dividends to preferred stockholders. The following table presents the activity for redeemable convertible preferred stock for the years ended December 31, 2014, 2013, and 2012:

	Redeemable Convertible Preferred Stock								
	Series A		Series B		Series C		Series D		Series
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
Balance at December 31, 2011	6,725,000	$8,891,637	1,853,568	$6,611,111	5,227,761	$20,183,449	2,669,384	$10,237,819	4,472,(
Accretion of preferred stock	—	4,967	—	3,570	—	2,413	—	558,150	—
Balance at December 31, 2012	6,725,000	8,896,604	1,853,568	6,614,681	5,227,761	20,185,862	2,669,384	10,795,969	4,472,(
Accretion of preferred stock	—	4,307	—	3,097	—	2,095	—	22,045	—
Balance at December 31, 2013	6,725,000	8,900,911	1,853,568	6,617,778	5,227,761	20,187,957	2,669,384	10,818,014	4,472,(
Accretion of	—	—	—	—	—	—	—	1,867	—

preferred stock through March 21, 2014									
Conversion of preferred stock into common stock	(6,725,000)	(8,900,911)	(1,853,568)	(6,617,778)	(5,227,761)	(20,187,957)	(2,669,384)	(10,819,881)	(4,472
Balance at December 31, 2014	—	$—	—	$—	—	$—	—	$—	—

(b) Restricted Stock

In January and October 2005, we sold 866,119 and 1,577,353 shares of common stock, respectively, at a purchase price of $0.0001 per share to certain members of management. The shares were subject to repurchase by us under certain conditions, including termination of employment or in the event of a corporate transaction, as defined. The repurchase rights lapsed upon the closing of our IPO on March 26, 2014. Accordingly, we have recorded compensation expense of $18,683,277 for the year ended December 31, 2014, which was the fair value of the shares at the closing of our IPO and is included in restricted stock expense in the consolidated statements of operations. For the years ended December 31, 2013 and 2012, compensation expense related to restricted stock was $9,327,594 and $877,892, respectively.

In connection with the purchase of these shares, we loaned, on a nonrecourse basis, an aggregate of $960,599 to the purchasers of the shares to cover related tax liabilities incurred by the purchasers. The loans bore interest at an annual rate of 4.75% and were repayable upon the earlier of (i) 15 years following the date of the loans or (ii) upon each sale or other disposition by the purchasers of any shares to a third party, until the balance of the loans has been paid in full. On January 30, 2014, we forgave these loans, which amounted to $1,430,722, inclusive of accrued interest. In addition, we recorded compensation expense of $927,093, $0 and $0 in our consolidated statement of operations for the years ended December 31, 2014, 2013, and 2012 related to a bonus provided to the borrowers to offset the tax consequences related to the loan forgiveness.

(c) Puttable Common Stock

In connection with the EasyCargo acquisition (Note 3), up to 296,547 shares of common stock, whether issued or contingently issuable were puttable by the shareholders of EasyCargo to us at a price of $10.10 per share if we did not complete an IPO by September 3, 2014. Subsequent to our IPO, which closed on March 26, 2014, the 296,547 issued or contingently issuable shares of common stock are no longer puttable to us by the shareholders of EasyCargo. Of the 296,547 shares, 210,926 shares are considered issued and 85,621 are considered contingently issuable shares at December 31, 2014.

(10) Stock-based Compensation

In 2002, we adopted a stock option plan (the 2002 Plan) whereby options to purchase shares of common stock are issued to employees at an exercise price not less than the fair market value of our common stock on the date of grant. As of December 31, 2014, we had authorized 4,939,270 shares to be issued under the 2002 Plan. The term, not to exceed ten years, and exercise period of each stock option awarded under the 2002 Plan are determined by our board of directors. These options generally vest over a four-year period. As of December 31, 2014, 1,255,236 options were outstanding under the 2002 Plan. The 2002 Plan expired in 2012 and we are making no further grants under it.

In October 2012, we adopted the Amber Road, Inc. 2012 Omnibus Incentive Compensation Plan (the 2012 Plan). The 2012 Plan covers the grant of awards to our employees (including officers), non-employee consultants and non-employee directors and those of our affiliates. As of December 31, 2014, we had authorized 5,146,696 shares to be issued under the 2012 Plan. The term, not to exceed ten years, and exercise period of each stock option awarded under the 2012 Plan are determined by our board of directors. These options generally vest over a four-year period. As of December 31, 2014, 3,194,737 options and 109,309 restricted stock units (RSUs) were outstanding under the 2012 Plan.

Stock Options

Under the 2002 Plan and the 2012 Plan, the fair value of option grants is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Year Ended December 31,		
	2014	2013	2012
Risk-free interest rate	1.90-1.99%	1.13-1.75%	0.79-1.12%
Expected volatility	43.29-60.00%	60.00%	60.00%
Expected dividend yield	—	—	—
Expected life in years	6.25	3.75-6.25	6.00-6.25
Weighted average fair value of options granted	$6.01	$2.65	$1.02

The computation of expected volatility for the years ended December 31, 2014, 2013, and 2012 is based on historical volatility of comparable public companies. The volatility percentage represents the mean volatility of these companies. The computation of expected life for the years ended December 31, 2014, 2013, and 2012 was determined based on the simplified method. The risk-free interest rate is based on U.S. Treasury yields for zero-coupon bonds with a term consistent with the expected life of the options.

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Information relative to the 2002 Plan and the 2012 Plan is as follows:

	Options Outstanding	Exercise Price Per Share	Weighted Average Exercise Price
Balance at December 31, 2011	2,353,342	$0.37-$4.06	$2.07
Granted	188,231	$2.31	$2.31
Exercised	(107,777)	$0.37-$2.31	$0.40
Canceled	(291,259)	$0.37-$3.29	$2.02
Balance at December 31, 2012	2,142,537	$0.37-$4.06	$2.17
Granted	831,663	$2.68-$8.07	$5.25
Exercised	(79,492)	$0.37	$0.37
Canceled	(4,345)	$0.37-$2.31	$1.12
Balance at December 31, 2013	2,890,363	$0.37-$6.14	$3.11
Granted	2,485,592	$12.62-$15.90	$13.49
Exercised	(767,593)	$0.37-$5.57	$2.04
Canceled	(158,389)	$1.75-$13.00	$5.70
Balance at December 31, 2014	4,449,973	$0.84-$15.90	$9.00

The total intrinsic value of options exercised during the year ended December 31, 2014 was $8,209,396. Information with respect to the options outstanding and exercisable under the 2002 Plan and the 2012 Plan at December 31, 2014 is as follows:

	Options Outstanding			Options Exercisable		
Exercise Price Per Share	Options Outstanding	Weighted Average Remaining Contractual Life	Intrinsic Value	Options Exercisable	Weighted Average Remaining Contractual Life	Intrinsic Value
$0.84-$1.75	129,982	1.0 year	$1,125,963	129,982	1.0 year	$1,125,963
$2.31	941,604	4.2 years	7,448,088	838,687	4.1 years	6,634,014
$2.68-$8.07	913,095	6.7 years	4,916,599	485,156	5.2 years	2,763,315
$12.62-$13.00	1,995,292	9.6 years	—	—	—	—
$15.36-$15.90	470,000	9.5 years	—	—	—	—
	4,449,973		$13,490,650	1,453,825		$10,523,292

The weighted average exercise price and weighted average remaining term of fully vested options as of December 31, 2014 are $2.98 and 4.2 years, respectively.

On January 29, 2014, our Board of Directors authorized an additional 4,078,156 shares of common stock to be issued under the 2012 Plan. As of December 31, 2014 and 2013, options available for future grant under the 2012 Plan were 1,951,959 and 236,877, respectively. As of December 31, 2014 and 2013, there was $14,666,554 and $2,002,691, respectively, of total unrecognized compensation expense related to non-vested stock options. That cost is expected to be recognized over a weighted average period of 3.5 years. Common stock issued upon exercise of stock options is reflected as newly issued shares of common stock in the stockholders' equity section of the consolidated balance sheet.

Restricted Stock Units

During the year ended December 31, 2014, we granted 109,309 RSUs to certain employees and directors under the 2012 Plan. 96,922 RSUs vest in September 2015 and the remaining 12,387 RSUs vest in November 2015.

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The following table is a summary of our RSU activity for the year ended December 31, 2014:

	Number of RSUs	Weighted Average Grant Date Fair Value
Balance at December 31, 2013	—	$—
Granted	109,309	15.27
Vested	—	—
Balance at December 31, 2014	109,309	15.27

Unvested RSUs at December 31, 2014 have a weighted-average remaining contractual life of 0.69 years and a weighted average grant date fair value of $15.27 per share, which is expected to be recognized over the applicable vesting period. Unrecognized stock-based compensation with respect to all RSUs was $1,053,103 as of December 31, 2014 and was expected to be recognized over a weighted-average period of 0.7 years.

(11) Net Loss Per Share

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders:

	Year Ended December 31,		
	2014	2013	2012
Basic and diluted net loss per share:			
Numerator:			
Net loss attributable to common stockholders	$(30,120,463)	$(19,247,477)	$(6,668,584)
Denominator:			
Weighted average shares used in computing net loss attributable to common stockholders	20,623,760	3,763,562	3,673,181
Basic and diluted net loss per share	$(1.46)	$(5.11)	$(1.82)

Diluted net loss per share does not include the effect of the following antidilutive common equivalent shares:

	Year Ended December 31,		
	2014	2013	2012
Stock options outstanding	4,449,973	2,890,363	1,883,696
Restricted stock units	109,309	—	—
Stock purchase warrants outstanding	—	245,946	—
Common equivalent shares preferred stock	—	13,993,566	13,993,566
	4,559,282	17,129,875	15,877,262

Basic and diluted net loss per share for December 31, 2013 and 2012 does not include 1,221,736 unvested shares of restricted common stock. Upon completion of our IPO in March 2014, these shares are now vested and included in the computation of basic and diluted net loss per share for the year ended December 31, 2014.

(12) Commitments and Contingencies

(a) Employment Agreements

We are party to an employment agreement with our Chief Executive Officer. This agreement is for a period of two years expiring December 31, 2016 and provides for an annual salary, performance bonuses, and employee benefits. The agreement also includes a covenant not to compete during the employment term and for one year thereafter. The employment agreement provides for severance benefits in the event of change of control, as defined, a termination by us without cause, as defined, or by the employee for good reason, as defined. The severance benefit is two year’s base salary and continued coverage under our benefit plans and programs for two years. No severance benefits are payable if the employee is terminated by us for cause or by the employee without good reason.

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(b) Legal Proceedings
We are involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on our financial position, results of operations, or liquidity.
(c) Other
Under the indemnification clauses of our standard customer agreements, we guarantee to defend and indemnify the customer against any claim based upon any failure to satisfy the warranty set forth in the contract associated with infringements of any patent, copyright, trade secret, or other intellectual property right. We do not expect to incur any infringement liability as a result of the customer indemnification clauses.
(13) Benefit Plan
We have a retirement savings plan under Section 401(k) of the Internal Revenue Code (the 401(k) Plan). We did not make any matching contributions to the 401(k) Plan during the years ended December 31, 2014, 2013, and 2012.
(14) Quarterly Results of Operations (unaudited)
The following is a summary of our quarterly results of operations for the years ended December 31, 2014 and 2013:

	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Revenues	$14,989,008	$15,808,945	$16,422,820	$17,612,693
Gross profit	8,743,956	8,814,526	9,419,002	10,367,802
Net loss	(21,939,731)	(2,185,184)	(2,238,346)	(1,340,697)
Net loss per share:				
Basic and diluted	$(3.95)	$(0.09)	$(0.09)	$(0.05)

	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013
Revenues	$11,593,064	$11,941,386	$13,385,740	$15,606,799
Gross profit	6,571,434	6,416,461	7,679,094	9,613,804
Net loss	(5,037,190)	(5,357,924)	(3,491,495)	(511,261)
Net loss per share:				
Basic and diluted	$(1.68)	$(1.79)	$(1.25)	$(0.46)

(15) Subsequent Events
ecVision Acquisition
On March 2, 2015, we entered into and completed the acquisition of ecVision (International) Inc. (ecVision), a Cayman Islands company with U.S., Hong Kong and China subsidiaries. We paid a purchase price of $26,398,400 before giving effect to certain expenses and adjustments that resulted in an upfront cost to us of approximately $27,100,000. We acquired ecVision for a net cash amount of approximately $24,400,000, before giving effect to these expenses and adjustments, and net of ecVision's $2,000,000 of target working capital. We will also make an earn out payment of up to $5,176,000 on June 1, 2016 as follows: (i) $3,500,000 if ecVision's products and services revenues under GAAP from April 1, 2015 through March 31, 2016 (the New Year Period) grow at an annual rate of 18% compared to the period from April 1, 2014 through March 31, 2015 (the Prior Year Period); (ii) the full $5,176,000 if ecVision's products and services revenues under GAAP grow in the New Year Period at 20% or more compared to the Prior Year Period; or (iii) a proportional payment between $3,500,000 and $5,176,000 if ecVision's products and services revenues under GAAP grow in the New Year Period at more than 18% but less than 20% compared to the Prior Year Period.

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In addition, on June 1, 2017, we will pay to ecVision's former equityholders $3,675,000 if the founder of ecVision, has not been terminated by us for "Cause" and if he has not left us without "Good Reason," as such terms are defined in the merger agreement.
We financed the acquisition with a combination of cash on hand and a new term loan from a financial institution.
Credit Agreement
In connection with the ecVision acquisition, on March 4, 2015, we entered into a credit agreement (the Credit Agreement) with a financial institution providing for an aggregate of $25,000,000 of financing comprised of two credit facilities: (i) a senior secured revolving credit facility of $5,000,000 (the Revolving Facility), which includes a $2,000,000 sublimit for the issuance of letters of credit and (ii) a senior secured term loan facility of $20,000,000 (the Term Loan and together with the Revolving Facility, the Senior Facilities). The Term Loan was fully funded on March 4, 2015 in order to fund a portion of the acquisition consideration and we paid the balance due at closing with cash on hand. The Revolving Facility has not been drawn down and the maturity date for obligations under the Senior Facilities is March 4, 2018 (the Maturity Date).
The interest rate on the outstanding balance from time to time of the Senior Facilities is based upon, at our option, either (i) the "LIBOR" rate plus 3.5% or (ii) the "Base Rate" plus 1.5%, as such terms are defined in the Credit Agreement. The Term Loan will amortize in quarterly installments as follows: (i) 2.5% in the first year; (ii) 2.5% in the second year; and (iii) 5% in the third year, with the with balance payable on the Maturity Date.
Our obligations under the Senior Facilities, subject to certain exceptions, are guaranteed by our subsidiaries and are secured by our equity interests in our subsidiaries. In addition, subject to certain exceptions, we and each of the guarantors granted the Lender (i) a first priority lien on and a security interest in substantially all of their respective real and personal properties and (ii) a negative pledge of their respective intellectual property.
The Credit Agreement contain customary affirmative and negative covenants for financings of its type that are subject to customary exceptions.
On March 4, 2015, in connection with the ecVision acquisition and the entry into the Credit Agreement, we terminated our existing revolving credit facility (see note 8). No amounts were outstanding under such agreement immediately prior to its termination.