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We changed the end of our fiscal year from December 31 to January 31, effective for our fiscal year ended January 31, 2013, and as a result, we also present below certain selected financial data for the one-month transition period ended January 31, 2012. The selected consolidated statements of operations data presented below for the year ended December 31, 2011, the one-month period ended January 31, 2012 and the years ended January 31, 2013 and 2014 and the consolidated balance sheet data as of January 31, 2013 and 2014 are derived from our audited consolidated financial statements included elsewhere in this prospectus. The following consolidated financial data should be read together with the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes included elsewhere in this prospectus. The selected consolidated financial data in this section are not intended to replace our consolidated financial statements and the related notes, and are qualified in their entirety by the consolidated financial statements and related notes included elsewhere in this prospectus.

	Year Ended December 31, 2011	One Month Ended January 31, 2012	Year Ended January 31, 2013	Year Ended January 31, 2014
	(in thousands, except per share data)			
<b>Consolidated Statements of Operations Data:</b>				
<b>Revenue</b>	\$ 21,084	\$ 3,376	\$ 58,797	\$ 124,192
Cost of revenue <sup>(1)</sup>	6,873	850	14,280	25,974
Gross profit	14,211	2,526	44,517	98,218
Operating expenses:				
Research and development <sup>(1)</sup>	14,396	1,915	28,996	45,967
<b>Sales and marketing<sup>(1)</sup></b>	<b>36,189</b>	<b>4,246</b>	<b>99,221</b>	<b>171,188</b>
General and administrative <sup>(1)</sup>	13,480	1,125	25,429	39,843
Total operating expenses	64,065	7,286	153,646	256,998
<b>Loss from operations</b>	<b>(49,854)</b>	<b>(4,760)</b>	<b>(109,129)</b>	<b>(158,780)</b>
Remeasurement of redeemable convertible preferred stock warrant liability	(356)	(371)	(1,727)	(8,477)
Interest income (expense), net	(109)	27	(1,764)	(3,705)
Other income (expense), net	49	(8)	116	(26)
Loss before provision (benefit) for income taxes	(50,270)	(5,112)	(112,504)	(170,988)
Provision (benefit) for income taxes	1	15	59	(2,431)
<b>Net loss</b>	<b>(50,271)</b>	<b>(5,127)</b>	<b>(112,563)</b>	<b>(168,557)</b>
Accretion of redeemable convertible preferred stock	(80)	(9)	(226)	(341)
Net loss attributable to common stockholders	\$ (50,351)	\$ (5,136)	\$ (112,789)	\$ (168,898)
Net loss per share attributable to common stockholders, basic and diluted	\$ (9.53)	\$ (0.84)	\$ (14.68)	\$ (14.89)
Weighted-average shares used to compute net loss per share attributable to common stockholders, basic and diluted	5,284	6,099	7,684	11,341
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)				\$ (1.93)
Weighted-average shares used to compute pro forma net loss per share attributable to				

common stockholders, basic and diluted (unaudited)

82,948

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

	Year Ended December 31, 2011	One Month Ended January 31, 2012	Year Ended January 31, 2013	Year Ended January 31, 2014
	(in thousands)			
Cost of revenue	\$ 686	\$ 6	\$ 1,087	\$ 450
Research and development	899	19	1,211	3,154
Sales and marketing	837	24	1,893	5,017
General and administrative	3,800	23	3,345	3,128
Total stock-based compensation	<u>\$ 6,222</u>	<u>\$ 72</u>	<u>\$ 7,536</u>	<u>\$ 11,749</u>

### **Consolidated Balance Sheet Data:**

	January 31, 2013	January 31, 2014
	(in thousands)	
Cash and cash equivalents	\$ 127,625	\$ 108,851
Working capital	104,799	44,289
Total assets	195,792	235,429
Deferred revenue, current and non-current	40,099	90,072
Debt, current and non-current	31,028	34,000
Redeemable convertible preferred stock warrant liability, current and non-current	2,869	1,346
Redeemable convertible preferred stock	281,899	393,217
Total stockholders' deficit	(183,656)	(332,512)

## **Key Business Metrics**

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

	Year Ended December 31, 2011	Year Ended January 31, 2013	Year Ended January 31, 2014
Billings (in thousands)	\$ 30,391	\$ 85,727	\$ 174,165
Billings growth rate	177%	182%	103%
Retention rate (period end)	129%	144%	136%

### ***Billings***

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

### ***Retention Rate***

We calculate our retention rate as of a period end by starting with the annual contract value (ACV) from customers with contract value of \$5,000 or more as of 12 months prior to such period end (Prior Period ACV) and a subscription term of at least 12 months. We then calculate ACV from these same customers as of

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

### ***Reconciliation of Billings to Revenue***

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

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

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

	<b>Year Ended December 31, 2011</b>	<b>Year Ended January 31, 2013</b>	<b>Year Ended January 31, 2014</b>
	<b>(in thousands)</b>		
Revenue	\$ 21,084	\$ 58,797	\$ 124,192
Deferred revenue, end of period	12,921	40,099	90,072
Less: deferred revenue, beginning of period	(3,614)	(13,169)	(40,099)
Billings	<u>\$ 30,391</u>	<u>\$ 85,727</u>	<u>\$ 174,165</u>