

### Employee Stock Purchase Plan

The Company's Board of Directors adopted the 2013 Employee Stock Purchase Plan ("ESPP"), which became effective in March 2014, pursuant to which 1,200,000 shares of common stock were reserved for future issuance. In addition, ESPP provides for annual increases in the number of shares available for issuance on the first day of each year equal to the least of (i) 0.5% of the outstanding shares of common stock on the last day of the immediately preceding year, (ii) 400,000 shares or (iii) such other amount as may be determined by the Board of Directors. Eligible employees can enroll and elect to contribute up to 15% of their base compensation through payroll withholdings in each offering period, subject to certain limitations. Each offering period is six months in duration. The purchase price of the stock is the lower of 85% of the fair market value on (a) the first day of the offering period or (b) the purchase date.

The fair value of the option feature is estimated using the Black-Scholes model for the period presented based on the following assumptions:

	Year Ended December 31,		
	2019	2018	2017
Expected life (in years)	0.50	0.50	0.50
Risk-free interest rate	1.59% - 2.50%	1.42% - 2.50%	0.62% - 1.42%
Volatility	35% - 55%	35 - 40%	40% - 50%
Dividend yield	—	—	—

During the year ended December 31, 2019, a total of 1,450,236 shares of common stock were issued under the 2013 Employee Stock Purchase Plan ("ESPP"), since inception of the plan. As of December 31, 2019, a total of 1,749,764 shares are available for issuance under the ESPP.

### Stock-based Compensation Expense

The following table sets forth the total stock-based compensation expense resulting from stock options, RSUs, and ESPP included in the Company's consolidated statements of operations (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Cost of revenues	\$ 2,193	\$ 2,315	\$ 2,000
Sales and marketing	6,812	6,596	6,621
Research and development	4,804	6,137	7,949
General and administrative	18,328	16,338	15,682
Total stock-based compensation expense	\$ 32,137	\$ 31,386	\$ 32,252

During the years ended December 31, 2019, 2018, and 2017 the Company capitalized stock-based compensation cost of \$0.5 million, \$0.1 million, and \$0.3 million, respectively, in projects in process as part of property and equipment, net on the accompanying consolidated balance sheets.

As of December 31, 2019, there was \$60.3 million unrecognized stock-based compensation expense of which \$13.9 million is related to stock options and ESPP and \$46.4 million is related to RSUs. The total unrecognized stock-based compensation expense related to stock options and ESPP as of December 31, 2019 will be amortized over a weighted-average period of 2.87 years. The total unrecognized stock-based compensation expense related to RSUs as of December 31, 2019 will be amortized over a weighted-average period of 2.69 years.