

For fiscal 2017, the effective tax rate was different than the statutory rate due primarily to the recognition of net operating losses as deferred tax assets, which were offset by increases in the valuation allowance, state taxes and other U.S. permanent book to tax differences.

Although the timing and outcome of tax settlements are uncertain, it is reasonably possible that during the next 12 months a reduction in unrecognized tax benefits may occur in the range of zero to \$0.1 million of tax and zero to \$0.2 million of interest based on the outcome of tax examinations and as a result of the expiration of various statutes of limitations. We are routinely audited; due to the ongoing nature of current examinations in multiple jurisdictions, other changes could occur in the amount of gross unrecognized tax benefits during the next 12 months which cannot be estimated at this time.

Because of our losses in prior periods, we have recorded a valuation allowance offsetting substantially all of our deferred tax assets. The ultimate realization of deferred tax assets generated prior to Tax Act reform depends on the generation of future taxable income during the periods in which those temporary differences are deductible. Because of our losses in prior periods, management believes that it is more-likely-than-not that we will not realize the benefits of these deductible differences.

Liquidity and Capital Resources

Overview

Our operating cash requirements consist primarily of working capital needs, operating expenses, capital expenditures, and payments of principal and interest on indebtedness outstanding, which primarily consists of lease and rental obligations at March 31, 2019. We believe that cash flow from operating activities, cash on hand of \$40.8 million as of March 31, 2019, and access to capital markets will provide adequate funds to meet our short-and long-term liquidity requirements.

As of March 31, 2019 and March 31, 2018, our total debt was approximately \$0.1 million and \$0.2 million, respectively, comprised of capital lease obligations in both periods.

At March 31, 2019, 100% of our cash and cash equivalents, of which 94% is located in the United States, were deposited in bank accounts or invested in highly liquid investments with original maturity from date of acquisition of three months or less, including investments in commercial paper. Therefore, we believe that credit risk is limited with respect to our cash and cash equivalents balances.

Cash Flow

(In thousands)	Year ended March 31,		
	2019	2018	2017
Net cash provided by (used in):			
Operating activities	\$ 7,241	\$ 6,874	\$ 3,433
Investing activities	(5,534)	(15,085)	(13,865)
Financing activities	(767)	(1,295)	(847)
Effect of exchange rate changes on cash	(112)	194	(74)
Cash flows provided by (used in) operations	\$ 828	\$ (9,312)	\$ (11,353)

Cash flow provided by operating activities. Cash flows provided by operating activities were \$7.2 million in fiscal 2019. The provision of cash was due primarily to our operating loss of \$13.2 million adjusted for \$22.4 million in non-cash expense including depreciation, amortization, and share based compensation and an increase of approximately \$2 million in net operating assets and liabilities.

Cash flows provided by operating activities were \$6.9 million in fiscal 2018. The provision of cash was due primarily to our operating loss of \$12.1 million adjusted for \$19.2 million in non-cash expense including depreciation, amortization, and share based compensation.

Cash flows provided by operating activities were \$3.4 million in fiscal 2017. The provision of cash included \$6.4 million in increased collections on accounts receivable.

Cash flow used in investing activities. Cash flows used in investing activities in fiscal 2019 were \$5.5 million. This is primarily attributed to \$2.2 million in development of proprietary software and \$3.3 million for purchase of property and equipment, including internal use software.