

The components of the Company's deferred tax assets and liabilities are as follows (in thousands):

	Year Ended December 31,	
	2019	2018
<b>Deferred tax assets:</b>		
Credits and net operating loss carryforward	\$ 107,163	\$ 100,326
Accrued compensation	174	240
Deferred revenues	199	246
Stock-based compensation	6,819	6,811
Property and equipment	79	391
Purchased intangible assets	38	—
Operating lease	1,969	—
Other deferred tax assets	1,056	1,533
<b>Total deferred tax assets</b>	<b>117,497</b>	<b>109,547</b>
Valuation allowance	(107,161)	(95,301)
<b>Deferred tax liabilities:</b>		
Basis difference on purchased intangible assets	3,308	6,211
Operating lease	1,297	—
Other deferred tax liabilities	7,668	9,889
<b>Total deferred tax liabilities</b>	<b>12,273</b>	<b>16,100</b>
<b>Net deferred tax liabilities</b>	<b>\$ (1,937)</b>	<b>\$ (1,854)</b>

Other deferred tax assets and liabilities are primarily comprised of the tax effects of accounts receivable reserves, sales allowances, deferred rent, and other miscellaneous accruals. As of December 31, 2019 and 2018, the Company had gross deferred tax assets of \$117.5 million and \$109.6 million, respectively. The Company also had deferred tax liabilities of \$12.3 million and \$16.1 million as of December 31, 2019 and 2018, respectively. Realization of the deferred tax assets is dependent upon the generation of future taxable income, if any, the amount and timing of which is uncertain. Based on the available objective evidence, and historical operating performance, management believes that it is more likely than not that all U.S. and certain foreign deferred tax assets are not realizable. Accordingly, the net deferred tax assets have been fully offset with a valuation allowance. The net valuation allowance increased by approximately \$11.9 million and \$10.7 million for the years ended December 31, 2019 and 2018, respectively.

As of December 31, 2019, the Company had federal net operating loss carryforwards of approximately \$285.9 million which will begin to expire in the year 2020. The Company had state net and foreign operating loss carryforwards of approximately \$268.1 million and \$24.8 million, respectively. As of December 31, 2019, the Company has research credit carryforwards for federal income tax purposes of approximately \$16.0 million which will begin to expire in the year 2032. The Company also had state net research credit carryforwards for income tax purposes of approximately \$18.3 million which can be carried forward indefinitely. The Company also had MAT credit carry forwards for Indian income tax purposes of approximately \$0.7 million which will begin to expire in the year 2030.

A reconciliation of the gross unrecognized tax benefit is as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Unrecognized tax benefit - beginning balance	\$ 8,217	\$ 7,527	\$ 6,447
Increases for tax positions taken in prior years	—	—	16
Decreases for tax positions taken in prior years	—	(242)	—
Increases for tax positions taken in current year	623	932	1,064
<b>Unrecognized tax benefit - ending balance</b>	<b>\$ 8,840</b>	<b>\$ 8,217</b>	<b>\$ 7,527</b>

The unrecognized tax benefits, if recognized, would not impact the Company's effective tax rate as the recognition of these tax benefits would be offset by changes in the Company's valuation allowance. The Company does not believe there will be any material changes in its unrecognized tax benefits over the next twelve months.

As of December 31, 2019 and 2018, the Company had no accrued interest or penalties related to uncertain tax positions. Due to the Company's historical loss position, all tax years from inception through December 31, 2019 remain open due to unutilized net operating losses.

The Company files income tax returns in the United States and various states and foreign jurisdictions and is subject to examination by various taxing authorities including major jurisdiction like the United States. As such, all its net operating loss and research credit carryforwards that may be used in future years are subject to adjustment, if and when utilized.

Utilization of the net operating loss carryforwards and credits may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitation may result in the expiration of net operating losses and credits before their utilization.

### 13. Net Income (Loss) per Share

#### **Net Loss per Share Attributable to Common Stockholders**

The computation of the Company's basic and diluted net loss per share is as follows (in thousands, except per share data):

	Year Ended December 31,		
	2019	2018	2017
Net loss	\$ (37,057)	\$ (28,318)	\$ (15,077)
Weighted-average number of shares used to compute net loss per share, basic and diluted	91,163	93,676	89,505
Net loss per share, basic and diluted	\$ (0.41)	\$ (0.30)	\$ (0.17)

Basic and diluted net loss per share is the same for each period presented, as the inclusion of all potential common shares outstanding would have been anti-dilutive.

The outstanding common equivalent shares excluded from the computation of the diluted net loss per share for the periods presented because including them would have been antidilutive are as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Stock options and ESPP	8,642	6,664	7,465
Restricted stock units	5,023	4,904	5,194
Shares held in escrow	—	—	1,000
Shares related to convertible senior notes	11,521	11,521	11,521
	25,186	23,089	25,180

### 14. Leases

The Company has entered into operating leases primarily for office facilities. These leases have terms which typically range from 1 year to 5 years, and often include options to renew. These renewal terms can extend the lease term up to 6 years, and are included in the lease term when it is reasonably certain that the Company will exercise the option. Effective January 1, 2019, these operating leases are included as right-of-use assets in other assets on the consolidated balance sheets, as a result of the adoption of the new leasing standard as discussed under Note 2 to the consolidated financial statements, and represent the Company's right to use the underlying asset for the lease term. The present value of the Company's obligation to make lease payments are included in other current liabilities and other non-current liabilities on the consolidated balance sheets.

Based on the present value of the lease payments for the remaining lease term of the Company's existing leases, the Company recognized 1) right-of-use assets of \$8.5 million, adjusted for deferred rent and lease incentives as of the adoption date, and 2) lease liabilities for operating leases of \$11.5 million on January 1, 2019. Operating lease right-of-use assets and liabilities commencing after January 1, 2019 are recognized at commencement date based on the present value of lease payments over the lease term.