

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as defined in Item 304(a)(4)(ii) of Regulation S-K.

Contractual Obligations

The following table summarizes our contractual obligations as of September 30, 2019 (*in thousands*):

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Operating lease obligations	\$ 1,699	\$ 3,950	\$ 2,707	\$ 36	\$ 8,392
Other borrowings	131	145	219	61	556
Total	\$ 1,830	\$ 4,095	\$ 2,926	\$ 97	\$ 8,948

Our principal executive offices, as well as our research and development facility, are located in approximately 29,000 square feet of office space in San Diego, California and the term of the lease continues through June 30, 2024. The average annual base rent under this lease is approximately \$1.0 million per year. In connection with this lease, we received tenant improvement allowances totaling approximately \$1.0 million. These lease incentives are being amortized as a reduction of rent expense over the term of the lease.

Our other offices are located in Paris, France; Amsterdam, The Netherlands; New York, New York; Barcelona, Spain; and London, United Kingdom. The term of the Paris, France lease continues through July 31, 2021, with an annual base rent of approximately €0.4 million (or \$0.4 million). The term of the Amsterdam, The Netherlands lease continues through December 31, 2022, with an annual base rent of approximately €0.2 million (or \$0.2 million). The term of the New York, New York lease continues through November 30, 2024, with an annual base rent of approximately \$0.2 million. The term of the Barcelona, Spain lease continues through May 31, 2023, with an annual base rent of approximately €0.1 million (or \$0.1 million). The term of the London, United Kingdom lease continues through May 31, 2020, with an annual base rent of approximately £63,000 (or approximately \$78,000).

Other than the lease for our office space in San Diego, California, we do not believe that the leases for our offices are material to the Company. We believe our existing properties are in good condition and are sufficient and suitable for the conduct of its business.

Critical Accounting Policies

Our financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP"). Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, stockholders' equity, revenue, and expenses and related disclosure of contingent assets and liabilities. Management regularly evaluates its estimates and assumptions. These estimates and assumptions are based on historical experience and on various other factors that are believed to be reasonable under the circumstances, and form the basis for making management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. Actual results could vary from those estimates under different assumptions or conditions. We believe the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

We enter into contractual arrangements with integrators, resellers, and directly with our customers that may include licensing of our software products, product support and maintenance services, SaaS services, consulting services, or various combinations thereof, including the sale of such products or services separately. Our accounting policies regarding the recognition of revenue for these contractual arrangements are fully described in Note 2 to our consolidated financial statements included in this Form 10-K.

Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services over the term of the agreement. We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognized based on the following five step model in accordance with ASC 606, *Revenue from Contracts with Customers*:

- Identification of the contract with a customer;
- Identification of the performance obligations in the contract;
- Determination of transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, we satisfy a performance obligation.