UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-34391

LOGMEIN, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-1515952**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
320 Summer Street Boston, Massachusetts	**02210**
(Address of principal executive offices)	*(Zip Code)*

(781) 638-9050

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Exchange on Which Registered
Common Stock, $.01 par value	**LOGM**	**NASDAQ Global Select Market**

Securities registered pursuant to Section 12(g) of the Act:
None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐						

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold on the NASDAQ Global Select Market on June 30, 2019 was $3,621,814,817.

As of February 10, 2020, the registrant had 48,594,419 shares of Common Stock, $0.01 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission for the 2019 annual stockholders' meeting are incorporated by reference into Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K.

LOGMEIN, INC.

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Forward-Looking Statements

Matters discussed in this Annual Report on Form 10-K relating to future events or our future performance, including any discussion, express or implied, of our anticipated growth, operating results, future earnings per share, market opportunity, plans and objectives, are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are often identified by the words "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue," and similar expressions or variations. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section titled "Risk Factors," set forth in Item 1A of this Annual Report on Form 10-K and elsewhere in this Report. The forward-looking statements in this Annual Report on Form 10-K represent our views as of the date of this Annual Report on Form 10-K. We anticipate that subsequent events and developments will cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this Annual Report on Form 10-K.

PART I

ITEM 1. *BUSINESS*

Overview

LogMeIn simplifies how people connect with each other and the world around them to drive meaningful interactions, deepen relationships, and create better outcomes for individuals and businesses. A market leader in unified communications and collaboration, identity and access management, and customer engagement and support solutions, LogMeIn has millions of customers spanning virtually every country across the globe. LogMeIn is headquartered in Boston, Massachusetts with additional locations in North America, South America, Europe, Asia and Australia.

We incorporated under the laws of Bermuda as 3am Labs Ltd in February 2003. In August 2004, we completed a domestication in the State of Delaware under the name 3am Labs, Inc. We changed our name to LogMeIn, Inc. in March 2006. Our principal executive offices are located at 320 Summer Street, Boston, Massachusetts 02210. Our website address is *www.LogMeInInc.com*. We have included our website address in this report solely as an inactive textual reference.

We introduced our first cloud-based connectivity offering in 2004, which allowed users to securely connect to remote computer resources, including files, applications and the remote device itself. Used primarily by mobile professionals to work remotely and by IT service providers to remotely manage computers and servers, this remote access solution was designed to give users the flexibility to work and interact with their computer resources from any other Internet-connected computer. We have since used this scalable technology to expand the types of devices and data that can be accessed remotely, while introducing a variety of cloud-based offerings or applications designed to address the needs of today’s unified communications and collaboration, identity and access management, customer engagement and support markets.

We offer both free and fee-based, or premium, subscription software services. Sales of our premium services are generated through online search, word-of-mouth referrals, web-based advertising, off-line advertising, broadcast advertising, public relations, the conversion of free users and expiring free trials to paid subscriptions and direct marketing to new and existing customers.

We derive our revenue principally from subscription fees from our customers, who range from individual consumers to small and medium businesses, or SMBs, and to multi-national enterprises. Our revenue is driven primarily by the number and type of our premium services to which our paying customers subscribe. During the fiscal years ended December 31, 2017, 2018 and 2019, we generated revenues of $990 million, $1.2 billion and $1.26 billion, respectively.

GoTo Merger and Jive Acquisition

In January 2017, we completed our acquisition of the GoTo family of service offerings, or the GoTo Business, from a wholly–owned subsidiary of Citrix Systems, Inc., or Citrix, via a Reverse Morris Trust transaction, which we refer to herein as the GoTo Merger. Following the completion of the GoTo Merger, our revenue grew to over $1 billion on an annualized basis in fiscal 2017 and we added over 1,600 employees. In April 2018, we completed our acquisition of Jive Communications, Inc., or Jive, a provider of cloud-based phone systems and unified communications services. At the time of the closing, Jive had approximately 700 employees and fiscal year 2017 revenue was approximately $80 million.

Proposed Merger

In December 2019, we entered into an Agreement and Plan of Merger, or the Merger Agreement, with Logan Parent, LLC, or Parent, and Logan Merger Sub, Inc., a wholly owned subsidiary of Parent, or Merger Sub. Pursuant to the terms of the Merger Agreement, Merger Sub would merge with and into LogMeIn, which we refer to herein as the Merger, with LogMeIn continuing as the surviving corporation of the Merger and as a wholly-owned subsidiary of Parent. Parent and Merger Sub are controlled by Francisco Partners, a technology-focused global private equity firm, and Evergreen Coast Capital Corp., the technology-focused global private equity affiliate of Elliott Management Corporation, an investment management firm.

Pursuant to the terms of the Merger Agreement, at the effective time of the Merger, each share of LogMeIn common stock that is issued and outstanding immediately prior to the effective time of the Merger (other than shares to be cancelled pursuant to the Merger Agreement or shares of common stock held by holders who have made a valid demand for appraisal in accordance with Section 262 of the Delaware General Corporation Law), shall be automatically converted into the right to receive $86.05 in cash, without interest.

The closing of the Merger is subject to various conditions, including (i) the adoption of the Merger Agreement by holders of a majority of the issued and outstanding shares of LogMeIn common stock; (ii) the absence of any order, injunction or law prohibiting the closing of the Merger; (iii) (a) the expiration or early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or HSR Act and (b) the expiration of any waiting period under other applicable competition laws; (iv) the receipt of certain communications regulatory approvals described in the Merger Agreement; and (v) the accuracy of the representations and warranties contained in the Merger Agreement, subject to customary materiality qualifications, and compliance with the covenants and agreements contained in the Merger Agreement as of the closing of the Merger. In addition, the obligation of Parent and Merger Sub to consummate the Merger is subject to the absence, since the date of the Merger Agreement, of a Company Material Adverse Effect (as defined in the Merger Agreement) that is continuing.

Our board of directors and the board of directors of Parent have each approved the Merger and the Merger Agreement. On January 8, 2020, we announced the early termination of the waiting period under the HSR Act, satisfying one of the conditions to the closing of the pending transaction. The closing of the deal continues to be subject to other regulatory approvals. The closing of the Merger is not subject to a financing condition. We currently expect the Merger to close in mid-2020. Until the closing, we will continue to operate as an independent company.

The foregoing description of the Merger Agreement is qualified in its entirety by reference to the full text of the Merger Agreement, which has been filed as Exhibit 2.1 to the Current Report on Form 8-K/A that we filed with the SEC on December 18, 2019.

Our Market Opportunity

Our cloud-based connectivity services allow our users to work remotely, secure online or cloud-based services, support and manage remote computers and other Internet-enabled devices and collaborate with other users. We believe our services benefit users in the following ways:

- *Increased productivity both in and outside of traditional office environments.* Our cloud-based services have been designed to reduce friction, allowing users to collaborate effectively, simply host and/or attend web-based meetings, replace traditional on-premise PBX phone equipment, access and control remote computers, access and secure cloud or online applications and websites and run applications across different platforms and devices, thereby increasing our users' mobility, bolstering their security and allowing them to remain productive from virtually anywhere on virtually any Internet-enabled device.
- *Reduced set-up, support and management costs.* Our services enable IT staff to administer, monitor and support workers, their applications, their data and their Internet-enabled devices from a remote location. Businesses can easily set-up our cloud-based services with little or no modification to the remote location's network or security systems and without the need for upfront technology or software investment. Our cloud-based phone services allow customers to efficiently replace older and less secure hardware devices. Additionally, our customers are often able to lower their support and management costs by performing their management-related tasks remotely, thereby reducing or eliminating the costs of on-site support and management.
- *Improved security and better adoption of password best practices.* Enterprise and business versions of our identity and access management services provide IT staff, line-of-business managers and small business owners with the ability to better protect themselves against the most common online security threats. Our web and desktop password management services can be provisioned for all employees, providing both a productivity benefit to employees who manage numerous passwords for the web and cloud applications needed to do their jobs, while also ensuring that passwords used for these services are securely stored, appropriately complex, unique to each application and changed automatically at regular intervals. Users of our identity and access management services can also further augment these password best practices by enforcing secondary authentication requirements, such as multi-factor authentication, which requires authorization from both a desktop web browser and a mobile application before accessing sensitive applications and data.

- *Increased end-user and customer satisfaction.* Our customers rely on our services to improve the efficiency and effectiveness of end-user support and customer service. Satisfaction with support and other customer engagement services is primarily measured by customer satisfaction, sales conversions, call-handling times and whether or not an issue is resolved on the first call. Our services enable helpdesk technicians and customer service staff to quickly and easily engage with users, gain access to and take control over a remote user's Internet-enabled device and, once connected, diagnose and resolve problems while interacting with and possibly training the end user. Our customer engagement services leverage artificial intelligence and machine-learning technology to help customer service and helpdesk technicians engage with their customers across multiple platforms, boosting agent efficiency and effectiveness. Technicians can also answer questions and resolve common dilemmas via web chat, email, SMS and popular social channels, such as Facebook Messenger and Twitter.
- *Higher quality leads, related sales pipeline and conversion rates.* Our unified communications and collaboration offerings, as well as other select service cloud offerings are used by inside sales teams, customer service teams and digital marketing teams to generate sales leads, remotely engage prospective buyers, and visually demonstrate products and services in an effort to create sales opportunities, advance sales cycles and boost overall online visit to purchase conversion rates.

Our Business Strengths

We believe that the following strengths differentiate us from our competitors and are key to our success:

- *Large established user community.* We have more than two million paying customers and millions of free users worldwide, with products used in virtually every country around the globe. These users drive awareness of our services through personal recommendations, social media and other online communication methods and provide us with a significant audience to which we can market and sell premium services.
- *Efficient customer acquisition model.* We believe our free products and our large installed user base help to generate word-of-mouth referrals, which in turn increases the efficiency of our paid marketing activities. Sales of our premium services are generated through word-of-mouth referrals, web-based advertising, online search, off-line advertising, broadcast advertising, the conversion of free users and expiring free trials to paid subscriptions and by marketing to our existing customer and user base. We believe this direct approach to acquiring new customers generates an attractive and predictable return on our sales and marketing expenditures.
- *Online, cloud-based delivery.* Delivering our services online via the cloud allows us to scale and serve additional customers with little incremental expense and to deploy new applications and upgrades quickly and efficiently to our existing customers.
- *High recurring revenue and high transaction volumes.* We sell our premium services on a subscription basis, which provides greater levels of recurring revenues and predictability compared to traditional perpetual license-based business models. We believe that our high volume of new and renewed subscriptions at low transaction prices increases the predictability of our revenues compared to perpetual licensed-based software businesses.

Growth Strategy

Our objective is to extend our position as a leading provider of essential cloud-based connectivity services. To accomplish this, we intend to:

- *Acquire new customers.* We acquire new customers through word-of-mouth referrals from our existing user community and from paid, online advertising designed to attract visitors to our website. We also encourage our website visitors to try our free services or register for free trials of our premium services. We supplement our online efforts with email and other traditional marketing campaigns and by participating in trade events and web-based seminars. To increase our sales, we plan to continue to aggressively market our solutions and encourage trials of our services while continuing to scale our sales force and channel partnerships.
- *Increase sales to existing customers.* We upsell and cross-sell our broad portfolio of services to our existing premium subscriber customer base. To further penetrate this base, we plan to continue to actively market our portfolio of services through e-commerce and traditional sales.

- *Continue to expand our service portfolio.* We intend to continue to invest in the development of new cloud-based connectivity services for businesses, IT service providers, consumers and mobile professionals.
- *Pursue strategic acquisitions.* Strategic acquisitions remain a key growth strategy for our business and we believe we have the scale needed to further expand the range of acquisition opportunities we are able to pursue. We plan to continue to pursue acquisitions that complement our existing business, represent a strong strategic fit and are consistent with our overall growth strategy. We also plan to target future acquisitions to expand or add functionality and capabilities to our existing portfolio of services, as well as add new services to our portfolio.
- *Expand internationally.* We continue to believe there is a significant opportunity to increase our sales internationally. We intend to continue to invest in and expand our international sales and marketing activities to take advantage of this opportunity.
- *Continue to build our user community.* We grow our community of users by offering popular free services and through paid advertising that targets prospective customers who are seeking cloud connectivity services. This strategy improves the effectiveness of our online advertising by increasing our response rates when people seeking remote access, collaboration, customer engagement and identity and access management conduct online searches. In addition, our large and growing community of users drives awareness of our services and increases referrals of potential customers and users.

Our Services

Our cloud-based services can be categorized into three business units based on customer needs and respective use cases:

Unified Communications and Collaboration. Our unified communications and collaboration, or UCC, services that create simpler, more intelligent ways for people to meet, connect, market, sell and train to deepen relationships and drive better outcomes. These individual services are as follows:

GoToConnect is our unified video and voice solution which combines the power and reliability of *Jive's* cloud VoIP phone systems with *GoToMeeting's* web, audio and video conferencing into one simple, reliable and flexible solution. Users can meet, talk, chat, text and collaborate seamlessly through a single application.

GoToMeeting is our robust online meeting and collaboration solution which gives users the ability to easily host or participate in online meetings from the *GoToMeeting* website, mobile apps or executable customer software. *GoToMeeting* comes equipped with integrated conference dial-in numbers, VoIP and HDFaces high-definition video conferencing. It features an advanced, secure communication architecture that uses industry-standard Transport Layer Security, or TLS, encryption.

GoToRoom allows users to configure a video and audio conferencing solution in their physical conference or huddle rooms by providing customers with an onboarding kit which includes all the necessary hardware and software, a license to the service which allows for "meet now" functionality or the ability to attend or start a *GoToMeeting* session or share local content and access to technical support.

GoToTraining is an easy-to-use, secure online training product that enables individuals and enterprises to provide interactive training sessions to customers and employees in any location. *GoToTraining* users can easily create curriculums for their students from a Mac, PC or mobile device without the need for significant training or IT support; attendees can join from a Mac, PC, iOS or Android device. *GoToTraining* includes features such as full-service registration with real-time reports, materials, automated email templates, polling and survey capabilities as well as testing and high-definition webcam sharing for up to six participants and VoIP and toll-based phone options.

GoToWebinar is an easy-to-use, do-it-yourself webinar product, allowing organizations to increase market reach and effectively present online to geographically dispersed audiences. *GoToWebinar* users can easily host, attend or participate in a webinar session from a Mac, PC or mobile device without the need for significant training or IT support; attendees can join from a Mac, PC, iOS or Android device. *GoToWebinar* includes features such as full-service registration with real-time reports, customized branding, automated email templates, polling and survey capabilities, a webinar dashboard for monitoring attendance and participation, easy presenter controls for changing presenters and high-definition webcam sharing for up to six organizers and panelists and VoIP and toll-based phone options.

Grasshopper is a provider of telephony solutions for small businesses designed to allow organizations to establish professional voice presence (e.g., Interactive Voice Response, routing, voicemail, etc.) without costly hardware investments. *Grasshopper* provides users with toll free or local numbers and enables employees to use their personal devices to make and receive calls from their business line via a mobile application.

Jive is a cloud-based phone service designed to replace traditional on-premise, PBX phone equipment; offering a robust suite of communication features and easy management from a web browser or mobile application. Our *Jive Voice* cloud-based business phone system includes a suite of hosted VoIP features, including unlimited voicemail boxes, auto attendants and local and long-distance calling. *Jive Contact Center* delivers a broad set of contact center features and valuable real-time reports to enable better management of call queues and incoming customer calls.

join.me is our lightweight online meeting and screen sharing solution which gives users the ability to quickly host ad hoc and scheduled online meetings with other people.

OpenVoice is a reservation-less audio-conferencing service, providing robust account tools that allows user provisioning and audio meeting controls for users to manage small and large audio conferences without operator assistance.

Customer Engagement and Support. Our customer engagement and support services empower companies to deliver smarter, more personalized customer engagement and support:

Bold360 is our suite of omni-channel engagement platform solutions designed to empower companies to deliver smarter, more personalized customer engagement and support to their customers and employees through the use of artificial intelligence-powered chatbots and human agents. Our *Bold360* service offerings range in features and functionality based on industry and applicable use case. *Bold360 Service,* (fka Bold360 ai) is an automated digital engagement solution that allows companies to utilize artificial intelligence-powered customer-facing chatbots, virtual agents and a customized knowledge-base to provide a smarter customer engagement experience and improve agent productivity and content curation for external facing website(s) or channels. *Bold360 Advise* is an artificial intelligence-based knowledge management solution used by customers for internal business purposes to support their employees in client-facing roles (such as retail associates or call center agents). *Bold360 HelpDesk* extends these capabilities to address the needs of internal employee support roles (such as human resources or IT help) and includes artificial intelligence-based self-service capabilities, such as employee-facing chatbots, virtual agents and FAQs to improve employee productivity and content curation.

RescueAssist, *GoToAssist Corporate* and *GoToAssist Seeit* are easy-to-use cloud-based remote support solutions designed to help IT professionals and IT helpdesks remotely troubleshoot and fix computers, mobile devices and apps. *RescueAssist*, the next-generation of our *GoToAssist* remote support solution, provides an integrated toolset built specifically for IT managers, consultants and managed service providers. *GoToAssist Corporate* extends these capabilities to address the needs of professional IT helpdesks and customer support organizations to instantly and securely connect to customers and provide live remote assistance using two-way screen-sharing, integrated chat and mouse and keyboard control to resolve technical issues. *GoToAssist Seeit* enables individuals and support organizations to instantly and securely connect to a live stream of an individual's mobile device camera allowing the individual to physically show the technician any support issue that requires resolution.

LogMeIn Rescue is our professional grade remote support and customer care service, which is used by helpdesk professionals and large customer care organizations to provide remote support via the Internet, without the need of pre-installed software. Using *LogMeIn Rescue*, support and customer service professionals can communicate with end users through an Internet chat window while diagnosing and repairing PC, server, mobile device and kiosk problems. If given permission by the user, the support professional can access, view or even take control of the end user's device to take necessary support actions and to train the end user on the use of software and operating system applications. *LogMeIn Rescue+Mobile* is an add-on of *LogMeIn Rescue's* web-based remote support service that allows customer care technicians and IT professionals to remotely access and support iOS, Android and Blackberry smartphones and tablets. A complementary and optional offering with any *LogMeIn Rescue* license, *Rescue Lens* extends this remote support paradigm to virtually any product — not just computers and smartphones — by enabling end users to utilize the cameras on their personal smartphone or tablet to stream live video back to support professionals.

Identity and Access Management. Our identity and access management services provide individuals, line-of-business teams, security professionals, as well as internal and external IT professionals with simple and secure remote access tools needed to manage and secure passwords, internet applications, remote computers and other Internet-enabled devices, as well as to automate common IT tasks.

LogMeIn Central is a web-based management console that helps IT professionals access, manage and monitor remote computers, deploy software updates and patches, automate IT tasks and run hundreds of versions of antivirus software. *LogMeIn Central* is offered as a premium service with multiple pricing tiers based on the number of computers supported and desired features.

GoToMyPC enables mobile workstyles by providing secure, remote access to a PC or Mac from virtually any Internet-connected computer, as well as from supported iOS or Android mobile devices, such as an iPad, iPhone, Kindle Fire and Samsung Galaxy. *GoToMyPC* sets up easily with a secure encrypted connection and enables individuals to remotely use any resources hosted on their desktop just as though they were sitting in front of it.

LastPass is a market leading password management and single sign on, or SSO, solution that gives individuals, business teams and enterprises the ability to securely store, create and access the user identity and login credentials for thousands of online applications and websites. *LastPass MFA* and *LastPass Identity* users enjoy a complete passwordless login experience for employees across applications, VPNs and devices through device-native biometric authentication, SSO and federated identity integrations. Available online, in a desktop application and via iOS and Android mobile apps, *LastPass* is offered in free, premium and enterprise versions and runs on today's most popular browsers, devices and operating systems.

LogMeIn Pro is our premium remote access service that provides secure access to a remote computer's cloud and/or locally stored files or other Internet-connected devices such as point-of-sale systems or kiosks, from any other Internet-connected computer or iOS or Android-based mobile devices. Once a *LogMeIn Pro* host is installed on a device, a user can quickly and easily access that device's desktop, files, applications and network resources remotely from their other Internet-enabled devices. *LogMeIn Pro* can be rapidly deployed and installed without the need for IT expertise. Users typically engage in a free trial prior to purchase.

Sales and Marketing

Our sales and marketing efforts are designed to attract prospective customers to our website, drive use of our free services or enroll them in free trials of our services and convert them to, and retain them as, paying customers. We expend sales and marketing resources through a combination of paid and unpaid sources. We also invest in public relations to broaden the general awareness of our services and to highlight the quality and reliability of our services for specific audiences. We are constantly seeking and employing new methods to reach more users and to convert them to paid subscribers. For the years ended December 31, 2017, 2018 and 2019, we spent $347.0 million, $383.0 million and $461.1 million, respectively, on sales and marketing.

New Account Sales. Our sales are often preceded by a trial of one of our services and over 90% of our sales transactions are settled via credit card. Our sales operations team manages the processes, systems and procedures that determine whether or not a trial should be managed by a telephone-based sales representative or handled via our e-commerce sales process. In addition, a small sales and business development team concentrates on sales to larger organizations and the formulation of strategic technology partnerships that are intended to generate additional sales.

International Sales. We currently have sales teams located in Ireland, the United Kingdom, Germany, Australia, India and Brazil focusing on international sales. In the years ended December 31, 2017, 2018 and 2019, we generated approximately 24%, 22% and 21%, respectively, of our revenue from customers outside of the United States. As of December 31, 2017, 2018 and 2019 approximately 15%, 23% and 27% of our long-lived assets were located outside of the United States.

Online Advertising. We advertise online through pay-per-click spending with search engines, banner advertising with online advertising networks and other websites and email newsletters likely to be frequented by our target consumers, SMBs and IT professionals.

Tradeshows and Events. We showcase our services at technology and industry-specific tradeshows and events. Our participation in these shows ranges from elaborate presentations in front of large groups to one-on-one discussions and demonstrations at manned booths.

Offline Advertising. Our offline print advertising is comprised of publications targeted at IT professionals and consumers. We also sponsor advertorials in regional publications, which target IT consumers. Additionally, from time-to-time we have advertised using more traditional methods, such as outdoor advertising, in regional markets.

Radio Advertising. Our radio advertising includes 30-second “spots” as well as radio program sponsorships, and is primarily conducted on satellite and Internet radio networks, with some select advertising on traditional FM and AM radio stations. Show, channel and program selection are based on our key target audiences, most notably IT professionals and knowledge workers.

Word-of-Mouth Referrals. We believe that we have developed a loyal customer and user base, and new customers frequently indicate they have heard about us from a current LogMeIn user. Many of our users arrive at our website via word-of-mouth referrals from existing users of our services.

Direct Advertising Into Our User Community. We have a large existing user community comprised of both free users and paying customers. Users of most of our services come to our website each time they log in to their account and we use this opportunity to promote additional premium services to them.

Social Media Marketing. We participate in online communities and social media channels such as Twitter, Facebook, LinkedIn, Instagram and YouTube for the purpose of marketing, public relations and customer service. Through these online collaboration sites, we actively engage our users, learn about their needs, and foster word-of-mouth by creating and responding to content about LogMeIn events, promotions, product news and user questions.

Web-Based Seminars. We offer free online seminars to current and prospective customers designed to educate them about the benefits of online collaboration, remote access, support and administration, particularly with LogMeIn, and guide them in the use of our services. We often highlight customer success stories and focus the seminar on common business problems and key market and IT trends.

Public Relations. We engage in targeted public relations programs, including issuing press releases announcing important company events and product releases, participating in interviews with reporters and analysts, both general and industry specific, and by attending panel and group discussions and speeches at industry events. We also register our services in awards competitions and encourage bloggers to comment on our products.

Our Infrastructure, Technology and Developments

LogMeIn Service Delivery Platform. We introduced our first cloud-based connectivity offering in 2004 which was built on our proprietary “Gravity” connectivity platform. This technology enabled users to securely connect to remote computer resources, thus affording them the flexibility to work and interact with their remote devices from virtually any other Internet-connected computer.

Today, we have leveraged our proprietary technology and years of connectivity experience to develop modern cloud-based hosting platforms which are capable of delivering a variety of service offerings designed to meet the needs of today's unified communications and collaboration, identity and access management and customer engagement and support markets. Our services are hosted both in the cloud and in geographically diverse third-party co-location facilities located in the United States, United Kingdom, Germany, Brazil, India and Australia. Our cloud connectivity platforms are designed to reduce the bandwidth and other infrastructure requirements needed to establish secure connections over the Internet between remote computers and other Internet-enabled devices and manage the direct transmission of data between remotely connected devices, thereby making our services faster and less expensive to deliver than other competing services.

Research and Development. We have made and intend to continue making significant investments in research and development in order to continue to improve the efficiency of our service delivery platform, improve our existing services and bring new services to market. Our primary engineering organizations are in Hungary, Germany, India, Canada, Israel and the United States. As of December 31, 2019, 1,223 of our employees worked in research and development.

Intellectual Property. We rely on a combination of copyright, trade secret, trademark, patent and other intellectual property rights in the United States and other jurisdictions, as well as confidentiality policies and contractual provisions to protect our proprietary technology, processes and other intellectual property. As of December 31, 2019, our patent portfolio consisted of over 185 issued patents with approximately 27 patent applications pending.

We enter into confidentiality and other written agreements with our employees, customers, consultants and partners, and through these and other written agreements, we attempt to control access to and distribution of our software, documentation and other proprietary technology and other information. Despite our efforts to protect our proprietary rights, third parties may, in an unauthorized manner, attempt to use, copy or otherwise obtain and market or distribute our intellectual property rights or technology or otherwise develop products or services with the same functionality as our services. In addition, U.S. patent filings are intended to provide the holder with a right to exclude others from making, using, selling or importing in the United States the inventions covered by the claims of granted patents. Our patent portfolio may be contested, circumvented or invalidated. Moreover, the rights that may be granted in our patents may not provide us with proprietary protection or competitive advantages, and we may not be able to prevent third parties from infringing these patents. Therefore, the exact effect of our patents and the other steps we have taken to protect our intellectual property cannot be predicted with certainty.

Although the protection afforded by copyright, trade secret and trademark law, written agreements and common law may provide some advantages, we believe that the following factors help us maintain a competitive advantage:

- our large user and customer base;
- the technological skills of our research and development personnel;
- frequent enhancements to our services; and
- continued expansion of our proprietary technology.

"LogMeIn" is a registered trademark in the United States, Canada, Australia, Japan and the European Union. We also hold a number of other trademarks and service marks identifying certain of our services and features of our services. We also have a number of trademark applications pending.

Competition

The markets in which we compete are constantly evolving and we expect to face additional competition in the future. We believe that the key competitive factors in these markets include:

- service reliability and security;
- ease of initial setup and use;
- fitness for use and the design of features that best meet the needs of the target customer;
- the ability to support multiple device types and operating systems;
- cost of customer acquisition;

- product and brand awareness;
- the ability to reach large fragmented groups of users;
- cost of service delivery; and
- pricing flexibility.

We believe that our large user base, efficient customer acquisition model and low service delivery costs enable us to compete effectively against services offered by some of our largest competitors, which include Adobe Connect, Amazon, BlueJeans Networks, Cisco Systems' WebEx division, Google, Microsoft Skype and Zoom Video Communications. Our audio and unified communications and collaboration services also compete with solutions from 8x8, AT&T, BT, Intercall, PGi, RingCentral, Verizon and Vonage. Certain of our services also compete with current or potential services offered by companies like 1Password, AgileBits, Apple, BeyondTrust, Dashlane, GFI, IBM, Kaseya, KeePass, LivePerson, OKTA, Oracle, Splashtop and TeamViewer.

Many of our actual and potential competitors enjoy greater name recognition, longer operating histories, more varied products and services and larger marketing budgets, as well as substantially greater financial, technical and other resources, than we do. In addition, we may also face future competition from new market entrants. However, we believe that our large user base, efficient customer acquisition model and relatively low costs of service delivery position us well to compete effectively now and in the future.

Available Information

Copies of the periodic reports that we file with the Securities and Exchange Commission, or SEC, such as our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any other filings may be obtained by the public, free of charge, by visiting the Investors section of our website at *https://investor.logmeininc.com/sec.cfm*, as soon as reasonably practicable after they have been filed with the SEC, or by contacting our Investor Relations department at our office address listed above. The SEC also maintains an Internet site that contains periodic reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov. The contents of these websites are not incorporated into this filing. Further, our references to the URLs for these websites are intended to be inactive textual references only.

Employees

As of December 31, 2019, we had 3,974 full-time employees. None of our employees are represented by labor unions or covered by collective bargaining agreements. We consider our relationship with our employees to be good.

Segments

We have determined that we have one operating segment. For more information about our segments, see Note 2 to our Consolidated Financial Statements.

ITEM 1A. *RISK FACTORS*

Our business is subject to numerous risks. We caution you that the following important factors, among others, could cause our actual results to differ materially from those expressed in forward-looking statements made by us or on our behalf in filings with the SEC, press releases, communications with investors and oral statements. Any or all of our forward-looking statements in this Annual Report on Form 10-K and in any other public statements we make may turn out to be wrong. They can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties. Many factors mentioned in the discussion below will be important in determining future results. Consequently, no forward-looking statement can be guaranteed. Actual future results may differ materially from those anticipated in forward looking statements. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosure we make in our reports filed with the SEC.

RISKS RELATED TO THE MERGER

The proposed Merger is subject to approval of our stockholders as well as the satisfaction of other closing conditions, including government consents and approvals, some or all of which may not be satisfied or completed within the expected timeframe, if at all.

The closing of the Merger is subject to various conditions, including without limitation (i) the adoption of the Merger Agreement by holders of a majority of our common stock outstanding and entitled to vote; (ii) the absence of any order, injunction or law prohibiting the closing of the Merger; (iii) the expiration of any waiting period under applicable competition laws; (iv) the receipt of communications regulatory approvals from the Federal Communications Commission and certain state public utility commissions as described in the Merger Agreement; and (v) the accuracy of the representations and warranties contained in the Merger Agreement, subject to customary materiality qualifications, and compliance with the covenants and agreements contained in the Merger Agreement as of the closing of the Merger. In addition, the obligation of Parent and Merger Sub to consummate the Merger is subject to the absence, since the date of the Merger Agreement, of a Company Material Adverse Effect (as defined in the Merger Agreement) that is continuing.

We can provide no assurance that all required consents and approvals will be obtained or that all closing conditions will otherwise be satisfied (or waived, if applicable), and, if all required consents and approvals are obtained and all closing conditions are satisfied (or waived, if applicable), we can provide no assurance as to the terms, conditions and timing of such consents and approvals or the timing of the completion of the Merger. Many of the conditions to completion of the Merger are not within our control, and we cannot predict when or if these conditions will be satisfied (or waived, if applicable). Any adverse consequence of the pending finalization of the Merger could be exacerbated by any delays in completion of the Merger or termination of the Merger Agreement.

Failure to complete the Merger could materially adversely affect our stock price, future business operations and financial results.

The proposed Merger may not be completed within the expected time timeframe, or at all, as a result of various factors and conditions, some of which may be beyond our control. If the Merger is not completed for any reason, including as a result of our stockholders failing to adopt the Merger Agreement, our stockholders will not receive any payment for their shares of our common stock in connection with the Merger. Instead, we will remain as a public company, our common stock will continue to be listed and traded on the Nasdaq Global Select Market and registered under the Exchange Act of 1934, as amended, or the Exchange Act, and we will be required to continue to file periodic reports with the SEC. Moreover, our ongoing business may be materially adversely affected, and we would be subject to a number of risks, including the following:

- we may experience negative reactions from the financial markets, including negative impacts on our stock price, and it is uncertain when, if ever, the price of the shares would return to the prices at which the shares currently trade;
- we may experience negative publicity, which could have an adverse effect on our ongoing operations including, but not limited to, retaining and attracting employees, customers, partners, suppliers and others with whom we do business;
- we will still be required to pay certain significant costs relating to the Merger, such as legal, accounting, financial advisor, printing and other professional services fees, which may relate to activities that we would not have undertaken other than in connection with the Merger;
- we may be required to pay a cash termination fee to Parent of up to $130 million, as required under the Merger Agreement under certain circumstances;

- the Merger Agreement places certain restrictions on the conduct of our business, which may have delayed or prevented us from undertaking business opportunities that, absent the Merger Agreement, we may have pursued;
- matters relating to the Merger require substantial commitments of time and resources by our management, which could result in the distraction of management from ongoing business operations and pursuing other opportunities that could have been beneficial to us; and
- we may commit time and resources to defending against litigation related to the Merger.

If the Merger is not consummated, the risks described above may materialize and they may have a material adverse effect on our business operations, financial results and stock price, particularly to the extent that the current market price of our common stock reflects an assumption that the Merger will be completed.

We will be subject to various uncertainties while the Merger is pending that may cause disruption and may make it more difficult to maintain relationships with customers and other third-party business partners.

Uncertainty about the effect of the Merger on employees and other third-party business partners may have an adverse effect on us. Our current and prospective employees of LogMeIn may experience uncertainty regarding their future roles with the company, which might adversely affect our ability to retain, recruit and motivate key personnel. Moreover, there could be distractions to or disruptions for our employees and management associated with obtaining the required consents and approvals to close the Merger.

Our customers and other third-party business partners may experience uncertainty with the Merger, including with respect to current or future business relationships following the Merger. Our business relationships may be subject to disruption as our business partners may attempt to negotiate changes in existing business relationships or consider entering into business relationships with our competitors. These disruptions could have an adverse effect on our business operations and financial results. The risks and adverse effects of such disruptions could be exacerbated by a delay in completion of the Merger or termination of the Merger Agreement.

If the Merger Agreement is terminated, we may, under certain circumstances, be obligated to pay a termination fee. These costs could require us to use cash that would have otherwise been available for other uses.

If the Merger is not completed, in certain circumstances, we could be required to pay a termination fee of up to $130 million to Parent, or less under specified circumstances. If we are required to pay such a termination fee, we may be required to incur additional debt or to use funds that would have otherwise been available for general corporate purposes or other uses. For these and other reasons, termination of the Merger Agreement could materially adversely affect our business operations and financial results, which in turn would materially and adversely affect the price of our common stock.

Litigation challenging the Merger Agreement may prevent the Merger from being consummated at all or within the expected timeframe.

Lawsuits have been filed against us and our Board of Directors and may in the future be filed against us, our Board of Directors or other parties to the Merger Agreement, challenging our acquisition by Parent or making other claims in connection therewith. Such lawsuits may be brought by our purported stockholders and may seek, among other things, to enjoin consummation of the Merger. One of the conditions to the consummation of the Merger is that no order of a court or governmental entity will be in effect that restrains, enjoins or prohibits the consummation of the Merger. As such, if the plaintiffs in such potential lawsuits are successful in obtaining an injunction prohibiting the defendants from completing the Merger on the agreed upon terms, then such injunction may prevent the Merger from becoming effective, or from becoming effective within the expected timeframe.

RISKS RELATED TO OUR BUSINESS

Our operating results may fluctuate in the future. As a result, we may fail to meet or exceed the expectations of research analysts or investors, which could cause our stock price to decline.

Our operating results may fluctuate as a result of a variety of factors, many of which are outside of our control. If our operating results or guidance fall below the expectations of research analysts or investors, the price of our common stock could decline substantially. Fluctuations in our operating results or guidance may be due to a number of factors, including, but not limited to, those listed below:

- our ability to renew existing customers, increase sales to existing customers and attract new customers;
- the amount and timing of operating costs and capital expenditures related to the operation, maintenance and expansion of our business;

- service outages or security breaches;
- changes in our pricing policies or those of our competitors;
- our ability to successfully implement strategic business model changes;
- the timing and success of new services, features and upgrades by us or our competitors;
- changes in sales compensation plans or organizational structure;
- the timing of costs related to the development or acquisition of technologies, services or businesses;
- seasonal variations or other cyclicality in the demand for our services;
- general economic, industry and market conditions and those conditions specific to Internet usage and online businesses;
- litigation, including class action litigation, involving us and our services or the industry in which we operate, in general;
- the purchasing and budgeting cycles of our customers;
- the financial condition of our customers; and
- geopolitical events such as war, threat of war or terrorist acts.

We believe that our revenue and operating results may continue to vary in the future and that period-to-period comparisons of our operating results may not be meaningful.

If our services or computer systems are breached, our customers may be harmed, our reputation may be damaged and we may be exposed to significant liabilities.

Our services and computer systems store and transmit confidential data of our customers and their customers, which may include credit card information, account and device information, passwords and other critical data.

Any breach of the cybersecurity measures we have taken to safeguard this information may subject us to fines and penalties, time consuming and expensive litigation, trigger indemnification obligations and other contractual liabilities, damage our reputation and harm our customers and our business.

Cyberattacks from computer hackers and cyber criminals and other malicious Internet-based activity continue to increase generally, and our services and systems, including the systems of our outsourced service providers, have been and may in the future continue to be the target of various forms of cyberattacks such as DNS attacks, wireless network attacks, viruses and worms, malicious software, application centric attacks, peer-to-peer attacks, phishing attempts, backdoor trojans and distributed denial of service attacks. The techniques used by computer hackers and cyber criminals to obtain unauthorized access to data or to sabotage computer systems change frequently and generally are not detected until after an incident has occurred. While we make significant efforts to maintain the security and integrity of our services and computer systems, our cybersecurity measures and the cybersecurity measures taken by our third-party data center facilities may be unable to anticipate, detect or prevent all attempts to compromise our systems. If our cybersecurity measures are compromised as a result of third-party action, employee or customer error, malfeasance, stolen or fraudulently obtained log-in credentials or otherwise, our reputation could be damaged, our business may be harmed and we could incur significant liabilities.

Many states have enacted laws requiring companies to notify individuals of security breaches involving their personal data. These mandatory disclosures regarding a security breach may be costly to comply with and may lead to widespread negative publicity, which may cause our customers to lose confidence in the effectiveness of our cybersecurity measures. Additionally, some of our customer contracts require us to notify customers in the event of a security breach and/or indemnify customers from damages they may incur as a result of a breach of our services and computer systems. There can be no assurance that the limitations of liability provisions in our contracts for a security breach would be enforceable or would otherwise protect us from any such liabilities or damages with respect to any particular claim. We also cannot be sure that our existing insurance coverage will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims related to a breach of our services or computer systems. The successful assertion of one or more large claims against us that exceed our available insurance coverage could have a material adverse effect on our business, financial condition and operating results.

Our business strategy includes acquiring or investing in other companies, which may ultimately fail to meet our expectations, divert our management's attention, result in additional dilution to our stockholders and disrupt our business and operating results.

Our business strategy continues to contemplate us making strategic acquisitions of, or strategic investments in, complementary businesses, services, technologies and intellectual property rights. Acquisitions of high-technology companies are inherently risky and negotiating these transactions can be time-consuming and expensive and our ability to close these transactions may often be subject to conditions or approvals that are beyond our control. Consequently, these transactions, even if undertaken and announced, may not close. In connection with an acquisition, investment or strategic transaction we may do one or more of the following, which may harm our business and adversely affect our operating results:

- issue additional equity securities that would dilute our stockholders and decrease our earnings per share;
- use cash and other resources that we may need in the future to operate our business;
- incur debt on unfavorable terms or that we are unable to repay;
- incur large charges or substantial liabilities; and
- become subject to adverse tax consequences, substantial depreciation or deferred compensation charges.

Following an acquisition, the integration of an acquired company may cost more than we anticipate, and we may be subject to unforeseen liabilities arising from an acquired company's past or present operations. These liabilities may be greater than the warranty and indemnity limitations we negotiate. Any unforeseen liability that is greater than these warranty and indemnity limitations could have a negative impact on our financial condition. Some of the additional risks associated with integrating acquired companies may include, but are not limited to:

- difficulties and delays integrating the employees, culture, technologies, products and systems of the acquired companies;
- an uncertain revenue and earnings stream from the acquired company, which could dilute our earnings;
- difficulties retaining the customers of any acquired business due to changes in management or otherwise;
- our ongoing business may be disrupted and our management's attention may be diverted by acquisition, transition or integration activities;
- the potential loss of key employees of the acquired company;
- undetected errors or unauthorized use of a third-party's code in products of the acquired companies;
- unforeseen or unanticipated legal liabilities which are not discovered by due diligence during the acquisition process, including stockholder litigation related to the acquisition, third party intellectual property claims or claims for potential violations of applicable law, rules and regulations, arising from prior or ongoing acts or omissions by the acquired businesses;
- entry into highly competitive markets in which we have no or limited direct prior experience and where competitors have stronger market positions; and
- assuming pre-existing contractual relationships of an acquired company that we would not have otherwise entered into, the termination or modification of which may be costly or disruptive to our business.

If we fail to successfully integrate and manage the companies and technologies we acquire, or if an acquisition does not further our business strategy as expected, our operating results will be adversely affected. Even if successfully integrated, there can be no assurance that any of our acquisitions or future acquisitions will be successful in helping us achieve our financial and strategic goals.

We may not be able to capitalize on the emerging market opportunities that we have targeted, and new services that we introduce may not generate the revenue and earnings we anticipated, which may adversely affect our business.

Our business strategy includes identifying emerging market opportunities which we can capitalize on by successfully developing and introducing new services designed to address those market opportunities. We have made and expect to continue to make significant investments in technology acquisitions and research and development in an effort to capitalize on the market opportunities that we have targeted. One such market which we have identified is unified communications and collaboration, or UCC, and we have made and expect to continue to make significant investments in the further development of our UCC services like GoToConnect, Jive and GoToMeeting. However, capturing market share in new, much larger markets often takes time to fully develop, and such opportunities attract a significant number of competitors. If the new markets we have targeted ultimately fail to materialize as we or others have anticipated or if potential customers choose to adopt solutions offered by our competitors rather than our own solutions, we may not be able to generate the revenue and earnings we anticipated, and our business and results of operations would be adversely affected.

Our new corporate strategy and restructuring may not be successful.

On February 7, 2020, our Board of Directors approved a global restructuring plan, including a reduction in force which will result in the termination of approximately 8% of our workforce and the consolidation of certain leased facilities. By restructuring, we intend to further streamline our organization and reallocate our resources to better align with our current strategic goals. We expect to substantially complete the restructuring by the end of fiscal year 2020. These restructuring activities may yield unintended consequences and costs, such as attrition beyond our intended reduction in force, the distraction of our employees and the risk that we may not achieve the anticipated benefits from the reduction in force, all of which may have a material adverse effect on our results of operations or financial condition.

Assertions by a third party that our services and solutions infringe its intellectual property, whether or not correct, could subject us to costly and time-consuming litigation or expensive licenses.

There is frequent litigation in the software and technology industries based on allegations of infringement or other violations of intellectual property rights. We have been, and may in the future be, subject to third party patent infringement or other intellectual property-related lawsuits as we face increasing competition and become increasingly visible. Regardless of the merit of these claims, they can be time-consuming, result in costly litigation and diversion of technical and management personnel or require us to develop a non-infringing technology or enter into license agreements. There can be no assurance that such licenses will be available on acceptable terms and conditions, if at all, and although we have previously licensed proprietary technology, we cannot be certain that the owners' rights in such technology will not be challenged, invalidated or circumvented. For these reasons and because of the potential for court awards that are difficult to predict, it is not unusual to find even arguably unmeritorious claims settled for significant amounts. In addition, many of our service agreements require us to indemnify our customers from certain third-party intellectual property infringement claims, which could increase our costs as a result of defending such claims and may require that we pay damages if there were an adverse ruling related to any such claims. These types of claims could harm our relationship with our customers, deter future customers from subscribing to our services or expose us to further litigation. These costs, monetary or otherwise, associated with defending against third party allegations of infringement could have negative effects on our business, financial condition and operating results.

A significant portion of our historical revenues have come from the sale of remote access and support products and a decline in sales for these products could adversely affect our results of operations and financial condition.

A significant portion of our annual revenues have historically come from, and we anticipate will continue in the foreseeable future to come from, the sale of remote access and remote support services. Any decline or variability in sales of our remote access and remote support products could adversely affect our results of operations and financial condition. Declines and variability in sales of these products could potentially occur as a result of:

- the growing use of mobile devices such as smartphones and tablet computers to perform functions that have been traditionally performed on desktops and laptops, resulting in less demand for these types of remote access products;
- the introduction of new or alternative technologies, products or service offerings by competitors;
- our failure to innovate or introduce new product offerings, features and enhancements;
- potential market saturation or our inability to enter into new markets;
- increased price and product competition;
- dissatisfied customers; or
- general weak economic, industry or market conditions.

If sales of our remote access and remote support products decline as a result of these or other factors, our revenue would decrease and our results of operations and financial condition would be adversely affected.

If our services are used to commit fraud or other similar intentional or illegal acts, we may incur significant liabilities, our services may be perceived as not secure, and customers may curtail or stop using our services.

If our services are used to commit fraud or other bad or illegal acts, including, but not limited to, posting, distributing or transmitting any viruses or other harmful code, interfering with or disrupting third-party networks, infringing any third party's intellectual property rights, interfering with any individual's rights to privacy, transmitting any harassing, libelous, abusive, threatening, vulgar or otherwise objectionable material, engaging in robocalling, spamming or blasting campaigns, or accessing third-party data without authorization, we may become subject to regulatory fines, penalties, damages and other potential liabilities. Investigating or defending against any such claims could be expensive and time-consuming, and we could potentially incur significant liability to our customers and to individuals or businesses who were the targets of such acts. As a result, our business may suffer and our reputation may be damaged.

If we are unable to attract new customers to our services on a cost-effective basis, our revenue and results of operations will be adversely affected.

We must continue to attract a large number of customers on a cost-effective basis. We rely on a variety of marketing methods to attract new customers to our services, such as paying providers of online services and search engines for advertising space and priority placement of our website in response to Internet searches. Our ability to attract new customers also depends on the competitiveness of the pricing of our services. If our current marketing initiatives are not successful or become unavailable, if the cost of such initiatives were to significantly increase, or if our competitors offer similar services at lower prices, we may not be able to attract new customers on a cost-effective basis and, as a result, our revenue and results of operations would be adversely affected.

If we are unable to retain our existing customers, our revenue and results of operations would be adversely affected.

The services offered by us are often sold pursuant to agreements that are one year in duration. Customers have no obligation to renew their subscriptions after their subscription period expires, and these subscriptions may not be renewed on the same or on more profitable terms. As a result, our ability to grow depends in part on subscription renewals. We may not be able to accurately predict future trends in customer renewals, and our customers' renewal rates may decline or fluctuate because of several factors, including their satisfaction or dissatisfaction with our services, the prices of our services, the prices of services offered by our competitors or reductions in our customers' spending levels. If our customers do not renew their subscriptions for our services, renew on less favorable terms, or do not purchase additional functionality or subscriptions, our revenue may grow more slowly than expected or decline, and our profitability and gross margins may be harmed.

If we fail to convert free users to paying customers, our revenue and financial results will be harmed.

A significant portion of our user base utilizes our services free of charge through our free services or free trials of our premium services. We seek to convert these free and trial users to paying customers of our premium services. If our rate of conversion suffers for any reason, our revenue may decline and our business may suffer.

If our efforts to build a strong brand identity are not successful, we may not be able to attract or retain subscribers and our operating results may be adversely affected.

We believe that building and maintaining a strong brand identity plays an important role in attracting and retaining subscribers to our services, who may have other options from which to obtain their cloud-based connectivity services. In order to build a strong brand, we believe that we must continue to offer innovative service offerings that our subscribers value and enjoy using, and also market and promote those service offerings through effective marketing campaigns, promotions and communications with our user base. From time to time, subscribers may express dissatisfaction with our services or react negatively to our strategic business decisions, such as changes that we make in pricing, features or service offerings, including the discontinuance of our free services. To the extent that user dissatisfaction with our services or strategic business decisions is widespread or not adequately addressed, our overall brand identity may suffer and, as a result, our ability to attract and retain subscribers may be adversely affected, which could adversely affect our operating results.

The markets in which we participate are competitive, with low barriers to entry, and if we do not compete effectively, our operating results may be harmed.

The markets for cloud-based connectivity solutions are competitive and rapidly changing, with relatively low barriers to entry. With the introduction of new technologies and market entrants, we expect competition to intensify in the future. In addition, pricing pressures and increased competition generally could result in reduced sales, reduced margins or the failure of our services to achieve or maintain widespread market acceptance. Often, we compete against existing services that our potential customers have already made significant expenditures to acquire and implement.

Certain of our competitors offer, or may in the future offer, lower priced, or free, products or services that compete with our services. This competition may result in reduced prices and a substantial loss of customers for our services or a reduction in our revenue.

Many of our services directly compete with large, established competitors such as WebEx (a division of Cisco Systems), and certain of our services also compete with current or potential services offered by companies like 1Password, Adobe, AgileBits, Amazon, Apple, BeyondTrust, BlueJeans Networks, Dashlane, GFI, Google, IBM, Kaseya, KeePass, LivePerson, Microsoft, OKTA, Oracle, Splashtop, TeamViewer and Zoom Video Communications. Our audio and unified communications and collaboration services also compete with solutions from 8x8, AT&T, BT, InterCall, PGi, RingCentral, Verizon and Vonage. Many of our actual and potential competitors enjoy competitive advantages over us, such as greater name recognition, longer operating histories, more varied services and larger marketing budgets, as well as substantially greater financial, technical and other resources. In addition, many of our competitors have established marketing relationships, access to larger customer bases and have major distribution agreements with consultants, system integrators and resellers.

If we are unable to compete effectively for any of these reasons, our operating results will be harmed.

Industry consolidation may result in increased competition.

Some of our competitors have made or may make acquisitions or may enter into partnerships or other strategic relationships to offer a more comprehensive service than they individually had offered. In addition, new entrants not currently considered to be competitors may enter the market through acquisitions, partnerships or strategic relationships. We expect these trends to continue as companies attempt to strengthen or maintain their market positions. Many of the companies driving this trend have significantly greater financial, technical and other resources than we do and may be better positioned to acquire and offer complementary services and technologies.

The companies resulting from such combinations may create more compelling service offerings and may offer greater pricing flexibility than we can or may engage in business practices that make it more difficult for us to compete effectively, including on the basis of price, sales and marketing programs, technology or service functionality. These pressures could result in a substantial loss of customers or a reduction in our revenues.

We may not be able to respond to rapid technological changes in time to address the needs of our customers, which could have a material adverse effect on our sales and profitability.

The cloud-based connectivity services markets in which we compete are characterized by rapid technological change, the frequent introduction of new services and evolving industry standards. Our ability to remain competitive will depend in large part on our ability to continue to enhance our existing services and develop new service offerings that keep pace with these markets' rapid technological developments. Additionally, to achieve market acceptance for our services, we must effectively anticipate and offer services that meet changing customer demands in a timely manner.

Customers may require features and capabilities that our current services do not have. If we fail to develop services that satisfy customer requirements in a timely and cost-effective manner, our ability to renew services with existing customers and our ability to create or increase demand for our services will be harmed, and our revenue and results of operations would be adversely affected.

We use a limited number of data centers to deliver our services. Any disruption of service at these facilities could harm our business.

The majority of our services are hosted from third-party data center facilities located throughout the world. We do not control the operation of these facilities. The owners of our data center facilities have no obligation to renew their agreements with us on commercially reasonable terms, or at all. If we are unable to renew these agreements on commercially reasonable terms, we may be required to transfer to new data center facilities, and we may incur significant costs and possible service interruption in connection with doing so.

Any changes in third-party service levels at our data centers or any errors, defects, disruptions or other performance problems with our services could harm our reputation and may damage our customers' businesses. Interruptions in our services might reduce our revenue, cause us to issue credits to customers, subject us to potential liability, cause customers to terminate their subscriptions or harm our renewal rates.

Our data centers are vulnerable to damage or interruption from human error, intentional bad acts, pandemics, earthquakes, hurricanes, floods, fires, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures and similar events. At least one of our data center facilities is located in an area known for seismic activity, increasing our susceptibility to the risk that an earthquake could significantly harm the operations of these facilities. The occurrence of a natural disaster, an act of terrorism, vandalism or other misconduct, a decision to close the facilities without adequate notice or other unanticipated problems could result in lengthy interruptions in our services.

Failure to comply with credit card processing standards may cause us to lose the ability to offer our customers a credit card payment option, which would increase our costs of processing customer orders and make our services less attractive to customers, the majority of which purchase our services with a credit card.

Major credit card issuers have adopted credit card processing standards and have incorporated these standards into their contracts with us. If we fail to maintain compliance with applicable credit card processing and documentation standards adopted by the major credit card issuers, these issuers could terminate their agreements with us, and we could lose our ability to offer our customers a credit card payment option. Most of our individual and small- and medium-sized business, or SMB, customers purchase our services online with a credit card, and our business depends substantially upon the ability to offer the credit card payment option. Any loss of our ability to offer our customers a credit card payment option would make our services less attractive and hurt our business. Our administrative costs related to customer payment processing would also increase significantly if we were not able to accept credit card payments for our services.

Evolving regulations and legal obligations related to data privacy, data protection and information security and our actual or perceived failure to comply with such obligations, could have an adverse effect on our business.

Our handling of the data we collect from our customers, as further described in our privacy policy, and our processing of personally identifiable information and data of our customers' customers through the services we provide, is subject to a variety of laws and regulations, which have been adopted by various federal, state and foreign governments to regulate the collection, distribution, use and storage of personal information of individuals. Several foreign countries in which we conduct business, including the European Economic Area, or EEA, and Canada, currently have in place, or have recently proposed, laws or regulations concerning privacy, data protection and information security, which are more restrictive than those historically imposed in the United States. Similarly, certain state and federal governments and agencies have recently proposed or are already seeking to enact additional laws and regulations intended to protect the privacy and secure the data of United States citizens. Some of these laws are in their early stages and we cannot yet determine the impact these revised laws and regulations, if implemented, may have on our business. However, any failure or perceived failure by us to comply with these enhanced privacy laws, regulations, policies or obligations or any security incident that results in the unauthorized release or transfer of personally identifiable information or other customer data in our possession, could result in government enforcement actions, litigation, fines and penalties and/or adverse publicity, all of which could have an adverse effect on our reputation and business.

For example, the EEA-wide General Data Protection Regulation, or GDPR, became applicable on May 25, 2018, replacing the data protection laws of each EEA member state. The GDPR implemented more stringent operational requirements for processors and controllers of personal data, including, for example, expanded disclosures about how personal information is to be used, limitations on retention of information, increased requirements to erase an individual’s information upon request, mandatory data breach notification requirements and higher standards for data controllers to demonstrate that they have obtained valid consent for certain data processing activities. It also significantly increases penalties for non-compliance, including where we act as a service provider (e.g. data processor). If our privacy or data security measures fail to comply with applicable current or future laws and regulations, we may be subject to litigation, regulatory investigations, enforcement notices requiring us to change the way we use personal data or our marketing practices, fines, for example, of up to 20 million Euros or up to 4% of the total worldwide annual turnover of the preceding financial year (whichever is higher) under the GDPR, or other liabilities, as well as negative publicity and a potential loss of business.

We are also subject to evolving EEA laws on data export, as we may transfer personal data from the EEA to other jurisdictions. We currently rely upon the EU-U.S. Privacy Shield Framework and Swiss Privacy Shield as a means for legitimizing the transfer of personally identifiable information from the EEA to the United States. However, there is currently litigation against this framework as well as litigation challenging other EU mechanisms for adequate data transfers (e.g. the standard contractual clauses), and it is uncertain whether the Privacy Shield framework and/or the standard contractual clauses will be similarly invalidated by the European courts. We rely on a mixture of mechanisms to transfer data to from the EEA to the U.S., and we could be impacted by changes in law as a result of the current challenges to these mechanisms in the European courts which may lead to governmental enforcement actions, litigation, fines and penalties or adverse publicity which could have an adverse effect on our reputation and business.

Similarly, within the United States, California has recently enacted the California Consumer Privacy Act, or CCPA, which took effect on January 1, 2020 and is intended to provide California residents with expanded rights to access, delete and control their personal information. Under the CCPA, we may be subject to civil penalties or fines if we are found to have failed to comply with our applicable data protection or security obligations and we also may be subject to private rights of action in the event of a data breach. Additional states are evaluating enacting similar data protection laws and regulations.

Data protection regulation remains an area of increased focus in all jurisdictions in which we operate. Evolving data protection regulations may increase our compliance costs and potential liability in connection with potential regulatory fines and/or data breaches and thus could adversely affect our business. There is no assurance that we will be able to meet the requirements of these new data protection regulations and customers may be reluctant to purchase or continue to use our services due to concerns regarding their data protection obligations. In addition, we may be subject to claims, legal proceedings or other actions by individuals or governmental authorities if they have reason to believe that our data privacy or security measures fail to comply with current or future laws and regulations.

Certain of our services are subject to regulation in the United States and various foreign countries, and future legislative, regulatory or judicial actions could adversely affect our business and expose us to liability.

In the United States, certain of our services are subject to various requirements and regulations of the Federal Communications Commission, or FCC, and state public utility commissions, including, but not limited to, regulations related to privacy, disabilities access, telephone number porting, rural call completion, contributions to federal and state Universal Service Funds, or USFs, regulatory fee payments, emergency call services, obligations under the Communications Assistance for Law Enforcement Act, or CALEA, and other requirements. FCC or state actions, including decisions extending additional regulations and/or classifying other LogMeIn services as regulated services, could result in our incurring additional regulatory obligations that could require us to change the way we conduct our business, increase our operating expenses, or otherwise harm our results of operations. If we fail to comply with applicable rules and regulations, including any future rules and regulations that may be adopted, we could be subject to enforcement actions, fines, loss of licenses, and other restrictions on our ability to operate or offer certain of our services. Any enforcement actions, which may be public, could also hurt our reputation, impair our ability to sell certain services to customers and could have a material adverse effect on our business, financial condition or operating results.

Additionally, as we continue to expand our operations internationally, these services may also be subject to similar country-specific laws and regulations. We may be required to incur additional expenses to meet applicable international regulatory requirements, to obtain special licensing or registrations, or we may be altogether prohibited from providing certain services in certain foreign countries.

We are required to comply with certain financial and operating covenants under our credit facility; any failure to comply with those covenants could cause amounts borrowed to become immediately due and payable or prevent us from borrowing under the facility.

We have a credit agreement with a syndicate of banks pursuant to which we have a $400 million secured revolving credit facility which is available to us through February 1, 2022, at which time any amounts outstanding will be due and payable in full. On April 2, 2018, we borrowed $200 million under the credit facility to partially fund our acquisition of Jive Communications, Inc., which amount remained outstanding as of December 31, 2019. We may wish to borrow amounts under the facility in the future for general corporate purposes, including, but not limited to, the potential acquisition of complementary products or businesses and for working capital. Pursuant to the terms of the credit agreement, in the event of a change in control such as the Merger, any amounts outstanding, including any interest accrued thereon, shall become immediately due and payable in full.

Under our credit agreement, we are, or will be, required to comply with certain financial and operating covenants which will limit our ability to operate our business as we otherwise might operate it. Our failure to comply with any of these covenants or to meet any payment obligations under the credit facility could result in an event of default which, if not cured or waived, would result in any amounts outstanding, including any accrued interest and unpaid fees, becoming immediately due and payable. We might not have sufficient working capital or liquidity to satisfy any repayment obligations in the event of an acceleration of those obligations. In addition, if we are not in compliance with the financial and operating covenants at the time we wish to borrow additional funds, we will be unable to borrow such funds.

The loss of key employees or an inability to attract and retain additional personnel may impair our ability to grow our business.

We are highly dependent upon the continued service and performance of our executive management team as well as other key technical and sales employees. The replacement of these key employees likely would involve significant time and costs, and the loss of these key employees may significantly delay or prevent the achievement of our business objectives.

We face intense competition for qualified individuals from numerous technology, software and manufacturing companies. For example, our competitors may be able to attract and retain a more qualified engineering team by offering more competitive compensation packages. If we are unable to attract new engineers and retain our current engineers, we may not be able to develop and maintain our services at the same levels as our competitors and we may, therefore, lose potential customers and sales penetration in certain markets. Our failure to attract and retain suitably qualified individuals could have an adverse effect on our ability to implement our business plan and, as a result, our ability to compete would decrease, our operating results would suffer and our revenues would decrease.

Our long-term success depends, in part, on our ability to expand the sales of our services to customers located outside of the United States, and thus our business is susceptible to risks associated with international sales and operations.

We currently maintain offices and have sales personnel outside of the United States and are expanding our international operations. Our international expansion efforts may not be successful. In addition, conducting international operations subjects us to new risks than we have generally faced in the United States. These risks include:

- localization of our services, including translation into foreign languages and adaptation for local practices and regulatory requirements;
- lack of familiarity with and unexpected changes in foreign regulatory requirements;
- longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
- difficulties in managing and staffing international operations;
- fluctuations in currency exchange rates;
- potentially adverse tax consequences, including the complexities of foreign value-added or other tax systems;
- dependence on certain third parties, including channel partners with whom we do not have extensive experience;
- the burdens of complying with a wide variety of foreign laws and legal standards;
- increased financial accounting and reporting burdens and complexities;
- political, social and economic instability abroad, terrorist attacks and security concerns in general; and
- reduced or varied protection for intellectual property rights in some countries.

Operating in international markets also requires significant management attention and financial resources. The investment and additional resources required to establish operations and manage growth in other countries may not produce desired levels of revenue or profitability.

Failure to effectively and efficiently service SMBs would adversely affect our ability to increase our revenue.

We market and sell a significant amount of our services to SMBs. SMBs are challenging to reach, acquire and retain in a cost-effective manner. To grow our revenue, we must add new customers, sell additional services to existing customers and encourage existing customers to renew their subscriptions. Selling to and retaining SMBs is more difficult than selling to and retaining large enterprise customers because SMB customers generally:

- have higher failure rates;
- are price sensitive;
- are difficult to reach with targeted sales campaigns;
- have high churn rates in part because of the scale of their businesses and the ease of switching services; and
- generate less revenue per customer and per transaction.

In addition, SMBs frequently have limited budgets and may choose to spend funds on items other than our services. Moreover, SMBs are more likely to be significantly affected by economic downturns than larger, more established companies, and if these organizations experience economic hardship, they may be unwilling or unable to expend resources on IT.

If we are unable to market and sell our services to SMBs with competitive pricing and in a cost-effective manner, our ability to grow our revenue and maintain profitability will be harmed.

If we fail to meet the minimum service level commitments offered to some of our customers, we could be obligated to issue credits for future services or pay penalties to customers, which could significantly harm our revenue.

Some of our current customer agreements provide minimum service level commitments addressing uptime, functionality or performance. If we are unable to meet the stated service level commitments for these customers or our services suffer extended periods of unavailability, we are or may be contractually obligated to provide these customers with credits for future services or pay other penalties. Our revenue could be significantly impacted if we are unable to meet our service level commitments and are required to provide a significant amount of our services at no cost or pay other penalties. We have not incurred any significant liabilities for minimum service level commitments, and we do not currently have any reserves on our balance sheet for these commitments.

Our sales cycles for enterprise customers can be long, unpredictable and require considerable time and expense, which may cause our operating results to fluctuate.

The timing of our revenue from sales to enterprise customers is difficult to predict. These efforts require us to educate our customers about the use and benefit of our services, including the technical capabilities and potential cost savings to an organization. Enterprise customers typically undertake a significant evaluation process that has in the past resulted in lengthy sales cycles, typically several months. We spend substantial time, effort and money on our enterprise sales efforts without any assurance that these efforts will produce any sales. In addition, service subscriptions are frequently subject to budget constraints and unplanned administrative, processing and other delays. If sales expected from a specific customer for a particular quarter are not realized in that quarter or at all, our results could fall short of public expectations and our business, operating results and financial condition could be adversely affected.

Adverse economic conditions or reduced IT spending may adversely impact our revenues and profitability.

Our business depends on the overall demand for IT and on the economic health of our current and prospective customers. The use of our service is often discretionary and may involve a commitment of capital and other resources. Weak economic conditions in the United States, European Union and other key international economies may affect the rate of IT spending and could adversely impact our customers' ability or willingness to purchase our services, delay prospective customers' purchasing decisions, reduce the value or duration of their subscription contracts, or affect renewal rates, all of which could have an adverse effect on our business, operating results and financial condition.

Our success depends in large part on our ability to protect and enforce our intellectual property rights.

We rely on a combination of patent, copyright, service mark, trademark and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our intellectual property rights, all of which provide only limited protection. In addition, we have patented certain technologies used to provide our services and have additional patents pending. We cannot assure you that any patents will issue from our currently pending patent applications in a manner that gives us the protection sought, if at all, or that any future patents issued will not be challenged, invalidated or circumvented. Any patents that may issue in the future from pending or future patent applications may not provide sufficiently broad protection or they may not prove to be enforceable in actions against alleged infringers. Also, we cannot assure you that any future service mark or trademark registrations will be issued for pending or future applications or that any registered service marks or trademarks will be enforceable or provide adequate protection of our proprietary rights.

We endeavor to enter into agreements with our employees and contractors and agreements with parties with whom we do business to limit access to and disclosure of our proprietary information. The steps we have taken, however, may not prevent unauthorized use or the reverse engineering of our technology. Moreover, others may independently develop technologies that are competitive to ours or infringe our intellectual property. Enforcement of our intellectual property rights also depends on our successful legal actions against these infringers, but these actions may not be successful, even when our rights have been infringed.

Furthermore, effective patent, trademark, service mark, copyright and trade secret protection may not be available in every country in which our services are available. In addition, the legal standards relating to the validity, enforceability and scope of protection of intellectual property rights in Internet-related industries are uncertain and still evolving.

Our use of "open source" software could negatively affect our ability to sell our services and subject us to possible litigation.

A portion of the technologies we license incorporate so-called "open source" software, and we may incorporate additional open source software in the future. Open source software is generally licensed by its authors or other third parties under open source licenses. If we fail to comply with these licenses, we may be subject to certain conditions, including requirements that we offer our services that incorporate the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and/or that we license such modifications or derivative works under the terms of the particular open source license. If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our services that contained the open source software and required to comply with the foregoing conditions, which could disrupt the distribution and sale of some of our services.

We rely on third-party software, including server software and licenses from third parties to use patented intellectual property that is required for the development of our services, which may be difficult to obtain or which could cause errors or failures of our services.

We rely on software licensed from third parties to offer our services, including patented third-party technology. In addition, we may need to obtain future licenses from third parties to use intellectual property associated with the development of our services, which might not be available to us on acceptable terms, or at all. Any loss of the right to use any software required for the development and maintenance of our services could result in delays in the provision of our services until equivalent technology is either developed by us, or, if available, is identified, obtained and integrated, which could harm our business. Any errors or defects in third-party software could result in errors or a failure of our services which could harm our business.

Material defects or errors in the software that we use to deliver our services could harm our reputation, result in significant costs to us and impair our ability to sell our services.

The software applications underlying our services are inherently complex and may contain material defects or errors, particularly when first introduced or when new versions or enhancements are released. We have from time to time found defects in our services, and new errors in our existing services may be detected in the future. Any defects that cause interruptions to the availability of our services could result in:

- a reduction in sales or delay in market acceptance of our services;
- sales credits or refunds to customers;
- loss of existing customers and difficulty in attracting new customers;
- diversion of development resources;
- reputational harm; and
- increased insurance costs.

After the release of our services, defects or errors may also be identified from time to time by our internal team and by our customers. The costs incurred in correcting any material defects or errors in our services may be substantial and could harm our operating results.

Government regulation of the Internet, telecommunications and other communications technologies could harm our business and operating results.

As Internet commerce and telecommunications continue to evolve, increasing regulation by federal, state or foreign governments and agencies becomes more likely. Any increase in regulation could affect our customers' ability to use and share data, potentially reducing demand for our products and services. In addition, taxation of products and services provided over the Internet or other charges imposed by government agencies or by private organizations for accessing the Internet or utilizing telecommunications services may also be imposed. Any regulation imposing greater fees for Internet use or restricting the exchange of information over the Internet could diminish the viability of our services, which could harm our business and operating results.

Our software products contain encryption technologies, certain types of which are subject to U.S. and foreign export control regulations and, in some foreign countries, restrictions on importation and/or use. We have submitted encryption products for technical review under U.S. export regulations and have received the necessary approvals. Any failure on our part to comply with encryption or other applicable export control requirements could result in financial penalties or other sanctions under the U.S. export regulations, which could harm our business and operating results. Foreign regulatory restrictions could impair our access to technologies that we seek for improving our products and services and may also limit or reduce the demand for our products and services outside of the United States.

Depending upon the facts and circumstances, we may be obligated to indemnify Citrix for certain taxes and certain tax-related losses.

Certain transactions leading up to our acquisition of the GoTo Business from Citrix, including the GoTo Merger itself, were intended to qualify for tax-free treatment for U.S. federal income tax purposes, in each case based on the applicable facts and circumstances that existed on the date of such transactions. However, there can be no assurance that the Internal Revenue Service, or the IRS, will not successfully assert that the GoTo Merger or any of the transactions leading up to the GoTo Merger are taxable transactions, and that a court will not sustain such assertion.

In connection with the GoTo Merger, we entered into an Amended and Restated Tax Matters Agreement with Citrix, which provides for, among other things, the allocation of certain tax assets and liabilities between Citrix and LogMeIn. In certain scenarios, we may be obligated to indemnify Citrix against taxes and certain tax-related losses that arise as a result of LogMeIn's actions, or failure to act. Any such indemnification obligation would be substantial and would likely have a material adverse effect on us. In addition, even if we are not responsible for tax liabilities of Citrix under the Amended and Restated Tax Matters Agreement, LogMeIn nonetheless could be liable under applicable law for such liabilities if Citrix were to fail to pay such taxes.

Given our levels of share-based compensation, our effective tax rate may vary significantly depending on our stock price.

The tax effects of the accounting for share-based awards may significantly impact our effective tax rate from period to period. In periods in which our stock price is higher than the grant price of the share-based awards vested or expired in that period, we will recognize excess tax benefits that will decrease our effective tax rate. In future periods in which our stock price is lower than the grant price of the share-based awards vested or expired in that period, our effective tax rate may increase. The amount and value of share-based awards vested or expired relative to our earnings in a period will also affect the magnitude of the impact of share-based awards on our effective tax rate. These tax effects are dependent on our stock price, which we do not control, and a decline in our stock price could significantly increase our effective tax rate and adversely affect our financial results.

Uncertainties in the interpretation and application of the Tax Cuts and Jobs Act of 2017 could materially affect our tax obligations and effective tax rate.

The Tax Cuts and Jobs Act of 2017, which we refer to herein as the "U.S. Tax Act," was enacted on December 22, 2017 and has affected U.S. tax law by changing U.S. federal income taxation of U.S. corporations. We have reflected the impact of the Tax Act in our Consolidated Financial Statements. However, the U.S. Tax Act is complex and additional interpretative guidance may be issued that could affect the assumptions and estimates we made. In addition, at this stage, it is unclear how a number of U.S. states will incorporate the changes made by the U.S. Tax Act into their tax codes. Changes in the assumptions and estimates we have made relating to the U.S. Tax Act, as well as actions we may take, could result in a write down of deferred tax assets or otherwise materially affect our tax obligations or effective tax rate, which could negatively affect our financial condition and results of operations.

The United Kingdom's withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business.

The United Kingdom is in process of negotiating the terms of its transition period following its formal withdrawal from the European Union on January 31, 2020. Significant uncertainty about the terms and timing of transition events continue, including with respect to the laws and regulations that will apply as the United Kingdom determines which European Union laws to replace or replicate. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have a material adverse effect on our business, financial condition and results of operations and reduce the price of our common stock.

Our operating results may be harmed if we are required to collect sales or other related taxes for our subscription services or pay regulatory fees in jurisdictions where we have not historically done so.

Primarily due to the nature of our services in certain states and countries, we do not believe we are required to collect sales or other related taxes from our customers in certain states or countries. However, one or more other states or countries may seek to impose sales, regulatory fees or other tax collection obligations on us, including for past sales by us or our resellers and other partners. A successful assertion that we should be collecting sales or other related taxes on our services or paying regulatory fees could result in substantial tax liabilities for past sales, discourage customers from purchasing our services or otherwise harm our business and operating results.

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the United States.

Generally accepted accounting principles in the United States, or GAAP, are subject to interpretation by the Financial Accounting Standards Board, or FASB, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in accounting principles or interpretations could have a significant effect on our reported financial results for subsequent periods and prior periods, if retrospectively adopted. Additionally, the adoption of new standards may potentially require enhancements or changes in our systems and may require significant time and cost on behalf of our financial management. The prescribed periods of adoption of new standards and other pending changes in accounting principles generally accepted in the United States, are further discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Recently Issued Accounting Pronouncements."

Risks Related to Ownership of Our Common Stock

Our failure to raise additional capital or generate the cash flows necessary to expand our operations and invest in our services could reduce our ability to compete successfully.

We may need to raise additional funds, and we may not be able to obtain additional debt or equity financing on favorable terms, if at all. If we raise additional equity financing, our stockholders may experience significant dilution of their ownership interests, and the per share value of our common stock could decline. If we engage in debt financing, we may be required to accept terms that restrict our ability to pay dividends or make distributions, incur additional indebtedness and force us to maintain specified liquidity or other ratios. If we need additional capital and cannot raise it on acceptable terms, we may not be able to, among other things:

- develop or enhance services;
- continue to expand our development, sales and marketing organizations;
- acquire complementary technologies, products or businesses;
- expand our operations, in the United States or internationally;
- hire, train and retain employees; or
- respond to competitive pressures or unanticipated working capital requirements.

Our stock price may be volatile, and the market price of our common stock may drop in the future.

During the period from our initial public offering in July 2009 through February 10, 2020, our common stock has traded as high as $134.80 and as low as $15.15. An active, liquid and orderly market for our common stock may not be sustained, which could depress the trading price of our common stock. Some of the factors that may cause the market price of our common stock to fluctuate include:

- our ability to complete the Merger;
- the success or failure of acquisitions as well as our ability to realize the anticipated growth opportunities and other financial and operating benefits therefrom;
- fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- fluctuations in our recorded revenue, even during periods of significant sales order activity;
- changes in estimates of our financial results or recommendations by securities analysts;
- failure of any of our services to achieve or maintain market acceptance;

- changes in market valuations of companies perceived to be similar to us;
- announcements regarding changes to our current or planned products or services;
- success of competitive companies, products or services;
- changes in our capital structure, such as future issuances of securities or the incurrence of debt;
- announcements by us or our competitors of significant new services, contracts, acquisitions or strategic alliances;
- regulatory developments in the United States, foreign countries or both;
- litigation, including stockholder litigation and/or class action litigation, involving our company, our services or our general industry, as well as announcements regarding developments in on-going litigation matters;
- additions or departures of key personnel;
- general perception of the future of the cloud-based connectivity markets or our services;
- investors' general perception of us; and
- changes in general economic, industry and market conditions.

In addition, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to class action lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

We do not expect to declare or pay any dividends in the foreseeable future.

We do not anticipate declaring or paying any cash dividends to holders of our common stock in the foreseeable future. Consequently, stockholders must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on the value of their shares of our common stock.

If securities or industry analysts who cover us, our business or our market publish a negative report or change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us, our business, our market or our competitors. If any of the analysts who cover us or may cover us in the future, publish a negative report or change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, our stock price would likely decline.

Certain stockholders could attempt to influence changes within the Company which could adversely affect our operations, financial condition and the value of our common stock.

Our stockholders may from time-to-time seek to acquire a controlling stake in our company, engage in proxy solicitations, advance stockholder proposals or otherwise attempt to effect changes. Campaigns by stockholders to effect changes at publicly-traded companies are sometimes led by investors seeking to increase short-term stockholder value through actions such as financial restructuring, increased debt, special dividends, stock repurchases or sales of assets or the entire company. Responding to proxy contests and other actions by activist stockholders can be costly and time-consuming, and could disrupt our operations and divert the attention of our Board of Directors and senior management from the pursuit of our business strategies. These actions could adversely affect our operations, financial condition and the value of our common stock.

Anti-takeover provisions contained in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our certificate of incorporation, bylaws and Delaware law contain provisions that could have the effect of rendering more difficult or discouraging an acquisition deemed undesirable by our Board of Directors. Our corporate governance documents include provisions:

- establishing that our Board of Directors is divided into three classes, with each class serving three-year staggered terms;
- authorizing blank check preferred stock, which could be issued with voting, liquidation, dividend and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- limiting the ability of our stockholders to call and bring business before special meetings and to take action by written consent in lieu of a meeting;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our Board of Directors;
- controlling the procedures for the conduct and scheduling of our Board of Directors and stockholder meetings;
- providing our Board of Directors with the express power to postpone previously scheduled annual meetings and to cancel previously scheduled special meetings;
- restricting the forum for certain litigation brought against us to Delaware;
- providing our Board of Directors with the exclusive right to determine the number of directors on our Board of Directors and the filling of any vacancies or newly created seats on our Board of Directors; and
- providing that directors may be removed by stockholders only for cause.

These provisions, alone or together, could delay hostile takeovers and changes in control of our company or changes in our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which generally prevents certain interested stockholders, including a person who beneficially owns 15% or more of our outstanding common stock, from engaging in certain business combinations with us within three years after the person becomes an interested stockholder unless certain approvals are obtained. Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

ITEM 1B. *UNRESOLVED STAFF COMMENTS*

None.

ITEM 2. *PROPERTIES*

As of December 31, 2019, our principal facilities consist of owned and leased office space to house our development, sales and marketing, customer support, and administrative personnel.

	Approximate Square Footage	
	Owned	**Leased**
	(In thousands)	
Americas	160	545
EMEA (Europe, Middle East)	—	265
Asia-Pacific	—	79
	160	889

Our principal facilities include leased office space of 220,000 square feet in Boston, Massachusetts, our corporate headquarters, 118,000 square feet in Lindon, Utah, 48,000 square feet in Dublin, Ireland, and 49,000 square feet in Goleta, California, as well as an owned facility with 160,000 square feet in Goleta, California. We also utilize third-party co-location facilities from which we operate our data centers, which are located in the United States, the United Kingdom, Germany, India, Brazil and Australia. We believe our facilities are sufficient to support our needs and that additional space will be available in the future on commercially reasonable terms as needed.

ITEM 3. *LEGAL PROCEEDINGS*

Since the announcement of the Merger, five putative class action complaints have been filed by and purportedly on behalf of our alleged stockholders – three in the United States District Court for the District of Delaware, captioned *Stein v. LogMeIn, Inc., et al.*, (Case No. 1:20-cv-00098), filed January 22, 2020; *Carter v. LogMeIn, Inc., et al.*, (Case No. 1:20-cv-00124), filed January 24, 2020; and *Thompson v. LogMeIn, Inc., et.*, (Case No. 1:20-cv-00129), filed January 27, 2020, and two in the United States District Court for the Southern District of New York, captioned *Ford v. LogMeIn, Inc., et al.*, (Case No. 1:20-cv-00582), filed January 22, 2020; and *Rosenfeld v. LogMeIn, Inc. et. Al.*, (Case No. 1:20-cv-00981) filed February 5, 2020 (together, the “Actions”). The Actions name as defendants, LogMeIn, our President and Chief Executive Officer and our Board of Directors. The Actions allege, among other things, that all defendants violated provisions of the Exchange Act insofar as the proxy statement preliminarily filed by us on January 17, 2020 in connection with the Merger allegedly omits material information with respect to the transactions contemplated by the therein, including certain financial projections included therein, that purportedly renders the preliminary proxy statement false and misleading. The complaints seek, among other things, injunctive relief, rescissory damages, declaratory judgment and an award of plaintiffs’ fees and expenses. We believe the claims asserted in these complaints are without merit and intend to defend them vigorously.

On August 20, 2018, a securities class action lawsuit, referred to herein as the Securities Class Action, was initiated by purported stockholders of LogMeIn in the U.S. District Court for the Central District of California against us and certain of our officers, entitled *Wasson v. LogMeIn, Inc. et al.* (Case No. 2:18-cv-07285). On November 6, 2018, the case was transferred to the District of Massachusetts (Case No. 1:18-cv-12330). The lawsuit asserts claims under Sections 10(b) and 20(a) of the Securities and Exchange Act of 1934 based on alleged misstatements or omissions concerning renewal rates for our subscription contracts. The complaint seeks unspecified damages, fees and costs. We believe the lawsuit lacks merit and intend to defend it vigorously.

On January 30, 2019, a derivative action, referred to herein as the Derivative Action, was filed in the District of Massachusetts against our Board of Directors, entitled *Schlagel v. Wagner et al.* (Case No. 1:19-cv-10204) alleging breach of fiduciary duty, waste of corporate assets, and violation of Sections 10(b) and 14(a) of the Securities and Exchange Act of 1934 related to the same allegations of the Securities Class Action. The complaint seeks unspecified damages, fees and costs. The Derivative Action currently is stayed during the pleadings phase of the Securities Class Action. We intend to defend the lawsuit vigorously.

On July 25, 2019, a securities class action lawsuit alleging violations of the Securities Act of 1933 was initiated in the Circuit Court of the Fifteenth Judicial Circuit in Palm Beach County, Florida against us, Citrix Systems, Inc. and certain officers and directors of both us and Citrix, entitled *Plumbers and Pipefitters Local Union 719 Pension Trust Fund v. Citrix Systems, Inc., LogMeIn, Inc. et al.* (Case No. 502019CA009587XXXXMB Div AK, 9:19-cv-81155). The lawsuit, which arises from substantially the same set of facts as the Securities Class Action and the Derivative Action, was purportedly filed on behalf of current and former Citrix stockholders who acquired our common stock in connection with our January 2017 acquisition of the GoTo Business from Citrix and asserts claims under Sections 11, 12 and 15 of the Securities Act of 1933, as amended, based on alleged misstatements or omissions made in our Registration Statement on Form S-4 and the related prospectus as filed with the Securities and Exchange Commission in December 2016. The complaint seeks unspecified damages, fees and costs. We believe the lawsuit lacks merit and intend to defend it vigorously.

On August 31, 2017, 9Six Comercio e Serviços de Telecomunicações Ltda., or 9Six, filed a claim against Jive Telecomunicações do Brasil Ltda., or Jive Brasil, a subsidiary of Jive Communications, Inc., or Jive USA, in the 27th Civil Court of Sao Paulo. The claim relates to a commercial dispute regarding unpaid commission fees arising from a reseller agreement executed between 9Six and Jive Brasil in September 2016. In February 2018, 9Six filed additional claims against Jive Brasil alleging lost profits and punitive damages resulting from Jive Brasil's termination of the reseller agreement. In April 2018, we acquired Jive USA. As a result, Jive Brasil became our indirect subsidiary and we inherited this litigation. On June 7, 2019, the 27th Civil Court in Sao Paulo, Brazil awarded damages against Jive Brasil in the amount of approximately R$46.3 million Brazilian reais plus interest and attorneys' fees, or approximately $13.8 million USD as of December 31, 2019. On August 8, 2019, we appealed the lower court's decision with the Sao Paulo State Court of Appeal. We continue to believe that Jive Brasil has meritorious defenses to these claims and intend to vigorously defend against these claims on appeal. We have notified the shareholder representative for Jive USA that we intend to seek indemnification for this matter, which we believe is available pursuant to the terms of the merger agreement that we entered into with Jive USA in February 2018.

We are from time to time subject to various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. While the outcome of these claims cannot be predicted with certainty, management does not believe that the outcome of any of these legal matters will have a material adverse effect on our results of operations or financial condition.

ITEM 4. *MINE SAFETY DISCLOSURES*

None.

PART II

ITEM 5. ***MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES***

Certain Information Regarding the Trading of Our Common Stock

Our common stock began trading under the symbol "LOGM" on the NASDAQ Global Select Market on July 1, 2009. Prior to that date, there was no established public trading market for our common stock.

Holders of Our Common Stock

As of February 10, 2020, there were 431 holders of record of shares of our common stock. This number does not include stockholders for whom shares are held in "nominee" or "street" name. While we are unable to estimate the actual number of beneficial holders of our common stock, we believe the number of beneficial holders is substantially higher than the number of holders of record of shares of our common stock.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

(a) Recent Sales of Unregistered Securities

We did not sell any unregistered securities during the year ended December 31, 2019.

Securities Authorized for Issuance Under Equity Compensation Plans

Information regarding our equity compensation plans and the securities authorized for issuance thereunder is set forth herein under Part III, Item 12 below.

Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Maximum Number (or Approximate Dollar Value) of Shares that may yet be Purchased Under the Plans or Programs(1)	
October 1, 2019 — October 31, 2019	237,803	$ 67.92	237,803	$ 46,443,155	
November 1, 2019 — November 30, 2019	191,648	$ 73.27	191,648	$ 16,579,625	(2)
December 1, 2019 — December 31, 2019	99,727	$ 77.46	99,727	$ —	(3)
Total	529,178	$ 71.65	529,178		

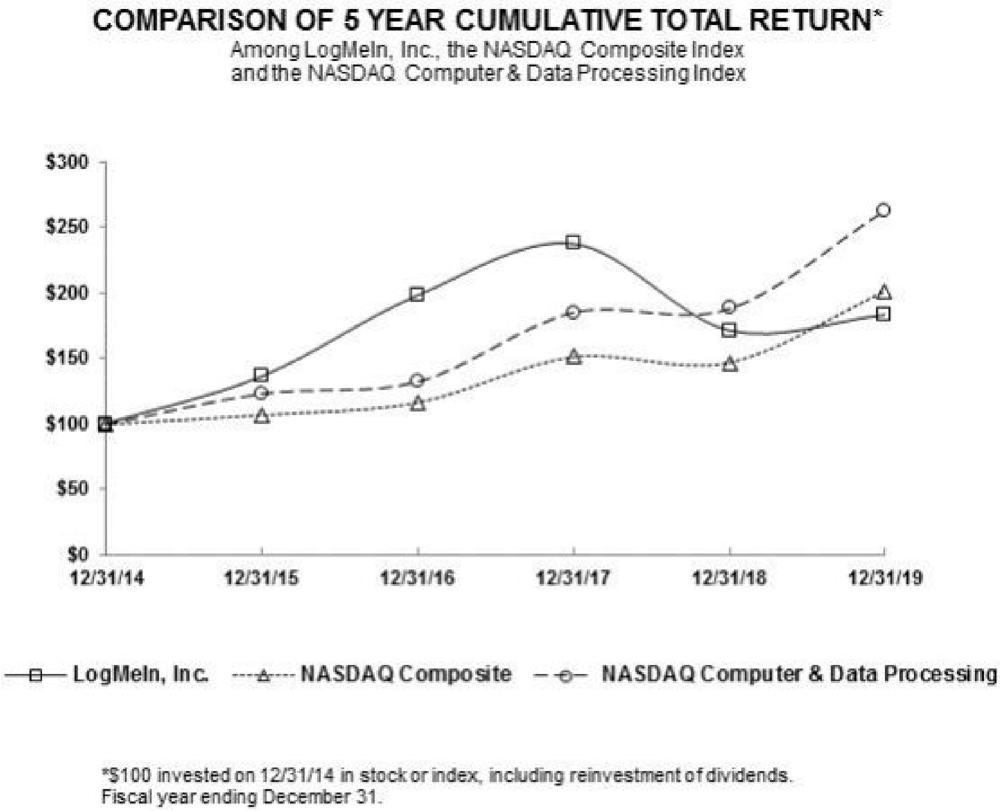
(1) On February 23, 2017, our Board of Directors approved a three-year capital return plan, pursuant to which we were authorized to return up to $700 million to stockholders through a combination of share repurchases and dividends. Share repurchases under this plan were made from time-to-time in the open market, in privately negotiated transactions or otherwise, in accordance with applicable securities laws and regulations. During the year ended December 31, 2019, we repurchased 2,710,112 shares of our common stock.

(2) This amount has been reduced by an additional $15.9 million which was used to pay a cash dividend of $0.325 per share on November 29, 2019 to stockholders of record as of November 13, 2019.

(3) Our three-year capital return plan expired on December 31, 2019 after having returned a total of $691.1 million to stockholders.

Stock Performance Graph

The following graph compares the cumulative total return to stockholders on our common stock for the period from December 31, 2014 through December 31, 2019 against the cumulative total return of the NASDAQ Composite Index and the NASDAQ Computer and Data Processing Index. The comparison assumes $100.00 was invested in our common stock, the NASDAQ Composite Index and the NASDAQ Computer and Data Processing Index and assumes reinvestment of dividends, if any. The stock performance on the graph below is not necessarily indicative of future price performance.



This performance graph shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

ITEM 6. *SELECTED FINANCIAL DATA*

You should read the following selected financial data together with our Consolidated Financial Statements and the related notes appearing at the end of this Annual Report on Form 10-K and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this Annual Report on Form 10-K. Our historical results for any prior period are not necessarily indicative of results to be expected in any future period. The operating results of acquisitions have been included in our results since the date of acquisition. On January 31, 2017, our GoTo Merger added over 1,600 employees as of that date and revenue increased to over $1 billion on an annualized basis. On April 3, 2018, our acquisition of Jive added approximately 700 employees and its fiscal 2017 revenue was approximately $80 million.

	Years Ended December 31,				
	2015	2016	2017	2018	2019
	(In thousands, except per share data)				
Consolidated Statement of Operations Data:					
Revenue	$ 271,600	$ 336,068	$ 989,786	$ 1,203,992	$ 1,260,385
Cost of revenue(1)	35,458	45,501	203,203	281,481	323,665
Gross profit	236,142	290,567	786,583	922,511	936,720
Operating expenses:					
Research and development(1)	42,597	57,193	156,731	169,409	160,499
Sales and marketing(1)	138,946	162,811	346,961	382,997	461,078
General and administrative(1)	33,034	60,693	160,366	145,453	144,780
Restructuring charge	—	—	—	—	14,468
Gain on disposition of assets	—	—	—	(33,910)	—
Legal settlements	3,600	—	—	—	—
Amortization of acquired intangibles	1,916	5,457	134,342	172,539	157,569
Total operating expenses	220,093	286,154	798,400	836,488	938,394
Income (loss) from operations	16,049	4,413	(11,817)	86,023	(1,674)
Interest income	654	698	1,389	1,671	1,651
Interest expense	(574)	(1,403)	(1,408)	(6,342)	(8,247)
Other income (expense), net	1,389	(500)	(141)	(556)	(588)
Income (loss) before income taxes	17,518	3,208	(11,977)	80,796	(8,858)
(Provision for) benefit from income taxes	(2,960)	(570)	111,500	(6,425)	(5,697)
Net income (loss)	$ 14,558	$ 2,638	$ 99,523	$ 74,371	$ (14,555)
Net income (loss) per share:					
Basic	$ 0.59	$ 0.10	$ 1.97	$ 1.44	$ (0.29)
Diluted	$ 0.56	$ 0.10	$ 1.93	$ 1.42	$ (0.29)
Weighted average shares outstanding:					
Basic	24,826	25,305	50,433	51,814	49,586
Diluted	25,780	26,164	51,463	52,496	49,586
Cash dividends declared and paid per share	$ —	$ 1.00	$ 1.25	$ 1.20	$ 1.30

(1) Includes stock-based compensation expense and intangible amortization expense as indicated in the following table:

	Years Ended December 31,				
	2015	2016	2017	2018	2019
	(In thousands)				
Cost of revenue:					
Stock-based compensation	$ 1,560	$ 2,289	$ 5,222	$ 4,997	$ 4,862
Intangible amortization	4,151	6,382	57,216	95,428	117,034
Research and development:					
Stock-based compensation	5,188	6,201	22,103	18,869	17,574
Sales and marketing:					
Stock-based compensation	11,090	16,181	16,155	15,995	17,930
General and administrative:					
Stock-based compensation	8,661	13,679	23,812	25,873	27,840

	As of December 31,				
	2015	2016	2017	2018	2019
	(In thousands)				
Consolidated Balance Sheet Data:					
Cash and cash equivalents and short-term marketable securities	$ 208,427	$ 196,466	$ 252,402	$ 148,652	$ 128,005
Total assets	455,699	443,293	3,858,108	3,935,953	3,855,997
Deferred revenue, including long-term portion	136,989	162,253	347,305	379,298	408,163
Long-term debt	60,000	30,000	—	200,000	200,000
Total liabilities	247,888	247,177	694,367	961,265	1,115,289
Total equity	207,811	196,116	3,163,741	2,974,688	2,740,708

ITEM 7. *MANAGEMENT' S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

You should read the following discussion and analysis of our financial condition and results of operations together with our Consolidated Financial Statements and the related notes and other financial information included elsewhere in this Annual Report on Form 10-K. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report on Form 10-K, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" section of this Annual Report on Form 10-K for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

LogMeIn simplifies how people connect with each other and the world around them to drive meaningful interactions, deepen relationships, and create better outcomes for individuals and businesses. A market leader in unified communications and collaboration, identity and access management, and customer engagement and support solutions, LogMeIn has millions of customers spanning virtually every country across the globe. LogMeIn is headquartered in Boston, Massachusetts with additional locations in North America, South America, Europe, Asia and Australia.

We offer both free and fee-based, or premium, subscription software services. Sales of our premium services are generated through online search, word-of-mouth referrals, web-based advertising, off-line advertising, broadcast advertising, public relations, the conversion of free users and expiring free trials to paid subscriptions and direct marketing to new and existing customers. We derive our revenue principally from subscription fees from our customers, who range from individual consumers to small and medium businesses, or SMBs, to multi-national enterprises. Our revenue is driven primarily by the number and type of our premium services to which our paying customers subscribe.

In January 2017, we completed our merger with a wholly-owned subsidiary of Citrix, pursuant to which we combined with Citrix's GoTo family of service offerings known as the GoTo Business, which we refer to herein as the GoTo Merger. Following the completion of the GoTo Merger, our revenue grew to over $1 billion on an annualized basis in fiscal 2017 and we added over 1,600 employees. In April 2018, we completed our acquisition of Jive Communications, Inc., or Jive, a provider of cloud-based phone systems and unified communications services. At the time of closing, Jive had approximately 700 employees and its fiscal year 2017 revenue was approximately $80 million.

Merger Agreement

In December 2019, we entered into an Agreement and Plan of Merger, or the Merger Agreement, with Logan Parent, LLC, or Parent, and Logan Merger Sub, Inc., a wholly owned subsidiary of Parent, or Merger Sub. Pursuant to the terms of the Merger Agreement, Merger Sub would merge with and into LogMeIn, which we refer to herein as the Merger. Parent and Merger Sub are controlled by Francisco Partners, a technology-focused global private equity firm, and Evergreen Coast Capital Corp., the technology-focused global private equity affiliate of Elliott Management Corporation, an investment management firm. Assuming the satisfaction of the conditions set forth in the Merger Agreement, we currently expect the Merger to close in mid-2020.

Operating Results

For the year ended December 31, 2019, we recognized revenues of $1.26 billion and generated cash flows from operating activities of $360.8 million, and we ended the year with $128.0 million of cash and cash equivalents and $200.0 million of outstanding borrowings under our credit facility. During the year ended December 31, 2019, we repurchased $206.7 million of our common stock pursuant to our share repurchase program and paid cash dividends of $64.6 million to our stockholders. We recorded a net loss of $14.6 million in the year ended December 31, 2019, including amortization of acquired intangible assets of $241.3 million, restructuring charges of $14.5 million, acquisition-related transaction, transition and integration-related costs of $12.9 million, including $10.6 million of retention-based bonuses primarily related to our acquisition of Jive and our 2019 acquisitions and $10.9 million of Merger-related costs.

Capital Returns

On February 23, 2017, our Board of Directors approved a three-year capital return plan to return up to $700 million to stockholders through a combination of share repurchases and dividends. Pursuant to this plan, during 2019, we repurchased shares and paid cash dividends totaling $271.3 million as follows:

- Repurchased 2,710,112 shares of our common stock at an average price of $76.28 per share for a total cost of $206.7 million.
- Paid four cash dividends of $0.325 per share of our common stock, one in each of the four quarters of 2019, totaling $64.6 million.

The capital return plan expired on December 31, 2019. Pursuant to the terms of the Merger Agreement, from the date of the Merger Agreement until the earlier of the effective time of the Merger or the termination of the Merger Agreement, we may not repurchase any shares or declare or pay dividends to our common stockholders without Parent's written consent and Parent has indicated that it does not intend to provide any such consent.

Restructuring Plan

On February 7, 2020, our Board of Directors approved a global restructuring plan, including a reduction in force which will result in the termination of approximately 8% of our workforce and the consolidation of certain leased facilities. By restructuring, we intend to streamline our organization and reallocate resources to better align with our current strategic goals. We expect to incur pre-tax restructuring charges of approximately $21 million and to substantially complete the restructuring by the end of fiscal year 2020. The pre-tax restructuring charges are comprised of approximately $20 million in one-time employee termination benefits and $1 million for facilities-related and other costs.

Certain Trends and Uncertainties

The following represents a summary of certain trends and uncertainties, which could have a significant impact on our financial condition and results of operations. This summary is not intended to be a complete list of potential trends and uncertainties that could impact our business in the long or short term. The summary, however, should be considered along with the factors identified in the section titled "Risk Factors" of this Annual Report on Form 10-K and elsewhere in this report.

- Failure to complete the previously announced Merger could adversely impact the market price of our common stock as well as our business and operating results. This risk, as well as risks associated with the Merger, are identified further in "Risk Factors – Risks Related to the Merger" of this Annual Report on Form 10-K and elsewhere in this report.
- There is frequent litigation in the software and technology industries based on allegations of infringement or other violations of intellectual property rights. We have been, and may in the future be, subject to third party patent infringement or other intellectual property-related lawsuits as we face increasing competition and become increasingly visible. Any adverse determination related to intellectual property claims or litigation could adversely affect our business, financial condition and operating results.
- The risk of a data security breach or service disruption caused by computer hackers and cyber criminals has increased as the frequency, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Our services and systems have been, and may in the future be, the target of various forms of cyberattacks. While we make significant efforts to maintain the security and integrity of our services and computer systems, our cybersecurity measures and the cybersecurity measures taken by our third-party data center facilities may be unable to anticipate, detect or prevent all attempts to compromise our systems. Any security breach, whether successful or not, could harm our reputation, subject us to lawsuits and other potential liabilities and ultimately could result in the loss of customers.
- Failure to successfully integrate acquisitions could adversely impact the market price of our common stock as well as our business and operating results. This risk is identified further in "Risk Factors - Risks Related to our Business" of this Annual Report on Form 10-K and elsewhere in this report.
- We believe that competition will continue to increase. Increased competition could result from existing competitors or new competitors that enter the market because of the potential opportunity. We will continue to closely monitor competitive activity and respond accordingly. Increased competition could have an adverse effect on our financial condition and results of operations.
- We believe that as we continue to grow revenue at expected rates, our cost of revenue and operating expenses, including sales and marketing, research and development and general and administrative expenses will increase in absolute dollar amounts. For a description of the general trends in various expense categories, see "Cost of Revenue and Operating Expenses" below.

Sources of Revenue

We derive our revenue primarily from subscription fees for our premium services from enterprise customers, SMBs, IT service providers, mobile carriers, customer service centers, OEMs and consumers, usage fees from our audio services, and, to a lesser extent, the sale or lease of telecommunications equipment. Our customers who subscribe to our services generally pay in advance and typically pay with a credit card for their subscription. We initially record a subscription fee as deferred revenue and then recognize it ratably, on a daily basis, over the life of the subscription period. Typically, a subscription automatically renews at the end of a subscription period unless the customer specifically terminates it prior to the end of the period.

We calculate our gross renewal rate on an annualized dollar basis across all product lines as of the end of each period. For the year ended December 31, 2019, our gross renewal rate was approximately 80%. We will continue to monitor and assess our renewal rate calculation and methodology to ensure that it is appropriate.

Revenue by product grouping is as follows:

	Years Ended December 31,		
	2017	2018	2019
		(In thousands)	
Revenues:			
Unified communications and collaboration	$ 527,412	$ 672,339	$ 686,499
Identity and access management	289,181	353,887	400,633
Customer engagement and support	173,193	177,766	173,253
Total revenue	$ 989,786	$ 1,203,992	$ 1,260,385

Employees

We have increased our number of full-time employees to 3,974 as of December 31, 2019 compared to 3,515 as of December 31, 2018.

Cost of Revenue and Operating Expenses

We allocate certain overhead expenses, such as rent, utilities and information technology to expense categories primarily based on headcount allocation. As a result, an overhead allocation associated with these costs is reflected in cost of revenue and each operating expense category.

Cost of Revenue. Cost of revenue consists primarily of costs associated with our data center operations and customer support centers. Included in these costs are wages and benefits for personnel, telecommunications, hosting fees, hardware and software maintenance costs, outsourced customer support staffing costs, telecommunications product costs, and depreciation associated with our data centers. Additionally, amortization expense associated with the acquired software, technology and internally developed software to be sold as a service is included in cost of revenue. The expenses related to hosting our services and supporting our free and premium customers are dependent on the number of customers who subscribe to our services and the complexity and redundancy of our services and hosting infrastructure.

Research and Development. Research and development expenses consist primarily of wages and benefits for development personnel, retention-based bonus expense related to our acquisitions, facility expense, cloud computing services, consulting fees associated with outsourced development projects, travel-related costs for development personnel and depreciation of assets used in development. Our research and development efforts are focused on both improving ease of use and functionality of our existing services, as well as developing new offerings. More than half of our research and development employees are located internationally in our development centers in Hungary, Germany, Canada, Israel and India. Therefore, a large portion of research and development expense is subject to fluctuations in foreign exchange rates. We capitalized costs of $29.8 million, $31.4 million, and $39.9 million for the years ended December 31, 2017, 2018 and 2019, respectively, related to internally developed software to be sold as a service, which were incurred during the application development stage. The majority of research and development costs have been expensed as incurred. We expect that research and development expenses will remain relatively constant as a percentage of revenue.

Sales and Marketing. Sales and marketing expenses consist primarily of online search and advertising costs, wages, commissions and benefits for sales and marketing personnel, offline marketing costs such as media advertising and trade shows, consulting fees, credit card processing fees, facility expense and hardware and software maintenance costs. Online search and advertising costs consist primarily of pay-per-click payments to search engines and other online advertising media such as banner ads. Offline marketing costs include radio and print advertisements, as well as the costs to create and produce these advertisements, and tradeshows, including the costs of space at tradeshows and costs to design and construct tradeshow booths. Advertising costs are expensed as incurred. In order to continue to grow our business and awareness of our services, we expect that we will continue to invest in our sales and marketing efforts.

General and Administrative. General and administrative expenses consist primarily of wages and benefits for management, human resources, internal IT support, legal, finance and accounting personnel, professional fees, insurance and other corporate expenses, including acquisition-related expenses. We expect that general and administrative expenses related to personnel, recruiting, internal information systems, audit, accounting and insurance costs will remain relatively constant as a percentage of revenue as we continue to support the growth of our business. Further, we expect to continue to incur acquisition-related and Merger-related costs, and general and administrative expenses could increase if we incur litigation-related expenses associated with our defense against legal claims.

Critical Accounting Policies

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. The preparation of our financial statements and related disclosures requires us to make estimates, assumptions and judgments that affect the reported amount of assets, liabilities, revenue, costs and expenses, and related disclosures. We base our estimates and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions and conditions. Our most critical accounting policies are summarized below. See Note 2 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for additional information about these critical accounting policies, as well as a description of our other significant accounting policies.

Revenue Recognition — We derive our revenue primarily from subscription fees for our premium services, usage fees from our audio services and, to a lesser extent, the sale or lease of telecommunications equipment. Revenue is reported net of applicable sales and use tax, value-added tax and other transaction taxes imposed on the related transaction including mandatory government charges that are billed to our customers. Revenue is recognized when control of these services or products are transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for the contract's performance obligations.

We determine revenue recognition through the following five steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, performance obligations are satisfied

We account for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Revenue from our premium subscription services represents a single promise to provide continuous access (i.e., a stand-ready obligation) to our software solutions and their processing capabilities in the form of a service through one of our data centers. Our software cannot be run on another entity's hardware and customers do not have the right to take possession of the software and use it on their own or another entity's hardware. As each day of providing access to the software is substantially the same and the customer simultaneously receives and consumes the benefits as access is provided, we determined that our premium subscription services arrangements include a single performance obligation comprised of a series of distinct services. Revenue from our premium subscription services is recognized over time on a ratable basis over the contract term beginning on the date that our service is made available to the customer. Subscription periods range from monthly to multi-year, are typically billed in advance and are non-cancelable.

Revenue from our audio services represent a single promise to stand-ready to provide access to our audio platform. As each day of providing audio services is substantially the same and the customer simultaneously receives and consumes the benefits as access is provided, we have determined that our audio services arrangements include a single performance obligation comprised of a series of distinct services. Our audio services may include fixed consideration, variable consideration or a combination of the two. Variable consideration in these arrangements is typically a function of the corresponding rate per minute. We allocate the variable amount to each distinct service period within the series and recognize revenue as each distinct service period is performed (i.e., recognized as incurred).

Income Taxes — We are subject to federal, state, and foreign income taxes for jurisdictions in which we operate, and we use estimates in determining our provision for these income taxes. Deferred tax assets, related valuation allowances, current tax liabilities and deferred tax liabilities are determined separately by tax jurisdiction. In making these determinations, we estimate deferred tax assets, current tax liabilities and deferred tax liabilities, and we assess temporary differences resulting from differing treatment of items for tax and accounting purposes. We evaluate our uncertain tax positions based on a determination of whether and how much of a tax benefit we have taken in our tax filings is more likely than not to be realized. Potential interest and penalties associated with any uncertain tax positions are recorded as a component of income tax expense. Although we believe that our tax estimates are reasonable, the ultimate tax determination involves significant judgment that is subject to audit by tax authorities in the ordinary course of business.

Goodwill and Acquired Intangible Assets — We record goodwill as the excess of the acquisition price over the fair value of the tangible and identifiable intangible net assets acquired. We do not amortize goodwill, but instead perform an impairment test of goodwill annually or whenever events and circumstances indicate that the carrying amount of goodwill may exceed its fair value. We operate as a single operating segment with one reporting unit and consequently evaluate goodwill for impairment based on an evaluation of the fair value of the company as a whole. As of November 30, 2019, our measurement date, the fair value of the company as a whole was substantially in excess of its carrying value. We routinely monitor our intangible assets for indicators of impairment. If an indicator exists, we compare the undiscounted expected future cash flows from the intangible asset to its carrying value. If the carrying value exceeds the undiscounted expected cash flows, we record an impairment based on the difference between the carrying value and determined fair value. Projected future cash flows are an estimate made by management which, based on their nature, include risks and uncertainties primarily related to acceptance of products in the marketplace. To the extent that estimates of cash flows do not come to fruition, future impairments of intangible assets may be required. No material impairments have been recorded through December 31, 2019.

We record intangible assets at their respective estimated fair values at the date of acquisition. Intangible assets are amortized based upon the pattern in which their economic benefit will be realized, or if this pattern cannot be reliably determined, using the straight-line method over their estimated useful lives, which range up to eleven years.

Loss Contingencies — We have been involved in various legal claims and legal proceedings and may be subject to additional legal claims and proceedings in the future that arise in the ordinary course of business. We consider the likelihood of a loss or the incurrence of a liability, as well as our ability to reasonably estimate the amount of loss, in determining loss contingencies. An estimated loss contingency is accrued when we believe that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. We regularly evaluate current information available and consider the impact of negotiations, settlements, rulings, advice of legal counsel and updated information to determine whether such accruals should be adjusted, whether new accruals are required and whether to update our disclosures accordingly. Litigation is inherently unpredictable and is subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could have a material adverse effect on our results of operations, financial position and cash flows. See Note 14 to the Consolidated Financial Statements for a further discussion of litigation and contingencies as well as “Legal Proceedings” in Part I, Item 3.

Results of Consolidated Operations

The following table sets forth selected condensed consolidated statements of operations data for each of the periods indicated as a percentage of total revenue (dollar amounts in thousands):

	Years Ended December 31,							
	2017		2018			2019		
	Amount	Percent of Revenue	Amount	Percent of Revenue	Percent Change	Amount	Percent of Revenue	Percent Change
Revenue	$ 989,786	100%	$ 1,203,992	100%	22%	$ 1,260,385	100%	5%
Cost of revenue	203,203	21%	281,481	23%	39%	323,665	26%	15%
Gross profit	786,583	79%	922,511	77%	17%	936,720	74%	2%
Operating expenses								
Research and development	156,731	16%	169,409	14%	8%	160,499	13%	(5)%
Sales and marketing	346,961	35%	382,997	32%	10%	461,078	37%	20%
General and administrative	160,366	16%	145,453	12%	(9)%	144,780	11%	0%
Restructuring charge	—		—			14,468	1%	
Gain on disposition of assets	—		(33,910)	(3)%		—		
Amortization of acquired intangibles	134,342	14%	172,539	14%	28%	157,569	13%	(9)%
Total operating expenses	798,400	81%	836,488	69%	5%	938,394	74%	12%
Income (loss) from operations	$ (11,817)	(1)%	$ 86,023	7%	828%	$ (1,674)	0%	(102)%

	As of December 31,				
	2017	2018	Percent Change	2019	Percent Change
Employees:					
Cost of revenue	444	707	59%	881	25%
Research and development	1,031	1,152	12%	1,223	6%
Sales and marketing	927	1,170	26%	1,351	15%
General and administrative	358	486	36%	519	7%
Total headcount at end of period	2,760	3,515	27%	3,974	13%

Revenue and cost comparisons between 2017, 2018 and 2019 are impacted by acquisitions. On January 31, 2017, the GoTo Merger added over 1,600 employees and increased our 2017 revenue to over $1 billion on an annualized basis. On April 3, 2018, our acquisition of Jive added approximately 700 employees and revenue of approximately $78 million in the year ended December 31, 2018.

Years Ended December 31, 2018 and 2019

Revenue. Revenue increased $56.4 million, or 5%, from $1.20 billion for the year ended December 31, 2018 to $1.26 billion for the year ended December 31, 2019. The effect of acquisition accounting on the fair value of acquired deferred revenue for the GoTo Business was $3.0 million and $1.2 million for the years ended December 31, 2018 and 2019 respectively. The effect of acquisition accounting on the fair value of acquired deferred revenue for Jive was $0.7 million for the year ended December 31, 2018.

Cost of Revenue. Cost of revenue increased $42.2 million, or 15%, from $281.5 million for the year ended December 31, 2018 to $323.7 million for the year ended December 31, 2019 and as a percentage of revenue was 23% and 26%, respectively. The increase in cost of revenue as a percentage of revenue includes an increase in amortization of acquired intangible assets from $72.7 million to $83.7 million for the years ended December 31, 2018 and 2019, respectively. We amortize our acquired intangible assets based upon the pattern in which their economic benefit will be realized. Cost of revenue for the years ended December 31, 2018 and 2019, included personnel-related costs, including salary, bonus, recruiting, relocation, travel, training, benefits and taxes of $68.2 million and $67.4 million, respectively; facility-related costs of $7.7 million and $7.9 million, respectively; depreciation, maintenance, and amortization of internally developed software of $51.5 million and $61.5 million, respectively; professional services expense of $10.6 million and $9.8 million, respectively; data center, telecommunications and cloud computing service costs of $54.7 million and $60.6 million, respectively; telecommunication product costs of $12.5 million and $28.1 million, respectively; and royalty expense of $2.2 million and $3.2 million, respectively. Included in personnel-related costs in both the years ended December 31, 2018 and 2019 is $5.0 million and $4.9 million, respectively, of stock-based compensation expense and $0.9 million and $0.5 million, respectively, of acquisition-related retention-based bonuses.

Research and Development Expenses. Research and development expenses decreased $8.9 million, or 5%, from $169.4 million for the year ended December 31, 2018 to $160.5 million for the year ended December 31, 2019, and as a percentage of revenue was 14% and 13%, respectively. Research and development expenses for the years ended December 31, 2018 and 2019, included personnel-related costs, including salary, bonus, recruiting, relocation, travel, training, benefits and taxes of $127.5 million and $117.4 million, respectively; facility-related costs of $11.9 million and $11.6 million, respectively; cloud computing services of $8.7 million and $10.6 million, respectively; depreciation and maintenance expense of $15.6 million and $14.9 million, respectively; and professional services expense of $5.1 million and $5.3 million, respectively. We capitalized $31.4 million and $39.9 million of research and development expenses during the years ended December 31, 2018 and 2019, respectively, for internally developed software to be sold as a service incurred during the application development stage. Also included in personnel-related costs in the years ended December 31, 2018 and 2019 is $18.9 million and $17.6 million, respectively, of stock-based compensation expense and $6.1 million and $6.8 million, respectively, of acquisition-related retention-based bonuses.

Sales and Marketing Expenses. Sales and marketing expenses increased $78.1 million, or 20%, from $383.0 million for the year ended December 31, 2018 to $461.1 million for the year ended December 31, 2019, and as a percentage of revenue was 32% and 37%, respectively. This increase includes the impact of higher commission expense amortization in 2019 versus 2018 from the adoption of ASU 2014-09, *Revenue from Contracts with Customers*, referred to herein as ASC 606, on January 1, 2018, using the modified retrospective transition method which included the capitalization and amortization of incremental costs of obtaining contracts (commissions and fringe benefits). Sales and marketing expenses for the years ended December 31, 2018 and 2019, included personnel-related costs, including salary, commission, bonus, recruiting, relocation, travel, training, benefits and taxes of $176.6 million and $215.7 million, respectively; marketing costs of $138.4 million and $163.6 million, respectively; credit card transaction fees of $22.9 million and $23.9 million, respectively; facility-related costs of $14.7 million and $17.1 million, respectively; depreciation and maintenance expense of $21.4 million and $22.8 million, respectively; and partner and professional services expense of $8.7 million and $17.7 million, respectively. Included in personnel-related costs in the years ended December 31, 2018 and 2019 is $20.6 million and $41.8 million, respectively, of commissions expense, $16.0 million and $17.9 million, respectively, of stock-based compensation expense and $2.3 million and $1.7 million, respectively, of acquisition-related retention-based bonuses.

General and Administrative Expenses. General and administrative expenses were $145.5 million for the year ended December 31, 2018 and remained relatively flat at $144.8 million for the year ended December 31, 2019 and as a percentage of revenue was 12% and 11%, respectively. For the years ended December 31, 2018 and 2019, general and administrative expenses included acquisition-related costs of $13.5 million and $3.9 million, respectively, primarily related to transaction, transition and integration-related costs for the acquisition of Jive and the 2019 acquisitions. General and administrative expenses for the years ended December 31, 2018 and 2019, included personnel-related costs, including salary, bonus, recruiting, relocation, travel, training, benefits and taxes, of $92.7 million and $91.2 million, respectively; professional services of $19.5 million and $19.8 million, respectively; facility-related costs of $8.7 million and $8.1 million, respectively; and depreciation and maintenance expense of $6.9 million and $6.6 million, respectively. General and administrative expenses for the year ended December 31, 2019 included $10.9 million of Merger-related costs. Included in personnel-related costs in the years ended December 31, 2018 and 2019 is $25.9 million and $27.8 million, respectively, of stock-based compensation expense and $1.9 million and $1.6 million, respectively, of acquisition-related retention-based bonuses.

Restructuring Charge. We recorded a restructuring charge of $14.5 million in the year ended December 31, 2019, which includes one-time employee termination benefits and related costs and costs associated with vacating certain leased facilities.

Gain on Disposition of Assets. We recorded a gain on the disposition of assets of $33.9 million in the year ended December 31, 2018 related to the gain on the sale of our Xively business, further described in Note 5 to the Consolidated Financial Statements.

Amortization of Acquired Intangibles. Amortization of acquired intangibles was $172.5 million and $157.6 million for the years ended December 31, 2018 and 2019, respectively. We amortize our acquired intangible assets based upon the pattern in which their economic benefit will be realized.

Interest Income. Interest income was $1.7 million for both of the years ended December 31, 2018 and 2019 and was primarily attributable to interest income earned on marketable securities and invested cash and cash equivalents.

Interest Expense. Interest expense was $6.3 million and $8.2 million for the years ended December 31, 2018 and 2019, respectively, and was primarily associated with interest expense attributable to $200.0 million of borrowings under our credit facility used to partially fund the Jive acquisition on April 3, 2018 as well as the amortization of financing fees.

Other Income (Expense), Net. Other income (expense), net was expense of $0.6 million for both of the years ended December 31, 2018 and 2019, comprised primarily of realized and unrealized foreign currency gains and losses resulting from multi-currency settlements and re-measurements occurring during the period.

Income Taxes. We recorded a provision for federal, state and foreign income taxes of $6.4 million on a profit before income taxes of $80.8 million and a provision of $5.7 million on a loss before income taxes of $8.9 million for the years ended December 31, 2018 and 2019, respectively. In 2018, our effective tax rate was different than the U.S federal statutory rate of 21% primarily due to a realignment of some of our intellectual property amongst three of our entities (two wholly-owned foreign entities and one in the United States), the recording of excess tax benefits related to stock-based awards in 2018 and due to profits earned in certain foreign jurisdictions, primarily our Irish subsidiaries, which were subject to significantly lower tax rates than the U.S. federal statutory rate in 2018. In 2019, our effective tax rate was different than the U.S. federal statutory rate of 21% primarily due to the non-deductibility of Merger-related costs of $10.9 million and the recording of tax deficits related to stock-based awards. In 2018 and 2019, we recorded a net benefit of $7.3 million related to excess tax benefits and a net provision of $2.4 million related to tax deficits on stock-based awards, respectively.

Net Income (Loss). We recognized net income of $74.4 million and a net loss of $14.6 million for the years ended December 31, 2018 and 2019, respectively.

Years Ended December 31, 2017 and 2018

Revenue. Revenue increased $214.2 million, or 22%, from $989.8 million for the year ended December 31, 2017 to $1.2 billion for the year ended December 31, 2018. This increase included the GoTo Business revenue for twelve months in the 2018 period versus eleven months in the 2017 period; revenue derived from the Jive business since the acquisition date on April 3, 2018 of approximately $78 million; and the effect of acquisition accounting on the fair value of acquired deferred revenue for the GoTo Business of $34.3 million and $3.0 million in the years ended December 31, 2017 and 2018, respectively, and $0.7 million for Jive for the year ended December 31, 2018.

Cost of Revenue. Cost of revenue increased $78.3 million, or 39%, from $203.2 million for the year ended December 31, 2017 to $281.5 million for the year ended December 31, 2018 and as a percentage of revenue was 21% and 23%, respectively. The increase in cost of revenue as a percentage of revenue includes an increase in amortization of acquired intangible assets from $48.7 million to $72.7 million for the years ended December 31, 2017 and 2018, respectively. This increase is primarily attributable to the acquired intangibles of the GoTo Business, as well as the inclusion of Jive since the April 2018 acquisition date which has also contributed to the increase as a percentage of revenue. We amortize our acquired intangible assets based upon the pattern in which their economic benefit will be realized. Cost of revenue for the years ended December 31, 2017 and 2018, included personnel-related costs, including salary, bonus, recruiting, relocation, travel, training, benefits and taxes of $52.3 million and $68.2 million, respectively; facility-related costs of $6.7 million and $7.7 million, respectively; depreciation, maintenance, and amortization of internally developed software of $34.8 million and $51.5 million, respectively; professional services expense of $12.8 million and $10.6 million, respectively; data center, telecommunications and cloud computing service costs of $45.2 million and $54.7 million, respectively; and royalty expense of $1.8 million and $2.2 million, respectively. Cost of revenue for the year ended December 31, 2018 included telecommunication product costs of $12.5 million. Included in personnel-related costs in both the years ended December 31, 2017 and 2018 is $5.2 million and $5.0 million, respectively, of stock-based compensation expense and $1.3 million and $0.9 million, respectively, of acquisition-related retention-based bonuses.

Research and Development Expenses. Research and development expenses increased $12.7 million, or 8%, from $156.7 million for the year ended December 31, 2017 to $169.4 million for the year ended December 31, 2018, and as a percentage of revenue was 16% and 14%, respectively. Research and development expenses for the years ended December 31, 2017 and 2018, included personnel-related costs, including salary, bonus, recruiting, relocation, travel, training, benefits and taxes of $118.5 million and $127.5 million, respectively; facility-related costs of $12.0 million and $11.9 million, respectively; cloud computing services of $5.7 million and $8.7 million, respectively; depreciation and maintenance expense of $14.3 million and $15.6 million, respectively; and professional services expense of $4.9 million and $5.1 million, respectively. We capitalized $29.8 million and $31.4 million of personnel-related costs noted above during the years ended December 31, 2017 and 2018, respectively, for internally developed software to be sold as a service incurred during the application development stage. Also included in personnel-related costs in the years ended December 31, 2017 and 2018 is $22.1 million and $18.9 million, respectively, of stock-based compensation expense and $7.3 million and $6.1 million, respectively, of acquisition-related retention-based bonuses.

Sales and Marketing Expenses. Sales and marketing expenses increased $36.0 million, or 10%, from $347.0 million for the year ended December 31, 2017 to $383.0 million for the year ended December 31, 2018, and as a percentage of revenue was 35% and 32%, respectively. We adopted ASC 606 on January 1, 2018 using the modified retrospective transition method which included the capitalization and amortization of incremental costs of obtaining contracts (commissions and related fringe benefits). For the year ended December 31, 2018, commissions expense was $37.7 million lower than it would have been under pre-ASC 606 accounting guidance. Sales and marketing expenses for the years ended December 31, 2017 and 2018, included personnel-related costs, including salary, commission, bonus, recruiting, relocation, travel, training, benefits and taxes of $170.6 million and $176.6 million, respectively; marketing costs of $119.5 million and $138.4 million, respectively; credit card transaction fees of $20.8 million and $22.9 million, respectively; facility-related costs of $15.5 million and $14.7 million, respectively; depreciation and maintenance expense of $14.4 million and $21.4 million, respectively; and partner and professional services expense of $3.1 million and $8.7 million, respectively. Included in personnel-related costs in the years ended December 31, 2017 and 2018 is $33.7 million and $20.6 million, respectively, of commissions expense, $16.2 million and $16.0 million, respectively, of stock-based compensation expense and $3.1 million and $2.3 million, respectively, of acquisition-related retention-based bonuses.

General and Administrative Expenses. General and administrative expenses decreased $14.9 million, or 9%, from $160.4 million for the year ended December 31, 2017 to $145.5 million for the year ended December 31, 2018 and as a percentage of revenue was 16% and 12%, respectively. For the years ended December 31, 2017 and 2018, general and administrative expenses included acquisition-related costs of $48.2 million and $13.5 million, respectively, primarily related to transaction, transition and integration-related costs for the GoTo Merger in 2017 and the acquisition of Jive in 2018. General and administrative expenses for the years ended December 31, 2017 and 2018, included personnel-related costs, including salary, bonus, recruiting, relocation, travel, training, benefits and taxes, of $73.4 million and $92.7 million, respectively; professional services of $20.9 million and $19.5 million, respectively; facility-related costs of $7.6 million and $8.7 million, respectively; and depreciation and maintenance expense of $6.5 million and $6.9 million, respectively. Included in personnel-related costs in the years ended December 31, 2017 and 2018 is $23.8 million and $25.9 million, respectively, of stock-based compensation expense.

Gain on Disposition of Assets. We recorded a gain on the disposition of assets of $33.9 million in the year ended December 31, 2018 related to the gain on the sale of our Xively business.

Amortization of Acquired Intangibles. Amortization of acquired intangibles was $134.3 million and $172.5 million for the years ended December 31, 2017 and 2018, respectively. The increase was primarily related to the intangible assets acquired as a result of the GoTo Merger on January 31, 2017 and the acquisition of Jive on April 3, 2018. We amortize our acquired intangible assets based upon the pattern in which their economic benefit will be realized.

Interest Income. Interest income was $1.4 million and $1.7 million for the years ended December 31, 2017 and 2018, respectively, and was primarily attributable to interest income earned on marketable securities and invested cash and cash equivalents.

Interest Expense. Interest expense was $1.4 million and $6.3 million for the years ended December 31, 2017 and 2018, respectively, and was primarily associated with interest expense attributable to $200.0 million of borrowings under our credit facility used to partially fund the Jive acquisition on April 3, 2018 as well as the amortization of financing fees.

Other Income (Expense), Net. Other income (expense), net was expense of $0.1 million and $0.6 million for the years ended December 31, 2017 and 2018, respectively, comprised primarily of realized and unrealized foreign currency gains and losses resulting from multi-currency settlements and re-measurements occurring during the period.

Income Taxes. We recorded a benefit from federal, state and foreign income taxes of $111.5 million on a loss before income taxes of $12.0 million and a provision of $6.4 million on profit before income taxes of $80.8 million for the years ended December 31, 2017 and 2018, respectively. In 2017, our effective tax rate was different than the U.S. federal statutory rate of 35% primarily due to the impact of the enactment of the U.S. Tax Act and the recording of excess tax benefits related to stock-based awards in 2017. In 2018, our effective tax rate was different than the U.S federal statutory rate of 21% primarily due to a realignment of some of our intellectual property amongst three of our entities (two wholly-owned foreign entities and one in the United States) and the recording of excess tax benefits related to stock-based awards in 2018 and due to profits earned in certain foreign jurisdictions, primarily our Irish subsidiaries, which were subject to significantly lower tax rates than the U.S. federal statutory rate in both 2017 and 2018. In 2017 and 2018, we recorded a net benefit of $16.0 million and $7.3 million, respectively, related to excess tax benefits.

Net Income. We recognized net income of $99.5 million and $74.4 million for the years ended December 31, 2017 and 2018, respectively.

Liquidity and Capital Resources

The following table sets forth the major sources and uses of cash for each of the periods set forth below:

	Years Ended December 31, 2017	2018	2019
	(In thousands)		
Net cash provided by operations	$ 316,197	$ 404,039	$ 360,849
Net cash provided by (used in) investing activities	(31,910)	(364,862)	(90,190)
Net cash provided by (used in) financing activities	(181,493)	(136,132)	(289,828)
Effect of exchange rate changes	8,080	(6,762)	(1,435)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 110,874	$ (103,717)	$ (20,604)

At December 31, 2019, our principal source of liquidity was cash and cash equivalents totaling $128.0 million, of which $62.2 million was in the United States and $65.8 million was held by our international subsidiaries.

Cash Flows From Operating Activities

Net cash provided by operating activities was $316.2 million, $404.0 million and $360.8 million for the years ended December 31, 2017, 2018 and 2019, respectively.

Net cash inflows from operating activities during the year ended December 31, 2017 were primarily attributable to a $93.0 million increase in deferred revenue associated with upfront payments received from our customers, a $17.1 million increase in other long-term liabilities, and a $15.4 million increase in accrued liabilities. The increase in other long-term liabilities related to income tax provisions for the U.S. Tax Act of $12.5 million and uncertain tax positions of $3.6 million. These cash inflows were partially offset by a $22.8 million increase in prepaid expenses and other current assets, a $16.6 million increase in accounts receivable, and a $5.0 million decrease in accounts payable. The increase in prepaid expenses and other current assets was primarily due to an increase in prepaid taxes, partially offset by amortization of prepaid expenses. Accrued liabilities and accounts payable included $6.8 million in acquisition-related professional fees related to the GoTo Merger, including transaction, transition, and integration-related fees and expenses, and $1.8 million in retention-based bonus accruals related to a 2016 acquisition and our acquisition of Nanorep Technologies Ltd., or Nanorep. Additionally, included in net cash inflows from operating activities were add-backs of non-cash charges, including $221.3 million for depreciation and amortization, $67.3 million for stock-based compensation expense and a $156.8 million benefit from deferred income taxes primarily attributable to the remeasurement of deferred tax assets and liabilities related to the U.S. Tax Act enacted in December 2017 and the amortization of intangible assets which cannot be deducted for tax purposes.

Net cash inflows from operating activities during the year ended December 31, 2018 were primarily attributable to a $35.4 million increase in deferred revenue associated with upfront payments received from our customers, a $26.8 million increase in accrued liabilities, $7.8 million from accounts receivable due to strong collections, an $11.1 million increase in accounts payable and a $4.0 million increase in other long-term liabilities. These cash inflows were partially offset by a $13.7 million increase in prepaid and other current assets primarily due to an increase in short-term deferred commissions partially offset by a decrease in prepaid taxes and a $16.6 million increase in other assets primarily due to an increase in long-term deferred commissions. The increase in deferred commissions is a result of the adoption of ASC 606 in 2018. The increase in accrued liabilities is primarily due to an increase in employee related accruals of $11.8 million and an increase in marketing program accruals of $7.0 million. Additionally, included in net cash inflows from operating activities were add-backs and reductions of non-cash charges, including $301.1 million for depreciation and amortization, $65.7 million for stock-based compensation expense, partially offset by a $57.5 million benefit from deferred income taxes primarily attributable to the amortization of intangible assets which cannot be deducted for tax purposes and $36.3 million for the gain on disposition of assets related to the divestiture of the Xively business excluding transaction costs.

Net cash inflows from operating activities during the year ended December 31, 2019 were primarily attributable to a $29.0 million increase in deferred revenue associated with upfront payments received from our customers, a $37.9 million increase in accrued liabilities primarily due to an increase in other accruals for Merger-related fees and an increase in accrued taxes, a $17.5 million increase in accounts payable and a $1.8 million increase in other long-term liabilities. These cash inflows were partially offset by a $13.5 million increase in accounts receivable, a $13.0 million increase in prepaid and other current assets primarily due to an increase in short-term deferred commissions and a $27.1 million increase in other assets primarily due to an increase in long-term deferred commissions. Additionally, included in net cash inflows from operating activities were add-backs and reductions of non-cash charges, including $304.6 million for depreciation and amortization, $68.2 million for stock-based compensation expense, partially offset by a $35.7 million benefit from deferred income taxes primarily attributable to the amortization of intangible assets which cannot be deducted for tax purposes.

Cash Flows From Investing Activities

Net cash used in investing activities was $31.9 million, $364.9 million and $90.2 million for the years ended December 31, 2017, 2018 and 2019, respectively.

Net cash used in investing activities for the year ended December 31, 2017 was primarily attributable to purchases of $36.6 million in property and equipment related to our internal IT infrastructure, data centers and our offices, $29.7 million in intangible asset additions for capitalized costs related to internally developed software to be sold as a service which were incurred during the application development stage, and $22.3 million of net cash paid for acquisitions, including $43.2 million related to the Nanorep acquisition and $3.3 million related to the GoTo Merger with the GoTo Business, partially offset by $24.2 million of cash acquired from the GoTo Merger. These cash outflows were partially offset by $55.6 million in net proceeds from maturities and sales of marketable securities and $1.2 million for restricted cash acquired through acquisitions.

Net cash used in investing activities for the year ended December 31, 2018 was primarily attributable to the acquisition of Jive on April 3, 2018 for $342.1 million, net of cash acquired, $34.2 million in intangible asset additions for capitalized costs related to internally developed software to be sold as a service which were incurred during the application development stage, and purchases of $31.0 million in property and equipment related to our internal IT infrastructure, data centers, and our offices. These cash outflows were partially offset by $42.4 million of proceeds received from the divestiture of the Xively business.

Net cash used in investing activities for the year ended December 31, 2019 was primarily attributable to $22.5 million paid for acquisitions, net of cash acquired, $39.8 million in intangible asset additions for capitalized costs related to internally developed software to be sold as a service which were incurred during the application development stage, and purchases of $35.4 million in property and equipment related to our internal IT infrastructure, data centers, and our offices. These cash outflows were partially offset by $7.5 million of proceeds received from the divestiture of the Xively business.

Cash Flows From Financing Activities

Net cash used in financing activities was $181.5 million, $136.1 million and $289.8 million for the years ended December 31, 2017, 2018 and 2019, respectively.

Net cash used in financing activities for the year ended December 31, 2017 was attributable to the purchase of $69.2 million of treasury stock pursuant to our share repurchase program, dividend payments to our stockholders of $52.3 million including a special cash dividend of $12.8 million related to the GoTo Merger, the payment of $34.5 million for payroll withholding taxes related to vesting of restricted stock units, the repayment of $30.0 million of borrowings under our credit facility and the payment of $2.0 million in deferred financing costs associated with the credit facility. These payments were partially offset by $6.5 million in proceeds received from the issuance of common stock upon exercise of stock options.

Net cash used in financing activities for the year ended December 31, 2018 was attributable to the purchase of $247.1 million of treasury stock pursuant to our share repurchase program, dividend payments to our stockholders of $62.2 million, and the payment of $30.6 million for payroll withholding taxes related to vesting of restricted stock units. These payments were partially offset by $200.0 million of borrowings under our credit facility which was drawn on April 2, 2018 in order to partially fund our acquisition of Jive, as well as $3.8 million in proceeds received from the issuance of common stock upon exercise of stock options.

Net cash used in financing activities for the year ended December 31, 2019 was attributable to the purchase of $208.5 million of treasury stock pursuant to our share repurchase program, dividend payments to our stockholders of $64.6 million, and the payment of $20.1 million for payroll withholding taxes related to vesting of restricted stock units and the payment of $1.9 million of acquisition-related contingent consideration. These payments were partially offset by $5.2 million in proceeds received from the issuance of common stock for the employee stock purchase plan and the exercise of stock options.

We have available a multi-currency credit facility with a syndicate of banks, financial institutions and other lending entities that provides for a secured revolving line of credit of up to $400 million, which may be increased by an additional $200 million subject to further commitment from the lenders. The credit facility matures on February 1, 2022 and includes certain financial covenants with which we must comply. We may wish to borrow amounts under the facility in the future for general corporate purposes, including, but not limited to, the potential acquisition of complementary products or businesses or for working capital (see Note 17 to our Consolidated Financial Statements for additional details). As of December 31, 2019, we had $200.0 million of outstanding borrowings under the credit facility. Pursuant to the terms of the credit agreement, in the event of a change in control such as the Merger, any amounts outstanding, including any interest accrued thereon, shall become immediately due and payable in full.

Future Expectations

At December 31, 2019, cash and cash equivalents totaled $128.0 million, of which $62.2 million was held in the United States and $65.8 million was held by our international subsidiaries. We believe that our current cash and cash equivalents, together with cash generated from operations and our credit facility, will be sufficient to meet our ongoing operations working capital and capital expenditure requirements.

We have been purchasing shares of our common stock since 2013 pursuant to share repurchase programs approved by our Board of Directors. On February 23, 2017, our Board of Directors approved a three-year capital return plan, pursuant to which we were authorized to return to stockholders approximately 75% of our free cash flow over the period, up to $700 million, through a combination of share repurchases and dividends. The capital return plan expired on December 31, 2019 at which time $691.1 million has been returned to stockholders through $524.9 million in share repurchases and $166.2 million in cash dividend payments to our stockholders. As a result of the Merger Agreement, we have not approved, and do not expect to approve, a new capital return plan. Under the terms of the Merger Agreement, from the date of the Merger Agreement until the earlier of the effective time of the Merger or the termination of the Merger Agreement, we may not repurchase shares of our common stock or declare or pay dividends to our common stockholders without Parent’s written consent. Parent has indicated that it does not intend to provide any such consent.

During the last three years, inflation and changing prices have not had a material effect on our business and we do not expect that inflation or changing prices will materially affect our business in the foreseeable future.

Non-GAAP Financial Measures

Regulation S-K Item 10(e), “Use of Non-GAAP Financial Measures in Commission Filings,” defines and prescribes the condition for use of non-GAAP financial information. We have presented the following non-GAAP measures in accordance with this standard. We believe that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to our financial condition and results of operations. Management uses these non-GAAP measures to compare our performance to that of prior periods and uses these measures in financial reports prepared for management and our Board of Directors. In addition, compensation of our executives is based in part on the performance of our business based on these non-GAAP measures. We believe that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial measures with other software-as-a-service companies, many of which present similar non-GAAP financial measures to investors.

In addition to our Consolidated Financial Statements prepared in accordance with GAAP, to date, we have considered the following non-GAAP financial measures to be key indicators of our financial performance:

- “Non-GAAP revenue,” which we define as GAAP revenue adding back the impact of the fair value acquisition accounting adjustment on acquired deferred revenue;
- “Non-GAAP operating income,” which we define as GAAP net income (loss) from operations adding back the impact of the fair value acquisition accounting adjustment on acquired deferred revenue, acquisition-related costs and amortization, Merger-related costs, litigation-related expense, stock-based compensation expense, restructuring charges and gain on disposition of assets, as well as including amortization expense for acquired company internally capitalized software development costs adjusted in acquisition accounting;

- “EBITDA,” which we define as GAAP net income (loss) excluding interest and other expense, net, income taxes and depreciation and amortization expenses;
- “Adjusted EBITDA,” which we define as EBITDA adding back the impact of the fair value acquisition accounting adjustment on acquired deferred revenue, acquisition-related costs, Merger-related costs, litigation-related expense, stock-based compensation expense, restructuring charges and gain on disposition of assets;
- “Non-GAAP other income (expense), net,” which we define as GAAP other income (expense), net excluding non-cash cumulative translation adjustment gains and losses;
- “Non-GAAP provision for (benefit from) income taxes,” which we define as GAAP provision for (benefit from) income taxes excluding the tax impact from the fair value adjustment on acquired deferred revenue, acquisition-related costs and amortization, Merger-related costs, litigation-related expense, stock-based compensation expense, restructuring charges, gain on disposition of assets, the tax impact related to the enactment of the U.S. Tax Act, and discrete integration-related tax items, and including the tax impact of amortization expense for acquired internally capitalized software development costs adjusted in acquisition accounting;
- “Non-GAAP net income,” which we define as GAAP net income (loss) excluding the adjustments noted in non-GAAP operating income, non-GAAP other income (expense), net, and non-GAAP provision for incomes taxes above;
- “Non-GAAP net income per diluted share,” which we define as non-GAAP net income divided by fully-diluted weighted average shares outstanding; and
- "Adjusted cash flows from operations," which we define as GAAP cash flows from operating activities adding back the impact of litigation-related payments, acquisition retention-based bonus payments, restructuring payments, transaction- and transition-related tax payments, acquisition-related payments and Merger-related payments; and
- "Adjusted free cash flow," which we define as adjusted cash flows from operating activities excluding purchases of property and equipment and intangible asset additions.

The revenue and expense items described below are excluded from our GAAP results to arrive at our non-GAAP measures, as outlined above:

- *Fair value adjustment on acquired deferred revenue* is an acquisition accounting adjustment recorded to reduce acquired deferred revenue to the fair value of the remaining obligation.
- *Acquisition-related costs* relate to costs associated with the acquisitions of intellectual property and businesses and include transaction, transition and integration-related fees and expenses (including legal, accounting and other professional fees, severance, retention bonuses) and subsequent adjustments to our initial estimated amount of contingent consideration associated with acquisitions.
- *Acquisition-related costs and amortization* relate to acquisition-related costs, as defined above, and the amortization of acquired intangible assets.
- *Merger-related costs* relate to costs associated with the Merger and include transaction and transition-related fees and expenses (including legal, accounting and other professional fees).
- *Stock-based compensation expense* relates to stock-based compensation awards granted to our executive officers, employees and outside directors.
- *Litigation-related expense* relates to costs associated with the defense and settlement of claims brought against us including intellectual property infringement claims and other material litigation.
- *Restructuring charges* include one-time employee termination benefits and excess facility and other costs resulting from reductions of personnel driven by modifications to our business strategy. These costs may vary in size based on our restructuring plan.
- *Gain on disposition of assets* relates to the gain on the sale of the Xively business.

- *Acquisition accounting on internally capitalized software development* relates to the amortization of acquired internally developed capitalized software development costs that were adjusted in acquisition accounting with the recording of a completed technology intangible asset.
- *Depreciation and amortization expense* relates to costs associated with the depreciation and amortization of fixed and intangible assets.
- *Interest and other income (expense), net* relates to the interest earned (incurred) on outstanding cash balances and marketable securities, interest expense primarily related to our credit facility, as well as realized and unrealized foreign currency gains and losses resulting from multi-currency settlements occurring during the period and period end translation adjustments.
- *Income tax provision (benefit)* relates to GAAP income tax provision (benefit) during the period.

We consider our non-GAAP financial measures and these certain financial and operating metrics important to understanding our historical results, improving our business, benchmarking our performance against peer companies, and identifying current and future trends impacting our business.

The exclusion of certain expenses in the calculation of non-GAAP financial measures should not be construed as an inference that these costs are unusual or infrequent. We anticipate excluding these expenses in future presentations of our non-GAAP financial measures.

We do not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant elements that are required to be recorded in our financial statements pursuant to GAAP. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management in determining these non-GAAP financial measures. In order to compensate for these limitations, management presents our non-GAAP financial measures in connection with our GAAP results. We urge investors to review the reconciliation of our non-GAAP financial measures to the comparable GAAP financial measures, which we have included in this Form 10-K and in our press releases announcing our quarterly financial results, and not to rely on any single financial measure to evaluate our business.

Reconciliation tables of the most comparable GAAP financial measures to the non-GAAP measures are presented as follows:

	Years Ended December 31,		
	2017	**2018**	**2019**
		(In thousands)	
GAAP Revenue	$ 989,786	$ 1,203,992	$ 1,260,385
Add Back:			
Effect of acquisition accounting on fair value of acquired deferred revenue	34,314	3,718	1,231
Non-GAAP Revenue	$ 1,024,100	$ 1,207,710	$ 1,261,616

	Years Ended December 31,		
	2017	2018	2019
	(In thousands, except per share data)		
GAAP Net income (loss) from operations	$ (11,817)	$ 86,023	$ (1,674)
Add Back:			
Effect of acquisition accounting on fair value of acquired deferred revenue	34,314	3,718	1,231
Stock-based compensation expense	67,292	65,734	68,206
Acquisition related costs	59,802	22,880	12,926
Merger related costs	—	—	10,919
Restructuring charge	—	—	14,468
Litigation related expenses	2,348	584	2,029
Amortization of acquired intangibles	183,018	245,244	241,263
Less:			
Gain on disposition of assets	—	(33,910)	—
Effect of acquisition accounting on internally capitalized software development costs	(20,092)	(8,385)	—
Non-GAAP Operating income	314,865	381,888	349,368
Interest and other expense, net	(160)	(5,227)	(7,184)
Non-GAAP Income before income taxes	314,705	376,661	342,184
Non-GAAP Provision for income taxes (1)	(95,513)	(93,637)	(85,238)
Non-GAAP Net income	$ 219,192	$ 283,024	$ 256,946
GAAP Net income per diluted share	$ 1.93	$ 1.42	$ (0.29)
Non-GAAP Net income per diluted share	$ 4.26	$ 5.39	$ 5.15
Weighted average shares outstanding, diluted	51,463	52,496	49,900

(1) The non-GAAP provision for income taxes excludes a net tax benefit of $85.6 million for the year ended December 31, 2017 related to the U.S. Tax Act and a net tax benefit of $11.1 million for the year ended December 31, 2018 related to the realignment of some of our intellectual property.

	Years Ended December 31,		
	2017	2018	2019
	(In thousands)		
GAAP Net income (loss)	$ 99,523	$ 74,371	$ (14,555)
Add Back:			
Interest and other expense, net	160	5,227	7,184
Income tax provision (benefit)	(111,500)	6,425	5,697
Amortization of acquired intangibles	183,018	245,244	241,263
Depreciation and amortization expense	38,303	55,827	63,333
EBITDA	209,504	387,094	302,922
Add Back:			
Effect of acquisition accounting on fair value of acquired deferred revenue	34,314	3,718	1,231
Stock-based compensation expense	67,292	65,734	68,206
Gain on disposition of assets	—	(33,910)	—
Acquisition related costs	59,802	22,880	12,926
Merger related costs	—	—	10,919
Restructuring charge	—	—	14,468
Litigation related expenses	2,348	584	2,029
Adjusted EBITDA	$ 373,260	$ 446,100	$ 412,701

	Years Ended December 31,		
	2017	2018	2019
	(In thousands)		
GAAP Cash flows from operations	$ 316,197	$ 404,039	$ 360,849
Add Back:			
Litigation-related payments	1,614	1,467	1,498
Acquisition retention-based bonus payments	11,701	3,720	7,779
Restructuring payments	—	—	10,153
Tax payment for gain on Xively disposition and integration-related IP realignment	—	15,098	—
Transaction-related payments (acquisitions and dispositions)	52,988	18,684	3,859
Adjusted cash flows from operations	382,500	443,008	384,138
Less:			
Purchases of property and equipment	(36,635)	(30,965)	(35,438)
Intangible asset additions	(29,706)	(34,219)	(39,789)
Adjusted free cash flow	$ 316,159	$ 377,824	$ 308,911

Off-Balance Sheet Arrangements

We do not engage in any off-balance sheet financing activities, nor do we have any interest in entities referred to as variable interest entities.

Contractual Obligations

The following table summarizes our contractual obligations at December 31, 2019 and the effect such obligations are expected to have on our liquidity and cash flow in future periods.

	Payments Due by Period (in thousands)(1)				
	Total	Less Than 1 Year	1-3 Years	4-5 Years	More Than 5 Years
Operating and finance lease obligations	$ 131,888	$ 24,120	$ 44,778	$ 27,280	$ 35,710
Credit facility (2)	200,000	—	200,000	—	—
Other purchase obligations	61,081	50,428	10,653	—	—
Total	$ 392,969	$ 74,548	$ 255,431	$ 27,280	$ 35,710

(1) Excluded from the table above is $10.3 million related to uncertain tax positions as we are uncertain as to when a cash settlement for these liabilities will occur.

(2) The credit facility matures in February 2022, when all amounts outstanding will become due and payable. Additionally, pursuant to the terms of the credit agreement, in the event of a change in control such as the Merger, any amounts outstanding, including any interest accrued thereon, shall become immediately due and payable in full. Excluded from the table above are the quarterly commitment fees on the undrawn portion that range from 0.15% to 0.30% per annum and interest payable on any outstanding borrowings based upon our total leverage ratio.

The commitments in the table above consist of lease payments for our corporate headquarters located in Boston, Massachusetts, our other United States locations, and our international locations (see Note 10 to the Consolidated Financial Statements).

Our purchase orders represent authorizations to purchase rather than binding agreements and therefore are not included in the table above. The contractual commitment amounts in the table above are associated with agreements that are enforceable and legally binding. Obligations under contracts that we can cancel without significant penalty are not included in the table above.

As of December 31, 2019, we had letters of credit and bank guarantees of $9.1 million (of which $1.9 million is collateralized and is classified as restricted cash), primarily related to our corporate headquarters in Boston, Massachusetts.

Item 7A. ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.***

Foreign Currency Exchange Risk. Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates as our non-U.S. sales are recorded by our subsidiaries located in Ireland, the United Kingdom, Australia, Canada, Brazil and Mexico and as we incur significant operating expenses in our foreign subsidiaries including our research and development facilities in Hungary, Germany, and Canada and our sales and marketing operations in Ireland, Germany, the United Kingdom, Australia and Brazil. For the years ended December 31, 2017, 2018 and 2019, approximately 24%, 22% and 21%, respectively, of our revenues were generated by customers outside of the United States and approximately 21%, 22% and 24%, respectively, of our operating expenses occurred in our international operations.

Currently, our largest exposure to foreign currency exchange rate risk relates to the Euro, British Pound, Israeli Shekel, Hungarian Forint, the Brazilian Real and the Canadian Dollar. To date, changes in foreign currency exchange rates have not had a material impact on our operations, and we estimate that a change of 10% or less in foreign currency exchange rates would not materially affect our operations.

As of December 31, 2018 and 2019, we had outstanding forward contracts with notional amounts equivalent to the following:

	December 31,	
	2018	2019
Currency Hedged	*(In thousands)*	
Euro / Canadian Dollar	$ 537	$ —
Euro / U.S. Dollar	5,203	3,503
Euro / British Pound	3,809	—
British Pound / U.S. Dollar	563	858
Euro / Hungarian Forint	—	3,139
U.S. Dollar / Canadian Dollar	4,504	1,810
Total	$ 14,616	$ 9,310

Net realized and unrealized foreign currency gains and losses were net losses of $0.1 million, $0.6 million and $0.6 million for the years ended December 31, 2017, 2018 and 2019, respectively, which are included in other income (expense), net in the consolidated statements of operations. Excluding the underlying foreign currency exposure being hedged, net realized and unrealized gains and losses on forward contracts included in foreign currency gains and losses was a net loss of $0.3 million for both the years ended December 31, 2017 and 2019, and a net gain of $0.5 million for the year ended December 31, 2018.

At December 31, 2019, cash and cash equivalents totaled $128.0 million, of which $62.2 million was held in the United States and $65.8 million was held by our international subsidiaries. Our invested cash is subject to interest rate fluctuations and, for non-U.S. operations, foreign currency risk. Our consolidated cash balances were impacted favorably by $8.1 million in 2017, and unfavorably by $6.8 million and $1.4 million in 2018 and 2019, respectively, due to changes in foreign currencies relative to the U.S. dollar, particularly the Euro.

Interest Rate Sensitivity. Interest income is sensitive to changes in the general level of U.S. interest rates. However, based on the nature and current level of our cash and cash equivalents, which typically consist of cash, money market instruments and corporate debt securities with maturities of three months or less, we believe there is no material risk of exposure to changes in the fair value of our cash and cash equivalents as a result of changes in interest rates.

Interest expense on borrowings under our credit facility is sensitive to changes in interest rates. As of December 31, 2019, we had $200.0 million outstanding under our variable-rate credit facility. Interest rates on this loan will be adjusted at each rollover date to the extent such amounts are not repaid. As of December 31, 2019, the annual rate on the loan was 3.313%. If there was a hypothetical 100 basis point change in interest rates, the annual net impact to earnings and cash flows would be $2.0 million. This hypothetical change in cash flows and earnings has been calculated based on borrowings outstanding at December 31, 2019 and a 100 basis point per annum change in interest rate applied over a one-year period.

ITEM 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

LogMeIn, Inc.
Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of LogMeIn, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of LogMeIn, Inc. and subsidiaries (the "Company") as of December 31, 2018 and 2019, the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 14, 2020, expressed an unqualified opinion on the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company adopted Accounting Standards Update 2014-09, *Revenue from Contracts with Customers, Topic 606*, using the modified retrospective adoption method on January 1, 2018.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the US federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue – Refer to Note 2 to the financial statements

Critical Audit Matter Description

The Company's revenue consists of transaction-based subscription fees recognized ratably over monthly or annual subscription periods, usage fees from its audio services and, to a lesser extent, the sale or lease of telecommunications equipment, and is composed of a significant volume of low-dollar transactions, captured on multiple systems, databases, and other tools. The processing and recognition of revenue are highly automated, and are based on contractual terms with customers. Because of the nature of the Company’s transaction-based fees, the Company uses several automated systems to process and record its revenue transactions.

Given the Company's systems to process and record revenue are highly automated, auditing revenue was complex and challenging due to the extent of audit effort required involving professionals with expertise in information technology (IT) and data specialists necessary for us to identify, test, and evaluate the Company's systems, software applications, and automated controls.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Company's systems to process revenue transactions included the following, among others:

- With the assistance of our IT specialists, we:
    - Identified the significant systems used to process revenue transactions and tested the general IT controls over each of the systems, including testing of user access controls, change management controls, and IT operations controls.
    - Performed testing of system interface controls and automated controls within the relevant revenue systems, as well as the controls designed for ensuring the accuracy and completeness of revenue.
- We tested relevant internal controls within the relevant revenue business processes, including those in place to reconcile the various systems to the Company's general ledger and predictive and look-back analyses designed for verifying that revenue is calculated accurately.
- With the assistance of our data specialists, we recalculated the revenues recognized for each significant class of revenue transactions.
- For a sample of revenue transactions, we performed detail transaction testing by agreeing the amounts recognized to source documents and testing the mathematical accuracy of the recorded revenue.
- We compared the recorded activity to third party payment processors, as applicable.

/s/ Deloitte & Touche LLP

Boston, Massachusetts
February 14, 2020

We have served as the Company's auditor since 2004.

LogMeIn, Inc.

Consolidated Balance Sheets
(In thousands, except per share data)

		December 31, 2018		December 31, 2019
ASSETS				
Current assets:				
Cash and cash equivalents	$	148,652	$	128,005
Accounts receivable (net of allowances of $2,785 and $3,744 as of December 31, 2018 and 2019, respectively)		95,354		107,595
Prepaid expenses and other current assets		83,887		89,351
Total current assets		327,893		324,951
Property and equipment, net		98,238		99,157
Operating lease assets		—		99,026
Restricted cash		1,840		1,883
Intangibles, net		1,059,988		840,427
Goodwill		2,400,390		2,414,287
Other assets		41,545		68,272
Deferred tax assets		6,059		7,994
Total assets	$	3,935,953	$	3,855,997
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable	$	35,447	$	52,104
Current operating lease liabilities		—		18,470
Accrued liabilities		119,379		161,996
Deferred revenue, current portion		369,780		390,087
Total current liabilities		524,606		622,657
Long-term debt		200,000		200,000
Deferred revenue, net of current portion		9,518		18,076
Deferred tax liabilities		201,212		170,482
Non-current operating lease liabilities		—		88,674
Other long-term liabilities		25,929		15,400
Total liabilities		961,265		1,115,289
Commitments and contingencies (Note 14)				
Preferred stock, $0.01 par value — 5,000 shares authorized, 0 shares outstanding				
Equity:				
Common stock, $0.01 par value—145,000 shares authorized; 56,703 and 57,294 shares issued; and 50,692 and 48,573 outstanding as of December 31, 2018 and 2019, respectively		567		573
Additional paid-in capital		3,316,603		3,369,893
Retained earnings (accumulated deficit)		84,043		4,931
Accumulated other comprehensive income (loss)		2,133		684
Treasury stock, at cost—6,011 and 8,721 shares as of December 31, 2018 and 2019, respectively		(428,658)		(635,373)
Total equity		2,974,688		2,740,708
Total liabilities and equity	$	3,935,953	$	3,855,997

See Notes to Consolidated Financial Statements.

LogMeIn, Inc.

Consolidated Statements of Operations
(In thousands, except per share data)

	Years Ended December 31, 2017	2018	2019
Revenue	$ 989,786	$ 1,203,992	$ 1,260,385
Cost of revenue	203,203	281,481	323,665
Gross profit	786,583	922,511	936,720
Operating expenses:			
Research and development	156,731	169,409	160,499
Sales and marketing	346,961	382,997	461,078
General and administrative	160,366	145,453	144,780
Restructuring charge	—	—	14,468
Gain on disposition of assets	—	(33,910)	—
Amortization of acquired intangibles	134,342	172,539	157,569
Total operating expenses	798,400	836,488	938,394
Income (loss) from operations	(11,817)	86,023	(1,674)
Interest income	1,389	1,671	1,651
Interest expense	(1,408)	(6,342)	(8,247)
Other income (expense), net	(141)	(556)	(588)
Income (loss) before income taxes	(11,977)	80,796	(8,858)
(Provision for) benefit from income taxes	111,500	(6,425)	(5,697)
Net income (loss)	$ 99,523	$ 74,371	$ (14,555)
Net income (loss) per share:			
Basic	$ 1.97	$ 1.44	$ (0.29)
Diluted	$ 1.93	$ 1.42	$ (0.29)
Weighted average shares outstanding:			
Basic	50,433	51,814	49,586
Diluted	51,463	52,496	49,586
Cash dividends declared and paid per share	$ 1.25	$ 1.20	$ 1.30

See Notes to Consolidated Financial Statements.

LogMeIn, Inc.

Consolidated Statements of Comprehensive Income
(In thousands)

	Years Ended December 31,		
	2017	2018	2019
Net income (loss)	$ 99,523	$ 74,371	$ (14,555)
Other comprehensive gain (loss):			
Net unrealized gains on marketable securities, (net of tax provision of $9)	16	—	—
Net translation gains (losses)	22,172	(13,437)	(1,449)
Total other comprehensive gain (loss)	22,188	(13,437)	(1,449)
Comprehensive income (loss)	$ 121,711	$ 60,934	$ (16,004)

See Notes to Consolidated Financial Statements.

LogMeIn, Inc.

Consolidated Statements of Equity
(In thousands)

	Common Stock		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Equity
	Number of Shares	Amount					
Balance at January 1, 2017	25,552	$ 284	$ 314,700	$ (1,754)	$ (6,618)	$ (110,496)	$ 196,116
Issuance of common stock upon exercise of stock options	181	2	6,509	—	—	—	6,511
Net issuance of common stock upon vesting of restricted stock units	589	5	(35,250)	—	—	—	(35,245)
Shares issued as GoTo Merger purchase consideration	26,868	269	2,904,218	—	—	—	2,904,487
Restricted stock units issued as GoTo Merger purchase consideration	—	—	16,692	—	—	—	16,692
Stock-based compensation	—	—	67,292	—	—	—	67,292
Treasury stock	(626)	—	—	—	—	(69,229)	(69,229)
Dividends on common stock	—	—	—	(52,269)	—	—	(52,269)
Adoption of ASU 2016-16	—	—	—	82	—	—	82
Adoption of ASU 2016-09	—	—	2,730	4,863	—	—	7,593
Net income	—	—	—	99,523	—	—	99,523
Unrealized gain on available-for-sale securities	—	—	—	—	16	—	16
Cumulative translation adjustments	—	—	—	—	22,172	—	22,172
Balance at December 31, 2017	52,564	560	3,276,891	50,445	15,570	(179,725)	3,163,741
Issuance of common stock upon exercise of stock options	126	1	3,830	—	—	—	3,831
Net issuance of common stock upon vesting of restricted stock units	534	6	(29,852)	—	—	—	(29,846)
Stock-based compensation	—	—	65,734	—	—	—	65,734
Treasury stock	(2,532)	—	—	—	—	(248,933)	(248,933)
Dividends on common stock	—	—	—	(62,202)	—	—	(62,202)
Adoption of ASC 606	—	—	—	21,429	—	—	21,429
Net income	—	—	—	74,371	—	—	74,371
Cumulative translation adjustments	—	—	—	—	(13,437)	—	(13,437)
Balance at December 31, 2018	50,692	567	3,316,603	84,043	2,133	(428,658)	2,974,688
Issuance of common stock upon exercise of stock options	7	—	217	—	—	—	217
Net issuance of common stock upon vesting of restricted stock units	506	5	(20,119)	—	—	—	(20,114)
Issuance of common stock for employee stock purchase plan	78	1	4,986	—	—	—	4,987
Stock-based compensation	—	—	68,206	—	—	—	68,206
Treasury stock	(2,710)	—	—	—	—	(206,715)	(206,715)
Dividends on common stock	—	—	—	(64,557)	—	—	(64,557)
Net loss	—	—	—	(14,555)	—	—	(14,555)
Cumulative translation adjustments	—	—	—	—	(1,449)	—	(1,449)
Balance at December 31, 2019	48,573	$ 573	$ 3,369,893	$ 4,931	$ 684	$ (635,373)	$ 2,740,708

See Notes to Consolidated Financial Statements.

LogMeIn, Inc.

Consolidated Statements of Cash Flows
(In thousands)

	Years Ended December 31, 2017	2018	2019
Cash flows from operating activities			
Net income (loss)	$ 99,523	$ 74,371	$ (14,555)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Stock-based compensation	67,292	65,734	68,206
Depreciation and amortization	221,321	301,071	304,596
Gain on disposition of assets, excluding transaction costs	—	(36,281)	—
Change in fair value of contingent consideration liability	—	—	849
Restructuring-related property and equipment charges	—	—	3,164
Benefit from deferred income taxes	(156,831)	(57,456)	(35,698)
Other, net	2,266	1,771	1,776
Changes in assets and liabilities, excluding effect of acquisitions and dispositions:			
Accounts receivable	(16,618)	7,751	(13,521)
Prepaid expenses and other current assets	(22,819)	(13,671)	(12,998)
Other assets	1,569	(16,596)	(27,147)
Accounts payable	(5,004)	11,104	17,464
Accrued liabilities	15,354	26,811	37,884
Deferred revenue	93,036	35,416	29,047
Other long-term liabilities	17,108	4,014	1,782
Net cash provided by operating activities	316,197	404,039	360,849
Cash flows from investing activities			
Proceeds from sale or disposal or maturity of marketable securities	55,598	—	—
Purchases of property and equipment	(36,635)	(30,965)	(35,438)
Intangible asset additions	(29,706)	(34,219)	(39,789)
Cash paid for acquisitions, net of cash acquired	(22,348)	(342,072)	(22,463)
Restricted cash acquired through acquisitions	1,181	—	—
Proceeds from disposition of assets	—	42,394	7,500
Net cash provided by (used in) investing activities	(31,910)	(364,862)	(90,190)
Cash flows from financing activities			
Borrowings under credit facility	—	200,000	—
Repayments under credit facility	(30,000)	—	—
Proceeds from issuance of common stock upon option exercises and employee stock purchase plan	6,511	3,831	5,204
Payments of withholding taxes in connection with restricted stock unit vesting	(34,474)	(30,617)	(20,114)
Payment of debt issuance costs	(2,032)	—	—
Payment of contingent consideration	—	—	(1,857)
Dividends paid on common stock	(52,269)	(62,202)	(64,557)
Purchase of treasury stock	(69,229)	(247,144)	(208,504)
Net cash provided by (used in) financing activities	(181,493)	(136,132)	(289,828)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	8,080	(6,762)	(1,435)
Net increase (decrease) in cash, cash equivalents and restricted cash	110,874	(103,717)	(20,604)
Cash, cash equivalents and restricted cash, beginning of year	143,335	254,209	150,492
Cash, cash equivalents and restricted cash, end of year	$ 254,209	$ 150,492	$ 129,888
Supplemental disclosure of cash flow information			
Cash paid for interest on borrowings	$ 201	$ 4,734	$ 6,318
Cash paid (refunds received) for income taxes	$ 55,730	$ 48,244	$ 18,585
Noncash investing and financing activities			
Purchase consideration of the GoTo Business paid in equity	$ 2,921,179	$ —	$ —
Purchases of property and equipment included in accounts payable and accrued liabilities	$ 3,522	$ 9,109	$ 7,949
Purchases of treasury stock included in accrued liabilities	$ —	$ 1,789	$ —
Withholding taxes in connection with restricted stock unit vesting in accrued liabilities	$ 771	$ —	$ —
Fair value of contingent consideration in connection with acquisition, included in accrued liabilities	$ —	$ —	$ 2,000

See Notes to Consolidated Financial Statements.

1. Nature of the Business

LogMeIn, Inc., which is referred to herein as LogMeIn or the Company, provides a portfolio of cloud-based unified communications and collaboration, identity and access management, and customer engagement and support solutions designed to simplify how people connect with each other and the world around them to drive meaningful interactions, deepen relationships, and create better outcomes for individuals and businesses. The Company is headquartered in Boston, Massachusetts with additional locations in North America, South America, Europe, Asia and Australia.

On January 31, 2017, the Company completed its merger with a wholly-owned subsidiary of Citrix Systems, Inc., or Citrix, pursuant to which the Company combined with Citrix's GoTo family of service offerings known as the GoTo Business, in a Reverse Morris Trust transaction which is referred to herein as the GoTo Merger. On April 3, 2018, the Company completed its acquisition of Jive Communications, Inc., or Jive, a provider of cloud-based phone systems and unified communications services. For additional information regarding the Jive acquisition and the GoTo Merger, see Note 4 to the Consolidated Financial Statements.

In December 2019, the Company entered into an Agreement and Plan of Merger, or the Merger Agreement, with Logan Parent, LLC, or Parent, and Logan Merger Sub, Inc., a wholly owned subsidiary of Parent, or Merger Sub. Pursuant to the terms of the Merger Agreement, Merger Sub would merge with and into LogMeIn, which the Company refers to herein as the Merger. Parent and Merger Sub are controlled by Francisco Partners, a technology-focused global private equity firm, and Evergreen Coast Capital Corp., the technology-focused global private equity affiliate of Elliott Management Corporation, an investment management firm. Assuming the satisfaction of the conditions set forth in the Merger Agreement, the Merger is currently expected to close in mid-2020. The Company recorded $10.9 million in general and administrative expense for Merger-related costs in 2019, primarily for financial advisor fees.

2. Summary of Significant Accounting Policies

Principles of Consolidation — The accompanying Consolidated Financial Statements include the results of operations of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. The Company has prepared the accompanying Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America, or GAAP.

Use of Estimates — The preparation of Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements —

In August 2018, the Financial Accounting Standards Board, or FASB, issued ASU 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software: Customers Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, referred to herein as ASU 2018-15. The amendments in ASU 2018-15 align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by these amendments. The provisions may be adopted prospectively or retrospectively. ASU 2018-15 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2019. Early adoption is permitted. The Company early adopted ASU 2018-15 on a prospective basis effective July 1, 2019. The adoption of this guidance did not have a significant effect on the Company's condensed consolidated financial statements.

On January 1, 2019, the Company adopted ASU 2016-02, *Leases (Topic 842)*, or ASU 2016-02, which requires lessees to recognize most leases on their balance sheet as a right-of-use asset and a lease liability. In general, lease arrangements exceeding a twelve-month term must be recognized as assets and liabilities on the balance sheet. Under ASU 2016-02, a right-of-use asset and lease obligation is recorded for all leases, whether operating or financing, while the income statement reflects lease expense for operating leases and amortization/interest expense for financing leases. The FASB also issued ASU 2018-10, *Codification Improvements to Topic 842 Leases,* and ASU 2018-11, *Targeted Improvements to Topic 842 Leases*, which allows the new lease standard to be applied as of the adoption date with a cumulative-effect adjustment to the opening balance of retained earnings rather than retroactive restatement of all periods presented.

The Company adopted ASU 2016-02 and related amendments (collectively referred to herein as Topic 842) on January 1, 2019 using the modified retrospective approach applied at the beginning of the period of adoption and recorded operating lease assets of $117.3 million and operating lease liabilities of $123.4 million. The operating lease assets are lower than the operating lease liabilities primarily because previously recorded net deferred rent balances were reclassified into the operating lease assets. There was no impact to retained earnings upon adoption of Topic 842.

The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which, among other things, allowed the Company to carry forward its historical lease classification. In addition, the Company has elected to exempt short-term leases that qualify from recognizing operating lease assets or lease liabilities and has elected to not separate lease and non-lease components for all leases of which it is the lessee. The Company's non-lease components are primarily related to maintenance costs, which are typically variable in nature and are expensed in the period incurred.

The Company accounts for a contract as a lease when the Company has the right to control the asset for a period of time while obtaining substantially all of the assets' economic benefits. The Company's leases are primarily for office space. The Company determines the initial classification and measurement of its operating lease assets and operating lease liabilities at the lease commencement date and thereafter if modified. The lease term includes any renewal options that the Company is reasonably certain to exercise. The present value of lease payments is determined by using the interest rate implicit in the lease, if that rate is readily determinable; otherwise, the Company uses its estimated incremental borrowing rate for that lease term.

Rent expense for operating leases is recognized on a straight-line basis over the lease term based on the total lease payments and is included in operating expense in the condensed consolidated statements of operations. For finance leases, any interest expense is recognized using the effective interest method and is included within interest expense. Amounts related to finance leases were immaterial as of December 31, 2019.

For all leases, payments that are based on a fixed index or rate are included in the measurement of right-of-use assets and lease liabilities using the index or rate at the lease commencement date. The portion of future payments that vary based on the outcome of future indexes or rates are expensed in the period incurred.

Revenue Recognition — The Company derives its revenue primarily from subscription fees for its premium services, usage fees from its audio services and, to a lesser extent, the sale or lease of telecommunications equipment. Revenue is reported net of applicable sales and use tax, value-added tax and other transaction taxes imposed on the related transaction including mandatory government charges that are passed through to the Company's customers. Revenue is recognized when control of these services or products are transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for the contract's performance obligations.

The Company determines revenue recognition through the following five steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, performance obligations are satisfied

The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Disaggregated Revenue — The Company disaggregates revenue from contracts with customers by geography and product grouping, as it believes it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The Company's revenue by geography (based on customer address) is as follows:

	Years Ended December 31,		
	2017	2018	2019
		(In thousands)	
Revenues:			
United States	$ 755,220	$ 933,135	$ 993,525
International — all other	234,566	270,857	266,860
Total revenue	$ 989,786	$ 1,203,992	$ 1,260,385

The Company's revenue by product grouping is as follows:

	Years Ended December 31,		
	2017	2018	2019
		(In thousands)	
Revenues:			
Unified communications and collaboration	$ 527,412	$ 672,339	$ 686,499
Identity and access management	289,181	353,887	400,633
Customer engagement and support	173,193	177,766	173,253
Total revenue	$ 989,786	$ 1,203,992	$ 1,260,385

Performance Obligations —

Premium Subscription Services — Revenue from the Company's premium subscription services represents a single promise to provide continuous access (i.e., a stand-ready obligation) to its software solutions and their processing capabilities in the form of a service through one of the Company's data centers. The Company's software cannot be run on another entity's hardware and customers do not have the right to take possession of the software and use it on their own or another entity's hardware.

As each day of providing access to the software is substantially the same and the customer simultaneously receives and consumes the benefits as access is provided, the Company has determined that its premium subscription services arrangements include a single performance obligation comprised of a series of distinct services. Revenue from the Company's premium subscription services is recognized over time on a ratable basis over the contract term beginning on the date that the Company's service is made available to the customer. Subscription periods range from monthly to multi-year, are typically billed in advance and are non-cancelable.

Audio Services — Revenue from the Company's audio services represent a single promise to stand-ready to provide access to the Company's platform. As each day of providing audio services is substantially the same and the customer simultaneously receives and consumes the benefits as access is provided, the Company has determined that its audio services arrangements include a single performance obligation comprised of a series of distinct services. These audio services may include fixed consideration, variable consideration or a combination of the two. Variable consideration in these arrangements is typically a function of the corresponding rate per minute. The Company allocates the variable amount to each distinct service period within the series and recognizes revenue as each distinct service period is performed (i.e., recognized as incurred).

Accounts Receivable, Net — Accounts receivable, net, are amounts due from customers where there is an unconditional right to consideration. Unbilled receivables of $5.4 million and $7.7 million are included in this balance at December 31, 2018 and 2019, respectively. The payment of consideration related to these unbilled receivables is subject only to the passage of time. As of December 31, 2018 and 2019, lease receivables totaled $4.9 million (of which, $2.8 million was long-term and in other assets) and $10.0 million (of which, $5.1 million was long-term and in other assets), respectively.

The Company reviews accounts receivable on a periodic basis to determine if any receivables will potentially be uncollectible. Estimates are used to determine the amount of the allowance for doubtful accounts necessary to reduce accounts receivable to its estimated net realizable value. The estimates are based on an analysis of past due receivables, historical bad debt trends, current economic conditions, and customer specific information. After the Company has exhausted all collection efforts, the outstanding receivable balance relating to services provided is written off against the allowance and the balance related to services not yet delivered is charged as an offset to deferred revenue. Additions to the provision for bad debt are charged to expense.

Activity in the provision for bad debt accounts was as follows:

	December 31, 2017	December 31, 2018	December 31, 2019
	(In thousands)		
Balance beginning of period	$ 245	$ 631	$ 568
Provision for bad debt	614	1,206	1,219
Uncollectible accounts written off	(228)	(1,269)	(1,336)
Balance end of period	$ 631	$ 568	$ 451

As of December 31, 2017, 2018 and 2019, the Company also had a sales returns allowance of $1.4 million, $2.2 million and $3.3 million, respectively. Additions to the provision for sales returns are charged against revenues. For the years ended December 31, 2017, 2018 and 2019, the provision for sales returns was $4.1 million, $3.9 million and $2.8 million and write-offs were $2.7 million, $3.1 million and $1.7 million, respectively.

Contract Assets and Contract Liabilities — Contract assets and contract liabilities (deferred revenue) are reported net at the contract level for each reporting period.

Contract Assets — Contract assets primarily relate to unbilled amounts typically resulting from sales contracts when revenue recognized exceeds the amount billed to the customer, and right to payment is not just subject to the passage of time. The contract assets are transferred to accounts receivable when the rights become unconditional. The Company had contract assets of $2.3 million as of December 31, 2018 ($1.3 million included in prepaid and other current assets and $1.0 million included in other assets) and $7.9 million as of December 31, 2019 ($4.4 million included in prepaid and other current assets and $3.5 million included in other assets).

Contract Liabilities (Deferred Revenue) — Deferred revenue primarily consists of billings and payments received in advance of revenue recognition. The Company primarily bills and collects payments from customers for its services in advance on a monthly and annual basis. The Company initially records subscription fees as deferred revenue and then recognizes revenue as performance obligations are satisfied over the subscription period. Typically, subscriptions automatically renew at the end of the subscription period unless the customer specifically terminates it prior to the end of the period. Deferred revenue to be recognized within the next twelve months is included in current deferred revenue, and the remaining amount is included in long-term deferred revenue in the consolidated balance sheets.

For the year ended December 31, 2018, revenue recognized related to deferred revenue at January 1, 2018 was approximately $341 million. For the year ended December 31, 2019, revenue recognized related to deferred revenue at January 1, 2019 was approximately $368 million. As of December 31, 2019, approximately $663 million of revenue is expected to be recognized from remaining performance obligations, including backlog, primarily over the next two years.

Changes in contract balances for the year ended December 31, 2019 are as follows:

	Deferred Revenue		
	Current	Non-Current	Total
	(In thousands)		
Balance as of January 1, 2019	$ 369,780	$ 9,518	$ 379,298
Increase (decrease), net	20,307	8,558	28,865
Balance as of December 31, 2019	$ 390,087	$ 18,076	$ 408,163

Concentrations of Credit Risk and Significant Customers — The Company's principal credit risk relates to its cash, cash equivalents, restricted cash and accounts receivable. Cash, cash equivalents and restricted cash are deposited primarily with financial institutions that management believes to be of high-credit quality. To manage accounts receivable credit risk, the Company regularly evaluates the creditworthiness of its customers and maintains allowances for potential credit losses. To date, losses resulting from uncollected receivables have not exceeded management's expectations.

As of December 31, 2018 and 2019, no customers accounted for more than 10% of accounts receivable and there were no customers that represented 10% or more of revenue for the years ended December 31, 2017, 2018 and 2019.

Costs to Obtain and Fulfill a Contract — The Company's incremental costs of obtaining a contract consist of sales commissions and the related fringe benefits. Sales commissions and fringe benefits paid on renewals are not commensurate with sales commissions paid on the initial contract. Sales commissions and fringe benefits are deferred and amortized on a straight-line basis over the period of benefit, which the Company has estimated to be three to four years, for initial contracts and amortized over the renewal period for renewal contracts, typically one year. The period of benefit was determined based on an average customer contract term, expected contract renewals, changes in technology and the Company's ability to retain customers. Deferred commissions are classified as current or noncurrent assets based on the timing the expense will be recognized. The current and noncurrent portions of deferred commissions are included in prepaid expenses and other current assets and other assets, respectively, in the Company's consolidated balance sheets. As of December 31, 2018 and 2019, the Company had $33.7 million of current deferred commissions and $31.2 million of noncurrent deferred commissions, and $49.7 million of current deferred commissions and $53.1 million of noncurrent deferred commissions, respectively. Commissions expense is primarily included in sales and marketing expense on the consolidated statements of operations. The Company had amortization expense of $20.6 million and $41.8 million related to deferred commissions during the years ended December 31, 2018 and 2019, respectively. Other costs incurred to fulfill contracts have been immaterial to date.

Restricted Cash — As of December 31, 2018 and 2019, restricted cash totaled $1.8 million and $1.9 million, respectively, and related to security deposits for certain leased facilities.

Property and Equipment — Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the related assets. Upon retirement or sale, the cost of the assets disposed of and the related accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is reflected in the consolidated statements of operations. Expenditures for maintenance and repairs are charged to expense as incurred. Estimated useful lives of assets are as follows:

Buildings	30 years
Site and building improvements	5 — 10 years
Computer equipment	3 years
Software	2 — 5 years
Office equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	Shorter of lease term or estimated useful life

Segment Data — Operating segments are identified as components of an enterprise for which separate discrete financial information is available for evaluation by the chief operating decision-maker or decision-making group when making decisions regarding resource allocation and assessing performance. The Company's chief operating decision maker is its Chief Executive Officer. The Company, whose management uses consolidated financial information in determining how to allocate resources and assess performance, has determined that it operates in one segment.

The Company's long-lived assets by geography are as follows:

	December 31, 2018	December 31, 2019
	(In thousands)	
Long-lived assets:		
United States	$ 75,161	$ 72,040
International	23,077	27,117
Total long-lived assets	$ 98,238	$ 99,157

Goodwill — Goodwill is the excess of the acquisition price over the fair value of the tangible and identifiable intangible net assets acquired. The Company does not amortize goodwill, but performs an impairment test of goodwill annually or whenever events and circumstances indicate that the carrying amount of goodwill may exceed its fair value. The Company operates as a single operating segment with one reporting unit and consequently evaluates goodwill for impairment based on an evaluation of the fair value of the Company as a whole. As of November 30, 2019, the Company's measurement date, the fair value of the Company as a whole exceeded the carrying amount of the Company. Through December 31, 2019, no events have been identified indicating an impairment.

Long-Lived Assets and Intangible Assets — The Company records intangible assets at their respective estimated fair values at the date of acquisition. Intangible assets are being amortized based upon the pattern in which their economic benefit will be realized, or if this pattern cannot be reliably determined, using the straight-line method over their estimated useful lives, which range up to eleven years.

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets, including intangible assets, may not be recoverable. When such events occur, the Company compares the carrying amounts of the assets to their undiscounted expected future cash flows. If this comparison indicates that there is impairment, the amount of the impairment is calculated as the difference between the carrying value and fair value. Through December 31, 2019, the Company recorded no material impairments.

Legal Costs — Legal expenditures are expensed as incurred.

Advertising Costs — The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2017, 2018 and 2019 was approximately $100.2 million, $112.8 million and $128.8 million, respectively, which consisted primarily of online paid searches, banner advertising and other online marketing and is included in sales and marketing expense in the accompanying consolidated statements of operations.

Research and Development — Research and development expenditures are expensed as incurred.

Software Development Costs — The Company capitalizes certain direct costs to develop functionality as well as certain upgrades and enhancements of its on-demand products that are probable to result in additional functionality. The costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct and incremental, are capitalized as part of intangible assets until the software is substantially complete and ready for its intended use. Internally developed software costs that are capitalized are classified as intangible assets and amortized over a period of two to three years.

Foreign Currency Translation — The functional currency of operations outside the United States of America is deemed to be the currency of the local country, unless otherwise determined that the United States dollar would serve as a more appropriate functional currency given the economic operations of the entity. Accordingly, the assets and liabilities of the Company's foreign subsidiaries are translated into United States dollars using the period-end exchange rate, and income and expense items are translated using the average exchange rate during the period. Cumulative translation adjustments are reflected as a separate component of equity. Foreign currency transaction gains and losses are charged to operations.

Derivative Financial Instruments — The Company's earnings and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. The Company uses foreign currency forward contracts to manage exposure to fluctuations in foreign exchange rates that arise from receivables and payables denominated in foreign currencies. The Company does not designate foreign currency forward contracts as hedges for accounting purposes, and changes in the fair value of these instruments are recognized immediately in earnings. Because the Company enters into forward contracts only as an economic hedge, any gain or loss on the underlying foreign-denominated balance would be offset by the loss or gain on the forward contract. Gains and losses on forward contracts and foreign denominated receivables and payables are included in foreign currency net gains and losses.

As of December 31, 2018 and 2019, the Company had outstanding forward contracts with notional amounts equivalent to the following:

	December 31,	
	2018	2019
Currency Hedged	*(In thousands)*	
Euro / Canadian Dollar	$ 537	$ —
Euro / U.S. Dollar	5,203	3,503
Euro / British Pound	3,809	—
British Pound / U.S. Dollar	563	858
Euro / Hungarian Forint	—	3,139
U.S. Dollar / Canadian Dollar	4,504	1,810
Total	$ 14,616	$ 9,310

Net realized and unrealized foreign currency gains and losses were net losses of $0.1 million, $0.6 million and $0.6 million for the years ended December 31, 2017, 2018 and 2019, respectively, which are included in other income (expense), net in the consolidated statements of operations. Excluding the underlying foreign currency exposure being hedged, net realized and unrealized gains and losses on forward contracts included in foreign currency gains and losses was a net loss of $0.3 million for both the years ended December 31, 2017 and 2019, and a net gain of $0.5 million for the year ended December 31, 2018.

Stock-Based Compensation — The Company measures all stock-based compensation awards, primarily restricted stock units, at fair value on the date of grant and recognizes the expense over the requisite service period, which is generally the vesting period, on a straight-line basis.

Income Taxes — Deferred income taxes are provided for the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and operating loss carryforwards and credits using enacted tax rates expected to be in effect in the years in which the differences are expected to reverse. At each balance sheet date, the Company assesses the likelihood that deferred tax assets will be realized and recognizes a valuation allowance if it is more likely than not that some portion of the deferred tax assets will not be realized. This assessment requires judgment as to the likelihood and amounts of future taxable income by tax jurisdiction.

The Company evaluates its uncertain tax positions based on a determination of whether and how much of a tax benefit taken by the Company in its tax filings is more likely than not to be realized. Potential interest and penalties associated with any uncertain tax positions are recorded as a component of income tax expense.

Net Income (Loss) Per Share — Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted net income per share is computed by dividing net income by the sum of the weighted average number of common shares outstanding during the period and, if dilutive, the weighted average number of potential common shares outstanding from the assumed exercise of stock options, the vesting of restricted stock units and the issuance of shares for the 2019 Employee Stock Purchase Plan, or ESPP.

The Company excluded the following options to purchase common shares and restricted stock units from the computation of diluted net income per share because they had an anti-dilutive impact:

	Years Ended December 31,		
	2017	2018	2019
	(In thousands)		
Options to purchase common shares	—	—	39
Restricted stock units	65	150	1,787
Total options and restricted stock units	65	150	1,826

Basic and diluted net income (loss) per share was calculated as follows:

	Years Ended December 31,		
	2017	2018	2019
	(In thousands, except per share data)		
Basic:			
Net income (loss)	$ 99,523	$ 74,371	$ (14,555)
Weighted average common shares outstanding, basic	50,433	51,814	49,586
Net income (loss) per share, basic	$ 1.97	$ 1.44	$ (0.29)
Diluted:			
Net income (loss)	$ 99,523	$ 74,371	$ (14,555)
Weighted average common shares outstanding	50,433	51,814	49,586
Add: Common stock equivalents	1,030	682	—
Weighted average common shares outstanding, diluted	51,463	52,496	49,586
Net income (loss) per share, diluted	$ 1.93	$ 1.42	$ (0.29)

Guarantees and Indemnification Obligations — As permitted under Delaware law, the Company has agreements whereby the Company indemnifies certain of its officers and directors for certain events or occurrences while the officer or director is, or was, serving at the Company's request in such capacity. The term of the indemnification period is for the officer's or director's lifetime. As permitted under Delaware law, the Company also has similar indemnification obligations under its certificate of incorporation and bylaws. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has directors' and officers' insurance coverage that the Company believes limits its exposure and enables it to recover a portion of any future amounts paid.

In the ordinary course of business, the Company enters into agreements with certain customers that contractually obligate the Company to provide indemnifications of varying scope and terms with respect to certain matters including, but not limited to, losses arising out of the breach of such agreements, from the services provided by the Company or claims alleging that the Company's products infringe third-party patents, copyrights, or trademarks. The term of these indemnification obligations is generally perpetual. The maximum potential amount of future payments the Company could be required to make under these indemnification obligations is, in many cases, unlimited. Through December 31, 2019, the Company has not experienced any losses related to these indemnification obligations.

Recently Issued Accounting Pronouncements —

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326)*, referred to herein as ASU 2016-13, which significantly changes how entities will account for credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. ASU 2016-13 replaces the existing incurred loss model with an expected credit loss model that requires entities to estimate an expected lifetime credit loss on most financial assets and certain other instruments. ASU 2016-13 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2019. The Company has assessed the impact of the adoption of ASU 2016-13, and the adoption is not expected to have a material impact on its Consolidated Financial Statements.

3. Fair Value of Financial Instruments

The carrying value of the Company's financial instruments, including cash equivalents, restricted cash, accounts receivable and accounts payable, approximate their fair values due to their short maturities. The debt outstanding under the variable-rate credit facility approximates fair value. The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets accessible by the Company at the measurement date.
- Level 2: Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Money market funds and time deposits are classified within Level 1 of the fair value hierarchy because they are valued based on quoted market prices in active markets. Certificates of deposit, commercial paper and certain U.S. government agency securities are classified within Level 2 of the fair value hierarchy. These instruments are valued based on quoted prices in markets that are not active or based on other observable inputs consisting of market yields, reported trades and broker/dealer quotes.

The principal market in which the Company executes foreign currency contracts is the institutional market in an over-the-counter environment with a relatively high level of price transparency. The market participants are usually large financial institutions. The Company's foreign currency contracts' valuation inputs are based on quoted prices and quoted pricing intervals from public data sources and do not involve significant management judgment. These contracts are typically classified within Level 2 of the fair value hierarchy.

The Company's Level 3 liability at December 31, 2019 consisted of contingent consideration related to a 2019 acquisition, as described further in Note 4 below. The remaining contingent consideration liability of $2.0 million is based on the achievement of certain development milestones and was paid in January 2020. The Company's significant financial assets and liabilities are measured at fair value in the table below (in thousands), which excludes cash on hand and assets and liabilities that are measured at historical cost or any basis other than fair value.

	Fair Value Measurements December 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities):				
Cash equivalents - money market funds	$ 7,207	$ 19,943	$ —	$ 27,150
Forward contracts ($14.6 million notional amount)	$ —	$ 5	$ —	$ 5

	Fair Value Measurements December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities):				
Cash equivalents - money market funds	$ 1,183	$ —	$ —	$ 1,183
Forward contracts ($9.3 million notional amount)	$ —	$ 20	$ —	$ 20
Contingent consideration liability	$ —	$ —	$ (2,000)	$ (2,000)

4. Acquisitions

The Company completed the following acquisitions in 2019, 2018 and 2017:

- In 2019, the Company completed the acquisition of an Israeli-based company specializing in artificial intelligence on February 6, 2019 and the acquisition of a California-based provider of multi-factor and single-sign-on services on February 21, 2019.
- In 2018, the Company completed the acquisition of Jive Communications, Inc., or Jive, on April 3, 2018.
- In 2017, the Company completed its GoTo Merger with Citrix Systems, Inc.'s wholly-owned subsidiary on January 31, 2017 and the acquisition of Nanorep Technologies Ltd, or Nanorep, on July 31, 2017.

The results of operations of these acquired businesses have been included in the Company's Consolidated Financial Statements beginning on their respective acquisition dates.

These acquisitions have been accounted for as business combinations. Assets acquired and liabilities assumed have been recorded at their estimated fair values as of the respective acquisition date. The fair values of intangible assets were based on valuations primarily using an income approach, with estimates and assumptions provided by management of the acquired companies and the Company. The excess of the purchase price over the tangible assets, identifiable intangible assets and assumed liabilities was recorded as goodwill.

In the years ended December 31, 2017, 2018 and 2019, acquisition-related costs were $59.8 million, $22.9 million and $12.9 million, respectively, included in general and administrative expenses in the consolidated statements of operations. Acquisition-related costs are associated with the acquisitions of businesses and intellectual property and include transaction, transition and integration-related charges (including legal, accounting and other professional fees, severance and retention bonuses) and subsequent adjustments to the Company's initial estimated amount of contingent consideration associated with acquisitions. Acquisition-related costs for the year ended December 31, 2017 were primarily related to the GoTo Merger and included $29.4 million in transaction, transition, and integration-related expenses, $12.8 million in integration-related severance costs, and $16.6 million of retention-based bonuses, of which $10.0 million was related to the GoTo Merger. Acquisition-related costs for the year ended December 31, 2018 consisted of $8.2 million in transaction, transition and integration-related expenses, primarily for the acquisition of Jive, $3.5 million in integration-related severance costs, and $11.2 million of retention-based bonuses primarily related to the Jive and Nanorep acquisitions. Acquisition-related costs for the year ended December 31, 2019 consisted of $2.3 million of transaction, transition and integration-related expenses, primarily for the 2019 acquisitions and $10.6 million of retention-based bonuses primarily related to the Jive and the 2019 acquisitions.

2019 Acquisitions

On February 6, 2019, the Company acquired substantially all of the assets of an Israeli-based company specializing in artificial intelligence, or A.I., and speech-to-text recognition, pursuant to an asset purchase agreement. The Company completed the acquisition for $5.0 million in cash and potential acquisition-related contingent consideration totaling up to $4.0 million contingent upon the achievement of certain development milestones. This contingent consideration liability was recorded at an estimated fair value of $3.2 million at the acquisition date. The Company paid $2.0 million of the contingent consideration in 2019 and recorded $0.8 million of expense related to the change in fair value of the contingent consideration liability. The remaining $2.0 million was paid in January 2020. The Company accounted for the acquisition as a business combination. Assets acquired were primarily intellectual property. The Company's purchase price allocation of the $8.2 million purchase consideration was $5.1 million of completed technology and $3.1 million of goodwill. The Company finalized the allocation of the purchase price in the second quarter of 2019. Additionally, the Company expects to pay up to $2.0 million in retention-based bonus payments to certain employees upon the achievement of specified retention milestones over the two-year period following the closing of the transaction.

On February 21, 2019, the Company acquired a California-based provider of multi-factor and single-sign-on, or SSO, services pursuant to a merger agreement dated February 13, 2019 for $17.5 million, net of cash acquired. The Company accounted for the acquisition as a business combination. The Company's purchase price allocation of the $17.5 million purchase consideration was $11.8 million of completed technology, $8.7 million of goodwill and $0.1 million of other current assets partially offset by $0.3 million of current liabilities and $2.9 million of a long-term deferred tax liability, net, primarily related to the amortization of intangible assets which cannot be deducted for tax purposes. The Company finalized the allocation of the purchase price in the fourth quarter of 2019. Additionally, the Company expects to pay up to $4.4 million in retention-based bonus payments to certain employees upon the achievement of specified retention milestones over a three-year period following the closing of the transaction.

The operating results of these February 2019 acquisitions, which have been included in the Company's results since the date of the acquisitions, are not material. Accordingly, pro forma financial information for these business combinations has not been presented.

2018 Acquisition

Jive Communications, Inc.

On April 3, 2018, the Company acquired all of the outstanding equity of Jive Communications, Inc., a provider of cloud-based phone systems and unified communications services for $342.1 million, net of cash acquired. The Company funded the purchase price through a combination of existing cash on-hand and a $200.0 million revolving loan borrowed pursuant to its existing credit agreement.

Additionally, the Company expects to pay up to $15 million in retention-based bonus payments to certain employees of Jive upon the achievement of specified retention milestones over the two-year period following the closing of the transaction, of which $5.7 million had been paid as of December 31, 2019. At the time of the closing, Jive had approximately 700 employees and fiscal year 2017 revenue was approximately $80 million. The operating results of Jive have been included in the Company's results since the date of the acquisition. The Company continues to integrate Jive into its business and has begun selling new bundled product offerings. In 2019, stand-alone Jive revenue and operating income are not provided as the continued integration of the business and go-to-market strategy made these metrics incomparable to prior periods.

The acquisition was accounted for under the acquisition method of accounting. The acquisition method of accounting requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. The fair value of assets acquired and liabilities assumed has been recognized based on management's estimates and assumptions using the information about facts and circumstances that existed at the acquisition date.

The following table summarizes the Company's purchase price allocation (in thousands):

Cash	$	2,571
Accounts receivable		11,986
Property and equipment		2,492
Prepaid expenses and other current assets		2,511
Other assets		2,255
Intangible assets:		
Completed technology (9 years)		35,200
Customer relationships (10 years)		117,500
Trade name (2 years)		900
Deferred revenue		(5,498)
Accounts payable and accrued liabilities		(7,685)
Deferred tax liabilities, net		(25,223)
Goodwill		207,634
Total purchase consideration		344,643
Less: cash acquired		(2,571)
Total purchase consideration, net of cash acquired	$	342,072

The useful lives of the identifiable intangible assets acquired range from 2 to 10 years with a weighted average useful life of 9.7 years. The goodwill recorded in connection with this transaction is primarily related to the expected opportunities to be achieved as a result of the Company's ability to leverage its customer base, sales force and business plan with Jive's product, technical expertise and customer base. All goodwill and intangible assets acquired are not deductible for income tax purposes.

The Company recorded a long-term deferred tax liability, net, of $25.2 million primarily related to definite-lived intangible assets which cannot be deducted for tax purposes, partially offset by deferred tax assets primarily related to net operating losses acquired.

The unaudited financial information in the table below summarizes the combined results of operations of the Company, including Jive, on a pro forma basis, as though the acquisition had been consummated as of the beginning of 2017, including amortization charges from acquired intangible assets, interest expense on borrowings and lower interest income in connection with the Company's funding of the acquisition with existing cash and cash equivalents and borrowings under its credit facility, the inclusion of expense related to retention-based bonuses assuming full achievement of the retention requirements, the reclassification of acquisition-related costs of the Company and Jive incurred up to the transaction closing date, the effect of acquisition accounting on the fair value of acquired deferred revenue and the related tax effects. Any impact on the Jive pro forma net deferred tax liabilities as a result of the reduction in the federal corporate tax rate resulting from the Tax Cuts and Jobs Act of 2017, or the U.S. Tax Act, enacted on December 22, 2017 has been excluded. The pro forma financial information is presented for comparative purposes only and is not necessarily indicative of the results of operations that would have been achieved had the acquisition taken place at the beginning of 2017.

Unaudited Pro Forma Financial Information (in millions except per share amounts)

	Years Ended December 31, (unaudited)	
	2017	2018
Pro forma revenue	$ 1,067.7	$ 1,227.9
Pro forma net income	$ 68.7	$ 65.0
Pro forma net income per share:		
Basic	$ 1.36	$ 1.26
Diluted	$ 1.34	$ 1.24
Weighted average shares outstanding:		
Basic	50.4	51.8
Diluted	51.5	52.5

2017 Acquisitions

Nanorep Technologies Ltd.

On July 31, 2017, the Company acquired all of the outstanding equity interests in Nanorep Technologies Ltd., or Nanorep, an Israeli provider of artificial intelligence, chatbot and virtual assistant services, for $43.2 million, net of cash acquired. Additionally, the Company expected to pay up to $5 million in cash to certain employees of Nanorep contingent upon their continued service over the two-year period following the closing of the acquisition and, in some cases, the achievement of specified performance conditions, all of which had been paid as of December 31, 2019. At the time of the acquisition, Nanorep had approximately 55 employees and annualized revenue of approximately $5 million. The operating results of Nanorep, which have been included in the Company's results since the date of the acquisition are not material. Accordingly, pro forma financial information for the business combination has not been presented.

GoTo Business

On January 31, 2017, the Company completed its merger with a wholly-owned subsidiary of Citrix, pursuant to which the Company combined with Citrix's GoTo family of service offerings known as the GoTo Business. In connection with the GoTo Merger, the Company issued 26.9 million shares of its common stock to Citrix stockholders and an additional 0.4 million of the Company's restricted stock units in substitution for certain outstanding Citrix restricted stock units held by the GoTo Business employees. Based on the Company's closing stock price of $108.10 on January 31, 2017 as reported by the NASDAQ Global Select Market, the total value of the shares of LogMeIn common stock issued to Citrix stockholders in connection with the GoTo Merger was $2.9 billion. In October 2017, pursuant to the terms of the merger agreement, the Company paid $3.3 million of additional purchase price for final adjustments related to defined targets for cash and cash equivalents and non-cash working capital.

As of the date of the GoTo Merger, the operations of the GoTo Business have been included in the Company's operating results. Since the GoTo Merger, the operating costs of the GoTo Business have been integrated with the operating costs of the Company and therefore, the Company has not provided operating income for the GoTo Business. Further, in 2018, stand-alone GoTo Business revenue was not reported because the Company's continued integration of its go-to-market strategy made this metric incomparable to prior periods. During the years ended December 31, 2017, 2018 and 2019, the Company recorded amortization of acquired intangibles of $172.6 million, $224.1 million and $210.9 million, respectively.

The completion of the GoTo Merger and the acquisition of the GoTo Business has resulted in a combined company with the scale, employees, products and customer base needed to lead large markets, support a more global customer base and compete against a variety of different solution providers of all sizes. Goodwill of $2.1 billion was recognized for the excess purchase consideration over the estimated fair value of the assets acquired, which included $1.2 billion of acquired intangible assets. Goodwill and intangible assets recorded as part of the acquisition are not deductible for tax purposes. The Company also recorded a deferred tax liability, net, which was primarily related to the amortization of intangible assets which cannot be deducted for tax purposes and which was partially offset by deferred tax assets primarily related to the pre-combination services of the Company's restricted stock units issued in substitution for the outstanding Citrix restricted stock units pursuant to the GoTo Merger agreement.

The unaudited financial information in the table below summarizes the combined results of operations of the Company, including the GoTo Business, on a pro forma basis, as though the GoTo Merger had been consummated as of the beginning of 2016, including amortization charges from acquired intangible assets, the effect of acquisition accounting on the fair value of acquired deferred revenue, the inclusion of expense related to retention-based bonuses assuming full achievement of the retention requirements, the reclassification of all acquisition-related costs incurred by the Company and the GoTo Business as of the beginning of 2016 through the first quarter of 2017 (the quarter the GoTo Merger was completed), and the related tax effects. The pro forma financial information is presented for comparative purposes only and is not necessarily indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of 2016.

Unaudited Pro Forma Financial Information (in millions except per share amounts)

	Year Ended December 31, 2017 (unaudited)
Pro forma revenue	$ 1,060.7
Pro forma net income	$ 129.3
Pro forma net income per share:	
Basic	$ 2.46
Diluted	$ 2.41
Pro forma weighted average shares outstanding:	
Basic	52.7
Diluted	53.7

5. Divestitures

Divestiture of Xively

On February 9, 2018, the Company and certain of its subsidiaries entered into an agreement to sell its Xively business. On March 20, 2018, the Company completed the sale for consideration of $49.9 million, comprised of $42.4 million of cash received in the first quarter of 2018 and $7.5 million of receivables held back as an escrow by the buyer, as an exclusive security in the event of the Company's breach of any of the representations and warranties in the definitive agreement. The Company received the $7.5 million escrow payment in September 2019.

The Xively disposition resulted in a gain of $33.9 million recorded in 2018, comprised of the present value of the $49.6 million received as consideration less net assets disposed of $13.3 million and transaction costs of $2.4 million. The net assets disposed are primarily comprised of $14.0 million of goodwill allocated to the Xively business. The sale of the Xively business does not constitute a significant strategic shift that will have a material impact on the Company's ongoing operations and financial results. Accordingly, pro forma information for the divestiture of Xively has not been presented.

6. Goodwill and Intangible Assets

The changes in the carrying amounts of goodwill for the years ended December 31, 2018 and 2019 are primarily due to the acquisition of Jive, the reduction of goodwill resulting from the divestiture of the Xively business in 2018, and the 2019 acquisitions. For additional information regarding the acquisitions, see Note 4 to the Consolidated Financial Statements. For additional information regarding the Xively divestiture, see Note 5 to the Consolidated Financial Statements.

Changes in goodwill for the years ended December 31, 2018 and 2019 are as follows (in thousands):

Balance, January 1, 2018	$ 2,208,725
Goodwill resulting from the divestiture of Xively	(14,000)
Goodwill related to the acquisition of Jive	207,634
Foreign currency translation adjustments	(1,969)
Balance, December 31, 2018	2,400,390
Goodwill resulting from 2019 acquisitions	11,790
Foreign currency translation adjustments	2,107
Balance, December 31, 2019	$ 2,414,287

Intangible assets consist of the following (in thousands):

	December 31, 2018			December 31, 2019			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Life Remaining (in years)
Identifiable intangible assets:							
Customer relationships	$ 920,265	$ 294,362	$ 625,903	$ 918,234	$ 440,496	$ 477,738	5.6
Technology	481,776	132,895	348,881	497,892	216,318	281,574	6.1
Trade names and trademarks	70,985	20,685	50,300	70,778	30,780	39,998	6.1
Other	3,577	1,319	2,258	3,575	1,639	1,936	6.0
Internally developed software	66,361	33,715	32,646	104,410	65,229	39,181	1.5
	$ 1,542,964	$ 482,976	$ 1,059,988	$ 1,594,889	$ 754,462	$ 840,427	

In 2018, the Company capitalized $0.9 million for trade names, $117.5 million for customer relationships and $35.2 million for technology as intangible assets in connection with the acquisition of Jive and acquired a domain name for $2.5 million. In 2019, the Company capitalized $16.9 million for technology as intangible assets in connection with its 2019 acquisitions. The Company also capitalized $31.4 million and $39.9 million during the years ended December 31, 2018 and 2019, respectively, of costs related to internally developed software to be sold as a service incurred during the application development stage and is amortizing these costs over the expected lives of the related services.

The Company is amortizing its intangible assets based upon the pattern in which their economic benefit will be realized, or if this pattern cannot be reliably determined, using the straight-line method over their estimated useful lives. Amortization relating to technology, documented know-how (other) and internally developed software is recorded within cost of revenue and the amortization of trade names and trademarks, customer relationships, and domain names (other) is recorded within operating expenses. Amortization expense for intangible assets consisted of the following (in thousands):

	Years Ended December 31,		
	2017	2018	2019
		(In thousands)	
Cost of revenue:			
Amortization of internally developed software	$ 8,540	$ 22,723	$ 33,340
Amortization of acquired intangibles(1)	48,676	72,705	83,694
Sub-Total amortization of intangibles in cost of revenue	57,216	95,428	117,034
Amortization of acquired intangibles(1)	134,342	172,539	157,569
Total amortization of intangibles	$ 191,558	$ 267,967	$ 274,603

(1) Total amortization of acquired intangibles was $183.0 million, $245.2 million and $241.3 million for the years ended December 31, 2017, 2018 and 2019, respectively.

Future estimated amortization expense for intangible assets at December 31, 2019 is as follows:

Amortization Expense (Years Ending December 31)	Amount (In thousands)
2020	$ 239,026
2021	190,939
2022	145,539
2023	115,467
2024	90,226
Thereafter	59,230
Total	$ 840,427

7. Property and Equipment

Property and equipment consisted of the following:

	December 31, 2018	December 31, 2019
	(In thousands)	
Land, buildings and site improvements	$ 34,394	$ 34,425
Computer equipment and software	83,261	101,134
Office equipment	10,189	12,853
Furniture & fixtures	19,214	21,023
Construction in progress	6,080	2,231
Leasehold improvements	30,785	35,650
Total property and equipment	183,923	207,316
Less accumulated depreciation	(85,685)	(108,159)
Property and equipment, net	$ 98,238	$ 99,157

Depreciation expense for property and equipment was $29.8 million, $33.1 million and $30.0 million for the years ended December 31, 2017, 2018 and 2019, respectively.

8. Accrued Liabilities

Accrued liabilities consisted of the following:

	December 31, 2018	December 31, 2019
	(In thousands)	
Marketing programs	$ 13,857	$ 11,748
Compensation and benefits-related	42,024	44,631
Merger and acquisition-related(1)	6,407	23,065
Other accrued liabilities	57,091	82,552
Total accrued liabilities	$ 119,379	$ 161,996

(1) Merger and acquisition-related costs include transaction, transition and integration-related fees and expenses and acquisition retention-based bonus costs.

9. 2019 Restructuring Charges

On February 11, 2019, the Company's Board of Directors approved a global restructuring plan, including a reduction in force and the consolidation of certain leased facilities to streamline its organization and reallocate resources to better align with the Company's current strategic goals.

For the year ended December 31, 2019, the Company recorded restructuring charges of $14.5 million, with $9.6 million attributable to termination benefits associated with approximately 110 employees and $4.9 million attributable to vacating certain leased facilities.

As of December 31, 2019, a restructuring charge accrual of $0.7 million is included in accrued liabilities in the consolidated balance sheet. The following table summarizes restructuring activity for the year ended December 31, 2019:

	Employee severance and related costs	Facility-related costs	Total
		(In thousands)	
Balance, January 1, 2019	$ —	$ —	$ —
Charges to operations, net	9,593	4,875	14,468
Cash disbursements	(9,158)	(364)	(9,522)
Property and equipment impairment	—	(3,164)	(3,164)
Operating lease asset impairment	—	(1,051)	(1,051)
Foreign exchange impact and other	(38)	—	(38)
Balance, December 31, 2019	$ 397	$ 296	$ 693

At the end of July 2019, the Company vacated its Mountain View, California office however, the existing lease space will not expire until July 2023. The Company's facility-related restructuring charge includes $3.2 million for the impairment of property and equipment and $1.1 million for the impairment of the operating lease asset. The operating lease impairment adjusted the operating lease asset to $3.5 million as of December 31, 2019 to reflect future committed sublease proceeds. The operating lease liability related to this facility is $5.2 million as of December 31, 2019.

In addition to the cash disbursements of $9.5 million in the above table, the Company made $0.6 million of lease payments after exiting this facility.

10. Leases

As of December 31, 2019 the Company had operating lease agreements for offices in the United States, Hungary, Germany, Australia, the United Kingdom, Ireland, Israel, India, Canada, Brazil, Guatemala, and Mexico.

On January 1, 2019, the Company adopted Topic 842 using the modified retrospective approach. The Company recorded operating lease assets (right-of-use assets) of $117.3 million and operating lease liabilities of $123.4 million. There was no impact to retained earnings upon adoption of Topic 842. The underlying assets of the Company's leases are primarily office space. The Company determines if an arrangement qualifies as a lease at the inception of the lease.

As a practical expedient permitted under Topic 842, the Company has elected to account for the lease and non-lease components as a single lease component for all leases of which it is the lessee. Lease payments, which may include lease and non-lease components, are included in the measurement of the Company's lease liabilities to the extent that such payments are either fixed amounts or variable amounts that depend on a rate or index as stipulated in the lease contract. The Company cannot readily determine the rates implicit in its leases, therefore the Company determines its incremental borrowing rate by using the rate of interest that it would have to pay to borrow on a collateralized basis over a similar term, and for an amount equal to the lease payments in a similar economic environment. On January 1, 2019, the discount rate used on existing operating leases at adoption, which had remaining lease terms between 2 and 12 years, ranged from 4.8 - 6.7%. For new or renewed leases starting in 2019, the discount rate is determined based on the Company's incremental borrowing rate adjusted for the lease term, including any reasonably certain renewal periods.

The Company enters into lease agreements with terms generally ranging from 2-15 years. Some of the Company's lease agreements include Company options to either extend and/or early terminate the lease, the costs of which are included in our operating lease liabilities to the extent that such options are reasonably certain of being exercised. Leases with renewal options allow the Company to extend the lease term typically between 1 and 5 years. When determining the lease term, renewal options reasonably certain of being exercised are included in the lease term. When determining if a renewal option is reasonably certain of being exercised, the Company considers several economic factors, including but not limited to, the significance of leasehold improvements incurred on the property, whether the asset is difficult to replace, underlying contractual obligations, or specific characteristics unique to that particular lease that would make it reasonably certain that the Company would exercise such option. Renewal and termination options were generally not included in the lease term for the Company's existing operating leases.

As of December 31, 2019, operating lease assets were $99.0 million and operating lease liabilities were $107.1 million. Amounts related to finance leases were immaterial. The maturity of the Company's operating lease liabilities as of December 31, 2019 are as follows:

	As of December 31, 2019
	(In thousands)
2020	$ 23,833
2021	23,305
2022	21,050
2023	15,885
2024	11,068
Thereafter	35,710
Total future lease payments	130,851
Less imputed interest	23,707
Total operating lease liabilities	$ 107,144
Included in the condensed consolidated balance sheet:	
Current operating lease liabilities	$ 18,470
Non-current operating lease liabilities	88,674
Total operating lease liabilities	$ 107,144
Weighted-average remaining lease term — operating leases	6.6
Weighted-average discount rate — operating leases	6.0%

For the year ended December 31, 2019, total lease expense is comprised of the following:

	Year Ended December 31, 2019
	(In thousands)
Operating lease expense	$ 22,655
Variable lease expense	4,968
Short-term lease expense	769
Total lease expense	$ 28,392

Rent expense under all leases was $21.5 million and $22.5 million for the years ended December 31, 2017 and 2018, respectively. During the year ended December 31, 2019, operating cash outflows from operating lease payments were $21.2 million.

During the first quarter of 2019, the Company terminated one of its leases located in Dublin, Ireland and was relieved of its obligation, which resulted in a reduction of its right of use asset of $3.5 million and a reduction of the operating lease liability of $3.8 million.

During the third quarter of 2019, as part of the global restructuring plan, the Company vacated its leased facility in Mountain View, California and recorded a reduction of the right of use asset of $1.1 million. As of December 31, 2019, the operating lease asset was $3.5 million and reflects the committed sublease proceeds.

During the year ended December 31, 2019, the Company entered into lease agreements which resulted in an increase to the right of use asset and operating lease liability of $3.5 million. As of December 31, 2019, future lease payments for lease agreements for which the Company has not yet taken control of the space totaled $6.3 million and will be included in operating lease assets and liabilities when control transfers.

As previously disclosed in our 2018 Annual Report on Form 10-K and under the previous lease accounting standard, ASC 840, *Leases*, the total commitment for non-cancelable operating leases was $153.7 million as of December 31, 2018:

Years Ending December 31	Lease Commitments (In thousands)
2019	$ 23,969
2020	24,079
2021	22,253
2022	20,165
2023	14,986
Thereafter	48,290
Total	$ 153,742

11. Income Taxes

The domestic and foreign components of total income (loss) before provision for (benefit from) income taxes are as follows:

	Years Ended December 31,		
	2017	2018	2019
		(In thousands)	
Domestic	$ (25,027)	$ 52,152	$ (32,511)
Foreign	13,050	28,644	23,653
Total income (loss) before income taxes	$ (11,977)	$ 80,796	$ (8,858)

The provision for (benefit from) income taxes is as follows:

	Years Ended December 31,		
	2017	2018	2019
		(In thousands)	
Current:			
Federal	$ 33,474	$ 42,962	$ 23,731
State	3,701	11,690	10,047
Foreign	6,568	9,159	7,656
Total	43,743	63,811	41,434
Deferred:			
Federal	(150,038)	(36,286)	(22,746)
State	4,558	(9,042)	(10,452)
Foreign	(9,763)	(12,058)	(2,539)
Total	(155,243)	(57,386)	(35,737)
Total provision for (benefit from) income taxes	$ (111,500)	$ 6,425	$ 5,697

A reconciliation of the Company's effective tax rate to the statutory federal income tax rate is as follows:

	Years Ended December 31,		
	2017	2018	2019
Statutory tax rate	(35.0)%	21.0%	(21.0)%
Change in valuation allowance	8.0	0.1	2.5
Impact of permanent differences	27.4	17.6	86.9
Non-deductible stock-based compensation	9.2	1.6	17.8
Non-deductible transaction related costs	19.5	0.6	27.4
Foreign tax rate differential	(71.3)	(11.7)	(2.8)
Research and development and other tax credits	(36.4)	(4.5)	(78.1)
State taxes, net of federal benefit	(21.1)	(0.3)	(20.7)
Impact of uncertain tax positions	29.3	0.2	23.3
Effect of U.S. Tax Act	(714.9)	(5.3)	—
Section 199 deduction	(20.0)	—	—
Tax deficit (excess benefit) on stock compensation	(133.6)	(9.1)	26.7
Other	7.9	(2.2)	2.3
Effective tax rate	(931.0)%	8.0%	64.3%

As a result of the U.S. Tax Act enacted in December 2017, the U.S. statutory tax rate was lowered from 35% to 21%, effective January 1, 2018. In the fourth quarter of 2017, the Company recorded a significant tax benefit for the remeasurement of its U.S. net deferred tax liabilities primarily associated with indefinite-lived intangible assets that will reverse at the new 21% rate.

The Company's effective tax rates for the years ended December 31, 2017, 2018 and 2019 were impacted by the following:

- All three years benefitted from profits earned in certain foreign jurisdictions, primarily the Company's Irish subsidiaries, which are subject to significantly lower tax rates than the U.S. federal statutory rate.
- During the years ended December 31, 2017 and 2018, $16.0 million and $7.3 million, respectively, of excess tax deductions on stock compensation was recorded as a tax benefit. During the year ended December 31, 2019, a net tax provision of $2.4 million was recorded for tax deficits on stock compensation in which no tax deduction will be available due to the stock price at vest being lower than the grant price.
- During the year ended December 31, 2017, in conjunction with the U.S. Tax Act, the Company recorded a net tax benefit of $100.4 million in order to remeasure and reassess the net realizability of the Company's U.S. deferred tax assets and liabilities.
- During the year ended December 31, 2017, in conjunction with the U.S. Tax Act, the Company recorded a one-time mandatory transition tax estimate of $14.8 million on cumulative foreign subsidiary earnings.
- During the year ended December 31, 2018, the Company revised its one-time transition tax liability to $12.2 million and recorded a tax benefit of $2.6 million. During the year ended December 31, 2019, the Internal Revenue Service, or IRS, applied the Company's federal tax overpayment to the outstanding transition tax liability. As of December 31, 2019, the Company's transition tax had been paid in full.
- During the year ended December 31, 2018, the Company recorded an income tax provision of $9.2 million on a pre-tax gain on disposition of assets of $33.9 million as a result of the divestiture of the Xively business.
- During the fourth quarter of 2018, the Company realigned some of its intellectual property amongst three of the Company's entities (two wholly-owned foreign entities and one United States entity). This realignment streamlined and simplified the Company's global tax structure. As of December 31, 2018, the Company recorded a net tax benefit of $11.1 million due to this intellectual property realignment, primarily due to future tax deductions in various jurisdictions related to the transfer of the intellectual property, partially offset by approximately $7 million of cash taxes incurred.

- In December 2019, the Company entered into the Merger Agreement with Logan Parent, LLC and Logan Merger Sub, Inc. For the year ended December 31, 2019, the Company incurred $10.9 million of Merger-related costs which is expected to be capitalized and not deductible for tax purposes.
- The Company has elected to record Global Intangible Low-Taxed Income tax, or GILTI tax, as a period cost in the period incurred. For the years ended December 31, 2018 and 2019, the Company recorded a net tax provision of $1.7 million and $4.0 million, respectively, related to GILTI tax which will be offset by utilizing foreign tax credits generated of $1.6 million and $1.8 million for the years ended December 31, 2018 and 2019, respectively.

The Company has deferred tax assets related to temporary differences and operating loss carryforwards as follows:

	December 31, 2018	December 31, 2019
	(In thousands)	
Deferred tax assets:		
Net operating loss carryforwards	$ 11,549	$ 7,588
Deferred revenue	829	1,559
Amortization	23,770	20,704
Stock-based compensation	8,540	7,950
Accrued bonus	1,820	3,069
Operating lease liability	—	20,216
Other	13,089	14,286
Total deferred tax assets	59,597	75,372
Deferred tax asset valuation allowance	(3,237)	(3,308)
Net deferred tax assets	56,360	72,064
Deferred tax liabilities:		
Depreciation	(2,369)	(5,987)
Goodwill amortization	(4,296)	(6,229)
Intangible assets not deductible	(225,413)	(174,493)
Deferred commissions	(13,285)	(23,216)
Operating lease asset	—	(18,236)
Other	(6,150)	(6,391)
Total deferred tax liabilities	(251,513)	(234,552)
Total	$ (195,153)	$ (162,488)

Deferred tax assets, related valuation allowances, current tax liabilities, and deferred tax liabilities are determined separately by tax jurisdiction. In making these determinations, the Company estimates deferred tax assets, current tax liabilities, and deferred tax liabilities, and the Company assesses temporary differences resulting from differing treatment of items for tax and accounting purposes. As of December 31, 2019, the Company maintained a full valuation allowance against the deferred tax assets of its Hungarian subsidiary. This entity has historical tax losses and the Company concluded it was not more likely than not that these deferred tax assets are realizable. For the years ended December 31, 2016, 2017, 2018, and 2019, the valuation allowance was $1.7 million, $3.1 million, $3.2 million, and $3.3 million, respectively. The valuation allowance increased by $1.4 million in 2017 primarily related to the recording of a valuation allowance for certain California and Massachusetts state net operating losses. During 2018 and 2019, the valuation allowance increased by $0.1 million in both years primarily due to net operating loss carryforwards in jurisdictions with a valuation allowance.

For U.S. tax return purposes, net operating losses and tax credits are normally available to be carried forward to future years, subject to limitations as discussed below. As of December 31, 2019, the Company had federal net operating loss carryforwards of $18.0 million, of which $16.1 million are not subject to expiration due to the change in carryforward periods as a result of the U.S. Tax Act and $1.9 million which expire on various dates from 2034 through 2036. The Company also had state net operating loss carryforwards of $76.5 million, of which $30.1 million are not subject to expiration due to a change in carryforward periods as a result of states adopting the U.S. Tax Act and $46.4 million which expire on various dates from 2021 through 2039.

The Company has performed an analysis of its ownership changes as defined by Section 382 of the Internal Revenue Code, or Section 382, and has determined the portion of net operating loss carryforwards acquired from its 2016 through 2019 acquisitions that are subject to limitation, if any. The Company also analyzed the historical LogMeIn net operating loss carryforwards due to the GoTo Merger in 2017. As of December 31, 2019, all net operating loss carryforwards (except for Massachusetts and California) generated by the Company, including those subject to limitation, are available for utilization. Subsequent ownership changes as defined by Section 382 could potentially limit the amount of net operating loss carryforwards that can be utilized annually to offset future taxable income.

As of December 31, 2019, the Company had foreign net operating loss carryforwards of $17.9 million, of which $15.0 million are related to the Company’s Hungarian subsidiary, which are not subject to expiration, and the Company has recognized a full valuation allowance against these carryforwards. The remaining $2.9 million of foreign net operating loss carryforwards are related to the Company’s Israeli subsidiary. The Company expects to fully realize these net operating loss carryforwards prior to their expiration.

As of December 31, 2019, it is management’s assertion that the earnings and profits of the Company’s foreign entities, excluding India, may not be reinvested in the overseas businesses indefinitely, however, the outside basis differences in the international subsidiaries will be permanently reinvested.

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, the Company and its subsidiaries are examined by various tax authorities, including the Internal Revenue Service in the United States. As of December 31, 2019, the Company remained subject to examination in the following major tax jurisdictions for the years indicated:

Major Tax Jurisdictions	Open Tax Years
United States (Federal)	2017-2019
United States (State)	2015-2019
Hungary	2014-2019
Ireland	2015-2019
Germany	2016-2019
United Kingdom	2017-2019

The Company incurred expenses related to stock-based compensation for the years ended December 31, 2017, 2018 and 2019 of $67.3 million, $65.7 million and $68.2 million, respectively. Accounting for the tax effects of stock-based awards requires the recording of a deferred tax asset as the compensation is recognized for financial reporting prior to recognizing the tax deductions. Upon the settlement of the stock-based awards (i.e., exercise, vesting, forfeiture or cancellation), the actual tax deduction is compared with the cumulative financial reporting compensation cost, and any excess tax deduction is considered an excess tax benefit or any shortfall in the tax deduction is considered a deficit tax provision.

On January 1, 2017, the Company adopted ASU 2016-09, *Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting,* referred to herein as ASU 2016-09, and recorded, using the modified retrospective approach, a cumulative-effect adjustment to accumulated deficit of a credit of $4.9 million to record $6.8 million of previously unrecognized windfall tax benefits, partially offset by $1.9 million for the accounting policy election to account for forfeitures in compensation cost when they occurred. The Company recorded $2.7 million to additional paid-in capital for the differential between the amount of compensation cost previously recorded and the amount that would have been recorded without assuming forfeitures, partially offset by its tax effect of $0.8 million recorded to deferred tax assets. Upon the adoption of ASU 2016-09, the Company, on a prospective basis, records the recognition of excess tax benefits and deficits in its provision from income taxes in the consolidated statements of operations and treats those amounts as discrete items in the period in which they occur. For the years ended December 31, 2017 and 2018, the Company recorded a net tax benefit of $16.0 million and $7.3 million related to excess tax benefits. For the year ended December 31, 2019, the Company recorded a net tax provision of $2.4 million related to tax deficits.

The Company has provided liabilities for uncertain tax positions in other long-term liabilities on the consolidated balance sheets as follows:

	Years Ended December 31,		
	2017	2018	2019
	(In thousands)		
Balance beginning of period	$ 1,480	$ 5,059	$ 4,792
Tax positions related to prior periods:			
Increases	68	-	245
Decreases	(42)	(176)	(144)
Tax positions related to current period:			
Increases	3,661	1,514	5,537
Settlements	(78)	(1,605)	-
Statute expiration	(30)	-	(117)
Balance end of period	$ 5,059	$ 4,792	$ 10,313

These uncertain tax positions would impact the Company's effective tax rate if recognized. Prior to the U.S. Tax Act, performance-based compensation paid to covered employees was an exception under 162(m) and was fully deductible. Upon enactment of the U.S. Tax Act, this exception was repealed and all compensation, including performance-based compensation, paid to covered employees under 162(m) became non-deductible. The U.S. Tax Act allows for grandfathering of certain performance-based compensation plans in place before November 2, 2017. While the U.S. Tax Act provides some interpretation on how to account for the grandfathering rules, uncertainty remains on how the rules will apply and the Company has subjected those performance-based plans to 162(m) limitations. However, the Company believes its performance-based compensation may qualify under the grandfathering rules and has deducted $3.5 million of compensation on its 2018 Federal income tax return filed in 2019 and recorded a corresponding $3.5 million uncertain tax position reserve. The Company's policy is to record estimated interest and penalties related to the underpayment of income taxes or unrecognized tax benefits as a component of its income tax provision. The Company recognized $50,000, $43,000 and $150,000 of interest expense during the years ended December 31, 2017, 2018 and 2019, respectively.

12. Common Stock and Equity

Authorized Shares — Pursuant to the Company's restated certificate of incorporation, the Company is authorized to issue 145 million shares of common stock and 5 million shares of undesignated preferred stock, each $0.01 par value per share.

Common Stock Reserved — As of December 31, 2019, the Company reserved 6.9 million shares of common stock for the exercise of stock options and restricted stock units, and 1.4 million shares for issuance under the ESPP.

On February 23, 2017, the Company's Board of Directors approved a three-year capital return plan which authorized the Company to return up to $700 million to stockholders through a combination of share repurchases and dividends. During the year ended December 31, 2019, the Company made share repurchases of $206.7 million and paid a cash dividend of $0.325 per share in each of the four quarters, totaling $64.6 million. The capital return plan expired on December 31, 2019. Pursuant to the terms of the Merger Agreement, from the date of the Merger Agreement until the earlier of the effective time of the Merger or the termination of the Merger Agreement, the Company may not repurchase any shares or declare or pay dividends to its common stockholders without Parent's written consent and Parent has indicated that it does not intend to provide such consent.

The Company paid cash dividends per share during the periods presented as follows:

	Years Ended December 31,					
	2017		2018		2019	
	Dividends Per Share	Amount (in millions)	Dividends Per Share	Amount (in millions)	Dividends Per Share	Amount (in millions)
First quarter	$ 0.50	$ 12.8	$ 0.30	$ 15.7	$ 0.325	$ 16.5
Second quarter	0.25	13.2	0.30	15.6	0.325	16.2
Third quarter	0.25	13.2	0.30	15.5	0.325	16.0
Fourth quarter	0.25	13.1	0.30	15.3	0.325	15.9
Total cash dividends paid	$ 1.25	$ 52.3	$ 1.20	$ 62.2	$ 1.30	$ 64.6

During the years ended December 31, 2017, 2018 and 2019, the Company repurchased 626,154, 2,531,877 and 2,710,112 shares of its common stock at an average price of $110.56, $98.32 and $76.28 per share, respectively, for a total cost of $69.2 million, $248.9 million and $206.7 million, respectively.

13. Stock-Based Compensation

The Company's 2009 Stock Incentive Plan, referred to herein as the 2009 Plan, is administered by the Board of Directors and Compensation Committee, which have the authority to designate participants and determine the number and type of awards to be granted and any other terms or conditions of the awards. The Company awards restricted stock units as its principal equity incentive award. Restricted stock unit awards with time-based vesting conditions generally vest over a three-year period while restricted stock units with market-based or performance-based vesting conditions generally vest over two- or three-year periods, each subject to the award recipient's continued service as an employee or director of the Company as of the date of vest. Until 2012, the Company generally granted stock options as the principal equity incentive award. Option awards generally vested over a four-year period and expire ten years from the date of grant. Certain stock-based awards provide for accelerated vesting if the Company experiences a change in control. As of December 31, 2019, 5.1 million shares remained available for grant under the 2009 Plan.

The Company generally issues previously unissued shares of common stock for the exercise of stock options and restricted stock units. The Company received $6.5 million, $3.8 million and $0.2 million in cash from stock option exercises during the years ended December 31, 2017, 2018 and 2019, respectively.

As of December 31, 2019, 38,748 stock options were outstanding with a weighted average exercise price of $29.40, aggregate intrinsic value of $2.2 million and weighted average remaining contractual term of approximately 2.4 years. The aggregate intrinsic value was calculated based on the positive differences between the fair value of the Company's common stock of $85.74 per share on December 31, 2019 and the exercise price of the options.

During the year ended December 31, 2019, the Company granted the following restricted stock unit awards:

Type of Award	Number of Restricted Stock Units *(In thousands)*
Time-based(1)	1,168
Market-based(2)	54
Performance-based(3)	64
Total awards granted during the year ended December 31, 2019	1,286

(1) Time-based restricted stock units generally vest one-third every year for three years and are valued on the grant date using the grant date closing price of the underlying shares.

(2) Market-based restricted stock units granted to certain key executives vest upon the achievement of a relative total shareholder return, or TSR, target as measured over a three-year performance period versus the TSR realized for that same period by a specified stock index. The number of shares earned can range from 0% to 200% of the target shares awarded depending on the Company's level of achievement. These market-based awards are referred to herein as TSR units and are also subject to the individual executive's continued employment with the Company throughout the applicable performance period.

(3) Performance-based restricted stock units are eligible to vest in March 2021 or March 2022 subject to the Company's attainment of a fiscal 2020 or 2021 financial target. The number of shares earned can range from 0% to 200% of the 53,688 and 10,793 target shares awarded, respectively, depending on the Company's level of achievement.

The fair value of the TSR units was determined using a Monte Carlo simulation model including assumptions used (but not limited to) a risk-free interest rate, an expected volatility and an expected dividend yield as follows:

	For the Offering Period	
	2018	2019
Risk-free interest rate	2.64% - 2.74%	2.28%
Volatility	34% - 38%	38%
Dividend yield	1.08% - 1.48%	1.58%

The following table summarizes restricted stock unit activity, including performance-based and market-based units (restricted stock units in thousands):

	Number of Restricted Stock Units		Weighted Average Grant Date Fair Value
Unvested as of January 1, 2019	1,548	$	100.55
Restricted stock units granted	1,286		80.57
Restricted stock units - TSR units earned (unearned), net	(3)		
Restricted stock units vested	(755)		93.80
Restricted stock units forfeited	(289)		97.70
Unvested as of December 31, 2019	1,787	$	88.93

Included in the table above are 147,389 TSR units and 60,174 performance-based awards outstanding as of December 31, 2019.

For restricted stock units, the Company recognizes stock-based compensation expense on a straight-line basis over the requisite service period, which is generally three years. For performance-based restricted stock units, the Company is required to estimate the attainment expected to be achieved related to the defined performance goals and the number of performance-based restricted stock units that will ultimately be awarded in order to recognize the stock-based compensation expense over the vesting period. For TSR units, stock-based compensation expense is recognized on a straight-line basis over the requisite service period and is recognized, regardless of the actual number of awards that are earned, based on the fair value of the TSR units at the date of grant.

In February and May 2019, the TSR units previously granted in February 2016 and May 2016 which represented 18,750 and 8,500 shares, respectively, vested at 176% and 114% of the target amounts initially awarded resulting in an additional 14,250 and 1,190 shares being earned and vested above the target amounts granted. These TSR units were measured against the Russell 2000 Index. In June 2019, a total of 18,118 TSR units granted in June 2017 were measured against the S&P North American Technology Software Index for that same period and vested at 0% of the target TSR units. These unearned TSR units, partially offset by the additional shares earned, are included in the reconciliation of restricted stock units outstanding as of December 31, 2019.

Treatment of Equity in the Merger

At the effective time of the Merger, the Company's outstanding equity awards will be treated as follows:

- Each option to purchase shares of the Company's common stock, whether vested or unvested, that is outstanding immediately prior to the effective time of the Merger will, automatically and without any required action on the part of the optionholder, be cancelled and entitle the optionholder to receive an amount in cash equal to the product of (x) the total number of shares of the Company's common stock underlying the option multiplied by (y) the excess, if any, of $86.05 over the exercise price of such option. Any options which have an exercise price equal to or greater than $86.05, will be cancelled for no consideration.
- Each time-based restricted stock unit award that is outstanding immediately prior to the effective time of the Merger, referred to herein as a Company RSU, will, whether vested or unvested, automatically and without any required action on the part of the holder thereof, be cancelled and shall entitle the holder thereof to receive an amount in cash equal to $86.05 with respect to each share of Company common stock subject to such Company RSU, which amount will be paid subject to satisfaction of the same vesting schedule and other terms and conditions which were applicable to the Company RSU immediately prior to the effective time of the Merger.
- Each restricted stock unit award that is subject to either market-based vesting conditions or performance-based vesting conditions, each referred to herein as a Performance RSU, which is outstanding immediately prior to the effective time of the Merger will, automatically and without any required action on the part of the holder thereof, be cancelled and shall entitle the holder thereof to receive an amount in cash equal to the product of $86.05 multiplied by the number of shares of Company common stock deemed to have been "earned" under the applicable Performance RSU award. Such amount will be paid to the holder subject to the same vesting schedule and other terms and conditions which were applicable to the Performance RSU immediately prior to the effective time of the Merger. Pursuant to the terms of the Merger Agreement, the number of shares underlying the Performance RSU awards that have been "earned" shall be calculated as follows (i) with respect to Performance RSUs that are subject to market-based vesting conditions, the

number of shares of LogMeIn common stock subject to such award that would be deemed earned shall be based on the Company's actual level of achievement of its relative TSR goal as of the effective time of the Merger, based on the price per share of $86.05, and (ii) with respect to Performance RSUs that are subject to revenue-based vesting conditions, the target number of shares of the Company common stock subject to such award will be deemed to have been earned.

2019 Employee Stock Purchase Plan

In May 2019, the Company's Board of Directors adopted the 2019 Employee Stock Purchase Plan, or ESPP, which was approved by the Company's stockholders at its Annual Meeting of Stockholders on May 30, 2019. Pursuant to the ESPP, certain employees of the Company, excluding consultants and non-employee directors, are eligible to purchase common stock of the Company at a reduced rate during offering periods. The ESPP permits participants to purchase common stock using funds contributed through payroll deductions, subject to a calendar year limit of $25,000 and at a purchase price of 85% of the lower of the fair market value of the Company's common stock on the first trading day of the offering period or on the applicable purchase date, which will be the final trading day of the applicable purchase period. During the year ended December 31, 2019, 78,049 shares were issued under the ESPP, and the Company received $5.0 million in proceeds.

The Company estimated the fair value of each purchase right under the ESPP on the date of grant using the Black-Scholes option valuation model using the following assumptions:

	For the Offering Period	
	Aug 1 - Nov 30, 2019	Dec 1, 2019 - May 31, 2020
Expected volatility factor	26.44%	32.06%
Risk-free interest rate	2.04%	1.61%
Expected dividend yield	1.71%	1.67%
Expected life (in years)	0.33	0.5

Expected volatility is based on the historical volatility of the Company's common stock for a period of years corresponding with the expected life of the option. The risk-free interest rate is based on the U.S Treasury yield curve at the time of grant for securities with a maturity period similar to the expected life of the option. The expected dividend yield is based on the Company's annual dividend yield payout to the extent it pays a quarterly dividend on its common stock. The expected life is based on the term of the purchase period for the grants made under the ESPP. The Company uses the straight-line attribution approach to record the expense over the offering period and stock-based compensation expense for the ESPP for the year ending December 31, 2019 was $1.6 million.

Stock-based Compensation Expense

The Company recognized stock-based compensation expense within the accompanying consolidated statements of operations as summarized in the following table:

	Years Ended December 31,		
	2017	2018	2019
		(In thousands)	
Cost of revenue	$ 5,222	$ 4,997	$ 4,862
Research and development	22,103	18,869	17,574
Sales and marketing	16,155	15,995	17,930
General and administrative	23,812	25,873	27,840
Total stock-based compensation expense	$ 67,292	$ 65,734	$ 68,206

As of December 31, 2019, there was approximately $110.3 million of total unrecognized stock-based compensation cost related to unvested restricted stock awards which are expected to be recognized over a weighted average period of 1.2 years.

14. Commitments and Contingencies

Litigation — The Company routinely assesses its current litigation and/or threatened litigation as to the probability of ultimately incurring a liability, and records its best estimate of the ultimate loss in situations where the Company assesses the likelihood of loss as probable.

Since the announcement of the Merger, five putative class action complaints have been filed by and purportedly on behalf of alleged Company stockholders – three in the United States District Court for the District of Delaware, captioned *Stein v. LogMeIn, Inc., et al.*, (Case No. 1:20-cv-00098), filed January 22, 2020; *Carter v. LogMeIn, Inc., et al.*, (Case No. 1:20-cv-00124), filed January 24, 2020; and *Thompson v. LogMeIn, Inc., et.*, (Case No. 1:20-cv-00129), filed January 27, 2020, and two in the United States District Court for the Southern District of New York, captioned *Ford v. LogMeIn, Inc., et al.*, (Case No. 1:20-cv-00582), filed January 22, 2020; and *Rosenfeld v. LogMeIn, Inc. et. al.*, (Case No. 1:20-cv-00981), filed February 5, 2020 (together, the "Actions"). The Actions name as defendants, the Company, its President and Chief Executive Officer and its Board of Directors. The Actions allege, among other things, that all defendants violated provisions of the Exchange Act insofar as the proxy statement preliminarily filed by the Company on January 17, 2020 in connection with the Merger allegedly omits material information with respect to the transactions contemplated by the therein, including certain financial projections included therein, that purportedly renders the preliminary proxy statement false and misleading. The complaints seek, among other things, injunctive relief, rescissory damages, declaratory judgment and an award of plaintiffs' fees and expenses. The Company believes the claims asserted in these complaints are without merit and intends to defend them vigorously.

On August 31, 2017, 9Six Comercio e Serviços de Telecomunicações Ltda., or 9Six, filed a claim against Jive Telecomunicações do Brasil Ltda., or Jive Brasil, a subsidiary of Jive Communications, Inc., or Jive USA, in the 27th Civil Court of Sao Paulo. The claim relates to a commercial dispute regarding unpaid commission fees arising from a reseller agreement executed between 9Six and Jive Brasil in September 2016. In February 2018, 9Six filed additional claims against Jive Brasil alleging lost profits and punitive damages resulting from Jive Brasil's termination of the reseller agreement. In April 2018, the Company acquired Jive USA. As a result, Jive Brasil became an indirect subsidiary of the Company, and the Company inherited this litigation. On June 7, 2019, the 27th Civil Court in Sao Paulo, Brazil awarded damages against Jive Brasil in the amount of approximately R$46.3 million Brazilian reais plus interest and attorneys' fees, or approximately $13.8 million USD as of December 31, 2019. On August 8, 2019, the Company filed an appeal of the court's decision with the Sao Paulo State Court of Appeal. The Company continues to believe that Jive Brasil has meritorious defenses to these claims and intends to vigorously defend against these claims on appeal. Due to the court's June 7, 2019 decision, the Company now believes that a loss contingency in the range of zero to $13.8 million USD as of December 31, 2019 is reasonably possible. However, as the Company believes the loss contingency is not probable, no accrual has been recorded as of December 31, 2019. The Company has notified the shareholder representative for Jive USA that it intends to seek indemnification for this matter, which the Company believes is available pursuant to the terms of the merger agreement entered into between the Company and Jive USA in February 2018.

On August 20, 2018, a securities class action lawsuit, referred to herein as the Securities Class Action, was initiated by purported stockholders of the Company in the U.S. District Court for the Central District of California against the Company and certain of its officers, entitled *Wasson v. LogMeIn, Inc. et al.* (Case No. 2:18-cv-07285). On November 6, 2018 the case was transferred to the District of Massachusetts (Case No. 1:18-cv-12330). The lawsuit asserts claims under Sections 10(b) and 20(a) of the Securities and Exchange Act of 1934 based on alleged misstatements or omissions concerning renewal rates for the Company's subscription contracts. The Company believes the lawsuit lacks merit and intends to defend it vigorously.

On January 30, 2019, a derivative action, referred to herein as the Derivative Action, was filed in the District of Massachusetts against the Company's Board of Directors, entitled *Schlagel v. Wagner et al.* (Case No. 1:19-cv-10204) alleging breach of fiduciary duty, waste of corporate assets, and violation of Sections 10(b) and 14(a) of the Securities and Exchange Act of 1934 related to the same allegations as the Securities Class Action. The complaint seeks unspecified damages, fees and costs. The Derivative Action is currently stayed during the pleadings phase of the Securities Class Action. The Company intends to defend the lawsuit vigorously.

On July 25, 2019, a securities class action lawsuit alleging violations of the Securities Act of 1933, referred to herein as the '33 Act Claim, was initiated in the Circuit Court of the Fifteenth Judicial Circuit in Palm Beach County, Florida against the Company, Citrix Systems, Inc. and certain officers and directors of both LogMeIn and Citrix, entitled Plumbers and Pipefitters Local Union 719 Pension Trust Fund v. Citrix Systems, Inc., LogMeIn, Inc. et al. (Case No. 502019CA009587XXXXMB Div AK, 9:19-cv-81155). The lawsuit, which arises from substantially the same set of facts as the Securities Class Action and the Derivative Action, was purportedly filed on behalf of current and former Citrix stockholders who acquired LogMeIn common stock in connection with the Company's January 2017 acquisition of the GoTo Business from Citrix and asserts claims under Sections 11, 12 and 15 of the Securities Act of 1933, as amended, based on alleged misstatements or omissions made in the Company's Registration Statement on Form S-4 and the related prospectus as filed with the Securities and Exchange Commission in December 2016. The complaint seeks unspecified damages, fees and costs. The Company believes the lawsuit lacks merit and intends to defend it vigorously.

Given the inherent unpredictability of litigation and the fact that the Securities Class Action, the Derivative Action and the ’33 Act Claim are still in early stages, the Company is unable to predict the outcome of these actions or reasonably estimate a possible loss or range of loss associated with them at this time.

The Company is from time to time subject to various other legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business, including direct claims brought by or against the Company with respect to intellectual property, contracts, employment and other matters, as well as claims brought against the Company’s customers for whom the Company has a contractual indemnification obligation. The Company accrues for a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Significant judgment is required in both the determination of probability and the determination as to whether a loss is reasonably estimable. Actual claims could settle or be adjudicated against the Company in the future for materially different amounts than the Company has accrued due to the inherently unpredictable nature of litigation. In addition, in the event the Company determines that a loss is not probable, but is reasonably possible, and it becomes possible to develop what the Company believes to be a reasonable range of possible loss, then the Company will include disclosure related to such matter as appropriate and in compliance with ASC 450, *Contingencies*. The accruals or estimates, if any, resulting from the foregoing analysis, are reviewed at least quarterly and adjusted to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular matter While the outcome of these other claims cannot be predicted with certainty, management does not believe that the outcome of any of these other legal matters will have a material adverse effect on the Company’s financial statements.

15. 401(k) Plan

On January 1, 2007, the Company established a defined contribution savings plan under Section 401(k) of the Internal Revenue Code. The plan is available to all employees upon employment and allows participants to defer a portion of their annual compensation on a pre-tax basis. On July 1, 2016, the Company implemented a 401(k) Employer Match program in which all employees who are making eligible 401(k) contributions will receive an employer match in which the Company contributes 50% of the amount contributed by the employee, up to a maximum of 6% of the employee’s earnings. The match vests over three years beginning from an employee’s hire date anniversary at 33.3% per year. Employees who joined the Company on or before July 1, 2013 were immediately 100% vested in their match as of the program launch date. The Company made matching contributions of $4.7 million, $5.6 million and $5.9 million for the years ended December 31, 2017, 2018 and 2019, respectively.

16. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) consists of foreign currency translation adjustments and changes in unrealized losses and gains (net of tax) on marketable securities. The Company has determined that the undistributed earnings of all of its foreign subsidiaries (with the exception of India), except for 100% of the current and prior year earnings and foreign currency translation adjustments related to those earnings, will continue to be indefinitely reinvested outside the United States for any additional outside basis differences inherent in these entities. Accumulated other comprehensive income (loss) is reported as a component of stockholders’ equity and, as of December 31, 2018 and 2019, was comprised of cumulative translation adjustment gains of $2.1 million and $0.7 million, respectively. There were no material reclassifications to earnings in the years ended December 31, 2018 or 2019.

17. Credit Facility

On February 1, 2017, the Company entered into an Amended and Restated Credit Agreement, or the Amended Credit Agreement, which increased the Company’s secured revolving credit facility from $150 million to $400 million in the aggregate and permits the Company to increase the revolving credit facility and/or enter into one or more tranches of term loans up to an additional $200 million. On March 23, 2018, the Company entered into a borrower accession agreement with its wholly-owned subsidiary, LogMeIn USA, Inc. and JPMorgan Chase Bank, N.A. acting in its capacity as administrative agent, pursuant to which LogMeIn USA, Inc. became a borrower under the Company’s existing multi-currency Amended Credit Agreement. The credit facility matures February 1, 2022. The Company may prepay the loans or terminate or reduce the commitments in whole or in part at any time, without premium or penalty. The Company and its subsidiaries expect to use the credit facility for general corporate purposes, including, but not limited to, the potential acquisition of complementary products or businesses and for working capital. On April 2, 2018, the Company borrowed $200.0 million under the Amended Credit Agreement to partially fund the acquisition of Jive, described further in Note 4 to the Consolidated Financial Statements. The Company had an outstanding debt balance of $200.0 million as of December 31, 2019.

Loans under the Amended Credit Agreement bear interest at variable rates which reset every 30 to 180 days depending on the rate and period selected by the Company, as described below. As of December 31, 2019, the annual rate on the $200.0 million outstanding debt balance was 3.313%, which reset to 2.938% on January 16, 2020. The average interest rate on borrowings outstanding for the year ended December 31, 2019 was 3.592%. The quarterly commitment fee on the undrawn portion of the credit facility ranges from 0.15% to 0.30% per annum, based upon the Company's total leverage ratio.

The Amended Credit Agreement contains customary affirmative and negative covenants, subject to customary and other exceptions for a credit facility of this size and type, each as further described in the Amended Credit Agreement. As of December 31, 2019, the Company was in compliance with all financial and operating covenants of the Amended Credit Agreement.

Any failure to comply with the financial or operating covenants of the Amended Credit Agreement would prevent the Company from being able to borrow additional funds, and would constitute a default, permitting the lenders to, among other things, accelerate the amounts outstanding, including all accrued interest and unpaid fees, under the credit facility and to terminate the credit facility. Additionally, pursuant to the terms of the Amended Credit Agreement, in the event of a change in control such as the Merger, any amounts outstanding, including any interest accrued thereon, shall become immediately due and payable in full.

As of December 31, 2018 and 2019, the Company had $1.7 million and $1.1 million, respectively, of origination costs recorded in other assets on the accompanying consolidated balance sheet. The Company presents debt issuance costs related to the revolving debt arrangement as an asset and subsequently amortizes the deferred debt issuance costs ratably over the term of the credit facility.

18. Subsequent Events

Restructuring Plan

On February 7, 2020, the Company's Board of Directors approved a global restructuring plan, including a reduction in force which will result in the termination of approximately 8% of the Company's workforce and the consolidation of certain leased facilities. By restructuring, the Company intends to streamline its organization and reallocate resources to better align with the Company's current strategic goals. The Company expects to incur pre-tax restructuring charges of approximately $21 million and to substantially complete the restructuring by the end of fiscal year 2020. The pre-tax restructuring charges are comprised of approximately $20 million in one-time employee termination benefits and $1 million for facilities-related and other costs.

19. Quarterly Information (Unaudited)

	For the Three Months Ended							
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
	(in thousands, except for per share data)							
Statement of Operations Data:								
Revenue	$ 279,217	$ 305,650	$ 308,927	$ 310,198	$ 307,700	$ 313,064	$ 316,941	$ 322,680
Gross profit	216,275	232,817	236,074	237,345	230,012	232,297	235,711	238,700
Income (loss) from operations	42,328	7,101	17,104	19,490	(7,198)	(3,792)	6,161	3,155
Net income (loss)	29,712	6,554	12,717	25,388	(9,039)	(6,522)	5,108	(4,102)
Net income (loss) per share-basic	$ 0.57	$ 0.13	$ 0.25	$ 0.50	$ (0.18)	$ (0.13)	$ 0.10	$ (0.08)
Net income (loss) per share-diluted	$ 0.56	$ 0.12	$ 0.24	$ 0.49	$ (0.18)	$ (0.13)	$ 0.10	$ (0.08)

ITEM 9. *CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE*

None.

ITEM 9A. *CONTROLS AND PROCEDURES*

Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2019. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act of 1934, as amended, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2019, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act as a process designed by, or under the supervision of, our principal executive and principal financial officer and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including our principal executive and financial officers, we assessed our internal control over financial reporting as of December 31, 2019, based on criteria for effective internal control over financial reporting established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO.

Based on this assessment, our management concluded that we maintained effective internal control over financial reporting as of December 31, 2019 based on the specified criteria.

The Company's Independent Registered Public Accounting Firm has issued an attestation report on the Company's internal control over financial reporting as of December 31, 2019.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-(f) under the Exchange Act) that occurred during the quarter ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of LogMeIn, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of LogMeIn, Inc. and subsidiaries (the "Company") as of December 31, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2019, of the Company and our report dated February 14, 2020, expressed an unqualified opinion on those financial statements and included an explanatory paragraph related to the adoption of a new accounting standard.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Boston, Massachusetts
February 14, 2020

ITEM 9B. ***OTHER INFORMATION***

None.

PART III

ITEM 10. ***DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE***

Information required by this item is incorporated by reference from the information in our proxy statement for the 2020 Annual Meeting of Stockholders, which we will file with the Securities and Exchange Commission within 120 days of December 31, 2019.

We have adopted a code of ethics, called the Code of Business Conduct and Ethics, which applies to our officers, including our principal executive, financial and accounting officers, and our directors and employees. We have posted the Code of Business Conduct and Ethics on our website at *https://secure.logmeininc.com/* under the "Investor Relations" section. We intend to make all required disclosures concerning any amendments to, or waivers from, the Code of Business Conduct and Ethics on our website.

ITEM 11. ***EXECUTIVE COMPENSATION***

Information required by this item is incorporated by reference from the information in our proxy statement for the 2020 Annual Meeting of Stockholders, which we will file with the Securities and Exchange Commission within 120 days of December 31, 2019.

ITEM 12. ***SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS***

Information required by this item is incorporated by reference from the information in our proxy statement for the 2020 Annual Meeting of Stockholders, which we will file with the Securities and Exchange Commission within 120 days of December 31, 2019.

ITEM 13. ***CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE***

Information required by this item is incorporated by reference from the information in our proxy statement for the 2020 Annual Meeting of Stockholders, which we will file with the Securities and Exchange Commission within 120 days of December 31, 2019.

ITEM 14. ***PRINCIPAL ACCOUNTING FEES AND SERVICES***

Information required by this item is incorporated by reference from the information in our proxy statement for the 2020 Annual Meeting of Stockholders, which we will file with the Securities and Exchange Commission within 120 days of December 31, 2019.

PART IV

ITEM 15. ***EXHIBITS AND FINANCIAL STATEMENT SCHEDULES***

(a) (1) *Financial Statements*

See Index to the Consolidated Financial Statements of this Annual Report on Form 10-K, which is incorporated into this item by reference.

(a) (2) *Financial Statement Schedules*

No financial statement schedules have been submitted because they are not required or are not applicable or because the information required is included in the Consolidated Financial Statements or the notes thereto.

(a) (3) *Exhibits*

The exhibits listed in this Exhibit Index are filed (other than exhibits 32.1 and 32.2) as part of this Annual Report on Form 10-K and are incorporated herein by reference.

EXHIBIT INDEX

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of December 17, 2019, by and among the Registrant, Logan Parent, LLC and its wholly-owned subsidiary Logan Merger Sub, Inc. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K/A filed by the Registrant on December 18, 2019).**
2.2	Agreement and Plan of Merger, dated February 7, 2018, by and among the Registrant's wholly-owned subsidiary, LogMeIn USA, Inc., Jazz Merger Sub, Inc., Jive Communications, Inc. and Fortis Advisors LLC, in its capacity as Representative (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by the Registrant on April 3, 2018).**
2.3	Stock Purchase Agreement, dated July 31, 2017, by and among the Registrant, LogMeIn, Kft., Nanorep Technologies Ltd., the Shareholders set forth on Exhibit A thereto and Shareholders Representative Services LLC in its capacity as representative of the Shareholders (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by the Registrant on August 1, 2017).**
2.4	Agreement and Plan of Merger, dated as of July 26, 2016, by and among the Registrant, Lithium Merger Sub, Inc., Citrix Systems, Inc. and GetGo, Inc. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K/A filed by the Registrant on July 28, 2016).**
2.5	Amendment No. 1, dated as of December 8, 2016, to Agreement and Plan of Merger, dated as of July 26, 2016, by and among the Registrant, Lithium Merger Sub, Inc., Citrix Systems, Inc. and GetGo, Inc. (incorporated by reference to Exhibit 2.7 to the Registration Statement on Form S-4/A filed by the Registrant on December 13, 2016).
2.6	Amended and Restated Tax Matters Agreement, dated as of September 13, 2016, by and among the Registrant, Citrix Systems, Inc. and GetGo, Inc. (incorporated by reference to Exhibit 2.3 to the Registration Statement on Form S-4 filed by the Registrant on September 16, 2016).
3.1	Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.2 to the Registration Statement on Form S-1/A filed by the Registrant on June 16, 2009).
3.2	Certificate of Amendment to Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by the Registrant on January 25, 2017).
3.3	Second Amended and Restated Bylaws of the Registrant, as amended (incorporated by reference to Exhibit 3.2 to the Registration Statement on Form S-4 filed by the Registrant on September 16, 2016).
4.1*	Description of Securities
4.2	Specimen Certificate evidencing shares of common stock (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-1/A filed by the Registrant on June 16, 2009).
10.1	Form of Director Indemnification Agreement (incorporated by reference to Exhibit 10.16 to the Form 10-K for the fiscal year ended December 31, 2010 filed by the Registrant on February 28, 2011).
10.2	Form of Management Incentive Stock Option Agreement under the 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.23 to the Registration Statement on Form S-1/A filed by the Registrant on June 16, 2009).
10.3	Form of Management Nonstatutory Stock Option Agreement under the 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.24 to the Registration Statement on Form S-1/A filed by the Registrant on June 16, 2009).
10.4	Form of Director Nonstatutory Stock Option Agreement under the 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.25 to the Registration Statement on Form S-1/A filed by the Registrant on June 16, 2009).
10.5	Lease Agreement, dated April 11, 2012, between Lincoln Summer Street Venture, LLC and the Registrant (incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended March 31, 2012 filed by the Registrant on April 26, 2012).
10.6	Lease Agreement, dated December 19, 2014, between DWF III Synergy, LLC and the Registrant, as assigned to ASB Summer Street Venture, LLC on February 2, 2016 (incorporated by reference to Exhibit 10.18 to the Form 10-K for the fiscal year ended December 31, 2014 filed by the Registrant on February 20, 2015).

Exhibit Number	Description
10.7	Form of Restricted Stock Unit Agreement under the 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended June 30, 2012 filed by the Registrant on July 26, 2012).
10.8	Form of Director Restricted Stock Unit Agreement under the 2009 Stock Incentive Plan (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K filed by the Registrant on June 24, 2013).
10.9	Form of Restricted Stock Unit Agreement (Performance-based Vesting) under the 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Registrant on August 20, 2013).
10.10	Amended and Restated Credit Agreement, dated as of February 1, 2017, by and among LogMeIn, Inc., each of the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and J.P. Morgan Chase Bank N.A., Wells Fargo Securities, LLC, and RBC Capital Markets, as Joint Bookrunners, Lead Arrangers, and Syndication Agents (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by the Registrant on February 1, 2017).
10.11	Borrower Accession Agreement, dated as of August 10, 2017, among the Registrant, LogMeIn Ireland Holding Company Limited and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by the Registrant on August 10, 2017).
10.12	Borrower Accession Agreement, dated as of March 23, 2018, among the Registrant, LogMeIn USA, Inc., and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by the Registrant on March 23, 2018).
10.13	Amended and Restated 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Registrant on January 25, 2017).
10.14*	Form of Executive Employment Agreement
21.1*	Subsidiaries of the Registrant
23.1*	Consent of Independent Registered Public Accounting Firm
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Exhibits, annexes and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish a supplemental copy of any omitted exhibit, annex or schedule to the SEC upon request; provided, however, that the Registrant may request confidential treatment pursuant to Rule 24b-2 of the Securities and Exchange Act of 1934, as amended for any exhibit or schedule so furnished.

ITEM 16. ***FORM 10-K SUMMARY***

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LOGMEIN, INC.

By: /s/ William R. Wagner
William R. Wagner
President & Chief Executive Officer
(Principal Executive Officer)

Date: February 14, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ WILLIAM R. WAGNER William R. Wagner	President, Chief Executive Officer and Director (Principal Executive Officer)	February 14, 2020
/s/ EDWARD K. HERDIECH Edward K. Herdiech	Chief Financial Officer (Principal Financial and Accounting Officer)	February 14, 2020
/s/ SARA C. ANDREWS Sara C. Andrews	Director	February 14, 2020
/s/ STEVEN J. BENSON Steven J. Benson	Director	February 14, 2020
/s/ ITA M. BRENNAN Ita M. Brennan	Director	February 14, 2020
/s/ ROBERT M. CALDERONI Robert M. Calderoni	Director	February 14, 2020
/s/ MICHAEL J. CHRISTENSON Michael J. Christenson	Director	February 14, 2020
/s/ EDWIN J. GILLIS Edwin J. Gillis	Director	February 14, 2020
/s/ DAVID J. HENSHALL David J. Henshall	Director	February 14, 2020
/s/ PETER J. SACRIPANTI Peter J. Sacripanti	Director	February 14, 2020

Exhibit 4.1

LogMeIn, Inc.
Description of Securities

The following description of our capital stock, certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws and certain provisions of the Delaware General Corporation Law (the "DGCL") is a summary and is qualified in its entirety by reference to our restated certificate of incorporation, amended and restated bylaws and the DGCL. Copies of our restated certificate of incorporation and our amended and restated bylaws are filed as exhibits to our annual reports on Form 10-K filed with the SEC.

Capital Stock

Our authorized capital stock consists of 145,000,000 shares of common stock, $0.01 par value, and 5,000,000 shares of preferred stock, $0.01 par value.

Our shares of common stock are currently listed on the NASDAQ Global Select Market under the symbol "LOGM" and began trading on July 1, 2009. Prior to that date, there was no established public trading market for our common stock. The shares of common stock currently outstanding are fully paid and nonassessable. Additional shares of authorized common stock may be issued, as authorized by our board of directors from time to time, without stockholder approval, except as may be required by applicable stock exchange requirements.

Subject to limitations prescribed by Delaware law, our board of directors may issue preferred stock, without stockholder approval, which may have voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of common stock. There are no shares of preferred stock currently outstanding.

Common Stock Rights

Voting Rights

Each holder of our common stock is entitled to one vote for each share of common stock held of record on all matters presented at all meetings of stockholders.

The Company has adopted a majority vote standard (of shares cast), with a plurality carve-out for contested elections of directors, meaning that, for all matters other than for election of directors, if a quorum is present, an action on a matter is approved if it receives the affirmative vote of the holders of a majority of the voting power of the shares of capital stock present in person or represented by proxy at the meeting and entitled to vote on the matter, unless otherwise required by applicable law, Delaware law, our amended and restated certificate of incorporation or our amended and restated bylaws. For the election of directors, our by-laws provide that, in an uncontested election, each director will be elected by a majority of votes cast except that in a contested election where the number of nominees for director exceeds the number of directors to be elected, directors will instead be elected by a plurality of the votes cast, meaning that the nominees receiving the most votes will be elected.

Dividend Rights

Subject to any preferential rights of holders of any then outstanding shares of preferred stock, if any, the holders of our common stock are entitled to receive dividends, if any, as may be declared from time to time by the Board of Directors in its discretion out of funds legally available for the payment of dividends.

Liquidation Rights

Subject to any preferential rights of outstanding shares of preferred stock, if any, holders of common stock will share ratably, based on the number of shares held by each such holder, in all assets legally available for distribution to our stockholders in the event of liquidation, dissolution or winding up of the Company.

Other Rights and Preferences

Holders of our common stock have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to our common stock. Any of the rights, powers or preferences of the holders of our preferred stock, if any, may be defeased by the affirmative consent or vote of the holders of at least 60% of the voting power of the shares of preferred stock then outstanding.

Anti-Takeover Provisions

Certain provisions of our amended and restated certificate of incorporation, our amended and restated bylaws, and Delaware law, may have the effect of delaying, deferring or discouraging another person from acquiring control of our Company. These provisions are also designed, in part, to encourage persons seeking to acquire control of the Company to negotiate first with our board of directors. Some of these provisions include:

- *Board Classification.* Our board of directors is classified into three classes of directors, with staggered three-year terms. As a result, only one class of directors is elected at each annual meeting of stockholders, with the other classes continuing for the remainder of their respective three-year terms.
- *Size of Board and Vacancies.* Our amended and restated bylaws provide that the number of directors on our board of directors is fixed from time to time exclusively by our board of directors. Any vacancies created in our board of directors resulting from any increase in the authorized number of directors or the death, resignation, retirement or removal from service will be filled only by a majority of the board of directors then in office, even if less than a quorum is present, or by a sole remaining director.
- *Directors May Only be Removed for Cause.* Our stockholders may remove directors only for cause and only by the affirmative vote of the holders of at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast in any election of directors.
- *Supermajority Vote to Amend Charter and Bylaws Provisions.* Certain amendments to our amended and restated certificate of incorporation require the approval of at least seventy-five percent (75%) of the then-outstanding voting power of our capital stock. In addition, approval of stockholders holding at least seventy-five percent (75%) of the then-outstanding voting power of our capital stock is required for stockholders to amend or adopt any provision of our bylaws.
- *Stockholder Action by Written Consent; Special Meetings of Stockholders.* Our stockholders are not able to take action by written consent for any matter and may only take action at annual or special meetings. In addition, special meetings of our stockholders may be called only by our board of directors, the chairman of our board of directors or our chief executive officer, which limits the ability of a stockholder to call a special meeting.
- *Advance Notice Requirements for Stockholder Proposals and Director Nominations.* Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors other than nominations made by or at the direction of our board of directors or a committee of our board of directors.
- *No Cumulative Voting.* Our stockholders have no cumulative voting rights.
- *Undesignated Preferred Stock.* Our board of directors has authority to issue preferred stock that could potentially be used to discourage attempts by third parties to obtain control of our Company through a merger, tender offer, proxy contest or otherwise by making such attempts more difficult or more costly.

Although these provisions may have the effect of delaying, deferring or discouraging another person from acquiring control of our Company, we believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh any potential disadvantages because the negotiation of these provisions could result in an improvement of the unfriendly or unsolicited acquirer's terms.

Exclusive Forum

Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for certain legal actions involving the Company shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, any state or federal district court in the State of Delaware).

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company.

Executive Employment Agreement

This Executive Employment Agreement (this "Agreement"), dated as of ____ __, 2019 (the "Effective Date"), is made by and between LogMeIn USA, Inc., a Delaware corporation (together with any successor thereto, the "Company") and wholly-owned subsidiary of LogMeIn, Inc. ("Parent"), and [_______________] ("Executive") (collectively referred to as the "Parties" or individually referred to as a "Party").

RECITALS

A. It is the desire of the Company to assure itself of the services of Executive following the Effective Date and thereafter by entering into this Agreement.

B. Executive and the Company mutually desire that Executive provide services to the Company on the terms herein provided.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below, the Parties hereto agree as follows:

1. Employment.

(a) General. On the Effective Date the Company shall continue to employ Executive and Executive shall remain in the employ of the Company in the position(s) set forth in this Section 1, subject to the other terms and conditions herein provided.

(b) At-Will Employment. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law, and that Executive's employment with the Company may be terminated by either Party at any time for any or no reason (subject to the notice requirements of Section 3(b)). This "at-will" nature of Executive's employment shall remain unchanged during Executive's tenure as an employee and may not be changed, except in an express writing signed by Executive and a duly authorized officer of the Company. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, award or compensation other than as provided in this Agreement or otherwise agreed to in writing by the Company or as provided by applicable law. The term of this Agreement (the "Term") shall commence on the Effective Date and end on the date the Executive's employment is terminated under Section 3.

(c) Positions and Duties. Executive shall serve as [**TITLE**] of the Company with such responsibilities, duties and authority normally associated with such positions and as may from time to time be reasonably assigned to Executive by the [Executive's direct manager, the Chief Executive Officer of the Company, the] Board of Directors of Parent or an authorized committee of the Board (in either case, the "Board"). Executive shall devote substantially all of Executive's working time and efforts to the business and affairs of the Company (which shall include service to its affiliates, if applicable), provided that Executive may engage in outside business activities (including serving on outside boards or committees) to the extent such activities do not materially interfere with the performance of Executive's duties and responsibilities under this Agreement or violate the terms of the LogMeIn, Inc. Restrictive Covenants Agreement [which the Executive previously entered into with Parent in connection with Executive's commencement of employment][which the Executive has executed on or about the Effective Date of this Agreement] (the "Restrictive Covenant Agreement"). Executive agrees to observe and comply with the rules and policies of the Company as adopted by the Company from time-to-time, in each case as amended from time-to-time, as set forth in writing, and as delivered or made available to Executive (each, a "Policy").

2. Compensation and Related Matters.

(a) Annual Base Salary. Executive shall receive a base salary at a rate of $[__________] per annum, which shall be paid in accordance with the customary payroll practices of the Company and may be pro-rated for partial years of employment. Such annual base salary shall be reviewed (and may be increased) from time-to-time by the Board (such annual base salary, as it may be increased from time to time, the "Annual Base Salary").

(b) Bonus. During the Term, Executive will be eligible to participate in an annual cash incentive program established by the Board. Executive's annual cash incentive compensation under such incentive program (the "Annual Bonus") shall be established annually by the Board with the target amount of such Annual Bonus to be based on a percentage of the Executive's Annual Base Salary (such target amount, as it may be increased from time to time, the "Target Bonus"). The Annual Bonus actually payable under the incentive program shall be based on the achievement of performance goals to be determined by the Board. The Executive's Annual Bonus and Target Bonus may be reviewed from time-to-time by the Board.

(c) Benefits. During the Term, Executive shall be eligible to participate in employee benefit plans, programs and arrangements of the Company (including paid time off, medical, dental and 401(k) plans), consistent with the terms thereof and as such plans, programs and arrangements may be amended from time to time. In no event shall Executive be eligible to participate in any severance plan or program of the Company, except as set forth in Section 4 of this Agreement.

(d) Business Expenses. During the Term, the Company shall reimburse Executive for all reasonable travel and other business expenses incurred by Executive in the performance of Executive's duties to the Company in accordance with the Company's expense reimbursement Policy.

(e) Key Person Insurance. The Company shall have the right to insure the life of Executive for the Company's sole benefit. The Company shall have the right to determine the amount of insurance and the type of policy. Executive shall reasonably cooperate with the Company in obtaining such insurance by submitting to physical examinations, by supplying all information reasonably required by any insurance carrier, and by executing all necessary documents reasonably required by any insurance carrier, provided that any information provided to an insurance company or broker shall not be provided to the Company without the prior written authorization of Executive. Executive shall incur no financial obligation by executing any required document, and shall have no interest in any such policy.

3. Termination.

Executive's employment hereunder may be terminated by the Company or Executive, as applicable, without any breach of this Agreement under the following circumstances:

(a) Circumstances.

(i) *Termination for Cause*. The Company may terminate Executive's employment for Cause, as defined below.

(ii) *Termination without Cause*. The Company may terminate Executive's employment without Cause.

(iii) *Resignation from the Company with Good Reason.* Executive may resign Executive's employment with the Company with Good Reason, as defined below.

(iv) *Resignation from the Company Without Good Reason*. Executive may resign Executive's employment with the Company for any reason other than Good Reason or for no reason.

(b) Notice of Termination. Any termination of Executive's employment by the Company or by Executive under this Section 3 shall be communicated by a written notice to the other Party hereto (i) setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment, and (ii) specifying a Date of Termination which, if provided by Executive, shall be at least thirty (30) days following the date of such notice (a "Notice of Termination"); *provided, however*, that in the event that Executive delivers a Notice of Termination to the Company, the Company may, in its sole discretion, change the Date of Termination to any date that occurs on or following the date of the Notice of Termination and is prior to the Date of Termination specified in the Notice of Termination, which change shall continue to be considered a resignation by Executive. The failure by either Party to set forth in the Notice of Termination any fact or circumstance shall not waive any right of the Party hereunder or preclude the Party from asserting such fact or circumstance in enforcing the Party's rights hereunder.

(c) Company Obligations upon Termination. Upon termination of Executive's employment pursuant to any of the circumstances listed in this Section 3, Executive shall be entitled to receive the sum of: (i) the portion of Executive's Annual Base Salary earned through the Date of Termination, but not yet paid to Executive; (ii) any expenses owed to Executive pursuant to Section 2(d); and (iii) any amount accrued and arising from Executive's participation in, or benefits accrued under any employee benefit plans, programs or arrangements, which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements (collectively, the "Company Arrangements"). Except as otherwise expressly required by law (e.g., COBRA) or as specifically provided in a benefit plan (other than a severance plan, policy or similar arrangement) or herein, all of Executive's rights to salary, severance, benefits, bonuses and other compensatory amounts hereunder (if any) shall cease upon the termination of Executive's employment hereunder.

(d) Deemed Resignation. Upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from all offices and directorships, if any, then held with the Company or any of its subsidiaries.

4. Severance Payments.

(a) Termination for Cause or Resignation from the Company Without Good Reason. If Executive's employment shall terminate pursuant to Section 3(a)(i) for Cause, or pursuant to Section 3(a)(iv) for Executive's resignation from the Company without Good Reason, then Executive shall not be entitled to any severance payments or benefits, except as provided in Section 3(c).

(b) Termination without Cause, or Resignation from the Company with Good Reason. If Executive's employment terminates without Cause pursuant to Section 3(a)(ii), or pursuant to Section 3(a)(iii) due to Executive's resignation with Good Reason, then, subject to Executive signing on or before the 60th day following Executive's Separation from Service (as defined below), and not revoking, a release of claims in substantially the form attached hereto as Exhibit A (the "Release"), and Executive's continued compliance with Section 5, Executive shall receive, in addition to payments and benefits set forth in Section 3(c), the following:

(i) an amount in cash equal to one (1) times the Executive's Annual Base Salary, payable in the form of a lump sum payment on the First Payment Date (as defined below); and

(ii) if Executive elects to receive continued medical, dental and/or vision coverage under one or more of the Company's group healthcare plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall directly pay, or reimburse Executive for, the COBRA premiums for Executive and Executive's covered dependents under such plans during the period commencing on Executive's Separation from Service and ending upon the earliest of (X) the last day of the 12 month period following the date of the Executive's Separation from Service (the "Severance Period"), (Y) the date that Executive and/or Executive's covered dependents become no longer eligible for COBRA, or (Z) the date Executive becomes eligible to receive medical, dental or vision coverage, as applicable, from a subsequent employer (and Executive agrees to promptly notify the Company of such eligibility). Notwithstanding the foregoing, if the Company determines in its sole discretion that it cannot provide the foregoing benefit without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or incurring an excise tax, the Company may alter the manner in which medical, dental or vision coverage is provided to Executive after the Date of Termination so long as such alteration does not increase the after-tax cost to Executive of such benefits.

(c) Change in Control. In lieu of the payments and benefits set forth in Section 4(b), in the event the Executive's employment terminates without Cause pursuant to Section 3(a)(ii), or pursuant to Section 3(a)(iii) due to Executive's resignation with Good Reason, in either case, on or within 24 months following the date of a Change in Control, subject to Executive signing on or before the 60th day following Executive's Separation from Service, and not revoking, the Release, and Executive's continued compliance with Section 5, Executive shall receive, in addition to the payments and benefits set forth in Section 3(c), the following:

(i) an amount in cash equal to [two (2) times] the sum of (A) the Executive's Annual Base Salary plus (B) the Target Bonus, payable in the form of a lump sum payment on the First Payment Date;

(ii) the benefits set forth in Section 4(b)(ii)[, provided that the "Severance Period" will mean the period commencing on Executive's Separation from Service and ending upon the last day of the [18] month period following the date of the Executive's Separation from Service]; and

(iii) immediate vesting of all unvested equity or equity-based awards held by Executive under any Parent equity compensation plans that vest solely based on the passage of time (for the avoidance of doubt, any awards that vest in whole or in part based on the attainment of performance-vesting conditions shall be governed by the terms of the applicable performance-based award agreement).

(d) Survival. Notwithstanding anything to the contrary in this Agreement, the provisions of Sections 5 through 9 will survive the termination of Executive's employment and the termination of the Term.

5. Restrictive Covenants. Executive agrees to at all times abide by the terms of the Restrictive Covenant Agreement, which are hereby incorporated by reference into this Agreement. Executive acknowledges that the provisions of the Restrictive Covenant Agreement will survive the termination of Executive's employment for the periods set forth in the Restrictive Covenant Agreement.

6. Assignment and Successors.

The Company must assign its rights and obligations under this Agreement to any of its affiliates or to any successor to the business or the assets of the Company (by merger or otherwise), unless automatically assumed by operation of law. This Agreement shall be binding upon and inure to the benefit of the Company, the Executive and their respective successors, assigns, personnel and legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable. None of Executive's rights or obligations may be assigned or transferred by Executive, other than Executive's rights to payments hereunder, which may be transferred only by will or operation of law. Notwithstanding the foregoing, Executive shall be entitled, to the extent permitted under applicable law and applicable Company Arrangements, to select and change a beneficiary or beneficiaries to receive compensation hereunder following Executive's death by giving written notice thereof to the Company.

7. Certain Definitions.

(a) Cause. As used in this Agreement, "Cause" shall mean (a) a good faith finding by a majority of our Board (excluding the vote of the Executive, if then a director) that (i) the Executive has failed to perform his reasonably assigned material duties for the Company and, if amenable to cure, has not cured such failure within thirty (30) days following notice from the Company; (ii) the Executive has engaged in gross negligence or willful misconduct, which has or is expected to have a material detrimental effect on the Company; (iii) the Executive has engaged in fraud, embezzlement or other material dishonesty; (iv) the Executive has engaged in any conduct which would constitute grounds for termination for material violation of the Company's policies in effect at that time and, if amenable to cure, has not cured such violation within thirty (30) days following notice from the Company; or (v) the Executive has breached any material provision of any nondisclosure, invention assignment, non-competition or other similar agreement between the Executive and the Company or Parent, including without limitation the Restrictive Covenant Agreement, and, if amenable to cure, has not cured such breach within thirty (30) days following notice from the Company; or (b) the conviction by the Executive of, or the entry of a pleading of guilty or nolo contendere by the Executive to, any crime involving moral turpitude or any felony.

(b) Change in Control. "Change in Control" shall mean the sale of all or substantially all of the capital stock, assets or business of Parent, by merger, consolidation, sale of assets or otherwise (other than a transaction in which all or substantially all of the individuals and entities who were beneficial owners of the common stock of Parent immediately prior to such transaction beneficially own, directly or indirectly, more than 50% of the outstanding securities entitled to vote generally in the election of directors of the resulting, surviving or acquiring corporation in such transaction).

(c) Code. "Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder.

(d) Date of Termination. "Date of Termination" shall mean either the date indicated in the Notice of Termination or the date specified by the Company pursuant to Section 3(b), whichever is earlier.

(e) Good Reason. "Good Reason" shall mean the occurrence, without the Executive's written consent, of any of the following events or circumstances: (a) following the date of a Change in Control, the assignment to the Executive of duties that involve materially less authority and responsibility and are materially inconsistent with the Executive's position, role, authority or responsibilities in effect immediately prior to such Change in Control; (b) the relocation of the Executive's primary place of work to a location that results in an increase in the Executive's daily one way commute of at least 30 miles; (c) the material reduction of the Executive's Annual Base Salary (including commissions) or Target Bonus; or (d) a material breach by the Company of this Agreement or any other written agreement with Executive. Notwithstanding the occurrence of any of the foregoing events or circumstances, Executive's resignation shall not be for "Good Reason" unless (x) the Executive gives the Company, no more than 90 days after the initial existence of such event or circumstance, written notice stating with specificity the applicable facts and circumstances underlying such finding of Good Reason; (y) such event or circumstance has not been fully corrected within 30 days of the Company's receipt of such notice; and (z) the Executive's resignation of employment occurs within 30 days following the expiration of the 30 day period set forth in clause (y).

8. Parachute Payments.

(a) Notwithstanding any other provisions of this Agreement or any Parent equity plan or agreement, in the event that any payment or benefit by the Company or Parent or otherwise to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (all such payments and benefits, including the payments and benefits under Section 4(b) and Section 4(c) hereof, being hereinafter referred to as the "Total Payments"), would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Total Payments shall be reduced (in the order provided in Section 8(b)) to the minimum extent necessary to avoid the imposition of the Excise Tax on the Total Payments, but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income and employment taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments), is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income and employment taxes on such Total Payments and the amount of the Excise Tax to which Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) The Total Payments shall be reduced in the following order: (i) reduction on a pro-rata basis of any cash severance payments that are exempt from Section 409A of the Code ("Section 409A"), (ii) reduction on a pro-rata basis of any non-cash severance payments or benefits that are exempt from Section 409A, (iii) reduction on a pro-rata basis of any other payments or benefits that are exempt from Section 409A, and (iv) reduction of any payments or benefits otherwise payable to Executive on a pro-rata basis or such other manner that complies with Section 409A; provided, in case of clauses (ii), (iii) and (iv), that reduction of any payments attributable to the acceleration of vesting of equity awards shall be first applied to equity awards that would otherwise vest last in time.

(c) The Company will select an accounting firm or consulting group with experience in performing calculations regarding the applicability of Section 280G of the Code and the Excise Tax (the "Independent Advisors") to make determinations regarding the application of this Section 8. For purposes of such determinations, no portion of the Total Payments shall be taken into account which, in the opinion of the Independent Advisors, (i) does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) or (ii) constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation. The costs of obtaining such determination and all related fees and expenses (including related fees and expenses incurred in any later audit) shall be borne by the Company.

(d) In the event it is later determined that to implement the objective and intent of this Section 8, (i) a greater reduction in the Total Payments should have been made, the excess amount shall be returned promptly by Executive to the Company or (ii) a lesser reduction in the Total Payments should have been made, the excess amount shall be paid or provided promptly by the Company to Executive, except to the extent the Company reasonably determines would result in imposition of an excise tax under Section 409A.

9. Miscellaneous Provisions.

(a) Governing Law. This Agreement shall be governed, construed, interpreted and enforced in accordance with its express terms, and otherwise in accordance with the substantive laws of the Commonwealth of Massachusetts without reference to the principles of conflicts of law of the Commonwealth of Massachusetts or any other jurisdiction that would result in the application of the laws of a jurisdiction other than the Commonwealth of Massachusetts, and where applicable, the laws of the United States.

(b) Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(c) Notices. Any notice, request, claim, demand, document and other communication hereunder to any Party shall be effective upon receipt (or refusal of receipt) and shall be in writing and delivered personally or sent by facsimile or certified or registered mail, postage prepaid, as follows:

(i) If to the Company, to the General Counsel of the Company at the Company's headquarters,

(ii) If to Executive, to the last address that the Company has in its personnel records for Executive, or

(iii) At any other address as any Party shall have specified by notice in writing to the other Party.

(d) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Signatures delivered by facsimile or PDF shall be deemed effective for all purposes.

(e) Entire Agreement. The terms of this Agreement, the Restrictive Covenant Agreement incorporated herein by reference as set forth in Section 5, the Indemnification Agreement (defined below) and any equity award agreement between the Company or Parent and Executive entered into prior to the date hereof are intended by the Parties to be the final expression of their agreement with respect to the subject matter hereof and supersede all prior understandings and agreements, whether written or oral, including without limitation any prior employment agreement or offer letter between Executive and the Company and any severance plan, program or policy of the Company. The Parties further intend that this Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement.

(f) Indemnification. Executive acknowledges that Executive has or will enter into an Indemnification Agreement in substantially the form attached as Exhibit B hereto (the "Indemnification Agreement").

(g) Amendments; Waivers. This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by Executive and a duly authorized officer of Company. By an instrument in writing similarly executed, Executive or a duly authorized officer of the Company may waive compliance by the other Party with any specifically identified provision of this Agreement that such other Party was or is obligated to comply with or perform; *provided*, *however*, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity.

(h) No Inconsistent Actions. The Parties hereto shall not voluntarily undertake or fail to undertake any action or course of action inconsistent with the provisions or essential intent of this Agreement. Furthermore, it is the intent of the Parties hereto to act in a fair and reasonable manner with respect to the interpretation and application of the provisions of this Agreement.

(i) Construction. This Agreement shall be deemed drafted equally by both the Parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any Party shall not apply. The headings in this Agreement are only for convenience and are not intended to affect construction or interpretation. Any references to paragraphs, subparagraphs, sections or subsections are to those parts of this Agreement, unless the context clearly indicates to the contrary. Also, unless the context clearly indicates to the contrary, (i) the plural includes the singular and the singular includes the plural; (ii) "and" and "or" are each used both conjunctively and disjunctively; (iii) "any," "all," "each," or "every" means "any and all," and "each and every"; (iv) "includes" and "including" are each "without limitation"; (v) "herein," "hereof," "hereunder" and other similar compounds of the word "here" refer to the entire Agreement and not to any particular paragraph, subparagraph, section or subsection; and (vi) all pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the entities or persons referred to may require.

(j) Enforcement. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the Term, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a portion of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

(k) Withholding. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

(l) Section 409A.

(i) *General.* The intent of the Parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. In no event shall the Company or any of its affiliates be liable for any additional tax, interest or penalties that may be imposed on Executive by Section 409A or any damages for failing to comply with Section 409A, other than for withholding obligations or other obligations applicable to employers, if any, under Section 409A.

(ii) *Separation from Service.* Notwithstanding anything in this Agreement to the contrary, any compensation or benefits payable under this Agreement that is considered nonqualified deferred compensation under Section 409A and is designated under this Agreement as payable upon Executive's termination of employment shall be payable only upon Executive's "separation from service" with the Company within the meaning of Section 409A (a "Separation from Service") and, except as provided below, any such compensation or benefits described in Section 4 shall not be paid, or, in the case of installments, shall not commence payment, until the sixtieth (60th) day following Executive's Separation from Service (the "First Payment Date"). Any installment payments that would have been made to Executive during the sixty (60) day period immediately following Executive's Separation from Service but for the preceding sentence shall be paid to Executive on the First Payment Date and the remaining payments shall be made as provided in this Agreement.

(iii) *Specified Employee.* Notwithstanding anything in this Agreement to the contrary, if Executive is deemed by the Company at the time of Executive's Separation from Service to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (i) the expiration of the six-month period measured from the date of Executive's Separation from Service with the Company or (ii) the date of Executive's death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to Executive (or Executive's estate or beneficiaries), and any remaining payments due to Executive under this Agreement shall be paid as otherwise provided herein.

(iv) *Expense Reimbursements.* To the extent that any reimbursements under this Agreement are subject to Section 409A, any such reimbursements payable to Executive shall be paid to Executive no later than December 31 of the year following the year in which the expense was incurred; provided, that Executive submits Executive's reimbursement request promptly following the date the expense is incurred, the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year, other than medical expenses referred to in Section 105(b) of the Code, and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(v) *Installments.* Executive's right to receive any installment payments under this Agreement, including without limitation any continuation salary payments that are payable on Company payroll dates, shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A. Except as otherwise permitted under Section 409A, no payment hereunder shall be accelerated or deferred unless such acceleration or deferral would not result in additional tax or interest pursuant to Section 409A.

10. Executive Acknowledgement.

Executive acknowledges that Executive has read and understands this Agreement, is fully aware of its legal effect, has not acted in reliance upon any representations or promises made by the Company other than those contained in writing herein, and has entered into this Agreement freely based on Executive's own judgment.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date and year first above written.

LogMeIn USA, Inc.

By: ______________________________
Name:
Title:

By Executive:

____
[Executive Name]

[Signature Page to Employment Agreement]

<u>EXHIBIT A</u>
Form of Release Agreement

Separation Agreement and Release

This Separation Agreement and Release ("Agreement") is made by and between [________________] ("Executive") and **LogMeIn USA, Inc.** (the "Company") (collectively referred to as the "Parties" or individually referred to as a "Party"). Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Employment Agreement (as defined below).

WHEREAS, the Parties have previously entered into that certain Employment Agreement, dated as of _______ __, 2019 (the "Employment Agreement"); and

WHEREAS, in connection with Executive's termination of employment with the Company or a subsidiary or affiliate of the Company effective ________, 20__, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that Executive may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Executive's employment with or separation from the Company or its subsidiaries or affiliates but, for the avoidance of doubt, nothing herein will be deemed to release any rights or remedies in connection with Executive's ownership of vested equity securities of the Company, vested benefits or Executive's right to defense or indemnification by the Company or any of its affiliates pursuant to contract or applicable law (collectively, the "Retained Claims"). The Company agrees not to contest Executive's application for unemployment benefits; provided that nothing herein shall prohibit the Company from responding truthfully to requests for information from, or require the Company to make any false or misleading statements to, any governmental authority.

NOW, THEREFORE, in consideration of the severance payments and benefits described in Section 4 of the Employment Agreement, which, pursuant to the Employment Agreement, are conditioned on Executive's execution and non-revocation of this Agreement, and in consideration of the mutual promises made herein, the Company and Executive hereby agree as follows:

1. <u>Severance Payments; Salary and Benefits</u>. The Company agrees to provide Executive with the severance payments and benefits described in Section 4(b) or Section 4(c) of the Employment Agreement, as applicable, payable at the times set forth in, and subject to the terms and conditions of, the Employment Agreement. In addition, to the extent not already paid, and subject to the terms and conditions of the Employment Agreement, the Company shall pay or provide to Executive all other payments or benefits described in Section 3(c) of the Employment Agreement, subject to and in accordance with the terms thereof.

2. <u>Release of Claims</u>. Executive agrees that, other than with respect to the Retained Claims, the foregoing consideration represents settlement in full of all outstanding obligations owed to Executive by the Company, any of its direct or indirect subsidiaries and affiliates, and any of their current and former officers, directors, equity holders, managers, employees, agents, investors, attorneys, shareholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries and predecessor and successor corporations and assigns (collectively, the "Releasees"). Executive, on Executive's own behalf and on behalf of any of Executive's affiliated companies or entities and any of their respective heirs, family members, executors, agents, and assigns, other than with respect to the Retained Claims, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Executive may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the date Executive signs this Agreement, including, without limitation:

(a) any and all claims relating to or arising from Executive's employment or service relationship with the Company or any of its direct or indirect subsidiaries or affiliates and the termination of that relationship;

(b) any and all claims relating to, or arising from, Executive's right to purchase, or actual purchase of any shares of stock or other equity interests of the Company or any of its affiliates, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

(c) any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

(d) any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; and the Sarbanes-Oxley Act of 2002; the California Fair Employment and Housing Act; the California WARN Act; the California Labor Code; the California Business & Professions Code Section 17200; the Massachusetts Payment of Wages Law; and the Massachusetts Fair Employment Practices Law;

(e) any and all claims for violation of the federal or any state constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Executive as a result of this Agreement;

(h) any and all claims arising out of the wage and hour and wage payments laws and regulations of the state or states in which Executive has provided service to the Company or any of its affiliates (including without limitation the Massachusetts Payment of Wages Law); and

(i) any and all claims for attorneys' fees and costs.

Executive agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not release claims that cannot be released as a matter of law, including, but not limited to, Executive's right to report possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation, Executive's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, against the Company (with the understanding that Executive's release of claims herein bars Executive from recovering such monetary relief from the Company or any Releasee), claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law, claims to continued participation in certain of the Company's group benefit plans pursuant to the terms and conditions of COBRA, claims to any benefit entitlements vested as the date of separation of Executive's employment, pursuant to written terms of any employee benefit plan of the Company or its affiliates and Executive's right under applicable law and any Retained Claims. This release further does not release claims for breach of Section 3(c), Section 4(b) or Section 4(c) of the Employment Agreement.

3. Acknowledgment of Waiver of Claims under ADEA. Executive understands and acknowledges that Executive is waiving and releasing any rights Executive may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Executive understands and agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the date Executive signs this Agreement. Executive understands and acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Executive was already entitled. Executive further understands and acknowledges that Executive has been advised by this writing that: (a) Executive should consult with an attorney prior to executing this Agreement; (b) Executive has 21 days within which to consider this Agreement, and the Parties agree that such time period to review this Agreement shall not be extended upon any material or immaterial changes to this Agreement; (c) Executive has 7 days following Executive's execution of this Agreement to revoke this Agreement pursuant to written notice to the General Counsel of the Company; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Executive signs this Agreement and returns it to the Company in less than the 21 day period identified above, Executive hereby acknowledges that Executive has freely and voluntarily chosen to waive the time period allotted for considering this Agreement.

4. Release of Unknown Claims. Executive acknowledges that Executive has been advised of and is familiar with the provisions of California Civil Code Section 1542, which provides as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

Executive, being aware of said Code Section, hereby expressly waives any rights Executive may have thereunder, as well as under any other statutes or common law principles of similar effect.

5. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

6. No Oral Modification. This Agreement may only be amended in a writing signed by Executive and a duly authorized officer of the Company.

7. Governing Law. This Agreement shall be subject to the provisions of Sections 9(a) and 9(c) of the Employment Agreement.

8. Effective Date. If Executive has attained or is over the age of 40 as of the date of Executive's termination of employment, then each Party has seven days after that Party signs this Agreement to revoke it and this Agreement will become effective on the eighth day after Executive signed this Agreement, so long as it has been signed by the Parties and has not been revoked by either Party before that date (the "Effective Date"). If Executive has not attained the age of 40 as of the date of Executive's termination of employment, then the "Effective Date" shall be the date on which Executive signs this Agreement.

9. Voluntary Execution of Agreement. Executive understands and agrees that Executive executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Executive's claims against the Company and any of the other Releasees. Executive acknowledges that: (a) Executive has read this Agreement; (b) Executive has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement; (c) Executive has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of Executive's own choice or has elected not to retain legal counsel; (d) Executive understands the terms and consequences of this Agreement and of the releases it contains; and (e) Executive is fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

LogMeIn USA, Inc.

Dated: ______________________________ ______________________________

[______________]

[NAME]

Dated: ______________________________ By: ______________________________

Name:

Title:

Exhibit B

Form of Indemnification Agreement

This Agreement is made as of the ____ day of ______________________ 201__, by and between LogMeIn, Inc., a Delaware corporation (the "Corporation), and ___________________ (the "Indemnitee"), an executive of the Corporation.

WHEREAS, it is essential to the Corporation to retain and attract as executives the most capable persons available, and

WHEREAS, the increase in corporate litigation subjects executives to expensive litigation risks, and

WHEREAS, it is now and has always been the express policy of the Corporation to indemnify its executives, and

WHEREAS, the Corporation desires the Indemnitee to serve, or continue to serve, as an executive of the Corporation.

NOW THEREFORE, the Corporation and the Indemnitee do hereby agree as follows:

1. Agreement to Serve. The Indemnitee agrees to serve or continue to serve as an executive of the Corporation for so long as the Indemnitee is duly elected or appointed or until such time as the Indemnitee tenders a resignation in writing.

2. Definitions. As used in this Agreement:

(a) The term "Proceeding" shall include any threatened, pending or completed action, suit, arbitration, alternative dispute resolution proceeding, administrative hearing or other proceeding, whether brought by or in the right of the Corporation or otherwise and whether of a civil, criminal, administrative or investigative nature, and any appeal therefrom.

(b) The term "Corporate Status" shall mean the status of a person who is or was, or has agreed to become, an executive of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer, fiduciary, partner, trustee, member, employee or agent of, or in a similar capacity with, another corporation, partnership, joint venture, trust, limited liability company or other enterprise.

(c) The term "Expenses" shall include, without limitation, attorneys' fees, retainers, court costs, transcript costs, fees and expenses of experts, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and other disbursements or expenses of the types customarily incurred in connection with investigations, judicial or administrative proceedings or appeals, but shall not include the amount of judgments, fines or penalties against Indemnitee or amounts paid in settlement in connection with such matters.

(d) References to "other enterprise" shall include employee benefit plans; references to "fines" shall include any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Agreement.

3. Indemnity of Indemnitee. Subject to Sections 6, 8 and 10, the Corporation shall indemnify the Indemnitee in connection with any Proceeding as to which the Indemnitee is, was or is threatened to be made a party (or is otherwise involved) by reason of the Indemnitee's Corporate Status, to the fullest extent permitted by law (as such may be amended from time to time). In furtherance of the foregoing and without limiting the generality thereof:

(a) Indemnification in Third-Party Proceedings. The Corporation shall indemnify the Indemnitee in accordance with the provisions of this Section 3(a) if the Indemnitee was or is a party to or threatened to be made a party to or otherwise involved in any Proceeding (other than a Proceeding by or in the right of the Corporation to procure a judgment in its favor or a Proceeding referred to in Section 6 below) by reason of the Indemnitee's Corporate Status or by reason of any action alleged to have been taken or omitted in connection therewith, against all Expenses, judgments, fines, penalties and amounts paid in settlement actually and reasonably incurred by or on behalf of the Indemnitee in connection with such Proceeding, if the Indemnitee acted in good faith and in a manner which the Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation (which may include negligent acts) and, with respect to any criminal Proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

(b) Indemnification in Proceedings by or in the Right of the Corporation. The Corporation shall indemnify the Indemnitee in accordance with the provisions of this Section 3(b) if the Indemnitee was or is a party to or threatened to be made a party to or otherwise involved in any Proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the Indemnitee's Corporate Status or by reason of any action alleged to have been taken or omitted in connection therewith, against all Expenses and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred by or on behalf of the Indemnitee in connection with such Proceeding, if the Indemnitee acted in good faith and in a manner which the Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, except that, if applicable law so provides, no indemnification shall be made under this Section 3(b) in respect of any claim, issue, or matter as to which the Indemnitee shall have been adjudged to be liable to the Corporation, unless, and only to the extent, that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such Expenses as the Court of Chancery or such other court shall deem proper.

4. Indemnification of Expenses of Successful Party. Notwithstanding any other provision of this Agreement, to the extent that the Indemnitee has been successful, on the merits or otherwise, in defense of any Proceeding or in defense of any claim, issue or matter therein (other than a Proceeding referred to in Section 6), the Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by or on behalf of the Indemnitee in connection therewith. Without limiting the foregoing, if any Proceeding or any claim, issue or matter therein is disposed of, on the merits or otherwise (including a disposition without prejudice), without (i) the disposition being adverse to the Indemnitee, (ii) an adjudication that the Indemnitee was liable to the Corporation, (iii) a plea of guilty or nolo contendere by the Indemnitee, (iv) an adjudication that the Indemnitee did not act in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and (v) with respect to any criminal proceeding, an adjudication that the Indemnitee had reasonable cause to believe his or her conduct was unlawful, the Indemnitee shall be considered for the purposes hereof to have been wholly successful with respect thereto.

5. Indemnification for Expenses of a Witness. To the extent that the Indemnitee is, by reason of the Indemnitee's Corporate Status, a witness in any Proceeding to which the Indemnitee is not a party, the Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by or on behalf of the Indemnitee in connection therewith.

6. Exceptions to Right of Indemnification. Notwithstanding anything to the contrary in this Agreement, except as set forth in Section 11, the Corporation shall not indemnify the Indemnitee in connection with a Proceeding (or part thereof) initiated by the Indemnitee unless the initiation thereof was approved by the Board of Directors of the Corporation. Notwithstanding anything to the contrary in this Agreement, the Corporation shall not indemnify the Indemnitee to the extent the Indemnitee is reimbursed from the proceeds of insurance, and in the event the Corporation makes any indemnification payments to the Indemnitee and the Indemnitee is subsequently reimbursed from the proceeds of insurance, the Indemnitee shall promptly refund such indemnification payments to the Corporation to the extent of such insurance reimbursement.

7. **Contribution in the Event of Joint Liability. If the indemnification provided for in this Agreement for any reason other than the statutory limitations of applicable law or as provided for in this Agreement, is held by a court of competent jurisdiction to be unavailable to an Indemnitee in respect of any losses, claims, damages, expenses or liabilities in which the Corporation is jointly liable with such Indemnitee, as the case may be (or would be jointly liable if joined), then the Corporation, in lieu of indemnifying the Indemnitee thereunder, shall contribute to the amount actually and reasonably incurred and paid or payable by the Indemnitee as a result of such losses, claims, damages, expenses or liabilities in such proportion as is appropriate to reflect (a) the relative benefits received by the Corporation and the Indemnitee, and (b) the relative fault of the Corporation and such Indemnitee in connection with the action or inaction that resulted in such losses, claims, damages, expenses or liabilities, as well as any other relevant equitable considerations. The relative fault of the Corporation and the Indemnitee shall be determined by reference to, among other things, (i) whether an untrue or alleged untrue statement of a material fact or an omission or alleged omission to state a material fact relates to information supplied by the Corporation or the Indemnitee, (ii) the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such losses, claims, damages, expenses or liabilities, (iii) the degree to which the parties' actions were motivated by intent to gain personal profit or advantage, (iv) the degree to which the parties' liability is primary or secondary, and (v) the degree to which the parties' conduct is active or passive. The Corporation and the Indemnitee agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata or per capita allocation or by any other method of allocation which does not take account of the equitable considerations referred to in this paragraph. No person found guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act of 1933, as amended) shall be entitled to contribution from any person who was not found guilty of such fraudulent misrepresentation.**

8. Notification and Defense of Claim. As a condition precedent to the Indemnitee's right to be indemnified, the Indemnitee must notify the Corporation in writing as soon as practicable of any Proceeding for which indemnity will or could be sought; provided that failure or delay to provide such notice shall not limit the Indemnitee's right to indemnification hereunder except to the extent the Corporation is prejudiced by such failure or delay. With respect to any Proceeding of which the Corporation is so notified, the Corporation will be entitled to participate therein at its own expense and/or to assume the defense thereof at its own expense, with legal counsel reasonably acceptable to the Indemnitee. After notice from the Corporation to the Indemnitee of its election so to assume such defense, the Corporation shall not be liable to the Indemnitee for any legal or other expenses subsequently incurred by the Indemnitee in connection with such Proceeding, other than as provided below in this Section 8. The Indemnitee shall have the right to employ his or her own counsel in connection with such Proceeding, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of the Indemnitee unless (i) the employment of counsel by the Indemnitee has been authorized by the Corporation, (ii) counsel to the Indemnitee shall have reasonably concluded that there may be a conflict of interest or position on any significant issue between the Corporation and the Indemnitee in the conduct of the defense of such Proceeding or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such Proceeding, in each of which cases the fees and expenses of counsel for the Indemnitee shall be at the expense of the Corporation, except as otherwise expressly provided by this Agreement, and provided that Indemnitee's counsel shall cooperate reasonably with the Corporation's counsel to minimize the cost of defending claims against the Corporation and the Indemnitee. The Corporation shall not be entitled, without the consent of the Indemnitee, to assume the defense of any claim brought by or in the right of the Corporation or as to which counsel for the Indemnitee shall have reasonably made the conclusion provided for in clause (ii) above. The Corporation shall not be required to indemnify the Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without its written consent. The Corporation shall not settle any Proceeding in any manner that would impose any penalty or limitation on the Indemnitee without the Indemnitee's written consent. Neither the Corporation nor the Indemnitee will unreasonably withhold or delay their consent to any proposed settlement.

9. Advancement of Expenses. Subject to the provisions of Section 10, in the event that the Corporation does not assume the defense pursuant to Section 8 of any Proceeding of which the Corporation receives notice under this Agreement, any Expenses actually and reasonably incurred by or on behalf of the Indemnitee in defending such Proceeding shall be paid by the Corporation in advance of the final disposition of such Proceeding; provided, however, that the payment of such Expenses incurred by or on behalf of the Indemnitee in advance of the final disposition of such Proceeding shall be made only upon receipt of an undertaking by or on behalf of the Indemnitee to repay all amounts so advanced in the event that it shall ultimately be determined that the Indemnitee is not entitled to be indemnified by the Corporation as authorized in this Agreement. Such undertaking shall be accepted without reference to the financial ability of the Indemnitee to make repayment. Any advances and undertakings to repay pursuant to this Section 9 shall be unsecured and interest-free.

10. Procedures.

(a) In order to obtain indemnification or advancement of Expenses pursuant to this Agreement, the Indemnitee shall submit to the Corporation a written request, including in such request such documentation and information as is reasonably available to the Indemnitee and is reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification or advancement of Expenses. Any such indemnification or advancement of Expenses shall be made promptly, and in any event within 20 days after receipt by the Corporation of the written request of the Indemnitee, unless the Corporation determines within such 20-day period that the Indemnitee did not meet the applicable standard of conduct. Such determination, and any determination that advanced Expenses must be repaid to the Corporation, shall be made in each instance (a) by a majority vote of the directors of the Corporation consisting of persons who are not at that time parties to the Proceeding ("disinterested directors"), whether or not a quorum, (b) by a committee of disinterested directors designated by a majority vote of disinterested directors, whether or not a quorum, (c) if there are no disinterested directors, or if the disinterested directors so direct, by independent legal counsel (who may, to the extent permitted by applicable law, be regular legal counsel to the Corporation) in a written opinion, or (d) by the stockholders of the Corporation.

(b) The termination of any Proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Indemnitee did not act in good faith and in a manner that the Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal Proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(c) The Indemnitee shall cooperate with the person, persons or entity making such determination with respect to the Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to the Indemnitee and reasonably necessary to such determination. Any Expenses actually and reasonably incurred by the Indemnitee in so cooperating shall be borne by the Corporation (irrespective of the determination as to the Indemnitee's entitlement to indemnification) and the Corporation hereby indemnifies the Indemnitee therefrom.

11. Remedies. The right to indemnification or advancement of Expenses as provided by this Agreement shall be enforceable by the Indemnitee in any court of competent jurisdiction if the Corporation denies such request, in whole or in part, or if no disposition thereof is made within the applicable period referred to in Section 10. Unless otherwise required by law, the burden of proving that indemnification or advancement of Expenses is not appropriate shall be on the Corporation. Neither the failure of the Corporation to have made a determination prior to the commencement of such action that indemnification is proper in the circumstances because the Indemnitee has met the applicable standard of conduct, nor an actual determination by the Corporation that the Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct. The Indemnitee's Expenses actually and reasonably incurred in connection with successfully establishing the Indemnitee's right to indemnification, in whole or in part, in any such Proceeding shall also be indemnified by the Corporation.

12. Partial Indemnification. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Corporation for some or a portion of the Expenses, judgments, fines, penalties or amounts paid in settlement actually and reasonably incurred by or on behalf of the Indemnitee in connection with any Proceeding but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify the Indemnitee for the portion of such Expenses, judgments, fines, penalties or amounts paid in settlement to which the Indemnitee is entitled.

13. Subrogation. In the event of any payment under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Corporation to bring suit to enforce such rights.

14. Term of Agreement. This Agreement shall continue so long as (a) Indemnitee could be subject to any possible Proceeding subject to indemnification by reason of Indemnitee's Corporate Status and shall be applicable to Proceedings commenced or continued after execution of this Agreement, whether arising from acts or omissions occurring before or after such execution or (b) the final termination of all Proceedings pending during the period set forth in clause (a) in respect of which the Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by the Indemnitee pursuant to Section 11 of this Agreement relating thereto.

15. Indemnification Hereunder Not Exclusive. The indemnification and advancement of Expenses provided by this Agreement shall not be deemed exclusive of any other rights to which the Indemnitee may be entitled under the Certification of Incorporation, the By-Laws, any other agreement, any vote of stockholders or disinterested directors, the General Corporation Law of Delaware, any other law (common or statutory), or otherwise, both as to action in the Indemnitee's official capacity and as to action in another capacity while holding office for the Corporation. Nothing contained in this Agreement shall be deemed to prohibit the Corporation from purchasing and maintaining insurance, at its expense, to protect itself or the Indemnitee against any expense, liability or loss incurred by it or the Indemnitee in any such capacity, or arising out of the Indemnitee's status as such, whether or not the Indemnitee would be indemnified against such expense, liability or loss under this Agreement; provided that the Corporation shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that the Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

16. No Special Rights. Nothing herein shall confer upon the Indemnitee any right to continue to serve as an executive of the Corporation for any period of time or at any particular rate of compensation.

17. Savings Clause. If this Agreement or any portion thereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify the Indemnitee as to Expenses, judgments, fines, penalties and amounts paid in settlement with respect to any Proceeding to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated and to the fullest extent permitted by applicable law.

18. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute the original.

19. Successors and Assigns. This Agreement shall be binding upon the Corporation and its successors and assigns and shall inure to the benefit of the estate, heirs, executors, administrators and personal representatives of the Indemnitee.

20. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

21. Modification and Waiver. This Agreement may be amended from time to time to reflect changes in Delaware law or for other reasons. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof nor shall any such waiver constitute a continuing waiver.

22. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been given (i) when delivered by hand or (ii) if mailed by certified or registered mail with postage prepaid, on the third day after the date on which it is so mailed:

(a) if to the Indemnitee, to:

____
____

(b) if to the Corporation, to:

LogMeIn, Inc.
333 Summer Street
Boston, MA 02210
Attn: General Counsel
Email: legal@logmein.com

or to such other address as may have been furnished to the Indemnitee by the Corporation or to the Corporation by the Indemnitee, as the case may be.

23. Applicable Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware. The Indemnitee may elect to have the right to indemnification or reimbursement or advancement of Expenses interpreted on the basis of the applicable law in effect at the time of the occurrence of the event or events giving rise to the applicable Proceeding, to the extent permitted by law, or on the basis of the applicable law in effect at the time such indemnification or reimbursement or advancement of Expenses is sought. Such election shall be made, by a notice in writing to the Corporation, at the time indemnification or reimbursement or advancement of Expenses is sought; provided, however, that if no such notice is given, and if the General Corporation Law of Delaware is amended, or other Delaware law is enacted, to permit further indemnification of the executives, then the Indemnitee shall be indemnified to the fullest extent permitted under the General Corporation Law, as so amended, or by such other Delaware law, as so enacted.

24. Enforcement. The Corporation expressly confirms and agrees that it has entered into this Agreement in order to induce the Indemnitee to continue to serve as an executive of the Corporation, and acknowledges that the Indemnitee is relying upon this Agreement in continuing in such capacity.

25. Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, whether oral or written, by any officer, employee or representative of any party hereto in respect of the subject matter contained herein; and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and cancelled. For avoidance of doubt, the parties confirm that the foregoing does not apply to or limit the Indemnitee's rights under Delaware law or the Corporation's Certificate of Incorporation or By-Laws.

26. Consent to Suit. In the case of any dispute under or in connection with this Agreement, the Indemnitee may only bring suit against the Corporation in the Court of Chancery of the State of Delaware. The Indemnitee hereby consents to the exclusive jurisdiction and venue of the courts of the State of Delaware, and the Indemnitee hereby waives any claim the Indemnitee may have at any time as to forum non conveniens with respect to such venue. The Corporation shall have the right to institute any legal action arising out of or relating to this Agreement in any court of competent jurisdiction. Any judgment entered against either of the parties in any proceeding hereunder may be entered and enforced by any court of competent jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

CORPORATION:

By: ______________________________

Name: ______________________________

Title: ______________________________

INDEMNITEE:

____

[Name]

Exhibit 21.1

Subsidiaries	Jurisdiction of Incorporation
GetGo Communications LLC	Delaware
GetGo Communications Virginia LLC	Virginia
GetGo Investment LLC	Delaware
Grasshopper Group LLC	Massachusetts
Jive Communications, Inc.	Delaware
Jive Communications Guatemala, S.A.	Guatemala
Jive Communications International Holdings, LLC	Delaware
Jive Communications Mexico, S. de R.L. de C.V.	Mexico
Jive Telecomunicações do Brasil, Ltda.	Brazil
Jive USA Holdings, LLC	Delaware
LogMeIn Audio LLC	Delaware
LogMeIn AUS Pty Ltd	Australia
LogMeIn Brazil Consultoria em Tecnologia da Informação Ltda.	Brazil
LogMeIn Consultoria e Servicos de Informatica Ltda	Brazil
LogMeIn Europe B.V.	The Netherlands
LogMeIn Germany GmbH	Germany
LogMeIn Holdings Bermuda Limited	Bermuda
LogMeIn Ireland Holding Company Limited	Republic of Ireland
LogMeIn Ireland Limited	Republic of Ireland
LogMeIn Kft.	Hungary
LogMeIn London Ltd.	United Kingdom
LogMeIn Systems India Private Limited	India
LogMeIn Technologies Canada Ltd. / Technologies LogMeIn Canada Ltée.	Canada
LogMeIn Technologies UK Ltd.	United Kingdom
LogMeIn UK, Ltd.	United Kingdom
LogMeIn USA, Inc.	Delaware
Nanorep Technologies Ltd.	Israel
Nihon LogMeIn K.K.	Japan
NoPassword, Inc.	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-162664, 333-165668, 333-169884, 333-193696, 333-202733, 333-208373, 333-214387, 333-217736 and 333-232779 on Form S-8 of our reports dated February 14, 2020, relating to the financial statements of LogMeIn, Inc. and subsidiaries and the effectiveness of LogMeIn, Inc. and subsidiaries' internal control over financial reporting appearing in this Annual Report on Form 10-K of LogMeIn, Inc. for the year ended December 31, 2019.

/s/ Deloitte & Touche LLP

Boston, Massachusetts
February 14, 2020

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William R. Wagner, certify that:

1. I have reviewed this Annual Report on Form 10-K of LogMeIn, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2020

/s/ William R. Wagner

William R. Wagner
President & Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Edward K. Herdiech certify that:

1. I have reviewed this Annual Report on Form 10-K of LogMeIn, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2020

/s/ Edward K. Herdiech

Edward K. Herdiech
Chief Financial Officer

Exhibit 32.1

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K for the fiscal year ending December 31, 2019 of LogMeIn, Inc. (the “Company”), as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, William R. Wagner, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 14, 2020

/s/ William R. Wagner

William R. Wagner
President & Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K for the fiscal year ending December 31, 2019 of LogMeIn, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Edward K. Herdiech, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 14, 2020

/s/ Edward K. Herdiech

Edward K. Herdiech
Chief Financial Officer