UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended April 30, 2020

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 001-38069

CLOUDERA, INC.

(Exact name of registrant as specified in its charter)

Delaware	**26-2922329**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. employer identification no.)**

395 Page Mill Road
Palo Alto, CA 94306
(650) 362-0488
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.00005 par value	CLDR	The New York Stock Exchange

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 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 checkmark if the registrant has not elected to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act ☐

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

As of May 29, 2020, there were 295,391,403 shares of the registrant's common stock outstanding.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CLOUDERA, INC.

Condensed Consolidated Balance Sheets

(in thousands, except share data)

	April 30, 2020	January 31, 2020
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 160,925	$ 107,638
Marketable securities	251,025	253,361
Accounts receivable, net	165,236	249,971
Deferred costs	48,618	54,776
Prepaid expenses and other current assets	32,605	42,155
Total current assets	658,409	707,901
Property and equipment, net	20,578	21,988
Marketable securities, non-current	103,376	122,193
Intangible assets, net	585,560	605,236
Goodwill	590,361	590,361
Deferred costs, non-current	35,416	35,260
Operating lease right-of-use assets	196,715	204,642
Other assets	9,563	12,209
TOTAL ASSETS	$ 2,199,978	$ 2,299,790
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,431	$ 3,858
Accrued compensation	47,390	61,826
Other contract liabilities	11,728	12,225
Other accrued liabilities	21,166	22,297
Operating lease liabilities	28,404	19,181
Deferred revenue	427,475	460,561
Total current liabilities	539,594	579,948
Operating lease liabilities, non-current	183,945	192,324
Deferred revenue, non-current	75,519	81,926
Other accrued liabilities, non-current	7,457	7,223
TOTAL LIABILITIES	806,515	861,421
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.00005 par value; 20,000,000 shares authorized, no shares issued and outstanding as of April 30, 2020 and January 31, 2020	—	—
Common stock $0.00005 par value; 1,200,000,000 shares authorized as of April 30, 2020 and January 31, 2020; 295,348,575 and 295,167,761 shares issued and outstanding as of April 30, 2020 and January 31, 2020, respectively	15	15
Additional paid-in capital	2,937,795	2,923,905
Accumulated other comprehensive income	289	273
Accumulated deficit	(1,544,636)	(1,485,824)
TOTAL STOCKHOLDERS' EQUITY	1,393,463	1,438,369
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,199,978	$ 2,299,790

See accompanying notes to condensed consolidated financial statements.

CLOUDERA, INC.
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three Months Ended April 30,	
	2020	2019
Revenue:		
Subscription	$ 187,085	$ 154,838
Services	23,375	32,630
Total revenue	210,460	187,468
Cost of revenue:(1) (2)		
Subscription	28,636	29,337
Services	25,605	31,896
Total cost of revenue	54,241	61,233
Gross profit	156,219	126,235
Operating expenses:(1) (2)		
Research and development	64,216	64,173
Sales and marketing	113,135	119,383
General and administrative	34,675	46,432
Total operating expenses	212,026	229,988
Loss from operations	(55,807)	(103,753)
Interest income	2,241	3,291
Other income (expense), net	(2,497)	233
Loss before provision for income taxes	(56,063)	(100,229)
Provision for income taxes	(1,951)	(2,901)
Net loss	$ (58,014)	$ (103,130)
Net loss per share, basic and diluted	$ (0.20)	$ (0.38)
Weighted-average shares used in computing net loss per share, basic and diluted	295,293	271,352

(1) Amounts include stock-based compensation expense as follows (in thousands):

	Three Months Ended April 30,	
	2020	2019
Cost of revenue – subscription	$ 3,992	$ 3,819
Cost of revenue – services	3,987	4,260
Research and development	19,824	17,841
Sales and marketing	15,823	13,364
General and administrative	9,812	9,587

(2) Amounts include amortization of acquired intangible assets as follows (in thousands):

	Three Months Ended April 30,	
	2020	2019
Cost of revenue – subscription	$ 3,079	$ 2,910
Sales and marketing	16,597	17,250

See accompanying notes to condensed consolidated financial statements.

CLOUDERA, INC.
Condensed Consolidated Statements of Comprehensive Loss
(in thousands)
(unaudited)

	Three Months Ended April 30,	
	2020	**2019**
Net loss	$ (58,014)	$ (103,130)
Other comprehensive income, net of tax:		
Foreign currency translation loss	(836)	(8)
Unrealized gain on investments	852	350
Total other comprehensive income, net of tax	16	342
Comprehensive loss	$ (57,998)	$ (102,788)

See accompanying notes to condensed consolidated financial statements.

CLOUDERA, INC.
Condensed Consolidated Statements of Stockholders' Equity
(in thousands, except share data)
(unaudited)

	Three Months Ended April 30, 2020					
	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance as of January 31, 2020	295,168	$ 15	$ 2,923,905	$ 273	$ (1,485,824)	$ 1,438,369
Shares issued under employee stock plans	154	—	443	—	—	443
Vested restricted stock units converted into shares	5,852	—	—	—	—	—
Repurchases of common stock	(3,945)	—	(25,974)	—	—	(25,974)
Stock-based compensation expense	—	—	53,438	—	—	53,438
Shares withheld related to net settlement of restricted stock units	(1,880)	—	(14,017)	—	—	(14,017)
Unrealized gain on investments	—	—	—	852	—	852
Foreign currency translation adjustment	—	—	—	(836)	—	(836)
Cumulative effect of accounting change	—	—	—	—	(798)	(798)
Net loss	—	—	—	—	(58,014)	(58,014)
Balance as of April 30, 2020	295,349	$ 15	$ 2,937,795	$ 289	$ (1,544,636)	$ 1,393,463

	Three Months Ended April 30, 2019					
	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance as of January 31, 2019	268,818,627	$ 13	$ 2,711,340	$ (42)	$ (1,149,242)	$ 1,562,069
Shares issued under employee stock plans	841,981	1	3,002	—	—	3,003
Vested restricted stock units converted into shares	5,191,871	—	—	—	—	—
Stock-based compensation expense	—	—	48,871	—	—	48,871
Shares withheld related to net settlement of restricted stock units	(667,983)	—	(7,805)	—	—	(7,805)
Unrealized gain on investments	—	—	—	350	—	350
Foreign currency translation adjustment	—	—	—	(8)	—	(8)
Net loss	—	—	—	—	(103,130)	(103,130)
Balance as of April 30, 2019	274,184,496	$ 14	$ 2,755,408	$ 300	$ (1,252,372)	$ 1,503,350

See accompanying notes to condensed consolidated financial statements.

CLOUDERA, INC.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three Months Ended April 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (58,014)	$ (103,130)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	22,573	23,316
Non-cash lease expense	11,301	11,315
Stock-based compensation expense	53,438	48,871
Amortization of deferred costs	16,625	9,652
Other	3,522	(510)
Changes in assets and liabilities:		
Accounts receivable	81,828	95,496
Prepaid expenses and other assets	10,526	(522)
Deferred costs	(10,623)	(9,412)
Accounts payable	307	(2,605)
Accrued compensation	(18,412)	(12,530)
Other accrued liabilities	(2,895)	(28)
Other contract liabilities	(497)	(5,122)
Operating lease liabilities	(2,508)	(11,079)
Deferred revenue	(38,814)	(32,252)
Net cash provided by operating activities	68,357	11,460
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of marketable securities and other investments	(80,860)	(196,453)
Proceeds from sale of marketable securities and other investments	66,059	9,271
Maturities of marketable securities and other investments	36,794	129,998
Capital expenditures	(1,089)	(2,693)
Net cash provided by (used in) investing activities	20,904	(59,877)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchases of common stock	(25,974)	—
Taxes paid related to net share settlement of restricted stock units	(14,017)	(7,797)
Proceeds from employee stock plans	4,977	5,949
Net cash used in financing activities	(35,014)	(1,848)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(960)	(1,060)
Net increase (decrease) in cash, cash equivalents and restricted cash	53,287	(51,325)
Cash, cash equivalents and restricted cash — Beginning of period	110,990	162,039
Cash, cash equivalents and restricted cash — End of period	$ 164,277	$ 110,714

SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Purchases of property and equipment, accrued but not yet paid	$ 606	$ 49
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 476	$ 2,429

See accompanying notes to condensed consolidated financial statements.

CLOUDERA, INC.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	As of April 30,	
	2020	**2019**
Reconciliation of cash, cash equivalents and restricted cash as shown in the statement of cash flows		
Cash and cash equivalents	$ 160,925	$ 107,362
Restricted cash included in Other assets	3,352	3,352
Total cash, cash equivalents and restricted cash	$ 164,277	$ 110,714

See accompanying notes to condensed consolidated financial statements.

CLOUDERA, INC.

Notes to Condensed Consolidated Financial Statements
(*unaudited*)

1. Summary of Business and Significant Accounting Policies

Description of Business

Cloudera, Inc. was incorporated in the state of Delaware on June 27, 2008 and is headquartered in Palo Alto, California. Cloudera is an enterprise data cloud company. We sell software subscriptions and public cloud services for the recently released Cloudera Data Platform (CDP) solution-set and software subscriptions for our traditional on-premises data platforms. Subscriptions include software access rights and technical support. We also provide professional services for the implementation and use of our software subscriptions, machine learning expertise and consultation, training and education services. Our offerings are based predominantly on open source software, utilizing data stored natively in public cloud object stores as well as in various open source data stores. Unless the context requires otherwise, the words “we,” “us,” “our,” the “Company” and “Cloudera” refer to Cloudera, Inc. and its subsidiaries taken as a whole.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the United States and the applicable rules and regulations of the Securities and Exchange Commission (SEC) regarding interim financial reporting. The condensed consolidated financial statements include the results of Cloudera, Inc. and its wholly owned subsidiaries, which are located in various countries, including the United States, Australia, China, India, Germany, Ireland, The Netherlands, Singapore, Hungary and the United Kingdom. All intercompany balances and transactions have been eliminated upon consolidation. The consolidated balance sheet as of January 31, 2020 has been derived from the audited consolidated financial statements at that date but does not include all of the information and notes required by GAAP for complete financial statements. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. The information contained herein reflects all adjustments necessary for a fair presentation of our results of operations, financial position, stockholders’ equity and cash flows. All such adjustments are of a normal, recurring nature. The results of operations for the three months ended April 30, 2020 are not necessarily indicative of results to be expected for the full year ending January 31, 2021 or for any other interim periods or for any other future years.

The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended January 31, 2020, filed with the SEC on March 27, 2020. There have been no material changes in our significant accounting policies as described in our Annual Report on Form 10-K for the year ended January 31, 2020 other than as noted below under “New Accounting Policies”.

Fiscal Year

Our fiscal year ends on January 31. References to fiscal 2021, for example, refer to the fiscal year ending January 31, 2021.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant items subject to such estimates include the useful lives of property and equipment and intangible assets, allowance for credit losses, stock-based compensation expense, bonus attainment, self-insurance costs incurred, the fair value and useful lives of tangible and intangible assets acquired and liabilities assumed resulting from business combinations, the evaluation for impairment of intangible assets and goodwill, the estimated period of benefit for deferred contract costs, estimates related to our revenue recognition, such as the assessment of elements in a multi-element arrangement and the valuation assigned to each element, contingencies, and the incremental borrowing rate used in discounting of our lease liabilities. These estimates and assumptions are based on management’s best estimates and judgment. Management regularly evaluates its estimates and assumptions using historical experience and other factors; however, actual results could differ significantly from these estimates.

Due to the COVID-19 Coronavirus pandemic (COVID-19 or COVID-19 pandemic), there has been uncertainty and disruption in the global economy and financial markets. We are not aware of any specific event or circumstance that would require an update to our estimates or judgments or a revision of the carrying value of our assets or liabilities as of April 30, 2020. While there was not a material impact to our consolidated financial statements as of and for the quarter ended April 30, 2020, these estimates may change, as new events occur and additional information is obtained, as well as other factors related to COVID-19 pandemic that could result in material impacts to our consolidated financial statements in future reporting periods.

Segments

We operate as two operating segments – subscription and services. Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker, who is our chief executive officer, in deciding how to allocate resources and assess performance.

Concentrations of Credit Risk and Significant Customers

Financial instruments that subject us to concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities, restricted cash and accounts receivable. Our cash is deposited with high credit quality financial institutions. At times, such deposits may be in excess of the Federal Depository Insurance Corporation insured limits. We have not experienced any losses on these deposits.

Our trade receivables are recorded at the invoice amount, net of an allowance for credit losses, which is not material. The allowance for credit losses reflects our best estimate of probable losses inherent in the receivable portfolio determined based on various factors including historical experience, credit quality of the customer, current economic conditions and management's expectations of future economic conditions. Receivables are written-off and charged against the recorded allowance when we have exhausted collection efforts without success.

The COVID-19 pandemic and the recent economic downturn prompted us to perform additional credit reviews of our existing customers. After performing our additional reviews, we determined that, while we may experience delays in our collections, the risk of credit loss on our trade receivables as of April 30, 2020 is not expected to materially differ from prior periods.

As of April 30, 2020 and January 31, 2020, no single customer represented more than 10% of accounts receivable. For each of the three months ended April 30, 2020 and 2019, no single customer accounted for 10% or more of revenue.

Recently Adopted Accounting Standards

We adopted the following accounting standards as of February 1, 2020:

- ASU No. 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment;*
- ASU No. 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which amends ASC 820, *Fair Value Measurement;* and
- ASU No. 2018-15, *Intangibles-Goodwill and Other - Internal-Use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (a consensus of the FASB Emerging Issues Task Force)*

The adoption of the above listed accounting standards did not have a material impact on our condensed consolidated financial statements for the three months ended April 30, 2020.

In June 2016, the Financial Accounting Standards Board issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which requires an entity to utilize a new impairment model known as the current expected credit loss model in place of the currently used incurred loss method. Under this update, on initial recognition and at each reporting period, an entity will be required to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. For trade receivables, loans, and other financial instruments, an entity will be required to use a forward-looking expected loss model to recognize credit losses that are probable. It also eliminates the concept of other-than-temporary impairment and requires credit losses related to available-for-sale debt securities to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. We adopted ASU 2016-13 using the modified retrospective approach as of February 1, 2020. As a result of the adoption, we recorded an $0.8 million adjustment to our beginning accumulated deficit balance to reflect the cumulative effect of the accounting change. The impact of the adoption was not material to our consolidated financial statements as credit losses are not expected to be significant based on historical collection trends, the financial condition of payment partners and external market factors. We will continue to actively monitor the impact of the recent COVID-19 pandemic on expected credit losses.

New Accounting Policies

Derivative contracts

During the first quarter of fiscal year 2021, we implemented a currency risk management program. We use derivative financial instruments as a part of our strategy to manage exposure related to foreign currency denominated monetary assets and liabilities. These derivative contracts consist of foreign currency forward contracts and are not designated as hedging instruments under the applicable accounting guidance. Accordingly, they are carried at fair value as either assets or liabilities on our condensed consolidated balance sheets. The changes in the fair value are included in “Other income (expense), net” within our condensed consolidated statements of operations and are intended to offset the foreign currency gains or losses associated with the underlying monetary assets and liabilities.

Our foreign currency contracts are classified within Level 2 of the fair value hierarchy as the valuation inputs are based on quoted prices and market observable data of similar instruments in active markets, including currency spot and forward rates.

2. Revenue from Contracts with Customers

The following table reflects our contract liabilities balances (in thousands):

	April 30, 2020	January 31, 2020
Deferred revenue	$ 427,475	$ 460,561
Other contract liabilities	11,728	12,225
Deferred revenue, non-current	75,519	81,926
Total contract liabilities	$ 514,722	$ 554,712

Significant changes in the contract liabilities balances during the period ended April 30, 2020 are as follows (in thousands):

	Contract Liabilities
January 31, 2020	$ 554,712
Performance obligations satisfied during the period that were included in the contract liability balance at the beginning of the period	(165,645)
Increases due to invoicing prior to satisfaction of performance obligations	125,655
April 30, 2020	$ 514,722

Remaining Performance Obligations

The transaction price allocated to remaining performance obligations represents contracted revenue that has been billed but not recognized, and unbilled non-cancelable amounts that will be recognized as revenue in future periods. Transaction price allocated to the remaining performance obligation is influenced by several factors, including seasonality, the timing of renewals and average contract terms.

During the three months ended April 30, 2020, net revenue recognized from our remaining performance obligations satisfied in previous periods was not material.

As of April 30, 2020, approximately $827.8 million of revenue is expected to be recognized from remaining performance obligations in the amount of approximately $554.7 million over the next 12 months and approximately $273.1 million thereafter.

Contract Assets

Contract assets consist of the right to consideration in exchange for product offerings that we have transferred to a customer when that right is conditional on something other than the passage of time (e.g., performance prior to invoicing on fixed fee service arrangements with substantive acceptance terms). We record unbilled accounts receivable related to revenue recognized in excess of amounts invoiced as we have an unconditional right to invoice and receive payment in the future related to those fulfilled obligations. As of April 30, 2020 and January 31, 2020, contract assets were $4.1 million and $4.6 million, respectively, which are included in prepaid expenses and other current assets.

3. Cash Equivalents and Marketable Securities

The following are the fair values of our cash equivalents and marketable securities as of April 30, 2020 (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Cash equivalents:				
Money market funds	$ 88,990	$ —	$ —	$ 88,990
Marketable securities:				
Asset-backed securities	38,823	338	—	39,161
Corporate notes and obligations	197,496	1,454	(26)	198,924
Commercial paper	51,093	22	(3)	51,112
Municipal securities	12,855	134	(7)	12,982
Certificates of deposit	29,997	44	(48)	29,993
U.S. treasury securities	22,035	194	—	22,229
Total cash equivalents and marketable securities	$ 441,289	$ 2,186	$ (84)	$ 443,391

The following are the fair values of our cash equivalents and marketable securities as of January 31, 2020 (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Cash equivalents:				
Money market funds	$ 34,596	$ —	$ —	$ 34,596
Marketable securities:				
Asset-backed securities	68,194	235	—	68,429
Corporate notes and obligations	199,226	891	—	200,117
Commercial paper	46,460	7	—	46,467
Municipal securities	20,865	65	—	20,930
Certificates of deposit	14,996	19	—	15,015
U.S. treasury securities	24,563	33	—	24,596
Total cash equivalents and marketable securities	$ 408,900	$ 1,250	$ —	$ 410,150

The contractual maturities of investments in available-for-sale securities were as follows (in thousands):

	April 30, 2020		January 31, 2020	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due within one year	$ 341,399	$ 342,437	$ 273,582	$ 274,058
Due after one year through five years	99,890	100,954	135,318	136,092
Total investments in marketable securities	$ 441,289	$ 443,391	$ 408,900	$ 410,150

The unrealized loss for each of these fixed rate marketable securities was not material as of April 30, 2020 and January 31, 2020. The unrealized losses on these investments were primarily due to changes in market interest rates. We expect to receive the full principal and interest on all of these marketable securities and have the ability and intent to hold these investments until a recovery of fair value. We determined that no allowance for credit losses was required for the three months ended April 30, 2020 and 2019.

Realized gains and realized losses on our cash equivalents and marketable securities are included in other income (expense), net on the condensed consolidated statement of operations and were not material for the three months ended April 30, 2020 and 2019.

Reclassification adjustments out of accumulated other comprehensive income into net loss were not material for the three months ended April 30, 2020 and 2019.

4. Fair Value Measurement

Our financial assets and liabilities consist principally of cash and cash equivalents, marketable securities, accounts receivable and accounts payable. We measure and record certain financial assets and liabilities at fair value on a recurring basis. The estimated fair value of accounts receivable and accounts payable approximates their carrying value due to their short-term nature. Cash equivalents, marketable securities and restricted cash are recorded at estimated fair value.

All of our cash equivalents and marketable securities are classified within Level 1 or Level 2 because the cash equivalents and marketable securities are valued using quoted market prices or alternative pricing sources and models utilizing observable market inputs.

We follow a three-level valuation hierarchy for disclosure of fair value measurements as follows:

Level 1 Inputs are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 Inputs (other than quoted market prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument’s anticipated life.

Level 3 Inputs reflect management’s best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table represents our financial assets and liabilities according to the fair value hierarchy, measured at fair value as of April 30, 2020 (in thousands):

	Level 1	Level 2	Total
Financial assets			
Money market funds	$ 88,990	$ —	$ 88,990
Asset-backed securities	—	39,161	39,161
Corporate notes and obligations	—	198,924	198,924
Commercial paper	—	51,112	51,112
Municipal securities	—	12,982	12,982
Certificates of deposit	—	29,993	29,993
U.S. treasury securities	4,999	17,230	22,229
Foreign currency derivative contracts	—	4	4
Total financial assets	$ 93,989	$ 349,406	$ 443,395
Financial liabilities			
Foreign currency derivative contracts	$ —	$ 542	$ 542
Total financial liabilities	$ —	$ 542	$ 542

The following table represents our financial assets according to the fair value hierarchy, measured at fair value as of January 31, 2020 (in thousands):

	Level 1	Level 2	Total
Financial assets			
Money market funds	$ 34,596	$ —	$ 34,596
Asset-backed securities	—	68,429	68,429
Corporate notes and obligations	—	200,117	200,117
Commercial paper	—	46,467	46,467
Municipal securities	—	20,930	20,930
Certificates of deposit	—	15,015	15,015
U.S. treasury securities	—	24,596	24,596
Total financial assets	$ 34,596	$ 375,554	$ 410,150

We value our Level 1 assets using quoted prices in active markets for identical instruments. We value our Level 2 assets with the help of a third-party pricing service using quoted market prices for similar instruments, non-binding market prices that are corroborated by observable market data, or pricing models such as discounted cash flow techniques. We use such pricing data as the primary input, to which we have not made any material adjustments during the periods presented, to make our determination and assessments as to the ultimate valuation of these assets.

We have no Level 1 or 3 liabilities and no Level 3 assets.

Assets Measured at Fair Value on a Nonrecurring Basis

Certain of our assets, including intangible assets and goodwill, are measured at fair value on a nonrecurring basis, when they are deemed to be other-than temporarily impaired. There were no material impairment charges recognized during the three months ended April 30, 2020, and 2019.

5. Derivative Contracts

We generate revenues and incur expenses in numerous currencies and are exposed to foreign currency risk. In the first quarter of fiscal year 2021, we implemented a currency risk management program, executing foreign currency forward contracts to offset the gains and losses on foreign currency denominated monetary assets and liabilities. The duration of our forward contracts are less than 12 months. We do not enter into any derivatives for trading or speculative purposes.

During the three months ended April 30, 2020, we recorded a loss of $0.5 million in other income (expense), net within our condensed consolidated statements of operations and is reported as part of other adjustments to reconcile net loss to net cash provided by operating activities in the condensed consolidated statements of cash flows. As of April 30, 2020, we had outstanding foreign currency forward contracts not designated as hedges with a total notional value of $12.3 million. The fair value of these outstanding derivative contracts was not material.

6. Balance Sheet Components

Property and Equipment, Net

The cost and accumulated depreciation and amortization of property and equipment are as follows (in thousands):

	As of	
	April 30, 2020	January 31, 2020
Computer equipment and software	$ 23,106	$ 22,489
Office furniture and equipment	12,824	12,672
Leasehold improvements	24,739	24,236
Property and equipment, gross	60,669	59,397
Less: accumulated depreciation and amortization	(40,091)	(37,409)
Property and equipment, net	$ 20,578	$ 21,988

Depreciation expense was $2.9 million and $3.2 million for the three months ended April 30, 2020 and 2019, respectively.

Intangible Assets

Intangible assets consisted of the following as of April 30, 2020 (in thousands):

	Gross Fair Value	Accumulated Amortization	Net Book Value	Weighted Average Remaining Useful Life (in years)
Developed technology	$ 17,570	$ (12,113)	$ 5,457	1.8
Customer relationships and other acquired intangible assets	671,447	(97,444)	574,003	8.7
Unbilled contracts	18,300	(12,200)	6,100	0.7
Total	$ 707,317	$ (121,757)	$ 585,560	8.5

Intangible assets consisted of the following as of January 31, 2020 (in thousands):

	Gross Fair Value	Accumulated Amortization	Net Book Value	Weighted Average Remaining Useful Life (in years)
Developed technology	$ 17,570	$ (11,321)	$ 6,249	2.0
Customer relationships and other acquired intangible assets	671,447	(80,847)	590,600	8.9
Unbilled contracts	18,300	(9,913)	8,387	0.9
Total	$ 707,317	$ (102,081)	$ 605,236	8.7

Amortization expense for intangible assets was $19.7 million and $20.2 million for the three months ended April 30, 2020 and 2019, respectively.

The expected future amortization expense of these intangible assets as of April 30, 2020 is as follows (in thousands):

Remaining nine months of fiscal 2021	$ 58,265
fiscal 2022	69,074
fiscal 2023	66,722
fiscal 2024	66,211
fiscal 2025	66,160
fiscal 2026 and thereafter	259,128
Total amortization expense	$ 585,560

Accrued Compensation

Accrued compensation consists of the following (in thousands):

	As of	
	April 30, 2020	January 31, 2020
Accrued salaries, benefits and commissions	$ 15,021	$ 27,067
Accrued bonuses	9,796	13,409
Accrued compensation-related taxes	10,620	15,205
Employee stock purchase plan withholdings	7,266	2,732
Other	4,687	3,413
Total accrued compensation	$ 47,390	$ 61,826

Other Accrued Liabilities

Other accrued liabilities consist of the following (in thousands):

	As of	
	April 30, 2020	January 31, 2020
Accrued professional costs	$ 4,864	$ 6,182
Accrued taxes	4,802	5,164
Accrued travel	232	1,574
Other [(1)]	11,268	9,377
Total other accrued liabilities	$ 21,166	$ 22,297

(1) Other includes amounts owed to third-party vendors that provide marketing, corporate event planning, cloud-computing services and self-insurance costs.

7. Leases

We have entered into various non-cancelable operating lease agreements for our facilities. Our leases have various expiration dates through September 2031. Many leases include one or more options to renew. We do not assume renewals in our determination of the lease term unless the renewals are deemed to be reasonably assured at lease commencement.

Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The lease term is determined to be the non-cancelable period including any lessee renewal options which are considered to be reasonably certain of exercise. The interest rate implicit in the lease contracts is typically not readily determinable. As such, we utilized the appropriate incremental borrowing rate based on information available at the commencement date, which is the rate incurred to borrow on a collateralized basis over a similar term in a similar economic environment.

Components of lease expense are summarized as follows (in thousands):

	Three Months Ended April 30,	
	2020	2019
Operating lease cost	$ 11,301	$ 11,315
Short-term lease cost	479	571
Sublease income	(3,922)	(3,955)
Net lease cost	$ 7,858	$ 7,931

Lease term and discount rate information are summarized as follows:

	As of	
	April 30, 2020	January 31, 2020
Weighted Average Remaining Lease Term (years)	6.6	6.8
Weighted Average Discount Rate	6.0 %	6.0 %

Maturities of lease liabilities as of April 30, 2020 are as follows (in thousands):

		Minimum Lease Payments, Gross
Remaining nine months of fiscal 2021	$	37,728
fiscal 2022		39,985
fiscal 2023		36,040
fiscal 2024		36,447
fiscal 2025		35,611
fiscal 2026 and thereafter		83,612
Total lease payments	$	269,423
Less imputed interest		(57,074)
Present value of lease liabilities	$	212,349

As of April 30, 2020, we expected to receive $27.2 million of sublease rental proceeds in the next five years.

8. Commitments and Contingencies

Letters of Credit

As of each of April 30, 2020 and January 31, 2020, we had a total of $19.9 million in letters of credit outstanding in favor of certain landlords for office space. These letters of credit renew annually and expire at various dates through 2027.

Legal Proceedings

On June 7, 2019, a purported class action complaint was filed in the United States District Court for the Northern District of California, entitled *Christie v. Cloudera, Inc., et al*., Case No. 5:19-cv-3221-LHK. The complaint named as defendants Cloudera, its former Chief Executive Officer, its Chief Financial Officer and a former officer and director, asserting alleged class claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (Exchange Act) and SEC Rule 10b-5. Two substantially similar class action complaints, entitled *Zarantonello v. Cloudera, Inc., et al*., Case No. 5:19-cv-4007-LHK, and *Dvornic v. Cloudera, Inc., et al*., Case No. 5:19-cv-4310-LHK, were subsequently filed against the same defendants in the same court on July 12, 2019 and July 26, 2019, respectively. The suits have been consolidated under the name, *In re Cloudera, Inc. Securities Litigation,* Case No. 5:19-cv-3221-LHK. The court subsequently appointed lead plaintiffs and lead counsel, and a consolidated amended complaint was filed on February 14, 2020. The consolidated amended complaint asserts claims against the Company and three individual defendants under Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5, based on allegedly false and misleading statements between April 28, 2017 and June 5, 2019. It also adds as defendants ten current or former directors or officers of the Company and Intel Corporation and asserts claims under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, on behalf of all persons who acquired Cloudera stock pursuant or traceable to the S-4 registration statement filed in connection with Cloudera's January 2019 merger with Hortonworks, and alleging that the registration statement contained untrue statements of material fact and omitted material facts. The complaint seeks, among other things, an award of damages and attorneys' fees and costs. On March 18, 2020, the court vacated its prior order appointing lead plaintiffs and lead counsel and reopened the lead plaintiff process. Cloudera believes that the allegations in the action are without merit.

On June 7, 2019, a purported class action complaint was filed in the Superior Court of California, County of Santa Clara, entitled *Lazard v. Cloudera, Inc., et al*., Case No. 19CV348674. The complaint named as defendants Cloudera, thirteen individuals who are current or former directors or officers of the Company, and Intel Corporation. The complaint alleged that the registration statement contained untrue statements of material fact and omitted material facts. Two substantially similar suits, entitled *Franchi v. Cloudera, Inc., et a*l., Case No. 19CV348790, and *Cannizzo v. Cloudera, Inc*., et al., Case No. 19CV348974, were subsequently filed in the same court on June 11, 2019 and June 14, 2019, respectively. The suits have been consolidated under the name *In re Cloudera, Inc. Securities Litigation*, and the consolidated amended complaint purports to assert claims under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 on behalf of all persons who acquired Cloudera stock pursuant or traceable to the S-4 registration statement filed in connection with Cloudera's January 2019 merger with Hortonworks, and alleges that the registration statement contained untrue statements of material fact and omitted material facts. Plaintiffs seek, among other things, an award of damages and attorneys' fees and costs. Cloudera believes that the allegations in the lawsuits are without merit.

On July 30, 2019, a purported shareholder derivative complaint was filed in the United States District Court for the District of Delaware, entitled *Lee, et al. v. Cole, et al*., Case No. 1:19-cv-01422-LPS. The complaint names as defendants eleven individuals who are current or former directors or officers of the Company, names the Company as a nominal defendant, and purports to assert claims on the Company's behalf against the individual defendants for breach of fiduciary duty, unjust enrichment, and alleged violation of Sections 10(b) and 20(a) of the Exchange Act. On September 5, 2019, a purported shareholder derivative complaint was filed in the United States District Court for the District of Delaware, entitled *Slattery v. Reilly, et* al., Case No. 1:19-cv-01662-LPS. The complaint names as defendants thirteen individuals who are current or former directors or officers of the Company, names the Company as a nominal defendant, and purports to assert claims on the Company's behalf against the individual defendants for breach of fiduciary duty, unjust enrichment, and alleged violations of Section 10(b), 14 and 20(a) of the Exchange Act. On October 16, 2019, a purported shareholder derivative complaint was filed in the United States District Court for the District of Delaware, entitled *Frentzel v. Bearden, et al*., Case No. 1:19-cv-01962-LPS. The complaint names as defendants thirteen individuals who are current or former directors or officers of the Company, and names the Company as a nominal defendant, and purports to assert claims on the Company's behalf against the individual defendants for breach of fiduciary duty, alleged violations of Section 14 of the Exchange Act, insider selling and misappropriation of information. All three derivative actions are based on allegations that are substantially similar to those in the class actions filed in the United States District Court for the Northern District of California, described above. All three derivative actions seek, among other things, an award of damages on behalf of the Company, corporate governance reforms and attorneys' fees and costs. The *Slattery* and *Frentzel* actions additionally seek disgorgement on behalf of the Company. The suits have been consolidated under the name, *In re Cloudera, Inc. Stockholder Derivative Litigation*, Case No. 1:19-cv-01422-LPS. A consolidated amended complaint has not yet been filed.

On September 3, 2019, a purported shareholder derivative complaint was filed in the United States District Court for the Northern District of California, entitled *Chen v. Reilly, et al*., Case No. 5:19-cv-05536-LHK. That complaint names as defendants thirteen individuals who are current or former directors or officers of the Company, names the Company as a nominal defendant, and purports to assert claims on the Company's behalf against the individual defendants for breach of fiduciary duty, unjust enrichment, waste of corporate assets, and alleged violation of Section 14(a) of the Exchange Act. On September 10, 2019, a purported shareholder derivative complaint that is substantially similar to the *Chen* action and is brought against the same defendants, was filed in the United States District Court for the Northern District of California, entitled *Fu v. Reilly, et al*., Case No. 5:19-cv-05705-LHK. Both derivative actions are based on allegations that are substantially similar to those in the class actions filed in the United States District Court for the Northern District of California, described above. Both derivative actions seek, among other things, an award of damages on behalf of the Company, corporate governance reforms and attorneys' fees and costs. The suits have been consolidated under the name, *In re Cloudera, Inc. Derivative Litigation*, Case No. 5:19-cv-05536-LHK. A consolidated amended complaint has not yet been filed and the case is currently stayed.

In the ordinary course of business, we are or may be involved in a variety of litigation matters, suits, investigations, and proceedings, including actions with respect to intellectual property claims, government investigations, labor and employment claims, breach of contract claims, tax, and other matters. Regardless of the outcome, these litigation matters can have an adverse impact on us because of defense costs, diversion of management resources, harm to reputation, and other factors. Future litigation may be necessary to defend ourselves, or our customers or partners on indemnity matters, by determining the scope, enforceability and validity of third-party proprietary rights or by establishing our proprietary rights. Further, the ultimate outcome of any litigation is uncertain and, regardless of outcome, litigation can have an adverse impact on us because of defense costs, potential negative publicity, diversion of management resources and other factors. While we are not aware of other pending legal matters or claims, individually or in the aggregate, that are expected to have a material adverse impact on our business, consolidated financial position, results of operations or cash flows, our analysis of whether a claim may proceed to litigation cannot be predicted with certainty, nor can the results of litigation be predicted with certainty. Accordingly, there can be no assurance that existing or future legal proceedings arising in the ordinary course of business or otherwise will not have a material adverse effect on our business, consolidated financial position, results of operations or cash flows in a particular period or subject us to an injunction that could seriously harm our business.

We record a provision for contingent losses when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. With respect to our outstanding legal matters, our management believes that the amount or estimable range of possible loss will not, either individually or in the aggregate, have a material adverse effect on our business, consolidated financial position, results of operations, or cash flows. However, the outcome of litigation is inherently uncertain. Therefore, if one or more of these legal matters were resolved against us for amounts in excess of management's expectations, our results of operations and financial condition including in a particular reporting period, could be materially adversely affected.

Indemnification

From time to time, we enter into certain types of contracts that contingently require us to indemnify various parties against claims from third parties. These contracts primarily relate to (i) certain real estate leases under which we may be required to indemnify property owners for environmental and other liabilities and other claims arising from our use of the applicable premises, (ii) our amended and restated bylaws, under which we must indemnify directors and executive officers, and may indemnify other officers and employees, for liabilities arising out of their relationship with us, (iii) contracts under which we must indemnify directors and certain officers for liabilities arising out of their relationship with us, (iv) contracts under which we may be required to indemnify customers or partners against certain claims, including claims from third parties asserting, among other things, infringement of their intellectual property rights, and (v) procurement, consulting, or license agreements under which we may be required to indemnify vendors, consultants or licensors for certain claims, including claims that may be brought against them arising from our acts or omissions with respect to the supplied products, technology or services. From time to time, we may receive indemnification claims under these contracts in the normal course of business. In addition, under these contracts we may have to modify the accused infringing intellectual property and/or refund amounts received.

In the event that one or more of these matters were to result in a claim against us, an adverse outcome, including a judgment or settlement, may cause a material adverse effect on our future business, operating results or financial condition. It is not possible to determine the maximum potential amount under these contracts due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement.

We maintain director and officer insurance, which may cover certain liabilities arising from our obligation to indemnify our directors and certain officers.

To date, we have not incurred any material costs, and have not accrued any liabilities in the consolidated financial statements as a result of these provisions.

9. Common Stock Repurchases

On March 3, 2020, our board of directors authorized a share repurchase program of up to $100.0 million of the Company's outstanding shares of common stock. Share repurchases may be made through open market purchases, block trades and/or privately negotiated transactions in compliance with Rule 10b-18 promulgated under the Exchange Act, subject to market conditions, applicable legal requirements, and other relevant factors. Repurchases may also be made under Rule 10b5-1 plans, which permit shares of common stock to be repurchased through pre-determined criteria. The timing, volume and nature of the repurchases will be at the discretion of our management based on their evaluation of the capital needs of the Company, market conditions, applicable legal requirements and other factors. The program does not have an expiration date, and it may be suspended or discontinued at any time. For the three months ended April 30, 2020, we used $26.0 million to repurchase 3.9 million shares of common stock at an average repurchase price of $6.56 per share under the repurchase program. As of April 30, 2020, there was approximately $74.0 million of authorized funds remaining under the repurchase program.

10. Stock-Based Compensation

We maintain two stock-based compensation plans: the 2017 Equity Incentive Plan (2017 Plan) and the 2008 Equity Incentive Plan (2008 Plan), collectively referred to as the Stock Plans. We do not expect to grant any additional awards under the 2008 Plan. Outstanding awards under the 2008 Plan continue to be subject to the terms and conditions of the 2008 Plan.

The number of shares reserved for issuance under our 2017 Plan increases automatically on the first day of February of each calendar year during the term of the 2017 Plan by a number of shares of common stock equal to the lesser of (i) 5% of the total outstanding shares of our common stock as of the immediately preceding January 31 or (ii) a number of shares determined by our board of directors. On February 1, 2020, the number of shares reserved for issuance under the 2017 Plan increased automatically by 14,758,388 additional shares. As of April 30, 2020, there were 23,000,734 shares of common stock reserved and available for future issuance under the Stock Plans.

Stock Options

Stock options granted generally have a maximum term of ten years from the grant date, are exercisable upon vesting unless otherwise designated for early exercise by the board of directors at the time of grant, and generally vest over a period of three to four years, with 25% vesting after one year and then ratably on a monthly basis for the remaining two to three years.

The following table summarizes stock option activity and related information under the Stock Plans:

	Options Outstanding			
	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Balance — January 31, 2020	13,530,363	$ 5.96	2.1	$ 70,057
Exercised	(154,169)	3.15	—	—
Canceled	(251,319)	12.97	—	—
Balance — April 30, 2020	13,124,875	5.86	1.7	48,971

The total intrinsic value of stock options exercised during the three months ended April 30, 2020 and 2019 was $0.8 million and $6.8 million, respectively. The intrinsic value is the difference between the current fair market value of the stock for accounting purposes at the time of exercise and the exercise price of the stock option. As we have accumulated net operating losses, no future tax benefit related to stock option exercises has been recognized.

The unamortized stock-based compensation expense for stock options of $0.2 million as of April 30, 2020 will be recognized over the average remaining vesting period of 0.6 years.

Restricted Stock Units

We issue restricted stock units (RSUs) to employees and directors under the Stock Plans. For new employee grants, the RSUs generally meet the service-based condition over a four-year period, with 25% met after one year and then ratably on a quarterly basis for the remaining three years. For continuing employee grants, the RSUs generally meet the service-based condition pro-rata quarterly over a period of three years to four years.

The following table summarizes RSU activity and related information under the Stock Plans:

	Restricted Stock Units Outstanding	
	Number of RSUs	Weighted-Average Grant Date Fair Value Per Share
Balance — January 31, 2020	38,583,994	$ 10.85
Granted	5,500,804	9.00
Canceled	(1,638,338)	11.24
Vested and converted to shares	(5,851,821)	9.81
Balance — April 30, 2020	36,594,639	10.72

The unamortized stock-based compensation expense for RSUs of $346.8 million as of April 30, 2020 will be recognized over the average remaining vesting period of 2.3 years.

Employee Stock Purchase Plan

In March 2017, we adopted our 2017 Employee Stock Purchase Plan (ESPP). The ESPP became effective on April 27, 2017, the effective date of our initial public offering. Each offering period consists of a six-month purchase period (commencing each June 21 and December 21).

We initially reserved 3,000,000 shares of our common stock for issuance under our ESPP. The number of shares reserved for issuance under our ESPP increases automatically on February 1 of each of the first 10 calendar years following the first offering date by the number of shares equal to the lesser of (i) 1% of the total outstanding shares of our common stock as of the immediately preceding January 31 (rounded to the nearest whole share) or (ii) a number of shares of our common stock determined by our board of directors. On February 1, 2020, the number of shares reserved for issuance under the ESPP increased automatically by 2,951,677 additional shares. As of April 30, 2020, the total number shares available for grant under the ESPP was 5,857,371 shares.

As of April 30, 2020, $7.3 million has been withheld on behalf of employees for a future purchase under the ESPP and is recorded in accrued compensation in our condensed consolidated balance sheets. See Note 6 for additional information.

11. Income Taxes

Our quarterly income taxes reflect an estimate of our corresponding year's annual effective tax rate and include, when applicable, adjustments for discrete items. For the three months ended April 30, 2020 and 2019, our tax provision was $2.0 million and $2.9 million, respectively. The decreased tax provision for the three months ended April 30, 2020 compared to the same period in the prior fiscal year was primarily relates to reduced foreign income taxes.

12. Related Party Transactions

Certain members of our board of directors currently serve on the board of directors or as an executive officer of certain companies that are our customers. The aggregate revenue we recognized from these customers was $1.9 million and $6.7 million for the three months ended April 30, 2020 and 2019, respectively. There was $1.6 million and $1.2 million in accounts receivable due from these customers as of April 30, 2020 and January 31, 2020, respectively.

13. Segment Information

The results of the reportable segments are derived directly from our management reporting system and are based on our methods of internal reporting which are not necessarily in conformity with GAAP. Our management measures the performance of each segment based on several metrics, including contribution margin, as defined below. Our management does not use asset information to assess performance and make decisions regarding allocation of resources. Therefore, depreciation and amortization expense is not allocated among segments.

Contribution margin is used, in part, to evaluate the performance of, and allocate resources to, each of the segments. Segment contribution margin includes segment revenue less the related cost of sales excluding certain operating expenses that are not allocated to segments because they are separately managed at the consolidated corporate level. These unallocated costs include stock-based compensation expense, amortization of acquired intangible assets, direct sales and marketing costs, research and development costs, corporate general and administrative costs, such as legal and accounting, interest income, interest expense, and other income and expense.

Financial information for each reportable segment was as follows (in thousands):

	Three Months Ended April 30,	
	2020	**2019**
Revenue:		
Subscription	$ 187,085	$ 154,838
Services	23,375	32,630
Total revenue	$ 210,460	$ 187,468

	Three Months Ended April 30,	
	2020	2019
Contribution margin:		
Subscription	$ 165,520	$ 132,230
Services	1,757	4,994
Total segment contribution margin	$ 167,277	$ 137,224

The reconciliation of segment financial information to our loss from operations is as follows (in thousands):

	Three Months Ended April 30,	
	2020	2019
Segment contribution margin	$ 167,277	$ 137,224
Amortization of acquired intangible assets	(19,676)	(20,160)
Stock-based compensation expense	(53,438)	(48,871)
Corporate costs, such as research and development, corporate general and administrative and other	(149,970)	(171,946)
Loss from operations	$ (55,807)	$ (103,753)

Sales outside of the United States represented approximately 40% and 38% of our total revenue for the three months ended April 30, 2020 and 2019, respectively. No individual foreign country represented more than 10% of revenue in any period presented. All revenues from external customers are attributed to individual countries on an end-customer basis, based on domicile of the purchasing entity, if known, or the location of the customer's headquarters if the specific purchasing entity within the customer is unknown.

As of April 30, 2020 and January 31, 2020, assets located outside the United States were 4% and 5% of total assets, respectively.

14. Net Loss Per Share

The following table sets forth the calculation of basic and diluted net loss per share during the periods presented (in thousands, except per share data):

	Three Months Ended April 30,	
	2020	2019
Numerator:		
Net loss	$ (58,014)	$ (103,130)
Denominator:		
Weighted-average shares used in computing net loss, per share basic and diluted	295,293	271,352
Net loss per share, basic and diluted	$ (0.20)	$ (0.38)

The following outstanding shares of common stock equivalents were excluded from the computation of the diluted net loss per share attributable to common stockholders for the periods presented because their effect would have been anti-dilutive (in thousands):

	As of April 30,	
	2020	2019
Stock options to purchase common stock	13,125	18,010
Restricted stock units	36,595	33,494
Shares issuable pursuant to the ESPP	909	666
Total	50,629	52,170

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q. This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). These statements are often identified by the use of words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue," and similar expressions or variations. These statements are based on the beliefs and assumptions of our management based on information currently available to management. 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 identified herein, including the impact of the current COVID-19 pandemic on our business and future financial performance, and those discussed in the section titled "Risk Factors," set forth in Part II, Item 1A of this Form 10-Q and in our other SEC filings. You should review the risk factors for a more complete understanding of the risks associated with an investment in our securities. We disclaim any obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. Our fiscal year end is January 31, and references throughout this Quarterly Report on Form 10-Q to a given fiscal year are to the twelve months ended on that date.

Overview

At Cloudera, we believe that data can make what is impossible today, possible tomorrow. We empower people to transform complex data into clear and actionable insights. Powered by the relentless innovation of the open source community, we advance digital transformation for the world's largest enterprises. We deliver a modern enterprise data platform to manage and secure the data lifecycle from the Edge to AI, spanning any cloud or data center. We are an enterprise data cloud company.

We pioneered the creation of the enterprise data cloud category. An enterprise data cloud is multi-function, hybrid and multi-cloud, secure and governed, and open and extensible. An enterprise data cloud offers cloud-native agility, elasticity and ease-of-use.

We generate revenue from subscriptions and services. Please see "Components of Results of Operations - Revenue" for further details.

We market and sell our platform to a broad range of organizations, although we focus our selling efforts on the largest enterprises globally. We target these organizations because they capture and manage the vast majority of the world's data and operate in highly complex information technology environments. We market our platform primarily through a direct sales force while benefiting from business driven by our ecosystem of technology partners, resellers, original equipment manufacturers (OEMs), managed service providers, independent software vendors and systems integrators.

We have a broad customer base that spans industries and geographies. For each of the three months ended April 30, 2020 and 2019, no customer accounted for more than 10% of our total revenue. We have significant revenue in the industries of banking and financial services, manufacturing, technology, business services, telecommunications, public sector, consumer and retail, and healthcare and life sciences verticals, and continue to expand our penetration across many other data-intensive industries. Sales outside of the United States represented approximately 40% and 38% of our total revenue for the three months ended April 30, 2020 and 2019, respectively.

Our business model is based on a "land and expand" strategy designed to use the initial sale as a foothold to increase revenue per customer by increasing the amount of data and number of use cases each customer runs through our platform. After an initial purchase of our platform, we work with our customers to identify new use cases that can be developed on or moved to our platform, ultimately increasing the amount of data managed on our platform as well as the number and size of our platform deployments.

COVID-19 Update

The United States and the global communities in which we operate are facing a severe challenge posed by the COVID-19 Coronavirus pandemic (COVID-19 or COVID-19 pandemic). In response to this challenge we, like many companies, have implemented and continue to focus on cost reduction initiatives in all aspects of our business, including, but not limited to, reduced travel for employees, decreases in employee-related expenses, minimizing use of outside contractors and consultants, temporary closure of our offices and, since mid-March 2020, a requirement that our employees work remotely. We have been operating effectively under our remote work model, which we anticipate continuing for some time to ensure the safety and well-being of our employees.

We do not believe there has been a material impact from the effects of the COVID-19 pandemic on our business and operations, results of operations, financial condition, cash flows, liquidity and capital resources as of and during the three months ended April 30, 2020.

The full extent of the future impact of the COVID-19 pandemic on our business and operating results is currently uncertain and will depend on certain developments, including the duration and spread of the outbreak; government responses to the pandemic; the impact on our customers and our sales cycles; the impact on our customer, the industry or employee events; the extent of delays in hiring and onboarding new employees; and the effect on our partners and vendors, all of which are uncertain and difficult to predict. We anticipate some near-term impact on our services business since interacting directly with customers in either a sales setting or an on-site professional services setting is difficult in this environment. However, the majority of our revenues are subscription-based which we believe offers significant protection from the COVID-19 pandemic's economic disruptions in the short term. Accordingly, we believe that our existing financial position will allow us to manage the impact of the COVID-19 pandemic for the foreseeable future.

Components of Results of Operations

Revenue

We generate revenue from subscriptions and services. Subscription revenue relates to term (or time-based) subscription agreements for both open source and propriety software, including support. Subscription arrangements are typically one to three years in length but may be up to seven years in limited cases. Arrangements with our customers typically do not include general rights of return. Services revenue relates to professional services for the implementation and use of our subscriptions, machine learning expertise and consultation, training and education services and related reimbursable travel costs. We price our subscription offerings based on the number of servers in a cluster, or nodes, core or edge devices, data under management and/or the scope of support provided. Our consulting services are priced primarily on a time and materials basis, and to a lesser extent, a fixed fee basis, and education services are generally priced based on attendance.

Cost of Revenue

Cost of revenue for subscriptions primarily consists of personnel costs including salaries, bonuses, travel costs, benefits and stock-based compensation for employees providing technical support for our subscription customers, allocated shared costs (including rent and information technology) and amortization of certain acquired intangible assets from business combinations. Cost of revenue for services primarily consists of personnel costs including salaries, bonuses, benefits and stock-based compensation, fees to subcontractors associated with service contracts, travel costs and allocated shared costs (including rent and information technology).

Operating Expenses

Research and Development. Research and development expenses primarily consist of personnel costs including salaries, bonuses, travel costs, benefits and stock-based compensation for our research and development employees, contractor fees, allocated shared costs (including rent and information technology), supplies, and depreciation of equipment associated with the continued development of our platform prior to establishment of technological feasibility and the related maintenance of the existing technology.

Sales and Marketing. Sales and marketing expenses primarily consist of personnel costs including salaries, bonuses, travel costs, sales-based incentives, benefits and stock-based compensation for our sales and marketing employees. In addition, sales and marketing expenses also include costs for advertising, promotional events, corporate communications, product marketing and other brand-building activities, allocated shared costs (including rent and information technology) and amortization of certain acquired intangible assets from business combinations. Most sales-based incentives are capitalized and expensed over the period of benefit from the underlying contracts.

General and Administrative. General and administrative expenses primarily consist of personnel costs including salaries, bonuses, travel costs, benefits and stock-based compensation for our executive, finance, legal, human resources, information technology and other administrative employees. In addition, general and administrative expenses include fees for third-party professional services, including consulting, legal and accounting services, merger related costs, other corporate expenses, and allocated shared costs (including rent and information technology).

Interest Income

Interest income primarily relates to amounts earned on our cash and cash equivalents and marketable securities.

Other Income (Expense), net

Other income (expense), net primarily relates to foreign currency transactions and realized gains and losses on our foreign currency forward contracts, marketable securities and other non-operating gains or losses.

Provision for Income Taxes

Provision for income taxes primarily consists of income taxes for certain foreign jurisdictions in which we conduct business. A valuation allowance is established, when necessary, for any portion of deferred income tax assets where it is considered more likely than not that it will not be realized.

Results of Operations

Revenue

Our total revenues for the three months ended April 30, 2020 and 2019 were as follows:

	Three Months Ended April 30,		Change	
	2020	2019	Amount	%
	(in thousands)			
Subscription	$ 187,085	$ 154,838	$ 32,247	21 %
Services	23,375	32,630	(9,255)	(28)%
Total revenue	$ 210,460	$ 187,468	$ 22,992	12 %
As a percentage of total revenue:				
Subscription	89 %	83 %		
Services	11 %	17 %		
Total revenue	100 %	100 %		

The increase in subscription revenue for the three months ended April 30, 2020, as compared to the same period in the prior fiscal year, was primarily attributable to an increase in subscription sales to existing customers and higher renewal rate.

The decrease in services revenue for the three months ended April 30, 2020, as compared to the same period in the prior fiscal year, was attributable to lower services demand and partially to the impact of COVID-19.

Cost of Revenue, Gross Profit and Gross Margin

	Three Months Ended April 30,		Change	
	2020	2019	Amount	%
	(in thousands)			
Cost of revenue:				
Subscription	$ 28,636	$ 29,337	$ (701)	(2)%
Services	25,605	31,896	(6,291)	(20)%
Total cost of revenue	$ 54,241	$ 61,233	$ (6,992)	(11)%
Gross profit	$ 156,219	$ 126,235	$ 29,984	24 %
Gross margin:				
Subscription	85 %	81 %		
Services	(10)%	2 %		
Total gross margin	74 %	67 %		
Cost of revenue, as a percentage of total revenue:				
Subscription	14 %	16 %		
Services	12 %	17 %		
Total cost of revenue	26 %	33 %		

The slight decrease in cost of revenue for subscription for the three months ended April 30, 2020, as compared to the same period in the prior fiscal year, was primarily due to a decrease of $0.8 million in employee-related costs including salaries and benefits as a result of slightly lower headcount.

The decrease in cost of revenue for services for the three months ended April 30, 2020, as compared to the same period in the prior fiscal year, was primarily due to a decrease of $4.3 million in employee-related costs including salaries, benefits and travel as a result of decreased headcount, and a decrease of $1.1 million in third party contractor services to support our integration efforts following our merger with Hortonworks, Inc. (Hortonworks) in prior fiscal year.

Subscription gross margin increased for the three months ended April 30, 2020, as compared to the same period in the prior fiscal year, primarily due to one-time valuation adjustments made in prior fiscal year related to deferred subscription revenue obligations from our merger with Hortonworks.

Services gross margin decreased from 2% to negative 10% in the three months ended April 30, 2020, as compared to the same period in the prior fiscal year, primarily due to a decrease in services revenue by 28%, while the cost of services revenue decreased by 20% as explained above.

Operating Expenses

	Three Months Ended April 30,		Change	
	2020	2019	Amount	%
	(in thousands)			
Research and development	$ 64,216	$ 64,173	$ 43	0 %
Sales and marketing	113,135	119,383	(6,248)	(5)%
General and administrative	34,675	46,432	(11,757)	(25)%
Total operating expenses	$ 212,026	$ 229,988	$ (17,962)	(8)%
Operating expenses, as a percentage of total revenue:				
Research and development	31 %	34 %		
Sales and marketing	54 %	64 %		
General and administrative	16 %	25 %		
Total operating expenses	101 %	123 %		

Research and Development

Research and development expenses were flat for the three months ended April 30, 2020, as compared to the same period in the prior fiscal year. The change was primarily due to modest increases in stock-based compensation offset by reductions in non-labor costs.

Sales and Marketing

The decrease in sales and marketing expenses for the three months ended April 30, 2020, as compared to the same period in the prior fiscal year, was primarily due to a decrease of $5.8 million in travel costs of which a majority is from COVID-19 related travel restrictions, a decrease of $3.8 million in marketing programs due partially to synergies from our merger with Hortonworks, partially offset by an increase in employee related expenses primarily due to one-time valuation adjustments made in the prior fiscal year related to deferred commission expenses from our merger with Hortonworks.

General and Administrative

The decrease in general and administrative expenses for the three months ended April 30, 2020, as compared to the same period in the prior fiscal year, was primarily due to a decrease of $5.6 million in employee-related costs including salaries, benefits and travel costs, a decrease of $5.3 million in consulting services mainly driven by post-merger related activities in prior fiscal year, and a decrease of $0.8 million in contractor services.

Interest Income

	Three Months Ended April 30,		Change	
	2020	2019	Amount	%
	(in thousands)			
Interest income	$ 2,241	$ 3,291	$ (1,050)	(32)%

Interest income for the three months ended April 30, 2020, as compared to the same period in the prior fiscal year, decreased mainly due to lower yield on our marketable securities.

Other Income (Expense), net

	Three Months Ended April 30,		Change	
	2020	2019	Amount	%
	(in thousands)			
Other income (expense), net	$ (2,497)	$ 233	$ (2,730)	NM

(NM = Not meaningful)

Other income (expense), net for the three months ended April 30, 2020, as compared to the same period in the prior fiscal year, decreased primarily due to a $2.0 million impairment charge to write off our investment in equity securities of a privately held company during the three months ended April 30, 2020.

Provision for Income Taxes

	Three Months Ended April 30,		Change	
	2020	2019	Amount	%
	(in thousands)			
Provision for income taxes	$ (1,951)	$ (2,901)	$ 950	(33)%

The provision for income taxes decreased in the three months ended April 30, 2020, as compared to the same period in the prior fiscal year, primarily due to reduced foreign income taxes.

Seasonality

We have seasonal and end-of-quarter concentration of our sales, which impacts our ability to plan and manage cash flows and margins. Our sales vary by season with the fourth quarter typically being our strongest sales quarter, and the first quarter typically being our largest collections and operating cash flow quarter. In addition, within each quarter, most sales occur in the last month of that quarter.

See “Risk Factors—Our sales cycles can be long, unpredictable and vary seasonally, particularly with respect to large subscriptions, and our sales efforts require considerable time and expense.”

Liquidity and Capital Resources

As of April 30, 2020, our principal sources of liquidity were cash, cash equivalents and marketable securities totaling $515.3 million which were held for working capital purposes. Our cash equivalents are comprised primarily of money market funds and our marketable securities are comprised of asset-backed securities, corporate notes and obligations, commercial paper, municipal securities, certificates of deposit and U.S. treasury securities. Our principal source of cash liquidity is payments we receive from customers for our subscriptions and services.

On March 3, 2020, our board of directors authorized a share repurchase program of up to $100 million of the Company’s outstanding shares of common stock. Share repurchases may be made through open market purchases, block trades and/or privately negotiated transactions in compliance with Rule 10b-18 promulgated under the Exchange Act, subject to market conditions, applicable legal requirements, and other relevant factors. Repurchases may also be made under Rule 10b5-1 plans, which permit shares of common stock to be repurchased through pre-determined criteria. The timing, volume and nature of the repurchases will be at the discretion of our management based on their evaluation of the capital needs of the Company, market conditions, applicable legal requirements and other factors. The program does not have an expiration date, and it may be suspended or discontinued at any time. For the three months ended April 30, 2020, we used $26.0 million to repurchase 3.9 million shares of common stock at an average repurchase price of $6.56 per share under the repurchase program. As of April 30, 2020, there was approximately $74.0 million of authorized funds remaining under the repurchase program.

We believe that our currently available resources will be sufficient to meet our cash requirements for at least the next twelve months. Our future capital requirements may vary materially from those currently planned and will depend on many factors, including the COVID-19 pandemic, our net expansion rate, the timing and extent of spending on research and development efforts, the expansion of sales and marketing activities, the continuing market acceptance of our subscriptions and services and ongoing investments to support the growth of our business. We may in the future enter into arrangements to acquire or invest in complementary businesses, services and technologies and intellectual property rights. From time to time, we may explore additional financing sources which could include equity, equity-linked and debt financing arrangements. We cannot be assured that any additional financing will be available on terms favorable to us, or at all. If adequate funds are not available on acceptable terms, or at all, we may not be able to adequately fund our business plans and it could have a negative effect on our operating cash flows and financial condition.

The following table summarizes our cash flows for the periods indicated:

	Three Months Ended April 30,	
	2020	2019
	(in thousands)	
Net cash provided by operating activities	$ 68,357	$ 11,460
Net cash provided by (used in) investing activities	20,904	(59,877)
Net cash used in financing activities	(35,014)	(1,848)
Effect of exchange rate changes	(960)	(1,060)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 53,287	$ (51,325)

Cash Provided by Operating Activities

Our largest source of operating cash flows is cash collections from our customers following the purchase and renewal of their subscription agreements. Payments from customers for these subscription agreements are generally received near the beginning of the annual contract period. We also generate cash from the sales of our services offerings. Our primary uses of cash from operating activities are for employee related expenditures and leased facilities.

Operating cash flow increased during the three months ended April 30, 2020 mainly due to cash collections on increased sales of our subscription-based offerings and lower nonrecurring costs incurred in the first quarter of fiscal 2020 associated with combining the Cloudera and Hortonworks businesses.

For the three months ended April 30, 2020, net cash provided by operating activities mainly consisted of our net loss of $58.0 million, adjusted for stock-based compensation expense of $53.4 million, depreciation and amortization expenses of $22.6 million, amortization of deferred costs of $16.6 million, non-cash lease expense of $11.3 million, and net cash inflow of $18.9 million from changes in assets and liabilities. The inflow from changes in assets and liabilities was due to a decrease in accounts receivable of $81.8 million, partially offset by a decrease in deferred revenue of $38.8 million, and a net cash outflow of $24.1 million from changes in all other operating assets and liabilities.

For the three months ended April 30, 2019, net cash provided by operating activities mainly consisted of our net loss of $103.1 million, adjusted for stock-based compensation expense of $48.9 million, depreciation and amortization expenses of $23.3 million, non-cash lease expense of $11.3 million, amortization of deferred costs of $9.7 million, and net cash inflow of $21.9 million from changes in assets and liabilities. The inflow from changes in assets and liabilities was due to a decrease in accounts receivable of $95.5 million, partially offset by a decrease in deferred revenue of $32.3 million, cash payments of $11.1 million for operating lease liabilities, and a net cash outflow of $30.2 million from changes in all other operating assets and liabilities.

Cash Provided by (Used in) Investing Activities

The changes in cash flows from investing activities primarily relate to the timing of our purchases, maturities and sales of our investments in marketable securities, cash acquired or used for business combinations, and investments in capital and other assets to support our growth.

For the three months ended April 30, 2020, net cash provided by investing activities consisted of sales and maturities of marketable securities of $102.9 million, partially offset by purchases of marketable securities of $80.9 million and capital expenditures for the purchases of property and equipment of $1.1 million.

For the three months ended April 30, 2019, net cash used in investing activities consisted of purchases of marketable securities and other investments of $196.5 million and capital expenditures for the purchases of property and equipment of $2.7 million, partially offset by sales and maturities of marketable securities of $139.3 million.

Cash Used in Financing Activities

The changes in cash flows from financing activities primarily relate to net proceeds from or used for employee stock plans and common stock repurchased under our share repurchase program as further discussed in Note 9 to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

For the three months ended April 30, 2020, net cash used in financing activities consisted of repurchases of common stock of $26.0 million, taxes paid related to the net share settlement of restricted stock units of $14.0 million, partially offset by proceeds from the exercise of stock options and employee stock purchase plan withholding of $5.0 million.

For the three months ended April 30, 2019, net cash used in financing activities consisted of taxes paid related to the net share settlement of restricted stock units of $7.8 million, partially offset by proceeds from the exercise of stock options and employee stock purchase plan withholding of $5.9 million.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements and do not have any holdings in variable interest entities.

Contractual Obligations and Commitments

There have been no material changes in our contractual obligations and commitments, as disclosed in the Annual Report on Form 10-K for the year ended January 31, 2020. See Note 7 to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for a table of our minimum lease payments as of April 30, 2020.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the United States. The preparation of these financial statements requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these judgments and estimates under different assumptions or conditions and any such differences may be material. We refer to accounting estimates of this type as critical accounting policies and estimates.

Due to COVID-19, there has been uncertainty and disruption in the global economy and financial markets. We are not aware of any specific event or circumstance that would require updates to our estimates or judgments or require us to revise the carrying value of our assets or liabilities as of June 5, 2020, the date of filing this Quarterly Report on Form 10-Q. These estimates may change as new events occur and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions.

Recent Accounting Pronouncements

See Note 1 to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for recently adopted accounting standards.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have operations both within the United States and internationally, and we are exposed to market risks in the ordinary course of our business. Our market risk exposure is primarily a result of fluctuations in interest rates and foreign currency exchange rates. Information relating to quantitative and qualitative disclosures about these markets risks is described below.

Interest Rate Risk

Our primary exposure to market risk relates to interest rate changes. We had cash and cash equivalents and marketable securities totaling $515.3 million as of April 30, 2020 and $483.2 million as of January 31, 2020, which were held for working capital purposes. Our cash equivalents are comprised primarily of money market funds and our marketable securities are comprised of asset-backed securities, corporate notes and obligations, commercial paper, municipal securities, certificates of deposit and U.S. treasury securities. Our investments are made for capital preservation purposes. We do not hold or issue financial instruments for trading or speculative purposes. A hypothetical 100 basis point change in interest rates would change the fair value of our investments in marketable securities by $3.5 million as of April 30, 2020.

Foreign Currency Risk

Our revenue and expenses are primarily denominated in U.S. dollars. For our non-U.S. operations, the majority of our revenue and expenses are denominated in currencies such as the Euro, British Pound Sterling, Australian Dollar, Chinese Yuan, Hungarian Forint, Singapore Dollar and Indian Rupee. Fluctuations in international currencies impact the amount of total assets, liabilities, revenues, operating expenses and cash flows that we report for our foreign subsidiaries upon the translation of these amounts into U.S. dollars. As the U.S. dollar fluctuates against certain international currencies, the amounts of revenue and deferred revenue that we report in U.S. dollars for foreign subsidiaries that transact in international currencies may also fluctuate relative to what we would have reported using a constant currency rate.

To manage exposures to currency fluctuations, we entered into foreign currency forward contracts to offset the gains and losses on our foreign currency denominated monetary assets and liabilities beginning in the first quarter of fiscal year 2021. They are intended to offset the foreign currency gains or losses associated with the underlying monetary assets and liabilities. See Note 5 in the “Notes to Condensed Consolidated Financial Statements” included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference

For the three months ended April 30, 2020, approximately 18% of our revenue and approximately 21% of aggregate cost of sales and operating expenses were generated in currencies other than U.S. dollars.

For the three months ended April 30, 2020, foreign exchange transaction losses were not material. A 10% increase or decrease in current exchange rates could have a $1.5 million impact on our financial results from currency exposure and related foreign currency forward contracts.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act), 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 Securities and Exchange Commission’s rules and forms at the reasonable assurance level. 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, or persons performing similar functions, 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. Management necessarily applies its judgment in evaluating the cost benefit relationship of possible controls and procedures. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended April 30, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting even though most of our employees are working remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the COVID-19 pandemic on our internal controls to minimize the impact on the operating effectiveness.

Inherent Limitation on the Effectiveness of Internal Control

The effectiveness of any system of internal control over financial reporting, including ours, is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, in designing and evaluating the disclosure controls and procedures, management recognizes that any system of internal control over financial reporting, including ours, no matter how well designed and operated, can only provide reasonable, not absolute assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. Moreover, 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. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business, but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

PART II. – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a discussion of legal proceedings, see Note 8 in the “Notes to Condensed Consolidated Financial Statements” included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Further, from time to time, we are a party to or act as an indemnitor to our customers, partners, directors or officers on various litigation matters, and we, our customers, partners, or our directors or officers are subject to claims that arise in the ordinary course of business. In addition, we or our customers or partners have received, and may in the future receive, various types of claims including potential claims from third parties asserting, among other things, infringement of their intellectual property rights.

Future litigation may be necessary to defend ourselves, or our customers or partners on indemnity matters, by determining the scope, enforceability and validity of third-party proprietary rights or by establishing our proprietary rights. Further, the ultimate outcome of any litigation is uncertain and, regardless of outcome, litigation can have an adverse impact on us because of defense costs, potential negative publicity, diversion of management resources and other factors. While we are not aware of other pending legal matters or claims, individually or in the aggregate, that are expected to have a material adverse impact on our business, consolidated financial position, results of operations or cash flows, our analysis of whether a claim may proceed to litigation cannot be predicted with certainty, nor can the results of litigation be predicted with certainty. Accordingly, there can be no assurance that existing or future legal proceedings arising in the ordinary course of business or otherwise will not have a material adverse effect on our business, consolidated financial position, results of operations or cash flows.

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, growth prospects, and the trading price of our common stock.

Risks Related to our Business

We have a history of losses, and we may not become profitable in the future.

We have incurred net losses since our founding in 2008, including net losses of $58.0 million and $336.6 million for the three months ended April 30, 2020 and the year ended January 31, 2020, respectively, and expect to continue to incur net losses for the foreseeable future. As a result, we had an accumulated deficit of $1.5 billion as of April 30, 2020. These losses and accumulated deficit reflect the substantial investments we made to acquire new customers, commercialize our platform, participate in the open source development community and develop our proprietary software components, and continue to develop our platform. In addition, as a result of our merger with Hortonworks, we have incurred substantial transaction and purchased intangible amortization costs. Furthermore, to the extent we are successful in increasing our customer base, we may also incur increased losses because customer acquisition costs and upfront costs associated with new customers are higher in the first year than the aggregate revenue we recognize from those new customers in the first year.

We expect to continue to make significant future expenditures related to the development and expansion of our business, including:

- investments in our research and development team and in the development of new solutions and enhancements of our platform, including contributions to the open source data management ecosystem;
- investments in sales and marketing, including expanding our sales force, increasing our customer base, increasing market awareness of our platform and development of new technologies;
- expanding of our operations and infrastructure, including internationally;
- hiring additional employees; and
- incurring costs associated with general administration, including legal, accounting and other expenses related to being a public company.

As a result of these increased expenses, we will have to generate and sustain increased revenue to be profitable in future periods. Further, in future periods, our revenue growth rate could decline, and we may not be able to generate sufficient revenue to offset higher costs and achieve or sustain profitability. If we fail to achieve, sustain or increase profitability, our business and operating results could be adversely affected.

If the market for our data management, machine learning and analytics platform develops more slowly than we expect, our growth may slow or stall, and our operating results could be harmed.

The market for a data management, machine learning and analytics platform is relatively new, rapidly evolving and unproven. Our future success will depend in large part on our ability to penetrate the existing market for data management, machine learning and analytics platforms, as well as the continued growth and expansion of that market. It is difficult to predict customer adoption and renewals of our subscriptions, customer demand for our platform, the size, growth rate and expansion of this market, the entry of competitive products or the success of existing competitive products. Our ability to penetrate the existing market for data management, machine learning and analytics platforms and any expansion of that market depends on a number of factors, including the cost, performance and perceived value associated with our platform, as well as potential customers' willingness to adopt an alternative approach to data collection, storage and processing. If we or other data management providers experience security incidents, loss of customer data, disruptions in delivery or other problems, the market for data management, machine learning and analytics platforms as a whole, including our solutions, may be negatively affected. Furthermore, many potential customers have made significant investments in legacy data collection, storage and processing software and may be unwilling to invest in new solutions. If data management, machine learning and analytics platforms do not achieve widespread adoption, or there is a reduction in demand caused by a lack of customer acceptance, technological challenges, weakening economic conditions, security or privacy concerns, competing technologies and products, decreases in corporate spending or otherwise, it could result in decreased revenue and our business could be adversely affected.

We face intense competition and could lose market share to our competitors, which could adversely affect our business, financial condition and results of operations.

The market for data management, machine learning and analytics platforms is intensely competitive and characterized by rapid changes in technology, customer requirements, industry standards and frequent new product introductions and improvements. We anticipate continued challenges from current competitors, which in many cases are more established and enjoy greater resources than us, as well as by new entrants into the industry. If we are unable to anticipate or effectively react to these competitive challenges, our competitive position could weaken, and we could experience a decline in our growth rate or revenue that could adversely affect our business and results of operations.

Our main sources of current and potential competition fall into five categories:

- public cloud providers who include proprietary data management, machine learning and analytics offerings, such as Amazon Web Services, Google Cloud Platform and Microsoft Azure;
- legacy data management product providers such as HP, IBM, Oracle and Teradata;
- strategic and technology partners who may also offer our competitors' technology or otherwise partner with them, including our strategic partners who provide Partner Solutions (as defined below) as they may offer a substantially similar solution based on a competitor's technology;
- cloud-only data management companies and open source companies; and
- internal IT organizations that provide open source self-support for their enterprises.

Many of our existing competitors have, and some of our potential competitors could have, substantial competitive advantages such as:

- greater name recognition, longer operating histories and larger customer bases;
- larger sales and marketing budgets and resources and the capacity to leverage their sales efforts and marketing expenditures across a broader portfolio of products;
- broader, deeper or otherwise more established relationships with technology, channel and distribution partners and customers;
- wider geographic presence or greater access to larger customer bases;
- greater focus in specific geographies;
- greater ease of use for cloud-only deployments;
- lower labor and research and development costs;
- larger and more mature intellectual property portfolios; and
- substantially greater financial, technical and other resources to provide support, to make acquisitions and to develop and introduce new products.

In addition, some of our larger competitors have substantially broader and more diverse product and service offerings and may be able to leverage their relationships with distribution partners and customers based on other products or incorporate functionality into existing products to gain business in a manner that discourages users from purchasing our platform, including by selling at zero or negative margins, product bundling or offering closed technology platforms. Potential customers may also prefer to purchase from their existing suppliers rather than a new supplier regardless of platform performance or features. As a result, even if the features of our platform are superior, customers may not purchase our solutions. These larger competitors often have broader product lines and market focus or greater resources and may therefore not be as susceptible to economic downturns or other significant reductions in capital spending by customers. If we are unable to sufficiently differentiate our solutions from the integrated or bundled products of our competitors, such as by offering enhanced functionality, performance or value, we may see a decrease in demand for those solutions, which could adversely affect our business, operating results and financial condition.

In addition, new innovative start-up companies, including emerging cloud-only data management companies, and larger companies that are making significant investments in research and development, may introduce products that have greater performance or functionality, are easier to implement or use, or incorporate technological advances that we have not yet developed or implemented or may invent similar or superior products and technologies that compete with our platform. Our current and potential competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their resources.

Some of our competitors have made or could make acquisitions of businesses or enter into partnerships that allow them to offer more competitive and comprehensive solutions. As a result of such arrangements, our current or potential competitors may be able to accelerate the adoption of new technologies that better address customer needs, devote greater resources to bring these products and services to market, initiate or withstand substantial price competition, or develop and expand their product and service offerings more quickly than we do. These competitive pressures in our market or our failure to compete effectively may result in fewer orders, reduced revenue and gross margins and loss of market share. In addition, it is possible that industry consolidation may impact customers' perceptions of the viability of smaller or even mid-size software firms and consequently customers' willingness to purchase from such firms.

We may not compete successfully against our current or potential competitors. If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, financial condition and results of operations could be adversely affected. In addition, companies competing with us may have an entirely different pricing or distribution model. Increased competition could result in fewer customer orders, price reductions, reduced revenue and gross margins and loss of market share. Further, we may be required to make substantial additional investments in research, development, marketing and sales in order to respond to such competitive threats, and we cannot assure you that we will be able to compete successfully in the future.

The outbreak of COVID-19 pandemic could have an adverse effect on our business, results of operations and financial condition.

The COVID-19 coronavirus pandemic (COVID-19 or COVID-19 pandemic) has caused significant volatility in financial markets and has raised the prospect of an extended global recession. Public health problems resulting from COVID-19 and precautionary measures instituted by governments and businesses to mitigate its spread, including travel restrictions and quarantines, could contribute to a general slowdown in the global economy, adversely impact our customers and business partners, and disrupt our operations. Changes in our operations in response to COVID-19 or employee illnesses resulting from the pandemic may result in inefficiencies or delays, including in sales and product development efforts and additional costs related to business continuity initiatives, that cannot be fully mitigated through succession planning, employees working remotely or teleconferencing technologies. Our management team is focused on mitigating the adverse effects of the COVID-19 pandemic, which has required and will continue to require an investment of time and resources, thereby diverting their attention from other priorities that existed prior to the outbreak of the pandemic. If these conditions worsen, or last for an extended period of time, our ability to manage our business may be impaired, and operational risks, cybersecurity risks and other risks facing us even prior to the pandemic may be elevated.

COVID-19 and related governmental reactions have had, and may continue to have a negative impact on our business, liquidity, results of operations, and stock price due to the occurrence of some or all of the following events or circumstances among others:

- We may not be able to manage our business effectively due to key employees becoming ill, working from home inefficiently and being unable to travel to our facilities;
- We and our business partners may be prevented from operating worksites, due to employee illness or reluctance to appear at work and "stay-at-home" regulations;
- The operations of our sales force may be disrupted, which may impact our ability to add new customers and increase sales to existing customers;
- We may suffer a reduced demand for our products and services, including due to any prolonged economic downturn that may occur;
- The market price of our common stock may drop or remain volatile; and
- We may incur significant employee health care costs under our insurance programs.

The extent of the impact of COVID-19 on our business and financial results will depend largely on future developments, including the duration of the spread of the pandemic, the impact on capital and financial markets and the related impact on the financial circumstances of our customers, business partners and vendors, all of which are highly uncertain and cannot be predicted. This situation is changing rapidly, and additional impacts may arise that we are not aware of currently.

We may acquire or invest in companies and technologies, which may divert our management's attention, and result in additional dilution to our stockholders. We may be unable to integrate acquired businesses and technologies successfully or achieve the expected benefits of such acquisitions or investments.

As part of our business strategy, we have acquired companies in the past and may evaluate and consider potential strategic transactions, including acquisitions of, or investments in, businesses, technologies, services, products and other assets in the future. For example, on January 3, 2019, we completed our merger with Hortonworks. We also may enter into relationships with other businesses to expand our solutions or our ability to provide services. An acquisition, investment or business relationship may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies, products, personnel or operations of the acquired companies, particularly if the key personnel of the acquired company choose not to work for us, their technology is not easily adapted to work with ours, or we have difficulty retaining the customers of any acquired business due to changes in ownership, management or otherwise. Negotiating these transactions can be time-consuming, difficult 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.

Even if we are able to complete acquisitions or enter into alliances and joint ventures that we believe will be successful, such transactions are inherently risky. Acquisitions, including the completed merger with Hortonworks, involve many risks, including the following:

- an acquisition may negatively impact our results of operations because it:

  – may require us to incur charges, including integration and restructuring costs, both one-time and ongoing, as well as substantial debt or liabilities, including unanticipated and unknown liabilities,

  – may cause adverse tax consequences, substantial depreciation or deferred compensation charges,

  – in the future may require the amortization, goodwill and other intangible assets, or

  – may not generate sufficient financial returns for us to offset our acquisition costs;

- we may encounter difficulties or unforeseen expenditures in integrating the business, technologies, products, personnel or operations of any company that we acquire, particularly if key personnel of the acquired company decide not to work for us;
- an acquisition and the related integration process may be complex, expensive and time consuming, and may disrupt our ongoing business, divert resources, increase our expenses and distract our management;
- an acquisition may result in a delay or reduction of customer purchases for both us and the company acquired due to customer uncertainty about continuity and effectiveness of service from either company;
- an acquisition may result in increased regulatory and compliance requirements;
- an acquisition may result in increased uncertainty if we enter into businesses, markets or business models in which we have limited or no prior experience and in which competitors have stronger market positions;
- we may encounter difficulties in maintaining the key business relationships and the reputations of the businesses we acquire, and we may be dependent on unfamiliar affiliates and partners of the companies we acquire;
- we may fail to maintain sufficient controls, policies and procedures, including integrating any acquired business into our control environment;
- we may fail to achieve anticipated synergies, including with respect to complementary software or services;
- we may obtain unanticipated or unknown liabilities, including intellectual property or other claims, or become exposed to unanticipated risks in connection with any acquisition; and
- an acquisition may involve the entry into geographic or business markets in which we have little or no prior experience.

If we are unable to address these difficulties and challenges or other problems encountered in connection with any future acquisition or investment, we might not realize the anticipated benefits of that acquisition or investment, we might incur unanticipated liabilities or we might otherwise suffer harm to our business generally.

To the extent we pay the consideration for any future acquisitions or investments in cash, the payment would reduce the amount of cash available to us for other purposes. The merger with Hortonworks resulted in, and future acquisitions or investments could also result in, dilutive issuances of our equity securities or the incurrence of debt, contingent liabilities, amortization expenses, or impairment charges against goodwill on our balance sheet, any of which could harm our financial condition and negatively impact our stockholders.

We have invested significantly in our Cloudera Data Platform (CDP) offering and if it fails to achieve market adoption our business, results of operations and financial condition could be harmed.

We introduced CDP Public Cloud in September 2019, and Data Center in November 2019. We have less experience with marketing, determining pricing for and selling CDP, and we are continuing to refine our approach to selling, marketing, pricing and supporting adoption of this offering. We have directed, and intend to continue to direct, a significant portion of our financial and operating resources to develop and grow CDP, including offering trials to existing and potential customers. We cannot guarantee that CDP will be adopted broadly. If we are unsuccessful in our efforts to drive customer adoption of CDP, which may be adversely impacted, by the current COVID-19 pandemic, or if we do so in a way that is not profitable or fails to compete successfully against our current or future competitors, our business, results of operations and financial condition could be harmed.

Because of the characteristics of open source software, there may be fewer technology barriers to entry in the open source market by new competitors and it may be relatively easy for new and existing competitors with greater resources than we have to compete with us.

One of the characteristics of open source software is that the governing license terms generally allow liberal modifications of the code and distribution thereof to a wide group of companies and/or individuals. As a result, others could easily develop new software products or services based upon those open source programs that compete with existing open source software that we support and incorporate into our platform. Our recently announced licensing model changes might be ineffective to slow or alter these competitive dynamics. Such competition with use of the open source projects that we utilize can materialize without the same degree of overhead and lead time required by us, particularly if the customers do not value the differentiation of our proprietary components. It is possible for new and existing competitors, including those with greater resources than ours, to develop their own open source software or hybrid proprietary and open source software offerings, potentially reducing the demand for, and putting price pressure on, our platform. In addition, some competitors make open source software available for free download or use or may position competing open source software as a loss leader. We cannot guarantee that we will be able to compete successfully against current and future competitors or that competitive pressure and/or the availability of open source software will not result in price reductions, reduced revenue and gross margins and loss of market share, any one of which could seriously harm our business.

If our customers do not renew or expand their subscriptions, or if they renew on less favorable terms, our future revenue and operating results will be harmed.

Our future success depends, in part, on our ability to sell renewals of subscriptions and expand the deployment of our platform with existing customers. While we generally offer subscriptions of up to three years in length, our customers often purchase one-year subscriptions which generally do not provide for automatic renewal or a right to terminate the subscription early. Our customers may not renew or expand the use of their subscriptions after the expiration of their current subscription agreements. In addition, our customers may opt for a lower priced edition of our platform or decrease their usage of our platform. Our existing customers generally have no contractual obligation to expand or renew their subscriptions after the expiration of the committed subscription period and given our limited operating history, we may not be able to accurately predict customer renewal rates. Our customers' renewal and/or expansion pricing rates may decline or fluctuate as a result of factors, including, but not limited to, their satisfaction with our platform including CDP, and our customer support, the frequency and severity of software and implementation errors, our platform's reliability, the pricing of our subscriptions and services or of competing solutions or services, the effects of global economic conditions, such as those caused by the current COVID-19 pandemic and their ability to continue their operations and spending levels. If our customers renew their subscriptions, they may renew for shorter contract lengths, less usage or on other terms that are less economically beneficial to us. Our implementation of a "pay wall" for the distribution of some of our software solutions might prove ineffective at improving our renewal and/or expansion rates with existing customers or deal close rates with new customers. We have limited historical data with respect to rates of customer subscription renewals, so we may not accurately predict future renewal trends. We cannot assure you that our customers will renew or expand their subscriptions, and if our customers do not renew their agreements or renew on less favorable terms or for less usage, our revenue may grow more slowly than expected or decline and our business could suffer.

Achieving renewal or expansion of subscriptions may require us to increasingly engage in sophisticated and costly sales efforts that may not result in additional sales. In addition, the rate at which our customers expand the deployment of our platform depends on a number of factors, including general economic conditions, such as the global macroeconomic impact of the current COVID-19 pandemic, the functioning of our solutions, the ability of our field organization, together with our partner ecosystem, to assist our customers in identifying new use cases, modernizing their data architectures, and achieving success with data-driven initiatives and our customers' satisfaction with our customer support. If our efforts to expand penetration within our customers are not successful, our business may suffer.

We have a limited operating history, which makes it difficult to predict our future results of operations.

We have a limited operating history, which limits our ability to forecast our future results of operations and subjects us to a number of uncertainties, including our ability to plan for and anticipate future growth. Our historical revenue growth should not be considered indicative of our future performance. Further, in future periods, our revenue growth could slow or our revenue could decline for a number of reasons, including slowing demand for our solutions, increasing competition, a decrease in the growth of our overall market, or our failure, for any reason, to continue to capitalize on growth opportunities and merger integration plans. We have also encountered and will encounter risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as determining appropriate investments of our limited resources, market reception of our platform and open source model, competition from other companies, attracting and retaining customers, hiring, integrating, training and retaining skilled personnel, developing new solutions and unforeseen expenses. If our assumptions regarding these risks and uncertainties, which we use to plan our business, are incorrect or change, or if we do not address these risks successfully, our operating and financial results could be adversely affected.

Our sales cycles can be long, unpredictable and vary seasonally, particularly with respect to large subscriptions, and our sales efforts require considerable time and expense.

Our results of operations may fluctuate, in part, because of the resource-intensive nature of our sales efforts, the length and variability of the sales cycle for our platform and the difficulty in making short-term adjustments to our operating expenses. The timing of our sales is difficult to predict. The length of our sales cycle, from initial evaluation to payment for our subscriptions is generally four to nine months, but can vary substantially from customer to customer. Our sales cycle can extend to more than 18 months for some customers. Our sales efforts involve educating our customers about the use, technical capabilities and benefits of our platform, solutions and open source model. Customers often undertake a prolonged evaluation process, which frequently involves not only our platform but also those of other companies. Some of our customers initially deploy our platform on a limited basis, with no guarantee that these customers will deploy our platform widely enough across their organization to justify our substantial pre-sales investment. As a result, it is difficult to predict exactly when, or even if, we will make a sale to a potential customer or if we can increase sales to our existing customers. Large individual sales have, in some cases, occurred in quarters subsequent to those we anticipated, or have not occurred at all. In addition, our sales efforts may be interrupted as a result of the current COVID-19 pandemic, which may impact our ability to sell and market our products and services to customers. If our sales cycle lengthens or our substantial upfront investments do not result in sufficient revenue to justify our investments, our operating results could be adversely affected.

We have seasonal and end-of-quarter concentration of our sales, which impacts our ability to plan and manage cash flows and margins. Our sales vary by season, with the fourth quarter typically being our largest. In addition, within each quarter, most sales occur in the last month of that quarter. Therefore, it is difficult to determine whether we are achieving our quarterly expectations until near the end of the quarter, with seasonality magnifying the difficulty for determining whether we will achieve annual expectations. Most of our expenses are relatively fixed or require time to adjust. Therefore, if expectations for our business are not accurate, we may not be able to adjust our cost structure on a timely basis and margins and cash flows may differ from expectations.

We do not have an adequate history with our subscription or pricing models to accurately predict the long-term rate of customer adoption or renewal, or the impact these will have on our revenue or operating results.

We have limited experience with respect to determining the optimal prices and pricing models for our solutions, especially as we develop and sell new offerings such as the CDP. As the markets for our solutions mature, or as new competitors introduce new products or services that compete with ours, we may be unable to attract new customers at the same price or based on the same pricing model as we have used historically. Moreover, large customers, which are the focus of our sales efforts, may demand greater price concessions. Additionally, the renewal rate of our large customers may have more significant impact period to period on our revenue and operating results. As a result, in the future we may be required to reduce our prices, which could adversely affect our revenue, gross margin, profitability, financial position and cash flow. In addition, as an increasing amount of our business may move to our cloud-based solutions for transient workloads and the use of our consumption-based pricing model may represent a greater share of our revenue, our revenue may be less predictable or more variable than our historical revenue from a time period-based subscription pricing model. Moreover, a consumption-based subscription pricing model may ultimately result in lower total cost to our customers over time, or may cause our customers to limit usage in order to stay within the limits of their existing subscriptions, reducing overall revenue or making it more difficult for us to compete in our markets.

Our results may fluctuate significantly from period to period, which could adversely impact the value of our common stock.

Our results of operations, including our revenue, net revenue expansion rate, gross margin, profitability and cash flows, may vary significantly in the future, and period-to-period comparisons of our operating results may not be meaningful. Accordingly, our results for any particular period should not be relied upon as an indication of future performance. Our financial results may fluctuate from period to period as a result of a variety of factors, many of which are outside of our control. Fluctuation in periodic results may adversely impact the value of our common stock. Factors that may cause fluctuations in our periodic financial results include, without limitation, those listed elsewhere in this “Risk Factors” section and those listed below:

- the budgeting cycles and purchasing practices of our customers, including their tendency to purchase in the fourth quarter of our fiscal year, near the end of each quarter, and the timing of subsequent contract renewals;
- the achievement of milestones in connection with delivery of services, impacting the timing of services revenue recognition, especially due to the impact of the current COVID-19 pandemic;
- subscriptions from large enterprises;
- price competition;
- our ability to attract and retain new customers;
- our ability to expand penetration within our existing customer base;
- the timing and success of new solutions by us and our competitors;
- the timing and success of our product releases;
- changes in customer requirements or market needs and our ability to make corresponding changes to our business;
- changes in the competitive landscape, including consolidation among our competitors or customers;
- general economic conditions, both domestically and in our foreign markets, including the domestic and global macroeconomic impact of the current COVID-19 pandemic;
- natural disasters, acts of war, terrorism, epidemics, or pandemics and other health crises;
- the timing and amount of certain payments and expenses, such as research and development expenses, sales commissions and stock-based compensation;
- our inability to adjust certain fixed costs and expenses, particularly in research and development, for changes in demand;
- increases or decreases in our revenue and expenses caused by fluctuations in foreign currency exchange rates, as an increasing portion of our revenue is collected, and expenses are incurred and paid in currencies other than the U.S. dollar;
- the cost of and potential outcomes of existing and future claims or litigation, which could have a material adverse effect on our business;

- potential impairment of goodwill and intangible assets;
- future accounting pronouncements and changes in our accounting policies; and
- changes in tax laws, tax regulations and governmental regulations.

Any one of the factors above or the cumulative effect of some of the factors above may result in significant fluctuations in our operating results. This variability and unpredictability could result in our failure to meet our revenue or other operating result expectations or those of investors for a particular period. The failure to meet or exceed such expectations could have a material adverse effect on our business, results of operations and financial condition that could ultimately adversely affect our stock price.

Because we derive substantially all of our revenue from a single software platform, failure of this platform to satisfy customer demands or to achieve increased market acceptance could adversely affect our business, results of operations, financial condition and growth prospects.

We derive and expect to continue to derive substantially all of our revenue from our data management, machine learning and analytics platform. As such, the market acceptance of our platform is critical to our continued success. Demand for our platform is affected by a number of factors beyond our control, including continued market acceptance, the timing of development and release of new products by our competitors, technological change, any developments or disagreements with the open source community and growth or contraction in our market. We expect the growth and proliferation of data to lead to an increase in the data analysis demands of our customers, and our platform may not be able to scale and perform to meet those demands or may not be chosen by users for those needs. If we are unable to continue to meet customer demands or to achieve more widespread market acceptance of our platform and solutions, our business operations, financial results and growth prospects will be materially and adversely affected.

Security and privacy breaches may hurt our business.

Any security breach, including those resulting from a cybersecurity attack, or any unauthorized access, unauthorized usage, virus or similar breach or disruption could result in the loss of confidential information, damage to our reputation, early termination of our contracts, litigation, regulatory investigations or other liabilities. If our security measures or the security measures we have provided to customers are breached as a result of third-party action, employee error, malfeasance or otherwise and, as a result, someone obtains unauthorized access to our customers' confidential information, our reputation may be damaged, our business may suffer and we could incur significant liability.

Techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target. As a result, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived security breach occurs, the market perception of our security measures could be harmed and we could lose sales and customers.

In addition, many of our customers use our platform to store and process vast quantities of private and otherwise sensitive data that are critical to their businesses. They may have a greater sensitivity to security defects in our products than to defects in other, less critical, software products. An actual or perceived security breach or theft of the business-critical data of one of our customers, regardless of whether the breach is attributable to the failure of our products or services, could adversely affect the market's perception of our security products. Moreover, if a high-profile security breach occurs with respect to another data management, machine learning and analytics platform provider, our customers and potential customers may lose trust in the security of data management, machine learning and analytics platforms generally, which could adversely impact our ability to retain existing customers or attract new ones.

We have been, and may in the future be, subject to intellectual property rights claims by third parties, which are extremely costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies.

Companies in the software and technology industries, including some of our current and potential competitors, own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. In addition, many of these companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. The litigation may involve patent holding companies or other adverse patent owners that have no relevant product revenue and against which our patents may therefore provide little or no deterrence. From time-to-time, third parties, including certain other companies, have asserted and may assert patent, copyright, trademark or other intellectual property rights against us, our partners or our customers. We or our customers have received, and may in the future receive, notices that claim we have misappropriated, misused or infringed other parties' intellectual property rights, and, to the extent we gain greater market visibility, we face a higher risk of being the subject of intellectual property infringement claims, which is not uncommon with respect to the enterprise software market.

There may be third-party intellectual property rights, including issued or pending patents, that cover significant aspects of our technologies, or the technologies in our platform or business methods. We may be exposed to increased risk of being the subject of intellectual property infringement claims as a result of acquisitions, such as our merger with Hortonworks, and our incorporation of open source software into our platform, as, among other things, we have a lower level of visibility into the development process with respect to such technology or the care taken to safeguard against infringement risks. Any intellectual property claims, with or without merit, could be very time-consuming, could be expensive to settle or litigate and could divert our management's attention and other resources. These claims could also subject us to significant liability for damages, potentially including treble damages if we are found to have willfully infringed patents or copyrights. These claims could also result in our having to stop using, distributing or supporting technology found to be in violation of a third-party's rights. We might be required to seek a license for the intellectual property, which may not be available on reasonable terms or at all. Even if a license were available, we could be required to pay significant royalties, which would increase our operating expenses. As a result, we may be required to develop alternative non-infringing technology, which could require significant effort and expense. If we cannot license or develop technology for any infringing aspect of our business, we could be forced to limit or stop sales of our offerings and may be unable to compete effectively. Any of these results could adversely affect our business operations and financial results.

Third parties may also assert such claims against our customers or partners whom we typically indemnify against claims that our solutions infringe, misappropriate or otherwise violate the intellectual property rights of third parties, including in the third-party open source components included in our platform, as well as our own open source and proprietary components. As the numbers of products and competitors in our market increase and overlaps occur, claims of infringement, misappropriation and other violations of intellectual property rights may increase. Also, to the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited or have divulged proprietary or other confidential information.

Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand.

Our success depends, in part, on our ability to protect proprietary methods and technologies that we develop under patent and other intellectual property laws of the United States and other jurisdictions outside of the United States so that we can prevent others from using our inventions and proprietary information. If we fail to protect our intellectual property rights adequately, our competitors may gain access to our technology, and our business may be harmed. In addition, defending our intellectual property rights may entail significant expense. Any of our patents, trademarks or other intellectual property rights may be challenged by others or invalidated through administrative process or litigation. While we have patents and patent applications pending, we may be unable to obtain patent protection for the technology covered in our patent applications or the patent protection may not be obtained quickly enough to meet our business needs. In addition, our existing patents and any patents issued in the future may not provide us with competitive advantages, or may be successfully challenged by third parties.

Moreover, despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our platform or offerings or obtain and use information that we regard as proprietary. We generally enter into confidentiality or license agreements with our employees, consultants, vendors and customers, and generally limit access to and distribution of our proprietary information. However, we cannot be certain that we have entered into such agreements with all parties who may have or have had access to our confidential information or that the agreements we have entered into will not be breached. We cannot guarantee that any of the measures we have taken will prevent misappropriation of our technology. Because we may be an attractive target for cybersecurity attacks, we may have a greater risk of unauthorized access to, and misappropriation of, our proprietary information.

Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain, and we also may face proposals to change the scope of protection for some intellectual property right. Effective patent, trademark, copyright and trade secret protection may not be available to us in every country in which our products or services are available. The laws of some countries may not be as protective of intellectual property rights as those in the United States, and mechanisms for enforcement of intellectual property rights may be inadequate. Also, our involvement in standard setting activity or the need to obtain licenses from others may require us to license our intellectual property. Accordingly, despite our efforts, we may be unable to prevent third parties from using our intellectual property.

We may be required to spend significant resources to monitor and protect our intellectual property rights and we may conclude that in at least some instances the benefits of protecting our intellectual property rights may be outweighed by the expense. We may initiate claims or litigation against third parties for infringement of our proprietary rights or to establish the validity of our proprietary rights. Any litigation, whether or not it is resolved in our favor, could result in significant expense to us and divert the efforts of our technical and management personnel.

We do not control and may be unable to predict the future course of open source technology development, including the ongoing development of open source components used in our platform, which could reduce the market appeal of our platform and damage our reputation.

We do not control many aspects of the development of the open source technology in our platform. Different groups of open source software programmers collaborate with one another to develop the software projects in our platform. Given the disparate inputs from various developers, we cannot control entirely how an open source project develops and matures. Also, different open source projects may overlap or compete with the ones that we incorporate into our platform. The technology developed by one group for one project may become more widely used than that developed by others. If we acquire or adopt a new technology and incorporate it into our platform but a competing technology becomes more widely used or accepted, the market appeal of our platform may be reduced and that could harm our reputation, diminish our brand and result in decreased revenue.

If open source software programmers, many of whom we do not employ, or our own internal programmers do not continue to develop and enhance open source technologies, we may be unable to develop new technologies, adequately enhance our existing technologies or meet customer requirements for innovation, quality and price.

We rely to a significant degree on a number of open source software programmers, or committers and contributors, to develop and enhance components of our platform. Additionally, members of the corresponding open source project management committees, many of whom are not employed by us, are primarily responsible for the oversight and evolution of the codebases of important components of the open source data management ecosystem. If the open source data management committers and contributors fail to adequately further develop and enhance open source technologies, or if the committees fail to oversee and guide the evolution of open source data management technologies in the manner that we believe is appropriate to maximize the market potential of our solutions, then we would have to rely on other parties, or we would need to expend additional resources, to develop and enhance our platform. We also must devote adequate resources to our own internal programmers to support their continued development and enhancement of open source technologies, and if we do not do so, we may have to turn to third parties or experience delays in developing or enhancing open source technologies. We cannot predict whether further developments and enhancements to these technologies would be available from reliable alternative sources. In either event, our development expenses could be increased and our technology release and upgrade schedules could be delayed. Delays in developing, completing or delivering new or enhanced components to our platform could cause our offerings to be less competitive, impair customer acceptance of our solutions and result in delayed or reduced revenue for our solutions.

Our software development and licensing model could be negatively impacted if the Apache License, Version 2.0 is not enforceable or is modified so as to become incompatible with other open source licenses.

Important components of our platform have been provided under the Apache License, Version 2.0. This license states that any work of authorship licensed under it, and any derivative work thereof, may be reproduced and distributed provided that certain conditions are met. It is possible that a court would hold this license to be unenforceable or that someone could assert a claim for proprietary rights in a program developed and distributed under it. Any ruling by a court that this license is not enforceable, or that open source components of our platform may not be reproduced or distributed, may negatively impact our distribution or development of all or a portion of our solutions. In addition, at some time in the future it is possible that important components of the open source projects in our platform that may be distributed under a different license or the Apache License, Version 2.0, which governs Hadoop, Spark and other current elements of our platform, may be modified, which could, among other consequences, negatively impact our continuing development or distribution of the software code subject to the new or modified license.

Further, full utilization of our platform may depend on software, applications, hardware and services from various third parties, and these items may not be compatible with our platform and its development or available to us or our customers on commercially reasonable terms, or at all, which could harm our business.

Our use of open source software in our solutions could negatively affect our ability to sell our platform and subject us to possible litigation.

Our solutions include software covered by open source licenses, which may include, by way of example, GNU General Public License and the Apache License. We do not own all of the open source technology in our platform and the ownership of the open source technology in our platform may not be easily determinable by us. Rather, we rely on the Apache Software Foundation (ASF) as well as certain other third-party open source contributors to ensure that the open source contributions to our platform are properly owned by the committers and contributors who contribute the open source technology and that such contributions do not infringe on other parties' intellectual property rights. Moreover, the terms of certain of the open source licenses have not been interpreted by United States or other courts, and there is a risk that such licenses could be construed in a manner that is incompatible with our current business model, imposing unanticipated conditions or restrictions on our ability to market our solutions. We, our customers and the ASF may have received, or may in the future receive, notices that claim we have misappropriated, misused or infringed other parties' intellectual property rights, and, to the extent products based on the open source data management ecosystem gain greater market visibility, we, our customers, and the ASF, face a higher risk of being the subject of intellectual property infringement claims. In addition, we or our customers could be subject to lawsuits by parties claiming ownership of (or that different license terms apply to) what we believe to be open source software, or seeking to enforce the terms of an open source license. By the terms of certain open source licenses, we could be required to release the source code of our proprietary software, and to make our proprietary software available under open source licenses, if we combine our proprietary software with open source software in a certain manner. In the event that portions of our proprietary software are determined to be impacted by an open source license, we could be required to publicly release the affected portions of our source code, re-engineer all or a portion of our technologies, or otherwise be limited in the licensing of our technologies and services, each of which could reduce or eliminate the value of our technologies and cause us to have to significantly alter our current business model. These claims could also result in litigation (including litigation against our customers or partners, which could result in us being obligated to indemnify our customers or partners against such litigation), require us to purchase a costly license or require us to devote additional research and development resources to change our solutions, any of which could have a negative effect on our business and operating results. In addition, if the license terms for the open source code change, we may be forced to re-engineer our solutions or incur additional costs to find alternative tools. Further, changes in our software licensing model may impact future revenue growth rates.

In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties, support, indemnity or assurance of title or controls on origin of the software. Further, some open source projects have known vulnerabilities and architectural instabilities and are provided on an "as-is" basis. Many of these risks associated with usage of open source software, such as the lack of warranties or assurances of title, cannot be eliminated, and could, if not properly addressed, negatively affect the performance of our platform and our business. In addition, we are often required to absorb these risks in our customer and partner relationships by agreeing to provide warranties, support and indemnification with respect to such third-party open source software. While we have established processes intended to alleviate these risks, we cannot assure that these measures will reduce these risks.

Because our business relies on the Apache Software Foundation, our business could be harmed by the decisions made by the ASF or claims or disputes directed at the ASF or reputational harm otherwise suffered by the ASF.

Our business relies on the ASF, a non-profit corporation that supports Apache open source software projects. We do not control nor can we predict the decisions the ASF will make with respect to the further development and enhancement of open source technologies which may impact our business. For example, the reduction or elimination of support of Hadoop, Spark or other technologies by the ASF, the migration of Hadoop, Spark and other open source data management technology to an organization other than the ASF, or any other actions taken by the ASF or the Hadoop project may impact our business model. Moreover, if the ASF is subject to claims, disputes or otherwise suffers reputational harm, our business, results of operations, financial condition and growth prospects could be harmed if customers perceive our solutions to be risky or inferior to data management solutions which do not rely on the ASF for continued development and enhancement of open source technologies.

Real or perceived errors, failures, bugs or disruptions in our platform and solutions could adversely affect our reputation and business could be harmed.

Our platform and solutions are very complex and have contained and may contain undetected defects or errors, especially when solutions are first introduced or enhanced, or as we develop new platform such as CDP. In addition, our platform employs open source software and to the extent that our solutions depend upon the successful operation of open source software in conjunction with our solutions, any undetected errors or defects in this open source software could prevent the deployment or impair the functionality of our solutions, delay new solutions' introductions, result in a failure of our solutions, result in liability to our customers, and injure our reputation.

If our platform is not implemented or used correctly or as intended, inadequate performance and disruption in service may result. Moreover, as we acquire companies, such as through our merger with Hortonworks, and integrate new open source data management projects, we may encounter difficulty in incorporating the newly-obtained technologies into our platform and maintaining the quality standards that are consistent with our reputation.

Since our customers use our platform and solutions for important aspects of their business, any errors, defects, disruptions in service or other performance problems could hurt our reputation and may damage our customers' businesses. Furthermore, defects in our platform and solutions may require us to implement design changes or software updates. Any defects or errors in our platform and solutions, or the perception of such defects or errors, could result in:

- expenditure of significant financial and product development resources in efforts to analyze, correct, eliminate or work around errors or defects;
- loss of existing or potential customers or channel partners;
- delayed or lost revenue;
- delay or failure to attain market acceptance;
- delay in the development or release of new solutions or services;
- negative publicity, which will harm our reputation;
- warranty claims against us, which could result in an increase in our provision for doubtful accounts;
- an increase in collection cycles for accounts receivable or the expense and risk of litigation; and
- harm to our results of operations.

Although we have contractual protections, such as warranty disclaimers and limitation of liability provisions, in our standard terms and conditions of sale, they may not fully or effectively protect us from claims by customers, partners or other third parties. Any insurance coverage we may have may not adequately cover all claims asserted against us, or cover only a portion of such claims. In addition, even claims that ultimately are unsuccessful could result in our expenditure of funds in litigation and divert management's time and other resources.

If we are unable to hire, retain, train and motivate qualified personnel and senior management, our business could be harmed.

Our future success depends, in part, on our ability to continue to attract, integrate and retain qualified and highly skilled personnel. In particular, we are substantially dependent on the continued service of our existing engineering personnel because of the complexity of our platform and are also highly dependent on the contributions of our executive team. The loss of any key personnel could make it more difficult to manage our operations and research and development activities, reduce our employee retention and revenue, disrupt our relationships with our employees, customers and vendors, and impair our ability to compete. Any significant leadership change or senior management transition involves inherent risk and any failure to ensure the timely and suitable replacement and a smooth transition could hinder our strategic planning, execution and future performance. Although we have entered into employment offer letters with our key personnel, these agreements have no specific duration and constitute at-will employment. We do not maintain key person life insurance policies on any of our employees. The loss of one or more of our key employees could seriously harm our business. If we are unable to attract, integrate, or retain the qualified and highly skilled personnel required to fulfill our current or future needs, our business, financial condition and operating results could be harmed. Moreover, if key personnel become ill due to the current COVID-19 pandemic, we may not be able to manage our business effectively and, as a result, our business and operating results could be harmed.

Our senior management has substantially changed over the last year, including, for example, the recent departures of our former chief executive officer, Thomas Reilly and interim chief executive officer, Martin Cole. We have a new chief executive officer, Robert Bearden, who started in January 2020.

Competition for highly skilled personnel is often intense, especially in the San Francisco Bay Area where we have a substantial presence and need for highly skilled personnel. We may not be successful in attracting, integrating or retaining qualified personnel to fulfill our current or future needs. We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our common stock declines, it may adversely affect our ability to hire or retain highly skilled employees. In addition, we may periodically change our equity compensation practices, which may include reducing the number of employees eligible for equity awards or reducing the size of equity awards granted per employee. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects could be harmed.

We have experienced rapid growth in recent periods and expect our growth to continue. If we fail to effectively manage our growth, our business and operating results could be adversely affected.

We have experienced and may continue to experience rapid growth in our headcount and operations, which has placed and will continue to place significant demands on our managerial, administrative, operational, financial and other resources. For example, our employee headcount increased from 1,648 employees as of January 31, 2018 to 2,765 employees as of April 30, 2020. This growth has placed, and any future growth will place, significant demands on our management and our operational and financial infrastructure. To manage this growth effectively, we must continue to improve our operational, financial and management systems and controls by, among other things:

- recruiting, training, integrating and retaining new employees, particularly for our sales and research and development teams;
- developing and improving our internal administrative infrastructure, particularly our financial, operational, compliance, recordkeeping, communications and other internal systems;
- managing our international operations and the risks associated therewith;
- managing our employees, infrastructure and operations associated with the merger with Hortonworks;
- maintaining high levels of satisfaction with our platform among our customers; and
- effectively managing expenses related to any future growth.

If we fail to manage our growth, or if we fail to implement improvements or maintain effective internal controls, our costs and expenses may increase more than we plan and our ability to expand our customer base, enhance our platform, develop new solutions, expand penetration within existing customers, respond to competitive pressures or otherwise execute our business plan, our business and operating results could be adversely affected.

Because we recognize a substantial portion of our subscription revenue from our platform over the subscription term, downturns or upturns in new sales and renewals will not be immediately reflected in our operating results.

We generally recognize subscription revenue ratably over the term of the subscription period. As a result, most of the revenue we report in each quarter is derived from the recognition of deferred revenue relating to subscriptions entered into during previous quarters. Consequently, a decline in new or renewed subscriptions, or a reduction in expansion rates, in any single quarter could have only a small impact on our revenue results during that quarter or subsequent period. Such a decline or deceleration, however, will negatively affect our revenue or revenue growth rates in future quarters. Accordingly, the effect of these changes or events may not be fully reflected in our results of operations until future periods. Given the ratable nature of our revenue recognition, our subscription model also makes it difficult for us to rapidly increase our revenue through additional sales in any period. We may be unable to adjust our cost structure to reflect the changes in revenue. In addition, a significant majority of our costs are expensed as incurred, while revenue is generally recognized over the life of the customer agreement. As a result, increased growth in the number of our customers could result in our recognition of more costs than revenue in the earlier periods of the terms of our agreements.

Our revenue growth depends in part on the success of our strategic relationships with third parties and their continued performance.

We seek to grow our partner ecosystem as a way to grow our business. To grow our business, we anticipate that we will continue to establish and maintain relationships with third parties, such as resellers, OEMs, system integrators, independent software and hardware vendors and platform and cloud service providers. In addition, we work closely with select vendors (Partner Solutions) to design solutions to specifically address the needs of certain industry verticals or use cases within those verticals. As our agreements with strategic partners terminate or expire, we may be unable to renew or replace these agreements on comparable terms, or at all. Moreover, especially given the possible impact of the current COVID-19 pandemic, we cannot guarantee that the companies with which we have strategic relationships will continue to devote the resources necessary to expand our reach, increase our distribution and increase the number of Partner Solutions and associated use cases. In addition, customer satisfaction with Partner Solutions may be less than anticipated, negatively impacting anticipated revenue growth and results of operations. Further, some of our strategic partners offer competing products and services or also work with our competitors. As a result of these factors, many of the companies with which we have strategic alliances may choose to pursue alternative technologies and develop alternative products and services in addition to or in lieu of our platform, either on their own or in collaboration with others, including our competitors. If we are unsuccessful in establishing or maintaining our relationships with third parties, our ability to compete in the marketplace or to grow our revenue could be impaired and our operating results may suffer. Even if we are successful in establishing and maintaining these relationships with third parties, we cannot assure you that these relationships will result in increased customer usage of our platform or increased revenue.

The sum of our revenue and changes in contract liabilities or remaining performance obligations (RPO) may not be an accurate indicator of business activity within a period.

Investors or analysts sometimes look to the sum of the revenue and changes in contract liabilities or RPO as indicators of business activity in a period for businesses such as ours. They may use this information to estimate billings or bookings. However, these measures may significantly differ from underlying business activity for a number of reasons including:

- Since a relatively large number of transactions occur at the end of the quarter, and invoicing or enablement of those transactions may or may not occur before the end of the quarter based on a number of factors including receipt of information from the customer, volume of transactions and holidays, a shift of a few days has little economic impact on our business, but may shift contract liabilities or RPO from one period into the next;
- multi-year upfront billings that may distort trends;
- subscriptions that have deferred start dates;
- services that are invoiced upon delivery; and
- changes in revenue recognition resulting from ASC 606 adoption.

Accordingly, we do not believe that estimated billings is an accurate indicator of future revenue for any given period of time. However, many companies that provide subscriptions report changes in estimated billings as a key operating or financial metric, and it is possible that analysts or investors may view this metric as important. Thus, any changes in our estimated billings could adversely affect the market price of our common stock. Moreover, estimating bookings from RPO is a newer analytical technique, and it may not be an accurate indicator of future revenue for our company for any given period of time.

If our new products, components or enhancements to our platform do not achieve sufficient market acceptance, our financial results and competitive position will suffer.

We spend substantial amounts of time and money to research and develop new products, such as CDP. In addition, we spend time and money to research and develop new components and enhancements of our platforms to incorporate additional features, improve functionality or add other enhancements in order to meet our customers' rapidly evolving demands. When we develop a new product, component or enhancement to our platform, whether open source or proprietary, we typically incur expenses and expend resources upfront to develop, market and promote the new component. Therefore, when we develop and introduce new products, components or enhancements to our platform, they must achieve high levels of market acceptance in order to justify the amount of our investment in developing and bringing them to market.

We may experience delays in the development and introduction of new or enhanced products due to the direct and indirect effects of the current COVID-19 pandemic. In addition, our new products, components or enhancements to our platform and changes to our platform could fail to attain sufficient market acceptance for many reasons, including:

- our failure to predict market demand accurately in terms of platform functionality, including curating new open source projects, and to supply a platform that meets this demand in a timely fashion;
- delays in releasing to the market our new components or enhancements to our platform to the market;
- defects, errors or failures;
- complexity in the implementation or utilization of the new components and enhancements;
- negative publicity about the platform's performance or effectiveness;
- introduction or anticipated introduction of competing platforms by our competitors;
- poor business conditions for our end-customers, causing them to delay IT purchases, such as those caused by the current COVID-19 pandemic; and
- reluctance of customers to purchase platforms incorporating open source software or to purchase hybrid platforms.

If our new products, such as CDP, or our new components or enhancements and changes do not achieve adequate acceptance in the market, our competitive position will be impaired, and our revenue will be diminished. The adverse effect on our financial results may be particularly acute because of the significant research, development, marketing, sales and other expenses we will have incurred in connection with the new solutions or enhancements.

If we do not effectively hire, retain, train and oversee our direct sales force, we may be unable to add new customers or increase sales to our existing customers, and our business may be adversely affected.

We continue to be substantially dependent on our direct sales force to obtain new customers and increase sales with existing customers. There is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training and retaining sufficient numbers of sales personnel to support our growth. In addition, a large percentage of our sales force is relatively new to our company. New hires require significant training and may take significant time before they achieve full productivity, especially as new offerings are developed by the combined company after our merger with Hortonworks. Our recent hires and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. In addition, growth of our direct sales force leads to increasing difficulty and complexity in its organization, management and leadership, at which we may prove unsuccessful. If we are unable to hire and train a sufficient number of effective sales personnel, we are ineffective at overseeing a growing sales force, or the sales personnel we hire are otherwise unsuccessful in obtaining new customers or increasing sales to our existing customer base, our business will be adversely affected.

As we expand internationally, our business will become more susceptible to risks associated with international operations.

We have expanded internationally and intend to continue such international expansion. For example, we sell the various editions of our platform through our direct sales force, which is comprised of inside sales and field sales personnel, and is located in a variety of geographic regions, including the United States, Europe and Asia, and have customers located in approximately 100 countries as of January 31, 2020. We intend to continue to expand internationally.

Conducting international operations subjects us to risks that we have not generally faced in the United States. These risks include:

- challenges caused by distance, language, cultural and ethical differences and the competitive environment;
- heightened risks of unethical, unfair or corrupt business practices, actual or claimed, in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of, and irregularities in, financial statements;

- foreign exchange restrictions and fluctuations in currency exchange rates, including that, because a majority of our international contracts are denominated in U.S. dollars, an increase in the strength of the U.S. dollar may make doing business with us less appealing to a non-U.S. dollar denominated customer;
- application of multiple and conflicting laws and regulations, including complications due to unexpected changes in foreign laws and regulatory requirements;
- risks associated with trade restrictions and foreign import requirements, including the importation, certification and localization of our solutions required in foreign countries, as well as changes in trade, tariffs, restrictions or requirements;
- new and different sources of competition;
- potentially different pricing environments, longer sales cycles and longer accounts receivable payment cycles and collections issues;
- management communication and integration problems resulting from cultural differences and geographic dispersion;
- potentially adverse tax consequences, including multiple and possibly overlapping tax structures, the complexities of foreign value-added tax systems, restrictions on the repatriation of earnings and changes in tax rates;
- greater difficulty in enforcing contracts, accounts receivable collection and longer collection periods;
- the uncertainty and limitation of protection for intellectual property rights in some countries and the risk of potential theft or compromises of our technology, data or intellectual property in connection with our international operations, whether by state-sponsored malfeasance or other foreign entities or individuals;
- increased financial accounting and reporting burdens and complexities;
- lack of familiarity with local laws, customs and practices, and laws and business practices favoring local competitors or partners;
- increased exposure to natural disasters, acts of war, terrorism, epidemics, or pandemics and other health crises, including the current COVID-19 pandemic; and
- political, social and economic instability abroad, terrorist attacks and security concerns in general.

The occurrence of any one of these risks could harm our international business and, consequently, our results of operations. Additionally, operating in international markets requires significant management attention and financial resources. We cannot be certain that the investment and additional resources required to operate in other countries will produce desired levels of revenue or profitability.

Some of our business partners also have international operations and are subject to the risks described above. Even if we are able to successfully manage the risks of international operations, our business may be adversely affected if our business partners are not able to successfully manage these risks.

Our business in countries with a history of corruption and transactions with foreign governments increase the risks associated with our international activities.

As we operate and sell internationally, we are subject to the Foreign Corrupt Practices Act (FCPA), the United Kingdom Bribery Act of 2010 (the UK Bribery Act), and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties for the purpose of obtaining or retaining business. We have operations, deal with and make sales to governmental customers in countries known to experience corruption, particularly certain emerging countries in Africa, East Asia, Eastern Europe, South America and the Middle East. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees, consultants, sales agents or channel partners that could be in violation of various anti-corruption laws, even though these parties may not be under our control. While we have implemented policies and controls intended to prevent these practices by our employees, consultants, sales agents and channel partners, our existing safeguards and any future improvements may prove to be less than effective, and our employees, consultants, sales agents or channel partners may engage in conduct for which we might be held responsible. Violations of the FCPA, the UK Bribery Act and other laws may result in severe criminal or civil sanctions, including suspension or debarment from U.S. government contracting, and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition.

We are subject to governmental export control, sanctions and import laws and regulations that could subject us to liability or impair our ability to compete in international markets.

Because we incorporate encryption functionality into our platform (including any products comprising the platform), we are subject to certain U.S. export control laws that apply to encryption items. As such, our platform may be exported outside the United States through an export license exception; an export license is required to certain countries, end-users and end-uses. If we were to fail to comply with such U.S. export controls laws, U.S. customs regulations, U.S. economic sanctions, or other similar laws, we could be subject to both civil and criminal penalties, including substantial fines, possible incarceration for employees and managers for willful violations, and the possible loss of our export or import privileges. Obtaining the necessary export license for a particular sale or offering may not be possible and may be time-consuming and may result in the delay or loss of sales opportunities. Furthermore, U.S. export control laws and economic sanctions prohibit the export of products to certain U.S. embargoed or sanctioned countries, governments and persons, as well as for prohibited end-uses. Monitoring and ensuring compliance with these complex U.S. export control laws is particularly challenging because our platform and related services are widely distributed throughout the world and are available for download without registration. Even though we take precautions to ensure that we and our reseller partners comply with all relevant export control laws and regulations, any failure by us or our reseller partners to comply with such laws and regulations could have negative consequences for us, including reputational harm, government investigations and penalties.

In addition, various countries regulate the import of certain encryption technology, including through import permit and license requirements, and have enacted laws that could limit our ability to distribute our platform or could limit our end-customers' ability to implement our products in those countries. Changes in our products or changes in export and import regulations in such countries may create delays in the introduction of our platform into international markets, prevent our end-customers with international operations from deploying our products globally or, in some cases, prevent or delay the export or import of our platform to certain countries, governments or persons altogether. Any change in export or import laws or regulations, economic sanctions or related legislation, shift in the enforcement or scope of existing export, import or sanctions laws or regulations, or change in the countries, governments, persons, or technologies targeted by such export, import or sanctions laws or regulations, could result in decreased use of our platform by, or in our decreased ability to export or sell our platform to, existing or potential end-customers with international operations. Any decreased use of our platform or limitation on our ability to export to or sell our platform in international markets could adversely affect our business, financial condition and operating results.

We are exposed to fluctuations in currency exchange rates, which could negatively affect our operating results.

Our sales contracts are primarily denominated in U.S. dollars, and therefore most of our revenue is not subject to foreign currency risk. However, a strengthening of the U.S. dollar could increase the real cost of our platform to our customers outside of the United States, which could adversely affect our operating results. In addition, an increasing portion of our operating expenses is incurred and an increasing portion of our assets is held outside the United States. These operating expenses and assets are denominated in foreign currencies and are subject to fluctuations due to changes in foreign currency exchange rates. If we are not able to successfully hedge against the risks associated with currency fluctuations, our operating results could be adversely affected.

Our failure to raise additional capital could reduce our ability to compete and could harm our business.

We expect that our existing cash and cash equivalents will be sufficient to meet our anticipated cash needs for the foreseeable future. However, if we change our business strategy, we may need to raise additional funds in the future, 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. Furthermore, if we engage in debt financing, the holders of debt would have priority over the holders of common stock, and we may be required to accept terms that restrict our ability to incur additional indebtedness. We may also be required to take other actions that would otherwise be in the interests of the debt holders and force us to maintain specified liquidity or other ratios, any of which could harm our business, operating results and financial condition.

We are exposed to the credit risk of some of our resellers and customers and to credit exposure in weakened markets, which could result in material losses.

Most of our sales are on an unsecured basis. Although we seek to mitigate these risks, we cannot be certain that these efforts will be effective in reducing our credit risks, especially as we expand our business internationally and some of our resellers or customers may be impacted by the current COVID-19 pandemic. If we are unable to adequately control these risks, our business, results of operations and financial condition could be harmed.

Federal, state, foreign government and industry regulations, as well as self-regulation related to privacy and data security concerns, pose the threat of lawsuits and other liability.

We collect and utilize demographic and other information, including personally identifiable information, from and about our employees and our existing and potential customers and partners. Such information may be collected from our customers and partners when they visit our website or through their use of our products and interactions with our company and employees such as when signing up for certain services, registering for training seminars, participating in a survey, participating in polls or signing up to receive e-mail newsletters.

A wide variety of domestic and international laws and regulations (including, for example, the General Data Protection Regulation that became effective in May 2018, and the California Consumer Privacy Act that became effective on January 1, 2020) apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data. These data protection and privacy-related laws and regulations are evolving and may result in regulatory and public scrutiny and escalating levels of enforcement and sanctions. Our failure to comply with applicable laws and regulations, or to protect such data, could result in enforcement action against us, including fines, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill (both in relation to existing customers and prospective customers), any of which could have a material adverse effect on our operations, financial performance and business. Evolving and changing definitions of personal data and personal information within the European Union, the United States, and elsewhere may limit or inhibit our ability to operate or expand our business. Even the perception of privacy concerns, whether or not valid, may harm our reputation, inhibit adoption of our products by current and future customers or adversely impact our ability to attract and retain workforce talent.

Loss, retention or misuse of certain information and alleged violations of laws and regulations relating to privacy and data security, and any relevant claims, may expose us to potential liability and may require us to expend significant resources on data security and in responding to and defending such allegations and claims. In addition, future laws, regulations, standards and other obligations, and changes in the interpretation of existing laws, regulations, standards and other obligations could impair our customers' ability to collect, use or disclose data relating to individuals, which could decrease demand for our platform, increase our costs and impair our ability to maintain and grow our customer base and increase our revenue.

A portion of our revenue is generated by sales to government entities and heavily regulated organizations, which are subject to a number of challenges and risks.

A portion of our sales are to governmental entities. Additionally, many of our current and prospective customers, such as those in the financial services and health care industries, are highly regulated and may be required to comply with more stringent regulations in connection with subscribing to and deploying our platform. Selling to these entities can be highly competitive, expensive and time consuming, often requiring significant upfront time and expense without any assurance that these efforts will result in a sale. Government and highly regulated entities often require contract terms that differ from our standard arrangements and impose compliance requirements that are complicated, require preferential pricing or "most favored nation" terms and conditions, or are otherwise time consuming and expensive to satisfy. If we undertake to meet special standards or requirements and do not meet them, we could be subject to increased liability from our customers or regulators. Even if we do meet them, the additional costs associated with providing our services to government and highly regulated customers could harm our margins. Moreover, changes in the underlying regulatory conditions that affect these types of customers could harm our ability to efficiently provide our services to them and to grow or maintain our customer base.

Additionally, government certification requirements for platforms like ours may change and in doing so restrict our ability to sell into certain government sectors until we have attained the revised certification. Government demand and payment for our solutions may be impacted by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our solutions. Additionally, government entities routinely investigate and audit government contractors' administrative processes, and any unfavorable audit could result in the government entity refusing to continue buying our solutions, a reduction of revenue, fines or civil or criminal liability if the audit uncovers improper or illegal activities, which could adversely impact our operating results. Furthermore, engaging in sales activities to foreign governments introduces additional compliance risks specific to the FCPA, the UK Bribery Act and other similar statutory requirements prohibiting bribery and corruption in the jurisdictions in which we operate.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain executive management and qualified board members.

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act), the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the rules and regulations of the listing standards of the New York Stock Exchange and other applicable securities rules and regulations. Compliance with these rules and regulations have increased our legal and financial compliance costs, made some activities more difficult, time-consuming or costly and increased demand on our systems and resources, particularly since we are no longer an "emerging growth company."

The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future or engage outside consultants, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

The rules and regulations applicable to public companies make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

As a result of disclosure of information in this Annual Report on Form 10-K and in filings required of a public company, our business and financial condition are more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results.

If we fail to maintain an effective system of internal controls, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, and the rules and regulations of the listing standards of the New York Stock Exchange. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming, and costly, and place significant strain on our personnel, systems, and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive officer and principal financial officer. We are also continuing to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we are required to include in our periodic reports that are filed with the SEC.

Our independent registered public accounting firm is required to formally attest to the effectiveness of our internal control over financial reporting as of the end of our fiscal year. Our independent registered public accounting firm has to issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed, or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could have a material and adverse effect on our business and operating results and could cause a decline in the price of our common stock.

If we have material weaknesses in our internal control over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. Moreover, failure to demonstrate continued compliance with Section 404 of the Sarbanes-Oxley Act could subject us to regulatory scrutiny and sanctions, impair our ability to raise revenue, cause investors to lose confidence in the accuracy and completeness of our financial reports, subject us to stockholder or other third-party litigation as well as investigations and delisting, as applicable, by the New York Stock Exchange, the SEC, or other regulatory authorities, and negatively affect the trading price of our common stock.

Our financial results may be adversely affected by changes in accounting principles applicable to us.

Generally accepted accounting principles in the United States (GAAP) are subject to interpretation by the Financial Accounting Standards Board (FASB), the SEC, and other various bodies formed to promulgate and interpret appropriate accounting principles. For example, in February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (Topic 842), which became effective for us on February 1, 2019. Under the Topic 842 standard, most leases are required to be recognized on the balance sheet as right-of-use assets and corresponding lease liabilities. Refer to Note 2 in the notes to our consolidated financial statements included in the Annual Report on Form 10-K for our fiscal year ended January 31, 2020 filed with the SEC on March 27, 2020 for additional information on Topic 842 and its impact on our consolidated financial statements. Additionally, in May 2014, the FASB issued accounting standards update No. 2014-09 (Topic 606), *Revenue from Contracts with Customers*, which became effective for our annual reporting period for the year ended January 31, 2019. Under Topic 606, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. The adoption of Topic 606 has had a material impact on the amount and timing of revenue recognition. See Note 2 in the "Notes to Consolidated Financial Statements" included in Part II, Item 8 of our Annual Report on Form 10-K for the fiscal year ended January 31, 2019 filed with the SEC on March 29, 2019 regarding the effect of new accounting pronouncements on our consolidated financial statements. These or other changes in accounting principles could adversely affect our financial results. Any difficulties in implementing these pronouncements could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us.

Changes in our provision for income taxes or adverse outcomes resulting from examination of our income tax returns could adversely affect our results.

We are subject to income taxation in the United States and numerous foreign jurisdictions. Determining our provision for income taxes requires significant management judgment. In addition, our provision for income taxes is subject to volatility and could be adversely affected by many factors, including, among other things, changes to our operating or holding structure, changes in the amounts of earnings in jurisdictions with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities and changes in tax laws. We could be subject to tax examinations in various jurisdictions.

Tax authorities may disagree with our use of research and development tax credits, intercompany charges, cross-jurisdictional transfer pricing or other matters and assess additional taxes. While we regularly assess the likely outcomes of these examinations to determine the adequacy of our provision for income taxes, there can be no assurance that the outcomes of such examinations will not have a material impact on our operating results and cash flows.

In addition, we may be subject to the examination of our income tax returns by the U.S. Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that the outcomes from these continuous examinations will not have an adverse effect on our results of operations.

The enactment of legislation implementing changes in the United States of taxation of international business activities or the adoption of other tax reform policies could materially impact our financial position and results of operations.

Recent changes to United States tax laws, including limitations on the ability of taxpayers to claim and utilize foreign tax credits and the deferral of certain tax deductions until earnings outside of the United States are repatriated to the United States, as well as changes to United States tax laws that may be enacted in the future, could impact the tax treatment of our foreign earnings. Due to expansion of our international business activities, any changes in the United States taxation of such activities may increase our worldwide effective tax rate and adversely affect our financial position and results of operations.

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.

In general, under Section 382 of the U.S. Internal Revenue Code of 1986, as amended (the Code), a corporation that undergoes an “ownership change” is subject to limitations on its ability to utilize its pre-change net operating losses (NOLs) to offset future taxable income. If our NOLs are subject to limitations arising from previous ownership changes, our ability to utilize NOLs could be limited by Section 382 of the Code. Future changes in our stock ownership, some of which are outside of our control, could result in an ownership change under Section 382 of the Code. Furthermore, our ability to utilize NOLs of companies that we may acquire in the future may be subject to limitations. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. Under the 2017 Tax Cuts and Jobs Act (the Tax Act), tax losses generated in taxable years beginning after December 31, 2017 may be utilized to offset no more than 80% of taxable income annually. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security, or CARES Act, was signed into law. For taxable years beginning before January 1, 2021, the CARES Act eliminates the limitation on the deduction of NOLs to 80% of current year taxable income. However, that limitation remains for later taxable years. It is also uncertain if and to what extent various states will conform to the Tax Act, as modified by the CARES Act. For these reasons, we may not be able to utilize a portion of the NOLs reflected on our balance sheet, even if we attain profitability.

We have business and customer relationships with certain entities who are stockholders or are affiliated with our directors, or both, and conflicts of interest may arise because of such relationships.

Some of our customers and other business partners are affiliated with certain of our directors or hold shares of our capital stock, or both. For example, we have entered into strategic relationships and/or customer relationships with Intel Corporation (Intel). Our director, Rosemary Schooler, is an employee of Intel, and Intel is a stockholder. We believe that the transactions and agreements that we have entered into with related parties are on terms that are at least as favorable as could reasonably have been obtained at such time from third parties and our board of directors has determined that Ms. Schooler as “independent” under the applicable rules, regulations and listing standards of New York Stock Exchange and the applicable rules and regulations promulgated by the SEC. However, these relationships could create, or appear to create, potential conflicts of interest when our board of directors is faced with decisions that could have different implications for us and these other parties or their affiliates. In addition, conflicts of interest may arise between us and these other parties and their affiliates. The appearance of conflicts, even if such conflicts do not materialize, might adversely affect the public’s perception of us, as well as our relationship with other companies and our ability to enter into new relationships in the future, including with competitors of such related parties, which could harm our business and results of operations.

Adverse economic conditions may negatively impact our business.

Our business depends on the overall demand for information technology and on the economic health of our current and prospective customers. Any significant weakening of the economy in the United States or Europe and of the global economy, more limited availability of credit, a reduction in business confidence and activity, decreased government spending, economic uncertainty and other difficulties, such as the current COVID-19 pandemic, may have affected, and may continue to affect, one or more of the sectors or countries in which we sell our applications. In addition, geopolitical developments, such as existing and potential trade wars, and other events beyond our control, such as the current COVID-19 pandemic, can increase levels of political and economic unpredictability globally and the volatility of global financial markets. For example, in response to the COVID-19 pandemic, we have shifted certain of our customer events to virtual-only experiences and we may deem it advisable to similarly alter, postpone or cancel entirely additional customer, employee or industry events in the future. Moreover, global economic and political uncertainties, such as those due to the current COVID-19 pandemic, may cause some of our customers or potential customers to curtail spending, and may ultimately result in new regulatory and cost challenges to our international operations. In addition, a strong dollar could reduce demand for our products in countries with relatively weaker currencies. These adverse conditions could result in reductions in sales of our applications, longer sales cycles, reductions in subscription duration and value, slower adoption of new technologies and increased price competition. Any of these events could have an adverse effect on our business, operating results and financial position.

Our business is subject to the risks of epidemic or pandemic events, earthquakes, fire, power outages, floods and other catastrophic events, and to interruption by man-made problems such as terrorism.

A significant health crisis, epidemic or pandemic (including the current COVID-19 pandemic), or a natural disaster, such as an earthquake, fire or a flood, or a significant power outage could have a material adverse impact on our business, financial condition and results of operations. Our corporate headquarters are located in Palo Alto, California, in a region known for seismic activity, and we have significant offices in San Francisco, Austin and New York City in the United States and internationally in Bangalore, Budapest, London, Ireland and Singapore. Further, if an epidemic or pandemic or a natural disaster or terrorist event occurs in a region from which we derive a significant portion of our revenue, customers in that region may delay or forego purchases of our products, which may materially and adversely impact our results of operations for a particular period. For example, the west coast of the United States contains active earthquake zones and the eastern seaboard is subject to seasonal hurricanes while New York and the United Kingdom have suffered significant terrorist attacks. Additionally, we rely on our network and third-party infrastructure and enterprise applications, internal technology systems and our website for our development, marketing, finance, customer support, operational support, hosted services and sales activities. In the event of a major epidemic or pandemic, earthquake, hurricane or catastrophic event such as fire, power loss, floods, telecommunications failure, cyber-attack, war or terrorist attack, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our development of solutions, lengthy interruptions in our services, breaches of data security and loss of critical data, all of which could have an adverse effect on our operating results. All of the aforementioned risks may be augmented if the business continuity plans for us and our service providers prove to be inadequate. To the extent that any of the above results in delays or cancellations of customer orders, or the delay in the deployment of our products, our business, financial condition and results of operations could be adversely affected.

Risks Related to Ownership of Our Common Stock

The stock price of our common stock has been, and may continue to be, volatile or may decline regardless of our operating performance.

The market price for our common stock has been, and may continue to be, volatile. Since shares of our common stock were sold in our initial public offering in April 2017 at a price of $15.00 per share, our stock price has ranged from $4.76 to $23.35, through April 30, 2020. The market price of the common stock of many technology companies have fluctuated significantly since the outbreak of COVID-19. The extent to which and for how long COVID-19 may impact the market price of common stock is unclear.

The market price of our common stock may continue to fluctuate significantly in response to numerous factors, many of which are beyond our control, including the factors included in this Risk Factors section as well as:

- COVID-19 and any associated economic downturn;
- overall performance of the equity markets;
- actual or anticipated fluctuations in our operating results or net revenue expansion rate;
- changes in the financial projections we may provide to the public or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors, even if we meet our own projections;
- recruitment or departure of key personnel;

- the economy as a whole and market conditions in our industry;
- rumors and market speculation involving us or other companies in our industry;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;
- developments or disputes concerning our intellectual property or our offerings, or third-party proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- our ability to achieve the planned synergies in the merger with Hortonworks;
- dilution associated with mergers and acquisitions;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- lawsuits threatened or filed against us;
- other events or factors, including those resulting from war, incidents of terrorism, pandemics, or responses to these events; and
- repurchases of shares of our common stock by us and sales of shares of our common stock by us or our stockholders.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. Stock prices of many companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. Stockholders have, from time to time, instituted securities class action litigation following periods of market volatility. For example, after we announced earnings for the quarter ended April 30, 2019, our stock price dropped and several securities litigation lawsuits were initiated. The current securities litigation cases, as well as any future securities litigation that we may become involved in, could subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business, results of operations and cash flows.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts initiate research with an unfavorable rating or downgrade our common stock, provide a more favorable recommendation about our competitors, publish inaccurate or unfavorable research about our business or cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our common stock price and trading volume to decline.

Our directors, executive officers and principal stockholders continue to have substantial control over us, which could limit your ability to influence the outcome of key transactions, including a change of control.

Our directors, executive officers and our stockholders who own greater than 5% of our outstanding common stock, together with their affiliates, beneficially own, in the aggregate, approximately 44.4% of our outstanding common stock, based on the number of shares outstanding as of May 29, 2020. As a result, these stockholders, if acting together, have the ability to influence or control matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. In addition, these stockholders, acting together, have the ability to influence or control the governance, management and affairs of our company. They may also have interests that differ from yours and may vote in a way with which you disagree, and which may be adverse to your interests. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock.

Icahn Enterprises L.P. and certain of its affiliates (collectively, the Icahn Group) holds approximately 17.7% of our outstanding common stock, based on the number of shares outstanding as of May 29, 2020. Intel holds approximately 8.8% of our outstanding common stock, based on the number of shares outstanding as of May 29, 2020. As such, the Icahn Group and Intel could have considerable influence over matters such as approving a potential acquisition of us. The Icahn Group and Intel's investment in and position in our company, including the various agreements we entered into with them respectively, could also discourage others from pursuing any potential acquisition of us, which could have the effect of depriving the holders of our common stock of the opportunity to sell their shares at a premium over the prevailing market price.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors 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 their investments.

Defensive measures in our charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Our restated certificate of incorporation and amended and restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors who are not nominated by the current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions include:

- a classified board of directors with three-year staggered terms, which could delay the ability of stockholders to change the membership of a majority of our board of directors;
- the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of our board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairman of our board of directors, our chief executive officer, our lead director, if any, or a majority vote of our board of directors, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the requirement for the affirmative vote of holders of at least $66^2/_3$% of the voting power of all of the then outstanding shares of the voting stock, voting together as a single class, to amend the provisions of our restated certificate of incorporation relating to the issuance of preferred stock and management of our business or our amended and restated bylaws, which may inhibit the ability of an acquirer to effect such amendments to facilitate an unsolicited takeover attempt;
- the ability of our board of directors to amend our amended and restated bylaws, which may allow our board of directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the amended and restated bylaws to facilitate an unsolicited takeover attempt;
- the requirement that in order for a stockholder to be eligible to propose a nomination or other business to be considered at an annual meeting of our stockholders, such stockholder must have continuously beneficially owned at

least 1% of our outstanding common stock for a period of one year before giving such notice, which may discourage, delay or deter stockholders or a potential acquirer from conducting a solicitation of proxies to elect their own slate of directors or otherwise attempting to obtain control of us or influence over our business; and

- advance notice procedures with which stockholders must comply in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage, delay or deter stockholders or a potential acquirer from conducting a solicitation of proxies to elect their own slate of directors or otherwise attempting to obtain control of us or influence over our business.

In addition, because we are incorporated in Delaware, we are governed by the provisions of the anti-takeover provisions of the Delaware General Corporation Law, which may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. Although we believe these provisions collectively provide for an opportunity to obtain greater value for stockholders by requiring potential acquirers to negotiate with our board of directors, they would apply even if an offer rejected by our board was considered beneficial by some stockholders. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management.

Our restated certificate of incorporation and amended and restated bylaws contain exclusive forum provisions for certain claims, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for: any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our restated certificate of incorporation, or our amended and restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine.

Moreover, Section 22 of the Securities Act of 1933, as amended (Securities Act) creates concurrent jurisdiction for federal and state courts over all claims brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder and in March 2020, we amended and restated our restated bylaws to provide that the federal district courts of the United States will, to the fullest extent permitted by law, be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act (a Federal Forum Provision). Our decision to adopt a Federal Forum Provision followed a decision by the Supreme Court of the State of Delaware holding that such provisions are facially valid under Delaware law. While there can be no assurance that federal or state courts will follow the holding of the Delaware Supreme Court or determine that the Federal Forum Provision should be enforced in a particular case, application of the Federal Forum Provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder and neither the exclusive forum provision nor the Federal Forum Provision applies to suits brought to enforce any duty or liability created by the Exchange Act. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal courts. Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder.

Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to our exclusive forum provisions, including the Federal Forum Provision. These provisions may limit our stockholders' ability to bring a claim in a judicial forum they find favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. Alternatively, if a court were to find the choice of forum provision contained in our restated certificate of incorporation and/or amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides a summary of repurchases of our common stock during the three months ended April 30, 2020 (in millions, except per share amounts):

Period	Total Number of Shares Purchased[1]	Average Price Paid per Share	Total Number of Shares Purchased as part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
February 1 - February 29, 2020[2]	—	$ —	—	$ —
March 1 - March 31, 2020	3.9	$ 6.56	3.9[3]	$ 74.0
April 1 - April 30, 2020	—	$ —	—	$ 74.0
Total	3.9		3.9	

(1) No shares were purchased outside of a publicly announced plan or program.

(2) During the month of February 2020, we did not have an authorized share repurchase program.

(3) On March 3, 2020, our board of directors authorized a share repurchase program of the Company's common stock of up to $100 million (the "Share Repurchase Program"), as announced on March 10, 2020 and further discussed in Note 9 to the Company's condensed consolidated financial statements in this Quarterly Report on Form 10-Q. This Share Repurchase Program does not have an expiration date.

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Exhibit Index

		Incorporated by Reference				
Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
10.01	Registrant's form of Severance and Change in Control Agreement					X
31.01	Certification of Robert Bearden, Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.02	Certification of Jim Frankola, Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.01*	Certification of Robert Bearden, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.02*	Certification of Jim Frankola, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)					X

* This certification is deemed not filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CLOUDERA, INC.

June 5, 2020	By:	/s/ Robert Bearden
		Robert Bearden Chief Executive Officer and Director *(Principal Executive Officer)*
June 5, 2020	By:	/s/ Jim Frankola
		Jim Frankola Chief Financial Officer *(Principal Financial Officer)*

Severance and Change in Control Agreement

This Severance and Change in Control Agreement (the "**Agreement**"), is entered into as of **_________ __**, 202_ (the "**Effective Date**") by and between **________________** (the "**Executive**") and Cloudera, Inc., a Delaware corporation (the "**Company**"). This Agreement supersedes and replaces in its entirety the Severance and Change in Control Agreement, including the Executive Addendum attached thereto as well as any amendments to such agreement and addendum, previously entered into by and between the Executive and the Company dated on or about ________, 20___.

1. **Term of Agreement.**

This Agreement shall terminate on the first to occur of (i) the date the Executive's employment with the Company terminates for a reason other than a Qualifying Termination as described in Section 4(k) or (ii) the date the Company has met all of its obligations under this Agreement following a termination of the Executive's employment with the Company for a reason described in Section 4(k).

2. **Severance Benefit.**

(a) **Other than During a Change in Control Period**.

(i) Severance Payments. If the Executive is subject to a Qualifying Termination other than during a Change in Control Period, then, subject to Section 3 below, the Company shall pay the Executive (I) twelve (12) months of the Executive's base salary at the annual rate in effect when the Qualifying Termination occurred, (II) fifty percent (50%) multiplied by the Executive's annual target bonus opportunity at the rate in effect when the Qualifying Termination occurred; provided that if the Executive's target bonus opportunity is earned and payable over shorter periods of time, the target bonus opportunities for such periods will be aggregated to represent a full fiscal year, and (III) an amount equal to the product of (y) the annual bonus target to which the Executive would have been entitled (calculated as if all applicable bonus targets were achieved) for the bonus period in which the Qualifying Termination occurred; provided that if the Executive's target bonus opportunity is earned and payable over shorter periods of time, the target bonus opportunities for such periods will be aggregated to represent a full fiscal year ("**Final Period**") and (z) a fraction, the numerator of which is the number of days for which the Executive was employed by the Company during the Final Period and the denominator of which is the total number of calendar days in the Final Period, less any amounts of such annual bonus previously paid (the "**Prorated Bonus**") [Include as applicable: and (IV) any then-unpaid portion of the Retention Bonus (as defined in the letter agreement between Executive and the Company, dated September 17, 2019)]. To the extent the foregoing amount is payable under Section 2(b) and/or included as Accrued Compensation and Expenses and/or Accrued Benefits (as described in Section 2(e)), it will not be paid under this Section 2(a). The Executive will receive his or her severance payment pursuant this Section 2(a)(i) in a cash lump-sum, which will be made on the sixtieth (60th) day following the Separation, provided that the following have already occurred:

(1) the Company's receipt of the Executive's executed General Release (as described in Section 2(d)); and

(2) the expiration of any rescission period applicable to the Executive's executed General Release.

(ii) Health Care Benefit. If the Executive is subject to a Qualifying Termination other than during a Change in Control Period and satisfies both the conditions set forth in Section 2(a)(i)(1) and Section 2(a)(i)(2) above to receive cash severance payments, and if the Executive elects to continue his or her health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("**COBRA**") following the termination of his or her employment, then the Company shall pay the Executive's monthly premium under COBRA until the earliest of (1) twelve (12) months following the Qualifying Termination; (2) the date when the Executive receives similar coverage with a new employer or (3) the expiration of the Executive's continuation coverage under COBRA.

(iii) Equity. If the Executive is subject to a Qualifying Termination other than during a Change in Control Period and satisfies both the conditions set forth in Section 2(a)(i)(1) and Section 2(a)(i)(2) above, then, subject to Section 3 below, (I) each of Executive's then outstanding unvested Equity Awards (as defined below), including awards that would otherwise vest only upon satisfaction of performance criteria as specified below, shall accelerate and become vested and exercisable with respect to the number of the then unvested shares subject to the applicable Equity Awards that would have vested in the twelve-month period following the Executive's Qualifying Termination had the Executive continued in employment, or other service, with the Company through such date and (II) Executive will be permitted to exercise any vested shares subject to Equity Awards that are nonstatutory stock options to purchase shares of Company common stock until the twelve-month anniversary of the effective date of the Executive's Qualifying Termination; *provided* that such post-termination exercise period shall end upon the consummation of a Change in Control, unless such nonstatutory stock options are assumed in the Change in Control; *provided*, *further*, that in no event shall such post-termination exercise period exceed the expiration of the maximum term of the nonstatutory stock options. With respect to awards that would otherwise vest only upon satisfaction of performance criteria, the equity acceleration equity acceleration described in this Section 2(a)(iii) shall apply at target level of such performance criteria, unless specifically provided otherwise in the equity award agreement governing such performance-based Equity Award.

(b) **During a Change in Control Period.**

(i) Severance Payments. If the Executive is subject to a Qualifying Termination during a Change in Control Period, then, subject to Section 3 below, the Company shall pay the Executive (I) twelve (12) months of the Executive's base salary at the annual rate in effect when the Qualifying Termination occurred or when the Change in Control occurred, whichever is greater, (II) one hundred percent (100%) of the Executive's annual target bonus for the fiscal year in which the Qualifying Termination occurred or when the Change in Control occurred, whichever is greater (in each case calculated as if all applicable bonus targets were achieved); provided that if the Executive's target bonus opportunity is earned and payable over shorter periods of time, the target bonus opportunities for such periods will be aggregated to represent a full fiscal year and (III) the Prorated Bonus [Include as applicable: and (IV) any then-unpaid portion of the Retention Bonus]. To the extent the foregoing amount is payable under Section 2(a) and/or included as Accrued Compensation and Expenses and/or Accrued Benefits (as described in Section 2(e)), it will not be paid under this Section 2(b). The Executive will receive his or her severance payment pursuant this Section 2(b)(i) in a cash lump-sum which will be made on the sixtieth (60^{th}) day following the Separation, provided that the following have already occurred:

(1) the Company's receipt of the Executive's executed General Release (as described in Section 2(d)); and

(2) the expiration of any rescission period applicable to the Executive's executed General Release.

(ii) Health Care Benefit. If the Executive is subject to a Qualifying Termination and satisfies both the conditions set forth in Subsection 2(b)(i)(1) and Subsection 2(b)(i)(2) above to receive cash severance payments, and if the Executive elects to continue his or her health insurance coverage under COBRA following the termination of his or her employment, then the Company shall pay the Executive's monthly premium under COBRA until the earliest of (1) twelve (12) months following the Qualifying Termination; (2) the date when the Executive receives similar coverage with a new employer or (3) the expiration of the Executive's continuation coverage under COBRA.

(iii) Equity. If the Executive is subject to a Qualifying Termination during a Change in Control Period and satisfies both the conditions set forth in Section 2(b)(i)(1) and Section 2(b)(i)(2) above, then, subject to Section 3 below, (I) each of Executive's then outstanding unvested Equity Awards, including awards that would otherwise vest only upon satisfaction of performance criteria, shall accelerate and become vested and exercisable with respect to 100 % of the then unvested shares subject to the applicable Equity Awards and (II) Executive will be permitted to exercise any vested shares subject to Equity Awards that are nonstatutory stock options to purchase shares of Company common stock (after giving effect to the foregoing acceleration of vesting) until the twelve-month anniversary of the effective date of the Executive's Qualifying Termination; *provided* that such post-termination exercise period shall end upon the consummation of a Change in Control, unless such nonstatutory stock options are assumed in the Change in Control; *provided*, *further*, that in no event shall such post-termination exercise period exceed the expiration of the maximum term of the nonstatutory stock options. Subject to Section 2(d) and Section 3, the accelerated vesting described above shall be effective as of the Qualifying Termination. With respect to awards that would otherwise vest only upon satisfaction of performance criteria, the equity acceleration described in this Section 2(b)(iii) shall apply at target level of such performance criteria, unless specifically provided otherwise in the equity award agreement governing such performance-based Equity Award.

(c) **Special Cash Payments in Lieu of COBRA Premiums.** Notwithstanding Section 2(a)(ii) or Section 2(b)(ii) above, if the Executive is eligible for, and the Company determines, in its sole discretion, that it cannot pay, the COBRA premiums without a substantial risk of violating applicable law (including Section 2716 of the Public Health Service Act) which will cause significant financial harm to the Company, the Company instead shall pay to the Executive, on the first day of each calendar month, a fully taxable cash payment equal to the applicable COBRA premiums for that month (including premiums for the Executive and the Executive's eligible dependents who have elected and remain enrolled in such COBRA coverage), subject to applicable tax withholdings (such amount, the "**Special Cash Payment**"), for the remainder of the period the Executive remains eligible for the benefit under Section 2(a)(ii) or Section 2(b)(ii) above. The Executive may, but is not obligated to, use such Special Cash Payments toward the cost of COBRA premiums. In the event the Company opts for the Special Cash Payments, then on the sixtieth (60^{th}) day following the Separation, the Company will make the first payment to the Executive under this Section 2(c), in a lump sum, equal to the aggregate Special Cash Payments that the Company would have paid through such date had the Special Cash Payments commenced on the first day of the first month following the Separation through such sixtieth (60th) day, with the balance of the Special Cash Payments paid monthly thereafter.

(d) **General Release**. Any other provision of this Agreement notwithstanding, Section 2(a), Section 2(b), and Section 2(c) above shall not apply unless the Executive (i) has executed a general release (in a form prescribed by the Company) ("**General Release**") of all known and unknown claims that he or she may then have against the Company or persons affiliated with the Company and such release has become effective and (ii) has agreed not to prosecute any legal action or other proceeding based upon any of such claims. The General Release must be in the form prescribed by the Company, without alterations. The Company will deliver the form to the Executive within thirty (30) days after the Executive's Separation. The Executive must execute and return the General Release within the time period specified in the form. The Executive shall not be required to release any claims arising under (a) any indemnification agreement between the Executive and the Company or (b) any rights to indemnification, advancement of expenses or repayment arising under the Company's Amended and Restated Certificate of Incorporation, the Company's Amended and Restated Bylaws or the indemnification provisions of applicable State statutes, in each case as currently in effect or as subsequently amended.

(e) **Accrued Compensation and Benefits**. In connection with any termination of employment prior to, upon or following a Change in Control (whether or not a Qualifying Termination), the Company shall pay Executive's earned but unpaid base salary and other vested but unpaid cash entitlements for the period through and including the termination of employment, including unused earned vacation pay and unreimbursed documented business expenses incurred by Executive through and including the date of termination (collectively "**Accrued Compensation and Expenses**"), as required by law and the applicable Company plan or policy. In addition, Executive shall be entitled to any other vested benefits earned by Executive for the period through and including the termination date of Executive's employment under any other employee benefit plans and arrangements maintained by the Company, in accordance with the terms of such plans and arrangements, except as modified herein (collectively "**Accrued Benefits**"). Any Accrued Compensation and Expenses to which the Executive is entitled shall be paid to the Executive in cash as soon as administratively practicable after the termination, and, in any event, no later than two and one-half (2-1/2) months after the end of the taxable year of the Executive in which the termination occurs. Any Accrued Benefits to which the Executive is entitled shall be paid to the Executive as provided in the relevant plans and arrangement.

3. **Covenants.**

(a) **Non-Competition**. The Executive agrees that, during his or her employment with the Company, he or she shall not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with the Company.

(b) **Non-Solicitation**. The Executive agrees that, during his or her employment with the Company and for a one (1) year period thereafter, her or she will not directly or indirectly solicit away employees or consultants of the Company for his or her own benefit or for the benefit of any other person or entity, nor will the Executive encourage or assist others to do so.

(c) **Cooperation and Non-Disparagement**. The Executive agrees that, during the six-month period following his or her cessation of employment, he or she shall cooperate with the Company in every reasonable respect and shall use his or her best efforts to assist the Company with the transition of Executive's duties to his or her successor. The Executive further agrees that, during this six-month period, he or she shall not in any way or by any means disparage the Company, the members of the Board or the Company's officers and employees.

(d) This Section 3 shall in no manner limit obligations of the Executive under any other agreement between the Company and the Executive in any manner; provided, however, that to the extent the terms of this Section 3 directly conflict with the terms of any such agreement, the agreement containing the most Company-favorable terms that are enforceable shall govern.

4. **Definitions.**

(a) "**Board**" means the Company's Board of Directors.

(b) "**Cause**" means (i) the Executive has been convicted of, or has pleaded guilty or nolo contendere to, any felony or crime involving moral turpitude, (ii) the Executive has engaged in willful misconduct which is injurious to the Company or materially failed or refused to perform the material duties lawfully and reasonably assigned to the Executive or has performed such material duties with gross negligence or has breached any material term or condition of this Agreement, the Executive's Employment, Confidential Information and Intellectual Property Assignment Agreement with the Company or any other material agreement with the Company, in any case after written notice by the Company of such misconduct, performance issue, gross negligence or breach of terms or conditions and an opportunity to cure within thirty (30) days of such written notice thereof from the Company, unless such misconduct, nonperformance, gross negligence or breach is, by its nature, not curable, (iii) the Executive's failure to follow the Company's policies that results in, or could reasonably be expected to result in, material harm to the Company or (iv) the Executive has committed any act of fraud, theft, embezzlement, misappropriation of funds, breach of fiduciary duty or other willful act of material dishonesty against the Company that results in material harm to the Company.

(c) "**Code**" means the Internal Revenue Code of 1986, as amended.

(d) "**Change in Control**" means the occurrence of any of the following events: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities; or (ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; or (iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation; provided that the event also qualifies as a change in control under U.S. Treasury Regulation 1.409A-3(i)(5)(v) or 1.409A-3(i)(5)(vii).

(e) "**Change in Control Period**" means the period commencing three (3) months prior to a Change in Control (only if after a Potential Change in Control) and ending twenty-four (24) months following a Change in Control.

(f) "**Disability**" means a physical or mental incapacity or disability as a result of which Executive becomes unable to perform the essential functions of Executive's job at the Company (if appropriate, with reasonable accommodation) for a continuous period of ninety (90) days or for an aggregate of one-hundred twenty (120) days in any consecutive twelve (12) month period.

(g) "**Equity Awards**" means all options to purchase shares of Company common stock as well as any and all other stock-based awards granted to the Executive, including but not limited to stock bonus awards, restricted stock, restricted stock units ("**RSUs**") or stock appreciation rights.

(h) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended

(i) "**Good Reason**" means a cessation of the Executive's employment as a result of the Executive's resignation within twelve (12) months after the occurrence of one or more of the following without the Executive's consent: (i) a reduction of more than 10% in Executive's total target cash compensation as an employee of the Company, except to the extent that the Company implements an equal percentage reduction applicable to all executive officers and management personnel; (ii) a material reduction in the Executive's duties, responsibilities or authority at the Company; (iii) a change in the geographic location at which Executive must perform services which results in an increase in the one-way commute of Executive by more than 50 miles; or (iv) a successor of the Company as set forth in Section 5(a) hereof does not assume this Agreement. A resignation for Good Reason will not be deemed to have occurred unless the Executive gives the Company written notice of the condition within ninety (90) days after the condition comes into existence and the Company fails to remedy the condition within thirty (30) days after receiving the Executive's written notice.

(j) "**Potential Change in Control**" means the date of execution of a definitive agreement whereby the Company will consummate a Change in Control if such transaction is consummated.

(k) "**Qualifying Termination**" means a Separation resulting from (i) a termination by the Company of the Executive's employment for any reason other than Cause, or (ii) a voluntarily resignation by the Executive of his or her employment for Good Reason. Termination by Disability will not constitute a Qualifying Termination.

(l) "**Separation**" means a "*separation from service*," as defined in the regulations under Section 409A of the Code.

5. **Successors.**

(a) **Company's Successors**. The Company shall require any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets, by an agreement in substance and form satisfactory to the Executive, to assume this Agreement and to agree expressly to perform this Agreement in the same manner and to the same extent as the Company would be required to perform it in the absence of a succession. For all purposes under this Agreement, the term "**Company**" shall include any successor to the Company's business and/or assets or which becomes bound by this Agreement by operation of law.

(b) **Executive's Successors**. This Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

6. **Golden Parachute Taxes.**

(a) **Best After-Tax Result**. In the event that any payment or benefit received or to be received by Executive pursuant to this Agreement or otherwise ("**Payments**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code and (ii) but for this subsection (a), be subject to the excise tax imposed by Section 4999 of the Code, any successor provisions, or any comparable federal, state, local or foreign excise tax ("**Excise Tax**"), then, subject to the provisions of Section 6(b) hereof, such Payments shall be either (A) provided in full pursuant to the terms of this Agreement or any other applicable agreement, or (B) provided as to such lesser extent which would result in no portion of such Payments being subject to the Excise Tax ("**Reduced Amount**"), whichever of the foregoing amounts, taking into account the applicable federal, state, local and foreign income, employment and other taxes and the Excise Tax (including, without limitation, any interest or penalties on such taxes), results in the receipt by Executive, on an after-tax basis, of the greatest amount of payments and benefits provided for hereunder or otherwise, notwithstanding that all or some portion of such Payments may be subject to the Excise Tax. Unless the Company and Executive otherwise agree in writing, any determination required under this Section shall be made by independent tax counsel designated by the Company and reasonably acceptable to Executive ("**Independent Tax Counsel**"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required under this Section 6(a), Independent Tax Counsel may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code; provided that Independent Tax Counsel shall assume that Executive pays all taxes at the highest marginal rate. The Company and Executive shall furnish to Independent Tax Counsel such information and documents as Independent Tax Counsel may reasonably request in order to make a determination under this Section. The Company shall bear all costs that Independent Tax Counsel may reasonably incur in connection with any calculations contemplated by this Section. In the event that Section 6(a)(ii)(B) above applies, then based on the information provided to Executive and the Company by Independent Tax Counsel, Executive may, in Executive's sole discretion and within 30 days of the date on which Executive is provided with the information prepared by Independent Tax Counsel, determine which and how much of the Payments (including the accelerated vesting of equity compensation awards) to be otherwise received by Executive shall be eliminated or reduced (as long as after such determination the value (as calculated by Independent Tax Counsel in accordance with the provisions of Sections 280G and 4999 of the Code) of the amounts payable or distributable to Executive equals the Reduced Amount). If the Internal Revenue Service (the "**IRS**") determines that any Payment is subject to the Excise Tax, then Section 6(b) hereof shall apply, and the enforcement of Section 6(b) shall be the exclusive remedy to the Company.

(b) **Adjustments**. If, notwithstanding any reduction described in Section 6(a) hereof (or in the absence of any such reduction), the IRS determines that Executive is liable for the Excise Tax as a result of the receipt of one or more Payments, then Executive shall be obligated to surrender or pay back to the Company, within 120 days after a final IRS determination, an amount of such payments or benefits equal to the "**Repayment Amount**." The Repayment Amount with respect to such Payments shall be the smallest such amount, if any, as shall be required to be surrendered or paid to the Company so that Executive's net proceeds with respect to such Payments (after taking into account the payment of the Excise Tax imposed on such Payments) shall be maximized. Notwithstanding the foregoing, the Repayment Amount with respect to such Payments shall be zero if a Repayment Amount of more than zero would not eliminate the Excise Tax imposed on such Payments or if a Repayment Amount of more than zero would not maximize the net amount received by Executive from the Payments. If the Excise Tax is not eliminated pursuant to this Section 6(b), Executive shall pay the Excise Tax.

7. **Miscellaneous Provisions.**

(a) **Section 409A**. For purposes of Section 409A of the Code, if the Company determines that Executive is a "*specified employee*" under Code Section 409A(a)(2)(B)(i) at the time of a Separation, then (i) the severance benefits under Section 2, to the extent subject to Code Section 409A, will commence during the seventh month after the Executive's Separation and (ii) will be paid in a lump sum on the earliest practicable date permitted by Section 409A(a)(2) of the Code. Any termination of Executive's employment is intended to constitute a Separation from Service and will be determined consistent with the rules relating to a "*separation from service*" as such term is defined in Treasury Regulation Section 1.409A-1. It is intended that each installment of the payments provided hereunder constitute separate "payments" for purposes of Treasury Regulation Section 1.409A-2(b)(2)(i). It is further intended that payments hereunder satisfy, to the greatest extent possible, the exemption from the application of Section 409A of the Code (and any state law of similar effect) provided under Treasury Regulation Section 1.409A-1(b)(4) (as a "**short-term deferral**"). To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision will be read in such a manner so that all payments hereunder comply with Section 409A of the Code. Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Policy is determined to be subject to Section 409A of the Code, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement in any other taxable year (except for any lifetime or other aggregate limitation applicable to medical expenses), in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which Executive incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

(b) **Other Severance Arrangements**. Except as otherwise specified herein, this Agreement represents the entire agreement between you and the Company with respect to any and all severance arrangements, vesting acceleration arrangements and post-termination stock option exercise period arrangements, and supersedes and replaces any and all prior verbal or written discussions, negotiations and/or agreements between the Executive and the Company relating to the subject matter hereof, including but not limited to, any and all prior agreements governing any Equity Award, severance and salary continuation arrangements, programs and plans which were previously offered by the Company to the Executive, and change in control and severance arrangements pursuant to an employment agreement or offer letter, and Executive hereby waives Executive's rights to such other benefits. In no event shall any individual receive cash severance benefits under both this Agreement and any other severance pay or salary continuation program, plan or other arrangement with the Company. [Include as applicable: Notwithstanding anything to the contrary in this Agreement, this Agreement does not supersede or modify the agreement entered into by and between the Executive and the Company dated ________ regarding certain equity acceleration benefits (the "**Existing Acceleration Letter**"), and the parties agree that the equity acceleration benefits included in the Existing Acceleration Letter are in addition to the benefits provided in this Agreement.]

(c) **Dispute Resolution**. To ensure rapid and economical resolution of any and all disputes that might arise in connection with this Agreement, Executive and the Company agree that any and all disputes, claims, and causes of action, in law or equity, arising from or relating to this Agreement or its enforcement, performance, breach, or interpretation, will be resolved solely and exclusively by final, binding, and confidential arbitration, by a single arbitrator, in San Mateo County, and conducted by Judicial Arbitration & Mediation Services, Inc. ("**JAMS**") under its then-existing employment rules and procedures. Nothing in this section, however, is intended to prevent either party from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Each party to an arbitration or litigation hereunder shall be responsible for the payment of its own attorneys' fees.

(d) **Notice**. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid or deposited with Federal Express Corporation, with shipping charges prepaid. In the case of the Executive, mailed notices shall be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(e) **Amendment; Waiver**. This Agreement may not be amended or waived except by a writing signed by Executive and by a duly authorized representative of the Company other than Executive. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by an authorized officer of the Company (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(f) **Withholding Taxes**. All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law.

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

(h) **No Retention Rights**. Nothing in this Agreement shall confer upon the Executive any right to continue in service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company or any subsidiary of the Company or of the Executive, which rights are hereby expressly reserved by each, to terminate his or her service at any time and for any reason, with or without Cause.

(i) **Choice of Law**. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California (other than their choice-of-law provisions).

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the parties has executed this **Severance and Change in Control Agreement**, in the case of the Company by its duly authorized officer, as of the day and year first above written.

CLOUDERA, INC.

[Name]	By:
	Title:

EXHIBIT 31.01

CERTIFICATION UNDER SECTION 302 OF THE

SARBANES-OXLEY ACT OF 2002

I, Robert Bearden, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cloudera, 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; and

   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: June 5, 2020

/s/ Robert Bearden
Robert Bearden
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.02

CERTIFICATION UNDER SECTION 302 OF THE

SARBANES-OXLEY ACT OF 2002

I, Jim Frankola, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cloudera, 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; and

   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: June 5, 2020

/s/ Jim Frankola
Jim Frankola
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.01

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Bearden, Chief Executive Officer of Cloudera, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the period ended April 30, 2020 (the "Report") fully complies with the requirements of Section 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 for the periods presented therein.

Date:	June 5, 2020	By:	/s/ Robert Bearden
			Robert Bearden
			Chief Executive Officer
			(Principal Executive Officer)

EXHIBIT 32.02

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Jim Frankola, Chief Financial Officer of Cloudera, Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the period ended April 30, 2020 (the “Report”) fully complies with the requirements of Section 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 for the periods presented therein.

Date:	June 5, 2020	By:	/s/ Jim Frankola Jim Frankola Chief Financial Officer (Principal Financial Officer)